

FS REAL ESTATE ADVISOR, LLC

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As of March 30, 2023

This brochure provides information about the qualifications and business practices of FS Real Estate Advisor, LLC ("**FSREIT**" or the "**Adviser**"). If you have any questions about the contents of this brochure, please contact us at (215) 220-6651. The information contained in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("**SEC**") or by any state securities authority.

FSREIT is an investment adviser registered with the SEC. Please note that registration does not imply a certain level of skill or training.

Additional information about FSREIT is also available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 - Material Changes

This brochure dated March 30, 2023, is the annual update to the brochure ("**Brochure**") for FSREIT.

FSREIT will send its client(s) a summary of any material changes to this and subsequent Brochures within 120 days of the close of the Adviser's fiscal year end. FSREIT may further provide other ongoing disclosure information about material changes, as necessary.

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ITEM 4 - Advisory Business

FSREIT was registered with the SEC on November 4, 2019, for the purpose of providing investment advisory services to FS Credit Real Estate Income Trust, Inc. ("**FSCREIT**" or the "**Issuer**"). At present, the Adviser's only client is FSCREIT.

The Adviser may, subject to any limitations described in the investment advisory agreements it enters into with its client(s), advise other investment companies, private investment funds, structured finance vehicles, institutional investors or other persons or entities (collectively, the "**Clients**"), at which time the Adviser will make any necessary amendments to this Brochure.

The Adviser does not provide individualized advice to investors (and an investment in a Client does not, in and of itself, create an advisory relationship between the investor and the Adviser). Investors must consider whether a particular Client meets their investment objectives and risk tolerance prior to investing.

The Adviser has entered into a sub-advisory agreement with Rialto Capital Management, LLC ("**Rialto**" or "**Sub-adviser**"), a registered investment advisor under the Investment Advisers Act of 1940, as amended (the "**Act**" or "**Advisers Act**"). Rialto will act as the portfolio manager to FSCREIT under the terms and conditions of the sub-advisory agreement it entered into with the Adviser.

As of December 31, 2022, the Adviser had approximately \$8,050,915,000 in assets under management for its Client, which the Adviser manages on a non-discretionary basis.

The principal owner of the Adviser is Franklin Square Holdings, LP. ("**FSH**").

ITEM 5 - Fees and Compensation

As compensation for the performance of its obligations as the Adviser to the Issuer, the Adviser will generally be entitled to receive from the Issuer, subject to the terms and conditions of the Issuer's governing documents, a management fee and may receive an incentive or performance-based fee (collectively, the "**Management Fees**"). In addition, as compensation for the non-investment advisory services provided to the Issuer, the Adviser is entitled to receive from the Issuer and administrative services fee (together with the Management Fee, the "**Fees**"). The Fees are typically paid by the Issuer to the Adviser and Sub-adviser in accordance with its governing documents. All Fees are billed and payable according to the priority of payments described in the offering circular and governing documents of the Issuer. The Adviser may, in its sole discretion, waive, reimburse or delay all or part of such fees. The Adviser, Rialto and FSCREIT entered into an Amended and Restated Expense Limitation Agreement made as of August 17, 2018, whereby the Adviser and Rialto each agreed to waive reimbursement of and/or pay certain of FSCREIT's ordinary operating expenses.

Generally, the Issuer (and, indirectly, the investors therein) bears all expenses as defined in the offering circular and governing documents of the Issuer, including (i) legal, filing,

auditing, consulting, administration, accounting and other professional fees and expenses; (ii) expenses associated with periodic reporting; (iii) expenses associated with financial statements and tax returns; (iv) insurance, interest and other expenses incurred in respect of borrowings, if any; (v) other expenses associated with the acquisition, holding, monitoring, settlement and disposition of an Issuer's investments (including, without limitation, any brokerage, transaction, custody or hedging costs); (vi) the costs and expenses of any custodians, lenders, investment banks and other financing sources; any indemnity expenses; (viii) the costs and expenses of any litigation involving an Issuer or its investments; and (ix) certain compliance related costs and expenses. The Adviser is entitled to origination fees that are paid by the borrowers.

For a more complete discussion of Issuer fees, compensation and other expenses, please refer to the governing documents for the Issuer and Item 12 - Brokerage Practices.

As the Adviser establishes other relationships (such as, with additional Clients), it may arrange to receive different types of fees, including fixed fees or fees paid on some other negotiated basis.

ITEM 6 - Performance-Based Fees and Side-by-Side Management

Any performance-based compensation will be paid in accordance with Section 205(3) of the Advisers Act and Rule 205-3 thereunder.

"Side-by-side management" refers to the simultaneous management of multiple types of client accounts and/or investment products. The Adviser does not advise any separately managed accounts, and therefore, does not engage in side-by-side management.

Conflicts of Interest Associated with Performance Fees and Side-by-Side Management of Accounts:

Speculative Investments

The existence of a performance fee may create an incentive for the Adviser to make or recommend more speculative investments on behalf of certain Client accounts than it would otherwise make, although the Adviser's investment discretion, if any, to select such speculative investments may be constrained by the Issuer's governing documents, which contain specific investment objectives, strategies, restrictions and guidelines.

Valuation

The Adviser's compensation may be reduced if the Adviser determines to write-down the value of a portfolio investment, creating a disincentive for the Adviser to do so. As a result, to the extent that the Adviser values a portfolio investment higher than its current market value (or where such market values are unreliable), the Adviser may benefit by receiving Fees that are increased by the impact, if any, of such valuation discrepancy. The Adviser may have a role in determining asset values with respect to Clients and may be

required to price an investment when the market price is unavailable or unreliable. Investments that are fair valued in accordance with the Adviser's valuation policies generally will not have reliable market values and the fair value assigned by the Adviser to such investments, as determined in good faith by the Adviser in accordance with its policies and procedures, may not match the next available and reliable market price or, in retrospect, have been the price at which the investment could have been purchased or sold. The Adviser's valuation policies serve to mitigate this conflict.

Conflicts of Interest Generally

FSH has adopted a conflicts of interest policy, entitled "FS Investments' Policies and Procedures Regarding MNPI and Conflicts of Interest" (the "**Policy**"). The Policy is applicable to the Adviser and outlines controls which help to identify and appropriately address actual, apparent and potential conflicts of interest.

ITEM 7 - Types of Clients

The Adviser provides investment advice to a real estate investment trust and may, in the future, provide such advice to other structured finance vehicles.

ITEM 8 - Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategies

FSCREIT's investment strategy is to originate, acquire and manage a portfolio of senior loans secured by commercial real estate primarily in the United States. It is focused on senior floating-rate mortgage loans, including those that are secured by first priority mortgages on transitional commercial real estate properties, but it 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 commercial mortgage-backed securities ("**CMBS**"), residential mortgage-backed securities ("**RMBS**"), unsecured debt of listed and non-listed REITs, collateralized debt obligations and equity or equity-linked securities. To a lesser extent FSCREIT may invest in warehouse loans secured by commercial or residential mortgages, credit loans to commercial real estate companies and portfolios of single-family home mortgages. The investment professionals of Rialto will be responsible for identifying potential investments for FSCREIT.

Rialto's investment personnel have extensive experience in real estate investment trust investments. Rialto will source the investment opportunities which will be tracked by the Adviser for the review of, among other things, suitability, value, risk, potential returns, potential downside, obligor management, capital structure and ownership, agency ratings, structure, and prepayment/event risk. The Adviser executes this strategy through its experienced team, proprietary investment platform and robust monitoring process.

Currently, the Adviser provides investment advisory services only to the Issuer. The following is a summary of risks generally applicable to investors with respect to the securities offered by the Issuer. The Adviser's investment activities involve a significant degree of risk of loss that investors should be prepared to bear. Investors should reference the specific offering circular of the Issuer for a more complete description of all risks specifically applicable to the securities of and relating to the Issuer. Therefore, this summary of risks is qualified entirely by the disclosures made in the offering circular of the Issuer.

- An investor will not have the opportunity to evaluate the investments before they are made.
- As there is no public trading market for shares of the Issuer's common stock, repurchase of shares by the Issuer is likely the only way to dispose of investor shares. The Issuer's share repurchase plan provides stockholders with the opportunity to request that the Issuer repurchase their shares on a monthly basis. The Issuer's board of directors may modify or suspend the share repurchase plan if it deems such action to be in the best interest of the Issuer and its stockholders. The Issuer's board of directors may also determine to terminate the share repurchase if required by applicable law or in connection with a transaction in which its stockholders receive liquidity for their shares of common stock, such as a sale or merger of the Issuer or listing of its shares on a national securities exchange. Finally, the Issuer is not obligated by its charter or otherwise to effect a liquidity event at any time. As a result, the Issuer's shares should be considered as having only limited liquidity and at times may be illiquid.
- The purchase and repurchase price for shares of the Issuer's common stock will be based on the NAV and will not be based on any public trading market. Because the valuation of the investments is inherently subjective, the NAV may not accurately reflect the actual price at which the assets could be liquidated on any given day.
- The Issuer cannot guarantee that it will make distributions, and if it does, it may fund such distributions from sources other than cash flow from operations, including, without limitation, the sale of assets, borrowings, offering proceeds or repayments of its real estate debt investments, and it has no limits on the amounts it may pay from such sources.
- The Issuer has no employees and is dependent on the Adviser and the Sub-adviser to conduct operations. The Adviser and the Sub-adviser may face conflicts of interest as a result of, among other things, the allocation of investment opportunities among the Issuer and other investment vehicles, the allocation of time of their investment professionals and the substantial fees and expenses that the Issuer will pay to the adviser and its affiliates.
- There are limits on the ownership and transferability of Issuer shares.
- If the Issuer fails to qualify as a REIT and no relief provisions apply, its NAV and the amount of cash available for distribution to its stockholders could materially decrease.

ITEM 9 - Disciplinary Information

The Adviser is required to disclose all material facts regarding any legal or disciplinary events that could be material to your evaluation of the Adviser or the integrity of the Adviser's management. The Adviser has not been involved in any disciplinary actions or legal or administrative proceedings related to its business activities.

ITEM 10 - Other Financial Industry Activities and Affiliations

The Adviser is affiliated with FS Investment Solutions, LLC ("**FSIS**"), a broker-dealer registered with the SEC and the Financial Industry Regulatory Authority, Inc. ("**FINRA**"). FSIS is a wholly owned subsidiary of FSH and has been or is currently the dealer manager for the distribution of securities of certain funds and investment vehicles sponsored by FSH.

The Adviser is affiliated with the following investment advisers: (i) FS Fund Advisor, LLC, the registered investment adviser to a portion of the AIC III Series Trust, an open-end management investment company that operates as a series trust; (ii) FS Tactical Advisor, the registered investment adviser to FS Tactical Opportunities Fund L.P. a private fund under Rule 3(c)7.; (iii) FS Multi-Alternative Advisor, LLC; (iv) FS Credit Income Advisor, LLC, the registered investment adviser to FS Credit Income Fund, a non-diversified, closed-end management investment company and operates as an interval fund pursuant to Rule 23c-3 under the Company Act; (v) FS Global Advisor, LLC, the registered investment adviser to FS Credit Opportunities Fund, a non-diversified, closed-end management investment company under the Company Act; (vi) FS/EIG Advisor, LLC, a registered investment adviser that is jointly owned and operated by affiliates of FSH and EIG Asset Management, LLC, and which provides investment advice to FS Energy and Power Fund, an externally managed, closed-end management investment company that has elected to be regulated as a business development company ("**BDC**") under the Company Act; (vii) FS/KKR Advisor, LLC, a registered investment adviser that is a jointly owned and operated by affiliates of FSH and KKR Credit Advisors (US) LLC, and which provides investment advice to a private credit BDC, FS KKR Capital Corp, a publicly traded BOC and KFIT, a privately offered, non-traded BDC; (viii) FS Structured Products Advisor, LLC, a registered investment adviser which provides investment advice to Bridge Street CLO I, Bridge Street CLO II and Bridge Street CLO III; and (ix) Chiron Investment Management, LLC, a registered investment adviser that advises to a variety of pooled investment vehicles.

Conflicts of interest with the Adviser's current Client, the Issuer, related to these relationships may include the following:

- The directors, officers, investment and other personnel of the Adviser will allocate their time between advising the Issuer and managing other investment activities and business activities in which they may be involved, including managing and operating the affiliated investment vehicles referenced above, or the "Fund Complex";

- Regardless of the quality of the assets acquired, or the services provided to the Issuer, the Adviser may receive fees in connection with the management of the Issuer's portfolio and may receive incentive fees in connection with such activities;
- The personnel of the Adviser and Sub-adviser will allocate their time between assisting the Adviser in identifying investment opportunities for the Issuer and otherwise providing investment management services to the Issuer and making investment recommendations and performing similar functions for other business activities in which they may be involved, including in connection with certain other entities in the Fund Complex;
- From time to time, to the extent consistent with the Act and the rules and regulations promulgated thereunder, the Issuer and certain other investment vehicles in the Fund Complex may make investments at different levels of an investment entity's capital structure or otherwise in different classes of an issuer's securities. These investments may give rise to inherent conflicts of interest or perceived conflicts of interest between or among the various classes of securities that may be held by the Issuer and such other investment vehicles;
- The Adviser and its investment personnel may give advice and recommend securities to other investment vehicles in the Fund Complex which may differ from advice given to, or securities recommended or bought for, the Issuer;
- Personnel of the Adviser may have existing business relationships or access to material, non-public information that would prevent the Adviser from recommending certain investment opportunities that would otherwise fit within the Issuer's investment objectives and strategies;
- The Adviser and its affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may compete with the Issuer and/or may involve substantial time and resources of the Adviser;
- To the extent permitted by the Act and SEC staff interpretations, and subject to the allocation policies of the Adviser, the Issuer and any of their respective affiliates, as applicable, the Adviser, and its affiliates may determine it appropriate for the Issuer and one or more other investment accounts or vehicles managed by the Adviser, personnel of the Adviser or the Adviser's affiliates to participate in an investment opportunity.

To mitigate these conflicts, the Adviser will seek to execute such transactions for all of the participating investment accounts, including the Issuer, on a fair and equitable basis and in accordance with its allocation policies, taking into account such factors as the relative amounts of capital available for new investments and the investment programs and portfolio positions of the Issuer, the Clients for which participation is appropriate and any other factors deemed appropriate. In addition, the Chief Compliance Officer of the Adviser will periodically review policies and procedures that are applicable to the Adviser in its capacity as investment adviser to the Issuer, and the Adviser's compliance with such policies and procedures.

Further, as discussed above, certain investment and other professional personnel of the Adviser may also be involved in managing the assets of other affiliated investment

vehicles pursuant to a different compensation structure which may create conflicts of interest with the Issuer with respect to their allocation of management time, services and functions.

ITEM 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The Adviser has adopted a code of ethics pursuant to Rule 204A-1 of the Advisers Act establishing procedures that govern the conduct and securities transactions of each of the Adviser's officers, employees and supervised persons. The "Code of Business Conduct and Ethics and the Statement on the Prohibition of Insider Trading" (the "**Code**") is designed to prevent violations of the fiduciary responsibilities owed by the Adviser to its Clients, including the Issuer. It contains provisions relating to the confidentiality of firm information, a prohibition on insider trading, a discussion of media relations, a policy on gifts and personal securities trading procedures, among other things. All supervised persons of the Adviser are required to acknowledge the terms of this document annually, or when it is amended.

The Code is designed to ensure that the personal securities transactions, activities and interests of the officers, employees and supervised persons of the Adviser will not interfere with (i) making decisions in the best interest of advisory Clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, transactions involving certain classes of securities will be designated as exempt transactions, based upon a determination that trading in these securities would not materially interfere with the best interests of FSREIT's Clients. In addition, the Code requires pre-clearance of certain transactions. Employee trading will be monitored under the Code to reasonably prevent conflicts of interest between the Adviser and its Clients. Generally, the securities purchased for the Adviser's Clients will not be available to a retail investor.

ITEM 12 - Brokerage Practices

In General

Most of the investment activity in the Issuer's accounts will not require the involvement of a broker-dealer.

Research and Soft Dollar Benefit

Neither the Adviser nor the Sub-adviser uses Soft Dollars. In the event that the Adviser's investment activity does involve a broker-dealer or a trading desk offers such arrangements, the Adviser is authorized by the Issuer to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide it with investment and research information, or to pay higher commissions to such firms if the Adviser determines such prices or commissions are reasonable in relation to the overall services provided.

Order Aggregation

To the extent that the Adviser in its sole judgment believes that such aggregation will result in an overall economic benefit to participating Issuers (taking into consideration the transaction price and other expenses), the Adviser will aggregate purchase and sales.

ITEM 13 - Review of Accounts

The Adviser is required to prepare and deliver written reports and other data required by the Issuer's indenture and other governing documents, in sufficient time to the parties entitled thereto.

ITEM 14 - Client Referrals and Other Compensation

The Adviser does not pay internal or external parties for referrals.

ITEM 15 - Custody

The Adviser does not custody assets. State Street Bank and Trust Company, as trustee for the Issuer, has custody of Issuer funds and sends quarterly account statements to investors. Investors should carefully review these account statements, and compare them against the reports, if any, prepared by the Adviser.

ITEM 16 - Investment Discretion

Rialto has limited investment discretion over the investments made by the Issuer. However, the Sub-Advisory Agreement between Rialto and the Adviser contains limitations on activities and restrictions on the type of investments by Rialto that would: (i) adversely affect the ability of the Issuer to qualify as a REIT under the IRS code unless the Issuer's board has determined that it will not seek or maintain REIT qualification for the Issuer; (ii) subject the Issuer to regulation under the Investment Company Act of 1940, as amended; (iii) violate any law, rule, regulation or statement of policy of any governmental body or agency having jurisdiction over the Issuer, its shares or its other securities; (iv) require the Sub-adviser to register as a broker-dealer with the SEC or any state; or (v) violate the Issuer's charter or bylaws. Rialto exercises its discretion in a manner consistent with the indenture and agreements.

ITEM 17 - Voting Client Securities

The Adviser does not generally manage assets that come with proxy voting rights. To the extent it does, it or the sub-adviser under delegated authority shall vote all such proxies in the best interest of its clients. The Adviser's written voting policies and procedures, and history of votes are available for review by existing clients upon request. To the extent that the Issuer could invest in securities that would require

proxy voting, FSREIT has engaged Institutional Shareholder Services to facilitate Proxy Voting on its behalf.

ITEM 18 - Financial Information

There is no financial condition that is reasonably likely to impair the Adviser's ability to continue to meet its contractual commitments and provide services to its clients. In addition, the Adviser has not been the subject of a bankruptcy proceeding.