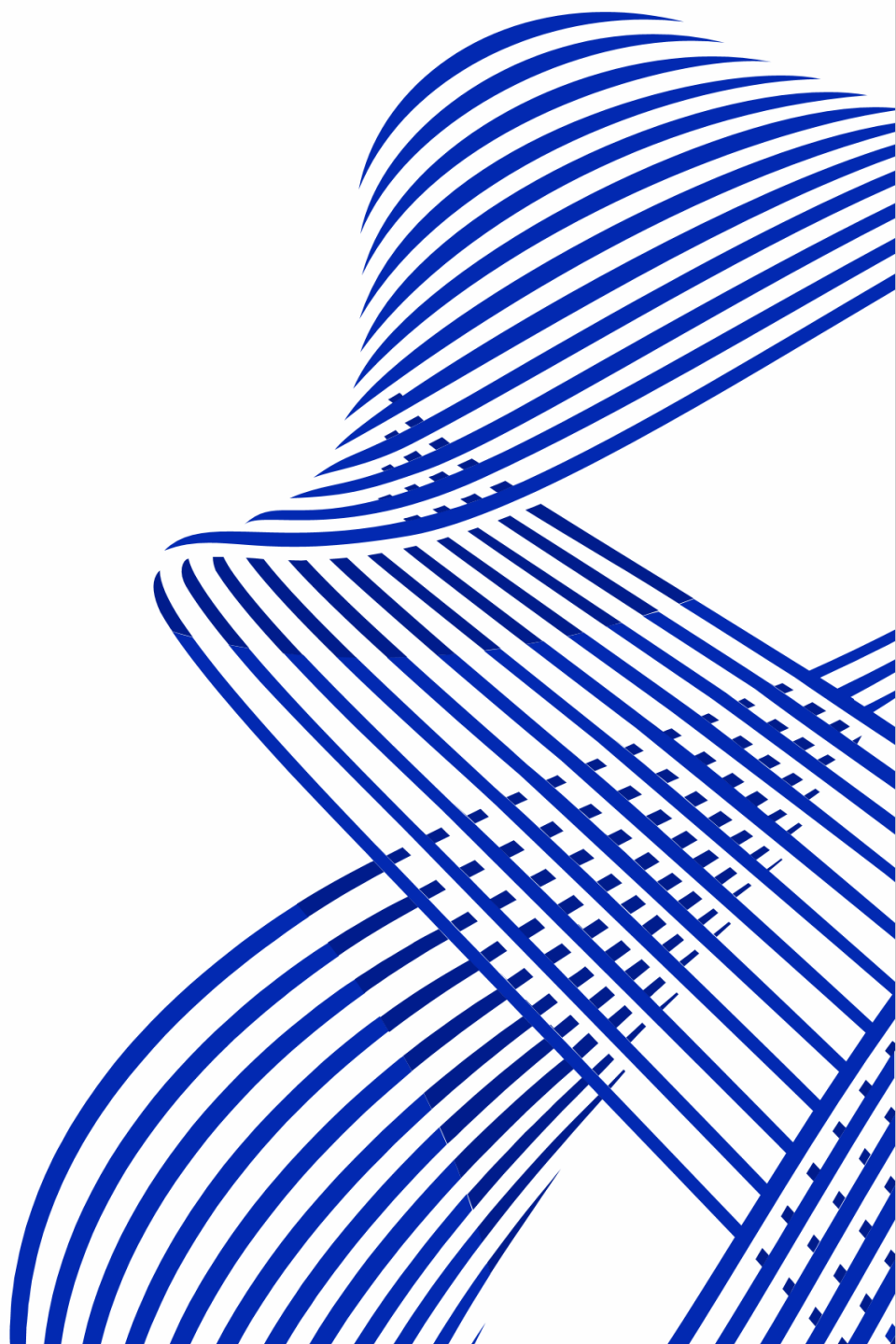




# Second Quarter 2023 Supplemental Information

JULY 24, 2023



# Legal Disclosures

This presentation has been prepared for KKR Real Estate Finance Trust Inc. (NYSE: KREF) for the benefit of its stockholders. This presentation is solely for informational purposes in connection with evaluating the business, operations and financial results of KKR Real Estate Finance Trust Inc. and its subsidiaries (collectively, "KKR" or the "Company"). This presentation is not and shall not be construed as an offer to purchase or sell, or the solicitation of an offer to purchase or sell, any securities, any investment advice or any other service by KREF. Nothing in this presentation constitutes the provision of any tax, accounting, financial, investment, regulatory, legal or other advice by KREF or its advisors. This presentation may not be referenced, quoted or linked by website by any third party, in whole or in part, except as agreed to in writing by KREF.

This release contains 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. 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 general political, economic and competitive conditions in the United States and in any foreign jurisdictions in which the Company invests and their impact on the Company's loan portfolio, financial condition and business operations; accelerating inflationary trends, spurred by multiple factors including high commodity prices, a tight labor market, and low residential vacancy rates, may result further in interest rate increases and lead to increased market volatility; higher interest rates imposed by the Federal Reserve may lead to a decrease in prepayment speeds and an increase in the number of borrowers who exercise extension options, which could extend beyond the term of certain secured financing agreements the Company uses to finance its loan investments; the economic impact of escalating global trade tensions, the conflict between Russia and Ukraine, and the adoption or expansion of economic sanctions or trade restrictions; reduced demand for office, multifamily or retail space, including as a result of the COVID-19 pandemic and/or hybrid work schedules which allow work from remote locations other than the employer's office premises; the impact of, and market dislocations that may result from, governmental intervention in the economic and financial system or from regulatory reform of the oversight of financial markets; the failure of any banks with which the Company and/or the Company's borrowers have a commercial relationship could adversely affect, among other things, the Company or the Company's borrower's ability to access deposits or borrow from financial institutions on favorable terms; interest rate mismatches between the Company's target assets and any borrowings used to fund such assets; adverse developments in the availability of desirable investment opportunities whether they are due to competition, regulation or otherwise, could adversely affect the Company's results of operations; 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 the Company's 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, risks in collection of contractual interest payments, 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; subsidiaries of KKR & Co. Inc. have significant influence over 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 the Company's exclusion from registration under the Investment Company Act of 1940, as amended; authoritative accounting principles generally accepted in the United States of America ("GAAP") or policy changes from standard-setting bodies such as the Financial Accounting Standards Board, 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, 2022, 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](http://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.

All forward looking statements in this presentation speak only as of July 24, 2023. KREF 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.

All financial information in this presentation is as of June 30, 2023 unless otherwise indicated.

This presentation also includes non-GAAP financial measures, including Distributable Earnings and Distributable Earnings per Diluted Share. Such non-GAAP financial measures should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with U.S. GAAP. Please refer to the Appendix of this presentation for a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable financial measures prepared in accordance with U.S. GAAP.

# KKR Real Estate Finance Trust Inc. Overview

## Best In Class Portfolio

**\$7.9 B**

Investment Portfolio

**100%**

Senior Loans

**56%**

Multifamily &  
Industrial

**\$126 M**

Average Loan  
Size<sup>(1)</sup>

**99%**

Interest  
Collected

*Senior loans* secured primarily by *transitional, institutional multifamily, office and industrial properties* owned by *high quality sponsors*

## Conservative Balance Sheet

**\$8.9 B**

Financing Capacity

**76%**

Fully Non-Mark-to-Market<sup>(2)</sup>

**\$800 M**

Current Liquidity<sup>(3)</sup>

*Conservative* liability management focused on *diversified non-mark-to-market* financing

KREF's Manager Fully  
Integrated with KKR

**14%**

KKR Ownership in KREF

**\$510 B**

Global AUM<sup>(4)</sup>

**\$25 B**

Balance Sheet<sup>(4)</sup>

**\$65 B**

Real Estate  
AUM<sup>(4)(5)</sup>

**150+**

Real Estate  
Professionals<sup>(4)</sup>

*One firm culture* that rewards *investment discipline, creativity and determination* and emphasizes the *sharing of information, resources, expertise and best practices*

(1) Average loan size is inclusive of the unfunded commitment

(2) Based on outstanding face amount of secured financing, including non-consolidated senior interests

(3) Includes \$208 million in cash, \$560 million undrawn corporate revolver capacity and \$32 million of available borrowings based on existing collateral

(4) As of March 31, 2023

(5) Figures represent AUM across all KKR real estate transactions

# Second Quarter 2023 Highlights

## Financials

- 2Q Net Loss<sup>(1)</sup> of (\$0.37) per diluted share (includes a CECL provision of \$56 million, or (\$0.82) per diluted share)
- 2Q Distributable Earnings<sup>(2)</sup> of \$0.48 per diluted share
- QTD and YTD dividend coverage ratio of 1.1x
- Book Value per Share (“BVPS”) of \$16.38 per share, compared to \$17.16 per share as of 1Q'23 (includes a CECL allowance of \$228 million, or (\$3.30) per share, representing 304 basis points of loan principal balance)

## Portfolio

- \$7.9 billion predominantly senior loan portfolio with a weighted average unlevered all-in yield<sup>(3)</sup> of 8.8%
  - Multifamily and industrial assets represent 56% of loan portfolio
  - Weighted average risk rating of 3.2
  - Funded \$177 million for loans closed in previous quarters
  - Received \$339 million in loan repayments
  - Collected 99% of interest payments due in 2Q
  - Monitoring eight watch list loans, including seven office assets

## Liquidity & Capitalization

- \$800 million of available liquidity, including \$208 million of cash and \$560 million undrawn capacity on the corporate revolver
- Diversified financing sources totaling \$8.9 billion with \$2.8 billion of undrawn capacity
- 76% of secured financing is fully non-mark-to-market and the remaining balance is mark-to-credit only
- Repaid \$144 million of convertible notes
- Upsized a \$240 million term credit facility facility to \$400 million
- No corporate debt or final facility maturities due until 4Q'25

(1) Represents Net Income or loss attributable to common stockholders

(2) See Appendix for definition and reconciliation to financial results prepared in accordance with GAAP

(3) Includes the amortization of deferred origination fees, loan origination costs and purchase discounts, and excludes loans accounted for under the cost recovery method

# 2Q'23 Financial Summary

Income Statement	
(\$ in Millions)	2Q'23
Net Interest Income	\$44.0
Other Income	7.0
Operating Expenses	(14.5)
Provision for Credit Losses	(56.3)
Preferred Stock Dividends	(5.3)
Other	(0.5)
<b>Net Income (Loss) Attributable to Common Stockholders</b>	<b>(\$25.8)</b>
<b>Net Income (Loss) per Share, Diluted</b>	<b>(\$0.37)</b>
<b>Distributable Earnings<sup>(1)</sup></b>	<b>\$33.1</b>
<b>Distributable Earnings per Share, Diluted<sup>(1)</sup></b>	<b>\$0.48</b>
<b>Dividend per Share</b>	<b>\$0.43</b>
Diluted Weighted Average Shares Outstanding	69,115,654

Balance Sheet	
(\$ in Millions)	2Q'23
<b>Total Portfolio<sup>(2)</sup></b>	<b>\$7,872.1</b>
Term Credit Facilities	1,550.1
Term Lending Agreements	1,438.2
Secured Term Loan	344.8
Corporate Revolving Credit Facility	50.0
<b>Total Debt</b>	<b>\$3,383.1</b>
Collateralized Loan Obligations	1,942.8
Term Loan Facility	565.7
Asset Specific Financing	220.2
<b>Total Leverage</b>	<b>\$6,111.8</b>
Cash	207.7
Total Equity	1,459.7
Common Shareholders' Equity	1,132.1
<b>Debt-to-Equity Ratio<sup>(3)</sup></b>	<b>2.2x</b>
<b>Total Leverage Ratio<sup>(4)</sup></b>	<b>4.0x</b>
<b>Book Value per Share<sup>(5)</sup></b>	<b>\$16.38</b>
Shares Outstanding	69,106,061

(1) See Appendix for definition and reconciliation to financial results prepared in accordance with GAAP

(2) Represents the principal amount on our loan portfolio including non-consolidated senior interests, one real estate owned asset and CMBS B-Pieces held through an equity method investment

(3) Represents (i) total outstanding debt agreements (excluding non-recourse facilities) and secured term loan, less cash to (ii) total permanent equity, in each case, at period end

(4) Represents (i) total outstanding debt agreements, secured term loan and collateralized loan obligations, less cash to (ii) total permanent equity, in each case, at period end

(5) Book value per share includes CECL allowance of \$228 million or (\$3.30) per share

# Recent Operating Performance

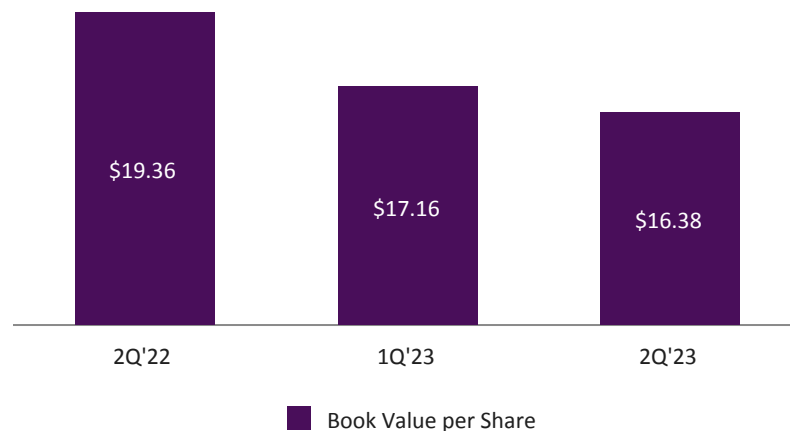
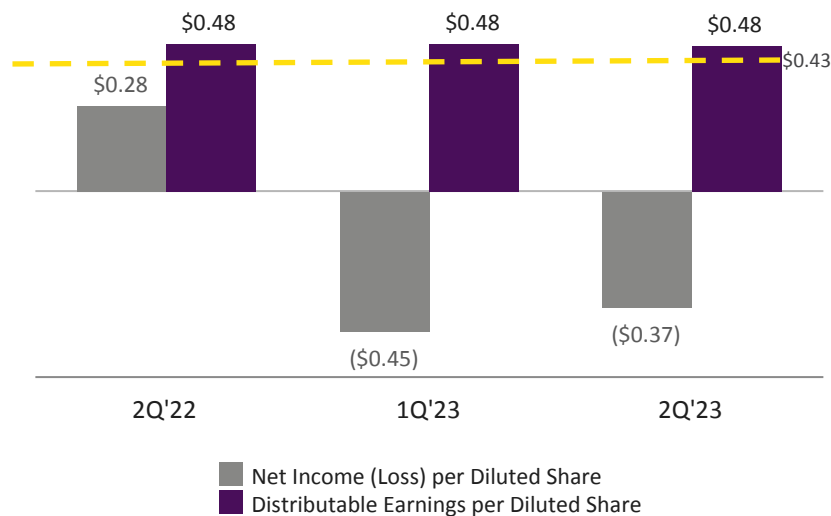
## Net Income and Distributable Earnings

(\$ in Millions)

	2Q'22	1Q'23	2Q'23
Net income (loss) <sup>(1)</sup> :	\$19.4	(\$30.8)	(\$25.8)
Distributable earnings <sup>(2)</sup> :	\$33.1	\$33.1	\$33.1

## Dividends and Book Value Per Share

	2Q'22	1Q'23	2Q'23
Dividend per share:	\$0.43	\$0.43	\$0.43
Dividend yield on book value per share:	8.9%	10.0%	10.5%



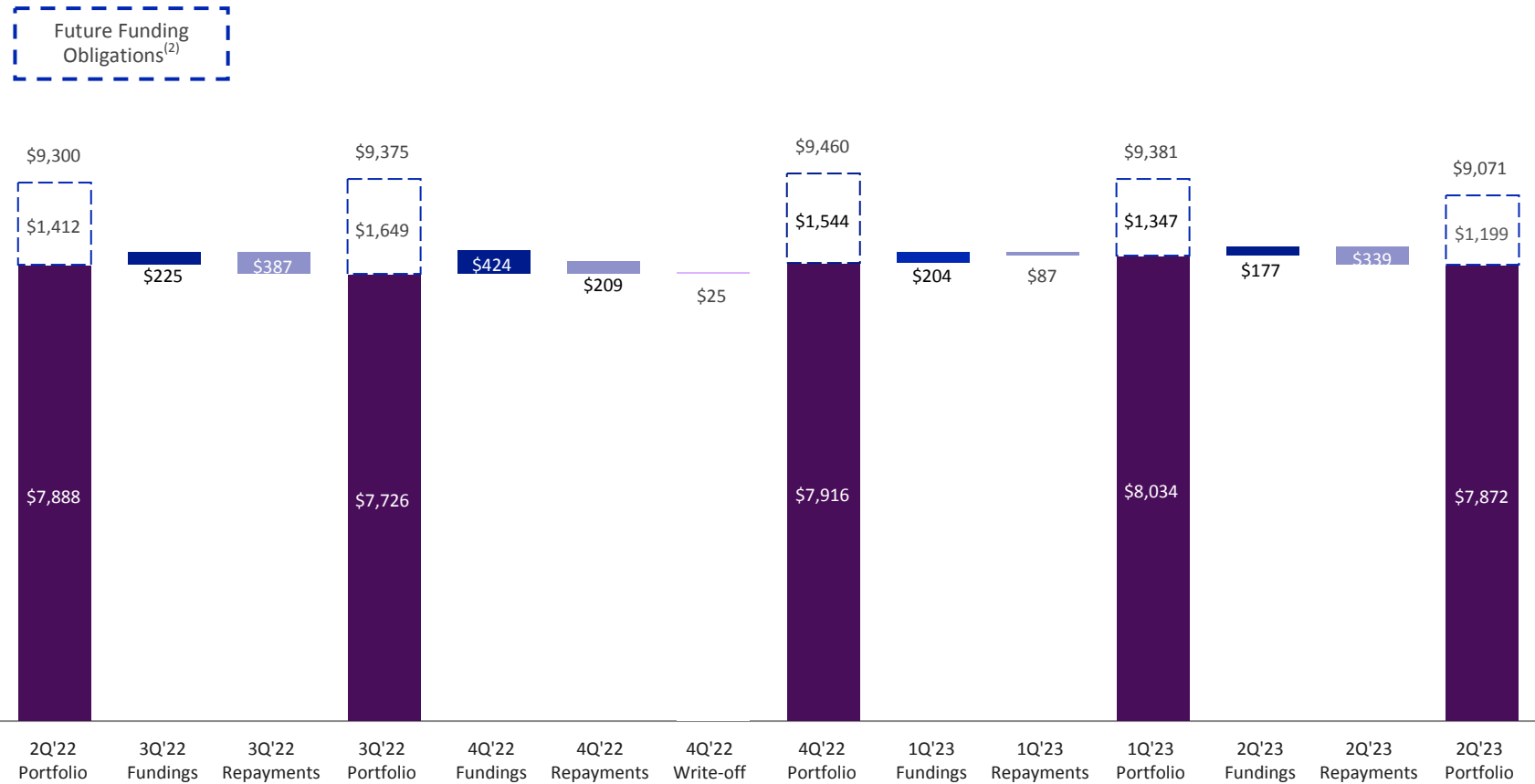
(1) Represents Net income (loss) attributable to common stockholders

(2) See Appendix for definition and reconciliation to financial results prepared in accordance with GAAP

# Last Twelve Months Loan Activity

## Portfolio Funding Activity – Outstanding Principal<sup>(1)</sup>

(\$ in Millions)



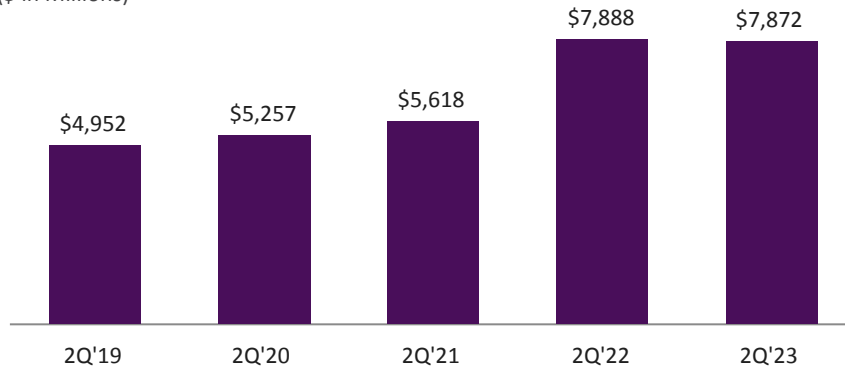
(1) Includes one real estate owned asset and CMBS B-Pieces held through an equity method investment

(2) Future funding obligations are generally contingent upon certain events and may not result in investment by us

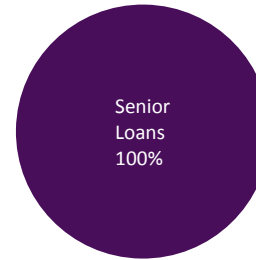
# KREF Loan Portfolio by the Numbers

## Total Portfolio Growth

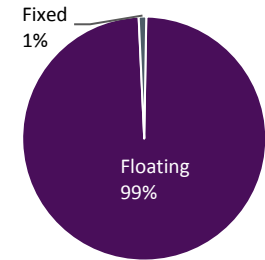
(\$ in Millions)



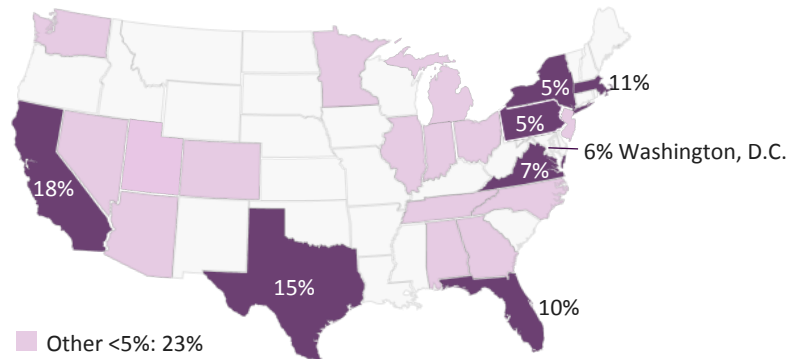
## Investment Type<sup>(2)</sup>



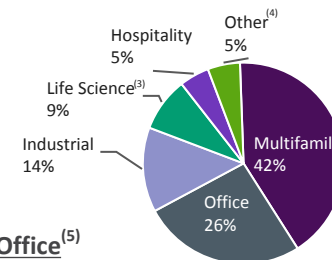
## Interest Rate Type



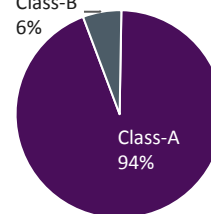
## Geography<sup>(1)</sup>



## Property Type

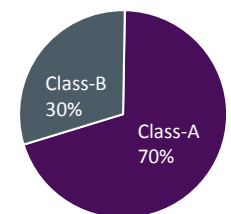


## Office<sup>(5)</sup>



86%

## Multifamily



Note: The charts above are based on total assets. Total assets reflect the principal amount of our loan portfolio

(1) Map excludes one real estate owned asset with a net carrying value of \$81 million

(2) Senior loans include senior mortgages and similar credit quality loans, including related contiguous junior participations in senior loans where KREF has financed a loan with structural leverage through the non-recourse sale of a corresponding first mortgage

(3) KREF classifies a loan as life science if more than 50% of the gross leasable area is leased to, or will be converted to, life science-related space

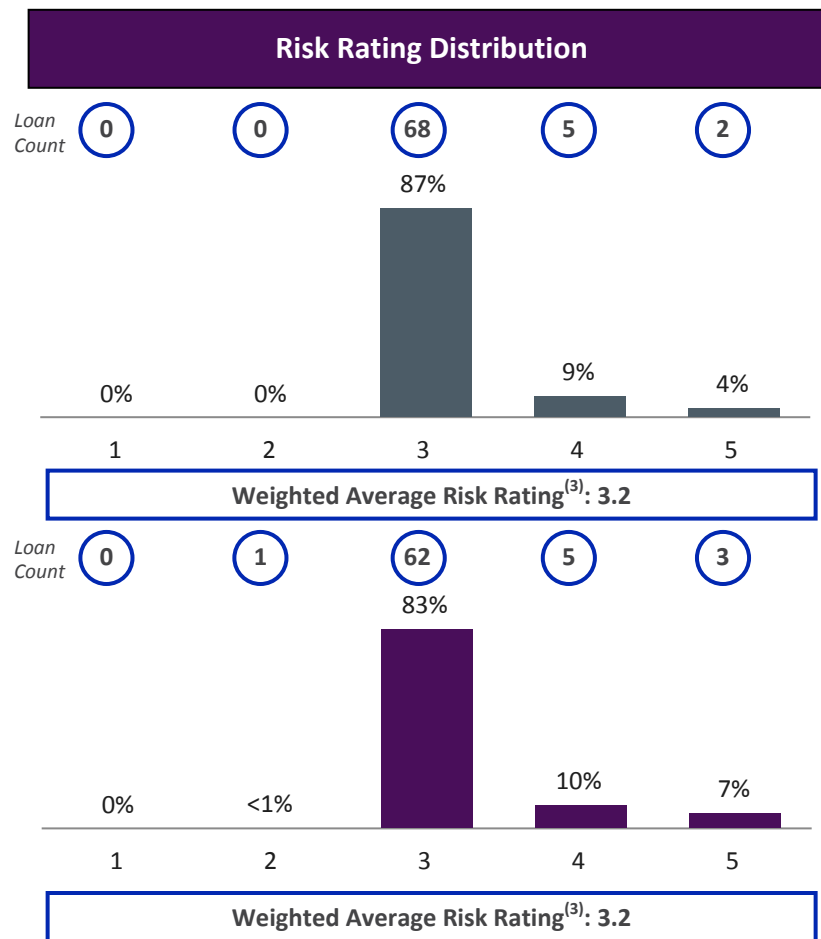
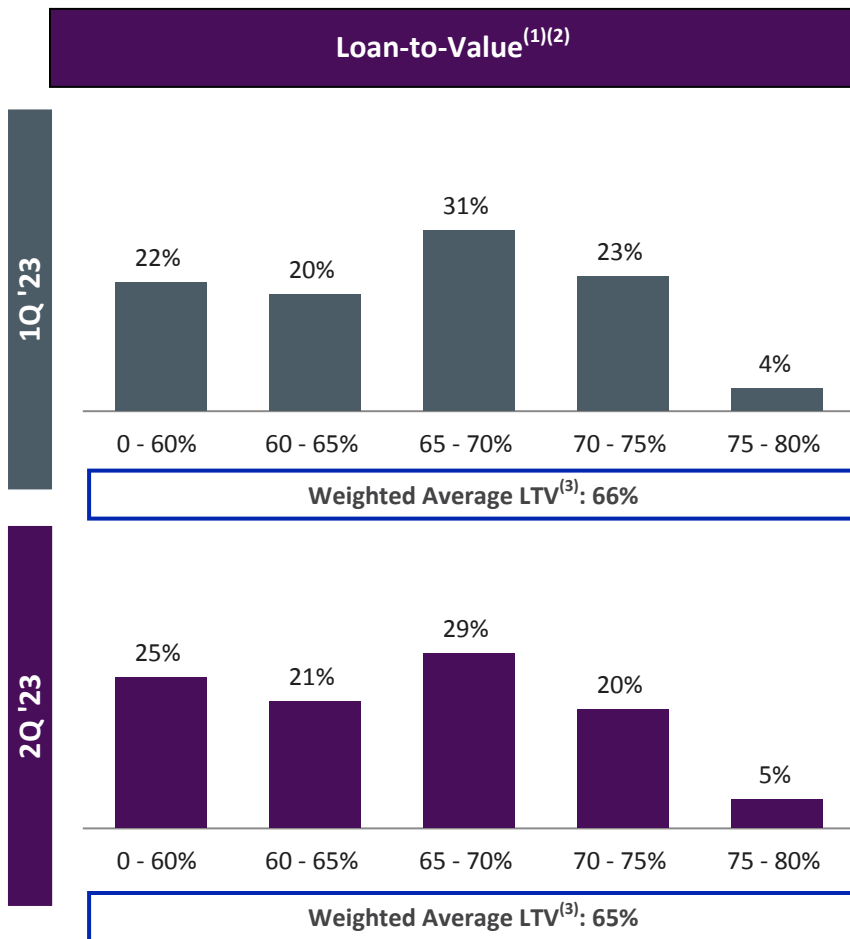
(4) "Other" property types include: 2% Condo (Residential), 1% Student Housing, 1% Single Family Rental and 1% Self-Storage

(5) Office property certification % is based on current principal loan balance; see description for LEED certification in the Appendix



# Portfolio Credit Quality Overview

Collected 99% of interest payments due on loan portfolio



Note: The charts above are based on percentage of our loan portfolio

- (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, except as noted in the footnotes to the "Portfolio Details" Summary in the Appendix
- (2) Includes non-consolidated senior interests and excludes three 5 risk-rated loans
- (3) Weighted average is weighted by current principal amount

# Case Studies: Watch List Loans (Risk Rating 5)

Investment	Mountain View Office	Minneapolis Office	Philadelphia Office
<b>Loan Type</b>	Floating-Rate Senior Loan	Floating-Rate Senior Loan <sup>(2)</sup>	Floating-Rate Senior Loan
<b>Investment Date</b>	July 2021	November 2017	April 2019
<b>Collateral</b>	Five Class-A Office Buildings totaling 446k SF	Two Class-A Office Buildings totaling 1.1mm SF	Four Office Building Portfolio totaling 711k SF
<b>Loan Purpose</b>	Acquisition	Refinance	Acquisition
<b>Location</b>	Mountain View, CA	Minneapolis, MN	Philadelphia, PA
<b>Committed Amount</b>	\$250 million <sup>(1)</sup>	\$199 million <sup>(2)</sup>	\$177 million
<b>Current Principal Amount</b>	\$200 million	\$194 million <sup>(2)</sup>	\$155 million
<b>Loan Basis</b>	\$651 / SF	\$182 / SF	\$216 / SF
<b>Coupon</b>	+ 3.4%	+ 2.3% <sup>(2)</sup>	+ 2.6%
<b>Max Remaining Term (Yrs.)</b>	3.1	2.0 <sup>(2)</sup>	0.1
<b>Loan Risk Rating</b>	5	5	5

(1) The total whole loan is \$363 million, co-originated and co-funded by KREF and a KKR affiliate. KREF's interest was 69% of the loan or \$250 million

(2) In June 2023, KREF restructured the \$194 million senior loan into a \$120 million senior mortgage loan (fully funded) and a \$79 million mezzanine note (with \$5 million in unfunded commitment). The restructured senior loan earns a coupon rate of S+2.25% and the restructured mezzanine note earns a fixed 4.5% PIK interest rate. Post modification, the loan's maximum maturity is July 2025, assuming all extension options are exercised

# Case Studies: Watch List Loans (Risk Rating 4)

Investment	Washington, D.C. Office	Boston Office	Washington, D.C. Office	Chicago Office	West Hollywood Multifamily
<b>Loan Type</b>	Floating-Rate Senior Loan	Floating-Rate Senior Loan	Floating-Rate Senior Loan	Floating-Rate Senior Loan	Floating-Rate Senior Loan
<b>Investment Date</b>	November 2021	February 2021	December 2019	July 2019	January 2022
<b>Collateral</b>	Class-A Office totaling 357k SF	Class-A Office totaling 741k SF	Class-A Office totaling 204k SF	Class-A Office totaling 1.0 million SF	37-unit Class-A Multifamily
<b>Loan Purpose</b>	Refinance	Refinance	Refinance	Refinance	Refinance
<b>Location</b>	Washington, D.C.	Boston, MA	Washington, D.C.	Chicago, IL	West Hollywood, CA
<b>Committed Amount</b>	\$188 million	\$188 million <sup>(1)</sup>	\$176 million	\$150 million	\$107 million
<b>Current Principal Amount</b>	\$175 million	\$188 million <sup>(1)</sup>	\$162 million	\$118 million	\$102 million
<b>Loan Basis</b>	\$489 / SF	\$506 / SF	\$792 / SF	\$114 / SF	\$2,756,757 / unit
<b>Coupon</b>	+ 3.4%	+ 3.4%	+ 3.5%	+ 3.3%	+ 3.1%
<b>Max Remaining Term (Yrs.)</b>	3.4	2.6	1.5	1.1	3.6
<b>Loan Risk Rating</b>	4	4	4	4	4

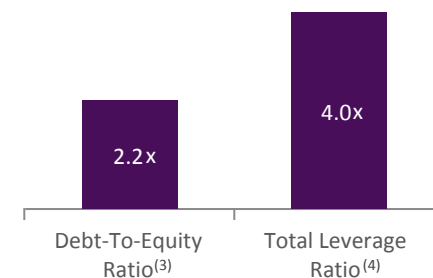
(1) Amounts include \$150 million of non-consolidated senior interest. KREF's retained mezzanine position is \$38 million

# Financing Overview: 76% Non-Mark-To-Market

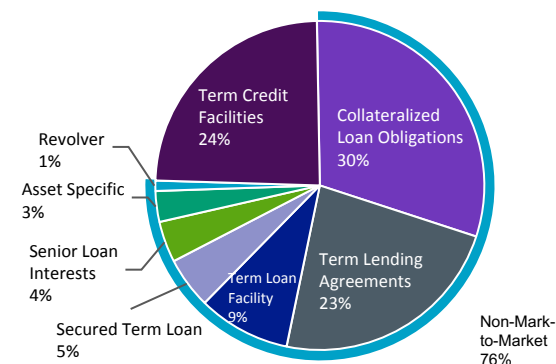
Diversified financing sources totaling \$8.9 billion with \$2.8 billion of undrawn capacity

Summary of Outstanding Financing					
(\$ in Millions)	Maximum Capacity	Outstanding Face Amount	Weighted Avg. Coupon <sup>(1)</sup>	Advance Rate	Non-MTM
Term Credit Facilities	\$2,000	\$1,550	+1.9%	67.7%	(2)
Term Lending Agreements	\$2,046	\$1,438	+1.8%	77.7%	✓
Warehouse Facility	\$500	\$0	n/a	n/a	✓
Secured Term Loan	\$345	\$345	+3.6%	—	✓
Corporate Revolving Credit Facility	\$610	\$50	+2.0%	—	✓
<b>Total Debt</b>	<b>\$5,501</b>	<b>\$3,383</b>			
Collateralized Loan Obligations	\$1,943	\$1,943	+1.6%	84.5%	✓
Term Loan Facility	\$1,000	\$566	+1.9%	80.0%	✓
Asset Specific Financing	\$491	\$220	+2.9%	82.7%	✓
<b>Total Leverage</b>	<b>\$8,935</b>	<b>\$6,112</b>			

## Leverage Ratios



## Outstanding Financing<sup>(5)</sup>



(1) Weighted average coupon expressed as spread over Term SOFR

(2) Term credit facilities are marked to credit only and not subject to capital markets mark-to-market provisions



(3) Represents (i) total outstanding debt agreements (excluding non-recourse facilities), and secured term loan, less cash to (ii) total permanent equity, in each case, at period end

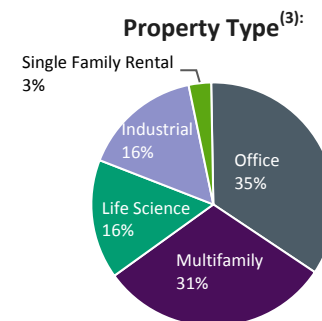
(4) Represents (i) total outstanding debt agreements, secured term loan, and collateralized loan obligation, less cash to (ii) total permanent equity, in each case, at period end

(5) Based on outstanding face amount of secured financing, including non-consolidated senior interests, that resulted from non-recourse sales of senior loan interest in loans KREF originated

# Financing Overview: Term Credit Facilities

(\$ in Millions)

Counterparty		Morgan Stanley		Total or Weighted Average
<b>Drawn</b>	\$682	\$506	\$362	\$1,550
<b>Capacity</b>	\$1,000	\$600	\$400	\$2,000
<b>Collateral: Loans / Principal Balance</b>	9 Loans / \$951	11 Loans / \$742	8 Loans / \$598	28 Loans / \$2,291
<b>Final Stated Maturity<sup>(1)</sup></b>	September 2026	December 2025	October 2025	-
<b>Weighted Average Pricing<sup>(2)</sup></b>	+1.6%	+ 2.0%	+2.6%	+1.9%
<b>Weighted Average Advance</b>	71.7%	68.2%	60.6%	67.7%
<b>Mark-to-market</b>	Credit Only	Credit Only	Credit Only	-



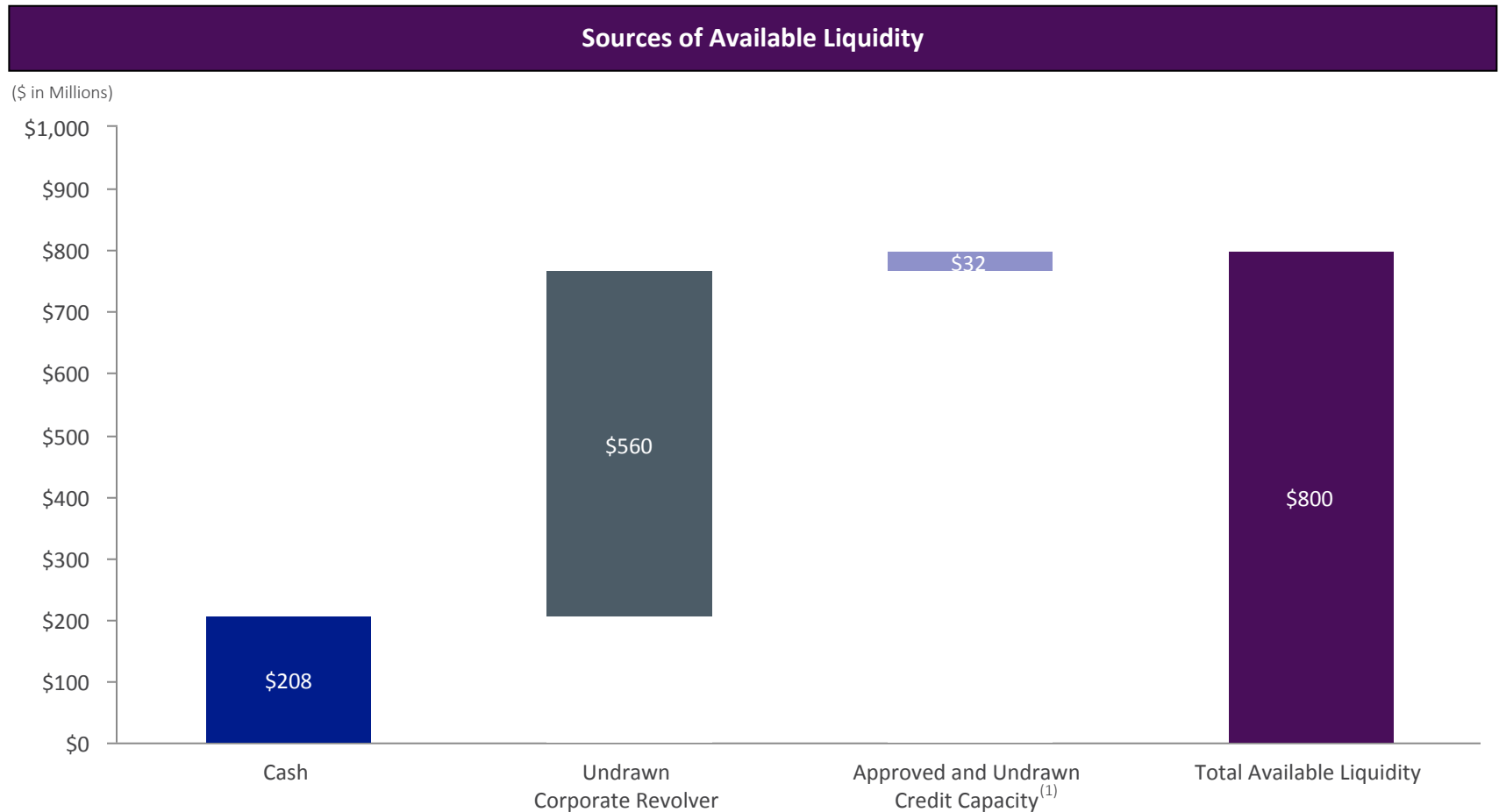
(1) Based on extended maturity date

(2) Weighted average pricing expressed as spread over Term SOFR

(3) Based on principal balance of financing

# Liquidity Overview

In addition to the available liquidity below, KREF had \$18 million of unencumbered senior loans that can be pledged to financing facilities subject to lender approval as of June 30, 2023



(1) Represents under-levered amounts under financing facilities. While these amounts were previously contractually approved and/or drawn, in certain cases, the lender's consent is required for us to (re)borrow these amounts

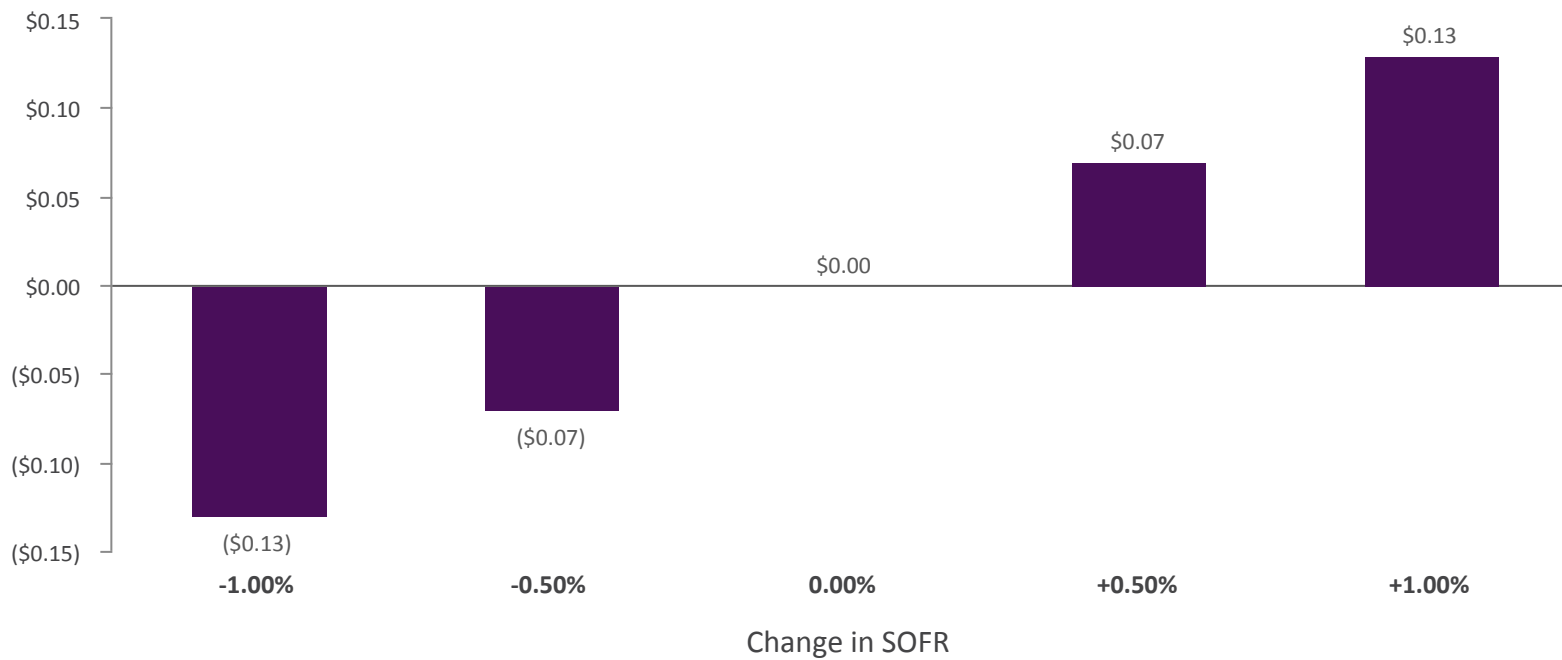
# Portfolio Positioned for Rate Environment

99% floating-rate loan portfolio indexed to Term SOFR continues to benefit from a rising rate environment

## Annual Net Interest Income Per Share Sensitivity to Change in Market Rates<sup>(1)</sup>

Term SOFR = 5.14%  
As of June 30, 2023

(\$ Impact Per Share)



Note: Based on portfolio as of June 30, 2023

(1) Excludes loans accounted for under the cost recovery method

# Appendix



# Portfolio Details

(\$ in Millions)

#	Investment <sup>(1)</sup>	Location	Property Type	Investment Date	Total Whole Loan <sup>(1)</sup>	Committed Principal Amount <sup>(2)</sup>	Current Principal Amount	Net Equity <sup>(3)</sup>	Coupon <sup>(4)(5)</sup>	Max Remaining Term (Yrs) <sup>(6)(7)</sup>	Loan Per SF / Unit / Key <sup>(7)</sup>	LTV <sup>(4)(8)</sup>	Risk Rating
<b>Senior Loans<sup>(9)</sup></b>													
1	Senior Loan	Arlington, VA	Multifamily	9/30/2021	\$381.0	\$381.0	\$367.6	\$73.1	+3.3%	3.3	\$331,144 / unit	69%	3
2	Senior Loan	Boston, MA	Life Science	8/3/2022	312.5	312.5	141.4	18.8	+4.2%	4.1	\$747 / SF	56%	3
3	Senior Loan	Bellevue, WA	Office	9/13/2021	260.4	260.4	148.6	35.9	+3.7%	3.8	\$855 / SF	63%	3
4	Senior Loan	Los Angeles, CA	Multifamily	2/19/2021	260.0	260.0	250.0	38.7	+3.7%	2.7	\$466,400 / unit	68%	3
5	Senior Loan	Various	Industrial	4/28/2022	252.3	252.3	252.3	49.9	+2.7%	3.9	\$98 / SF	64%	3
6	Senior Loan	Mountain View, CA	Office	7/14/2021	250.0	250.0	200.2	65.2	+3.4%	3.1	\$651 / SF	n.a.	5
7	Senior Loan	Bronx, NY	Industrial	8/27/2021	228.7	228.7	181.3	38.8	+4.2%	3.2	\$277 / SF	52%	3
8	Senior Loan	Various	Multifamily	5/31/2019	206.5	206.5	206.5	39.2	+4.0%	1.9	\$192,991 / unit	74%	3
9	Senior Loan	Minneapolis, MN	Office	11/13/2017	199.4	199.4	194.4	89.0	+2.3%	2.0	\$182 / SF	n.a.	5
10	Senior Loan	Various	Industrial	6/15/2022	187.8	187.8	167.2	33.1	+2.9%	4.0	\$120 / SF	50%	3
11	Senior Loan	Washington, D.C.	Office	11/9/2021	187.7	187.7	174.6	51.7	+3.4%	3.4	\$489 / SF	55%	4
12	Senior Loan	Boston, MA	Office	2/4/2021	375.0	187.5	187.5	37.5	+3.4%	2.6	\$506 / SF	71%	4
13	Senior Loan	Various	Self Storage	12/21/2022	371.6	185.8	66.0	21.2	+3.8%	4.5	\$19,792 / unit	65%	3
14	Senior Loan	The Woodlands, TX	Hospitality	9/15/2021	183.3	183.3	178.7	32.7	+4.3%	3.3	\$196,635 / key	64%	3
15	Senior Loan	Philadelphia, PA	Office	4/11/2019	176.7	176.7	154.7	100.0	+2.6%	0.1	\$216 / SF	n.a.	5
16	Senior Loan	Washington, D.C.	Office	12/20/2019	175.5	175.5	161.9	71.7	+3.5%	1.5	\$792 / SF	58%	4
17	Senior Loan	West Palm Beach, FL	Multifamily	12/29/2021	171.5	171.5	170.7	25.7	+2.8%	3.5	\$210,275 / unit	73%	3
18	Senior Loan	New York, NY	Condo (Residential)	12/20/2018	169.4	169.4	166.2	60.5	+3.7%	0.5	\$2,480,099 / unit	69%	3
19	Senior Loan	Boston, MA	Life Science	4/27/2021	332.3	166.2	153.0	30.6	+3.7%	2.9	\$635 / SF	66%	3
20	Senior Loan	Oakland, CA	Office	10/23/2020	509.9	159.7	139.9	22.0	+4.4%	2.4	\$430 / SF	55%	3
21	Senior Loan	Plano, TX	Office	2/6/2020	150.7	150.7	150.7	23.1	+2.8%	1.6	\$208 / SF	63%	3
22	Senior Loan	Chicago, IL	Office	7/15/2019	150.0	150.0	118.4	21.4	+3.3%	1.1	\$114 / SF	57%	4
23	Senior Loan	Redwood City, CA	Life Science	9/30/2022	580.7	145.2	0.0	(1.2)	+4.5%	4.3	\$885 / SF	53%	3
24	Senior Loan	Seattle, WA	Life Science	10/1/2021	188.0	140.3	115.2	33.8	+3.2%	3.3	\$735 / SF	69%	3
25	Senior Loan	Dallas, TX	Office	12/10/2021	138.0	138.0	138.0	25.6	+3.7%	3.4	\$439 / SF	68%	3
26	Senior Loan	Boston, MA	Multifamily	3/29/2019	137.0	137.0	137.0	28.1	+3.4%	0.8	\$351,282 / unit	59%	3
27	Senior Loan	Arlington, VA	Multifamily	1/20/2022	135.3	135.3	131.9	30.5	+2.9%	3.6	\$439,817 / unit	78%	3
28	Senior Loan	Fontana, CA	Industrial	5/11/2021	132.0	132.0	101.8	35.1	+4.7%	2.9	\$113 / SF	64%	3
29	Senior Loan	Fort Lauderdale, FL	Hospitality	11/9/2018	130.0	130.0	130.0	24.2	+3.5%	0.4	\$375,723 / key	66%	3
30	Senior Loan	San Carlos, CA	Life Science	2/1/2022	195.9	125.0	93.8	27.4	+3.6%	3.6	\$640 / SF	68%	3
31	Senior Loan <sup>(10)</sup>	Various	Industrial	6/30/2021	242.0	121.0	86.5	29.0	+5.5%	3.0	\$75 / SF	62%	3
32	Senior Loan <sup>(11)</sup>	Philadelphia, PA	Office	6/19/2018	116.5	116.5	111.9	18.8	+3.3%	3.6	\$114 / SF	53%	3
33	Senior Loan	Cambridge, MA	Life Science	12/22/2021	401.3	115.7	76.7	19.9	+4.0%	3.5	\$1,072 / SF	51%	3
34	Senior Loan	Pittsburgh, PA	Student Housing	6/8/2021	112.5	112.5	112.5	17.2	+3.0%	2.9	\$155,602 / unit	74%	3
35	Senior Loan	Miami, FL	Multifamily	10/28/2022	110.4	110.4	94.0	22.6	+3.8%	4.4	\$333,333 / unit	51%	3
36	Senior Loan	West Hollywood, CA	Multifamily	1/26/2022	107.0	107.0	102.0	15.5	+3.1%	3.6	\$2,756,757 / unit	65%	4
37	Senior Loan	Las Vegas, NV	Multifamily	12/28/2021	106.3	106.3	102.0	20.0	+2.8%	3.5	\$193,182 / unit	61%	3
38	Senior Loan	San Diego, CA	Multifamily	10/20/2021	103.5	103.5	103.5	18.7	+2.9%	3.4	\$448,052 / unit	71%	3
39	Senior Loan	Orlando, FL	Multifamily	12/14/2021	102.4	102.4	91.7	24.5	+3.1%	3.5	\$242,027 / unit	74%	3
40	Senior Loan	Boston, MA	Industrial	6/28/2022	285.5	100.0	99.3	20.3	+3.0%	4.0	\$198 / SF	52%	3
41	Senior Loan	Washington, D.C.	Office	1/13/2022	228.5	100.0	60.4	9.5	+3.3%	4.6	\$221 / SF	55%	3
42	Senior Loan	Phoenix, AZ	Industrial	1/13/2022	195.3	100.0	50.4	13.9	+4.0%	3.6	\$57 / SF	57%	3
43	Senior Loan	Cary, NC	Multifamily	11/21/2022	100.0	100.0	94.6	18.0	+3.4%	4.4	\$242,484 / unit	63%	3
44	Senior Loan	Brisbane, CA	Life Science	7/22/2021	95.0	95.0	90.8	17.8	+3.1%	3.1	\$784 / SF	71%	3
45	Senior Loan	Brandon, FL	Multifamily	1/13/2022	90.3	90.3	66.2	9.7	+3.1%	3.6	\$196,506 / unit	75%	3
46	Senior Loan	Dallas, TX	Multifamily	12/23/2021	90.0	90.0	78.4	15.4	+2.9%	3.5	\$241,221 / unit	67%	3
47	Senior Loan	Miami, FL	Multifamily	10/14/2021	89.5	89.5	89.5	17.3	+2.9%	3.4	\$304,422 / unit	76%	3
48	Senior Loan	Dallas, TX	Office	1/22/2021	87.0	87.0	87.0	19.5	+3.4%	2.6	\$294 / SF	63%	3
49	Senior Loan	Charlotte, NC	Multifamily	12/14/2021	86.8	86.8	81.1	16.3	+3.1%	3.5	\$220,377 / unit	74%	3
50	Senior Loan	San Antonio, TX	Multifamily	6/1/2022	246.5	86.3	80.3	19.8	+2.8%	3.9	\$103,007 / unit	68%	3

\*See footnotes on subsequent page

# Portfolio Details

(\$ in Millions)

#	Investment <sup>(1)</sup>	Location	Property Type	Investment Date	Total Whole Loan <sup>(2)</sup>	Committed Principal Amount <sup>(2)</sup>	Current Principal Amount	Net Equity <sup>(3)</sup>	Coupon <sup>(4)(5)</sup>	Max Remaining Term (yrs) <sup>(6)(7)</sup>	Loan Per SF / Unit / Key <sup>(7)</sup>	LTV <sup>(4)(8)</sup>	Risk Rating
<b>Senior Loans<sup>(9)</sup></b>													
51	Senior Loan	Scottsdale, AZ	Multifamily	5/9/2022	\$169.0	\$84.5	\$84.5	\$12.9	+2.9%	3.9	\$457,995 / unit	64%	3
52	Senior Loan	Raleigh, NC	Multifamily	4/27/2022	82.9	82.9	78.5	15.6	+3.0%	3.9	\$245,294 / unit	68%	3
53	Senior Loan	Hollywood, FL	Multifamily	12/20/2021	81.0	81.0	81.0	15.0	+3.1%	3.5	\$327,935 / unit	74%	3
54	Senior Loan	Phoenix, AZ	Single Family Rental	4/22/2021	72.1	72.1	58.0	14.3	+4.9%	2.9	\$157,092 / unit	50%	3
55	Senior Loan	Denver, CO	Multifamily	9/14/2021	70.3	70.3	70.2	12.2	+2.8%	3.3	\$290,216 / unit	78%	3
56	Senior Loan	Washington, D.C.	Multifamily	12/4/2020	69.0	69.0	66.8	10.6	+3.6%	2.4	\$267,000 / unit	63%	3
57	Senior Loan	Dallas, TX	Multifamily	8/18/2021	68.2	68.2	68.2	10.1	+3.9%	3.2	\$189,444 / unit	70%	3
58	Senior Loan	Manassas Park, VA	Multifamily	2/25/2022	68.0	68.0	68.0	13.3	+2.7%	3.7	\$223,684 / unit	73%	3
59	Senior Loan	Plano, TX	Multifamily	3/31/2022	67.8	67.8	66.6	18.2	+2.8%	3.8	\$250,255 / unit	75%	3
60	Senior Loan	Nashville, TN	Hospitality	12/9/2021	66.0	66.0	64.7	10.0	+3.7%	3.5	\$281,237 / key	68%	3
61	Senior Loan	Atlanta, GA	Multifamily	12/10/2021	61.5	61.5	58.6	15.3	+3.0%	3.5	\$194,112 / unit	67%	3
62	Senior Loan	Durham, NC	Multifamily	12/15/2021	60.0	60.0	55.1	11.3	+3.0%	3.5	\$159,714 / unit	67%	3
63	Senior Loan	San Antonio, TX	Multifamily	4/20/2022	57.6	57.6	56.2	10.4	+2.7%	3.9	\$164,275 / unit	79%	3
64	Senior Loan	Sharon, MA	Multifamily	12/1/2021	56.9	56.9	56.9	8.4	+2.9%	3.4	\$296,484 / unit	70%	3
65	Senior Loan	Queens, NY	Industrial	2/22/2022	55.3	55.3	53.0	14.0	+4.0%	0.7	\$86 / SF	68%	3
66	Senior Loan	Reno, NV	Industrial	4/28/2022	140.4	50.5	50.5	11.3	+2.7%	3.9	\$117 / SF	74%	3
67	Senior Loan	Carrollton, TX	Multifamily	4/1/2022	48.5	48.5	46.9	13.1	+2.9%	3.8	\$146,612 / unit	74%	3
68	Senior Loan	Dallas, TX	Multifamily	4/1/2022	43.9	43.9	41.9	10.8	+2.9%	3.8	\$117,693 / unit	73%	3
69	Senior Loan	Georgetown, TX	Multifamily	12/16/2021	41.8	41.8	41.8	10.2	+3.4%	3.5	\$199,048 / unit	68%	3
70	Senior Loan	San Diego, CA	Multifamily	4/29/2022	203.0	40.0	39.5	6.4	+2.6%	3.9	\$453,089 / unit	63%	3
71	Senior Loan	Denver, CO	Industrial	12/11/2020	15.4	15.4	9.9	6.0	+3.8%	2.5	\$47 / SF	61%	2
<b>Total / Weighted Average</b>					<b>12,689.8</b>	<b>8,966.6</b>	<b>7,755.0</b>	<b>1,796.5</b>	<b>+3.3%</b>	<b>3.0</b>		<b>65%</b>	<b>3.2</b>
<b>CMBS B-Pieces</b>													
1	RECOP I <sup>(12)</sup>				n.a.	40.0	35.7	35.7	+4.8%	5.9	n.a.	58%	n.a.
<b>Total / Weighted Average</b>						<b>40.0</b>	<b>35.7</b>	<b>35.7</b>	<b>+4.8%</b>	<b>5.9</b>		<b>58%</b>	
<b>Real Estate Owned</b>													
1	Real Estate Asset	Portland, OR	Retail	12/16/2021	n.a.	n.a.	81.4	81.4	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Total / Weighted Average</b>							<b>81.4</b>	<b>81.4</b>					
<b>Portfolio Total / Weighted Average</b>						<b>9,006.6</b>	<b>7,872.1</b>	<b>1,913.6</b>	<b>8.5%</b>	<b>3.0</b>		<b>65%</b>	<b>3.2</b>

\*See footnotes on subsequent page

# Portfolio Details

- (1) Our total portfolio represents the current principal amount on senior and mezzanine loans, net equity in RECOP I, which holds CMBS B-Piece investments, and net carrying value of our sole REO investment. Excludes one impaired mezzanine loan with an outstanding principal of \$5.5 million that was fully written off.

For Senior Loan 9, the total whole loan is \$199.4 million, including (i) a fully funded senior mortgage loan of \$120.0 million, at an interest rate of S+2.25% and (ii) a mezzanine note with a commitment of \$79.4 million, of which \$74.4 million was funded as of June 30, 2023, at a fixed interest rate of 4.5%. The mezzanine note interest is payment-in-kind (“PIK Interest”), which is capitalized, compounded, and added to the outstanding principal balance of the respective loans.

For Senior Loan 12, the total whole loan is \$375.0 million, co-originated and co-funded by us and a KKR affiliate. Our interest was 50% of the loan or \$187.5 million, of which \$150.0 million in senior notes were syndicated to a third party. Post syndication, we retained a mezzanine loan with a commitment of \$37.5 million, fully funded as of June 30, 2023, at an interest rate of S+8.0%.

For Senior Loan 20, the total whole loan is \$509.9 million, co-originated and co-funded by us and a KKR affiliate. Our interest was 31% of the loan or \$159.7 million, of which \$134.7 million in senior notes were syndicated to third party lenders. Post syndication, we retained a mezzanine loan with a commitment of \$25.0 million, of which \$21.9 million was funded as of June 30, 2023, at an interest rate of S+13.0%.

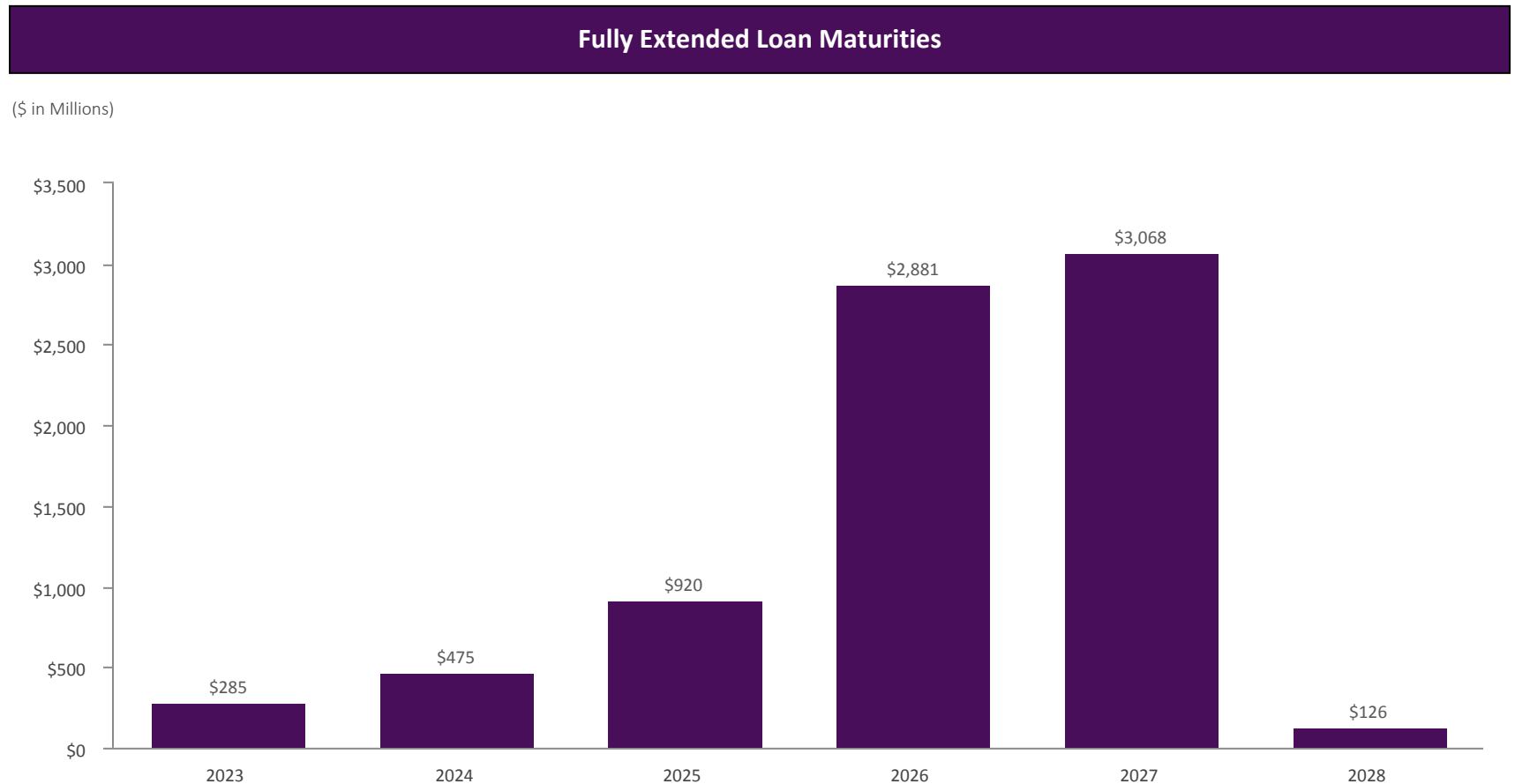
For Senior Loan 36, the total whole loan is \$107.0 million, including (i) a fully funded senior mortgage loan of \$102.0 million, at an interest rate of S+3.06%, (ii) a senior mezzanine note with an unfunded commitment of \$4.2 million as of June 30, 2023, at a fixed interest rate of 10.0% and (iii) a junior mezzanine note with an unfunded commitment of \$0.8 million as of June 30, 2023, at a fixed interest rate 10.0% with certain profit share provisions, as defined in the loan agreement.
- (2) Total Whole Loan represents total commitment of the entire whole loan originated. Committed Principal Amount includes participations by KKR affiliated entities and third parties that are syndicated/sold.
- (3) Net equity reflects (i) the amortized cost basis of our loans, net of borrowings; and (ii) the cost basis of our investments in RECOP I and REO.
- (4) Weighted average is weighted by the current principal amount for our senior and mezzanine loans and by net equity for our RECOP I CMBS B-Pieces. Risk-rated 5 loans are excluded from the weighted average LTV.
- (5) Coupon expressed as spread over Term SOFR.
- (6) Max remaining term (years) assumes all extension options are exercised, if applicable.
- (7) Loan Per SF / Unit / Key is based on the current principal amount divided by the current SF / Unit / Key. For Senior Loans 2, 3, 7, 23, 28, 31, 33, 42, 54, and 71, Loan Per SF / Unit / Key is calculated as the total commitment amount of the loan divided by the proposed SF / Unit / Key.
- (8) For senior loans, 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; for mezzanine loans, LTV is based on the current balance of the whole loan divided by the as-is appraised value as of the date the loan was originated; for RECOP I CMBS B-Pieces, LTV is based on the weighted average LTV of the underlying loan pool at issuance. Weighted Average LTV excludes risk rated-5 loans.

For Senior Loans 18, LTV is based on the current principal amount divided by the adjusted appraised gross sellout value net of sales cost.

For Senior Loans 2, 3, 7, 23, 28, 31, 33, 42, 54, and 71, LTV is calculated as the total commitment amount of the loan divided by the as-stabilized value as of the date the loan was originated.
- (9) 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 and excludes vertical loan participations.
- (10) For Senior Loan 31, the total whole loan facility is \$242.0 million, co-originated and co-funded by us and a KKR affiliate. Our interest was 50% of the facility or \$121.0 million. The facility is comprised of individual cross-collateralized whole loans. As of June 30, 2023, there were eight underlying senior loans in the facility with a commitment of \$121.0 million and outstanding principal of \$86.5 million.
- (11) For Senior Loan 32, Total Whole Loan, Committed Principal Amount, and Current Principal Amount excludes junior mezzanine notes with a total outstanding principal of \$25.0 million that was fully written off.
- (12) Represents our investment in an aggregator vehicle alongside RECOP I that invests in CMBS B-Pieces. Committed principal represents our total commitment to the aggregator vehicle whereas current principal represents the current funded amount.

# Fully Extended Loan Maturities

Fully extended weighted average loan maturity of 3.0 years



Note: Excludes CMBS B-Pieces held through an equity method investment

# Consolidated Balance Sheets

(in thousands - except share and per share data)	June 30, 2023	December 31, 2022
<b>Assets</b>		
Cash and cash equivalents <sup>(1)</sup>	\$ 207,698	\$ 239,791
Commercial real estate loans, held-for-investment	7,445,958	7,494,138
Less: Allowance for credit losses	(223,767)	(106,974)
Commercial real estate loans, held-for-investment, net	7,222,191	7,387,164
Real estate owned, net	81,405	80,231
Accrued interest receivable	39,512	39,005
Equity method investments	35,486	36,849
Other assets	22,953	19,281
<b>Total Assets</b>	<b>\$ 7,609,245</b>	<b>\$ 7,802,321</b>
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
Secured financing agreements, net	\$ 3,807,758	\$ 3,748,691
Collateralized loan obligations, net	1,939,703	1,935,592
Secured term loan, net	336,105	336,828
Convertible notes, net	—	143,237
Dividends payable	29,716	29,711
Accrued interest payable	18,265	17,859
Other liabilities	9,635	10,245
Due to affiliates	8,328	8,722
<b>Total Liabilities</b>	<b>6,149,510</b>	<b>6,230,885</b>
<b>Commitments and Contingencies</b>	—	—
<b>Equity</b>		
Preferred Stock, \$0.01 par value, 50,000,000 shares authorized		
Series A cumulative redeemable preferred stock, (13,110,000 shares issued and outstanding as of June 30, 2023 and December 31, 2022); liquidation preference of \$25.00 per share	131	131
Common stock, \$0.01 par value, 300,000,000 authorized (75,091,757 and 75,080,707 shares issued; 69,106,061 and 69,095,011 shares outstanding; as of June 30, 2023 and December 31, 2022)	691	691
Additional paid-in capital	1,813,309	1,808,983
Accumulated deficit	(257,512)	(141,503)
Repurchased stock (5,985,696 shares repurchased as of June 30, 2023 and December 31, 2022)	(96,764)	(96,764)
<b>Total KKR Real Estate Finance Trust Inc. stockholders' equity</b>	<b>1,459,855</b>	<b>1,571,538</b>
Noncontrolling interests in equity of consolidated joint venture	(120)	(102)
<b>Total Equity</b>	<b>1,459,735</b>	<b>1,571,436</b>
<b>Total Liabilities and Equity</b>	<b>\$ 7,609,245</b>	<b>\$ 7,802,321</b>

(1) Includes \$80 million and \$151 million held in collateralized loan obligation as of June 30, 2023 and December 31, 2022, respectively

# Consolidated Statements of Income

(in thousands - except share and per share data)	Three Months Ended			Six Months Ended	
	June 30, 2023	March 31, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>Net Interest Income</b>					
Interest income	\$ 159,629	\$ 152,530	\$ 90,603	\$ 312,159	\$ 163,833
Interest expense	115,677	105,976	44,733	221,653	77,192
Total net interest income	43,952	46,554	45,870	90,506	86,641
<b>Other income</b>					
Revenue from real estate owned operations	1,984	2,246	1,833	4,230	4,462
Income (loss) from equity method investments	551	(347)	1,035	204	2,921
Other income	4,437	2,711	1,237	7,148	3,152
Total other income	6,972	4,610	4,105	11,582	10,535
<b>Operating Expenses</b>					
General and administrative	4,710	4,690	4,308	9,400	8,754
Provision for (reversal of) credit losses, net	56,335	60,467	11,798	116,802	10,580
Management fees to affiliate	6,559	6,523	6,506	13,082	12,513
Incentive compensation to affiliate	611	1,811	—	2,422	—
Expenses from real estate owned operations	2,656	2,758	2,368	5,414	4,922
Total operating expenses	70,871	76,249	24,980	147,120	36,769
<b>Income (Loss) Before Income Taxes, Noncontrolling Interests, Preferred Dividends, and Participating Securities' Share in Earnings</b>	<b>(19,947)</b>	<b>(25,085)</b>	<b>24,995</b>	<b>(45,032)</b>	<b>60,407</b>
Income tax expense	177	169	—	346	—
<b>Net Income (Loss)</b>	<b>(20,124)</b>	<b>(25,254)</b>	<b>24,995</b>	<b>(45,378)</b>	<b>60,407</b>
Net income (loss) attributable to noncontrolling interests	(96)	(177)	(66)	(273)	(122)
<b>Net Income (Loss) Attributable to KREF Trust Inc. and Subsidiaries</b>	<b>(20,028)</b>	<b>(25,077)</b>	<b>25,061</b>	<b>(45,105)</b>	<b>60,529</b>
Preferred stock dividends	5,326	5,326	5,326	10,652	10,652
Participating securities' shares in earnings	418	407	341	825	687
<b>Net Income (Loss) Attributable to Common Stockholders</b>	<b>\$ (25,772)</b>	<b>\$ (30,810)</b>	<b>\$ 19,394</b>	<b>\$ (56,582)</b>	<b>\$ 49,190</b>
<b>Net Income (Loss) Per Share of Common Stock, Basic</b>	<b>\$ (0.37)</b>	<b>\$ (0.45)</b>	<b>\$ 0.28</b>	<b>\$ (0.82)</b>	<b>\$ 0.75</b>
<b>Net Income (Loss) Per Share of Common Stock, Diluted</b>	<b>\$ (0.37)</b>	<b>\$ (0.45)</b>	<b>\$ 0.28</b>	<b>\$ (0.82)</b>	<b>\$ 0.74</b>
Weighted Average Number of Shares of Common Stock Outstanding, Basic	69,115,654	69,095,011	68,549,049	69,105,389	65,832,841
Weighted Average Number of Shares of Common Stock Outstanding, Diluted	69,115,654	69,095,011	68,549,049	69,105,389	72,149,015
Dividends Declared per Share of Common Stock	\$ 0.43	\$ 0.43	\$ 0.43	\$ 0.86	\$ 0.86

# Reconciliation of GAAP Net Income (Loss) to Distributable Earnings

(in thousands - except share and per share data)	Three Months Ended					
	June 30, 2023	Per Diluted Share <sup>(1)</sup>	March 31, 2023	Per Diluted Share <sup>(1)</sup>	June 30, 2022	Per Diluted Share <sup>(1)</sup>
<b>Net Income (Loss) Attributable to Common Stockholders</b>	\$ (25,772)	\$ (0.37)	\$ (30,810)	\$ (0.45)	\$ 19,394	\$ 0.28
<b>Adjustments</b>						
Non-cash equity compensation expense	2,174	0.03	2,152	0.03	2,040	0.03
Unrealized (gains) or losses, net	292	—	1,173	0.02	(190)	—
Provision for (reversal of) credit losses, net	56,335	0.82	60,467	0.88	11,798	0.17
Non-cash convertible notes discount amortization	44	—	89	—	90	—
<b>Distributable Earnings before realized loss on loan write-offs</b>	<b>\$ 33,073</b>	<b>\$ 0.48</b>	<b>\$ 33,071</b>	<b>\$ 0.48</b>	<b>\$ 33,132</b>	<b>\$ 0.48</b>
<b>Distributable Earnings</b>	<b>\$ 33,073</b>	<b>\$ 0.48</b>	<b>\$ 33,071</b>	<b>\$ 0.48</b>	<b>\$ 33,132</b>	<b>\$ 0.48</b>
<b>Weighted average number of shares of common stock outstanding, diluted</b>	69,115,654		69,095,011		68,549,049	

(1) Numbers presented may not foot due to rounding

# Key Definitions

**“Distributable Earnings”:** Commencing for all periods ending on or after December 31, 2020, the Company has elected to present Distributable Earnings, a measure that is not prepared in accordance with GAAP, as a supplemental basis to KREF’s net income as determined in accordance with GAAP as the Company believes it would be useful to investors in evaluating the Company’s operating performance and its ability to pay its dividends. Distributable Earnings replaces the Company’s prior presentation of Core Earnings, and Core Earnings presentations from prior reporting periods have been recast as Distributable Earnings.

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 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.

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.

**LEED:** LEED is the most widely used green building rating system in the world. LEED certification provides independent verification of a building or neighborhood’s green features, allowing for the design, construction, operations and maintenance of resource-efficient, high-performing, healthy, cost-effective buildings.