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Starwood European Real Estate Finance Limited

Quarterly Portfolio Update

Starwood European Real Estate Finance Limited ("SEREF", the "Company" or the "Group"), a leading investor managing and realising a diverse portfolio of senior, junior and mezzanine real estate debt in the UK and Europe, presents its performance for the quarter ended 30 September 2025.

Highlights

- **Orderly realisation of the portfolio progressing well** – during the quarter to 30 September 2025 two loan investments (amounting to £29.1 million) repaid in full and after the end of the quarter another loan investment (amounting to £25.0 million) has repaid in full.
- **Continuing the orderly and timely return of capital to Shareholders** – during the quarter to 30 September 2025 the Company returned £65.0 million to Shareholders. To 30 September 2025 the Company has returned £321.0 million to Shareholders, equating to 77.6 per cent of the Company's NAV as of 31 January 2023. In addition, on 23 October 2025, the Company announced a further return of £25.0 million to Shareholders which will be paid to Shareholders by the end of October 2025.
- **All assets constantly monitored for changes in risk profile** – the current risk status of the investments is listed below:
 - Three loan investments equivalent to 72 per cent of the funded portfolio as of 30 September 2025 are classified in the lowest risk profile, Stage 1. After 30 September 2025 one of these loans (with a funded value of £25.0 million) has repaid in full.
 - One loan investment equivalent to 28 per cent of the funded portfolio (before impairment) as of 30 September 2025 is classified as Stage 3. As of 30 September 2025, the total impairment provision against this loan was €22.4 million. Post impairment provisions, the carrying value of this loan asset as of 30 September 2025 equated to 5.3 per cent of the Net Asset Value of the Group as of the same date. The Board continues to consider that there are a wide range of possible outcomes whereby the loan asset may have varying degrees of recoverability due to the various business plan scenarios being evaluated (including the possible sale to an investment vehicle advised by Starwood Capital Group). The Investment Adviser will continue to actively manage the position to maximise the opportunity for value recovery and the Board will continue to closely monitor the position and ongoing developments. Further details are provided below and the Company looks forward to providing further updates as appropriate.
- **Cash balances** – as of 30 September 2025, following the return of £65.0 million of capital to Shareholders in September 2025, the Group held cash balances of circa £13.0 million and had no unfunded cash loan commitments.
- **Dividend** – on 23 October 2025, the Directors announced a dividend, to be paid in November 2025, in respect of the third quarter of 2025 of 1.375 pence per share in line with the 2025 full year dividend target of 5.5 pence per share.
- **The weighted average remaining contractual loan term of the funded portfolio is 0.3 years** – although one loan has a contractual loan term to Q3 2026 but is expected to repay earlier.
- **Inflation protection** – as of 30 September 2025, 70 per cent of the portfolio is contracted at floating interest rates (with floors).
- **Equity cushion** – the weighted average Loan to Value for the portfolio is 75.1 per cent.

John Whittle, Chairman of SEREF, said:

"We are pleased that further strong progress has been made in respect of the realisation of the loan portfolio with two loan investments repaying in full during the quarter and a further investment repaying in full post period end, an aggregate £54.1 million of repayments. Going forward, just three loan investments remain, two of which are classified at the lowest risk level. As for the third, the Board and Manager continue to closely monitor the investment with a view to maximising the opportunity for value recovery."

The factsheet for the period is available at: www.starwoodeuropeanfinance.com

Share Price / NAV as of 30 September 2025

Share price (p)	87.0
NAV (p) *	96.38
Discount	9.7%
Dividend yield (on share price)	6.3%
Market cap	£70m

*The 30 September 2025 NAV shown here has been calculated before taking into account the dividend of 1.375 pence per Share announced by the Company on 23 October 2025.

Key Portfolio Statistics as of 30 September 2025

Number of investments	4
Percentage of currently invested portfolio in floating rate loans	70.1%

Invested Loan Portfolio unlevered annualised total return ⁽¹⁾	8.9%
Weighted average portfolio LTV – to Group first £ ⁽²⁾	43.0%
Weighted average portfolio LTV – to Group last £ ⁽²⁾	75.1%
Average remaining loan term	0.3 years
Net Asset Value	£77.3m
Loans advanced (including accrued interest and net of impairment provision)	£64.8m
Cash	£13.0m
Other net liabilities (including hedges)	£0.5m

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

(2) LTV (Loan to Value) to Group last £ means the percentage which the total loan drawn less any deductible lender controlled cash reserves and less any amortisation received to date (when aggregated with any other indebtedness ranking alongside and/or senior to it) bears to its value determined by the last independent third party appraisals for loans classified as Stage 1 and on the marked down value per the recently announced loan impairments for the loan classified as Stage 3 in October 2024. Loan to Value to first Group £ means the starting point of the Loan to Value range of the loans drawn (when aggregated with any other indebtedness ranking senior to it).

Remaining years to contractual maturity*	Funded loan balance (£m)	% of funded portfolio
0 to 1 years	£83.6	100%

*Remaining loan term to current contractual loan maturity excluding any permitted extensions. Note that borrowers may elect to repay loans before contractual maturity or may elect to exercise legal extension options, which are typically one year of additional term subject to satisfaction of credit related extension conditions. The Group, in limited circumstances, may also elect to extend loans beyond current legal maturity dates if that is deemed to be required to affect an orderly realisation of the loan.

Country	% of funded portfolio
UK	62.4%
Republic of Ireland	28.4%
Spain	9.2%

Sector	% of funded portfolio
Office	36.1%
Light Industrial	32.5%
Healthcare	29.9%
Residential	1.5%

Loan type	% of funded portfolio
Whole loans	32.5%
Junior & Mezzanine	67.5%

Currency*	% of funded portfolio
Sterling	62.4%
Euro	37.6%

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

Orderly Realisation and Return of Capital

On 31 October 2022, the Board announced the Company's Proposed Orderly Realisation and Return of Capital to Shareholders. A Circular relating to the Proposed Orderly Realisation, containing a Notice of an Extraordinary General Meeting (the "EGM") was published on 28 December 2022. The proposals were approved by Shareholders at the EGM in January 2023 and 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 and the funding of committed but currently unfunded loan commitments.

Since then, the Company has returned circa £321.0 million to Shareholders (including £65.0 million in the third quarter of 2025), equating to 77.6 per cent of the Company's NAV as of 31 January 2023. As of the date of the issuance of this factsheet the Company had 80,154,686 shares in issue and the total number of voting rights was 80,154,686.

In addition, on 23 October 2025 the Company announced a further return of £25.0 million to Shareholders which will be paid to Shareholders by the end of October 2025.

Liquidity and credit facilities

The Company held £13.0 million of cash as of 30 September 2025 and no longer has any unfunded loan related cash commitments.

The Company is confident that it holds sufficient cash to meet its ongoing operational commitments.

Dividend

On 23 October 2025, the Directors announced a dividend, to be paid in November 2025, in respect of the third quarter of 2025 of 1.375 pence per Ordinary Share in line with the 2025 dividend target of 5.5 pence per Ordinary Share. The dividend will be paid on Ordinary Shares in issue as of 31 October 2025.

The unaudited 30 September 2025 financial statements of the Company show negative income reserves. 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).

Portfolio Update

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

The Group's exposure as of 30 September 2025 is spread across four investments. 99 per cent of the total funded loan portfolio as of 30 September 2025 is spread across three asset classes: Office (36 per cent), Light Industrial (33 per cent) and Healthcare (30 per cent).

Progress of the realisation of the remaining investments is being closely monitored. Of the four remaining investments as of 30 September 2025, one investment, Hospitals UK, £25 million, repaid in full post quarter end. Two of the three remaining loans have identified exit processes involving sales to third parties or refinancing with banks. Subject to these processes completing as expected by the loan Sponsors, both of these loans are forecast to repay in line or ahead of each loan's respective final legal maturity dates. The exit plan and realisation timing for the third investment, the Stage 3 loan, remains under review.

The Group's office exposure (36 per cent) comprises two loan investments. The weighted average Loan to Value of loans with office exposure is 101 per cent. The elevated level of the office exposure Loan to Value is driven by Office Portfolio, Ireland loan which is a risk rated Stage 3 loan. 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 impairments recognised to date. The higher Loan to Value of this sector exposure reflects the wider decline in market sentiment driven by post pandemic trends, higher interest rates and high costs attached to upgrading older office stock.

The largest office investment is a mezzanine loan which represents 75 per cent of this exposure and is classified as a Stage 3 risk rated loan. As outlined in previous announcements, the underlying assets comprise seven well located Dublin 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 total impairment provision of €22.4 million has been provided as of 30 September 2025 related to this investment (equivalent to 82 per cent of the total loan value as of 30 September 2025 before impairment). The Board continues to evaluate various business plan scenarios. The Board considers that there are a wide range of possible outcomes whereby the loan may have varying degrees of recoverability according to the various business plan scenarios being evaluated. The Investment Adviser will continue to actively manage the position to maximise the opportunity for value recovery and the Board will continue to closely monitor the position and ongoing developments. The Company looks forward to providing further updates as appropriate.

The remaining total funded portfolio as of 30 September 2025 (excluding Residential (1 per cent)) is split across Light Industrial (33 per cent) and Healthcare (30 per cent). The Healthcare loan repaid in full during October 2025. The weighted average Loan to Value of these exposures was 59 per cent as of 30 September 2025.

Credit Risk Analysis

All loans within the portfolio are classified and measured at amortised cost less impairment.

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 closely monitors all loans in the portfolio for any deterioration in credit risk. As of the date of this factsheet, assigned classifications are:

- Stage 1 loans – three loan investments totalling £60 million, equivalent to 72 per cent of the funded portfolio as of 30 September 2025 are classified in the lowest risk profile, Stage 1.
- Stage 2 loans – as of 30 September 2025, following the repayment of the two Stage 2 loan investments held as of 30 June 2025, there are no loan investments classified as Stage 2. 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 expectations and operating financial covenants under the facility agreements have been 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.
- Stage 3 loans – during October 2024, one loan (with a funded balance amounting to £24 million/€27 million as of 30 September 2025) was reclassified as Stage 3. As of 30 September 2025, the balance of this loan represented 28 per cent of the total funded portfolio. As outlined above, an aggregate impairment provision of £19.5 million/€22.4 million has been provided for related to this asset. The Board considers that there are a wide range of possible outcomes whereby the loan asset may have varying degrees of recoverability due to the various business plan scenarios being evaluated. The Investment Adviser will continue to actively manage the position to maximise the opportunity for value recovery and the Board will continue to closely monitor the position and ongoing developments. The Company will provide further updates as appropriate.

This assessment has been made based on information in our possession at the date of publishing this factsheet, our assessment of the risks of each loan and certain estimates and judgements around future performance of the assets.

Market commentary and outlook

Positive market momentum has continued in the third quarter. Markets have extended gains despite lingering geopolitical and policy uncertainty. Drivers of the rally have included expectations around the economic potential from technology especially from AI, a pro-business administration in the US and expectations of further interest rate cuts in the US. The Federal Reserve's long-anticipated September rate cut has reset a dovish tone globally with a further cut anticipated in October and a market implied policy rate of circa 3 per cent this time next year.

Equity markets have continued to reach new highs. The S&P 500 gained 7.8 per cent on the quarter and the FTSE 100 gained 6.7 per cent in the quarter. Gold and Crypto have also had strong rallies as investors diversify the currency they hold and look for inflation hedges.

In fixed income, long-term yields eased modestly in the US with the 10-year treasury yield dropping from 4.28 percent to 4.15 percent in the quarter. By contrast UK and European 10-year yields are up on the quarter with the UK 10-year Gilt up from 4.48 per cent to 4.70 per cent, a total rise of 70 basis points since this time last year. German yields are similarly up from 2.6 per cent to 2.71 per cent. France's political issues have also driven its debt wider with French 10-year sovereign debt now trading wider than Spain and Italy. The increase in yields for longer debt is in contrast with the cuts in short term interest rates which are down 1 per cent and 1.50 per cent since the same time last year respectively.

After a period of valuation resets, European real estate values have generally stabilised. Valuation yields have been steady for most assets for the past year and brokers report that the bid-ask gap between buyers and sellers has narrowed. While individual markets vary, general healthy rental growth has supported prime assets across most real estate sectors. A key missing component of the market has been the formation of new core capital. There are signs that this is now likely to feed through into the transaction market with one broker reporting that there was €58 billion of new core capital raised to invest in European core real estate in 2025. While this has not yet resulted in a significant increase in transaction volumes the data on fund raising is likely to be a leading indicator of a higher level of activity to come.

Conditions in the European commercial real estate borrowing market remain robust. Activity has been dominated by refinancing rather than new acquisitions and as a result lenders are competing for a limited pool of opportunities. Falling financing costs from both base rates and margins combined with good liquidity mean debt availability is supportive of the transaction market.

In the US the CMBS market is projected to have a very strong year with volumes potentially breaking 150 billion dollars, approaching the 2021 peak. In Europe the CMBS Market is much smaller but has also had a busier year with several issuances totalling over €5 billion. There were a couple of pauses in market activity following Liberation Day and during the summer holiday period, but investment banks are telling us that a number of further CMBS deals are lined up to come to market.

Investment Portfolio as of 30 September 2025

As of 30 September 2025, the Group had four investments with total cash commitments (funded and unfunded) of £83.6 million as shown below.

	Sterling equivalent balance (1), (2)	Sterling equivalent unfunded commitment (3)	Sterling Total (Drawn and Unfunded)
Hospitals, UK	£25.0 m		£25.0 m
Industrial Estate, UK	£27.2 m		£27.2 m
Total Sterling Loans	£52.2 m	£0.0 m	£52.2 m
Office Portfolio, Spain	£7.7 m		£7.7 m
Office Portfolio, Ireland	£23.7 m		£23.7 m
Total Euro Loans	£31.4 m	£0.0 m	£31.4 m
Total Portfolio	£83.6 m	£0.0 m	£83.6 m

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

2. These amounts are shown before any impairment provisions recognised.

3. These amounts exclude interest which may be capitalised.

Loan to Value

All assets securing the loans undergo third party valuations before each investment closes and periodically thereafter at a time considered appropriate by the lenders. The Loan to Values shown below are based on independent third-party appraisals for loans classified as Stage 1 and on the marked down value as per the announced loan impairments for the loan classified as Stage 3 in October 2024. The weighted average age of the dates of these valuations for the whole portfolio is under a year.

As of 30 September 2025, the Group has an average last £ Loan to Value of 75.1 per cent (30 June 2025: 69.9 per cent).

The Group's last £ Loan to Value means the percentage which the total loan drawn less any deductible lender controlled cash reserves and less any amortisation received to date (when aggregated with any other indebtedness ranking alongside and/or senior to it) bears to the market value determined by the last formal lender valuation received, reviewed in detail and approved by the reporting date or, in the case of the Stage 3 asset classified as Stage 3 in October 2024, the marked down value per the recently announced loan impairments. Loan to Value to first Group £ means the starting point of the Loan to Value range of the loans drawn (when aggregated with any other indebtedness ranking senior to it). For development projects the calculation includes the total facility available and is calculated against the assumed market value on completion of the relevant project.

The table below shows the sensitivity of the Loan to Value calculation for movements in the underlying property valuation and demonstrates that the Group has considerable headroom within the currently reported last £ Loan to Values.

Change in Valuation	Office*	Light Industrial	Healthcare	Total
-15%	119.1%	76.9%	62.3%	88.4%
-10%	112.5%	72.6%	58.8%	83.5%
-5%	106.6%	68.8%	55.7%	79.1%
0%	101.3%	65.4%	52.9%	75.1%
5%	96.5%	62.3%	50.4%	71.6%
10%	92.1%	59.4%	48.1%	68.3%
15%	88.1%	56.8%	46.0%	65.3%

*Office figures in this table include the residential holding which accounts for 1.5 per cent of the funded portfolio as this is included in the Office Portfolio, Ireland, Stage 3 loan portfolio

Share Price performance

The Company's shares closed on 30 September 2025 at 87.0 pence, resulting in a share price total return for the third quarter of 2025 of 1.0 per cent. As of 30 September 2025, the discount to NAV stood at 9.7 per cent, with an average discount to NAV of 14.3 per cent over the quarter.

Note: the 30 September 2025 discount to NAV is based off the 30 September 2025 NAV as reported in this factsheet. All average discounts to NAV are calculated as the latest cum-dividend NAV available in the market on a given day, adjusted for any dividend payments from the ex-dividend date onwards.

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Notes:

Starwood European Real Estate Finance Limited is an investment company listed on the premium segment of the main market of the London Stock Exchange with an investment objective to conduct an orderly realisation of the assets of the Company. www.starwoodeuropeanfinance.com.

The Group's assets are managed by Starwood European Finance Partners Limited, an indirect wholly owned subsidiary of Starwood Capital Group.

Dissemination of a Regulatory Announcement that contains inside information in accordance with the Market Abuse Regulation (MAR), transmitted by EQS Group.

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