KKR REAL ESTATE FINANCE TRUST INC. REPORTS
FIRST QUARTER 2021 FINANCIAL RESULTS

New York, NY, April 26, 2021 - KKR Real Estate Finance Trust Inc. (the "Company" or "KREF") (NYSE: KREF) today reported its financial results for the quarter ended March 31, 2021.

Reported net income attributable to common stockholders of $29.2 million, or $0.52 per diluted share of common stock, for the three months ended March 31, 2021, compared to $28.8 million, or $0.52 per diluted share of common stock, for the three months ended December 31, 2020.

Reported Distributable Earnings of $30.4 million, or $0.55 per diluted share of common stock, for the three months ended March 31, 2021, compared to $26.5 million, or $0.48 per diluted share of common stock, for the three months ended December 31, 2020.

First Quarter 2021 Highlights

- Originated three senior loans totaling $534.5 million, with a weighted average appraised loan-to-value ratio ("LTV")(1) and coupon of 69% and L+3.4%, respectively.
- $571.1 million liquidity position, including $209.3 million of cash and $335.0 million of undrawn capacity on the corporate revolving credit facility ("Revolver").
- Received loan repayments of $244.3 million.
- Current loan portfolio:
  - $5.3 billion funded portfolio is 97.8% performing with a weighted average risk rating of 3.1.
  - Multifamily and office loans comprise 85% of the portfolio, while hospitality and retail loans comprise 6%.
  - 99.9% floating-rate with a weighted average LTV of 68%.
  - Earnings benefited from portfolio performance and in-place rate floors, as approximately 69% of the portfolio is subject to a LIBOR floor of at least 1.0% with a weighted average floor of 1.43%.
- Book value per share of common stock was $18.89 as of March 31, 2021, inclusive of Current Expected Credit Losses (CECL) allowance of $59.1 million, or ($1.06) per common share.
- Subsequent to quarter end, issued 6,900,000 shares of 6.5% Series A Cumulative Redeemable Preferred Stock, at a liquidation price of $25.00 per share, and received net proceeds of $167.1 million.

Matt Salem, Chief Executive Officer of KREF, said: "KREF is off to a strong start in 2021 with over $1.2 billion of loans closed or under exclusivity year to date. Our recent preferred stock issuance provides additional growth capital to invest in today's attractive market and service our institutional client base."

Patrick Mattson, President and Chief Operating Officer of KREF, added: "Continued portfolio performance coupled with our targeted investment activity in the second half of 2020, generated another quarter of robust Distributable Earnings well in excess of our quarterly dividend."

(1) LTV is generally based on the initial loan amount divided by the as-is appraised value as of the date the loan was originated or by the current principal amount as of the date of the most recent as-is appraised value.

Portfolio Performance

Collected 97.1% of interest payments due on loan portfolio for the three months ended March 31, 2021. As of March 31, 2021, the average risk rating of the Company's portfolio was 3.1 (Average Risk), weighted by outstanding principal amount, consistent with that as of December 31, 2020. As of March 31, 2021, 89% of the Company's loans was risk-rated 3 or better.

First Quarter 2021 Investment Activity

Loan Originations

The Company committed capital and funded to the following floating-rate loans ($ in thousands):

Description/ Location	Property Type	Month Originated	Committed Principal Amount	Initial Principal Funded	Interest Rate [(A)]	Maturity Date[(B)]	LTV
Senior Loan, Dallas, TX	Office	January 2021	$ 87,000	$ 87,000	L + 3.3%	February 2026	65%
Senior Loan, Boston, MA[(C)]	Office	February 2021	187,500	187,500	L + 3.3	February 2026	71
Senior Loan, Los Angeles, CA	Multifamily	February 2021	260,000	243,000	L + 3.6	March 2026	68
Total/ Weighted Average			$ 534,500	$ 517,500	L + 3.4%		69%

(A) Floating rate based on one-month USD LIBOR. The weighted average coupon was 3.6% as of March 31, 2021.

(B) Maturity date assumes all extension options are exercised, if applicable.

(C) The total whole loan is $375.0 million, co-originated and co-funded by the Company and a KKR affiliate on a pari passu basis. The Company's interest is 50% of the loan or $187.5 million, of which $150.0 million in senior notes were syndicated to a third party. Post syndication, the Company retained a mezzanine loan with a fully funded commitment of $37.5 million as of March 31, 2021, at an interest rate of L + 7.9%.

Quarter End Portfolio Summary

The following table sets forth certain information regarding the Company’s portfolio as of March 31, 2021 ($ in millions):

Investment	Committed Principal Amount[(A)]	Outstanding Principal Amount[(A)]	Amortized Cost[(A)(B)]	Carrying Value[(A)(C)]	Max Remaining Term (Years)[(D)(E)]	Weighted Average LTV[(D)]
Senior Loans	$ 5,742.7	$ 5,231.3	$ 5,212.2	$ 5,154.8	3.3	68%
Non-Senior Loans[(F)]	63.2	63.2	57.6	56.6	4.3	67
CMBS B-Pieces[(G)]	40.0	35.7	35.7	33.3	8.2	58
Total/Weighted Average	$ 5,845.9	$ 5,330.2	$ 5,305.5	$ 5,211.4	3.3	67%

(A) Senior loans include senior mortgages and similar credit quality investments, including junior participations in the Company's originated senior loans for which it has syndicated the senior participations and retained the junior participations for its portfolio and excludes vertical loan syndications.

(B) Amortized cost represents the outstanding face amount of loan, net of applicable unamortized discounts, loan origination fees and write-offs.

(C) Carrying value represents the amortized cost of loan, net of applicable allowance for credit losses. Carrying value for CMBS B-Pieces, held through an equity method investment, is measured at fair value.

(D) Weighted by outstanding principal amount for the Company's senior, mezzanine and real estate corporate loans and by net equity for its CMBS B-Piece investments through an aggregator vehicle. Weighted average LTV does not include (i) one fully funded corporate loan to a multifamily operator with an outstanding principal amount of $37.7 million and (ii) a non-performing 5-rated loan, with an outstanding principal amount of $109.6 million, that was placed on non-accrual status in October 2020; the loan is currently in restructuring discussions.

(E) Max remaining term (years) assumes all extension options are exercised, if applicable.

(F) Includes two fully funded mezzanine loans with an aggregate outstanding principal amount of $25.5 million and one fully funded corporate loan to a multifamily operator with an outstanding principal amount of $37.7 million as of March 31, 2021.

(G) Represents an equity method investment in RECOP I, an aggregator vehicle that invests in CMBS B-Pieces.

Non-GAAP Financial Measures

Reconciliation of Distributable Earnings to Net Income Attributable to Common Stockholders

The table below reconciles Distributable Earnings and related diluted per share amounts to net income attributable to common stockholders and related diluted per share amounts, respectively, for the three months ended March 31, 2021 and December 31, 2020 and the three months ended March 31, 2021 and 2020, respectively ($ in thousands, except per share data):

	Three Months Ended March 31, 2021	Per Diluted Share(B)	Three Months Ended December 31, 2020	Per Diluted Share(B)
Net Income (Loss) Attributable to Common Stockholders	$ 29,184	$ 0.52	$ 28,776	$ 0.52
Adjustments				
Non-cash equity compensation expense	1,994	0.04	1,305	0.02
Unrealized (gains) or losses(A)	708	0.01	(203)	—
Provision for (reversal of) credit losses, net	(1,588)	(0.03)	(3,438)	(0.06)
Non-cash convertible notes discount amortization	89	—	91	—
Distributable Earnings	$ 30,387	$ 0.55	$ 26,531	$ 0.48
Weighted average number of shares of common stock outstanding, diluted	55,731,061		55,669,230	

(A) Includes $0.7 million non-cash redemption value adjustment of the Special Non-Voting Preferred Stock for the three months ended March 31, 2021.

(B) Numbers presented may not foot due to rounding.

	Three Months Ended March 31, 2021	Per Diluted Share(B)	Three Months Ended March 31, 2020	Per Diluted Share(B)
Net Income (Loss) Attributable to Common Stockholders	$ 29,184	$ 0.52	$ (35,164)	$ (0.61)
Adjustments				
Non-cash equity compensation expense	1,994	0.04	1,607	0.03
Unrealized (gains) or losses(A)	708	0.01	3,444	0.06
Provision for (reversal of) credit losses, net	(1,588)	(0.03)	55,274	0.96
Non-cash convertible notes discount amortization	89	—	90	—
Distributable Earnings	$ 30,387	$ 0.55	$ 25,251	$ 0.44
Weighted average number of shares of common stock outstanding, diluted	55,731,061		57,432,611	

(A) Includes $0.7 million non-cash redemption value adjustment of the Special Non-Voting Preferred Stock for the three months ended March 31, 2021. Includes $0.4 million non-cash redemption value adjustment of the Special Non-Voting Preferred Stock and $3.0 million of unrealized mark-to-market adjustment to RECOP I's underlying CMBS investments for the three months ended March 31, 2020.

(B) Numbers presented may not foot due to rounding.

Book Value

The Company's book value per share of common stock was $18.89 as of March 31, 2021, as compared to book value per share of common stock of $18.76 as of December 31, 2020.

Book value per share as of March 31, 2021 includes the impact of CECL allowance of $59.1 million, or ($1.06) per common share. See Note 2 — Summary of Significant Accounting Policies, to the Company's condensed consolidated financial statements included in the Form 10-Q for the period ended March 31, 2021 for detailed discussion of allowance for credit losses.

In addition, book value per share includes the impact of a ($0.7) million, or ($0.01) per common share, non-cash redemption value adjustment to the redeemable Special Non-Voting Preferred Stock ("SNVPS") for the three months ended March 31, 2021, resulting in a cumulative (since issuance of the SNVPS) decrease of $2.6 million, or ($0.05) per common share to the book value ("SNVPS Cumulative Impact") as of March 31, 2021. Upon redemption of the SNVPS, the Company's book value will increase as a result of a one-time gain, thus substantially eliminating the SNVPS Cumulative Impact on the book value. See Note 10 — Equity, to the Company's condensed consolidated financial statements included in the Form 10-Q for the period ended March 31, 2021 for detailed discussion of the SNVPS.

Subsequent Events

The following events occurred subsequent to March 31, 2021:

Investing Activities

The Company originated the following senior loans:

Description/ Location	Property Type	Month Originated	Committed Principal Amount	Initial Principal Funded	Interest Rate (A)	Maturity Date(B)	LTV
Senior Loan, Irving, TX	Multifamily	April 2021	$ 117,600	$ 105,000	L + 3.3%	May 2026	70%
Senior Loan, Phoenix, AZ	Single Family Rental	April 2021	72,105	10,127	L + 4.8	May 2026	65
Total/ Weighted Average			$ 189,705	$ 115,127	L + 3.8%		68%

(A) Floating rate based on one-month USD LIBOR.
(B) Maturity date assumes all extension options are exercised, if applicable.

Corporate Activities

Preferred Stock Issuance

In April 2021, the Company issued 6,900,000 shares of 6.5% Series A Cumulative Redeemable Preferred Stock (the "Series A Preferred Stock"), which included the exercise of the underwriters' option to purchase additional shares of the Series A Preferred Stock, and received net proceeds after underwriting discount and commissions of $167.1 million. The perpetual Series A Preferred Stock is redeemable, at the Company's option, at a liquidation price of $25.00 per share plus accrued and unpaid dividends commencing in April 2026. Dividends on the Series A Preferred Stock are payable quarterly in arrears.

Dividends

In April 2021, the Company paid $23.9 million in dividends on its common stock, or $0.43 per share, with respect to the first quarter of 2021, to stockholders of record on March 31, 2021.

Teleconference Details:

The Company will host a conference call to discuss its financial results on Tuesday, April 27, 2021 at 10:00 a.m. Eastern Time. Members of the public who are interested in participating in the Company’s first quarter 2021 earnings teleconference call should dial from the U.S., (844) 784-1730, or from outside the U.S., +1 (412) 380-7410, shortly before 10:00 a.m. and reference the KKR Real Estate Finance Trust Inc. Teleconference Call; a pass code is not required. Please note the teleconference call will be available for replay beginning approximately two hours after the broadcast. To access the replay, callers from the U.S. should dial (877) 344-7529 and callers from outside the U.S. should dial +1 (412) 317-0088, and enter conference identification number 10153687.

Webcast:

The conference call will also be available on the Company’s website at www.kkrreit.com. To listen to a live broadcast, please go to the site at least 15 minutes prior to the scheduled start time in order to register, download and install any necessary audio software. A replay of the webcast will also be available for 30 days on the Company’s website.

Supplemental Information

The slide presentation accompanying this release and containing supplemental information about the Company’s financial results for the fiscal quarter ended March 31, 2021 may also be accessed through the investor relations section of the Company’s website at www.kkrreit.com.

About KKR Real Estate Finance Trust Inc.

KKR Real Estate Finance Trust Inc. (NYSE: KREF) is a real estate investment trust that primarily originates or acquires transitional senior loans collateralized by institutional-quality commercial real estate assets that are owned and operated by experienced and well-capitalized sponsors and located in liquid markets with strong underlying fundamentals. The Company's target assets also include mezzanine loans, preferred equity and other debt-oriented instruments with these characteristics. The Company is externally managed and advised by KKR Real Estate Finance Manager LLC, a registered investment adviser and an indirect subsidiary of KKR & Co. Inc., a leading global alternative investment firm with over 40-year history of leadership, innovation and investment excellence and $251.7 billion of assets under management as of December 31, 2020.

Additional information can be found on the Company’s website at www.kkrreit.com.

Forward-Looking Statements

This release contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which reflect the Company’s current views with respect to, among other things, its future operations and financial performance. You can identify these forward looking statements by the use of words such as “outlook,” “believe,” “expect,” “potential,” “continue,” “may,” “should,” “seek,” “approximately,” “predict,” “intend,” “will,” “plan,” “estimate,” “anticipate,” the negative version of these words, other comparable words or other statements that do not relate strictly to historical or factual matters. By their nature, forward-looking statements speak only as of the date they are made, are not statements of historical fact or guarantees of future performance and are subject to risks, uncertainties, assumptions or changes in circumstances that are difficult to predict or quantify, in particular due to the uncertainties created by the COVID-19 pandemic, including the projected impact of COVID-19 on the Company's business, financial performance and operating results. The forward-looking statements are based on the Company’s beliefs, assumptions and expectations, taking into account all information currently available to it. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to the Company or are within its control. Such forward-looking statements are subject to various risks and uncertainties, including, among other things: the severity and duration of the COVID-19 pandemic; potential risks and uncertainties relating to the ultimate geographic spread of COVID-19; actions that may be taken by governmental authorities to contain the COVID-19 outbreak or to treat its impact; the potential negative impacts of COVID-19 on the global economy and the impacts of COVID-19 on the Company’s financial condition and business operations; adverse developments in the availability of desirable investment opportunities whether they are due to competition, regulation or otherwise; the general political, economic and competitive conditions in the United States and in any foreign jurisdictions in which the Company invests; the level and volatility of prevailing interest rates and credit spreads; adverse changes in the real estate and real estate capital markets; difficulty or delays in redeploying the proceeds from repayments of existing investments; general volatility of the securities markets in which the Company participates; changes in the Company’s business, investment strategies or target assets; deterioration in the performance of the properties securing the Company’s investments that may cause deterioration in the performance of the Company’s investments and, potentially, principal losses to the Company; acts of God such as hurricanes, earthquakes and other natural disasters, pandemics such as COVID-19, acts of war and/or terrorism and other events that may cause unanticipated and uninsured performance declines and/or losses to the Company or the owners and operators of the real estate securing the Company’s investments; the adequacy of collateral securing the Company's investments and declines in the fair value of the Company's investments; difficulty in obtaining financing or raising capital; difficulty in successfully managing the Company's growth, including integrating new assets into the Company's existing systems; reductions in the yield on the Company's investments and increases in the cost of the Company's financing; defaults by borrowers in paying debt service on outstanding indebtedness; the availability of qualified personnel and the Company's relationship with its manager, KKR Real Estate Finance Manager LLC; subsidiaries of KKR & Co. Inc. control the Company and KKR's interests may conflict with those of the Company's stockholders in the future; the cost of operating the Company's platform, including, but not limited to, the cost of operating a real estate investment platform; adverse legislative or regulatory developments; the Company's qualification as a real estate investment trust ("REIT") for U.S. federal income tax purposes and its exclusion from registration under the Investment Company Act of 1940, as amended (the "Investment Company Act"); and authoritative accounting principles generally accepted in the United States of America ("GAAP") or policy changes from such standard-setting bodies such as the Financial Accounting Standards Board (the "FASB"), the Securities and Exchange Commission (the "SEC"), the Internal Revenue Service, the New York Stock Exchange and other authorities that the Company is subject to, as well as their counterparts in any foreign jurisdictions where the Company might do business; and other risks and uncertainties, including those described under Part I-Item 1A. "Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, as such factors may be updated from time to time in the Company's periodic filings with the SEC, which are accessible on the SEC's website at www.sec.gov. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in this release. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements and information included in this release and in the Company's filings with the SEC. All forward-looking statements in this release speak only as of the date of this release. The Company undertakes no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by law.

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Definitions:

"Loan-to-value ratio": Generally based on the initial loan amount divided by the as-is appraised value as of the date the loan was originated or by the current principal amount as of the date of the most recent as-is appraised value. For the CMBS B-Pieces, LTV is based on the weighted average LTV of the underlying loan pool.

"Distributable Earnings": Distributable Earnings, a measure that is not prepared in accordance with GAAP, is intended to serve as a proxy for the Company's taxable income and, as such, is a key indicator of its ability to generate sufficient income to pay its quarterly dividends and in determining the amount of such dividends, which is the primary focus of yield/income investors who comprise a significant portion of the Company's investor base. Accordingly, the Company's believes providing Distributable Earnings on a supplemental basis to its net income as determined in accordance with GAAP is helpful to its stockholders in assessing the overall performance of the Company's business.

The Company defines Distributable Earnings as net income (loss) attributable to stockholders or, without duplication, owners of the Company's 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) depreciation and amortization, (iii) 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 (iv) one-time events pursuant to changes in GAAP and certain material non-cash income or expense items agreed upon after discussions between the Company's manager and board of directors and after approval by a majority of the Company's independent directors. The exclusion of depreciation and amortization from the calculation of Distributable Earnings only applies to debt investments related to real estate to the extent the Company forecloses upon the property or properties underlying such debt investments.

While Distributable Earnings excludes the impact of the Company's unrealized current provision for credit losses, any loan losses are charged off and realized through Distributable Earnings when deemed non-recoverable. Non-recoverability is determined (i) upon the resolution of a loan (i.e. when the loan is repaid, fully or partially, or in the case of foreclosure, when the underlying asset is sold), or (ii) with respect to any amount due under any loan, when such amount is determined to be non-collectible.

Distributable Earnings should not be considered as a substitute for GAAP net income. The Company cautions readers that its methodology for calculating Distributable Earnings may differ from the methodologies employed by other REITs to calculate the same or similar supplemental performance measures, and as a result, the Company's reported Distributable Earnings may not be comparable to similar measures presented by other REITs.

KKR Real Estate Finance Trust Inc. and Subsidiaries

Condensed Consolidated Balance Sheets (Unaudited)

(Amounts in thousands, except share and per share data)

	March 31, 2021	December 31, 2020
Assets		
Cash and cash equivalents	$ 209,347	$ 110,832
Commercial mortgage loans, held-for-investment	5,026,920	4,844,534
Less: Allowance for credit losses	(58,473)	(59,801)
Commercial mortgage loans, held-for-investment, net	4,968,447	4,784,733
Equity method investments	33,624	33,651
Accrued interest receivable	16,513	15,412
Other assets(A)	44,949	20,984
Total Assets	**$ 5,272,880**	**$ 4,965,612**
Liabilities and Equity		
Liabilities		
Secured financing agreements, net	$ 2,876,743	$ 2,574,747
Collateralized loan obligation, net	807,000	810,000
Secured term loan, net	287,720	288,028
Convertible notes, net	140,806	140,465
Loan participations sold, net	66,237	66,232
Dividends payable	24,119	24,287
Accrued interest payable	7,868	5,381
Due to affiliates	4,516	6,243
Accounts payable, accrued expenses and other liabilities(B)	4,493	4,823
Total Liabilities	**4,219,502**	**3,920,206**
Commitments and Contingencies	—	—
Temporary Equity		
Redeemable preferred stock	2,562	1,852
Permanent Equity		
Preferred stock, 50,000,000 authorized (1 share with par value of $0.01 issued and outstanding as of March 31, 2021 and December 31, 2020)	—	—
Common stock, 300,000,000 authorized (55,619,428 shares with par value of $0.01 issued and outstanding as of March 31, 2021 and December 31, 2020)	556	556
Additional paid-in capital	1,171,689	1,169,695
Accumulated deficit	(60,430)	(65,698)
Repurchased stock (3,900,326 shares repurchased as of March 31, 2021 and December 31, 2020)	(60,999)	(60,999)
Total KKR Real Estate Finance Trust Inc. stockholders' equity	1,050,816	1,043,554
Total Permanent Equity	**1,050,816**	**1,043,554**
Total Liabilities and Equity	**$ 5,272,880**	**$ 4,965,612**

(A) Includes $40.0 million of loan repayment proceeds held by the servicer and receivable by the CLO as of March 31, 2021. Includes $15.9 million of loan repayment proceeds held by the servicer and receivable by KREF as of December 31, 2020.

(B) Includes $0.6 million and $0.9 million of expected loss reserve for unfunded loan commitments as of March 31, 2021 and December 31, 2020, respectively.

KKR Real Estate Finance Trust Inc. and Subsidiaries

Condensed Consolidated Statements of Income (Unaudited)

(Amounts in thousands, except share and per share data)

	Three Months Ended March 31,	
	2021	**2020**
Net Interest Income		
Interest income	$ 64,766	$ 71,079
Interest expense	27,383	39,082
Total net interest income	37,383	31,997
Other Income		
Income (loss) from equity method investments	1,090	(1,901)
Other income	66	360
Total other income (loss)	1,156	(1,541)
Operating Expenses		
General and administrative	3,505	3,767
Provision for (reversal of) credit losses, net	(1,588)	55,274
Management fees to affiliate	4,290	4,299
Incentive compensation to affiliate	2,192	1,606
Total operating expenses	8,399	64,946
Income (Loss) Before Income Taxes, Preferred Dividends and Redemption Value Adjustment	**30,140**	**(34,490)**
Income tax expense	48	82
Net Income (Loss)	**30,092**	**(34,572)**
Preferred stock dividends and redemption value adjustment	908	592
Net Income (Loss) Attributable to Common Stockholders	**$ 29,184**	**$ (35,164)**
Net Income (Loss) Per Share of Common Stock		
Basic	$ 0.52	$ (0.61)
Diluted	$ 0.52	$ (0.61)
Weighted Average Number of Shares of Common Stock Outstanding		
Basic	55,619,428	57,346,726
Diluted	55,731,061	57,346,726
Dividends Declared per Share of Common Stock	$ 0.43	$ 0.43