



JAN 14, 2019

NEW YORK--(BUSINESS WIRE)-- KKR Real Estate Finance Trust Inc. (the "Company" or "KREF") (NYSE:KREF) today announced the Company in 2018 originated 19 floating-rate senior loans totaling \$2.7 billion of commitments, an 84% increase over 2017 loan originations. As of year-end, the outstanding funded portfolio was \$4.1 billion, representing a 98% increase in portfolio size since December 31, 2017.

"2018 was a very active year for KREF," said Chris Lee and Matt Salem, Co-Chief Executive Officers of KREF. "We improved our brand awareness, expanded our client base and differentiated ourselves through creativity, flexibility and certainty of execution, which resulted in a quarterly and an annual originations record for the Company. We continue to focus on capital preservation, improving our liability structure and lending to experienced sponsors on institutional-quality real estate located in the most liquid markets. This has led to an increase in the average loan size to \$144 million, up 16% compared to 2017. We are pleased with the Company's progress in 2018 and are confident in our ability to build on the momentum in 2019."

Fourth Quarter 2018 Activity Summary

- KREF closed 7 floating-rate senior loans totaling \$908.0 million. The loans have a weighted average appraised loan-to-value ("LTV") and coupon of 69.2% and L+3.0%, respectively, and were underwritten to generate a weighted average internal rate of return of 12.1%.

Description/Location	Property Type	Month	Maximum	Initial Face	Interest	Maturity Date
		Originated	Face Amount	Amount Funded	Rate ^(A)	
Senior Loan, Queens, NY	Multifamily	October 2018	\$ 45,000	\$ 42,000	L + 2.8%	November 2021
Senior Loan, Philadelphia, PA	Multifamily	October 2018	\$ 77,000	\$ 77,000	L + 2.7%	November 2021
Senior Loan, Ft. Lauderdale, FL	Hotel	November 2018	\$ 150,000	\$ 140,000	L + 2.9%	December 2021
Senior Loan, West Palm Beach, FL	Multifamily	November 2018	\$ 135,000	\$ 122,000	L + 2.9%	December 2021
Senior Loan, San Diego, CA	Multifamily	November 2018	\$ 103,500	\$ 81,018	L + 3.2%	December 2021
Senior Loan, New York, NY	Multifamily	December 2018	\$ 163,000	\$ 148,000	L + 2.6%	December 2021

Senior Loan, New York, NY	Multifamily	December 2018	\$ 234,482	\$ 182,213	L + 3.6%	January 2019
Total/Weighted Average			\$ 907,982	\$ 792,231	L + 3.0%	

(A) Floating rate based on one-month USD LIBOR

(B) Maturity date assumes all extension options are exercised.

- KREF funded approximately \$63.1 million for loans closed prior to the quarter-end.
- KREF received \$110.8 million from loan repayments.

2018 Activity Summary

- KREF closed 19 floating-rate senior loans totaling \$2.7 billion in 2018. The loans have a weighted average LTV and coupon of 69.8% and L+3.0%, respectively, and were underwritten to generate a weighted average internal rate of return of 11.9%. The loans are secured by a mix of property types including multifamily, office, industrial and hotel located across major markets. Multifamily and office property types represented 91.8% of total origination volume.
- Current funded portfolio as of December 31 of \$4.1 billion is 100% performing, 98.4% floating-rate and 83.4% invested in multifamily and office property types.
- KREF total financing capacity as of December 31 was \$4.1 billion of which 51% was non-mark-to-market.

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. Inc. 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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