

KKR Real Estate Finance Trust Inc.

1st Quarter 2018 Supplemental Information

May 9, 2018



Legal Disclosures

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This presentation contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which reflect the Company's current views with respect to, among other things, its future operations and financial performance. You can identify these forward looking statements by the use of words such as "outlook," "believe," "expect," "potential," "continue," "may," "should," "seek," "approximately," "predict," "intend," "will," "plan," "estimate," "anticipate," the negative version of these words, other comparable words or other statements that do not relate strictly to historical or factual matters. 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; the level and volatility of prevailing interest rates and credit spreads; adverse changes in the real estate and real estate capital markets; general volatility of the securities markets in which the Company participates; changes in the Company's business, investment strategies or target assets; difficulty in obtaining financing or raising capital; adverse legislative or regulatory developments; reductions in the yield on the Company's investments and increases in the cost of the Company's financing; acts of God such as hurricanes, earthquakes and other natural disasters, 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; deterioration in the performance of properties securing the Company's investments that may cause deterioration in the performance of the Company's investments and, potentially, principal losses to the Company; defaults by borrowers in paying debt service on outstanding indebtedness; the adequacy of collateral securing the Company's investments and declines in the fair value of the Company's investments; adverse developments in the availability of desirable investment opportunities whether they are due to competition, regulation or otherwise; difficulty in successfully managing the Company's growth, including integrating new assets into the Company's existing systems; the cost of operating the Company's platform, including, but not limited to, the cost of operating a real estate investment platform and the cost of operating as a publicly traded company; the availability of qualified personnel and the Company's relationship with our Manager; KKR controls the Company and its interests may conflict with those of the Company's stockholders in the future; the Company's qualification as a REIT for U.S. federal income tax purposes and the Company's exclusion from registration under the Investment Company Act of 1940; authoritative GAAP or policy changes from such 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, 2017, filed with the SEC on February 28, 2018, as such factors may be updated from time to time in the Company's periodic filings with the SEC, which are accessible on the SEC's website at www.sec.gov. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in this presentation. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements and information included in this presentation and in the Company's filings with the SEC.

All forward looking statements in this presentation speak only as of May 9, 2018. 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 March 31, 2018 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.

1Q18 Key Highlights

Financials

- Net income attributable to common stockholders of \$23.3 million, or \$0.44 per share, up 37% QoQ; Net Core Earnings⁽¹⁾ of \$18.9 million, or \$0.35 per share, up 10% QoQ
- Book value of \$19.79 per share for 1Q compared to \$19.73 for 4Q17
- Paid 1Q dividend of \$0.40 per share on April 13, 2018
- Subsequent to quarter end, declared 2Q dividend of \$0.43 per share, equating to a 8.6% annualized dividend yield⁽²⁾ and payable on July 13, 2018 to shareholders of record on June 29, 2018

Originations

- Originated \$411.4 million of floating-rate senior loans with a weighted average LTV of 64%⁽³⁾
- LTM originations of \$1.6 billion
- Subsequent to quarter end, originated a \$350 million floating-rate senior loan with an LTV of 71%⁽³⁾

Total Portfolio

- Outstanding total loan portfolio of \$2.5 billion, up 19% from 4Q
- Portfolio weighted average LTV of 67%⁽³⁾
- Senior loans weighted average LTV of 67%⁽³⁾
- Weighted average risk rating of 2.9 (Average Risk)
- Subsequent to quarter end, sold CMBS B-Piece investments for net proceeds of \$112.7 million and a realized gain of \$11.9 million in 2Q, out of which \$5.4 million was unrealized in 1Q

Capitalization

- \$0.5 billion of undrawn capacity on secured financing facilities
- Subsequent to quarter end, closed \$400 million term loan financing facility providing matched-term financing on a non-mark to market and non-recourse basis

Interest Rate Sensitivity

- 94% of the portfolio is floating-rate
- A 50 basis point increase in one-month USD LIBOR would increase net interest income by \$3.0 million or \$0.06 per share over the next twelve months⁽⁴⁾

Note: Net income attributable to common stockholders per share and Net Core Earnings per share based on diluted weighted average shares outstanding as of March 31, 2018; 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 March 31, 2018.

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

(2) Based on KREF closing price as of May 9, 2018.

(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.

(4) Assumes spot one-month USD LIBOR rate of 1.88%.

1Q18 Financial Summary

Income Statement

(\$ in Millions, except per share data)

	1Q18
Net Interest Income	\$21.0
Other Income	9.2
Operating Expenses and Other	(6.9)
Net Income Attributable to Common Stockholders	\$23.3
Weighted Average Shares Outstanding, Diluted	53,378,467
Net Income Per Share	\$0.44
Net Core Earnings, Diluted ⁽¹⁾	\$18.9
Net Core Earnings per Share⁽¹⁾	\$0.35
Dividend per Share	\$0.40

Balance Sheet

(\$ in Millions, except per share data)

	1Q18
Total Portfolio	\$2,473.8
Secured Debt Outstanding Face Amount	1,287.1
Senior Loan Interests ⁽²⁾	145.6
Total Leverage	\$1,432.7
Total Stockholders' Equity	1,050.3
Cash	23.1
Debt-to-Equity Ratio⁽³⁾	1.2x
Total Leverage Ratio⁽⁴⁾	1.3x
Shares Outstanding	53,075,575
Book Value per Share	\$19.79

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

(2) Includes \$82.0 million of Loan Participations Sold and \$63.6 million of Non-Consolidated Senior Interests, which resulted from non-recourse sales of senior loan interests in loans KREF originated.

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

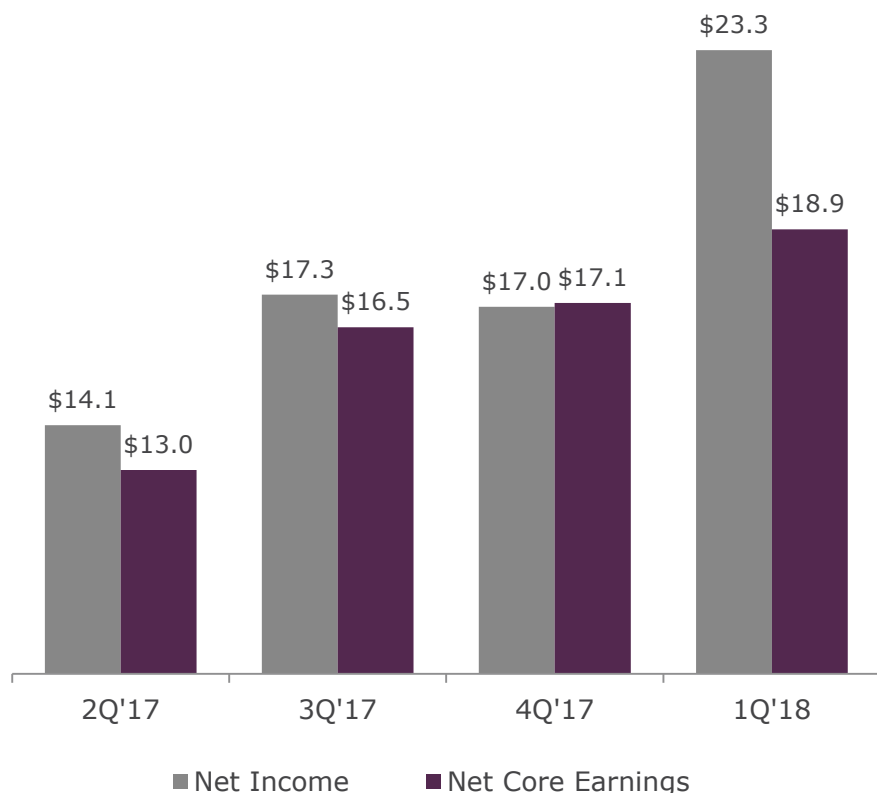
(4) Represents (i) total outstanding face amount of secured debt agreements, loan participations sold and non-consolidated senior interests less cash to (ii) total stockholders' equity.

Recent Operating Performance

- 1Q 2018 Net Income attributable to common stockholders increased to \$23.3 million, up 37% QoQ; Net Core Earnings⁽¹⁾ increased to \$18.9 million, up 10% QoQ
- Book value per share increased to \$19.79 in 1Q
- Subsequent to quarter end, declared 2Q dividend of \$0.43 per share, equating to a 8.6% annualized dividend yield⁽²⁾ based on KREF closing price as of May 9, 2019 and 8.7% based on 1Q book value per share

Net Income⁽³⁾ and Net Core Earnings⁽¹⁾

(\$ in Millions)



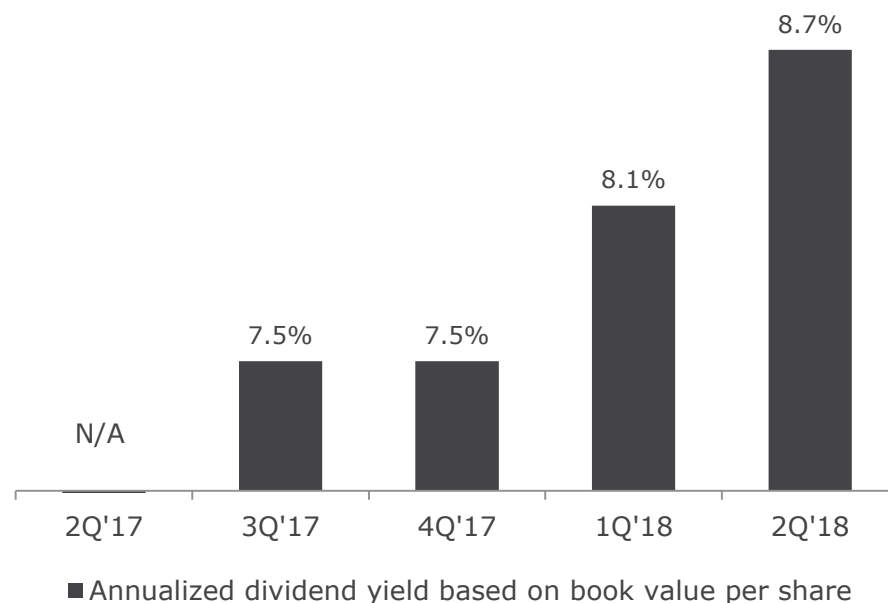
Dividends and Book Value Per Share

Book value per share:

\$19.83 \$19.78 \$19.73 \$19.79 \$19.79⁽⁴⁾

Dividend per share:

\$0.25 \$0.37 \$0.37 \$0.40 \$0.43



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

(2) Based on KREF closing price as of May 9, 2018.

(3) Represents Net Income attributable to common stockholders.

(4) Book value per share as of March 31, 2018.

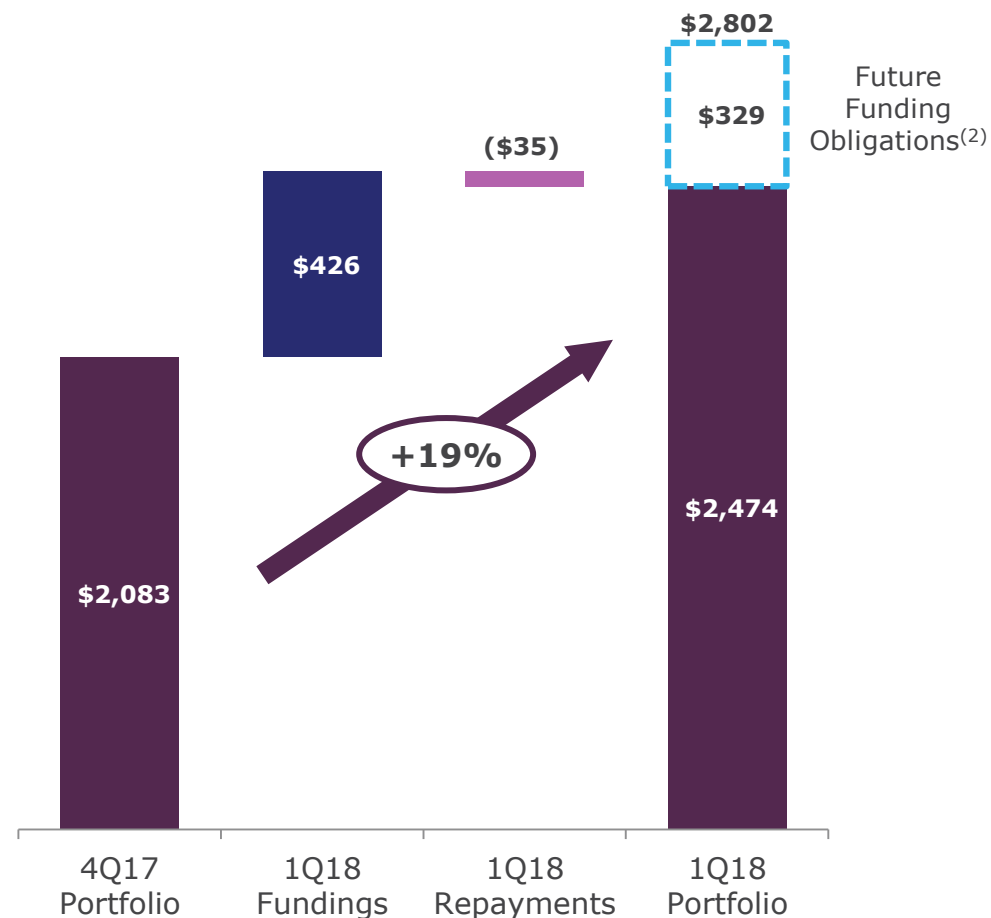
1Q18 Loan Originations

Summary of 1Q18 Originations

5	New loans originated
\$411mm	Committed to new loans
100%	Senior loans
100%	Floating-rate loans
64%	Weighted average LTV
L+3.1%	Weighted average coupon
13.0%	Weighted average underwritten IRR⁽¹⁾

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.

1Q18 Loan Originations – Case Studies

Investment	St. Paul Office	New York Multifamily
Loan Type	Floating-Rate Senior Loan	Floating-Rate Senior Loan
Loan Size	\$76 million	\$89 million
Location	St. Paul, MN	Westbury, NY
Collateral	37-story, 656k SF Class-A office building	195-unit Class-A multifamily rental building
Loan Purpose	Refinance	Refinance
LTV ⁽¹⁾	73%	69%
Investment Date	January 2018	March 2018

Asset Photos



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

1Q18 Loan Originations – Case Studies (cont'd)

Investment	Seattle Office	Orlando Multifamily	New York Multifamily
Loan Type	Floating-Rate Senior Loan	Floating-Rate Senior Loan	Floating-Rate Senior Loan
Loan Size	\$81 million	\$80 million	\$86 million
Location	Seattle, WA	Orlando, FL	New York, NY
Collateral	172k SF Class-A office building	740-unit Class-B+ multifamily rental complex	186-unit Class-A multifamily rental building
Loan Purpose	Refinance	Refinance	Refinance
LTV ⁽¹⁾	65%	70%	48%
Investment Date	March 2018	March 2018	March 2018

Asset Photos⁽²⁾



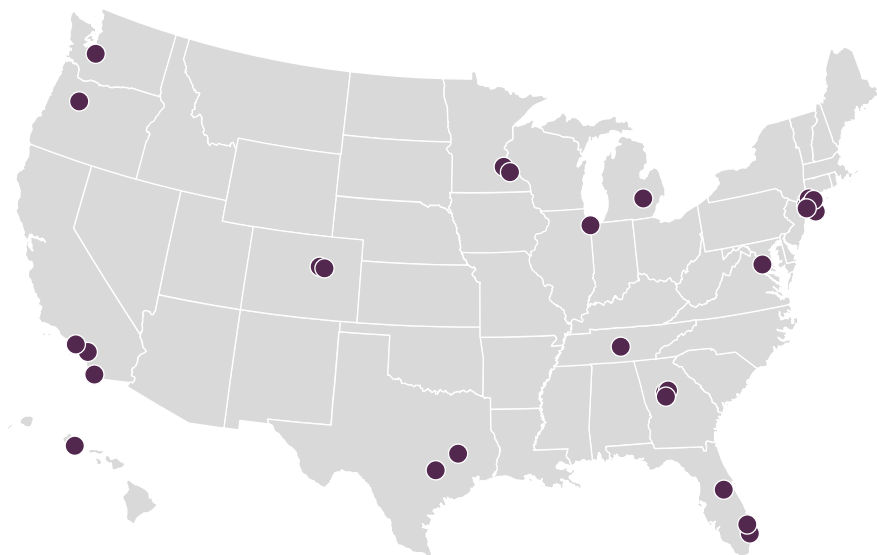
(1) LTV based on initial loan amount divided by the as-is appraised value as of the date the loan was originated.

(2) Asset photo for New York Multifamily loan represents rendering, not actual property photo.

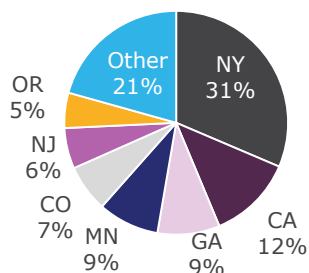
1Q18 KREF Portfolio by the Numbers

- \$2.5 billion portfolio comprised of 37 investments
- Portfolio weighted average LTV of 67%⁽¹⁾

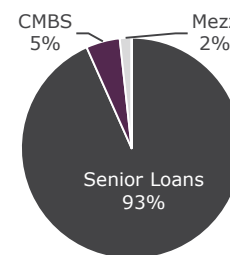
Geography⁽²⁾



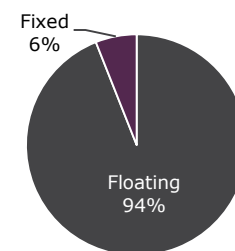
Note: Map does not include Midwest Mezzanine portfolio (\$5.5 million)



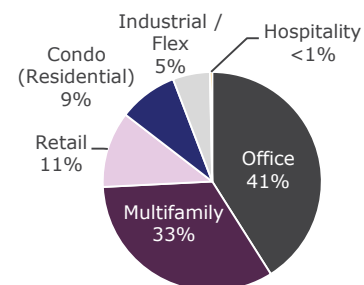
Investment Type⁽³⁾



Interest Rate Type



Property Type⁽²⁾



Note: The charts above are based on total assets. Total assets reflect (i) the principal amount of our senior and mezzanine loans and (ii) the cost basis of our CMBS B-Pieces, net of VIE liabilities. In accordance with GAAP, we carry our CMBS B-Pieces at fair value, which we valued above our cost basis as of March 31, 2018.

(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 13 for additional details.

(2) Excludes CMBS B-Pieces.

(3) 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.

1Q18 Financing Overview

- Total financing capacity of \$1.8 billion with \$0.5 billion of undrawn capacity
- Subsequent to quarter end, closed a \$400 million term loan financing facility providing matched-term financing on a non-mark to market and non-recourse basis

Summary of Outstanding Financing

(\$ in Millions)

	Maximum Capacity	Outstanding Face Amount	Weighted Average Coupon
Term Credit Facilities	\$1,750 ⁽¹⁾	\$1,287	L+2.0%
Corporate Revolving Facility	\$75	--	--
Total Secured Debt	\$1,825	\$1,287	
Senior Loan Interests⁽²⁾	\$146	\$146	L+1.9%
Total Leverage	\$1,971	\$1,433	

Debt-to-Equity Ratio of 1.2x⁽³⁾

Total Leverage Ratio of 1.3x⁽⁴⁾

(1) Subject to customary conditions, KREF is permitted to request the Morgan Stanley facility be further increased by an additional \$150 million.

(2) Includes \$82.0 million of Loan Participations Sold and \$63.6 million of Non-Consolidated Senior Interests, which result from non-recourse sales of senior loan interests in loans KREF originated.

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

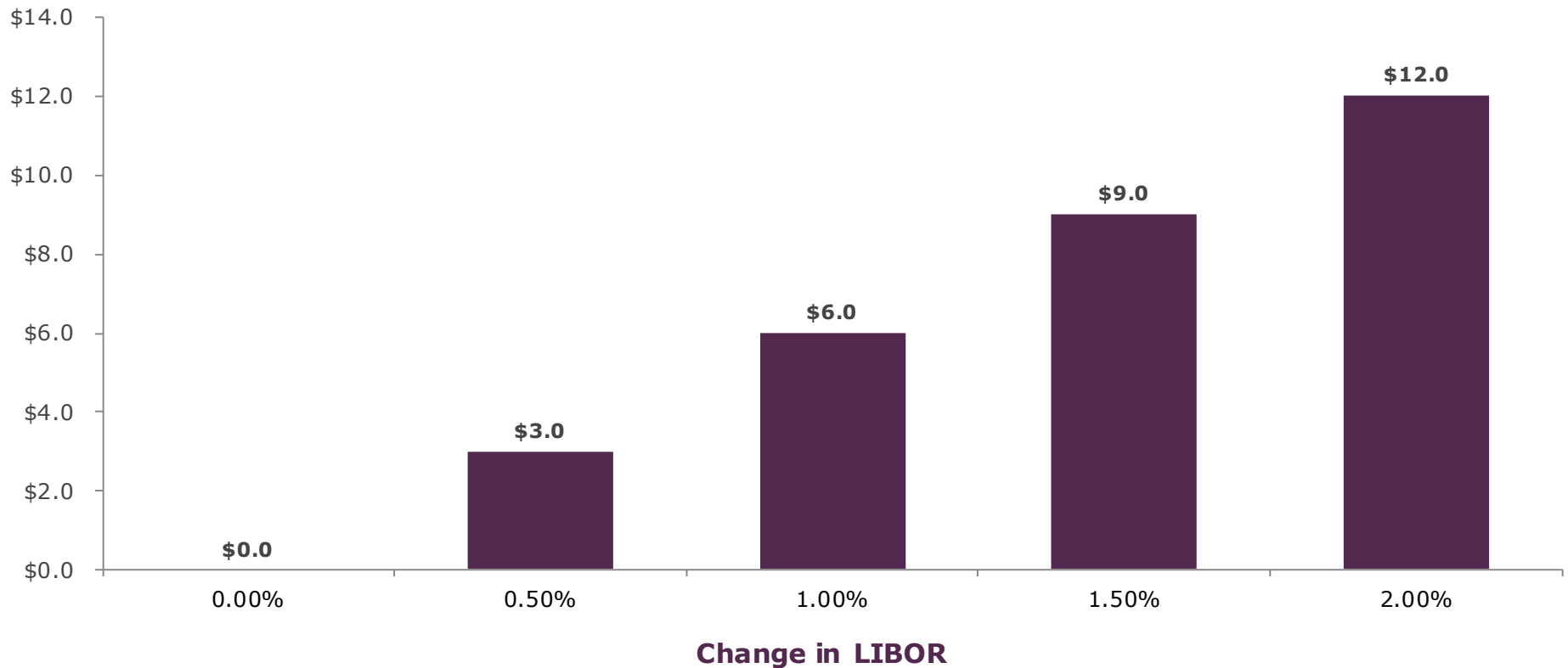
(4) Represents (i) total outstanding face amount of secured debt agreements, loan participations sold and non-consolidated senior interests less cash to (ii) total stockholders' equity.

Interest Rate Sensitivity

- KREF benefits in a rising rate environment
- 94% 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 \$3.0 million or \$0.06 per share over the next 12 months⁽¹⁾⁽²⁾

Net Interest Income Sensitivity to LIBOR Increases⁽¹⁾⁽²⁾

(\$ in Millions)



(1) As of March 31, 2018, assumes loans are drawn up to maximum approved advance rate based on current principal amount; per share amount assumes 53,075,575 shares outstanding.

(2) Assumes spot one-month USD LIBOR rate of 1.88%.

Appendix

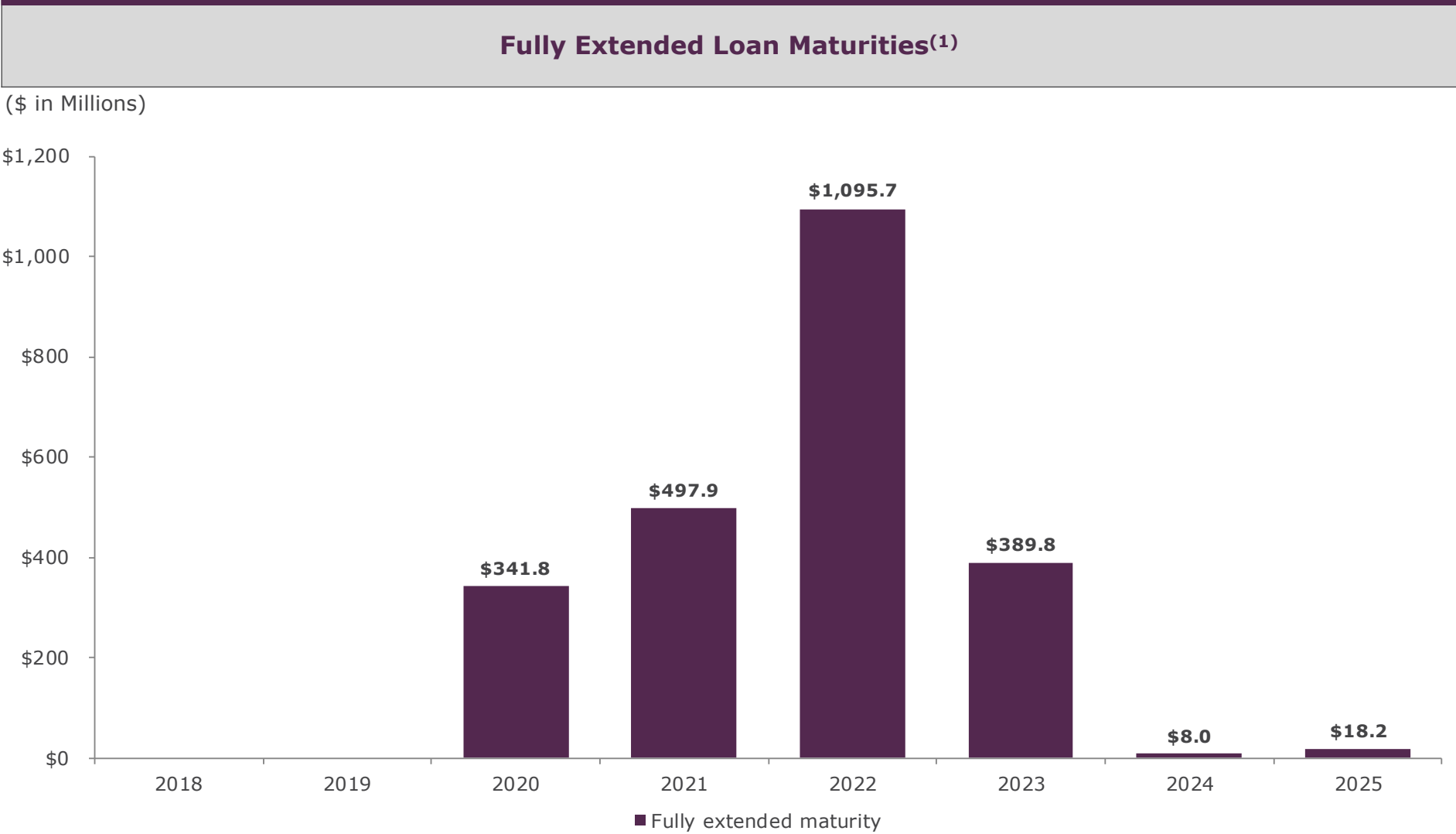
Portfolio Details

#	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 (Resi)	8/4/2017	\$239.2	\$205.5	\$84.4	\$0.0	L + 4.8%	2.3	69%
2	Senior Loan	Minneapolis, MN	Office	11/13/2017	181.8	137.9	33.7	43.9	L + 3.8%	4.7	75%
3	Senior Loan	Portland, OR	Retail	10/26/2015	177.0	119.8	43.9	57.2	L + 5.5%	2.6	61%
4	Senior Loan	San Diego, CA	Office	9/9/2016	168.0	150.5	47.0	17.5	L + 4.2%	3.5	71%
5	Senior Loan	Irvine, CA	Office	4/11/2017	162.1	133.0	35.3	29.1	L + 3.9%	4.1	62%
6	Senior Loan	North Bergen, NJ	Multifamily	10/23/2017	150.0	138.4	62.2	11.6	L + 4.3%	4.6	57%
7	Senior Loan	Brooklyn, NY	Retail	9/27/2016	138.6	122.5	40.7	16.1	L + 5.0%	3.5	59%
8	Senior Loan	Brooklyn, NY	Office	3/30/2017	132.3	105.7	31.9	26.6	L + 4.4%	4.0	68%
9	Senior Loan	Atlanta, GA	Office	8/15/2017	119.0	95.3	13.2	5.8	L + 3.0%	4.4	66%
10	Senior Loan	Honolulu, HI	Multifamily	8/23/2017	105.0	100.0	24.4	5.0	L + 4.0%	4.4	66%
11	Senior Loan	Crystal City, VA	Office	9/14/2016	103.5	87.1	32.7	16.4	L + 4.5%	3.5	59%
12	Senior Loan	Westbury, NY	Multifamily	3/8/2018	89.0	87.0	86.6	2.0	L + 3.1%	5.0	69%
13	Senior Loan	New York, NY	Multifamily	3/29/2018	86.0	86.0	85.4	0.0	L + 2.6%	5.0	48%
14	Senior Loan	Denver, CO	Multifamily	2/28/2017	85.9	79.4	15.6	0.0	L + 3.8%	3.9	75%
15	Senior Loan	Denver, CO	Multifamily	8/4/2017	81.0	81.0	19.7	0.0	L + 4.0%	4.3	73%
16	Senior Loan	Seattle, WA	Office	3/20/2018	80.9	79.0	19.0	1.9	L + 3.5%	5.0	65%
17	Senior Loan	Orlando, FL	Multifamily	3/28/2018	80.0	67.8	67.5	12.2	L + 2.8%	5.0	70%
18	Senior Loan	Austin, TX	Multifamily	2/15/2017	79.2	61.9	17.1	17.3	L + 4.2%	3.9	71%
19	Senior Loan	St Paul, MN	Office	1/16/2018	75.5	70.0	17.0	5.5	L + 3.6%	4.9	73%
20	Senior Loan	Queens, NY	Industrial	7/21/2017	75.1	61.4	15.0	13.7	L + 3.7%	4.3	72%
21	Senior Loan	New York, NY	Multifamily	10/7/2016	74.5	70.3	21.3	4.2	L + 4.4%	3.6	68%
22	Senior Loan	Atlanta, GA	Industrial	12/17/2015	73.0	67.5	18.2	5.5	L + 4.0%	2.8	73%
23	Senior Loan	Atlanta, GA	Office	5/12/2017	61.9	48.8	16.7	13.1	L + 4.0%	4.2	71%
24	Senior Loan	Nashville, TN	Office	5/19/2016	55.0	52.8	13.3	2.2	L + 4.3%	3.8	70%
Total / Weighted Average					\$2,673.4	\$2,308.6	\$861.8	\$306.6	L + 4.0%	4.0	67%
Mezzanine Loans											
1	Mezzanine Loan	Chicago, IL	Retail	6/23/2015	\$16.5	\$16.5	\$16.4	-	L + 9.2%	2.3	82%
2 - 7	Fixed Rate Mezzanine Loans	Various	Various	Various	26.2	26.2	24.9	-	10.6%	7.1	77%
Total / Weighted Average					\$42.7	\$42.7	\$41.3	-	10.8%	5.3	79%
CMBS											
Total / Weighted Average					\$349.2	\$327.2	\$122.5	\$22.0	4.3%	7.9	64%
Portfolio Total / Weighted Average					\$3,065.3	\$2,678.5	\$1,025.6	\$328.6	5.9%	4.2	67%
1Q18 Outstanding Portfolio⁽⁸⁾											\$2,473.8

- 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.
- 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.
- Represents Committed Principal Amount less Current Principal Amount on Senior Loans with the exception of Senior Loan 9 and Senior Loan 14, 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 \$22.0 million of remaining commitment to RECOP.
- 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.
- L = one-month USD LIBOR rate; spot one-month USD LIBOR rate of 1.88% included in mezzanine loan and portfolio-wide averages represented as fixed rates.
- Max remaining term (years) assumes all extension options are exercised, if applicable.
- 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 initial loan amount of \$239.2 million divided by the appraised net sell-out value of \$345.4 million; for CMBS B-Pieces, LTV is based on the weighted average LTV of the underlying loan pool at issuance.
- 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 4.0 years⁽¹⁾



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



Consolidated Balance Sheets

(in thousands - except share and per share data)	March 31, 2018	December 31, 2017
Assets		
Cash and cash equivalents	\$ 23,124	\$ 103,120
Restricted cash	-	400
Commercial mortgage loans, held-for-investment, net	2,273,190	1,888,510
Equity method investments, at fair value	18,295	14,390
Accrued interest receivable	8,796	8,423
Other assets	2,755	7,239
Commercial mortgage loans held in variable interest entities, at fair value	5,278,715	5,372,811
Total Assets	\$ 7,604,875	\$ 7,394,893
Liabilities and Equity		
Liabilities		
Secured financing agreements, net	\$ 1,282,583	\$ 964,800
Loan participations sold, net	81,500	81,472
Accounts payable, accrued expenses and other liabilities	3,111	2,465
Dividends Payable	21,458	19,981
Accrued interest payable	2,138	1,623
Due to affiliates	4,082	4,442
Variable interest entity liabilities, at fair value	5,157,430	5,256,926
Total Liabilities	6,552,302	6,331,709
Commitments and Contingencies		
Temporary Equity		
Redeemable noncontrolling interests in equity of consolidated joint venture	1,329	3,090
Redeemable preferred stock	949	949
Permanent Equity		
Preferred stock, 50,000,000 authorized (1 share with par value of \$0.01 issued and outstanding as of March 31, 2018 and December 31, 2017, respectively)	-	-
Common stock, 300,000,000 authorized (53,075,575 and 53,685,440 shares with par value of \$0.01 issued and outstanding as of March 31, 2018 and December 31, 2017, respectively)	531	537
Additional paid-in capital	1,053,869	1,052,851
Retained earnings	8,330	6,280
Repurchased stock, 636,263 and 26,398 shares repurchased as of March 31, 2018 and December 31, 2017, respectively	(12,435)	(523)
Total KKR Real Estate Finance Trust Inc. stockholders' equity	1,050,295	1,059,145
Total Permanent Equity	1,050,295	1,059,145
Total Liabilities and Equity	\$ 7,604,875	\$ 7,394,893

Consolidated Statements of Income

(in thousands - except share and per share data)	For the Three Months Ended		
	March 31, 2018	December 31, 2017	March 31, 2017
Net Interest Income			
Interest income	\$ 31,694	\$ 28,385	\$ 12,906
Interest expense	10,690	8,632	3,953
Total net interest income	21,004	19,753	8,953
Other Income			
Change in net assets related to consolidated variable interest entities	8,489	3,035	4,610
Income from equity method investments	548	414	16
Other income	161	352	164
Total other income (loss)	9,198	3,801	4,790
Operating Expenses			
General and administrative	2,663	1,682	952
Management fees to affiliate	3,939	3,979	2,036
Total operating expenses	6,602	5,661	2,988
Income (Loss) Before Income Taxes, Noncontrolling Interests and Preferred Dividends	23,600	17,893	10,755
Income tax expense	175	714	122
Net Income (Loss)	23,425	17,179	10,633
Redeemable Noncontrolling Interests in Income (Loss) of Consolidated Joint Venture	34	82	46
Noncontrolling Interests in Income (Loss) of Consolidated Joint Venture	-	-	210
Net Income Attributable to KKR Real Estate Finance Trust Inc. and Subsidiaries	23,391	17,097	10,377
Preferred Stock Dividends	111	63	13
Net Income (Loss) Attributable to Common Stockholders	\$ 23,280	\$ 17,034	\$ 10,364
Net Income (Loss) Per Share of Common Stock, Basic and Diluted	\$ 0.44	\$ 0.32	\$ 0.39
Weighted Average Number of Shares of Common Stock Outstanding, Basic	53,337,915	53,685,440	26,879,428
Weighted Average Number of Shares of Common Stock Outstanding, Diluted	53,378,467	53,688,027	26,879,428
Dividends Declared per Share of Common Stock	\$ 0.40	\$ 0.37	\$ 0.35

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

	1Q18	4Q17
<i>(\$ in thousands, except share and per share data)</i>		
Net Income Attributable to Common Stockholders	\$23,280	\$17,034
<i>Adjustments</i>		
Non-cash equity compensation expense	1,018	25
Incentive compensation to affiliate	-	-
Depreciation and amortization	-	-
Unrealized (gains) or losses	(5,377)	79
Core Earnings⁽¹⁾	\$18,921	\$17,138
Weighted Average Shares Outstanding		
Basic	53,337,915	53,685,440
Diluted	53,378,467	53,688,027
Core Earnings per Weighted Average Share, Basic and diluted⁽¹⁾	\$0.35	\$0.32
Core Earnings ⁽¹⁾		
	\$18,921	\$17,138
Less: Incentive compensation to affiliate	-	-
Net Core Earnings⁽¹⁾	\$18,921	\$17,138
Net Core Earnings per Weighted Average Share, Basic and diluted⁽¹⁾	\$0.35	\$0.32

(1) See Appendix page 18 for definitions. Excludes \$1.1 million and \$1.1 million, or \$0.02 and \$0.02 per diluted weighted average share outstanding of net original issue discount on CMBS B-pieces accreted as a component of taxable income during 1Q18 and 4Q17, 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. The Company also uses Core Earnings to determine the management and incentive fees it pays to its Manager. 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.