



AUG 28, 2017

NEW YORK--(BUSINESS WIRE)-- KKR Real Estate Finance Trust Inc. (NYSE:KREF) today announced the closing of two floating-rate senior loan transactions totaling \$224.0 million. Year-to-date, KREF has originated ten senior loans totaling approximately \$1.2 billion.

Investment Activity

KREF closed a \$119.0 million floating-rate senior loan (\$95.3 million of which was funded at closing) for the acquisition of a five-building, 824,000 square foot, class B+ office complex, located in the Buckhead submarket of Atlanta, Georgia. The loan has a three-year initial term with two one-year extension options, carries a coupon of LIBOR+3.00% and has an appraised loan-to-value (“LTV”) of approximately 66%.

KREF closed a \$105.0 million floating-rate senior loan (\$100.0 million of which was funded at closing) secured by a newly developed 269-unit class A multifamily rental building in Honolulu, Hawaii. The loan is being used to refinance the existing construction loan on the property. The loan has a three-year initial term with two one-year extension options, carries a coupon of LIBOR+3.95% and has an LTV of approximately 66%.

The weighted average underwritten internal rate of return of the two loans is 11.7%.

Commenting on the recent activity, Chris Lee and Matt Salem, Co-Chief Executive Officers of KREF, stated: “We have been active since our IPO in May 2017, originating six new loans with total commitments of \$690 million. During the first eight months of 2017, we have originated ten senior floating-rate loans, representing approximately \$1.2 billion of commitments. We are pleased with our deployment to date, which demonstrates the value of our franchise, and we expect to build on the momentum we’ve generated throughout the remainder of 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	Initial	Interest Rate ^(A)	Maturity Date ^(B)	LTV
			Face Amount	Amount Funded			
Senior Loan, Atlanta, GA	Office	August 2017	\$ 119,000	\$ 95,300	L + 3.0 %	August 2022	66 %

Senior Loan, Honolulu, HI	Multifamily	August 2017	\$ 105,000	\$ 100,000	L + 4.0	August 2022	66
Total/Weighted					L + 3.4		
Average			\$ 224,000	\$ 195,300	%		66 %

(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 investment trust that primarily originates or acquires senior loans collateralized by institutional-quality commercial real estate assets that are owned and operated by experienced and well capitalized sponsors and located in liquid markets with strong underlying fundamentals. The Company's target assets also include mezzanine loans, preferred equity and other debt-oriented instruments with these characteristics. The Company is externally managed and advised by KKR Real Estate Finance Manager LLC, a registered investment adviser and a subsidiary of KKR & Co. L.P., a leading global alternative investment firm with a 40-year history of leadership, innovation and investment excellence and approximately \$148.5 billion of assets under management as of June 30, 2017. Additional information can be found on the Company's 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. You can identify these forward looking statements by the use of words such as "outlook," "believe," "expect," "potential," "continue," "may," "should," "seek," "approximately," "predict," "intend," "will," "plan," "estimate," "anticipate," the negative version of these words, other comparable words or other statements that do not relate strictly to historical or factual matters. 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. Such forward-looking statements are subject to various risks and uncertainties, including, among other things: the general political, economic and competitive conditions in the United States and in any foreign jurisdictions in which the Company invests; the level and volatility of prevailing interest rates and credit spreads; adverse changes in the real estate and real estate capital markets; general volatility of the securities markets in which the Company participates; changes in the Company's business, investment strategies or target assets; difficulty in obtaining financing or raising capital; reductions in the yield on the Company's investments and increases in the cost of the Company's financing; deterioration in the performance of properties securing the Company's investments that may cause deterioration in the performance of the Company's investments and potentially principal losses to the Company; defaults by borrowers in paying debt service on outstanding indebtedness; the adequacy of collateral securing the Company's investments and declines in the fair value of the Company's investments; the Company's qualification as a REIT for U.S. federal income tax purposes and the Company's exclusion from registration under the Investment Company Act; and other risks and uncertainties, including those described under the section entitled

“Risk Factors” in the Company’s prospectus dated May 4, 2017, filed with the SEC on May 8, 2017, as such factors may be updated from time to time in the Company’s periodic filings with the SEC, which are accessible on the SEC’s website at www.sec.gov. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in this release. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements and information included in this release and in the Company’s filings with the SEC. 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 review 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”: LTV is 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 the 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 the 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 IRRs will equal the weighted average underwritten IRRs shown.

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