

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark One)

- ☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2025**
- ☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM ____ TO ____**

Commission file number 000-56577



STARWOOD CREDIT REAL ESTATE INCOME TRUST

(Exact name of Registrant as specified its Charter)

2340 Collins Avenue

Maryland
(State or other jurisdiction of
incorporation or organization)

Miami Beach, FL 33139
(Address of principal executive offices) (Zip Code)

93-6487687
(I.R.S. Employer
Identification No.)

(305) 695-5500

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐
Non-accelerated filer ☒

Accelerated filer ☐
Smaller reporting company ☒
Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of August 12, 2025, the issuer had the following shares outstanding: 6,566,903 Class S common shares, 1,693,630 Class E common shares, and 4,784,295 Class I common shares. There are no outstanding Class T common shares or Class D common shares.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Starwood Credit Real Estate Income Trust Condensed Consolidated Balance Sheets (Unaudited) (in thousands, except for share and per share data)

	June 30, 2025	December 31, 2024
Assets		
Loans receivable, at fair value	\$ 1,028,960	\$ 828,215
Cash and cash equivalents	5,342	2,789
Restricted cash	5,165	8,592
Accrued interest receivable	5,372	4,700
Other assets	481	309
Total assets	<u>\$ 1,045,320</u>	<u>\$ 844,605</u>
Liabilities and Equity		
Secured financings, at fair value	\$ 771,266	\$ 619,787
Subscriptions received in advance	5,165	8,592
Due to advisor	9,513	8,818
Accrued shareholder servicing fees	8,820	7,294
Interest payable	2,630	2,414
Distribution payable	1,911	1,338
Other liabilities	4,251	523
Total liabilities	<u>803,556</u>	<u>648,766</u>
Commitments and contingencies (see note 13)	—	—
Redeemable common shares — Class E shares, par value \$0.01 per share; 1,687,964 and 1,670,897 shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively	35,113	34,307
Equity		
Common shares — Class S shares, par value \$0.01 per share; 6,238,639 and 5,064,764 shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively	63	51
Common shares — Class I shares, par value \$0.01 per share; 4,888,738 and 3,823,418 shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively	49	38
Additional paid-in capital	209,181	166,938
Accumulated deficit and cumulative distributions	(2,642)	(5,495)
Total shareholders' equity	<u>206,651</u>	<u>161,532</u>
Total liabilities, redeemable common shares, and equity	<u>\$ 1,045,320</u>	<u>\$ 844,605</u>

See accompanying notes to the condensed consolidated financial statements

Starwood Credit Real Estate Income Trust
Condensed Consolidated Statements of Operations (Unaudited)
(in thousands, except for share and per share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Revenues				
Interest income	\$ 18,551	\$ 8,240	\$ 34,537	\$ 12,899
Other revenue	1,559	2,103	2,668	3,101
Total revenues	20,110	10,343	37,205	16,000
Expenses				
Interest expense	12,133	4,650	22,401	7,360
General and administrative expenses	1,132	865	2,081	1,695
Financing fees	193	2,906	354	3,088
Management fees	—	351	—	412
Performance fees	639	—	1,199	128
Total expenses	14,097	8,772	26,035	12,683
Gains (losses) from operations and financing				
Unrealized gain (loss) on loans receivable, at fair value	978	(1,786)	1,924	(2,569)
Unrealized (loss) gain on secured financings, at fair value	(258)	1,655	(509)	1,732
Unrealized loss on derivative instruments, net	(2,532)	(474)	(3,515)	(474)
Gain on foreign currency translation	2,390	564	3,585	564
Total gain (loss) from operations and financing, net	578	(41)	1,485	(747)
Net income	\$ 6,591	\$ 1,530	\$ 12,655	\$ 2,570
Net income per common share, basic	\$ 0.54	\$ 0.21	\$ 1.07	\$ 0.47
Net income per common share, diluted	\$ 0.54	\$ 0.21	\$ 1.07	\$ 0.47
Weighted-average common shares outstanding, basic	12,301,032	7,230,612	11,805,619	5,420,360
Weighted-average common shares outstanding, diluted	12,302,358	7,232,007	11,806,572	5,421,381

See accompanying notes to the condensed consolidated financial statements

Starwood Credit Real Estate Income Trust
Condensed Consolidated Statements of Changes in Redeemable Common Shares and Shareholders' Equity (Unaudited)
(in thousands)

	Redeemable Common Shares	Common Shares Class S	Common Shares Class I	Additional Paid-In Capital	Accumulated Earnings (Deficit) and Cumulative Distributions	Total Shareholders' Equity
Balance at March 31, 2025	\$ 34,674	\$ 56	\$ 43	\$ 185,692	\$ (3,734)	\$ 182,057
Common shares issued	260	7	6	25,277	—	25,290
Offering costs	—	—	—	(1,369)	—	(1,369)
Amortization of share grants	15	—	—	—	—	—
Common shares repurchased	—	—	—	(255)	—	(255)
Net income	—	—	—	—	6,591	6,591
Remeasurement of redeemable common shares	164	—	—	(164)	—	(164)
Distributions declared on common shares (see Note 9)	—	—	—	—	(5,499)	(5,499)
Balance at June 30, 2025	<u>\$ 35,113</u>	<u>\$ 63</u>	<u>\$ 49</u>	<u>\$ 209,181</u>	<u>\$ (2,642)</u>	<u>\$ 206,651</u>

	Redeemable Common Shares	Common Shares Class S	Common Shares Class I	Additional Paid-In Capital	Accumulated Earnings (Deficit) and Cumulative Distributions	Total Shareholders' Equity
Balance at March 31, 2024	\$ 32,873	\$ 20	\$ 9	\$ 51,179	\$ (2,291)	\$ 48,917
Common shares issued	134	19	19	74,834	—	74,872
Offering costs	—	—	—	(3,263)	—	(3,263)
Amortization of share grants	15	—	—	—	—	—
Net income	—	—	—	—	1,530	1,530
Remeasurement of redeemable common shares	115	—	—	(115)	—	(115)
Distributions declared on common shares (see Note 9)	—	—	—	—	(2,657)	(2,657)
Balance at June 30, 2024	<u>\$ 33,137</u>	<u>\$ 39</u>	<u>\$ 28</u>	<u>\$ 122,635</u>	<u>\$ (3,418)</u>	<u>\$ 119,284</u>

See accompanying notes to the condensed consolidated financial statements

Starwood Credit Real Estate Income Trust
Condensed Consolidated Statements of Changes in Redeemable Common Shares and Shareholders' Equity (Unaudited)
(in thousands)

	Redeemable Common Shares	Common Shares Class S	Common Shares Class I	Additional Paid-In Capital	Accumulated Earnings (Deficit) and Cumulative Distributions	Total Shareholders' Equity
Balance at December 31, 2024	\$ 34,307	\$ 51	\$ 38	\$ 166,938	\$ (5,495)	\$ 161,532
Common shares issued	352	12	11	45,392	—	45,415
Offering costs	—	—	—	(2,470)	—	(2,470)
Amortization of share grants	30	—	—	—	—	—
Common shares repurchased	—	—	—	(255)	—	(255)
Net income	—	—	—	—	12,655	12,655
Remeasurement of redeemable common shares	424	—	—	(424)	—	(424)
Distributions declared on common shares (see Note 9)	—	—	—	—	(9,802)	(9,802)
Balance at June 30, 2025	<u>\$ 35,113</u>	<u>\$ 63</u>	<u>\$ 49</u>	<u>\$ 209,181</u>	<u>\$ (2,642)</u>	<u>\$ 206,651</u>

	Redeemable Common Shares	Common Shares Class S	Common Shares Class I	Additional Paid-In Capital	Accumulated Earnings (Deficit) and Cumulative Distributions	Total Shareholders' Equity
Balance at December 31, 2023	\$ 32,199	\$ 3	\$ 1	\$ 3,683	\$ (1,991)	\$ 1,696
Common shares issued	640	36	27	125,488	—	125,551
Offering costs	—	—	—	(6,268)	—	(6,268)
Amortization of share grants	30	—	—	—	—	—
Net income	—	—	—	—	2,570	2,570
Remeasurement of redeemable common shares	268	—	—	(268)	—	(268)
Distributions declared on common shares (see Note 9)	—	—	—	—	(3,997)	(3,997)
Balance at June 30, 2024	<u>\$ 33,137</u>	<u>\$ 39</u>	<u>\$ 28</u>	<u>\$ 122,635</u>	<u>\$ (3,418)</u>	<u>\$ 119,284</u>

See accompanying notes to the condensed consolidated financial statements

Starwood Credit Real Estate Income Trust
Condensed Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

	For the Six Months Ended June 30,	
	2025	2024
Cash flows from operating activities		
Net income	\$ 12,655	\$ 2,570
Adjustments to reconcile net income to net cash provided by operating activities		
Unrealized (gain) loss on loans receivable, at fair value	(1,924)	2,569
Unrealized loss (gain) on secured financings, at fair value	509	(1,732)
Unrealized loss on derivative instruments, net	3,515	474
Gain on foreign currency translation	(3,585)	(564)
Financing fees	354	3,088
Amortization of share grants	30	30
Change in assets and liabilities		
Increase in accrued interest receivable	(569)	(2,967)
Increase in prepaid assets	(257)	—
Increase in due to advisor	627	2,506
Increase in interest payable	139	—
Increase in other liabilities	298	2,031
Net cash provided by operating activities	11,792	8,005
Cash flows from investing activities		
Loan origination and funding activities	(200,176)	(302,849)
Repayment of loans receivable	19,500	—
Net cash used in investing activities	(180,676)	(302,849)
Cash flows from financing activities		
Borrowings under secured financings	197,334	297,863
Financing fees	(354)	(3,088)
Repayments of secured financings	(60,938)	(119,250)
Proceeds from issuance of common stock, net	37,175	126,191
Subscriptions received in advance	5,165	—
Repurchases of common stock	(255)	—
Offering costs paid	(333)	(687)
Distributions	(9,802)	(3,237)
Net cash provided by financing activities	167,992	297,792
Effect of exchange rate changes on cash balances	18	175
Net change in cash and cash equivalents and restricted cash	(874)	3,123
Cash and cash equivalents and restricted cash, beginning of period	11,381	777
Cash and cash equivalents and restricted cash, end of period	\$ 10,507	\$ 3,900
Reconciliation of cash and cash equivalents and restricted cash to the condensed consolidated balance sheets:		
Cash and cash equivalents	5,342	3,900
Restricted cash	5,165	—
Total cash and cash equivalents and restricted cash	\$ 10,507	\$ 3,900
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 22,258	\$ 6,156
Non-cash financing activities:		
Accrued shareholder servicing fees due to affiliate	\$ 1,526	\$ 5,573
Accrued offering costs due to affiliate	68	8
Adjustment to carrying value of redeemable common stock	424	—
Distributions payable	1,911	760

See accompanying notes to the condensed consolidated financial statements

Starwood Credit Real Estate Income Trust
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Organization and Business Purpose

Starwood Credit Real Estate Income Trust (the “Company”) was formed on June 28, 2023 as a Maryland statutory trust and qualifies as a real estate investment trust (“REIT”) for U.S. federal income tax purposes. The Company originates, acquires, finances and manages a portfolio of primarily commercial real estate (“CRE”) debt investments, focused on senior secured, floating-rate CRE loans diversified across both geography and asset class. The Company’s CRE loans are primarily secured by properties located in U.S., European and Australian markets and include multifamily, industrial and select other CRE asset classes, such as student housing, self-storage, life science and data center assets. To a lesser extent, the Company also may invest in (1) other real asset lending strategies, including infrastructure loans and (2) other real estate-related debt and equity securities, including commercial mortgage-backed securities and collateralized loan obligations. The Company is externally managed by Starwood Credit Advisors, L.L.C. (the “Advisor”), an indirect, wholly-owned subsidiary of Starwood Capital Group Holdings L.P. (“Starwood Holdings” and together with any entity that is controlled by, controls or is under common control with Starwood Capital Group Holdings L.P., “Starwood Capital” or the “Sponsor”).

2. Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. All significant intercompany balances and transactions have been eliminated in consolidation. Management believes it has made all necessary adjustments, consisting of only normal recurring items, so that the condensed consolidated financial statements are presented fairly and that estimates made in preparing its condensed consolidated financial statements are reasonable and prudent. The accompanying unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2024 filed with the U.S. Securities and Exchange Commission (the “SEC”).

The accompanying condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of income and expenses during the reported periods. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ materially.

Cash and Cash Equivalents

Cash and cash equivalents represent cash held in banks, cash on hand, and liquid investments with original maturities of three months or less. The Company’s cash at June 30, 2025 and December 31, 2024 consists of demand deposits and money market fund investments. Cash is carried at cost which approximates fair value. The Company may have bank balances in the future that are in excess of federally insured amounts; however, the Company deposits its cash and cash equivalents with high credit-quality institutions to minimize credit risk exposure.

Restricted cash

Restricted cash consists of cash received for subscriptions prior to the date in which the subscriptions are effective. The Company’s restricted cash pertaining to subscriptions received in advance is held primarily in a bank account controlled by the Company’s transfer agent but in the name of the Company.

Derivative Financial Instruments and Hedge Activities

The Company enters into derivative financial instruments, specifically foreign exchange (“FX”) forward contracts, to manage risks from fluctuations in foreign exchange rates. The Company records its derivatives on its Condensed Consolidated Balance Sheets at fair value and such amounts are included as a component of Other assets or Other liabilities. No derivatives were designated as formal hedging relationships, but rather are considered economic hedges. Any changes in the fair value of these derivatives are recorded as components of Unrealized loss on derivative instruments, net on the Company’s Condensed Consolidated Statements of Operations. The Company classifies cash flows related to the non-designated derivatives in either operating or investing activities on the Condensed Consolidated Statements of Cash Flows depending on the nature of the cash flow activity.

See Note 7 – “*Derivatives and Hedging Activity*”, for further details.

Fair Value Option

The Company has elected the fair value option for certain eligible financial assets and liabilities including CRE loans, infrastructure loans, real estate securities and liabilities associated with borrowing facilities. These financial assets and liabilities for which the Company has elected the fair value option are recorded in Loans receivable, at fair value and Secured financings, at fair value on the Condensed Consolidated Balance Sheets. The fair value elections were made to create a more direct alignment between the Company’s financial reporting and the calculation of net asset value per share used to determine the prices at which investors can purchase and redeem shares of the Company’s common shares (including redeemable common shares) of beneficial interest, par value \$0.01 per share (“common shares”).

The decision to elect the fair value option is determined on an instrument-by-instrument basis and must be applied to an entire instrument and is irrevocable once elected. Assets and liabilities measured at fair value pursuant to this guidance are required to be reported separately on the Company’s Condensed Consolidated Balance Sheets from those instruments using another accounting method.

The Company’s fair value option elections will be made in accordance with the guidance in Accounting Standards Codification (“ASC”) 825, Financial Instruments (“ASC 825”) that allows entities to make an irrevocable election of fair value as the initial and subsequent measurement attribute for certain eligible financial assets and liabilities. In the cases of loans and securities investments for which the fair value option is elected, loan origination fees and costs related to the origination or acquisition of the instrument should be immediately recognized in Net income on the Condensed Consolidated Statements of Operations within Other revenue. In the cases of debt facilities for which the fair value option is elected, financing fees related to the debt should be immediately recognized as an expense on the Condensed Consolidated Statements of Operations within Financing fees. Unrealized gains and losses on assets and liabilities for which the fair value option has been elected are also reported in Net income without deferral. This is because under the fair value option, a lender reports the instrument at its exit price (i.e., the price that would be received to sell the instrument in an orderly transaction), which reflects the market’s assessment of the instrument’s cash flows and risks and does not include any entity-specific costs or fees.

Foreign Currency

The Company’s functional currency is the U.S. dollar. Assets and liabilities denominated in foreign currencies are translated into U.S. dollars using foreign currency exchange rates at the end of the reporting period. Income and expenses are translated at the average exchange rates for each reporting period. Gains and losses from translation of foreign currency denominated transactions into U.S. dollars are included in current results of operations. Gains and losses resulting from foreign currency transactions are also included in current results of operations. The effects of translating the assets, liabilities and income of the Company’s foreign investments held by entities with functional currencies other than the U.S. dollar are included in the Company’s Condensed Consolidated Statements of Operations.

Revenue Recognition

Interest income on performing loans and financial instruments is accrued based on the outstanding principal amount and contractual terms of the instrument. For loans where the Company does not elect the fair value option, origination fees and direct loan origination costs are also recognized in interest income over the loan term as a yield adjustment using the effective interest method. When the Company elects the fair value option, origination fees and direct loan costs are recorded directly in income on the Condensed Consolidated Statements of Operations within Other revenue and are not deferred.

As of June 30, 2025 and December 31, 2024, the Company has elected the fair value option for each of its outstanding loans.

Organization and Offering Expenses

Organization costs are expensed as incurred and recorded on the Company’s Statements of Operations and offering costs are charged to equity as such amounts are incurred.

The Advisor agreed to advance organization and offering expenses on behalf of the Company (including legal, accounting, and other expenses attributable to the organization, but excluding upfront selling commissions, dealer manager fees and shareholder servicing fees) through December 1, 2024, which was the first anniversary of the date of the initial closing of the continuous private offering. The Company will reimburse the Advisor for all such advanced organization and offering expenses ratably over a 60-month period following January 1, 2026. Organization and offering expenses incurred after December 1, 2024, are paid by the Company as and when incurred (or promptly thereafter).

As of June 30, 2025, the Advisor had incurred organization and offering costs on the Company’s behalf of \$3.2 million, consisting of offering costs of \$2.4 million and organization costs of \$0.8 million. Such costs became the Company’s liability on December 1, 2023,

the date of the initial closing of the Company's continuous, blind pool private offering. These organization and offering costs are recorded as a component of Due to advisor on the Company's Condensed Consolidated Balance Sheets as of June 30, 2025 and December 31, 2024. Starwood Capital, L.L.C. (the "Dealer Manager"), a registered broker-dealer affiliated with the Advisor, serves as the dealer manager for the Offering. The Dealer Manager is entitled to receive selling commissions and dealer manager fees based on the transaction price of each applicable class of shares sold in the Offering. The Dealer Manager is also entitled to receive a shareholder servicing fee of 0.85%, 0.85% and 0.25% per annum of the aggregate net asset value ("NAV") of the Company's outstanding Class T shares, Class S shares, and Class D shares, respectively. There is no shareholder servicing fee with respect to Class I or Class E shares.

The following table details the selling commissions, dealer manager fees, and shareholder servicing fees for each applicable share class as of June 30, 2025:

	Class T Common Shares	Class S Common Shares	Class D Common Shares	Class I Common Shares	Class E Common Shares
Upfront selling commissions and dealer manager fees (% of transaction price)	Up to 3.5%	Up to 3.5%	Up to 1.5%	—	—
Shareholder servicing fee (% of NAV)	0.85%	0.85%	0.25%	—	—

For Class T shares sold in the continuous private offering, investors will pay upfront selling commissions of up to 3.0% of the transaction price and upfront dealer manager fees of 0.5% of the transaction price, however such amounts may vary at certain participating broker-dealers, provided that the sum will not exceed 3.5% of the transaction price. For Class S shares sold in the continuous offering, investors will pay upfront selling commissions of up to 3.5% of the transaction price. Upfront selling commissions and dealer manager fees are not paid on common shares issued through the Company's Distribution Reinvestment Plan ("DRIP").

The Dealer Manager is entitled to receive shareholder servicing fees of 0.85% per annum of the aggregate NAV for Class T shares and Class S shares. For Class T shares such shareholder servicing fee includes, an advisor shareholder servicing fee of 0.65% per annum, and a dealer shareholder servicing fee of 0.20% per annum, of the aggregate NAV for the Class T shares, however, with respect to Class T shares sold through certain participating broker-dealers, the advisor shareholder servicing fee and the dealer shareholder servicing fee may be other amounts, provided that the sum of such fees will always equal 0.85% per annum of the NAV of such shares. The Class D shares will incur a shareholder servicing fee equal to 0.25% per annum of the aggregate NAV for the Class D shares.

The Dealer Manager anticipates that substantially all of the upfront selling commissions, dealer manager and shareholder servicing fees will be retained by, or reallocated (paid) to, participating broker-dealers. For the three and six months ended June 30, 2025 and 2024, the Dealer Manager did not retain any upfront selling commissions, dealer manager or shareholder servicing fees.

Operating Expenses

The Advisor agreed to advance certain of the Company's operating expenses through December 1, 2024. The Company will reimburse the Advisor for such advanced expenses ratably over the 60 months following January 1, 2026. Operating expenses incurred after December 1, 2024, are paid by the Company as incurred (or promptly thereafter). Operating expenses are recorded within General and administrative expenses on the Company's Condensed Consolidated Statements of Operations and are expensed as incurred. Any amount due to the Advisor but not paid will be recognized as a liability on the Condensed Consolidated Balance Sheets. As of June 30, 2025 and December 31, 2024, the Advisor had incurred operating costs on the Company's behalf of \$4.6 million and \$4.8 million, respectively, which has been recorded as a component of Due to advisor on the Company's Condensed Consolidated Balance Sheets.

Income Taxes

The Company has elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended, commencing with its taxable year ending December 31, 2023. As long as the Company qualifies for taxation as a REIT, it generally will not be subject to U.S. federal corporate income tax on its net taxable income that is currently distributed to its shareholders. A REIT is subject to a number of organizational and operational requirements, including a requirement that it currently distributes at least 90% of its REIT taxable income (subject to certain adjustments) to its shareholders. Even though the Company has elected to be taxed as a REIT, it may be subject to certain state and local taxes on its income and property, and federal income and excise taxes on its undistributed income.

Share-based Payments

The Company recognizes the cost of share-based compensation and payment transactions in the financial statements using the same expense category as would be charged for payments in cash. The fair value of the awards granted to the Company's independent trustees is recorded to expense on a straight-line basis over the vesting period for the entire award, with an offsetting increase in shareholders' equity. For grants to trustees, the fair value is determined based upon the NAV on the grant date. For the three and six months ended June 30, 2025 and 2024, the amounts the Company recognized as compensation expense were insignificant.

The Performance Fee (as defined below) may be paid, at the Advisor's election, in cash, Class I shares or Class E shares, or any combination thereof. During the three and six months ended June 30, 2025, the Advisor earned Performance Fees of \$0.6 million and \$1.2 million, respectively, which the Advisor elected to receive as cash. During the three months ended June 30, 2024, the Advisor did not earn performance fees. During the six months ended June 30, 2024, the Advisor earned Performance Fees of \$0.1 million, which were paid to the Advisor in the form of 6,342 Class E shares in April 2024. The Class E shares issued to the Advisor as payment for Performance Fees due are recorded as an increase to shareholders' equity with an offsetting decrease to performance fees payable (Due to advisor) on the date of the delivery of the shares. As discussed in Note 8 – "*Redeemable common shares*", the Class E shares are classified in temporary equity and presented as Redeemable common shares on the Company's Condensed Consolidated Balance Sheets at values adjusted to equal what the redemption amount would be as if redemption were to occur at the relevant reporting date.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash investments, single asset commercial mortgage-backed securities ("CMBS"), loan investments and interest receivable. The Company may place cash investments in excess of insured amounts with high quality financial institutions. The Company performs ongoing analysis of credit risk concentrations in its investment portfolio by evaluating exposure to various markets, underlying property types, term, tenant mix and other credit metrics. As of June 30, 2025 and December 31, 2024, the Company's assets included multiple CRE loans and an investment in a loan participation denominated in GBP. Refer to Note 3 – "*Investments in Loans Receivable, at fair value*" for additional information.

Segment Reporting

The Company operates as a single operating segment. The Company's chief operating decision maker ("CODM") is the CEO, who manages the Company, including allocating resources and evaluating results based on the performance of the Company as a whole. The Company's CEO reviews financial information presented on a consolidated basis for purposes of making operating decisions, assessing financial performance and allocating resources. Net income is the Company's primary measure of profit and loss and all costs and expense categories on the Company's Condensed Consolidated Statements of Operations are significant.

Recent Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740) - Improvements to Income Tax Disclosures, which improves income tax disclosures by primarily requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. The Company does not expect this ASU will have a material impact on its income tax disclosures.

In November 2024, the FASB issued Accounting Standards Update No. 2024-03, "*Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*" ("ASU 2024-03"), which requires disclosure of certain costs and expenses on an interim and annual basis in the notes to the consolidated financial statements. The guidance is effective for annual reporting periods beginning after December 15, 2026 and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The guidance is to be applied either (1) prospectively to financial statements issued for reporting periods after the effective date or (2) retrospectively to any or all prior periods presented in the financial statements. The Company is currently evaluating the potential impact of adopting this new guidance on its consolidated financial statements and related disclosures.

3. Loans Receivable, at fair value

As of June 30, 2025, the Company's held for investment loan portfolio was as follows (dollars in thousands):

Description	Location	Origination Date	Weighted Average Interest Rate ⁽¹⁾	Loan Amount ⁽²⁾	Principal Balance Outstanding	Fair Value	Payment Terms	Maximum Maturity Date ⁽³⁾
Industrial	Canoga Park, CA	5/8/2025	7.18%	\$ 28,930	\$ 20,910	\$ 20,910	Monthly; I/O	5/9/2030
Multifamily	Phoenix, AZ	4/16/2025	6.73%	34,750	34,585	34,585	Monthly; I/O	5/9/2030
Multifamily	San Antonio, TX	4/3/2025	6.82%	46,000	39,530	39,530	Monthly; I/O	4/9/2030
Industrial	Mooreville, NC	3/31/2025	6.82%	36,750	35,000	35,000	Monthly; I/O	4/9/2030
Multifamily	Grand Prairie, TX	2/21/2025	6.82%	46,000	45,420	45,420	Monthly; I/O	3/9/2030
Multifamily	Spring, TX	12/12/2024	7.22%	32,800	32,800	32,800	Monthly; I/O	1/9/2030
Industrial	Nashville, TN & Atlanta, GA	9/12/2024	7.17%	188,326	181,652	180,211	Monthly; I/O	10/9/2029
Multifamily	Berkeley, CA	8/7/2024	7.07%	88,000	88,000	87,629	Monthly; I/O	8/7/2029
Self-Storage	Various, United States	8/1/2024	7.52%	78,209	67,066	66,548	Monthly; I/O	8/1/2029
Multifamily	New York, NY	6/27/2024	7.57%	20,000	20,000	19,898	Monthly; I/O	7/9/2029
Industrial	Various, United Kingdom	4/25/2024 ⁽⁴⁾	6.97%	205,980	205,980	205,189	Quarterly; I/O	4/25/2026
Multifamily	Houston, TX	2/9/2024	7.57%	96,300	96,300	96,005	Monthly; I/O	2/11/2030
Multifamily	Hayward, CA	11/30/2023	7.48%	185,050	166,164	165,235	Monthly; I/O	12/9/2028
				<u>\$ 1,087,095</u>	<u>\$ 1,033,407</u>	<u>\$ 1,028,960</u>		

As of December 31, 2024, the Company's held for investment loan portfolio was as follows (dollars in thousands):

Description	Location	Origination Date	Weighted Average Interest Rate ⁽¹⁾	Loan Amount ⁽²⁾	Principal Balance Outstanding	Fair Value	Payment Terms	Maximum Maturity Date ⁽³⁾
Multifamily	Spring, TX	12/12/2024	7.42%	\$ 32,800	\$ 32,800	\$ 32,800	Monthly; I/O	1/9/2030
Industrial	Nashville, TN & Atlanta, GA	9/12/2024	7.33%	188,326	181,178	179,422	Monthly; I/O	10/9/2029
Multifamily	Berkeley, CA	8/7/2024	7.23%	88,000	88,000	87,463	Monthly; I/O	8/7/2029
Self-Storage	Various, United States	8/1/2024	7.68%	78,209	65,894	65,254	Monthly; I/O	8/1/2029
Multifamily	New York, NY	6/27/2024	7.73%	20,000	20,000	19,849	Monthly; I/O	7/9/2029
Industrial	Various, United Kingdom	4/25/2024 ⁽⁴⁾	7.21%	187,740	187,740	186,328	Quarterly; I/O	4/25/2026
Multifamily	Houston, TX	2/9/2024	7.73%	96,300	93,800	93,267	Monthly; I/O	2/11/2030
Multifamily	Hayward, CA	11/30/2023	7.73%	185,050	165,080	163,832	Monthly; I/O	12/9/2028
				<u>\$ 876,425</u>	<u>\$ 834,492</u>	<u>\$ 828,215</u>		

⁽¹⁾ Represents the weighted average interest rate for each loan as of period end. With the exception of the industrial loan asset collateralized by properties in various locations in the United Kingdom, loans earn interest at the one-month Term Secured Overnight Financing Rate ("SOFR") plus a spread. The industrial loan asset collateralized by properties in the United Kingdom earns interest based on the Secured Overnight Index Average ("SONIA") plus a spread. On June 30, 2025, the 30-day SOFR and

30-day SONIA were 4.3% and 4.2% per annum, respectively. On December 31, 2024, the 30-day SOFR and 30-day SONIA were 4.5% and 4.7% per annum, respectively.

- (2) Loan amounts consist of outstanding principal balance plus unfunded loan commitments for each loan.
- (3) Maximum maturity date assumes all extension options are exercised by the borrower; however, loans may be repaid prior to such date. Extension options are subject to satisfaction of certain predefined conditions as defined in the respective loan agreements.
- (4) Reflects the acquisition date of the loan participation.

4. Secured financings, at fair value

The following table presents the value of secured financings, at fair value, as of June 30, 2025 (dollars in thousands):

Description	Weighted Average Interest Rate ⁽¹⁾	Maximum Facility Size	Available Capacity	Debt Amount Outstanding	Fair Value of Debt	Fair Value of Collateral	Current Maturity Date	Maximum Maturity Date ⁽²⁾
Citibank Repurchase Agreement	6.42%	\$ 600,000	\$ 369,714	\$ 230,286	\$ 230,102	\$ 316,735	6/21/2026	6/21/2029
MS International Repurchase Agreement	6.28%	193,770	28,986	164,784	164,628	205,189	2/15/2029	2/15/2029
WF Repurchase Agreement	6.14%	250,000	33,318	216,682	215,890	299,457	6/21/2026	6/21/2029
MS US Repurchase Agreement	6.09%	200,000	39,140	160,860	160,646	207,579	7/25/2027	7/25/2029
		<u>\$1,243,770</u>	<u>\$ 471,158</u>	<u>\$ 772,612</u>	<u>\$ 771,266</u>	<u>\$ 1,028,960</u>		

The following table presents the value of secured financings, at fair value, as of December 31, 2024 (dollars in thousands):

Description	Weighted Average Interest Rate ⁽¹⁾	Maximum Facility Size	Available Capacity	Debt Amount Outstanding	Fair Value of Debt	Fair Value of Collateral	Current Maturity Date	Maximum Maturity Date ⁽²⁾
Citibank Repurchase Agreement	6.65%	\$ 600,000	\$ 399,500	\$ 200,500	\$ 200,228	\$ 257,099	6/21/2026	6/21/2029
MS International Repurchase Agreement	6.51%	187,740	37,548	150,192	149,913	186,328	2/15/2029	2/15/2029
WF Repurchase Agreement	6.21%	250,000	36,318	213,682	212,705	297,325	6/21/2026	6/21/2029
MS US Repurchase Agreement	6.30%	200,000	142,750	57,250	56,941	87,463	7/25/2027	7/25/2029
		<u>\$1,237,740</u>	<u>\$ 616,116</u>	<u>\$ 621,624</u>	<u>\$ 619,787</u>	<u>\$ 828,215</u>		

- (1) Represents the weighted average interest rate as of period end. With the exception of MS-International Repurchase Agreement, borrowings under the Company's repurchase agreements carry interest at one-month Term SOFR plus a spread. Borrowings under MS-International Repurchase Agreement carry interest based on the SONIA plus a spread. On June 30, 2025, the 30-day SOFR and 30-day SONIA were 4.3% and 4.2% per annum, respectively. On December 31, 2024, the 30-day SOFR and 30-day SONIA were 4.5% and 4.7% per annum, respectively.
- (2) Borrowing facilities may have extension options, subject to lender approval and compliance with certain financial and administrative covenants.

On June 21, 2024, the Company entered into an amended Master Repurchase Agreement (as amended and together with the related transaction documents, the "Citibank Repurchase Agreement") with Citibank, N.A. ("Citibank") to finance the acquisition and origination by the Company of eligible loans as more particularly described in the Citibank Repurchase Agreement. As a result of the amendment, the Citibank Repurchase Agreement provides for asset purchases of up to \$600.0 million (reflecting an increase from the previous \$250.0 million limit) by Citibank. In addition, the initial maturity date of the Citibank Facility was extended to June 21, 2026 (from December 14, 2025) and the commencement dates of each of the three one-year extension option periods were rescheduled to the respective anniversary dates of the initial maturity date. The extensions are subject to satisfaction of certain predefined conditions including compliance with certain financial and administrative covenants, as well as payment of applicable extension fees. Interest is paid monthly. Recourse to the Company is limited to 25% of the then outstanding obligations of the special purpose (indirect) subsidiaries that are wholly-owned by the Company that borrow funds under the Citibank Repurchase Agreement.

On April 23, 2024, the Company entered into a Master Repurchase and Securities Contract Agreement (together with the related transaction documents, the "MS-International Repurchase Agreement"), with Morgan Stanley Bank, N.A. ("Morgan Stanley"), to finance the acquisition and origination by the Company of eligible investment assets as more particularly described in the MS-International Repurchase Agreement. The borrowing facility is subject to one or more one-year extension options at the option of Morgan Stanley. The extensions are subject to satisfaction of certain predefined conditions including compliance with certain financial and administrative covenants. Interest is paid quarterly. Recourse to the Company is limited to 25% of the then outstanding

obligations of the special purpose (indirect) subsidiaries that are wholly-owned by the Company that borrow funds under the MS-International Repurchase Agreement.

On June 21, 2024, the Company entered into a Master Repurchase and Securities Contract Agreement (together with the related transaction documents, the “WF Repurchase Agreement”), with Wells Fargo Bank, N.A. (“Wells Fargo”), to finance the acquisition and origination by the Company of eligible investment assets as more particularly described in the WF Repurchase Agreement. The initial maturity date is June 21, 2026. The borrowing facility has up to three one-year extension options. The extensions are subject to satisfaction of certain predefined conditions including compliance with certain financial and administrative covenants, as well as payment of applicable extension fees. Interest is paid monthly. Recourse to the Company is limited to 25% of the then outstanding obligations of the special purpose (indirect) subsidiaries that are wholly-owned by the Company that borrow funds under the WF Repurchase Agreement.

On July 25, 2024, the Company entered into a Master Repurchase and Securities Contract Agreement (together with the related transaction documents, the “MS-US Repurchase Agreement”), with Morgan Stanley Mortgage Capital Holdings LLC (“MSMCH”), as administrative agent for Morgan Stanley, as a buyer, to finance the acquisition and origination by the Company of eligible investment assets as more particularly described in the MS-US Repurchase Agreement. The MS-US Repurchase Agreement provides for asset purchases by MSMCH on behalf of Morgan Stanley of up to \$200.0 million with the ability to increase to \$250.0 million as more particularly described therein (the “MS-US Facility”). The maturity date of the MS-US Facility is July 25, 2027, subject to a one (1) year extension at the Company’s option and, if such option is exercised, another one (1) year extension at the Company’s request subject to the consent of MSMCH, in each case, subject to satisfaction of certain customary conditions. Recourse to the Company is limited to 25% of the then outstanding obligations of the special purpose (indirect) subsidiaries that are wholly-owned by the Company that borrow funds under the MS-US Repurchase Agreement.

Each of the Citibank Repurchase Agreement, MS-International Repurchase Agreement, WF Repurchase Agreement and the MS-US Repurchase Agreement and the respective guaranty agreements contain representations, warranties, covenants, events of default and indemnities that are customary for agreements of their type. The Company was in compliance with all covenants as of June 30, 2025 and December 31, 2024, respectively.

Counterparty Exposure

We have pledged certain real estate loan investments as collateral for our secured financing facilities. If a secured financing counterparty were to default on its obligation to return the collateral, we would be exposed to potential losses to the extent the fair value of the collateral that we have pledged to the counterparty exceeded the amount loaned to us plus interest due to the counterparty. The following table summarizes our net exposure with those counterparties where the amount at risk exceeded 10.0% of stockholder’s equity as of June 30, 2025 (dollars in thousands):

Counterparty	Debt Amount Outstanding	Net Counterparty Exposure
Morgan Stanley	\$ 325,644	\$ 87,124
Citibank	230,286	86,449
Wells Fargo Bank	216,682	82,775
	<u>\$ 772,612</u>	<u>\$ 256,348</u>

The following table represents the future principal payments under the Company’s secured borrowings, at fair value, as of June 30, 2025 (dollars in thousands):

Year	Amount
2025	\$ —
2026	446,968
2027	160,860
2028	—
2029	164,784
Thereafter	—
Total	<u><u>\$ 772,612</u></u>

5. Fair Value Measurements

U.S. GAAP establishes a hierarchy of valuation techniques based on the observability of inputs utilized in measuring financial assets and liabilities at fair value. U.S. GAAP establishes market-based or observable inputs as the preferred source of values, followed by valuation models using management assumptions in the absence of market inputs. The three levels of the hierarchy are described below:

Level I—Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level II—Inputs (other than quoted prices included in Level I) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.

Level III—Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

Valuation Process

The Company has valuation control processes in place to validate the fair value of the Company's financial assets and liabilities measured at fair value including those derived from pricing models. These control processes are designed to assure that the values used for financial reporting are based on observable inputs wherever possible. In the event that observable inputs are not available, the control processes are designed to assure that the valuation approach utilized is appropriate and consistently applied and the assumptions are reasonable.

Pricing Verification—The Company uses recently executed transactions, other observable market data such as exchange data, broker/dealer quotes, third party pricing vendors and aggregation services for validating the fair values generated using valuation models. Pricing data provided by approved external sources is evaluated using a number of approaches; for example, by corroborating the external sources' prices to executed trades, analyzing the methodology and assumptions used by the external source to generate a price and/or by evaluating how active the third party pricing source (or originating sources used by the third party pricing source) is in the market.

Unobservable Inputs—Where inputs are not observable, the Company reviews the appropriateness of the proposed valuation methodology to ensure it is consistent with how a market participant would arrive at the unobservable input. The valuation methodologies utilized in the absence of observable inputs may include extrapolation techniques and the use of comparable observable inputs.

Any changes to the valuation methodology will be reviewed by the Company's management to ensure the changes are appropriate. The methods used may produce a fair value calculation that is not indicative of net realizable value or reflective of future fair values. Furthermore, while the Company anticipates that its valuation methods are appropriate and consistent with other market participants, the use of different methodologies, or assumptions, to determine the fair value could result in a different estimate of fair value at the reporting date.

Fair Value on a Recurring Basis

The Company measures the fair value of its loans receivable and secured financings using a discounted cash flow analysis unless observable market data is available. A discounted cash flow analysis requires management to make estimates regarding future interest rates and credit spreads. The most significant of these inputs relates to credit spreads and is unobservable. Thus, the Company has determined that the fair values of loans receivable and secured financings valued using a discounted cash flow analysis should be classified in Level III of the fair value hierarchy, while mortgage loans valued using securitized pricing should be classified in Level II of the fair value hierarchy. Mortgage loans classified in Level III are transferred to Level II if securitized pricing becomes available.

The Company measures the fair value of its foreign currency forward contracts by utilizing the foreign exchange forward curve, the yields on applicable government debt, and the counterparty credit risk. The most significant of these inputs relates to the foreign exchange forward curve and the yields on the applicable government debt, which are observable. Thus, the Company has determined that the fair values of the foreign currency forward contracts should be classified in Level II of the fair value hierarchy.

Fair Value Disclosure

The following table presents the Company's financial assets and liabilities carried at fair value on a recurring basis in the Condensed Consolidated Balance Sheets by their level in the fair value hierarchy (dollars in thousands):

	June 30, 2025			December 31, 2024		
	Level I	Level II	Level III	Level I	Level II	Level III
Financial Assets:						
Loans receivable, at fair value	\$ —	\$ —	\$ 1,028,960	\$ —	\$ —	\$ 828,215
Derivative instrument assets, at fair value	—	—	—	—	85	—
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,028,960</u>	<u>\$ —</u>	<u>\$ 85</u>	<u>\$ 828,215</u>
Financial Liabilities:						
Secured financings, at fair value	\$ —	\$ —	\$ (771,266)	\$ —	\$ —	\$ (619,787)
Derivative instrument liabilities, at fair value	—	(3,430)	—	—	—	—
Total	<u>\$ —</u>	<u>\$ (3,430)</u>	<u>\$ (771,266)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (619,787)</u>

The following tables show a reconciliation of the beginning and ending fair value measurements of the Company's Loans Receivable, at fair value, for the three and six months ended June 30, 2025 and 2024, respectively (dollars in thousands):

	Three Months Ended June 30, 2025	Six Months Ended June 30, 2025
Beginning Balance	\$ 936,846	\$ 828,215
Loan originations and fundings	98,484	200,176
Loan repayments	(19,500)	(19,500)
Unrealized loss on loans receivable, at fair value	978	1,924
Foreign currency translation	12,152	18,145
Balance as of June 30, 2025	<u>\$ 1,028,960</u>	<u>\$ 1,028,960</u>

	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024
Beginning Balance	\$ 251,387	\$ 158,288
Loan originations and fundings	208,967	302,849
Unrealized loss on loans receivable, at fair value	(1,786)	(2,569)
Foreign currency translation	2,011	2,011
Balance as of June 30, 2024	<u>\$ 460,579</u>	<u>\$ 460,579</u>

The following table shows a reconciliation of the beginning and ending fair value measurements of the Company's Secured financings, at fair value, for the three and six months ended June 30, 2025 and 2024, respectively (dollars in thousands):

	Three Months Ended June 30, 2025	Six Months Ended June 30, 2025
Beginning Balance	\$ (715,778)	\$ (619,787)
Borrowings under secured financings	(87,910)	(197,334)
Repayments under secured financings	42,438	60,938
Unrealized loss on secured financings, at fair value	(258)	(509)
Foreign currency translation	(9,758)	(14,574)
Balance as of June 30, 2025	<u>\$ (771,266)</u>	<u>\$ (771,266)</u>

	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024
Beginning Balance	\$ (164,869)	\$ (120,196)
Borrowings under secured financings	(204,363)	(297,863)
Repayments under secured financings	70,500	119,250
Unrealized gain on secured financings, at fair value	1,655	1,732
Foreign currency translation	(1,622)	(1,622)
Balance as of June 30, 2024	<u>\$ (298,699)</u>	<u>\$ (298,699)</u>

The following tables contain the quantitative inputs and assumptions used for items categorized in Level 3 of the fair value hierarchy as of June 30, 2025 and December 31, 2024 (dollars in thousands):

June 30, 2025					
	Fair Value	Valuation Technique	Unobservable Inputs	Weighted Average	Range
Financial Assets:					
Loans receivable, at fair value	\$ 1,028,960	Discounted cash flow	Discount Rate	7.13%	6.73 - 7.57%
Financial Liabilities:					
Secured financings, at fair value	\$ (771,266)	Discounted cash flow	Discount Rate	6.24%	5.82 - 6.57%

December 31, 2024					
	Fair Value	Valuation Technique	Unobservable Inputs	Weighted Average	Range
Financial Assets:					
Loans receivable, at fair value	\$ 828,215	Discounted cash flow	Discount Rate	7.86%	7.53 - 8.18%
Financial Liabilities:					
Secured financings, at fair value	\$ (619,787)	Discounted cash flow	Discount Rate	6.74%	6.42 - 7.08%

6. Other assets and Other liabilities

The following table summarizes the components of Other assets (dollars in thousands):

	June 30, 2025	December 31, 2024
Prepaid assets	\$ 481	\$ 224
Derivative instrument assets, at fair value	—	85
Total other assets	<u>\$ 481</u>	<u>\$ 309</u>

The following table summarizes the components of Other liabilities (dollars in thousands):

	June 30, 2025	December 31, 2024
Derivative instrument liabilities, at fair value	\$ 3,430	\$ —
Accrued expenses	776	373
Deposit liability	—	50
Unearned revenue	—	55
Trustee compensation payable	45	45
Total other liabilities	<u>\$ 4,251</u>	<u>\$ 523</u>

7. Derivatives and Hedging Activity

Risk Management Objective of Using Derivatives

The Company is exposed to certain foreign currency risk from its investments in assets denominated in currencies other than the United States dollar (“USD”).

Designated Hedges

The Company does not generally elect to apply hedge accounting designations to its hedging instruments. As of June 30, 2025 and December 31, 2024, the Company did not have any derivatives designated as hedges.

Non-designated Hedges and Derivatives

The Company has entered into FX forward contracts pursuant to which the Company agrees to buy or sell a specified amount of foreign currency for a specified amount of USD at a future date, economically fixing the USD amounts of foreign denominated cash flows the Company expects to receive or pay related to certain foreign denominated loan investments. The following tables summarize the Company’s non-designated derivatives as of June 30, 2025 and December 31, 2024, respectively (notional amounts in thousands):

June 30, 2025				
Type of Derivative	Number of Contracts	Aggregate Notional Amount	Notional Currency	Maturity Dates
FX Contracts - Sell GBP	5	31,875	GBP	September 2025 - June 2027
Total FX derivatives	5			

December 31, 2024				
Type of Derivative	Number of Contracts	Aggregate Notional Amount	Notional Currency	Maturity Dates
FX Contracts - Sell GBP	4	31,225	GBP	March 2025 - June 2027
Total FX derivatives	4			

The table below presents the fair value of the Company’s derivative financial instruments as well as their classification on the Condensed Consolidated Balance Sheets as of June 30, 2025 and December 31, 2024 (dollars in thousands):

	Fair Value of Derivatives in an Asset Position as of		Fair Value of Derivatives in a Liability Position as of	
	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024
Foreign exchange contracts	\$ —	\$ 85	\$ (3,430)	\$ —
	\$ —	\$ 85	\$ (3,430)	\$ —

The table below presents the effect of the Company’s derivative financial instruments on the Condensed Consolidated Statements of Operations for the three months ended June 30, 2025 and 2024, respectively (dollars in thousands):

Type of Derivative	Income Statement Location	For the Three Months Ended June 30,	
		2025	2024
Foreign Currency Forward Contracts	Unrealized loss on derivative instruments, net	\$ (2,532)	\$ (474)
		\$ (2,532)	\$ (474)

The table below presents the effect of the Company’s derivative financial instruments on the Condensed Consolidated Statements of Operations for the six months ended June 30, 2025 and 2024, respectively (dollars in thousands):

Type of Derivative	Income Statement Location	For the Six Months Ended June 30,	
		2025	2024
Foreign Currency Forward Contracts	Unrealized loss on derivative instruments, net	\$ (3,515)	\$ (474)
		\$ (3,515)	\$ (474)

The Company classifies foreign currency forward contracts as Level 2 fair value measurements pursuant to the fair value hierarchy. See Note 5 – “Fair Value Measurements” for further details.

8. Redeemable common shares

As of July 14, 2023, the Company was authorized to issue an unlimited number of shares classified as common shares, par value \$0.01 per share. The Company was capitalized through the purchase by Starwood Real Estate Income Holdings, L.P. of 50 common shares for an aggregate purchase price of \$1,000. On December 1, 2023, the Company amended its Declaration of Trust, pursuant to which the Company is authorized to issue an unlimited number of common shares of beneficial interest, par value \$0.01 per share, including an unlimited number of shares classified as Class T shares, an unlimited number of shares classified as Class S shares, an unlimited number of shares classified as Class D shares, an unlimited number of shares classified as Class I shares, and an unlimited number of shares classified as Class E shares, and an unlimited number of shares classified as preferred shares of beneficial interest, par value \$0.01 per share.

On November 30, 2023, in connection with the Initial Capitalization (as defined below), the Company issued an aggregate of 1,575,000 of its common shares to Starwood Real Estate Income Holdings, L.P., an affiliate of the Advisor (“Starwood RE Income Holdings”) at a price per share of \$20.00 for an aggregate purchase price of \$31.5 million (which were subsequently converted into Class E shares in connection with the Company’s amended Declaration of Trust). Additionally, on December 1, 2023, the Company issued 28,000 Class E shares to other affiliates of Starwood Capital and investors eligible to purchase Class E shares at a price per share of \$20.00 for an aggregate purchase price of \$0.6 million in its continuous, blind pool private offering.

The following tables detail the movement in the Company’s outstanding redeemable common shares during the three and six months ended June 30, 2025 and 2024 (dollars in thousands except share amounts):

	Redeemable Common Shares
Shares outstanding as of March 31, 2025	1,675,423
Redeemable common shares issued	12,081
DRIP shares issued	460
Shares outstanding as of June 30, 2025	<u>1,687,964</u>
Proceeds from issuance of redeemable common shares	<u>\$ 260</u>

	Redeemable Common Shares
Shares outstanding as of March 31, 2024	1,628,286
Redeemable common shares issued	—
Redeemable common shares issued as performance fee compensation	6,342
DRIP shares issued	305
Shares outstanding as of June 30, 2024	<u>1,634,933</u>
Proceeds from issuance of redeemable common shares	<u>\$ 6</u>

	Redeemable Common Shares
Shares outstanding as of December 31, 2024	1,670,897
Redeemable common shares issued	16,230
DRIP shares issued	837
Shares outstanding as of June 30, 2025	<u>1,687,964</u>
Proceeds from issuance of redeemable common shares	<u>\$ 352</u>

	Redeemable Common Shares
Shares outstanding as of December 31, 2023	1,603,050
Redeemable common shares issued	24,934
Redeemable common shares issued as performance fee compensation	6,342
DRIP shares issued	607
Shares outstanding as of June 30, 2024	<u>1,634,933</u>
Proceeds from issuance of redeemable common shares	<u>\$ 512</u>

At June 30, 2025, all issued and outstanding Class E shares are classified in temporary equity given that among other reasons (i) with respect to Class E shares held by Starwood Capital or its affiliate that were issued in connection with the Initial Capitalization (as defined below), the Company is required to repurchase such shares upon the request of the holder following the Applicable Liquidity Date (as defined below), subject to certain limitations and terms set forth in the definitive subscription agreement relating to the Initial Capitalization and (ii) with respect to Class E shares held by the Advisor or its affiliate that were issued in respect of Management Fees and/or Performance Fees, the Company is required to repurchase such shares upon the request of the Advisor, subject to the terms of the Advisory Agreement (as defined below). The redeemable common shares are subsequently adjusted to equal what the redemption amount would be as if redemption were to occur at the reporting date. As of June 30, 2025 and December 31, 2024, the redeemable common shares are remeasured using the NAV per share as of June 30, 2025 and December 31, 2024, respectively, with any adjustment between the carrying value and the redemption value recorded in shareholders' equity.

Starwood Capital has agreed, from time to time, to purchase from the Company an aggregate amount of not less than \$150.0 million in Class E shares, at a price per share equal to the Company's most recently determined NAV of its Class E shares, (the "Initial Capitalization"). Starwood Capital has agreed to hold all of the Class E shares it receives in connection with the Initial Capitalization until, (i) with respect to the Class E shares issued in respect of the initial \$125.0 million of its commitment, the earlier of (a) the first date that the Company's NAV reaches \$1.0 billion and (b) December 1, 2025, (ii) with respect to the Class E shares issued in respect of Starwood Capital's commitment in excess of \$125.0 million, but not greater than \$150.0 million, at least December 1, 2025 and (iii) with respect to any remaining Class E shares (representing purchases exceeding \$150.0 million), at any time following December 1, 2023 (such date, the "Applicable Liquidity Date").

Distributions

The following table details the aggregate distributions declared for redeemable common shares for the three and six months ended June 30, 2025 and 2024, respectively:

	For the Three Months Ended June 30,	
	2025	2024
Aggregate gross distributions declared per redeemable common share	\$ 0.4680	\$ 0.3876
Shareholder servicing fee per redeemable common share ⁽¹⁾	—	—
Net distributions declared per redeemable common share	<u>\$ 0.4680</u>	<u>\$ 0.3876</u>
	For the Six Months Ended June 30,	
	2025	2024
Aggregate gross distributions declared per redeemable common share	\$ 0.8688	\$ 0.7752
Shareholder servicing fee per redeemable common share ⁽¹⁾	—	—
Net distributions declared per redeemable common share	<u>\$ 0.8688</u>	<u>\$ 0.7752</u>

⁽¹⁾ There is no shareholder servicing fee with respect Class E shares. Refer to Note 10 – "Related Party Transactions" below for further information on shareholder servicing fees.

9. Shareholders' Equity

Authorized Capital

As of July 14, 2023, the Company was authorized to issue an unlimited number of shares classified as common shares, par value \$0.01 per share. On December 1, 2023, the Company amended its Declaration of Trust, pursuant to which the Company is authorized to issue an unlimited number of common shares of beneficial interest, par value \$0.01 per share, including an unlimited number of shares classified as Class T shares, an unlimited number of shares classified as Class S shares, an unlimited number of shares classified as Class D shares, an unlimited number of shares classified as Class I shares, and an unlimited number of shares classified as Class E shares, and an unlimited number of shares classified as preferred shares of beneficial interest, par value \$0.01 per share. The Company is conducting a continuous, blind pool private offering, pursuant to which it is offering and selling its common shares to a limited number of accredited investors (as defined in Regulation D under the Securities Act of 1933, as amended), including common shares classified as Class T shares, Class S shares, Class D shares, Class I shares and Class E shares. The share classes have different upfront selling commissions and ongoing shareholder servicing fees. The per share purchase price for each class of its common shares will vary and will generally equal the Company's prior month's NAV per share, as calculated monthly, plus applicable upfront selling commissions and dealer manager fees.

Common Shares

On October 31, 2023, the Company commenced its continuous, blind pool private offering of an unlimited number of its common shares.

The following tables detail the movement of and net proceeds received from the Company's outstanding common shares for the three and six months ended June 30, 2025 and 2024 (dollars in thousands except share amounts):

	Class S Common Shares	Class I Common Shares	Total
Shares outstanding as of March 31, 2025	5,566,962	4,321,249	9,888,211
Common shares issued	603,392	523,782	1,127,174
DRIP shares issued	74,704	49,945	124,649
Common shares repurchased	(6,419)	(6,238)	(12,657)
Shares outstanding as of June 30, 2025	<u>6,238,639</u>	<u>4,888,738</u>	<u>11,127,377</u>
Proceeds from issuance of common shares	<u>\$ 13,744</u>	<u>\$ 11,546</u>	<u>\$ 25,290</u>

	Class S Common Shares	Class I Common Shares	Total
Shares outstanding as of March 31, 2024	1,969,181	868,544	2,837,725
Common shares issued	1,830,698	1,842,452	3,673,150
DRIP shares issued	30,581	18,603	49,184
Shares outstanding as of June 30, 2024	<u>3,830,460</u>	<u>2,729,599</u>	<u>6,560,059</u>
Proceeds from issuance of common shares	<u>\$ 37,603</u>	<u>\$ 37,269</u>	<u>\$ 74,872</u>

	Class S Common Shares	Class I Common Shares	Total
Shares outstanding as of December 31, 2024	5,064,764	3,823,418	8,888,182
Common shares issued	1,043,901	977,947	2,021,848
DRIP shares issued	136,393	93,611	230,004
Common shares repurchased	(6,419)	(6,238)	(12,657)
Shares outstanding as of June 30, 2025	<u>6,238,639</u>	<u>4,888,738</u>	<u>11,127,377</u>
Proceeds from issuance of common shares	<u>\$ 23,895</u>	<u>\$ 21,520</u>	<u>\$ 45,415</u>

	Class S Common Shares	Class I Common Shares	Total
Shares outstanding as of December 31, 2023	259,750	67,050	326,800
Common shares issued	3,530,004	2,641,010	6,171,014
DRIP shares issued	40,706	21,539	62,245
Shares outstanding as of June 30, 2024	<u>3,830,460</u>	<u>2,729,599</u>	<u>6,560,059</u>
Proceeds from issuance of common shares	<u>\$ 72,226</u>	<u>\$ 53,325</u>	<u>\$ 125,551</u>

As of June 30, 2025, no Class D or Class T shares have been issued.

Share Repurchase Plan

The board of trustees has adopted a share repurchase plan, which commenced with the quarterly repurchase period ending March 31, 2024, which was the first full calendar quarter following the initial closing of the continuous private offering. Pursuant to the share repurchase plan, shareholders may request on a quarterly basis that the Company repurchase all or any portion of their shares. The Company is not obligated to repurchase any shares and may choose to repurchase only some, or even none, of the shares that have been requested to be repurchased in any particular quarter in its discretion. Repurchases will be made at the transaction price in effect on the repurchase date, except that shares that have not been outstanding for at least one year will be repurchased at 95% of the transaction price (an “Early Repurchase Deduction”). The one-year holding period is measured from the first calendar day of the month the shares were issued to the subscription closing date immediately following the prospective repurchase date. The Early Repurchase Deduction will not apply to shares acquired through the DRIP.

The aggregate NAV of total repurchases of Class T shares, Class S shares, Class D shares, and Class I shares (including repurchases at certain non-U.S. investor access funds primarily created to hold the Company’s shares) under the share repurchase plan will be limited to no more than 5% of the aggregate NAV per calendar quarter (measured using the aggregate NAV as of the end of the immediately preceding month). Shares issued to the Advisor pursuant to the Advisory Agreement (as defined below) are not subject to the share repurchase plan, including the quarterly volume limitation and the Early Repurchase Deduction.

In the event that the Company determines to repurchase some but not all of the shares submitted for repurchase during any calendar quarter under the share repurchase plan, shares repurchased at the end of the calendar quarter will be repurchased on a pro rata basis. All unsatisfied repurchase requests must be resubmitted after the start of the next calendar quarter, or upon the recommencement of the share repurchase plan, as applicable.

The board of trustees designated the following persons as “Key Persons” under the share repurchase plan: Barry Sternlicht, Jeffrey Dishner, Ellis Rinaldi, Dennis Schuh and any individual that replaces such persons. The share repurchase plan provides that if two or more Key Persons are no longer actively involved in the business and activities of Starwood Capital, or are otherwise unable or unwilling to exercise the authority and discharge those day-to-day management responsibilities with respect to Starwood Capital as are currently exercised and discharged by such Key Person(s) (such inactivity, inability or unwillingness, “Inactivity”), and Starwood Capital has not appointed one or more replacements who will fulfill substantially all of the duties of one of such Key Persons within 90 days from the date such Inactivity began (meaning, for the sake of clarity, that one Key Person’s responsibilities may remain unfilled for longer than 90 days) (a “Key Person Triggering Event”), then the Early Repurchase Deduction is waived with respect to shares that have been purchased in the 12 months preceding the expiration of five business days after the disclosure by the Company of the occurrence of such Key Person Triggering Event (“Disclosure Date”) as set forth herein. If the Disclosure Date is (x) at least one (1) business day prior to the date upon which the transaction price is made available during a quarter-ending month, the Early Repurchase Deduction shall be waived through the first repurchase date or (y) on or following the date upon which the transaction price is made available during a quarter-ending month, the Early Repurchase Deduction shall be waived through the next two (2) repurchase dates. The waiver of the Early Repurchase Deduction set forth in this paragraph will not apply to shares acquired through the DRIP.

Under the share repurchase plan, the board of trustees may amend, suspend or terminate the share repurchase plan at any time if it deems such action to be in the Company’s best interest. As a result, share repurchases may not be available each quarter.

The Company may fund repurchase requests from sources other than cash flow from operations, including, without limitation, the sale of or repayment under the Company’s assets, borrowings or net offering proceeds, and the Company has no limits on the amounts it may pay from such sources. Should repurchase requests, in the Company’s judgment, place an undue burden on the Company’s liquidity, adversely affect the Company’s operations or risk having an adverse impact on the Company as a whole, or should the Company otherwise determine that investing its liquid assets in real estate or other investments rather than repurchasing its shares is in the best interests of the Company as a whole, then the Company may choose to repurchase fewer shares than have been requested to be repurchased, or none at all. Further, the board of trustees may make exceptions to, modify or suspend the share repurchase plan if it deems in its reasonable judgment such action to be in the Company’s best interest.

For the three and six months ended June 30, 2025, the Company fulfilled \$0.3 million of repurchase requests. For the three and six months ended June 30, 2024, the Company did not receive any repurchase requests under the share repurchase plan.

Distributions

The following table details the aggregate distributions declared for Class S and Class I common shares for the three and six months ended June 30, 2025 and 2024:

	For the Three Months Ended June 30, 2025		For the Six Months Ended June 30, 2025	
	Class S Common Shares	Class I Common Shares ⁽¹⁾	Class S Common Shares	Class I Common Shares ⁽¹⁾
Aggregate gross distributions declared per common share	\$ 0.4680	\$ 0.4680	\$ 0.8688	\$ 0.8688
Shareholder servicing fee per common share	(0.0427)	—	(0.0848)	—
Net distributions declared per common share	<u>\$ 0.4253</u>	<u>\$ 0.4680</u>	<u>\$ 0.7840</u>	<u>\$ 0.8688</u>

	For the Three Months Ended June 30, 2024		For the Six Months Ended June 30, 2024	
	Class S Common Shares	Class I Common Shares ⁽¹⁾	Class S Common Shares	Class I Common Shares ⁽¹⁾
Aggregate gross distributions declared per common share	\$ 0.3876	\$ 0.3876	\$ 0.7752	\$ 0.7752
Shareholder servicing fee per common share	(0.0428)	—	(0.0851)	—
Net distributions declared per common share	<u>\$ 0.3448</u>	<u>\$ 0.3876</u>	<u>\$ 0.6901</u>	<u>\$ 0.7752</u>

⁽¹⁾ There is no shareholder servicing fee with respect Class I shares. Refer to Note 10 – “Related Party Transactions” below for further information on shareholder servicing fees.

10. Related Party Transactions

The Company entered into an advisory agreement (the “Advisory Agreement”) with the Advisor. Pursuant to the Advisory Agreement, the Advisor is responsible for sourcing, evaluating and monitoring the Company’s investment opportunities and making decisions related to the acquisition, origination, management, financing and disposition of the Company’s assets, in accordance with the Company’s investment objectives, guidelines, policies and limitations, subject to oversight by the Company’s board of trustees.

Management and Performance Fee

As compensation for its services provided pursuant to the Advisory Agreement, the Advisor is paid a management fee (the “Management Fee”) equal to 1.25% of NAV per annum for the outstanding Class T shares, Class S shares, Class D shares, and Class I shares, payable monthly in arrears. The Company does not pay the Advisor the Management Fee with respect to the Class E shares. In calculating the Management Fee, the Company uses its NAV before giving effect to accruals for the Management Fee, Performance Fee, shareholder servicing fees or distributions payable on common shares. The Management Fee may be paid, at the Advisor’s election, in cash, Class I shares or Class E shares, or any combination thereof. To the extent that the Advisor elects to receive any portion of the Management Fee in Class I shares or Class E shares, the Company may repurchase such Class I shares or Class E shares from the Advisor at a later date. Any Class I shares or Class E shares obtained by the Advisor will not be subject to the Company’s share repurchase plan, including the repurchase limits and any Early Repurchase Deduction. During the three and six months ended June 30, 2024, Management Fees earned by the Advisor were approximately \$0.4 million and \$0.4 million, respectively. See “Temporary Waiver of Management Fees” below for further information.

The Advisor may be entitled to receive a performance fee (the “Performance Fee”) which is accrued monthly and payable quarterly (or part thereof that the Advisory Agreement is in effect) in arrears. The Performance Fee will be an amount, not less than zero, equal to (i) 12.5% of the cumulative Core Earnings (as defined in the Advisory Agreement) for the immediately preceding four calendar quarters (each such period, a “4-Quarter Performance Measurement Period”), subject to a hurdle rate, expressed as an annual rate of return on average adjusted capital, equal to 5.0% (the “Annual Hurdle Rate”), minus (ii) the sum of any performance fees paid to the Advisor with respect to the first three calendar quarters in the applicable 4-Quarter Performance Measurement Period. For purposes of the Performance Fee, “adjusted capital” means cumulative net proceeds generated from sales of the Company’s Class T shares, Class S shares, Class D shares and Class I shares (including proceeds from the DRIP) reduced for distributions from dispositions of the Company’s investments paid to Class T, Class S, Class D and Class I shareholders and amounts paid to Class T, Class S, Class D and Class I shareholders for share repurchases pursuant to the share repurchase plan. The Advisor will not earn a Performance Fee for any calendar quarter until the Company’s Core Earnings for the applicable 4-Quarter Performance Measurement Period exceeds the

Annual Hurdle Rate. Once the Company's Core Earnings exceed the Annual Hurdle Rate, the Advisor is entitled to a "catch-up" fee equal to the amount of Core Earnings in excess of the Annual Hurdle Rate until the Company's Core Earnings for the applicable 4-Quarter Performance Measurement Period exceed a percentage of average adjusted capital equal to the Annual Hurdle Rate divided by 0.875 (or 1 minus 0.125) for the applicable 4-Quarter Performance Measurement Period. Thereafter, the Advisor is entitled to receive 12.5% of the Company's Core Earnings. Proportional calculation methodologies to be applied prior to the completion of four full calendar quarters are defined in the Advisory Agreement. The Performance Fee may be paid, at the Advisor's election, in cash, Class I shares or Class E shares, or any combination thereof. The Company does not pay the Advisor a Performance Fee on Class E shares. To the extent that the Advisor elects to receive any portion of the Performance Fee in Class I shares or Class E shares, the Company may repurchase such Class I shares or Class E shares from the Advisor at a later date. Any Class I shares or Class E shares obtained by the Advisor will not be subject to the share repurchase plan, including the repurchase limits and any Early Repurchase Deduction.

During the three and six months ended June 30, 2025, the Advisor earned Performance Fees of \$0.6 million and \$1.2 million, respectively, which the Advisor elected to receive as cash. During the three months ended June 30, 2024, the Advisor did not earn performance fees. During the six months ended June 30, 2024, the Advisor earned Performance Fees of \$0.1 million, which were paid to the Advisor in the form of 6,342 Class E shares in April 2024.

Temporary Waiver of Management Fees

On October 16, 2024, the Board of Trustees approved Amendment No. 1 to the Advisory Agreement ("Advisory Agreement Amendment"), which amends, among other things, the provisions of the Advisory Agreement related to the waiver of the Management Fee. Pursuant to the Advisory Agreement Amendment, the Advisor agreed to an additional waiver of the Management Fee beginning on January 1, 2025, and continuing until the earlier of (x) July 1, 2026 and (y) the six months following the month in which the Company's cumulative gross proceeds generated from sales of Class T shares, Class S shares, Class D shares and Class I shares (excluding proceeds from (i) DRIP and (ii) any investment from Strategic Investors (as defined in the Advisory Agreement Amendment)) exceeds \$300.0 million (measured from and including subscriptions in January 2025).

As a result of this temporary waiver, during the three and six months ended June 30, 2025, the Advisor did not earn any Management Fees.

Due to Advisor

The Company may retain certain of the Advisor's affiliates, from time to time, for services relating to the Company's investments or its operations, which may include capital markets services, restructuring services, valuation services, underwriting and diligence services, and special servicing, as well as services related to mortgage servicing, group purchasing, consulting/brokerage, capital markets/credit origination, loan servicing and asset management, property, title and other types of insurance, management consulting and other similar operational and investment matters.

The following table details the components of Due to advisor as of June 30, 2025 and December 31, 2024 (dollars in thousands):

	June 30, 2025	December 31, 2024
Accrued operating expenses	\$ 5,642	\$ 5,071
Accrued organization costs	830	830
Accrued offering costs	2,402	2,334
Accrued management fees	—	190
Accrued performance fees	639	393
Total Due to advisor	<u>\$ 9,513</u>	<u>\$ 8,818</u>

Accrued operating expenses

The Advisor agreed to advance certain of the Company's operating expenses through December 1, 2024. The Advisor had incurred operating costs on the Company's behalf of \$5.6 million and \$5.1 million, as of June 30, 2025 and December 31, 2024, respectively. The Company will reimburse the Advisor for all such advanced operating expenses ratably over a 60-month period following January 1, 2026. Operating expenses incurred after December 1, 2024, are paid by the Company as incurred (or promptly thereafter).

Accrued organization and offering costs

The Advisor agreed to advance organization and offering costs on behalf of the Company (including legal, accounting, and other expenses attributable to the organization, but excluding upfront selling commissions, dealer manager fees and shareholder servicing fees) through December 1, 2024. The Advisor had incurred organization and offering costs on the Company's behalf of \$3.2 million, consisting of offering costs of \$2.4 million and organization costs of \$0.8 million, and \$3.1 million, consisting of offering costs of \$2.3 million and organization costs of \$0.8 million, as of June 30, 2025 and December 31, 2024, respectively. The organization costs are recorded on the Consolidated Statements of Operations and the offering costs are charged to equity. The Company will reimburse the Advisor for all such advanced organization and offering expenses ratably over a 60-month period following January 1, 2026.

Organization and offering expenses incurred after December 1, 2024, are paid by the Company as and when incurred (or promptly thereafter).

Accrued affiliate service provider expenses

The Company may retain or the Advisor may retain pursuant to the terms of the Advisory Agreement, certain of the Advisor's affiliates, from time to time, to provide services relating to the Company's investments or its operations, which may include capital markets services, restructuring services, valuation services, underwriting and diligence services, and special servicing, as well as services related to mortgage servicing, group purchasing, healthcare, consulting/brokerage, capital markets/credit origination, loan servicing and asset management, property, title and other types of insurance, management consulting and other similar operational and investment matters.

The Company has engaged Rinaldi, Finkelstein & Franklin, L.L.C., which is counsel to the Sponsor and its affiliates and is owned and controlled by Ellis F. Rinaldi, Co-General Counsel and Senior Managing Director of Starwood Capital and certain of its affiliates, to provide legal services to us on market terms. During the three and six months ended June 30, 2025, the amounts incurred for these services provided were an insignificant amount and \$0.1 million, respectively. During the three and six months ended June 30, 2024, the amounts incurred for these services provided were an insignificant amount.

The Company has incurred legal expenses from third party law firms whose lawyers have been seconded to affiliates of Starwood Capital for the purpose of providing legal services in Europe to investment vehicles sponsored by Starwood Capital. During the three and six months ended June 30, 2025 and 2024, the amounts incurred for these services provided were an insignificant amount.

Accrued Shareholder Servicing Fees

The Company entered into a deal manager agreement (the "Dealer Manager Agreement") with Starwood Capital L.L.C. (the "Dealer Manager"), on October 31, 2023. The Dealer Manager is entitled to receive shareholder servicing fees of 0.85% per annum of the aggregate NAV for Class T shares and Class S shares. For Class T shares such shareholder servicing fee includes an advisor shareholder servicing fee of 0.65% per annum, and a dealer shareholder servicing fee of 0.20% per annum, of the aggregate NAV for the Class T shares. However, with respect to Class T shares sold through certain participating broker-dealers, the advisor shareholder servicing fee and the dealer shareholder servicing fee may be other amounts, provided that the sum of such fees will always equal 0.85% per annum of the NAV of such shares. The Class D shares will incur a shareholder servicing fee equal to 0.25% per annum of the aggregate NAV for the Class D shares.

The Dealer Manager anticipates that substantially all of the shareholder servicing fees will be retained by, or reallocated (paid) to, participating broker-dealers. For the three and six months ended June 30, 2025 and 2024, the Dealer Manager did not retain any shareholder servicing fees, respectively.

The Company accrues the estimated amount of the future shareholder servicing fees payable to the Dealer Manager for Class T, Class S, and Class D shares based on the estimated hold period of those shares. Accrued shareholder servicing fees were \$8.8 million and \$7.3 million as of June 30, 2025, and December 31, 2024, respectively.

Related Party Share Ownership

As of June 30, 2025, the Advisor, its employees, and its affiliates, including the Company's trustees, hold an aggregate of \$34.1 million in the Company, held as Class E common shares of the Company.

11. Net Income Per Common Share

Net income per common share for the three and six months ended June 30, 2025 and 2024, is computed as follows (in thousands, except for share and per share data):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Basic:				
Net income attributable to Starwood Credit Real Estate Income Trust	\$ 6,591	\$ 1,530	\$ 12,655	\$ 2,570
Weighted-average common shares outstanding, basic	12,301,032	7,230,612	11,805,619	5,420,360
Basic net income per common share	\$ 0.54	\$ 0.21	\$ 1.07	\$ 0.47
Diluted:				
Net income attributable to Starwood Credit Real Estate Income Trust	\$ 6,591	\$ 1,530	\$ 12,655	\$ 2,570
Weighted-average common shares outstanding, diluted ⁽¹⁾	12,302,358	7,232,007	11,806,572	5,421,381
Diluted net income per common share	\$ 0.54	\$ 0.21	\$ 1.07	\$ 0.47

⁽¹⁾ Diluted earnings per share takes into account the effect of dilutive instruments, such as unvested common share awards. As of June 30, 2025, 2,932 unvested common shares were outstanding.

12. Economic Dependency

The Company is dependent on the Advisor and its affiliates for certain services that are essential to it, including the sale of the Company's common shares, origination, acquisition and disposition decisions, and certain other responsibilities. In the event that the Advisor and its affiliates are unable to provide such services, the Company would be required to find alternative service providers.

13. Commitments and Contingencies

As of June 30, 2025, the Company had unfunded commitments of approximately \$53.7 million for nine of its loan investments. The unfunded commitments consist of funding for leasing costs, interest reserves, and capital expenditures. Funding depends on timing of lease-up, renovation, and capital improvements as well as satisfaction of certain cash flow tests. Therefore, the exact timing and amounts of such future loan fundings are uncertain. The Company expects to fund its loan commitments over the weighted average remaining term of the related loans.

As of June 30, 2025 and December 31, 2024, the Company was not subject to any material litigation nor is the Company aware of any material litigation threatened against it.

14. Subsequent Events

Capital Raise Activity

During the period from July 1, 2025 through August 12, 2025, the Company issued the following shares, including shares issued under the DRIP (in thousands, except for share amounts):

	Common shares		DRIP	
	Shares	Gross Proceeds	Shares	Gross Proceeds
Class S Common Shares	325,233	\$ 6,632	56,772	\$ 1,145
Class I Common Shares	112,202	2,261	34,690	699
Class E Common Shares	2,407	50	327	7
Total	439,842	\$ 8,943	91,789	\$ 1,851

Investment Activity

During the period from July 1, 2025 through August 12, 2025, the Company originated one commercial real estate loan with an outstanding principal amount of \$81.8 million and a total loan amount of \$82.0 million. The loan earns interest at one-month term SOFR plus a spread for a weighted average interest rate of 6.6% based on the interest rate in effect at origination.

CalSTRS Investment

On July 17, 2025, the Company and California State Teachers' Retirement System ("CalSTRS") entered into a Subscription Agreement (the "CalSTRS Subscription Agreement"), pursuant to which CalSTRS has agreed, from time to time, to purchase from the Company an aggregate amount of up to \$200 million in Class I shares on or before July 16, 2027, at a price per share equal to the Company's most recently determined NAV of its Class I shares (the "CalSTRS Commitment"). CalSTRS has agreed to hold all of the Class I shares it receives in respect of the CalSTRS Commitment until the earlier of (i) the first date that the Company's NAV reaches \$1.5 billion and (ii) July 16, 2029, at which point CalSTRS may, from time to time, request that the Company repurchase its Class I shares through the Company's share repurchase plan.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

References herein to "Starwood Credit Real Estate Income Trust" "Company," "we," "us," or "our" refer to Starwood Credit Real Estate Income Trust and its subsidiaries unless the context specifically requires otherwise.

The following discussion should be read in conjunction with the condensed consolidated financial statements and notes thereto appearing elsewhere in this Quarterly Report on Form 10-Q.

Forward-Looking Statements

Some of the statements in this Quarterly Report on Form 10-Q constitute forward-looking statements because they relate to future events or our future performance or financial condition. The forward-looking statements contained in this Quarterly Report on Form 10-Q may include statements as to:

- our future operating results;
- our business prospects and the prospects of the assets in which we may invest;
- the impact of the investments that we expect to make;
- our ability to raise sufficient capital to execute our investment and lending strategies;
- our ability to source adequate investment and lending opportunities to efficiently deploy capital;
- our current and expected financing arrangements;
- the effect of global and national economic and market conditions generally upon our operating results, including, but not limited to, changes with respect to inflation, interest rate changes and supply chain disruptions, and changes in government rules, regulations and fiscal policies;
- the adequacy of our cash resources, financing sources and working capital;
- the timing and amount of cash flows and distributions, if any, from our investments;
- our contractual arrangements and relationships with third parties;
- actual and potential conflicts of interest with the Advisor (as defined below) or any of its affiliates;
- the dependence of our future success on the general economy and its effect on the assets in which we may invest;
- our use of financial leverage;
- the ability of the Advisor to locate suitable investments for us and to monitor and administer our investments;
- the ability of the Advisor or its affiliates to attract and retain highly talented professionals;
- our ability to structure investments in a tax-efficient manner and the effect of changes to tax legislation and our tax position; and
- the tax status of the assets in which we may invest.

In addition, words such as "anticipate," "believe," "expect" and "intend" indicate a forward-looking statement, although not all forward-looking statements include these words. The forward-looking statements contained in this Quarterly Report on Form 10-Q involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth in "Item 1A. Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2024 and elsewhere in this Quarterly Report on Form 10-Q. Other factors that could cause actual results to differ materially include:

- changes in the U.S. and global economy, particularly those affecting the real estate industry;
- risks associated with possible disruption in our operations or the economy generally due to terrorism, military and trade conflicts, natural disasters, epidemics or other events having a broad impact on the economy;
- adverse conditions in the areas where our investments or the properties underlying such investments are located and local real estate conditions;
- our portfolio may be concentrated in certain industries and geographies, and, as a consequence, our aggregate return may be substantially affected by adverse economic or business conditions affecting that particular type of asset or geography;

- limitations on our business and our ability to satisfy requirements to maintain our exclusion from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”), or to maintain our qualification as a REIT (as defined below) for U.S. federal income tax purposes;
- since there is no public trading market for our common shares, repurchase of common shares by us will likely be the only way to dispose of your shares. Our share repurchase plan provides shareholders with the opportunity to request that we repurchase their shares on a quarterly basis, but we are not obligated to repurchase any shares and may choose to repurchase only some, or even none, of the shares that have been requested to be repurchased in any particular quarter in our discretion. In addition, repurchases will be subject to available liquidity and other significant restrictions. Further, our board of trustees may make exceptions to, modify and suspend our share repurchase plan if, in its reasonable judgment, it deems such action to be in our best interest. As a result, our common shares should be considered as having only limited liquidity and at times may be illiquid;
- distributions are not guaranteed and may be funded from sources other than cash flow from operations, including, without limitation, borrowings, net offering proceeds, the sale of our assets, and repayments of our real estate debt investments, and we have no limits on the amounts we may fund from such sources;
- the purchase and repurchase prices for our common shares are generally based on our prior month’s net asset value (“NAV”) and are not based on any public trading market; and
- future changes in laws or regulations and conditions in our operating areas.

Although we believe the assumptions underlying the forward-looking statements, are reasonable, any of the assumptions could be inaccurate, and, as a result, the forward-looking statements based on those assumptions also could be inaccurate. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this Quarterly Report on Form 10-Q should not be regarded as a representation by us that our plans and objectives will be achieved. These forward-looking statements apply only as of the date of this Quarterly Report on Form 10-Q. Moreover, we assume no duty and do not undertake to update the forward-looking statements.

Overview

We are a Maryland statutory trust formed on June 28, 2023 and we have elected to be taxed as a real estate investment trust (“REIT”) for U.S. federal income tax purposes, commencing with our taxable year ended December 31, 2023. We are externally managed by our investment advisor, Starwood Credit Advisors, L.L.C. (“Advisor”), an indirect, wholly-owned subsidiary of Starwood Capital Group Holdings L.P. (“Starwood Holdings” and together any entity that is controlled by, controls or is under common control with Starwood Holdings, and any of their respective predecessor entities, “Starwood Capital” or the “Sponsor”). Starwood Capital is a private investment firm with a primary focus on global real estate.

Our investment objectives are to invest primarily in debt on high quality assets that will enable us to:

- provide current income in the form of regular, stable cash distributions to achieve an attractive distribution yield;
- preserve and protect invested capital, by focusing on high quality real assets with current cash-flow and/or limited business plan risk;
- reduce downside risk through conservative loan-to-value ratios against high quality real assets with meaningful borrower equity or implied equity; and
- provide an investment alternative for shareholders seeking to allocate a portion of their long-term investment portfolios to commercial real estate (“CRE”) debt with lower volatility than publicly traded securities and compelling risk-adjusted returns compared to fixed income alternatives.

Our investment strategy is to originate, acquire, finance and manage a portfolio of primarily CRE debt investments, focused on senior secured, floating-rate CRE loans diversified across both geography and asset class. Our CRE loans are primarily secured by properties located in U.S., European and Australian markets and include multifamily, industrial and select other CRE asset classes, such as student housing, self-storage, life science and data center assets. To a lesser extent, we may invest in (1) other real asset lending strategies, including infrastructure loans, and (2) other real estate-related debt and equity securities, including commercial mortgage-backed securities (“CMBS”) and collateralized loan obligations (“CLOs”).

Our board of trustees has ultimate oversight and policy-making authority over us, including responsibility for governance, financial controls, compliance and disclosure. Pursuant to an advisory agreement with the Advisor (the “Advisory Agreement”), we delegated to the Advisor the authority to source, evaluate and monitor our investment opportunities and make decisions related to the acquisition, management, financing and disposition of our assets, in accordance with our investment objectives, guidelines, policies and limitations, subject to oversight by our board of trustees.

We are structured as a non-listed, perpetual-life REIT, and therefore our securities are not listed on a national securities exchange and, as of the date of this Quarterly Report on Form 10-Q, there is no plan to list our securities on a national securities exchange. We are organized as a holding company and conduct our business primarily through our various subsidiaries. We have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, for U.S. federal income tax purposes and generally will not be subject to U.S. federal income taxes on our taxable income to the extent we annually distribute all of our REIT taxable income to shareholders and maintain our qualification as a REIT.

We are conducting a continuous, blind pool private offering of our common shares in reliance on an exemption from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”), to investors that are (i) accredited investors (as defined in Regulation D under the Securities Act) and (ii) in the case of common shares sold outside the United States, to persons that are not “U.S. persons” (as defined in Regulation S under the Securities Act), which commenced on October 31, 2023. We intend to use the net proceeds primarily to make investments in commercial real estate debt and real estate-related securities consistent with our investment guidelines and for other general corporate purposes. We currently sell our common shares in our continuous, blind pool private offering on a monthly basis.

We are not aware of any material trends or uncertainties, favorable or unfavorable, other than national economic conditions affecting real estate generally, that may be reasonably anticipated to have a material impact on either capital resources or the revenues or income to be derived from our real estate debt investments or real estate-related securities, other than those referred to in this Quarterly Report on Form 10-Q.

Q2 2025 Highlights

Capital Activity and Distributions

- Raised approximately \$25.6 million of gross proceeds from the sale of our common shares through the continuous offering during the three months ended June 30, 2025.
- Declared monthly net distributions totaling approximately \$5.5 million for the three months ended June 30, 2025.

Investments

- During the three months ended June 30, 2025, we originated three floating rate senior commercial real estate loans in the United States with a total commitment amount of \$109.7 million and total outstanding principal amount of \$95.0 million as of June 30, 2025.
- During the three months ended June 30, 2025, we received \$19.5 million in proceeds attributable to the repayment of a loan receivable, at par.

Financing Activity

- Received net borrowings of \$45.5 million from our secured financing facilities during the three months ended June 30, 2025.

Financial Condition

Investment Activities

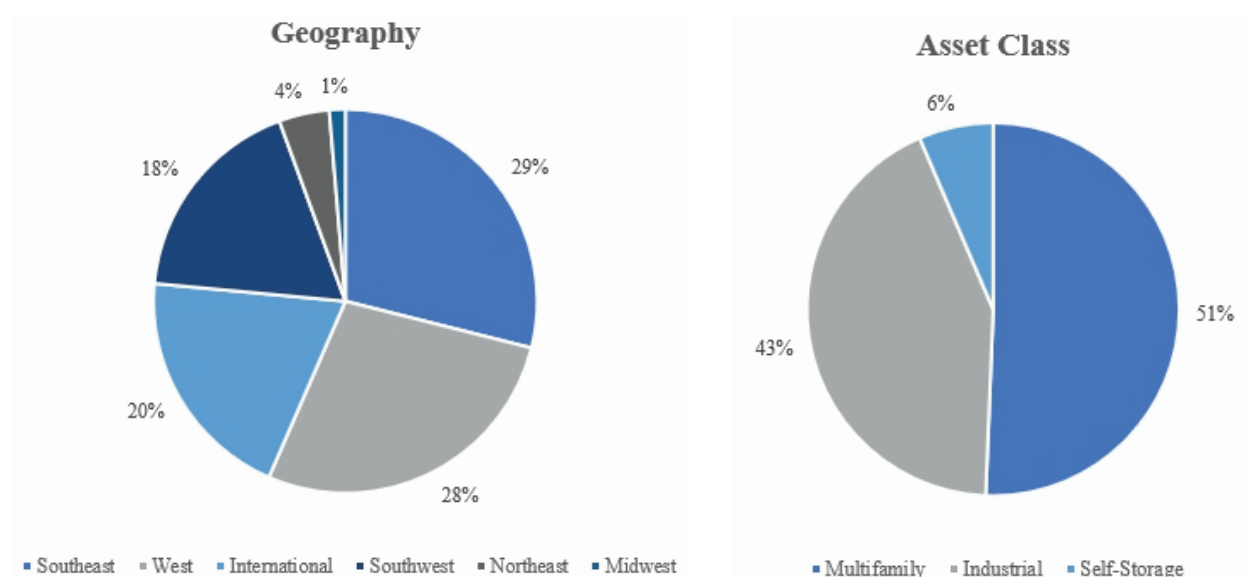
As of June 30, 2025, we had originated twelve USD-denominated CRE mortgage loans and invested in one GBP-denominated loan participation. The following table details the statistics of our loans receivable portfolio as of June 30, 2025 (dollars in thousands):

Description	Location	Origination Date	Weighted Average Interest Rate ⁽¹⁾	Loan Amount ⁽²⁾	Principal Balance Outstanding	Fair Value	Payment Terms	Maximum Maturity Date ⁽³⁾
Industrial	Canoga Park, CA	5/8/2025	7.18%	\$ 28,930	\$ 20,910	\$ 20,910	Monthly; I/O	5/9/2030
Multifamily	Phoenix, AZ	4/16/2025	6.73%	34,750	34,585	34,585	Monthly; I/O	5/9/2030
Multifamily	San Antonio, TX	4/3/2025	6.82%	46,000	39,530	39,530	Monthly; I/O	4/9/2030
Industrial	Mooreville, NC	3/31/2025	6.82%	36,750	35,000	35,000	Monthly; I/O	4/9/2030
Multifamily	Grand Prairie, TX	2/21/2025	6.82%	46,000	45,420	45,420	Monthly; I/O	3/9/2030
Multifamily	Spring, TX	12/12/2024	7.22%	32,800	32,800	32,800	Monthly; I/O	1/9/2030
Industrial	Nashville, TN & Atlanta, GA	9/12/2024	7.17%	188,326	181,652	180,211	Monthly; I/O	10/9/2029
Multifamily	Berkeley, CA	8/7/2024	7.07%	88,000	88,000	87,629	Monthly; I/O	8/7/2029
Self-Storage	Various, United States	8/1/2024	7.52%	78,209	67,066	66,548	Monthly; I/O	8/1/2029
Multifamily	New York, NY	6/27/2024	7.57%	20,000	20,000	19,898	Monthly; I/O	7/9/2029
Industrial	Various, United Kingdom	4/25/2024 ⁽⁴⁾	6.97%	205,980	205,980	205,189	Quarterly; I/O	4/25/2026
Multifamily	Houston, TX	2/9/2024	7.57%	96,300	96,300	96,005	Monthly; I/O	2/11/2030
Multifamily	Hayward, CA	11/30/2023	7.48%	185,050	166,164	165,235	Monthly; I/O	12/9/2028
				<u>\$ 1,087,095</u>	<u>\$ 1,033,407</u>	<u>\$ 1,028,960</u>		

- (1) Represents the weighted average interest rate for each loan as of period end. With the exception of the industrial loan asset collateralized by properties in various locations in the United Kingdom, loans earn interest at the one-month Term Secured Overnight Financing Rate (“SOFR”) plus a spread. The industrial loan asset collateralized by properties in the United Kingdom earns interest based on the Secured Overnight Index Average (“SONIA”) plus a spread. On June 30, 2025, the 30-day SOFR and 30-day SONIA were 4.3% and 4.2% per annum, respectively.
- (2) Loan amounts consist of outstanding principal balance plus unfunded loan commitments for each loan.
- (3) Maximum maturity date assumes all extension options are exercised by the borrower; however, loans may be repaid prior to such date. Extension options are subject to satisfaction of certain predefined conditions as defined in the respective loan agreements.
- (4) Reflects the acquisition date of the loan participation.

Summary of Portfolio

The following charts further describe the composition of our investments in loans based on fair value as of June 30, 2025:



Financing Activities

We finance the majority of our loan portfolio through repurchase agreements. The table below summarizes our repurchase agreement borrowings as of June 30, 2025 (dollars in thousands):

Description	Weighted Average Interest Rate ⁽¹⁾	Maximum Facility Size	Available Capacity	Debt Amount Outstanding	Fair Value of Debt	Fair Value of Collateral	Current Maturity Date	Maximum Maturity Date ⁽²⁾
Citibank Repurchase Agreement	6.42%	\$ 600,000	\$ 369,714	\$ 230,286	\$ 230,102	\$ 316,735	6/21/2026	6/21/2029
MS International Repurchase Agreement	6.28%	193,770	28,986	164,784	164,628	205,189	2/15/2029	2/15/2029
WF Repurchase Agreement	6.14%	250,000	33,318	216,682	215,890	299,457	6/21/2026	6/21/2029
MS US Repurchase Agreement	6.09%	200,000	39,140	160,860	160,646	207,579	7/25/2027	7/25/2029
		<u>\$1,243,770</u>	<u>\$ 471,158</u>	<u>\$ 772,612</u>	<u>\$ 771,266</u>	<u>\$ 1,028,960</u>		

(1) Represents the weighted average interest rate as of period end. With the exception of MS-International Repurchase Agreement, borrowings under our repurchase agreements carry interest at one-month Term SOFR plus a spread. Borrowings under MS-International Repurchase Agreement carry interest based on the SONIA plus a spread. On June 30, 2025, the 30-day SOFR and 30-day SONIA were 4.3% and 4.2% per annum, respectively.

(2) Borrowing facilities may have extension options, subject to lender approval and compliance with certain financial and administrative covenants.

On June 21, 2024, we entered into an amended Citibank Repurchase Agreement with Citibank to finance the acquisition and origination by us of eligible loans as more particularly described in the Citibank Repurchase Agreement. As a result of the amendment, the Citibank Repurchase Agreement provides for asset purchases of up to \$600.0 million (reflecting an increase from the previous \$250.0 million limit) by Citibank. In addition, the initial maturity date of the Citibank Facility was extended to June 21, 2026 (from December 14, 2025) and the commencement dates of each of the three one-year extension option periods were rescheduled to the respective anniversary dates of the initial maturity date. The extensions are subject to satisfaction of certain predefined conditions including compliance with certain financial and administrative covenants, as well as payment of applicable extension fees. Interest is paid monthly. Recourse to us is limited to 25% of the then outstanding obligations of the special purpose (indirect) subsidiaries that are wholly-owned by us that borrow funds under the Citibank Repurchase Agreement.

On April 23, 2024, we entered into the MS-International Repurchase Agreement, with Morgan Stanley, to finance the acquisition and origination by us of eligible investment assets as more particularly described in the MS-International Repurchase Agreement. The borrowing facility is subject to one or more one-year extension options at the option of Morgan Stanley. The extensions are subject to satisfaction of certain predefined conditions including compliance with certain financial and administrative covenants. Interest is paid quarterly. Recourse to us is limited to 25% of the then outstanding obligations of the special purpose (indirect) subsidiaries that are wholly-owned by us that borrow funds under the MS-International Repurchase Agreement.

On June 21, 2024, we entered into the WF Repurchase Agreement, with Wells Fargo, to finance the acquisition and origination by us of eligible investment assets as more particularly described in the WF Repurchase Agreement. The initial maturity date is June 21, 2026. The borrowing facility has up to three one-year extension options. The extensions are subject to satisfaction of certain predefined conditions including compliance with certain financial and administrative covenants, as well as payment of applicable extension fees. Interest is paid monthly. Recourse to us is limited to 25% of the then outstanding obligations of the special purpose (indirect) subsidiaries that are wholly-owned by us that borrow funds under the WF Repurchase Agreement.

On July 25, 2024, we entered into the MS-US Repurchase Agreement, with MSMCH, as administrative agent for Morgan Stanley, as a buyer, to finance the acquisition and origination by us of eligible investment assets as more particularly described in the MS-US Repurchase Agreement. The MS-US Repurchase Agreement provides for asset purchases by MSMCH on behalf of Morgan Stanley of up to \$200.0 million with the ability to increase to \$250.0 million as more particularly described in the MS-US Facility. The maturity date of the MS-US Facility is July 25, 2027, subject to a one (1) year extension at our option and, if such option is exercised, another one (1) year extension at our request subject to the consent of MSMCH, in each case, subject to satisfaction of certain customary conditions. Recourse to us is limited to 25% of the then outstanding obligations of the special purpose (indirect) subsidiaries that are wholly-owned by us that borrow funds under the MS-US Repurchase Agreement.

Results of Operations

The following table sets forth information regarding our condensed consolidated results of operations for the three months ended June 30, 2025 and 2024, respectively:

	For the Three Months Ended June 30,		2025 vs. 2024
	2025	2024	\$
Revenues			
Interest income	\$ 18,551	\$ 8,240	\$ 10,311
Other revenue	1,559	2,103	(544)
Total revenues	<u>20,110</u>	<u>10,343</u>	<u>9,767</u>
Expenses			
Interest expense	12,133	4,650	7,483
General and administrative expenses	1,132	865	267
Financing fees	193	2,906	(2,713)
Management fees	—	351	(351)
Performance fees	639	—	639
Total expenses	<u>14,097</u>	<u>8,772</u>	<u>5,325</u>
Gains (losses) from operations and financing			
Unrealized gain (loss) on loans receivable, at fair value	978	(1,786)	2,764
Unrealized (loss) gain on secured financings, at fair value	(258)	1,655	(1,913)
Unrealized loss on derivative instruments, net	(2,532)	(474)	(2,058)
Gain on foreign currency translation	2,390	564	1,826
Total gain (loss) from operations and financing, net	<u>578</u>	<u>(41)</u>	<u>619</u>
Net income	<u>\$ 6,591</u>	<u>\$ 1,530</u>	<u>\$ 5,061</u>

Revenues

During the three months ended June 30, 2025, revenues totaled approximately \$20.1 million, and consisted of interest income of \$18.6 million and other revenue of approximately \$1.5 million. During the three months ended June 30, 2024, revenues totaled approximately \$10.3 million, and consisted of interest income of \$8.2 million and other revenues of approximately \$2.1 million. The increase was primarily due to the larger loan portfolio, which resulted in an approximate \$10.3 million increase in the interest income during the three months ended June 30, 2025, as compared to the same period ended June 30, 2024.

Expenses

During the three months ended June 30, 2025 and 2024, interest expense was approximately \$12.1 million and \$4.7 million, respectively. The \$7.4 million increase in interest expense was due to the larger debt balances outstanding related to the financing of the expanded loan investment portfolio, as described above. During the three months ended June 30, 2025 and 2024, financing fees totaled \$0.2 million and \$2.9 million, respectively, which were primarily comprised of commitment fees paid to lenders in association with our repurchase facilities. The \$2.7 million decrease is primarily due to additional one-time costs incurred during the three months ended June 30, 2024, as a result of expanding the number of financing facilities available to us to finance loan origination activities.

General and administrative expenses primarily relate to professional fee expenses and other operating expenses, including audit fee expense, legal fee expense and tax compliance fees. During the three months ended June 30, 2025 and 2024, general and administrative expenses remained consistent and were approximately \$1.1 million and \$0.9 million, respectively.

As compensation for its services provided pursuant to the Advisory Agreement, the Advisor is paid a management fee (the “Management Fee”) equal to 1.25% of NAV per annum for the outstanding Class T shares, Class S shares, Class D shares, and Class I shares, payable monthly in arrears. For the three months ended June 30, 2025, we did not incur any Management Fees due to a temporary waiver of Management Fees. Refer to Note 10 – “*Related Party Transactions*” for further information. For the three months ended June 30, 2024, Management Fees were approximately \$0.4 million.

The Advisor may be entitled to receive a performance fee (the “Performance Fee”), which is accrued monthly and payable quarterly (or part thereof that the Advisory Agreement is in effect) in arrears. Performance Fees are earned by our Advisor based on achieving certain performance hurdles as a percentage of average adjusted capital. For the three months ended June 30, 2025, Performance Fees were approximately \$0.6 million. The Advisor did not earn performance fees during the three months ended June 30, 2024. The increase is primarily due to an increase in core earnings for the three months ended June 30, 2025 compared to the three months ended June 30, 2024.

During the three months ended June 30, 2025, the net gain from operations and financing increased approximately \$0.6 million compared to the three months ended June 30, 2024. The increase is primarily due to unrealized gains on loans receivable, at fair value, of approximately \$1.0 million, offset by unrealized losses on secured financings, at fair value, of approximately \$0.3 million.

The following table sets forth information regarding our condensed consolidated results of operations for the six months ended June 30, 2025 and 2024, respectively:

	For the Six Months Ended June 30,		2025 vs. 2024
	2025	2024	\$
Revenues			
Interest income	\$ 34,537	\$ 12,899	\$ 21,638
Other revenue	2,668	3,101	(433)
Total revenues	37,205	16,000	21,205
Expenses			
Interest expense	22,401	7,360	15,041
General and administrative expenses	2,081	1,695	386
Financing fees	354	3,088	(2,734)
Management fees	—	412	(412)
Performance fees	1,199	128	1,071
Total expenses	26,035	12,683	13,352
Gains (losses) from operations and financing			
Unrealized gain (loss) on loans receivable, at fair value	1,924	(2,569)	4,493
Unrealized (loss) gain on secured financings, at fair value	(509)	1,732	(2,241)
Unrealized loss on derivative instruments, net	(3,515)	(474)	(3,041)
Gain on foreign currency translation	3,585	564	3,021
Total gain (loss) from operations and financing, net	1,485	(747)	2,232
Net income	\$ 12,655	\$ 2,570	\$ 10,085

Revenues

During the six months ended June 30, 2025, revenues totaled approximately \$37.2 million, and consisted of interest income of \$34.5 million and other revenue of \$2.7 million. During the six months ended June 30, 2024, revenues totaled approximately \$16.0 million, and consisted of interest income of \$12.9 million and other revenues of \$3.1 million. The increase was primarily due to loan origination activity throughout the year ended December 31, 2024 and during the six months ended June 30, 2025, which resulted in an \$21.6 million increase in the interest income during the six months ended June 30, 2025, as compared to June 30, 2024.

Expenses

During the six months ended June 30, 2025 and 2024, interest expense was approximately \$22.4 million and \$7.4 million, respectively. The \$15.0 million increase in interest expense was due to the larger debt balances outstanding required to finance the expanded loan investment portfolio, as described above. During the six months ended June 30, 2025 and 2024 financing fees totaled \$0.4 million and \$3.1 million, respectively. The \$2.7 million decrease is primarily due to additional one-time costs incurred on during the six months ended June 30, 2024, as a result of expanding the number of financing facilities available to us to finance loan origination activities.

General and administrative expenses primarily relate to professional fee expenses and other operating expenses, including audit fee expense, legal fee expense and tax compliance fees. During the six months ended June 30, 2025 and 2024, general and administrative expenses remained consistent and were approximately \$2.1 million and \$1.7 million, respectively.

As compensation for its services provided pursuant to the Advisory Agreement, the Advisor is paid a management fee (the “Management Fee”) equal to 1.25% of NAV per annum for the outstanding Class T shares, Class S shares, Class D shares, and Class I shares, payable monthly in arrears. For the six months ended June 30, 2025, we did not incur any Management Fees due to a temporary waiver of Management Fees. Refer to Note 10 – “*Related Party Transactions*” for further information. For the six months ended June 30, 2024, Management Fees were approximately \$0.4 million.

The Advisor may be entitled to receive a performance fee (the “Performance Fee”), which is accrued monthly and payable quarterly (or part thereof that the Advisory Agreement is in effect) in arrears. Performance Fees are earned by our Advisor based on achieving certain performance hurdles as a percentage of average adjusted capital. For the six months ended June 30, 2025 and 2024, Performance Fees were approximately \$1.2 million and \$0.1 million, respectively. The increase is primarily due to an increase in core earnings for the six months ended June 30, 2025 compared to the six months ended June 30, 2024.

During the six months ended June 30, 2025, the net gain from operations and financing increased approximately \$2.2 million. The increase is primarily due to unrealized gains on loans receivable, at fair value, of approximately \$1.9 million, offset by unrealized losses on secured financings, at fair value, of approximately \$0.5 million.

Liquidity and Capital Resources

Liquidity is a measure of our ability to meet our cash requirements, including ongoing commitments to repay borrowings, fund and maintain our assets and operations, make new investments where appropriate, pay distributions to our shareholders and other general business needs. We closely monitor our liquidity position and believe that we have sufficient current liquidity and access to additional liquidity to meet our financial obligations for at least the next 12 months.

Starwood Capital has agreed, from time to time, to purchase from us an aggregate amount of not less than \$150 million in Class E shares, at a price per share equal to our most recently determined NAV of its Class E shares (the “Initial Capitalization”).

Further, Starwood Capital has agreed to hold all of the Class E shares it receives in connection with the Initial Capitalization until, (i) with respect to the Class E shares issued in respect of the initial \$125 million of its commitment, the earlier of (a) the first date that our NAV reaches \$1 billion and (b) December 1, 2025, (ii) with respect to the Class E shares issued in respect of Starwood Capital’s commitment in excess of \$125 million, but not greater than \$150 million, at least December 1, 2025 and (iii) with respect to any remaining Class E shares (representing purchases exceeding \$150 million), at any time following December 1, 2023. We may issue additional Class E shares to Starwood Capital in connection with our acquisition of additional assets in the future. As of June 30, 2025, Starwood Capital has purchased \$31.5 million in our Class E shares.

We expect to generate cash primarily from (i) the net proceeds of our continuous private offering, (ii) cash flows from our operations, (iii) existing borrowing facilities and any financing arrangements we may enter into in the future and (iv) any future offerings of our equity or debt securities.

Our primary uses of cash will be for (i) origination or acquisition of commercial mortgage loans and other commercial debt investments, CMBS and other commercial real estate-related debt investments, (ii) the cost of operations (including the Management Fee and Performance Fee), (iii) debt service of any borrowings, (iv) periodic repurchases, including under our share repurchase plan (as described herein), and (v) cash distributions to the holders of our shares to the extent declared by our board of trustees.

We will seek to enter into additional bank debt, credit facility, and / or other financing arrangements on at least customary and market terms; however, such incurrence would be subject to prevailing market conditions, our liquidity requirements, contractual and regulatory restrictions and other factors.

As of June 30, 2025, we have established multiple loan repurchase facilities. We have pledged various loans as collateral and, based on the value of the loans pledged as collateral and the maximum advanced rates attributed to each loan by the lender, is permitted to borrow as much as \$471.2 million. As of June 30, 2025, we had \$772.6 million in outstanding debt. Refer to Note 3 – “*Loans Receivable, at fair value*” and Note 4 – “*Secured financings, at fair value*” for further information.

Our primary sources of liquidity include cash and cash equivalents and available borrowings under our secured financing agreements. The following table summarizes amounts available under these sources as of June 30, 2025 (dollars in thousands):

	June 30, 2025
Cash and cash equivalents	\$ 5,342
Available borrowings on undrawn repurchase agreements	471,158
Total available liquidity and capital resources ⁽¹⁾	<u>\$ 476,500</u>

⁽¹⁾ Excludes a \$118.5 million undrawn equity commitment by Starwood Capital.

Cash Flows

The following table provides a breakdown of the net change in our cash and cash equivalents (dollars in thousands):

	For the Six Months Ended	
	June 30, 2025	June 30, 2024
Net cash provided by operating activities	\$ 11,792	\$ 8,005
Net cash used in investing activities	(180,676)	(302,849)
Net cash provided by financing activities	167,992	297,792
Effect of exchange rate changes on cash	18	175
Net (decrease) increase in cash and cash equivalents	<u>\$ (874)</u>	<u>\$ 3,123</u>

Cash flows provided by operating activities increased by approximately \$3.8 million during the six months ended June 30, 2025 compared to the six months ended June 30, 2024, primarily due to an increase in loan origination and overall investment activity throughout the year ended December 31, 2024 and during the six months ended June 30, 2025. Cash flows provided by operating activities of \$11.8 million during the six months ended June 30, 2025, were primarily due to interest income and origination fees earned on the loan receivables held during the period.

Cash flows used in investing activities decreased by approximately \$122.2 million during the six months ended June 30, 2025 compared to the six months ended June 30, 2024, primarily due to loan originations and future fundings of \$200.2 million during the six months ended June 30, 2025 compared to \$302.8 million of loan originations and future fundings during the six months ended June 30, 2024. Cash flows used in investing activities also decreased by \$19.5 million as a result of a loan repayment during the six months ended June 30, 2025.

Cash flows provided by financing activities decreased by approximately \$129.8 million during the six months ended June 30, 2025 compared to the six months ended June 30, 2024, primarily due to a \$88.7 million decrease in net proceeds from the issuance of our common shares and a decrease of \$42.2 million in net borrowings on our secured financing lines.

NAV and NAV Per Share Calculation

For the purposes of the monthly NAV computations, our board of trustees, including a majority of our independent trustees, adopted valuation guidelines that contain a comprehensive set of methodologies used by the Advisor and our Independent Valuation Advisor. These guidelines are designed to produce a fair and accurate estimate of the price that would be received for our investments in an arm's-length transaction between a willing buyer and a willing seller in possession of all material information about our investments. Periodically, our board of trustees, including a majority of our independent trustees, reviews the appropriateness of our valuation procedures. From time to time, our board of trustees, including a majority of our independent trustees, may adopt changes to the valuation guidelines if it (1) determines that such changes are likely to result in a more accurate reflection of NAV or a more efficient or less costly procedure for the determination of NAV without having a material adverse effect on the accuracy of such determination or (2) otherwise reasonably believes a change is appropriate for the determination of NAV. Refer to Item 7. – “*Management's Discussion and Analysis of Financial Condition and Results of Operations*” on our Annual Report on Form 10-K for further information on the valuation methods used for the purposes of determining the valuations of our assets and liabilities, calculating related unrealized gains and losses and our monthly NAV.

With regard to the NAV calculations, the same fair values of assets and liabilities determined by the application of the methods cited above are generally used in monthly NAV calculations. To calculate our NAV for purposes of establishing a purchase and repurchase price for our common shares, we have adopted a model that calculates the fair values of our assets and liabilities in accordance with our valuation guidelines. Because these fair value calculations involve significant professional judgment in the application of both observable and unobservable inputs, the calculated fair value of our assets may differ from their actual realizable value or future fair value. While we believe our NAV calculation methodologies are consistent with standard industry practices, there is no rule or regulation that requires we calculate NAV in a certain way. As a result, other REITs may use different methodologies or assumptions to determine NAV. In addition, NAV is not a measure used under GAAP and the valuations of and certain adjustments made to our assets and liabilities used in the determination of NAV differ from GAAP. Shareholders should not consider NAV to be equivalent to shareholders' equity or any other GAAP measure. The calculation of our NAV is intended to be a calculation of the fair value of our assets less our outstanding liabilities as described below and will likely differ from the book value of our equity reflected in our financial statements. Each report prepared by the Independent Valuation Advisor is addressed solely to us. The Independent Valuation Advisor's reports are not addressed to the public and may not be relied upon by any other person to establish value of the facilities that will be used in calculating NAV. Our board of trustees has delegated to the Advisor the responsibility for monitoring significant events that may materially affect the values of our facilities for determining whether the existing valuations should be re-evaluated prior to the next scheduled monthly valuation in light of such significant events.

Each share class has an undivided interest in our assets and liabilities, other than class-specific shareholder servicing fees, distributions payable, the Management Fee and the Performance Fee. In accordance with the valuation guidelines, our fund administrator calculates our NAV per share for each class as of the last calendar day of each month, including the estimated fair value of (1) real estate debt and other investments owned by us and (2) any other assets and liabilities. Because shareholder servicing fees, distributions payable, the Management Fee and the Performance Fee allocable to a specific class of shares are only included in the NAV calculation for that class, the NAV per share for our classes of shares may differ.

The monthly NAV for each class of shares is based on the net asset values of our investments, the addition of any other assets (such as cash on hand), and the deduction of any other liabilities (including distributions payable, accrued Management Fees, accrued Performance Fees and the deduction of any shareholder servicing fees specifically applicable to such class of shares). At the end of each month, before taking into consideration repurchases or class-specific expense accruals for that month, any change in our aggregate NAV (whether an increase or decrease) is allocated among each class of shares based on each class's relative percentage of

the previous aggregate NAV plus issuances of shares that were effective on the first calendar day of such month. The NAV calculation is available generally within 15 calendar days after the end of the applicable month. Changes in monthly NAV includes, without limitation, accruals of our net portfolio income, interest expense, the Management Fee, the Performance Fee, distributions, unrealized/realized gains and losses on assets, any applicable organization and offering expenses and any expense reimbursements. Changes in monthly NAV also include material non-recurring events occurring during the month. On an ongoing basis, the Advisor adjusts the accruals to reflect actual operating results and the outstanding receivable, payable and other account balances resulting from the accumulation of monthly accruals for which financial information is available. The operating expenses and organizational and offering expenses which are advanced by the Advisor to be reimbursed by us will not be included in such calculations until reimbursed to the Advisor.

For purposes of calculating our NAV, the organization expenses, offering costs and certain operating expenses paid by the Advisor through the first anniversary of the initial closing of our private offering are not deducted as an expense until reimbursed by us (however such expenses may be amortized in order to mitigate these effects). We will reimburse the Advisor for all such advanced expenses ratably over the 60 months commencing on January 1, 2026. For any organization and offering expenses and operating expenses incurred after December 1, 2024, we will reimburse the Advisor for such expenses that it incurs on behalf of us as and when incurred (or promptly thereafter).

Following the aggregation of the net asset values of our investments, the addition of any other assets (such as cash on hand) and the deduction of any other liabilities, our fund administrator incorporates any class-specific adjustments to NAV, including additional issuances and repurchases of shares and accruals of class-specific distributions, Management Fees, Performance Fees and shareholder servicing fees. The declaration of distributions will reduce the NAV for each class of shares in amounts equal to the accrued liabilities to pay any such distributions to the shareholders of record of each class. NAV per share for each class of shares is calculated by dividing such class's NAV at the end of each month by the number of shares outstanding for that class at the end of such month.

The following table provides a breakdown of the major components of our total NAV as of June 30, 2025 (dollars in thousands, except for share amount):

Components of NAV	June 30, 2025
Loans receivable, at fair value	\$ 1,028,960
Cash and cash equivalents - unrestricted	5,342
Restricted cash	5,165
Other assets ⁽¹⁾	7,009
Secured financings, at fair value	(771,266)
Other liabilities	(7,943)
Subscriptions received in advance	(5,165)
Distributions payable	(1,911)
Due to advisor (Management and Performance Fees)	(639)
Accrued shareholder servicing fees ⁽²⁾	(88)
Net asset value	\$ 259,464
Number of outstanding shares (all classes)	12,815

(1) Other assets represents accrued interest receivable, prepaid expenses, and unamortized debt facility costs. In accordance with the fair value option under U.S. GAAP, direct costs incurred in the establishment of debt facilities are expensed at the time the facilities are established. For purposes of NAV, these costs are capitalized and amortized over the life of the debt facility, therefore included in the above amount.

(2) Accrued shareholder servicing fee represents the accrual for the full cost of the shareholder servicing fee for Class T, Class S and Class D shares. Under U.S. GAAP, we accrued an estimate of the full cost of the shareholder servicing fees over the life of each share as an offering cost at the time we sold each of the Class T, Class S and Class D shares. For purposes of NAV, we recognize the shareholder servicing fee as a reduction of NAV on a monthly basis.

The following table reconciles U.S. GAAP shareholders' equity and redeemable common shares per our Condensed Consolidated Balance Sheet to our NAV (dollars in thousands):

Reconciliation of Shareholders' Equity and Redeemable Common Shares to NAV		June 30, 2025
Shareholders' equity and redeemable common shares	\$	241,764
Adjustments:		
Organization expenses and offering costs advanced by Advisor ⁽¹⁾		3,232
Operating expenses advanced by Advisor ⁽²⁾		4,580
Accrued shareholder service fee ⁽³⁾		8,732
Unamortized debt facility costs ⁽⁴⁾		1,156
NAV	\$	<u>259,464</u>

- (1) This represents the unamortized amount of organization expenses and offering costs advanced by the Advisor. The Advisor had agreed to advance organization and offering expenses on behalf of us (including legal, accounting, and other expenses attributable to the organization, but excluding upfront selling commissions, dealer manager fees and shareholder servicing fees) through December 1, 2024. We will reimburse the Advisor for all such advanced expenses ratably over the 60 months commencing on January 1, 2026. Organization and offering expenses incurred after December 1, 2024 are paid by us as and when incurred (or promptly thereafter).
- (2) This represents the unamortized amount of operating expenses advanced by the Advisor. The Advisor agreed to advance certain of our operating expenses through December 1, 2024. We will reimburse the Advisor for such advanced expenses ratably over the 60 months commencing on January 1, 2026. Operating expenses incurred after December 1, 2024 are paid by us and deducted as an expense for NAV as and when incurred (or promptly thereafter).
- (3) Under U.S. GAAP, an estimate of the full cost of the shareholder servicing fees over the life of each share is accrued as an offering cost at the time of sale of the Class T, Class S and Class D shares. For purposes of NAV, we recognize the shareholder servicing fee as a reduction of NAV on a monthly basis.
- (4) In accordance with the fair value option under U.S. GAAP, direct costs incurred in the establishment of debt facilities are expensed at the time the facilities are established. For purposes of NAV, these costs are capitalized and amortized over the initial term of the debt facility.

The following table provides a breakdown of our total NAV and NAV per share by class as of June 30, 2025 (dollars and shares in thousands, except for per share data):

	Class S Common Shares	Class I Common Shares	Class E Common Shares	Total
NAV Per Share				
Net asset value	\$ 125,845	\$ 98,506	\$ 35,113	\$ 259,464
Number of outstanding shares	6,239	4,888	1,688	12,815
NAV Per Share as of June 30, 2025	<u>\$ 20.17</u>	<u>\$ 20.15</u>	<u>\$ 20.80</u>	

Distribution Policy

Any distributions we make will be at the discretion of our board of trustees, considering factors such as our earnings, cash flow, capital needs and general financial condition. As a result, our distribution rates and payment frequency may vary from time to time. Shareholders will not be entitled to receive a distribution if your shares are repurchased prior to the applicable time of the record date.

Our board of trustees' discretion as to the payment of distributions will be directed, in substantial part, by its determination to cause us to comply with the REIT requirements. To maintain our qualification as a REIT, we generally are required to make aggregate annual distributions to our shareholders of at least 90% of our REIT taxable income, determined without regard to the distributions-paid deduction and excluding net capital gains.

Beginning December 29, 2023, we have declared monthly distributions for each class of common shares then-outstanding, which are generally paid three days after month-end. Each class of our common shares received the same gross distribution per share, which was in aggregate \$0.8688 per share during the six months ended June 30, 2025. The net distribution varies for each class based on the applicable shareholder servicing fee, which is deducted from the gross distribution per share and paid to the Dealer Manager.

The table below details the net distribution for each of our share classes for the six months ended June 30, 2025:

Record Date	Class S Common Shares	Class I Common Shares	Class E Common Shares
January 31, 2025	\$ 0.1191	\$ 0.1336	\$ 0.1336
February 28, 2025	0.1205	0.1336	0.1336
March 31, 2025	0.1191	0.1336	0.1336
April 30, 2025	0.1419	0.1560	0.1560
May 31, 2025	0.1415	0.1560	0.1560
June 30, 2025	0.1419	0.1560	0.1560
Total	\$ 0.7840	\$ 0.8688	\$ 0.8688

The following table summarizes our distributions declared during the six months ended June 30, 2025 and 2024 (in thousands):

	For the Six Months Ended June 30, 2025			For the Six Months Ended June 30, 2024		
	Amount	%		Amount	%	
Distributions						
Payable in cash	\$ 4,930	50	%	\$ 2,287	57	%
Reinvested in shares	4,874	50	%	1,708	43	%
Total distributions	<u>\$ 9,804</u>	<u>100</u>	<u>%</u>	<u>\$ 3,995</u>	<u>100</u>	<u>%</u>
Sources of Distributions						
Cash flows from operating activities ⁽¹⁾	\$ 9,804	100	%	\$ 3,995	100	%
Offering proceeds	—	—	%	—	—	%
Total sources of distributions	<u>\$ 9,804</u>	<u>100</u>	<u>%</u>	<u>\$ 3,995</u>	<u>100</u>	<u>%</u>
Total cash flows from operating activities	\$ 11,792			\$ 8,005		

⁽¹⁾ As of June 30, 2025, our inception to date cash flows from operating activities funded 100% of our distributions.

Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations is based upon our condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of the financial statements in accordance with GAAP involves significant judgments and assumptions and requires estimates about matters that are inherently uncertain. There have been no material changes to our Critical Accounting Estimates, including significant accounting policies that we believe are the most affect by our judgment, estimates and assumptions, which are described in our Annual Report on Form 10-K for the year ended December 31, 2024. Refer to Note 2 – “*Summary of Significant Accounting Policies*” to our financial statements for further descriptions of such accounting policies.

Recent Accounting Developments

Refer to Note 2 – “*Summary of Significant Accounting Policies*” to the financial statements for a discussion of recent accounting developments and the expected impact to our financial statements.

Subsequent Events

Capital Raise Activity

During the period from July 1, 2025 through August 12, 2025, we issued the following shares, including shares issued under the DRIP (in thousands, except for share amounts):

	Common shares		DRIP	
	Shares	Gross Proceeds	Shares	Gross Proceeds
Class S Common Shares	325,233	\$ 6,632	56,772	\$ 1,145
Class I Common Shares	112,202	2,261	34,690	699
Class E Common Shares	2,407	50	327	7
Total	439,842	\$ 8,943	91,789	\$ 1,851

Investment Activity

During the period from July 1, 2025 through August 12, 2025, we originated one commercial real estate loan with an outstanding principal amount of \$81.8 million and a total loan amount of \$82.0 million. The loan earns interest at one-month term SOFR plus a spread for a weighted average interest rate of 6.6% based on the interest rate in effect at origination.

CalSTRS Investment

On July 17, 2025, we and California State Teachers' Retirement System ("CalSTRS") entered into a Subscription Agreement (the "CalSTRS Subscription Agreement"), pursuant to which CalSTRS has agreed, from time to time, to purchase from us an aggregate amount of up to \$200 million in Class I shares on or before July 16, 2027, at a price per share equal to the our most recently determined NAV of its Class I shares (the "CalSTRS Commitment"). CalSTRS has agreed to hold all of the Class I shares it receives in respect of the CalSTRS Commitment until the earlier of (i) the first date that our NAV reaches \$1.5 billion and (ii) July 16, 2029, at which point CalSTRS may, from time to time, request that we repurchase its Class I shares through the our share repurchase plan.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

As a smaller reporting company, as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), we are not required to provide the information required under this item.

Item 4. Controls and Procedures***Evaluation of Disclosure Controls and Procedures***

An evaluation of the effectiveness of the design and operation of our “disclosure controls and procedures” (as defined in Rule 13a-15(e) under the Exchange Act), as of the end of the period covered by this Quarterly Report on Form 10-Q was made under the supervision and with the participation of our management, including our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”). Based upon this evaluation, our CEO and CFO have concluded that our disclosure controls and procedures (a) are effective to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC rules and forms and (b) include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls over Financial Reporting

There have been no changes in our “internal control over financial reporting” (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may be involved in various claims and legal actions in the ordinary course of business. As of June 30, 2025, we were not subject to any material legal proceedings.

Item 1A. Risk Factors

For information regarding factors that could affect our results of operations, financial condition and liquidity, see the risk factors discussed in *Item 1A. Risk Factors* in our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the SEC. There have been no material changes from the risk factors set forth in *Item 1A. Risk Factors* in our Annual Report on Form 10-K for the year ended December 31, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

We are engaging in a continuous, unlimited private placement offering of our common shares to “accredited investors” (as defined in Rule 501 promulgated pursuant to the Securities Act) made pursuant to exemptions provided by Section 4(a)(2) of the Securities Act and applicable state securities laws. Shares granted to trustees are not included within these amounts, as they are currently unvested. These shares have been issued and sold in reliance upon the available exemption from registration requirements of the 1933 Act under Section 4(a)(2) thereof and Regulation D promulgated thereunder.

The below table details the common shares sold in the offering (primary and DRIP) during the three months ended June 30, 2025 (dollars in thousands except share amounts):

Date Shares Sold	Number of Common Shares Sold			Aggregate Consideration ⁽⁴⁾	
	Class S Common Shares	Class I Common Shares	Class E Common Shares	Total	
April 1, 2025 ⁽¹⁾	238,080	69,892	138	\$	6,236
May 1, 2025 ⁽²⁾	209,851	149,824	12,241		7,517
June 1, 2025 ⁽³⁾	230,165	354,011	162		11,797
Total	678,096	573,728	12,541	\$	25,550

(1) Includes 21,309 Class S shares, 15,375 Class I shares and 138 Class E shares issued on April 1, 2025, pursuant to our DRIP.

(2) Includes 26,174 Class S shares, 18,140 Class I shares and 161 Class E shares issued on May 1, 2025, pursuant to our DRIP.

(3) Includes 27,221 Class S shares, 16,431 Class I shares and 162 Class E shares issued on June 1, 2025, pursuant to our DRIP.

(4) Includes upfront selling commissions and dealer manager fees for Class S Common Shares of \$0.1 million.

Share Repurchase Plan

On November 10, 2023, our board of trustees adopted a share repurchase plan, whereby shareholders may request on a quarterly basis that we repurchase all or any portion of their shares. We commenced our share repurchase plan with the calendar quarter ended March 31, 2024, which was the first full calendar quarter following the initial closing of the continuous private offering. We may choose to repurchase all, some or none of the shares that have been requested to be repurchased at the end of any particular calendar quarter, in our discretion, subject to any limitations in the share repurchase plan.

Under our share repurchase plan, to the extent we choose to repurchase shares in any particular calendar quarter, we will only repurchase shares following the close of business as of the last calendar day of that calendar quarter (each such date, a “Repurchase Date”). Shares are repurchased at a price equal to the transaction price on the applicable Repurchase Date, except that shares that have not been outstanding for at least one year will be repurchased at 95% of the transaction price (the “Early Repurchase Deduction”). This Early Repurchase Deduction does not apply to shares acquired through our DRIP.

The aggregate NAV of total repurchases of Class T, Class S, Class D, Class I and Class E common shares (including repurchases at certain non-U.S. investor access funds primarily created to hold our shares and excluding any Early Repurchase Deduction) under our share repurchase plan is limited to no more than 5% of the aggregate NAV per calendar quarter (measured using the aggregate NAV as of the end of the immediately preceding month). Shares issued to the Advisor pursuant to the Advisory Agreement will not be

subject to these repurchase limitations. In the event that we determine to repurchase some but not all of the shares submitted for repurchase during any calendar quarter under our share repurchase plan, shares repurchased at the end of the calendar quarter will be repurchased on a pro rata basis. All unsatisfied repurchase requests must be resubmitted after the start of the next calendar quarter, or upon the recommencement of the share repurchase plan, as applicable.

Under our share repurchase plan, our board of trustees may amend, suspend or terminate our share repurchase plan at any time if it deems such action to be in our best interest. As a result, share repurchases may not be available each calendar quarter. We may fund repurchase requests from sources other than cash flow from operations, including, without limitation, the sale of or repayment under our assets, borrowings or net offering proceeds, and we have no limits on the amounts we may pay from such sources. Should repurchase requests, in our judgment, place an undue burden on our liquidity, adversely affect our operations or risk having an adverse impact on us as a whole, or should we otherwise determine that investing our liquid assets in real estate or other investments rather than repurchasing our shares is in the best interests of us as a whole, then we may choose to repurchase fewer shares than have been requested to be repurchased, or none at all. Further, our board of trustees may make exceptions to, modify or suspend our share repurchase plan if it deems in its reasonable judgment such action to be in our best interest.

The table below sets forth common share repurchases by us during the three months ended June 30, 2025, under the share repurchase plan:

Repurchase Date:	Total Number of Common Shares Repurchased ⁽¹⁾	Average Purchase Price Paid per Share	Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Maximum Number of Shares That May Yet Be Repurchased Pursuant to Publicly Announced Plans or Programs ⁽¹⁾
April 2025	12,657	\$ 20.09	12,657	—
May 2025	—	—	—	—
June 2025	—	—	—	—
Total	12,657	\$ 20.09	12,657	—

⁽¹⁾ Repurchases are limited as set forth in our share repurchase plan described above. All requests under the share repurchase plan were satisfied.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosure

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits and Financial Statement Schedules

(a) List of documents filed:

- (1) The Financial Statements of the Company. (See Item 1 above.)
- (2) Exhibits

Exhibit Number	Exhibit Description
3.1	<u>Certificate of Trust of the Company, dated June 28, 2023 (filed as Exhibit 3.1 to the Registrant's Registration Statement on Form 10 filed on August 3, 2023 and incorporated by reference herein)</u>
3.2	<u>Second Amended and Restated Declaration of Trust of the Company, dated July 17, 2025 (filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on July 21, 2025 and incorporated by reference herein)</u>
3.3	<u>Bylaws of the Company, dated December 1, 2023 (filed as Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed on December 6, 2023 and incorporated by reference herein)</u>
10.1	<u>Subscription Agreement, dated July 17, 2025, by and between the Company and California State Teachers' Retirement System (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on July 21, 2025 and incorporated by reference herein)</u>
31.1*	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2*	<u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32.1**	<u>Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
32.2**	<u>Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101	The following information from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2025, formatted in inline XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets; (ii) Condensed Consolidated Statements of Operations; (iii) Condensed Consolidated Statements of Changes in Redeemable Common Shares and Shareholders' Equity; and (iv) Condensed Consolidated Statements of Cash Flows
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

** Furnished herewith

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 12, 2025

STARWOOD CREDIT REAL ESTATE INCOME TRUST

By: /s/ Dennis G. Schuh

Name: Dennis G. Schuh

Title: Chief Executive Officer and President

(Principal Executive Officer)

Date: August 12, 2025

By: /s/ Joseph Nieto

Name: Joseph Nieto

Title: Chief Financial Officer and Treasurer

(Principal Financial Officer and Principal Accounting Officer)