



INVESTMENTS®

Q3 Fact sheet

As of 9/30/2018

unless otherwise noted

Class D: ZFREDX Class I: ZFREIX Class M: ZFREMEX Class S: ZFRTCX Class T: ZFRETXX

FS Credit Real Estate Income Trust

Seeks to deliver an alternative source of income through investing in commercial real estate debt

MAY PROVIDE AN ALTERNATIVE SOURCE OF INCOME WHILE LOOKING TO MANAGE RISK

INDUSTRY-LEADING MANAGERS TO ORIGINATE AND MANAGE THE PORTFOLIO

REAL ESTATE INVESTMENT TRUST WITH PRICING AT NAV

Market commentary

The commercial real estate (CRE) market continued to perform well in the third quarter. Sales volume spiked in August after months of muted activity, driven in part by a few large transactions in the retail space. Prices continued to rise consistently, with apartments leading broad-based gains across the industry. Capitalization rates (cap rates) remained low but stable, while loan-to-values (LTVs) signaled a strong yet disciplined lending market.

In August, CRE sales volume posted a 46% year-over-year increase and, at over \$62 billion, reached its highest monthly number since December 2015. While driven partially by a couple large transactions in retail and industrial sectors, it is still a welcome statistic for a market whose sales have been relatively docile the past few years. 2018 volumes through August are now ahead of their pace in both 2016 and 2017, sitting just 5% below their 2015 run rate. Prices increased 7.7% over the past year as outsized gains in the office sector more than made up for price decreases in retail.

CRE cap rates remained stable near multiyear lows, even as the Federal Reserve hiked interest rates for the third time this year. 10-year Treasury rates rose modestly, finishing the quarter above 3%, but this historically low level is still considered supportive for property valuations. Cap rate spreads over Treasuries are tight but remain wide of levels witnessed in the mid-2000s, suggesting there may be some room for spreads to tighten if rates rise. However, conventional thought suggests that rising interest rates can put upward pressure on cap rates. While cap rate shifts may lag interest rate movements, this dynamic certainly bears monitoring. Increasing rates could pressure real estate equity valuations and make other real estate investments, like floating rate senior mortgages, a more attractive option in a changing rate environment.

On the debt side, lending standards remain tight despite steadily increasing property values. Commercial property LTVs, excluding apartments, continued to stabilize around 6.5%. In addition, the debt service coverage ratio, which measures a property's ability to pay debt interest from the income it generates, remained above long-term averages. These metrics suggest that while the market has been healthy for some time, lenders have remained disciplined in their underwriting.

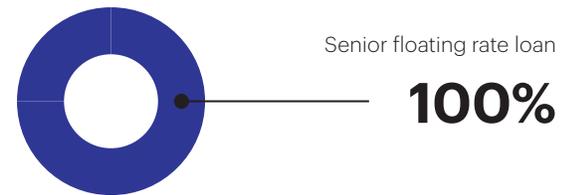
In conclusion, CRE markets remain strong through the first three quarters of 2018, with both pricing and volumes up year over year. Despite rising interest rates, cap rates remain stable for now, and leverage levels continue to be generally reasonable.

Sources: RCA, J.P. Morgan, Bloomberg. Data as of August 31, 2018.

Annualized distribution rate¹

Class I	6.09%
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Investment type



Portfolio characteristics

Number of loans	15
Estimated duration (years)	0.04

Property type

Office	43%
Multifamily	24%
Retail	15%
Hospitality	12%
Industrial	6%

Geographic region

Northeast	35%
Southwest	26%
Southeast	25%
West	14%

Top 5 states

Florida	19%
Tennessee	14%
New York	14%
Nevada	12%
Maryland	12%

This sales and advertising literature does not constitute an offer to sell nor a solicitation of an offer to buy or sell securities. An offering is made only by the prospectus. **This material must be read in conjunction with the FS Credit Real Estate Income Trust, Inc. (FS Credit REIT) prospectus in order to fully understand all of the implications and risks of the offering of securities to which the prospectus relates. A copy of the prospectus must be made available to you in connection with any offering.** No offering is made except by a prospectus filed with the Department of Law of the State of New York. Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of FS Credit REIT's securities or determined if its prospectus is truthful or complete. Neither the Attorney General of the State of New York nor the Securities Division of the Office of the Maryland Attorney General has passed on or endorsed the merits of this offering. Any representation to the contrary is a criminal offense.

Adviser

FS Real Estate Advisor, LLC

An affiliate of FS Investments, a leading asset manager dedicated to helping individuals, financial professionals and institutions design better portfolios

Sub-adviser

Rialto Capital Management, LLC

Rialto is a real estate investment and asset management company that invests and manages assets throughout the capital structure in real estate loans, properties and securities.*

Fund

Objective	FS Credit Real Estate Income Trust seeks to generate an alternative source of income, preserve capital and realize long-term appreciation.
Sponsor commitment²	\$68.4 million
Current maximum offering	\$2.75 billion
Distributions³	Monthly
Repurchase offer⁴	Monthly (subject to a 2% monthly/5% quarterly cap)
Tax reporting	Form 1099-DIV

Share classes⁵

	Class D	Class I	Class M	Class S	Class T
Ticker	ZFREDX	ZFREIX	ZFREMEX	ZFRTCX	ZFRETIX
CUSIP	302950209	302950407	302950308	302950704	302950100
Min. initial investment⁶	\$5,000	\$1 million	\$5,000	\$5,000	\$5,000
Total upfront sales load⁷	—	—	—	3.50%	3.50%
Annual stockholder servicing fee⁸	0.30%	—	0.30%	0.85%	0.85%

*Rialto Capital Management, directly and through certain affiliates, is collectively referred to as Rialto.

An investment in FS Credit REIT involves a high degree of risk. You should purchase these securities only if you can afford the complete loss of your investment. The risks include the following:

- FS Credit REIT has a limited operating history and there is no assurance that FS Credit REIT will achieve its investment objectives.
- This is a “blind pool” offering. FS Credit REIT made limited investments to date and you will not have the opportunity to evaluate FS Credit REIT’s future investments before it makes them.
- Since there is no public trading market for shares of FS Credit REIT’s common stock, repurchase of shares by FS Credit REIT will likely be the only way to dispose of your shares. FS Credit REIT’s share repurchase plan will provide stockholders with the opportunity to request that FS Credit REIT repurchase their shares on a monthly basis, subject to certain limitation. Further, FS Credit REIT’s board of directors may modify, suspend or terminate our share repurchase plan if it deems such action to be in our best interest and the best interest of stockholders. Finally, FS Credit REIT is not obligated by its charter or otherwise to effect a liquidity event at any time. As a result, shares should be considered as having only limited liquidity and at times may be illiquid.
- The purchase and repurchase price for shares of FS Credit REIT’s common stock will be based on NAV and will not be based on any public trading market. Because the valuation of FS Credit REIT’s investments is inherently subjective, the NAV of FS Credit REIT’s common stock may not accurately reflect the actual price at which assets could be liquidated on any given day.
- Valuations and appraisals of real estate-related debt and investments include estimates of fair value and may not necessarily correspond to realizable value, which could adversely affect the value of an investment.
- FS Credit REIT’s business and operations are currently dependent on the commercial real estate industry. Adverse conditions in the commercial real estate industry can have a significant negative effect on FS Credit REIT’s business and financial condition.
- FS Credit REIT cannot guarantee that it will make distributions, and if it does, such distributions may be funded from sources other than cash flow from operations, including, without limitation, the sale of assets, borrowings, return of capital or offering proceeds, and there are no limits on the amounts that may be paid from such sources.
- FS Credit REIT has no employees and is dependent on its adviser and sub-adviser to conduct operations. FS Credit REIT’s adviser and sub-adviser will face conflicts of interest as a result of, among other things, the obligation to allocate investment opportunities among FS Credit REIT and other investment vehicles, the allocation of time of their investment professionals and the substantial fees and expenses that FS Credit REIT will pay to its adviser and its affiliates.
- This is a “best efforts” offering. If FS Credit REIT is not able to raise a substantial amount of capital in the near term, its ability to achieve its investment objectives could be adversely affected.
- There are limits on the ownership and transferability of FS Credit REIT’s shares.
- FS Credit REIT’s failure to remain qualified to be taxed as a REIT would adversely affect the NAV of its shares and the amount of cash available for distribution to stockholders.

1 Past performance is not a guarantee of future results. The annualized distribution rate shown is expressed as a percentage equal to the projected annualized distribution amount per share of Class I common stock (which is calculated by annualizing the regular monthly cash distribution per share of Class I common stock as of the date indicated, without compounding), divided by the net asset value per share of Class I common stock of \$24.62 as of September 30, 2018. For the six months ended June 30, 2018, 65% of FS Credit REIT’s distributions were funded through net investment income and 35% through return of capital.

2 The sponsor commitment represents the aggregate investments in FS Credit REIT made by individuals and entities affiliated with FS Investments and Rialto Capital Management, LLC, including certain members of the fund’s board of directors.

3 The payment of distributions on FS Credit REIT’s common stock is subject to the discretion of the fund’s board of directors and applicable legal restrictions and, therefore, there can be no assurance as to the amount or timing of any such distributions.

4 FS Credit REIT’s share repurchase plan is subject to a 2% monthly and 5% quarterly cap of the combined NAV of all share classes then participating and other limitations and conditions as set forth in FS Credit REIT’s prospectus.

5 Shares of FS Credit REIT’s common stock are subject to additional fees and expenses. Please see the prospectus for more information.

6 FS Credit REIT may waive these minimum investment amounts in its sole and absolute discretion.

7 Total upfront sales load consists of upfront sales commission of 3.50% and 3.00% for Class S and Class T shares, respectively, and upfront dealer manager fee of 0.50% for Class T shares.

8 Stockholder servicing fee is calculated as a percentage per annum of the aggregate NAV of outstanding Class D, Class M, Class S and Class T shares, respectively; provided that the stockholder servicing fee for Class T shares is comprised of an adviser stockholder servicing fee of 0.65% and a dealer stockholder servicing fee of 0.20% per annum. 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 when the total underwriting compensation from the upfront selling commissions, dealer manager fees and stockholder servicing fees, as applicable, paid with respect to such account exceeds 1.25%, 7.25%, 8.75% and 8.75%, respectively, of the gross proceeds from the sale of shares in such account.

DEFINITION

Duration: A measure of the sensitivity of the price of a fixed-income investment to a change in interest rates. Duration is expressed in years.

Securities offered through FS Investment Solutions, LLC (member FINRA/SIPC), the dealer manager for FS Credit REIT’s offering. FS Investment Solutions, LLC is an affiliated broker-dealer that serves as the wholesaling distributor of non-traded funds sponsored by FS Investments. An investment in FS Credit REIT involves a high degree of risk and may be considered speculative. Investors are advised to consider the investment objectives, risks, and charges and expenses of FS Credit REIT carefully before investing. FS Credit REIT’s prospectus contains this and other information. Investors may obtain a copy of FS Credit REIT’s prospectus free of charge at www.fsinvestments.com or by contacting FS Investments at 201 Rouse Boulevard, Philadelphia, PA 19112 or by phone at 877-628-8575. Investors should read and carefully consider all information found in FS Credit REIT’s prospectus and other reports filed with the U.S. Securities and Exchange Commission before investing.