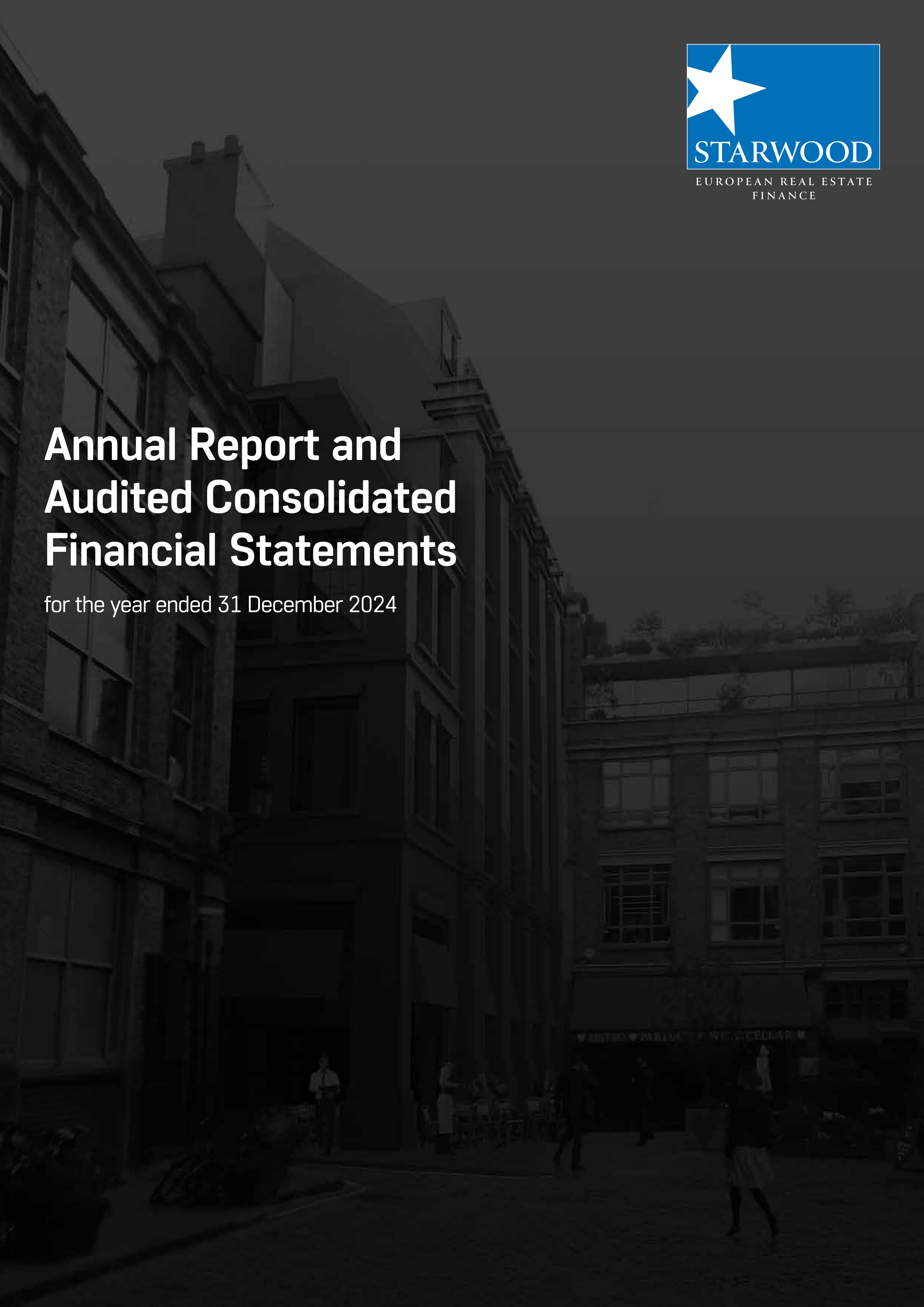
STARWOOD
EUROPEAN REAL ESTATE FINANCE

Annual Report and Audited Consolidated Financial Statements

for the year ended 31 December 2024



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Financial Highlights

Key Highlights	Year ended 31 December 2024	Year ended 31 December 2023
NAV per Ordinary Share	100.49 p	104.35 p
Share Price	91.8 p	90.4 p
NAV total return [1]	2.1% [2]	6.6% [2]
Share Price total return [1]	8.3% [2]	10.5% [2]
Total Net Assets	£194.9 m	£327.3 m
Loans advanced at amortised cost (including accrued income and net of impairment provision)	£149.5 m	£264.1 m
Financial assets held at fair value through profit or loss	£1.0 m	£1.0 m
Cash and Cash Equivalents	£45.7 m	£63.8 m
Other net liabilities	(£1.3 m)	(£1.6 m)
Dividends per Ordinary Share	5.5 p [3]	6.0 p [4]
Invested Loan Portfolio unlevered annualised total return [1]	9.1%	8.2%
Ongoing charges percentage [1]	1.3%	1.1%
Weighted average portfolio LTV to Group first £ [1]	20.6%	14.7%
Weighted average portfolio LTV to Group last £ [1]	63.5%	61.8%

[1] Further explanation and definitions of the calculation is contained in the section "Alternative Performance Measures" at the end of this financial report.

[2] Source: Morningstar. The Morningstar calculations include dividends in the year in which the payments are made to shareholders. This differs to the approach taken by the Company in this table which is to show dividends in the year in relation to which they are declared (see footnotes (3) and (4) below).

The differences between dividends paid and declared are shown below:

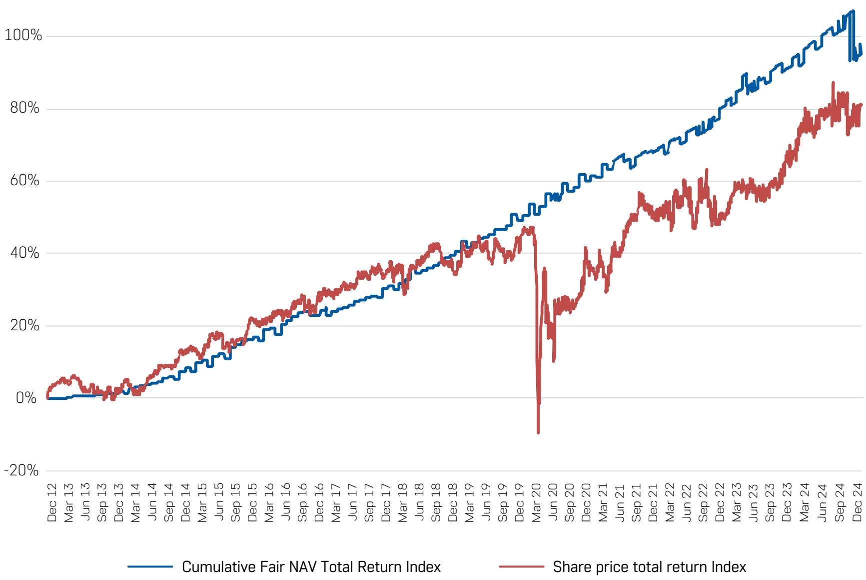
	2024	2023
Dividends declared as disclosed by the Company (by the year to which they relate)	5.5p	6.0p
Dividends paid during the year and included in the Morningstar calculation	6.0p	7.5p

[3] During 2024 the Company declared a dividend of 1.375 pence per Ordinary Share in relation to each of the first three quarters of 2024 with the fourth quarter dividend of 1.375 pence per Ordinary Share declaration being made in January 2025. These four dividends declared all related to income earned in 2024 and are therefore included within the 5.5 pence per Ordinary Share dividend shown in the table above for the year ended 31 December 2024.

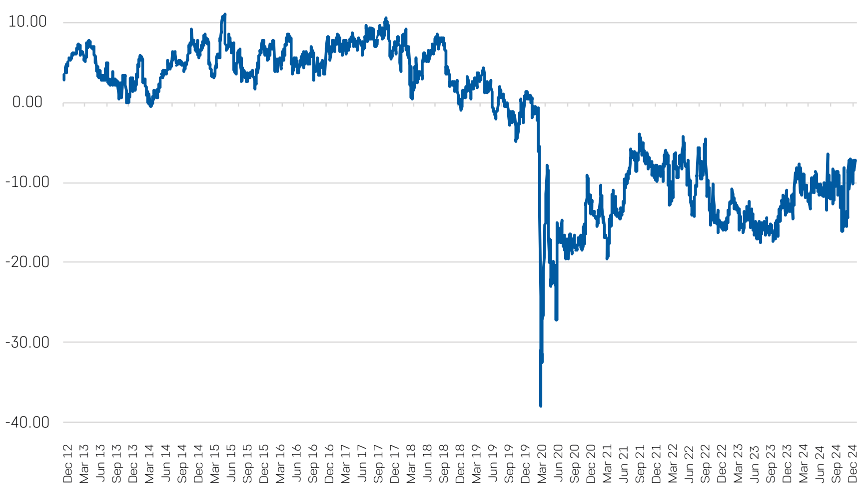
[4] During 2023 the Company declared a dividend of 1.375 pence per Ordinary Share in relation to each of the first three quarters. The Company also declared a dividend of 1.875 pence per Ordinary Share in January 2024. These four dividends declared all related to income earned in 2023 and are therefore included within the 6.0 pence per Ordinary Share dividend shown in the table above for the year ended 31 December 2023.

SHARE PRICE PERFORMANCE

As of 31 December 2024, the NAV was 100.49 pence per Ordinary Share (2023: 104.35 pence) and the share price was 91.8 pence (2023: 90.4 pence).



PREMIUM / DISCOUNT CUM-FAIR



Source: Morningstar

The Company's share price has been volatile since the market turbulence caused by Covid-19 in March 2020. The volatility has been driven primarily by market conditions and trading flows rather than a change in the Company's performance.

Objective and Investment Policy

INTRODUCTION

Starwood European Real Estate Finance Limited (the "Company") was established in November 2012 to provide its shareholders with regular dividends and an attractive total return while limiting downside risk, through the origination, execution, acquisition and servicing of a diversified portfolio of real estate debt investments in the UK and the European Union's internal market.

The Company, together with its subsidiaries Starfin Public Holdco 1 Limited, Starfin Public Holdco 2 Limited, Starfin Lux S.à.r.l, Starfin Lux 3 S.à.r.l, and Starfin Lux 4 S.à.r.l, (collectively the "Group"), has provided a regular dividend to shareholders whilst preserving capital by limiting downside risk.

On 31 October 2022, the Company announced, that following a review of the Company's strategy and advice sought from its advisers, the Board intended to recommend to shareholders that the investment objective and policy of the Company were amended such that the Board can pursue a strategy of orderly realisation and the return of capital over time to shareholders (the "Proposed Orderly Realisation"). If approved by the shareholders, the Company would 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.

On 28 December 2022, a Circular relating to the Proposed Orderly Realisation and containing a Notice of Extraordinary General Meeting (EGM) was published. The Circular set out details of, and sought shareholder approval for, certain proposals (the "Proposals"). The Proposals were:

(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 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.

On 27 January 2023, these Proposals were approved at the EGM.

The Investment Objective and Policy which applied prior to the approval of the Proposals are set out in the 2021 Annual Report which can be found on the Company's website https://starwoodeuropeanfinance.com. The Investment Objective applied up to the date of the approval of the Proposals was to provide its shareholders with regular dividends and an attractive total return while limiting downside risk, through the origination, execution, acquisition and servicing of a diversified portfolio of real estate debt investments in the UK and the European Union's internal market. The Investment Policy applied up to the date of the approval of the Proposals was to invest in a diversified portfolio of real estate debt investments in the UK and the European Union's internal market as the Group had done since its initial public offering (IPO) in December 2012.

Set out below is the current Investment Objective and Policy of the Company following the approval of the Proposals.

INVESTMENT OBJECTIVE

Following the Company's EGM on 27 January 2023, the Company's investment objective is to conduct an orderly realisation of the assets of the Group.

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 Guernsey Financial Services Commission ("Commission") under The Protection of Investors (Bailiwick of Guernsey) Law, 2020, as amended, and, where required by the Listing Rules, Shareholder approval would be 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.

Objective and Investment Policy

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.

The change in investment objective does not impact the below classifications.

Borrowings

The Company 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 per cent 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 Company will continue to comply with the restrictions imposed by the Listing Rules in force and as amended 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.

Photo: Connie Zhou

UK Listing Authority Investment Restrictions

The Company currently complies with the investment restrictions set out below and will continue to do so for so long as they remain requirements of the UK Listing Authority and the Company remains listed:

- neither the Company nor any of its subsidiaries will conduct any trading activity which is significant in the context of its group as a whole;
- the Company will avoid cross-financing between businesses forming part of its investment portfolio;
- the Company will avoid the operation of common treasury functions as between the Company and investee companies;
- not more than 10 per cent, in aggregate, of the Company's NAV will be invested in other listed closed-ended investment funds; and
- the Company will, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with the published investment policy. As required by the Listing Rules, any material change to the investment policy of the Company will be made only with the approval of shareholders.

Chairman's Statement

JOHN WHITTLE | Chairman
2 April 2025

Dear Shareholder,

On behalf of the Board, it is my pleasure to present the Annual Report and Audited Consolidated Financial Statements of Starwood European Real Estate Finance Limited (the "Group") for the year ended 31 December 2024.

The UK's economic growth in 2024 was slower than initially forecast in part due to the uncertainty around the scale and composition of tax increases in the Autumn Budget at the end of October. UK base rates had been forecast to decrease more and quicker in 2024 than the cumulative 0.5 per cent decrease (in two separate cuts) in the latter part of the year. The UK's Monetary Policy Committee has said that the global economy is under strain amid growing geopolitical tensions and trade policy uncertainty and cautioned that the UK economy would be impacted if the US government does impose tariffs on imports into the US. The magnitude and severity of these changes and pressures on the UK and, indeed, on global economies will depend on a range of factors; the outlook remains uncertain.

The 2024 forecast for the EU projected moderate real GDP growth of 0.9 per cent and the final number is currently estimated to be broadly in line with the initial projection at 0.8 per cent. The growth outlook for 2025 is slightly higher, but still modest, circa 1.5 per cent. By the start of 2024, inflation had fallen significantly from its peak in 2023 and was expected to fall further in 2024 but it is still above the European Central Bank's medium-term target of 2 per cent. With a low growth rate and less inflationary pressure than many other major economies the European Central Bank was able to make four base rate cuts in 2024 totalling 1.0 per cent, leaving the EU deposit rate at the end of 2024 at 3.0 per cent with further cuts expected. Elevated uncertainty, at home and abroad, will continue to weigh on the EU economy in 2025.

Broadly speaking, real estate values stabilised across the spectrum in 2024, with some values now starting to increase. During late 2022 and 2023, yields had increased as a result of higher interest rates, but this started to turn during 2024 and almost all asset classes have now seen the beginning of yield compression. Office yields are a few months behind the other asset classes but have flattened during 2024 and the outlook is that they too will begin to compress in 2025. Occupational performance has seen robust income growth in high quality real estate across all real estate asset classes, including office. Transaction and investment volumes in 2024 were low in comparison to historic standards, and it is unlikely that they will increase until investors feel they have entered a more stable interest rate environment.

The Group's results for 2024 were also not quite as forecast. On the positive side all contractual interest and scheduled amortisation payments have continued to be paid in full and underlying collateral valuations for most of the portfolio continue to provide reassuring headroom. However, as you will be aware, in October 2024, the loan sponsor of the Office Portfolio, Ireland loan provided new operational updates. The Board subsequently evaluated various business plan scenarios and the associated uncertainties. As a consequence of this new information, combined with the challenging local office market dynamics, the Board provisioned for a 50 per cent impairment of the Company's loan, equivalent to €12.9 million. The Board, Investment Manager and Investment Adviser consider that there are a wide range of possible outcomes whereby the loan may have a lesser or greater degree of recovery due to the ongoing uncertainty related to the various business plan scenarios. The position is being actively managed to maximise the opportunity for value recovery. Since October 2024, no material changes to the value of this loan have occurred.

Despite this impairment, during the year the Group returned £125.0 million to shareholders, in addition to the £85.0 million returned to shareholders in 2023 and delivered the target 5.5 pence per share dividend to shareholders.

Shareholders will be aware that following an Extraordinary General Meeting ('EGM') held on 27 January 2023 the objective of the Group is to pursue a strategy of orderly realisation and the return of capital over time to shareholders.

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 time frame. The new strategy was approved by 99% of Shareholders that voted at the EGM held on 27 January 2023, and it is being implemented in a manner that seeks to maximise value to shareholders. It is intended that the Company's listing and target annualised dividend of 5.5 pence per share will be maintained as long as feasible during the orderly realisation. The Board anticipates that the orderly realisation of the assets will happen over a four-to-five-year period (having started at the beginning of 2023) with periodic share redemptions continuing to be made as loans are repaid and commitments are satisfied. As such, the focus of the Board, the Investment Manager and the Investment Advisor is on achieving the best possible outcome for shareholders.

Following several loan repayments during 2024 (more details in Divestment Momentum section below) the portfolio comprised just seven loan assets as of 31 December 2024.

2024 HIGHLIGHTS

- **Asset realisation progress** – during the year:
    - A total of £109 million, 42 per cent of the Group's 31 December 2023 total funded loan portfolio, has been repaid, comprising the repayment of five loans
    - Proceeds (along with some cash that was held at the beginning of the year) were used to return £125 million of cash to shareholders during the year
- **Dividend** – on 24 January 2025, the Directors declared a dividend, which was paid in February, in respect of the fourth quarter of 2024 of 1.375 pence per Ordinary Share – resulting in a dividend of 5.5 pence per Ordinary Share for the full year. The 2025 dividend target is 5.5 pence per Ordinary Share
- **Strong cash generation** – based on current forecasts, the portfolio is expected to continue to support annual dividend payments of 5.5 pence per Ordinary Share, paid quarterly
- **All assets are constantly monitored for changes in their risk profile** – the current investment risk classification of the investments as of 31 December 2024 is listed below:
    - Four loan investments equivalent to 67 per cent of the funded portfolio as of 31 December 2024 were classified in the lowest risk profile, Stage 1
    - Two loan investments equivalent to 19 per cent of the funded portfolio as of 31 December 2024 were classified as Stage 2
    - One loan equivalent to 14 per cent of the funded portfolio as of 31 December 2024 was reclassified from Stage 2 to Stage 3 and an impairment provision of €12.9 million was made against this loan investment
- **Income stability** – all contractual loan interest and scheduled amortisation payments paid in full
- **Inflation protection** – 84 per cent of the portfolio is contracted at floating interest rates (with floors)
- **Solid portfolio performance** – the loan book is performing broadly in line with expectations with its defensive qualities reflected in the Group's continued NAV stability in a challenging macro-economic environment (save for the impact of the impairment provision made in relation to the Office Portfolio, Ireland loan)
- **Borrowers of loans classified as Stage 1 and Stage 2 remain adequately capitalised** and are expected to continue to pay loan interest and capital repayments in line with contractual obligations
- **81 per cent** – share price total return since inception in December 2012
- **The average remaining loan term of the portfolio is 1.2 years, with the final loan being contractually due to repay by the end of 2026** – as of 31 December 2024 (subject to any permitted extensions which may be granted in the best interests of the shareholders)
- **Significant equity cushion** – the weighted average Loan to Value for the portfolio as of 31 December 2024 is 64 per cent. With the exception of the Office Portfolio, Ireland loan, a significant equity cushion continues to exist to the Company's loan basis.

DIVESTMENT MOMENTUM

In line with the strategic direction of the Group (i.e. the orderly realisation of assets and the return of capital to shareholders) no new loans or commitments were made during 2024.

During the year the Group funded £9.9 million in relation to loan commitments made in prior years which were unfunded. In addition, the Group capitalised £1.6 million of interest on one loan in line with the facility agreement.

Repayments received during the year amounted to £109.4 million relating to five loans which were repaid in full as follows:

- £42.6 million, Hotel, Scotland
- €32.8 million, Three Shopping Centres, Spain
- €22.9 million, Hotel, Dublin
- €12.2 million, Shopping Centre, Spain
- £8.8 million, Hotel and Office, Northern Ireland

In addition, subsequent to year end, one £47.3 million loan (Hotels, United Kingdom) was repaid in full.

Chairman's Statement

As of 31 December 2021 to 2024 the Group had cash commitments as shown in the table below.

	2021	2022	2023	2024
Funded loans (before impairments)	£412.0m	£425.9m	£262.7m	£159.1m
Unfunded Cash Commitments	£44.5m	£49.0m	£36.2m	£23.0m
Total	**£456.5m**	**£474.9m**	**£298.9m**	**£182.1m**

The contractual maturity of the Group's portfolio is set out in the Investment Manager's report and shows that as of 31 December 2024, 53 per cent of invested loan balances held were expected to mature in 2025 and we look forward to reporting on the progress of repayments over the coming year.

NAV PERFORMANCE

The table below shows the NAV per share movements over the 12 months to 31 December 2024 by quarter and for the year.

	Q1	Q2	Q3	Q4	2024
NAV at beginning of the period	104.35	104.45	104.92	105.61	104.35
Operating income available to distribute [1]	1.82	2.32	2.09	1.88	8.11
Impairment provision released/ (made) on assets classified as Stage 3 [2]	0.05	0.00	0.00	(5.59)	(5.54)
Reclassification of realised FX gains from not distributable to distributable income following loan repayments [3]	(1.72)	(0.64)	0.00	0.25	(2.11)
Realised FX hedging gains reclassified as available to distribute following loan repayments [4]	1.56	0.40	0.00	0.00	1.96
Unrealised FX gains/(losses) [5]	0.27	(0.23)	(0.03)	(0.29)	(0.28)
Dividends declared	(1.88)	(1.38)	(1.37)	(1.37)	(6.00)
NAV as end of period	104.45	104.92	105.61	100.49	100.49

[1] Operating Income available to distribute comprises loan income recognised in the period less operating costs incurred and before any impairment is taken into account. It includes realised foreign exchange gains and losses that are available to distribute except where the realised gains and losses relate to the settlement of hedges that were previously rolled forward and the gain or loss on that roll forward was classified as unavailable to distribute (see notes 3 and 4 below). These movements are shown separately in the table above.

[2] In March 2024, a loan against which an impairment had been made against during 2023 was settled in full and part of the impairment provided for was not utilized and released back as a credit to the income statement. In October 2024 a loan classified as Stage 3 had an impairment provision made against it.

[3] On occasion, the Group may realise a gain or loss on the roll forward of a hedge if it becomes necessary to extend a capital hedge beyond the initial anticipated loan term. If this situation arises the Group will separate the realised FX gain or loss from other realised FX gains or losses and not consider it available to distribute or as a reduction in distributable profits. The FX gain or loss will only be transferred to distributable income when the rolled hedge matures or is settled due to the loan repayment, and the final net gain or loss on the capital hedges over the life of the loan can be determined. The reconciliation of NAV above shows the reversing of such an FX gain (or proportion thereof) in Q1 and Q2 following the repayment and/or the partial repayment of such loans.

[4] This relates to the transfer of historic realised gains on capital hedges that were rolled (as described under note (3) from undistributable to distributable income due to the final settlement of capital hedges (or a portion thereof where a loan has only partially repaid) less realised FX losses during the month on the repayment of loan amounts and the settlement (or portion thereof) of the rolled hedges.

[5] Unrealised foreign exchange gain/losses relate to the net impact of changes in the valuation of foreign exchange hedges and the sterling equivalent value of Euro loan investments (using the applicable month end rate). Mismatches between the hedge valuations and the loan investments may occur depending on the shape of the forward FX curve and this causes some movement in the NAV. These unrealised FX gains / losses are not considered part of distributable reserves.

CAPITAL REDEMPTIONS AND SHARE PRICE

During the year, the Company redeemed a total of 119,761,309 shares for a total of £125.0 million as follows:.

	Number of shares redeemed	Price at which shares redeemed	Total capital returned to Shareholders
Feb-24	19,402,403	£1.0308	£19,999,996
Mar-24	24,110,333	£1.0369	£25,000,003
Jul-24	76,248,573	£1.0492	£80,000,002
2024	**119,761,309**		**£125,000,001**

Following the redemption in July 2024 and as of 31 December 2024 the Company had 193,929,633 shares in issue and the total number of voting rights was 193,929,633.

Subsequent to year end, in February 2025, the Company redeemed a further 45,889,830 shares at a price of £ 1.0024 per share, resulting in an additional £ 46.0 million being returned to shareholders. Following this redemption, the Company has 148,039,803 shares in issue and the total number of voting rights is 148,039,803. This followed the repayment of one loan (Hotels, United Kingdom) subsequent to year end which I referred to above.

During the year the Company's share price has traded in a range of between 97.8 and 89.0 pence per share. The year end share price was 91.8 pence reflecting a 8.6 per cent discount to NAV.

DIVIDENDS

Total dividends of 5.5 pence per Ordinary Share were declared in relation to the year ended 31 December 2024 in line with the target of 5.5 pence per Ordinary Share. These 2024 financial statements show modest income reserves which are lower than the announced dividends of 1.375 pence per share in respect of the fourth quarter of 2024. However, given the current level of cash flow generated by the portfolio, the Board decided to maintain its annual dividend target of 5.5 pence per share. Dividend payments can continue to be made by the Company (as a Guernsey registered limited company) as long as it passes the solvency test (i.e. it is able to pay its debts as they come due).

The Board is also mindful of shareholder appetite for a regular source of income and as such continues to target 5.5 pence per Ordinary Share per annum (payable quarterly) going forward for as long as feasible during the orderly realisation.

BOARD COMPOSITION AND DIVERSITY

The Board believes strongly in the value and importance of diversity in the boardroom and we continue to consider the recommendations of the Davies, Hampton Alexander and Parker Reports and these recommendations will be taken into account should the appointment of a new director be required.

I remain very pleased with the current composition of the Board both in terms of experience, skills and diversity which places us well for the upcoming challenges.

As at 31 December 2024, the Company met the targets specified in the Listing Rules 9.8.6R(9)(a)(i) and (ii) with the Board comprising 50 per cent women, one of whom is the Senior Independent Director. However, the Company has not met the target under Listing Rule 9.8.6R(9)(a)(iii) of having one Director from a minority ethnic background. Please refer to the Corporate Governance Statement for the Board's diversity statement.

GOING CONCERN

Under the UK Corporate Governance Code and applicable regulations, the Directors are required to satisfy themselves that it is reasonable to assume that the Group is a going concern.

The Directors have undertaken a comprehensive review of the Group's ability to continue as a going concern including a review of the ongoing cash flows and the level of cash balances as of the reporting date as well as forecasts of future cash flows. After making enquiries of the Investment Manager, Investment Adviser and the Administrator and having reassessed the principal risks, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing these Consolidated Financial Statements.

Notwithstanding the above, and as disclosed in these financial statements, the strategy of orderly realisation and return of capital to shareholders over time may result in some material uncertainty as to the longer term future of the Company and the Group and its longer term ability to continue as a going concern. The financial statements have not been modified in respect of this matter.

OUTLOOK

Economic pressures and geopolitical tensions are forecast to continue into 2025.

The focus of the Group for 2025 will be the continued orderly realisation of the Group's assets and the return of cash to shareholders over time.

The Board believes it is important to have clear messaging to you, our shareholders, and we will continue to inform you of the Group's progress through our quarterly updates. We welcome any comments you have on our communication and supply of information to you.

My thanks to all of our services providers for their continued support over the period.

On behalf of the Board, I would like to close by thanking shareholders for your commitment and support. I look forward to briefing you again on the Group's progress later this year.

John Whittle | Chairman

2 April 2025

Strategic Report

The Strategic Report describes the business of the Group and details the uncertainties, principal and emerging risks associated with its activities.

CORPORATE PURPOSE

Following the EGM held on 27 January 2023, the general corporate purpose of the Company and the Group is to pursue a strategy of orderly realisation and the return of capital over time to shareholders.

OBJECTIVE, INVESTMENT POLICY AND BUSINESS MODEL

The Objective and Investment Policy describes the Group's strategy and business model and is set out in the Overview section of these Annual Accounts.

The Investment Manager is Starwood European Finance Partners Limited, a Company incorporated in Guernsey with registered number 55819 and regulated by the Commission. The Investment Manager has appointed Starwood Capital Europe Advisers, LLP (the "Investment Adviser"), an English limited liability partnership authorised and regulated by the Financial Conduct Authority, to provide investment advice, pursuant to an Investment Advisory Agreement.

PERFORMANCE

A review of performance is contained in the Investment Highlights and Portfolio Review sections of the Investment Manager's Report.

A number of performance measures are considered by the Board, the Investment Manager and Investment Adviser in assessing the Company's success in achieving its objectives. The Key Performance Indicators ("KPIs") used are established industry measures to show the progress and performance of the Group and are as follows:

- The movement in NAV per Ordinary Share;
- The movement in share price and the discount / premium to NAV;
- The payment of targeted dividends;
- The portfolio yield;
- Ongoing charges as a percentage of undiluted NAV; and
- Weighted average loan to value for the portfolio.

Details of the KPIs achieved are shown in the Financial Highlights section.

RISK MANAGEMENT

It is the role of the Board to review and manage all risks associated with the Group, both those impacting the performance and the prospects of the Group and those which threaten the ongoing viability. It is the role of the Board to mitigate these either directly or through the delegation of certain responsibilities to the Audit Committee and Investment Manager.

The Board performs a review of a risk matrix at each Board meeting.

The Board considers the following principal risks could impact the performance and prospects of the Group but do not threaten the ability of the Company or the Group to continue in operation and meet its liabilities. In deciding which risks are principal risks the Board considers the potential impact and probability of the related events or circumstances, and the timescale over which they may occur. Consequently, it has put in place mitigation plans to manage those identified risks. Details of the principal and emerging risks considered as part of the review of the risk matrix are highlighted on the next page.

Principal Risks

Financial Market Volatility (risk that dividends do not meet the targeted levels and that the share price discount persists and widens)

Subsequent to the EGM held on 27 January 2023 the Group's strategy is for an orderly realisation of its assets and the return of capital to shareholders. During the realisation period the Company intends to target a similar per share level of dividends as previously for as long as this is feasible and to return capital to shareholders subject to maintaining sufficient cash to fund as yet unfunded commitments on loans and ongoing operating costs.

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

As a result, the level of dividends to be paid by the Company may fluctuate and there is no guarantee that any such dividends will be paid. Since March 2020 the shares have traded at a discount to NAV per share and shareholders may be unable to realise their investments through the secondary market at NAV per share.

The Board, along with the Investment Manager and the Investment Adviser, monitor, review and consider the estimates and assumptions that underpin the targeted returns of the business and, where necessary, communicate any changes in those estimates and assumptions to the market.

The Board monitors the level of premium or discount of the share price to NAV per share and deployed a share buyback programme during 2020, 2021 and 2022 in order to support the share price. The new strategy of returning capital to shareholders over time should mean that, subject to no unforeseen negative impacts on the value of investments, shareholders will receive a return of capital invested over time. In 2024, the Company returned £125.0 million to shareholders (2023 - £85.0 million).

Strategic Risk (risk that the strategy is not achievable)

Subsequent to the EGM held on 27 January 2023 the Group's strategy is for an orderly realisation and return of capital to shareholders. It is anticipated that the return of capital to shareholders will be completed over a four to five year period from the beginning of 2023.

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

The Directors regularly receive information on the performance of the existing loans, including the performance of underlying assets versus underwritten business plan and the likelihood of any early repayments, or the need for any loan amendments.

The Board continues to monitor the revised investment strategy and performance on an ongoing basis.

Market Deterioration Risk (risk of the economies in which the Group operates either stagnating or going into recession)

The Group's investments are comprised principally of debt investments in the UK, the Republic of Ireland and Spain and it is therefore exposed to economic movements and changes in these markets. Any deterioration in the global, UK or European economy could have a significant adverse effect on the activities of the Group and may result in loan defaults or impairments.

The economic backdrop created by the Covid-19 pandemic, the situation in Ukraine, and in the Middle East, the recent US elections and the resultant unstable global political and economic environment in which the Company is operating all present a significant risk to European and Global economies. While the Group has no direct or known indirect involvement with Ukraine, Russia or the Middle East it may be impacted by the consequences of the instability caused by the ongoing conflicts and political instability.

The impact of the United Kingdom's departure from the European Union in 2020 still represents a potential threat to the UK economy as well as wider Europe. On a cyclical view, the national economies across Europe appear to be in a period of lower growth, and potentially, alongside the economic impact of Covid-19, the destabilising impact of the conflicts in Ukraine and the Middle East and the recent US elections moving towards recession.

In addition there is the impact of the ongoing, albeit dampened, volatile inflationary environment to consider (driven by interest rates, energy costs and costs of living). This environment could make it harder for borrowers to meet their interest obligations to the Group and to ultimately repay the loans advanced to them.

The Board have considered the impact of market deterioration on the current and future operations of the Group and its portfolio of loans advanced. As a result of the cash held in reserve by the Group and the underlying quality of the portfolio of loans advanced, both the Investment Manager and the Board still believe the fundamentals of the portfolio remain positive and that the Group can adequately support the portfolio of loans advanced despite current market conditions.

In the event of a loan default in the portfolio, the Group is generally entitled to accelerate the loan and enforce security, but the process may be expensive and lengthy, and the outcome is dependent on sufficient recoveries being made to repay the borrower's obligations and associated costs. Some of the investments held would rank behind senior debt tranches for repayment in the event that a borrower defaults, with the consequence of greater risk of partial or total loss. In addition, repayment of loans by the borrower at maturity could be subject to the availability of refinancing options, including the availability of senior and subordinated debt and is also subject to the underlying value of the real estate collateral at the date of maturity. The Group is mitigated against this with an average weighted loan to value

Strategic Report

of the portfolio of 64 per cent. Therefore, the portfolio should be able to withstand a significant level of deterioration before additional credit losses are incurred.

The Investment Adviser has also mitigated the risk of credit losses by undertaking detailed due diligence prior to the signing of each loan. Whilst the precise scope of due diligence will have depended on the proposed investment, such diligence will typically have included independent valuations, building, measurement and environmental surveys, legal reviews of property title, assessment of the strength of the borrower's management team and key leases and, where necessary, mechanical and engineering surveys, accounting and tax reviews and know your customer checks.

The Investment Adviser, Investment Manager and Board have also managed these risks in the past by ensuring a diversification of investments in terms of geography, market and type of loan. Such diversification will be harder to achieve as the company pursues a strategy of orderly realisation and does not enter into any new investments. The Investment Manager and Investment Adviser operate in accordance with the guidelines, investment limits and restrictions as determined by the Board. The Directors review the portfolio against these guidelines on a regular basis.

The Investment Adviser obtains regular performance reporting from all borrowers and meets with all borrowers on a regular basis to monitor developments in respect of each loan and reports to the Investment Manager and the Board periodically and on an ad hoc basis where considered necessary.

The Group's loans are held at amortised cost. The performance of each loan is reviewed quarterly by the Investment Adviser for any indicators of significant increase in credit risk, impaired or defaulted loans. The Investment Adviser also provides their assessment of any expected credit loss for each loan advanced. The results of the performance review and allowance for expected credit losses are discussed with the Investment Manager and the Board.

Two loans within the portfolio are classified as Stage 2 as at 31 December 2024 (increased risk of default). These loans account for 19 per cent of the portfolio funded by the Group as at 31 December 2024. No expected credit losses have been recognised against any of these loans, because of the strong LTVs across the loan portfolio and strong contractual agreements with borrowers, including against these Stage 2 loans.

One loan (accounting for 14 per cent of the funded portfolio as at 31 December 2024) is currently classed as Stage 3 (ie the loan is considered to be credit impaired). An impairment provision of £10.8 million has been provided in these accounts for this loan as at 31 December 2024.

The reasons, estimates and judgements supporting this assessment are described in the Investment Manager's report.

Interest Rate Risk

The Group is subject to the risk that the loan income and income from the cash and cash equivalents will fluctuate due to movements in interbank rates.

The loans in place at 31 December 2024 have been structured so that 84 per cent of the funded portfolio are floating rate and 100 per cent of these floating rate loans are subject to interbank rate floors such that the interest cannot drop below a certain level, which offers some protection against downward interest rate risk.

The remaining 16 per cent by value of the loans are fixed rate, which provides protection from downward interest rate movements to the overall portfolio (but also prevents the Group from benefiting from any interbank rate rises on these positions).

Foreign Exchange Risk

The majority of the Group's investments are Sterling denominated (82 per cent of the funded portfolio as at 31 December 2024) with the remainder of the funded portfolio being Euro denominated. The Group is subject to the risk that the exchange rates move unfavourably and that a) foreign exchange losses on the Euro loan principals are incurred and b) that Euro interest payments received are lower than anticipated when converted back to Sterling and therefore returns are lower than the underwritten returns.

The Group manages this risk by entering into forward contracts to hedge the currency risk. All non-Sterling loan principal is hedged back to Sterling to the maturity date of the loan.

Interest payments are normally hedged for the period for which prepayment protection is in place. However, the risk remains that loans are repaid earlier than anticipated and forward contracts need to be broken early.

In these circumstances, the forward curve may have moved since the forward contracts were placed which can impact the rate received. In addition, if the loan repays after the prepayment protection, interest after the prepayment-protected period may be received at a lower rate than anticipated leading to lower returns for that period. Conversely, the rate could have improved, and returns may increase.

As a consequence of the hedging strategy employed as outlined above, the Group is subject to the risk that it will need to post cash collateral against the mark to market on foreign exchange hedges which could lead to liquidity issues or leave the Group unable to hedge changes in non-Sterling investments (e.g. extensions of non-Sterling loans).

The Company had approximately £18.9 million (€22.8 million) of hedged notional exposure with Lloyds Bank plc at 31 December 2024 (converted at 31 December 2024 FX rates).

As at 31 December 2024, the hedges were in the money. If the hedges move out of the money and at any time this mark to market exceeds £15 million, the Company is required to post collateral, subject to a minimum transfer amount of £1 million. This situation is monitored closely, however, and as at 31 December 2024, the Company had sufficient liquidity to meet foreseeable cash collateral requirements.

Cybercrime

The Group is subject to the risk of unauthorised access into systems, identification of passwords or deleting data, which could result in loss of commercially sensitive data, breach of data physical and electronic, amongst other potential consequences. This risk is managed and mitigated by regular reviews of the Group's operational and financial control environment. The matter is also contained within service providers surveys which are completed by the Group's service providers and are regularly reviewed by the Board. No adverse findings in connection with the service provider surveys have been found. The Company and its service providers have policies and procedures in place to mitigate this risk, the cybercrime risk continues to be closely monitored.

Regulatory risk

The Group is also subject to regulatory risk as a result of any changes in regulations or legislation. Constant monitoring by the Investment Adviser, Investment Manager and the Board is in place to ensure the Group keeps up to date with any regulatory changes and compliance with them.

Operational risk

The Group has no employees and is reliant on the performance of third-party service providers. Failure by the Investment Manager, Investment Adviser, Administrator or any other third-party service provider to perform in accordance with the terms of its appointment could have a material detrimental impact on the operation of the Group.

The Board maintains close contact with all service providers to ensure that the operational risks are minimised.

Emerging Risks

Emerging risks to the Group are considered by the Board to be trends, innovations and potential rule changes relevant to the real estate mortgage and financial sector. The challenge to the Group is that emerging risks are known to some extent but are not likely to materialise or have an impact in the near term. The Board regularly reviews and discusses the risk matrix and has identified climate change as an emerging risk.

Climate change

The consequences that climate change could have are potentially severe but highly uncertain. The potential high impact of possible losses has done a lot to raise the awareness of this risk in investment circles. The Board, in conjunction with the Investment Manager and Investment Adviser, considered the possible physical and transitional impact of climate change on properties secured on loans provided by the Group and includes the consideration of such factors in valuation instructions of the collateral properties and in considering any potential expected credit losses on loans. The Investment Adviser considered the possible physical and transitional impact of climate change as part of the origination process. In addition, the Board, in conjunction with the Investment Adviser, is monitoring closely the regulation and any developments in this area (see 'Environmental, Social and Corporate' section for further information).

ASSESSMENT OF PROSPECTS

The Group's strategy of an orderly realisation and return of capital to shareholders (approved by the shareholders in January 2023) is central to an understanding of its prospects. The Group's focus is twofold:

i) to proactively manage the investments already made to ensure that the loans continue to perform and provide positive returns to the Group, and

ii) return capital to shareholders on a timely basis subject to ensuring the Group can continue to fund as yet unfunded loan commitments (£23.0 million as at 31 December 2024) and meet its operating costs.

The Group updates its plan and financial forecasts on a quarterly basis and detailed financial forecasts are maintained and reviewed by the Board regularly.

ASSESSMENT OF VIABILITY

The Directors have tested the potential impact on the Group of a number of scenarios by quantifying their financial impact. These scenarios are based on aspects of the following selected principal risks, which are detailed in this Strategic Report, and as described below:

- Market deterioration risk; specifically, the risk that the loans classified as Stage 3 & 2 default, resulting in a loss of interest income, a loss of the repayment of principal for the loan classified as Stage 3 and a delay in the repayment of principal for loans classified as Stage 2;
- Interest rate risk; specifically, that Sonia and Euribor rates fall to zero per cent from 2026;
- Foreign exchange risk; specifically, that the value of Sterling vis a vis Euro decreased significantly resulting in the mark to market value of the forward foreign exchange contracts reducing.

These scenarios represent 'severe but plausible' circumstances that the Group could experience. The scenarios tested included:

- A high level of loan default meaning that the Stage 3 loan does not repay both the principal and the interest due on it, that the Group stopped receiving interest on the Stage 2 loans in the portfolio from their current maturity dates and that the outstanding principal on these loans was not received until 12 months after the loan maturity date plus Sonia and Euribor rates falling to zero per cent from 2026 onwards; and
- A deterioration in the valuation of the forward foreign exchange contracts because of a 12.5% reduction in the value of Sterling compared to Euros.

The results of this stress testing showed that the Group would be able to withstand a high level of underlying loan default or impairment resulting from any of the risks identified or reduction in the value of Sterling compared to Euro over the period of the financial forecasts albeit that less cash will be returned to Shareholders (and may be returned later than currently anticipated) and that the regular quarterly dividend may need to be reduced (compared to the target) to reflect the reduced cash available.

Strategic Report

VIABILITY STATEMENT

All seven of the loan assets held as of 31 December 2024 are contractually due to repay by the end of 2026 based on the current loan maturity profile (subject to any permitted extensions which may be granted in the best interests of the shareholders). However, the Board have considered the Group's possible working capital requirements, assuming no further income or loan repayment receipts after 2026.

Cashflow projections are prepared regularly. The Board intends to continue to pay its target dividends of 5.5 pence per share and return surplus cash to shareholders following each loan repayment, whilst it remains prudent to do so and taking into account the commitments, liabilities and expected duration of the Group at the time.

Having conducted a robust analysis on this basis, the Directors remain satisfied that the Group can meet its liabilities as they fall due over the period under consideration to December 2027, if the Group continues in operation up to that date. The Group is likely to operate a cashflow deficit in 2027 if all the loans have repaid by then. Cash reserves will be held to cover this and will be reassessed at each loan repayment prior to cash being returned to shareholders.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE ("ESG")

As an investment company, the Board and the Investment Manager and Investment Adviser consider the Group's direct activities to have a minimal direct impact on the environment. Nevertheless, the Board regularly monitors and discusses ESG matters both at the Board meetings and with the Investment Manager and Investment Adviser.

The Investment Manager and Investment Adviser are part of the Starwood Capital Group (SCG), which is a signatory to the UN Principles for Responsible Investments (UNPRI). In assessing new loans SCG evaluates environmental risks associated with any investments as part of the underwriting process. A formal scope of work is followed by the Investment Adviser, which requires an environmental site assessment to be performed which identifies environmental conditions that may have a material adverse impact on the property being assessed or its immediate surrounding area and an assessment of a property's sustainability and marketability through the review of its environmentally friendly and unfriendly characteristics.

The Board recognises that it has no direct control over a borrower's company policy towards environment and social responsibility and whilst it is an important part of the due diligence process in understanding the impact of such issues, decisions are not weighted towards those investments with stronger environmental and social characteristics. It should be noted that a number of the loans made by the Group involve refurbishment projects and these will often improve the environmental impact of the real estate concerned. Additionally, whilst it is not an investment criteria, the Group's loan portfolio is significantly funded in sectors with positive social impact such as hospitality and healthcare.

In carrying out its activities and in its relationship with the community, the Group aims to conduct itself responsibly, ethically and fairly; including in relation to social and human rights issues. This approach is built into the Investment Adviser's origination and underwriting process. Our risk management framework is intended to facilitate an enterprise wide view of risk that supports a strong and collaborative risk management culture within the Board and with its relationship with SCG.

The Board (through its relationships with SCG, its brokers and other advisers) is focused on maintaining a productive dialogue with shareholders and gathering feedback to inform the decision making at Board level.

SCG, with in excess of 5,000 employees worldwide, takes its social responsibilities to its employees very seriously offering a challenging, fast-paced and collegial environment to its employees. SCG strives to create diverse and inclusive workplaces where all employees can perform to their full potential and to be a good corporate citizen for their communities by supporting charitable organisations that promote education and social wellbeing.

As an investment fund, the Group outsources many of its activities to external service providers and, therefore, the Group has no direct Greenhouse Gas Emissions to report from its own operations and is currently not required to report on any other emission producing sources.

While there is some travel involved for the Directors and representatives from the Investment Adviser, the Company's service providers are Guernsey office-based companies, and the majority of the Directors are based in Guernsey, thus having a relatively low impact on the environment and negating the need for long commutes or flights to and from Board meetings.

The Group has no employees and the Board is composed entirely of non-executive Directors. Therefore, the Group is not within scope of the Modern Slavery Act 2015 and is therefore not obliged to make a human trafficking statement. However, the business of the Company is conducted ethically and with integrity and has a zero tolerance policy towards modern slavery.

BOARD DIVERSITY

The Board considers that its members have a balance of skills, qualifications and experience which are relevant to the Company. The Board supports the recommendations of the Davies Report, the Hampton Alexander Review and the Parker Review and believes in the value and importance of diversity in the boardroom and it continues to consider the recommendations of these reports and reviews. Please refer to the Corporate Governance Statement for the Board's diversity statement.

The Company has no employees and therefore has no disclosures to make in this regard.

John Whittle | Chairman

2 April 2025

Investment Manager's Report

MARKET SUMMARY AND INVESTMENT OUTLOOK

Our commentary has often started on the topic of the interest rate environment given its importance in commercial real estate. A notable deviation in this area from the beginning of last year to the end of 2024 is that expectations for interest rate decreases have been missed and current bond yields are actually now higher in the United States ("US") and the United Kingdom ("UK") than at the beginning of 2024. In addition, current expectations of the pace of future interest rate cuts over the next year are slower than at the beginning of 2024.

Key relevant central bank policy rates at the beginning of 2024 had hit peak levels with a range of 5.50 per cent to 5.25 per cent for the US Federal Funds rate and at 5.25 per cent for the Bank of England base rate. The European Central Bank Deposit Facility Rate was 4.0 per cent. These levels are post Global Financial Crisis highs which have not been seen since 2008 for the UK and Europe and not since 2001 for the US. The higher interest rate environment has been driven by inflation levels which had risen sharply in the face of global supply chain challenges and energy price volatility which were caused by a combination of the stresses of the recovery, inactivity post COVID and global geopolitical events. Inflation had risen in 2022 to the highest levels since the early 1980s.

By the beginning of 2024 the aggressive central bank rate hikes had appeared to have done their job and inflation had materially decreased towards more normal levels and it was clear the direction in interest rates would be down. The market predicted base rate decreases of 1.5 per cent or more for both the UK and US. While inflation had largely been tempered throughout 2024, central banks in the US and the UK in particular continued to be hawkish on managing inflation and in the end the Bank of England only reduced the base rate by 0.50 per cent to 4.75 per cent and the Federal Reserve by 1.0 per cent to a range of 4.50 percent to 4.25 per cent. With a low growth rate and less inflationary pressure the European Central Bank has been able to maintain a lower level and has made four rate cuts totalling a 1.0 per cent decrease and leaving the deposit rate at 3.0 per cent.

There is also now a slower expectation of future rate cuts and the bond market is also concerned by current political uncertainties including the transition to a new Trump presidency and the implementation of the economic policies of the new UK government. As a result, UK and US bond rates were higher at the beginning of 2025 than they were this time last year. US 10 Year Treasury and UK Gilt yields started the year at 4.6 and 4.6 per cent respectively versus 3.9 and 3.6 per cent at the beginning of last year. Looking at the key benchmark for the base rate used for financing real estate there is a more mixed picture with Sterling rates higher at the beginning of this year compared to last year but Euro rates lower. The Sterling and Euro 5-year swaps started the year at 4.0 per cent and 2.2 per cent versus 3.4 per cent and 2.3 per cent at the beginning of last year.

The market had anticipated that a stabilised interest rate environment would lead to more stability in real estate valuations and a pickup of real estate transactions volumes in 2024 versus 2023 which was a trough year. After a period of yield expansion in 2022 and 2023 we saw a turn in direction early in 2024 to yield compression in most asset classes outside of Office. The more stable environment supported a pick up in transaction volumes of 20 per cent in the UK with similar trends around European markets. We saw some significantly larger transactions go through in 2024. These larger transactions were mostly for portfolios and there has been very limited volume in high value single asset transactions. As such, it is not surprising that despite the increase, volumes for the UK are still 22 per cent lower than the 10 year average.

We commented at the beginning of last year that bank sentiment was meaningfully better with a high degree of confidence in US Commercial Mortgage Backed Securities ("CMBS") bond issuance (which acts as a bellwether for real estate finance sentiment globally). The predictions of a high volume of transactions and significant tightening in spreads did play out in that market. The 2024 US CMBS transaction volume was in excess of $100 billion which was the third highest year since the Great Financial Crisis ("GFC") and over double the 2023 level. Hotel, Industrial and Multi-family residential were the largest contributions to the volumes with a very low proportion of Office. The spread on the highest rated "AAA" bonds for floating rate single asset, single borrower CMBS declined from over 200 basis points in late 2023 to mid-100s during 2024.

After a difficult couple of years for Office there is now some data illustrating improving sentiment coming through into the transaction market particularly for the best quality product. 2024 was a low year for Office CMBS but 2025 started strongly for office financing with a jumbo Manhattan office CMBS for Tishman Speyer and Harry Crown's Spiral building at Hudson Yards that closed in early January. The deal had a highly successful execution with pricing consistent with the best CMBS in the market and a significant over-subscription in spite of the notably large size of the deal which, at $2.65 billion, is one of the largest CMBS across all asset classes in recent years. There are indications that a number of further Office CMBS are in the pipeline for early 2025 both in the US and the UK.

On the transaction side we have already seen this sentiment coming through with two very substantial sovereign wealth fund investments into London offices with Norges paying £305.7 million for a 25 per cent interest in a predominantly office and retail portfolio in Mayfair and Broadgate REIT announcing the formation of a new Joint Venture with Modon Holding to deliver 2 Finsbury Avenue which is a 750,000 square foot world-class office development at Broadgate. CBRE reported £1 billion of London office transactions in January alone which compares to £5 billion of total volume for 2024. According to Knight Frank core deals accounted for just £1 billion of a total of London investment transactions in 2024 but they expect higher volumes with a total of £5 billion that has been set aside by 80 investors from all over the world to invest in core London offices. Underpinning this appetite is a strong occupational market. An example of this is the number of leases signed above the £100 per square foot barrier in the City office market. The Financial Times recently reported that there have been a record 17 leases signed above that level in 2024 which is a larger number than in all previous history.

Banks have had a strong year globally. The STOXX Banks index which includes the largest European banks is up 23.3 per cent in the year and US banks were up more than 30 per cent. Higher rates have helped banks increase net interest margins and contributed to the highest average return on equity since the GFC. Higher for longer rates and structural hedging by banks will help net interest margins hold up and the outlook for mergers and acquisitions is healthy following a number of slower years so 2025 is likely to be another good year for banks. Within commercial real estate lending many banks saw faster than expected repayment rates and lower volumes of available transactions and so they adjusted their approach to new lending opportunities to maintain or grow their lending books with lower pricing and increased loan sizes.

We saw strength of demand and a price tightening across all sources of real estate lending during the course of the year. In addition to the healthy bank and CMBS lending covered earlier, the corporate bond market recovered in both issuance volumes and pricing and is now fully reopened after a couple of difficult years. There is also good appetite from insurance lenders and other alternative lenders. Overall, the credit side of the real estate market starts the year in great shape and will provide a support for real estate transactions in 2025.

Investment Manager's Report

PORTFOLIO STATISTICS

As at 31 December 2024, the portfolio was invested in line with the Group's investment policy and is summarised below.

	31 December 2024	31 December 2023
Number of investments	7	12
Percentage of funded portfolio in floating rate loans [(1)]	84.3%	90.5%
Funded Loan Portfolio unlevered annualised total return [(1)]	9.1%	8.2%
Weighted average portfolio LTV – to Group first £ [(1)]	20.6%	14.7%
Weighted average portfolio LTV – to Group last £ [(1)]	63.5%	61.8%
Average remaining loan term	1.2 years	1.4 years
Net Asset Value	£194.9 m	£327.3 m
Loans advanced at amortised cost (including accrued income and net of impairment provisions)	£149.5 m	£264.1 m
Cash	£45.7 m	£63.8 m
Other liabilities (including financial assets held at fair value through profit or loss)	(£0.3 m)	(£0.6 m)

[(1)] Alternative Performance Measure – refer to page 94 for definitions and methodology.

The maturity profile of investments as at 31 December 2024 is shown below.

Remaining years to contractual maturity*	Value of funded portfolio (£m)	% of funded portfolio
0 to 1 years	£84.6 m	53.2%
1 to 2 years	£74.5 m	46.8%

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

PORTFOLIO DIVERSIFICATION

The Group continues to achieve good portfolio diversification as shown in the tables below:

Country	% of funded portfolio
UK	81.7%
Republic of Ireland	13.7%
Spain	4.6%

Sector	% of funded portfolio
Hospitality	39.2%
Office	17.6%
Light industrial	17.1%
Healthcare	15.7%
Life Sciences	9.7%
Residential	0.7%

Loan type	% of funded portfolio
Whole loans	66.0%
Junior & Mezzanine	34.0%

Loan currency	% of funded portfolio*
Sterling	81.7%
Euro	18.3%

* The currency split refers to the underlying loan currency; however, the capital and interest during protected periods on all non-Sterling exposure is hedged back to Sterling.

INVESTMENT DEPLOYMENT

As at 31 December 2024, the Group had seven investments and commitments of £182.1 million as follows:

Transaction	Sterling equivalent balance [1] [2]	Sterling equivalent unfunded commitment [3]	Sterling Total (Drawn and Unfunded)
Hospitals, UK	£25.0 m		£25.0 m
Hotel, North Berwick	£15.0 m		£15.0 m
Life Science, UK	£15.5 m	£4.0 m	£19.5 m
Hotels, United Kingdom	£47.3 m		£47.3 m
Industrial Estate, UK	£27.2 m	£19.0 m	£46.2 m
Total Sterling Loans	**£130.0 m**	**£23.0 m**	**£153.0 m**
Office Portfolio, Spain	£7.3 m		£7.3 m
Office Portfolio, Ireland	£21.8 m		£21.8 m
Total Euro Loans	**£29.1 m**		**£29.1 m**
Total Portfolio	**£159.1 m**	**£23.0 m**	**£182.1 m**

[1] Euro balances translated to Sterling at period end exchange rates.

[2] Balances shown are funded balances before any impairments.

[3] Excludes interest of up to circa £0.8 million which may be capitalised in respect of Office Portfolio, Ireland which, if capitalised, would be repayable on maturity.

Between 1 January and 31 December 2024, the following significant investments activity occurred (included in the table above):

Additional funding by the Group

As the Group is now pursuing a strategy of orderly realisation no new loans were closed in 2024.

During the year the Group funded £9.9 million in relation to loan commitments made in prior years which were unfunded. In addition, the Group capitalised £1.6 million of interest on one loan in line with the facility agreement.

Loan Repayments

During the year borrowers repaid at total of £109.4 million. As detailed below a total of five loans were repaid.

Details of loans repaid in 2024:

- €12.2 million, Shopping Centre, Spain
- €32.8 million, Three Shopping Centres, Spain
- £8.8 million, Hotel and Office, Northern Ireland
- €22.9 million, Hotel, Dublin
- £42.6 million, Hotel, Scotland

Investment Manager's Report

PORTFOLIO OVERVIEW

The Group continues to closely monitor and manage the credit quality of its loan exposures and repayments.

The Group's exposure is spread across seven investments. 99 per cent of the total funded loan portfolio as of 31 December 2024 is spread across five asset classes; Hospitality (39 per cent), Office (17 per cent), Light Industrial (17 per cent), Healthcare (16 per cent) and Life Sciences (10 per cent).

Hospitality exposure (39 per cent) comprises two loan investments. One loan (76 per cent of hospitality exposure) had two underlying key UK gateway city hotel assets, both of which completed comprehensive refurbishment programmes during 2024. In line with the underwritten business plan, the sponsor of this loan successfully refinanced the loan post year end in January 2025, repaying the Company's loan in full. The second hospitality loan (24 per cent of hospitality exposure) comprises one hotel, which has also been recently refurbished. Trading performance improved during 2024 following the refurbishment project. This loan sponsor is also preparing to refinance the Company's loan during 2025. The weighted average Loan to Value of the hospitality exposure as of 31 December 2024 was 57 per cent.

The Group's office exposure (17 per cent) comprises two loan investments. The weighted average Loan to Value of loans with office exposure is 95 per cent. The value used to calculate the Loan to Value for the Stage 1 office loan uses the latest independent lender instructed valuation. The value used for the Stage 3 office loan (which was downgraded from a Stage 2 asset in October 2024) is the marked down value as per the loan impairment recognised in October 2024. No material valuation changes are considered to have occurred since that time. The higher Loan to Value of this sector exposure reflects the wider decrease in market sentiment driven by post pandemic trends and higher interest rates. These factors have resulted in reduced investor appetite for office exposure and a decline in both transaction volumes and values. We note however, there has been a more positive recent outlook for real estate given interest rates have begun to reduce.

The largest office investment is a mezzanine loan which represents 74 per cent of this exposure and is classified as a Stage 3 risk rated loan. As outlined in previous factsheets, the underlying assets comprise seven well located European city centre CBD buildings and have historically been well tenanted, albeit certain assets are expected to require capital expenditure to upgrade to Grade-A quality to retain existing tenants upon future lease expiry events. A 50 per cent loan impairment provision related to this asset was announced on 21 October 2024 as a result of new operational information received from the borrower. Following an analysis of potential future scenarios and outcomes, the Board decided to make this provision. As noted in the announcement, the potential outcomes could recover a greater or lesser amount of the loan. The Investment Adviser continues to actively advise on this position to maximise recovery. No material changes to the value of this loan are considered to have occurred since October 2024 and therefore the loan risk classification and impairment provision remain unchanged. This remains under frequent review and the Company will provide updates as appropriate.

Light Industrial and Healthcare exposures comprise 17 per cent and 16 per cent, respectively, totalling 33 per cent of the total funded portfolio (across two investments) and provide good diversification into asset classes that continue to have very strong occupational and investor demand. The weighted average Loan to Value of these exposures is 59 per cent.

LIQUIDITY AND HEDGING

The Group had no debt outstanding or debt facilities at year end and has significant liquidity available with cash held of £45.7 million as at 31 December 2024 to fund existing unfunded loan cash commitments (totaling £23.0 million as at 31 December 2024), working capital and collateral calls on its hedging arrangements.

The Group has, in certain circumstances, the obligation to post cash collateral under its hedging facilities. However, cash would not need to be posted until the hedges were more than £15 million out of the money. The mark to market of the hedges at 31 December 2024 was £1.0 million (in the money) and with the robust hedging structure employed by the Group, cash collateral has never been required to be posted since inception. The Group has the majority of its investments currently denominated in Sterling (although this can change over time) and is a Sterling denominated group. The Group is therefore subject to the risk that exchange rates move unfavourably and that a) foreign exchange losses on the loan principal are incurred and b) that interest payments received are lower than anticipated when converted back to Sterling and therefore returns are lower than the underwritten returns. The Group manages this risk by entering into forward contracts to hedge the currency risk. All non-Sterling loan principal is hedged back to Sterling to the later of the maturity date or expected final repayment date of the loan. Interest payments are generally hedged for the period for which prepayment protection is in place. However, the risk remains that loans are repaid earlier than anticipated and forward contracts need to be broken early. In these circumstances the forward curve may have moved since the forward contracts were placed which can impact the rate received. In addition, if the loan repays after the prepayment protection, interest after the prepayment protected period may be received at a lower rate than anticipated leading to lower returns for that period. Conversely the rate could have improved and returns may increase.

EXPECTED CREDIT LOSSES (IMPAIRMENT)

All loans within the portfolio are classified and measured at amortised cost less impairment. Under IFRS 9 a three stage approach for recognition of impairment was introduced, based on whether there has been a significant deterioration in the credit risk of a financial asset since initial recognition. These three stages then determine the amount of impairment provision recognised.

At Initial Recognition	**Recognise a loss allowance equal to 12 months expected credit losses resulting from default events that are possible within 12 months.**
After initial recognition:	
Stage 1	Credit risk has not increased significantly since initial recognition. Recognise 12 months expected credit losses.
Stage 2	Credit risk has increased significantly since initial recognition. Recognise lifetime expected losses. Interest revenue recognised on a gross basis.
Stage 3	Credit impaired financial asset. Recognise lifetime expected losses. Interest revenue recognised on a net basis (i.e., losses are "above the line" and impact P&L and NAV).

For the purposes of classifying between stages 1 to 3 after initial recognition, the Group considers a change in credit risk based on a **combination** of the following factors:

- Underlying income performance is at a greater than 10 per cent variance to the underwritten loan metrics;
- Loan to Value is greater than 75-80 per cent;
- Loan to Value or income covenant test results are at a variance of greater than 5-10 per cent of loan default covenant level;
- Late payments have occurred and not been cured;
- Loan maturity date is within six months and the borrower has not presented an achievable refinance or repayment plan;
- Covenant and performance milestones criteria under the loan have required more than two waivers;
- Increased credit risk has been identified on tenants representing greater than 25 per cent of underlying asset income;
- Income rollover / tenant break options exist such that a lease up of more than 30 per cent of underlying property will be required within 12 months in order to meet loan covenants and interest payments; and
- Borrower management team quality has adversely changed.

Investment Manager's Report

The Group closely monitors all loans in the portfolio for any deterioration in credit risk. As at 31 December 2024, assigned classifications are:

- Stage 1 loans – four loan investments equivalent to 67 per cent of the funded portfolio are classified in the lowest risk profile, Stage 1.
- Stage 2 loans – two loan investments equivalent to 19 per cent of the funded portfolio are classified as Stage 2. The average loan to value of these exposures was 54% per cent. The average age of valuation report dates used in the loan to value calculation was 16 months old. While these loans are considered to be higher risk than at initial recognition, no loss has been recognised on a twelve-month and lifetime expected credit losses basis. Therefore, no impairment in the value of these loans has been recognised. The drivers for classifying these deals as Stage 2 are typically either one or a combination of the below factors:
    - lower underlying property values following receipt of updated formal appraisals by independent valuers or agreed and in exclusivity sale values;
    - sponsor business plans progressing more slowly than originally underwritten meaning that trading performance has lagged expectation and operating financial covenants under the facility agreements have breached; and
    - additional equity support is required to cover interest or operating shortfalls as a result of slower lease up or operations taking longer to ramp up.

The Stage 2 loans continue to benefit from headroom to the Group's investment basis. The Group has a strategy for each of these deals which targets full loan repayment over a defined period of time. Timing of repayment will vary depending on the level of equity support from sponsors. Typically, where sponsors are willing to inject additional equity to partially pay down the loans and support their business plan execution, then the Group will grant some temporary financial covenant headroom. Otherwise, sponsors are running sale processes to sell assets and repay their loans.

- Stage 3 loan – one loan equivalent to 14 per cent of the funded portfolio is classified as Stage 3. This investment had a loan to value of 110 per cent at year end. This value is based on the marked down value of the loan following the October 2024 announcement regarding the reclassification of this loan as a Stage 3 loan and impairment of the asset.

Since announcing the £10.8 million (€12.9 million) impairment provision against this loan in October 2024 no material changes to the value of this loan are considered to have occurred.

The assessments regarding these loan classifications were made based on 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.

FAIR VALUE OF PORTFOLIO VS AMORTISED COST

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

The effective interest rate ("EIR") – i.e. the discount rate at which future cash flows equal the amortised cost, is 9.4 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. The Group considers the EIR of 9.4 per cent to be relatively conservative as many of these loans were part of a business plan which involved transformation and many of these business plans are either completed or well advanced in execution and therefore significantly de-risked from the original underwriting and pricing. The volatility of the fair value to movements in discount rates is low due to the low remaining duration of loans.

Discount Rate	Fair Value	% of Book Value
7.4%	£152,935,395	102.3%
7.9%	£152,062,018	101.7%
8.4%	£151,199,872	101.1%
8.9%	£150,348,755	100.6%
9.4%	**£149,508,470**	**100.0%**
9.9%	£148,678,820	99.4%
10.4%	£147,859,619	98.9%
10.9%	£147,050,682	98.4%
11.4%	£146,251,829	97.8%

LOAN TO VALUE

Given the need for the Group and most of its peers to record loans at amortised cost, the loan to value of companies in our sector has understandably been an area of focus for many of our shareholders and stakeholders seeking to understand underlying risk further.

In order to try to assist in understanding the underlying credit risk, we have always quoted the last £ loan to value ("last LTV") of our portfolio and have outlined further detail below on our approach to this calculation.

Methodology

Our methodology to calculate the last LTV for each individual loan is:

$$\frac{\text{Total loan drawn less any deductible lender controlled cash reserves and less any amortization received to date (including any debt provided by other lenders which rank alongside or senior to the Group's position)}}{\text{Market value determined by the last formal lender valuation received by the reporting date for loans classified as Stage 1 and State 2 and marked down value per the loan impairment for the loan classified as Stage 3}}$$

Each individual loan LTV is then weighted by the amount of the loan currently drawn (in the Group only, ignoring the position of other third party lenders) to give a weighted average last LTV across the Group's portfolio.

Valuations Process

The following describes the valuation basis that is used in our calculation. As the vast majority of our portfolio is originated directly by the Investment Adviser, the Group has discretion over when and how to instruct valuations. We consider this to be a strength of our valuation process as we have control over timing and complete access to the detail of the valuation process and the output.

Where loans are not directly originated the lender could have a lack of control over the timing and no input to the process which we prefer to avoid where possible.

- On the origination of a loan, for a straight forward standing investment asset (for example, an occupied office), the independent open market value determined by an independent valuer under RICS guidelines will be used.
- After loan origination the Group has the right under loan documents to obtain valuations on an annual basis at the expense of the borrower (based on loan anniversary, not Group financial year end). Where a follow on valuation has been done we use the latest valuation number in our calculations. However, the Group does not instruct independent third party valuations on a strict annual basis, only when it is considered necessary and useful to obtain one.
- For the Stage 3 asset held as at 31 December 2024, the marked down value per the loan impairment is used.

On the basis of the methodology outlined, at 31 December 2024 the Group had an average last LTV of 63.5 per cent (2023: 61.8 per cent).

The table on the following page 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	Office	Light Industrial & Healthcare	Other	Total
-15%	67.0%	111.9%	69.1%	58.3%	74.7%
-10%	63.3%	105.7%	65.2%	55.1%	70.5%
-5%	59.9%	100.2%	61.8%	52.2%	66.8%
0%	56.9%	95.1%	58.7%	49.6%	63.5%
5%	54.2%	90.6%	55.9%	47.2%	60.4%
10%	51.8%	86.5%	53.4%	45.1%	57.7%
15%	49.5%	82.7%	51.0%	43.1%	55.2%

Dividend Policy

The Company has paid dividends of 5.5 pence per Ordinary Share in respect of the year ended 31 December 2024 (2023: 6.0 pence per Ordinary Share) in line with the target dividend rate of 5.5 pence per share. Dividends are recognised in the Consolidated Statement of Changes in Equity when declared. Dividends are usually paid within one month of the declaration date. The target annual dividend for 2025 is 5.5 pence per Ordinary Share paid quarterly.

The Company may pay dividends provided that the Board of Directors is satisfied on reasonable grounds that the Company will, immediately after payment, satisfy the solvency test (as defined in the Companies (Guernsey) Law, 2008, as amended), and satisfy any other requirement in its memorandum and articles.

EVENTS AFTER THE REPORTING PERIOD

The following loan amortisation (both scheduled and unscheduled) has been received since the year-end up to 2 April 2025:

- Life Science, UK £1,430,000

The following loans have been repaid since year end up to 2 April 2025:

- Hotels, United Kingdom £47,334,280

On 24 January 2025 the Directors declared a dividend in respect of the fourth quarter of 2024 of 1.375 pence per Ordinary Share payable on 28 February 2025 to shareholders on the register at 7 February 2025.

In February 2025, the £4,036,499 unfunded commitment on Life Sciences, UK was cancelled.

Starwood European Finance Partners Limited | Investment Manager

2 April 2025

Board of Directors

JOHN WHITTLE | Non-executive Director – Chairman of the Board

John is a Fellow of the Institute of Chartered Accountants in England and Wales and holds the Institute of Directors Diploma in Company Direction. He is a Non-Executive Director and Audit Committee Chairman of The Renewable Infrastructure Group Ltd (FTSE 250), Sancus Lending Group Ltd (listed on AIM), and Chenavari Toro Limited Income Fund Limited (listed on the SFS segment of the Main Market of the London Stock Exchange). He was previously Finance Director of Close Fund Services, a large independent fund administrator, where he successfully initiated a restructuring of client financial reporting services and was a key member of the business transition team. Prior to moving to Guernsey, he was at Pricewaterhouse in London before embarking on a career in business services, predominantly telecoms. He co-led the business turnaround of Talkland International (which became Vodafone Retail) and was directly responsible for the strategic shift into retail distribution and its subsequent implementation; he subsequently worked on the private equity acquisition of Ora Telecom. John is a resident of Guernsey.

GARY YARDLEY | Non-executive Director

Gary is a Fellow of the Royal Institution of Chartered Surveyors and holds a degree in estate management from Southbank University and an MBA. He has been a senior deal maker in the UK and European real estate market for over 25 years. Gary was formally Managing Director & Chief Investment Officer of Capital & Counties Property PLC ("Capco") and led Capco's real estate investment and development activities. Leading Capco's team on the redevelopment of Earls Court, Gary was responsible for acquiring and subsequently securing planning consent for over 11m sq. ft. at this strategic opportunity area capable of providing over 7,500 new homes for London. Gary was also heavily involved in the curation and growth of the Covent Garden estate for Capco, now an established premier London landmark. Gary is a Chartered Surveyor with over 30 years' experience in UK & European real estate. He is a former CIO of Liberty International and former equity partner of King Sturge and led PwC's real estate team in Prague and Central Europe in the early 1990s. Gary has returned to Prague and became Managing Director of West Bohemia Developments a.s, in August 2023, leading a major development opportunity on the D5 Highway adjacent to the German border. Gary now resides in the Czech Republic.

SHELAGH MASON | Non-executive Director – Management Engagement Committee Chairman and Senior Independent Director

Shelagh Mason is a solicitor specialising in English commercial property who retired as a consultant with Collas Crill LLP in 2020. She is the Non-Executive Chairman of the Channel Islands Property Fund Limited listed on the International Stock Exchange and is also Non-Executive Chairman of Riverside Capital PCC, sits on the board of Skipton International Limited, a Guernsey Licensed bank, and until 28 February 2022, she was a Non-Executive Director of the Renewables Infrastructure Fund, a FTSE 250 company, standing down after nine years on the board. In addition to the Company, she has a non-executive position with Ruffer Investment Company Limited, a FTSE 250 company. Previously Shelagh was a member of the board of directors of Standard Life Investments Property Income Trust, a property fund listed on the London Stock Exchange for 10 years until December 2014. She retired from the board of Medicx Fund Limited, a main market listed investment company investing in primary healthcare facilities in 2017 after 10 years on the board. She is a past Chairman of the Guernsey Branch of the Institute of Directors and she also holds the IOD Company Direction Certificate and Diploma with distinction. Shelagh is a resident of Guernsey.

CHARLOTTE DENTON | Non-executive Director - Audit Committee Chairman

Charlotte is a Fellow of the Institute of Chartered Accountants in England and Wales and holds a degree in politics from Durham University. She is also a member of the Society of Trust and Estate Practitioners, a Chartered Director and a fellow of the Institute of Directors. During Charlotte's executive career she worked in various locations through roles in diverse organisations, including KPMG, Rothschild, Northern Trust, a property development startup and a privately held financial services group. She has served on boards for nearly twenty years and is currently a Non-Executive Director of various entities including the GP boards of Private Equity groups Cinven and Hitec, and the Investment Manager for NextEnergy. She is also on the board of Pershing Square Holdings Limited, a FTSE 100 company and is the non-executive chairman of Achilles Investment Company Limited, which is listed on the Specialist Fund Segment of the Main Market of the London Stock Exchange. Charlotte is a resident of Guernsey.

Report of the Directors

PRINCIPAL ACTIVITIES AND INVESTMENT OBJECTIVE

The Principal Activities and Investment Objective are fully detailed in the Objective and Investment Policy section.

STRUCTURE

The Company was incorporated with limited liability in Guernsey under the Companies (Guernsey) Law, 2008, as amended, on 9 November 2012 with registered number 55836 and has been authorised by the Guernsey Financial Services Commission as a registered closed-ended investment company. The Company's Ordinary Shares were admitted to the premium segment of the Financial Conduct Authority's ("FCA") Official List and to trading on the Main Market of the London Stock Exchange as part of its IPO which completed on 17 December 2012. Further issues have taken place since IPO and are listed under "Capital" below. The issued capital during the year comprises the Company's Ordinary Shares denominated in Sterling and are traded on the Main Market of the London Stock Exchange.

The Company makes its investments through Starfin Lux S.à.r.l (indirectly wholly owned via a 100 per cent shareholding in Starfin Public Holdco 1 Limited), Starfin Lux 3 S.à.r.l and Starfin Lux 4 S.à.r.l. (both indirectly wholly owned via a 100 per cent shareholding in Starfin Public Holdco 2 Limited). References to the Group refer to the Company and its subsidiaries.

DIVIDEND POLICY

The Company has a target dividend of 5.5 pence per Ordinary Share per annum, based on quarterly dividend payments.

DIVIDENDS PAID AND PAYABLE

In 2024 the Company paid dividends of 1.875 pence per Ordinary Share for the fourth quarter of 2023 and 1.375 pence per Ordinary Share for the first three calendar quarters of 2024. To date, the Company has paid a total of £11,714,548 in respect of 2024 (5.5 pence per Ordinary Share) (2023: £21,534,446, 6.0 pence per Ordinary Share).

CAPITAL ISSUED

As part of the Company's IPO completed on 17 December 2012, 228,500,000 Ordinary Shares of the Company, with an issue price of 100 pence per share, were admitted to the premium segment of the UK Listing Authority's Official List and to trading on the Main Market of the London Stock Exchange.

The following issues have been made since the IPO:

Admission Date	Number of Ordinary Shares	Price (pence per Ordinary Share)
21 March 2013	8,000,000	104.25
9 April 2013	1,000,000	104.50
12 April 2013	600,000	104.00
23 July 2015	23,780,000	103.00
29 September 2015	42,300,000	102.75
12 August 2016	70,839,398	103.05
15 May 2019	38,200,000	104.75

CAPITAL REDEEMED

The capital redemptions announced and implemented in 2023 resulted in a total redemption of 81,901,754 shares for an aggregate of £85,002,623 in 2023.

During the year, the Company's redeemed a total of 119,761,309 shares for a total of £125.0 million as follows:

	Number of shares redeemed	Price at which shares redeemed	Total Capital returned to Shareholders
Feb 24	19,402,403	£1.0308	£19,999,996
Mar 24	24,110,333	£1.0369	£25,000,003
Jul 24	76,248,573	£1.0492	£80,000,002
	119,761,309		£125,000,001

Following these redemptions in 2024 and as at 31 December 2024, the Company had 193,929,633 shares in issue and the total number of voting rights was 193,929,633. Of the shares in issue as at 31 December 2023, 38 per cent were redeemed during the year.

Subsequent to year end, in February 2025, the Company redeemed a further 45,889,830 shares at a price of £1.0024 per share, resulting in an additional £46.0 million being returned to shareholders. Following this redemption, the Company has 148,039,803 shares in issue and the total number of voting rights is 148,039,803.

During the year the Company's share price has traded in a range of between 97.8 and 89.0 pence. The year end share price was 91.8 pence reflecting a 8.6 per cent discount to NAV.

Between August 2020 and October 2022 the Company had bought back an aggregate amount of 17,626,702 million shares at an average cost per share of 91.5 pence per share. These shares were held in treasury as at 31 December 2022 and were cancelled in June 2023 before the return of capital to shareholders commenced.

Report of the Directors

SUBSTANTIAL INTERESTS

Information provided to the Company by major shareholders pursuant to the FCA's Disclosure Guidance and Transparency Rules ("DGTR") is published via a Regulatory Information Service and is available on the Company's website. The Company has been notified under Rule 5 of the DGTR of the following holdings of voting rights in its shares as at 31 December 2024 and as at the date of this report.

Name	% holding of Ordinary Shares at 31 December 2024	% holding of Ordinary Shares at 3 March 2025
BlackRock	19.53	19.66
City of London	8.34	8.39
Close Brothers Asset Management	8.14	8.14
Waverton Investment Management	7.15	7.12
Shroder Investment Management	6.64	6.64
Almitas Capital	4.67	4.67
Premier Miton Investors	3.99	3.99
Staude Capital	3.67	3.67
Nomura International as principal	2.55	2.68
UBS Wealth	2.49	2.49

DIRECTORS' INTERESTS IN SHARES

The interests of the Directors (and their connected persons) in the Company's shares are shown in the table opposite. Changes in directors shareholding between 2023 and 2024 are as a result of the compulsory share redemptions which took place during the year.

Name	Ordinary Shares at 31 December 2024	Ordinary Shares at 31 December 2023
John Whittle	16,602	26,857
Shelagh Mason	55,305	89,461
Charlotte Denton	21,788	35,244
Gary Yardley	-	-

The Directors have adopted a code of Directors' dealings in Ordinary Shares, which is based on EU Market Abuse Regulation and was subsequently adapted to reflect the standards of the UK Market Abuse Regulation ("MAR"), which came into effect on 1 January 2021, following the European Union (Withdrawal) Act 2018. MAR came into effect across the EU (including the UK) on 3 July 2016. The Board is responsible for taking all proper and reasonable steps to ensure compliance with MAR by the Directors and reviews such compliance on a regular basis.

BUSINESS REVIEW

The Group's performance during the year to 31 December 2024, its position at that date and the Group's future developments are detailed in the Chairman's Statement, the Strategic Report and the Investment Manager's Report.

EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period are contained in note 23 to the consolidated financial statements.

INDEPENDENT AUDITOR

As previously communicated in the 2023 Annual Report, the Directors, at the recommendation of the Audit Committee, conducted a tender in the Summer of 2022 for the position of Independent Auditor to the Company for the audit of the year-ending 31 December 2023 as a form of best practice given PricewaterhouseCoopers CI LLP had served as the Company's Independent Auditor for two consecutive terms of five years. Following a competitive tender process, the Audit Committee recommended that the Board continue to engage PricewaterhouseCoopers CI LLP, who have been engaged since the Company's inaugural meeting on 22 November 2012 and have been re-appointed at each AGM held since. PricewaterhouseCoopers CI LLP have indicated their willingness to continue as Auditor. The Directors, at the recommendation of the Audit Committee, will place a resolution before the AGM to re-appoint them as independent auditor for the ensuing year, and to authorise the Directors to determine their remuneration.

INVESTMENT MANAGER AND SERVICE PROVIDERS

The Investment Manager during the year was Starwood European Finance Partners Limited (the "Investment Manager"), incorporated in Guernsey with registered number 55819 and regulated by the GFSC and Alternative Investment Fund Management Directive. The Investment Manager has appointed Starwood Capital Europe Advisers, LLP (the "Investment Adviser"), an English limited liability partnership authorised and regulated by the FCA, to provide investment advice pursuant to an Investment Advisory Agreement.

The company secretarial, fund accounting and administration services for both the Company and Investment Manager were delegated to Apex Fund and Corporate Services (Guernsey) Limited (the "Administrator") during the year.

ORDERLY REALISATION AND RETURN OF CAPITAL TO SHAREHOLDERS

Under the Company's discount control mechanisms (contained within its previous Articles of Association), the Company would have been required to offer to redeem up to 75 per cent of the shares in issue as the Company's discount to its Net Asset Value per share was greater than 5 per cent or more during the six-month period ending 31 December 2022 (the "Tender Offer").

However, on 31 October 2022, the Company announced, that following a review of the Company's strategy and advice sought from its advisers, the Board intended to recommend to shareholders that the investment objective and policy of the Company were amended such that the Board can pursue a strategy of orderly realisation and the return of capital over time to shareholders (the "Proposed Orderly Realisation"). If approved by the shareholders, the Company would 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 cash commitments.

On 28 December 2022, a Circular relating to the Proposed Orderly Realisation and containing a Notice of Extraordinary General Meeting to be held on 27 January 2023 (the "EGM") was published. The Circular set out details of, and sought shareholder approval for, certain Proposals.

The Proposals were:

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.

On 27 January 2023, these Proposals were approved at the EGM.

The Investment Objective and Policy which applied prior to the approval of the Proposals, and for the whole of 2022, are set out in the 2021 Annual Report. The current Investment Objective and Policy of the Company following the approval of the Proposals are set out on page 4. The Company maintains share repurchase powers, as approved at the 10 June 2022 Annual General Meeting, that allow the Company to repurchase Ordinary Shares in the Market up to 14.99 per cent of the share capital, subject to annual renewal of the Shareholder authority. It is not the intention of the Company to raise fresh capital including through a placing programme (subject to the publication of a prospectus of the Company) and through opportunistic tap issues following the approval of the Proposals at the EGM.

During the year the Company redeemed 119,761,309 shares for an aggregate of £125.0 million. As at 31 December 2024 the Company had 193,929,633 shares in issue and the total number of voting rights was 193,929,633.

Subsequent to year end, in February 2025, the Company redeemed a further 45,889,830 shares at a price of £1.0024 per share, resulting in an additional £46.0 million being returned to shareholders. Following this redemption, the Company has 148,039,803 shares in issue and the total number of voting rights is 148,039,803.

SHARE BUYBACKS

The Company renewed its authority at the recent AGM to purchase in the market up to 14.99 per cent of the Ordinary Shares in issue on 13 June 2024 at a price not exceeding: (i) five per cent above the average of the mid-market values of the Ordinary Shares for the five Business Days before the purchase is made; or (ii) the higher of the last independent trade or the highest current independent bid for the Ordinary Shares.

The Directors will give consideration to repurchasing Shares under this authority, but are not bound to do so, where the market price of an Ordinary Share trades at more than 7.5 per cent below the Net Asset Value per Share for more than 3 months, subject to available cash not otherwise required for working capital purposes or the payment of dividends in accordance with the Company's dividend policy.

If not previously used, this authority shall expire at the conclusion of the Company's AGM in 2025. While the Directors do not currently intend to buyback any shares as redemptions are more equitable to shareholders, the Directors intend to seek annual renewal of this buyback authority from Shareholders each year at the Company's AGM.

John Whittle | Chairman

2 April 2025

Directors' Remuneration Report

REMUNERATION POLICY & COMPONENTS

The Board endeavours to ensure the remuneration policy reflects and supports the Company's strategic aims and objectives throughout the year under review. It has been agreed that, due to the small size and structure of the Company, a separate Remuneration Committee would be inefficient; therefore, the Board as a whole is responsible for discussions regarding remuneration.

As per the Company's Articles of Incorporation, all Directors are entitled to such remuneration as is stated in the Company's Prospectus or as the Company may determine by ordinary resolution; to not exceed the aggregate overall limit of £300,000 per annum. Subject to this limit, it is the Company's policy to determine the level of Directors' fees, having regard for the level of fees payable to non-executive Directors in the industry generally, the role that individual Directors fulfil in respect of responsibilities related to the Board, Management Engagement Committee and Audit Committee and the time dedicated by each Director to the Company's affairs. Base fees are set out in the table below.

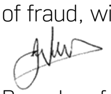
As outlined in the Articles of Incorporation, the Directors may also be paid for all reasonable travelling, accommodation and other out-of-pocket expenses properly incurred in the attendance of Board or Committee meetings, general meetings, or meetings with shareholders or debentures of the Company or otherwise in discharge of their duties; and all reasonable expenses properly incurred by them seeking independent professional advice on any matter that concerns them in the furtherance of their duties as Directors of the Company.

No Director has any entitlement to pensions, paid bonuses or performance fees, has been granted share options or been invited to participate in long-term incentive plans. No loans have been originated by the Company for the benefit of any Director. No Directors waived their entitlement to director's fees during the year.

None of the Directors have a service contract with the Company. Each of the Directors have entered into a letter of appointment with the Company. The letters of appointment were reviewed and amended in 2019 by an external party to ensure that they were in line with market standards prevailing at the time. Each Director is subject to annual re-election.

The Directors do not have any interests in contractual arrangements with the Company or its investments during the year under review, or subsequently. Each appointment can be terminated in accordance with the Company's Articles and without compensation. As outlined in the letters of appointment, each appointment can be terminated at the will of both parties with one month's notice either by (i) written resignation; (ii) unauthorised absences from Board meetings for 12 months or more; (iii) written request of the other Directors; or (iv) a resolution of the shareholders.

Directors' and Officers' liability insurance cover is maintained by the Company but is not considered a benefit in kind nor constitutes a part of the Directors' remuneration. The Company's Articles indemnify each Director, Secretary, agent and officer of the Company, former or present, out of assets of the Company in relation to charges, losses, liabilities, damages and expenses incurred during the course of their duties, in so far as the law allows and provided that such indemnity is not available in circumstances of fraud, wilful misconduct or negligence.



By order of the Board

John Whittle | Chairman

2 April 2025

Director	Role	Fees and Expenses 2024 £	Fees and Expenses 2023 £
John Whittle	Chairman with effect from 1 January 2022	60,000	60,000
Shelagh Mason	Management Engagement Committee Chairman and Senior Independent Director with effect from 1 September 2020	45,000	45,000
Charlotte Denton	Audit Committee Chairman with effect from 1 January 2022	50,000	50,000
Gary Yardley	Non-Executive Director with effect from 6 September 2021	42,000	42,000
Aggregate fees		**197,000**	**197,000**
Aggregate expenses		2,279	7,739
Total fees and expenses		**199,279**	**204,739**

Corporate Governance Statement

The Company is a member of the Association of Investment Companies (the "AIC"). The Board has considered the Principles and Provisions of the AIC Code of Corporate Governance dated February 2019 (the "AIC Code"). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (July 2018) (the "UK Code") effective for accounting periods commencing on or after 1 January 2019, as well as setting out additional Provisions on issues that are of specific relevance to the Company. The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council (the "FRC") and the Guernsey Financial Services Commission (the "GFSC") provides more relevant information to shareholders. Except as disclosed within the report, the Board is of the view that throughout the year ended 31 December 2024 the Company has complied with the Principles and Provisions of the AIC Code.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

By complying with the AIC Code, the Company is deemed to comply with both the UK Code issued by the FRC and the Code of Corporate Governance issued by the GFSC (the "GFSC Code").

The Company also intends to comply with the majority of principles of the Revised UK Code dated 22 January 2024, which comes into effect from financial years beginning 1 January 2025.

The AIC Code has been endorsed by the FRC as ensuring investment company boards fully meet their obligations to the UK Code and UKLR 6.6.6 of the UK Listing Rules as applicable for overseas closed ended investment funds.

Except as disclosed within the report, the Board is of the view that throughout the year ended 31 December 2024, the Company complied with the principles and provisions of the AIC Code. Key issues affecting the Company's corporate governance responsibilities, how they are addressed by the Board and application of the AIC Code are presented below. There is no information that is required to be disclosed under UKLR 6.6.1R.

The UK Code includes provisions relating to: the role of the chief executive; executive Directors' remuneration; and the need for an internal audit function which are not considered by the Board to be relevant to the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

The Guernsey Financial Services Commission Finance Sector Code of Corporate Governance ("GFSC Code") came into force in Guernsey on 1 January 2012 and was amended in February 2016, June 2021 and July 2023. The Company is deemed to satisfy the GFSC Code provided that it continues to conduct its governance in accordance with the requirements of the AIC Code. The Company accepts that it is not adhering to Provision 19 of the UK Code, and will not adhere to the same under the Revised UK Code, as the Chairman has been appointed since inception and intends to act until the completion of the Company's orderly realisation.

Provisions 32, 33, and 35 through to 41 of the UK Code have also not been adhered to as the Board do not believe that the Company is of sufficient size or scale to warrant a Remuneration Committee. The Company will not adhere to the same under the Revised UK Code when this becomes effective.

CHAIRMAN

JOHN WHITTLE | Chairman

Appointed to the position of Chairman of the Board on 1 January 2022, John Whittle is responsible for leading the Board in all areas, including determination of strategy, organising the Board's business and ensuring the effectiveness of the Board and individual Directors. He also endeavours to produce an open culture of debate within the Board.

The Chairman's appointment was in line with the previously released succession plan. Prior to the Chairman's appointment, a job specification was prepared which included an assessment of the time commitment anticipated for the role. Discussions were undertaken to ensure that the Chairman was sufficiently aware of the time needed for his role and agreed to this upon signature of his letter of appointment.

Other significant business commitments of the Chairman were disclosed to the Company prior to his appointment to the Board and a current list of commitments is set out in his biography on page 26.

The effectiveness and independence of the Chairman is evaluated on an annual basis as part of the Board's performance evaluation; the Management Engagement Committee Chairman is tasked with collating feedback and discussing with the Chairman on behalf of the rest of the Board.

As per the Company's Articles, all Directors, including the Chairman, must disclose any interest in a transaction that the Board and Committees will consider. To ensure that all Board decisions are independent, the said conflicted Director is not entitled to vote in respect of any arrangement connected to the interested party but may be counted in the quorum.

Corporate Governance Statement

BOARD

Independence and Disclosure

The Chairman confirms that the initial Board, consisting of Messrs. Jonathan Bridel (resigned 31 December 2020), Stephen Smith (resigned 31 December 2021) and himself were selected prior to the Company's launch and were able to assume all responsibilities at an early stage, independent of the Investment Manager and Investment Adviser. Shelagh Mason was appointed as a non-executive Director on 1 September 2020 and Charlotte Denton and Gary Yardley were appointed as non- executive Directors on 1 January 2021 and 6 September 2021, respectively, in accordance with the Board's Succession Planning Memorandum. The Board is composed entirely of independent non-executive Directors, who meet as required without the presence of the Investment Manager or service providers to scrutinise the achievement of agreed goals, objectives and monitor performance. Through the Audit Committee and the Management Engagement Committee they are able to ascertain the integrity of financial information and confirm that all financial controls and risk management systems are robust and analyse the performance of the Investment Manager and other service providers on a regular basis.

Following the annual performance evaluation, it was deemed that the Directors had been proven to challenge the Investment Manager throughout the year under review, as minuted and recorded, therefore for the purposes of assessing compliance with the AIC Code, the Board as a whole considers that each Director is independent of the Investment Manager and free from any business or other relationship that could materially interfere with the exercise of their independent judgment. If required, the Board is able to access independent professional advice. The Investment Manager is also requested to declare any potential conflicts surrounding votes, share dealing and soft commissions on an annual basis to the Board to help with the assessment of investments.

Open communication between the Investment Manager and the Board is facilitated by regular Board meetings, to which the Investment Manager is invited to attend and update the Board on the current status of the Company's investments, along with ad hoc meetings as required.

Coming to mutual agreement on all decisions, it was agreed that the Board had acted in the best interests of the Company to the extent that, if deemed appropriate, a Director would abstain or have his objection noted, which would be reflected within the minutes.

Similar to the process outlined above for the appointment of the Chairman, a job specification was prepared for each initial directorship which included an assessment of the time commitment anticipated for the role to ensure each Director was aware of the time commitment needed for the role. The Directors' other significant business commitments were disclosed to the Company prior to their appointment to the Board and were publicly disclosed in the Company's Prospectus dated 28 November 2012. A similar process was followed as part of the succession planning outlined below. Any subsequent changes have been declared. Certain of these commitments can be identified in each Director's biography on page 26. Details of the skills and experience provided by each Director can also be found in their biographies, alongside identification of the role each Director currently holds in the Company.

The terms and conditions of appointment for non-executive Directors are outlined in their letters of appointment and are available for inspection by any person at the Company's registered office during normal business hours and at each AGM for fifteen minutes prior to and during the meeting. The letters of appointment were previously reviewed by an external party and amended to ensure that they are in line with current market standards.

There is no executive Director function in the Company; all day-to-day functions are outsourced to external service providers.

Development

The Board believes that the Company's Directors should develop their skills and knowledge through participation at relevant courses. The Chairman is responsible for reviewing and discussing the training and development of each Director according to specific needs. Upon appointment, all Directors participate in discussions with the Chairman and other Directors to understand the responsibilities of the Directors, in addition to the Company's business and procedures.

The Company also provides regular opportunities for the Directors to obtain a thorough understanding of the Company's business by regularly meeting members of the senior management team from the Investment Manager, Investment Adviser and other service providers, both in person, by phone and through virtual meetings.

Balance of the Board and Diversity Policy

The Directors believe that the Board is well-balanced, with a wide array of skills, experience and knowledge that ensures it functions effectively and that no single Director may dominate the Board's decision making process.

The Board's position on diversity can be seen in the Strategic Report. All Directors currently sit on all the Committees, with the exception of the Chairman, who is not a member of the Audit Committee; additionally, no single Director fills more than one Committee chairmanship post.

Statement in accordance with UK LR 6.6.6. (R) (9) on Board Diversity

As at 31 December 2024, the Company met the targets specified in the UK LR 6.6.6. (R) (9) (i) and (ii) with the Board comprising 50 per cent women, one of whom is the Senior Independent Director.

The Board has not met the target under UK LR 6.6.6. (R) (9) (iii) of having one Director from a minority ethnic background. All Board appointments are based on merit and objective criteria, taking into account the benefits of diversity. It is the Board's intention to meet the target specified in UK LR 6.6.6. (R) (9) (iii) as the board is refreshed over time. However, given that the Company is pursuing a strategy of orderly realisation and return of capital to shareholders, it maybe that the Company is dissolved before this intention is realised.

We set out below the diversity data required by the Listing Rules disclosure requirements.

Gender: as at 31 December 2024

	Number of Board members	Percentage of the Board	Number of Senior Positions on Board (Chair, SID) [1]
Men	2	50%	1
Women	2	50%	1
Not specified/ prefer not to say	-	0%	-

[1] As the Company does not have a CEO, CFO, executives or employees the above tables do not include this information.

Ethnic Background: as at 31 December 2024

	Number of Board members	Percentage of the Board	Number of Senior Positions on Board (Chair, SID) [1]
White British or other white (including minority-white groups)	4	100%	2
Mixed/multiple ethnic groups	-	0%	-
Asian/Asian British	-	0%	-
Black/African/ Caribbean/Black British	-	0%	-
Other ethnic group, including Arab	-	0%	-
Not specified/prefer not to say	-	0%	-

[1] As the Company does not have a CEO, CFO, executives or employees the above tables do not include this information.

Approach to data collection

Each Board member is requested to provide the information above on a strictly confidential and voluntary basis through which the individual self-reports their ethnicity and gender identity.

Annual Performance Evaluation

The Board's balance is reviewed on a regular basis as part of a performance evaluation review. Using a pre-determined template based on the AIC Code's provisions as a basis for review, the Board undertook an evaluation of its performance, and in addition, an evaluation focusing on individual commitment, performance and contribution of each Director was conducted. The Chairman then met with each Director to fully understand their views of the Company's strengths and to identify potential weaknesses. If appropriate, new members are proposed to resolve any perceived issues, or a resignation is sought. Following discussions and review of the Chairman's evaluation by the other Directors, the Management Engagement Committee Chairman reviewed the Chairman's performance. Training and development needs are identified as part of this process, thereby ensuring that all Directors are able to discharge their duties effectively.

Given the Company's size and the structure of the Board, no external facilitator or independent third party was used in the performance evaluation. The need to appoint an external facilitator is reviewed by the Board on an annual basis.

Re-election and Board Tenure

There is currently no Nomination Committee for the Company as it is deemed that the size, composition and structure of the Company would mean the process would be inefficient and counterproductive. The Board therefore undertakes a thorough process of reviewing the skill set of the individual Directors, and proposes new, or renewal of current appointments to the Board.

Each Director is required to be elected by shareholders at the AGM following his appointment by the Board. As part of the recommendations of the AIC Code, the Directors put themselves forward for annual re-election. In light of this, all Directors, are therefore submitting themselves for re-election.

The Audit Committee members and the Board confirm that all Directors have proven their ability to fulfil all legal responsibilities and to provide effective independent judgment on issues of strategy, performance, resources and conduct. The Board therefore has no hesitation in recommending to Shareholders that all Directors are re-elected.

Appointment Process

The Director appointment process involves identifying gaps and needs in the Board's composition and then reviewing the skill set of potential candidates with a view to making an appointment that fills the identified gaps and meets the future leadership needs of the Company. Currently there is no gap that needs to be filled. Should a gap be identified, the Board would engage an independent search consultancy with no connection to the Company or its Directors, to assist in sourcing a candidate with the relevant skills and experience.

Succession Planning

The Company enters its thirteenth year in 2025 and the Board is mindful of the current strategy of orderly realisation and return of capital to the shareholders.

As disclosed in previous reports, it was the Board's intention that John Whittle would remain on the Board until December 2023 in light of (i) John Whittle's extensive familiarity with the Company; (ii) the previously challenging market circumstances facing the Company; and (iii) the extensive rotation of the Board in recent years. Given the shareholder approval to progress the Orderly Realisation and Return of Capital, as passed by shareholder resolution at the Extraordinary General Meeting on 27 January 2023, the Board are of the view that it is in shareholders' best interests that John Whittle remains on the Board until the completion of the Orderly Realisation and Return of Capital to Shareholders. This will ensure that the Board and shareholders will benefit from the significant experience and knowledge of the Company and its portfolio that John Whittle has developed since the Company's IPO.

In terms of new appointments, with the approval of the Orderly Realisation and Return of Capital and the previously announced succession plan being implemented, the Directors believe that the current composition of three Guernsey Directors and one Director acting from outside of Guernsey is effective and meets the current and expected future leadership needs of the Company. To the extent applicable or required, the Board will continue to consider diversity when making the new appointments to the Board.

At present, the Directors wish to leave the succession and the tenure policy of the Chairman open indefinitely, with no changes currently planned.

Corporate Governance Statement

BOARD AND COMMITTEES

Board

Matters reserved for the Board include review of the Company's overall strategy and business plans; approval of the Company's half-yearly and annual reports; review and approval of any alteration to the Group's accounting policies or practices and valuation of investments; approval of any alteration to the Company's capital structure; approval of the dividend policy; appointments to the Board and constitution of Board committees; observation of relevant legislation and regulatory requirements; and performance review of key service providers. The Board also retains ultimate responsibility for committee decisions; every committee is required to refer to the Board, who will make the final decision.

Terms of reference that contain a formal schedule of matters reserved for the Board of Directors for decision has been approved and can be reviewed at the Company's registered office.

The meeting attendance record is displayed in the Corporate Governance Statement. The Company Secretary acts as the Secretary to the Board.

Audit Committee

The Board has established an audit committee which was composed of all the independent members of the Board other than Chairman of the Board. The Chairman of the Board, although not a member of the committee, may still attend the meetings upon invitation by the audit committee Chairman. The audit committee, its membership and its terms of reference are kept under regular review by the Board, and it is confident that all members have sufficient financial skills and experience, and competence relevant to the Company's sector. John Whittle was the audit committee Chairman until 31 December 2021. Charlotte Denton was appointed on 24 March 2021 to the audit committee and has become chairman of the audit committee with effect from 1 January 2022.

The audit committee met three times during 2024 (2023: four times). The Company Secretary acts as the Secretary to the audit committee.

Owing to the size and structure of the Company, there is no internal audit function. The audit committee has reviewed the need for an internal audit function and perceived that the internal financial and operating control systems in place within the Group and its service providers.

The audit committee is intended to assist the Board in discharging its responsibilities for the integrity of the Group's consolidated financial statements, as well as aiding the assessment of the Group's internal control effectiveness and objectivity of the external Auditors. Further information on the audit committee's responsibilities is given in the Report of the Audit Committee.

Formal terms of reference for the audit committee are available at the registered office and on the Company's website and are reviewed on a regular basis.

Management Engagement Committee

The Company has established a Management Engagement Committee which comprises all the Directors, with Shelagh Mason as the Chairman of the committee. The Management Engagement Committee's main function is to review and make recommendations on any proposed amendment to the Investment Management Agreement and keep under review the performance of the Investment Manager; and undertake an assessment of the Investment Manager's scope and responsibilities as outlined in the service agreement and prospectus on a formal basis every year. Discussions on the Investment Manager's performance are also conducted regularly throughout the year by the Board. Reviews of engagements with other service providers, such as the Administrator, to ensure all parties are operating satisfactorily are also undertaken by the Management Engagement Committee so as to ensure the safe and accurate management and administration of the Company's affairs and business and that they are competitive and reasonable for Shareholders.

The Management Engagement Committee met twice during 2024 (2023: twice) and undertook a review of the key service providers to the Group and the Company, utilising a service provider questionnaire. No material weaknesses were identified and the recommendation to the Board was that the current arrangements were appropriate and provided good quality services and advice to the Company and the Group.

Formal terms of reference for the Management Engagement Committee are available at the registered office and the Company's website and are reviewed on a regular basis.

The Company Secretary acts as the secretary to the Management Engagement Committee.

Board and Committee Meeting Attendance

Individual attendance at Board and committee meetings is set out above.

	Scheduled Board	Ad hoc Board[1]	Audit Committee	Management Engagement Committee
John Whittle	4	9	3	2
Shelagh Mason	4	8	3	2
Charlotte Denton	4	6	3	2
Gary Yardley	4	9	3	2
Total Meetings for year	**4**	**9**	**3**	**2**

[1]The ad hoc Board meetings are convened at short notice to deal with administrative matters. It is not therefore always logistically feasible, or a necessity, for every director to attend such meetings.

In addition to the scheduled quarterly and additional ad hoc meetings, the Directors and the Investment Manager have been provided with a number of videoconference or telephone investment briefings by the Investment Adviser in order to keep the Directors and the Investment Manager fully apprised and up to date with the current investment status and progress. During 2018, a committee of one Director was appointed to approve dividends should a quorum of two Directors not be available.

BOARD REMUNERATION

As outlined in the Prospectus, Directors are paid in accordance with agreed principles aimed at focusing on long-term performance of the Company. Further information can be found in the Directors' Remuneration Report.

COMPANY SECRETARY

Reports and papers, containing relevant, concise and clear information, are provided to the Board and Committees in a timely manner to enable review and consideration prior to both scheduled and ad-hoc specific meetings. This ensures that Directors are capable of contributing to, and validating, the development of Company strategy and management. The regular reports also provide information that enables scrutiny of the Company's Investment Manager and other service providers' performance. When required, the Board has sought further clarification of matters with the Investment Manager and other service providers, both by means of further reports and in-depth discussions, in order to make more informed decisions for the Company.

Under the direction of the Chairman, the Company Secretary facilitates the flow of information between the Board, Committees, the Investment Manager and other service providers through the development of comprehensive, detailed meeting packs, agendas and other media. These are circulated to the Board and other attendees in sufficient time to review the data.

Full access to the advice and services of the Company Secretary is available to the Board; in turn, the Company Secretary is responsible for advising on all governance matters through the Chairman. The Articles and schedule of matters reserved for the Board indicate the appointment and resignation of the Company Secretary is an item reserved for the full Board. A review of the performance of the Company Secretary is undertaken by the Board on a regular basis.

FINANCIAL AND BUSINESS INFORMATION

An explanation of the Directors' roles and responsibilities in preparing the Annual Report and Audited Consolidated Financial Statements for the year ended 31 December 2024 is provided in the Statement of Directors' Responsibilities.

Further information enabling shareholders to assess the Company's performance, business model and strategy can be sourced in the Chairman's Statement, the Strategic Report and the Report of the Directors.

GOING CONCERN

The Directors also consider it appropriate to prepare the financial statements on the going concern basis, as explained in the 'Basis of preparation' paragraph in note 2(a) of the financial statements which includes consideration of the changes to the Company's Investment Objective and Investment Policy approved at the EGM held in January 2023.

RISK CONTROL

In addition to the earlier assessment of principal risks and uncertainties contained within the Strategic Report, the Board is required annually to review the effectiveness of the Group's key internal controls such as financial, operational and compliance controls and risk management. The controls are designed to ensure that the risk of failure to achieve business objectives is minimised and are intended to provide reasonable assurance against material misstatement or loss. This is not absolute assurance that all risks are eliminated.

Through regular meetings of the Audit Committee, the Board seeks to maintain full and effective control over all strategic, financial, regulatory and operational issues. The Board maintains an organisational and committee structure with clearly defined lines of responsibility and delegation of authorities.

RISK MANAGEMENT

As part of the compilation of the risk register for the Company, appropriate consideration has been given to the relevant control processes and that risk is considered, assessed and managed as an integral part of the business. The Company's system of internal control includes inter alia the overall control exercise, procedures for the identification and evaluation of business risk, the control procedures themselves and the review of these internal controls by the Audit Committee on behalf of the Board. Each of these elements that make up the Company's system of internal financial and operating control is explained in further detail as below.

(i) Control Environment

The Company is ultimately dependent upon the quality and integrity of the staff and management of the Investment Manager, the Investment Adviser and its Fund Administration & Company Secretarial service provider. In each case, qualified and able individuals have been selected at all levels. The staff of both the Investment Manager and Administrator are aware of the internal controls relevant to their activities and are also collectively accountable for the operation of those controls. Appropriate segregation and delegation of duties is in place.

The Audit Committee undertakes a review of the Company's internal financial and operating controls on a regular basis. The Auditors of the Company consider internal controls relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design their audit procedures, but not for the purpose of expressing an audit opinion on the effectiveness of the Company's internal controls.

In its role as a third-party fund administration services provider, Apex Fund and Corporate Services (Guernsey) Limited produces an annual SOC 1 Type 2 Report on the internal control procedures in place within Apex Fund and Corporate Services (Guernsey) Limited and this is subject to review by the Audit Committee and the Board.

(ii) Identification and Evaluation of Business Risks

Another key business risk is the performance of the Company's investments. This is managed by the Investment Manager, which undertakes regular analysis and reporting of business risks in relation to the loan portfolio, and then proposes appropriate courses of action to the Board for their review.

(iii) Key Procedures

In addition to the above, the audit committee's key procedures include a comprehensive system for reporting financial

Corporate Governance Statement

results to the Board regularly, as well as quarterly impairment reviews of loans conducted by the Board as a whole (including reports on the underlying investment performance).

Although no system of internal control can provide absolute assurance against material misstatement or loss, the Company's system is designed to assist the Directors in obtaining reasonable assurance that problems are identified on a timely basis and dealt with appropriately. The Company, given its size, does not have an internal audit function. It is the view of the Board that the controls in relation to the Company's operating, accounting, compliance and IT risks performed robustly throughout the year. In addition, all have been in full compliance with the Company's policies and external regulations, including:

- Investment policy, as outlined in the IPO documentation, and subsequently amended by EGMs held on 2 May 2014, 9 March 2015, 6 May 2016 and 27 January 2023;
- Personal account dealing and the control and dissemination of price sensitive information, as outlined in MAR;
- Whistleblowing Policy;
- Anti-Bribery Policy;
- Applicable Financial Conduct Authority Regulations;
- UK Listing Rules, and Disclosure Guidance and Transparency Rules;
- Treatment and handling of confidential information;
- Conflicts of interest;
- Compliance policies; and
- Anti-money laundering regulations.

There were no protected disclosures made pursuant to the Company's whistleblowing policy, or that of service providers in relation to the Company, during the year to 31 December 2024.

In summary, the Board considers that the Company's existing internal financial and operating controls, coupled with the analysis of risks inherent in the business models of the Company and its subsidiaries, continue to provide appropriate tools for the Company to monitor, evaluate and mitigate its risks.

ALTERNATIVE INVESTMENT FUND MANAGEMENT DIRECTIVE ("AIFMD")

The AIFMD, which was implemented across the EU on 22 July 2013 with the transition period ending 22 July 2014, aims to harmonise the regulation of Alternative Investment Fund Managers ("AIFMs") and imposes obligations on managers who manage or distribute Alternative Investment Funds ("AIFs") in the EU or who market shares in such funds to EU investors. Following the UK's cessation of EU membership on 31 January 2020, the FCA has implemented an equivalent regulation ("UK AIFMD") for the marketing of AIFs in the UK and to UK investors.

After seeking professional regulatory and legal advice, the Company was established in Guernsey such that, upon implementation of AIFMD it would be a Non-EU/UK AIF, with Starwood European Finance Partners Limited appointed to act as the Non-EU/UK AIFM.

In accordance with AIFMD disclosure obligations, note 6 provides a summary of realised and unrealised gains and losses.

The Investment Manager does not receive an additional fee, to that stated in notes 3 and 22, as a result of acting as the AIFM. The Board of the Investment Manager received an aggregate fee of £1,840,831 for the year ended 31 December 2024 (£2,910,525 for the year ended 31 December 2023).

The marketing of shares in AIFs that are established outside the EU/UK (such as the Company) to investors in an EU member state/ UK is prohibited unless certain conditions are met. Certain of these conditions are outside the Company's control as they are dependent on the regulators of the relevant third country (in this case Guernsey) and the relevant EU member state/UK entering into regulatory co-operation agreements with one another.

The AIFM has given written notification to the FCA, pursuant to Regulation 59 of the Alternative Investment Fund Managers Regulations 2013 (SI 1773/2013) (the "AIFM Regulations") of its intention to market the shares to investors in the United Kingdom in accordance with the AIFM Regulations and the rules and guidance of the FCA.

The AIFM has given written notification to the Netherlands Authority for the Financial Markets ("AFM") pursuant to Article 1:13b section 1 and 2 of the Act on the Financial Supervision (Wet op het financieel toezicht) (the "AFS") of its intention to market the shares to investors in the Netherlands in accordance with the AFS, any rules and regulations promulgated pursuant thereto and the rules and guidance of the AFM.

On 12 February 2016, the AIFM obtained a marketing licence in Sweden in accordance with Chapter 5, Section 10 of the Swedish Alternative Investment Fund Managers Act (Sw. lag (2013:561) om förvaltare av alternativa investeringsfonder). This enables shares in the Company to be marketed to professional investors in Sweden.

Currently, the National Private Placement Regime ("NPPR") provides a mechanism to market Non-EU AIFs that are not allowed to be marketed under the AIFMD domestic marketing regimes. The Board is utilising NPPR in order to market the Company, specifically in the UK, Sweden and the Netherlands. The Board works with the Company's advisers to ensure the necessary conditions are met, and all required notices and disclosures are made under NPPR.

Any regulatory changes arising from implementation of the AIFMD (or otherwise) that limit the Company's ability to market future issues of its shares may adversely affect the Company's ability to carry out its investment policy successfully and to achieve its investment objective, which in turn may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Ordinary Shares.

The Board, in conjunction with the Company's advisers, will continue to monitor the development of the AIFMD and its impact on the Company. The Company will continue to use NPPR pending further consultation from the European Securities and Marketing Authority ("ESMA").

The Board has considered the disclosure obligations under Articles 22 and 23 and can confirm that the Company complies with the various organisational, operational and transparency obligations.

The Board has considered requirements of Articles 6 and 7 of Regulation 2019/2088 on sustainability-related disclosures in the financial services sector dated 27 November 2019 and have made the necessary disclosures on the Company's website.

FOREIGN ACCOUNT TAX COMPLIANCE ACT ("FATCA") AND THE OECD COMMON REPORTING STANDARDS ("CRS")

FATCA became effective on 1 January 2013 and is being gradually implemented internationally. The legislation is aimed at determining the ownership of US assets in foreign accounts and improving US Tax compliance with respect to those assets.

More than 100 jurisdictions, including all 38 member countries of the Organisation for Economic Co-operation and Development ("OECD") and the G20 members, have committed to implement the Common Reporting Standard for automatic exchange of tax information ("CRS"). Building on the model created by FATCA, the CRS creates a global standard for the annual automatic exchange of financial account information between the relevant tax authorities.

The Board in conjunction with the Company's service providers and advisers have ensured that the Company complies with FATCA and CRS's requirements to the extent relevant to the Company.

SECTION 172 STATEMENT

Whilst directly applicable to UK domiciled companies, the intention of the AIC Code is that the below matters set out in section 172 of the UK Companies Act, 2006 are reported.

Risk Management

In order to minimise the risk of failure to achieve business objectives, the Company actively identifies, evaluates, manages and mitigates risk as well as continually evolving the approach to risk management. For further details in connection with Risk Management of the Company, please refer to the Strategic Report and the Corporate Governance Statement.

Our People

The Company has no employees, however, to succeed we need to manage the Company's performance by bringing through talent to the Board while ensuring we operate as effectively as possible, as demonstrated with the succession plan. For further details in connection with the succession plan, please refer to the Corporate Governance Statement.

Business Relationships

In order for the Company to succeed, it must develop and maintain long-term relationships with service providers, borrowers and other key stakeholders.

Community and Environment

As an investment company, the Group's activities have minimal direct impact on the environment. Please refer to the Strategic Report for more details in connection with the impact of the Group's operations on the community and environment.

Business Conduct

The Company is committed to act responsibly and ensure that the business operates in a responsible and effective manner and with high standards in order to meet its objectives.

Shareholders

The Board place a great deal of importance on communication with all shareholders and envisage to continuing effective dialogue with all shareholders. Please refer to section below for more details on how the Company engages with the shareholders.

Throughout 2025, the Board of the Company, both individually and together, will continue to review and challenge how the Company can continue to act in good faith to promote the success of the Company for the benefit of its stakeholders in the decisions taken.

DIALOGUE WITH SHAREHOLDERS

The Directors place a great deal of importance on communication with shareholders. The Company's Chairman, Investment Manager and the Broker, offer to meet with large shareholders at least annually, together with the Investment Adviser, and calls are undertaken on a regular basis with shareholders. The Board also receives regular reports from the Broker on shareholder issues. Publications such as the Annual Report and Consolidated Financial Statements and quarterly factsheets are reviewed and approved by the Board prior to circulation and are widely distributed to other parties who have an interest in the Company's performance and are available on the Company's website.

Following meetings with multiple large shareholders in October 2022, the Company's Proposed Orderly Realisation was progressed and approved at the EGM on 27 January 2023, following which the Company is seeking 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.

All Directors are available for discussions with the shareholders, in particular the Chairman (John Whittle), Senior Independent Director (Shelagh Mason) and the Audit Committee Chairman (Charlotte Denton), as and when required.

Should a situation arise where shareholders cast a vote of 20 per cent or more against a board recommendation the Directors will consult with shareholders to understand their reasons behind this vote. The Board will publish the views received from the shareholders within six months of the shareholder meeting.

CONSTRUCTIVE USE OF AGM

The Notice of AGM is sent out at least 20 working days in advance of the meeting. All shareholders have the opportunity to put questions to the Board or Investment Manager, either formally at the Company's AGM, informally following the meeting, or in writing at any time during the year via the Company Secretary. The Company Secretary is also available to answer general shareholder queries at any time throughout the year.

By order of the Board

John Whittle | Chairman

2 April 2025

Report of the Audit Committee

The Board is supported by the Audit Committee, which during the year comprised of Charlotte Denton, as Chairman, Shelagh Mason, and Gary Yardley. John Whittle, as Chairman of the Board, does not sit on the Audit Committee. The Board has considered the composition of the Audit Committee and is satisfied that it has sufficient recent and relevant skills and experience. In particular the Board has considered the requirements of the AIC Code that the Audit Committee should have at least one Member who has recent and relevant financial experience and that the Audit Committee as a whole has competence relevant to the sector in which the Company invests. The Board considers all of the relevant requirements to have been met.

ROLE AND RESPONSIBILITIES

The primary role and responsibilities of the Audit Committee are outlined in the Audit Committee's terms of reference, available at the registered office, including:

- Reviewing the Group's internal financial controls, and the Group's internal control and risk management systems;
- Monitoring the need for an internal audit function annually;
- Monitoring and reviewing the scope, independence, objectivity and effectiveness of the external Auditor, taking into consideration relevant regulatory and professional requirements;
- Making recommendations to the Board in relation to the appointment, re-appointment and removal of the external Auditor and approving their remuneration and terms of engagement, which in turn can be placed before the shareholders for their approval at the AGM;
- Development and implementation of the Group's policy on the provision of non-audit services by the external Auditor, as appropriate;
- Reviewing the arrangements in place to enable Directors and staff of service providers to, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters insofar as they may affect the Group;
- Providing advice to the Board on whether the consolidated financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy; and
- Reporting to the Board on how the Committee discharged all relevant responsibilities at each Board meeting.

Financial Reporting

The primary role of the Audit Committee in relation to the financial reporting is to review with the Administrator, Investment Manager and the Auditor the appropriateness of the Annual Report and Audited Consolidated Financial Statements and Interim Condensed Consolidated Financial Statements, concentrating on, amongst other matters:

- The quality and acceptability of accounting policies and practices;
- The clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- Material areas in which significant judgements have been applied or there has been discussion with the Auditor;
- Whether the Annual Report and Audited Consolidated Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for the shareholders to assess the Group's performance, business model and strategy; and
- Any correspondence from regulators in relation to the Group's financial reporting.

To aid its review, the Audit Committee considers reports from the Administrator and Investment Manager and also reports from the Auditor on the outcomes of their half-year review and annual audit. The Audit Committee supports PricewaterhouseCoopers CI LLP ("PwC") in applying the necessary professional scepticism their role requires.

The Audit Committee met three times during the year under review; individual attendance of Directors is outlined in the Corporate Governance Statement. The main matters discussed at those meetings were:

- Review and approval of the external Auditor and when tabled, consideration of the final audit findings report;
- Discussion and approval of the fee for the external audit;
- Detailed review of the Annual Report and Audited Consolidated Financial Statements and recommendation for approval by the Board;
- Review and approval of the interim review findings report of the external Auditor;
- Detailed review of the Interim Condensed Consolidated Financial Statements and recommendation for approval by the Board;
- Discussion of reports from the external Auditor following their interim review and annual audit;
- Assessment of the effectiveness of the external Auditor as described below;
- Assessment of the independence of the external Auditor;
- Review of the Group's key risks and internal controls; and
- Consideration of the AIC Code, FRC Guidance on Audit Committees and other regulatory guidelines.

The Committee has also reviewed and considered the whistleblowing policy in place for the Administrator and other service providers and is satisfied the relevant staff can raise concerns in confidence about possible improprieties in matters of financial reporting or other matters insofar as they may affect the Company.

Annual General Meeting

The Audit Committee Chairman, or other members of the Audit Committee appointed for the purpose, shall attend each AGM of the Company, prepared to respond to any shareholder questions on the Audit Committee's activities.

Internal Audit

The Audit Committee considers at least once a year whether or not there is a need for an internal audit function. Currently, the Audit Committee does not consider there to be a need for an internal audit function, given that there are no employees in the Group and all outsourced functions are with parties / administrators who have their own internal controls and procedures.

SIGNIFICANT ISSUES IN RELATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the year, the Audit Committee considered a number of significant risks in respect of the Annual Report and Audited Consolidated Financial Statements. The Audit Committee reviewed the external audit plan at an early stage and concluded that the appropriate areas of audit risk relevant to the Group had been identified and that suitable audit procedures had been put in place to obtain reasonable assurance that the consolidated financial statements as a whole would be free of material misstatements.

The table on the next page sets out the Audit Committee's view of the key areas of risk and how they have addressed the issues.

Report of the Audit Committee

Significant Issues	Actions to Address Issue
Amortised cost measurement of loans advanced	Loans advanced at the year-end, totalling £149.5 million (note 10), are measured at amortised cost. Loans advanced make up a significant part of the consolidated statement of financial position and due to the nature of this balance, the measurement is subject to estimation uncertainty. The assumptions and estimates regarding the receipt and timing of scheduled and unscheduled payments of loans advanced could significantly impact the net asset value of the Group. The specific areas of estimation uncertainties encompass the impact of variations in both the amount and timing of expected cash flows for each loan measured at amortised cost. In addition income from loans advanced is measured in accordance with the effective interest rate method. The requirement to estimate the expected cash flows when forming an effective interest rate model is also subject to significant management judgements and estimates. The Audit Committee reviews the controls in place around the loan models and is notified regularly by the Investment Manager of any changes to underlying assumptions made in the loan models. The Audit Committee discusses with the Investment Manager and Investment Adviser the reasons for the changes in key assumptions made in the loan models such as changes to expected drawdown or repayment dates or other amendments to expected cash flows such as changes in interbank rates on floating loans. The Audit Committee ensures that any changes made to the models are justifiable based on the latest available information. A separate income rationalisation which is prepared outside of the detailed loan models is provided to the Board on a quarterly basis as a secondary check on the revenue being recognised in the loan models. This is also reviewed by the Audit Committee and questions raised where appropriate.
Expected credit losses on loans advanced	The Group's loans advanced, which are measured at amortised cost, fall within the scope of IFRS 9's expected credit loss ("ECL") model. The assessment, recognition, and measurement of the ECL involves numerous assumptions and judgments. The ECL is also subject to a high level of estimation uncertainty due to the forward-looking information considered when assessing significant increases in credit risk and when measuring and recognising an ECL. The Audit Committee reviews the investment process of the Investment Manager and Investment Adviser including the controls in place around deal sourcing, investment analysis, due diligence, asset management and the role of the Investment Adviser's investment committee and the Investment Manager's Board. The Audit Committee receives regular updates and reports on the performance of each loan and discusses with the Investment Manager and Investment Adviser whether there are any indicators of significant increase in credit risk or impaired or defaulted loans. The Audit Committee also assesses the expected credit loss methodology focusing on the estimation of probability of default, exposure at default and loss given default. Formal loan performance reviews and credit risk assessments are also prepared by the Investment Adviser and Investment Manager which are reviewed at each Audit Committee meeting and the Audit Committee considers whether there are any indicators that would warrant a change to the ECL assessed for each loan advanced. All existing loans advanced as at 31 December 2024 were assessed so as to ensure compliance with IFRS 9. As disclosed in note 2 and in the Investment Manager's report, at 31 December 2024, one loan (accounting for 14.0 per cent of the funded portfolio as at 31 December 2024), was classified as Stage 3, two loans were classified as Stage 2 and the remaining loans were classified as Stage 1. An impairment provision of £10,849,579 has been provided in these accounts for the loan classified as Stage 3 as at 31 December 2024. No further expected credit loss provision has been made in respect of the loans classified as Stage 2 and Stage 1.

REVIEW OF EXTERNAL AUDIT PROCESS EFFECTIVENESS

The Audit Committee communicated regularly with the Investment Manager, Investment Adviser and Administrator to obtain a good understanding of the progress and effectiveness of the audit process. Similarly, feedback in relation to the effectiveness of the Investment Manager, Investment Adviser and other service providers in performing their relevant roles was sought from relevant involved parties, including the audit partner and team. The external Auditor is invited to attend the Audit Committee meetings at which the interim and annual consolidated financial statements are considered, also enabling the Auditor to meet and discuss any matters with the Audit Committee without the presence of the Investment Manager or the Administrator.

During the year, the Audit Committee reviewed the external Auditor's performance, considering a wide variety of factors including:

- The quality of service, the Auditor's specialist expertise, the level of audit fee, identification and resolution of any areas of accounting judgement, and quality and timeliness of papers analysing these judgements;
- Review of the audit plan presented by the Auditor, and when tabled, the final audit findings report;
- Meeting with the Auditor regularly to discuss the various papers and reports in detail;
- Furthermore, interviews of appropriate staff in the Investment Manager, Investment Adviser and Administrator to receive feedback on the effectiveness of the audit process from their perspective; and
- Compilation of a checklist with which to provide a means to objectively assess the Auditor's performance.

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AUDITOR'S TENURE AND OBJECTIVITY

The Group's current Auditor, PwC, have acted in this capacity since the Company's inaugural meeting on 22 November 2012. The Committee reviews the Auditor's performance on a regular basis to ensure the Group receives an optimal service and make regular enquiries to confirm the quality findings of audit work undertaken by both the firm and lead engagement partner on the audit. Subject to annual appointment by shareholder approval at the AGM, the appointment of the Auditor is formally reviewed by the Audit Committee on an annual basis. PwC follows the FRC Ethical Standards and their rotation rules require the lead audit partner to rotate every 5 years, key partners involved in an audit every 7 years and PwC's own internal policy would generally expect senior staff to have consideration given to the threats to their independence after 7 years and to be rotated after 10 years. Rotation ensures a fresh look without sacrificing institutional knowledge.

Rotation of audit engagement partners, key partners involved in the audit and other staff in senior positions is reviewed on a regular basis by the lead audit engagement partner. Adrian Peacegood is currently serving his second year of five as engagement partner.

PwC regularly updates the Audit Committee on the rotation of audit partners, staff, level of fees, details of any relationships between the Auditor and the Group, and also provides overall confirmation of its independence and objectivity. There are no contractual obligations that restrict the Group's choice of Auditor. Any non-audit work would be reviewed by the Audit Committee to confirm it remains appropriate under the FRC Ethical Standard and approved by the Audit Committee Chairman prior to the Auditor undertaking any work.

Following a review of PwC's tenure, the Audit Committee recommended that the Board of Directors conduct a competitive tender process for the role of the Company's independent auditor for the audit of the year-ended 31 December 2023. Following the completion of the competitive tender process, the Audit Committee were satisfied that PwC were still best placed to service the Company as its independent auditors and as such will be recommending their continued appointment by the Board.

Report of the Audit Committee

CONCLUSIONS IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The production and the audit of the Annual Report and Audited Consolidated Financial Statements is a comprehensive process requiring input from a number of different contributors. In order to reach a conclusion on whether the Group's consolidated financial statements are fair, balanced and understandable, as required under the AIC Code, the Board has requested that the Audit Committee advise on whether it considers that the Annual Report and Consolidated Financial Statements fulfils these requirements. In outlining its advice, the Audit Committee has considered the following:

- The comprehensive documentation that is in place outlining the controls in place for the production of the Annual Report and Audited Consolidated Financial Statements, including the verification processes in place to confirm the factual content;
- The detailed reviews undertaken at various stages of the production process by the Investment Manager, Investment Adviser, Administrator, Auditor and the Audit Committee that are intended to ensure consistency and overall balance;
- Controls enforced by the Investment Manager, Investment Adviser, Administrator and other third-party service providers to ensure complete and accurate financial records and security of the Group's assets; and
- The existence and content of a controls report that has been reviewed and reported upon by the Administrator's service Auditor regarding the internal controls of the Administrator, such as the SOC 1 Type 2 Report.

As a result of the work performed, the Audit Committee has concluded that it has acted in accordance with its' terms of reference and has ensured the independence and objectivity of the external Auditor. It has reported to the Board that the Annual Report for the year ended 31 December 2024, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities.

The Audit Committee has recommended to the Board that the external auditor be re-appointed for the 2025 year end annual report.

Charlotte Denton | Audit Committee Chairman

2 April 2025

Statement of Directors' Responsibilities

The Directors are responsible for preparing consolidated financial statements for each financial year which give a true and fair view, in accordance with applicable laws and regulations, of the state of affairs of the Company and of the profit or loss of the Company for that year.

Company law requires the Directors to prepare financial statements for each financial year. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). In preparing the consolidated financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The maintenance and integrity of the Company's website is the responsibility of the Directors; the work conducted by the Auditor does not involve consideration of the maintenance and integrity of the website and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the consolidated financial statements since they are initially presented on the website. Legislation in Guernsey governing the preparation and dissemination of the consolidated financial statements may differ from legislation in other jurisdictions.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the consolidated financial statements comply with the Companies (Guernsey) Law, 2008, as amended. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors confirms that, to the best of their knowledge:

- They have complied with the above requirements in preparing the consolidated financial statements;
- There is no relevant audit information of which the Company's Auditor is unaware;
- All Directors have taken the necessary steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of said information;
- The consolidated financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and Group; and
- The Chairman's Statement, Strategic Report, Investment Manager's Report, Report of the Directors, Corporate Governance Report and Report of the Audit Committee include a fair review of the development and the position of the Company and the Group, together with a description of the principal risks and uncertainties that they face and take into account the results of the EGM.

The UK Code, as adopted through the AIC Code by the Company, also requires Directors to ensure that the Annual Report and Consolidated Financial Statements are fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Audit Committee advise on whether it considers that the Annual Report and Consolidated Financial Statements fulfil these requirements The process by which the Committee has reached these conclusions is set out in the Report of the Audit Committee on pages 38-42. Furthermore, the Board believes that the disclosures set out on pages 2-25 of the Annual Report provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Having taken into account all the matters considered by the Board and brought to the attention of the Board during the year ended 31 December 2024, as outlined in the Chairman Statement, Investment Manager's Report, Corporate Governance Statement, Strategic Report and the Report of the Audit Committee, the Board has concluded that the Annual Report and Audited Consolidated Financial Statements for the year ended 31 December 2024, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

For Starwood European Real Estate Finance Limited

John Whittle | Chairman

2 April 2025

Financial Statements

Independent Auditor's Report to the Members of Starwood European Real Estate Finance Limited

Report on the audit of the consolidated financial statements

OUR OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Starwood European Real Estate Finance Limited (the "company") and its subsidiaries (together "the group") as at 31 December 2024, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

WHAT WE HAVE AUDITED

The group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of the group, as required by the Crown Dependencies' Audit Rules and Guidance. We have fulfilled our other ethical responsibilities in accordance with these requirements.

OUR AUDIT APPROACH

OVERVIEW

Audit scope

- The company is registered in Guernsey, with subsidiaries located in Guernsey and Luxembourg and engages Starwood European Finance Partners Limited (the "Investment Manager") to manage its assets. The consolidated financial statements are a consolidation of the financial statements of the company and all the subsidiaries.
- We conducted our audit of the consolidated financial statements based upon the books and records provided by Apex Fund and Corporate Services (Guernsey) Limited (the "Administrator") and its related group entities to whom the board of directors has delegated the provision of certain functions. Along with the Investment Manager, we also interacted with Starwood Capital Europe Advisers, LLP (the "Investment Adviser") in completing aspects of our overall audit work.
- We conducted our audit work in Guernsey, and we tailored the scope of our audit taking into account the types of investments within the group, the involvement of the third parties referred to above, and the industry in which the group operates. We performed an audit of the consolidated financial information of the company and its Guernsey and Luxembourg subsidiaries, and we consider them all as one component.
- Scoping was performed at the group level, irrespective of whether the underlying transactions took place within the company or within any of the subsidiaries. Our testing was performed on a consolidated basis using thresholds which are determined with reference to the overall group performance materiality and the risks of material misstatement identified.

KEY AUDIT MATTERS

- Amortised cost measurement of loans advanced
- Expected credit losses ("ECLs") on loans advanced

MATERIALITY

- Overall group materiality: £4.4 million (2023: £6.5 million) based on 2.25% (2023: 2%) of consolidated net assets.
- Performance materiality: £3.3 million (2023: £4.9 million).

THE SCOPE OF OUR AUDIT

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

KEY AUDIT MATTERS

Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the consolidated financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Independent Auditor's Report to the Members of Starwood European Real Estate Finance Limited

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Amortised cost measurement of loans advanced Loans advanced at the year-end, totalling £149.5 million (note 10), are measured at amortised cost and comprise both fixed and floating rate loans. Loans advanced make up a significant part of the consolidated statement of financial position and due to the nature of this balance, the subsequent measurement is subject to estimation uncertainty. The assumptions and estimates regarding the receipt and timing of scheduled and unscheduled payments of loans advanced could significantly impact the net asset value of the group and this is considered to be a key source of estimation uncertainty as described in note 2c of the consolidated financial statements. The specific areas of estimation uncertainties encompass the impact of variations in both the amount and timing of expected cash flows for each loan measured at amortised cost. Due to the level of estimation uncertainties and the significance of the balance of loans advanced in the consolidated statement of financial position, this was considered a key audit matter.	• We understood and evaluated the controls in place at the Administrator, the Investment Manager, and the Investment Adviser over the amortised cost measurement of the loans advanced. • We assessed the accounting policy for loans advanced for compliance with International Financial Reporting Standards as adopted by the European Union and planned and executed our audit procedures to ensure that the loans advanced were accounted for in accordance with the stated accounting policy. • We tested the mathematical accuracy of the models used by management to value the loans advanced at amortised cost using the effective interest rate method. Additionally, we verified a sample of the assumptions and inputs into the amortised cost models by comparing them with the associated agreements and other legal documentation. • Back-testing procedures were conducted to support our conclusions regarding the reliability of the cash flow forecasting applied by the Investment Adviser. Based on the audit work described above we have nothing to report to those charged with corporate governance.

Key audit matter	How our audit addressed the key audit matter
Expected credit losses on loans advanced The Group's loans advanced, which are measured at amortised cost, fall within the scope of IFRS 9's expected credit loss ("ECL") model. The assessment, recognition, and measurement of the ECL involve numerous assumptions and judgments. The ECL is also subject to a high level of estimation uncertainty due to the forward-looking information considered when assessing significant increases in credit risk and when measuring and recognising an ECL. The specific areas of assumptions and judgments include significant increases in the credit risk of a borrower, changes in the probability of default, fluctuations in the valuation of underlying collateral and the Loan-To-Value (LTV) ratio headroom, as well as the borrowers' ability to execute their business plans and achieve projected financial performance to meet contractual obligations. Due to the level of estimation uncertainties, this was considered a key audit matter.	• We understood and evaluated the controls in place relating to the ECL assessment, recognition and measurement processes. • We understood and evaluated the assumptions and judgements made by the Investment Adviser in respect of the ECL for each loan advanced which include: ◦ obtaining the Investment Adviser's impairment papers and assessing the ECL methodology, focussing on the estimation of probability of default, exposure at default and loss given default, and how forward-looking information was considered in this regard; ◦ evaluating the consistency and appropriateness of the Investment Adviser's assumptions applied in determining whether any loan advanced was performing, underperforming or non-performing, including consideration as to whether a significant increase in credit risk of each borrower had occurred during the year; ◦ obtaining evidence to support a sample of key assumptions presented in the assessment of the ECL, including consideration of the financial information on the borrower and the collateral in place to assess their ability to meet future payment commitments, and progress against business plans including management's assessment of the LTV ratio headroom for each of the loans; ◦ inspecting the Investment Adviser's application of its ECL criteria to evaluate the appropriateness and completeness of the loans moved between ECL stages; ◦ recalculating a targeted sample of the Investment Adviser's sensitivity analysis of the LTV ratios headroom; ◦ engaging our Real Estate valuation experts to work with our audit team through the inspection of a sample of third-party real estate valuation reports on the underlying properties against which collateral is held by the group for the loans advanced, and which underpin the LTV considerations applied in the ECL modelling; and ◦ inspecting a sample of compliance certificates signed by each respective underlying borrower in respect of compliance with covenants as at the year-end. Based on the audit work described above we have nothing to report to those charged with corporate governance.

Independent Auditor's Report to the Members of Starwood European Real Estate Finance Limited

HOW WE TAILORED THE AUDIT SCOPE

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, the industry in which the group operates, and we considered the risk of climate change and the potential impact thereof on our audit approach.

The company is registered in Guernsey with two subsidiaries located in Guernsey and three underlying subsidiaries located in Luxembourg. The consolidated financial statements are a consolidation of the company and all the subsidiaries. We have considered whether the consolidated subsidiaries included within the group comprise separate components for the purpose of our audit scope. However, we have taken into account the group's financial reporting system and the related controls in place at the Administrator, the Investment Manager, and at the Investment Adviser, and based on our professional judgement have tailored our audit scope to account for the group's consolidated financial statements as a single component.

Scoping was performed at the group level, irrespective of whether the underlying transactions took place within the company or within the subsidiaries. The group audit was led, directed, controlled and reviewed by PricewaterhouseCoopers CI LLP and all audit work for material items within the consolidated financial statements was performed in Guernsey by PricewaterhouseCoopers CI LLP.

The books and records relating to the company and the subsidiaries are maintained by the Administrator and its related group entities and therefore we were not required to engage with component auditors. Our testing was therefore performed on a consolidated basis using thresholds which are determined with reference to the overall group materiality and the risks of material misstatement identified.

MATERIALITY

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Based on our professional judgement, we determined materiality for the consolidated financial statements as a whole as follows:

Overall group materiality	£4.4 million (2023: £6.5 million).
How we determined it	2.25% of consolidated net assets.
Rationale for benchmark applied	We believe consolidated net assets to be the appropriate basis for determining materiality since this is a key consideration for members of the company when assessing financial performance. It is also a generally accepted measure used for companies in this industry.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £3.3 million (2023: £4.9 million) for the group financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.2 million (2023: £0.3 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

REPORTING ON OTHER INFORMATION

The other information comprises all the information included in the Annual Report and Audited Consolidated Financial Statements (the "Annual Report") but does not include the consolidated financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the consolidated financial statements

As explained more fully in the statement of Director's responsibilities, the directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, the requirements of Guernsey law and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report to the Members of Starwood European Real Estate Finance Limited

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern over a period of at least twelve months from the date of approval of the consolidated financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of this report

This report, including the opinions, has been prepared for and only for the members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Company Law exception reporting

Under The Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the consolidated financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

The company has reported compliance against the 2019 AIC Code of Corporate Governance (the "Code") which has been endorsed by the UK Financial Reporting Council as being consistent with the UK Corporate Governance Code for the purposes of meeting the company's obligations, as an investment company, under the Listing Rules of the FCA.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Strategic Report and Corporate Governance Statement, is materially consistent with the consolidated financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the consolidated financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's ability to continue to do so over a period of at least twelve months from the date of approval of the consolidated financial statements;

Independent Auditor's Report to the Members of Starwood European Real Estate Finance Limited

- The directors' explanation as to their assessment of the group's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statement is consistent with the consolidated financial statements and our knowledge and understanding of the group and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the consolidated financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

OTHER MATTER

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these consolidated financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditor's report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

As explained in note 21 to the consolidated financial statements, in addition to our responsibility to audit and express an opinion on the consolidated financial statements in accordance with ISAs and Guernsey law, we have been requested by the directors to express a non-statutory opinion on the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America. We have reported separately in this respect within the Annual Report.

Adrian Peacegood

For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands

2 April 2025

Independent Auditor's Report to the Directors of Starwood European Real Estate Finance Limited (US GAAS)

Report on the audit of the consolidated financial statements

OPINION

We have audited the accompanying consolidated financial statements of Starwood European Real Estate Finance Limited and its subsidiaries (together "the Group"), which comprise the consolidated statements of financial position as of 31 December 2024 and 31 December 2023 and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2024 and 31 December 2023, and the results of its operations, changes in its equity, and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

BASIS FOR OPINION

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are required to be independent of the Group and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF MANAGEMENT FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern for at least, but not limited to, twelve months from the end of the reporting period, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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Independent Auditor's Report to the Directors of Starwood European Real Estate Finance Limited (US GAAS)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional scepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the directors, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Group's ability to continue as a going concern for a reasonable period of time.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

OTHER INFORMATION

The directors are responsible for the other information included in the annual report. The other information comprises all the information included in the Annual Report and Audited Consolidated Financial Statements but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

RESTRICTION OF USE

This independent auditor's report, including the opinion, has been prepared for and only for the directors and for no other purpose. We do not, in giving these opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers CI LLP

PricewaterhouseCoopers CI LLP

Chartered Accountants,
Guernsey, Channel Islands

2 April 2025

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2024

	Notes	1 January 2024 to 31 December 2024 £	1 January 2023 to 31 December 2023 £
Income			
Income from loans advanced	10	18,522,158	31,923,037
Short term deposits interest income		2,656,832	1,222,122
Net foreign exchange gains	6	531,720	1,809,952
Total income		**21,710,710**	**34,955,111**
Expenses			
Net impairment loss on loans advanced	10	10,706,101	3,476,360
Investment management fees	3(a), 22	1,840,831	2,910,524
Audit and non-audit fees	5	420,683	290,376
Administration fees	3(b)	322,424	353,610
Legal and professional fees		231,590	248,936
Directors' fees and expenses	4, 22	199,279	204,739
Other expenses		161,138	442,863
Credit facility commitment fees		56,610	604,878
Broker's fees	3(d)	50,000	50,000
Credit facility interest and amortisation of fees		8,333	514,651
Total operating expenses		**13,996,989**	**9,096,937**
Operating profit for the year before tax		**7,713,721**	**25,858,174**
Taxation	20	96,985	607,193
Operating profit for the year		**7,616,736**	**25,250,981**
Other comprehensive loss			
Items that may be reclassified to profit or loss Exchange differences on translation of foreign operations	2(k)	(137,024)	(60,422)
Other comprehensive loss for the year		**(137,024)**	**(60,422)**
Total comprehensive income for the year		**7,479,712**	**25,190,559**
Weighted average number of shares in issue	7	244,872,140	378,184,423
Basic and diluted earnings per Ordinary Share (pence)	7	3.11	6.66

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position
as at 31 December 2024

	Notes	As at 31 December 2024 £	As at 31 December 2023 £
Assets			
Cash and cash equivalents	8	45,686,362	63,837,644
Prepayments	9	22,822	24,225
Revolving credit facility capitalised cost	12	-	8,333
Financial assets at fair value through profit or loss	11	1,012,805	993,204
Loans advanced	10	149,508,470	264,096,284
Total assets		**196,230,459**	**328,959,690**
Current liabilities			
Trade and other payables	13	1,348,763	1,627,985
Total current liabilities		**1,348,763**	**1,627,985**
Net assets		**194,881,696**	**327,331,705**
Capital and reserves			
Share capital	15	193,676,118	313,280,868
Retained earnings		1,549,089	14,257,318
Translation reserve		(343,511)	(206,481)
Total equity		**194,881,696**	**327,331,705**
Number of Ordinary Shares in issue	15	193,929,633	313,690,942
Net asset value per Ordinary Share (pence)		100.49	104.35

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 2 April 2025, and signed on its behalf by:

Chairman

Director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
for the year ended 31 December 2024

Year ended 31 December 2024

	Share capital £	Retained earnings £	Translation reserves £	Total Equity £
Balance at 1 January 2024	313,280,868	14,257,318	(206,481)	327,331,705
Shares redeemed	(119,604,750)	(5,395,251)	-	(125,000,001)
Dividends paid	-	(14,929,720)	-	(14,929,720)
Operating profit for the year	-	7,616,736	-	7,616,736
Other comprehensive loss for the year	-	-	(137,024)	(137,024)
Balance at 31 December 2024	**193,676,118**	**1,549,083**	**(343,505)**	**194,881,696**

Year ended 31 December 2023

	Share capital £	Retained earnings £	Translation reserves £	Total Equity £
Balance at 1 January 2023	395,075,556	21,218,267	(146,059)	416,147,764
Shares redeemed	(81,794,688)	(3,207,935)	-	(85,002,623)
Dividends paid	-	(29,003,995)	-	(29,003,995)
Operating profit for the year	-	25,250,981	-	25,250,981
Other comprehensive loss for the year	-	-	(60,422)	(60,422)
Balance at 31 December 2023	**313,280,868**	**14,257,313**	**(206,481)**	**327,331,705**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows
for the year ended 31 December 2024

	1 January 2024 to 31 December 2024 £	1 January 2023 to 31 December 2023 £
Operating activities:		
Operating profit for the year before tax	7,713,721	25,858,174
Adjustments:		
Net impairment loss on loans	10,706,101	3,476,360
Income from loans advanced	(18,522,158)	(31,923,037)
Short term deposits interest income	(2,656,832)	(1,222,122)
Decrease in receivables and prepayments	1,403	2,567
Decrease in trade and other payables	(117,686)	(312,832)
Net unrealised gains on foreign exchange derivatives	(19,601)	(286,543)
Net foreign exchange gains	(527,878)	(1,523,409)
Net foreign exchange losses on foreign exchange derivatives	2,737,627	4,988,870
Credit facility commitment fees	56,610	604,878
Credit facility interest and amortisation of fees	8,333	514,651
Currency translation difference	864,010	1,969,811
	243,650	**2,147,368**
Loan repayments and amortisation	109,362,030	166,897,162
Interest income received	18,760,417	32,199,782
Commitment and exit fee income from loans advanced	1,812,766	1,345,427
Loans advanced	(9,883,286)	(7,338,190)
Corporate taxes paid	(188,237)	(290,396)
Net cash inflow from operating activities	**120,107,340**	**194,961,153**
Cash flows from investing activities		
Short term deposits interest income	2,656,832	1,222,122
Net cash inflow from investing activities	**2,656,832**	**1,222,122**
Cash flows from financing activities		
Shares redemptions	(125,000,001)	(85,002,623)
Dividends paid	(14,929,720)	(29,003,995)
Repayments under credit facility	-	(19,000,000)
Credit facility commitment fees paid	(111,267)	(715,131)
Credit facility interest and amortisation paid	-	(377,796)
Net cash outflow from financing activities	**(140,040,988)**	**(134,099,545)**
Net (decrease) / increase in cash and cash equivalents	(17,276,816)	62,083,730
Cash and cash equivalents at the start of the year	63,837,644	3,576,155
Net foreign exchange losses on cash and cash equivalents	(874,466)	(1,822,241)
Cash and cash equivalents at the end of the year	**45,686,362**	**63,837,644**

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements for the year ended 31 December 2024

1. GENERAL INFORMATION

Starwood European Real Estate Finance Limited (the "Company") was incorporated with limited liability in Guernsey under the Companies (Guernsey) Law, 2008, as amended, on 9 November 2012 with registered number 55836, and has been authorised by the Guernsey Financial Services Commission (the "GFSC") as a registered closed-ended investment scheme. The registered office and principal place of business of the Company is 1, Royal Plaza, Royal Avenue, St Peter Port, Guernsey, Channel Islands, GY1 2HL.

The Company has appointed Starwood European Finance Partners Limited as the Investment Manager (the "Investment Manager"), a company incorporated in Guernsey and regulated by the GFSC. The Investment Manager has appointed Starwood Capital Europe Advisers, LLP (the "Investment Adviser"), an English limited liability partnership authorised and regulated by the FCA, to provide investment advice pursuant to an Investment Advisory Agreement. The administration of the Company is delegated to Apex Fund and Corporate Services (Guernsey) Limited (the "Administrator").

On 12 December 2012, the Company announced the results of its IPO, which raised net proceeds of £223.9 million. The Company's Ordinary Shares were admitted to the premium segment of the UK FCA's Official List and to trading on the Main Market of the London Stock Exchange as part of its IPO which completed on 17 December 2012. Further issues took place in March 2013, April 2013, July 2015, September 2015, August 2016 and May 2019. On 10 August 2020 the Company announced the appointment of Jefferies International Limited as buy-back agent to effect share buy backs on behalf of the Company. During the years ended 2020, 2021 and 2022 the Company bought back a total of 17,626,702 Ordinary Shares at an average cost of 91.51 pence per share. These Ordinary Shares were held in treasury until they were cancelled in June 2023.

Following the Company's Extraordinary General Meeting ("EGM") on 27 January 2023, the Company's objective is to conduct an orderly realisation of the assets of the Group and the return of capital to Shareholders. In line with this objective 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. This has resulted in a total redemption of 119,761,309 shares (2023: 81,901,754 shares) for an aggregate of £125,000,001 in 2024. As at 31 December 2024 the Company had 193,929,633 shares (2023: 313,690,942 shares) in issue. Further details and background is covered in the Corporate Summary section of this report.

The consolidated financial statements comprise the financial statements of the Company, Starfin Public Holdco 1 Limited (the "Holdco 1"), Starfin Public Holdco 2 Limited (the "Holdco 2"), Starfin Lux S.à.r.l ("Luxco"), Starfin Lux 3 S.à.r.l ("Luxco 3") and Starfin Lux 4 S.à.r.l ("Luxco 4") (together the "Group") as at 31 December 2024.

Current investments are all debt obligations of corporate entities domiciled or with significant operations in the UK and the European's internal market. As the Group is now pursuing a strategy of orderly realisation no new investments were made in 2023 or 2024.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

a) Going Concern

Note 17 includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of financial instruments and exposure to credit risk and liquidity risk. The Directors, at the time of approving these Annual Accounts, are required to satisfy themselves that they have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. At the EGM of the Group held on 27 January 2023, following a recommendation from the Board as published in the Circular and EGM Notice dated 28 December 2022, the resolutions for the Proposed Orderly Realisation received shareholder votes in favour amounting to 99.97 per cent of the shareholder votes cast, voting for a change to the Group's Objective and Investments Policy which would lead to the orderly realisation of the Group's assets and a return of cash to shareholders. The Directors have undertaken a rigorous review of the Group's ability to continue as a going concern, reviewing the ongoing cash flows and the level of cash balances and available liquidity facilities.

After making enquiries of the Investment Manager and the Administrator and reviewing the viability model prepared by the Investment Adviser, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least one year from the date the consolidated financial statements were signed. Accordingly, the Directors continue to adopt a going concern basis in preparing these consolidated financial statements.

In addition to a going concern statement, the Directors have undertaken a longer-term viability assessment of the Group, the results of which can be found in the Strategic Report. A range of scenarios have been evaluated as part of this analysis. The worst case scenario evaluated was a high level of loan default meaning that the loan classified as Stage 3 did not repay both the principal and the interest due on it, that the Group stopped receiving interest on the loans classified as Stage 2 and that the outstanding principal on these loans was not received until 12 months after the loan maturity date plus Sonia and Euribor rates falling to zero per cent from 2026 onwards. In this scenario the Group is still able to meet its liabilities as they fall due albeit that less cash will be returned to Shareholders (and may be returned later then currently anticipated) and that the regular quarterly dividend may need to be reduced (compared to the target) to reflect the reduced cash available.

b) Statement of compliance

The Company has prepared its consolidated financial statements in accordance with the Companies (Guernsey) Law, 2008 (as amended) and International Financial Reporting Standards ("IFRS") as adopted by the European Union, which comprise standards and interpretations approved by the International Accounting Standards Boards ("IASB") together

Notes to the Consolidated Financial Statements
for the year ended 31 December 2024

with the interpretations of the IFRS Interpretations Committee ("IFRIC") as approved by the International Accounting Standards Committee ("IASC") which remain in effect and were adopted by the European Union. The Directors of the Company have taken the exemption in Section 244 of the Companies (Guernsey) Law, 2008 (as amended) and have therefore elected to only prepare consolidated and not separate financial statements for the year.

(i) Standards and amendments to existing standards effective 1 January 2024

The group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1.

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(ii) New standards, amendments and interpretations effective after 1 January 2024 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2024, and have not been early adopted in preparing the Group's consolidated financial statements. None of these are expected to have a material effect on the consolidated financial statements of the Group.

c) Basis of preparation

These consolidated financial statements have been prepared on a going concern basis and under the historical cost convention as modified by the revaluation of certain assets and liabilities to fair value.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements relate to:

(i) Critical accounting estimates and assumptions

- Models used for loans accounted at amortised cost use assumptions and estimates regarding the receipt and timing of scheduled and unscheduled payments of loans advanced. Changes in these assumptions and estimates could impact liquidity risk and the interest income (see note 17).
- The measurement of both the initial and ongoing expected credit loss allowance ("ECL") for financial assets measured at amortised cost is an area that requires the use of significant assumptions about credit behaviour such as likelihood of borrowers defaulting and the resulting losses (see note 2(h)). The determination of ECL using the Loan to value headroom analysis is a key estimate/judgement.

(ii) Critical accounting judgements

- The functional currency of subsidiary undertakings of the Company, which is considered by the Directors to be Euro for Luxco 3; Sterling for all other subsidiaries (see notes 2(e) and 2(k)).
- The operating segments, of which the Directors are currently of the opinion that the Company and its subsidiaries are engaged in a single segment of business, being the provision of a diversified portfolio of real estate backed loans (see note 2(f)).
- A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as determining the criteria for significant increase in credit risk, choosing the appropriate model and assumptions for the measurement of ECL, determining the probabilities of default and loss given default (see note 2(h)).

d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary undertakings) made up to the end of the reporting period. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits directly from its activities. The

Subsidiary undertakings	Date of Control	Ownership %	Country of Establishment	Principal place of business
Starfin Lux S.à.r.l	11/30/2012	100	Luxembourg	Luxembourg
Starfin Public Holdco 1 Limited	9/11/2017	100	Guernsey	Guernsey
Starfin Public Holdco 2 Limited	9/11/2017	100	Guernsey	Guernsey
Starfin Lux 3 S.à.r.l	9/19/2017	100	Luxembourg	Luxembourg
Starfin Lux 4 S.à.r.l	12/11/2017	100	Luxembourg	Luxembourg

existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. The Company also assesses existence of control where it does not have more than 50 per cent of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

Subsidiary undertakings are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations.

Acquisition-related costs are expensed as incurred. No consideration, other than for the par value of any share capital or capital contributions, has been paid in respect of the acquisition of subsidiary undertakings. The Company acquired the subsidiaries at the time of their initial establishment and hence they had no net assets at the date of the acquisition.

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated on consolidation. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated.

e) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Therefore, the Directors have considered in assessing the functional currency of each of the Group's entities:

- the share capital of all members of the Group is denominated in Sterling except for Luxco 3 share capital which is denominated in Euro;
- the dividends are paid in Sterling;
- Euro non-investment transactions represent only a small proportion of transactions in the Luxembourg entities; and
- proportion of non Sterling investments in each portfolio of Luxembourg entities.

The functional and presentation currency of each Group entity is Sterling, apart from Luxco 3 for which the functional currency is Euro. Luxco 3 holds loans and investments in Euro currencies. The Directors have also adopted Sterling as the Group's presentation currency (as the Group holds a significant proportion of its assets in the UK, although this may vary from time to time with all resulting exchange differences are recognised in other comprehensive income, capital was raised in Sterling, Group expenses are primarily incurred in Sterling and performance is measured in Sterling) and, therefore, the consolidated financial statements for the Group are presented in Sterling.

f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board, as the Board makes strategic decisions. The Directors, after having considered the way in which internal reporting is provided to them, are of the opinion that the Company and its subsidiaries are engaged in a single segment of business, being the provision of a diversified portfolio of real estate backed loans. Equally, based on the internal reporting provided, the Directors do not analyse the portfolio based on geographical segments.

g) Financial assets and liabilities

Classification and subsequent measurement

The Group classifies its financial assets into the following measurement categories: at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 2(h). Interest income from these financial assets is included in "Income from loans advanced" using the effective interest rate method.

Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains and losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss.

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Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial instruments that (a) either designated in this category upon initial recognition or subsequently or (b) not classified in any of the other categories. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the Consolidated Statement of Comprehensive Income. This category includes currency forward contracts. Gains or losses on currency forward contracts are recognised within "Net foreign exchange gains or losses".

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss. These comprise currency forward contracts which represent contractual obligations to purchase domestic currency and sell foreign currency on a future date.

Financial liabilities measured at amortised cost

Financial liabilities that are not classified through profit or loss, including bank loans, are measured at amortised cost.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Group commits to purchase or sell the asset. Financial assets not carried at fair value through profit or loss are initially recognised at fair value plus transaction costs. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Consolidated Statement of Comprehensive Income. Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are subsequently carried at fair value. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment using the expected credit loss model. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of financial assets or financial liability to the gross carrying amount of a financial asset (i.e., its amortised cost before any loss allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs and all fees paid or received that are integral to the effective interest rate.

Fair value estimation

The fair value of financial assets, which comprise derivatives not designated as hedges, are valued based on the difference between the agreed price of selling or buying the financial instruments on a future date and the price quoted on the year end date for selling or buying the same or similar financial instruments.

h) Expected credit loss measurement

The following describes the valuation basis that is used in our calculation. As the vast majority of our portfolio is originated directly by the Investment Adviser, the Group has discretion over when and how to instruct valuations. We consider this to be a strength of our valuation process as we have control over timing and complete access to the detail of the valuation process and the output. Where loans are not directly originated the lender could have a lack of control over the timing and no input to the process which we prefer to avoid where possible. Further details on the valuation process are covered in the Investment Manager's Report.

The Group follows a three-stage model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified as Stage 1 and has its credit risk continuously monitored by the Group. The expected credit loss ("ECL") is measured over a 12 month period of time.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired. The ECL is measured on a lifetime basis.
- If the financial instrument is credit-impaired it is then moved to Stage 3. The ECL is measured on a lifetime basis.

The Group's financial assets at amortised cost were all classified within Stage 1 at inception for the following reasons:

- All loans are the subject of very detailed underwriting, including the testing of resilience to aggressive downside scenarios with respect to the loan specifics, the market and general macro economic changes, and therefore the Group considers that value of losses given default ("LGD") currently have a nil value for all loans;

- Loans have very robust covenants in place which trigger as an early warning (long before there would be any indicators of significant increase in credit risk) and this enables the Investment Adviser to become highly involved in the execution of business plans to avoid ECL;
- Loans have strong security packages and many are amortising with relatively short terms which further reduces the risk; and
- All loans have significant loan-to-value headroom which further mitigates the risk of ECL.

As at 31 December 2024, one loan, with an amortised cost value of £10,925,208 (net of impairment provision of £10,849,579), was classified as Stage 3 (31 December 2023: one loan with £11,189,028 (net of impairment provision of £3,476,360)); two loans, with an amortised cost value of £31,232,866, were classified as Stage 2 (31 December 2023: four loans with a value of £81,869,634) and the remaining loans are classified as Stage 1. An impairment provision of £10,849,579 has been recognised against the loan classified as Stage 3 but no expected credit loss has been recognised at 31 December 2024 (2023: £nil) against the loans classified as Stage 2 as although the credit risk has increased for these loans, the Group does not anticipate realising a loss in the event of a default. The paragraph below describes how the Group determines when a significant change in credit risk has occurred, such that a loan would be reclassified to Stage 1, Stage 2 or Stage 3.

The Group considers that for prepayments the ECL is by default nil as these are non-monetary items with no credit risks. For trade and other receivables the Group applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Significant increase in credit risk - Stage 2

The Group uses both quantitative and qualitative criteria which is monitored no less than quarterly in order to assess whether an increase in credit risk has occurred. Increased credit risk would be considered if, for example, all or a combination of the following has occurred:

- Underlying income performance is at a greater than 10 per cent variance to the underwritten loan metrics;
- Loan to Value is greater than 75-80 per cent;
- Loan to Value or income covenant test results are at a variance of greater than 5-10 per cent of loan default covenant level (note that loan default covenant levels are set tightly to ensure that an early cure is required by the borrower should they breach which usually involves decreasing the loan amount until covenant tests are passed);
- Late payments have occurred and not been cured within 3 days;
- Loan maturity date is within six months and the borrower has not presented an achievable refinance or repayment plan;
- Covenant and performance milestones criteria under the loan have required more than two waivers;
- Increased credit risk has been identified on tenants representing greater than 25 per cent of underlying asset income;
- Income rollover / tenant break options exist such that a lease up of more than 30 per cent of underlying property will be required within 12 months in order to meet loan covenants and interest payments; and
- Borrower management team quality has adversely changed.

Default and credit-impaired assets - Stage 3

Non-performing financial assets would be classified with Stage 3, which is fully aligned with the definition of credit- impaired, when one or more of the following has occurred:

- The borrower is in breach of all financial covenants;
- The borrower is in significant financial difficulty; and
- It is becoming probable that the borrower will enter bankruptcy.

An instrument is considered to have been cured, that is no longer in default, when it no longer meets any of the default criteria for a sufficient period of time.

Write-off policy

The Group writes off financial assets, in whole or in part, when it has exhausted all practically recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include:

- Ceasing enforcement activity; and
- Where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

Sensitivity analysis

The most significant period-end assumptions used for the expected credit loss estimates are the LGD and probability of default ("PD") as described above.

The default probabilities are based on initial loan-to-value ("LTV") headroom which the Investment Adviser believes to be a good predictor of the PD, in accordance with recent market studies of European commercial real estate loans.

In measuring the LGD for this sensitivity analysis, the loans advanced have been assessed on a collective basis as they possess similar covenants and security package characteristics. The selected LGD of 0.30 per cent is based on the aggregate losses of all AAA rated notes issued in Europe from 1995 to 2020 (totalling €177 billion), according to market studies of European commercial real estate loans. AAA rated notes are considered the most representative of the Group's loan portfolio. The Investment Adviser considers this to be a reasonable estimate for loss given default parameter.

As explained above, an impairment provision of £10,849,579 was provided against an asset classified as Stage 3 as at 31 December 2024. This was an asset specific impairment which arose due to a unique set of market and geographical sector circumstances. Each other loan asset has been individually reviewed and based on the current and reasonably expected collateral property values over the remaining life of the loans, and after taking account of any relevant adjustments such as forced sale discounts, no further losses are expected hence no allowance has been made for an ECL. Set out below is the sensitivity to the ECL as at 31 December 2024 and 31 December 2023 that could result from reasonable possible changes in the LTV and LGD actual assumptions used for calculation of ECL as at the respective year-end. On an individual loan basis, the LTV was increased by 25 per cent, and a new PD determined, which was multiplied by a constant LGD of 0.30 per cent for all loans and the loan exposure as at each year-end.
All other variables are held constant.

	Reasonable possible shift (absolute value)	31 December 2024 ECL £	31 December 2023 ECL £
LTV	+25% (2023: +25%)	120,677	172,755
LGD	+0.3% (2023: +0.3%)		

Change in ECL allowance (+)

i) Cash and cash equivalents

In the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

j) Share capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new Ordinary Shares are shown in equity as a deduction, net of tax, from the proceeds.

k) Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income. Foreign exchange gains and losses that relate to loans advanced, borrowings and cash and cash equivalents and all other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within "net foreign exchange losses/(gains)".

Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency of the Group are translated into the presentation currency of the Group as follows:

i. assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the end of the reporting period;

ii. income and expenses for each Statement of Comprehensive Income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);

iii. share capital is translated at historical cost (translated using the exchange rates at the transaction date); and

iv. all resulting exchange differences are recognised in other comprehensive income.

The cumulative amount of translation exchange differences is presented in a separate component of equity until disposal of the entity.

Luxco 3 has Euro as its functional currency.

l) Interest income

Interest income on financial assets within Stage 1 and 2 is recognised by applying the effective interest rate to the gross carrying amount of financial assets. For financial assets that are classified within Stage 3, interest revenue is calculated by applying the effective interest rate to their amortised cost (that is net of expected credit loss provision).

Interest on cash and cash equivalents is recognised at amortised cost basis.

m) Origination, exit and loan arrangement fees

Origination fees paid to the Investment Manager and exit and direct loan arrangement fees received will be recognised using the effective interest rate method under loans advanced and amortised over the lifetime of the related financial asset through income from loans advanced in the Consolidated Statement of Comprehensive Income. Syndication costs are recognised in the Consolidated Statement of Comprehensive Income when incurred.

n) Expenses

All other expenses are included in the Consolidated Statement of Comprehensive Income on an accruals basis.

o) Taxation

The Company is a tax-exempt Guernsey limited liability company as it is domiciled and registered for taxation purposes in Guernsey where it pays an annual exempt status fee under The Income Tax (Exempt Bodies) (Guernsey) Ordinances 1989 (as amended). Accordingly, no provision for Guernsey tax is made.

The Holdcos are exempted for Guernsey tax purposes, and therefore no provision for taxes has been made.

The Luxcos are subject to the applicable general tax regulations in Luxembourg and taxation is provided based on the results for the year (see note 20).

p) Other receivables

Trade and other receivables are amounts due in the ordinary course of business. They are classified as assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for ECL.

q) Other payables

Trade and other payables are obligations to pay for services that have been acquired in the ordinary course of business. They are classified as liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

r) Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are declared by the Board of Directors.

s) Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported on the Consolidated Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

t) Financial liabilities at amortised cost

Financial liabilities at amortised cost, including bank loans are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the contractual obligation is discharged, cancelled or expires.

u) Capitalised expenses on credit facilities

Expenses in connection with the process of originating, prolongation, or restructuring of a credit facility, such as application and underwriting fees, are capitalised and subsequently amortised over the period of the relevant credit facility in the Consolidated Statement of Comprehensive Income within "credit facility interest".

3. MATERIAL AGREEMENTS

a) Investment management agreement

The Company and the Investment Manager have entered into an investment management agreement, dated 28 November 2012 (the "Investment Management Agreement"), (which was amended on 7 March 2014, 14 May 2014, 7 September 2015 and 6 October 2017) pursuant to which the Investment Manager has been given overall responsibility for the discretionary management of the Company's assets in accordance with the Company's investment objectives and policy.

The Investment Manager is entitled to a management fee which is calculated and accrued monthly at a rate equivalent to 0.75 per cent per annum of NAV. In calculating such fee, there shall be excluded from the NAV attributable to the Ordinary Shares the uninvested portion of the cash proceeds of any new issue of Shares (or C Shares) until at least 90 per cent of such proceeds are invested in accordance with the Company's investment policy (or deployed to repay borrowings under any credit facility of the Group or other liabilities of the Group) for the first time. The management fee is payable quarterly in arrears.

In addition, the Investment Manager is entitled to an asset origination fee of 0.75 per cent of the value of all new loan investments made or acquired by the Group (see note 22). The asset origination fee to be paid by the Group is expected to be paid upon receipt by the Group of loan arrangement fees received on the deployment of the Group's funds.

The Investment Management Agreement is terminable by either the Investment Manager or the Company giving to the other not less than 12 months' written notice. The Company is also able to terminate the appointment of the Investment Manager in the event of a change of control of the Investment Manager. A change of control shall be deemed to occur where a person acquires a direct or indirect interest in the Investment Manager, which is calculated by reference to 15 per cent or more of the voting rights. In addition the Investment Management Agreement can be terminated by the Company for any failure to act in good faith with the due skill, care and diligence which would reasonably be expected from an experienced manager in the sector and to exercise appropriate prudence in the management of the Group's portfolio.

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Pursuant to the Investment Management Agreement's provisions, a performance fee would apply from 1 January 2018. The amount of such Performance Fee is 20 per cent of the excess (if any) of the returns generated by the Group over the Hurdle Total Return (described below). The measurement period over which the Performance Fee is calculated is two years, with the payment of any performance fee earned being made at the end of each such two year period.

The Hurdle Total Return will be achieved when the NAV of the Company at the end of the two year period, plus the total of all dividends declared and paid to Ordinary Shareholders in that two year period, is equal to the NAV of the Company at the start of each two year measurement period, as increased by 8 per cent per annum, on a simple interest basis (but excluding performance fees accrued and deemed as a creditor on the balance sheet at the start of the two year measurement period). No performance fee will be payable in relation to performance that recoups previous losses (if any).

To the extent that the Company makes further issues of Ordinary Shares and/or repurchases or redeems Ordinary Shares, the Hurdle Total Return will be adjusted accordingly, by reference to the issue proceeds of such further issues and dividends declared subsequent to such issues. Other corporate actions will also be reflected as appropriate in the calculation of the Hurdle Total Return.

The Investment Manager has appointed Starwood Capital Europe Advisers, LLP (the "Investment Adviser"), an English limited liability partnership authorised and regulated by the FCA, to provide investment advice pursuant to an Investment Advisory Agreement.

b) Administration agreement

The Company has engaged the services of Apex Fund and Corporate Services (Guernsey) Limited (the "Administrator") to act as Administrator and Company Secretary. Under the terms of the service agreement dated 25 September 2018, the Administrator is entitled to a fee of no less than £225,000 per annum for Guernsey registered companies of the Group, €96,000 for Luxembourg registered subsidiaries and further amounts as may be agreed in relation to any additional services provided by the Administrator. The Administrator is, in addition, entitled to recover third party expenses and disbursements.

c) Registrar's agreement

The Company and Computershare Investor Services (Guernsey) Limited (the "Registrar") entered into a Registrar agreement dated 28 November 2012, pursuant to which the Company appointed the Registrar to act as Registrar of the Company for a minimum annual fee payable by the Company of £9,996 in respect of basic registration.

d) Brokerage agreement

On 19 June 2020 Jefferies Group LLC ("Jefferies") was appointed to act as Broker. Jefferies is entitled to receive a fee of £50,000 per annum plus expenses.

e) Licence agreement

The Company and Starwood Capital Group Management, LLC (the "Licensor") have entered into a trade mark licence agreement dated 28 November 2012 (the "Licence Agreement"), pursuant to which the Licensor has agreed to grant to the Company a royalty-free, non-exclusive worldwide licence for the use of the "Starwood" name for the purposes of the Company's business.

Under the terms of the Licence Agreement, it may be terminated by the Licensor; (i) if the Investment Management Agreement or any other similar agreement between the Company and the Investment Manager (or either of their respective affiliates) is terminated for any reason whatsoever or expires; (ii) if the Company suffers an insolvency event or breaches any court order relating to the Licence Agreement; or (iii) upon two months' written notice without cause.

f) Hedging agreements

The Company and Lloyds Bank plc entered into an international forward exchange master agreement dated 5 April 2013 and on 7 February 2014 the Company entered into a Professional Client Agreement with Goldman Sachs, pursuant to which the parties can enter into foreign exchange transactions with the intention of hedging against fluctuations in the exchange rate between Sterling and other currencies. Both agreements are governed by the laws of England and Wales.

g) Revolving credit facility

Under its investment policy, the Company is limited to borrowing an amount equivalent to a maximum of 30 per cent of its NAV at the time of drawdown, of which a maximum of 20 per cent can be longer term borrowings. In calculating the Company's borrowings for this purpose, any liabilities incurred under the Company's foreign exchange hedging arrangements shall be disregarded.

On 4 December 2014, the Company entered into a £50 million revolving credit facility with Lloyds Bank plc (the "Lloyds Facility") which is intended for short-term liquidity. The facility available was amended to £25 million and the term extended in January 2023. In March 2024 the credit facilities available to the Group (of £25 million) were cancelled by the Company and their extension not pursued as the Company had sufficient cash in reserve.

On 18 December 2017, the Group entered into a separate £64 million secured borrowing facility with Morgan Stanley (the "MS Facility"). This facility was amended and extended on 14 November 2019 and canceled in August 2023.

4. DIRECTORS' FEES

	31 December 2024 £	31 December 2023 £
Directors' emoluments	197,000	197,000
Other expenses	2,279	7,739
	199,279	**204,739**

Notes to the Consolidated Financial Statements
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5. AUDIT AND NON-AUDIT FEES

The following table discloses the audit and non audit fees paid to the auditors for audit and non-audit services and their associated network firms for non-audit services, where and as applicable.

	31 December 2024 £	31 December 2023 £
Audit and non-audit fees expensed in the Consolidated Statement of Comprehensive Income		
Audit of company	118,003	135,000
Audit of subsidiaries	274,330	128,376
Total audit	**392,333**	**263,376**
Audit related assurance services (Interim review)	28,350	27,000
Total assurance services	**28,350**	**27,000**
Total fees expensed	**420,683**	**290,376**

6. NET FOREIGN EXCHANGE GAINS / (LOSSES)

	31 December 2024 £	31 December 2023 £
Loans advanced gains - realised	449,103	221,192
Loans advanced losses - realised	(2,310,327)	(724,358)
Forward contracts gains - realised	2,829,114	5,218,375
Forward contracts losses - realised	(8,500)	(334,112)
Other gains - realised	43,448	320,918
	1,002,838	**4,702,015**
Loans advanced gains - unrealised	1,305,217	57,994
Loans advanced losses - unrealised	(1,795,936)	(3,236,599)
Forward contracts gains - unrealised	4,636,868	7,319,116
Forward contracts losses - unrealised	(4,617,267)	(7,032,573)
	(471,118)	**(2,892,062)**
	531,720	**1,809,952**

On occasion, the Group may realise a gain or loss on the roll forward of a hedge if it becomes necessary to extend a capital hedge beyond the initial anticipated loan term.

7. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

The calculation of basic earnings per Ordinary Share is based on the operating profit of £7,616,736 (2023: £25,250,981) and on the weighted average number of Ordinary Shares in issue during the year of 244,872,140 (2023: 378,184,423) Ordinary Shares. The Group has no potentially dilutive Ordinary Shares, therefore diluted earnings per Ordinary Share is equal to the basic earnings per Ordinary Share.

The calculation of NAV per Ordinary Share is based on a NAV of £194,881,696 as at 31 December 2024 (2023: £327,331,705) and the actual number of Ordinary Shares in issue at 31 December 2024 of 193,929,633 (2023: 313,690,942).

Notes to the Consolidated Financial Statements
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8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises bank balances and short term bank deposits held by the Group. The carrying amount of these represents their fair value.

	31 December 2024 £	31 December 2023 £
Cash at bank	506,395	20,673,973
Short term deposit	45,179,967	43,163,671
	45,686,362	**63,837,644**

Cash and cash equivalents comprises cash held by the Group and short term deposits held with various banking institutions with original maturities of three months or less. For further information and the associated risks refer to note 17.

9. PREPAYMENTS

	31 December 2024 £	31 December 2023 £
Prepayments	22,822	24,225
	22,822	**24,225**

10. LOANS ADVANCED

The Group's accounting policy on the measurement of financial assets is discussed in note 2(g).

	31 December 2024 £	31 December 2023 £
UK		
Hotels, United Kingdom	47,083,091	37,355,613
Industrial Estate, UK	27,109,384	27,410,670
Hospitals, UK	25,367,849	25,370,368
Life Science, UK	16,087,880	15,923,105
Hotel, North Berwick	15,144,986	15,241,403
Hotel, Scotland	-	43,232,893
Hotel and Office, Northern Ireland	-	9,099,325
Ireland		
Office Portfolio, Ireland	10,925,208	21,428,669
Hotel, Dublin	-	20,332,167
Spain		
Office Portfolio, Spain	7,790,072	8,236,586
Three Shopping Centres, Spain	-	29,276,457
Shopping Centre, Spain	-	11,189,028
	149,508,470	**264,096,284**

The Group accounted for an impairment provision on the Office Portfolio, Ireland loan of £10,849,579 (€12,831,421) as at 31 December 2024 (2023: Shopping Centre, Spain of £3,476,360 as at 31 December 2023). The amounts above are shown net of these provisions.

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10. LOANS ADVANCED (CONTINUED)

The table below reconciles the movement of the carrying value of loans advanced in the year:

	31 December 2024 £	31 December 2023 £
Loans advanced at the start of the year	264,096,284	432,459,966
Income from loans advanced	18,522,158	31,923,037
Loans advanced [1]	11,461,744	7,338,190
Impairment reversal on loans advanced	143,478	-
Commitment fees received	(514,116)	(846,127)
Exit fees received	(1,298,650)	(499,300)
Foreign exchange losses	(2,351,944)	(3,681,770)
Impairment loss on loans advanced	(10,849,579)	(3,476,360)
Interest income received [1]	(20,338,875)	(32,199,782)
Loan repayments	(109,362,030)	(166,921,570)
Loans advanced at the end of the year	**149,508,470**	**264,096,284**
Loans advanced at fair value	**155,403,126**	**275,556,353**

[1] In 2024 this item includes interest capitalised of £1,578,458.

IFRS 7 requires the disclosure of the fair value of financial instruments not measured at fair value for comparison to their carrying amounts. The fair value of loans advanced has been determined by discounting the expected cash flows at a market rate of interest using the discounted cash flow model. For the avoidance of doubt, the Group carries its loans advanced at amortised cost in the consolidated financial statements, consistent with the requirement of IFRS 9 as the Group's intention and business model is to collect both interest and the capital repayments thereof.

The following table sets out the sensitivity to the above reported fair value to a change in the discount rate used in the discounted cash flow model:

Discount Rate	Value calculated £	31 December 2024 Value increase / (decrease) £
6.0% (fair value)	**155,403,126**	**5,894,656**
7.4%	152,935,395	3,426,925
7.9%	152,062,018	2,553,548
8.4%	151,199,872	1,691,402
8.9%	150,348,755	840,285
9.4% (Carrying value)	**149,508,470**	**-**
9.9%	148,678,820	(829,650)
10.4%	147,859,619	(1,648,851)
10.9%	147,050,682	(2,457,788)
11.4%	146,251,829	(3,256,641)

The following table sets out the sensitivity to the above reported fair value to a change in the discount rate used in the discounted cash flow model:

Discount Rate	Value calculated £	31 December 2023 Value increase / (decrease) £
6.1% (fair value)	**275,556,353**	**11,460,070**
7.1%	271,608,883	7,512,600
7.6%	269,688,100	5,591,817
8.1%	267,796,133	3,699,850
8.6%	265,932,387	1,836,104
9.1% (Carrying value)	**264,096,284**	**-**
9.6%	262,287,256	(1,809,027)
10.1%	260,504,756	(3,591,527)
10.6%	258,748,246	(5,348,037)
11.1%	257,017,205	(7,079,078)

11. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss comprise currency forward contracts which represent contractual obligations to purchase domestic currency and sell foreign currency on a future date at a specified price.

The underlying instruments of currency forwards become favourable (assets) or unfavourable (liabilities) as a result of fluctuations of foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time. The foreign exchange derivatives are subject to offsetting, enforceable master netting agreements for each counterparty.

The fair value of financial assets and liabilities at fair value through profit or loss are set out on the tables below and more information is provided in Note 17.

31 December 2024	Notional contract amount[1] £	Fair values		Total £
		Assets £	Liabilities £	
Foreign exchange derivatives				
Currency forwards:				
Lloyds Bank plc	49,537,976	1,996,273	(983,468)	1,012,805
Total	**49,537,976**	**1,996,273**	**(983,468)**	**1,012,805**

[1] Euro amounts are translated at the year end exchange rate

31 December 2023	Notional contract amount[1] £	Fair values		Total £
		Assets £	Liabilities £	
Foreign exchange derivatives				
Currency forwards:				
Lloyds Bank plc	329,276,074	3,826,628	(2,833,424)	993,204
Total	**329,276,074**	**3,826,628**	**(2,833,424)**	**993,204**

[1] Euro amounts are translated at the year end exchange rate

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12. CREDIT FACILITIES

Under its investment policy, the Group is limited to borrowing an amount equivalent to a maximum of 30 per cent of its NAV at the time of drawdown, of which a maximum of 20 per cent can be longer term borrowings. In calculating the Group's borrowings for this purpose, any liabilities incurred under the Group's foreign exchange hedging arrangements shall be disregarded. In March 2024 the credit facilities available to the Group (of £25 million) were cancelled by the Company as described in note 3(g) of these financial statements.

The revolving credit facility capitalised costs are directly attributable costs incurred in relation to the establishment of the credit loan facilities which are amortised over the term of the facility. As at 31 December 2024, such costs had been fully amortised (2023: £8,333).

The changes in liabilities arising from financing activities are shown in the table below.

	31 December 2024 £	31 December 2023 £
Borrowings at the start of the year	**-**	**18,863,204**
Repayments during the year	-	(19,000,000)
Interest paid during the year	-	(327,796)
Credit facility amortisation of fees	-	311,342
Interest expenses recognised for the year	-	153,250
Borrowings at the end of the year	**-**	**-**

13. TRADE AND OTHER PAYABLES

	31 December 2024 £	31 December 2023 £
Audit fees payable	383,513	206,866
Investment management fees payable	364,757	672,075
Tax provision	235,665	342,547
Administration fees payable	196,087	82,556
Accrued expenses	168,741	256,530
Commitment fees payable	-	54,654
Directors' fees and expenses payable	-	12,757
	1,348,763	**1,627,985**

14. COMMITMENTS

As at 31 December 2024, the Group had outstanding unfunded loan cash commitments in respect of loans not fully drawn of £23,036,583 (2023: £36,252,255). As at 31 December 2024 the Group has cash reserves sufficient to fund these commitments.

As at 31 December 2024, the Group has entered into forward contracts under the Hedging Master Agreement with Lloyds Bank plc to sell €59,864,623 (2023: €329,276,074) to receive Sterling. At the end of the reporting period, these forward contracts, on a net basis, were in the money with a fair value of £1,012,805 (2023: £993,204).

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15. SHARE CAPITAL

The authorised share capital of the Company consists of an unlimited number of redeemable Ordinary Shares of no par value which upon issue the Directors may classify into such classes as they may determine. The Ordinary Shares are redeemable at the discretion of the Board.

At the year end, the Company had issued and fully paid up share capital as follows:

	31 December 2024 Number of shares	31 December 2023 Number of shares
Ordinary Shares of no par value Issued and fully paid	193,929,633	313,690,942
Total Ordinary Shares	**193,929,633**	**313,690,942**

On 13 June 2023, the Board of the Company announced the cancellation of 17,626,702 shares that were held in treasury.

Rights attached to shares

The Company's share capital is denominated in Sterling. At any general meeting of the Company each ordinary share carries one vote. The Ordinary Shares also carry the right to receive all income of the Company attributable to the Ordinary Shares, and to participate in any distribution of such income made by the Company, such income shall be divided pari passu among the holders of Ordinary Shares in proportion to the number of Ordinary Shares held by them.

Significant share movements

1 January 2024 to 31 December 2024:

Ordinary Shares	Number	£
Balance at the start of the year	313,690,942	321,570,857
Shares redeemed in 2024	(119,761,309)	(119,604,750)
Balance at the end of the year	**193,929,633**	**201,966,107**
Issue costs since inception		(8,289,989)
Net proceeds		**193,676,118**

1 January 2023 to 31 December 2023:

Ordinary Shares	Number	£
Balance at the start of the year	395,592,696	403,365,545
Shares redeemed to date 2023	(81,901,754)	(81,794,688)
Balance at the end of the year	**313,690,942**	**321,570,857**
Issue costs since inception		(8,289,989)
Net proceeds		**313,280,868**

16. DIVIDENDS

Dividends will be declared by the Directors and paid in compliance with the solvency test prescribed by Companies (Guernsey) law, 2008. Under Guernsey law, companies can pay dividends in excess of accounting profit provided they satisfy the solvency test prescribed by the Companies (Guernsey) Law, 2008. The solvency test considers whether a company is able to pay its debts when they fall due, and whether the value of a company's assets is greater than its liabilities. The Group passed the solvency test for each dividend paid.

Subject to market conditions, the financial position of the Group and the investment outlook, it is the Directors' intention to pay quarterly dividends to shareholders.

The Group paid the following dividends in respect of the year to 31 December 2024:

Period to:	Dividend rate per Share (pence)	Net dividend paid (£)	Payment date
31 March 2024	1.375	3,714,950	24 May 2024
30 June 2024	1.375	2,666,532	23 August 2024
30 September 2024	1.375	2,666,532	22 November 2024
31 December 2024[1]	1.375	2,666,532	28 February 2025

[1] Declared on 24 January 2025 and paid on 28 February 2025 to shareholders on the register as at 7 February 2025. As this was declared after year end it was not accrued at year end.

The Group paid the following dividends in respect of the year to 31 December 2023:

Period to:	Dividend rate per Share (pence)	Net dividend paid (£)	Payment date
31 March 2023	1.375	5,439,400	23 May 2023
30 June 2023	1.375	5,306,680	28 August 2023
30 September 2023	1.375	4,906,662	25 November 2023
31 December 2023[1]	1.875	5,881,705	23 February 2024

[1] Declared on 25 January 2024 and paid on 23 February 2024 to shareholders on the register as at 2 February 2024. As this was declared after year end it was not accrued at year end.

17. RISK MANAGEMENT POLICIES AND PROCEDURES

The Group through its investment in whole loans, mezzanine loans and junior loans is exposed to a variety of financial risks, including market risk (including market price risk, currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

It is the role of the Board to review and manage all risks associated with the Group, mitigating these either directly or through the delegation of certain responsibilities to the Audit Committee, Investment Manager and Investment Adviser.

The Board of Directors has established procedures for monitoring and controlling risk. The Group has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

In addition, the Investment Manager monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities. Further details regarding these policies are set out below:

a) Market risk

Market risk includes market price risk, currency risk and interest rate risk.

i) Market price risk

If a borrower defaults on a loan and the real estate market enters a downturn it could materially and adversely affect the value of the collateral over which loans are secured. However, this risk is considered by the Board to constitute credit risk as it relates to the borrower defaulting on the loan and not directly to any movements in the real estate market.

The Investment Manager moderates market price risk through a careful selection of loans within specified limits. The Group's overall market position is monitored by the Investment Manager and is reviewed by the Board of Directors on an ongoing basis.

ii) Currency risk

The Group, via the subsidiaries, operates across Europe and invests in loans that are denominated in currencies other than the functional currency of the Company. Consequently the Group is exposed to risks arising from foreign exchange rate fluctuations in respect of these loans and other assets and liabilities which relate to currency flows from revenues and expenses. Exposure to foreign currency risk is hedged and monitored by the Investment Manager on an ongoing basis and is reported to the Board accordingly.

The Group and Lloyds Bank plc entered into an international forward exchange master agreement dated 5 April 2013 and on 7 February 2014 the Group entered into a Professional Client Agreement with Goldman Sachs, pursuant to which the parties can enter into foreign exchange transactions with the intention of hedging against fluctuations in the exchange rate between Sterling and other currencies. The Group does not trade in derivatives but holds them to hedge specific exposures and have maturities designed to match the exposures they are hedging. The derivatives are held at fair value which represents the replacement cost of the instruments at the reporting date and movements in the fair value are included in the Consolidated Statement of Comprehensive Income under net foreign exchange gains/(losses). The Group does not adopt hedge accounting in the financial statements. At the end of the reporting period the Group had 9 (2023: 84) open forward contracts.

As at 31 December 2024 the Group had the following currency exposure:

31 December 2024	Danish Krone £	Sterling £	Euro £	Total £
Assets				
Loans advanced	-	130,793,190	18,715,280	149,508,470
Financial assets at fair value through profit or loss	-	1,012,805	-	1,012,805
Prepayments	-	22,700	122	22,822
Cash and cash equivalents	(53)	45,492,738	193,677	45,686,362
Liabilities				
Trade and other payables	-	(831,769)	(516,994)	(1,348,763)
Net currency exposure	**(53)**	**176,489,664**	**18,392,085**	**194,881,696**

31 December 2023	Danish Krone £	Sterling £	Euro £	Total £
Assets				
Loans advanced	-	173,633,377	90,462,907	264,096,284
Financial assets at fair value through profit or loss	-	993,204	-	993,204
Prepayments	-	24,225	-	24,225
Cash and cash equivalents	(45)	47,350,920	16,486,769	63,837,644
Liabilities				
Trade and other payables	-	(1,233,776)	(394,209)	(1,627,985)
Net currency exposure	**(45)**	**220,767,950**	**106,555,467**	**327,323,372**

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Currency sensitivity analysis

Should the exchange rate of the Euro against Sterling increase or decrease by 10 per cent with all other variables held constant, the net assets of the Group at 31 December 2024 would increase or decrease by £1,839,209 (2023: £10,655,547). Should the exchange rate of the Danish Krone against Sterling increase or decrease by 10 per cent with all other variables held constant, the net assets of the Group at 31 December 2024 would increase or decrease by £5 (2023: £5). These percentages have been determined based on potential volatility and deemed reasonable by the Directors. This does not include the impact of hedges in place which would be expected to reduce the impact.

In accordance with the Group's policy, the Investment Manager monitors the Group's currency position, and the Board of Directors reviews this risk on a regular basis.

iii) Interest rate risk

Interest rate risk is the risk that the value of financial instruments and related income from loans advanced and cash and cash equivalents will fluctuate due to changes in market interest rates.

The majority of the Group's financial assets are loans advanced at amortised cost, receivables and cash and cash equivalents. The Group's investments have some exposure to interest rate risk but this is limited to interest earned on cash deposits and floating interbank rate exposure for investments designated as loans advanced.

Loans advanced have been structured to include a combination of fixed and floating interest and 84.3 per cent (2023: 90.5 per cent) of investments designed as loans advanced at 31 December 2024 have a floating interbank interest rate. The interest rate risk is mitigated by the inclusion of interbank rate floors on floating rate loans, preventing interest rates from falling below certain levels.

The following table shows the portfolio of the financial assets at 31 December.
As at 31 December 2024, there were no interest bearing financial liabilities (2023: Nil).

	31 December 2024 £	31 December 2023 £
Floating rate		
Loans advanced[1]	124,140,621	238,725,916
Cash and cash equivalents	45,686,362	63,837,644
Fixed rate		
Loans advanced	25,367,849	25,370,368
Total financial assets subject to interest rate risk	**195,194,832**	**327,933,928**

[1] Loans advanced at floating rates include loans with interbank rate floors.

At 31 December 2024, if interest rates had changed by 100 basis points, with all other variables remaining constant, the effect on the net profit and equity would have been as shown in the table below:

	31 December 2024 £	31 December 2023 £
Floating rate		
Increase of 100 basis points [1]	1,698,270	3,025,636
Decrease of 100 basis points	(1,698,270)	(3,025,636)

[1] Loans advanced at floating rates include loans interbank rate floors.

These percentages have been determined based on potential volatility and deemed reasonable by the Directors.

Notes to the Consolidated Financial Statements
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b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Group's main credit risk exposure is in the investment portfolio, shown as loans advanced at amortised cost, where the Group invests in whole loans and also subordinated and mezzanine debt which rank behind senior debt for repayment in the event that a borrower defaults. There is a spread concentration of risk as at 31 December 2024 due to several loans being advanced since origination. There is also credit risk in respect of other financial assets as a portion of the Group's assets are cash and cash equivalents or accrued interest. The banks used to hold cash and cash equivalents have been diversified to spread the credit risk to which the Group is exposed. Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. The Group also has credit risk exposure in its financial assets classified as financial assets through profit or loss which is diversified between hedge providers in order to spread credit risk to which the Group is exposed. At year-end the derivative exposures were with one counterparty.

The total exposure to credit risk arises from default of the counterparty and the carrying amounts of financial assets best represent the maximum credit risk exposure at the year-end date. As at 31 December 2024, the maximum credit risk exposure was £196,207,637 (2023: £328,927,132).

The Investment Manager has adopted procedures to reduce credit risk exposure by conducting credit analysis of the counterparties, their business and reputation which is monitored on an ongoing basis. After the advancing of a loan a dedicated debt asset manager employed by the Investment Adviser monitors ongoing credit risk and reports to the Investment Manager, with quarterly updates also provided to the Board. The debt asset manager routinely stresses and analyses the profile of the Group's underlying risk in terms of exposure to significant tenants, performance of asset management teams and property managers against specific milestones that are typically agreed at the time of the original loan underwriting, forecasting headroom against covenants, reviewing market data and forecast economic trends to benchmark borrower performance and to assist in identifying potential future stress points. Periodic physical inspections of assets that form part of the Group's security are also completed in addition to monitoring the identified capital expenditure requirements against actual borrower investment.

The Group measures credit risk and ECL using probability of default, exposure at default and loss given default. The Directors consider both historical analysis and forward looking information in determining any ECL. The Directors consider the loss given default to be close to zero for all loans, with the exception of Office Portfolio, Ireland, a Stage 3 loan, referred to below, as all loans are the subject of very detailed underwriting, including the testing of resilience to aggressive downside scenarios with respect to the loan specifics, the market and general macro changes. In addition to this, all loans have very robust covenants in place, strong security packages and significant loan-to-value headroom. During the year ended 31 December 2024, one loan moved from Stage 2 to Stage 3 with an amortised cost value (net of impairment provision) of £10,925,208; two loans are classified as Stage 2 with an amortised cost value of £31,232,866 (31 December 2023: four loans are classified as Stage 2 with a value of £81,869,634) and the remaining loans are classified as Stage 1. The Group accounted for an impairment provision on its loan to Office Portfolio, Ireland of £10,849,579 (2023: impairment provision on its loan to Shopping Centre, Spain of £3,476,360).

The Group uses both quantitative and qualitative criteria for monitoring the loan portfolio as described in note 2(h). The gross carrying amount of loan portfolio is presented in the table below and also represents the Group's maximum exposure to credit risks on these assets.

	Stage 1 £	Stage 2 £	Stage 3 £	Total as at 31 December 2024 £	Total as at 31 December 2023 £
Net carrying amount [1]	107,350,396	31,232,866	10,925,208	149,508,470	264,096,284

[1] The net carrying amount above is shown net of impairment provision on the Office Portfolio, Ireland loan of £10,849,579 as at 31 December 2024 (2023: Shopping Centre, Spain. £3,476,360).

The Group accounted for an impairment provision on loans to Office Portfolio, Ireland of £10,849,579 as at 31 December 2024 (2023: impairment provision on its loan to Shopping Centre, Spain of £3,476,360). The £10.8 million (€12.9 million) loan impairment provision related to Office Portfolio, Ireland loan was announced on 21 October 2024 as a result of new operational information received from the borrower.

The Group maintains its cash and cash equivalents across various different banks to diversify credit risk which have been all rated A1 or higher by Standard & Poor's and this is subject to the Group's credit risk monitoring policies as mentioned above.

	Total as at 31 December 2024 £	Total as at 31 December 2023 £
Barclays Bank plc (rated: A1)	341,241	20,654,384
ING Luxembourg, SA (rated: A1)	164,416	18,321
Lloyds Bank plc (rated: A1)	698	698
HSBC Bank plc (rated: A1)	40	374
Royal Bank of Scotland International (rated: A1)	-	196
BlackRock Inc - Money Market Fund (rated AA-)	22,589,159	31,109,262
Deutsche Bank - Money Market Fund (rated A1)	22,590,808	12,054,409
Total cash and cash equivalents	**45,686,362**	**63,837,644**

The carrying amount of cash and cash equivalents approximates their fair value.

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c) Liquidity risk

Liquidity risk is the risk that the Group will not have sufficient resources available to meet its liabilities as they fall due. The Group's loans advanced are illiquid and may be difficult or impossible to realise for cash at short notice.

The Group manages its liquidity risk through short term and long term cash flow forecasts to ensure it is able to meet its obligations. The Group holds cash reserves sufficient to cover all unfunded cash loan commitments. Ongoing costs are covered by interest receipts. Dividends are paid from available cash. In addition, the Company is permitted to borrow up to 30 per cent of NAV. However, as at 31 December 2024 the Company had no credit facilities as it had not pursed the extension of the facilities it had held up to March 2024 (amounting to £25.0 million) as it held sufficient cash reserves to cover unfunded cash loan commitments (2023: £25.0 million of which none were drawn).

The table below shows the maturity of the Group's non-derivative financial assets and liabilities arising from the advancement of loans by remaining contractual maturities at the end of the reporting date. The amounts disclosed under assets are contractual, undiscounted cash flows and may differ from the actual cash flows received in the future as a result of early repayments and interest rate changes:

31 December 2024	Up to 3 months £	Between 3 and 12 months £	Over 12 months £	Total £
Assets				
Loans advanced	15,144,986	60,171,009	74,192,475	149,508,470
Cash and cash equivalents	45,686,362	-	-	45,686,362
Liabilities and commitments				
Loan commitments[1]	(6,159,251)	(10,902,785)	(5,974,547)	(23,036,583)
Trade and other payables	(1,348,763)	-	-	(1,348,763)
	53,323,334	**49,268,224**	**68,217,928**	**170,809,486**

[1] Loan commitments are estimated forecasted cash drawdowns at year end.

31 December 2023	Up to 3 months £	Between 3 and 12 months £	Over 12 months £	Total £
Assets				
Loans advanced	11,189,028	80,136,618	172,770,638	264,096,284
Cash and cash equivalents	63,837,644	-	-	63,837,644
Liabilities and commitments				
Loan commitments[1]	(1,809,314)	(18,429,070)	(16,013,871)	(36,252,255)
Trade and other payables	(1,627,985)	-	-	(1,627,985)
	71,589,373	**61,707,548**	**156,756,767**	**290,053,688**

[1] Loan commitments are estimated forecasted cash drawdowns at year end.

The table below analyses the Group's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the end of the reporting date. The amounts disclosed are the contractual undiscounted cash flows:

31 December 2024

Derivatives	Up to 3 months £	Between 3 and 12 months £	Over 12 months £	Total as at 31 December 2024 £
Lloyds Bank plc:				
Foreign exchange derivatives				
Outflow[1]	(223,989)	(18,647,471)	-	(18,871,460)
Inflow	224,372	19,013,692	-	19,238,064

[1] Euro amounts translated at year end exchange rate.

31 December 2023

Derivatives	Up to 3 months £	Between 3 and 12 months £	Over 12 months £	Total as at 31 December 2023 £
Lloyds Bank plc:				
Foreign exchange derivatives				
Outflow[1]	(16,783,019)	(66,362,828)	(25,555,814)	(108,701,661)
Inflow	16,747,137	66,588,688	26,198,164	109,533,989

[1] Euro amounts translated at year end exchange rate.

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(iv) Risk of default under the revolving credit facilities

The Group is subject to the risk that a borrower could be unable or unwilling to meet a commitment that it has entered into with the Group as outlined above under market deterioration risk. As a consequence of this, the Group could breach the covenants of its revolving credit facilities and fall into default itself.

A number of the measures the Group takes to mitigate market deterioration risk as outlined above, such as portfolio diversification and rigorous due diligence on investments and monitoring of borrowers, will also help to protect the Group from the risk of default under the revolving credit facility as this is only likely to occur as a consequence of borrower defaults or loan impairments.

The Board regularly reviews the balances drawn under the credit facility against commitments and reviews the performance under the agreed covenants. The loan covenants are also stress tested to test how robust they are to withstand default of the Group's investments.

The Group had no available credit facilities as at 31 December 2024 as it was decided not to pursue the extension of any credit facilities that had been available to it in the past as the Group has sufficient resources to meet its liabilities as they fall due, therefore, the Group is no longer subject to this risk as at 31 December 2024.

Capital management policies and procedures

The Group's capital management objectives are:

- To ensure that the Group will be able to continue as a going concern; and
- To maximise the income and capital return to equity shareholders through an appropriate balance of equity capital and cash reserves.

The capital of the Company is represented by the net assets attributable to the holders of the Company's shares.

In accordance with the Group's current investment policy, the Group's principal use of cash is to fund unfunded loan cash commitments, ongoing operational expenses and payment of dividends in accordance with the Company's dividend policy and the return of capital to shareholders.

The Board, with the assistance of the Investment Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. The Company has no imposed capital requirements.

The Company's capital at the end of the reporting period comprises:

	31 December 2024 £	31 December 2023 £
Equity		
Equity share capital	193,676,118	313,280,868
Retained earnings and translation reserve	1,205,578	14,050,837
Total capital	**194,881,696**	**327,331,705**

18. FAIR VALUE MEASUREMENT

IFRS 13 requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices including interest rates, yield curves, volatilities, prepayment rates, credit risks and default rates) or other market corroborated inputs (level 2).

c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table analyses within the fair value hierarchy the Group's financial assets and liabilities (by class) measured at fair value:

31 December 2024

	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Investments at fair value through profit or loss	-	1,996,273	-	1,996,273
Short term deposit[1]	45,179,967	-	-	45,179,967
Total	**45,179,967**	**1,996,273**	**-**	**47,176,240**
Liabilities				
Investments at fair value through profit or loss	-	(983,468)	-	(983,468)
Total	**-**	**(983,468)**	**-**	**(983,468)**

[1] Presented under cash and cash equivalents in Statement of Financial Position.

31 December 2023

	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Investments at fair value through profit or loss	-	3,826,628	-	3,826,628
Short term deposit[1]	43,163,671	-	-	43,163,671
Total	**43,163,671**	**3,826,628**	**-**	**46,990,299**
Liabilities				
Investments at fair value through profit or loss	-	(2,833,424)	-	(2,833,424)
Total	**-**	**(2,833,424)**	**-**	**(2,833,424)**

[1] Presented under cash and cash equivalents in Statement of Financial Position.

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There have been no transfers between levels for the year ended 31 December 2024 (2023: nil).

The Directors were responsible for considering the methodology and assumptions used by the Investment Adviser and for approving the fair values reported at the financial period end.

The following table summarises within the fair value hierarchy the Group's assets and liabilities (by class) not measured at fair value at 31 December 2024 but for which fair value is disclosed:

31 December 2024

	Level 1 £	Level 2 £	Level 3 £	Total fair values £	Total carrying amount £
Assets					
Loans advanced	-	-	155,403,126	155,403,126	149,508,470
Total	**-**	**-**	**155,403,126**	**155,403,126**	**149,508,470**

31 December 2023

	Level 1 £	Level 2 £	Level 3 £	Total fair values £	Total carrying amount £
Assets					
Loans advanced	-	-	275,556,353	275,556,353	264,096,284
Total	**-**	**-**	**275,556,353**	**275,556,353**	**264,096,284**

For cash and cash equivalents, other receivables, trade and other payables and credit facilities the carrying amount is a reasonable approximation of the fair value. The Group carries its loans advanced at amortised cost in the consolidated financial statements. Refer to note 10 for further information.

The fair value of loans advanced have been determined by discounting the expected cash flows using a discounted cash flow model based on the appropriate discount rates. For avoidance of doubt the Group carries its loans advanced at amortised cost in the financial statements. Refer to note 10 for further information.

Cash and cash equivalents include cash at hand and fixed deposits held with banks. Other receivables include the contractual amounts and obligations due to the Group and consideration for advance payments made by the Group. Credit facilities and trade and other payables represent the contractual amounts and obligations due by the Group for contractual payments.

19. CONTROLLING PARTY

In the opinion of the Directors, on the basis of shareholdings advised to them, the Company has no immediate or ultimate controlling party.

20. TAXATION

The Company is exempt from Guernsey taxation under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 for which it pays an annual fee of £1,600.

The Luxembourg indirect subsidiaries of the Company are subject to the applicable tax regulations in Luxembourg. The table below analyses the tax charges incurred at Luxembourg level:

	31 December 2024 £	31 December 2023 £
Operating profit before tax (Luxco, Luxco 3 and Luxco 4 only)	**270,338**	**643,358**
Corporate Income Tax and Municipal Business Tax	65,010	158,403
Net Wealth Tax	40,050	40,282
Withholding Tax	-	130,814
(Over)/Underprovisions related to prior years	(8,075)	277,693
Taxation per Consolidated Statement of Comprehensive Income	**96,985**	**607,193**

The Luxco had no operating gains on ordinary activities before taxation and were therefore for the year ended 31 December 2024 subject to the Luxembourg minimum corporate income taxation at €4,815 (2023: €4,815). The Luxco 3 and Luxco 4 are subject to Corporate Income Tax and Municipal Business Tax based on a margin calculated on an arm's-length principle. The effective tax rate for Corporate Income Tax and Municipal Business Tax in Luxembourg during the reporting period was 24.94 per cent (2023: 24.94 per cent). Withholding Tax has been provided for in relation to equity at risk at subsidiary level. When the equity at risk is canceled (as loans repay) withholding tax is payable on those amounts by the parent company.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2024

21. RECONCILIATION OF IFRS TO US GAAP

To meet the requirements of Rule 206(4)-2 under the Investment Advisors Act 1940 (the "Custody Rule") the consolidated financial statements of the Group have also been audited in accordance with Generally Accepted Auditing Standards applicable in the United States ("US GAAS"). As such two independent Auditor's reports are included on pages 45 to 54, one under International Standards on Auditing as required by the Crown Dependencies Audit Rules and the other under US GAAS. Compliance with the Custody Rule also requires a reconciliation of the operating profit and net assets under IFRS to US GAAP.

The principal differences between IFRS and US GAAP relate to accounting for financial assets that are carried at amortised cost. Under US GAAP the calculation of the effective interest rate is based on contractual cash flows over the asset's contractual life, however, under the IFRS basis, the effective interest rate calculation is based on the estimated cash flows over the expected life of the asset. Under IFRS, the accrual of interest is not suspended when the collection of interest is less than probable or the collection of any portion of the loan's principal is doubtful, however, under the US GAAP basis, although not specially prescribed, the accrual of interest income is generally suspended.

The Directors have assessed the operating profit and NAV of the Company and Group under both IFRS and US GAAP and have concluded that no material differences were identified and therefore no reconciliation has been presented in these consolidated financial statements.

22. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Details on the agreements with the Investment Manager and other parties are included in note 3 to these consolidated financial statements.

The following tables summarise the transactions that occurred with related parties during the reporting period and outstanding at 31 December 2024 and 31 December 2023:

2024

Fees, expenses and other payments	Outstanding at 31 December 2024 £	For the year ended 31 December 2024 £
Directors' fees and expenses		
John Whittle	-	60,000
Shelagh Mason	-	45,000
Charlotte Denton	-	50,000
Gary Yardley	-	42,000
Expenses	-	2,279
Investment Manager		
Investment management fees	364,757	1,840,831
Expenses	-	71,490

2023

Fees, expenses and other payments	Outstanding at 31 December 2023 £	For the year ended 31 December 2023 £
Directors' fees and expenses		
John Whittle	-	60,000
Shelagh Mason	11,250	45,000
Charlotte Denton	-	50,000
Gary Yardley	-	42,000
Expenses	1,500	7,739
Investment Manager		
Investment management fees	672,075	2,910,524
Expenses	-	90,813

Notes to the Consolidated Financial Statements
for the year ended 31 December 2024

The following tables summarise the dividends paid to related parties during the reporting period and number of Company's shares held by related parties at 31 December 2024 and 31 December 2023:

2024

Shareholdings and dividends paid	Dividends paid during the year ended 31 December 2024 £	As at 31 December 2024 Number of shares
Starwood Property Trust Inc.	344,944	4,480,649
SCG Starfin Investor LP	86,236	1,120,164
John Whittle	1,278	16,602
Charlotte Denton	1,677	21,788
Shelagh Mason	4,258	55,305
Duncan MacPherson*	9,435	122,559
Lorcain Egan*	3,158	41,022

* Employees at the Investment Adviser

2023

Shareholdings and dividends paid	Dividends paid during the year ended 31 December 2023 £	As at 31 December 2023 Number of shares
Starwood Property Trust Inc.	670,125	7,247,687
SCG Starfin Investor LP	167,531	1,811,923
John Whittle	2,483	26,857
Charlotte Denton	3,259	35,244
Shelagh Mason	8,272	89,461
Duncan MacPherson*	18,329	198,239
Lorcain Egan*	6,135	66,353

* Employees at the Investment Adviser

Other

The Group continues to participate in a number of loans in which Starwood Property Trust, Inc. ("STWD") acted as a co-lender. The Group also acted as co-lender with Starwood European Real Estate Debt Finance I LP ("SEREDF I") an affiliate entity. The details of these loans are shown in the table below.

Loan	Related party co-lenders
Hotels, United Kingdom	SEREDFI
Office Portfolio, Spain	STWD
Office Portfolio, Ireland	STWD

23. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2024, the following loan amortisation (unscheduled) has been received up to 2 April 2025

	Local currency
Life Science, UK	£1,430,000

Subsequent to 31 December 2024, the following loans have been repaid in full up to 2 April 2025

	Local currency
Hotels, United Kingdom	£47,334,280

On 20 February 2025, the Company announced a compulsory redemption of 45,889,830 Ordinary shares at a price of £1.0024 per share.

On 24 January 2025, the Directors declared a dividend in respect of the fourth quarter of 2024 of 1.375 pence per Ordinary share payable on 28 February 2025 to shareholders on the register at 7 February 2025.

In February 2025, the £4,036,499 unfunded commitment on Life Sciences, UK was cancelled.

Alternative Performance Measures

In accordance with ESMA Guidelines on Alternative Performance Measures ("APMs") the Board has considered what APMs are included in the Annual Financial Report and Audited Consolidated Financial Statements which require further clarification. An APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. As stated by FRC, where an APM cannot be reconciled directly to the financial statements (e.g. financial ratios), they expect companies to provide calculations (unless not practical). The APMs included in the financial statements, are unaudited and outside the scope of IFRS and it is not practical to provide calculations. We have set out the calculation mechanism as below:

NAV PER ORDINARY SHARE

The NAV per Ordinary Share represents the net assets attributable to equity shareholders divided by the number of Ordinary Shares in issue, excluding any shares held in treasury. The NAV per Ordinary Share is published monthly. This APM relates to past performance and is used as a comparison to the share price per Ordinary Share to assess performance. There are no reconciling items between this calculation and the Net Asset Value shown on the balance sheet (other than to calculate by Ordinary Share).

NAV TOTAL RETURN

The NAV total return measures the combined effect of any dividends paid, together with the rise or fall in the NAV per Ordinary Share. This APM relates to past performance and takes into account both capital returns and dividends paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in the assets of the Company at its NAV per Ordinary Share.

SHARE PRICE TOTAL RETURN

The share price total return measures the combined effects of any dividends paid, together with the rise or fall in the share price. This APM relates to past performance and assesses the impact of movements in the share price on total returns to investors. Any dividends received by a shareholder are assumed to have been reinvested in additional shares of the Company at the time the shares were quoted ex-dividend.

NAV TO MARKET PRICE DISCOUNT / PREMIUM

The discount / premium is the amount by which the share price of the Company is lower (discount) or higher (premium) than the NAV per Ordinary Share at the date of reporting and relates to past performance. The discount or premium is normally expressed as a percentage of the NAV per Ordinary Share.

INVESTED LOAN PORTFOLIO UNLEVERED ANNUALISED TOTAL RETURN

The unlevered annualised return is a calculation at the quarterly reporting date of the estimated annual return on the portfolio at that point in time. It is calculated individually for each loan by summing the one-off fees earned (such as up-front arrangement or exit fees charged on repayment) and dividing these over the full contractual term of the loan, and adding this to the annual returns. Where a loan is floating rate (partially or in whole or with floors), the returns are based on an assumed profile for future interbank rates, but the actual rate received may be higher or lower. The return is calculated only on amounts funded at the quarterly reporting date and excludes committed but undrawn loans and excludes cash uninvested. The calculation also excludes origination fees paid to the Investment Manager, which are accounted for within the interest line in the financial statements.

An average, weighted by loan amount, is then calculated for the portfolio.

This APM gives an indication of the future performance of the portfolio (as constituted at the reporting date). The calculation, if the portfolio remained unchanged, could be used to estimate "income from loans advanced" in the Consolidated Statement of Comprehensive Income if adjusted for the origination fee of 0.75 basis points amortised over the average life of the loan. As discussed earlier in this report the figure actually realised may be different due to the following reasons:

- In the quoted return, we amortise all one-off fees (such as arrangement and exit fees) over the contractual life of the loan. However, it has been our general experience that loans tend to repay sooner and as such, these fees are actually amortised over a shorter period.
- Many loans benefit from prepayment provisions, which means that if they are repaid before the end of the protected period, additional interest or fees become due. As we quote the return based on the contractual life of the loan these returns cannot be forecast in the return.
- The quoted return excludes the benefit of any foreign exchange gains on Euro loans. We do not forecast this as the loans are often repaid early and the gain may be lower than this once hedge positions are settled.

Generally speaking, the actual annualised total return is likely to be higher than the reported return for these reasons, but this is not incorporated in the reported figure, as the benefit of these items cannot be assumed.

PORTFOLIO LEVERED ANNUALISED TOTAL RETURN

The levered annualised total return is calculated on the same basis as the unlevered annual return but takes into account the amount of leverage in the Group and the cost of that leverage at current SONIA rates.

ONGOING CHARGES PERCENTAGE

Ongoing charges represents the management fee and all other operating expenses excluding finance costs and transactions costs, expressed as a percentage of the average monthly net asset values during the year and allows users to assess the running costs of the Group. This is calculated in accordance with AIC guidance and relates to past performance. The charges include the following lines items within the Consolidated Statement of Comprehensive Income:

- Investment management fees
- Administration fees
- Audit and non-audit fees
- Other expenses
- Legal and professional fees
- Directors' fees and expenses
- Broker's fees and expenses
- Agency fees

The calculation adds back any expenses unlikely to occur absent any loan originations or repayments and as such, the costs associated with hedging Euro loans back to Sterling have been added back. The calculation does not include origination fees paid to the Investment Manager; these are recognised through "Income from loans advanced".

WEIGHTED AVERAGE PORTFOLIO LTV TO GROUP FIRST AND LAST £

These are calculations made as at the quarterly reporting date of the loan to value ("LTV") on each loan at the lowest and highest point in the capital stack in which the Group participates. LTV to "Group last £" means the percentage which the total loan commitment 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 quarterly reporting date. LTV to "first Group £" means the starting point of the loan to value range of the loan commitments (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 project.

An average, weighted by the loan amount, is then calculated for the portfolio.

This APM provides an assessment of future credit risk within the portfolio and does not directly relate to any financial statement line items.

PERCENTAGE OF INVESTED PORTFOLIO IN FLOATING RATE LOANS

This is a calculation made as at the quarterly reporting date, which calculates the value of loans, which has an element of floating rate in part, in whole and including loans with floors, as a percentage of the total value of loans. This APM provides an assessment of potential future volatility of the income on loans, as a large percentage of floating rate loans would mean that income would move up or down with changes in SONIA.

AVERAGE LOAN TERM AND AVERAGE REMAINING LOAN TERM

The average loan term is calculated at the quarterly reporting date by calculating the average length of each loan from initial advance to the contractual termination date. An average, weighted by the loan amount, is then calculated for the portfolio.

The average remaining loan term is calculated at the quarterly reporting date by calculating the average length of each loan from the quarterly reporting date to the contractual termination date. An average, weighted by the loan amount, is then calculated for the portfolio.

This APM provides an assessment of the likely level of repayments occurring in future years (absent any early repayments or loan extensions).

UNUSED LIQUID FACILITIES

Unused liquid facilities is the result of the Group's total cash and cash equivalents plus the available balance to withdraw under existing credit facilities at the reporting date.

PORTFOLIO DIVERSIFICATION

The portfolio diversification statistics are calculated by allocating each loan to the relevant sectors and countries based on the value of the underlying assets. This is then summed for the entire portfolio and a percentage calculated for each sector / country.

This APM provides an assessment of future risk within the portfolio due to exposure to specific sectors or countries and does not directly relate to any financial statement line items.

Photo: Connie Zhou

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