



APR 18, 2018

NEW YORK--(BUSINESS WIRE)-- KKR Real Estate Finance Trust Inc. (the "Company" or "KREF") (NYSE:KREF) today announced the sale of its CMBS B-Piece portfolio for net proceeds of \$112.7 million. The sale settled on April 13, 2018 and April 16, 2018. The sale represents the exit from four of the Company's five direct CMBS B-Piece investments and accounts for 87% of the Company's total direct CMBS B-Piece portfolio's market value as of year-end 2017. The investments were made between the second quarter of 2015 and the first quarter of 2016. The weighted average realized internal rate of return and multiple of invested capital for the investments exited to date were 18.0% and 1.3x, respectively.

Including the Company's estimated fair value for the remaining CMBS B-Piece investments as of June 30, 2018, the estimated net gain for KREF's total direct CMBS B-Piece portfolio for the six months ended June 30, 2018 is expected to be between \$10.6 million and \$11.9 million or \$0.20 and \$0.22 per share. For the fourth quarter 2017, the investments sold represented \$0.05 per share of income. The Company plans to redeploy the proceeds from the sale into its target assets, primarily floating-rate senior loans.

After the sale, KREF continues to hold, on an estimated fair value basis as of June 30, 2018, approximately \$14.0 million of direct investments in CMBS B-Pieces with a cost basis of \$10.0 million and has a \$40.0 million commitment to invest in an aggregator vehicle alongside KKR Real Estate Credit Opportunity Partners L.P. (RECOP).

Commenting on the sale, Chris Lee and Matt Salem, Co-Chief Executive Officers and Co-Presidents of KREF, stated: "Our CMBS B-Piece portfolio has been an excellent investment. We are pleased with the outcome of the sale and the positive economic impact for the Company and our shareholders. We intend to continue to opportunistically invest in CMBS and real estate related securities when the risk adjusted return and relative value look favorable."

Commenting on the dividend impact, Chris Lee and Matt Salem added: "Combined with our recent deployment activities and our current pipeline, this transaction allows us to accelerate the ramp-up of our dividend. Given the timing and magnitude of the sale early in the quarter, we want to provide one-time guidance on our expected second quarter dividend. We expect the dividend to be in the range of \$0.42 to \$0.43 per share. Any actual dividend declared is subject to the discretion of the Board, which is scheduled to meet in early May. For the second quarter of 2018, subject to the Board's determination, we plan to accelerate the dividend declaration to May and announce it in conjunction with our first quarter earnings release. This early declaration will not affect the expected timing of when the dividend is paid in July. In the third quarter of 2018, we expect to resume our regular dividend declaration cadence of the last month of the quarter."

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 assets. 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, dividend declarations, investment returns 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.

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