

# KKR Real Estate Finance Trust Inc.

## *Second Quarter 2021 Supplemental Information*

July 26, 2021



# Legal Disclosures

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By their nature, forward-looking statements speak only as of the date they are made, are not statements of historical fact or guarantees of future performance and are subject to risks, uncertainties, assumptions or changes in circumstances that are difficult to predict or quantify, in particular due to the uncertainties created by the COVID-19 pandemic, including the projected impact of COVID-19 on our business, financial performance and operating results. The forward-looking statements are based on the Company's beliefs, assumptions and expectations, taking into account all information currently available to it. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to the Company or are within its control. 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"Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, as such factors may be updated from time to time in the Company's periodic filings with the SEC, which are accessible on the SEC's website at [www.sec.gov](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 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 July 26, 2021. 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, 2021 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		Conservative Balance Sheet	Fully Integrated with KKR	
\$5.6 Billion Investment Portfolio		\$6.1 Billion Financing Capacity	26% KKR Ownership in KREF	
98.3% Senior Loans	83% Multifamily & Office	76% Fully Non-Mark-to-Market <sup>(1)</sup>	\$367 Billion Global AUM <sup>(3)</sup>	\$23 Billion Balance Sheet <sup>(3)</sup>
\$132 Million Average Loan Commitment	13.0% Unfunded	\$634 Million Current Liquidity <sup>(2)</sup>	\$28 Billion Real Estate AUM <sup>(3) (4)</sup>	114 Real Estate Professionals
<i>Purpose built</i> portfolio of <i>senior loans</i> secured primarily by <i>lighter transitional, institutional multifamily and office properties</i> owned by <i>high quality sponsors</i> .		<i>Conservative</i> liability management focused on <i>diversified non-mark-to-market</i> financing capacity	<i>One firm culture</i> that rewards <i>investment discipline, creativity, determination and patience</i> and emphasizes the <i>sharing of information, resources, expertise and best practices</i>	

(1) Based on outstanding face amount of secured financing, including non-consolidated senior interests, and excludes convertible notes and the corporate revolving credit facility. 100% of financings are non-mark-to-capital markets marks.  
(2) Includes \$119.2 million in cash, \$335.0 million undrawn corporate revolver capacity, and \$138.8 million of available borrowings based on existing collateral.  
(3) As of March 31, 2021.  
(4) Figures represent AUM across all KKR real estate transactions.

# Second Quarter 2021 Highlights

## Financials

- 2Q Net income<sup>(1)</sup> of \$0.52 per diluted share and Distributable Earnings<sup>(2)</sup> of \$0.54 per diluted share; 126% dividend coverage in 2Q
- Book value<sup>(3)</sup> of \$18.91 per share, compared to \$18.89 per share in 1Q'21
  - Earnings benefited from portfolio performance and in-place rate floors; approximately 57% of the loan portfolio is subject to LIBOR floor of at least 1.0% with a weighted average floor of 1.34%, resulting in book value accretion
  - Book value<sup>(3)</sup> per share inclusive of (\$1.05) per common share CECL allowance and net of (\$0.11) per common share of preferred stock offering costs

## Originations

- Originated eight floating-rate senior loans totaling \$967.1 million and funded \$69.3 million on previously originated loans
- Subsequent to quarter-end, originated two floating-rate senior loans totaling \$345.0 million

## Portfolio

- \$5.6 billion predominantly senior loan portfolio
  - Multifamily and office assets represent 83% of loan portfolio; only 6% of portfolio is comprised of hospitality and retail assets
  - Weighted average risk rating of 3.1
  - Received \$271.0 million in loan repayments and collected 97.3% of interest payments due on loan portfolio

## Liquidity & Capitalization

- Issued 6.9 million shares of 6.5% Series A Cumulative Redeemable Preferred Stock (liquidation price of \$25.0/share), and received net proceeds of \$167.1 million
- \$633.5 million of available liquidity, including \$119.2 million of cash, \$138.8 million of available borrowings based on existing collateral, and \$335.0 million undrawn on the corporate revolver
- 76% of financing is fully non-mark-to-market and the remaining balance is only mark-to-credit
- In July 2021, priced a \$1.30 billion managed CLO. The CLO is expected to close on or around August 16, 2021 and will provide KREF with match-term financing on a non-mark-to market and non-recourse basis, and features a two-year reinvestment period with an 84.25% advance rate at a weighted average cost of capital of L+1.30%, before transaction costs.

Note: Net income attributable to common stockholders per share and Distributable Earnings per share are based on diluted weighted average shares outstanding for the quarter ended June 30, 2021; book value per share is based on common shares outstanding as of June 30, 2021.

(1) Represents Net Income attributable to common stockholders.

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

(3) Book value per share includes the year-to-date ("YTD") impact of a (\$0.5) million, or (\$0.01) per common share, non-cash redemption value adjustment to our redeemable Special Non-Voting Preferred Stock ('SNVPS'), resulting in a cumulative (since issuance of the SNVPS) decrease of \$2.3 million to our book value as of June 30, 2021.

# 2Q'21 Financial Summary

## Income Statement

(\$ in Millions)	2Q21
Net Interest Income	\$40.2
Other Income	1.4
Operating Expenses and Other	(11.1)
Preferred stock dividends and redemption value adjustment	(1.8)
Benefit From Credit Loss Provision	0.6
<b>Net Income Attributable to Common Stockholders</b>	<b>\$29.3</b>
Weighted Average Shares Outstanding, Diluted	55,907,086
<b>Net Income per Share, Diluted</b>	<b>\$0.52</b>
Distributable Earnings <sup>(1)</sup>	\$30.4
<b>Distributable Earnings per Share, Diluted<sup>(1)</sup></b>	<b>\$0.54</b>
<b>Dividend per Share</b>	<b>\$0.43</b>

## Balance Sheet

(\$ in Millions)	2Q21
<b>Total Portfolio</b>	<b>\$5,373.5<sup>(2)</sup></b>
Term Credit Facilities	1,047.6
Term Lending Agreement	900.0
Asset Specific Financing	60.0
Secured Term Loan	298.5
Convertible Notes	143.8
<b>Total Debt</b>	<b>\$2,449.9</b>
Term Loan Facility	992.8
Collateralized Loan Obligation	767.0
<b>Total Leverage</b>	<b>\$4,209.7</b>
Cash	119.2
Total Permanent Equity	1,224.5
Common Stockholders' Equity	1,052.0
<b>Debt-to-Equity Ratio<sup>(3)</sup></b>	<b>1.9x</b>
<b>Total Leverage Ratio<sup>(4)</sup></b>	<b>3.3x</b>
Shares Outstanding	55,637,480
<b>Book Value per Share<sup>(5)</sup></b>	<b>\$18.91</b>

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

(2) Represents the GAAP principal amount on senior and mezzanine/other loans, and net equity in RECOP I.

(3) Represents (i) total debt less cash to (ii) total permanent equity. The debt-to-equity ratio, adjusted for the impact of CECL allowance for credit losses, is 1.8x at 2Q'21.

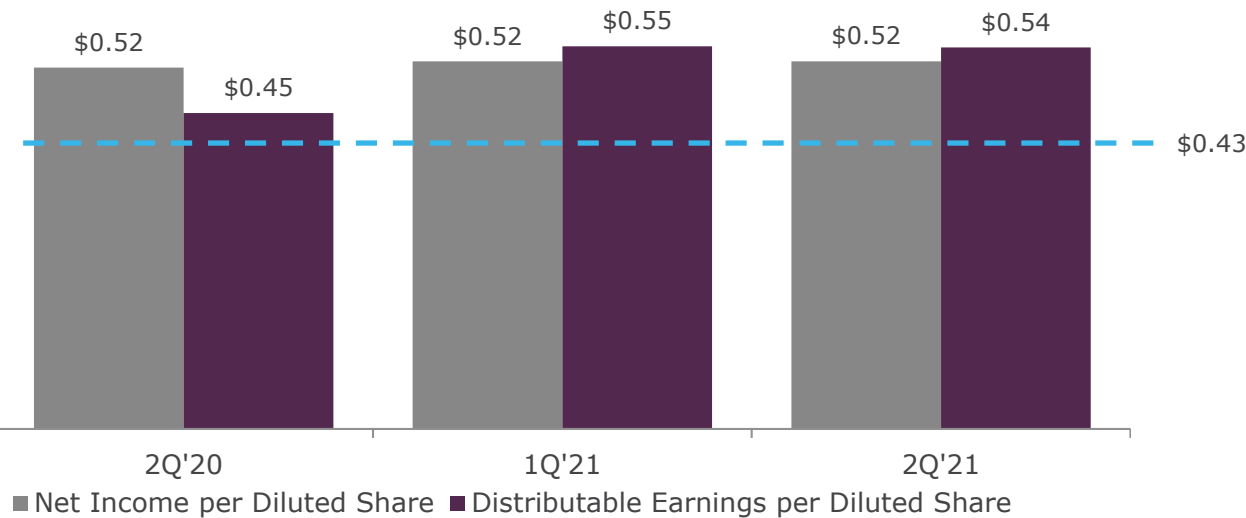
(4) Represents (i) total leverage less cash to (ii) total permanent equity. The total leverage ratio, adjusted for the impact of CECL allowance for credit losses, is 3.2x at 2Q'21.

(5) Book value per share includes (i) CECL credit loss allowance of (\$58.6) million or (\$1.05) per common share, and (iii) the YTD impact of (\$0.5) million, or (\$0.01) per common share, non-cash redemption value adjustment to our redeemable SNVPS, resulting in a cumulative (since issuance of the SNVPS) decrease of \$2.3 million to our book value as of June 30, 2021.

# Recent Operating Performance

## Net Income<sup>(1)</sup> and Distributable Earnings<sup>(2)</sup>

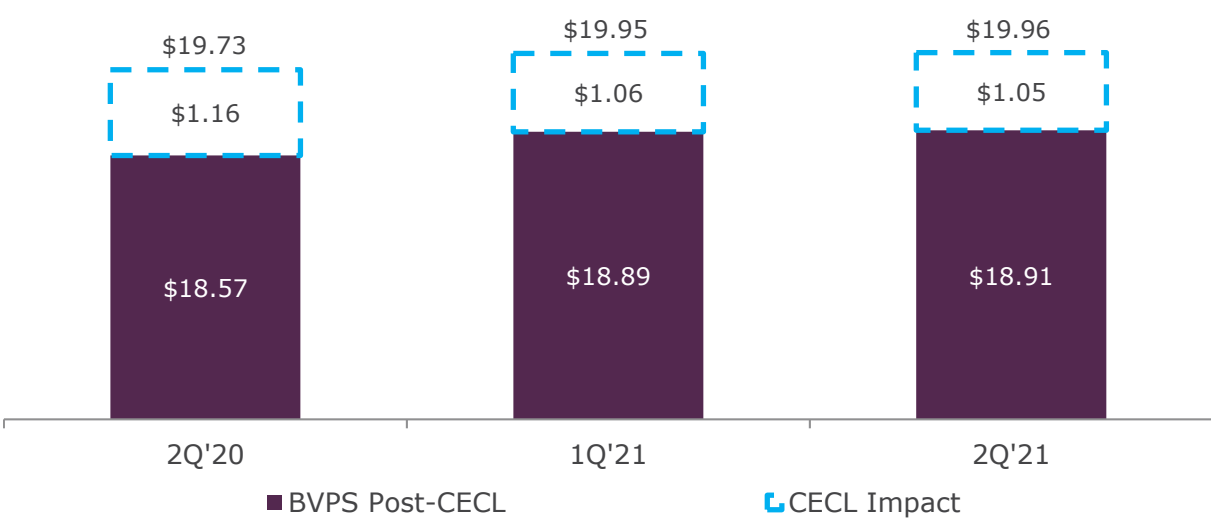
	2Q'20	1Q'21	2Q'21	(\$ in Millions)
Net income:				
	\$28.6	\$29.2	\$29.3	
Distributable earnings:				
	\$25.0	\$30.4	\$30.4	



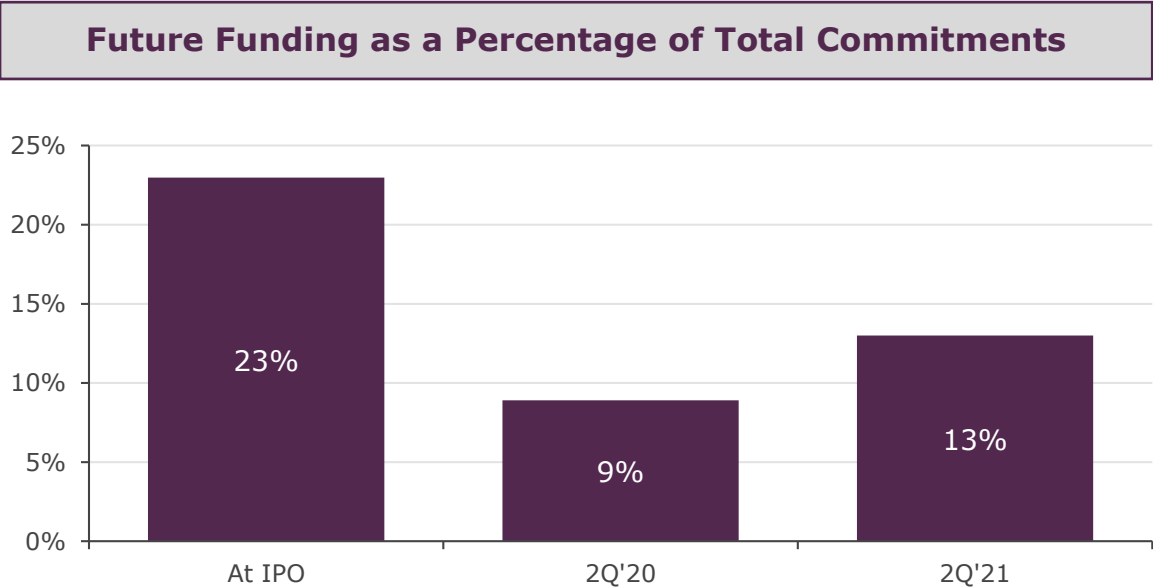
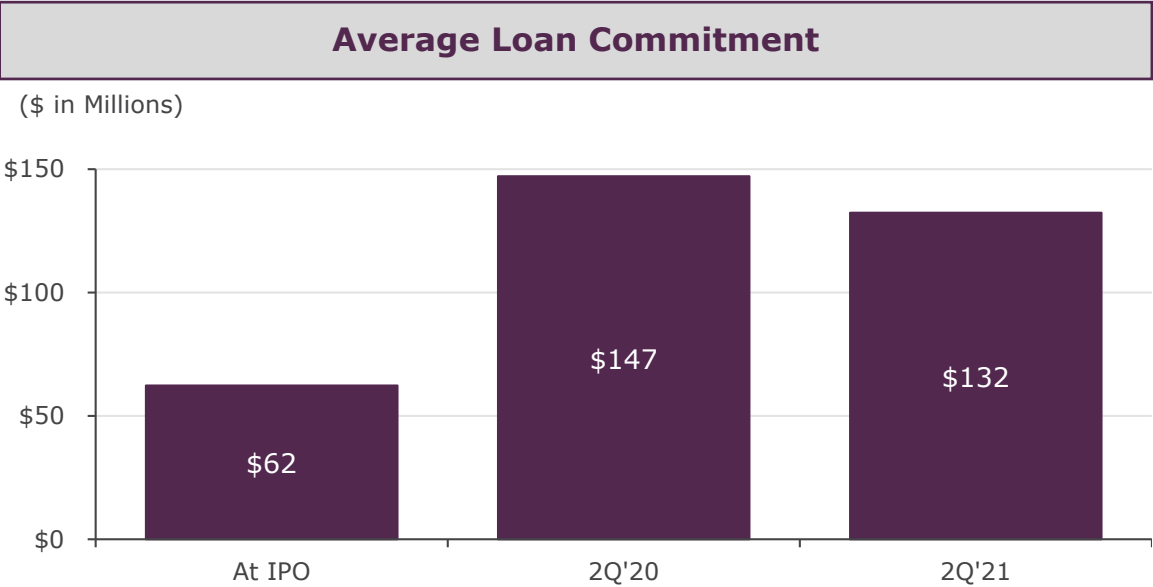
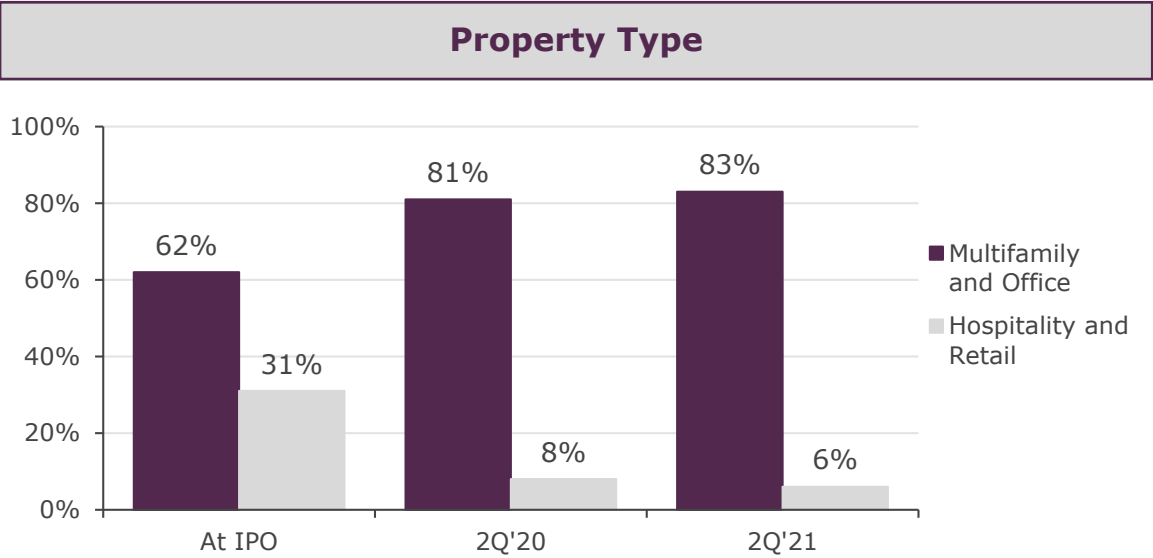
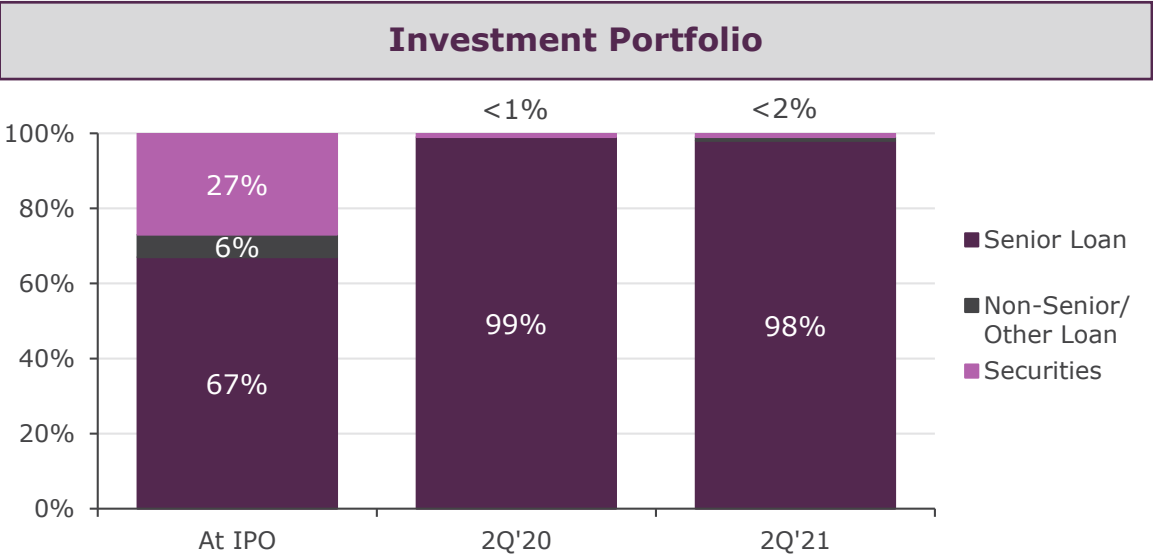
(1) Represents Net Income attributable to common stockholders.  
 (2) See Appendix for definition and reconciliation to financial results prepared in accordance with GAAP.

## Dividends and Book Value Per Share

	2Q'20	1Q'21	2Q'21
Dividend per share:			
	\$0.43	\$0.43	\$0.43
Dividend yield on book value per share:			
	9.3%	9.1%	9.1%

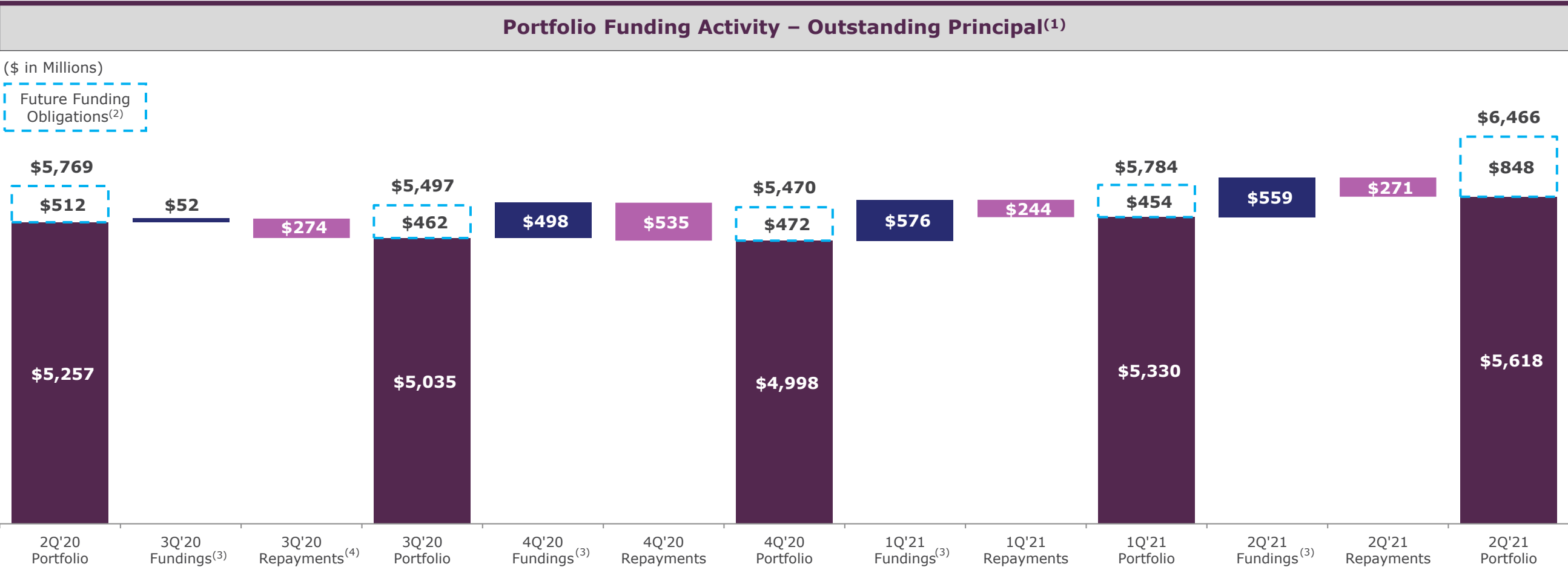


# Conservative Portfolio Construction



Note: The charts above are based on total assets. Total assets reflect the principal amount of our senior and mezzanine/other loans.

# Last Twelve Months Loan Activity



(1) Includes capital committed to our investment in an aggregator vehicle that invests in CMBS.  
(2) Future funding obligations are generally contingent upon certain events and may not result in investment by us.  
(3) Includes \$0.5 million, \$0.8 million, \$1.9 million and \$1.4 million PIK interest for 2Q'21, 1Q'21, 4Q'20 and 3Q'20, respectively.  
(4) Includes \$1.2 million vertical loan syndications for 3Q'20.



# 2Q'21 Loan Originations – Case Studies

Investment	Irving Multifamily	Phoenix Single Family Rental
Loan Type	Floating-Rate Senior Loan	Floating-Rate Senior Loan
Loan Size	\$117.6 million	\$72.1 million
Location	Irving, TX	Phoenix, AZ
Collateral	908-unit Class-B Multifamily	460-Unit Two-Property Portfolio
Loan Purpose	Acquisition	Construction
LTV <sup>(1)</sup>	70%	50%
Investment Date	April 2021	April 2021

## Asset Photos



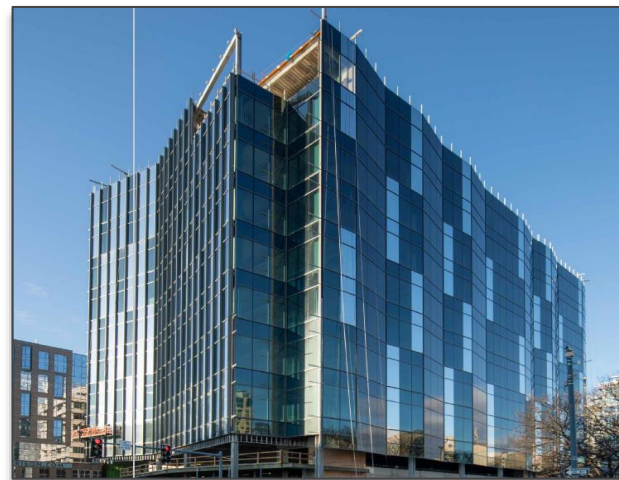
Representative Photo

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

# 2Q'21 Loan Originations – Case Studies

Investment	Boston Office	Mesa Industrial
Loan Type	Floating-Rate Senior Loan	Floating-Rate Senior Loan
Loan Size	\$166.2 million <sup>(1)</sup>	\$77.8 million
Location	Boston, MA	Mesa, AZ
Collateral	One 237k SF Class-A Office Building and One 244k SF Class-B Office Building	Nine Class-A Buildings totaling 862k RSF
Loan Purpose	Acquisition	Refinance
LTV <sup>(2)</sup>	66%	55%
Investment Date	April 2021	May 2021

## Asset Photos



- (1) The total whole loan is \$332.3 million, co-originated and co-funded by KREF and a third party lender. KREF's interest is 50% of the loan.  
 (2) LTV is generally based on initial loan amount divided by the as-is appraised value as of the date the loan was originated.

## 2Q'21 Loan Originations – Case Studies

Investment	Fontana Industrial	Pittsburgh Student Housing
Loan Type	Floating-Rate Senior Loan	Floating-Rate Senior Loan
Loan Size	\$119.9 million	\$112.5 million
Location	Fontana, CA	Pittsburgh, PA
Collateral	Class-A Building totaling 1.2 million RSF	329-unit Student Housing Building
Loan Purpose	Construction	Refinance
LTV <sup>(1)</sup>	64%	74%
Investment Date	May 2021	June 2021

### Asset Photos



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

# 2Q'21 Loan Originations – Case Studies

Investment	Denver Multifamily	Industrial Portfolio
Loan Type	Floating-Rate Senior Loan	Floating-Rate Senior Loans Facility
Loan Size	\$88.5 million	\$212.5 million <sup>(1)</sup>
Location	Denver, CO	Various
Collateral	300-unit Class-A Multifamily	Class-A Industrial Portfolio
Loan Purpose	Refinance	Construction
LTV <sup>(2)</sup>	77%	76%
Investment Date	June 2021	June 2021

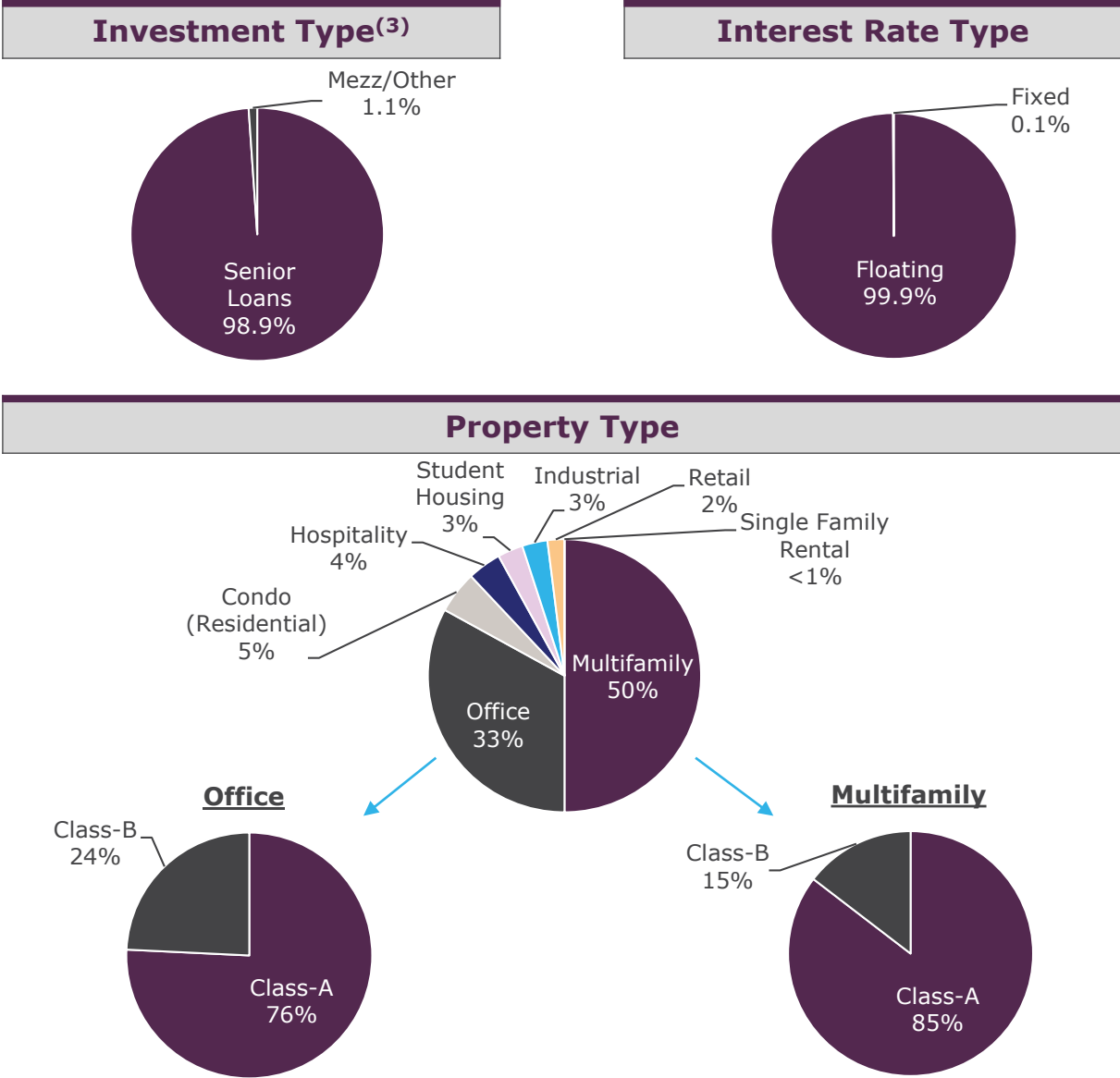
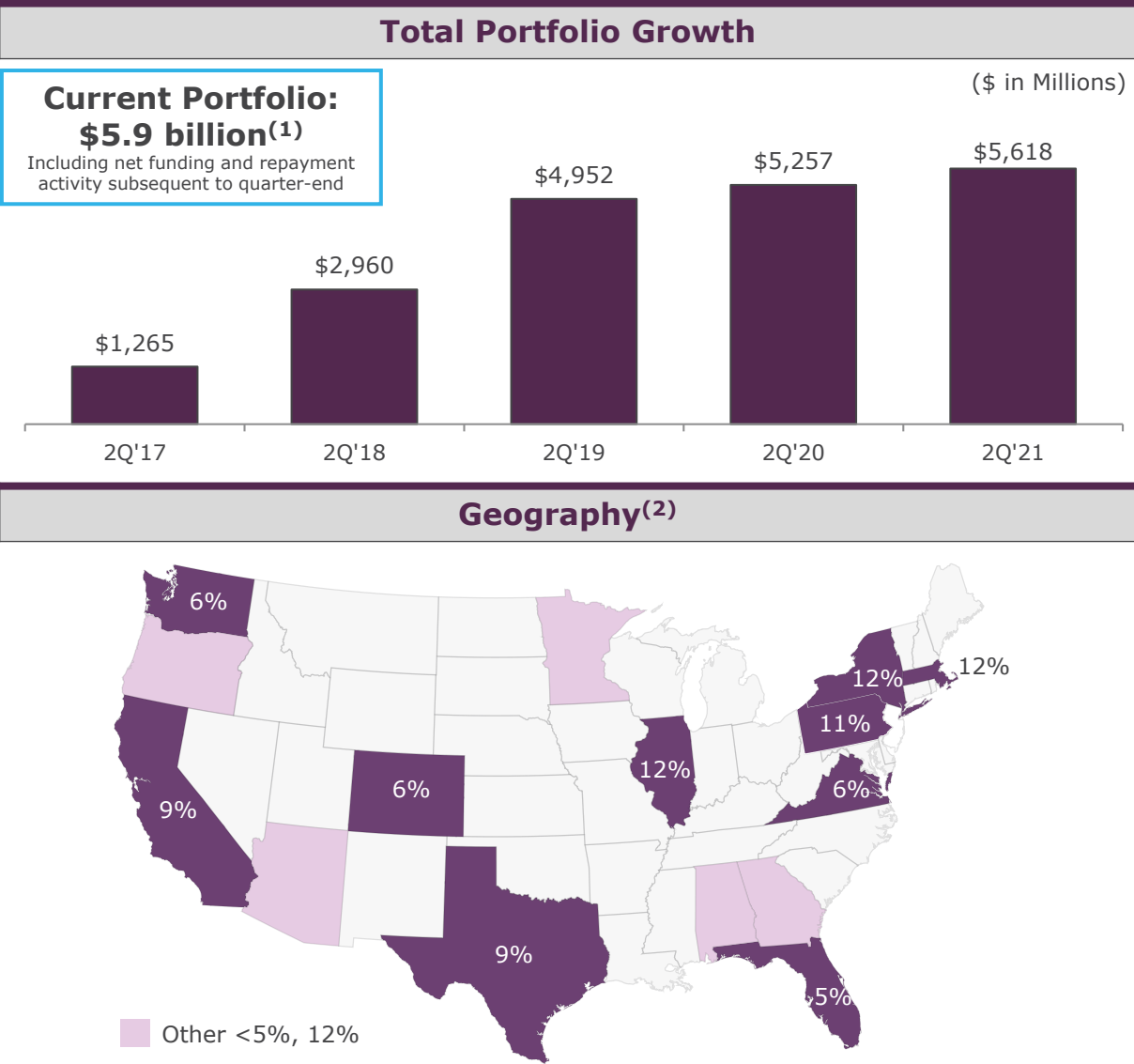
## Asset Photos



- (1) The total whole loan facility is \$425.0 million, co-originated and co-funded by KREF and a KKR affiliate. KREF's interest was 50% of the facility or \$212.5 million. The facility is comprised of individual cross-collateralized whole loans. As of June 30, 2021, there was one underlying senior loan in the facility with a commitment of \$10.4 million and outstanding principal of \$0.5 million.
- (2) LTV is generally based on initial loan amount divided by the as-is appraised value as of the date the loan was originated.



# KREF Loan Portfolio by the Numbers



Note: The charts above are based on total assets. Total assets reflect the principal amount of our senior and mezzanine loans.

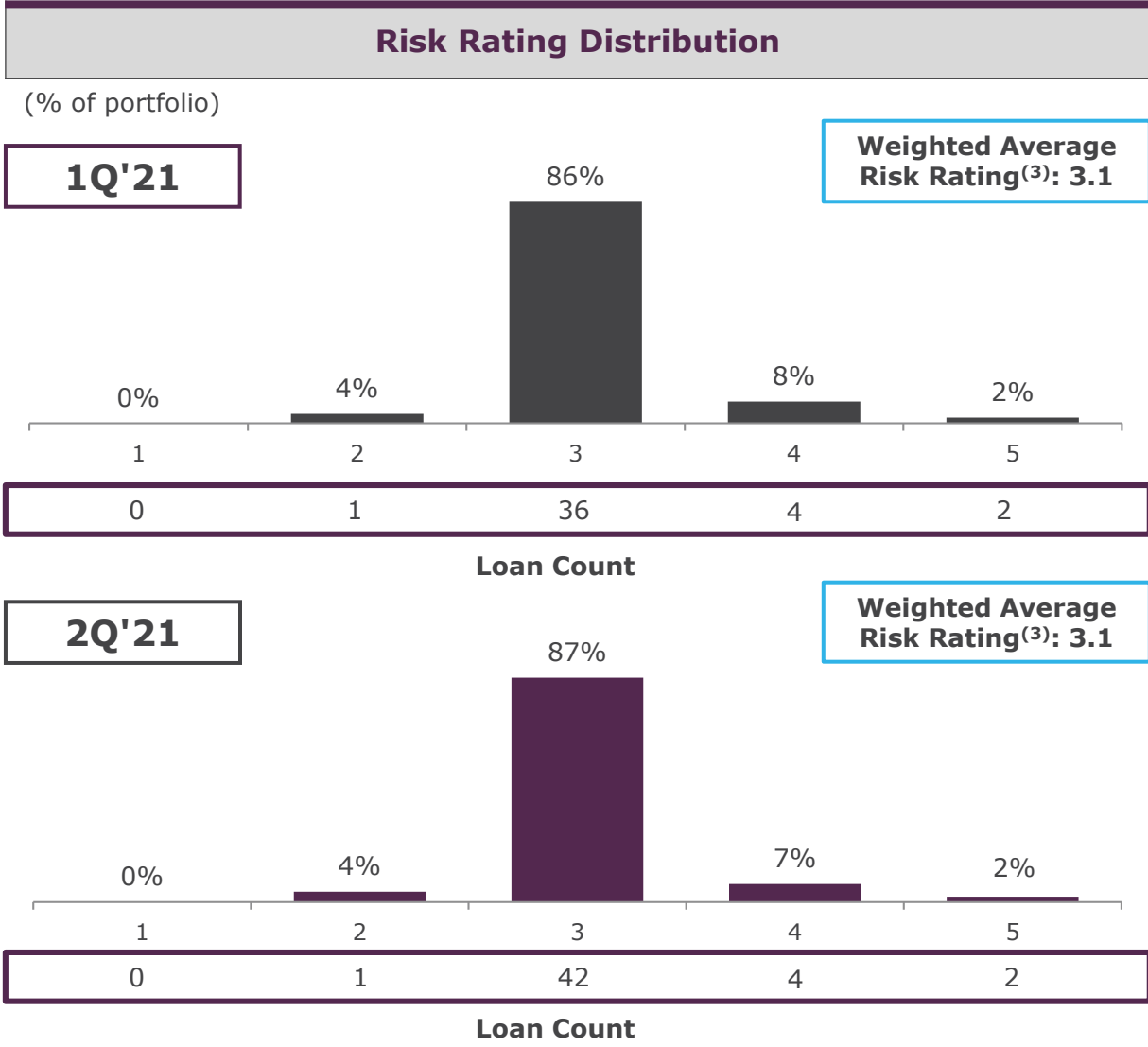
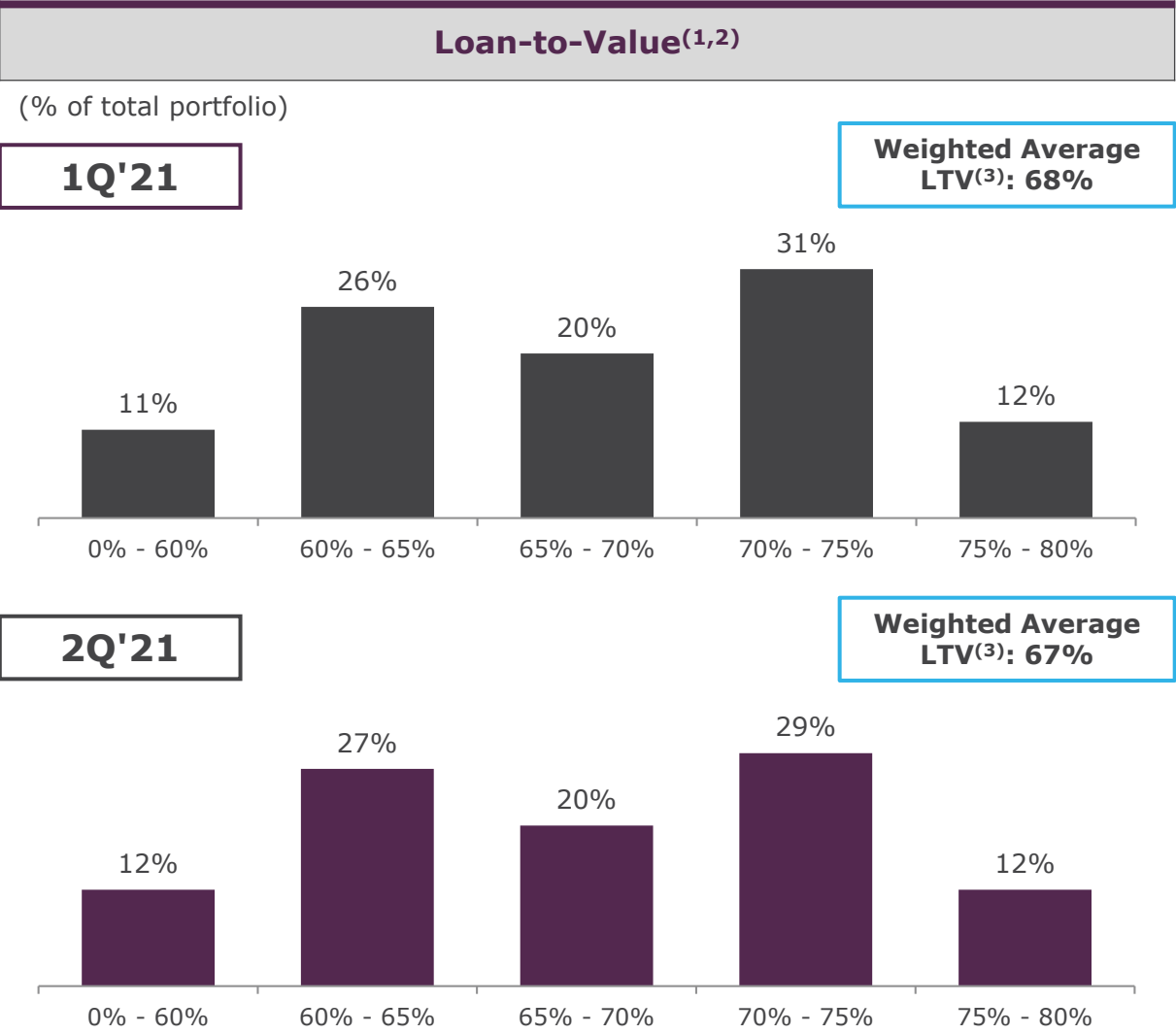
(1) As of July 23, 2021.

(2) Map excludes \$5.5 million Midwest Mezzanine portfolio and \$38.1 million real estate corporate loan.

(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 and excludes vertical loan syndications.

# Portfolio Credit Quality Remains Strong

- Collected 97.3% of interest payments due on 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.  
(2) Includes non-consolidated senior interests and excludes vertical loan syndications, real estate corporate loan, and a non-performing 5-rated loan that was placed on non-accrual status in October 2020 and is currently in restructuring discussions.  
(3) Weighted average is weighted by current principal amount.

# Case Studies: Watch List Loans<sup>(1)</sup> (Risk Rating 4 & 5)

Investment	Portland Retail <sup>(2)</sup>	New York Condo	Brooklyn Hotel	New York Condo	Queens Industrial
Loan Type	Floating-Rate Senior Loan	Floating-Rate Senior Loan	Floating-Rate Senior Loan	Floating-Rate Senior Loan	Floating-Rate Senior Loan
Investment Date	October 2015	December 2018	January 2019	August 2017	July 2017
Collateral	1.1M Square Foot Retail Center	126-Unit Class-A Residential Condominium	196-Key Hotel	10 Luxury Residential Condominiums	Two Class-B Buildings Totaling 595k RSF
Loan Purpose	Refinance	Acquisition	Refinance	Refinance	Acquisition
Location	Portland, OR	New York, NY	Brooklyn, NY	New York, NY	Queens, NY
Committed Amount	\$110 million	\$235 million	\$77 million	\$72 million	\$70 million
Current Principal Amount	\$110 million	\$203 million	\$77 million	\$72 million	\$67 million
Loan Basis	\$101 / SF	\$1,267 / SF	\$394k / key	\$1,665 / SF	\$111 / SF
Spread	L + 5.5%	L + 3.6%	L + 2.9%	L + 4.7%	L + 3.0%
LTV <sup>(3)</sup>	(3)	71%	69%	73%	77%
Max Remaining Term (Yrs.)	0.0	2.5	2.6	0.3	1.1
Loan Risk Rating	5	4	4	4	4

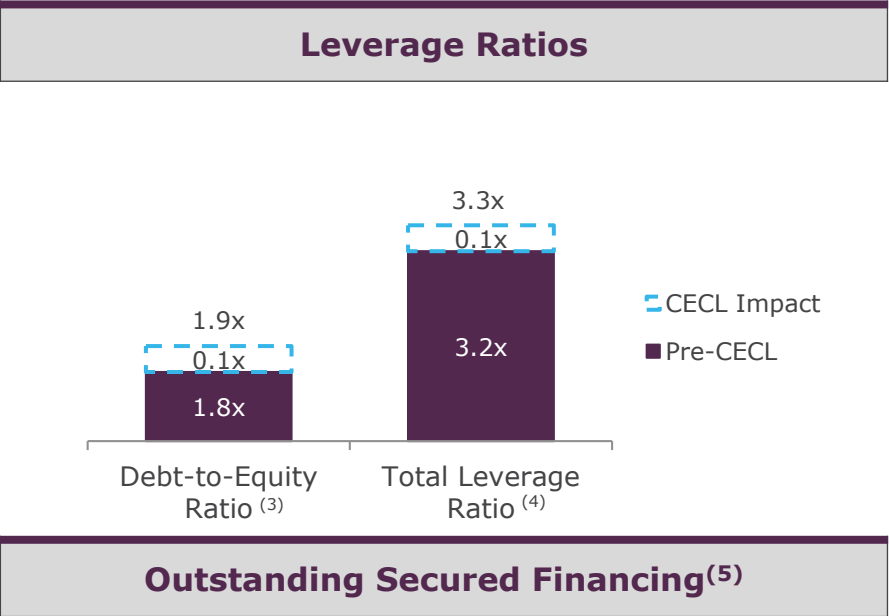
(1) Excludes \$5.5 million mezzanine loan risk-rated 5.  
 (2) Loan was placed on non-accrual status in October 2020.  
 (3) LTV is based on the initial loan amount divided by the as-is appraised value as of the date the loan was originated or by the current principal amount as of the date of the most recent as-is appraised value. The Portland retail loan is a non-performing 5-rated loan that was placed on non-accrual status in October 2020 and is currently in restructuring discussions.

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

- Diversified financing sources totaling \$6.1 billion with \$1.9 billion of undrawn capacity

Summary of Outstanding Financing					
(\$ in Millions)	Maximum Capacity	Outstanding Face Amount	Weighted Avg. Coupon	Advance Rate	Non-MTM
Term Credit Facilities	\$1,840	\$1,048	L+1.8%	61.1%	- <sup>(1)</sup>
Term Lending Agreement	\$900	\$900	L+1.9%	79.4%	✓
Warehouse Facility	\$500	\$0	n/a	n/a	✓
Asset Specific Financing	\$300	\$60	L+1.7%	78.9%	✓
Secured Term Loan	\$299	\$299	L+4.8% <sup>(2)</sup>	-	✓
Convertible Notes	\$144	\$144	6.1%	-	✓
Corporate Revolving Credit Facility	\$335	\$0	L+2.0%	-	✓
<b>Total Corporate Obligations</b>	<b>\$4,318</b>	<b>\$2,451</b>			
Term Loan Facility	\$1,000	\$993	L+1.6%	83.0%	✓
Collateralized Loan Obligation	\$767	\$767	L+1.4%	80.1%	✓
<b>Total Leverage</b>	<b>\$6,085</b>	<b>\$4,211</b>			



(1) Term credit facilities are marked to credit only and not subject to capital markets mark-to-market provisions.  
 (2) Secured term loan is open for repricing following its first anniversary.  
 (3) Represents (i) total outstanding debt agreements (excluding non-recourse term loan facility), secured term loan and convertible notes, less cash to (ii) total permanent equity, in each case, at period end.  
 (4) Represents (i) total outstanding debt agreements, secured term loan, convertible notes, 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, which result from non-recourse sales of senior loan interest in loans KREF originated, and excludes convertible notes and the corporate revolving credit facility.



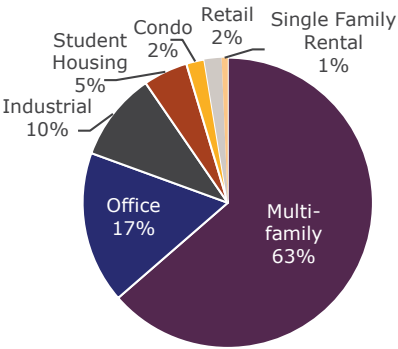


# Financing Overview: Term Credit Facilities

(\$ in Millions)

Counterparty		Morgan Stanley		Total / Weighted Average
Drawn	\$498	\$449	\$101	\$1,048
Capacity	\$1,000	\$600	\$240	\$1,840
Collateral: Loans / Principal Balance	6 Loans / \$918	8 Loans / \$615	4 Loans / \$183	18 Loans / \$1,716
Final Stated Maturity <sup>(1)</sup>	November 2023	December 2022	October 2023	-
Weighted Average Pricing	L + 1.5%	L + 2.0%	L + 2.3%	L + 1.8%
Weighted Average Advance	54.3%	72.9%	55.1%	61.1%
Mark-to-market	Credit Only	Credit Only	Credit Only	-

Property Type<sup>(2)</sup>:



(1) Based on extended maturity date.  
 (2) Based on principal balance of financing.

# Liquidity Overview

## Sources of Available Liquidity

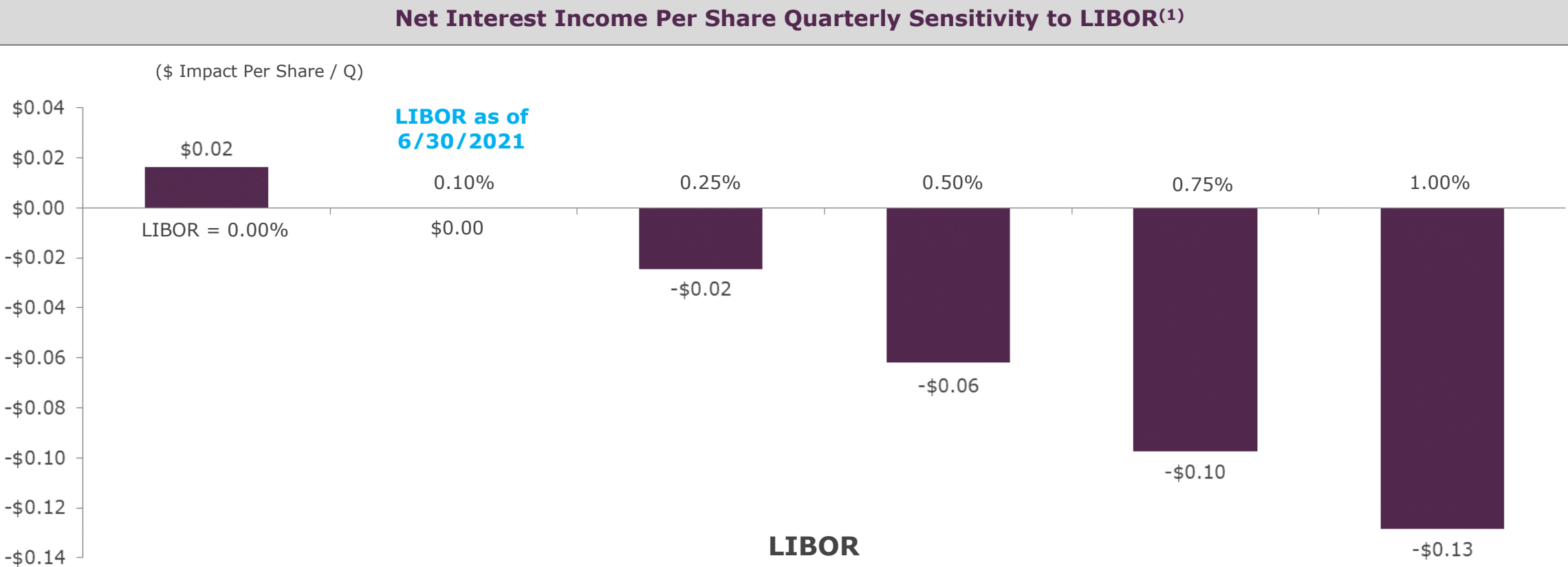


(1) Represents under-levered amounts under financing facilities. While these amounts were previously contractually approved and/or drawn, in certain cases, the lender’s consent is required for us to (re)borrow these amounts.

(2) Represents net proceeds from loan repayment held by the servicer as of June 30, 2021. Such amount was remitted to KREF in July.

# Portfolio Benefits from Attractive in the Money LIBOR Floors

- 99.9% of the loan portfolio is indexed to one-month USD LIBOR
- Portfolio benefits from current low rate environment given in-place LIBOR floors
  - ✓ 57% of the portfolio is subject to a LIBOR floor of at least 1.0%
  - ✓ Portfolio weighted average LIBOR floor of 1.34%
  - ✓ Only 14% of total outstanding financing, including the Secured Term Loan, is subject to a LIBOR floor greater than 0.0%



(1) Portfolio as of June 30, 2021.

# Appendix

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# Portfolio Details

#	Investment	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>	Future Funding <sup>(4)</sup>	Coupon <sup>(5)(6)</sup>	Max Remaining Term (Yrs) <sup>(5)(7)</sup>	Loan Per SF / Unit / Key	LTV <sup>(5)(8)</sup>	Risk Rating
Senior Loans <sup>(1)</sup>														
1	Senior Loan	Chicago, IL	Multifamily	6/28/2019	340.0	340.0	339.8	79.0	0.2	L + 2.8%	5.0	\$ 424,752 / unit	75%	3
2	Senior Loan	Arlington, VA	Multifamily	6/28/2019	345.0	278.8	271.1	72.0	7.7	L + 2.6%	3.0	\$ 244,215 / unit	70%	3
3	Senior Loan	Los Angeles, CA	Multifamily	2/19/2021	260.0	260.0	248.0	101.1	12.0	L + 3.6%	4.7	\$ 462,687 / unit	68%	3
4	Senior Loan	Boston, MA	Office	5/24/2018	250.5	250.5	225.4	38.9	25.1	L + 3.2%	2.5	\$ 482 / SF	53%	3
5	Senior Loan	New York, NY	Condo (Resi)	12/20/2018	234.5	234.5	202.8	46.2	31.7	L + 3.6%	2.5	\$ 1,267 / SF	71%	4
6	Senior Loan	Various	Multifamily	5/31/2019	216.5	216.5	213.3	40.6	3.2	L + 3.1%	2.9	\$ 199,302 / unit	74%	3
7	Senior Loan <sup>(9)</sup>	Various	Industrial	6/30/2021	425.0	212.5	0.5	(1.7)	212.0	L + 5.4%	5.0	\$ 4 / SF	76%	3
8	Senior Loan	Minneapolis, MN	Office	11/13/2017	194.4	194.4	194.4	38.0	-	L + 3.8%	1.4	\$ 179 / SF	63%	2
9	Senior Loan	Boston, MA	Office	2/4/2021	375.0	187.5	187.5	37.3	-	L + 3.3%	4.6	\$ 506 / SF	71%	3
10	Senior Loan	Chicago, IL	Multifamily	6/6/2019	186.0	186.0	179.5	39.7	3.6	L + 3.6%	2.9	\$ 364,837 / unit	72%	3
11	Senior Loan	Denver, CO	Multifamily	8/13/2019	185.0	185.0	177.0	57.0	8.0	L + 2.8%	3.2	\$ 297,954 / unit	64%	3
12	Senior Loan	Philadelphia, PA	Office	4/11/2019	182.6	182.6	155.5	24.9	27.1	L + 2.6%	2.9	\$ 216 / SF	65%	3
13	Senior Loan	Washington, D.C.	Office	12/20/2019	175.5	175.5	98.8	27.5	76.7	L + 3.4%	3.5	\$ 483 / SF	58%	3
14	Senior Loan	Seattle, WA	Office	9/13/2018	172.0	172.0	172.0	34.3	-	L + 3.9%	2.3	\$ 502 / SF	62%	3
15	Senior Loan	Chicago, IL	Office	7/15/2019	170.0	170.0	133.3	24.5	36.7	L + 3.3%	3.1	\$ 128 / SF	59%	3
16	Senior Loan	Boston, MA	Office	4/27/2021	332.3	166.2	105.9	62.4	60.3	L + 3.6%	4.9	\$ 440 / SF	66%	3
17	Senior Loan	Philadelphia, PA	Office	6/19/2018	165.0	165.0	165.0	37.7	-	L + 2.5%	2.0	\$ 169 / SF	71%	3
18	Senior Loan	New York, NY	Multifamily	12/5/2018	163.0	163.0	148.0	24.0	15.0	L + 2.6%	2.4	\$ 556,391 / unit	67%	3
19	Senior Loan	Oakland, CA	Office	10/23/2020	509.9	159.7	97.2	15.4	9.8	L + 4.3%	4.4	\$ 299 / SF	65%	3
20	Senior Loan	Plano, TX	Office	2/6/2020	153.7	153.7	120.0	26.2	33.7	L + 2.7%	3.6	\$ 166 / SF	64%	3
21	Senior Loan	Fort Lauderdale, FL	Hospitality	11/9/2018	140.0	140.0	130.0	25.8	10.0	L + 3.4%	2.4	\$ 375,723 / key	66%	3
22	Senior Loan	Boston, MA	Multifamily	3/29/2019	138.0	138.0	137.0	22.9	1.0	L + 2.7%	2.8	\$ 351,282 / unit	63%	3
23	Senior Loan	West Palm Beach, FL	Multifamily	11/7/2018	135.0	135.0	133.2	23.3	1.8	L + 2.9%	2.4	\$ 164,090 / unit	73%	3
24	Senior Loan	Fontana, CA	Industrial	5/11/2021	119.9	119.9	42.2	12.7	77.7	L + 4.6%	4.9	\$ 36 / SF	64%	3
25	Senior Loan	Irving, TX	Multifamily	4/22/2021	117.6	117.6	105.0	62.8	12.6	L + 3.3%	4.9	\$ 115,639 / unit	70%	3
26	Senior Loan	Pittsburgh, PA	Student Housing	6/8/2021	112.5	112.5	112.5	16.8	-	L + 2.9%	4.9	\$ 155,602 / bed	74%	3
27	Senior Loan <sup>(10)</sup>	Portland, OR	Retail	10/26/2015	109.6	109.6	109.6	89.6	-	L + 5.5%	0.0	\$ 101 / SF	n/a	5
28	Senior Loan	San Diego, CA	Multifamily	2/3/2020	102.3	102.3	102.3	14.8	-	L + 3.3%	3.6	\$ 442,965 / unit	71%	3
29	Senior Loan	Denver, CO	Industrial	12/11/2020	95.8	95.8	43.9	18.5	51.9	L + 3.8%	4.5	\$ 29 / SF	61%	3
30	Senior Loan	State College, PA	Student Housing	10/15/2019	93.4	93.4	78.2	25.9	15.2	L + 2.7%	3.4	\$ 65,510 / bed	64%	3
31	Senior Loan	Seattle, WA	Multifamily	9/7/2018	92.3	92.3	92.3	17.1	-	L + 3.4%	2.2	\$ 515,571 / unit	76%	3
32	Senior Loan	Denver, CO	Multifamily	6/24/2021	88.5	88.5	88.5	57.5	-	L + 3.0%	5.0	\$ 295,000 / unit	77%	3
33	Senior Loan	Dallas, TX	Office	1/22/2021	87.0	87.0	87.0	21.0	-	L + 3.3%	4.6	\$ 288 / SF	65%	3
34	Senior Loan	New York, NY	Multifamily	3/29/2018	86.0	86.0	86.0	14.9	-	L + 4.0%	1.8	\$ 462,366 / unit	48%	3
35	Senior Loan	Seattle, WA	Office	3/20/2018	80.7	80.7	80.7	14.9	-	L + 4.1%	1.8	\$ 468 / SF	61%	3
36	Senior Loan	Austin, TX	Multifamily	12/4/2020	80.0	80.0	78.6	17.5	1.4	L + 3.7%	3.4	\$ 201,499 / unit	77%	3
37	Senior Loan	Mesa, AZ	Industrial	5/4/2021	77.8	77.8	33.6	32.9	44.2	L + 3.2%	4.9	\$ 39 / SF	55%	3
38	Senior Loan	Brooklyn, NY	Hospitality	1/18/2019	77.2	77.2	77.2	17.1	-	L + 2.9%	2.6	\$ 394,009 / key	69%	4
39	Senior Loan	Philadelphia, PA	Multifamily	10/30/2018	77.0	77.0	77.0	13.5	-	L + 2.7%	2.4	\$ 150,391 / unit	73%	3
40	Senior Loan	Phoenix, AZ	Single Family Rental	4/22/2021	72.1	72.1	10.6	2.8	61.5	L + 4.8%	4.9	\$ 23,013 / unit	50%	3
41	Senior Loan	New York, NY	Condo (Resi)	8/4/2017	71.6	71.6	71.6	50.3	-	L + 4.7%	0.3	\$ 1,665 / SF <sup>(11)</sup>	73%	4
42	Senior Loan	Arlington, VA	Multifamily	10/23/2020	141.8	70.9	70.5	15.5	0.4	L + 3.8%	4.3	\$ 391,938 / unit	73%	3
43	Senior Loan	Queens, NY	Industrial	7/21/2017	70.1	70.1	66.9	16.7	3.2	L + 3.0%	1.1	\$ 111 / SF	77%	4
44	Senior Loan	Washington, D.C.	Multifamily	12/4/2020	69.0	69.0	66.1	16.8	2.9	L + 3.5%	4.4	\$ 264,205 / unit	63%	3
45	Senior Loan	Austin, TX	Multifamily	9/12/2019	67.5	67.5	67.5	13.1	-	L + 2.5%	3.2	\$ 190,678 / unit	75%	3
46	Senior Loan	Denver, CO	Multifamily	10/14/2020	80.0	40.0	38.7	7.6	1.3	L + 3.6%	3.4	\$ 461,266 / unit	49%	3
Total / Weighted Average					\$7,518.6	\$6,425.2	\$5,521.7	\$1,467.3	\$847.9	L + 3.3%	3.2		67%	3.1
Non-Senior Loans														
1	Floating Rate Mezzanine	Westbury, NY	Multifamily	1/27/2020	17.0	17.0	17.0	16.9	-	L + 9.0%	3.1	\$ 451,477 / unit	64%	3
2	Fixed Rate Mezzanine <sup>(12)</sup>	Various	Retail	6/19/2015	5.5	5.5	5.5	0.9	-	11.0%	4.0	\$ 45 / SF	n/a	5
3	Real Estate Corporate Loan <sup>(13)</sup>	n/a	Multifamily	12/11/2020	95.3	38.1	38.1	37.4	-	L + 12.0%	4.5	n/a	n/a	3
Total / Weighted Average					\$117.8	\$60.6	\$60.6	\$55.2	\$0.0	12.3%	4.1		n/a	3.2
CMBS														
Total / Weighted Average						\$40.0	\$35.7	\$35.7	\$4.3	4.8%	8.0		58%	
Portfolio Total / Weighted Average						\$6,525.8	\$5,618.0	\$1,558.2	\$852.2	4.6%	3.2		67%	3.1
2Q21 Outstanding Portfolio <sup>(14)</sup>														\$5,618.0

\*See footnotes on subsequent page

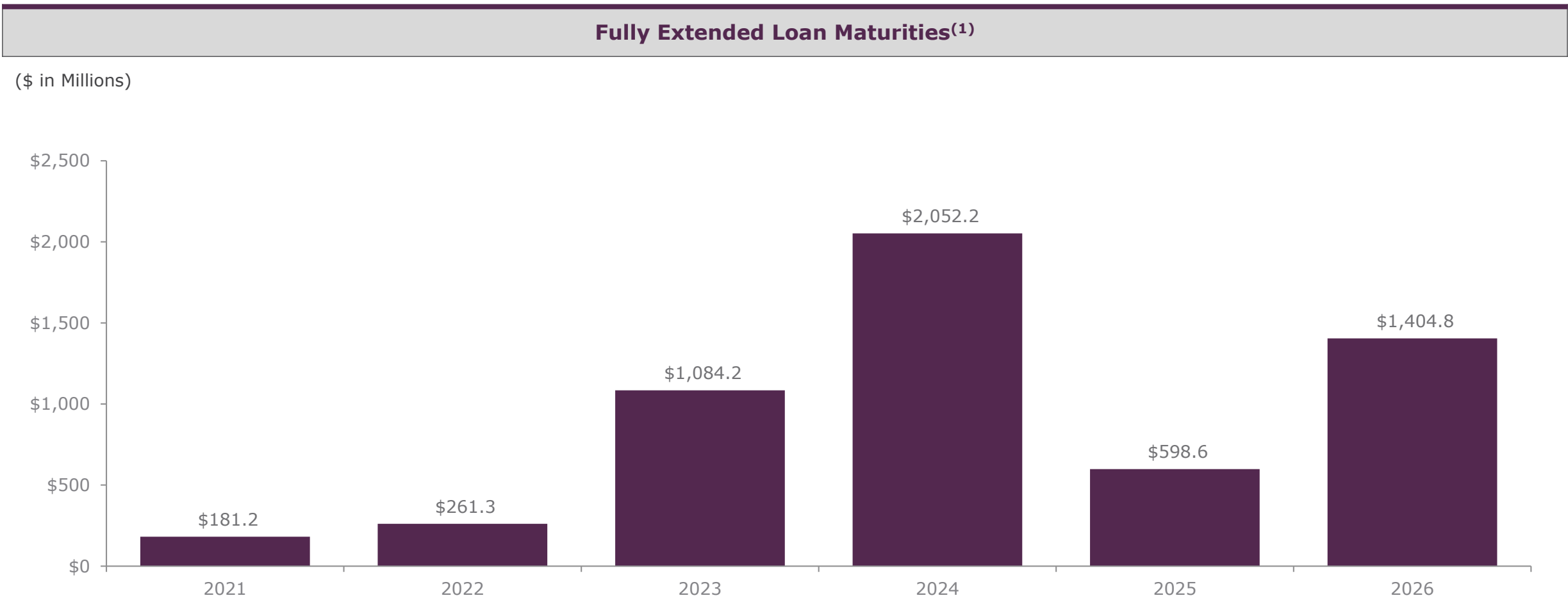
# Portfolio Details

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- (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 and excludes vertical loan syndications.
  - For Senior Loan 9, the total whole loan is \$375.0 million, co-originated and co-funded by KREF and a KKR affiliate. KREF's interest was 50% of the loan or \$187.5 million, of which a \$150.0 million senior note was syndicated to a third party lender. Post syndication, KREF retained a mezzanine loan with a total commitment of \$37.5 million, fully funded as of June 30, 2021, at an interest rate of L + 7.9%.
  - For Senior Loan 10, the total whole loan is \$186.0 million, of which an \$81.6 million senior note was syndicated to a third party lender. Post syndication, KREF retained the mezzanine loan and a 45% interest in the senior loan which both totaled \$104.4 million commitment, of which \$100.7 million was funded as of June 30, 2021, at a blended interest rate of L + 4.7%.
  - For Senior Loan 19, the total whole loan is \$509.9 million, co-originated and co-funded by KREF and a KKR affiliate. KREF's 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, KREF retained a mezzanine loan with a total commitment of \$25.0 million, of which \$14.8 million was funded as of June 30, 2021, at an interest rate of L + 12.9%.
- (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 investment in RECOP I.
- (4) Represents Committed Principal Amount less Current Principal Amount on Senior Loans and \$4.3 million of unfunded commitment to RECOP I.
- (5) Weighted averages are weighted by current principal amount for senior loans and non-senior loans and by net equity for our RECOP I CMBS B-Piece investment. Senior Loan 27 and Non-Senior Loans 2 and 3 are excluded from the weighted average LTV.
- (6) L = one-month USD LIBOR rate; greater of (i) spot one-month USD LIBOR rate of 0.10% and (ii) LIBOR floor, where applicable, included in portfolio-wide averages represented as fixed rates.
- (7) Max remaining term (years) assumes all extension options are exercised, if applicable.
- (8) For senior loans, loan-to-value ratio ("LTV") 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 Senior Loan 5, LTV is based on the initial loan amount divided by the appraised bulk sale value assuming a condo-conversion and no renovation; for Senior Loan 41, LTV is based on the current principal amount divided by the adjusted appraised gross sellout value net of sales cost; for mezzanine loans, LTV is based on the current balance of the whole loan dividend 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; for Senior Loans 7, 24, 29, 37, 40 and Mezzanine Loan 1, 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. Senior Loan 27 is a non—performing 5-rated loan that was placed on non-accrual status in October 2020. The loan is currently in restructuring discussions.
- (9) For Senior Loan 7, the total whole loan facility is \$425.0 million, co-originated and co-funded by KREF and a KKR affiliate. KREF's interest was 50% of the facility or \$212.5 million. The facility is comprised of individual cross-collateralized whole loans. As of June 30, 2021, there was one underlying senior loan in the facility with a commitment of \$10.4 million and outstanding principal of \$0.5 million.
- (10) Senior Loan 27 was placed on non-accrual status in October 2020. The loan is currently in restructuring discussions.
- (11) For Senior Loan 41, Loan per SF of \$1,665 is based on the allocated loan amount of the residential units. Excluding the value of the retail and parking components of the collateral, the Loan per SF is \$2,133 based on allocating the full amount of the loan to only the residential units.
- (12) For Non-Senior Loan 1, Current Principal Amount is gross of \$4.7 million written-off (of amortized cost).
- (13) Non-Senior Loan 3 is a real estate corporate loan to a multifamily operator.
- (14) Represents Current Principal Amount of Senior Loans and Non-Senior Loans and Net Equity for our RECOP I CMBS B-Piece equity method investment.

# Fully Extended Loan Maturities

- Fully extended weighted average loan maturity of 3.2 years<sup>(1)</sup>



(1) Excludes RECOP I CMBS B-Piece investment.

# Consolidated Balance Sheets

(in thousands - except share and per share data)		
	June 30, 2021	December 31, 2020
<b>Assets</b>		
Cash and cash equivalents	\$ 119,172	\$ 110,832
Commercial real estate loans, held-for-investment	5,308,500	4,844,534
Less: Allowance for credit losses	(58,011)	(59,801)
Commercial real estate loans, held-for-investment, net	5,250,489	4,784,733
Equity method investments	33,773	33,651
Accrued interest receivable	15,752	15,412
Other assets <sup>(1)</sup>	104,153	20,984
<b>Total Assets</b>	<b>\$ 5,523,339</b>	<b>\$ 4,965,612</b>
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
Secured financing agreements, net	\$ 2,996,564	\$ 2,574,747
Collateralized loan obligation, net	767,000	810,000
Secured term loan, net	287,418	288,028
Convertible notes, net	141,152	140,465
Loan participations sold, net	66,242	66,232
Dividends payable	24,348	24,287
Accrued interest payable	5,432	5,381
Due to affiliates	5,117	6,243
Accounts payable, accrued expenses and other liabilities <sup>(2)</sup>	3,255	4,823
<b>Total Liabilities</b>	<b>4,296,528</b>	<b>3,920,206</b>
<b>Commitments and Contingencies</b>		
	-	-
<b>Temporary Equity</b>		
Redeemable preferred stock	2,316	1,852
<b>Permanent Equity</b>		
Preferred Stock, 50,000,000 shares authorized		
Preferred stock, \$0.01 par value (1 share issued and outstanding as of June 30, 2021 and December 31, 2020)	-	-
Series A cumulative redeemable preferred stock, \$0.01 par value, (6,900,000 and zero shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively; liquidation preference of \$25.00 per share)	69	-
Common stock, \$0.01 par value, 300,000,000 authorized (59,537,806 and 59,519,754 shares issued; 55,637,480 and 55,619,428 shares outstanding as of June 30, 2021 and December 31, 2020, respectively)	556	556
Additional paid-in capital	1,339,959	1,169,695
Accumulated deficit	(55,090)	(65,698)
Repurchased stock (3,900,326 shares repurchased as of June 30, 2021 and December 31, 2020)	(60,999)	(60,999)
<b>Total KKR Real Estate Finance Trust Inc. stockholders' equity</b>	<b>1,224,495</b>	<b>1,043,554</b>
<b>Total Permanent Equity</b>	<b>1,224,495</b>	<b>1,043,554</b>
<b>Total Liabilities and Equity</b>	<b>\$ 5,523,339</b>	<b>\$ 4,965,612</b>

(1) Includes \$99.8 million of loan repayment proceeds held by the servicer, including \$59.3 million receivable by the CLO and \$40.5 million receivable by KREF, as of June 30, 2021. Includes \$15.9 million of loan repayment proceeds held by the servicer and receivable by KREF as of December 31, 2020.

(2) Includes \$0.5 million and \$0.9 million of expected loss reserve for unfunded loan commitments as of June 30, 2021 and December 31, 2020, respectively.



# Consolidated Statements of Income

(in thousands - except share and per share data)					
	Three Months Ended			Six Months Ended	
	June 30, 2021	March 31, 2021	June 30, 2020	June 30, 2021	June 30, 2020
<b>Net Interest Income</b>					
Interest income	\$ 67,149	\$ 64,766	\$ 67,219	\$ 131,915	\$ 138,298
Interest expense	26,958	27,383	30,563	54,341	69,645
Total net interest income	40,191	37,383	36,656	77,574	68,653
<b>Other Income</b>					
Income (loss) from equity method investments	1,256	1,090	297	2,346	(1,604)
Other income	100	66	196	166	556
Total other income (loss)	1,356	1,156	493	2,512	(1,048)
<b>Operating Expenses</b>					
General and administrative	3,688	3,505	4,046	7,193	7,813
Provision for (reversal of) credit losses, net	(559)	(1,588)	(1,366)	(2,147)	53,908
Management fees to affiliate	4,835	4,290	4,218	9,125	8,517
Incentive compensation to affiliate	2,403	2,192	1,249	4,595	2,855
Total operating expenses	10,367	8,399	8,147	18,766	73,093
<b>Income (Loss) Before Income Taxes, Preferred Dividends and Redemption Value Adjustment</b>	<b>31,180</b>	<b>30,140</b>	<b>29,002</b>	<b>61,320</b>	<b>(5,488)</b>
Income tax expense	103	48	77	151	159
<b>Net Income (Loss)</b>	<b>31,077</b>	<b>30,092</b>	<b>28,925</b>	<b>61,169</b>	<b>(5,647)</b>
Preferred Stock dividends and redemption value adjustment	1,813	908	335	2,721	927
<b>Net Income (Loss) Attributable to Common Stockholders</b>	<b>\$ 29,264</b>	<b>\$ 29,184</b>	<b>\$ 28,590</b>	<b>\$ 58,448</b>	<b>\$ (6,574)</b>
<b>Net Income (Loss) Per Share of Common Stock, Basic</b>	<b>\$ 0.53</b>	<b>\$ 0.52</b>	<b>\$ 0.52</b>	<b>\$ 1.05</b>	<b>\$ (0.12)</b>
<b>Net Income (Loss) Per Share of Common Stock, Diluted</b>	<b>\$ 0.52</b>	<b>\$ 0.52</b>	<b>\$ 0.52</b>	<b>\$ 1.05</b>	<b>\$ (0.12)</b>
Weighted Average Number of Shares of Common Stock Outstanding, Basic	55,632,322	55,619,428	55,491,937	55,625,911	56,419,332
Weighted Average Number of Shares of Common Stock Outstanding, Diluted	55,907,086	55,731,061	55,504,077	55,819,110	56,419,332
Dividends Declared per Share of Common Stock	\$ 0.43	\$ 0.43	\$ 0.43	\$ 0.86	\$ 0.86

# Reconciliation of GAAP Net Income to Distributable Earnings

(in thousands - except share and per share data)				
	Three Months Ended			
	June 30, 2021	March 31, 2021	June 30, 2020	
<b>Net Income (Loss) Attributable to Common Stockholders</b>	<b>\$ 29,264</b>	<b>\$ 29,184</b>	<b>\$ 28,590</b>	
<b>Adjustments</b>				
Non-cash equity compensation expense	1,994	1,994	1,374	
Unrealized (gains) or losses <sup>(1)(2)</sup>	(364)	708	973	
Provision for (Reversal of) credit losses, net	(559)	(1,588)	(1,366)	
Non-cash convertible notes discount amortization	90	89	90	
Mezzanine loan write-off	-	-	(4,650)	
<b>Distributable Earnings</b>	<b>\$ 30,425</b>	<b>\$ 30,387</b>	<b>\$ 25,011</b>	
Weighted Average Shares Outstanding				
Basic	55,632,322	55,619,428	55,491,937	
Diluted	55,907,086	55,731,061	55,504,077	
<b>Distributable Earnings per Weighted Average Share, Basic</b>	<b>\$ 0.55</b>	<b>\$ 0.55</b>	<b>\$ 0.45</b>	
<b>Distributable Earnings per Weighted Average Share, Diluted</b>	<b>\$ 0.54</b>	<b>\$ 0.55</b>	<b>\$ 0.45</b>	

(1) Includes (\$0.2) million, \$0.7 million, and \$0.2 million non-cash redemption value adjustment of our SNVPS during 2Q'21, 1Q'21 and 2Q'20, respectively.

(2) Includes (\$0.1) million, \$0.0 million, and \$0.8 million of unrealized loss (gain) on RECOP I, an equity method investment, during 2Q'21, 1Q'21, and 2Q'20, respectively.

# Key Definitions

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**"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.

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

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