



JAN 17, 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 \$257.3 million subsequent to the third quarter conference call in November. For the full year 2017, KREF originated \$1.5 billion of senior loans, resulting in a \$2.1 billion portfolio.

"2017 was a very active year for KREF," said Chris Lee and Matt Salem, Co-Chief Executive Officers of KREF. "We originated \$1.5 billion in loans, increased our borrowing capacity to \$1.8 billion and successfully completed an IPO, raising approximately \$226 million in net proceeds. We continue to increase our brand awareness and expand our client base and differentiate ourselves through creativity, flexibility and certainty of execution. We are pleased with the Company's progress in 2017 and are confident in our ability to build on the momentum and grow our portfolio in 2018."

### Recent Investment Activity

In January 2018, KREF closed a \$75.5 million floating-rate senior loan (\$70.0 million of which was funded at closing) secured by a 37-story, 656,000 square foot, class-A office building located in St. Paul, Minnesota. The loan has a four-year initial term with a one-year extension option, carries a coupon of LIBOR+3.6% and has an appraised loan-to-value ("LTV") of approximately 73%.

In November 2017, KREF closed a \$181.8 million floating-rate senior loan (\$129.5 million of which was funded at closing) secured by a 1.1 million square foot, class-A office complex located in Minneapolis, Minnesota. The loan has a three-year initial term with two one-year extension options, carries a coupon of LIBOR+3.75% and has an LTV of approximately 75%.

The weighted average underwritten internal rate of return of the two loans is 11.1%.

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, St. Paul, MN <sup>(C)</sup>	Office	January 2018	\$ 75,500	\$ 70,000	L + 3.6%	February 2023	73 %
Senior Loan, Minneapolis, MN	Office	November 2017	181,800	129,476	L + 3.8	December 2022	75

Total/Weighted			L +	
Average	\$ 257,300	\$ 199,476	3.7%	74 %

- (A) Floating rate based on one-month USD LIBOR
- (B) Maturity date assumes all extension options are exercised.
- (C) Initial interest rate of L+5.0% steps down to L+3.6% based on certain performance hurdles.

## 2017 Investment Summary

KREF originated 12 floating-rate senior loans totaling \$1.5 billion in 2017. The loans have a weighted average LTV and coupon of 68% and L+4.0%, 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 residential condominium located across major markets in New York, Colorado, California, Georgia, Minnesota and Hawaii.

## 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](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 the section entitled "Risk Factors" in the Company's prospectus dated May 4, 2017 filed with the Securities and Exchange Commission on May 8, 2017. 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 our 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 each 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 each 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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