



KKR

REAL ESTATE
FINANCE TRUST

FOURTH QUARTER & FULL YEAR 2022 SUPPLEMENTAL INFORMATION

FEBRUARY 7, 2023

Legal Disclosures

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Inc. have significant influence over the Company and KKR's interests may conflict with those of the Company's stockholders in the future; the cost of operating the Company's platform, including, but not limited to, the cost of operating a real estate investment platform; adverse legislative or regulatory developments; the Company's qualification as a real estate investment trust ("REIT") for U.S. federal income tax purposes and the Company's exclusion from registration under the Investment Company Act of 1940, as amended; authoritative accounting principles generally accepted in the United States of America ("GAAP") or policy changes from standard-setting bodies such as the Financial Accounting Standards Board, the Securities and Exchange Commission (the "SEC"), the Internal Revenue Service, the New York Stock Exchange and other authorities that the Company is subject to, as well as their counterparts in any foreign jurisdictions where the Company might do business; and other risks and uncertainties, including those described under Part I-Item 1A. "Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, as such factors may be updated from time to time in the Company's periodic filings with the SEC, which are accessible on the SEC's website at www.sec.gov. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in this release. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements and information included in this release and in the Company's filings with the SEC. All forward-looking statements in this release speak only as of the date of this release. The Company undertakes no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by law.

All forward looking statements in this presentation speak only as of February 7, 2023. KREF undertakes no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by law.

All financial information in this presentation is as of December 31, 2022 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	KREF's Manager Fully Integrated with KKR	
\$7.9 B Investment Portfolio		\$9.1 B Financing Capacity	14% KKR Ownership in KREF	
99% Senior Loans	57% Multifamily & Industrial	77% Fully Non-Mark-to-Market ⁽²⁾	\$496 B Global AUM ⁽⁴⁾	\$24 B Balance Sheet ⁽⁴⁾
\$123 M Average Loan Size ⁽¹⁾	100% Interest Collected	\$952 M Current Liquidity ⁽³⁾	\$64 B Real Estate AUM ⁽⁴⁾⁽⁵⁾	165+ Real Estate Professionals ⁽⁴⁾
<p><i>Senior loans</i> secured primarily by <i>transitional, institutional multifamily and office properties</i> owned by <i>high quality sponsors</i></p>		<p><i>Conservative</i> liability management focused on <i>diversified non-mark-to-market</i> financing</p>	<p><i>One firm culture</i> that rewards <i>investment discipline, creativity and determination</i> and emphasizes the <i>sharing of information, resources, expertise and best practices</i></p>	

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

(2) Based on outstanding face amount of secured financing, including non-consolidated senior interests, and excludes convertible notes and the corporate revolving credit facility

(3) Includes \$240 million in cash, \$610 million undrawn corporate revolver capacity and \$102 million of available borrowings based on existing collateral

(4) As of September 30, 2022

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

Fourth Quarter and Full Year 2022 Highlights

Financials

- 4Q and full year 2022 Net Income⁽¹⁾ of \$0.21 and \$0.23 per diluted share (includes a CECL provision of \$21 million and \$112 million, or (\$0.31) and (\$1.66) per diluted share, respectively)
- 4Q and full year 2022 Distributable Earnings⁽²⁾ of \$0.18 and \$1.62 per diluted share (includes a write-off of \$25 million, or (\$0.36) and (\$0.37) per diluted share, respectively)
- Book Value per Common Share (“BVPS”) of \$18.00 per share, compared to \$18.28 per share as of 3Q'22 (includes a CECL allowance of \$111 million, or (\$1.61) per share, representing 147 basis points of loan principal balance)

Originations

- 4Q originations of three floating-rate senior loans totaling \$370 million with \$207 million of initial fundings
- Full year 2022 originations of 25 floating-rate senior loans totaling \$2.7 billion with \$1.8 billion of initial fundings
- 69% of 2022 originations secured by multifamily or industrial properties

Portfolio

- \$7.9 billion predominantly senior loan portfolio
 - Multifamily and industrial assets represent 57% of loan portfolio
 - Weighted average risk rating of 3.2
 - Received \$1.3 billion in loan repayments and collected 100% of interest payments due in 2022
 - Monitoring six watch list loans, including five office assets

Liquidity & Capitalization

- As of year-end 2022, \$952 million of available liquidity, including \$240 million of cash, \$610 million undrawn capacity on the corporate revolver and \$102 million of available borrowings based on existing collateral
- 77% of secured financing is fully non-mark-to-market and the remaining balance is mark-to-credit only
- Closed a \$1.0 billion managed multifamily CLO with two-year reinvestment period providing \$848 million of non-mark-to-market and non-recourse financing equating to an 84.75% advance rate, at a weighted average cost of capital of Term SOFR+1.71% before transaction costs
- Entered into three new asset specific financing facilities totaling \$491 million, which provide non-recourse match-term asset-based financing on a non-mark-to-market basis
- Increased the borrowing capacity on the corporate revolving credit facility (“Revolver”) by \$275 million to \$610 million and extended the maturity date through March 2027
- Issued 6,210,000 shares of 6.5% Series A Cumulative Redeemable Preferred Stock (the “Series A Preferred Stock”), at a liquidation price of \$25.00 per share, and received net proceeds of \$151 million
- Completed two underwriting public offerings totaling 9,244,155 shares of common stock, resulting in net proceeds of \$188 million, before transaction costs
- Repurchased 0.5 million shares at an average price per share of \$16.41 for a total of \$7 million in 4Q'22; KREF repurchased 2.1 million shares of common stock at an average price of \$17.13 for a total of \$36 million in the full year 2022

(1) Represents Net Income attributable to common stockholders

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

4Q'22 Financial Summary

Income Statement

(\$ in Millions)	4Q'22
Net Interest Income	\$51.9
Other Income	4.8
Operating Expenses	(15.4)
Reversal of Credit Losses	3.8
Realized Write-off	(25.0)
Preferred Stock Dividends	(5.3)
Other	(0.2)
Net Income Attributable to Common Stockholders	\$14.6
Net Income per Share, Diluted	\$0.21
Distributable Earnings⁽¹⁾	\$12.4
Distributable Earnings per Share, Diluted⁽¹⁾	\$0.18
Dividend per Share	\$0.43
Diluted Weighted Average Shares Outstanding	69,109,790

Balance Sheet

(\$ in Millions)	4Q'22
Total Portfolio⁽²⁾	\$7,916.4
Term Credit Facilities	1,436.2
Term Lending Agreements	1,391.5
Asset Specific Financing	311.5
Secured Term Loan	346.5
Convertible Notes	143.8
Total Debt	\$3,629.5
Term Loan Facility	631.6
Collateralized Loan Obligations	1,942.8
Total Leverage	\$6,203.9
Cash	239.8
Total Equity	1,571.4
Common Shareholders' Equity	1,243.8
Debt-to-Equity Ratio⁽³⁾	2.0x
Total Leverage Ratio⁽⁴⁾	3.8x
Book Value per Share⁽⁵⁾	\$18.00
Shares Outstanding	69,095,011

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

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

(3) Represents (i) total outstanding debt agreements (excluding non-recourse facilities), 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) Book value per share includes CECL allowance of \$111 million or (\$1.61) per common share

Recent Operating Performance

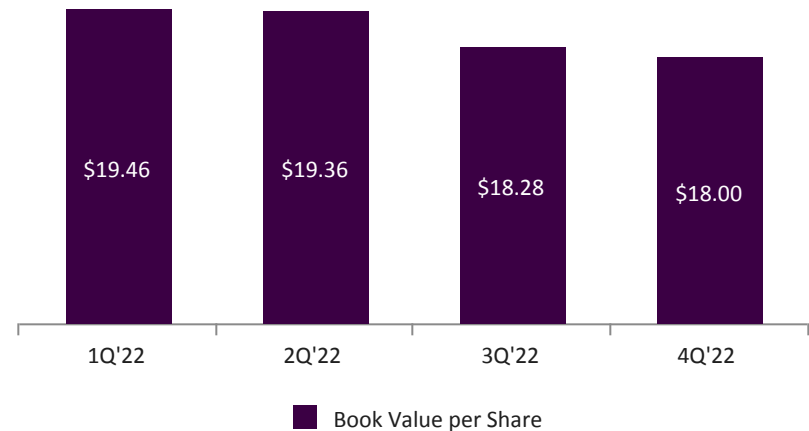
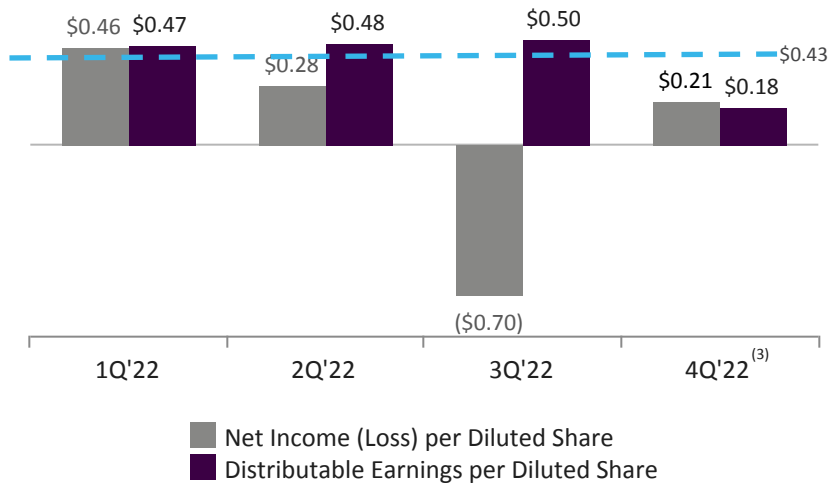
Net Income and Distributable Earnings

(\$ in Millions)

	1Q'22	2Q'22	3Q'22	4Q'22
Net income (loss) ⁽¹⁾ :	\$29.8	\$19.4	(\$48.4)	\$14.6
Distributable earnings ⁽²⁾ :	\$29.8	\$33.1	\$34.4	\$12.4

Dividends and Book Value Per Share

	1Q'22	2Q'22	3Q'22	4Q'22
Dividend per share:	\$0.43	\$0.43	\$0.43	\$0.43
Dividend yield on book value per share:	8.8%	8.9%	9.4%	9.6%



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

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

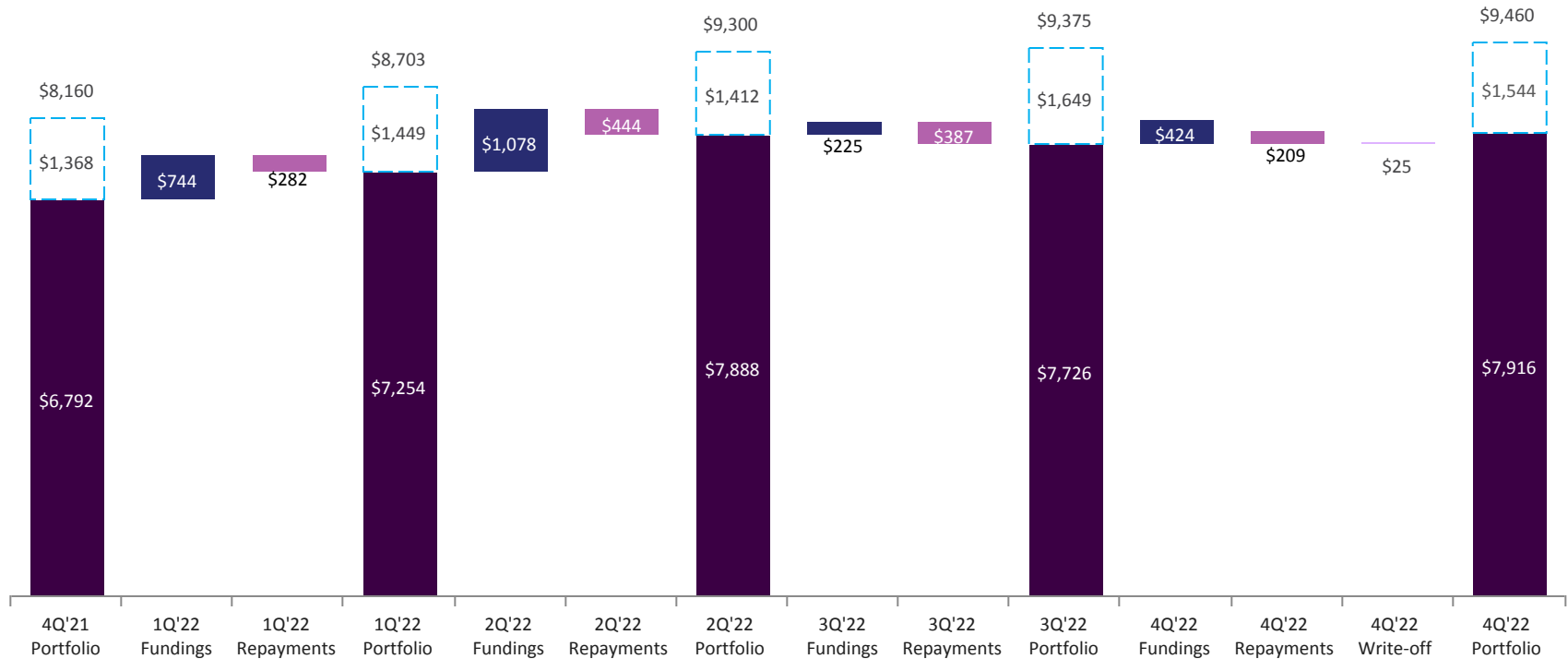
(3) 4Q'22 Distributable earnings before realized losses on loan write-offs is \$0.54 per share

Last Twelve Months Loan Activity

Portfolio Funding Activity – Outstanding Principal⁽¹⁾

(\$ in Millions)

Future Funding Obligations⁽²⁾



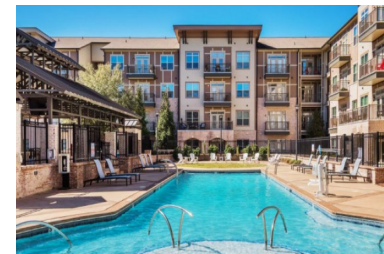
(1) Includes one real estate owned asset and CMBS B-Pieces held through an equity method investment

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

4Q'22 Loan Originations – Case Studies

Investment	National Self Storage	Miami Multifamily	North Carolina Multifamily
Loan Type	Floating-Rate Senior Loan	Floating-Rate Senior Loan	Floating-Rate Senior Loan
Loan Size	\$160 million ⁽¹⁾	\$110 million	\$100 million
Location	National	Miami, FL	Cary, NC
Collateral	11 Asset, 12k Unit, 1.5 Million RSF Self Storage Portfolio	282-Unit Class A Multifamily Rental Property	390-Unit Class A Multifamily Rental Property
Loan Purpose	Acquisition	Acquisition	Acquisition
LTV⁽²⁾	61%	51%	63%
Investment Date	December 2022	October 2022	November 2022

Asset Photos

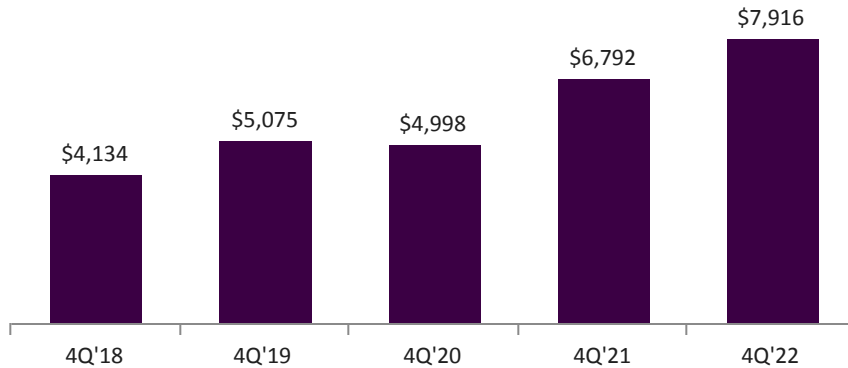


- (1) The total whole loan is \$320 million, co-originated and co-funded by KREF and a KKR affiliate. KREF's interest was 50% of the loan, or \$160 million
 (2) LTV based on initial loan amount divided by the as-is appraised value as of the date the loan was originated

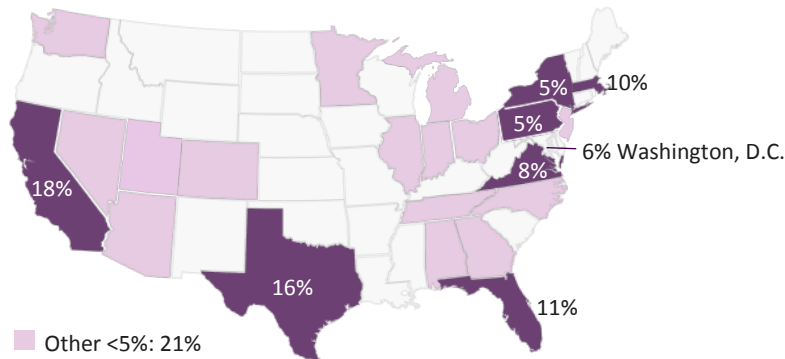
KREF Loan Portfolio by the Numbers

Total Portfolio Growth

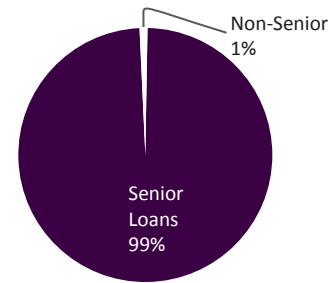
(\$ in Millions)



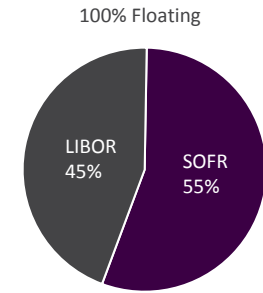
Geography⁽¹⁾



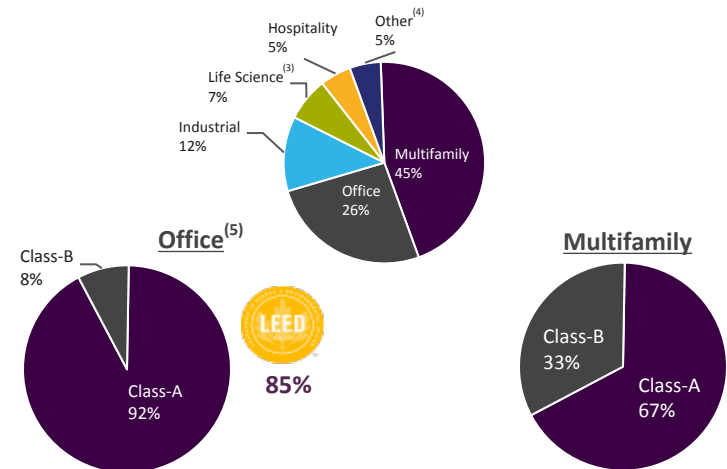
Investment Type⁽²⁾



Interest Rate Type



Property Type

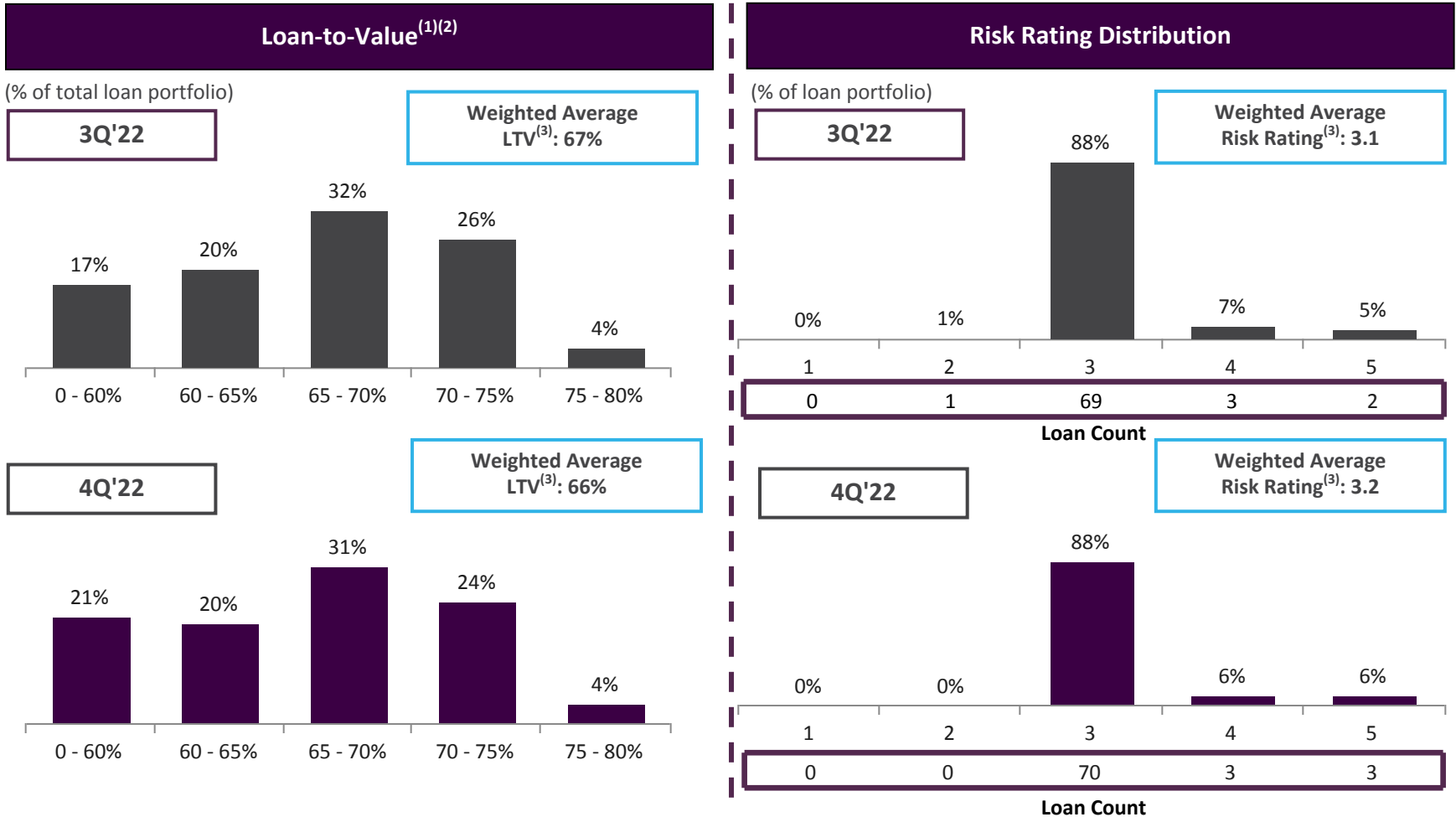


Note: The charts above are based on total assets. Total assets reflect the principal amount of our senior and mezzanine loans

- (1) Map excludes a \$40 million real estate corporate loan and one real estate owned asset with a net carrying value of \$80 million
- (2) Senior loans include senior mortgages and similar credit quality loans, including related contiguous junior participations in senior loans where KREF has financed a loan with structural leverage through the non-recourse sale of a corresponding first mortgage
- (3) KREF classifies a loan as life science if more than 50% of the gross leasable area is leased to, or will be converted to, life science-related space
- (4) "Other" property types include: 3% Condo (Residential), 1% Student Housing, <1% Single Family Rental, <1% Self-Storage
- (5) Office property certification % is based on current principal loan balance; see description for LEED certification in the appendix

Portfolio Credit Quality Overview

Collected 100% 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, except as noted in the footnotes to the "Portfolio Details" Summary in the Appendix
- (2) Includes non-consolidated senior interests and excludes a real estate corporate loan and three 5 risk-rated loans
- (3) Weighted average is weighted by current principal amount

Case Studies: Watch List Loans (Risk Rating 5)

Investment	Minneapolis Office	Philadelphia Office	Philadelphia Office
Loan Type	Floating-Rate Senior Loan	Floating-Rate Senior Loan	Floating-Rate Senior Loan
Investment Date	November 2017	April 2019	June 2018
Collateral	Two Class-A Office Buildings totaling 1.1mm SF	4-Building, 711k RSF Office Portfolio	2-Building, 978k RSF Office Portfolio
Loan Purpose	Refinance	Acquisition	Acquisition
Location	Minneapolis, MN	Philadelphia, PA	Philadelphia, PA
Committed Amount	\$194 million	\$183 million	\$136 million ⁽¹⁾
Current Principal Amount	\$194 million	\$159 million	\$136 million ⁽¹⁾
Loan Basis	\$179 / SF	\$222 / SF	\$139 / SF
Coupon	LIBOR + 3.8%	LIBOR + 2.6%	SOFR + 3.5%
Max Remaining Term (Yrs.)	0.3	1.4	0.5
Loan Risk Rating	5	5	5 ⁽²⁾

(1) Committed Amount and Current Principal Amount are net of \$25 million write-off

(2) The senior loan was risk-rated 5 at December 31, 2022, then reassessed post-modification and is currently a risk-rated 3 loan

Case Studies: Watch List Loans (Risk Rating 4)

Investment	Mountain View Office	Washington, D.C. Office	West Hollywood Multifamily
Loan Type	Floating-Rate Senior Loan	Floating-Rate Senior Loan	Floating-Rate Senior Loan
Investment Date	July 2021	December 2019	January 2022
Collateral	Five Class-A Office Buildings totaling 446k SF	Class-A Office totaling 200k SF	37-unit Class-A Multifamily
Loan Purpose	Acquisition	Refinance	Refinance
Location	Mountain View, CA	Washington, D.C.	West Hollywood, CA
Committed Amount	\$250 million ⁽¹⁾	\$176 million	\$102 million
Current Principal Amount	\$195 million	\$149 million	\$102 million
Loan Basis	\$636 / SF	\$729 / SF	\$2,756,757 / unit
Coupon	SOFR + 3.4%	LIBOR + 3.4%	LIBOR + 3.0%
Max Remaining Term (Yrs.)	3.6	2.0	4.1
Loan Risk Rating	4	4	4

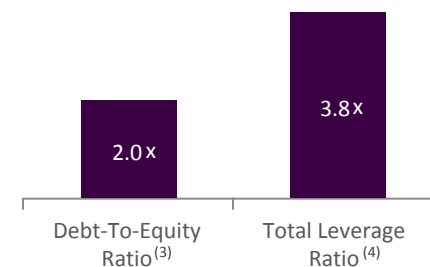
(1) The total whole loan facility is \$363 million, co-originated and co-funded by KREF and a KKR affiliate. KREF's interest was 69% of the loan or \$250 million

Financing Overview: 77% Non-Mark-To-Market

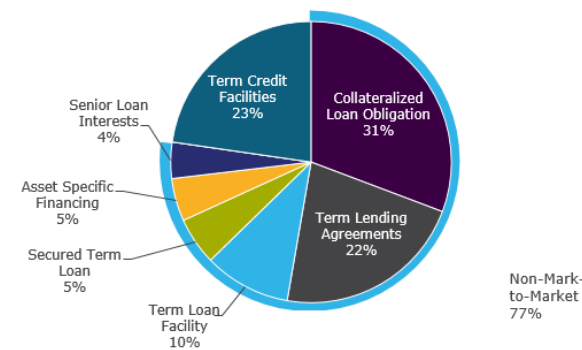
Diversified financing sources totaling \$9.1 billion with \$2.9 billion of undrawn capacity

Summary of Outstanding Financing					
(\$ in Millions)	Maximum Capacity	Outstanding Face Amount	Weighted Avg. Coupon ⁽¹⁾	Advance Rate	Non-MTM
Term Credit Facilities	\$1,840	\$1,436	+1.8%	68.5%	(2)
Term Lending Agreements	\$1,881	\$1,391	+1.8%	75.6%	✓
Asset Specific Financing	\$791	\$311	+2.4%	79.9%	✓
Warehouse Facility	\$500	\$0	n/a	n/a	✓
Secured Term Loan	\$347	\$347	+3.5%	—	✓
Convertible Notes	\$144	\$144	6.1%	—	✓
Corporate Revolving Credit Facility	\$610	\$0	n/a	—	✓
Total Debt	\$6,112	\$3,629			
Term Loan Facility	\$1,000	\$632	+1.8%	80.4%	✓
Collateralized Loan Obligations	\$1,943	\$1,943	+1.5%	84.5%	✓
Total Leverage	\$9,055	\$6,204			

Leverage Ratios





Outstanding Secured Financing⁽⁵⁾

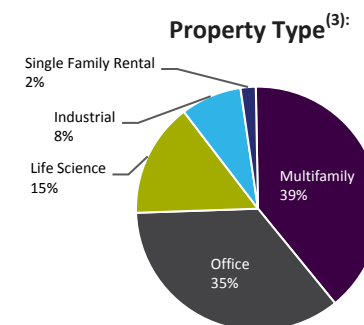


- (1) Weighted average coupon expressed as spread over the relevant floating benchmark rates, which include one-month LIBOR and Term SOFR, as applicable to each financing
- (2) Term credit facilities are marked to credit only and not subject to capital markets mark-to-market provisions
- (3) Represents (i) total outstanding debt agreements (excluding non-recourse facilities), 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 or Weighted Average
Drawn	\$673	\$595	\$169	\$1,436
Capacity	\$1,000	\$600	\$240	\$1,840
Collateral: Loans / Principal Balance	10 Loans / \$924	11 Loans / \$808	7 Loans / \$364	28 Loans / \$2,096
Final Stated Maturity ⁽¹⁾	September 2026	December 2023	October 2025	-
Weighted Average Pricing ⁽²⁾	+1.5%	+ 2.0%	+ 2.2%	+1.8%
Weighted Average Advance	72.8%	73.6%	46.5%	68.5%
Mark-to-market	Credit Only	Credit Only	Credit Only	-



(1) Based on extended maturity date

(2) Weighted average pricing expressed as spread over the relevant floating benchmark rates, which include one-month LIBOR and Term SOFR, as applicable to each financing

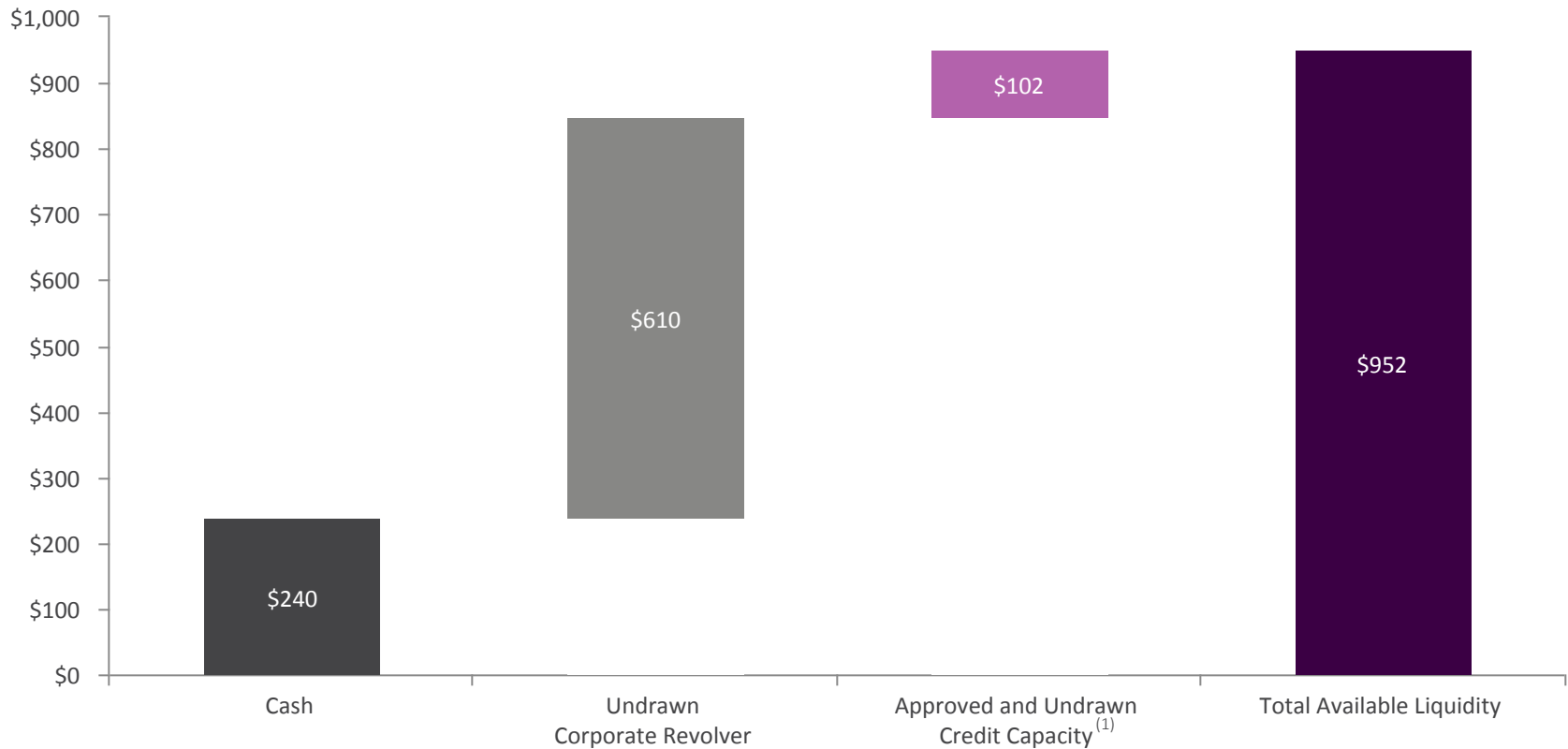
(3) Based on principal balance of financing

Liquidity Overview

In addition to the available liquidity below, KREF had \$179 million of unencumbered senior loans that can be pledged to financing facilities subject to lender approval as of December 31, 2022

Sources of Available Liquidity

(\$ in Millions)



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

Portfolio Positioned for Higher Rate Environment

100% floating-rate loan portfolio continues to benefit from a rising rate environment

55% indexed to Term SOFR and 45% to one-month LIBOR

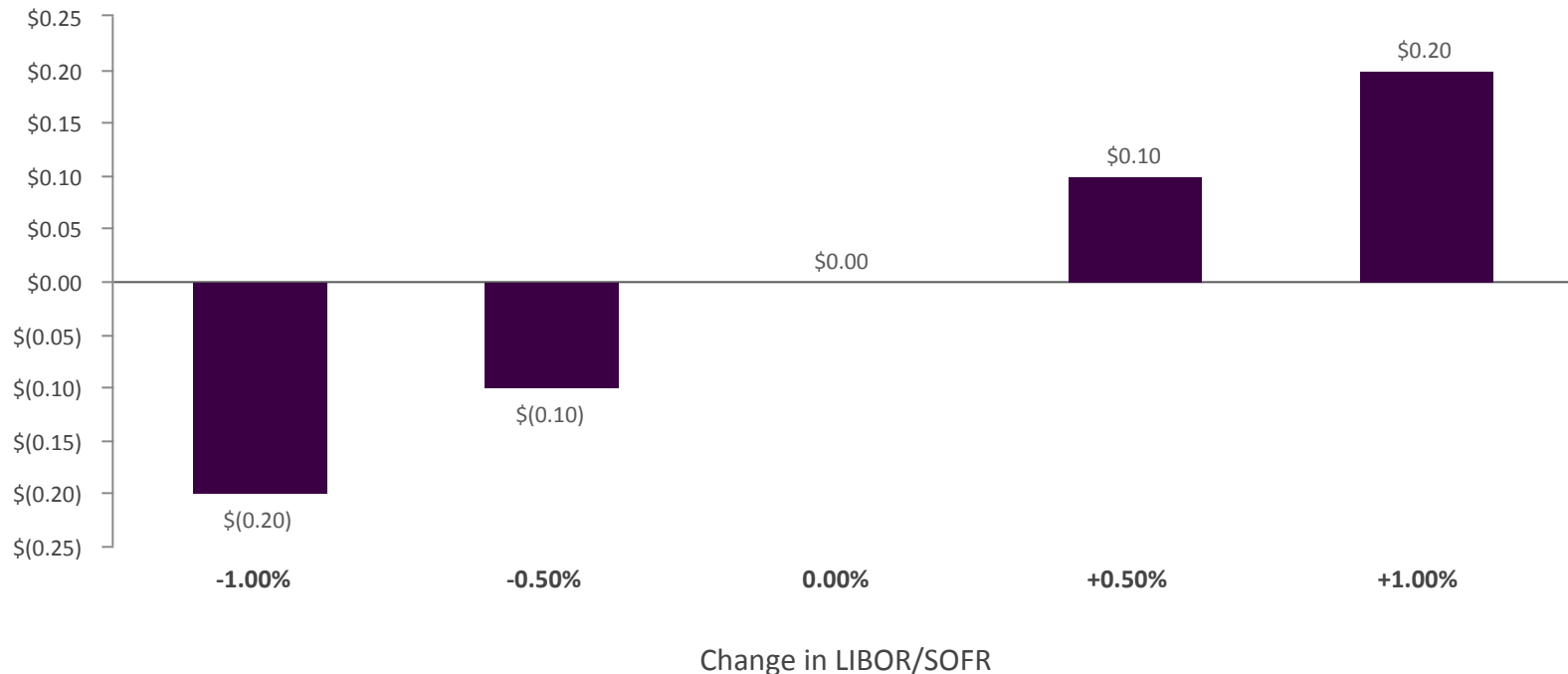
Annual Net Interest Income Per Share Sensitivity to Change in Market Rates

One-month LIBOR = 4.39%

Term SOFR = 4.36%

As of December 31, 2022

(\$ Impact Per Share)



Note: Based on portfolio as of December 31, 2022

Appendix

Portfolio Details

(\$ in Millions)

#	Investment ⁽¹⁾	Location	Property Type	Investment Date	Total Whole Loan ⁽²⁾	Committed Principal Amount ⁽²⁾	Current Principal Amount	Net Equity ⁽³⁾	Coupon ⁽⁴⁾⁽⁵⁾	Max Remaining Term (Yrs) ⁽⁶⁾⁽⁶⁾	Loan Per SF / Unit / Key ⁽⁷⁾	LTV ⁽⁸⁾⁽⁸⁾	Risk Rating
Senior Loans ⁽⁹⁾													
1	Senior Loan	Arlington, VA	Multifamily	9/30/2021	\$381.0	\$381.0	\$361.5	\$79.1	+3.3%	3.8	\$ 325,707 / unit	69%	3
2	Senior Loan	Boston, MA	Life Science	8/3/2022	312.5	312.5	85.7	10.1	+4.2%	4.6	\$ 747 / SF	56%	3
3	Senior Loan	Bellevue, WA	Office	9/13/2021	260.4	260.4	104.7	29.4	+3.6%	4.3	\$ 855 / SF	63%	3
4	Senior Loan	Los Angeles, CA	Multifamily	2/19/2021	260.0	260.0	250.0	38.4	+3.6%	3.2	\$ 466,400 / unit	68%	3
5	Senior Loan	Various	Industrial	4/28/2022	252.3	252.3	252.3	49.3	+2.7%	4.4	\$ 98 / SF	64%	3
6	Senior Loan	Mountain View, CA	Office	7/14/2021	250.0	250.0	195.3	49.0	+3.4%	3.6	\$ 636 / SF	73%	4
7	Senior Loan	Bronx, NY	Industrial	8/27/2021	228.7	228.7	156.7	40.3	+4.2%	3.7	\$ 277 / SF	52%	3
8	Senior Loan	Various	Multifamily	5/31/2019	216.5	216.5	216.5	39.2	+4.0%	1.4	\$ 202,336 / unit	74%	3
9	Senior Loan	Minneapolis, MN	Office	11/13/2017	194.4	194.4	194.4	87.6	+3.8%	0.3	\$ 179 / SF	n.a.	5
10	Senior Loan	Various	Industrial	6/15/2022	187.8	187.8	142.2	27.6	+2.9%	4.5	\$ 102 / SF	50%	3
11	Senior Loan	Washington, D.C.	Office	11/9/2021	187.7	187.7	167.2	49.1	+3.3%	3.9	\$ 469 / SF	55%	3
12	Senior Loan	Boston, MA	Office	2/4/2021	375.0	187.5	187.5	37.4	+3.3%	3.1	\$ 506 / SF	71%	3
13	Senior Loan	New York, NY	Condo (Residential)	12/20/2018	186.1	186.1	177.8	56.2	+3.6%	1.0	\$ 1,393 / SF	69%	3
14	Senior Loan	The Woodlands, TX	Hospitality	9/15/2021	183.3	183.3	173.8	33.8	+4.2%	3.8	\$ 191,243 / key	64%	3
15	Senior Loan	Philadelphia, PA	Office	4/11/2019	182.6	182.6	158.8	26.9	+2.6%	1.4	\$ 222 / SF	n.a.	5
16	Senior Loan	Washington, D.C.	Office	12/20/2019	175.5	175.5	149.0	42.4	+3.4%	2.0	\$ 729 / SF	58%	4
17	Senior Loan	West Palm Beach, FL	Multifamily	12/29/2021	171.5	171.5	170.2	26.2	+2.8%	4.0	\$ 209,632 / unit	73%	3
18	Senior Loan	Boston, MA	Life Science	4/27/2021	332.3	166.2	139.5	27.7	+3.6%	3.4	\$ 579 / SF	66%	3
19	Senior Loan	Various	Self-Storage	12/21/2022	320.0	160.0	20.1	3.5	+3.8%	5.0	\$ 34 / SF	61%	3
20	Senior Loan	Oakland, CA	Office	10/23/2020	509.9	159.7	134.1	21.1	+4.3%	2.9	\$ 412 / SF	54%	3
21	Senior Loan	Plano, TX	Office	2/6/2020	153.7	153.7	148.0	25.0	+2.7%	2.1	\$ 205 / SF	63%	3
22	Senior Loan	Chicago, IL	Office	7/15/2019	150.0	150.0	118.2	21.0	+3.3%	1.6	\$ 114 / SF	57%	3
23	Senior Loan	Redwood City, CA	Life Science	9/30/2022	580.7	145.2	0.0	(1.4)	+4.5%	4.8	\$ 885 / SF	53%	3
24	Senior Loan ⁽¹⁰⁾	Various	Industrial	6/30/2021	283.6	141.8	71.9	70.6	+5.5%	3.5	\$ 72 / SF	62%	3
25	Senior Loan	Seattle, WA	Life Science	10/1/2021	188.0	140.3	111.2	29.7	+3.1%	3.8	\$ 710 / SF	69%	3
26	Senior Loan	Dallas, TX	Office	12/10/2021	138.0	138.0	136.5	25.9	+3.7%	3.9	\$ 434 / SF	68%	3
27	Senior Loan	Boston, MA	Multifamily	3/29/2019	137.0	137.0	137.0	30.8	+3.4%	1.3	\$ 351,282 / unit	59%	3
28	Senior Loan ⁽¹¹⁾	Philadelphia, PA	Office	6/19/2018	136.0	136.0	136.0	136.8	+3.5%	0.5	\$ 139 / SF	n.a.	5
29	Senior Loan	Arlington, VA	Multifamily	1/20/2022	135.3	135.3	131.4	32.3	+2.9%	4.1	\$ 438,078 / unit	65%	3
30	Senior Loan	Fontana, CA	Industrial	5/11/2021	132.0	132.0	88.4	59.5	+4.7%	3.4	\$ 113 / SF	64%	3
31	Senior Loan	Fort Lauderdale, FL	Hospitality	11/9/2018	130.0	130.0	130.0	24.1	+3.5%	0.9	\$ 375,723 / key	66%	3
32	Senior Loan	San Carlos, CA	Life Science	2/1/2022	195.9	125.0	87.8	21.3	+3.6%	4.1	\$ 599 / SF	68%	3
33	Senior Loan	Irving, TX	Multifamily	4/22/2021	117.6	117.6	112.5	17.7	+3.3%	3.4	\$ 123,877 / unit	70%	3
34	Senior Loan	Cambridge, MA	Life Science	12/22/2021	401.3	115.7	67.4	18.9	+4.0%	4.0	\$ 1,072 / SF	51%	3
35	Senior Loan	Pittsburgh, PA	Student Housing	6/8/2021	112.5	112.5	112.5	17.1	+2.9%	3.4	\$ 155,602 / unit	74%	3
36	Senior Loan	Miami, FL	Multifamily	10/28/2022	110.4	110.4	94.0	22.5	+3.8%	4.9	\$ 333,333 / unit	51%	3
37	Senior Loan	Las Vegas, NV	Multifamily	12/28/2021	106.3	106.3	102.0	19.9	+2.7%	4.0	\$ 193,182 / unit	61%	3
38	Senior Loan	Doral, FL	Multifamily	12/10/2021	212.0	106.0	106.0	21.0	+2.8%	3.9	\$ 335,975 / unit	77%	3
39	Senior Loan	San Diego, CA	Multifamily	10/20/2021	103.5	103.5	103.5	18.6	+2.8%	3.9	\$ 448,052 / unit	71%	3
40	Senior Loan	Orlando, FL	Multifamily	12/14/2021	102.4	102.4	88.9	21.6	+3.1%	4.0	\$ 234,565 / unit	74%	3
41	Senior Loan	West Hollywood, CA	Multifamily	1/26/2022	102.0	102.0	102.0	15.3	+3.0%	4.1	\$ 2,756,757 / unit	65%	4
42	Senior Loan	Boston, MA	Industrial	6/28/2022	285.5	100.0	98.7	19.6	+3.0%	4.5	\$ 197 / SF	52%	3
43	Senior Loan	Washington, D.C.	Office	1/13/2022	228.5	100.0	58.7	10.2	+3.2%	5.1	\$ 215 / SF	55%	3
44	Senior Loan	Phoenix, AZ	Industrial	1/13/2022	195.3	100.0	41.9	11.6	+4.0%	4.1	\$ 57 / SF	57%	3
45	Senior Loan	Cary, NC	Multifamily	11/21/2022	100.0	100.0	93.3	17.5	+3.4%	4.9	\$ 239,231 / unit	63%	3
46	Senior Loan	Brisbane, CA	Life Science	7/22/2021	95.0	95.0	90.8	17.7	+3.1%	3.6	\$ 784 / SF	71%	3
47	Senior Loan	Brandon, FL	Multifamily	1/13/2022	90.3	90.3	64.4	9.0	+3.1%	4.1	\$ 192,188 / unit	75%	3
48	Senior Loan	Dallas, TX	Multifamily	12/23/2021	90.0	90.0	77.5	15.0	+2.8%	4.0	\$ 238,488 / unit	67%	3
49	Senior Loan	Miami, FL	Multifamily	10/14/2021	89.5	89.5	89.5	17.2	+2.9%	3.9	\$ 304,422 / unit	76%	3
50	Senior Loan	Dallas, TX	Office	1/22/2021	87.0	87.0	87.0	21.2	+3.3%	3.1	\$ 294 / SF	65%	3

*See footnotes on subsequent page

Portfolio Details

(\$ in Millions)

#	Investment ⁽¹⁾	Location	Property Type	Investment Date	Total Whole Loan ⁽²⁾	Committed Principal Amount ⁽²⁾	Current Principal Amount	Net Equity ⁽³⁾	Coupon ⁽⁴⁾⁽⁵⁾	Max Remaining Term (Yrs) ⁽⁶⁾⁽⁷⁾	Loan Per SF / Unit / Key ⁽⁷⁾	LTV ⁽⁴⁾⁽⁸⁾	Risk Rating
Senior Loans⁽⁹⁾													
51	Senior Loan	Charlotte, NC	Multifamily	12/14/2021	\$86.8	\$86.8	\$76.0	\$11.0	+3.1%	4.0	\$ 206,522 / unit	74%	3
52	Senior Loan	San Antonio, TX	Multifamily	6/1/2022	246.5	86.3	80.3	19.7	+2.8%	4.4	\$ 88,134 / unit	68%	3
53	Senior Loan	Scottsdale, AZ	Multifamily	5/9/2022	169.0	84.5	84.5	12.8	+2.9%	4.4	\$ 457,995 / unit	64%	3
54	Senior Loan	Raleigh, NC	Multifamily	4/27/2022	82.9	82.9	77.7	16.0	+3.0%	4.4	\$ 242,761 / unit	68%	3
55	Senior Loan	Hollywood, FL	Multifamily	12/20/2021	81.0	81.0	81.0	14.8	+3.0%	4.0	\$ 327,935 / unit	74%	3
56	Senior Loan	Phoenix, AZ	Single Family Rental	4/22/2021	72.1	72.1	40.2	11.7	+4.8%	3.4	\$ 157,092 / unit	50%	3
57	Senior Loan	Arlington, VA	Multifamily	10/23/2020	141.8	70.9	70.9	11.7	+3.8%	2.8	\$ 393,858 / unit	73%	3
58	Senior Loan	Denver, CO	Multifamily	9/14/2021	70.3	70.3	69.9	11.8	+2.7%	3.8	\$ 288,951 / unit	78%	3
59	Senior Loan	Washington, D.C.	Multifamily	12/4/2020	69.0	69.0	66.7	10.9	+3.5%	2.9	\$ 266,727 / unit	63%	3
60	Senior Loan	Dallas, TX	Multifamily	8/18/2021	68.2	68.2	68.2	10.0	+3.9%	3.7	\$ 189,444 / unit	70%	3
61	Senior Loan	Manassas Park, VA	Multifamily	2/25/2022	68.0	68.0	68.0	13.2	+2.7%	4.2	\$ 223,684 / unit	73%	3
62	Senior Loan	Plano, TX	Multifamily	3/31/2022	67.8	67.8	65.8	18.8	+2.8%	4.3	\$ 247,505 / unit	75%	3
63	Senior Loan	Nashville, TN	Hospitality	12/9/2021	66.0	66.0	64.7	10.3	+3.6%	4.0	\$ 281,237 / key	68%	3
64	Senior Loan	Atlanta, GA	Multifamily	12/10/2021	61.5	61.5	57.8	14.4	+3.0%	4.0	\$ 191,491 / unit	67%	3
65	Senior Loan	Durham, NC	Multifamily	12/15/2021	60.0	60.0	53.6	9.6	+3.0%	4.0	\$ 155,225 / unit	67%	3
66	Senior Loan	San Antonio, TX	Multifamily	4/20/2022	57.6	57.6	55.9	10.7	+2.7%	4.4	\$ 163,441 / unit	79%	3
67	Senior Loan	Sharon, MA	Multifamily	12/1/2021	56.9	56.9	56.9	8.4	+2.8%	3.9	\$ 296,484 / unit	70%	3
68	Senior Loan	Queens, NY	Industrial	2/22/2022	55.3	55.3	52.7	13.6	+4.0%	1.2	\$ 85 / SF	68%	3
69	Senior Loan	Reno, NV	Industrial	4/28/2022	140.4	50.5	50.5	11.1	+2.7%	4.4	\$ 117 / SF	74%	3
70	Senior Loan	Carrollton, TX	Multifamily	4/1/2022	48.5	48.5	45.6	13.8	+2.9%	4.3	\$ 142,435 / unit	74%	3
71	Senior Loan	Dallas, TX	Multifamily	4/1/2022	43.9	43.9	40.3	11.3	+2.9%	4.3	\$ 113,142 / unit	73%	3
72	Senior Loan	Georgetown, TX	Multifamily	12/16/2021	41.8	41.8	41.8	10.2	+3.4%	4.0	\$ 199,048 / unit	68%	3
73	Senior Loan	San Diego, CA	Multifamily	4/29/2022	203.0	40.0	39.1	6.8	+2.6%	4.4	\$ 449,065 / unit	63%	3
74	Senior Loan ⁽¹²⁾	New York, NY	Condo (Residential)	8/4/2017	20.1	20.1	20.1	20.1	+4.2%	0.3	\$ 1,061 / SF	73%	3
75	Senior Loan	Denver, CO	Industrial	12/11/2020	15.4	15.4	7.4	3.3	+3.8%	3.0	\$ 47 / SF	61%	3
Total / Weighted Average					\$13,216.4	\$9,321.3	\$7,760.0	\$1,867.7	+3.3%	3.3		66%	3.2
Non-Senior Loans													
1	Corporate	n.a.	Multifamily	12/11/2020	101.1	40.4	40.4	40.2	+12.0%	3.0	n.a.	n.a.	3
Total / Weighted Average					101.1	40.4	40.4	40.2	+12.0%	3.0		n.a.	3.0
CMBS B-Pieces													
1	RECOP ⁽¹³⁾	Various	Various	2/13/2017	n.a.	40.0	35.7	35.7	4.7%	6.4	n.a.	58%	n.a.
Total / Weighted Average						40.0	35.7	35.7	4.7%	6.4		58%	
Real Estate Owned													
1	Real Estate Asset	Portland, OR	Retail	12/16/2021	n.a.	n.a.	80.2	80.2	n.a.	n.a.	n.a.	n.a.	n.a.
Total / Weighted Average							80.2	79.7					
Portfolio Total / Weighted Average						9,401.8	7,916.4	2,023.8	7.8%	3.3		66%	3.2

*See footnotes on subsequent page

Portfolio Details

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

For Senior Loan 12, the total whole loan is \$375.0 million, co-originated and co-funded by us and a KKR affiliate. Our interest was 50% of the loan or \$187.5 million, of which \$150.0 million in senior notes were syndicated to a third party. Post syndication, we retained a mezzanine loan with a commitment of \$37.5 million, fully funded as of December 31, 2022, at an interest rate of L+7.9%.

For Senior Loan 20, the total whole loan is \$509.9 million, co-originated and co-funded by us and a KKR affiliate. Our interest was 31% of the loan or \$159.7 million, of which \$134.7 million in senior notes were syndicated to third party lenders. Post syndication, we retained a mezzanine loan with a commitment of \$25.0 million, of which \$21.0 million was funded as of December 31, 2022, 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 investments in RECOP I and REO.
- (4) Weighted average is weighted by the current principal amount for our senior, mezzanine and corporate loans and by net equity for our RECOP I CMBS B-Pieces. Non-Senior Loan 1 and risk-rated 5 loans are excluded from the weighted average LTV.
- (5) Coupon expressed as spread over the relevant floating benchmark rates, which include LIBOR and Term SOFR, as applicable to each loan. As of December 31, 2022, 44.6% and 55.4% of our loans by principal amount earned a floating rate of interest indexed to Term SOFR and LIBOR, respectively.
- (6) Max remaining term (years) assumes all extension options are exercised, if applicable.
- (7) Loan Per SF / Unit / Key is based on the current principal amount divided by the current SF / Unit / Key. For Senior Loans 2, 3, 7, 23, 24, 30, 34, 44, 56, and 75, Loan Per SF / Unit / Key is calculated as the total commitment amount of the loan divided by the proposed SF / Unit / Key.
- (8) For senior loans, LTV is generally based on the initial loan amount divided by the as-is appraised value as of the date the loan was originated or by the current principal amount as of the date of the most recent as-is appraised value; for mezzanine loans, LTV is based on the current balance of the whole loan divided by the as-is appraised value as of the date the loan was originated; for RECOP I CMBS B-Pieces, LTV is based on the weighted average LTV of the underlying loan pool at issuance. Weighted Average LTV excludes risk rated-5 loans and one fully funded corporate loan to a multifamily operator with an outstanding principal amount of \$40.4 million.

For Senior Loans 13 and 74, LTV is based on the current principal amount divided by the adjusted appraised gross sellout value net of sales cost.

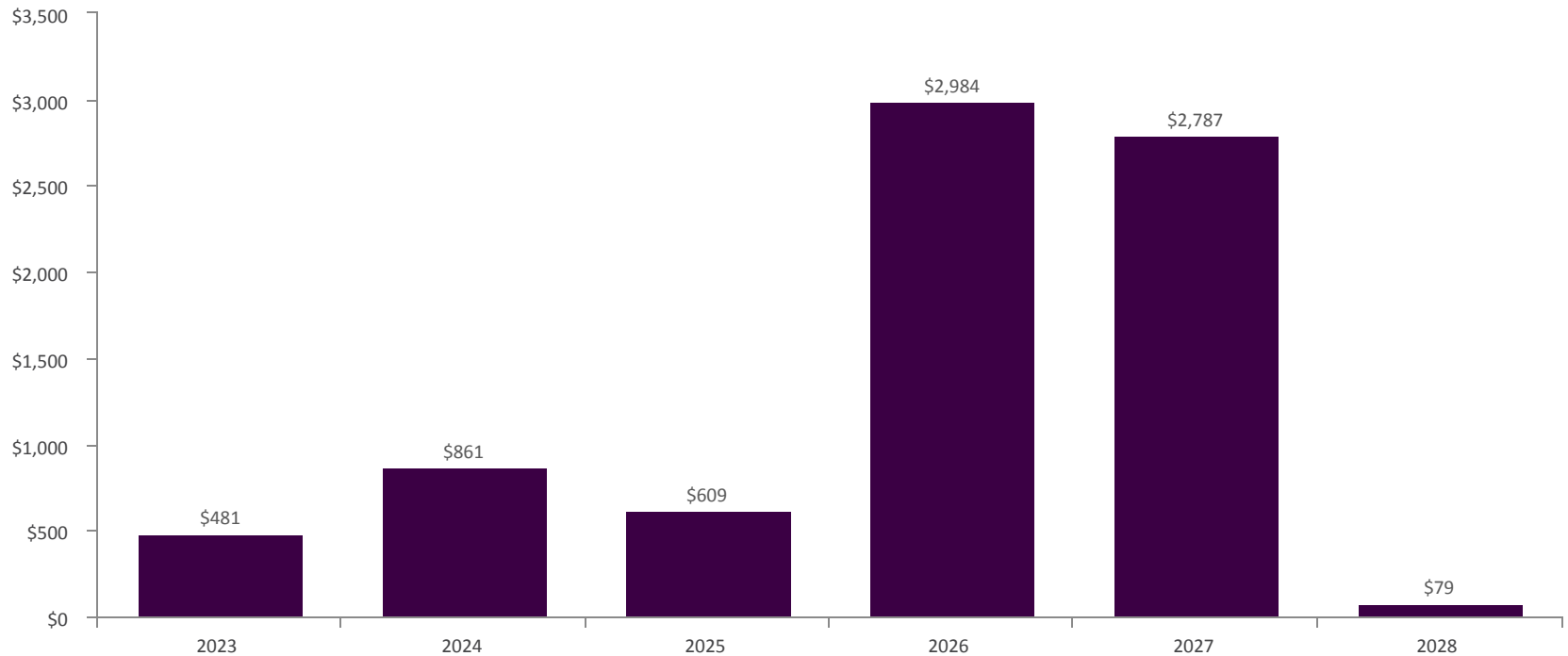
For Senior Loans 2, 3, 7, 23, 24, 30, 34, 44, 56, and 75, LTV is calculated as the total commitment amount of the loan divided by the as-stabilized value as of the date the loan was originated.
- (9) Senior loans include senior mortgages and similar credit quality investments, including junior participations in our originated senior loans for which we have syndicated the senior participations and retained the junior participations for our portfolio and excludes vertical loan participations.
- (10) For Senior Loan 24, the total whole loan facility is \$283.6 million, co-originated and co-funded by us and a KKR affiliate. Our interest was 50% of the facility or \$141.8 million. The facility is comprised of individual cross-collateralized whole loans. As of December 31, 2022, there were ten underlying senior loans in the facility with a commitment of \$141.8 million and outstanding principal of \$71.9 million.
- (11) For Senior Loan 28, Total Whole Loan, Committed Principal Amount, and Current Principal Amount are shown net of a \$25.0 million write-off.
- (12) For Senior Loan 74, Loan per SF of \$1,061 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 \$2,321 based on allocating the full amount of the loan to only the residential units.
- (13) Represents our investment in an aggregator vehicle alongside RECOP I that invests in CMBS B-Pieces. Committed principal represents our total commitment to the aggregator vehicle whereas current principal represents the current funded amount.

Fully Extended Loan Maturities

Fully extended weighted average loan maturity of 3.3 years⁽¹⁾

Fully Extended Loan Maturities⁽¹⁾

(\$ in Millions)



(1) Excludes CMBS B-Pieces held through an equity method investment

Consolidated Balance Sheets

(in thousands - except share and per share data)	December 31, 2022		December 31, 2021	
Assets				
Cash and cash equivalents ⁽¹⁾	\$	239,791	\$	271,487
Commercial real estate loans, held-for-investment		7,494,138		6,316,733
Less: Allowance for credit losses		(106,974)		(22,244)
Commercial real estate loans, held-for-investment, net		7,387,164		6,294,489
Real estate owned, net		80,231		78,569
Accrued interest receivable		39,005		15,241
Equity method investments		36,849		35,537
Other assets ⁽²⁾		19,281		7,916
Total Assets	\$	7,802,321	\$	6,703,239
Liabilities and Equity				
Liabilities				
Secured financing agreements, net	\$	3,748,691	\$	3,726,593
Collateralized loan obligations, net		1,935,592		1,087,976
Secured term loan, net		336,828		338,549
Convertible notes, net		143,237		141,851
Dividends payable		29,711		26,589
Accrued interest payable		17,859		6,627
Accounts payable, accrued expenses and other liabilities ⁽³⁾		10,245		7,521
Due to affiliates		8,722		5,952
Total Liabilities		6,230,885		5,341,658
Commitments and Contingencies				
		—		—
Equity				
Preferred Stock, 50,000,000 shares authorized				
Series A cumulative redeemable preferred stock, \$0.01 par value, (13,110,000 and 6,900,000 shares issued and outstanding as of December 31, 2022 and 2021, respectively; liquidation preference of \$25.00 per share)		131		69
Common stock, \$0.01 par value, 300,000,000 authorized (75,080,707 and 65,271,058 shares issued; 69,095,011 and 61,370,732 shares outstanding as of December 31, 2022 and 2021, respectively)		691		613
Additional paid-in capital		1,808,983		1,459,959
Accumulated deficit		(141,503)		(38,208)
Repurchased stock (5,985,696 and 3,900,326 shares repurchased as of December 31, 2022 and 2021, respectively)		(96,764)		(60,999)
Total KKR Real Estate Finance Trust Inc. stockholders' equity		1,571,538		1,361,434
Noncontrolling interests in equity of consolidated joint venture		(102)		147
Total Equity		1,571,436		1,361,581
Total Liabilities and Equity	\$	7,802,321	\$	6,703,239

(1) Includes \$151 million and \$54 million held in collateralized loan obligation as of December 31, 2022 and 2021, respectively

(2) Includes \$11 million and \$2 million of restricted cash as of December 31, 2022 and 2021, respectively

(3) Includes \$4 million and \$2 million of expected loss reserve for unfunded loan commitments as of December 31, 2022 and 2021, respectively

Consolidated Statements of Income

(in thousands - except share and per share data)	Three Months Ended			Year Ended		
	December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2020
Net Interest Income						
Interest income	\$ 143,508	\$ 114,627	\$ 72,715	\$ 421,968	\$ 279,950	\$ 269,188
Interest expense	91,592	67,311	30,266	236,095	114,439	127,312
Total net interest income	51,916	47,316	42,449	185,873	165,511	141,876
Other income						
Revenue from real estate owned operations	2,417	2,092	—	8,971	—	—
Income from equity method investments	820	914	1,863	4,655	6,371	537
Other income	1,576	840	390	5,568	686	744
Gain on sale of investments	—	—	5,126	—	5,126	—
Total other income	4,813	3,846	7,379	19,194	12,183	1,281
Operating Expenses						
General and administrative	4,576	4,286	3,383	17,616	14,235	14,238
Provision for (reversal of) credit losses, net	21,189	80,604	(3,077)	112,373	(4,059)	50,344
Management fees to affiliate	6,578	6,589	5,289	25,680	19,378	16,992
Incentive compensation to affiliate	634	—	3,463	634	10,273	6,774
Expenses from real estate owned operations	3,593	2,598	—	11,113	—	—
Total operating expenses	36,570	94,077	9,058	167,416	39,827	88,348
Income (Loss) Before Income Taxes, Noncontrolling Interests, Preferred Dividends, Redemption Value Adjustment and Participating Securities' Share in Earnings	20,159	(42,915)	40,770	37,651	137,867	54,809
Income tax expense	58	—	427	58	684	412
Net Income (Loss)	20,101	(42,915)	40,343	37,593	137,183	54,397
Noncontrolling interests in income (loss) of consolidated joint venture	(227)	(161)	—	(510)	—	—
Net Income (Loss) Attributable to KREF Trust Inc. and Subsidiaries	20,328	(42,754)	40,343	38,103	137,183	54,397
Preferred Stock dividends and redemption value adjustment	5,326	5,326	4,966	21,304	11,369	844
Participating securities' shares in earnings	400	341	179	1,428	179	—
Net Income (Loss) Attributable to Common Stockholders	\$ 14,602	\$ (48,421)	\$ 35,198	\$ 15,371	\$ 125,635	\$ 53,553
Net Income (Loss) Per Share of Common Stock, Basic	\$ 0.21	\$ (0.70)	\$ 0.59	\$ 0.23	\$ 2.22	\$ 0.96
Net Income (Loss) Per Share of Common Stock, Diluted	\$ 0.21	\$ (0.70)	\$ 0.59	\$ 0.23	\$ 2.21	\$ 0.96
Weighted Average Number of Shares of Common Stock Outstanding, Basic	69,109,790	69,382,730	59,364,672	67,553,578	56,571,200	55,985,014
Weighted Average Number of Shares of Common Stock Outstanding, Diluted	69,109,790	69,382,730	59,453,264	67,553,578	56,783,388	56,057,237
Dividends Declared per Share of Common Stock	\$ 0.43	\$ 0.43	\$ 0.43	\$ 1.72	\$ 1.72	\$ 1.72

Reconciliation of GAAP Net Income (Loss) to Distributable Earnings

(in thousands - except share and per share data)	Year Ended		Three Months Ended			
	December 31, 2022	Per Diluted Share ⁽¹⁾	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Net Income (Loss) Attributable to Common Stockholders	\$ 15,371	\$ 0.23	\$ 14,602	\$ (48,421)	\$ 19,394	\$ 29,796
Adjustments						
Non-cash equity compensation expense	7,835	0.12	1,494	2,175	2,040	2,126
Unrealized (gains) or losses, net ⁽²⁾	(1,326)	(0.02)	(25)	(79)	(190)	(1,032)
Provision for (reversal of) credit losses, net	112,373	1.66	21,189	80,604	11,798	(1,218)
Non-cash convertible notes discount amortization	361	0.01	91	91	90	89
Distributable Earnings before realized loss on loan write-off	\$ 134,614	\$ 1.99	\$ 37,351	\$ 34,370	\$ 33,132	\$ 29,761
Realized loss on loan write-off ⁽³⁾	(25,000)	(0.37)	(25,000)	—	—	—
Distributable Earnings	\$ 109,614	\$ 1.62	\$ 12,351	\$ 34,370	\$ 33,132	\$ 29,761
Weighted average number of shares of common stock outstanding, diluted	67,553,578		69,109,790	69,382,730	68,549,049	63,086,452

(1) Numbers presented may not foot due to rounding

(2) Includes primarily unrealized mark-to-market adjustment to CMBS B-Pieces held through an equity method investment

(3) Includes a \$25 million write-off on a portion of a \$161 million defaulted senior office loan that was deemed uncollectible during the year ended December 31, 2022

Reconciliation of GAAP Net Income to Distributable Earnings

(in thousands - except share and per share data)	Year Ended					
	December 31, 2022	Per Diluted Share ⁽¹⁾	December 31, 2021	Per Diluted Share ⁽¹⁾	December 31, 2020	Per Diluted Share ⁽¹⁾
Net Income (Loss) Attributable to Common Stockholders	\$ 15,371	\$ 0.23	\$ 125,635	\$ 2.21	\$ 53,553	\$ 0.96
Adjustments						
Non-cash equity compensation expense	7,835	0.12	7,428	0.13	5,676	0.10
Unrealized (gains) or losses, net ⁽²⁾	(1,326)	(0.02)	1,059	0.02	4,036	0.06
Provision for (reversal of) credit losses, net	112,373	1.66	(4,059)	(0.07)	50,344	0.90
Gain on redemption of non-voting manager units	—	—	(5,126)	(0.09)	—	—
Non-cash convertible notes discount amortization	361	0.01	361	0.01	362	0.01
Distributable Earnings before realized loss on loan write-offs	\$ 134,614	\$ 1.99	\$ 125,298	\$ 2.21	\$ 113,971	\$ 2.03
Realized loss on loan write-offs ⁽³⁾	(25,000)	(0.37)	(32,905)	(0.58)	(4,650)	(0.08)
Distributable Earnings	\$ 109,614	\$ 1.62	\$ 92,393	\$ 1.63	\$ 109,321	\$ 1.95
Weighted average number of shares of common stock outstanding, diluted	67,553,578		56,783,388		56,057,237	

(1) Numbers presented may not foot due to rounding

(2) Includes primarily unrealized mark-to-market adjustment to CMBS B-Pieces held through an equity method investment and non-cash redemption value adjustment of our Special Non-Voting Preferred Stock

(3) Includes a \$25 million write-off on a portion of a \$161 million defaulted senior office loan that was deemed uncollectible during the year ended December 31, 2022. Includes \$32 million write-off on a defaulted senior retail loan for which we took title of the underlying property and \$1 million write-off of the remaining balance on an impaired mezzanine retail loan during the year ended December 31, 2021. Includes \$5 million write-off on a mezzanine retail loan that was deemed uncollectible during the year ended December 31, 2020

Key Definitions

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

The Company defines Distributable Earnings as net income (loss) attributable to stockholders or, without duplication, owners of the Company's subsidiaries, computed in accordance with GAAP, including realized losses not otherwise included in GAAP net income (loss) and excluding (i) non-cash equity compensation expense, (ii) depreciation and amortization, (iii) any unrealized gains or losses or other similar non-cash items that are included in net income for the applicable reporting period, regardless of whether such items are included in other comprehensive income or loss, or in net income, and (iv) one-time events pursuant to changes in GAAP and certain material non-cash income or expense items agreed upon after discussions between the Company’s Manager and board of directors and after approval by a majority of the independent directors. The exclusion of depreciation and amortization from the calculation of Distributable Earnings only applies to debt investments related to real estate to the extent the Company forecloses upon the property or properties underlying such debt investments.

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

The weighted average diluted shares outstanding used for purposes of calculating Distributable Earnings per diluted weighted average share has been adjusted from the weighted average diluted shares outstanding under GAAP to exclude potential shares that may be issued upon the conversion of the Convertible Notes. Consistent with the treatment of other unrealized adjustments to Distributable Earnings, these potentially issuable shares are excluded until a conversion occurs, which we believe is a useful presentation for investors. We believe that excluding shares issued in connection with a potential conversion of the Convertible Notes from our computation of Distributable Earnings per diluted weighted average share is useful to investors for various reasons, including: (i) conversion of Convertible Notes to shares would require the holder of a note to elect to convert the Convertible Note and for us to elect to settle the conversion in the form of shares, and we currently intend to settle the Convertible Notes in cash; (ii) future conversion decisions by note holders will be based on our stock price in the future, which is presently not determinable; and (iii) we believe that when evaluating our operating performance, investors and potential investors consider our Distributable Earnings relative to our actual distributions, which are based on shares outstanding and not shares that might be issued in the future.

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