UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A
(Amendment No. 1)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2018

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ________________ to ________________

Commission File Number: 001-38082

KKR Real Estate Finance Trust Inc.
(Exact name of registrant as specified in its charter)

Maryland	47-2009094
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
9 West 57 th Street, Suite 4200 New York, NY	10019
(Address of principal executive offices)	(Zip Code)

(212) 750-8300
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act

Title of each class	Name of each exchange on which registered
Common stock, par value $0.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes ☒ No
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No
Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

The aggregate market value of the registrant's common stock held by non-affiliates was approximately $298.0 million as of June 30, 2018 (the last business day of the registrant's most recently completed second fiscal quarter) based on the closing sale price on the New York Stock Exchange on that date.

The number of shares of the registrant's common stock, par value $0.01 per share, outstanding as of February 20, 2019 was 57,383,408.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement to be filed with the Securities and Exchange Commission ("SEC") pursuant to Regulation 14A relating to the registrant's Annual Meeting of Shareholders, to be held on April 26, 2019, will be incorporated by reference in this Form 10-K in response to Items 10, 11, 12, 13 and 14 of Part III. The definitive proxy statement will be filed with the SEC no later than 120 after the registrant's fiscal year end.

EXPLANATORY NOTE

KKR Real Estate Finance Trust Inc. (the "Company") is filing this Amendment No. 1 (the "Amendment") to its Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (the "Initial Form 10-K," and as amended by this Amendment, the "Annual Report on Form 10-K"), originally filed with the Securities and Exchange Commission on February 20, 2019.

This Amendment corrects the presentation of the Company's non-GAAP financial measures Net Core Earnings and Core Earnings (and related per share amounts) for the year ended December 31, 2018, contained on pages 54 and 56 of "Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations" of the Initial Form 10-K. These corrections do not impact any other areas of the Initial Form 10-K. Pursuant to Rule 12b-15 under the Securities Exchange Act of 1934, as amended, we have included the entire text of Item 7 of the Initial Form 10-K as amended by this Amendment.

In addition, this Amendment attaches a currently dated version of the Consent of Deloitte & Touche LLP as Exhibit 23.1, which replaces Exhibit 23.1 to the Initial Form 10-K.

Except as expressly set forth above, this Amendment does not, and does not purport to, amend, update or restate the information in any other item of the Initial Form 10-K or reflect any events that have occurred after the filing of the Initial Form 10-K. Accordingly, this Amendment should be read in conjunction with the Initial Form 10-K.

PART II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this Annual Report on Form 10-K. The historical consolidated financial data discussed below reflects the historical results and financial position of KREF. In addition, this discussion and analysis contains forward-looking statements and involves numerous risks and uncertainties, including those described under "Cautionary Note Regarding Forward-Looking Statements," and Part I, Item 1A. "Risk Factors" in this Annual Report on Form 10-K. Actual results may differ materially from those contained in any forward-looking statements.

Introduction

KKR Real Estate Finance Trust Inc. is a real estate finance company that focuses primarily on originating and acquiring senior loans secured by CRE assets. We are externally managed by KKR Real Estate Finance Manager LLC, an indirect subsidiary of KKR, and are a REIT traded on the NYSE under the symbol "KREF." We are headquartered in New York City.

We conduct our operations as a REIT for U.S. federal income tax purposes. We generally will not be subject to U.S. federal income taxes on our taxable income to the extent that we annually distribute all of our net taxable income to stockholders and maintain our qualification as a REIT. We also operate our business in a manner that permits us to avoid registration under the Investment Company Act. We are organized as a holding company and conduct our business primarily through our various subsidiaries.

2018 Highlights

Operating Results:

- Net Income Attributable to Common Stockholders of $87.3 million, or $1.58 per basic and diluted share of common stock, increased 48% and $0.28, respectively, compared to 2017.
- Net Core Earnings of $100.0 million, or $1.81 per basic and diluted share of common stock, increased 80% and $0.59 respectively, compared to 2017.
- Declared dividends of $1.69 per common share. The fourth quarter dividend of $0.43 per common share produced an annualized yield of 8.75% on our December 31, 2018 book value.

Investment Activity:

- Originated 19 floating-rate senior loans totaling $2.7 billion of commitments, of which $2.4 billion was funded as of December 31, 2018. Average loan size increased by $20.1 million to $143.6 million, a 16% increase over 2017.
- Current portfolio of $4.1 billion is 100% performing and 98% floating-rate with a weighted average LTV of 68% as of December 31, 2018. Current portfolio increased 98% over 2017.
- Sold four CMBS B-piece investments and recognized a $13.0 million gain.

Portfolio Financing:

- Increased our borrowing capacity to $4.1 billion as of December 31, 2018, compared to $1.8 billion as of December 31, 2017.
- Increased our non-mark-to-market financing to $1.8 billion as of December 31, 2018, representing 60% of our total asset based financing.
- Entered into a $1.0 billion non-recourse term loan facility providing non-mark-to-market asset based financing.
- Issued a $1.0 billion managed collateralized loan obligation, providing $810.0 million of non-mark-to-market portfolio financing.
- Entered into a $200.0 million asset based financing facility providing non-mark-to-market financing.

Capital Markets Activity:

- Issued $143.8 million aggregate principal amount of 6.125% convertible senior notes due May 2023.
- Completed an underwritten public offering of 5.0 million primary shares of our common stock in August, providing $98.3 million in net proceeds.
- Completed an underwritten public offering of 4.5 million shares of our common stock, consisting of 0.5 million primary shares issued and sold by KREF and 4.0 million secondary shares sold by certain of the Company's shareholders in November, providing $9.4 million in net proceeds to KREF.
- Repurchased 1,623,482 shares of our common stock for approximately $31.3 million at a weighted average price of $19.30 per share.
- Our book value was $1.1 billion as of December 31, 2018, a 7% increase over 2017.

Key Financial Measures and Indicators

As a real estate finance company, we believe the key financial measures and indicators for our business are earnings per share, dividends declared, Core Earnings, Net Core Earnings and book value per share.

Earnings Per Share and Dividends Declared

The following table sets forth the calculation of basic and diluted net income per share and dividends declared per share (amounts in thousands, except share and per share data):

	Three Months Ended December 31,	Year Ended December 31,	
	2018	2018	2017
Net income (A)	$ 19,709	$ 87,293	$ 58,818
Weighted-average number of shares of common stock outstanding			
Basic	58,178,944	55,136,548	45,320,358
Diluted	58,253,821	55,171,061	45,321,360
Net income per share, basic	$ 0.34	$ 1.58	$ 1.30
Net income per share, diluted	$ 0.34	$ 1.58	$ 1.30
Dividends declared per share (B)	$ 0.43	$ 1.69	$ 1.62

(A) Represents net income attributable to common stockholders.
(B) During February 2017, we declared a dividend of $0.35 per share of common stock paid on February 3, 2017 to shareholders of record on February 3, 2017 related to income generated during the three months ended December 31, 2016.

Core Earnings and Net Core Earnings

We use Core Earnings and Net Core Earnings to evaluate our performance excluding the effects of certain transactions and GAAP adjustments we believe are not necessarily indicative of our current loan activity and operations. Core Earnings and Net Core Earnings are measures that are not prepared in accordance with GAAP. We define Core Earnings as net income (loss) attributable to our stockholders or, without duplication, owners of our subsidiaries, computed in accordance with GAAP, including realized losses not otherwise included in GAAP net income (loss) and excluding (i) non-cash equity compensation expense, (ii) the incentive compensation payable to our Manager, (iii) depreciation and amortization, (iv) any unrealized gains or losses or other similar non-cash items that are included in net income for the applicable reporting period, regardless of whether such items are included in other comprehensive income or loss, or in net income, and (v) one-time events pursuant to changes in GAAP and certain material non-cash income or expense items after discussions between our Manager and our board of directors (and subject to the approval by a majority of our independent directors). The exclusion of depreciation and amortization from the calculation of Core Earnings only applies to debt investments related to real estate to the extent we foreclose upon the property or properties underlying such debt investments. Net Core Earnings is Core Earnings less incentive compensation payable to our Manager.

We believe providing Core Earnings and Net Core Earnings on a supplemental basis to our net income as determined in accordance with GAAP is helpful to stockholders in assessing the overall performance of our business. Core Earnings and Net Core Earnings should not be considered as a substitute for GAAP net income. We caution readers that our methodology for calculating Core Earnings and Net Core Earnings may differ from the methodologies employed by other REITs to calculate the same or similar supplemental performance measures, and as a result, our Core Earnings and Net Core Earnings may not be comparable to similar measures presented by other REITs.

We also use Core Earnings to determine the management and incentive fees we pay our Manager. For its services to KREF, our Manager is entitled to a quarterly management fee equal to the greater of $62,500 or 0.375% of a weighted average adjusted equity and quarterly incentive compensation equal to 20.0% of the excess of (a) the trailing 12-month Core Earnings over (b) 7.0% of the trailing 12-month weighted average adjusted equity ("Hurdle Rate"), less incentive compensation KREF already paid to the Manager with respect to the first three calendar quarters of such trailing 12-month period. The quarterly incentive compensation is calculated and paid in arrears with a three-month lag. During the year ended December 31, 2018, the Company incurred $4.8 million of incentive fees payable to the Manager, of which $2.4 million, or $0.04 per share, was related to the gain recognized as a result of the April 2018 CMBS sale, see Note 8 to our consolidated financial statements included in this Form 10-K.

The following tables provide a reconciliation of GAAP net income attributable to common stockholders to Core Earnings and Net Core Earnings (amounts in thousands, except share and per share data):

	Three Months Ended	Year Ended December 31,	
	December 31, 2018	2018	2017
Net Income (Loss) Attributable to Common Stockholders	$ 19,709	$ 87,293	$ 58,818
Adjustments			
Non-cash equity compensation expense	387	1,973	65
Incentive compensation to affiliate	1,470	4,756	—
Depreciation and amortization	—	—	—
Unrealized (gains) or losses (A)	1,980	(1,370)	(3,375)
Non-cash convertible notes discount amortization	91	224	—
Reversal of previously unrealized gain now realized (B)	—	11,900	—
Core Earnings (C)	23,637	104,776	55,508
Incentive compensation to affiliate	1,470	4,756	—
Net Core Earnings	$ 22,167	$ 100,020	$ 55,508
Weighted average number of shares of common stock outstanding			
Basic	58,178,944	55,136,548	45,320,358
Diluted	58,253,821	55,171,061	45,321,360
Core Earnings per Diluted Weighted Average Share	$ 0.41	$ 1.90	$ 1.22
Net Core Earnings per Diluted Weighted Average Share	$ 0.38	$ 1.81	$ 1.22

(A) Includes $1.6 million, $1.6 million and $0.0 million non-cash redemption value adjustment of our Special Non-Voting Preferred Stock for the three months ended December 31, 2018, the year ended December 31, 2018, and the year ended December 31, 2017, respectively.

(B) Includes $5.5 million and $6.4 million of unrealized gains related to the first quarter of 2018 and to prior periods, respectively, that were realized during the three months ended June 30, 2018.

(C) Excludes $0.2 million, $1.8 million and $4.0 million, or $0.00, $0.03 and $0.09 per diluted weighted average share outstanding, of net original issue discount on CMBS B-Pieces accreted as a component of taxable income during the three months ended December 31, 2018, year ended December 31, 2018 and 2017, respectively.

Book Value per Share

We believe that book value per share is helpful to stockholders in evaluating the growth of our company as we have scaled our equity capital base and continue to invest in our target assets. The following table calculates our book value per share of common stock (amounts in thousands, except share and per share data):

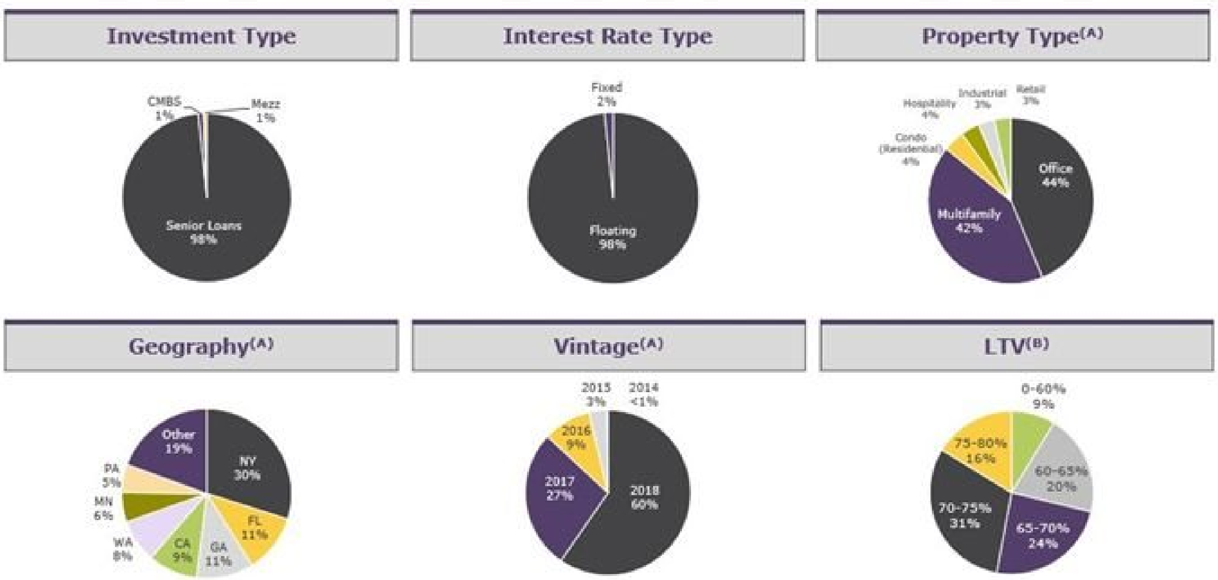
	December 31, 2018	December 31, 2017
KKR Real Estate Finance Trust Inc. stockholders' equity	$ 1,132,342	$ 1,059,145
Shares of common stock issued and outstanding at period end	57,596,217	53,685,440
Book value per share of common stock	$ 19.66	$ 19.73

Book value per share includes the impact of a $1.9 million non-cash redemption value adjustment to our redeemable Special Non-Voting Preferred Stock ("SNVPS") and the initial value of the SNVPS of $0.9 million (collectively referred to as "SNVPS Cumulative Impact"), which reduced our book value per share by $0.05 as of December 31, 2018. Upon redemption of the SNVPS, our book value will increase as a result of a one-time gain, thus substantially eliminating the SNVPS Cumulative Impact on our book value. See Note 9 —Equity, to our consolidated financial statements included in this Form 10-K, for detailed discussion of the SNVPS.

Our Portfolio

We have established a portfolio of diversified investments, consisting of performing senior loans, mezzanine loans and CMBS B-Pieces, which had a value of $4,133.5 million as of December 31, 2018.

As we continue to scale our portfolio, we expect that our originations will continue to be heavily weighted toward floating-rate loans. As of December 31, 2018, 99% of our loans by total loan exposure earned a floating rate of interest. We expect the majority of our future investment activity to focus on originating floating-rate senior loans that we finance with our repurchase and other term financing facilities, with a secondary focus on originating floating-rate loans for which we syndicate a senior position and retain a subordinated interest for our portfolio. As of December 31, 2018, our portfolio had experienced no impairments and did not contain any legacy assets that were originated prior to October 2014. As of December 31, 2018, all of our investments were located in the United States. The following charts illustrate the diversification of our portfolio, based on type of investment, interest rate, underlying property type and geographic location, as of December 31, 2018:



The charts above are based on total assets. Total assets reflect (i) the principal amount of our senior and mezzanine loans; and (ii) the cost basis of our CMBS B-Pieces, net of VIE liabilities. In accordance with GAAP, we carry our CMBS B-Piece investments at fair value. In April 2018, we sold our controlling beneficial interest in four of our five CMBS trusts for net proceeds of $112.7 million. During the year ended December 31, 2018, we had a $2.6 million unrealized loss on the remaining CMBS investment.

(A) Excludes CMBS B-Pieces. Our CMBS B-Piece portfolio diversification is as follows and is inclusive of our $29.6 million investment in RECOP:

- *Property Type:* Office (28.4%), Retail (24.8%) Hospitality (15.3%), and Other (31.5%). As of December 31, 2018, no other individual property type comprised more than 10% of our total CMBS B-Piece portfolio.
- *Geography:* California (23.0%), New York (12.5%) Texas (8.5%) and Other (56.0%). As of December 31, 2018, no other individual geography comprised more than 5% of our total CMBS B-Piece portfolio.
- *Vintage:* 2015 (19.6%), 2016 (10.2%), and 2017 (70.2%).

(B) LTV is generally based on the initial loan amount divided by the as-is appraised value as of the date the loan was originated.

The following table details our quarterly loan activity (dollars in thousands):

	Three Months Ended				Year Ended	
	March 31, 2018	**June 30, 2018**	**September 30, 2018**	**December 31, 2018**	**December 31, 2018**	**December 31, 2017**
Loan originations	$ 411,425	$ 728,713	$ 680,500	$ 907,982	$ 2,728,620	$ 1,476,075
Loan fundings (A)	$ 421,056	$ 590,441	$ 698,047	$ 855,369	$ 2,564,913	$ 1,294,700
Loan repayments (B)	(35,000)	(14,503)	(281,436)	(110,840)	(441,779)	(68,015)
Net fundings	386,056	575,938	416,611	744,529	2,123,134	1,226,685
Loan participations sold	—	—	—	—	—	(81,472)
Non-consolidated senior interest	—	—	—	—	—	(60,991)
Total activity	$ 386,056	$ 575,938	$ 416,611	$ 744,529	$ 2,123,134	$ 1,084,222

(A) Includes initial funding of new loans and additional fundings made under existing loans. Excludes fundings on loan participations sold.
(B) Includes 100.0% of the proceeds from the repayment of one of the mezzanine loans held within our commercial mezzanine loan joint venture during the year ended December 31, 2018.

The following table details overall statistics for our loan portfolio as of December 31, 2018 (dollars in thousands):

		Total Loan Exposure (A)		
	Balance Sheet Portfolio	**Total Loan Portfolio**	**Floating Rate Loans**	**Fixed Rate Loans**
Number of loans	41	41	35	6
Principal balance	$ 4,026,713	$ 4,093,868	$ 4,067,638	$ 26,230
Carrying value	$ 4,001,820	$ 4,068,975	$ 4,042,745	$ 26,230
Unfunded loan commitments (B)	$ 419,485	$ 419,485	$ 419,485	$ —
Weighted-average cash coupon (C)	6.0%	6.0%	L +3.5%	10.6%
Weighted-average all-in yield (C)	6.5%	6.5%	L +3.9%	11.4%
Weighted-average maximum maturity (years) (D)	3.7	3.7	3.7	5.2
LTV (E)	68%	69%	68%	72%

(A) In certain instances, we finance our loans through the non-recourse sale of a senior interest that is not included in our condensed consolidated financial statements. Total loan exposure includes the entire loan we originated and financed, including $67.2 million of such non-consolidated interests that are not included within our balance sheet portfolio.
(B) Unfunded commitments will primarily be funded to finance property improvements or lease-related expenditures by the borrowers. These future commitments will be funded over the term of each loan, subject in certain cases to an expiration date.
(C) As of December 31, 2018, 100.0% of floating rate loans by principal balance are indexed to one-month USD LIBOR. In addition to cash coupon, all-in yield includes the amortization of deferred origination fees, loan origination costs and purchase discounts. Cash coupon and all-in yield for the total portfolio assume applicable floating benchmark rates as of December 31, 2018. L = one-month USD LIBOR rate; spot rate of 2.50% included in portfolio-wide averages represented as fixed rates.
(D) Maximum maturity assumes all extension options are exercised by the borrower; however, our loans may be repaid prior to such date. As of December 31, 2018, based on total loan exposure, 75.7% of our loans were subject to yield maintenance or other prepayment restrictions and 24.3% were open to repayment by the borrower without penalty.
(E) Based on LTV as of the dates loans were originated or acquired by us.

The table below sets forth additional information relating to our portfolio as of December 31, 2018 (dollars in millions):

	Investment (A)	Investment Date	Committed Principal Amount	Current Principal Amount	Net Equity (B)	Location	Property Type	Coupon (C)(D)	Max Remaining Term (Years) (C)(E)	LTV (C)(F)
	Senior Loans (G)									
1	Senior Loan	5/9/2018	$ 350.0	$ 255.2	$ 151.5	Queens, NY	Office	L +3.3%	4.4	71%
2	Senior Loan	7/31/2018	341.0	335.5	82.0	Atlanta, GA / Tampa, FL	Multifamily	L +3.2	4.6	75
3	Senior Loan	8/4/2017	239.2	170.7	59.4	New York, NY	Condo (Residential)	L +4.8	1.6	62
4	Senior Loan	12/20/2018	234.5	182.2	43.2	New York, NY	Multifamily	L +3.6	5.0	70
5	Senior Loan	5/23/2018	213.7	195.4	32.3	Boston, MA	Office	L +2.4	4.4	69
6	Senior Loan	11/13/2017	181.8	159.2	41.1	Minneapolis, MN	Office	L +3.8	3.9	75
7	Senior Loan	9/13/2018	172.0	162.1	36.5	Seattle, WA	Office	L +3.7	4.8	65
8	Senior Loan	9/9/2016	168.0	159.5	41.7	San Diego, CA	Office	L +4.2	2.8	71
9	Senior Loan	6/19/2018	165.0	143.1	26.4	Philadelphia, PA	Office	L +2.5	4.5	71
10	Senior Loan	12/5/2018	163.0	148.0	20.6	New York, NY	Multifamily	L +2.6	4.9	67
11	Senior Loan	4/11/2017	162.1	140.8	40.7	Irvine, CA	Office	L +3.9	3.3	62
12	Senior Loan	10/26/2015	155.0	125.0	49.4	Portland, OR	Retail	L +5.5	1.8	61
13	Senior Loan	10/23/2017	150.0	147.8	39.7	North Bergen, NJ	Multifamily	L +4.3	3.8	57
14	Senior Loan	11/9/2018	150.0	140.0	27.3	Fort Lauderdale, FL	Hospitality	L +2.9	4.9	62
15	Senior Loan	11/7/2018	135.0	122.0	52.7	West Palm Beach, FL	Multifamily	L +2.9	4.9	73
16	Senior Loan	3/30/2017	132.3	116.5	35.2	Brooklyn, NY	Office	L +4.4	3.3	68
17	Senior Loan	8/15/2017	119.0	99.8	13.8	Atlanta, GA	Office	L +3.0	3.7	66
18	Senior Loan	9/14/2016	103.5	96.8	23.8	Crystal City, VA	Office	L +4.5	2.8	59
19	Senior Loan	11/20/2018	103.5	81.8	20.9	San Diego, CA	Multifamily	L +3.2	4.9	74
20	Senior Loan	9/7/2018	93.0	93.0	58.5	Seattle, WA	Multifamily	L +2.6	4.7	79
21	Senior Loan	3/8/2018	89.0	87.1	14.4	Westbury, NY	Multifamily	L +3.1	4.3	69
22	Senior Loan	3/29/2018	86.0	86.0	14.1	New York, NY	Multifamily	L +2.6	4.3	48
23	Senior Loan	2/28/2017	85.9	82.9	15.7	Denver, CO	Multifamily	L +3.8	3.2	75
24	Senior Loan	8/4/2017	81.0	81.0	17.3	Denver, CO	Multifamily	L +4.0	3.6	73
25	Senior Loan	3/20/2018	80.7	80.7	18.6	Seattle, WA	Office	L +3.6	4.3	65
26	Senior Loan	3/28/2018	80.0	71.1	12.0	Orlando, FL	Multifamily	L +2.8	4.3	70
27	Senior Loan	10/30/2018	77.0	77.0	12.5	Philadelphia, PA	Multifamily	L +2.7	4.9	73
28	Senior Loan	1/16/2018	75.5	70.3	14.9	St Paul, MN	Office	L +3.6	4.1	73
29	Senior Loan	7/21/2017	75.1	62.3	13.5	Queens, NY	Industrial	L +3.7	3.6	72
30	Senior Loan	10/7/2016	74.5	73.2	15.8	New York, NY	Multifamily	L +4.4	2.8	68
31	Senior Loan	7/24/2018	74.5	69.3	34.8	Atlanta, GA	Industrial	L +2.7	4.6	74
32	Senior Loan	5/12/2017	61.9	56.3	14.2	Atlanta, GA	Office	L +4.0	3.4	71
33	Senior Loan	5/19/2016	55.0	53.9	12.0	Nashville, TN	Office	L +4.3	3.0	70
34	Senior Loan	10/9/2018	45.0	42.0	7.8	Queens, NY	Multifamily	L +2.8	4.9	70
	Total/Weighted Average Senior Loans Unlevered		**$ 4,572.7**	**$ 4,067.6**	**$ 1,114.4**			**L +3.5%**	**4.0**	**68%**
	Mezzanine Loans									
1-6	Other Mezzanine Loans	Various (H)	26.2	26.2	26.2	Various	Various	10.6	6.4	72
	Total/Weighted Average Mezzanine Loans Unlevered		**$ 26.2**	**$ 26.2**	**$ 26.2**			**10.6%**	**6.4**	**72%**
	CMBS B-Pieces									

1	CMBS B-Piece	2/10/2016	$	—	$	—	$	6.9	Various	Various	1.4%	7.3	64%
2	CMBS B-Piece	5/21/2015		34.9		34.9		3.1	Various	Various	3.0	6.6	65
3	RECOP (1)	2/13/2017		40.0		29.6		29.6	Various	Various	4.6	9.9	58
	Total/Weighted Average CMBS B-Pieces Unlevered		**$**	**74.9**	**$**	**64.6**	**$**	**39.6**			**3.9%**	**9.2**	**60%**

*	Numbers presented may not foot due to rounding.
(A)	Our total portfolio represents the current principal amount on senior and mezzanine loans and the net equity of our CMBS B-Piece investments.
(B)	Net equity reflects (i) the amortized cost basis of our loans, net of borrowings; (ii) the cost basis of our CMBS B-Pieces, net of VIE liabilities; and (iii) the cost basis of our investment in RECOP.
(C)	Weighted average is weighted by current principal amount for our senior and mezzanine loans and by net equity for our CMBS B-Pieces. Weighted average coupon calculation includes one-month USD LIBOR for floating-rate mezzanine loans.
(D)	L = one-month USD LIBOR rate; spot rate of 2.50% included in portfolio-wide averages represented as fixed rates.
(E)	Max remaining term (years) assumes all extension options are exercised, if applicable.
(F)	For senior loans, 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; for Senior Loan 3, LTV is based on the current principal amount divided by the adjusted appraised gross sellout value net of sales cost; for Senior Loan 4, LTV is based on the initial loan amount divided by the appraised bulk sale value assuming a condo-conversion and no renovation; for mezzanine loans, LTV is based on the current balance of the whole loan dividend by the as-is appraised value as of the date the loan was originated; for CMBS B-Pieces, LTV is based on the weighted average LTV of the underlying loan pool at issuance.
(G)	Senior loans include senior mortgages and similar credit quality investments, including junior participations in our originated senior loans for which we have syndicated the senior participations and retained the junior participations for our portfolio.
(H)	Includes investments ranging from December 8, 2014 through November 30, 2015.
(I)	Represents our investment in an aggregator vehicle alongside RECOP that invests in CMBS. Committed principal represents our total commitment to the aggregator vehicle whereas current principal represents the current funded amount.

Portfolio Surveillance and Credit Quality

Senior and Mezzanine Loans

Our Manager actively manages our portfolio and assesses the risk of any loan impairment by quarterly evaluating the performance of the underlying property, the valuation of comparable assets as well as the financial wherewithal of the associated borrower. Our loan documents generally give us the right to receive regular property, borrower and guarantor financial statements; approve annual budgets and tenant leases; and enforce loan covenants and remedies. In addition, our Manager evaluates the macroeconomic environment, prevailing real estate fundamentals and micro-market dynamics where the underlying property is located. Through site inspections, local market experts and various data sources, as part of its risk assessment, our Manager monitors criteria such as new supply and tenant demand, market occupancy and rental rate trends, and capitalization rates and valuation trends.

In addition to ongoing asset management, our Manager performs a quarterly review of our portfolio whereby each loan is assigned a risk rating of 1 through 5, from lowest risk to highest risk. Our Manager is responsible for reviewing, assigning and updating the risk ratings for each loan on a quarterly basis. The risk ratings are based on many factors, including, but not limited to, underlying real estate performance and asset value, values of comparable properties, durability and quality of property cash flows, sponsor experience and financial wherewithal, and the existence of a risk-mitigating loan structure. Additional key considerations include LTVs, debt service coverage ratios, real estate and credit market dynamics, and risk of default or principal loss. Based on a five-point scale, our loans are rated "1" through "5," from less risk to greater risk, which ratings are defined as follows:

1—Very Low Risk—The underlying property performance has surpassed underwritten expectations, and the sponsor's business plan is generally complete. The property demonstrates stabilized occupancy and/or rental rates resulting in strong current cash flow and/or a very low LTV (<65%). At the level of performance, it is very likely that the underlying loan can be refinanced easily in the period's prevailing capital market conditions.

2—Low Risk—The underlying property performance has matched or exceeded underwritten expectations, and the sponsor's business plan may be ahead of schedule or has achieved some or many of the major milestones from a risk mitigation perspective. The property has achieved improving occupancy at market rents, resulting in sufficient current cash flow and/or a low LTV (65%-70%). Operating trends are favorable, and the underlying loan can be refinanced in today's prevailing capital market conditions. The sponsor/manager is well capitalized or has demonstrated a history of success in owning or operating similar real estate.

3—Average Risk—The underlying property performance is in-line with underwritten expectations, or the sponsor may be in the early stages of executing its business plan. Current cash flow supports debt service payments, or there is an ample interest reserve or loan structure in place to provide the sponsor time to execute the value-improvement plan. The property exhibits a moderate LTV (<75%). Loan structure appropriately mitigates additional risks. The sponsor/manager has a stable credit history and experience owning or operating similar real estate.

4—High Risk/Potential for Loss: A loan that has a risk of realizing a principal loss. The underlying property performance is behind underwritten expectations, or the sponsor is behind schedule in executing its business plan. The underlying market fundamentals may have deteriorated, comparable property valuations may be declining or property occupancy has been volatile, resulting in current cash flow that may not support debt service payments. The loan exhibits a high LTV (>80%), and the loan covenants are unlikely to fully mitigate some risks. Interest payments may come from an interest reserve or sponsor equity.

5—Impaired/Loss Likely: A loan that has a very high risk of realizing a principal loss or has otherwise incurred a principal loss. The underlying property performance is significantly behind underwritten expectations, the sponsor has failed to execute its business plan and/or the sponsor has missed interest payments. The market fundamentals have deteriorated, or property performance has unexpectedly declined or valuations for comparable properties have declined meaningfully since loan origination. Current cash flow does not support debt service payments. With the current capital structure, the sponsor might not be incentivized to protect its equity without a restructuring of the loan. The loan exhibits a very high LTV (>90%), and default may be imminent.

(dollars in thousands)	**December 31, 2018**		
Risk Rating	**Number of Loans**	**Net Book Value**	**Total Loan Exposure (A)**
1	—	$ —	$ —
2	8	466,742	468,860
3	33	3,535,078	3,625,008
4	—	—	—
5	—	—	—
	41	$ 4,001,820	$ 4,093,868

(dollars in thousands)	**September 30, 2018**		
Risk Rating	**Number of Loans**	**Net Book Value**	**Total Loan Exposure (A)**
1	—	$ —	$ —
2	8	446,525	448,821
3	27	2,815,353	2,899,972
4	—	—	—
5	—	—	—
	35	$ 3,261,878	$ 3,348,793

(A) In certain instances, we finance our loans through the non-recourse sale of a senior interest that is not included in our condensed consolidated financial statements. Total loan exposure includes the entire loan we originated and financed, including $67.2 million and $66.6 million of such non-consolidated interests as of December 31, 2018 and September 30, 2018, respectively.

As of December 31, 2018, the average risk rating of KREF’s portfolio was 2.9 (Average Risk), weighted by investment carrying value, with 100% of commercial mortgage loans held-for-investment, rated 3 (Average Risk) or better by our Manager as compared to 2.9 (Average Risk) as of December 31, 2017. As of December 31, 2018, September 30, 2018 and December 31, 2017, no investments were rated 5 (Impaired/Loss Likely).

CMBS B-Piece Investments

Our Manager has processes and procedures in place to monitor and assess the credit quality of our CMBS B-Piece investments and promote the regular and active management of these investments. This includes reviewing the performance of the real estate assets underlying the loans that collateralize the investments and determining the impact of such performance on the credit and return profile of the investments. Our Manager holds monthly surveillance calls with the special servicer of our CMBS B-Piece investments to monitor the performance of our portfolio and discuss issues associated with the loans underlying our CMBS B-Piece investments. At each meeting, our Manager is provided with a due diligence submission for each loan underlying our CMBS B-Piece investments, which includes both property- and loan-level information. These meetings assist our Manager in monitoring our portfolio, identifying any potential loan issues, determining if a re-underwriting of any loan is warranted and examining the timing and severity of any potential losses or impairments.

Valuations for our CMBS B-Piece investments are prepared using inputs from an independent valuation firm and confirmed by our Manager via quotes from two or more broker-dealers that actively make markets in CMBS. As part of the quarterly valuation process, our Manager also reviews pricing indications for comparable CMBS and monitors the credit metrics of the loans that collateralize our CMBS B-Piece investments.

As of December 31, 2018, one underlying loan representing 1.89% of one of the CMBS pools was delinquent greater than 60 days.

Portfolio Financing

Our portfolio financing arrangements include master repurchase agreements, asset specific financing, term loan financing, revolving credit agreements, collateralized loan obligations, loan participations sold and non-consolidated senior interests.

In 2018, the Company significantly diversified its financing sources, especially those sources that provide non-mark-to-market financing, reducing our exposure to market volatility. Our non-mark-to-market financing as of December 31, 2018 represented 60% of our portfolio financing based on outstanding principal balance, primarily as a result of our asset based financing, term loan facility and collateralized loan obligations.

The following table summarizes our portfolio financing (dollars in thousands):

	Portfolio Financing Outstanding Principal Balance	
	December 31, 2018	**December 31, 2017**
Master repurchase agreements	$ 1,157,261	$ 964,800
Asset specific financing	60,000	—
Term loan financing	748,414	—
Revolving credit agreements	—	—
Collateralized loan obligations	810,000	—
Loan participations sold	85,880	82,000
Non-consolidated senior interests	67,155	62,952
Total portfolio financing	**$ 2,928,710**	**$ 1,109,752**

Secured Financing Agreements

The following table details our secured financing agreements (dollars in thousands):

	December 31, 2018				
	Maximum	**Collateral**	**Secured Financing Borrowings**		
Lender	**Facility Size (A)**	**Assets (B)**	**Potential (C)**	**Outstanding**	**Available**
Master Repurchase Agreements					
Wells Fargo	$ 1,000,000	$ 735,750	$ 551,812	$ 512,298	$ 39,514
Goldman Sachs	400,000	465,764	354,110	342,368	11,742
Morgan Stanley (D)	600,000	448,444	310,090	302,595	7,495
Asset Specific Financing					
BMO Facility	200,000	81,779	65,423	60,000	5,423
Term Loan Facility	1,000,000	941,905	782,051	748,414	33,637
	$ 3,200,000	$ 2,673,642	$ 2,063,486	$ 1,965,675	$ 97,811

(A) Maximum facility size represents the largest amount of borrowings available under a given facility once sufficient collateral assets have been approved by the lender and pledged by us.
(B) Represents the principal balance of the collateral assets.
(C) Potential borrowings represents the total amount we could draw under each facility based on collateral already approved and pledged. When undrawn, these amounts are available to us under the terms of each credit facility.
(D) The maximum facility size can be further increased to $750.0 million upon our request and subject to customary conditions.

Master Repurchase Agreements

Currently, our primary source of financing is our master repurchase facilities, which we use to finance the origination of senior loans. After a mortgage asset is identified by us, the lender agrees to advance a certain percentage of the face value of the mortgage to us in exchange for a secured interest in the mortgage.

Repurchase agreements effectively allow us to borrow against loans, participations and securities that we own in an amount generally equal to (i) the market value of such loans, participations and/or securities multiplied by (ii) the applicable advance rate. Under these agreements, we sell our loans, participations and securities to a counterparty and agree to repurchase the same loans and securities from the counterparty at a price equal to the original sales price plus an interest factor. The transaction is treated as a secured loan from the financial institution for GAAP purposes. During the term of a repurchase agreement, we receive the principal and interest on the related loans, participations and securities and pay interest to the lender under the master repurchase agreement. At any point in time, the amounts and the cost of our repurchase borrowings will be based upon the assets being financed—higher risk assets will result in lower advance rates (i.e., levels of leverage) at higher borrowing costs and vice versa. In addition, these facilities include various financial covenants and limited recourse guarantees, including those described below.

Each of our existing master repurchase facilities includes “credit mark” features. “Credit mark” provisions in repurchase facilities are designed to keep the lenders’ credit exposure constant as a percentage of the underlying collateral value of the assets pledged as security to them. If the underlying collateral value decreases, the gross amount of leverage available to us will be reduced as our assets are marked to market, which would reduce our liquidity. The lender under the applicable repurchase facility sets the valuation and any revaluation of the collateral assets in its sole, good faith discretion. As a contractual matter, the lender has the right to reset the value of the assets at any time based on then-current market conditions, but the market convention is to reassess valuations on a monthly, quarterly and annual basis using the financial information delivered pursuant to the facility documentation regarding the real property, borrower and guarantor under such underlying loans. Generally, if the lender determines (subject to certain conditions) that the market value of the collateral in a repurchase transaction has decreased by more than a defined minimum amount, the lender may require us to provide additional collateral or lead to margin calls that may require us to repay all or a portion of the funds advanced. We closely monitor our liquidity and intend to maintain sufficient liquidity on our balance sheet in order to meet any margin calls in the event of any significant decreases in asset values. As of December 31, 2018 and December 31, 2017, the weighted average haircut under our repurchase agreements was 25.8% and 32.9%, respectively (or 23.4% and 27.3%, respectively, if we had borrowed the maximum amount approved by its repurchase agreement counterparties as of such dates). In addition, our existing master repurchase facilities are not entirely term-matched financings and may mature before our CRE debt investments that represent underlying collateral to those financings. As we negotiate renewals and extensions of these liabilities, we may experience lower advance rates and higher pricing under the renewed or extended agreements.

Asset Specific Financing

In August 2018, KREF entered into a $200.0 million loan financing facility with BMO Harris Bank (“BMO Facility”). The facility provides asset-based financing on a non-mark-to-market basis with matched-term up to five years with partial recourse to KREF. As of December 31, 2018, there was $60.0 million outstanding on this facility. In connection with this facility, and in consideration for structuring and sourcing this arrangement, KREF will pay KKR Capital Markets (“KCM”), an affiliate of the Manager, a structuring fee equal to 0.35% of the respective committed loan advances under the agreement.

Term Loan Financing

In connection with our efforts to diversify our financing sources, further expand our non-mark-to-market borrowing base and reduce our exposure to market volatility, we entered into a term loan financing agreement in April 2018 with third party lenders for an initial borrowing capacity of $200.0 million that was increased to $1,000.0 million as of December 31, 2018 ("Term Loan Facility"). The facility provides us with asset-based financing on a non-mark-to-market basis with matched term up to five years and is non-recourse to the Company. Borrowings under the facility are collateralized by senior loans, held-for-investment, and bear interest equal to one-month LIBOR plus a margin. As of December 31, 2018, the weighted average margin and interest rate on the facility were 1.4% and 3.9%, respectively. KREF will pay KCM a structuring fee equal to 0.75% of the respective committed loan advances.

The following table summarizes our borrowings under the Term Loan Facility (dollars in thousands):

	December 31, 2018					
Term Loan Facility	**Count**	**Outstanding Face Amount**	**Carrying Value**	**Wtd. Avg. Yield/Cost (A)**	**Guarantee (B)**	**Wtd. Avg. Term (C)**
Collateral assets	10	$ 941,905	$ 933,179	L +3.1%	n.a.	August 2023
Financing provided	n.a.	748,414	742,959	L +1.8%	n.a.	August 2023

(A) Floating rate loans and related liabilities are indexed to one-month LIBOR. The Company's net interest rate exposure is in direct proportion to its interest in the net assets indexed to that rate. In addition to cash coupon, yield/cost includes the amortization of deferred origination/financing costs.
(B) Financing under the Term Loan Facility is non-recourse to the Company.
(C) The weighted-average term is determined using the maximum maturity date of the corresponding loans, assuming all extension options are exercised by the borrower.

Revolving Credit Agreement

In December 2018, the Company entered into a $100.0 million unsecured corporate revolving credit facility ("Revolver") administered by Morgan Stanley Senior Funding, Inc. ("Morgan Stanley Senior Funding"). We may use our Revolver as a source of financing, which is designed to provide short-term liquidity to purchase loans or other eligible assets, pay operating expenses, and borrow amounts for general corporate purposes. Borrowings under the Revolver are full recourse to certain guarantor wholly-owned subsidiaries of the Company. Borrowings under the Revolver bear interest at a per annum rate equal to the sum of (i) a floating rate index and (ii) a fixed margin. There were no borrowings outstanding under the Revolver as of December 31, 2018.

Collateralized Loan Obligations

In November 2018, the Company financed a pool of loan participations ("Loan Participations") from our existing loan portfolio through a managed collateralized loan obligation ("CLO" or "KREF 2018-FL1"). The CLO provides the Company with match-term financing on a non-mark-to-market and non-recourse basis. The CLO has a two-year reinvestment feature that allows principal proceeds of the collateral assets to be reinvested in qualifying replacement assets, subject to the satisfaction of certain conditions set forth in the indenture.

The following table outlines KREF 2018-FL1 collateral assets and respective borrowing as of December 31, 2018.

	December 31, 2018				
Collateralized Loan Obligation	**Count**	**Face Amount**	**Carrying Value**	**Wtd. Avg. Yield/Cost (B)**	**Wtd. Avg. Term (C)**
Collateral assets (A)	24	$ 1,000,000	$ 1,000,000	L +3.5%	December 2022
Financing provided	1	810,000	800,346	L +1.8%	June 2036

(A) Represents 24.8% of the face amount of the Company's senior loans as of December 31, 2018. As of December 31, 2018, 100% of the Company's loans financed through the CLO are floating rate loans.
(B) Yield is based on cash coupon. Financing cost includes amortization of deferred financing costs incurred in connection with the CLO.
(C) Loan term represents weighted-average final maturity, assuming extension options are exercised by the borrower. Repayments of CLO notes are dependent on timing of related collateral loan asset repayments post reinvestment period. The term of the CLO notes represents the rated final distribution date.

Loan Participations Sold

In connection with our investments in senior loans, we finance certain investments through the syndication of a non-recourse, or limited-recourse, loan participation to an unaffiliated third party. Our presentation of the senior loan and related financing involved in the syndication depends upon whether GAAP recognized the transaction as a sale, though such differences in presentation do not generally impact our net stockholders' equity or net income aside from timing differences in the recognition of certain transaction costs.

To the extent that GAAP recognizes a sale resulting from the syndication, we derecognize the participation in the senior loan that we sold and continue to carry the retained portion of the loan as an investment. While we do not generally expect to recognize a material gain or loss on these sales, we would realize a gain or loss in an amount equal to the difference between the net proceeds received from the third party purchaser and our carrying value of the loan participation we sold at time of sale. Furthermore, we recognize interest income only on the portion of the senior loan that we retain as a result of the sale.

To the extent that GAAP does not recognize a sale resulting from the syndication, we do not derecognize the participation in the senior loan that we sold. Instead, we recognize a loan participation sold liability in an amount equal to the principal of the loan participation syndicated less any unamortized discounts or financing costs resulting from the syndication. We continue to recognize interest income on the entire senior loan, including the interest attributable to the loan participation sold, as well as interest expense on the loan participation sold liability.

The following table details our loan participations sold (dollars in thousands):

	December 31, 2018					
Loan Participations Sold	**Count**	**Principal Balance**	**Carrying Value**	**Yield/Cost (A)**	**Guarantee (B)**	**Term**
Total loan	1	$ 99,757	$ 99,368	L +3.0%	n.a.	September 2022
Senior participation (C)	1	85,880	85,465	L +1.8%	n.a.	September 2022

(A) Our floating rate loans and related liabilities were indexed to one-month LIBOR. Our net interest rate exposure is in direct proportion to our net assets.
(B) As of December 31, 2018, our loan participation sold was subject to partial recourse of $10.0 million, which amount may be reduced to zero upon achievement of certain property performance metrics.
(C) During the year ended December 31, 2018, we recorded $3.3 million of interest income and $3.3 million of interest expense related to the loan participation we sold, but continue to consolidate under GAAP.

Non-Consolidated Senior Interests

In certain instances, we finance our loans through the non-recourse sale of a senior loan interest that is not included in our condensed consolidated financial statements. These non-consolidated senior interests provide structural leverage for our net investments, which are reflected in the form of mezzanine loans or other subordinate interests on our balance sheets and in our statements of income.

The following table details the subordinate interests retained on our balance sheet and the related non-consolidated senior interests as of December 31, 2018 (dollars in thousands):

	December 31, 2018					
Non-Consolidated Senior Interests	**Count**	**Principal Balance**	**Carrying Value**	**Yield/Cost (A)**	**Guarantee**	**Term**
Total loan	1	$ 82,905	n.a.	L +3.8%	n.a.	March 2022
Senior participation	1	67,155	n.a.	L +2.1%	n.a.	March 2022

(A) Our floating rate loans and related liabilities were indexed to one-month LIBOR. Our net interest rate exposure is in direct proportion to our net assets.

Convertible Notes

We may issue convertible debt to take advantage of favorable market conditions. In May 2018, we issued $143.75 million of 6.125% Convertible Notes due on May 15, 2023. The Notes bear interest at a rate of 6.125% per year, payable semi-annually in arrears on May 15 and November 15 of each year, beginning on November 15, 2018. The Convertible Notes mature on May 15, 2023, unless earlier repurchased or converted. Refer to Notes 2 and 6 to our consolidated financial statements for additional discussion of our Convertible Notes.

Borrowing Activities

The following tables provide additional information regarding our borrowings (dollars in thousands):

		Year Ended December 31, 2018		
	Outstanding Face Amount at December 31, 2018	Average Daily Amount Outstanding (A)	Maximum Amount Outstanding	Weighted Average Daily Interest Rate
Wells Fargo	$ 512,298	$ 605,034	$ 791,297	3.9%
Goldman Sachs	342,368	182,535	342,368	4.1
Morgan Stanley	302,595	455,533	564,525	4.2
BMO Facility	60,000	63,036	115,040	3.9
Revolver	—	—	—	—
Term Loan Facility	748,414	528,871	782,483	3.6
Total/Weighted Average	$ 1,965,675	$ 1,639,377		3.9%

(A) Represents the average for the period the debt was outstanding.

	Average Daily Amount Outstanding (A)			
	Three Months Ended			
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Wells Fargo	$ 676,384	$ 639,568	$ 599,425	$ 502,467
Goldman Sachs	263,936	235,135	160,091	68,250
Morgan Stanley	446,823	429,275	498,467	447,869
BMO Facility	63,036	—	—	—
Barclays	—	—	—	—
Revolver	—	—	—	—
Term Loan Facility	681,673	550,307	325,961	—

(A) Represents the average for the period the debt was outstanding.

Covenants —Each of our repurchase facilities contains customary terms and conditions for repurchase facilities of this type, including, but not limited to, negative covenants relating to restrictions on our operations with respect to our status as a REIT, and financial covenants, such as:

- an interest income to interest expense ratio covenant (1.5 to 1.0);
- a minimum consolidated tangible net worth covenant (75.0% of the aggregate net cash proceeds of any equity issuances made and any capital contributions received by us and KKR Real Estate Finance Holdings L.P. (our “Operating Partnership”) or approximately $800.0 million;
- a cash liquidity covenant (the greater of $10.0 million or 5.0% of our recourse indebtedness);
- a total indebtedness covenant (75.0% of our total assets, net of VIE liabilities);

As of December 31, 2018, we were in compliance with the covenants of our repurchase facilities.

Guarantees —In connection with each master repurchase agreement, our Operating Partnership has entered into a limited guarantee in favor of each lender, under which our Operating Partnership guarantees the obligations of the borrower under the respective master repurchase agreement (i) in the case of certain defaults, up to a maximum liability of 25.0% of the then-outstanding repurchase price of the eligible loans, participations or securities, as applicable, or (ii) up to a maximum liability of 100.0% in the case of certain “bad boy” defaults. The borrower in each case is a special purpose subsidiary of the Company. With respect to our secured revolving credit facility, the amounts borrowed are full recourse to us.

Results of Operations

The following table summarizes the changes in our results of operations for the year ended December 31, 2018, 2017 and 2016 (dollars in thousands, except per share data):

	For the Year Ended December 31,		Increase (Decrease)		For the Year Ended December 31,		Increase (Decrease)	
	2018	2017	Dollars	Percentage	2017	2016	Dollars	Percentage
Net Interest Income								
Interest income	$ 183,575	$ 83,145	$ 100,430	120.8%	$ 83,145	$ 32,659	$ 50,486	154.6%
Interest expense	85,017	21,224	63,793	300.6	21,224	7,432	13,792	185.6
Total net interest income	98,558	61,921	36,637	59.2	61,921	25,227	36,694	145.5
Other Income								
Realized gain on sale of investments	13,000	—	13,000	100.0	—	285	(285)	(100.0)
Change in net assets related to CMBS consolidated variable interest entities	2,588	15,845	(13,257)	(83.7)	15,845	15,461	384	2.5
Income from equity method investments	3,065	875	2,190	250.3	875	—	875	100.0
Other income	1,440	968	472	48.8	968	222	746	336.0
Total other income (loss)	20,093	17,688	2,405	13.6	17,688	15,968	1,720	10.8
Operating Expenses								
General and administrative	7,812	4,936	2,876	58.3	4,936	2,270	2,666	117.4
Management fees to affiliate	16,346	13,492	2,854	21.2	13,492	5,934	7,558	127.4
Incentive compensation to affiliate	4,756	—	4,756	100.0	—	365	(365)	(100.0)
Total operating expenses	28,914	18,428	10,486	56.9	18,428	8,569	9,859	115.1
Income (Loss) Before Income Taxes, Noncontrolling Interests and Preferred Dividends	**89,737**	**61,181**	**28,556**	**46.7**	**61,181**	**32,626**	**28,555**	**87.5**
Income tax (benefit) expense	(70)	1,102	(1,172)	(106.4)	1,102	354	748	211.3
Net Income (Loss)	**89,807**	**60,079**	**29,728**	**49.5**	**60,079**	**32,272**	**27,807**	**86.2**
Redeemable Noncontrolling Interests in Income (Loss) of Consolidated Joint Venture	63	216	(153)	(70.8)	216	302	(86)	(28.5)
Noncontrolling Interests in Income (Loss) of Consolidated Joint Venture	—	801	(801)	(100.0)	801	813	(12)	(1.5)
Net Income (Loss) Attributable to KKR Real Estate Finance Trust Inc. and Subsidiaries	**89,744**	**59,062**	**30,682**	**51.9**	**59,062**	**31,157**	**27,905**	**89.6**
Preferred Stock Dividends and Redemption Value Adjustment	2,451	244	2,207	904.5	244	16	228	1,425.0
Net Income (Loss) Attributable to Common Stockholders	**$ 87,293**	**$ 58,818**	**$ 28,475**	**48.4%**	**$ 58,818**	**$ 31,141**	**$ 27,677**	**88.9%**
Net Income (Loss) Per Share of Common Stock								
Basic	$ 1.58	$ 1.30	$ 0.28	21.5%	$ 1.30	$ 1.61	$ (0.31)	(19.3)%
Diluted	$ 1.58	$ 1.30	$ 0.28	21.5%	$ 1.30	$ 1.61	$ (0.31)	(19.3)%
Dividends Declared per Share of Common Stock	$ 1.69	$ 1.62	$ 0.07	4.3%	$ 1.62	$ 1.22	$ 0.40	32.8%

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Net Interest Income

Net interest income increased $36.6 million during the year ended December 31, 2018, compared to the year ended December 31, 2017. The increase was primarily due to the increase in the weighted-average principal balance of our loan portfolio by $1.6 billion for the year ended December 31, 2018, compared to the year ended December 31, 2017, as a result of our continuing capital deployment and scaling our portfolio. We also recognized $3.0 million of nonrecurring prepayment fee income during the year ended December 31, 2018, compared to $1.1 million during the year ended December 31, 2017. Interest income also included $10.5 million in amortization of net deferred loan fees and origination discounts during the year ended December 31, 2018, compared to $3.6 million during the year ended December 31, 2017. The increase in interest income was partially offset by an increase in interest expense incurred on our secured financing agreements as we increased our financing sources and borrowings to fund loan originations, the weighted-average principal balance of our borrowings increased by $1.1 billion for the year ended December 31, 2018, compared to the year ended December 31, 2017.

Other Income

Total other income increased $2.4 million during the year ended December 31, 2018, compared to the year ended December 31, 2017, primarily attributable to a $2.1 million increase in income from equity method investment as we continued to fund the existing commitment to RECOP during 2018. Additionally, income on CMBS B- Pieces decreased by $13.3 million, partially offset by a $13.0 million realized gain from the sale of CMBS B-Pieces in May 2018.

Operating Expenses

Total operating expenses increased $10.5 million during the year ended December 31, 2018, compared to the year ended December 31, 2017. This increase is primarily due to $4.8 million of incentive compensation recorded during year ended December 31, 2018, while the Company did not generate incentive fees during the year ended December 31, 2017. Additionally, the increase in total operating expenses is attributed to (i) increased management fees of $2.9 million during the year ended December 31, 2018, compared to the year ended December 31, 2017, primarily resulting from an increase in our equity from public offerings of 5.5 million of our common shares in 2018 (ii) increase in our stock-based compensation of $1.9 million during the year ended December 31, 2018, compared to the year ended December 31, 2017, and (iii) an additional $0.9 million of general and administrative expenses during the year ended December 31, 2018, primarily consisting of legal, audit, insurance, information technology, and other increased costs as we continue to scaled our portfolio operations.

The following tables provide additional information regarding total operating expenses (dollars in thousands):

	Three Months Ended				
	March 31, 2018	**June 30, 2018**	**September 30, 2018**	**December 31, 2018**	**December 31, 2017**
Professional services	$ 713	$ 959	$ 666	$ 604	$ 838
Operating and other costs	932	454	692	819	819
Stock-based compensation	1,018	273	295	387	25
Total general and administrative expenses	2,663	1,686	1,653	1,810	1,682
Management fees to affiliate	3,939	3,913	4,164	4,330	3,979
Incentive compensation to affiliate	—	—	3,286	1,470	—
Total operating expenses	$ 6,602	$ 5,599	$ 9,103	$ 7,610	$ 5,661

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Net Interest Income

Compared to the year ended December 31, 2016, net interest income increased $36.7 million during the year ended December 31, 2017. The increase was primarily due to the increase in the weighted-average principal balance of our loan portfolio by $0.7 billion for the year ended December 31, 2017, compared to the year ended December 31, 2016, as a result of our continuing capital deployment and scaling our portfolio. In addition, interest income included $3.6 million in amortization of net deferred loan fees and origination discounts during the year ended December 31, 2017, compared to $1.0 million during the year ended December 31, 2016. During the year ended December 31, 2017, loan and preferred interest repayments of $70.9 million partially offset the increase in interest income by $3.5 million compared to the year ended December 31, 2016. The increase in interest income in the year ended December 31, 2017 was partially offset by an increase in interest expense incurred on our secured financing agreements as we increased our borrowings to fund loan originations.

Other Income

Total other income increased $1.7 million during the year ended December 31, 2017 as compared to the year ended December 31, 2016, primarily attributable to a $0.9 million increase in income from equity method investments in which we entered during the year ended December 31, 2017, a $0.7 million increase in other income, and a $0.4 million increase from income on our purchase of a CMBS B-Piece during the year ended December 31, 2016. We realized a $0.3 million gain on the sale of an investment during the year ended December 31, 2016, but did not realize a gain or loss on the sale of investments in the year ended December 31, 2017, which partially offset the increase in other income.

Operating Expenses

Total operating expenses increased $9.9 million during the year ended December 31, 2017, as compared to the year ended December 31, 2016. This increase is primarily attributed to increased management fees of $7.6 million, resulting from an increase in our equity from the private placement of our common stock and our IPO, as well as an additional $2.7 million of general and administrative expenses during the year ended December 31, 2017, primarily consisting of legal, audit, insurance, information technology, and other increased costs as we scaled our portfolio and became a public company. This increase was partially offset by decreased incentive compensation expense payable to our Manager resulting from the time required to invest our proceeds received from equity issuances.

Liquidity and Capital Resources

Overview

Our primary liquidity needs include: our ongoing commitments to repay the principal and interest on our borrowings and pay other financing costs; financing our assets; meeting future funding obligations; making distributions to our stockholders; funding our operations, which includes making payments to our Manager in accordance with the management agreement; and satisfying other general business needs.

Our primary sources of liquidity and capital sources from our inception through December 31, 2018, have been derived from: $1,168.6 million in net proceeds from equity issuances; $1,217.3 million in net advances from our repurchase facilities; $800.3 million in net proceeds from collateralized loan obligations; $152.4 million in proceeds from syndicated financing; $138.7 million in net proceeds from issuance of convertible notes; and cash flows from operations. We may seek additional sources of liquidity from repurchase facilities, syndicated financing, other borrowings (including borrowings not related to a specific investment) and future offerings of equity and debt securities. In addition, we may apply our existing cash and cash equivalents and cash flows from operations to any liquidity needs. As of December 31, 2018, our cash and cash equivalents were $86.5 million.

See Notes 4, 5, 6, 7 and 9 to our condensed consolidated financial statements for additional details regarding our secured financing agreements, collateralized loan obligations, convertible notes, loan participation sold and stock issuances.

Debt-to-Equity Ratio and Total Leverage Ratio

The following table presents our debt-to-equity ratio and total leverage ratio:

	December 31, 2018	December 31, 2017
Debt-to-equity ratio (A)	1.1x	0.8x
Total leverage ratio (B)	2.6x	1.0x

(A) Represents (i) total outstanding secured debt agreements (excluding non-recourse term loan facility) and convertible notes, less cash to (ii) total stockholders' equity, in each case, at period end.

(B) Represents (i) total outstanding secured debt agreements, convertible notes, loan participations sold, non-consolidated senior interests, and collateralized loan obligation, less cash to (ii) total stockholders' equity, in each case, at period end.

Sources of Liquidity

Our primary sources of liquidity include cash and cash equivalents and available borrowings under our secured financing agreements. Amounts available under these sources as of the date presented are summarized in the following table (dollars in thousands):

	December 31, 2018	December 31, 2017
Cash and cash equivalents	$ 86,531	$ 103,120
Available borrowings under master repurchase agreements	58,751	65,555
Available borrowings under asset specific financing	5,423	—
Available borrowings under revolving credit agreements	100,000	75,000
Available borrowings under term loan financing facility	33,637	—
Loan principal payments receivable, net (A)	—	4,557
	$ 284,342	$ 248,232

(A) Represents loan principal paid by the borrower to our third-party servicer, but not yet received by us as of December 31, 2018 and December 31, 2017. We generally receive these loan principal repayments from our third-party servicer in the following month's remittance, net of amounts we repay under our financing agreements.

In addition to our primary sources of liquidity, we have access to further liquidity through public offerings of debt and equity securities. Our existing loan portfolio also provides us with liquidity as loans are repaid or sold, in whole or in part, and the proceeds from repayment become available for us to invest.

Cash Flows

The following table sets forth changes in cash and cash equivalents for the years ended December 31, 2018, 2017, and 2016 (dollars in thousands):

	For the Year Ended December 31,		
	2018	2017	2016
Cash Flows From Operating Activities	$ 76,830	$ 53,801	$ 25,406
Cash Flows From Investing Activities	(1,997,213)	(1,083,677)	(456,448)
Cash Flows From Financing Activities	1,903,394	1,037,050	500,602
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	$ (16,989)	$ 7,174	$ 69,560

Cash Flows from Operating Activities

Our cash flows from operating activities were primarily driven by our net interest income, which is driven by the income generated by our investments less financing costs. The following table sets forth interest received by, and paid for, our investments for the years ended December 31, 2018, 2017 and 2016 (dollars in thousands):

	For the Year Ended December 31,		
	2018	2017	2016
Interest Received:			
Senior and mezzanine loans	$ 157,626	$ 69,835	$ 25,327
CMBS B-Pieces	6,004	12,660	11,787
Preferred equity interest	—	1,986	2,182
	163,630	84,481	39,296
Interest Paid:			
Borrowings secured by senior loans	66,775	17,322	5,546
Net interest collections	$ 96,855	$ 67,159	$ 33,750

Our net interest collections were partially offset by cash used to pay management and incentive fees, as follows (dollars in thousands):

	For the Year Ended December 31,		
	2018	2017	2016
Management Fees to affiliate	$ 15,773	$ 11,317	$ 5,082
Incentive Fees to affiliate	4,756	—	496
Net decrease in cash and cash equivalents	$ 20,529	$ 11,317	$ 5,578

Cash Flows from Investing Activities

Our cash flows from investing activities were primarily driven by cash outflows to fund new loan originations and our commitments under existing loan investments. During the year ended December 31, 2018, we funded $2,540.7 million of senior loans and received $446.3 million of principal repayments on certain loans. We also made a net investment in CMBS, held through an equity method investee, of $15.6 million. In April 2018, we sold four of our five CMBS trusts for net proceeds of $112.7 million. During the year ended December 31, 2017, we funded or purchased $1,201.8 million of senior and mezzanine loans, received $61.0 million from the sale of a commercial mortgage loan and received $70.9 million of principal repayments on certain mezzanine loans, and our preferred equity interests. We also made a net investment in CMBS, held through an equity method investee, of $13.8 million. During the year ended December 31, 2016, we funded or purchased $448.3 million, $36.4 million and $10.2 million of senior and mezzanine loans, CMBS and preferred equity interests, respectively, and we received $7.4 million and $31.5 million of principal repayments and sales proceeds on certain mezzanine loans, respectively.

Cash Flows from Financing Activities

Our cash flows from financing activities were primarily driven by proceeds from borrowings under repurchase agreements and other financing arrangements of $2,311.1 million and $810.0 million from the issuance of our collateralized loan obligation during the year ended December 31, 2018. Additionally, we completed a $143.8 million Convertible Notes offering and two common stock public offerings which resulted in net proceeds of $139.4 million and $108.2 million, respectively, during the year ended December 31, 2018. These inflows were partially offset by principal repayments of $1,314.8 million on borrowings under secured financing agreements and payments of $89.2 million in dividends during the year ended December 31, 2018. During the years ended December 31, 2017 and 2016, our cash flows from financing activities were primarily driven by proceeds from borrowings under repurchase agreements of $984.2 million and $520.4 million, respectively, as well as net proceeds from the issuance of our common stock of $581.3 million and $210.0 million, respectively. During the years ended December 31, 2017 and 2016, we made principal payments on our repurchase agreements of $460.4 million and $198.7 million, respectively. As a result of the payment of common and preferred stock dividends, our cash flows from financing activities decreased by $50.7 million and $21.9 million during the years ended December 31, 2017 and 2016, respectively.

Contractual Obligations and Commitments

The following table presents our contractual obligations and commitments (including interest payments) as of December 31, 2018 (dollars in thousands):

	Total	Less than 1 year	1 to 3 years	3 to 5 years	Thereafter
Recourse Obligations:					
Master Repurchase Facilities (A)					
Wells Fargo	$ 577,816	$ 21,819	$ 43,699	$ 512,298	$ —
Goldman Sachs	387,304	14,965	372,339	—	—
Morgan Stanley	344,780	14,049	330,731	—	—
Asset Specific Financing					
BMO Facility	67,357	2,450	64,907	—	—
Total secured financing agreements	1,377,257	53,283	811,676	512,298	—
Convertible Notes	178,993	8,805	17,633	152,555	—
Future funding obligations (B)	419,485	218,132	201,353	—	—
RECOP commitment (C)	10,389	10,389	—	—	—
Revolver (D)	—	—	—	—	—
Total recourse obligations	1,986,124	290,609	1,030,662	664,853	—
Non-Recourse Obligations:					
Collateralized Loan Obligations	970,267	32,036	64,159	32,036	842,036
Term Loan Financing	835,773	29,093	806,680	—	—
CMBS (E)	1,364,415	59,386	168,423	121,858	1,014,748
Total	$ 5,156,579	$ 411,124	$ 2,069,924	$ 818,747	$ 1,856,784

(A) The allocation of repurchase facilities is based on the current maturity date of each individual borrowing under the facilities. The amounts include the related future interest payment obligations, which are estimated by assuming the amounts outstanding under our repurchase facilities and the interest rates in effect as of December 31, 2018 will remain constant into the future. This is only an estimate, as actual amounts borrowed and rates may vary over time. Amounts borrowed are subject to a maximum 25.0% recourse limit.

(B) We have future funding obligations related to our investments in senior loans. These future funding obligations primarily relate to construction projects, capital improvements, tenant improvements and leasing commissions. Generally, funding obligations are subject to certain conditions that must be met, such as customary construction draw certifications, minimum debt service coverage ratios, minimal debt yield tests, or executions of new leases before advances are made to the borrower. As such, the allocation of our future funding obligations is based on the earlier of the expected funding or commitment expiration date.

(C) Amounts committed to invest in an aggregator vehicle alongside RECOP, which has a two-year investment period ending April 2019.

(D) Any amounts borrowed unsecured and full recourse to certain subsidiaries of KREF.

(E) Amounts relate to VIE liabilities that represent securities not beneficially owned by our stockholders.

We are required to pay our Manager a base management fee, an incentive fee and reimbursements for certain expenses pursuant to our management agreement. The table above does not include the amounts payable to our Manager under our management agreement as they are not fixed and determinable. See Note 12 to our consolidated financial statements included in this Form 10-K for additional terms and details of the fees payable under our management agreement.

As a REIT, we generally must distribute substantially all of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains, to stockholders in the form of dividends to comply with the REIT provisions of the Code. Our taxable income does not necessarily equal our net income as calculated in accordance with GAAP, or our Core Earnings as described above under " — Key Financial Measures and Indicators — Core Earnings and Net Core Earnings."

Subsequent Events

Our subsequent events are detailed in Note 15 to our consolidated financial statements

Off-Balance Sheet Arrangements

As described in Note 7 to our consolidated financial statements, we have off-balance sheet arrangements related to VIEs that we account for using the equity method of accounting and in which we hold an economic interest or have a capital commitment. Our maximum risk of loss associated with our interests in these VIEs is limited to the carrying value of our investment in the entity and any unfunded capital commitments. As of December 31, 2018, we held $30.7 million of interests in such entities, which does not include a remaining commitment of $10.4 million to RECOP that we are required to fund when called.

Critical Accounting Policies and Use of Estimates

Our consolidated financial statements are prepared in accordance with GAAP, which requires the use of estimates and assumptions that involve the exercise of judgment and use of assumptions as to future uncertainties. Accounting estimates and assumptions discussed in this section are those that we consider to be the most critical to understanding our financial statements because they involve significant judgments and uncertainties that could affect our reported assets and liabilities, as well as our reported revenue and expenses. All of these estimates reflect our best judgment about current, and for some estimates, future economic and market conditions and their effects based on information available as of the date of the financial statements. If conditions change from those expected, it is possible that the judgments and estimates described below could change, which may result in a change in our interest income recognition, allowance for loan losses, tax liability, future impairment of our investments, and valuation of our investment portfolio, among other effects. We believe that the following accounting policies are among the most important to the portrayal of our financial condition and results of operations and require the most difficult, subjective or complex judgments:

Interest Income Recognition

In estimating interest income, we make a number of assumptions that are subject to uncertainties and contingencies, including interest rate and timing of principal payments. Loans where we expect to collect all contractually required principal and interest payments are considered performing loans. We accrue interest income on performing loans based on the outstanding principal amount and contractual terms of the loan. Interest income also includes origination discount and direct loan origination costs for loans that we originate, but where we did not elect the fair value option, as a yield adjustment using the effective interest method over the loan term. We expense origination discount and direct loan origination costs for loans acquired but not originated by us, as well as loans for which we elected the fair value option, as incurred. We also include income, including the amortization of premiums and discounts, arising from our preferred interests in joint ventures held-to-maturity.

We consider loans to be past due when a monthly payment is due and unpaid for 60 days or more. Loans are placed on nonaccrual status and considered non-performing when full payment of principal and interest is in doubt, which generally occurs when principal or interest is 120 days or more past due unless the loan is both well secured and in the process of collection. We may return a loan to accrual status when repayment of principal and interest is reasonably assured under the terms of the restructured loan. We did not hold any loans that we placed on nonaccrual status or otherwise considered past due during the years ended December 31, 2018, 2017 or 2016.

Allowance for Loan Losses

We originate and purchase CRE debt and related instruments generally to be held as long-term investments at amortized cost. We perform a quarterly evaluation of loans classified as held-for-investment for impairment on a loan-by-loan basis. If we deem that it is probable that we will be unable to collect all amounts owed according to the contractual terms of a loan, impairment of that loan is indicated. If we consider a loan to be impaired, we establish an allowance for loan losses, through a valuation provision in earnings that reduces carrying value of the loan to the present value of expected future cash flows discounted at the loan's contractual effective rate or the fair value of the collateral, if repayment is expected solely from the collateral. Significant judgment is required in determining impairment and in estimating the resulting loss allowance, and actual losses, if any, could materially differ from those estimates.

We perform a quarterly review of our portfolio. In conjunction with this review, we assess the risk factors of each loan, including, without limitation, LTV, debt yield, property type, geographic and local market dynamics, physical condition, cash flow volatility, leasing and tenant profile, loan structure and exit plan, and project sponsorship. Considering these factors, we rate our loans based on a five-point scale, “1” though “5”, from less risk to greater risk, which ratings are defined as follows:

1—Very Low Risk—The underlying property performance has surpassed underwritten expectations, and the sponsor’s business plan is generally complete. The property demonstrates stabilized occupancy and/or rental rates resulting in strong current cash flow and/or a very low LTV (<65%). At the level of performance, it is very likely that the underlying loan can be refinanced easily in the period’s prevailing capital market conditions.

2—Low Risk—The underlying property performance has matched or exceeded underwritten expectations, and the sponsor’s business plan may be ahead of schedule or has achieved some or many of the major milestones from a risk mitigation perspective. The property has achieved improving occupancy at market rents, resulting in sufficient current cash flow and/or a low LTV (65%-70%). Operating trends are favorable, and the underlying loan can be refinanced in today’s prevailing capital market conditions. The sponsor/manager is well capitalized or has demonstrated a history of success in owning or operating similar real estate.

3—Average Risk—The underlying property performance is in-line with underwritten expectations, or the sponsor may be in the early stages of executing its business plan. Current cash flow supports debt service payments, or there is an ample interest reserve or loan structure in place to provide the sponsor time to execute the value-improvement plan. The property exhibits a moderate LTV (<75%). Loan structure appropriately mitigates additional risks. The sponsor/manager has a stable credit history and experience owning or operating similar real estate.

4—High Risk/Potential for Loss: A loan that has a risk of realizing a principal loss. The underlying property performance is behind underwritten expectations, or the sponsor is behind schedule in executing its business plan. The underlying market fundamentals may have deteriorated, comparable property valuations may be declining or property occupancy has been volatile, resulting in current cash flow that may not support debt service payments. The loan exhibits a high LTV (>80%), and the loan covenants are unlikely to fully mitigate some risks. Interest payments may come from an interest reserve or sponsor equity.

5—Impaired/Loss Likely: A loan that has a very high risk of realizing a principal loss or has otherwise incurred a principal loss. The underlying property performance is significantly behind underwritten expectations, the sponsor has failed to execute its business plan and/or the sponsor has missed interest payments. The market fundamentals have deteriorated, or property performance has unexpectedly declined or valuations for comparable properties have declined meaningfully since loan origination. Current cash flow does not support debt service payments. With the current capital structure, the sponsor might not be incentivized to protect its equity without a restructuring of the loan. The loan exhibits a very high LTV (>90%), and default may be imminent.

Income Taxes

We elected to be taxed as a REIT under the U.S. federal income tax laws beginning with our taxable year ended December 31, 2014. We believe that we have operated in a manner qualifying us as a REIT since our election and intend to continue to do so. Accordingly, we do not believe we will be subject to U.S. federal income tax on the portion of our net taxable income that is distributed to our stockholders as long as certain asset, income and share ownership tests are met.

If we fail to qualify as a REIT in any taxable year, we generally will not be permitted to qualify for treatment as a REIT for U.S. federal income tax purposes for the four taxable years following the year during which qualification is lost. We may also be subject to state or local income or franchise taxes as we consolidate subsidiaries that incur state and local income taxes, based on the tax jurisdiction in which each subsidiary operates.

As of December 31, 2018 and 2017, we did not have any material deferred tax assets or liabilities arising from future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in accordance with GAAP and their respective tax bases. In addition, we recognize tax benefits for uncertain tax positions only if it is more likely than not that the position is sustainable based on its technical merits. Interest and penalties on uncertain tax positions are included as a component of the provision for income taxes in our consolidated statements of income. As of December 31, 2018 and 2017, we did not have any material uncertain tax positions.

Recent Accounting Pronouncements

For a discussion of recently issued accounting pronouncements, see Note 2 to our consolidated financial statements included in this Form 10-K.

PART IV.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of the Annual Report on Form 10-K.

1. Financial Statements

See Item 8 to the Annual Report on Form 10-K.

2. Financial Statement Schedules:

See Schedule IV — Mortgage Loans on Real Estate as of December 31, 2018 of the Annual Report on Form 10-K.

3. Exhibits:

Exhibit Number	Exhibit Description
3.1	Articles of Restatement of KKR Real Estate Finance Trust Inc., dated as of May 10, 2017 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (001-38082) filed on May 10, 2017).
3.2	Amended and Restated Bylaws of KKR Real Estate Finance Trust Inc. (incorporated by reference to Exhibit 3.2 to the Company's Registration on Form S-11/A (333-217126) filed on April 13, 2017).
4.1	Indenture (including form of Note), dated as of May 18, 2018, by and between KKR Real Estate Finance Trust Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (001-38082) filed on May 18, 2018).
4.2	Indenture, dated as of November 28, 2018, among KREF 2018-FL1 Ltd., KREF 2018-FL1 LLC, KREF CLO Loan Seller LLC, Wilmington Trust, National Association, and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (001-38082) filed on November 29, 2018).
10.1	Third Amended and Restated Management Agreement, dated as of May 5, 2017, between KKR Real Estate Finance Trust Inc. and KKR Real Estate Finance Manager LLC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (001-38082) filed on May 10, 2017).
10.2	Stockholders Agreement, dated as of March 29, 2016, among KKR Fund Holdings L.P., the stockholders party thereto, KKR Real Estate Finance Trust Inc. and KKR Real Estate Finance Manager LLC (incorporated by reference to Exhibit 10.2 to the Company's Registration on Form S-11 (333-217126) filed on April 3, 2017).

10.3	First Amendment to the Stockholders Agreement, dated as of September 29, 2016, among KKR Real Estate Finance Trust Inc., KKR Real Estate Finance Manager LLC, KKR Fund Holdings L.P. and the stockholders party thereto (incorporated by reference to Exhibit 10.3 to the Company's Registration on Form S-11 (333-217126) filed on April 3, 2017).
10.4	Second Amendment to the Stockholders Agreement, dated as of January 9, 2017, among KKR Real Estate Finance Trust Inc., KKR Real Estate Finance Manager LLC, KKR Fund Holdings L.P. and the stockholders party thereto (incorporated by reference to Exhibit 10.4 to the Company's Registration on Form S-11 (333-217126) filed on April 3, 2017).
10.5	Registration Rights Agreement, dated as of March 29, 2016, among KKR Real Estate Finance Trust Inc., KKR Fund Holdings L.P. and the other investors party thereto (incorporated by reference to Exhibit 10.5 to the Company's Registration on Form S-11 (333-217126) filed on April 3, 2017).
10.6	First Amendment to the Registration Rights Agreement, dated as of September 29, 2016, among KKR Real Estate Finance Trust Inc., KKR Fund Holdings L.P. and the other investors party thereto (incorporated by reference to Exhibit 10.6 to the Company's Registration on Form S-11 (333-217126) filed on April 3, 2017).
10.7	Loan and Servicing Agreement, dated as of April 11, 2018, among KREF Holdings VII LLC, KREF Lending VII LLC, PNC Bank, National Association, Midland Loan Services, a division of PNC Bank, National Association, the Initial Lender, and KKR Capital Markets LLC (incorporated by reference to Exhibit 10.7 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018 (001-38082)).
10.8	Master Repurchase and Securities Contract, dated as of October 21, 2015, between KREF Lending I LLC and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 10.10 to the Company's Registration on Form S-11 (333-217126) filed on April 3, 2017).
10.9	Amendment No. 1 to Master Repurchase and Securities Contract and Omnibus Amendment to Repurchase Documents, dated as of February 4, 2016, between KREF Lending I LLC and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 10.11 to the Company's Registration on Form S-11 (333-217126) filed on April 3, 2017).
10.10	Amendment No. 2 to Master Repurchase and Securities Contract, Guarantee Agreement, Servicing Agreement and Custodial Agreement, dated as of September 9, 2016, among KREF Lending I LLC, Wells Fargo Bank, National Association, KKR Real Estate Finance Holdings, L.P. and Situs Asset Management LLC (incorporated by reference to Exhibit 10.12 to the Company's Registration on Form S-11 (333-217126) filed on April 3, 2017).
10.11	Guarantee Agreement, dated as of October 21, 2015, made by KKR Real Estate Finance Holdings L.P. in favor of Wells Fargo Bank, National Association (incorporated by reference to Exhibit 10.13 to the Company's Registration on Form S-11 (333-217126) filed on April 3, 2017).
10.12	Limited Guaranty, dated as of September 30, 2016, made by KKR Real Estate Finance Holdings L.P. in favor of Goldman Sachs Bank USA (incorporated by reference to Exhibit 10.15 to the Company's Registration on Form S-11 (333-217126) filed on April 3, 2017).
10.13	Amendment No. 1 to Master Repurchase and Securities Contract and Omnibus Amendment to Repurchase Documents, dated as of February 4, 2016, between KREF Lending I LLC and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 10.11 to the Company's Registration on Form S-11 (333-217126) filed on April 3, 2017).
10.14	Amended & Restated Master Purchaser Agreement, dated as of November 1, 2017, among KREF Lending III LLC, KREF Lending III TRS LLC and Goldman Sachs Bank USA (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017 (001-38082)).

10.15	Reaffirmation of Guaranty, dated as of November 1, 2017, made by KKR Real Estate Finance Holdings L.P. in favor of Goldman Sachs Bank USA (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017 (001-38082)).
10.16	Master Repurchase and Securities Contract Agreement, dated as of December 6, 2016, between Morgan Stanley Bank, N.A. and KREF Lending IV LLC (incorporated by reference to Exhibit 10.16 to the Company's Registration on Form S-11 (333-217126) filed on April 3, 2017).
10.17	Omnibus Amendment, dated as of November 10, 2017, to the Master Repurchase and Securities Contract Agreement, dated as of December 6, 2016, between Morgan Stanley Bank, N.A. and KREF Lending IV LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (001-38082) filed on November 13, 2017).
10.18	Guaranty Agreement, dated as of December 6, 2016, made by KKR Real Estate Finance Holdings L.P. in favor of Morgan Stanley Bank, N.A. (incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017 (001-38082)).
10.19	Amended and Restated Master Repurchase and Securities Contract, dated as of April 7, 2017, between KREF Lending I LLC and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 10.20 to the Company's Registration on Form S-11/A (333-217126) filed on April 13, 2017).
10.20	Amendment No. 1 to Amended and Restated Master Repurchase and Securities Contract, dated as of September 20, 2017, between KREF Lending I LLC and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017 (001-38082)).
10.21	Amendment No. 3 to Guarantee Agreement, dated as of April 7, 2017, between Wells Fargo Bank, National Association and KKR Real Estate Finance Holdings L.P. (incorporated by reference to Exhibit 10.21 to the Company's Registration on Form S-11/A (333-217126) filed on April 13, 2017).
10.22	Amendment No. 4 to Guarantee Agreement, dated as of December 28, 2018, between Wells Fargo Bank, National Association and KKR Real Estate Finance Holdings L.P. (incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018 (001-38082)).
10.23	Trademark License Agreement, dated as of May 4, 2017, between Kohlberg Kravis Roberts & Co. L.P. and KKR Real Estate Finance Trust Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (001-38082) filed on May 10, 2017).
10.24†	Form of Director and Officer Indemnification Agreement (incorporated by reference to Exhibit 10.19 to the Company's Registration on Form S-11/A (333-217126) filed on April 26, 2017).
10.25†	Amended and Restated KKR Real Estate Finance Trust Inc. 2016 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.18 to the Company's Registration on Form S-11/A (333-217126) filed on April 26, 2017).
10.26†	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement for Non-Employee Directors (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 (001-38082)).
10.27†	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.29 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017 (001-38082)).
21.1	Subsidiaries of KKR Real Estate Finance Trust Inc. (incorporated by reference to Exhibit 21.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018 (001-38082)).
23.1	Consent of Deloitte & Touche LLP.

31.1	Certificate of Christen E.J. Lee, Co-President and Co-Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certificate of Matthew A. Salem, Co-President and Co-Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.3	Certificate of Mostafa Nagaty, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certificate of Christen E.J. Lee, Co-President and Co-Chief Executive Officer, pursuant to Section 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
32.2	Certificate of Matthew A. Salem, Co-President and Co-Chief Executive Officer, pursuant to Section 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
32.3	Certificate of Mostafa Nagaty, Chief Financial Officer, pursuant to Section 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document (incorporated by reference to Exhibit 101.INS to the Company’s Annual Report on Form 10-K for the year ended December 31, 2018 (001-38082)).
101.SCH	XBRL Taxonomy Extension Schema Document (incorporated by reference to Exhibit 101.SCH to the Company’s Annual Report on Form 10-K for the year ended December 31, 2018 (001-38082)) .
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (incorporated by reference to Exhibit 101.CAL to the Company’s Annual Report on Form 10-K for the year ended December 31, 2018 (001-38082)) .
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (incorporated by reference to Exhibit 101.DEF to the Company’s Annual Report on Form 10-K for the year ended December 31, 2018 (001-38082)) .
101.LAB	XBRL Taxonomy Extension Label Linkbase Document (incorporated by reference to Exhibit 101.LAB to the Company’s Annual Report on Form 10-K for the year ended December 31, 2018 (001-38082)) .
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (incorporated by reference to Exhibit 101.PRE to the Company’s Annual Report on Form 10-K for the year ended December 31, 2018 (001-38082)) .

† Management contract or compensatory plan in which directors and/or executive officers are eligible to participate.

Certain agreements and other documents filed as exhibits to this Annual Report on Form 10-K contain representations and warranties that the parties thereto made to each other. These representations and warranties have been made solely for the benefit of the other parties to such agreements and may have been qualified by certain information that has been disclosed to the other parties to such agreements and other documents and that may not be reflected in such agreements and other documents. In addition, these representations and warranties may be intended as a way of allocating risks among parties if the statements contained therein prove to be incorrect, rather than as actual statements of fact. Accordingly, there can be no reliance on any such representations and warranties as characterizations of the actual state of facts. Moreover, information concerning the subject matter of any such representations and warranties may have changed since the date of such agreements and other documents.

SIGNATURES

Pursuant to requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KKR REAL ESTATE FINANCE TRUST INC.

Date:	February 21, 2019	By:	/s/ Christen E.J. Lee
			Name: Christen E.J. Lee
			Title: Co-Chief Executive Officer and Co-President (Co-Principal Executive Officer)
Date:	February 21, 2019	By:	/s/ Matthew A. Salem
			Name: Matthew A. Salem
			Title: Co-Chief Executive Officer and Co-President (Co-Principal Executive Officer)

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-229043 and 333-226167 on Form S-3 and Registration Statement No. 333-217682 on Form S-8 of our report dated February 20, 2019 relating to the consolidated financial statements and financial statement schedule of KKR Real Estate Finance Trust Inc. and subsidiaries appearing in this Annual Report on Form 10-K of KKR Real Estate Finance Trust Inc. for the year ended December 31, 2018.

/s/ DELOITTE & TOUCHE LLP

New York, New York
February 21, 2019

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Christen E.J. Lee, certify that:

1. I have reviewed this Annual Report on Form 10-K/A for the fiscal year ended December 31, 2018 of KKR Real Estate Finance Trust Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financing reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financing reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Christen E.J. Lee

Christen E.J. Lee
Co-President and Co-Chief Executive Officer
(Co-Principal Executive Officer)
February 21, 2019

Exhibit 31.2

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Matthew A. Salem, certify that:

1. I have reviewed this Annual Report on Form 10-K/A for the fiscal year ended December 31, 2018 of KKR Real Estate Finance Trust Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financing reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financing reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financing reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Matthew A. Salem

Matthew A. Salem
Co-President and Co-Chief Executive Officer
(Co-Principal Executive Officer)
February 21, 2019

Exhibit 31.3

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Mostafa Nagaty, certify that:

1. I have reviewed this Annual Report on Form 10-K/A for the fiscal year ended December 31, 2018 of KKR Real Estate Finance Trust Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financing reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financing reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Mostafa Nagaty

Mostafa Nagaty
Chief Financial Officer
(Principal Financial Officer)
February 21, 2019

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY
ACT OF 2002**

In connection with the Annual Report on Form 10-K/A of KKR Real Estate Finance Trust Inc. (the “Company”) for the fiscal year ended December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Christen E.J. Lee, Co-Chief Executive Officer and Co-President of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Christen E.J. Lee

Christen E.J. Lee
Co-President and Co-Chief Executive Officer
(Co-Principal Executive Officer)

February 21, 2019

* *The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.*

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY
ACT OF 2002

In connection with the Annual Report on Form 10-K/A of KKR Real Estate Finance Trust Inc. (the "Company") for the fiscal year ended December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Matthew A. Salem, Co-Chief Executive Officer and Co-President of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Matthew A. Salem
Matthew A. Salem
Co-President and Co-Chief Executive Officer
(Co-Principal Executive Officer)

February 21, 2019

* *The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.*

Exhibit 32.3

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY
ACT OF 2002**

In connection with the Annual Report on Form 10-K/A of KKR Real Estate Finance Trust Inc. (the “Company”) for the fiscal year ended December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Mostafa Nagaty, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Mostafa Nagaty
Mostafa Nagaty
Chief Financial Officer
(Principal Financial Officer)

February 21, 2019

* *The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.*