KKR Real Estate Finance Trust, Inc.

Q4 2025 Earnings Conference Call

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CORPORATE PARTICIPANTS

Jack Switala – *Head of Investor Relations*
Matt Salem – *Chief Executive Officer*
Patrick Mattson – *President and Chief Operating Officer*
Kendra Decious – *Chief Financial Officer*

PRESENTATION

Operator
Good morning, and welcome to the KKR Real Estate Finance Trust, Inc. Fourth Quarter 2025 Financial Results Conference Call. All participants will be in listen-only mode. Should you need assistance, please signal a conference specialist by pressing the star key followed by zero. After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press star then one on your telephone keypad. To withdraw your question, please press star then two. Please note, this event is being recorded.

I would now like to turn the conference over to Jack Switala. Please go ahead.

Jack Switala
Great. Thanks, operator. And welcome to the KKR Real Estate Finance Trust Earnings Call for the Fourth Quarter of 2025. As the operator mentioned, this is Jack Switala. This morning, I'm joined on the call by our CEO, Matt Salem; our President and COO, Patrick Mattson; and our CFO, Kendra Decious.

I'd like to remind everyone that we will refer to certain non-GAAP financial measures on the call, which are reconciled to GAAP figures in our earnings release and in the supplementary presentation, both of which are available on the Investor Relations portion of our website. This call will also contain certain forward-looking statements, which do not guarantee future events or performance. Please refer to our most recently filed 10-K for cautionary factors related to these statements.

Before I turn the call over to Matt, I'll quickly go through our results. For the fourth quarter of 2025 we reported a GAAP net loss of negative $32 million, or negative $0.49 per share. Book value as of December 31 is $13.04. We reported distributable earnings of $14 million, or $0.22 per share, and we paid a $0.25 cash dividend with respect to the fourth quarter.

With that, I'd now like to turn the call over to Matt.

Matt Salem
Thanks, Jack. Good morning, everyone, and thank you for joining us today. Before reviewing our company results in more detail, I would like to highlight several key achievements for KREF in 2025.

First, we made significant progress strengthening our liquidity position throughout 2025. In March, we closed a 7-year, $550 million Term Loan B, which we later upsized and repriced in September, increasing the outstanding balance to $650 million and reducing the coupon to SOFR + 250 basis points. During the year, we also upsized our corporate revolver to $700 million, up from $610 million.

Second, we closed on our first loan in Europe for KREF. We have been strategically building our real estate credit platform in the region over the last several years. This transaction, along with subsequent European investments in the fourth quarter, represents an important milestone in that effort and positions us to capitalize on relative value across the U.S. and Europe. These transactions also serve as a foundation for continued geographic diversification.

During 2025, we continued to experience healthy repayment activity, which totaled $1.5 billion, consistent with 2024 levels. We offset this with $1.1 billion of new originations. And today, we are operating at the high end of our leverage ratio and targeted portfolio size. More than 75% of our new originations during the year were concentrated in multifamily and industrial loans, sectors where we continue to see resilient fundamentals and attractive risk-adjusted returns. Multifamily remains our largest property type exposure. And given our significant exposure to Class A product, we continue to observe strong underlying performance across the portfolio. We remain focused on maintaining and selectively growing the portfolio within on-theme asset classes and top tier MSAs.

Looking ahead, 2026 will be a year of transition for the company. Through execution of our business plans, we have positioned much of our REO portfolio for liquidity this year. Additionally, we are going to implement an aggressive resolution strategy for a significant portion of our watch list assets and select office assets. The overall goal is to compress the discount of our stock price to book value and more quickly unlock approximately $0.13 per share embedded in our REO assets. However, this strategy will also put additional pressure on earnings until we're able to fully execute the plan.

As it relates to this approach, we will need to be balanced on a few assets. To that end, I want to touch briefly on our Mountain View asset. The market continues to improve meaningfully, and we remain engaged with tenants. If we were able to sign a lease in the near term, we believe the optimal strategy will be a monetization post 2026, given a number of factors, including anticipated CapEx and tenant improvement work.

Finally, I want to comment on our dividend. The dividend is something the Board is actively evaluating as part of a broader capital allocation discussion, particularly as we work through a transitional year for the portfolio. Our priority is to make disciplined decisions that balance near-term earnings visibility and long-term shareholder value.

With that, I'll turn it over to Patrick.

Patrick Mattson
Thanks, Matt. Good morning, everyone. Looking at risk ratings, during the quarter we downgraded the Cambridge Life Science and San Diego Multifamily loans to risk rating 5. As a result of these developments, we recorded total incremental CECL provisions of $44 million during the quarter.

Subsequent to quarter end, we entered into new modification discussions on our Boston Life Science loan, which is currently risk rated 3. And while the loan continues to make contractual monthly interest payments, we anticipate a ratings downgrade and CECL increase in the first quarter.

New originations in the fourth quarter totaled $424 million, which surpassed repayments of $380 million. In 2026, we expect full year repayments of over $1.5 billion, exceeding repayment activity in each of the last two years. We'll continue to originate new loans while maintaining our target leverage range alongside other capital allocation strategies.

Turning to financing and liquidity. We ended the year with near record levels of liquidity totaling over $880 million, including $85 million of cash on hand, another $74 million of loan repayments held by the servicer as well as $700 million of undrawn capacity on the corporate revolver.

Total financing capacity was $8.2 billion, including $3.5 billion of undrawn capacity. Leveraging our internal KKR Capital Markets team, we added to our non-mark-to-market capacity during the quarter and 74% of our financing remains non-mark-to-market. We remain well positioned, with no final facility maturities until 2027 and no corporate debt due until 2030. The weighted average risk rating on the portfolio is 3.2. Our debt-to-equity ratio is 2.2x, and total leverage ratio is 3.9x, consistent with our target range.

Finally, during the quarter we repurchased over $9 million of common stock at a weighted average share price of $8.24. For the full year 2025, we repurchased $43 million of common stock at a weighted average share price of $9.35, which resulted in approximately $0.32 of accretion to book value per share over the course of the year. As of the end of the fourth quarter, we have approximately $47 million remaining under our current share buyback authorization plan.

Our strong liquidity position provides meaningful flexibility in managing the portfolio, allowing us to thoughtfully allocate capital across a range of opportunities, including share repurchases and new originations. Overall, we remain well capitalized and focused on repositioning the loan portfolio for improved earnings.

With that, we're happy to take your questions.

QUESTIONS AND ANSWERS

Operator
We will now begin the question and answer session. To ask a question, you may press star then one on your touchtone phone. If you're using a speakerphone, please pick up your handset before pressing the keys. To withdraw your question, please press star then two. At this time, we'll pause momentarily to assemble our roster.

The first question comes from Tom Catherwood with BTIG. Please go ahead.

Tom Catherwood
Thank you. And good morning, everybody. Matt, you talked in your prepared remarks about accelerating resolutions on watch list and REO assets. If KREF executes on this plan and the stock doesn't materially pull to par, if there's just a structural discount for monoline commercial mortgage REITs, are you willing to take an approach similar to what ARI announced last week, and look to revamp your business totally?

Matt Salem
Hey Tom, good morning. I appreciate you joining us, and thank you for the question. I guess a couple of things there before I have addressed the ARI transaction. I think, first of all, we made a lot of progress on the REO, which is kind of why we're at this point today. We feel like we're in a good position on much of that portfolio to be able to liquidate that over the course of this year, and then obviously start to think about our Mountain View asset, getting a lease done there and being able to execute that business plan more fully post-2026. So I think we've made the right decisions in terms of just being patient, taking good real estate back, and now we're at the point where we either advance the business plan, liquidity has returned and we can get, I would say, some monetization activity there.

The question you're asking, I think, is a good question, and it's kind of why I think we're putting a second phase of this plan in effect, which is, let's just not deal with only the REO, where we've had progress. Let's also deal with some of the watch list and maybe some other of our select office assets, so that when we are through this portfolio strategy, we could show up with a relatively new origination portfolio, a lot of the REO has been cleaned out, and we don't have some of the exposures that the market is I think, focused on right now.

So that's really the goal here. And my expectation is if we show up with a clean portfolio, a newer portfolio, that the market will price it. I think the market is efficient and it will recognize the steps that we've taken in the new portfolio that we've been able to create at that moment. But we'll have to evaluate that, obviously, when we get to that moment in time, and there's a good amount of distance between now and then. So that's how I would say that. I have optimism that that won't occur, that we will get recognized for the portfolio we're going to create here.

As it relates specifically to the ARI transaction, listen, I think it's an interesting transaction, for sure. It definitely shows how the private markets value some of these portfolios compared to what the public markets do. But I don't want to draw any direct correlation to KREF. I think we've got our business plan, we've got our strategy, and we're really focused on implementing that.

Tom Catherwood
Appreciate those thoughts, Matt. And maybe sticking with this kind of overhaul of the portfolio. When we get to the end of '26, what does success look like? I mean you mentioned Mountain View likely carrying on into '27. Is it all the REOs as of right now is resolved? Is it the watch list is fully resolved? Is it office has been reduced by 50%, or some number out there? What does success look like internally? What are those targets by the end of '26?

Matt Salem
Yes. And I appreciate the question. I would say a couple of things. One, I think in our next call, I think we'll be able to really walk everyone through and articulate what the end goal is here. Certainly, when we're looking at it today, if you think about our watch list, which we highlight, I think, on page 12 of our supplemental, I think the goal is to get through and monetize or liquidate the vast majority of that watch list.

The reason I don't say all is because I think some of those life science assets, one, we're in the process of modifying and so we should get to a basis where we're comfortable moving forward on those. Or two, we just have to evaluate the liquidity in that particular sector. But certainly, when we think about the office on our watch list, we have one multi deal on there, the multi-deal on there, the goal is to move through those.

And then I think to your point on office, I think we're going to have to start making a distinction on office because we are making new office loans that we think are really high quality, but there's certainly some of our legacy deals that we wouldn't put in that same bucket. And so I think the goal would be to, at the end of this year, be able to articulate, hey, we think from an office portfolio perspective we've kind of liquidated everything that we see a problem on and we'll be able to identify any future issues that we may see. So create a lot of clarity there.

On the REO, I don't expect much to change there as it relates to what we've talked about on the last couple of earnings calls. When you think about the buckets that we've put our REO in, which is I think listed on page 15 of our supplemental if you want to follow along, we have a number of assets that we put in the short-term bucket. The goal for those would be to liquidate over the course of this year, either partially or fully. Obviously, some of these are selling units or selling lots, so I'm not sure we'll get through 100%, but we'll at least be making good headway there. Those assets are the West Hollywood luxury condo; Portland, Oregon redevelopment; the Raleigh, North Carolina multifamily; and the Philadelphia office. So those are all the short term, and we'll be able to give progress updates over the course of the year on those.

Medium term, I'd put more in the Mountain View asset, which we've talked about, right, get a lease done on that. Again, that market is extremely healthy right now, and we are engaged with tenants in the market there.

And then I’d put in this last category, the longer term, more of the life science, right? So we've got the Seattle asset, and we'll likely go to a title on our Boston loan that's on the watch list right now in the life science sector. So a little bit of background there, but same buckets, the vast majority coming out this year, and then if we can execute on Mountain View in the intermediate term. Then we've largely cleaned it up, with the exception of a couple of these life science deals, which you know we'll see, right? We were pretty patient on some of our office, and that's worked out very well, I'd say, just the market has come back. It's healthy. What we have in the portfolio from an REO perspective in life science is extremely high quality. So to the extent that market comes back, I understand it's under pressure today, but forever is a long time, and if those markets come back, certainly, we could benefit from that as well.

Tom Catherwood
Appreciate those answers. That’s it for me. Thanks, Matt.

Operator
The next question comes from Rick Shane with JP Morgan. Please go ahead.

Rick Shane
Hi, guys. Thanks for taking my questions. When we sort of run back of the envelope, we're looking at over $800 million of loans that are of assets that are either REO or on nonaccrual. Then there's the development in terms of migration, adding the new loan to the watch list this quarter. Is that going to be in nonaccrual as well? And are we going to be in a situation where, let's call it 20% of the portfolio is under earning in 2026 or has a negative carry?

Patrick Mattson
Rick, good morning. It's Patrick. I'll take that question. I think in terms of like specific numbers, I don't have that bucket. I will say this. On things like the asset that we indicated we’ll likely downgrade, that asset is paying its contractual interest. We expect in the near term that it will continue to pay contractual interest. And so from an earnings standpoint, we're not seeing any degradation from that.

What's driving it in the near term are some of the REO assets we talked about, and we'll give more color in terms of the timing of the resolution in the subsequent quarter, when we can get some of that back and when we can actually convert that into earnings assets. So clearly, we're being dragged down by some of those assets, but we do think there's a near-term opportunity to pull that forward.

On some of these other assets that are on the watch list, and we can go through each of these, but in general we're seeing contractual payments being made here. So it's certainly impacting us. We certainly think there's a lot of upside, as we've indicated before. We think there's around $0.13 from getting these REO assets back and converted into performing loan assets. But that's what I would say on that.

Rick Shane
Okay. And again, I assume look, you guys talked about dividend policy, and I heard what I would describe as rational financial analysis as opposed to focused on market sentiment and just maintain a dividend for the sake of that. I'm assuming that that is an indication that as we go through the year you guys are going to be looking at all of this and we should be thinking about our dividend very much in the empirical way as opposed to some sort of gauge if sentiment.

Matt Salem
Hey, Rick, it's Matt. I think that's a fair articulation of how we're thinking about it now, which as we look through the course of the year, like I said, and we try to rebalance this portfolio, trying to understand the near-term impact of earnings there.

Rick Shane
Matt, I think fair was a good adjective, but clear or straightforward probably wasn't a good adjective to describe my commentary. But thank you for answering the question.

Matt Salem
Thank you.

Operator
The next question comes from Jade Rahmani with KBW. Please go ahead.

Jade Rahmani
Thank you. To touch on Tom's question, and maybe the underlying issue is that the bid for assets or loans that KREF is originating seems to be stronger in the private credit market than the required yield that mortgage REIT investors require. So there could be an arbitrage there.

As a result, perhaps management should pivot its focus to value creation as the top priority, which could include loan sales, share repurchase, unlocking potential gains in the portfolio, if there are some, such as Mountain View REO. And perhaps that would buy time to reposition the company, rather than go with the strategy you've been undertaking, which might still result in KREF trading at this very sharp discount to book value. Otherwise, accelerated dispositions could materialize the book value that the market ultimately is projecting, which clearly requires significant losses on the life science, in particular, but perhaps elsewhere in the portfolio.

So I just wanted to get your thoughts on that potential pivot and if you see that as something management might undertake.

Matt Salem
Thank you, Jade. Yes, it's Matt. Let me unpack that a little bit. I guess when I heard you go through the list of things that we could accomplish, or strategies we could follow, I think we are doing most of those. Certainly, when we think about, and I mentioned watch list, select office assets, repositioning the portfolio, part of that will be loan sales, 100%.

I think when we think about gains on the REO, unlocking those gains, completely agree, we should try to accelerate those as much as possible, which we're doing, and I think which our plan will incorporate. A lot of it comes back to when is the optimal time to sell. And we don't want to give money away, the market has certain expectations when it buys an asset. When I think about something like Mountain View, well, even if we sign a lease, there are certain things that we'll have to do to get that tenant in and occupying etc., for the lease to go effective. So there are certain moments where we're going to create more value and liquidity that we have to be mindful of. And so we'll do that.

The last piece, share repurchase, we've been repurchasing shares. So I think that certainly has been part of our strategy as well.

So I do think that we're evaluating everything possible. I think the last point that you might ask as a follow-up question would be, well, what about performing loans, why not go and sell those? And certainly, we could add that and continue to evaluate a performing loan sale. But right now, I'd say we're focused on really getting the portfolio in a place where the public markets can trade us in the right way. Because all these portfolios, whether it's ours or some of our peers, we all have some legacy assets. And that's not to say that they're all going to become watch list or they all become losses, but perhaps they're just higher loan to value, than where we started. Of course, values are down a lot in the real estate space. So maybe that's what the market is telling us. And as we reposition the portfolio and as the percent of newer loans on adjusted basis comes into that portfolio, then these stocks can compress.

So I'm not convinced that this is, again, forever, like these stocks are always going to trade like this. We've just gone through probably one of the most challenging real estate environments, certainly in my career. And as we get through this, I expect the market will be rational and reprice these portfolios.

Jade Rahmani
Thanks very much. Yes, the eye of the storm seems to be life science. When you listen to Alexandria's earnings call, it's clear, and they are best in class at this, they expect a very long timeline to turn around this sector, five years plus. And AI is also going to wreak havoc on this sector.

So you talk about putting in place modifications to get basis to a point of comfort, the weighted average basis today is $830 a foot. Do you have in mind a range or some benchmark that you could provide, which we should think would be a reasonable basis to take this outsized risk beyond the investor horizon that people are contemplating?

Matt Salem
Yes. I think a couple of things on the life science sector. We understand, and certainly follow it closely, we understand it could be a very long road here. At the same time, I remember when we foreclosed on Mountain View, everybody in the market, including the most sophisticated brokers, told us it was going to be five years before we could get anything done there. I'll take the under on that by a few years, and I'll take the over on the value creation that we make there.

So things change. And as it relates to technology and AI, and particularly as it applies to life science, I'm not convinced that's a negative for the life science sector. I think it could be actually quite a positive in terms of the development of new drugs and need for new lab space. So we'll see how that plays to the system.

I think we're eyes wide open, though. We need to get to a lower basis, and you've seen us doing that. I think we apply the same thing to our life science as we do to all the other modifications that we're doing, which is unless the sponsor is willing to make a significant capital commitment to de-lever us to a point where we feel comfortable, then usually we'll either go to REO and sell it. But in the case of some of the challenges that we're dealing with now and some of these downgrades recently, we do expect our sponsors to commit significant capital to pay us down. And in return, we'll likely have to do some type of hope note around that.

But I don't want to talk specifics, as we're in the middle of some of these negotiations right now. But in general, we've been bringing our basis down in a pretty significant way, again, not just through hope notes, but also through principal paydowns and borrowers coming out of pocket and re-committing to the assets.

Jade Rahmani
Thanks very much.

Operator
The next question comes from Gabe Poggi with Raymond James. Please go ahead.

Gabe Poggi
Hey, good morning, guys. Thanks for taking the question. I want to kind of piggyback on what's been asked already, but kind of go a different angle and have you guys comment through the KKR lens as it pertains to just broad demand for one, commercial real estate credit and then commercial real estate in general.

Matt, to your point you just made, right, timing is in the eye of the beholder and can change in five years to a shorter term. But what's the bigger KKR machine seeing as it pertains to global demand for domestic real estate, both on the credit side and the equity side? Because I think it will help us get an angle as to the true value here, or value creation probability if we take a little bit longer-term tact. Thank you.

Matt Salem
Thanks, Gabe. I appreciate the question. So, let's put our KKR hat on for a minute here. I would say that we are seeing increased allocation to both real estate credit as well as real estate equity. I think the sentiment has clearly shifted from a relative value perspective. A lot of institutional allocators of capital are looking at their overall portfolio and thinking about where those values have gone over the course of the last five years and seeing that real estate has been relatively stagnant. And so you're starting to see a shift back into that sector.

Now, I would say it's still predominantly in the opportunistic and value-add parts of the market within equity. So you haven't fully seen some of that Core money come back in, or that Core+ money, although I could see early signs of it. But I'd say most of it is in that opportunistic value-add sector. So people are allocating, velocity is starting to come back a little bit in the market. I think we've all seen that, some sales starting to go through. When we think about our pipeline, it’s still predominantly refinance on the lending side, but there's more acquisitions that we're seeing, which means lots of capital is increasing, funds are returning capital, and that money typically gets recycled back in the fund. So that reset, I believe, is beginning to happen.

On the real estate credit side, the same comment is true. We are seeing increased allocations to real estate credit. I think we've been in a little bit more favored piece of the market than equity for a while now, as just allocations to private credit overall have been increasing over the course of the last handful of years. Now, I think there is a very tangible relative value discussion happening around not just real estate credit, but asset-backed as well, and particularly infrastructure also, from a sense that people may be fully allocated to corporate credit, and maybe corporate credit has other potential challenges in those portfolios. So how do I diversify away from that, but still be in a credit exposure, still take advantage of the yield and the safety that credit offers in today's market. So we've seen certainly a pivot into real estate credit. The private funds are raising, not just us but our peers as well, are raising a significant amount of capital in this space, and my expectation is that will continue going forward here.

Gabe Poggi
Thanks, guys. That’s very helpful.

Operator
Again, if you have a question, please press star then one.

The next question comes from Chris Muller with Citizens. Please go ahead.

Chris Muller
Hey, guys. Thanks for taking the question. We have a couple more rate cuts behind us now, and futures are suggesting another two cuts this year. I guess the question is, have those cuts increased interest in your guys' REO assets at all? And I guess what I'm really trying to get at is, have those cuts narrowed the gap between buyers and sellers?

Matt Salem
Thanks, Chris. It's Matt. I do think that these rate cuts are helping liquidity in the market. I don't know if it specifically translates to the liquidity we're seeing, but it's certainly part of it. But I think overall the sentiment for real estate right now is pretty positive. There hasn't really been a lack of buyers in the market. I think there's a lack of sellers, personally. And sellers at an opportunistic price, which is why we're seeing a lot of our activity more in the refinance part of the market than the acquisition part, because you have owners of real estate that own a really good property. That property likely is performing fine from an occupancy and cash flow perspective, outside of small pockets where you have some oversupply, you may have a sponsor that owns it at a higher basis than they'd like, given just value

decline since rate hikes in 2021. And so we're seeing our sponsors really play that forward, refinance, buy time where supply really drops off and they can raise rents and grow their equity value back.

So that's the overall market. So as we think about selling our assets, particularly on our REO, I do expect there to be liquidity. And unrelated to maybe the rate cuts, we're seeing more liquidity in the office sector, right? Some of those assets that we've taken back or on the watch list didn't historically have a lot of liquidity, just given the uncertainty. I think the market there has found some stable ground, and you're starting to see real liquidity in that sector. Again, I'm not sure it's directly related to rate cuts. I think it's more about just time and seeing where leasing is shaking out and finding some stability in the overall occupancy and leasing market.

Chris Muller
Got it. That's very helpful. And that's a good segue into my next question on office, and you touched on this a little bit, Matt. But we haven't really seen many new office loans in recent years. So can you guys just talk about your view on that sector, and what makes an office loan attractive these days?

Matt Salem
Sure. I'd say our bar is still high. Jade asked the AI question, certainly, we think there's potential volatility ahead as it relates to technology in real estate. So we need to continue to be mindful of that. The opportunity, I think, is on if you can lend on newer, high-quality assets, and especially for someone like KREF, on stabilized cash flows, like leased or mostly leased assets with long-term leases in place, that's really where we're seeing an attractive opportunity today.

So you're not really taking a lot of leasing risk or reposition risk, you're going to have this stable cash flow in place, you're in a good market, you can see a lot of leasing demand and velocity within that market, and you're in one of the top buildings within that market. I think that's really where we're focused. And there's a substantial amount of data, I think, that can prove not only is there liquidity in the capital markets for owning real estate like that, but there's also a lot of leasing demand as well.

So it's kind of an interesting opportunity for us, where we don't have to take a lot of repositioning risk. We can just lend on really high-quality real estate that's already leased.

Chris Muller
Got it. Very helpful. And if I could just squeeze one more quick one in. Should we expect originations to mostly be in line with repayments as you execute this more aggressive resolution strategy? Or could we see some net portfolio growth in the coming quarters?

Matt Salem
Yes. I would think about it as you really need to look at it through two lenses. One is, repayments and recycling that capital, to answer your question, yes, we'll try to recycle that capital into new loans. The second piece is just making sure we're staying within our targeted leverage ratio, right? Those are the two things that we're balancing.

Chris Muller
Got it. So REO sales may be the missing piece of that puzzle there?

Matt Salem
Yes. And as we liquidate REO, we'll be able to increase portfolio size, would be the other piece of that as well. You're right.

Chris Muller
Got it. Appreciate you guys taking the questions today.

Operator
And we have a follow-up from Jade Rahmani with KBW. Please go ahead.

Jade Rahmani
Thanks very much. On Mountain View, could you quantify how much dollars you expect to put in? And do you see a potential gain there?

Matt Salem
Hi, Jade, it's Matt. We don't have a lease yet. I don't think we'd want to comment on potential CapEx, TI, etc., until we have a lease. At that point in time, when we have the final numbers, we can certainly go through that.

The answer to your second part is, everything we're seeing today, I'll comment again, we don't have a lease done, but everything we're seeing today would suggest that we've got significant value in that asset above where we're carrying it today.

Jade Rahmani
Okay. That's good to know. And then office, there's a couple of 2021 and early 2022 vintage risk 3 loans. I'm not sure if that's what you're referring to in your office comments, including Washington, D.C., Plano and Dallas. So just if you could comment on that.

Matt Salem
Yes. And I think we can take everybody through this again in more detail next quarter. I guess a couple of things. One, we’re not worried about all of our office 3 rated loans, to be clear. You called out some of the Dallas assets, I'd expect those assets are perfectly fine, and we have D.C. assets that are totally fine. We're going to get a fair amount of repayments in our office portfolio this year from that seasoned piece from 2021 or earlier. So we're looking at each particular asset. I think most of them are going to get repaid. To the extent we're not going to get repaid, we may just choose to note sale those or recut a deal with the borrower, etc., to make sure that we can get on a call and have that piece of the portfolio reduced.

Jade Rahmani
Thanks very much.

CONCLUSION

Operator
This concludes our question-and-answer session. I would like to turn the conference back over to Jack Switala for any closing remarks.

Jack Switala
Well, great. Thanks, operator. And thanks, everyone, for joining us this morning. You can reach out to me or the team here with any questions. Take care.

Operator
The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.