

**STARWOOD EUROPEAN REAL ESTATE FINANCE LIMITED  
(THE “COMPANY”)**

**MANAGEMENT ENGAGEMENT COMMITTEE**

**Terms of Reference**

**Starwood European Real Estate Finance Limited (the “Company”)**

**Terms of Reference: Management Engagement Committee**

In this document, unless the context requires otherwise:

“**Administrator**” means Ipes (Guernsey) Limited (now part of the Apex Group);

“**Board**” means the Board of Directors;

“**Codes**” means the UK Corporate Governance Code and the AIC Code of Corporate Governance;

“**Committee**” means the Management Engagement Committee; and

“**Investment Manager**” means Starwood European Finance Partners Limited.

**1 Membership**

**1.1** The Committee shall comprise three members. Members of the Committee shall be appointed by the Board, on the recommendation of the Chairman of the Management Engagement Committee.

**1.2** All members of the Committee shall be directors independent of the Investment Manager.

**1.3** Only members of the Committee have the right to attend Committee meetings. However, other individuals such as external advisers and senior representatives of the Investment Manager and the Administrator may be invited to attend for all or part of any meeting as and when appropriate and necessary.

**1.4** Appointments to the Committee are made by the Board and shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the relevant appointee still meets the criteria for membership of the Committee.

**1.5** The Board shall appoint the Committee Chairman who shall be a director independent of the Investment Manager. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board. The Chairman of the Board may be Chairman of the Committee provided he or she is independent of the Investment Manager.

**2 Secretary**

**2.1** The Administrator or its nominee shall act as the Secretary of the Committee.

**3 Quorum**

**3.1** The quorum necessary for the transaction of business shall be two, provided that a majority of the directors present are resident in Guernsey. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

**4 Meetings**

**4.1** The Committee shall meet in Guernsey at least once a year and otherwise as required.

**5 Notice of Meetings**

**5.1** Meetings of the Committee shall be called by the Secretary of the Committee at the request of any of its members.

- 5.2** Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

## **6 Minutes of Meetings**

- 6.1** The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2** Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so.

## **7 Annual General Meeting**

- 7.1** The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

## **8 Duties**

- 8.1** The Committee should carry out the duties below for the Company and its subsidiaries (if any).
- 8.2** The Committee shall:
- 8.2.1** review and recommend on any proposed amendments to the investment management agreement between the Company and the Investment Manager (the "**Investment Manager Agreement**");
  - 8.2.2** monitor and review the performance of the Investment Manager in its role as investment manager of the Company;
  - 8.2.3** consider the merit of obtaining, on a regular basis, an independent appraisal of the services provided by the Investment Manager;
  - 8.2.4** put in place procedures by which the Board regularly reviews the continued retention of the Investment Manager's services;
  - 8.2.5** review the level and method of remuneration of the Investment Manager, and the notice period included in the Investment Management Agreement. The Board should give due weight to the competitive position of the Company against the peer group;
  - 8.2.6** investigate any breaches of agreed investment limits and any deviation from the agreed investment policy and strategy; and
  - 8.2.7** review the standard of the services provided by the Investment Manager under the terms of the Investment Management Agreement.

## **9 Reporting Responsibilities**

- 9.1** The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2** The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3** The Committee shall produce a report on its activities to be included in the Company's Annual Report.

## **10 Other Matters**

The Committee shall:

- 10.1** have access to sufficient resources in order to carry out its duties, including access to the Administrator for assistance as required;
- 10.2** be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
- 10.3** give due consideration to laws and regulations, the provisions of the Codes and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate; and
- 10.4** arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## **11 Authority**

The Committee is authorised:

- 11.1** to seek any information it requires from any employee of the Company, the Investment Manager and the Administrator in order to perform its duties;
- 11.2** to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference;
- 11.3** to call any employee of the Company, the Investment Manager and the Administrator to be questioned at a meeting of the Committee as and when required; and
- 11.4** to have the right to publish in the Company's Annual Report details of any issues that cannot be resolved between the Committee and the Board.

Reviewed at the meeting held on: 12 November 2018  
Next review date: 25 March 2019