UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2024

OR

☐ **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: 000-56163

FS Credit Real Estate Income Trust, Inc.

(Exact name of registrant as specified in its charter)

Maryland	**81-4446064**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
201 Rouse Boulevard Philadelphia, Pennsylvania	**19112**
(Address of principal executive offices)	**(Zip Code)**

(215) 495-1150

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

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	☐	Accelerated filer	☐
Non-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 ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

As of November 8, 2024, there were 756,004 outstanding shares of Class F common stock, 906,648 outstanding shares of Class Y common stock, 914,854 outstanding shares of Class T common stock, 65,546,321 outstanding shares of Class S common stock, 450,051 outstanding shares of Class D common stock, 4,692,963 outstanding shares of Class M common stock and 49,027,443 outstanding shares of Class I common stock.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

FS Credit Real Estate Income Trust, Inc.
Consolidated Balance Sheets
(in thousands, except share amounts)

	September 30, 2024 (Unaudited)	December 31, 2023
Assets		
Cash and cash equivalents	$ 139,399	$ 147,035
Restricted cash	80,495	108,966
Loans receivable, held-for-investment, net of credit loss allowances of $132,265 and $79,851	7,338,681	7,702,368
Mortgage-backed securities held-to-maturity, net of credit loss allowances of $173 and $71	77,327	75,238
Mortgage-backed securities, at fair value, credit loss allowances of $17,266 and $17,582	336,504	235,235
Investments in real estate, net	390,252	183,341
Receivable for investments sold and repaid	114,560	8,180
Interest receivable	53,796	42,292
Other assets	15,761	13,071
Mortgage loans held in securitization trusts, at fair value	1,650,668	950,972
Total assets(1)	$ 10,197,443	$ 9,466,698
Liabilities		
Collateralized loan obligations, net	$ 3,808,615	$ 4,301,970
Repurchase agreements payable, net	849,291	256,730
Credit facilities payable, net	910,234	910,197
Mortgage note payable, net	124,190	123,657
Due to related party	102,842	113,501
Interest payable	31,779	30,593
Payable for shares repurchased	72,028	27,397
Other liabilities	38,442	32,146
Mortgage obligations issued by securitization trusts, at fair value	1,501,303	878,545
Total liabilities(1)	7,438,724	6,674,736
Commitments and contingencies (See Note 11)		
Stockholders' equity		
Preferred stock, $0.01 par value, 100,000,000 shares authorized, 125 and 125 issued and outstanding, respectively	—	—
Class F common stock, $0.01 par value, 125,000,000 shares authorized, 753,468 and 734,184 issued and outstanding, respectively	8	7
Class Y common stock, $0.01 par value, 125,000,000 shares authorized, 906,648 and 906,648 issued and outstanding, respectively	9	9
Class T common stock, $0.01 par value, 125,000,000 shares authorized, 916,716 and 1,312,367 issued and outstanding, respectively	9	13
Class S common stock, $0.01 par value, 125,000,000 shares authorized, 64,572,078 and 64,584,819 issued and outstanding, respectively	646	646
Class D common stock, $0.01 par value, 125,000,000 shares authorized, 438,556 and 646,101 issued and outstanding, respectively	4	6
Class M common stock, $0.01 par value, 125,000,000 shares authorized, 4,659,328 and 4,939,668 issued and outstanding, respectively	47	49
Class I common stock, $0.01 par value, 300,000,000 shares authorized, 48,896,785 and 47,503,635 issued and outstanding, respectively	489	475
Additional paid-in capital	2,896,704	2,869,801
Accumulated other comprehensive income (loss)	(4,595)	(6,986)
Retained earnings (accumulated deficit)	(134,602)	(72,058)
Total stockholders' equity	2,758,719	2,791,962
Total liabilities and stockholders' equity	$ 10,197,443	$ 9,466,698

(1) The September 30, 2024 and December 31, 2023 consolidated balance sheets include assets of consolidated variable interest entities, or VIEs, that can only be used to settle obligations of the VIEs, and liabilities of consolidated VIEs for which creditors do not have recourse to FS Credit Real Estate Income Trust, Inc. As of September 30, 2024 and December 31, 2023, assets of the VIEs totaled $6,692,585 and $6,509,285, respectively, and liabilities of the VIEs totaled $5,321,027 and $5,194,011, respectively. See Note 10 to our consolidated financial statements included herein for further details.

See notes to unaudited consolidated financial statements.

FS Credit Real Estate Income Trust, Inc.
Unaudited Consolidated Statements of Operations
(in thousands, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Net interest income				
Interest income	$ 192,570	$ 192,867	$ 575,949	$ 551,164
Less: Interest expense	(118,066)	(110,572)	(340,422)	(315,461)
Interest income on mortgage loans held in securitization trusts	17,871	4,363	44,519	11,590
Less: Interest expense on mortgage obligations issued by securitization trusts	(15,835)	(3,425)	(39,328)	(9,283)
Net interest income	76,540	83,233	240,718	238,010
Other expenses				
Management fee	9,614	9,092	28,526	25,514
Performance fee	4,190	6,354	16,141	17,742
General and administrative expenses	11,738	10,008	34,439	30,446
Real estate operating expenses	2,800	—	5,635	—
Depreciation and amortization	4,251	—	7,921	—
Interest expense on real estate	2,367	—	7,079	—
Less: Expense limitation	—	—	—	(148)
Add: Expense recoupment to sponsor	—	753	—	753
Net other expenses	34,960	26,207	99,741	74,307
Other income (loss)				
Credit loss expense, net	5,190	101	(54,507)	(42,130)
Real estate operating income	6,722	—	16,799	—
Net change in unrealized gain (loss) on interest rate cap	(1,761)	(762)	(3,509)	(1,370)
Net realized gain (loss) on mortgage-backed securities, fair value option	22	—	355	—
Net realized gain (loss) on extinguishment of debt	99	265	273	265
Net realized gain (loss) on real estate, net	357	—	357	—
Net change in unrealized gain (loss) on mortgage-backed securities, fair value option	(86)	45	355	325
Unrealized gain (loss) on mortgage loans and obligations held in securitization trusts, net	458	(213)	1,536	(742)
Other income (loss), net	—	(234)	—	(1,931)
Total other income (loss)	11,001	(798)	(38,341)	(45,583)
Net income before income taxes	52,581	56,228	102,636	118,120
Income tax expense	(478)	(274)	(1,748)	(2,260)
Net income	52,103	55,954	100,888	115,860
Preferred stock dividends	(3)	(3)	(11)	(11)
Net income attributable to FS Credit Real Estate Income Trust, Inc.	$ 52,100	$ 55,951	$ 100,877	$ 115,849
Per share information—basic and diluted				
Net income per share of common stock - basic	$ 0.42	$ 0.48	$ 0.81	$ 1.04
Net income per share of common stock - diluted	$ 0.41	$ 0.48	$ 0.80	$ 1.04
Weighted average common stock outstanding - basic	124,460,864	116,419,969	123,893,732	111,391,684
Weighted average common stock outstanding - diluted	126,137,752	116,419,969	125,347,598	111,391,684

See notes to unaudited consolidated financial statements.

FS Credit Real Estate Income Trust, Inc.
Unaudited Consolidated Statements of Comprehensive Income
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Net income	$ 52,103	$ 55,954	$ 100,888	$ 115,860
Other comprehensive income				
Net change in unrealized gain (loss) on mortgage-backed securities available-for-sale	805	2,242	2,391	3,777
Total other comprehensive income (loss)	805	2,242	2,391	3,777
Comprehensive income	$ 52,908	$ 58,196	$ 103,279	$ 119,637

See notes to unaudited consolidated financial statements.

FS Credit Real Estate Income Trust, Inc.
Unaudited Consolidated Statements of Changes in Equity
(in thousands)

	Par Value										
	Common Stock Class F	Common Stock Class Y	Common Stock Class T	Common Stock Class S	Common Stock Class D	Common Stock Class M	Common Stock Class I	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)[1]	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity
Three Months Ended September 30, 2024											
Balance as of June 30, 2024	$ 7	$ 9	$ 10	$ 648	$ 4	$ 52	$ 506	$2,952,916	$ (5,400)	$ (131,889)	$ 2,816,863
Common stock issued	1	—	—	15	—	(5)	29	87,850	—	—	87,890
Distributions declared	—	—	—	—	—	—	—	—	—	(54,813)	(54,813)
Proceeds from distribution reinvestment plan	—	—	—	5	—	1	5	26,777	—	—	26,788
Repurchases of common stock	—	—	(1)	(22)	—	(1)	(51)	(178,980)	—	—	(179,055)
Stockholder servicing fees	—	—	—	—	—	—	—	1,108	—	—	1,108
Offering costs	—	—	—	—	—	—	—	(661)	—	—	(661)
Restricted stock units issued	—	—	—	—	—	—	—	7,694	—	—	7,694
Net income	—	—	—	—	—	—	—	—	—	52,103	52,103
Dividends on preferred stock	—	—	—	—	—	—	—	—	—	(3)	(3)
Other comprehensive income	—	—	—	—	—	—	—	—	805	—	805
Balance as of September 30, 2024	$ 8	$ 9	$ 9	$ 646	$ 4	$ 47	$ 489	$2,896,704	$ (4,595)	$ (134,602)	$ 2,758,719
Three Months Ended September 30, 2023											
Balance as of June 30, 2023	$ 7	$ 9	$ 15	$ 617	$ 7	$ 48	$ 435	$2,697,971	$ (10,371)	$ (58,235)	$ 2,630,503
Common stock issued	—	—	—	35	—	2	34	171,891	—	—	171,962
Distributions declared	—	—	—	—	—	—	—	—	—	(51,016)	(51,016)
Proceeds from distribution reinvestment plan	—	—	—	5	—	—	6	25,185	—	—	25,196
Repurchases of common stock	1	—	(1)	(16)	—	(2)	(11)	(71,280)	—	—	(71,309)
Stockholder servicing fees	—	—	—	—	—	—	—	(4,464)	—	—	(4,464)
Offering costs	—	—	—	—	—	—	—	(1,297)	—	—	(1,297)
Restricted stock units issued	—	—	—	—	—	—	—	7,366	—	—	7,366
Net income	—	—	—	—	—	—	—	—	—	55,954	55,954
Dividends on preferred stock	—	—	—	—	—	—	—	—	—	(3)	(3)
Other comprehensive loss	—	—	—	—	—	—	—	—	2,242	—	2,242
Balance as of September 30, 2023	$ 8	$ 9	$ 14	$ 641	$ 7	$ 48	$ 464	$2,825,372	$ (8,129)	$ (53,300)	$ 2,765,134

(1) Comprised solely of unrealized gain (loss) on mortgage-backed securities, available for sale.

See notes to unaudited consolidated financial statements.

FS Credit Real Estate Income Trust, Inc.
Unaudited Consolidated Statements of Changes in Equity
(in thousands)

	Par Value										
	Common Stock Class F	**Common Stock Class Y**	**Common Stock Class T**	**Common Stock Class S**	**Common Stock Class D**	**Common Stock Class M**	**Common Stock Class I**	**Additional Paid-In Capital**	**Accumulated Other Comprehensive Income (Loss)[(1)]**	**Retained Earnings (Accumulated Deficit)**	**Total Stockholders' Equity**
Nine Months Ended September 30, 2024											
Balance as of December 31, 2023	$ 7	$ 9	$ 13	$ 646	$ 6	$ 49	$ 475	$2,869,801	$ (6,986)	$ (72,058)	$ 2,791,962
Common stock issued	1	—	—	60	—	—	87	338,664	—	—	338,812
Distributions declared	—	—	—	—	—	—	—	—	—	(163,421)	(163,421)
Proceeds from distribution reinvestment plan	—	—	—	16	—	2	16	80,639	—	—	80,673
Repurchases of common stock	—	—	(4)	(76)	(2)	(4)	(89)	(412,525)	—	—	(412,700)
Stockholder servicing fees	—	—	—	—	—	—	—	(250)	—	—	(250)
Offering costs	—	—	—	—	—	—	—	(2,554)	—	—	(2,554)
Restricted stock units issued	—	—	—	—	—	—	—	22,929	—	—	22,929
Net income	—	—	—	—	—	—	—	—	—	100,888	100,888
Dividends on preferred stock	—	—	—	—	—	—	—	—	—	(11)	(11)
Other comprehensive income	—	—	—	—	—	—	—	—	2,391	—	2,391
Balance as of September 30, 2024	$ 8	$ 9	$ 9	$ 646	$ 4	$ 47	$ 489	$2,896,704	$ (4,595)	$ (134,602)	$ 2,758,719
Nine Months Ended September 30, 2023											
Balance as of December 31, 2022	$ 9	$ 9	$ 16	$ 549	$ 7	$ 46	$ 340	$2,314,639	$ (11,906)	$ 13,448	$ 2,317,157
Common stock issued	—	—	—	129	—	6	149	685,119	—	—	685,403
Distributions declared	—	—	—	—	—	—	—	—	—	(141,076)	(141,076)
Proceeds from distribution reinvestment plan	—	—	—	15	—	1	13	68,641	—	—	68,670
Repurchases of common stock	(1)	—	(2)	(52)	—	(5)	(38)	(240,336)	—	—	(240,434)
Stockholder servicing fees	—	—	—	—	—	—	—	(18,214)	—	—	(18,214)
Offering costs	—	—	—	—	—	—	—	(5,159)	—	—	(5,159)
Restricted stock units issued	—	—	—	—	—	—	—	20,682	—	—	20,682
Net income	—	—	—	—	—	—	—	—	—	115,860	115,860
Dividends on preferred stock	—	—	—	—	—	—	—	—	—	(11)	(11)
Other comprehensive loss	—	—	—	—	—	—	—	—	3,777	—	3,777
Adoption of ASU 2016-13, see Note 2	—	—	—	—	—	—	—	—	—	(41,521)	(41,521)
Balance as of September 30, 2023	$ 8	$ 9	$ 14	$ 641	$ 7	$ 48	$ 464	$2,825,372	$ (8,129)	$ (53,300)	$ 2,765,134

(1) Comprised solely of unrealized gain (loss) on mortgage-backed securities, available for sale.

See notes to unaudited consolidated financial statements.

FS Credit Real Estate Income Trust, Inc.
Unaudited Consolidated Statements of Cash Flows
(in thousands)

	Nine Months Ended September 30,	
	2024	**2023**
Cash flows from operating activities		
Net income	$ 100,888	$ 115,860
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Restricted stock units	22,929	20,682
Amortization of deferred fees on loans and debt securities	(10,921)	(11,636)
Amortization of deferred financing costs and discount	16,774	16,059
Credit loss expense, net	54,507	42,130
Net unrealized (gain) loss on valuation of interest rate cap	3,509	1,370
Net realized (gain) loss on sale of mortgage-backed securities, fair value option	(355)	—
Real estate depreciation and amortization	7,921	5,501
Net unrealized (gain) loss on mortgage-backed securities, fair value option	(355)	(325)
Net unrealized (gain) loss on mortgage loans and obligations held in securitization trusts	(1,536)	742
Changes in assets and liabilities		
Reimbursement due from (due to) sponsor	—	605
Interest receivable	(11,504)	(3,747)
Other assets	(6,122)	1,756
Due to related party	(1)	753
Interest payable	1,186	9,343
Other liabilities	5,462	2,526
Net cash provided by (used in) operating activities	182,382	201,619
Cash flows used in investing activities		
Origination and fundings of loans receivable	(752,822)	(1,014,971)
Principal collections from loans receivable, held-for-investment	745,399	586,298
Exit and extension fees received on loans receivable, held-for-investment	4,384	851
Purchases of mortgage-backed securities, at fair value	(114,910)	(86,636)
Principal repayments of mortgage-backed securities, at fair value	17,980	22,387
Purchases of mortgage loans held in securitization trusts, at fair value	(148,064)	—
Principal repayments of mortgage loans held in securitization trusts at fair value	72,822	—
Capital improvements to real estate	(705)	(128)
Net cash provided by (used in) investing activities	(175,916)	(492,199)
Cash flows from financing activities		
Issuance of common stock	338,812	685,403
Repurchases of common stock	(368,069)	(273,855)
Stockholder distributions paid	(82,907)	(70,506)
Stockholder servicing fees paid	(10,857)	(10,074)
Offering costs paid	(2,554)	(5,159)
Borrowings under repurchase agreements	718,695	122,261
Repayments under repurchase agreements	(126,690)	(640,322)
Borrowings under credit facilities	328,850	807,084
Repayments under credit facilities	(325,500)	(268,066)
Repayment of collateralized loan obligations	(502,961)	(40,029)
Payment of deferred financing costs	(9,392)	(2,900)
Net cash provided by (used in) financing activities	(42,573)	303,837
Total increase (decrease) in cash, cash equivalents and restricted cash	(36,107)	13,257
Cash, cash equivalents and restricted cash at beginning of period	256,001	201,618
Cash, cash equivalents and restricted cash at end of period	$ 219,894	$ 214,875

See notes to unaudited consolidated financial statements.

FS Credit Real Estate Income Trust, Inc.
Unaudited Consolidated Statements of Cash Flows
(in thousands)

	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Supplemental disclosure of cash flow information and non-cash financial activities		
Payments of interest	$ 322,462	$ 290,059
Accrued stockholder servicing fee	$ (10,607)	$ 8,140
Distributions payable	$ 8,609	$ 8,717
Reinvestment of stockholder distributions	$ 80,673	$ 68,670
Payable for shares repurchased	$ 72,028	$ 27,067
Loan principal payments held by servicer	$ 114,560	$ 46,316
Payable for investments purchased	$ —	$ 6,663
Purchase of mortgage loans held in securitization trusts at fair value	$ —	$ (6,663)
Mortgage obligations issued by securitization trusts, at fair value	$ 1,501,303	$ 298,170
Transfer of loans receivable held for investments to investments in real estate, net	$ (215,528)	$ —
Modifications accounted for as repayments and new loans	$ 66,869	$ —

See notes to unaudited consolidated financial statements.

Note 1. Principal Business and Organization

FS Credit Real Estate Income Trust, Inc., (the "Company"), was incorporated under the general corporation laws of the State of Maryland on November 7, 2016 and formally commenced investment operations on September 13, 2017. The Company is managed by FS Real Estate Advisor, LLC, ("FS Real Estate Advisor" or the "adviser"), a subsidiary of the Company's sponsor, Franklin Square Holdings, L.P., which does business as FS Investments ("FS Investments"), a national sponsor of alternative investment funds designed for the individual investor. FS Real Estate Advisor has engaged Rialto Capital Management, LLC, ("Rialto" or the "sub-adviser") to act as its sub-adviser. The Company is currently conducting a public offering of up to $2,750,000 of its Class T, Class S, Class D, Class M and Class I shares of common stock pursuant to a registration statement on Form S-11 filed with the Securities and Exchange Commission (the"SEC"), consisting of up to $2,500,000 in shares in its primary offering and up to $250,000 in shares pursuant to its distribution reinvestment plan. The Company is also conducting a private offering of its Class I common stock to certain accredited investors.

The Company has elected to be taxed as a real estate investment trust ("REIT"), for U.S. federal income tax purposes commencing with its taxable year ended December 31, 2017. The Company intends to be an investment vehicle of indefinite duration focused on real estate debt investments and other real estate-related assets. The shares of common stock are generally intended to be sold and repurchased by the Company on a continuous basis. The Company intends to conduct its operations so that it is not required to register under the Investment Company Act of 1940, as amended (the "1940 Act").

The Company's primary investment objectives are to: provide current income in the form of regular, stable cash distributions to achieve an attractive dividend yield; preserve and protect invested capital; realize appreciation in net asset value ("NAV") from proactive investment management and asset management; and provide 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.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation: The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The unaudited consolidated financial statements include both the Company's accounts and the accounts of its wholly owned subsidiaries and variable interest entities ("VIEs"), of which the Company is the primary beneficiary, as of September 30, 2024. All significant intercompany transactions have been eliminated in consolidation. In the opinion of management, the accompanying unaudited consolidated financial statements reflect all adjustments, which are normal and recurring in nature, necessary for fair financial statement presentation. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year. The Company has evaluated the impact of subsequent events through the date the unaudited consolidated financial statements were issued.

Use of Estimates: The preparation of the unaudited consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation: Financial Accounting Standards Board ("FASB"), Accounting Standards Codification Topic 810—Consolidation, or ASC Topic 810, provides guidance on the identification of a VIE (an entity for which control is achieved through means other than voting rights) and the determination of which business enterprise, if any, should consolidate the VIE. An entity is considered a VIE if any of the following applies: (1) the equity investors (if any) lack one or more of the essential characteristics of a controlling financial interest; (2) the equity investment at risk is insufficient to finance that entity's activities without additional subordinated financial support; or (3) the equity investors have voting rights that are not proportionate to their economic interests and the activities of the entity involve or are conducted on behalf of an investor with a disproportionately small voting interest.

The Company consolidates VIEs in which it is considered to be the primary beneficiary. The primary beneficiary is defined as the entity having both of the following characteristics: (1) the power to direct the activities that, when taken together, most significantly impact the VIE's performance; and (2) the obligation to absorb losses and right to receive the returns from the VIE that would be significant to the VIE. The Company determines whether it is the primary beneficiary of an entity subject to consolidation based on a qualitative assessment of the VIE's capital structure, contractual terms, nature of the VIE's operations and purpose and the Company's relative exposure to the related risks of the VIE on the date it becomes initially involved in the VIE. The Company reassesses its VIE determination with respect to an entity on an ongoing basis. For the Company's consolidated securitization VIEs, the third party ownership interests are reflected as liabilities in the Company's consolidated balance sheet because the beneficial

(in thousands, except share and per share amounts)

Note 2. Summary of Significant Accounting Policies (continued)

interests payable to these third parties are legally issued in the form of debt. The Company's presentation of net income attributes earnings to controlling and non-controlling interests. Refer to Note 10 for additional discussion of the Company's VIEs.

Cash, Cash Equivalents and Restricted Cash: The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The Company's uninvested cash is maintained with high credit quality financial institutions, which are members of the Federal Deposit Insurance Corporation. The Company's cash is held with major financial institutions and generally exceed federally insured limits. Restricted cash primarily represents cash held in an account to fund additional collateral interests within the Company's collateralized loan obligations.

The following table provides a reconciliation of cash, cash equivalents and restricted cash in the Company’s unaudited consolidated balance sheets to the total amount shown in the Company’s unaudited consolidated statements of cash flows:

	September 30,	
	2024	2023
Cash and cash equivalents	$ 139,399	$ 166,940
Restricted cash	80,495	47,935
Total cash, cash equivalents and restricted cash	$ 219,894	$ 214,875

Loans Receivable: The Company originates and purchases commercial real estate debt and related instruments generally to be held as long-term investments at amortized cost. Loans that the Company originates or purchases that the Company is unable to hold, or intends to sell or otherwise dispose of, in the foreseeable future are classified as held-for-sale and are carried at the lower of amortized cost or fair value. The Company's held-for-sale securities are subject to ASU 2016-13, as discussed below.

Mortgage-backed Securities: Mortgage-backed securities are classified as held-to-maturity or available-for-sale or accounted for under the fair value option. The Company determines the appropriate classification of its securities at the time they are acquired and evaluates the appropriateness of such classifications at each balance sheet date. Mortgage-backed securities are classified as held-to-maturity when the Company intends to, and has the ability to hold until maturity. Held-to-maturity securities are stated at amortized cost on the consolidated balance sheets. The Company’s remaining mortgage-backed securities are classified as either available-for-sale or accounted for under the fair value option and are reported at fair value on the consolidated balance sheets as components of Mortgage-backed securities, at fair value. The Company elected the fair value option for all mortgage-backed securities acquired during the three and nine months ended September 30, 2024. Changes in fair value for mortgage-backed securities accounted for under the fair value option are recorded in the consolidated statements of operations as a component of Net change in unrealized gain (loss) on mortgage-backed securities, fair value option. The Company chose to elect the fair value option in order to simplify the accounting treatment for its investment securities. The fair value option provides an option to elect fair value as an alternative measurement for selected financial instruments. The fair value option may be elected only upon the occurrence of certain specified events, including when the Company enters into an eligible firm commitment, at initial recognition of the financial instrument, as well as upon a business combination or consolidation of a subsidiary. The election is irrevocable unless a new election event occurs. Prior to the quarter ended June 30, 2023, all mortgage-backed securities acquired that were not classified as held-to-maturity were classified as available-for-sale, stated at fair value and the changes in fair value are recorded in other comprehensive income. The Company’s held-to-maturity and available-for-sale securities were subject to the adoption of ASU 2016-13, as discussed below.

Credit Losses: ASU 2016-13, Financial Instruments—Credit Losses: Measurement of Credit Losses on Financial Instruments (Topic 326), or ASU 2016-13, became effective for the Company on January 1, 2023. ASU 2016-13 significantly changes how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. ASU 2016-13 replaced the previous incurred loss model with a current expected credit loss (“CECL”) model for instruments measured at amortized cost. The CECL model applies to the Company's loans receivable, held-for-investment and its mortgage-backed securities held-to-maturity which are carried at amortized cost, including future funding commitments and accrued interest receivable related to those loans and securities. However, as permitted by ASC Topic 326, the Company has elected not to measure an allowance for credit losses on accrued interest receivable (which is classified separately on its consolidated balance sheets), but rather write off in a timely manner by reversing interest income and/or cease accruing interest that would likely be uncollectible.

CECL requires an entity to consider historical loss experience, current conditions, and a reasonable and supportable forecast of the macroeconomic environment. Considering the lack of historical company data related to any realized loan losses since its inception, the Company elected to estimate its general CECL reserve by using a probability-weighted analytical model that considers

Note 2. Summary of Significant Accounting Policies (continued)

the likelihood of default and loss-given-default for each individual loan. The credit loss model utilizes historical loss rates derived from a third party commercial real estate loan database with historical loan loss data beginning in 1998. The Company provides specific loan-level inputs which include loan-to-value ("LTV"), principal balances, property type, location, coupon, origination year, term, subordination, expected repayment dates and property net operating income. The Company also considers qualitative and environmental factors, including, but not limited to, reasonable and supportable macroeconomic forecasts, business conditions and trends, concentration of credit and changes in the level of such concentrations. The reasonable and supportable forecast period is followed by an immediate reversion period back to historical loss rates.

The Company's loans typically include commitments to fund incremental proceeds to its borrowers over the life of the loan, which future funding commitments are also subject to the CECL model. The CECL reserve related to future loan fundings is recorded as a component of Other liabilities on the consolidated balance sheets. This CECL reserve is estimated using the same process outlined above for outstanding loan balances, and changes in this component of the CECL reserve will similarly impact the Company's consolidated net income.

For both the funded and unfunded portions of its loans, the Company considers its internal risk rating of each loan as the primary credit quality indicator underlying the assessment. FS Real Estate Advisor and Rialto perform a quarterly review of the Company's portfolio of loans. In connection with this review, FS Real Estate Advisor and Rialto assess the risk factors of each loan and assign a risk rating based on a variety of factors, including, without limitation, LTV ratio, debt yield, property type, geographic and local market dynamics, physical condition, cash flow volatility, leasing and tenant profile, loan structure and exit plan and project sponsorship. Based on a 5-point scale, the Company's loans are rated "1" through "5," from less risk to greater risk, which ratings are defined as follows:

Loan Risk Rating	Summary Description
1	Very Low Risk
2	Low Risk
3	Medium Risk
4	High Risk/Potential for Loss
5	Impaired/Loss Likely and/or Foreclosure is Probable

Impairment is indicated when it is deemed probable that the Company will not be able to collect all amounts due to it pursuant to the contractual terms of the loan. If a loan is determined to be impaired, the Company assigns the loan a risk rating of 5 and records the impairment as a specific CECL reserve. For determining a specific CECL reserve, financial instruments are assessed outside of the CECL model on an individual basis. For collateral dependent loans that the Company determines foreclosure of the collateral is probable, the Company assigns the loan a risk rating of 5 and measures the expected losses based on the differences between the fair value of the collateral and the amortized cost basis of the loan as of the measurement date. For these loans, the allowance for expected credit losses may be zero if the fair value of the collateral on the measurement date exceeds the amortized cost basis of the loan. For collateral dependent loans where the Company determine foreclosure is not probable, a practical expedient to estimate expected losses is applied using the difference between the collateral's fair value (less costs to sell the asset if repayment is expected through the sale of the collateral) and the amortized cost basis of the loan. These valuations require significant judgments, which include assumptions regarding capitalization rates, leasing, creditworthiness of major tenants, occupancy rates, availability of financing, exit plan, loan sponsorship, actions of other lenders, and other factors deemed necessary by FS Real Estate Advisor and Rialto. Actual losses, if any, could ultimately differ from these estimates.

Separate provisions of ASC Topic 326 apply to the Mortgage-backed securities available-for-sale, which are carried at fair value with unrealized gains and losses reported as a component of Accumulated other comprehensive income (loss). The Company is required to establish an initial credit loss allowance for those available-for-sale securities that are purchased with credit deterioration ("PCD") by grossing up the amortized cost basis of each security and providing an offsetting credit loss allowance for the difference between expected cash flows and contractual cash flows, both on a present value basis. As of the January 1, 2023 effective date, no such credit loss allowance gross-up was required on available-for-sale debt securities with PCD.

The Company uses a discounted cash flow method to estimate and recognize a credit loss allowance on its available-for-sale securities. The credit loss allowance represents the difference between the security's amortized cost basis and the present value of expected cash flows. The credit loss allowance is limited to the difference between the security's fair value and its amortized cost. Changes in the credit loss allowance are recognized immediately in earnings as a component of Credit loss expense, net.

Note 2. Summary of Significant Accounting Policies (continued)

Real Estate: In accordance with the guidance for business combinations, the Company determines whether the acquisition of a property qualifies as a business combination, which requires that the assets acquired and liabilities assumed constitute a business. If the property acquired is not a business, the Company accounts for the transaction as an asset acquisition. The guidance for business combinations states that when substantially all the fair value of the gross assets to be acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the asset or set of assets is not a business. The one property acquisition to date was acquired in 2022 and was accounted for as an asset acquisition.

Upon the acquisition of a property, the Company assesses the fair value of acquired tangible and intangible assets (including land, buildings, tenant improvements, "above-market" and "below-market" leases, acquired in-place leases, other identified intangible assets and assumed liabilities) and allocates the purchase price to the acquired assets and assumed liabilities. The Company assesses and considers fair value based on estimated cash flow projections that utilize discount and/or capitalization rates that it deems appropriate, as well as other available market information. Estimates of future cash flows are based on several factors including the historical operating results, known and anticipated trends and market and economic conditions. The Company capitalizes acquisition-related costs associated with asset acquisitions.

The fair value of the tangible assets of an acquired property considers the value of the property as if it were vacant. The Company records acquired in-place lease values based on the Company's evaluation of the specific characteristics of each tenant's lease. The Company will record acquired above-market and below-market leases at their fair values which represents the present value of the difference between contractual rents of acquired leases and market rents at the time of the acquisition for the remaining lease term, discounted for tenant credit risks. The Company also considers an allocation of purchase price of other acquired intangibles, including acquired in-place leases that may have a customer relationship intangible value, including (but not limited to) the nature and extent of the existing relationship with the tenants, the tenants' credit quality and expectations of lease renewals. Based on its acquisition to date, the Company's allocation to customer relationship intangible assets has not been material.

Intangible assets and intangible liabilities are recorded as a component of other assets and other liabilities, respectively, on the Company's consolidated balance sheets. The amortization of acquired above-market, below-market, and in-place leases is recorded as a component of depreciation and amortization, on the Company's unaudited consolidated statements of operations.

The cost of buildings and improvements includes the purchase price of the Company's properties and any acquisition-related costs, along with any subsequent improvements to such properties. The Company's investments in real estate are stated at cost and are generally depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

Description	Depreciable Life
Building	30 to 42 years
Building and land improvements	2 to 20 years
Furniture, fixtures and equipment	1 to 10 years
Tenant improvements	Shorter of estimated useful life or lease term
Lease intangibles	Over lease term

The Company receives foreclosed properties in settlement of loans held for investment by taking legal title or physical possession of the properties. Foreclosed properties are generally recognized at the time the real estate is received at foreclosure sale or upon execution of a deed in lieu of foreclosure. Foreclosed properties are initially measured at fair value. If the fair value of the property is lower than the carrying value of the loan, the difference is recognized within Credit loss expense and the cumulative reserve on the loan is charged off. A gain may be recognized if the fair value of the property exceeds the carrying value of the loan.

The Company's management reviews its real estate properties for impairment each quarter or when there is an event or change in circumstances that indicates an impaired value. Since the impairment model considers real estate properties to be "long-lived assets to be held and used," cash flows to determine whether an asset has been impaired are undiscounted. Accordingly, the Company's strategy of holding properties over the long term directly decreases the likelihood of recording an impairment loss. If the Company's strategy changes or market conditions otherwise dictate an earlier sale date, an impairment loss may be recognized and such loss could be material to the Company's results. If the Company determines that an impairment has occurred, the affected assets must be reduced to their fair value. During the periods presented, no such impairment occurred.

The Company reviews its real estate assets, from time to time, in order to determine whether to sell such assets. Real estate assets are classified as held for sale when the Company commits to a plan to sell the asset, when the asset is being actively marketed for sale

Note 2. Summary of Significant Accounting Policies (continued)

at a reasonable price and the sale of the asset is probable and the transfer of the asset is expected to qualify for recognition as a completed sale within one year. Real estate assets that are held for sale are carried at the lower of the asset's carrying amount or its fair value less costs to sell.

Fair Value of Financial Instruments: Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures*, or ASC Topic 820, defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements under GAAP. Specifically, this guidance defines fair value based on exit price, or the price that would be received upon the sale of an asset or the transfer of a liability in an orderly transaction between market participants at the measurement date.

ASC Topic 820 also establishes a fair value hierarchy that prioritizes and ranks the level of market price observability used in measuring financial instruments. Market price observability is affected by a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument, and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily available quoted prices in active markets generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Financial instruments measured and reported at fair value are classified and disclosed based on the observability of inputs used in the determination, as follows:

Level 1: Generally includes only unadjusted quoted prices that are available in active markets for identical financial instruments as of the reporting date.

Level 2: Pricing inputs include quoted prices in active markets for similar instruments, quoted prices in less active or inactive markets for identical or similar instruments where multiple price quotes can be obtained, and other observable inputs, such as interest rates, yield curves, credit risks, and default rates.

Level 3: Pricing inputs are unobservable for the financial instruments and include situations where there is little, if any, market activity for the financial instrument. These inputs require significant judgment or estimation by management or third parties when determining fair value and generally represent anything that does not meet the criteria of Levels 1 and 2.

The estimated value of each asset reported at fair value using Level 3 inputs is determined by an internal committee comprised of members of senior management of FS Real Estate Advisor.

Certain of the Company's assets are reported at fair value either (i) on a recurring basis, as of each quarter-end, or (ii) on a nonrecurring basis, as a result of impairment or other events. The Company generally values its assets recorded at fair value by either (i) discounting expected cash flows based on assumptions regarding the collection of principal and interest and estimated market rates, or (ii) obtaining assessments from third-party dealers. For collateral-dependent loans that are identified as impaired, the Company measures impairment by comparing FS Real Estate Advisor's estimation of fair value of the underlying collateral, less costs to sell, to the book value of the respective loan. These valuations may require significant judgments, which include assumptions regarding capitalization rates, leasing, creditworthiness of major tenants, occupancy rates, availability of financing, exit plan, loan sponsorship, actions of other lenders, and other factors deemed necessary by FS Real Estate Advisor and Rialto.

The Company is also required by GAAP to disclose fair value information about financial instruments that are not otherwise reported at fair value in the Company's consolidated balance sheets, to the extent it is practicable to estimate a fair value for those instruments. These disclosure requirements exclude certain financial instruments and all non-financial instruments.

The Company elected the fair value option for initial and subsequent recognition of the assets and liabilities of its consolidated securitization mortgage loans held in securitization trusts and the related CMBS investments. Interest income and interest expense associated with these loans are presented separately on the unaudited consolidated statements of operations.

The Company separately presents the assets and liabilities of its consolidated securitization loans as individual line items on its consolidated balance sheets. The liabilities of its consolidated securitization loans consist solely of obligations to the bondholders of the related trusts, and are thus presented as a single line item entitled "Mortgage obligations issued by securitization trusts." The assets of its consolidated securitization loans consist principally of loans. These assets in the aggregate are likewise presented as a single line item entitled "Mortgage loans held in securitization trusts." The residual difference shown on its unaudited consolidated statements of operations in the line item "Unrealized gain (loss) on mortgage loans and obligations held in securitization trusts" represents the Company's beneficial interest in the mortgage loans.

Note 2. Summary of Significant Accounting Policies (continued)

The securitization mortgage loan assets as a whole can only be used to settle the obligations of the consolidated mortgage loans. The assets of the Company's securitization mortgage loans are not individually accessible by the bondholders, which creates inherent limitations from a valuation perspective.

The securitization mortgage loans in which the Company invests are “static”; that is, no reinvestment is permitted, and there is no active management of the underlying assets. In determining the fair value of the assets and liabilities of the securitization mortgage loans, the Company maximizes the use of observable inputs over unobservable inputs.

Liabilities of the consolidated mortgage obligations: The Company's consolidated mortgage obligations generally represent bonds that are not owned by the Company directly. The majority of these are either traded in the marketplace or can be analogized to similar securities that are traded in the marketplace. For these liabilities, pricing is considered to be Level 2, where the valuation is based upon quoted prices for similar instruments traded in active markets. The Company generally utilizes third party pricing service providers for valuing these liabilities. In order to determine whether to utilize the valuations provided by third parties, the Company conducts an ongoing evaluation of their valuation methodologies and processes, as well as a review of the individual valuations themselves. In evaluating third party pricing for reasonableness, the Company considers a variety of factors, including market transaction information for the particular bond, market transaction information for bonds within the same trust, market transaction information for similar bonds, the bond’s ratings and the bond’s subordination levels.

For the minority portion of the Company's consolidated mortgage obligations which consist of unrated or non-investment grade bonds that are not owned by the Company directly, pricing may be either Level 2 or Level 3. If independent third party pricing similar to that noted above is available, the Company considers the valuation to be Level 2. If such third party pricing is not available, the valuation is generated from model-based techniques that use significant unobservable assumptions, and the Company considers the valuation to be Level 3. For mortgage obligations classified as Level 3, valuation is determined based on discounted expected future cash flows which take into consideration expected duration and yields based on market transaction information, ratings, subordination levels, vintage and current market spread. Mortgage obligations may shift between Level 2 and Level 3 of the fair value hierarchy if the significant fair value inputs used to price the mortgage obligations become or cease to be observable.

Assets of the consolidated mortgage loans: The individual assets of a mortgage loan are inherently incapable of precise measurement given their illiquid nature and the limitations on available information related to these assets. Because the Company's methodology for valuing these assets does not value the individual assets of a mortgage loan, but rather uses the value of the mortgage obligations as an indicator of the fair value of mortgage loan assets as a whole, the Company has determined that its valuations of mortgage loan assets in their entirety should be classified in Level 3 of the fair value hierarchy.

The following methods and assumptions are used to estimate the fair value of other classes of financial instruments, for which it is practicable to estimate that value:

- Cash and cash equivalents: The carrying amount of cash on deposit and in money market funds approximates fair value.
- Restricted cash: The carrying amount of restricted cash approximates fair value.
- Loans receivable held-for-investment, net: The fair values for these loans were estimated by FS Real Estate Advisor based on a discounted cash flow methodology taking into consideration factors, including capitalization rates, discount rates, leasing, occupancy rates, availability and cost of financing, exit plan, sponsorship, actions of other lenders, and indications of market value from other market participants.
- Mortgage-backed securities, at fair value: The fair values for these investments were based on indicative deal quotes.
- Mortgage-backed securities held-to-maturity: The fair values for these investments were estimated by FS Real Estate Advisor based on a discounted cash flow methodology pursuant to which a discount rate or market yield is used to discount the estimated future cash flows expected to be received from the underlying investment, which include both future principal and interest payments. Significant increases or decreases in the discount rate or market yield would result in a decrease or increase in the fair value measurement.
- Collateralized loan obligations, repurchase agreements payable, credit facilities payable, and mortgage note payable: The fair values for these instruments were estimated based on the rate at which similar credit facilities would have currently been priced.

Deferred Financing Costs: Deferred financing costs include issuance and other costs related to the Company’s debt obligations. The deferred financing costs related to the Company’s collateralized loan obligations, repurchase agreements, and mortgage note payable are recorded as a reduction in the net book value of the related liability on the Company's consolidated balance sheets.

Note 2. Summary of Significant Accounting Policies (continued)

Deferred financing costs related to the Company's revolving credit facilities and facilities that are undrawn as of the reporting date are recorded as an asset on the Company's consolidated balance sheets. These costs are amortized as interest expense using the straight-line method over the term of the related obligation, which approximates the effective interest method.

Revenue Recognition: Security transactions are accounted for on the trade date. The Company records interest income from its loans receivable portfolio on an accrual basis to the extent that the Company expects to collect such amounts. The Company does not accrue as a receivable interest or dividends on loans and securities if there is reason to doubt the collectability of such income. Discounts or premiums associated with the investment securities are amortized or accreted into interest income as a yield adjustment on the effective interest method, based on expected cash flows through the expected maturity date of the investment. On at least a quarterly basis, the Company reviews and, if appropriate, makes adjustments to its cash flow projections. The Company records dividend income on the ex-dividend date. Any loan origination fees to which the Company is entitled, loan exit fees, original issue discount and market discount are capitalized and such amounts are amortized as interest income over the respective term of the investment. Upon the prepayment of a loan or security, any unamortized loan origination fees to which the Company is entitled are recorded as fee income. The Company records prepayment premiums on loans and securities as fee income when it receives such amounts.

Loans are considered past due when payments are not made in accordance with the contractual terms. The Company does not accrue as receivable interest on loans if it is not probable that such income will be collected. Unless the loan is both well secured and in the process of collection, loans are placed on non-accrual status when principal or interest is 120 days or more past due or when repayment of interest and principal is, in our judgment, in doubt. Interest payments received on non-accrual loans are generally recognized as interest income on a cash basis. If a full recovery of principal is doubtful, the cost recovery method is applied whereby any cash received is applied to the outstanding principal balance of the loan. Recognition of interest income on non-performing loans on an accrual basis is resumed when it is probable that the Company will be able to collect amounts due according to the contractual terms. Please refer to Note 3 and Note 4 of this document for our disclosure of any investments placed on non-accrual.

Offering Costs: Offering costs primarily include, among other things, marketing expenses and printing, legal and due diligence fees and other costs pertaining to the Company's continuous public offering of shares of its common stock, including the preparation of the registration statement and salaries and direct expenses of FS Real Estate Advisor's personnel, employees of its respective affiliates and others while engaged in such activities. The Company may reimburse FS Real Estate Advisor and Rialto for any offering expenses that they incurred on the Company's behalf, up to a cap of 0.75% of gross proceeds raised after such time. During the period from November 7, 2016 (Inception) to September 30, 2024, the Company incurred offering costs of $27,036, which were paid on its behalf by FS Investments (see Note 7).

Income Taxes: The Company elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, or the Code, commencing with its taxable year ended December 31, 2017. In order to maintain its status as a REIT, the Company must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of its annual REIT taxable income to its stockholders. As a REIT, the Company generally will not be subject to federal income tax on income that it distributes to stockholders. If the Company fails to qualify as a REIT in any taxable year, it will be subject to federal income tax on its taxable income at regular corporate income tax rates and generally will not be permitted to qualify for treatment as a REIT for federal income tax purposes for the four taxable years following the year during which qualification is lost unless the Internal Revenue Service grants the Company relief under certain statutory provisions.

Uncertainty in Income Taxes: The Company evaluates each of its tax positions to determine if they meet the minimum recognition threshold in connection with accounting for uncertainties in income tax positions taken or expected to be taken for the purposes of measuring and recognizing tax benefits or liabilities in the unaudited consolidated financial statements. Recognition of a tax benefit or liability with respect to an uncertain tax position is required only when the position is "more likely than not" to be sustained assuming examination by taxing authorities. The Company recognizes interest and penalties, if any, related to unrecognized tax liabilities as income tax expense in the unaudited consolidated statements of operations. During the nine months ended September 30, 2024 and 2023, the Company did not incur any interest or penalties and none were accrued at September 30, 2024.

Stockholder Servicing Fees: The Company follows the guidance in Accounting Standards Codification Topic 405, *Liabilities*, when accounting for stockholder servicing fees. The Company will pay stockholder servicing fees over time on its shares of Class T, Class S, Class D and Class M common stock as described in Note 7. The Company records stockholder servicing fees as a reduction to additional paid-in capital and records the related liability in an amount equal to its best estimate of the fees payable in relation to the shares of Class T, Class S, Class D and Class M common stock on the date such shares are issued. The liability will be reduced over time, as the fees are paid to the dealer manager, or adjusted if the fees are no longer payable.

(in thousands, except share and per share amounts)

Note 2. Summary of Significant Accounting Policies (continued)

Earnings Per Share: The restricted stock units grant Class I shares issued to FS Real Estate Advisor and Rialto for payment of the administrative services fee are considered to be participating securities. The impact of these restricted stock units on basic and diluted earnings per common share ("EPS") has been calculated using the two-class method whereby earnings are allocated to the restricted stock units based on dividends declared and the restricted stock units' participation rights in undistributed earnings. As of September 30, 2024 and September 30, 2023, the effects of the two-class method on basic and diluted EPS were not material to the Company's consolidated financial statements.

Derivative Instruments: The Company uses interest rate caps to manage risks from fluctuations in interest rates. The Company has not designated any of these contracts as fair value or cash flow hedges for accounting purposes. The Company records its derivatives on its consolidated balance sheets at fair value and such amounts are included in Other assets. Any changes in the fair value of these derivatives are recorded in earnings.

The valuation of the Company's interest rate caps are determined based on assumptions that management believes market participants would use in pricing, using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of the derivative. This analysis reflects the contractual terms of the derivative, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with those derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by the Company and its counterparties. However, as of September 30, 2024, the Company assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and determined that the credit valuation adjustments are not significant to the overall valuation of the Company’s derivatives. As a result, the Company has determined that its derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

Note 3. Loans Receivable, net

The following table details overall statistics for the Company's loans receivable portfolio as of September 30, 2024 and December 31, 2023:

	September 30, 2024 (Unaudited)	December 31, 2023
Number of loans	144	143
Principal balance	$ 7,472,989	$ 7,778,599
Net book value	$ 7,338,681	$ 7,702,368
Unfunded loan commitments(1)	$ 259,911	$ 390,312
Weighted-average cash coupon(2)(3)	+3.75%	+3.86%
Weighted-average all-in yield(2)(3)	+3.88%	+3.92%
Weighted-average maximum maturity (years)(4)	2.4	3.1

(1) The Company may be required to provide funding when requested by the borrowers in accordance with the terms of the underlying agreements.

(2) The Company's floating rate loans are expressed as a spread over the relevant benchmark rates, which include the Secured Overnight Financing Rate, or SOFR. In addition to cash coupon, all-in yield includes accretion of discount (amortization of premium) and accrual of exit fees.

(3) As of September 30, 2024 and December 31, 2023, the one-month SOFR rate was 5.22% and 5.34%, respectively.

(4) Maximum maturity assumes all extension options are exercised by the borrowers; however, loans may be repaid prior to such date.

For the nine months ended September 30, 2024 and 2023, the activity in the Company's loan portfolio, was as follows:

(in thousands, except share and per share amounts)

Note 3. Loans Receivable, net (continued)

	For the Nine Months Ended September 30,	
	2024	2023
Loans receivable at beginning of period	$ 7,782,219	$ 7,350,315
Loan fundings[1]	819,691	1,014,971
Loan repayments[1]	(918,648)	(631,692)
Amortization of deferred fees on loans	7,596	5,159
Exit and extension fees received on loans receivable	(4,384)	(851)
Transfer to investments in real estate, net[2]	(215,528)	—
Total loans receivable	7,470,946	7,737,902
CECL reserve	(132,265)	(72,270)
Loans receivable, net	$ 7,338,681	$ 7,665,632

(1) Inclusive of $66,869 of amortized cost for a loan modification accounted for as a new loan for GAAP purposes. Effective on September 19, 2024, a new collateral secured loan with a new unrelated borrower was entered into from a previously owned risk rated 4 senior loan with a principal balance of $74,299. As a part of the new agreement, the new borrower agreed to pay the Company an amount equal to $7,430. The new loan has a risk rating of 3 as of September 30, 2024.

(2) Refer to Note 5 "Real Estate" for further discussion.

The following tables detail the property type and geographic location of the properties securing the loans in the Company's loans receivable, held-for-investment portfolio as of September 30, 2024 and December 31, 2023:

	September 30, 2024 (Unaudited)		December 31, 2023	
Property Type	Net Book Value	Percentage	Net Book Value	Percentage
Multifamily	$ 4,185,320	56 %	$ 4,774,344	61 %
Hospitality	1,040,769	14 %	1,029,327	13 %
Industrial	868,930	12 %	714,821	9 %
Office	543,323	7 %	562,643	8 %
Retail	516,680	7 %	268,571	3 %
Mixed Use	189,852	3 %	206,114	3 %
Various	109,898	1 %	129,712	2 %
Self Storage	16,174	0 %	96,687	1 %
Total loans receivable	7,470,946	100 %	7,782,219	100 %
CECL reserve	(132,265)		(79,851)	
Loans receivable, net	$ 7,338,681		$ 7,702,368	

(in thousands, except share and per share amounts)

Note 3. Loans Receivable, net (continued)

	September 30, 2024 (Unaudited)		December 31, 2023	
Geographic Location[1]	**Net Book Value**	**Percentage**	**Net Book Value**	**Percentage**
South	$ 3,574,207	48 %	$ 3,879,708	50 %
West	1,448,941	19 %	1,459,857	19 %
Northeast	1,430,286	19 %	1,442,656	18 %
Various	680,842	9 %	678,430	9 %
Midwest	336,670	5 %	321,568	4 %
Total loans receivable	7,470,946	100 %	7,782,219	100 %
CECL reserve	(132,265)		(79,851)	
Loans receivable, net	$ 7,338,681		$ 7,702,368	

(1) As defined by the United States Department of Commerce, Bureau of the Census.

Loan Risk Rating

As further described in Note 2, FS Real Estate Advisor and Rialto assess the risk factors of each loan and assign a risk rating based on a variety of factors, including, without limitation, LTV ratio, debt yield, property type, geographic and local market dynamics, physical condition, cash flow volatility, leasing and tenant profile, loan structure and exit plan and project sponsorship. Based on a 5-point scale, the Company's loans are rated "1" through "5", from less risk to greater risk, which ratings are defined in Note 2.

The following table allocates the net book value of the Company's loans receivable, held-for-investment portfolio based on the Company's internal risk ratings:

	September 30, 2024 (Unaudited)			December 31, 2023		
Risk Rating	**Number of Loans**	**Net Book Value**	**Percentage**	**Number of Loans**	**Net Book Value**	**Percentage**
1	—	$ —	—	—	$ —	—
2	—	—	—	—	—	—
3	131	6,906,093	92 %	132	7,353,659	95 %
4	10	385,145	5 %	9	374,697	5 %
5	3	179,708	3 %	2	53,863	—
Total loans receivable	144	7,470,946	100 %	143	7,782,219	100 %
CECL reserve		(132,265)			(79,851)	
Loans receivable, net, at end of period		$ 7,338,681			$ 7,702,368	

The Company's primary credit quality indicator is its risk ratings, which are further discussed in Note 2. The following table presents the net book value of its loans receivable, held-for-investment portfolio as of September 30, 2024 and December 31, 2023, respectively, by year of origination and risk rating:

(in thousands, except share and per share amounts)

Note 3. Loans Receivable, net (continued)

Net Book Value of Loans Receivable by Year of Origination September 30, 2024 (Unaudited)

Risk Rating	2024	2023	2022	2021	2020	Prior	Total
1	$ —	$ —	$ —	$ —	$ —	$ —	$ —
2	—	—	—	—	—	—	—
3	653,335	719,052	3,349,001	2,063,625	57,180	63,900	6,906,093
4	—	—	146,772	200,811	15,000	22,562	385,145
5	—	—	162,037	—	17,671	—	179,708
Total loans receivable	$ 653,335	$ 719,052	$ 3,657,810	$ 2,264,436	$ 89,851	$ 86,462	$ 7,470,946
CECL reserve							(132,265)
Loans receivable, net							$ 7,338,681

Net Book Value of Loans Receivable by Year of Origination December 31, 2023

Risk Rating	2023	2022	2021	2020	2019	Prior	Total
1	$ —	$ —	$ —	$ —	$ —	$ —	$ —
2	—	—	—	—	—	—	—
3	757,348	3,714,430	2,691,177	84,292	64,966	41,446	7,353,659
4	—	309,611	49,673	—	15,413	—	374,697
5	—	—	36,192	17,671	—	—	53,863
Total loans receivable	$ 757,348	$ 4,024,041	$ 2,777,042	$ 101,963	$ 80,379	$ 41,446	7,782,219
CECL reserve							(79,851)
Loans receivable, net							$ 7,702,368

Current Expected Credit Loss Reserve

The CECL reserve required under GAAP reflects the Company's current estimate of potential credit losses related to the loans included in its consolidated balance sheets. The general CECL reserve is measured on a collective basis wherever similar risk characteristics exist within a pool of similar assets. The Company has identified senior loans and mezzanine loans as pools within its loans receivable portfolio. Refer to Note 2 for further discussion of the Company's CECL reserve.

The following table provides details on the changes in CECL reserve for funded loans by investment pool for the three and nine months ended September 30, 2024 and 2023:

(in thousands, except share and per share amounts)

Note 3. Loans Receivable, net (continued)

	Senior Loans	Mezzanine Loans	Total
CECL Reserve as of December 31, 2023	$ 74,074	$ 5,777	$ 79,851
Increase (Decrease) in general CECL reserve	37,985	1,964	39,949
Increase (Decrease) in specific CECL reserve	—	—	—
CECL reserve as of March 31, 2024	$ 112,059	$ 7,741	$ 119,800
Increase (Decrease) in general CECL reserve	18,646	(650)	17,996
Increase (Decrease) in specific CECL reserve	1,606	—	1,606
CECL reserve as of June 30, 2024	$ 132,311	$ 7,091	$ 139,402
Increase (Decrease) in general CECL reserve	(5,037)	1,616	(3,421)
Increase (Decrease) in specific CECL reserve	(2,391)	—	(2,391)
Charge-offs in specific CECL reserve(1)	(1,325)	—	(1,325)
CECL reserve as of September 30, 2024	$ 123,558	$ 8,707	$ 132,265

	Senior Loans	Mezzanine Loans	Total
CECL Reserve as of December 31, 2022	$ —	$ —	$ —
CECL reserve recorded on January 1, 2023	35,456	3,963	39,419
Increase (Decrease) in CECL reserve	1,224	378	1,602
CECL reserve as of March 31, 2023	$ 36,680	$ 4,341	$ 41,021
Increase (Decrease) in general CECL reserve	29,456	1,162	30,618
Increase (Decrease) in specific CECL reserve	2,967	—	2,967
CECL reserve as of June 30, 2023	$ 69,103	$ 5,503	$ 74,606
Increase (Decrease) in general CECL reserve	(2,291)	(45)	(2,336)
Increase (Decrease) in specific CECL reserve	—	—	—
CECL reserve as of September 30, 2023	$ 66,812	$ 5,458	$ 72,270

(1) The charge-off related to one previously impaired loan that was resolved during the three months ended September 30, 2024. The resolution was the result of a foreclosure acquisition related to an office asset in Seattle, WA, which is now included on our consolidated balance sheet in investments in real estate, net. Refer to Note 5 "Real Estate" for further discussion.

During the nine months ended September 30, 2024 and 2023, the Company recorded an increase of $52,414 and $72,270, respectively, in expected credit loss reserve against its loans receivable portfolio, bringing the total CECL reserve to $132,265 as of September 30, 2024.

The following table summarizes our risk rated 5 loans as of September 30, 2024, which were analyzed for specific CECL reserves:

Loan Type	Origination Date	Location	Property Type	Amortized Cost	Specific CECL Reserve	Non-accrual Status
Senior Loan	12/10/2020	Fox Hills, CA	Office	$ 17,671	$ 858	Cost recovery - December 2023
Senior Loan	5/18/2022	New Rochelle, NY	Multifamily	$ 105,000	$ —	Cash basis - March 2024
Senior Loan	2/15/2022	Antioch, TN	Multifamily	$ 57,037	$ —	Cash basis - September 2024

The risk rated 5 loans were determined to be collateral dependent as of September 30, 2024. Loans are assigned a risk rating of 5 when an impairment or a loss is likely and/or foreclosure is probable. The allowance for expected credit losses for loans when foreclosure is probable may be zero if the fair value of the collateral on the measurement date exceeds the amortized cost basis of the loan. The Company estimated expected losses based on each loan's collateral fair value, which was determined by applying a capitalization rate of 5.50% and a discount rate between 7.25% and 9.50%.

The following table presents an aging analysis for the Company's portfolio of loans held for investment on amortized cost basis:

(in thousands, except share and per share amounts)

Note 3. Loans Receivable, net (continued)

	Current or Less Than 30 Days Past Due	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Loans
September 30, 2024	$ 6,996,612	$ 74,332	$ —	$ 394,040	$ 7,464,984
December 31, 2023	$ 7,659,065	$ 50,109	$ 15,343	$ 51,492	$ 7,776,009

As of September 30, 2024, the Company had four loans with interest income payments 90 days or more past due that were not placed on non-accrual status with a total amortized cost of $180,097.

Current Expected Credit Loss Reserve for Unfunded Loan Commitments

As of September 30, 2024, the Company had unfunded commitments of $259,911. The expected credit losses over the contractual period of its loans are subject to the obligation to extend credit through its unfunded loan commitments. See Note 2 for further discussion of the CECL reserve related to its unfunded loan commitments.

The following table provides details on the changes in CECL reserve for unfunded loan commitments by investment pool for the three and nine months ended September 30, 2024 and 2023:

	Senior Loans	Mezzanine Loans	Total
CECL Reserve as of December 31, 2023	$ 1,540	$ 28	$ 1,568
Increase (Decrease) in CECL reserve	811	10	821
CECL reserve as of March 31, 2024	$ 2,351	$ 38	$ 2,389
Increase (Decrease) in general CECL reserve	402	1	403
CECL reserve as of June 30, 2024	$ 2,753	$ 39	$ 2,792
Increase (Decrease) in general CECL reserve	(240)	(2)	(242)
CECL reserve as of September 30, 2024	$ 2,513	$ 37	$ 2,550

	Senior Loans	Mezzanine Loans	Total
CECL Reserve as of December 31, 2022	$ —	$ —	$ —
CECL reserve recorded on January 1, 2023	1,129	34	1,163
Increase (Decrease) in CECL reserve	(33)	1	(32)
CECL reserve as of March 31, 2023	$ 1,096	$ 35	$ 1,131
Increase (Decrease) in general CECL reserve	638	(3)	635
CECL reserve as of June 30, 2023	$ 1,734	$ 32	$ 1,766
Increase (Decrease) in general CECL reserve	(122)	(8)	(130)
CECL reserve as of September 30, 2023	$ 1,612	$ 24	$ 1,636

During the nine months ended September 30, 2024 and 2023, the Company recorded an increase of $982 and $1,636, respectively, in expected credit loss reserve against its unfunded loan commitments, bringing the Company's total CECL reserve on its unfunded loan commitments to $2,550 as of September 30, 2024.

(in thousands, except share and per share amounts)

Note 4. Mortgage Backed Securities

Mortgage-backed securities, at fair value

Commercial mortgage-backed securities, or CMBS, classified as available-for-sale are reported at fair value on the consolidated balance sheets with changes in fair value recorded in other comprehensive income. CMBS accounted for under the fair value option are reported at fair value on the consolidated balance sheets with changes in fair value recorded in the consolidated statements of operations as a component of Net change in unrealized gain (loss) on mortgage-backed securities, fair value option.

The table below summarizes various attributes of the Company's investments in CMBS reported at fair value as of September 30, 2024 and December 31, 2023, respectively.

				Gross Unrealized			Weighted Average	
	Outstanding Face Amount	Amortized Cost Basis	Allowance for Credit Losses	Gains	Losses	Fair Value	Coupon	Maturity (years)
September 30, 2024 (Unaudited)								
CMBS, available-for-sale	$ 170,351	$ 166,409	$ (17,266)	$ 499	$ (5,094)	$ 144,548	10.02%[(1)]	13.6
CMBS, fair value option	$ 193,060	$ 191,168	$ —	$ 1,064	$ (275)	$ 191,956	7.52%[(1)]	3.5
December 31, 2023								
CMBS, available-for-sale	$ 172,392	$ 169,326	$ (17,582)	$ 239	$ (7,224)	$ 144,759	10.08%[(2)]	14.4
CMBS, fair value option	$ 92,749	$ 90,042	$ —	$ 847	$ (414)	$ 90,476	7.57%[(2)]	2.9

(1) Calculated using the one-month SOFR rate of 5.22% as of September 30, 2024.
(2) Calculated using the one-month SOFR rate of 5.34% as of December 31, 2023.

As of September 30, 2024, there were two CMBS, available for sale on non-accrual status with a total amortized cost of $26,018. All future interest collections will be accounted for under the cost recovery method.

The Company uses a discounted cash flow method to estimate and recognize an allowance for its available-for sale securities. The following table provides details on the changes in allowance for credit losses for available-for sale securities:

	Nine Months Ended September 30, 2024
Allowance for credit losses as of December 31, 2023	$ (17,582)
Additions on securities for which credit losses were not previously recorded	—
(Increase) decrease on securities with previously recorded credit losses	894
Allowance for credit losses as of March 31, 2024	$ (16,688)
Additions on securities for which credit losses were not previously recorded	287
(Increase) decrease on securities with previously recorded credit losses	—
Allowance for credit losses as of June 30, 2024	$ (16,401)
Additions on securities for which credit losses were not previously recorded	—
(Increase) decrease on securities with previously recorded credit losses	(865)
Allowance for credit losses as of September 30, 2024	$ (17,266)

The following table presents the gross unrealized losses and estimated fair value of any available-for-sale securities for which an allowance for credit losses has not been recorded that were in an unrealized loss position as of September 30, 2024 and December 31, 2023, respectively.

(in thousands, except share and per share amounts)

Note 4. Mortgage Backed Securities (continued)

	Estimated Fair Value		Unrealized Losses	
	Securities with a loss less than 12 months	Securities with a loss greater than 12 months	Securities with a loss less than 12 months	Securities with a loss greater than 12 months
September 30, 2024 (Unaudited)				
CMBS, available-for-sale	$ —	$ 70,794	$ —	$ (5,094)
December 31, 2023				
CMBS, available-for-sale	$ —	$ 108,128	$ —	$ (7,224)

As of September 30, 2024 and December 31, 2023, there were eight and ten securities, respectively, with unrealized losses reflected in the table above. After evaluating the securities and recording adjustments for credit losses, the Company concluded that the remaining unrealized losses reflected above were noncredit-related and would be recovered from the securities' estimated future cash flows. The Company considered a number of factors in reaching this conclusion, including that it did not intend to sell the securities, it was not considered more likely than not that the Company would be forced to sell the securities prior to recovering its amortized cost, and there were no material credit events that would have caused the Company to otherwise conclude that it would not recover the cost of the securities.

Mortgage-backed securities, held-to-maturity

The table below summarizes various attributes of the Company's investments in held-to-maturity CMBS as of September 30, 2024 and December 31, 2023, respectively.

	Amortized Cost Basis	Credit Loss Allowance	Net Carrying Amount	Gross Unrecognized Holding Gains	Gross Unrecognized Holding Losses	Fair Value
September 30, 2024 (Unaudited)						
CMBS, held-to-maturity	$ 77,500	$ (173)	$ 77,327	$ —	$ (1,689)	$ 75,638
December 31, 2023						
CMBS, held-to-maturity	$ 75,309	$ (71)	$ 75,238	$ —	$ (2,282)	$ 72,956

The following table provides details on the changes in CECL reserve for held-to-maturity CMBS for the three and nine months ended September 30, 2024 and 2023:

CECL Reserve as of December 31, 2023	$ 71
Increase (Decrease) in CECL reserve	84
CECL reserve as of March 31, 2024	$ 155
Increase (Decrease) in CECL reserve	19
CECL reserve as of June 30, 2024	$ 174
Increase (Decrease) in CECL reserve	(1)
CECL reserve as of September 30, 2024	$ 173
CECL Reserve as of December 31, 2022	$ —
CECL reserve recorded on January 1, 2023	939
Increase (Decrease) in CECL reserve	(283)
CECL reserve as of March 31, 2023	$ 656
Increase (Decrease) in CECL reserve	(268)
CECL reserve as of June 30, 2023	$ 388
Increase (Decrease) in CECL reserve	(317)
CECL reserve as of September 30, 2023	$ 71

(in thousands, except share and per share amounts)

Note 4. Mortgage Backed Securities (continued)

The table below summarizes the maturities of the Company's investments in held-to-maturity CMBS as of September 30, 2024 and December 31, 2023, respectively:

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
September 30, 2024 (Unaudited)					
CMBS, held-to-maturity	$ 77,500	$ —	$ 47,383	$ 30,117	$ —
December 31, 2023					
CMBS, held-to-maturity	$ 75,309	$ —	$ 45,188	$ 30,121	$ —

Note 5. Real Estate

Investments in real estate, net, consisted of the following as of September 30, 2024 and December 31, 2023:

	September 30, 2024 (Unaudited)	December 31, 2023
Building and building improvements	$ 277,642	$ 120,527
Land and land improvements	80,717	39,186
Furniture, fixtures and equipment	4,694	1,064
In-place lease intangibles	46,086	33,530
Total	409,139	194,307
Accumulated depreciation and amortization	(18,887)	(10,966)
Investments in real estate, net	$ 390,252	$ 183,341

The following table details the Company's future amortization of intangible assets for each of the next five years and thereafter:

	Amortization
2024 (remaining)	$ 4,760
2025	8,072
2026	5,193
2027	5,098
2028	3,879
Thereafter	8,365
Total	$ 35,367

The following table presents the future minimum lease payments to be collected under non-cancelable operating leases, excluding tenant reimbursements of expenses:

	Contractual Lease Payments
2024	$ 6,687
2025	19,662
2026	15,584
2027	15,034
2028	15,034
Thereafter	24,279
Total	$ 96,280

(in thousands, except share and per share amounts)

Note 5. Real Estate (continued)

During the three and nine months ended September 30, 2024, the Company received the following foreclosed properties in settlement of loans held for investment:

Acquisition Date	Property Type	Location	Purchase Price/Fair Value on the Date of Foreclosure
August 2024(1)	Multifamily	Atlanta, GA	$ 50,473
August 2024(2)	Multifamily	Arlington, TX	35,563
September 2024(3)	Multifamily	Austin, TX	95,807
September 2024(4)	Office	Seattle, WA	32,282
Total real estate acquisitions			$ 214,125

(1) In August 2024, the Company acquired a multifamily property located in Atlanta, GA via foreclosure. The property previously collateralized a senior loan receivable held for investment. The asset was recorded on our consolidated balance sheets at the disclosed value above.

(2) In August 2024, the Company acquired a multifamily property located in Arlington, TX via foreclosure. The property previously collateralized senior and mezz loan receivables held for investment. The asset was recorded on our consolidated balance sheets at the disclosed value above.

(3) In September 2024, the Company acquired a multifamily property located in Austin, TX via foreclosure. The property previously collateralized a senior loan receivable held for investment. The asset was recorded on our consolidated balance sheets at the disclosed value above.

(4) In September 2024, the Company acquired an office property located in Seattle, WA via foreclosure. The property previously collateralized a senior loan receivable held for investment. The asset was recorded on our consolidated balance sheets at the disclosed value above.

(in thousands, except share and per share amounts)

Note 6. Financing Arrangements

The following tables present summary information with respect to the Company's outstanding financing arrangements as of September 30, 2024 and December 31, 2023.

	As of September 30, 2024 (Unaudited)					
Arrangement	Weighted Average Spread[(2)]	Amount Outstanding[(1)]	Amount Available	Maturity Date	Carrying Amount of Collateral	Fair Value of Collateral
Collateralized Loan Obligations						
2019-FL1 Notes	+1.79%[(5)]	$ 142,892	$ —	December 18, 2036	$ 213,421	$ 208,587
2021-FL2 Notes	+1.71%[(5)]	531,413	—	May 5, 2038	667,390	660,689
2021-FL3 Notes	+1.65%[(5)]	803,183	—	November 4, 2036	985,897	973,600
2022-FL4 Notes	+2.29%[(5)]	673,298	—	January 31, 2039	863,056	849,973
2022-FL5 Notes	+2.81%[(5)]	503,884	—	June 17, 2037	633,009	621,086
2022-FL6 Notes	+2.84%[(5)]	547,583	—	August 19, 2037	748,188	737,738
2022-FL7 Notes	+3.18%[(5)]	631,042	—	October 17, 2039	760,744	753,263
		3,833,295	—		4,871,705	4,804,936
Repurchase Agreements						
WF-1 Facility	[(3)]	—	600,000	August 30, 2025	—	—
GS-1 Facility	+2.06%[(4)]	332,133	117,867	January 26, 2025	459,371	460,855
BB-1 Facility	+1.96%[(5)]	80,914	619,086	February 21, 2025	101,588	102,278
MS-1 Facility	+2.65%[(6)]	37,537	112,463	October 13, 2025	52,497	52,250
RBC Facility	+0.87%[(7)]	131,628	—	N/A	120,043	120,643
NTX-1 Facility	+1.90%[(3)]	48,000	202,000	November 10, 2024	59,989	61,050
BMO-1 Facility	+2.00%[(3)]	165,200	—	February 28, 2025	219,618	219,402
Lucid Facility	+0.85%	55,813	—	N/A	35,418	35,090
		851,225	1,651,416		1,048,524	1,051,568
Revolving Credit Facility						
MM-1 Facility	+2.30%[(6)]	923,350	76,650	September 20, 2031	1,194,226	1,181,453
Barclays Facility	[(8)(9)]	—	425,000	April 24, 2027	—	—
		923,350	501,650		1,194,226	1,181,453
Mortgage Loan	+2.15%[(6)]	124,700	2,000	July 9, 2025	152,901	185,208
Total		$ 5,732,570	$ 2,155,066		$ 7,267,356	$ 7,223,165

(1) The amount outstanding under the facilities approximates their fair value.
(2) The rates are expressed over the relevant floating benchmark rates, which include Term SOFR, and SOFR Average (compounded average of SOFR over a rolling 30-day period).
(3) Benchmark rate is subject to a 0.00% floor. SOFR benchmark rate is selected with respect to a transaction as set forth in the related transaction confirmation for the underlying transaction.
(4) Term SOFR is subject to a 0.00% floor. GS-1 and Goldman Sachs may mutually agree on rates outside this range or a different floor on an asset by asset basis.
(5) Term SOFR or SOFR Average (compounded average of SOFR over a rolling 30-day period), subject to a 0.00% floor.
(6) Term SOFR is subject to a 0.00% floor.
(7) Borrowings under the RBC Facility consists of one or more floating and fixed rate transactions. Fixed rate transactions are reflected as a spread over the relevant floating benchmark rate.
(8) Borrowings under the Barclays Facility bear interest, at the Company's election, at either a base rate plus a spread of 1.25% per annum or one-, three- or six-month Term SOFR plus a spread of 2.25% per annum and a credit spread adjustment of 0.10% per annum.
(9) Aggregate commitments amount to $425,000. Revolving credit termination date in respect of $400,000 of the lender's commitments is April 24, 2027, while the termination date of the remaining $25,000 commitments is August 1, 2025.

(in thousands, except share and per share amounts)

Note 6. Financing Arrangements (continued)

	As of December 31, 2023								
Arrangement	Weighted Average Interest Rate(2)		Amount Outstanding(1)		Amount Available	Maturity Date		Carrying Amount of Collateral		Fair Value of Collateral
Collateralized Loan Obligations									
2019-FL1 Notes	+1.66%(5)	$	193,723	$	—	December 18, 2036	$	291,770	$	289,465
2021-FL2 Notes	+1.65%(5)		633,021		—	May 5, 2038		746,616		735,232
2021-FL3 Notes	+1.62%(5)		928,483		—	November 4, 2036		1,133,887		1,127,552
2022-FL4 Notes	+2.21%(5)		837,662		—	January 31, 2039		1,072,212		1,059,356
2022-FL5 Notes	+2.78%(5)		560,224		—	June 17, 2037		663,202		653,507
2022-FL6 Notes	+2.84%(5)		552,100		—	August 19, 2037		733,143		727,826
2022-FL7 Notes	+3.18%(5)		631,042		—	October 17, 2039		789,955		784,845
			4,336,255		—			5,430,785		5,377,783
Repurchase Agreements									
WF-1 Facility	+2.00%(3)		35,794		564,206	August 30, 2024		45,207		44,407
GS-1 Facility	+3.10%(4)		18,781		431,219	January 26, 2025		84,447		84,068
RBC Facility	+1.32%		29,940		—	N/A		42,293		39,796
BB-1 Facility	+1.96%(5)		11,474		688,526	February 21, 2025		14,802		14,713
MS-1 Facility	+2.65%(6)		37,537		112,463	October 13, 2025		89,991		89,438
NTX-1 Facility	(3)		—		250,000	November 10, 2024		—		—
BMO-1 Facility	+2.00%(3)		110,000		—	March 1, 2024		276,478		276,233
Lucid Facility	+1.15%		15,693		—	N/A		23,849		23,718
			259,219		2,046,414			577,067		572,373
Revolving Credit Facilities									
MM-1 Facility	+2.14%(6)(7)		850,000		150,000	September 20, 2029		1,148,945		1,139,895
Barclays Facility	+2.35%(8)		70,000		240,000	August 1, 2025		—		—
			920,000		390,000			1,148,945		1,139,895
Mortgage Loan	+2.15%(6)		124,700		2,000	July 9, 2025		155,498		182,557
Total		$	5,640,174	$	2,438,414		$	7,312,295	$	7,272,608

(1) The amount outstanding under the facilities approximates their fair value.
(2) The rates are expressed over the relevant floating benchmark rates, which include Term SOFR and SOFR Average (compounded average of SOFR over a rolling 30-day period).
(3) Benchmark rate is subject to a 0.00% floor. SOFR benchmark rate is selected with respect to a transaction as set forth in the related transaction confirmation for the underlying transaction.
(4) Term SOFR is subject to a 0.00% floor. GS-1 and Goldman Sachs may mutually agree on rates outside this range or a different floor on an asset by asset basis.
(5) Term SOFR or SOFR Average (compounded average of SOFR over a rolling 30-day period), subject to a 0.00% floor.
(6) Term SOFR is subject to a 0.00% floor.
(7) The rate applicable under the MM-1 Facility is subject to a credit spread adjustment of 0.11%, which was included when the benchmark transitioned from USD LIBOR to Term SOFR.
(8) Borrowings under the Barclays Facility bear interest, at the Company's election, at either a base rate plus a spread of 1.25% per annum or one-, three- or six-month Term SOFR plus a spread of 2.25% per annum and a credit spread adjustment of 0.10% per annum.

The Company's average borrowings and weighted average interest rate, including the effect of non-usage fees, for the nine months ended September 30, 2024 were $5,720,387 and 7.60%, respectively. The Company's average borrowings and weighted average interest rate, including the effect of non-usage fees, for the year ended December 31, 2023 were $5,645,887 and 7.24%, respectively.

Under its financing arrangements, the Company has made certain representations and warranties and is required to comply with various covenants, reporting requirements and other customary requirements for similar financing arrangements. The Company was in compliance with all covenants required by its financing arrangements as of September 30, 2024 and December 31, 2023.

(in thousands, except share and per share amounts)

Note 6. Financing Arrangements (continued)

Maturities

The Company generally requires the amount outstanding on debt obligations to be paid down before the financing arrangement's respective maturity date. The following table sets forth the Company's repayment schedule for secured financings outstanding as of September 30, 2024 based on the maturity date of each financing arrangement:

	Collateralized Loan Obligations[(1)]	Repurchase Agreements	Revolving Credit Facilities	Mortgage Loan	Total
2024	$ 29,097	$ 48,000	$ —	$ —	$ 77,097
2025	122,024	615,784	—	124,700	862,508
2026	1,473,575	—	—	—	1,473,575
2027	2,115,753	—	—	—	2,115,753
2028	65,460	—	—	—	65,460
Thereafter	27,386	187,441	923,350	—	1,138,177
Total	$ 3,833,295	$ 851,225	$ 923,350	$ 124,700	$ 5,732,570

(1) The allocation of repayments under the Company's collateralized loan obligations is based on the maturity date of each agreement, or the maximum maturity date assuming all extension options are exercised by the borrower if the reinvestment period has expired.

Collateralized Loan Obligations

The Company financed certain pools of loans through collateralized loan obligations, which include 2019-FL1, 2021-FL2, 2021-FL3, 2022-FL4, 2022-FL5, 2022-FL6 and 2022-FL7, or collectively, the CLOs. The following table outlines the number of loans, including partial loans, and the principal balance of the collateralized pool of interests for each CLO.

	As of September 30, 2024 (Unaudited)	
Collateral Assets	**Total Count**	**Principal Balance**
2019-FL1	11	$ 214,073
2021-FL2	22	633,060
2021-FL3	27	985,993
2022-FL4	26	863,119
2022-FL5	23	633,043
2022-FL6	24	748,247
2022-FL7	18	760,814
Total	151	$ 4,838,349

Deferred financing costs and discounts related to the collateralization of the CLO notes are amortized to interest expense over the remaining life of the loans. The following table outlines the net book value of the Company's CLOs on its consolidated balance sheets.

	September 30,	
	2024	2023
Face value	$ 3,833,295	$ 4,343,790
Unamortized deferred financing costs	(18,046)	(27,733)
Unamortized discount	(6,634)	(9,785)
Net book value	$ 3,808,615	$ 4,306,272

(in thousands, except share and per share amounts)

Note 6. Financing Arrangements (continued)

Repurchase Agreements

The Company has entered into and maintains in effect eight repurchase facilities. The Company, through direct or indirect wholly owned subsidiaries, entered into repurchase agreements with Wells Fargo (the "WF-1 Facility"), Goldman Sachs (the "GS-1 Facility"), Royal Bank of Canada (the "RBC Facility"), Barclays Bank PLC (the "BB-1 Facility"), Morgan Stanley Bank, N.A. (the "MS-1 Facility"), Natixis, New York Branch (the "NTX-1 Facility"), Bank of Montreal (the "BMO-1 Facility"), and Lucid Prime Fund (the "Lucid Facility"). The Company uses repurchase facilities for multiple purposes, including, but not limited to, (i) financing the acquisition and origination of (a) real estate loans or senior controlling participation interests in such loans, (b) pari passu participation interests in mortgage loans and (c) mezzanine loans and, (ii) repurchase transactions of securities and financial instruments. Each repurchase facility is subject to certain representations, warranties, covenants, events of default and indemnities unique to each facility but customary for agreements of this type. Further, the Company has entered into guarantees with respect to each of the repurchase facilities in which the Company guarantees obligations of the facility. Each transaction under each repurchase facility has its own specific terms, such as identification of the assets subject to the transaction, sale price, repurchase price and rate.

The Company incurred deferred financing costs in connection with each repurchase facility, which costs are being amortized to interest expense over the life of that repurchase facility. The following table outlines the net book value of the Company's repurchase facilities on its consolidated balance sheets.

	September 30, 2024	September 30, 2023
Face value	$ 851,225	$ 242,175
Unamortized deferred financing costs	(1,934)	(2,718)
Net book value	$ 849,291	$ 239,457

WF-1 Facility

On August 28, 2024, WF-1 entered into a Maturity Date and Funding Period Extension Confirmation Letter and Amendment No. 12 to Master Repurchase and Securities Contract (the "Amendment") with Wells Fargo Bank, National Association ("Wells"), amending the Master Repurchase and Securities Contract, dated as of August 30, 2017, between WF-1, as seller, and Wells, as buyer. The Amendment provides for, among other things, an extension of the Master Repurchase and Securities Contract's maturity date and funding period.

Revolving Credit Facilities

The Company has entered into, and maintains in effect, two revolving credit facilities, the Barclays Facility and the MM-1 Facility. The Barclays Facility is utilized for purposes of financing the operating expenses and general corporate purposes of the Company and its subsidiaries. The MM-1 Facility is utilized for the purposes of financing the acquisition and origination of commercial mortgage loan assets meeting specified eligibility criteria and concentration limits, paying transaction costs and funding distributions to FS CREIT Finance Holdings, LLC (and ultimately to the Company).

The Company incurred deferred financing costs in connection with each revolving credit facility, which costs are being amortized to interest expense over the life of that facility. The following table details the net book value of the Company's revolving credit facilities on its consolidated balance sheets.

	September 30, 2024	September 30, 2023
Face value	$ 923,350	$ 850,000
Unamortized deferred financing costs	(13,116)	(10,493)
Net book value	$ 910,234	$ 839,507

Mortgage Loan

On June 23, 2022, FS CREIT 555 Aviation LLC, an indirect wholly-owned subsidiary of the Company, entered into a mortgage loan related to its purchase of 555 Aviation (see Note 5). The Company incurred deferred financing costs, which are

(in thousands, except share and per share amounts)

Note 6. Financing Arrangements (continued)

being amortized to interest expense over the life of the facility. The following table details the net book value of the Company's mortgage loan on its consolidated balance sheets.

	September 30, 2024	September 30, 2023
Face value	$ 124,700	$ 124,700
Unamortized deferred financing costs	(510)	(1,220)
Net book value	$ 124,190	$ 123,480

Note 7. Related Party Transactions

Compensation of FS Real Estate Advisor, Rialto and the Dealer Manager

Base Management Fee

Pursuant to the fourth amended and restated advisory agreement dated as of December 1, 2022 or the Advisory Agreement, FS Real Estate Advisor is entitled to a base management fee equal to 1.25% of the NAV for the Company's Class T, Class S, Class D, Class M and Class I shares, payable quarterly in arrears. The payment of all or any portion of the base management fee accrued with respect to any quarter may be deferred by FS Real Estate Advisor, without interest, and may be taken in any such other quarter as FS Real Estate Advisor may determine. In calculating the Company's base management fee, the Company will use its NAV before giving effect to accruals for such fee, the performance fee, the administrative services fee, stockholder servicing fees or distributions payable on its shares. The base management fee is a class-specific expense. No base management fee is paid on the Company's Class F or Class Y shares.

Performance Fee

FS Real Estate Advisor is also entitled to the performance fee calculated and payable quarterly in arrears in an amount equal to 10.0% of the Company's Core Earnings (as defined below) for the immediately preceding quarter, subject to a hurdle rate, expressed as a rate of return on average adjusted capital, equal to 1.625% per quarter, or an annualized hurdle rate of 6.5%. As a result, FS Real Estate Advisor does not earn a performance fee for any quarter until the Company's Core Earnings for such quarter exceed the hurdle rate of 1.625%. For purposes of the performance fee, “adjusted capital” means cumulative net proceeds generated from sales of the Company's common stock other than Class F common stock (including proceeds from the Company's distribution reinvestment plan) reduced for distributions from non-liquidating dispositions of the Company's investments paid to stockholders and amounts paid for share repurchases pursuant to the Company's share repurchase plan. Once the Company's Core Earnings in any quarter exceed the hurdle rate, FS Real Estate Advisor will be entitled to a “catch-up” fee equal to the amount of Core Earnings in excess of the hurdle rate, until the Company's Core Earnings for such quarter equal 1.806%, or 7.222% annually, of adjusted capital. Thereafter, FS Real Estate Advisor is entitled to receive 10.0% of the Company's Core Earnings.

For purposes of calculating the performance fee, “Core Earnings” means: the net income (loss) attributable to stockholders of Class Y, Class T, Class S, Class D, Class M and Class I shares, computed in accordance with GAAP (provided that net income (loss) attributable to Class Y stockholders shall be reduced by an amount equal to the base management fee that would have been paid if Class Y shares were subject to such fee), including realized gains (losses) not otherwise included in GAAP net income (loss) and excluding (i) non-cash equity compensation expense, (ii) the performance fee, (iii) depreciation and amortization, (iv) any unrealized gains or losses or other similar non-cash items that are included in net income for the applicable reporting period, regardless of whether such items are included in other comprehensive income or loss, or in net income, and (v) one-time events pursuant to changes in GAAP and certain material non-cash income or expense items, in each case after discussions between FS Real Estate Advisor and the Company's independent directors and approved by a majority of the Company's independent directors. The performance fee is a class-specific expense. No performance fee is paid on the Company's Class F shares.

Method of Payment

Pursuant to the Advisory Agreement, the base management fee and performance fee may be paid, at FS Real Estate Advisor’s election, in (i) cash, (ii) Class I shares, (iii) performance-contingent rights Class I share awards, or Class I PCRs, or (iv) any combination of cash, Class I shares or Class I PCRs.

Note 7. Related Party Transactions (continued)

Under the Class I PCR agreement entered into between the Company, FS Real Estate Advisor and Rialto, or the Adviser Entities, the PCR Agreement, management and performance fees may be payable to the Adviser Entities in the form of Class I PCRs to the extent that distributions paid to stockholders in the applicable fiscal quarter exceed the Company's Adjusted Core Earnings. "Adjusted Core Earnings" means: the net income (loss) attributable to stockholders, computed in accordance with GAAP, including (i) realized gains (losses) not otherwise included in GAAP net income (loss), (ii) stockholder servicing fees, and (iii) reimbursements for organization and offering expenses, and excluding (A) non-cash equity compensation expense, (B) non-cash equity based administration fees, (C) depreciation and amortization, (D) any unrealized gains or losses or other similar non-cash items that are included in net income for the applicable reporting period, regardless of whether such items are included in other comprehensive income or loss, or in net income, and (E) one-time events pursuant to changes in GAAP and certain material non-cash income or expense items. Thereafter, Class I PCRs may become issuable in the form of Class I shares upon the achievement of the following conditions in any fiscal quarter following the initial issuance of the Class I PCRs, together, the Performance Conditions: (a) Adjusted Core Earnings for the quarter exceed distributions paid to stockholders during such quarter (such difference, the "Excess Distributable Income") and (b) the annualized distribution yield on the Class I Shares (measured over such quarter) is at least at the yield target determined by management given then-current market conditions, the Yield Target. The initial Yield Target will be a 6.0% annualized yield on the Class I shares.

On the last day of any fiscal quarter in which the Company achieves the Performance Conditions (the "Performance Achievement Date"), the Company will issue to the Adviser Entities the number of Class I shares equal in value to the Excess Distributable Income for such quarter in respect of any outstanding Class I PCRs. The Adviser Entities, and their respective affiliates and employees, may not request repurchase by the Company of any Class I shares issued under the PCR Agreement for a period of six (6) months from the date of issuance. Thereafter, upon ten days' written notice to the Company by the Adviser Entities, the Company must repurchase any Class I shares requested to be repurchased by the Adviser Entities at the then current transaction price per Class I share; provided that no repurchase shall be permitted that would jeopardize the Company's qualification as a REIT or violate Maryland law. If, prior to the Performance Achievement Date, (i) the Advisory Agreement is terminated in accordance with Section 12(b) of the Advisory Agreement (other than Section 12(b)(iii) thereof) or (ii) the sub-advisory agreement is terminated in accordance with Section 9(b) thereof (other than Section 9(b)(v) thereof), any rights related to the Class I PCRs evidenced thereby by the terminated party as of the date of such termination shall immediately vest and the Company shall issue the number of Class I shares issuable upon such vesting. If, prior to the Performance Achievement Date, either of the Adviser Entities resigns as the adviser or sub-adviser, respectively, of the Company, then any rights related to the Class I PCRs evidenced thereby as of the date of such resignation shall remain outstanding and Class I shares issuable in respect thereof shall be issued upon achievement of the Performance Conditions.

Administrative Services Fee

Pursuant to the Advisory Agreement, FS Real Estate Advisor is entitled to an administrative services fee equal to 1.0% of the Company's net asset value per annum attributable to all shares of common stock, before giving effect to any accruals for the base management fee, the performance fee, the administrative services fee, the stockholder servicing fee or any distributions. The administrative services fee is payable quarterly and in arrears in the cash equivalent number of restricted stock units ("Class I RSUs") representing the right to receive Class I shares of the Company's common stock ("Class I shares") based on the then-current Class I transaction price as of the last day of such quarter. Class I RSUs in payment of the administrative services fee will provide the Adviser the right to receive a number of Class I shares equivalent to the number of Class I RSUs, subject to the terms and conditions set forth in the Class I RSU Agreement.

FS Real Estate Advisor may elect, at a later date, to have the Company repurchase some or all of the Class I shares issued to the Adviser in accordance with the Advisory Agreement, including Class I shares issued pursuant to any Class I RSUs, at a per share price equal to the then-current Class I share transaction price. Such Class I shares will not be subject to the repurchase limits of the Company's share repurchase plan or any reduction or penalty for an early repurchase, provided that the approval of the Company's independent directors is required for any repurchase request of FS Real Estate Advisor or Rialto, for Class I shares received as payment for advisory fees that, when combined with any stockholder repurchase requests submitted through the Company's share purchase plan, would cause the Company to exceed the monthly and quarterly repurchase limitations of its share repurchase plan. The FS Real Estate Advisor will have no registration rights with respect to such Class I shares. Any such Class I shares and Class I RSUs issued to Rialto will have the same rights and conditions as those issued to FS Real Estate Advisor.

At least annually, the Company's board of directors reviews the amount of the administrative services fees and expenses reimbursable to FS Real Estate Advisor, Rialto and unaffiliated third-parties to determine whether such amounts are reasonable in

Note 7. Related Party Transactions (continued)

relation to the services provided. The Company will not reimburse FS Real Estate Advisor or Rialto for any services for which it receives a separate fee or for any administrative expenses allocated to employees to the extent they serve as executive officers of the Company.

Class I Restricted Stock Unit Agreement

On December 1, 2022, the Company, FS Real Estate Advisor and Rialto entered into the Class I Restricted Stock Unit Agreement (the “Class I RSU Agreement”). Pursuant to the Class I RSU Agreement, and in accordance with the Advisory Agreement, the administrative services fee will be payable quarterly in arrears on the last day of each quarter in the cash equivalent number of Class I RSUs based on the then-current Class I share transaction price as of the last day of such quarter. On the last day of each quarter, the Company will issue to FS Real Estate Advisor and Rialto the cash equivalent number of Class I RSUs to which each is entitled. Class I RSUs will vest ratably on the first calendar day of the month following the one, two and three-year anniversary of the applicable grant date, provided that (i) 100% of the Adviser’s Class I RSUs will immediately vest upon the nonrenewal or termination of the Advisory Agreement pursuant to Section 12(b)(ii), Section 12(b)(iii) or Section 12(b)(iv) thereof; (ii) 100% of the Sub-Adviser’s Class I RSUs will immediately vest upon the nonrenewal or termination of the sub-advisory agreement between FS Real Estate Advisor and Rialto (the “Sub-Advisory Agreement”) pursuant to Section 9(b)(i), Section 9(b)(iii), Section 9(b)(iv), Section 9(b)(v) or Section 9(b)(vi) thereof; (iii) 100% of the Adviser’s unvested Class I RSUs will be automatically forfeited upon termination of the Advisory Agreement pursuant to Section 12(b)(i) thereof; and (iv) 100% of the Sub-Adviser’s unvested Class I RSUs will be automatically forfeited upon termination of the Sub-Advisory Agreement pursuant to Section 9(b)(ii) thereof. If FS Real Estate Advisor and Rialto resigns as the Company’s adviser or sub-adviser, respectively, then any rights related to the Class I RSUs evidenced thereby as of the date of such resignation will remain outstanding and Class I shares issuable in respect thereof will be issued upon the applicable vesting date. If the Company declares a cash distribution on the Class I shares underlying unvested Class I RSUs, then the Company will credit the account of FS Real Estate Advisor and Rialto with the applicable distribution equivalents, which will be subject to the same vesting and forfeiture restrictions as the Class I RSUs. FS Real Estate Advisor and Rialto, and their respective affiliates and employees, may not request repurchase by the Company of any Class I shares issued under the Class I RSU Agreement for a period of six months from the date of issuance. Thereafter, upon ten days’ written notice to the Company the Company must repurchase any Class I shares requested to be repurchased by FS Real Estate Advisor and Rialto at the most recently published transaction price per Class I share; provided that no repurchase will be permitted that would jeopardize the Company’s qualification as a REIT or violate Maryland law.

Origination and Other Fees

FS Real Estate Advisor has engaged Rialto as sub-adviser to originate or arrange loans and other investments on behalf of the Company, and FS Real Estate Advisor oversees the sub-adviser’s origination activities. In connection with these activities, origination or other fees of up to 1.0% of the loan amount for first lien, subordinated or mezzanine debt, preferred equity financing or other investments may be retained by Rialto or FS Real Estate Advisor. Such origination and other fees will be retained only to the extent they are paid by a borrower or seller, either directly to Rialto or FS Real Estate Advisor or indirectly through the Company. During the nine months ended September 30, 2024 and 2023, $6,901 and $7,418, respectively, in origination and other fees were paid directly by a borrower or seller to FS Real Estate Advisor or Rialto and not to the Company. During the nine months ended September 30, 2024 and 2023, $3,000 and $0, respectively, in capital markets fees, were paid to affiliates of FS Real Estate Advisor.

Offering Costs

FS Investments funded the Company’s offering costs in the amount of $27,279 for the period from November 7, 2016 (Inception) to September 30, 2024. These expenses include legal, accounting, printing, mailing and filing fees and expenses, due diligence expenses of participating broker-dealers supported by detailed and itemized invoices, costs in connection with preparing sales materials, design and website expenses, fees and expenses of the Company’s transfer agent, fees to attend retail seminars sponsored by participating broker-dealers and reimbursements for customary travel, lodging, and meals, but excluding selling commissions, dealer manager fees and stockholder servicing fees.

FS Real Estate Advisor may be reimbursed for any organization and offering expenses that it or Rialto has incurred on the Company's behalf, up to a cap of 0.75% of gross proceeds raised. During the nine months ended September 30, 2024, the Company paid $2,554 to FS Real Estate Advisor for offering costs previously funded. As of September 30, 2024, $4,116 of offering expenses previously funded remained subject to reimbursement to FS Real Estate Advisor and Rialto.

Valuation Services Fee

(in thousands, except share and per share amounts)

Note 7. Related Party Transactions (continued)

Pursuant to a sub-advisory agreement between FS Real Estate Advisor and Rialto, FS Real Estate Advisor has engaged Rialto to provide periodic valuations of certain investments held by the Company and is entitled to a fee of $1 for each valuation of an individual investment. Rialto shall not be entitled to a fee when an individual investment is valued by an independent valuation firm. Any fees paid to our adviser, the sub-adviser, or their affiliates for any such services does not reduce the advisory fees or the administrative services fees. Any such arrangements are at market terms and rates

The following table describes the fees and expenses accrued under the advisory agreement and sub-advisory agreement during the three and nine months ended September 30, 2024 and 2023:

			Three Months Ended September 30,		Nine Months Ended September 30,	
Related Party	**Source Agreement**	**Description**	**2024**	**2023**	**2024**	**2023**
FS Real Estate Advisor	Advisory Agreement	Base Management Fee(1)	$ 9,614	$ 9,092	$ 28,526	$ 25,514
FS Real Estate Advisor	Advisory Agreement	Performance Fee(2)	$ 4,190	$ 6,354	$ 16,141	$ 17,742
FS Real Estate Advisor	Advisory Agreement	Administrative Services Fee(3)	$ 7,694	$ 7,366	$ 22,929	$ 20,682
FS Real Estate Advisor	Advisory Agreement	Capital Markets Fees	$ —	$ —	$ 3,000	$ —
Rialto	Sub-Advisory Agreement	Valuation Services Fees(4)	$ 108	$ 108	$ 331	$ 329
FS Real Estate Advisor or Rialto	Advisory Agreement	Origination and Other Fees	$ 1,138	$ 3,405	$ 6,901	$ 7,418

(1) During the nine months ended September 30, 2024 and 2023, FS Real Estate Advisor received $28,283 and $23,949, respectively, in cash as payment for base management fees. As of September 30, 2024, $9,609 in base management fees were payable to FS Real Estate Advisor.

(2) During the nine months ended September 30, 2024 and 2023, $17,506 and $16,160, respectively, in performance fees were paid to FS Real Estate Advisor. As of September 30, 2024, $4,249 performance fees were payable to FS Real Estate Advisor.

(3) On December 1, 2022, the Company's method for reimbursing administrative services expense was replaced with an administrative services fee equal to 1.0% of the Company's net asset value per annum attributable to all shares of common stock, before giving effect to any accruals for the base management fee, the performance fee, the administrative services fee, the stockholder servicing fee or any distributions.

(4) During the nine months ended September 30, 2024 and 2023, $331 and $214, respectively, in valuation fees were paid by the Company to Rialto.

The dealer manager for the Company's continuous public offering is FS Investment Solutions, LLC, or FS Investment Solutions, which is an affiliate of FS Real Estate Advisor. Under the amended and restated dealer manager agreement dated as of August 17, 2018, or the dealer manager agreement, FS Investment Solutions is entitled to receive upfront selling commissions of up to 3.0%, and upfront dealer manager fees of 0.5% of the transaction price of each Class T share sold in the primary offering, however such amounts may vary at certain participating broker-dealers provided that the sum will not exceed 3.5% of the transaction price (subject to reductions for certain categories of purchasers). FS Investment Solutions is entitled to receive upfront selling commissions of up to 3.5% of the transaction price per Class S share sold in the primary offering (subject to reductions for certain categories of purchasers). The dealer manager anticipates that all of the selling commissions and dealer manager fees will be re-allowed to participating broker-dealers, unless a particular broker-dealer declines to accept some portion of the dealer manager fee they are otherwise eligible to receive. Pursuant to the dealer manager agreement, the Company also reimburses FS Investment Solutions or participating broker-dealers for bona fide due diligence expenses, provided that total organization and offering expenses shall not exceed 15% of the gross proceeds in the Company's public offering.

No selling commissions or dealer manager fees are payable on the sale of Class D, Class M, Class I, Class F or Class Y shares or on shares of any class sold pursuant to the Company's distribution reinvestment plan.

Subject to the limitations described below, the Company pays FS Investment Solutions stockholder servicing fees for ongoing services rendered to stockholders by participating broker-dealers or by broker-dealers servicing stockholders' accounts, referred to as servicing broker-dealers:

- with respect to the Company's outstanding Class T shares equal to 0.85% per annum of the aggregate NAV of its outstanding Class T shares, consisting of an advisor stockholder servicing fee of 0.65% per annum and a dealer stockholder servicing fee

Note 7. Related Party Transactions (continued)

of 0.20% per annum; however, with respect to Class T shares sold through certain participating broker-dealers, the advisor stockholder servicing fee and the dealer stockholder 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;

- with respect to the Company's outstanding Class S shares equal to 0.85% per annum of the aggregate NAV of its outstanding Class S shares;
- with respect to the Company's outstanding Class D shares equal to 0.3% per annum of the aggregate NAV of its outstanding Class D shares; and
- with respect to the Company's outstanding Class M shares equal to 0.3% per annum of the aggregate NAV of its outstanding Class M shares.

The Company does not pay a stockholder servicing fee with respect to its Class I, Class F or Class Y shares. The dealer manager reallows some or all of the stockholder servicing fees to participating broker-dealers, servicing broker-dealers and financial institutions (including bank trust departments) for ongoing stockholder services performed by such broker-dealers, and waives (pays back to the Company) stockholder servicing fees to the extent a broker-dealer or financial institution is not eligible or otherwise declines to receive all or a portion of such fees.

The Company will cease paying stockholder servicing fees with respect to any Class D, Class M, Class S and Class T shares held in a stockholder's account at the end of the month in which the total underwriting compensation from the upfront selling commissions, dealer manager fees and stockholder servicing fees, as applicable, paid with respect to such account would exceed 1.25%, 7.25%, 8.75% and 8.75%, respectively (or a lower limit for shares sold by certain participating broker-dealers or financial institutions) of the gross proceeds from the sale of shares in such account. These amounts are referred to as the sales charge cap. At the end of such month that the sales charge cap is reached, each Class D, Class M, Class S or Class T share in such account will convert into a number of Class I shares (including any fractional shares) with an equivalent aggregate NAV as such share.

In addition, the Company will cease paying stockholder servicing fees on each Class D share, Class M share, Class S share and Class T share held in a stockholder's account and each such share will convert to Class I shares on the earlier to occur of the following: (i) a listing of Class I shares on a national securities exchange; (ii) the sale or other disposition of all or substantially all of the Company's assets or the Company's merger or consolidation with or into another entity in a transaction in which holders of Class D, Class M, Class S or Class T shares receive cash and/or shares of stock that are listed on a national securities exchange; or (iii) the date following the completion of the Company's public offering on which, in the aggregate, underwriting compensation from all sources in connection with the Company's public offering, including selling commissions, dealer manager fees, stockholder servicing fees and other underwriting compensation, is equal to 10% of the gross proceeds from its primary offering.

The Company accrues future stockholder servicing fees in an amount equal to its best estimate of fees payable to FS Investment Solutions at the time such shares are sold. As of September 30, 2024 and December 31, 2023, the Company accrued $102,842 and $113,501, respectively, of stockholder servicing fees payable to FS Investment Solutions. FS Investment Solutions has entered into agreements with selected dealers distributing the Company's shares in the public offering, which provide, among other things, for the re-allowance of the full amount of the selling commissions and dealer manager fee and all or a portion of the stockholder servicing fees received by FS Investment Solutions to such selected dealers.

FS Investment Solutions also serves or served as the placement agent for the Company's private offerings of Class I, Class F and Class Y shares pursuant to placement agreements. FS Investment Solutions does not receive any compensation pursuant to these agreements.

Expense Limitation

The Company has entered into an amended and restated expense limitation agreement with FS Real Estate Advisor and Rialto, or the expense limitation agreement, pursuant to which FS Real Estate Advisor and Rialto have agreed to waive reimbursement of or pay, on a quarterly basis, the Company's annualized ordinary operating expenses for such quarter to the extent such expenses exceed 1.5% per annum of its average net assets attributable to each of its classes of common stock. The Company will repay FS Real Estate Advisor or Rialto on a quarterly basis any ordinary operating expenses previously waived or paid, but only if the reimbursement would not cause the then-current expense limitation, if any, to be exceeded. In addition, the reimbursement of expenses will be made only if payable not more than three years from the end of the fiscal quarter in which the expenses were paid or waived.

Note 7. Related Party Transactions (continued)

To the extent that the conditions to recoupment are satisfied in a future quarter (prior to the expiration of the three-year period for reimbursement set forth in the expense limitation agreement), such expenses may be subject to conditional recoupment in accordance with the terms of the expense limitation agreement.

During the nine months ended September 30, 2024 no expense recoupments were paid to FS Real Estate Advisor and Rialto. As of September 30, 2024, no expense recoupments were payable to FS Real Estate Advisor and Rialto.

Capital Contributions and Commitments

In December 2016, pursuant to a private placement, Michael C. Forman and David J. Adelman, principals of FS Investments, contributed an aggregate of $200 to purchase 8,000 Class F shares at the price of $25.00 per share. These individuals will not tender these shares of common stock for repurchase as long as FS Real Estate Advisor remains the Company's adviser. FS Investments is controlled by Mr. Forman, the Company's president and chief executive officer, and Mr. Adelman.

As of September 30, 2024, the ownership in the Company's Class F Shares by FS Real Estate Advisor and Rialto (and each of their respective affiliates and designees) was $18,670 and $428, respectively.

(in thousands, except share and per share amounts)

Note 8. Stockholders' Equity

Below is a summary of transactions with respect to shares of the Company's common stock during the nine months ended September 30, 2024 and 2023:

	Shares							
	Class F	Class Y	Class T	Class S	Class D	Class M	Class I	Total
Balance as of December 31, 2023	734,184	906,648	1,312,367	64,584,819	646,101	4,939,668	47,503,635	120,627,422
Issuance of common stock	—	—	127,641	6,143,925	59,059	596,459	7,042,858	13,969,942
Reinvestment of distributions	21,592	—	18,982	1,648,891	10,351	87,384	1,573,635	3,360,835
Repurchases of common stock	(2,308)	—	(37,422)	(7,564,986)	(23,841)	(293,289)	(8,856,707)	(16,778,553)
Transfers in or out	—	—	(504,852)	(240,571)	(253,114)	(670,894)	1,633,364	(36,067)
Balance as of September 30, 2024	753,468	906,648	916,716	64,572,078	438,556	4,659,328	48,896,785	121,143,579

	Amount							
	Class F	Class Y	Class T	Class S	Class D	Class M	Class I	Total
Balance as of December 31, 2023	$ 17,913	$ 22,371	$ 31,238	$ 1,498,287	$ 15,989	$ 115,412	$ 1,147,391	$ 2,848,601
Issuance of common stock	—	—	3,171	154,026	1,470	14,969	165,176	338,812
Reinvestment of distributions	546	—	471	41,343	258	2,179	35,876	80,673
Repurchases of common stock	(58)	—	(929)	(189,676)	(594)	(7,315)	(214,128)	(412,700)
Transfers in or out	—	—	(10,699)	(6,033)	(6,040)	(16,741)	39,513	—
Accrued stockholder servicing fees[(1)]	—	—	(20)	(220)	(4)	(6)	—	(250)
Balance as of September 30, 2024	$ 18,401	$ 22,371	$ 23,232	$ 1,497,727	$ 11,079	$ 108,498	$ 1,173,828	$ 2,855,136

	Shares							
	Class F	Class Y	Class T	Class S	Class D	Class M	Class I	Total
Balance as of December 31, 2022	857,710	906,648	1,600,878	54,908,336	742,999	4,645,072	34,011,164	97,672,807
Issuance of common stock	—	—	72,725	12,869,916	131,578	734,839	14,478,091	28,287,149
Reinvestment of distributions	22,334	—	33,745	1,484,600	12,790	83,733	1,140,038	2,777,240
Repurchases of common stock	(114,365)	—	(109,653)	(5,080,070)	(37,372)	(401,787)	(3,980,011)	(9,723,258)
Transfers in or out	(10,259)	—	(219,302)	(55,465)	(174,445)	(269,434)	748,035	19,130
Balance as of September 30, 2023	755,420	906,648	1,378,393	64,127,317	675,550	4,792,423	46,397,317	119,033,068

	Amount							
	Class F	Class Y	Class T	Class S	Class D	Class M	Class I	Total
Balance as of December 31, 2022	$ 21,008	$ 22,371	$ 38,473	$ 1,274,345	$ 18,417	$ 108,522	$ 832,242	$ 2,315,378
Issuance of common stock	—	—	1,812	322,941	3,275	18,333	339,042	685,403
Reinvestment of distributions	559	—	838	37,215	318	2,088	27,652	68,670
Repurchases of common stock	(2,862)	—	(2,723)	(127,360)	(929)	(10,015)	(96,545)	(240,434)
Transfers in or out	(257)	—	(5,447)	(1,390)	(4,338)	(6,722)	18,154	—
Accrued stockholder servicing fees[(1)]	—	—	(49)	(17,913)	(16)	(236)	—	(18,214)
Balance as of September 30, 2023	$ 18,448	$ 22,371	$ 32,904	$ 1,487,838	$ 16,727	$ 111,970	$ 1,120,545	$ 2,810,803

(1) Stockholder servicing fees only apply to Class T, Class S, Class D and Class M shares. Under GAAP, the Company accrues future stockholder servicing fees in an amount equal to its best estimate of fees payable to FS Investment Solutions at the time such shares are sold. For purposes of NAV, the Company recognizes the stockholder servicing fee as a reduction of NAV on a monthly basis. As a result, the estimated liability for the future stockholder servicing fees, which are accrued at the time each share is sold, will have no effect on the NAV of any class.

Share Repurchase Plan

The Company has adopted an amended and restated share repurchase plan, or share repurchase plan, whereby on a monthly basis, stockholders may request that the Company repurchase all or any portion of their shares. The repurchase of shares is limited to no more than 2% of the Company's aggregate NAV per month of all classes of shares then participating in the share repurchase plan and no more than 5% of the Company's aggregate NAV per calendar quarter of all classes of shares then participating in the share repurchase plan, which means that in any 12-month period, the Company limits repurchases to approximately 20% of the total NAV

(in thousands, except share and per share amounts)

Note 8. Stockholders' Equity (continued)

of all classes of shares then participating in the share repurchase plan. The Company's board of directors may modify, suspend or terminate the share repurchase plan if it deems such action to be in the Company's best interest and the best interest of its stockholders. During the nine months ended September 30, 2024 and 2023, the Company repurchased 16,778,553 and 9,723,258, respectively, shares of common stock under its share repurchase plan representing a total of $412,700 and $240,434, respectively. In August 2024 and September 2024, the Company received repurchase requests equal to 2.24% and 2.38%, respectively, of its aggregate NAV of all classes of shares then participating in its share repurchase plan as of the last calendar day of the previous calendar month. Further, the cumulative repurchase requests for the third quarter of 2024 equaled 5.86% of the Company's aggregate NAV of all classes of shares then participating in its share repurchase plan as of the last calendar day of the previous calendar quarter. The Company's board of directors, including all of its independent directors, unanimously authorized repurchases in excess of its 2% monthly repurchase limitation for August 2024 and September 2024 and its 5% quarterly repurchase limitation for the third quarter of 2024 such that 100% of share repurchase requests timely received in August 2024 and September 2024 and the third quarter of 2024 were satisfied. The Company had no unfulfilled repurchase requests during the nine months ended September 30, 2024 or 2023, respectively.

Distribution Reinvestment Plan

Pursuant to the Company's distribution reinvestment plan, holders of shares of any class of the Company's common stock may elect to have their cash distributions reinvested in additional shares of the Company's common stock. The purchase price for shares pursuant to the distribution reinvestment plan will be equal to the transaction price for such shares at the time the distribution is payable.

Distributions

The Company generally intends to distribute substantially all of its taxable income, which does not necessarily equal net income as calculated in accordance with GAAP, to its stockholders each year to comply with the REIT provisions of the Code. Dividends are paid first to the holders of the Company's Series A preferred stock at the rate of 12.0% per annum plus all accumulated and unpaid dividends thereon, and then to the holders of the Company's common stock. All distributions will be made at the discretion of the Company's board of directors and will depend upon its taxable income, financial condition, maintenance of REIT status, applicable law, and other factors that the Company's board of directors deems relevant.

The following table reflects the cash distributions per share that the Company paid on its common stock during the nine months ended September 30, 2024:

Record Date	Class F	Class Y	Class T	Class S	Class D	Class M	Class I
January 30, 2024	$ 0.1799	$ 0.1799	$ 0.1362	$ 0.1362	$ 0.1477	$ 0.1477	$ 0.1539
February 28, 2024	$ 0.1799	$ 0.1799	$ 0.1362	$ 0.1362	$ 0.1477	$ 0.1477	$ 0.1539
March 27, 2024	$ 0.1799	$ 0.1799	$ 0.1362	$ 0.1362	$ 0.1477	$ 0.1477	$ 0.1539
April 29, 2024	$ 0.1799	$ 0.1799	$ 0.1362	$ 0.1362	$ 0.1477	$ 0.1477	$ 0.1539
May 30, 2024	$ 0.1799	$ 0.1799	$ 0.1362	$ 0.1362	$ 0.1477	$ 0.1477	$ 0.1539
June 27, 2024	$ 0.1799	$ 0.1799	$ 0.1362	$ 0.1362	$ 0.1477	$ 0.1477	$ 0.1539
July 30, 2024	$ 0.1799	$ 0.1799	$ 0.1362	$ 0.1362	$ 0.1477	$ 0.1477	$ 0.1539
August 29, 2024	$ 0.1799	$ 0.1799	$ 0.1362	$ 0.1362	$ 0.1477	$ 0.1477	$ 0.1539
September 27, 2024	$ 0.1799	$ 0.1799	$ 0.1362	$ 0.1362	$ 0.1477	$ 0.1477	$ 0.1539
Total	$ 1.6191	$ 1.6191	$ 1.2258	$ 1.2258	$ 1.3293	$ 1.3293	$ 1.3851

The following table reflects the amount of cash distributions that the Company paid on its common stock during the three and nine months ended September 30, 2024, and 2023:

(in thousands, except share and per share amounts)

Note 8. Stockholders' Equity (continued)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Distributions:				
Paid or payable in cash	$ 28,025	$ 25,820	$ 82,748	$ 72,406
Reinvested in shares	26,788	25,196	80,673	68,670
Total distributions	$ 54,813	$ 51,016	$ 163,421	$ 141,076
Source of distributions:				
Cash flows from operating activities	$ 54,813	$ 51,016	$ 163,421	$ 141,076
Offering proceeds	—	—	—	—
Total sources of distributions	$ 54,813	$ 51,016	$ 163,421	$ 141,076
Net cash provided by (used in) operating activities[(1)]	$ 65,462	$ 81,922	$ 182,382	$ 201,619

(1) Cash flows from operating activities are supported by expense support payments from FS Real Estate Advisor and Rialto pursuant to the Company's expense limitation agreement. See Note 7 for additional information regarding the Company's expense limitation agreement.

The Company currently declares and pays regular cash distributions on a monthly basis. The Company’s board of directors previously authorized regular monthly cash distributions for October 2024 for each class of its outstanding common stock in the net distribution amounts per share set forth below:

Class F	Class Y	Class T	Class S	Class D	Class M	Class I
$ 0.1799	$ 0.1799	$ 0.1362	$ 0.1362	$ 0.1477	$ 0.1477	$ 0.1539

The distributions for each class of outstanding common stock have been or will be paid monthly to stockholders of record as of the monthly record dates previously determined by the Company's board of directors. These distributions have been or will be paid in cash or reinvested in shares of the Company’s common stock for stockholders participating in the Company’s distribution reinvestment plan.

Earnings per Share

The Company's net income (loss) and weighted average shares outstanding for the three and nine months ended September 30, 2024 and 2023 consist of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Numerator:				
Net income attributable to FS Credit Real Estate Income Trust, Inc.	$ 52,100	$ 55,951	$ 100,877	$ 115,849
Denominator:				
Weighted average common stock outstanding - basic	124,460,864	116,419,969	123,893,732	111,391,684
Weighted average common stock outstanding - diluted[(1)]	126,137,752	116,419,969	125,347,598	111,391,684
Net income per share of common stock - basic	$ 0.42	$ 0.48	$ 0.81	$ 1.04
Net income per share of common stock - diluted	$ 0.41	$ 0.48	$ 0.80	$ 1.04

(1) The outstanding shares used to calculate the weighted average basic shares outstanding exclude 1,984,758 and 1,248,779 of restricted stock units awarded as of September 30, 2024 and 2023, respectively, as those shares were issued but were not vested and therefore, not considered outstanding for purposes of computing basic net income per share of common stock.

(in thousands, except share and per share amounts)

Note 9. Fair Value of Financial Instruments

The following table presents the Company's financial assets and liabilities carried at fair value in the consolidated balance sheets by its level in the fair value hierarchy:

	September 30, 2024 (Unaudited)				December 31, 2023			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Financial Assets								
Mortgage-backed securities, at fair value	$ 336,504	$ —	$ 336,504	$ —	$ 235,235	$ —	$ 235,235	$ —
Mortgage loans held in securitization trusts, at fair value	1,650,668	—	—	1,650,668	950,972	—	—	950,972
Interest rate cap	1,817	—	1,817	—	2,072	—	2,072	—
Total	$ 1,988,989	$ —	$ 338,321	$ 1,650,668	$ 1,188,279	$ —	$ 237,307	$ 950,972
Financial Liabilities								
Mortgage obligations issued by securitization trusts, at fair value	$ 1,501,303	—	$ 1,501,303	—	$ 878,545	—	$ 878,545	—

The following table presents the changes in fair value of financial assets which are measured at fair value on a recurring basis using Level 3 inputs to determine fair value for the nine months ended September 30, 2024:

	Mortgage loans held in securitization trusts, at fair value	
	Nine Months Ended September 30,	
	2024	2023
Fair value at beginning of period	$ 950,972	$ 324,263
Accretion of discount (amortization of premium)	—	—
Net realized gain (loss)	—	—
Unrealized gain (loss) in earnings(1)	39,825	6,366
Purchases	1,056,508	—
Sales and repayments	(396,637)	—
Issuances	—	—
Transfer into Level 3	—	—
Transfers out of Level 3	—	—
Consolidation of securitization trusts	—	
Deconsolidation of securitization trusts	—	—
Fair value at end of period	$ 1,650,668	$ 330,629
Amount of unrealized gains (losses) attributable to assets still held at the reporting date		
Included in earnings	$ 39,825	$ 6,366
Included in other comprehensive income	—	—

(1) For the nine months ended September 30, 2024 and 2023, unrealized gain of $39,825 and $6,366, respectively, related to mortgage loans held in securitization trusts, at fair value was offset by unrealized loss of $38,391 and $7,135 related to mortgage obligations issued by securitization trusts, at fair value.

As of September 30, 2024, the Company utilized a discounted cash flow model, comparable precedent transactions and other market information to quantify Level 3 fair value measurements on a recurring basis. As of September 30, 2024, the key unobservable inputs used in the valuation of mortgage obligations issued by securitization trusts included a blended yield ranging from 8.80% to 12.19% (weighted average blended yield of 9.88%) and a life of 1.75 years to 4.75 years (weighted average life of 3.24 years). Significant increases or decreases in any one of the inputs described above in isolation may result in significantly different fair value of the financial assets and liabilities using such Level 3 inputs.

(in thousands, except share and per share amounts)

Note 9. Fair Value of Financial Instruments (continued)

As discussed in Note 2, GAAP requires disclosure of fair value information about financial instruments, whether or not recognized in the statement of financial position, for which it is practicable to estimate that value. The following table details the carrying amount, face amount, and fair value of the financial instruments described in Note 2:

	September 30, 2024 (Unaudited)			December 31, 2023		
	Book Value	Face Amount	Fair Value	Book Value	Face Amount	Fair Value
Financial Assets						
Cash, cash equivalents and restricted cash	$ 219,894	$ 219,894	$ 219,894	$ 256,001	$ 256,001	$ 256,001
Loans receivable - held-for-investment(1)	$ 7,338,681	$ 7,472,989	$ 7,374,882	$ 7,702,368	$ 7,778,599	$ 7,695,871
Mortgage-backed securities held-to-maturity	$ 77,327	$ 80,300	$ 75,638	$ 75,238	$ 80,300	$ 72,956
Financial Liabilities						
Repurchase agreements(2)	$ 849,291	$ 851,225	$ 851,225	$ 256,730	$ 259,219	$ 259,219
Credit facilities(2)	$ 910,234	$ 923,350	$ 923,350	$ 910,197	$ 920,000	$ 920,000
Collateralized loan obligations(2)(3)	$ 3,808,615	$ 3,826,661	$ 3,826,661	$ 4,301,970	$ 4,327,263	$ 4,327,263
Mortgage note payable(2)	$ 124,190	$ 124,700	$ 124,700	$ 123,657	$ 124,700	$ 124,700

(1) Book value of loans receivable represents the face amount, net of CECL reserve, unamortized loan fees and costs and accrual of exit fees, as applicable.
(2) Book value represents the face amount, net of deferred financing costs and discount.
(3) Face value represents the face amount, net of discount.

Estimates of fair value for cash, cash equivalents and restricted cash are measured using observable, quoted market prices, or Level 1 inputs. Estimates of fair value for loans receivable, mortgage-backed securities held-to-maturity, repurchase obligations, credit facility obligations and the collateralized loan and mortgage obligations are measured using unobservable inputs, or Level 3 inputs.

CMBS, Fair Value Option

As discussed in the “Fair Value of Financial Instruments” section of Note 2 herein, the Company elected the fair value option for certain CMBS mortgage loans in an effort to eliminate an accounting mismatch resulting from consolidation of the related mortgage loans held in securitization trusts. As of September 30, 2024, the fair value and unpaid principal balance of these CMBS, excluding the notional value of interest-only securities and before consolidation of the securitization mortgage loans, were $147,946 and $150,850, respectively. As a result of the consolidation of the mortgage loans, the total fair value balance of $1,650,668 represents the Company's economic interest in the asset. The vast majority of this fair value (all except $147,946 at September 30, 2024) is eliminated in consolidation of the related mortgage obligations before arriving at the GAAP balance for the fair value option investment securities.

(in thousands, except share and per share amounts)

Note 10. Variable Interest Entities

Consolidated Variable Interest Entities

The following table details the assets and liabilities of the Company's consolidated variable interest entities as of September 30, 2024 and December 31, 2023:

	September 30, 2024 (Unaudited)	December 31, 2023
Assets:		
Restricted cash	$ 54,990	$ 92,457
Loans receivable, held-for-investment	4,837,310	5,430,785
Interest receivable	35,237	26,891
Other assets	114,380	8,180
Mortgage loans held in securitization trusts, at fair value	1,650,668	950,972
Total assets	$ 6,692,585	$ 6,509,285
Liabilities		
Collateralized loan obligations, net	$ 3,808,615	$ 4,301,970
Interest payable	10,338	12,963
Other liabilities	771	533
Mortgage obligations issued by securitization trusts, at fair value	1,501,303	878,545
Total liabilities	$ 5,321,027	$ 5,194,011

The Company has financed a portion of its loans through CLOs, which are considered VIEs. The Company has a controlling financial interest in the CLOs and, therefore, consolidates them on its balance sheets because the Company has both (i) the power to direct activities of the CLOs that most significantly affect the CLOs' economic performance and (ii) the obligation to absorb losses and the right to receive benefits of the CLOs that could potentially be significant to the CLOs.

Assets held by the CLOs are restricted and can be used only to settle obligations of the CLOs. The liabilities are non-recourse to the Company and can only be satisfied from the assets of the CLOs.

Investment Securities

Mortgage loans and obligations held in securitization trusts consolidated in accordance with ASC 810 are structured as pass through entities that receive principal and interest on the underlying collateral and distribute those payments to the certificate holders. The assets and other instruments held by these securitization entities are restricted and can only be used to fulfill the obligations of the entity. Additionally, the obligations of the securitization entities do not have any recourse to the general credit of any other consolidated entities, nor to the Company as the primary beneficiary. The mortgage obligations initially represent investment securities on the balance sheet (pre-consolidation). Upon consolidation of the mortgage loans and obligations, the associated investment securities are eliminated, as is the interest income related to those securities.

The inclusion of the assets and liabilities of the mortgage loans and obligations in which the Company is deemed the primary beneficiary has no economic effect on the Company. Its exposure to the obligations of mortgage loans and obligations held in securitization is generally limited to its investment in these entities. The Company is not obligated to provide, nor has provided, any financial support for any of these consolidated structures.

Non-Consolidated Variable Interest Entities

The Company invested in subordinated positions of CMBS trusts which are considered mortgage loans and obligations held in securitization trusts. The Company is not the primary beneficiary of the mortgage loans and obligations because it does not have the power to direct the activities that most significantly affect the mortgage loans and obligations' economic performance, nor does it provide guarantees or recourse to the mortgage loans and obligations other than standard representations and warranties and, therefore, does not consolidate the mortgage loans and obligations on its balance sheets. The Company has classified its investment in the CMBS as either held-to-maturity or available-for-sale debt securities that are included on the Company's consolidated balance sheets and are

(in thousands, except share and per share amounts)

Note 10. Variable Interest Entities (continued)

part of the Company's ongoing impairment review. The Company's maximum exposure to loss of the securities are limited to its book value of $434,904 as of September 30, 2024.

The Company is not obligated to provide, nor has it provided financial support to these consolidated and non-consolidated mortgage loans and obligations.

Note 11. Commitments and Contingencies

The Company enters into contracts that contain a variety of indemnification provisions. The Company's maximum exposure under these arrangements is unknown; however, the Company has not had prior claims or losses pursuant to these contracts. Management of FS Real Estate Advisor has reviewed the Company's existing contracts and expects the risk of loss to the Company to be remote.

The Company is not currently subject to any material legal proceedings and, to the Company's knowledge, no material legal proceedings are threatened against the Company. From time to time, the Company may be party to certain legal proceedings in the ordinary course of business. While the outcome of any legal proceedings cannot be predicted with certainty, the Company does not expect that any such proceedings will have a material effect on its financial condition or results of operations.

See Note 7 for a discussion of the Company's commitments to FS Real Estate Advisor and its affiliates (including FS Investments) for the reimbursement of organization and offering costs funded by FS Investments and for the reimbursement of amounts paid or waived by FS Real Estate Advisor and Rialto under the expense limitation agreement.

Note 12. Derivative Instrument

The Company has entered into an interest rate cap contract in order to limit its exposure against the variability of future interest rates on its variable interest rate borrowing. The Company has not designated this derivative as a hedge for accounting purposes. The Company has not entered into a master netting arrangement with its third-party counterparty and does not offset on its consolidated balance sheets the fair value amount recorded for its derivative instrument. The table below provides additional information regarding the Company's derivative instrument as of September 30, 2024.

Type of Derivative	Notional Amount	Strike	Effective Date	Maturity Date	Fair Value[(1)]
Interest Rate Cap	$ 124,700	2.25 %	July 9, 2024	July 9, 2025	$ 1,817

(1) Included in Other assets in the Company's consolidated balance sheets.

The following table details the fair value of the Company's derivative financial instrument:

Type of Derivative	Realized/Unrealized Gain (Loss)	Location of Gain (Loss) Recognized in Net Income	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Interest Rate Cap	Unrealized Loss	Other income (loss)	$ (1,761)	$ (762)	$ (3,509)	$ (1,370)

Note 13. Subsequent Events

The following is a discussion of material events that have occurred subsequent to September 30, 2024 through the issuance of the consolidated financial statements.

WF-2 Master Repurchase Agreement

On October 18, 2024, FS CREIT Finance WF-2 LLC (“WF-2”), an indirect wholly owned special-purpose financing subsidiary of the Company, entered into a Master Repurchase Agreement (the “Repurchase Agreement,” and together with the related transaction documents, the “Facility”), as seller, with Wells Fargo, National Association, as buyer (the “Buyer”), to finance the acquisition and origination of (i) whole, performing mortgage loans, senior interest and mortgage notes secured by a first lien on stabilized multifamily, manufactured housing, student housing, retail, industrial, office, self-storage, data center, parking garage and hospitality property (collectively, “Eligible Assets”).

Two pools of assets are expected to be funded. Funding of the first pool occurred on October 22, 2024, and funding of the second pool is anticipated to occur in the first quarter of 2025. Buyer is committed to fund future advances on each pool of assets upon satisfaction of the conditions precedent set forth in the transaction documents. The maximum amount of financing available under the Facility is up to $437,118 (comprised of an expected approximately $236,000 sale for the first pool and an expected approximately $158,000 sale for the second pool, plus future funding requirements for several of the assets to be financed under this Facility).

The initial availability period of the Facility (during which financing under the Facility may be used for acquisition and origination of new assets) is two years. WF-2 may request to extend the availability period on terms mutually agreeable among WF-2 and the Buyer.

In connection with the Repurchase Agreement, the Company entered into a Limited Guaranty (the “Guaranty”) pursuant to which the Company guarantees the prompt and complete payment and performance of the guaranteed obligations when due under the Facility, subject to limitations specified therein. The Guaranty may become full recourse to the Company upon the occurrence of certain events, including willful bad acts by the Company or WF-2.

The Repurchase Agreement and Guaranty contain representations, warranties, covenants, events of default and indemnities that are customary for agreements of their type. In addition, the Company is required (i) to maintain its adjusted tangible net worth at an amount not less than the greater of either (a) 75% of the net cash proceeds of any equity issuance by the Company plus 75% of the net available capital commitments (if any) callable by the Company, minus 75% of the amounts expended for equity redemptions or repurchases by the Company and (b) 75% of the then-current maximum amount; (ii) to maintain an EBITDA to interest expense ratio not less than 1.40 to 1.00; (iii) to maintain a total indebtedness to tangible net worth ratio of less than 3.50 to 1.00; and (iv) to maintain minimum liquidity plus net available capital commitments at not less than the greater of (x) $15,000 and (y) 5% of the amount outstanding under the Facility.

Each transaction under the Facility to finance Eligible Assets will have its own specific terms, such as identification of the assets subject to the transaction, sale price, repurchase price and rate. In addition, any term of the Facility or the Guaranty may be amended in connection with any transaction.

2022-FL9 Notes

On October 21, 2024, the Company issued $746,894 of collateralized loan obligation notes, or the CLO9 Transaction, through the Sub-REIT and a wholly-owned financing subsidiary of the Sub-REIT, FS Rialto 2024-FL9 Issuer, LLC, a Delaware limited liability company, as issuer.

Natixis Master Repurchase Agreement

On November 8, 2024, FS CREIT Finance NTX-1 LLC (“NTX-1”), an indirect wholly owned, special purpose financing subsidiary of the Company, entered into a First Amendment (the “First Amendment”) to that certain Master Repurchase Agreement and Securities Contract, dated as of November 10, 2022, by and among NTX-1, as seller, the Company, as guarantor, and Natixis, New York Branch, as buyer. The First Amendment provides for, among other things, a maturity extension to November 10, 2025.

Foreclosure

In November 2024, the Company acquired one multifamily property located in Nashville, Tennessee via foreclosure. Prior to acquisition, the loan was placed on non-accrual and was risk rated "5" as of September 30, 2024.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (in thousands, except share and per share amounts).

The information contained in this section should be read in conjunction with the unaudited consolidated financial statements and related notes thereto appearing elsewhere in this Quarterly Report on Form 10-Q. In this report, "we," "us" and "our" refer to FS Credit Real Estate Income Trust, Inc.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), regarding, among other things, our business, including, in particular, statements about our plans, strategies and objectives. You can generally identify forward-looking statements by our use of forward-looking terminology such as "may," "will," "expect," "intend," "anticipate," "estimate," "believe," "continue" or other similar words. These statements include our plans and objectives for future operations, including plans and objectives relating to future growth and availability of funds, and are based on current expectations that involve numerous risks and uncertainties. Assumptions relating to these statements involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to accurately predict and many of which are beyond our control. Although we believe the assumptions underlying the forward-looking statements, and the forward-looking statements themselves, are reasonable, any of the assumptions could be inaccurate and, therefore, there can be no assurance that these forward-looking statements will prove to be accurate and our actual results, performance and achievements may be materially different from that expressed or implied by these forward-looking statements. In light of the significant uncertainties inherent in these forward-looking statements, the inclusion of this information should not be regarded as a representation by us or any other person that our objectives and plans, which we consider to be reasonable, will be achieved. We undertake no duty to update or revise forward-looking statements, except as required by law.

Introduction

We were incorporated under the general corporation laws of the State of Maryland on November 7, 2016 and formally commenced investment operations on September 13, 2017. We are managed by FS Real Estate Advisor pursuant to an advisory agreement between us and FS Real Estate Advisor. FS Real Estate Advisor is a subsidiary of our sponsor, FS Investments, a national sponsor of alternative investment funds designed for the individual investor. FS Real Estate Advisor has engaged Rialto to act as its sub-adviser. We are currently conducting a public offering of up to $2,750,000 of our Class T, Class S, Class D, Class M and Class I shares of common stock pursuant to a registration statement on Form S-11 filed with the SEC consisting of up to $2,500,000 in shares in our primary offering and up to $250,000 in shares pursuant to our distribution reinvestment plan. We are also conducting a private offering of our Class I common stock to certain accredited investors.

We have elected to be taxed as a REIT for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2017. We intend to be an investment vehicle of indefinite duration focused on real estate debt investments and other real estate-related assets. The shares of common stock are generally intended to be sold and repurchased by us on a continuous basis. We intend to conduct our operations so that we are not required to register under the 1940 Act.

Our primary investment objectives are to: provide current income in the form of regular, stable cash distributions to achieve an attractive dividend yield; preserve and protect invested capital; realize appreciation in NAV from proactive management and asset management; and provide 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.

Our investment strategy is to originate, acquire and manage a portfolio of senior loans secured by commercial real estate primarily in the United States. We are focused on senior floating-rate mortgage loans, but we may also invest in other real estate-related assets, including: (i) other commercial real estate mortgage loans, including fixed-rate loans, subordinated loans, B-Notes, mezzanine loans and participations in commercial mortgage loans; and (ii) commercial real estate securities, including CMBS, unsecured debt of listed and non-listed REITs, collateralized debt obligations and equity or equity-linked securities. To a lesser extent we may invest in warehouse loans secured by commercial or residential mortgages, credit loans to commercial real estate companies, residential mortgage-backed securities, or RMBS, and portfolios of single-family home mortgages.

The success of our activities is affected by general economic and market conditions, including, among others, interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws and trade barriers. These factors could affect the level and volatility of securities prices and the liquidity of our investments. Volatility or illiquidity could impair our profitability or result in losses. These factors also could adversely affect the availability or cost of our leverage, which would result in lower returns. Future market disruptions and/or illiquidity would be expected to have an adverse effect on our business, financial condition, results of operations and cash flows. Unfavorable economic conditions also would be expected to increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events have limited and could continue to limit our investment originations, limit our ability to grow and have a material negative impact on our operating results and the fair values of our debt and equity investments.

Macroeconomic Environment

Economic growth continued to be strong during the third quarter of 2024, driven by a stout U.S. consumer while inflationary pressures moderated to 2.4% as of September 2024. Treasury yields steadily declined throughout most of the quarter while the FOMC enacted its first rate cut in more than four years, which represented a seminal milestone in its fight against inflation. Activity and pricing within the CRE market continued to be subdued, but there are signs improvement may be near. Lower interest rates may help improve sentiment and promote higher transaction volumes while property values appear to have formed a trough during the quarter. We expect transaction and lending activity to pick up amid a lower-rate environment in the coming quarters but believe the outlook for property values may be less clear as base rates today are well above those from five and 10 years ago, a period that represents a normal investment holding period for a CRE property. Our borrowers could remain stressed by the combination of lower property values and elevated financing costs compared to those of several years ago.

Portfolio Overview

Loan Portfolio Overview

The following table details activity in our loans receivable portfolio for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Loan fundings[1][3]	$ 186,455	$ 440,443	$ 819,691	$ 1,014,971
Loan repayments[2][3]	(738,742)	(247,394)	(918,648)	(631,692)
Total net fundings	$ (552,287)	$ 193,049	$ (98,957)	$ 383,279

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(1) Includes new loan originations and additional fundings made under existing loans.

(2) Excludes payment held by servicer during the year ended December 31, 2023.

(3) Inclusive of $66,869 of amortized cost for a loan modification accounted for as a new loan for GAAP purposes. Effective on September 18, 2024, a new loan with a new borrower was entered into from a previously owned risk rated 4 senior loan with a principal balance of $74,299. As a part of the new agreement, the new borrower agreed to pay the Company an amount equal to $7,430. The new loan has a risk rating of 3 as of September 30, 2024.

The following table details overall statistics for our loans receivable portfolio as of September 30, 2024 and December 31, 2023:

	September 30, 2024 (Unaudited)	December 31, 20
Number of loans	144	
Principal balance	$ 7,472,989	$ 7,778
Net book value	$ 7,338,681	$ 7,702
Unfunded loan commitments[1]	$ 259,911	$ 390
Weighted-average cash coupon[2]	+3.75%	+3
Weighted-average all-in yield[2][3]	+3.88%	+3
Weighted-average maximum maturity (years)[4]	2.4	

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(1) We may be required to provide funding when requested by the borrower in accordance with the terms of the underlying agreements.

(2) Our floating rate loans are expressed as a spread over SOFR. In addition to cash coupon, all-in yield includes accretion of discount (amortization of premium) and accrual of exit fees.

(3) As of September 30, 2024 and December 31, 2023, the one-month SOFR rate was 5.22% and 5.34%, respectively

(4) Maximum maturity assumes all extension options are exercised by the borrowers; however loans may be repaid prior to such date.

The following table provides details of our loan receivable, held-for-investment portfolio, on a loan-by-loan basis, as of September 30, 2024:

	Loan Type	Origination Date[1]	Total Loan	Principal Balance	Net Book Value	Cash Coupon[2]	All-in Yield[2]	Maximum Maturity[3]	Location	Property Type	LTV[1]
1	Senior Loan	6/9/2022	$ 365,610	$ 358,118	$ 358,104	+3.30%	+3.30%	6/9/2027	Various	Multifamily	74%
2	Senior Loan	4/28/2022	195,000	195,000	195,375	+3.25%	+3.33%	5/9/2027	New York, NY	Hospitality	70%
3	Senior Loan	7/14/2023	156,500	156,500	156,563	+3.40%	+3.45%	7/9/2028	Various	Multifamily	69%
4	Senior Loan	11/15/2022	146,200	146,200	146,201	+4.21%	+4.21%	11/9/2027	Nashville, TN	Hospitality	52%
5	Senior Loan	6/8/2022	144,160	144,160	144,877	+3.89%	+4.04%	6/9/2027	New York, NY	Multifamily	73%

	Loan Type	Origination Date[1]	Total Loan	Principal Balance	Net Book Value	Cash Coupon[2]	All-in Yield[2]	Maximum Maturity[3]	Location	Property Type	LT
6	Senior Loan	7/18/2023	$ 128,000	$ 128,000	$ 127,981	+3.75%	+3.75%	8/9/2026	Jersey City, NJ	Multifamily	[illegible]
7	Senior Loan	3/31/2022	120,470	105,330	105,320	+4.30%	+4.30%	4/9/2027	Addison, TX	Office	[illegible]
8	Senior Loan	12/4/2023	110,000	110,000	109,980	+2.90%	+2.99%	12/9/2028	Washington, DC	Mixed Use	[illegible]
9	Senior Loan	5/26/2022	108,500	102,037	102,237	+3.40%	+3.58%	6/9/2027	Mesa, AZ	Multifamily	[illegible]
10	Senior Loan	6/30/2022	106,000	100,000	99,994	+4.15%	+4.15%	7/9/2027	Lynwood, CA	Retail	[illegible]
11	Senior Loan	5/18/2022	105,000	105,000	105,000	+3.50%	+3.50%	6/9/2027	New Rochelle, NY	Multifamily	[illegible]
12	Senior Loan	6/14/2022	104,630	91,030	91,022	+3.80%	+3.80%	6/9/2027	San Jose, CA	Industrial	[illegible]
13	Senior Loan	1/20/2023	102,733	84,733	84,733	+3.70%	+3.70%	2/9/2028	Various	Industrial	[illegible]
14	Senior Loan	6/28/2022	100,000	100,000	99,991	+3.15%	+3.15%	7/9/2027	Fayetteville, NC	Multifamily	[illegible]
15	Senior Loan	1/13/2023	100,000	100,000	100,214	+4.75%	+4.87%	1/13/2025	New York, NY	Hospitality	[illegible]
16	Senior Loan	7/15/2022	97,000	97,000	96,985	+3.70%	+3.70%	8/9/2027	Middletown, DE	Industrial	[illegible]
17	Senior Loan	12/30/2021	95,000	95,000	94,996	+4.20%	+4.20%	1/9/2027	San Diego, CA	Hospitality	[illegible]
18	Senior Loan	12/21/2021	93,900	88,108	88,105	+3.80%	+3.80%	1/9/2027	Houston, TX	Multifamily	[illegible]
19	Senior Loan	10/3/2022	91,100	81,300	81,290	+4.50%	+4.50%	10/9/2027	Miami, FL	Office	[illegible]
20	Senior Loan	4/29/2022	90,000	90,000	90,000	+3.55%	+3.55%	5/6/2027	Reseda, CA	Multifamily	[illegible]
21	Senior Loan	8/4/2022	90,000	90,000	89,995	+3.65%	+3.65%	8/9/2027	Santa Barbara, CA	Various	[illegible]
22	Senior Loan	5/13/2022	89,500	89,500	89,776	+4.25%	+4.38%	5/9/2027	New York, NY	Multifamily	[illegible]
23	Senior Loan	2/4/2022	89,000	89,000	89,738	+3.85%	+4.27%	2/1/2025	Temecula, CA	Multifamily	[illegible]
24	Senior Loan	9/8/2022	87,000	83,248	83,406	+4.25%	+4.34%	9/9/2027	Washington, DC	Hospitality	[illegible]
25	Senior Loan	3/28/2024	86,500	86,500	86,480	+3.05%	+3.18%	4/9/2029	Various	Industrial	[illegible]
26	Senior Loan	7/20/2022	85,690	81,375	81,519	+3.65%	+3.74%	8/9/2027	Phoenix, AZ	Multifamily	[illegible]
27	Senior Loan	5/12/2021	85,000	85,000	85,137	+3.11%	+3.17%	5/9/2026	Detroit, MI	Industrial	[illegible]
28	Senior Loan	5/13/2022	83,885	83,885	84,135	+4.25%	+4.39%	5/9/2027	New York, NY	Multifamily	[illegible]
29	Senior Loan	7/31/2023	82,000	82,000	82,224	+4.95%	+5.12%	8/9/2028	Berkeley, CA	Hospitality	[illegible]
30	Senior Loan	12/22/2021	81,500	65,330	65,697	+4.75%	+4.92%	1/9/2027	Farmers Branch, TX	Office	[illegible]
31	Senior Loan	12/15/2021	76,820	73,620	73,611	+3.00%	+3.00%	12/9/2026	Sunny Isles, FL	Multifamily	[illegible]
32	Senior Loan	12/23/2021	76,700	76,700	76,689	+4.45%	+4.45%	1/9/2027	Westminster, CO	Retail	[illegible]
33	Senior Loan	2/28/2022	66,869	66,869	66,869	+5.25%	+5.25%	9/9/2028	Atlanta, GA	Multifamily	[illegible]
34	Senior Loan	11/3/2022	73,000	53,715	53,819	+4.75%	+4.84%	11/9/2027	Adairsville, GA	Hospitality	[illegible]
35	Senior Loan	9/10/2021	68,941	68,941	68,933	+3.01%	+3.02%	10/9/2026	Richardson, TX	Multifamily	[illegible]
36	Senior Loan	4/26/2022	69,350	66,266	66,257	+3.72%	+3.72%	5/9/2027	Tucson, AZ	Multifamily	[illegible]
37	Senior Loan	4/26/2021	68,100	66,000	65,892	+3.26%	+3.27%	5/9/2026	North Las Vegas, NV	Multifamily	[illegible]
38	Senior Loan	4/27/2022	67,940	65,443	65,518	+4.00%	+4.05%	5/9/2027	Indianapolis, IN	Multifamily	[illegible]
39	Senior Loan	12/21/2021	65,450	65,450	65,447	+4.35%	+4.35%	1/9/2027	Dallas, TX	Hospitality	[illegible]
40	Senior Loan	5/20/2022	63,000	62,373	62,368	+4.15%	+4.15%	5/9/2027	Montauk, NY	Hospitality	[illegible]
41	Senior Loan	4/13/2022	62,650	57,131	57,122	+3.90%	+3.91%	5/9/2027	Houston, TX	Multifamily	[illegible]
42	Senior Loan	7/29/2021	62,500	62,500	62,360	+3.21%	+3.22%	8/9/2026	Maitland, FL	Multifamily	[illegible]
43	Senior Loan	7/22/2021	62,100	61,477	61,335	+3.41%	+3.42%	8/9/2026	Nashville, TN	Multifamily	[illegible]
44	Senior Loan	6/27/2024	59,377	59,377	59,149	+3.00%	+3.38%	7/1/2025	New York, NY	Retail	[illegible]
45	Senior Loan	8/2/2021	58,947	58,947	58,940	+2.91%	+2.92%	8/9/2026	Austin, TX	Multifamily	[illegible]
46	Senior Loan	2/15/2022	58,750	57,043	57,037	+3.50%	+3.50%	3/9/2027	Antioch, TN	Multifamily	[illegible]
47	Senior Loan	5/12/2022	58,165	57,148	57,143	+3.35%	+3.36%	5/9/2027	Denver, CO	Multifamily	[illegible]
48	Senior Loan	6/27/2024	57,480	57,480	56,598	+2.70%	+4.38%	6/1/2025	New York, NY	Retail	[illegible]
49	Senior Loan	6/27/2024	57,286	57,286	55,983	+3.00%	+5.30%	7/1/2025	New York, NY	Retail	[illegible]
50	Senior Loan	7/7/2022	57,250	55,542	55,642	+4.35%	+4.44%	7/9/2027	Birmingham, AL	Retail	[illegible]
51	Senior Loan	6/23/2022	57,000	54,283	54,381	+4.75%	+4.84%	7/9/2027	Seattle, WA	Multifamily	[illegible]
52	Senior Loan	11/5/2021	55,960	54,625	54,624	+3.21%	+3.22%	11/9/2026	Houston, TX	Industrial	[illegible]
53	Senior Loan	8/17/2022	55,600	54,097	54,183	+3.85%	+3.94%	9/9/2027	Austin, TX	Multifamily	[illegible]
54	Senior Loan	2/17/2022	55,400	52,843	52,956	+4.10%	+4.18%	3/9/2027	Indianapolis, IN	Multifamily	[illegible]
55	Senior Loan	12/21/2022	55,000	54,549	54,619	+3.85%	+3.94%	12/9/2027	San Bernardino, CA	Multifamily	[illegible]
56	Senior Loan	3/7/2022	53,885	51,686	51,797	+3.50%	+3.59%	3/9/2027	Humble, TX	Multifamily	[illegible]
57	Senior Loan	8/9/2021	53,160	51,836	51,833	+3.26%	+3.27%	8/9/2026	Philadelphia, PA	Multifamily	[illegible]
58	Senior Loan	6/16/2022	52,280	49,201	49,197	+3.80%	+3.80%	7/9/2027	Jacksonville, FL	Multifamily	[illegible]
59	Senior Loan	3/12/2021	52,250	34,251	34,235	+5.86%	+5.87%	3/9/2026	San Francisco, CA	Office	[illegible]
60	Senior Loan	7/7/2021	47,383	47,383	47,276	+3.11%	+3.12%	7/9/2026	Austin, FL	Multifamily	[illegible]
61	Senior Loan	3/22/2022	50,750	50,750	50,750	+3.60%	+3.60%	4/9/2027	Humble, TX	Multifamily	[illegible]
62	Senior Loan	2/18/2022	49,240	34,073	34,068	+3.90%	+3.90%	3/9/2027	Atlanta, GA	Office	[illegible]

	Loan Type	Origination Date[1]	Total Loan	Principal Balance	Net Book Value	Cash Coupon[2]	All-in Yield[2]	Maximum Maturity[3]	Location	Property Type	LT
63	Senior Loan	4/26/2022	$ 49,125	$ 46,832	$ 47,186	+4.05%	+4.38%	5/9/2027	Decatur, GA	Multifamily	72
64	Senior Loan	12/15/2021	49,000	49,000	49,071	+3.45%	+3.50%	12/9/2026	Ladson, SC	Multifamily	77
65	Senior Loan	6/23/2021	48,944	48,944	48,938	+2.91%	+2.92%	7/9/2026	Roswell, GA	Multifamily	75
66	Senior Loan	11/1/2021	48,906	47,913	47,912	+3.81%	+3.82%	11/9/2026	Fort Lauderdale, FL	Office	67
67	Senior Loan	3/29/2023	48,010	48,010	47,942	+2.25%	+2.34%	10/9/2027	Various	Multifamily	57
68	Senior Loan	7/29/2021	47,500	47,500	47,393	+3.21%	+3.22%	8/9/2026	Clearwater, FL	Multifamily	79
69	Senior Loan	8/3/2021	46,500	46,500	46,562	+3.21%	+3.28%	8/9/2026	San Antonio, TX	Multifamily	72
70	Senior Loan	11/10/2021	44,646	44,041	44,125	+3.86%	+4.20%	11/9/2026	Fayetteville, AR	Multifamily	70
71	Senior Loan	11/23/2021	45,445	42,705	42,703	+3.05%	+3.05%	12/9/2026	Dallas, TX	Multifamily	69
72	Senior Loan	8/25/2022	44,750	44,750	45,095	+3.50%	+3.83%	9/9/2027	McKinney, TX	Multifamily	53
73	Senior Loan	1/28/2022	43,650	36,581	36,686	+5.00%	+5.08%	2/9/2027	Milwaukee, WI	Office	59
74	Senior Loan	7/28/2021	43,350	43,200	43,100	+3.11%	+3.12%	8/9/2026	Sandy Springs, GA	Multifamily	77
75	Senior Loan	8/19/2021	43,000	43,000	43,046	+3.21%	+3.26%	9/9/2026	Omaha, NE	Multifamily	75
76	Senior Loan	8/9/2021	42,660	42,522	42,321	+3.16%	+3.17%	8/9/2026	Southaven, MS	Multifamily	57
77	Senior Loan	11/1/2021	42,300	41,541	41,539	+3.61%	+3.62%	11/9/2026	Doraville, GA	Multifamily	82
78	Senior Loan	3/14/2022	42,000	40,586	40,672	+3.50%	+3.63%	4/9/2027	Dallas, TX	Multifamily	76
79	Senior Loan	8/25/2021	41,395	41,099	41,100	+3.50%	+3.50%	9/9/2026	Cypress, TX	Multifamily	69
80	Senior Loan	7/21/2021	41,100	40,417	40,230	+2.91%	+2.92%	8/9/2026	Evanston, IL	Multifamily	77
81	Senior Loan	10/28/2021	40,200	39,753	39,751	+3.11%	+3.12%	11/9/2026	Dallas, TX	Multifamily	74
82	Senior Loan	9/30/2022	40,000	39,105	39,302	+5.00%	+5.25%	10/9/2027	New Orleans, LA	Hospitality	64
83	Senior Loan	6/27/2024	38,884	38,884	36,484	+2.50%	+5.66%	7/15/2026	New York, NY	Retail	92
84	Senior Loan	4/27/2021	39,050	35,635	35,572	+3.26%	+3.27%	5/9/2026	Jamaica, NY	Industrial	61
85	Senior Loan	6/24/2021	38,600	38,600	38,549	+3.86%	+3.87%	7/9/2026	Austin, TX	Multifamily	76
86	Senior Loan	8/3/2021	38,500	38,500	38,551	+3.21%	+3.28%	8/9/2026	San Antonio, TX	Multifamily	72
87	Senior Loan	11/30/2021	38,310	37,363	37,510	+4.45%	+4.62%	12/9/2026	Memphis, TN	Office	70
88	Senior Loan	1/7/2022	38,000	38,000	38,263	+3.55%	+3.79%	3/9/2027	Miami, FL	Hospitality	49
89	Senior Loan	11/4/2021	37,300	37,300	37,282	+3.45%	+3.78%	11/1/2024	Boca Raton, FL	Multifamily	81
90	Senior Loan	4/29/2022	37,135	35,729	35,799	+3.75%	+3.84%	5/9/2027	Euless, TX	Multifamily	80
91	Senior Loan	2/16/2024	36,800	36,800	36,791	+3.00%	+3.01%	3/9/2029	Various	Industrial	63
92	Senior Loan	11/5/2021	36,325	36,253	36,245	+3.21%	+3.22%	11/9/2026	Mesquite, TX	Multifamily	73
93	Senior Loan	2/20/2024	36,200	34,446	34,429	+3.15%	+3.17%	3/9/2029	Gilbert, AZ	Industrial	62
94	Senior Loan	4/9/2019	36,000	36,000	35,901	+4.50%	+4.58%	4/9/2025	New York City, NY	Mixed Use	75
95	Senior Loan	12/21/2021	36,000	36,000	35,997	+3.45%	+3.45%	1/9/2027	Hackensack, NJ	Multifamily	68
96	Senior Loan	1/7/2022	36,000	36,000	36,000	+3.80%	+3.80%	1/9/2027	Jupiter, FL	Industrial	72
97	Senior Loan	12/16/2021	33,000	31,504	31,501	+3.55%	+3.55%	1/9/2027	Fort Worth, TX	Multifamily	72
98	Senior Loan	3/11/2021	32,000	30,000	29,997	+4.61%	+4.68%	3/9/2026	Colleyville, TX	Retail	58
99	Senior Loan	4/27/2022	31,800	30,212	30,208	+4.30%	+4.30%	5/9/2027	Morrow, GA	Industrial	62
100	Senior Loan	1/28/2022	31,229	31,229	31,344	+3.81%	+3.96%	9/9/2026	Dallas, TX	Multifamily	82
101	Mezz Loan	10/20/2022	31,111	29,992	29,992	+6.50%	+6.50%	10/9/2027	Philadelphia, PA	Mixed Use	68
102	Senior Loan	11/23/2021	30,920	28,708	28,707	+3.05%	+3.05%	12/9/2026	Dallas, TX	Multifamily	69
103	Senior Loan	2/16/2024	30,700	30,700	30,693	+3.00%	+3.01%	3/9/2029	Various	Industrial	57
104	Senior Loan	5/4/2021	30,000	25,208	25,207	+5.66%	+5.84%	5/9/2026	Richardson, TX	Office	65
105	Senior Loan	5/28/2021	29,000	29,000	28,914	+5.11%	+5.12%	6/9/2026	Austin, TX	Office	57
106	Senior Loan	12/18/2020	28,440	25,100	25,099	+4.61%	+4.62%	1/9/2026	Rockville, MD	Office	69
107	Senior Loan	12/15/2021	28,400	27,592	27,590	+3.30%	+3.30%	12/9/2026	Arlington, TX	Multifamily	79
108	Senior Loan	6/28/2019	28,000	28,000	27,999	+5.46%	+5.54%	7/9/2025	Davis, CA	Hospitality	72
109	Senior Loan	6/27/2024	26,399	26,399	25,247	+1.50%	+7.49%	4/1/2025	Washington, DC	Multifamily	61
110	Senior Loan	1/28/2022	24,489	24,489	24,610	+3.81%	+3.96%	9/9/2026	Mesquite, TX	Multifamily	78
111	Senior Loan	6/27/2024	23,186	23,186	23,096	+3.00%	+3.38%	7/1/2025	Washington, DC	Retail	49
112	Senior Loan	7/18/2018	22,500	22,500	22,562	+5.36%	+5.51%	8/9/2025	Gaithersburg, MD	Hospitality	80
113	Senior Loan	12/10/2020	22,300	17,672	17,671	+5.36%	+5.37%	1/9/2026	Fox Hills, CA	Office	55
114	Senior Loan	1/28/2022	22,149	22,149	22,258	+3.81%	+3.96%	9/9/2026	Dallas, TX	Multifamily	85
115	Senior Loan	7/13/2021	21,350	21,350	21,344	+5.00%	+5.03%	8/9/2026	Grand Prairie, TX	Multifamily	72
116	Senior Loan	7/20/2021	21,136	19,504	19,506	+3.36%	+3.43%	8/9/2026	Las Vegas, NV	Multifamily	72
117	Senior Loan	8/26/2021	20,955	20,755	20,763	+3.21%	+3.29%	9/9/2026	Seattle, WA	Multifamily	69
118	Mezz Loan	10/1/2021	19,990	19,990	19,903	10.00%	10.54%	4/1/2026	Various	Various	93
119	Senior Loan	5/10/2021	19,200	17,892	17,858	+3.61%	+3.62%	5/9/2026	University City, PA	Multifamily	70

	Loan Type	Origination Date[1]	Total Loan	Principal Balance	Net Book Value	Cash Coupon[2]	All-in Yield[2]	Maximum Maturity[3]	Location	Property Type	LT
120	Senior Loan	2/16/2024	$ 19,000	$ 19,000	$ 18,996	+3.00%	+3.01%	3/9/2029	Various	Industrial	58
121	Mezz Loan	2/21/2020	18,102	18,102	18,102	10.00%	10.00%	3/1/2030	Various	Industrial	70
122	Senior Loan	2/26/2021	17,706	17,706	17,684	+3.36%	+3.37%	3/9/2026	Newark, NJ	Industrial	57
123	Senior Loan	2/19/2020	17,600	14,000	13,979	+3.61%	+3.61%	3/9/2025	Los Angeles, CA	Mixed Use	71
124	Senior Loan	1/28/2021	16,100	16,100	16,174	+4.61%	+4.74%	2/9/2026	Philadelphia, PA	Self Storage	79
125	Mezz Loan	6/8/2022	15,840	15,840	15,919	+7.50%	+7.65%	6/9/2027	New York, NY	Multifamily	81
126	Senior Loan	6/27/2024	15,537	15,537	15,200	+2.25%	+3.09%	2/6/2027	Mesa, AZ	Hospitality	66
127	Mezz Loan	2/14/2020	15,000	15,000	15,000	+7.61%	+7.61%	12/5/2026	Queens, NY	Multifamily	75
128	Senior Loan	2/16/2024	14,700	14,700	14,697	+3.00%	+3.01%	3/9/2029	Various	Industrial	57
129	Senior Loan	6/27/2024	13,654	13,654	13,393	+2.10%	+3.42%	12/18/2025	Macon, GA	Hospitality	62
130	Senior Loan	3/25/2021	13,405	13,015	13,027	+3.36%	+3.43%	4/9/2026	Lithonia, GA	Multifamily	67
131	Senior Loan	2/16/2024	13,100	13,100	13,097	+3.00%	+3.01%	3/9/2029	Various	Industrial	60
132	Senior Loan	3/19/2021	12,200	12,200	12,223	+4.25%	+4.38%	4/9/2026	Brooklyn, NY	Multifamily	85
133	Mezz Loan	1/20/2023	11,415	9,415	9,415	+5.20%	+5.20%	2/9/2028	Various	Industrial	64
134	Senior Loan	6/27/2024	11,244	11,244	11,201	+3.00%	+3.38%	7/1/2025	New York, NY	Retail	19
135	Mezz Loan	5/12/2022	5,785	5,785	5,785	+10.50%	+10.50%	5/9/2027	Denver, CO	Multifamily	86
136	Senior Loan	6/27/2024	4,084	4,084	3,714	+1.90%	+3.78%	8/1/2029	New York, NY	Office	41
137	Senior Loan	6/27/2024	3,567	3,567	3,550	+2.10%	+3.01%	1/1/2025	New York, NY	Retail	49
138	Senior Loan	9/23/2021	1,349	1,349	1,431	+4.36%	+4.52%	9/9/2026	Various	Multifamily	77
139	Senior Loan	6/27/2024	2,946	2,946	2,893	+3.25%	+3.40%	8/1/2027	New York, NY	Retail	13
140	Senior Loan	6/27/2024	2,895	2,895	2,850	+3.00%	+3.89%	4/1/2026	New York, NY	Retail	32
141	Senior Loan	6/27/2024	1,535	1,535	1,529	+3.00%	+3.38%	7/1/2025	New York, NY	Retail	49
142	Senior Loan	6/27/2024	1,046	1,046	1,025	+3.25%	+3.92%	7/28/2027	New York, NY	Retail	13
143	Senior Loan	8/15/2024	79,790	74,290	74,265	+2.75%	+2.76%	9/9/2029	Various	Industrial	67
144	Senior Loan	9/24/2024	34,000	32,000	31,975	+3.30%	+3.34%	10/9/2029	Las Vegas, NV	Multifamily	66
Total/Weighted Average			$ 7,733,900	$ 7,472,989	$ 7,470,946	+3.75%	+3.88%				67
CECL Reserve					(132,265)						
Loans receivable, net					$ 7,338,681						

(1) Date loan was originated or acquired by us, and the LTV, as of such date. Dates and LTV are not updated for subsequent loan modifications or upsizes.
(2) The weighted-average cash coupon and all-in yield are expressed as a spread over the relevant floating benchmark rate, which is SOFR. In addition to cash coupon, all-in yield include accretion of discount (amortization of premium) and accrual of exit fees.
(3) Maximum maturity assumes all extension options are exercised by the borrower, however loans may be repaid prior to such date.

Results of Operations

The following table sets forth information regarding our unaudited consolidated results of operations for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net interest income				
Interest income	$ 192,570	$ 192,867	$ 575,949	$ 551,164
Less: Interest expense	(118,066)	(110,572)	(340,422)	(315,461)
Interest income on mortgage loans held in securitization trusts	17,871	4,363	44,519	11,590
Less: Interest expense on mortgage obligations issued by securitization trusts	(15,835)	(3,425)	(39,328)	(9,283)
Net interest income	76,540	83,233	240,718	238,010
Other expenses				
Management fee	9,614	9,092	28,526	25,514
Performance fee	4,190	6,354	16,141	17,742
General and administrative expenses	11,738	10,008	34,439	30,446
Real estate operating expenses	2,800	—	5,635	—
Depreciation and amortization	4,251	—	7,921	—
Interest expense on real estate	2,367	—	7,079	—
Less: Expense limitation	—	—	—	(148)
Add: Expense recoupment to sponsor	—	753	—	753
Net other expenses	34,960	26,207	99,741	74,307
Other income (loss)				
Credit loss expense, net	5,190	101	(54,507)	(42,130)
Real estate operating income	6,722	—	16,799	—
Net change in unrealized gain (loss) on interest rate cap	(1,761)	(762)	(3,509)	(1,370)
Net realized gain (loss) on mortgage-backed securities, fair value option	22	—	355	—
Net realized gain (loss) on extinguishment of debt	99	265	273	265
Net realized gain (loss) on real estate, net	357	—	357	—
Net change in unrealized gain (loss) on mortgage-backed securities, fair value option	(86)	45	355	325
Unrealized gain (loss) on mortgage loans and obligations held in securitization trusts, net	458	(213)	1,536	(742)
Other income (loss), net	—	(234)	—	(1,931)
Total other income (loss)	11,001	(798)	(38,341)	(45,583)
Net income before income taxes	52,581	56,228	102,636	118,120
Income tax expense	(478)	(274)	(1,748)	(2,260)
Net income	52,103	55,954	100,888	115,860
Preferred stock dividends	(3)	(3)	(11)	(11)
Net income attributable to FS Credit Real Estate Income Trust, Inc.	$ 52,100	$ 55,951	$ 100,877	$ 115,849

Net Interest Income

Net interest income is generated on our interest-earning assets less related interest-bearing liabilities. The increase in interest income for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023 was attributable to debt investments acquired or originated in our portfolio and non-recurring prepayment fee income. The increase in interest expense was attributable to an increase in borrowings in order to support our investment activities. The increase in interest income on mortgage loans held in securitization trusts, and interest expense on mortgage obligations issued by securitization trusts was attributable to the consolidation of securitization vehicles.

Other Expenses

Other expenses include management and performance fees payable to FS Real Estate Advisor and general and administrative expenses. General and administrative expenses include administrative services expenses and fees, auditing and professional fees, independent director fees, transfer agent fees, loan servicing expenses and other costs associated with operating our business. The increase in other expenses for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023 can primarily be attributed to the increase of our management fee and various general and administrative expenses related to the growth of our net assets.

Expense Limitation

We have entered into an expense limitation agreement with FS Real Estate Advisor and Rialto pursuant to which FS Real Estate Advisor and Rialto have agreed to waive reimbursement of or pay, on a quarterly basis, our annualized ordinary operating expenses for such quarter to the extent such expenses exceed 1.5% per annum of our average net assets attributable to each of our classes of common stock. Ordinary operating expenses for each class of common stock consist of all ordinary expenses attributable to such class, including administration fees, transfer agent fees, fees paid to our board of directors, loan servicing expenses, administrative services expenses and fees, and related costs associated with legal, regulatory compliance and investor relations, but excluding the following: (a) management fees and performance fees paid to FS Real Estate Advisor pursuant to the Advisory Agreement, (b) interest expense and other financing costs, (c) taxes, (d) distribution or shareholder servicing fees and (e) unusual, unexpected and/or nonrecurring expenses. We will repay FS Real Estate Advisor or Rialto on a quarterly basis any ordinary operating expenses previously waived or paid, but only if the reimbursement would not cause the then-current expense limitation, if any, to be exceeded. In addition, the reimbursement of expenses will be made only if payable not more than three years from the end of the fiscal quarter in which the expenses were paid or waived.

During the nine months ended September 30, 2024, no expense recoupments were paid to FS Real Estate Advisor and Rialto. As of September 30, 2024, no expense recoupments were payable to FS Real Estate Advisor and Rialto.

Credit Loss Expense, Net

During the nine months ended September 30, 2024, our expected credit loss reserve increased by $54,507. Credit loss expenses relate to changes in the Company’s general and specific current expected credit loss ("CECL") reserves for the Company’s Loans receivable, held-for-investment and Mortgage-backed securities, held-to-maturity portfolios, and the credit loss allowance associated with the Company’s Mortgage-backed securities available-for-sale. The increase in credit loss expense can primarily be attributed to specific CECL reserves on loans in our portfolio and new loans funded during the period.

Non-GAAP Financial Measures

Funds from Operations and Modified Funds from Operations

We use Funds from Operations ("FFO"), a widely accepted non-GAAP financial metric, to evaluate our performance. FFO provides a supplemental measure to compare our performance and operations to other REITs. Due to certain unique operating characteristics of real estate companies, the National Association of Real Estate Investment Trusts ("NAREIT") has promulgated a standard known as FFO, which it believes more accurately reflects the operating performance of a REIT. As defined by NAREIT, FFO means net income computed in accordance with GAAP, excluding gains (or losses) from sales of operating property, plus depreciation and amortization and after adjustments for unconsolidated entities. In addition, NAREIT has further clarified the FFO definition to add-back impairment write-downs of depreciable real estate or of investments in unconsolidated entities that are driven by measurable decreases in the fair value of depreciable real estate and to exclude the earnings impacts of cumulative effects of accounting changes. We have adopted the NAREIT definition for computing FFO.

Due to the unique features of publicly registered, non-listed REITs, the Institute for Portfolio Alternatives ("IPA"), an industry trade group, published a standardized non-GAAP financial measure known as Modified Funds from Operations ("MFFO"), which the IPA has promulgated as a supplemental measure for publicly registered non-listed REITs and which may be another appropriate supplemental measure to reflect the operating performance of a non-listed REIT.

The IPA defines MFFO as FFO adjusted for acquisition fees and expenses, amounts relating to straight line rents and amortization of premiums or accretion of discounts on debt investments, non-recurring impairments of real estate-related investments, mark-to-market adjustments included in net income, non-recurring gains or losses included in net income from the extinguishment or sale of debt, hedges, foreign exchange, derivatives or securities holdings where trading of such holdings is not a fundamental attribute of the business plan, unrealized gains or losses resulting from consolidation from, or deconsolidation to, equity accounting, and after adjustments for consolidated and unconsolidated partnerships and joint ventures.

Because MFFO may be a recognized measure of operating performance within the non-listed REIT industry, MFFO and the adjustments used to calculate it may be useful in order to evaluate our performance against other non-listed REITs. Like FFO, MFFO is not equivalent to our net income or loss as determined under GAAP, as detailed in the table below, and MFFO may not be a useful measure of the impact of long-term operating performance on value if we continue to acquire a significant amount of investments.

Our presentation of FFO and MFFO may not be comparable to other similarly titled measures presented by other REITs. We believe that the use of FFO and MFFO provides a more complete understanding of our operating performance to stockholders and to management, and when compared year over year, reflects the impact on our operations from trends in operating costs, general and administrative expenses, and interest costs. Neither FFO nor MFFO is intended to be an alternative to “net income” or to “cash flows from operating activities" as determined by GAAP as a measure of our capacity to pay distributions. Management uses FFO and MFFO to compare our operating performance to that of other REITs and to assess our operating performance.

Neither the SEC, any other regulatory body nor NAREIT has passed judgment on the acceptability of the adjustments that we use to calculate FFO or MFFO. In the future, the SEC, another regulatory body or NAREIT may decide to standardize the allowable adjustments across the non-listed REIT industry and we would have to adjust our calculation and characterization of FFO or MFFO.

Our FFO and MFFO are calculated for the three and nine months ended September 30, 2024 and 2023 as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income (GAAP)	$ 52,103	$ 55,954	$ 100,888	$ 115,860
Adjustments to arrive at funds from operations:				
Real estate depreciation and amortization	4,251	1,835	7,921	5,501
Funds from operations	$ 56,354	$ 57,789	$ 108,809	$ 121,361
Adjustments to arrive at modified funds from operations:				
Accretion of discount on mortgage-backed securities held-to-maturity	(749)	(679)	(2,192)	(6,055)
Straight-line rental income	(126)	(547)	(1,916)	(2,877)
Net change in unrealized (gain) loss on interest rate cap	1,761	762	3,509	1,370
Credit loss expense, net	(5,190)	(101)	54,507	42,130
Net change in unrealized (gain) loss on mortgage-backed securities fair value option	86	(45)	(355)	(325)
Unrealized (gain) loss on mortgage loans and obligations held in securitization trusts, net	(458)	213	(1,536)	742
Modified funds from operations	$ 51,678	$ 57,392	$ 160,826	$ 156,346

NAV per Share

FS Real Estate Advisor calculates our NAV per share in accordance with the valuation guidelines approved by our board of directors for the purposes of establishing a price for shares sold in our public offering as well as establishing a repurchase price for shares repurchased pursuant to our share repurchase plan.

In general, our investments are valued by FS Real Estate Advisor based on market quotations, at amortized cost or at fair value determined in accordance with GAAP. In accordance with the valuation guidelines approved by our board of directors, FS Real Estate Advisor calculates our NAV per share for each class of our common stock as of the last calendar day of each month. For purposes of calculating our NAV, FS Real Estate Advisor uses the following valuation methods:

- Commercial real estate debt classified as held-for-investment is valued at amortized cost, net of unamortized acquisition premiums or discounts, loan fees, and origination costs. Mortgage-backed securities are classified as held-to-maturity when we intend to and can hold such securities until maturity and are valued at amortized cost, net of unamortized acquisition premium or discount. Our general CECL reserve is not considered impairment and is excluded from our NAV calculation consistent with other unrealized gains (losses) for investments expected to be held to maturity pursuant to our existing policy for calculating NAV. We recognize such potential credit losses in the NAV calculation if and when a loan is deemed impaired. Impairment is indicated when it is deemed probable that we will not be able to collect all amounts due to us pursuant to the contractual terms of the loan. If a loan is determined to be impaired, the loan is written down through a loan specific reserve. See Note 2 to our unaudited consolidated financial statements included herein for additional information regarding our accounting for impaired loans, including significant judgments and assumptions included. At least quarterly, FS Real Estate Advisor, with assistance from our sub-adviser, evaluates for impairment each loan classified as held-for-investment.
- Mortgage-backed securities that we do not classify as held-to-maturity are reported at fair value. On a monthly basis, FS Real Estate Advisor values such securities using quotations obtained from an independent third-party pricing service, which provides prevailing bid and ask prices that are screened for validity by the third-party pricing service on the valuation date. For securities for which there is no readily available market quotations, FS Real Estate Advisor values the security using current market data and a valuation provided by an independent third-party valuation firm. Each investment is valued by FS Real Estate Advisor no less frequently than quarterly.
- Investments in real estate are initially valued at cost, which is expected to represent fair value at that time. FS Real Estate Advisor, with assistance from our sub-adviser, expects to receive an appraisal performed by an independent third-party appraisal firm on each property prior to or upon acquisition. Each property will then be valued monthly by the Adviser using current market data and a valuation provided by an independent third-party valuation firm. The independent third-party valuation firm will provide a monthly valuation for each property using the discounted cash flow methodology (income approach) as a primary methodology, although other industry standard methodologies may be used, including the sales

comparison and replacement cost approaches. Further, the independent third-party valuation firm will provide an annual valuation for each property, which will be consistent with its monthly valuation but will also reflect (i) property specific factors such as property income, cash flow forecasts, capital improvements and key performance indicators (e.g. occupancy rates) and (ii) market specific factors such as discount rates, capitalization rates and market sale transactions.

- Liabilities include repurchase agreements payable, credit facility payable, collateralized loan obligations, mortgage obligations, fees payable to FS Real Estate Advisor and the dealer manager, accounts payable, accrued operating expenses, any portfolio-level credit facilities, and other liabilities. All liabilities are valued at amounts payable, net of unamortized premium or discount, and net of unamortized debt issuance costs. Liabilities related to stockholder servicing fees allocable to Class T, Class S, Class D and Class M shares are only included in the NAV calculation for those classes. Liabilities related to the base management fee is a class-specific expense for Class T, Class S, Class D, Class M and Class I shares, and the performance fee is a class-specific expense for Class T, Class S, Class D, Class M, Class I and Class Y shares. Class I PCRs will not be treated as a liability unless and until Class I shares are issuable pursuant to our advisory agreement and the Class I PCR agreement.

Commercial real estate debt and mortgage-backed securities held-to-maturity are valued at amortized cost, consistent with how they are recorded in accordance with GAAP, as these instruments are intended to be held-to-maturity. Liabilities are valued at amortized cost as these obligations are expected to be satisfied at their carrying value. See Note 9 to our unaudited consolidated financial statements included herein for additional information including a comparison of our carrying value and an estimate of the fair value of our commercial real estate debt, mortgage-backed securities held-to-maturity, repurchase agreements payable, credit facility payable, and collateralized loan obligations.

The following table provides a breakdown of the major components of our total NAV as of September 30, 2024:

Components of NAV	**September 30, 2024**
Cash and cash equivalents	$ 139,399
Restricted cash	80,495
Loans receivable, net of specific CECL reserve of $858	7,470,089
Mortgage-backed securities held-to-maturity	77,500
Mortgage-backed securities, at fair value	336,504
Interest receivable	53,796
Investments in real estate, net	399,536
Receivable for investment sold and repaid	114,560
Other assets	4,099
Mortgage loans held in securitization trusts, at fair value	1,650,668
Repurchase agreements payable, net	(849,291)
Credit facility payable, net	(910,234)
Collateralized loan obligations, net	(3,808,615)
Mortgage note payable, net	(124,190)
Accrued servicing fees[1]	(1,607)
Other liabilities	(139,824)
Mortgage obligations issued by securitization trusts, at fair value	(1,501,303)
Net asset value	$ 2,991,582

(1) See Reconciliation of Stockholders' Equity to NAV below for an explanation of the differences between the stockholder servicing fees accrued for purposes of NAV and the amount accrued under GAAP.

The following table provides a breakdown of our total NAV and NAV per share by share class as of September 30, 2024:

NAV per Share	**Class F**	**Class Y**	**Class T**	**Class S**	**Class D**	**Class M**	**Class I**	**Total**
Net asset value	$ 19,098	$ 21,885	$ 22,763	$ 1,618,928	$ 10,915	$ 116,193	$ 1,181,800	$ 2,991,582
Number of outstanding shares	753,468	906,648	916,716	64,572,078	438,556	4,659,328	48,896,785	121,143,579
NAV per share as of September 30, 2024	$ 25.3464	$ 24.1389	$ 24.8313	$ 25.0716	$ 24.8886	$ 24.9376	$ 24.1693	

The following table details the weighted average discount rate and exit capitalization rate by property type, which are the key assumptions used in the discounted cash flow valuations as of September 30, 2024:

Property Type	Discount Rate	Exit Capitalization Rate
Office	9.68%	6.47%
Multifamily	7.25%	5.25%

Discount rate and exit capitalization rate are the key assumptions used in the discounted cash flow valuation of our investment in real estate. A change in these assumptions would impact the calculation of the value of our real estate investment. For example, assuming all other factors remain unchanged, the changes listed below would result in the following effects on our investment values:

Input	Hypothetical Change	Office Investment Values	Multifamily Investment Values
Discount Rate	0.25% decrease	2.6 %	2.0 %
(weighted average)	0.25% increase	(2.6)%	(2.0)%
Exit Capitalization Rate	0.25% decrease	8.4 %	3.3 %
(weighted average)	0.25% increase	(7.7)%	(3.0)%

The following table sets forth a reconciliation of our stockholders' equity to our NAV as of September 30, 2024:

Reconciliation of Stockholders' Equity to NAV	September 30, 2024
Total stockholders' equity under GAAP	$ 2,758,719
Preferred stock	(125)
Total stockholders' equity, net of preferred stock, under GAAP	2,758,594
Adjustments:	
Accrued stockholder servicing fees[(1)]	101,235
General CECL reserve[(2)]	134,131
Unrealized real estate appreciation[(3)]	(9,604)
Accumulated depreciation and amortization[(4)]	18,888
Other adjustments[(5)]	(11,662)
Net asset value	$ 2,991,582

(1) Stockholder servicing fees only apply to Class T, Class S, Class D and Class M shares. Under GAAP, we accrue future stockholder servicing fees in an amount equal to our best estimate of fees payable to FS Investment Solutions at the time such shares are sold. For purposes of NAV, we recognize the stockholder servicing fee as a reduction of NAV on a monthly basis. As a result, the estimated liability for the future stockholder servicing fees, which are accrued at the time each share is sold, will have no effect on the NAV of any class.

(2) Our loans receivable and mortgage-backed securities held-for-investment balances include a general CECL reserve in our GAAP unaudited consolidated financial statements. For purposes of calculating our NAV, our general CECL reserve is excluded. We recognize a specific CECL reserve in the NAV calculation if and when a loan is deemed impaired, as described above.

(3) Our investment in real estate is presented at its depreciated cost basis in our GAAP unaudited consolidated financial statements. As such, any increases or decreases in the fair market value of our investment in real estate is not included in our GAAP results. For purposes of calculating our NAV, our investment in real estate is recorded at fair value.

(4) We depreciate our investment in real estate and amortize certain other assets and liabilities in accordance with GAAP. Such depreciation and amortization are not recorded for purposes of determining our NAV.

(5) Includes (i) straight-line rent receivables, which are recorded in accordance with GAAP but not recorded for purposes of determining our NAV, (ii) increases or decreases in the fair market value of our interest rate cap, which is recorded in accordance with GAAP but not recorded for purposes of determining our NAV. For purposes of calculating our NAV, the interest rate cap is amortized over its term, and (iii) other adjustments.

Limits on the Calculation of Our Per Share NAV

Although our primary goal in establishing our valuation guidelines is to produce a valuation that represents a fair and accurate estimate of the value of our investments, the methodologies used are based on judgments, assumptions and opinions about future events that may or may not prove to be correct, and if different judgments, assumptions or opinions were used, a different estimate would likely result. Furthermore, our published per share NAV may not fully reflect certain extraordinary events because we may not be able to immediately quantify the financial impact of such events on our portfolio. FS Real Estate Advisor monitors our portfolio between valuations to determine whether there have been any extraordinary events that may have materially changed the estimated market value of the portfolio, such as significant market events or disruptions or force majeure events. If required by applicable securities law, we will promptly disclose the occurrence of such event in a prospectus supplement and FS Real Estate Advisor will analyze the impact of such extraordinary event on our portfolio and determine, in coordination with third-party valuation services, the appropriate adjustment to be made to our NAV. We will not, however, retroactively adjust NAV. To the extent that the extraordinary events may result in a material change in value of a specific investment, FS Real Estate Advisor will order a new valuation of the investment, which will be prepared by a third-party valuation service. It is not known whether any resulting disparity will benefit stockholders whose shares are or are not being repurchased or purchasers of our common stock. In calculating the number of shares outstanding used in calculating our NAV, we include the number of estimated Class I shares, if any, issuable to the adviser and the sub-adviser pursuant to the PCR Agreement based on the achievement of the Performance Conditions (as defined in the PCR Agreement), which estimate we will true up following the issuance of such Class I shares pursuant to the PCR Agreement.

We include no discounts to our NAV for the illiquid nature of our shares, including the limitations on the ability to sell shares under our share repurchase plan and our ability to suspend or terminate our share repurchase plan at any time. Our NAV generally does not consider exit costs that would likely be incurred if our assets and liabilities were liquidated or sold. While we may use market pricing concepts to value individual components of our NAV, our per share NAV is not derived from the market pricing information of open-end real estate funds listed on stock exchanges.

We do not represent, warranty or guarantee that:

- a stockholder would be able to realize the NAV per share for the class of shares a stockholder owns if the stockholder attempts to sell its shares;
- a stockholder would ultimately realize distributions per share equal to per share NAV upon a liquidation of our assets and settlement of our liabilities or upon any other liquidity event;
- shares of our common stock would trade at per share NAV on a national securities exchange;
- a third party in an arm’s-length transaction would offer to purchase all or substantially all of our shares of common stock at NAV;
- NAV would equate to a market price for an open-end real estate fund; and
- NAV would represent the fair value of our assets less liabilities under GAAP.

Review of our Policies

Our board of directors, including our independent directors, has reviewed our policies described in this Quarterly Report on Form 10-Q and our registration statement and determined that they are in the best interests of our stockholders because: (i) they increase the likelihood that we will be able to originate, acquire and manage a diversified portfolio of senior loans secured by commercial real estate, thereby reducing risk in our portfolio; (ii) there are sufficient loan underwriting opportunities with the attributes that we seek; (iii) our executive officers, director, affiliates of our adviser and sub-adviser have expertise with the type of real estate investments we seek; and (iv) our borrowings will enable us to originate and acquire loan assets and earn revenue more quickly, thereby increasing our likelihood of generating income for our stockholders and preserving stockholder capital.

Liquidity and Capital Resources

As of September 30, 2024, we had $219,894 in cash and cash equivalents, which we and our wholly owned subsidiaries held in custodial accounts. In addition, as of September 30, 2024, we had $2,155,066 in borrowings available under our financing arrangements, subject to borrowing base and other limitations. As of September 30, 2024, we had unfunded loan commitments of $259,911. We maintain sufficient cash on hand and available borrowings to fund such unfunded commitments should the need arise.

We will obtain the funds required to purchase or originate investments and conduct our operations from the net proceeds of our public offering, the private placement of our Class I shares and any future offerings we may conduct, from secured and unsecured borrowings from banks and other lenders, and from any undistributed funds from operations. Our principal demands for funds will be for asset acquisitions/originations, the payment of operating expenses and distributions, the payment of interest on any outstanding indebtedness and repurchases of our common stock pursuant to our share repurchase plan. Generally, cash needs for items other than asset acquisitions/originations will be met from operations, and cash needs for asset acquisitions/originations will be funded by public offerings of our shares and debt financings. However, there may be a delay between the sale of our shares and our purchase/originations of assets, which could result in a delay in the benefits to our stockholders of returns generated from our investment operations. Our leverage may not exceed 300% of our total net assets (as defined in our charter) as of the date of any borrowing unless a majority of our independent directors vote to approve any borrowing in excess of this amount. Our board of directors will continue to review our ratio of leverage to total net assets on a quarterly basis, as required by our charter.

	September 30, 2024	December 31, 2023
Debt-to-equity ratio[(1)]	2.0x	2.0x
Leverage-to-net assets ratio[(2)]	1.9x	1.9x

(1) Represents (i) total gross outstanding debt agreements less cash on our Consolidated Balance Sheet (ii) total stockholder's equity, in each case, at period end.
(2) Represents (i) total gross outstanding debt agreements (ii) total net asset value (as defined in our charter), in each case, at period end. See NAV per share section within Item 2 for a reconciliation between our stockholder's equity to net asset value.

If we are unable to continue to raise substantial funds in our public offering, we will make fewer investments resulting in less diversification in terms of the type, number and size of investments we make and the value of an investment in us will fluctuate with the performance of the specific assets we acquire. We have certain fixed operating expenses, including certain expenses as a publicly offered REIT, regardless of whether we are able to raise substantial funds in our public offering. Our inability to raise substantial funds would increase our fixed operating expenses as a percentage of gross income, reducing our net income and limiting our ability to make distributions.

Potential future sources of capital include proceeds from secured or unsecured financings from banks or other lenders or proceeds from the sale of assets or collection of loans receivable.

In addition to making investments in accordance with our investment objectives, we expect to use our capital resources to make certain payments to FS Real Estate Advisor and FS Investment Solutions, the dealer manager for our public offering. During the offering stage of our public offering, these payments will include payments to FS Real Estate Advisor and its affiliates for reimbursement of certain organization and offering expenses. We will reimburse FS Real Estate Advisor for the organization and offering costs it or Rialto incurs on our behalf only to the extent that the reimbursement would not cause the selling commissions, dealer manager fees, accountable due diligence expenses, stockholder servicing fees and the other organization and offering expenses borne by us to exceed 15.0% of the gross offering proceeds from the primary offering as the amount of proceeds increases. FS Real Estate Advisor may be reimbursed for any organization and offering expenses that it or Rialto has incurred on our behalf, up to a cap of 0.75% of gross proceeds raised. FS Investments funded our offering costs in the amount of $27,279 for the period from November 7, 2016 (Inception) to September 30, 2024. Through September 30, 2024, we reimbursed $22,920 to FS Real Estate Advisor for offering expenses previously funded. As of September 30, 2024, $4,116 of offering expenses previously funded remained subject to reimbursement to FS Real Estate Advisor and Rialto.

Subject to the limitations in the advisory agreement and sub-advisory agreement, we expect to make payments to FS Real Estate Advisor in connection with the management of our assets and costs incurred by FS Real Estate Advisor and Rialto in providing services to us. The advisory agreement has a one-year term but may be renewed for an unlimited number of successive one-year periods upon the mutual consent of FS Real Estate Advisor and our board of directors. On August 1, 2024, our board of directors approved the renewal of the advisory agreement effective as of December 1, 2024 for an additional one-year term expiring December 1, 2025. For a discussion of the compensation to be paid to FS Real Estate Advisor and FS Investment Solutions, see Note 7 to our unaudited consolidated financial statements included herein.

Cash Flows

The following table provides a breakdown of the net change in our cash and cash equivalents and restricted cash:

	Nine Months Ended September 30,	
	2024	**2023**
Cash flows from operating activities	$ 182,382	$ 201,619
Cash flows used in investing activities	(175,916)	(492,199)
Cash flows from financing activities	(42,573)	303,837
Net increase (decrease) in cash and cash equivalents and restricted cash	$ (36,107)	$ 13,257

Cash flows from operating activities decreased $19,237 during the nine months ended September 30, 2024 compared to the corresponding period in 2023 primarily due to the change in other assets and accrued expenses during the period.

Cash flows used in investing activities increased $316,283 during the nine months ended September 30, 2024 compared to the corresponding period in 2023 primarily due to the net decrease of $262,149 in origination and fundings of loan receivables and an increase in principal collections from loans receivable of $159,101.

Cash flows from financing activities decreased $346,410 during the nine months ended September 30, 2024 compared to the corresponding period in 2023 primarily due to a net increase in borrowings of $118,200 and the decrease in the issuance of common stock of $346,591.

We utilize our credit and repurchase facilities primarily to finance our loan originations on a short-term basis prior to loan securitizations, including through CLOs. The timing, size, and frequency of our securitizations impact the balances of these borrowings, and produce some fluctuations. The following table provides additional information regarding the balances of our borrowings:

Quarter Ended	Quarterly Average Unpaid Principal Balance	End of Period Unpaid Principal Balance	Maximum Unpaid Principal Balance at Any Month-End
September 30, 2024	$ 1,651,420	$ 1,635,765	$ 1,648,227
June 30, 2024	$ 1,270,654	$ 1,648,859	$ 1,648,859
March 31, 2024	$ 1,150,574	$ 1,263,448	$ 1,263,448
December 31, 2023	$ 1,098,005	$ 1,179,219	$ 1,179,219
September 30, 2023	$ 1,142,991	$ 1,092,175	$ 1,221,440

Critical Accounting Policies and Estimates

Our financial statements are prepared in conformity with GAAP, which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Refer to the section of our Form 10-K entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates" for a full discussion of our critical accounting policies and estimates. There have been no material changes to our critical accounting policies and estimates described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023. See Note 2 to our unaudited consolidated financial statements included herein for additional information regarding our accounting policies and significant accounting estimates.

Related Party Transactions

Compensation of FS Real Estate Advisor, Rialto and the Dealer Manager

Pursuant to the advisory agreement, FS Real Estate Advisor is entitled to an annual base management fee equal to 1.25% of the NAV for our Class T, Class S, Class D, Class M and Class I shares and a performance fee in an amount equal to 10.0% of the Core Earnings for the immediately preceding quarter, subject to a hurdle rate, expressed as a rate of return on average adjusted capital, equal to 1.625% per quarter, or an annualized hurdle rate of 6.5%. We also reimburse FS Real Estate Advisor and Rialto for their actual cost incurred on providing administrative services to us, including the allocable portion of compensation and related expenses of certain personnel providing such administrative services. Further, origination fees of up to 1.0% of the loan amount for first lien, subordinated or mezzanine debt or preferred equity financing may be retained by Rialto or FS Real Estate Advisor. FS Real Estate Advisor has also received compensation for the structuring and negotiation of certain financing arrangements. Pursuant to the advisory agreement, we will reimburse FS Real Estate Advisor and its affiliates for expenses incurred relating to our organization and continuous public offering, including the allocable portion of compensation and related expenses of certain personnel of FS Investments related thereto. FS Real Estate Advisor previously agreed to advance all of our organization and offering expenses until we raised $250,000 of gross proceeds from our public offering. In April 2020, FS Real Estate Advisor and Rialto agreed to defer the recoupment of any organization and offering expenses that may be reimbursable by us under the advisory agreement with respect to gross proceeds raised in the offering in excess of $250,000 until FS Real Estate Advisor, in its sole discretion, determined that we had achieved economies of scale sufficient to ensure that we could bear a reasonable level of expenses in relation to our income. We began reimbursing FS Real Estate Advisor in September 2020 and, as such, FS Real Estate Advisor may be reimbursed for any organization and offering expenses that it or Rialto has incurred on our behalf, up to a cap of 0.75% of gross proceeds raised after such time.

The dealer manager for our continuous public offering is FS Investment Solutions, which is an affiliate of FS Real Estate Advisor. Under the dealer manager agreement, FS Investment Solutions is entitled to receive upfront selling commissions and dealer manager fees in connection with the sale of shares of common stock in our continuous public offering. FS Investment Solutions anticipates that all of the selling commissions and dealer manager fees will be reallowed to participating broker-dealers, unless a particular broker-dealer declines to accept some portion of the dealer manager fee they are otherwise eligible to receive. FS Investment Solutions is also entitled to receive stockholder servicing fees, which accrue daily and are paid on a monthly basis. FS Investment Solutions will reallow such stockholder servicing fees to participating broker-dealers, servicing broker-dealers and financial institutions (including bank trust departments) and will waive (pay back to us) stockholder servicing fees to the extent a broker-dealer or financial institution is not eligible or otherwise declines to receive all or a portion of such fees.

See Note 7 to our unaudited consolidated financial statements included herein for additional information regarding our related party transactions and relationships, including a description of the fees and amounts due to FS Real Estate Advisor, compensation of FS Investment Solutions, capital contributions by FS Investments and Rialto, our expense limitation agreement with FS Investments and our purchase of a mortgage loan from an affiliate of Rialto.

FS Investment Solutions also serves or served as the placement agent for our private offerings pursuant to placement agreements. FS Investment Solutions does not receive any compensation pursuant to these agreements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are subject to financial market risks, including changes in interest rates. As of September 30, 2024, 97% of the outstanding principal of our debt investments were floating-rate investments. A rise in the general level of interest rates can be expected to lead to higher interest rates applicable to any variable rate investments we may hold and to declines in the value of any fixed rate investments we may hold. However, many of our variable rate investments provide for an interest rate floor, which may prevent our interest income from increasing until benchmark interest rates increase beyond a threshold amount. To the extent that a substantial portion of our investments may be in variable rate investments, an increase in interest rates beyond this threshold would make it easier for us to meet or exceed our performance fee hurdle rate and may result in a substantial increase in our net investment income and the amount of performance fees payable to FS Real Estate Advisor.

Pursuant to the terms of the FS Rialto 2019-FL1, 2021-FL2, 2021-FL3, 2022-FL4, 2022-FL5, 2022-FL6, 2022-FL7, the WF-1 Facility, the GS-1 Facility, the BB-1 Facility, the MS-1 Facility, the Barclays Revolving Credit Facility, the BMO-1 Facility, the Lucid Facility, the Mortgage loan, and the MM-1 Facility, borrowings are at a floating-rate based on SOFR, and the pricing rate for any specific transaction executed under the RBC Facility may be charged, pursuant to the terms agreed for that transaction, at a floating-rate based on SOFR. To the extent that any present or future credit facilities or other financing arrangements that we or any of our subsidiaries enter into are based on a floating interest rate, we will be subject to risks relating to changes in market interest rates. In periods of rising interest rates, when we have debt outstanding, our cost of funds would increase, which could reduce our net investment income, especially to the extent we hold fixed rate investments.

We may seek to limit the impact of rising interest rates on earnings and cash flows through the use of derivative financial instruments to hedge exposures to changes in interest rates on loans secured by our assets.

The following table shows the effect over a twelve-month period of changes in interest rates on our interest income, interest expense, and net interest income, assuming no changes in the composition of our investment portfolio, including the accrual status of our investments, and our financing arrangements in effect as of September 30, 2024:

Basis Point Changes in Interest Rates	Increase (Decrease) in Interest Income	Increase (Decrease) in Interest Expense	Increase (Decrease) in Net Interest Income	Percentage Change in Net Interest Income
Down 50 basis points[(1)]	$ (37,337)	$ (27,770)	$ (9,567)	(3.5)%
Down 25 basis points[(1)]	$ (18,692)	$ (13,885)	$ (4,807)	(1.8)%
No change	—	—	—	—
Up 25 basis points	$ 18,719	$ 13,885	$ 4,834	1.8 %
Up 50 basis points	$ 37,437	$ 27,770	$ 9,667	3.6 %

(1) Decrease in rates assumes SOFR does not decrease below 0%.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Exchange Act, we carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2024.

Based on the foregoing, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that we would meet our disclosure obligations.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) or 15d-15(f) that occurred during the three months ended September 30, 2024, 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.

We are not currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us. From time to time, we may be party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of our rights under contracts with our portfolio companies. While the outcome of any legal proceedings cannot be predicted with certainty, we do not expect that these proceedings will have a material adverse effect upon our financial condition or results of operations.

Item 1A. Risk Factors.

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the risk factors that appeared under Item 1A. "Risk Factors" in our most recent Annual Report on Form 10-K, as supplemented by our quarterly report on Form 10-Q. There are no material changes from the risk factors included within our most recent Annual Report on Form 10-K for the year ended December 31, 2023.

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

Share Repurchase Program

We have adopted a share repurchase plan, whereby on a monthly basis, stockholders may request that we repurchase all or any portion of their shares. The repurchase of shares is limited to no more than 2% of our aggregate NAV per month of all classes of shares then participating in our share repurchase plan and no more than 5% of our aggregate NAV per calendar quarter of all classes of shares then participating in our share repurchase plan, which means that in any 12-month period, we limit repurchases to approximately 20% of the total NAV of all classes of shares then participating in the share repurchase plan.

During the three months ended September 30, 2024, we repurchased shares of our common stock in the following amounts, which represented all of the share repurchase requested received for the same period:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs(1)
July 1 - July 31, 2024	1,571,927	$ 24.52	1,571,927	—
August 1 - August 31, 2024	2,798,299	$ 24.50	2,798,299	—
September 1 - September 30, 2024	2,951,806	$ 24.40	2,951,806	—
Total	7,322,032		7,322,032	—

(1) Repurchases are limited as described above.

Sale of Unregistered Securities

On August 1, 2024, we received $150 relating to the sale of approximately 6,201 Class I shares to an accredited investor at the per share price of $24.1899. The sale of securities was made pursuant to a private placement exempt from registration under Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder.

Item 3. Defaults upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Item 6. Exhibits.

3.1	Second Articles of Amendment and Restatement (incorporated by reference to Exhibit 3.1 of the Registrant's Registration Statement on Form S-11, as filed by the Registrant with the SEC on September 7, 2017).
3.2	Articles of Amendment (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K, as filed by the Registrant with the SEC on August 17, 2018).
3.3	Second Articles of Amendment (incorporated by reference to Exhibit 3.3 of the Registrant's Quarterly Report on Form 10-Q, as filed by the Registrant with the SEC on August 14, 2019).
3.4	Third Articles of Amendment (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K, as filed by the Registrant with the SEC on April 28, 2022).
3.5	Bylaws (incorporated by reference to Exhibit 3.2 of the Registrant's Registration Statement on Form S-11, as filed by the Registrant with the SEC on February 13, 2017).
4.1	Amended and Restated Distribution Reinvestment Plan (incorporated by reference to Exhibit 4.2 of the Registrant's Post-Effective Amendment No. 4 to Form S-11, as filed by the Registrant with the SEC on April 12, 2024).
10.1	Maturity Date and Funding Period Extension Confirmation Letter and Amendment No. 12 to Master Purchase and Securities Contract, among Wells Fargo Bank, National Association, FS CREIT Finance WF-1 LLC, FS CREIT Finance Holdings LLC, and FS Credit Real Estate Income Trust, Inc.
10.2*	First Amendment to Master Repurchase Agreement and Securities Contract, dated as of November 8, 2024, among FS CREIT Finance NTX-1 LLC, FS Credit Real Estate Income Trust, Inc., and Natixis, New York Branch.
10.3	Master Repurchase Agreement dated as of October 18, 2024, between FS CREIT Finance WF-2 LLC, and Wells Fargo, National Association (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, as filed by the Registrant with the SEC on October 24, 2024).
10.4	Limited Guaranty dated as of October 18, 2024, made by FS Credit Real Estate Income Trust, Inc. in favor of Wells Fargo, National Association (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K, as filed by the Registrant with the SEC on October 24, 2024).
10.5	Indenture dated as of October 21, 2024, by and among FS Rialto 2024-FL9 Issuer, LLC, Wilmington Trust, National Association, Computershare Trust Company, National Association and FS Credit Real Estate Income Trust, Inc (incorporated by reference to Exhibit 10.3 of the Registrant's Current Report on Form 8-K, as filed by the Registrant with the SEC on October 24, 2024).
31.1*	Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1+	Certification of Chief Executive Officer and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

\+ This exhibit shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section. Such exhibit shall not be deemed incorporated into any filing under the Securities Act or the Exchange Act.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report to be signed on its behalf by the undersigned, thereunto duly authorized on November 14, 2024.

FS CREDIT REAL ESTATE INCOME TRUST, INC.

By: /s/ MICHAEL C. FORMAN

Michael C. Forman Chief Executive Officer (Principal Executive Officer)

By: /s/ EDWARD T. GALLIVAN, JR.

Edward T. Gallivan, Jr.
Chief Financial Officer
(Principal Accounting and Financial Officer)

Exhibit 10.2

Execution Version

FIRST AMENDMENT TO

MASTER REPURCHASE AGREEMENT AND SECURITIES CONTRACT

FIRST AMENDMENT TO MASTER REPURCHASE AGREEMENT AND

SECURITIES CONTRACT, dated as of November 8, 2024 (this "Amendment), is made by and among **FS CREIT FINANCE NTX-1 LLC**, a Delaware limited liability company ("Seller"), **FS CREDIT REAL ESTATE INCOME TRUST, INC.**, a Maryland corporation ("Guarantor"), and **NATIXIS, NEW YORK BRANCH** ("Buyer"). Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Existing Agreement (as defined below).

RECITALS

Seller and Buyer are parties to that certain Master Repurchase Agreement and Securities Contract, dated as of November 10, 2022 (the "Existing Agreement", and as amended hereby and as further amended, restated, supplemented or otherwise modified and in effect from time to time, the "Agreement").

Seller and Buyer each desire to amend the Existing Agreement to provide for certain changes to the Existing Agreement as more specifically set forth herein.

Therefore, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller, Guarantor and Buyer hereby agree as follows:

SECTION 1. Amendments. As of the Amendment Effective Date, the Existing Agreement is hereby amended by deleting the definitions of "Facility Termination Date" and "Funding Expiration Date" in their entirety and replacing them with the following, respectively:

"Facility Termination Date" shall mean the earliest of (i) November 10, 2025, (ii) the date that occurs on the one (1) year anniversary of the occurrence of the Funding Expiration Date (or if such day is not a Business Day, the next succeeding Business Day), (iii) any Accelerated Repurchase Date and (iv) any date on which the Facility Termination Date shall otherwise occur in accordance with the Program Documents or Requirements of Law.

"Funding Expiration Date" shall mean the earlier of (i) January 9, 2025, as such date may be extended in accordance with Section 3(d) and (ii) the occurrence of a Funding Termination Event.

SECTION 2. Conditions Precedent. This Amendment and its provisions shall become effective as of the date hereof (the "Amendment Effective Date"), following satisfaction of all the following conditions precedent, as such satisfaction is determined by Buyer and evidenced by Buyer's confirmation of the same to Seller, either in writing or by e-mail:

(a) On or before the date hereof, Buyer shall have received the following documents, each of which shall be satisfactory to Buyer in form and substance:

(i) this Amendment, executed and delivered by a duly authorized officer of each of Seller, Guarantor and Buyer; and

(ii) such other documents as Buyer or counsel to Buyer may reasonably request.

(b) As of the date hereof, (i) each of Seller and Guarantor shall be in compliance with all the terms and provisions set forth in the Agreement and the other Program Documents on its part to be observed or performed, (ii) the representations and warranties made by Seller pursuant to Section 3 of this Amendment shall be true and correct in all material respects and (iii) no Material Adverse Change (except as previously disclosed to Buyer in writing), Default or Event of Default shall exist.

SECTION 3. Representations and Warranties. Seller hereby represents and warrants to Buyer, as of the Amendment Effective Date, that (i) each of Seller and Guarantor is in compliance with all of the terms and provisions set forth in the Agreement and the other Program Documents on its part to be observed or performed, (ii) each of Seller and Guarantor is duly authorized and has the power to execute and deliver this Amendment and to perform its obligations under this Amendment and the Program Documents, as amended by this Amendment, and each of Seller and Guarantor has taken all necessary action to authorize such execution, delivery and performance, (iii) this Amendment has been duly executed and delivered by Seller and Guarantor for good and valuable consideration, (iv) this Amendment and the Program Documents, as amended by this Amendment, constitute the legal, valid and binding obligations of Seller and Guarantor, as applicable, enforceable against Seller and Guarantor, as applicable, in accordance with their respective terms subject to bankruptcy, insolvency and other limitations on creditors' rights generally and to equitable principles, and (v) no Default or Event of Default has occurred or is continuing. Seller hereby confirms and reaffirms in all material respects the representations and warranties contained in Section 10 of the Agreement.

SECTION 4. Limited Effect. Except as expressly amended and modified by this Amendment, the Existing Agreement and each of the other Program Documents shall continue to be, and shall remain, in full force and effect in accordance with their respective terms; provided, however, that upon the Amendment Effective Date, each (x) reference therein and herein to the

"Program Documents" shall be deemed to include, in any event, this Amendment, (y) each reference to the "Master Repurchase Agreement" and "Repurchase Agreement" in any of the Program Documents shall be deemed to be a reference to the Existing Agreement as amended hereby and (z) each reference in the Existing Agreement to "this Agreement", "hereof", "herein" or words of similar effect in referring to the Existing Agreement shall be deemed to be references to the Existing Agreement as amended by this Amendment. This Amendment shall not constitute a novation of any Program Document but shall constitute modifications thereof.

SECTION 5. Reaffirmation. Guarantor hereby absolutely and unconditionally reaffirms its obligations under the Guaranty.

SECTION 6. Counterparts; Electronic Transmission. This Amendment may be executed in counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment in Portable Document Format (PDF) or by facsimile shall be effective as delivery of a manually executed original counterpart of this Amendment. The parties agree that this Amendment, any addendum or amendment hereto or any other document necessary for the consummation of the transactions contemplated by this Amendment may be accepted, executed or agreed to through the use of an electronic signature in accordance with the E-Sign, the Uniform Electronic Transactions Act and any applicable state law. Any document accepted, executed or agreed to in conformity with such laws will be binding on all parties hereto to the same extent as if it were physically executed and each party hereby consents to the use of any secure third-party electronic signature capture service providers with appropriate document access tracking, electronic signature tracking and document retention as may be approved by Buyer in its sole discretion.

SECTION 7. Expenses. Seller shall promptly on demand pay to or as directed by Buyer all reasonable third-party out-of-pocket costs and expenses (including legal fees and expenses) incurred by Buyer in connection with this Amendment.

SECTION 8. Governing Law. This Amendment shall be governed by and construed and enforced in accordance with the laws of the State of New York, without giving effect to any laws, rules or provisions of the State of New York that would cause the application of the laws, rules or provisions of any jurisdiction other than the State of New York.

[ONE OR MORE UNNUMBERED SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed as of the date first above written.

SELLER:

FS CREIT FINANCE NTX-1 LLC,
a Delaware limited liability company

By: /s/ Edward T. Gallivan, Jr.
Name: Edward T. Gallivan, Jr.
Title: Authorized Signer

GUARANTOR:

FS CREDIT REAL ESTATE INCOME TRUST, INC.,
a Maryland corporation

By: /s/ Edward T. Gallivan, Jr.
Name: Edward T. Gallivan, Jr.
Title: Chief Financial Officer

BUYER:

NATIXIS, NEW YORK BRANCH

By: /s/ Jonathan Rechner
Name: Jonathan Rechner
Title: Executive Director

By: /s/ Michele Biancolin
Name: Michele Biancolin
Title: Director

Exhibit 31.1

CERTIFICATION
PURSUANT TO 17 CFR 240.13a-14
PROMULGATED UNDER
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael C. Forman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of FS Credit Real Estate Income Trust, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 14, 2024

/s/ MICHAEL C. FORMAN

Michael C. Forman
Chief Executive Officer

Exhibit 31.2

CERTIFICATION
PURSUANT TO 17 CFR 240.13a-14
PROMULGATED UNDER
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Edward T. Gallivan, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of FS Credit Real Estate Income Trust, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 14, 2024

/s/ EDWARD T. GALLIVAN, JR.

Edward T. Gallivan, Jr.
Chief Financial Officer

Exhibit 32.1

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of FS Credit Real Estate Income Trust, Inc. (the “Company”) for the quarter ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Form 10-Q”), Michael C. Forman, as Chief Executive Officer of the Company, and Edward T. Gallivan Jr., as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

- the Form 10-Q of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 14, 2024

/s/ MICHAEL C. FORMAN

Michael C. Forman
Chief Executive Officer

/s/ EDWARD T. GALLIVAN, JR.

Edward T. Gallivan, Jr.
Chief Financial Officer