



DEC 07, 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 loans totaling \$266.5 million since the November 12<sup>th</sup> press release, resulting in current fourth quarter 2018 originations of \$673.5 million across six senior loans. Year-to-date, KREF has originated 18 senior loans totaling \$2.5 billion, a 68% increase over the corresponding period in 2017. As of today, the outstanding funded portfolio is \$4.0 billion.

### Recent Investment Activity

In November 2018, KREF closed a \$103.5 million floating-rate senior loan secured by a 231-unit luxury multifamily property located in San Diego, CA. The loan has a two-year initial term with three one-year extension options, carries a coupon of LIBOR+3.2% and has an appraised loan-to-value ("LTV") of approximately 74%.

In December 2018, KREF closed a \$163.0 million floating-rate senior loan secured by a 266-unit, class-B multifamily property located in New York, NY. The loan has a three-year initial term with two one-year extension options, carries a coupon of LIBOR+2.6% and has an appraised LTV of approximately 67%.

The weighted average underwritten internal rate of return of these two loans is 12.5%.

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

Description/Location	Property Type	Month	Maximum	Initial Face	Interest	Maturity Date <sup>(B)</sup>	LTV
		Originated	Face Amount	Amount Funded	Rate <sup>(A)</sup>		
Senior Loan, San Diego, CA	Multifamily	November 2018	\$ 103,500	\$ 81,018	L + 3.2%	December 2023	74 %
Senior Loan, New York, NY	Multifamily	December 2018	163,000	148,000	L + 2.6%	December 2023	67
Total/Weighted Average			\$ 266,500	\$ 229,018	L + 2.8%		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. Inc. For additional information about KREF, please visit its website at [www.kkrreit.com](http://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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