



AUG 01, 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 \$415.5 million in July 2018. Year-to-date, KREF has originated ten senior loans totaling \$1.6 billion, resulting in a \$3.3 billion portfolio.

Recent Investment Activity

In July 2018, KREF closed a \$341.0 million floating-rate senior loan secured by a 2,640-unit, class-A-/B+ multifamily property portfolio located in Atlanta, GA and Tampa, FL. 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 75%.

In July 2018, KREF closed a \$74.5 million floating-rate senior loan secured by a 1.1 million square foot, 16-building, class-B+ industrial property in Atlanta, GA. The loan has a three-year initial term with two one-year extension options, carries a coupon of LIBOR+2.7% and has an LTV of approximately 74%.

The weighted average underwritten internal rate of return of these two loans is 10.9%.

Commenting on the recent activity, Chris Lee and Matt Salem, Co-Chief Executive Officers of KREF, stated: "We have continued our strong origination momentum into the third quarter. In the first seven months of 2018, we have originated \$1.6 billion of loans, bringing our total originations for the last twelve months ended July 31, 2018 to \$2.4 billion of senior loans, a 126% increase over the corresponding period in 2017. We are encouraged by our forward pipeline and the opportunity to continue to make attractive investments throughout the remainder of 2018."

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 Face Amount | Initial Face Amount Funded | Interest Rate ^(A) | Maturity Date ^(B) | LTV |
|--------------------------------------|---------------|------------------|---------------------|----------------------------|------------------------------|------------------------------|------|
| Senior Loan, Atlanta, GA & Tampa, FL | Multifamily | July 2018 | \$ 341,000 | \$ 332,000 | L + 3.2% | August 2023 | 75 % |
| Senior Loan, Atlanta, GA | Industrial | July 2018 | 74,500 | 68,800 | L + 2.7 | August 2023 | 74 |
| Total/Weighted Average | | | \$ 415,500 | \$ 400,800 | L + 3.1% | | 75 % |

(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.

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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