



JUN 20, 2018

NEW YORK--(BUSINESS WIRE)-- KKR Real Estate Finance Trust Inc. (the "Company" or "KREF") (NYSE:KREF) today announced the Company closed two floating-rate senior loan transactions totaling \$378.7 million subsequent to the first quarter conference call in May. Year-to-date, KREF has originated eight senior loans totaling \$1,140.1 million, resulting in a \$3.0 billion portfolio.

Recent Investment Activity

In May 2018, KREF closed a \$213.7 million floating-rate senior loan secured by a 474,000 square foot, class-B+ office building in Boston, MA. The loan has a three-year initial term with two one-year extension options, carries a coupon of LIBOR+2.40% and has an appraised loan-to-value ("LTV") of approximately 69%.

In June 2018, KREF closed a \$165.0 million floating-rate senior loan secured by 974,000 square foot, class-B+ office buildings located in Philadelphia, PA. The loan has a two-year initial term with three one-year extension options, carries a coupon of LIBOR+2.45% and has an LTV of approximately 71%.

The weighted average underwritten internal rate of return of these two loans is 10.6%.

Commenting on the recent activity, Chris Lee and Matt Salem, Co-Chief Executive Officers of KREF, stated: "These two transactions are consistent with our strategy of lending in major markets to well-capitalized sponsors. Year to date, we have originated more than \$1.1 billion of senior loans, bringing our total originations for the last twelve months ended June 19, 2018 to \$2.1 billion of senior loans, a 109% increase over the corresponding period in 2017."

The following table summarizes key features of the two recently closed floating-rate senior loan transactions (\$ in thousands):

Description/Location	Property Type	Month Originated	Maximum Face Amount	Initial Face Amount Funded	Interest Rate ^(A)	Maturity Date ^(B)	LT
Senior Loan, Boston, MA	Office	May 2018	\$ 213,713	\$ 195,380	L + 2.4%	April 2023	69
Senior Loan, Philadelphia, PA	Office	June 2018	165,000	140,000	L + 2.5	July 2023	71
Total/Weighted Average			\$ 378,713	\$ 335,380	L + 2.4%		70

- (A) Floating rate based on one-month USD LIBOR
- (B) Maturity date assumes all extension options are exercised.

About KREF

KKR Real Estate Finance Trust Inc. (NYSE:KREF) is a real estate finance company that focuses primarily on originating and acquiring senior loans secured by commercial real estate properties. KREF is externally managed and advised by an affiliate of KKR & Co. L.P. For additional information about KREF, please visit its website at www.kkrreit.com.

Forward-Looking Statements

This release contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which reflect the Company's current views with respect to, among other things, its future operations and financial performance. The forward-looking statements are based on the Company's beliefs, assumptions and expectations, taking into account all information currently available to it. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to the Company or are within its control, including those described under Part I—Item 1A. "Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, filed with the Securities and Exchange Commission ("SEC"), as such factors may be updated from time to time in the Company's periodic filings with the SEC. Accordingly, actual outcomes or results may differ materially from those indicated in this release. All forward looking statements in this release speak only as of the date of this release. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by law.

Definitions

"Loan-to-value ratio": Generally based on the initial loan amount divided by the as-is appraised value as of the date the loan was originated.

"Internal Rate of Return": IRR is the annualized effective compounded return rate that accounts for the time-value of money and represents the rate of return on an investment over a holding period expressed as a percentage of the investment. It is the discount rate that makes the net present value of all cash outflows (the costs of investment) equal to the net present value of cash inflows (returns on investment). It is derived from the negative and positive cash flows resulting from or produced by each transaction (or for a transaction involving more than one investment, cash flows resulting from or produced by each of the investments), whether positive, such as investment returns, or negative, such as transaction expenses or other costs of investment, taking into account the dates on which such cash flows occurred or are expected to occur, and compounding interest accordingly. The weighted average underwritten IRR for the investments shown reflects the returns underwritten by KKR Real Estate Finance Manager LLC, the Company's external manager, taking into account certain assumptions around leverage up to no more than the maximum approved advance rate, and calculated on a weighted average basis assuming no dispositions, early prepayments or defaults but assuming that extension options are exercised and that the cost of borrowings remains constant over the remaining term. With respect to certain loans included in the weighted average underwritten IRR shown, the calculation assumes certain estimates with respect to the timing and magnitude of the initial and future fundings for the total loan commitment and associated loan repayments, and assumes no defaults. With respect to certain loans included in the weighted average underwritten IRR shown, the calculation assumes the one-month spot USD LIBOR as of the date the loan was originated.

There can be no assurance that the actual weighted average IRR will equal the weighted average underwritten IRR shown.

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