

# **FS CREDIT REAL ESTATE INCOME TRUST, INC.**

## **CORPORATE GOVERNANCE GUIDELINES**

Adopted as of July 17, 2017

The Board of Directors (the “Board”) of FS Credit Real Estate Income Trust, Inc. (the “Company”) has adopted the following corporate governance guidelines (these “Corporate Governance Guidelines”) establishing a common set of expectations to assist the Board and its committees in performing their responsibilities. The Board may amend these Corporate Governance Guidelines and may adopt such additional guidelines as it believes will improve the Company’s corporate governance, or improve the operation of the Board or its Committees, so as to better serve the interests of the stockholders and other constituencies of the Company.

These Corporate Governance Guidelines are not intended to change and should be interpreted in the context of federal or state law or regulation and the Company’s articles of incorporation, as amended (the “Charter”), bylaws, as amended, (the “Bylaws”) and other corporate governance documents, and are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations.

### **THE BOARD**

#### **Role of Directors**

The Board is ultimately responsible for overseeing the management of the business and affairs of the Company and has engaged FS Real Estate Advisor, LLC (the “Adviser”) to manage the day-to-day activities of the Company, subject to the supervision of the Board. A director is expected to spend the time and effort necessary to properly discharge such director’s responsibilities, but is not required to devote his or her full time to the affairs of the Company. Accordingly, a director is expected to regularly attend meetings of the Board and committees on which such director serves, and to review any materials distributed in advance of such meetings. A director who is unable to attend a meeting is expected to notify the Chairman of the Board or the Chairman of the appropriate committee in advance of the meeting.

#### **The Board’s Goals and Responsibilities**

The Board’s primary responsibility is to oversee the management of the business and affairs of the Company in an effort to build long-term value for the Company’s stockholders by (1) preserving, protecting and returning the stockholders’ capital contributions, (2) paying cash distributions to stockholders from cash flow from operations or targeted asset sales, (3) enabling stockholders to realize a return on investment through appreciation in net asset value from proactive investment management and asset management, and (4) providing an investment alternative for stockholders seeking to allocate a portion of their long-term investment portfolios to commercial real estate debt with lower volatility than public real estate companies. To achieve these objectives, the Board will supervise and evaluate the performance of the Company (in relation to its objectives, strategy and competitors), the performance of the Adviser and Rialto Capital Management, LLC (the “Sub-Adviser”) and the relationship between the Company, the Adviser and the Sub-Adviser. The responsibilities of the Board are generally defined by statutory and judicial law (both Maryland and federal) and the rules and regulations of applicable administrative agencies (notably the Securities and Exchange Commission and state securities agencies). In managing the business and affairs of the Company, the Board shall focus its priorities on the following core responsibilities:

- Supervising and evaluating the relationship between the Company, the Adviser, the Sub-Adviser and other affiliates.
- Representing the interests of the Company's stockholders in maintaining the fulfillment of the Company's investment objectives.
- Evaluating and approving the Company's strategic direction and initiatives and monitoring implementation and results.
- Overseeing, advising and interacting with the Company's president and other senior executives and the Adviser with respect to key aspects of, and issues affecting, the business, including strategic planning, investments, borrowings, operating performance and stockholder returns.
- Approving and overseeing the Company's overall investment strategy, to originate, acquire and manage a portfolio of senior loans secured by commercial real estate primarily in the United States, focusing on floating-rate mortgage loans that are secured by first priority mortgages on transitional commercial real estate properties, including: (i) other commercial real estate mortgage loans, including fixed-rate loans, subordinated loans, B-Notes, mezzanine loans and participations in commercial mortgage loans; (ii) commercial real estate securities, including commercial mortgage-backed securities, residential mortgage-backed securities, unsecured debt of listed and un-listed REITs, collateralized debt obligations and equity or equity-linked securities; and (iii) warehouse loans secured by commercial or residential mortgages, credit loans to commercial real estate companies and portfolios of single family home mortgages.
- Establishing investment guidelines that govern the Company's investments and borrowings and limit the types of investments that may be made by the Adviser or the Sub-Adviser without specific Board approval.
- Approving and overseeing the Company's debt financing strategies, distribution policy and share repurchase program.
- Monitoring the Company's operating results and financial condition and the significant risks to the Company, including a review of the Company's fees and expenses on at least an annual basis to determine that such fees and expenses are in the best interests of the Company's stockholders.
- Selecting and evaluating a well-qualified president and Chairman of the Board of high integrity and, as appropriate, other members of the senior executive team.
- Reviewing the Adviser's and Sub-Adviser's management team and the strength and qualifications of the Adviser and the Sub-Adviser.
- Overseeing the Company's integrity and ethics, compliance with laws, financial reporting and public disclosures. In furtherance of this responsibility, the Board has adopted and, acting through its Audit Committee, shall oversee compliance with the Company's Code of Business Conduct and Ethics and promptly disclose publicly any changes to or waivers of the Code of Business Conduct and Ethics.
- Reviewing and approving, upon recommendation of the appropriate committee of the Board, all matters to be recommended for stockholder approval.
- Reviewing and approving all public filings that require approval of the full Board.

- Regularly attending Board meetings (meeting materials should be reviewed in advance).
- Performing other such responsibilities as described in the Charter and Bylaws.

### **Size of the Board**

The Charter provides for [five] members of the Board, which number may be increased or decreased from time to time pursuant to the Bylaws of the Company; provided, however, that, upon commencement of the Company's initial public offering, the total number of members of the Board must never be more than fifteen or less than three. At this time, the Board has determined that it is in the best interests of the Company and its constituencies to have a Board with [five] members.

### **Selection of New Directors**

The Board shall be responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders, except as set forth in the Bylaws.

In evaluating the persons nominated as potential directors, the Board will consider each candidate without regard to the source of the recommendation and take into account those factors that the Board determines are relevant.

### **Other Public Company Directorships**

The Company does not have a policy limiting the number of other public company boards of directors upon which a director may sit. However, the Board shall consider the number of other public company boards and other boards (or comparable governing bodies) on which a prospective nominee is a member.

Although the Company does not impose a limit on outside directorships, it does recognize the substantial time commitments attendant to Board membership and expects that the members of its Board be fully committed to devoting the amount of time necessary to fulfill their Board responsibilities, in terms of preparation for and attendance and participation at meetings.

In addition, in recognition of the enhanced time commitments associated with membership on a public company's audit committee, the Board has adopted a policy that no member of the Audit Committee may serve simultaneously on the audit committees of more than three other public companies.

## **BOARD COMPOSITION AND PERFORMANCE**

### **Independence of Directors**

The Board shall be comprised of a majority of independent directors. The definition of "independent director" is as set forth in the Charter.

The Board shall review annually the relationships that each director has with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company). Following such annual review, only those directors who the Board affirmatively determines is independent in accordance with the Charter will be considered independent directors. In the event that a director becomes aware of any change in circumstances that may result in such director no longer being considered independent, the directors shall promptly inform the Chairman of the Board.

## **Chairman of the Board**

The Board does not require the separation of the offices of the Chairman of the Board and President and Chief Executive Officer. The Board shall be free to choose its Chairman of the Board in any way that it deems best for the Company at any given point in time.

## **Directors Who Change Their Present Job Responsibility**

Whenever a member of the Board (i) is terminated from his or her existing principal employment due to fraud or willful misconduct or (ii) violates the Company's Code of Business Conduct and Ethics, Corporate Governance Guidelines or any other Company policy applicable to members of the Board from time to time, he or she shall offer his or her resignation to the Board for its consideration. The Board shall consider the resignation offer, giving due consideration to all relevant factors that the Board deems appropriate under the circumstances, including, without limitation, any rule or regulation promulgated under the Securities Exchange Act of 1934, as amended, and, if applicable, shall recommend to the Board the action to be taken with respect to such resignation offer.

The Board shall have the absolute authority to determine whether a violation has occurred with respect to clause (ii) above. Any member of the Board who offers his or her resignation pursuant to these Corporate Governance Guidelines shall not participate in the Board recommendation or action of the Board regarding whether to accept the resignation offer.

## **Director Compensation**

A director who is also an officer of the Company, the Adviser or the Sub-Adviser shall not receive compensation for services rendered as a director.

The Company believes that compensation for independent directors should be competitive. The Board will periodically review the level and form of the Company's director compensation, including how such compensation relates to director compensation of companies of comparable size, industry and complexity. Such review will also include a review of both direct and indirect forms of compensation to the Company's directors, including any charitable contributions by the Company to organizations in which a director is affiliated and consulting or other similar arrangements between the Company and a director. Changes to director compensation will be proposed to the full Board for consideration. Directors' fees (including any additional amounts paid to Chairmen and members of committees of the Board) are the only compensation a member of the Audit Committee may receive from the Company; provided, however, that a member of the Audit Committee may also receive fixed amounts of compensation under a retirement plan (including deferred compensation) from the Company for prior service with the Company so long as such compensation is not contingent in any way on continued service. Committee Chairmen may receive such additional reasonable compensation for serving in that role as may be determined from time to time.

## **Separate Sessions of Independent Directors**

The independent directors of the Company may meet in executive sessions. Any interested parties desiring to communicate with the independent directors regarding the Company may directly contact such directors by delivering correspondence to the address of the Company's headquarters in care of the Company's Secretary.

## **Attendance at Annual Meetings of Stockholders**

Directors are encouraged to attend the Company's annual meeting of stockholders.

## **Board Interaction with Investors, Analysts and Press**

The Board believes that the Adviser and the Company's executive officers generally should speak for the Company. Inadvertent or unauthorized disclosure of confidential information<sup>1</sup> by a director could violate Regulation FD and breach the director's duty to protect confidential information, which could subject the Company or the director to liability. Each director should refer all inquiries from investors, analysts or the press to the Company's President or his or her designee.

## **Board Orientation and Continuing Education**

The Company shall provide new directors with a director orientation program to familiarize such directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, code of ethics, corporate governance guidelines, principal officers, internal auditors and independent auditors. Each director is expected to participate in continuing educational programs in order to maintain the necessary level of expertise to perform his or her responsibilities as a director.

## **Self-Evaluation by the Board**

The Board will sponsor an annual self-assessment of the Board's performance as well as the performance of each committee of the Board, which shall take such form as the Board deems appropriate. The results of the self-assessment will be discussed with the full Board and each committee, and the discussion may be in the form of an oral report to the Board and each committee thereof. The assessment should include a review of any areas in which the Board or management believes the Board can make a better contribution to the Company. The Company will utilize the results of this self-evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board and making recommendations to the Board with respect to assignments of directors to various committees.

## **BOARD RELATIONSHIP TO SENIOR MANAGEMENT AND THE ADVISER**

### **Board Access to Senior Management and Adviser**

Directors shall have access to the Company's management and its outside advisors and, as appropriate, the Adviser and its management and the Sub-Adviser and its management.

Furthermore, the Board encourages senior management, from time to time, to bring managers and/or advisors into Board meetings who: (1) can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (2) represent managers with future potential that the senior management believes should be given exposure to the Board.

---

<sup>1</sup> "Confidential information" includes all non-public information entrusted to or obtained by a director by reason of his or her position on the Board, such as information regarding the strategy, business, finances and operations of the Company, minutes, reports and materials of the Board and its committees and other documents identified by the Company as confidential, including, but not limited to, non-public information concerning (i) the Company's financial condition, prospects or plans, marketing and sales programs; (ii) potential transactions with other companies or information about the Company's relationships with other parties, which the Company is obligated to maintain as confidential; and (iii) the proceedings, discussions and deliberations of the Board and its committees, including discussions between and among employees, officers and directors.

## **Reliance on Management and Outside Advice**

In performing its functions, the Board is entitled to rely on the advice, reports and opinions of the Company's officers, the Adviser's officers, the Sub-Adviser's officers, counsel, accountants, auditors and other expert advisors, as they deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

The Board, each of its committees and the independent directors collectively shall have the power to hire independent legal, financial or other advisors, as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

## **MEETING PROCEDURES**

### **Frequency of Board Meetings**

There shall be not less than four regularly scheduled meetings of the Board each year. At least one regularly scheduled meeting of the Board shall be held quarterly.

### **Meeting Attendance**

Each director should make every effort to attend all meetings of the Board and meetings of committees on which the director serves. Directors may attend by telephone to mitigate conflicts.

### **Board Materials Distributed in Advance**

In advance of each Board or committee meeting, a proposed agenda and, to the extent feasible or appropriate, information and data that is important to an understanding of the business to be discussed will be distributed. Management, in consultation with the Board, will make every attempt to see that the material provides sufficient detail to adequately address the business to be discussed. When appropriate, the information distributed will include summaries or outlines of presentations to be given at the meeting. In this way, meeting time may be conserved and discussion time focused on questions that the Board has about the material.

In the event of a pressing need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the meeting.

### **Participation in Meetings**

Each director should be sufficiently familiar with the business of the Company, including its financial statements and capital structure, and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she serves. Upon request, the Company, the Adviser and the Sub-Adviser will make appropriate personnel available to answer any questions a director may have about any aspect of the Company's business. Directors should also review the materials provided in advance of the meetings of the Board and its committees and should arrive prepared to discuss the issues presented.

The Adviser is responsible, subject to the supervision of the Board, for formalizing, proposing and implementing strategic choices, and the Board is responsible for approving strategic direction and evaluating operating results. However, as a practical matter, the Board and the Adviser will be better able to carry out their respective responsibilities if there is an ongoing dialogue among the management of the

Adviser and the members of the Board. To facilitate such dialogue, members of senior management who are not directors, members of the Adviser's management team, and other individuals may be invited to participate in Board meetings as the Board deems appropriate.

## **BOARD COMMITTEES**

### **Number, Structure and Independence of Committees**

The Board shall at all times have an Audit Committee composed solely of independent directors. For further information on the responsibilities, functions and composition of the Audit Committee, see the Audit Committee Charter. The Board may also establish various committees on which certain members of the Board serve to assist the Adviser and its affiliates in areas that directly impact the Company's operations. The majority of the members of all of these committees must be independent directors.

### **Frequency and Length of Committee Meetings**

Committee Chairmen, in consultation with committee members, will determine the frequency and length of committee meetings. Each committee shall meet at least as frequently as is required by the terms of such Committee's charter, as applicable.

### **Committee Agendas**

Committee Chairmen, in consultation with the appropriate members of senior management and the committee, will develop the committee's meeting agendas.

## **BOARD LEADERSHIP**

### **Selection of Chairman of the Board, President and Chief Executive Officer**

The Board has the responsibility to identifying potential candidates for, and selecting, the Chairman of the Board, President and Chief Executive Officer as it deems best for the Company at a given point in time. In identifying potential candidates for, and selecting, the Company's President and Chief Executive Officer, the Board shall consider, among other things, a candidate's experience, understanding of the Company's business environment, leadership qualities, knowledge, skills, expertise, integrity and reputation in the business community.

### **Succession Planning**

The Chief Executive Officer shall prepare and distribute to the Board an annual report commencing in [2018], which may be written or oral, on succession planning for all senior officers of the Company with an assessment of senior managers and their potential to succeed the Chief Executive Officer and other senior management positions. In addition, the Chief Executive Officer shall prepare, on a continuing basis thereafter, a short-term succession plan which delineates a temporary delegation of authority to certain officers of the Company, if all or a portion of the senior officers should unexpectedly become unable to perform their duties. The short-term succession plan shall be approved by the Board and shall be in effect until the Board has the opportunity to consider the situation and take action, when necessary.

## **COMMUNICATIONS WITH STOCKHOLDERS**

The Company has established the following means for stockholders to communicate concerns to the Board. If the concern relates to the Company's financial statements, accounting practices or internal controls, the concerns should be submitted in writing to the Chairman of the Audit Committee in care of the Company's Secretary at the Company's headquarters address. If the concern relates to the Company's governance practices, business ethics or corporate conduct, the concern may be submitted in writing to the Company's Secretary at the Company's headquarters address.

The Company's Whistleblower Policy prohibits the Company and its affiliates and their officers, employees and agents from discharging, demoting, suspending, threatening, harassing or in any other manner discriminating against any employee for raising a concern. If a stockholder or employee nonetheless prefers to raise his or her concern in a confidential or anonymous manner; the concern may be directed to the Compliance Officer of the Company at the Company's headquarters address.

### **CONDUCT AND ETHICS STANDARDS FOR DIRECTORS**

Directors are subject to applicable provisions of the Company's Code of Business Conduct and Ethics and the Statement on the Prohibition of Insider Trading. These policies will be made available on the Company's website.