

KKR Real Estate Finance Trust Inc.

3rd Quarter 2017 Supplemental Information

November 7, 2017



Legal Disclosures

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All forward looking statements in this presentation speak only as of November 7, 2017. 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 September 30, 2017 unless otherwise indicated.

This presentation also includes non-GAAP financial measures, including Core Earnings, Core Earnings per Weighted Average Share, Net Core Earnings and Net Core Earnings per Weighted Average 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.

3Q17 Key Highlights

Financials

- Net income attributable to common stockholders of \$17.3 million or \$0.32 per share; Net Core Earnings⁽¹⁾ of \$16.5 million or \$0.31 per share
- Book value of \$19.78 per share
- Paid 3Q dividend of \$0.37 per share on October 12, 2017, equating to a 7.3% annualized dividend yield⁽²⁾

Originations

- Originated \$629 million of floating-rate senior loans with a weighted average LTV of 69%⁽³⁾
- YTD originations of \$1.2 billion
- Subsequent to quarter end, originated a \$150 million floating-rate senior loan with an LTV of 57%⁽³⁾

Total Portfolio

- \$1.8 billion portfolio comprised of 31 investments
- Portfolio weighted average LTV of 67%⁽³⁾
- 90% floating-rate senior loans
- Senior loans weighted average LTV of 67%⁽³⁾
- Weighted average risk rating of 3.0 (Average Risk)

Capitalization

- \$1.1 billion of undrawn capacity on secured financing facilities
- Utilized share buyback program to purchase 26,398 shares of common stock at an average price of \$19.80 for a total of \$0.5 million
- Subsequent to quarter end, added \$150 million of term credit facility capacity and extended maturity date

Interest Rate Sensitivity

- 92% of the portfolio is floating-rate
- A 50 basis point increase in one-month USD LIBOR would increase net interest income by \$2.9 million or \$0.05 per share over the next twelve months

Note: Net income attributable to common stockholders per share and Net Core Earnings per share based on diluted weighted average shares outstanding as of September 30, 2017; book value per share and increase in net interest income per share due to an increase in one-month USD LIBOR based on shares outstanding at September 30, 2017.

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

(2) Based on KREF closing price as of November 6, 2017.

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

3Q17 Financial Summary

Income Statement

(\$ in Millions, except per share data)

	3Q17
Net Interest Income	\$19.0
Other Income	\$4.3
Operating Expenses and Other	\$(6.0)
Net Income Attributable to Common Stockholders	\$17.3
Weighted Average Shares Outstanding, Diluted	53,697,041
Net Income Per Share	\$0.32
Net Core Earnings⁽¹⁾	\$16.5
Net Core Earnings per Share⁽¹⁾	\$0.31
Dividend per Share	\$0.37

Balance Sheet

(\$ in Millions, except per share data)

	3Q17
Total Portfolio	\$1,811.6
Secured Debt Outstanding Face Amount	\$761.6
Senior Loan Interests ⁽²⁾	\$62.0
Total Leverage	\$823.6
Total Stockholders Equity	\$1,062.0
Cash	\$90.0
Debt-to-Equity Ratio⁽³⁾	0.6x
Total Leverage Ratio⁽⁴⁾	0.7x
Shares Outstanding	53,685,440
Book Value Per Share	\$19.78

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

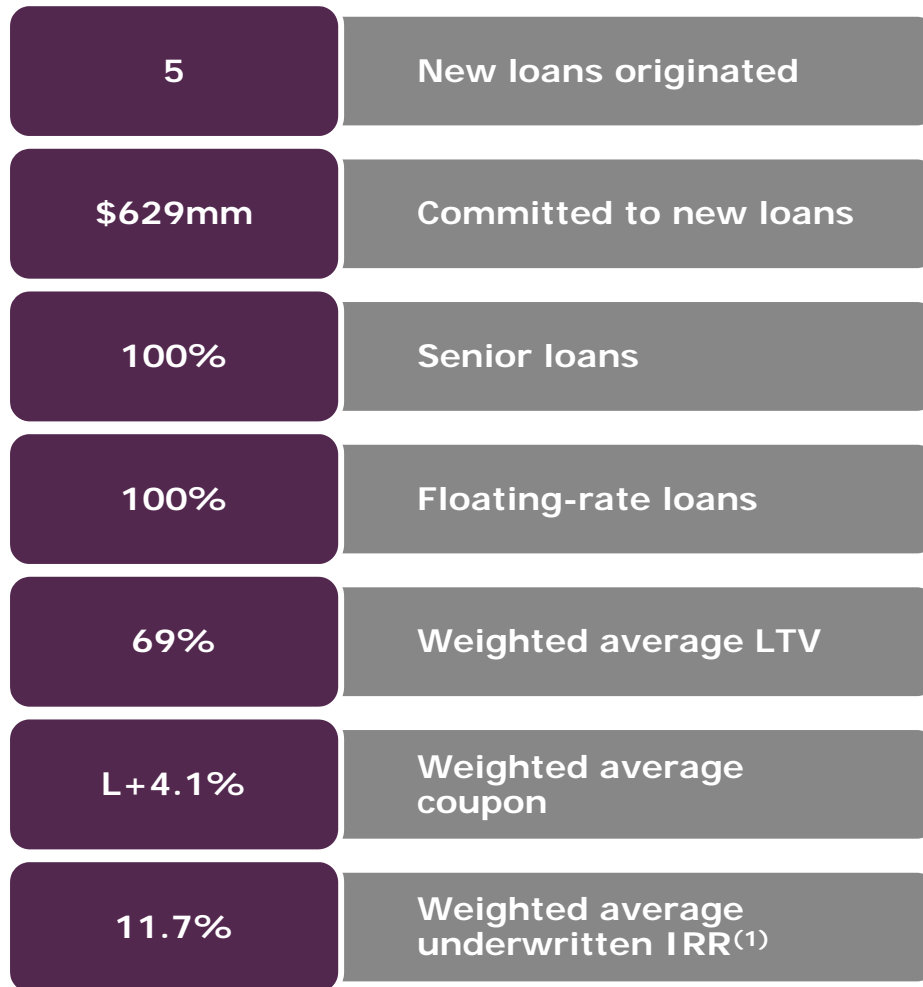
(2) Includes loans financed through non-recourse sale of a senior interest that is not included in our consolidated financial statements.

(3) Represents (i) total outstanding face amount of secured debt agreements less cash to (ii) total stockholders' equity.

(4) Represents (i) total outstanding face amount of secured debt agreements and non-consolidated senior interests less cash to (ii) total stockholders' equity.

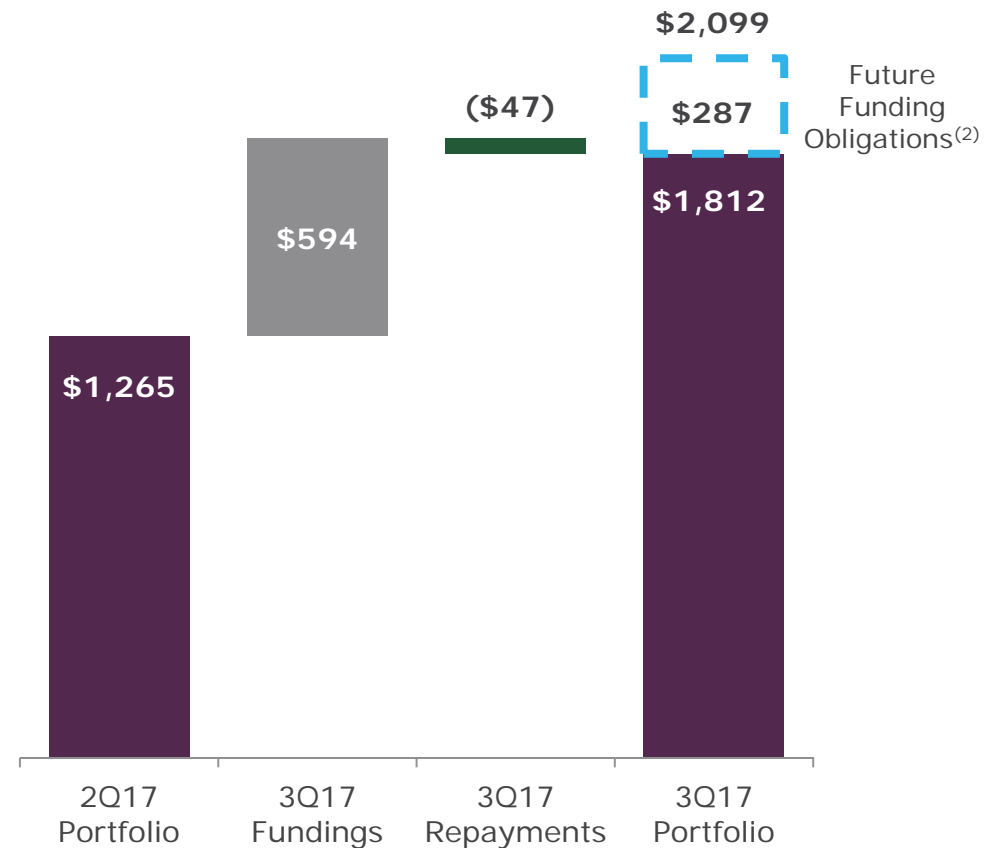
3Q17 Loan Originations

Summary of 3Q17 Originations



Outstanding Portfolio

(\$ in Millions)



(1) See Appendix for definition.

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

3Q17 Loan Originations – Case Studies

Investment	New York City Residential Condo	Atlanta Office	Honolulu Multifamily
Loan Type	Floating-Rate Senior Loan	Floating-Rate Senior Loan	Floating-Rate Senior Loan
Loan Size	\$239 million	\$119 million	\$105 million
Location	New York, NY	Atlanta, GA	Honolulu, HI
Collateral	30 luxury condominium units	821k SF Class B+ office	270 unit Class A apartment building
Loan Purpose	Refinance	Acquisition	Refinance
LTV ⁽¹⁾	69%	66%	66%
Investment Date	August 2017	August 2017	August 2017

Asset Photos



(1) LTV is based on the initial loan amount divided by the as-is appraised value as of the date the loan was originated. New York City Residential Condo LTV is based on the total loan amount of \$239.2 million divided by the appraised net sell-out value of \$345.4 million.

3Q17 Loan Originations – Case Studies

Investment	Denver Multifamily	Queens Industrial
Loan Type	Floating-Rate Senior Loan	Floating-Rate Senior Loan
Loan Size	\$91 million	\$75 million
Location	Denver, CO	Queens, NY
Collateral	274 unit Class A luxury apartment building	Two adjacent, Class B, 616k SF industrial buildings
Loan Purpose	Refinance	Acquisition
LTV ⁽¹⁾	73%	72%
Investment Date	August 2017	July 2017

Asset Photos

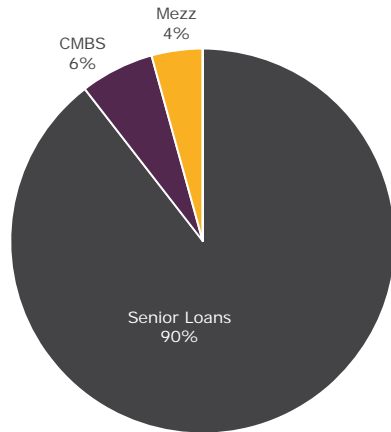


(1) LTV based on initial loan amount divided by the as-is appraised value as of the date the loan was originated; Denver Multifamily LTV calculated based on \$81.0 million senior loan amount at closing divided by the as-is appraised value of \$111.4 million.

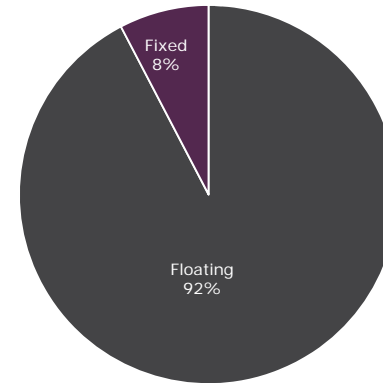
3Q17 KREF Portfolio by the Numbers

- \$1.8 billion portfolio comprised of 31 investments
- Portfolio weighted average LTV of 67%⁽¹⁾

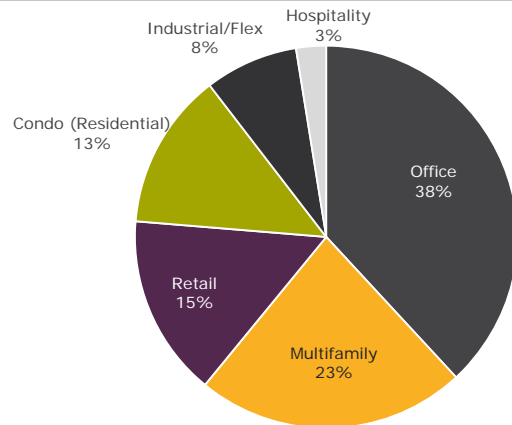
Investment Type⁽²⁾



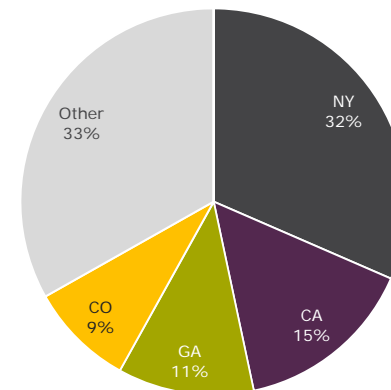
Interest Rate Type



Property Type⁽³⁾



Geography⁽³⁾



Note: The charts above are based on total assets. Total assets reflect (i) the current 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-Pieces at fair value, which we valued above our cost basis as of September 30, 2017.

(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. See page 12 for additional details.

(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) Excludes CMBS.

3Q Financing Overview

- Total financing capacity of \$1.8 billion with \$1.1 billion of undrawn capacity
- Subsequent to quarter end, upsized Goldman Sachs term credit facility by \$150 million and extended maturity to 2022 on a fully-extended basis

Summary of Outstanding Financing

(\$ in Millions)

	Maximum Capacity	Outstanding Face Amount	Weighted Average Coupon
Term Credit Facilities	\$1,750	\$762	L+2.07%
Corporate Revolving Facility	\$75	--	--
Total Secured Debt	\$1,825	\$762	
Senior Loan Interests ⁽¹⁾	\$62	\$62	L+2.00%
Total Leverage	\$1,887	\$824	

Debt-to-Equity Ratio of 0.6x⁽²⁾

Total Leverage Ratio of 0.7x⁽³⁾

(1) Includes loans financed through non-recourse sale of a senior interest that is not included in our consolidated financial statements.

(2) Represents (i) total outstanding face amount of secured debt agreements less cash to (ii) total stockholders' equity.

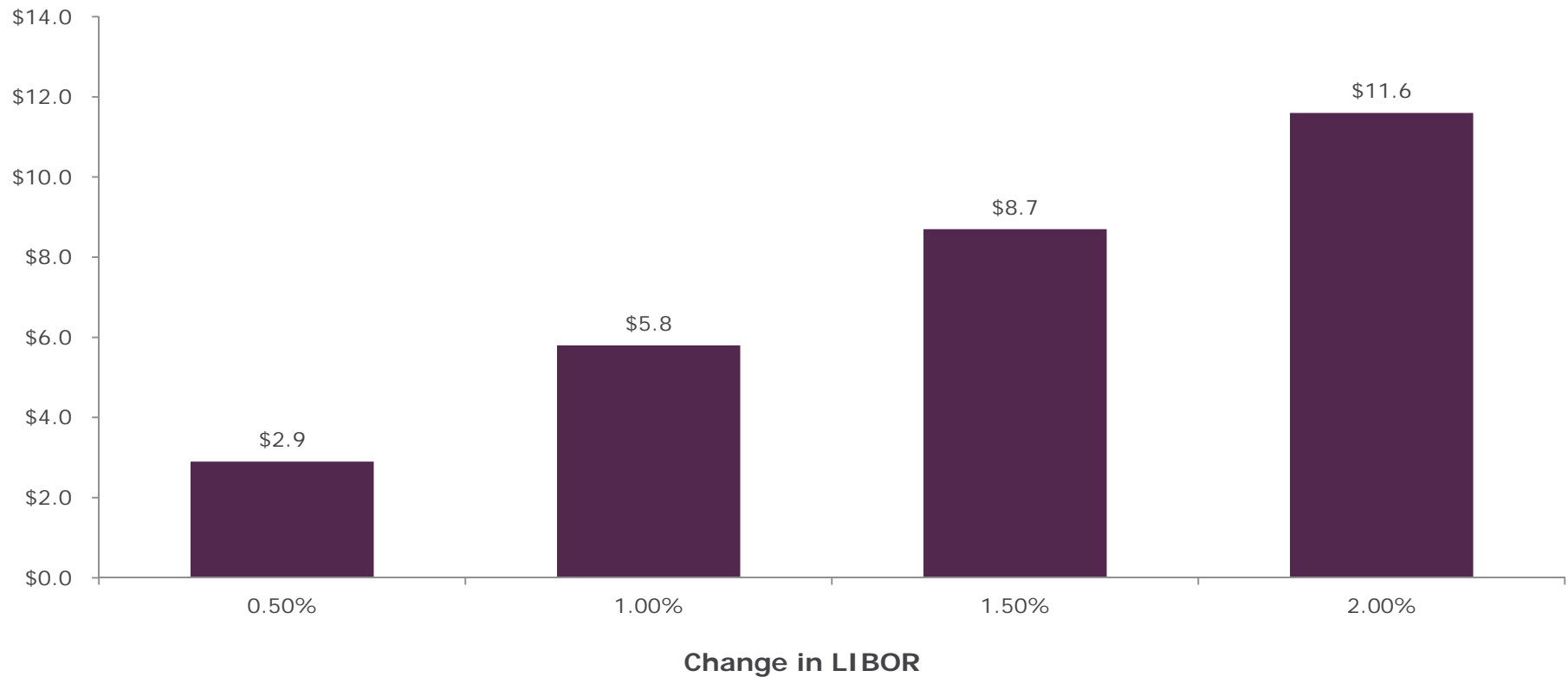
(3) Represents (i) total outstanding face amount of secured debt agreements and non-consolidated senior interests less cash to (ii) total stockholders' equity.

Interest Rate Sensitivity

- KREF benefits in a rising rate environment
- 92% of the portfolio is indexed to one-month USD LIBOR
- A 50 basis point increase in one-month USD LIBOR would increase net interest income by \$2.9 million or \$0.05 per share over the next 12 months⁽¹⁾

Net Interest Income Sensitivity to LIBOR Increases⁽¹⁾

(\$ in Millions)



(1) As of September 30, 2017, assumes loans are drawn up to maximum approved advance rate based on current principal amount; per share amount assumes 53,685,440 shares outstanding.

Appendix

Portfolio Details

(\$ in millions)											
#	Investment	Location	Property Type	Investment Date	Committed Principal Amount	Current Principal Amount	Net Equity ⁽²⁾	Future Funding ⁽³⁾	Coupon ⁽⁴⁾⁽⁵⁾	Max Remaining Term (Yrs) ⁽⁴⁾⁽⁶⁾	LTV ⁽⁴⁾⁽⁷⁾
Senior Loans⁽¹⁾											
1	Senior Loan	New York, NY	Condo (Residential)	8/4/2017	\$239.2	\$225.1	\$223.7	\$0.0	L + 4.8%	2.8	69%
2	Senior Loan	Portland, OR	Retail	10/26/2015	177.0	119.8	43.7	57.2	L + 5.5%	3.1	61%
3	Senior Loan	San Diego, CA	Office	9/9/2016	168.0	144.4	40.6	23.6	L + 4.2%	4.0	71%
4	Senior Loan	Irvine, CA	Office	4/11/2017	162.1	130.0	32.3	32.1	L + 3.9%	4.6	62%
5	Senior Loan	Brooklyn, NY	Retail	9/27/2016	138.6	119.6	37.5	19.0	L + 5.0%	4.0	59%
6	Senior Loan	Brooklyn, NY	Office	3/30/2017	132.3	98.8	24.8	33.5	L + 4.4%	4.5	68%
7	Senior Loan	Atlanta, GA	Office	8/15/2017	119.0	95.3	94.7	23.7	L + 3.0%	4.9	66%
8	Senior Loan	Honolulu, HI	Multifamily	8/23/2017	105.0	100.0	89.2	5.0	L + 4.0%	4.9	66%
9	Senior Loan	Crystal City, VA	Office	9/14/2016	103.5	78.1	23.6	25.4	L + 4.5%	4.0	59%
10	Senior Loan	Denver, CO	Multifamily	2/28/2017	85.9	77.8	15.6	0.0	L + 3.8%	4.4	75%
11	Senior Loan	Denver, CO	Multifamily	8/4/2017	81.0	81.0	70.4	0.0	L + 4.0%	4.8	73%
12	Senior Loan	Austin, TX	Multifamily	2/15/2017	79.2	59.9	15.0	19.3	L + 4.2%	4.4	71%
13	Senior Loan	Queens, NY	Industrial	7/21/2017	75.1	61.3	14.8	13.8	L + 3.7%	4.8	72%
14	Senior Loan	New York, NY	Multifamily	10/7/2016	74.5	66.2	17.0	8.3	L + 4.4%	4.1	68%
15	Senior Loan	Atlanta, GA	Industrial	12/17/2015	73.0	67.5	18.1	5.5	L + 4.0%	3.3	73%
16	Senior Loan	Atlanta, GA	Office	5/12/2017	61.9	43.8	11.7	18.1	L + 4.0%	4.7	71%
17	Senior Loan	Nashville, TN	Office	5/19/2016	55.0	52.8	13.3	2.2	L + 4.3%	3.7	70%
Total / Weighted Average					\$1,930.3	\$1,621.4	\$786.0	\$286.7	L + 4.3%	4.1	67%
Mezzanine Loans											
1	Mezzanine Loan	Clearwater, FL	Hospitality	1/22/2015	35.0	35.0	33.3	-	L + 9.8%	2.4	73%
2	Mezzanine Loan	Chicago, IL	Retail	6/23/2015	16.5	16.5	16.4	-	L + 9.2%	2.8	82%
3 - 8	Fixed Rate Mezzanine Loans	Various	Various	Various	26.2	26.2	24.9	-	10.6%	7.6	77%
Total / Weighted Average					\$77.7	\$77.7	\$74.6	-	10.8%	4.2	76%
CMBS											
Total / Weighted Average					\$349.2	\$317.2	\$112.5	\$32.0	4.2%	8.2	65%
Portfolio Total / Weighted Average					\$2,357.2	\$2,016.3	\$973.1	\$286.7	5.7%	4.3	67%
3Q17 Outstanding Portfolio⁽⁸⁾											\$1,811.6

- (1) 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.
- (2) Net equity reflects (i) the amortized cost basis of our loans, net of borrowings and a 5% noncontrolling interest in the entity that holds certain of our mezzanine loans; (ii) the cost basis of our CMBS B-Pieces, net of VIE liabilities; and (iii) the cost basis of our investment in RECOP.
- (3) Represents Committed Principal Amount less Current Principal Amount on Senior Loans with the exception of Loan #10, for which the future funding commitment is held by the syndicated senior participation; there is no future funding on mezzanine loans or CMBS with the exception of \$32 million of remaining commitment to RECOP.
- (4) Weighted averages are weighted by current principal amount for senior loans and mezzanine loans; weighted averages are weighted by net equity for CMBS B-Pieces; weighted average coupon calculation includes one-month USD LIBOR for floating-rate Mezzanine Loans.
- (5) L = one-month USD LIBOR rate; spot one-month USD LIBOR rate of 1.23% included in mezzanine loan and portfolio-wide averages represented as fixed rates.
- (6) Max remaining term (years) assumes all extension options are exercised, if applicable.
- (7) For senior and mezzanine 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 1, LTV is based on the total loan amount of \$239.2 million divided by the appraised net sell-out value of \$345.4 million; for Mezzanine Loan 1, LTV is based on the total loan amount divided by the as-is appraised value at March 17, 2017; for CMBS B-Pieces, LTV is based on the weighted average LTV of the underlying loan pool at issuance.
- (8) Represents Current Principal Amount of Senior Loans and Mezzanine Loans and Net Equity Amount for CMBS.

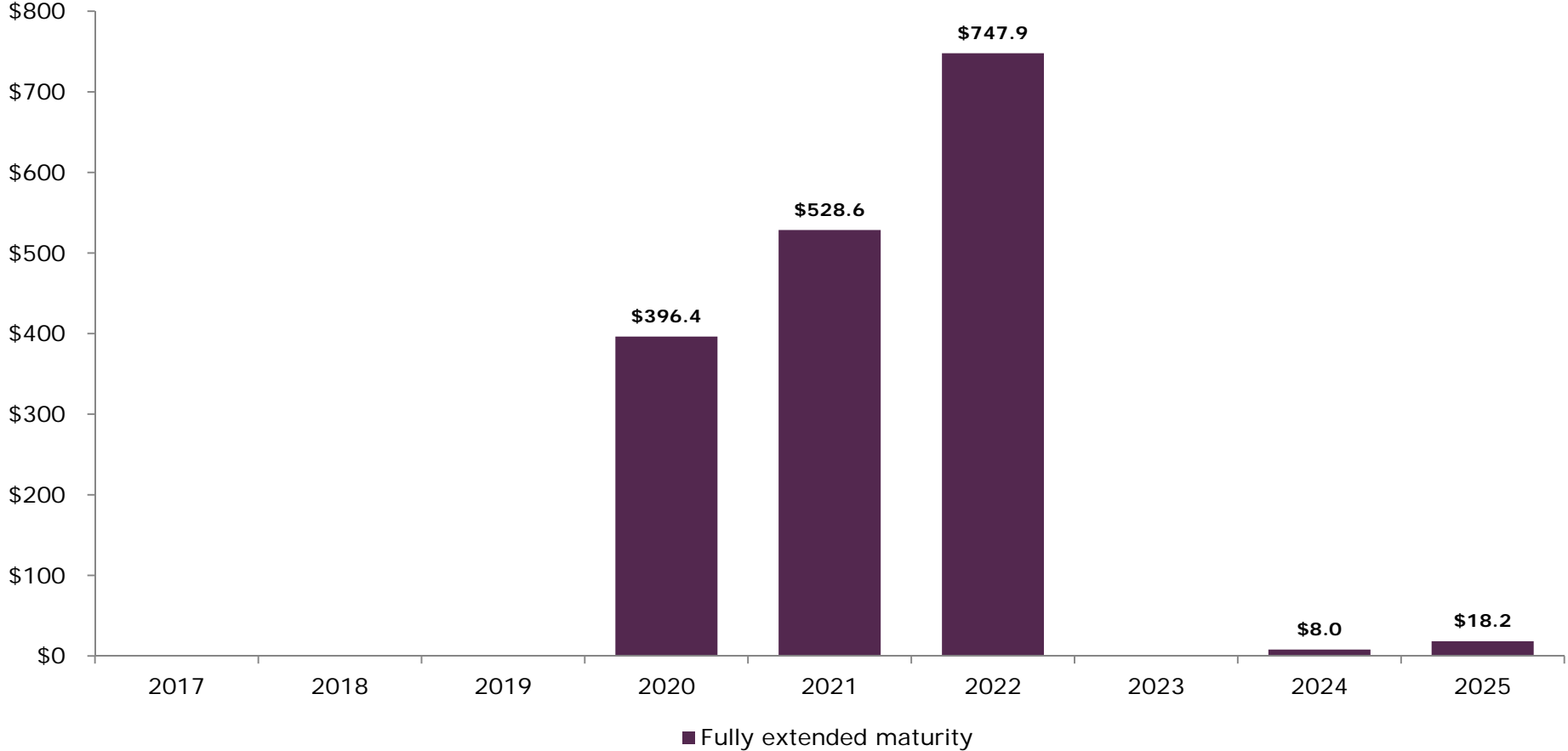


Fully Extended Loan Maturities

- Fully extended weighted average loan maturity of 4.1 years⁽¹⁾

Fully Extended Loan Maturities⁽¹⁾

(\$ in Millions)



(1) Excludes CMBS; includes non-consolidated senior interests.

Consolidated Balance Sheet

(in thousands - except share and per share data)

	September 30, 2017	December 31, 2016
Assets		
Cash and cash equivalents	\$ 89,976	\$ 96,189
Restricted cash and cash equivalents	600	157
Commercial mortgage loans, held-for-investment, net	1,543,851	674,596
Commercial mortgage loans, held-for-sale, net	81,550	26,230
Preferred interest in joint venture, held-to-maturity	-	36,445
Equity method investments in unconsolidated subsidiaries, at fair value	8,328	-
Accrued interest receivable	6,930	2,974
Other assets	2,894	2,728
Commercial mortgage loans held in variable interest entities, at fair value	5,429,874	5,426,084
Total Assets	\$ 7,164,003	\$ 6,265,403
Liabilities and Equity		
Liabilities		
Secured financing agreements, net	\$ 755,987	\$ 439,144
Accounts payable, accrued expenses and other liabilities	3,014	2,297
Dividends Payable	19,992	-
Accrued interest payable	1,108	593
Due to affiliates	4,036	1,728
Variable interest entity liabilities, at fair value	5,313,914	5,313,574
Total Liabilities	6,098,051	5,757,336
Commitments and Contingencies		
Temporary Equity		
Redeemable noncontrolling interests in equity of consolidated joint venture	3,053	3,030
Redeemable preferred stock	949	-
Permanent Equity		
Preferred stock, 50,000,000 authorized (1 share with par value of \$0.01 issued and outstanding as of September 30, 2017 and December 31, 2016, respectively, and 125 shares with stated value of \$1,000.00 issued and outstanding as of December 31, 2016)	-	125
Common stock, 300,000,000 authorized (53,685,440 and 24,158,392 shares with par value of \$0.01 issued and outstanding as of September 30, 2017 and December 31, 2016, respectively)	537	242
Additional paid-in capital	1,052,826	479,417
Retained earnings	9,110	17,914
Treasury stock: 26,398 shares held at cost as of September 30, 2017	(523)	-
Total KKR Real Estate Finance Trust Inc. stockholders' equity	1,061,950	497,698
Noncontrolling interests in equity of consolidated joint venture	-	7,339
Total Permanent Equity	1,061,950	505,037
Total Liabilities and Equity	\$ 7,164,003	\$ 6,265,403

Consolidated Statement of Operations

(in thousands - except share and per share data)	For the Three Months Ended		For the Nine Months Ended	
	Sept 30, 2017	Sept 30, 2016	Sept 30, 2017	Sept 30, 2016
Net Interest Income				
Interest income	\$ 24,408	\$ 7,896	\$ 54,760	\$ 20,884
Interest expense	5,414	1,627	12,592	3,976
Total net interest income	18,994	6,269	42,168	16,908
Other Income				
Change in net assets related to consolidated variable interest entities	4,025	6,220	12,810	9,960
Income from equity method investments in unconsolidated subsidiaries	115	-	461	-
Other income	177	64	616	143
Total other income	4,317	6,284	13,887	10,103
Operating Expenses				
General and administrative	1,339	548	3,254	1,748
Management fees to affiliate	3,989	1,621	9,513	4,088
Incentive compensation to affiliate	-	-	-	365
Total operating expenses	5,328	2,169	12,767	6,201
Income Before Income Taxes, Noncontrolling Interests and Preferred Dividends	17,983	10,384	43,288	20,810
Income tax expense	120	71	388	214
Net Income	17,863	10,313	42,900	20,596
Redeemable Noncontrolling Interests in Income of Consolidated Joint Venture	54	87	134	248
Noncontrolling Interests in Income of Consolidated Joint Venture	377	210	801	601
Net Income Attributable to KKR Real Estate Finance Trust Inc. and Subsidiaries	17,432	10,016	41,965	19,747
Preferred Stock Dividends	93	4	181	12
Net Income Attributable to Common Stockholders	\$ 17,339	\$ 10,012	\$ 41,784	\$ 19,735
Net Income Per Share of Common Stock, Basic and Diluted	\$ 0.32	\$ 0.48	\$ 0.98	\$ 1.12
Weighted Average Number of Shares of Common Stock Outstanding, Basic	53,696,967	20,810,322	42,501,356	17,668,177
Weighted Average Number of Shares of Common Stock Outstanding, Diluted	53,697,041	20,810,322	42,501,530	17,668,177
Dividends Declared per Share of Common Stock	\$ 0.37	\$ 0.26	\$ 1.25	\$ 0.95

Reconciliation of GAAP Net Income to Core Earnings and Net Core Earnings

	3Q17	2Q17
<i>(\$ in millions, except share and per share data)</i>		
Net Income Attributable to Common Stockholders	\$17.3	\$14.1
<i>Adjustments</i>		
Non-cash equity compensation expense	-	-
Incentive compensation to affiliate	-	-
Depreciation and amortization	-	-
Unrealized (gains) or losses	(0.9)	(1.1)
Core Earnings⁽¹⁾	\$16.5	\$13.0
Weighted Average Shares Outstanding, Diluted	53,697,041	46,633,248
Core Earnings per Weighted Average Share⁽¹⁾	\$0.31	\$0.28
Core Earnings ⁽¹⁾	\$16.5	\$13.0
Less: Incentive compensation to affiliate	-	-
Net Core Earnings⁽¹⁾	\$16.5	\$13.0
Weighted Average Shares Outstanding, Diluted	53,697,041	46,633,248
Net Core Earnings per Weighted Average Share⁽¹⁾	\$0.31	\$0.28

(1) See Appendix page 17 for definitions. Excludes \$1.3 million and \$1.3 million, or \$0.02 and \$0.03 per diluted weighted average share outstanding of original issue discount on CMBS B-pieces accreted as a component of taxable income during 3Q17 and 2Q17, respectively.

Key Definitions

- **"Core Earnings" and "Net Core Earnings":** Used by the Company to evaluate the Company's performance excluding the effects of certain transactions and GAAP adjustments the Company believes are not necessarily indicative of the current loan activity and operations. Core Earnings and Net Core Earnings are measures that are not prepared in accordance with GAAP. The Company defines Core 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) the incentive compensation payable to the Company's 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 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 Core 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. Net Core Earnings is Core Earnings less incentive compensation payable to the Company's Manager.

The Company believes providing Core Earnings and Net Core Earnings on a supplemental basis to net income as determined in accordance with GAAP is helpful to stockholders in assessing the overall performance of the Company's business. Core Earnings and Net Core Earnings should not be considered as substitutes for GAAP net income. The Company's 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, the Company's Core Earnings and Net Core Earnings may not be comparable to similar measures presented by other REITs.

- **"IRR":** IRR is the annualized effective compounded return rate that accounts for the time-value of money and represents the rate of return on an investment over a holding period expressed as a percentage of the investment. It is the discount rate that makes the net present value of all cash outflows (the costs of investment) equal to the net present value of cash inflows (returns on investment). It is derived from the negative and positive cash flows resulting from or produced by each transaction (or for a transaction involving more than one investment, cash flows resulting from or produced by each of the investments), whether positive, such as investment returns, or negative, such as transaction expenses or other costs of investment, taking into account the dates on which such cash flows occurred or are expected to occur, and compounding interest accordingly. The weighted average underwritten IRR for the investments shown reflects the returns underwritten by KKR Real Estate Finance Manager LLC, the Company's external manager, taking into account certain assumptions around leverage up to no more than the maximum approved advance rate, and calculated on a weighted average basis assuming no dispositions, early prepayments or defaults but assuming that extension options are exercised and that the cost of borrowings remains constant over the remaining term. With respect to certain loans included in the weighted average underwritten IRR shown, the calculation assumes certain estimates with respect to the timing and magnitude of the initial and future fundings for the total loan commitment and associated loan repayments, and assumes no defaults. With respect to certain loans included in the weighted average underwritten IRR shown, the calculation assumes the one-month spot USD LIBOR as of the date the loan was originated. There can be no assurance that the actual weighted average IRRs will equal the weighted average underwritten IRRs shown.