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DELTA REPORT

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KREF - KKR REAL ESTATE FINANCE T

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	2150
CHANGES	294
DELETIONS	429
ADDITIONS	1427

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2024 June 30, 2024

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _______________ to _______________

Commission File Number: 001-38082

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KKR Real Estate Finance Trust Inc.

(Exact name of registrant as specified in its charter)

Maryland	47-2009094
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
30 Hudson Yards, Suite 7500 New York, NY	10001
(Address of principal executive offices)	(Zip Code)

(212) 750-8300

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.01 per share	KREF	New York Stock Exchange
6.50% Series A Cumulative Redeemable Preferred Stock, par value $0.01 per share	KREF PRA	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐
Non-accelerated filer ☐ Smaller reporting company ☐
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

The number of shares of the registrant's common stock, par value $0.01 per share, outstanding as of April 19, 2024 July 18, 2024 was 69,313,860. 69,333,208.

KKR REAL ESTATE FINANCE TRUST INC.
FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, JUNE 30, 2024
INDEX

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which reflect our current views with respect to, among other things, our 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. 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. Our expectations, beliefs and projections are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that management's expectations, beliefs and projections will result or be achieved and actual results may vary materially from what is expressed in or indicated by the forward-looking statements.

There are many factors that may cause our actual results to differ materially from the forward-looking statements, including factors set forth under Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "Form 10-K") and Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-Q, as such factors may be updated from time to time in our other periodic filings with the SEC, which are accessible on the SEC's website at www.sec.gov and on the investor relations section of our website at www.kkrreit.com. You should evaluate all forward-looking statements made in this Form 10-Q in the context of these risks and uncertainties.

We caution you that the risks, uncertainties and other factors referenced below may not contain all of the risks, uncertainties and other factors that are important to you. In addition, we cannot assure you that we will realize the results, benefits or developments that we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our business in the way expected. All forward-looking statements in this Form 10-Q apply only as of the date made and are expressly qualified in their entirety by the cautionary statements included in this Form 10-Q and in other filings we make with the SEC. We undertake no obligation to publicly update or revise any forward-looking statements to reflect subsequent events or circumstances, except as required by law.

Except where the context requires otherwise, the terms "Company," "we," "us," "our" and "KREF" refer to KKR Real Estate Finance Trust Inc., a Maryland corporation, and its subsidiaries; "Manager" refers to KKR Real Estate Finance Manager LLC, a Delaware limited liability company, our external manager; and "KKR" refers to KKR & Co. Inc., a

Delaware corporation, and its subsidiaries.

SUMMARY OF MATERIAL RISKS

The following is a summary of the risk factors associated with investing in our securities. You should read this summary together with a more detailed description of these risks in the "Risk Factors" section of this report and in other filings that we make from time to time with the SEC.

- the general political, economic, competitive, and other conditions in the United States and in any foreign jurisdictions in which we invest and their impact on our loan portfolio, financial condition and business operations;

- fluctuations in interest rates and credit spreads could reduce our ability to generate income on our loans and other investments, which could lead to a significant decrease in our results of operations, cash flows and the market value of our investments and could materially impair our ability to pay distributions to our stockholders;

- adverse developments in the real estate and real estate capital markets could negatively impact our performance;
- adverse legislative or regulatory developments, including with respect to tax laws, securities laws, and the laws governing financial and lending institutions;

- adverse developments in the availability of attractive loan and other investment opportunities whether they are due to competition, regulation or otherwise, could adversely affect our results of operations;

- global economic trends and economic conditions, including heightened inflation, slower growth or recession, changes to fiscal and monetary policy, higher interest rates, labor shortages, currency fluctuations and challenges in global supply chains;

- events giving rise to increases in our current expected credit loss reserve;

- reduced demand for office, multifamily or retail space, including as a result of the COVID-19 pandemic and/or hybrid work schedules which allow work from remote locations other than the employer's office premises;

- our results of operations, financial condition, liquidity position, and business could be adversely affected if we experience (i) difficulty accessing financing or raising capital, including due to a significant dislocation in or shut-down of the capital markets, (ii) a reduction in the yield on our investments, (iii) an increase in the cost of our financing, (iv) an inability to borrow incremental amounts or an obligation to repay amounts under our financing arrangements, or (v) defaults by borrowers in paying debt service on outstanding loans;

- deterioration in the performance of the properties securing our investments that may cause deterioration in the performance of our investments, adversely impact certain of our financing arrangements and our liquidity, risks in collection of contractual interest payments, and potentially, principal losses to us;

- difficulty or delays in redeploying the proceeds from repayments of our existing investments may cause our financial performance to decline;

- acts of God such as hurricanes, earthquakes and other natural disasters, pandemics such as COVID-19, acts of war and/or terrorism and other events that may cause unanticipated and uninsured performance declines and/or losses to us or the owners and operators of the real estate securing our investments;

- increased competition from entities engaged in mortgage lending and/or investing in our target assets;

- conflicts with KKR and its affiliates, including our Manager, could result in decisions that are not in the best interests of our stockholders;

- we are dependent on our Manager and its access to KKR's investment professionals and resources. We may not find a suitable replacement for the Manager if the Management Agreement is terminated, or if key personnel leave the employment of KKR or otherwise become unavailable to us.

- our qualification as a real estate investment trust ("REIT") for U.S. federal income tax purposes and our exclusion from registration under the Investment Company Act of 1940, as amended (the "Investment Company Act"); and
- authoritative accounting principles generally accepted in the United States of America ("GAAP") or policy changes from such standard-setting bodies such as the Financial Accounting Standards Board (the "FASB"), the Securities and Exchange Commission (the "SEC"), the Internal Revenue Service, the New York Stock Exchange and other authorities that we are subject to, as well as their counterparts in any foreign jurisdictions where we might do business.

PART I — FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

KKR Real Estate Finance Trust Inc. and Subsidiaries

Condensed Consolidated Balance Sheets (Unaudited)

(Amounts in thousands, except share and per share data)

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Assets		
Cash and cash equivalents		
Cash and cash equivalents		
Cash and cash equivalents		
Commercial real estate loans, held-for-investment		
Less: Allowance for credit losses		
Commercial real estate loans, held-for-investment, net		
Real estate owned, held for investment, net		
Real estate owned assets, held for sale		
Real estate owned, held for investment, net		
Real estate owned assets, held for sale		
Real estate owned assets, held for sale		
Equity method investment, real estate asset		
Equity method investment, CMBS B-Pieces		
Accrued interest receivable		
Equity method investments		
Other assets		
Other assets(A)		
Total Assets		
Liabilities and Equity		
Liabilities and Equity		
Liabilities and Equity		
Liabilities		
Liabilities		
Liabilities		
Secured financing agreements, net		
Secured financing agreements, net		
Secured financing agreements, net		
Collateralized loan obligations, net		
Secured term loan, net		
Accrued interest payable		
Accrued interest payable		
Accrued interest payable		
Real estate owned liabilities, held for sale		
Dividends payable		
Due to affiliates		

Due to affiliates
Real estate owned liabilities, held for sale
Real estate owned liabilities, held for sale
Real estate owned liabilities, held for sale
Due to affiliates
Other liabilities
Total Liabilities
Commitments and Contingencies (Note 13)
Commitments and Contingencies (Note 13)
Commitments and Contingencies (Note 13)
Equity
Equity
Equity
Preferred Stock, $0.01 par value, 50,000,000 shares authorized
Preferred Stock, $0.01 par value, 50,000,000 shares authorized
Preferred Stock, $0.01 par value, 50,000,000 shares authorized
Series A cumulative redeemable preferred stock, (13,110,000 shares issued and outstanding as of March 31, 2024 and December 31, 2023); liquidation preference of $25.00 per share
Series A cumulative redeemable preferred stock, (13,110,000 shares issued and outstanding as of June 30, 2024 and December 31, 2023); liquidation preference of $327,750, or $25.00 per share
Series A cumulative redeemable preferred stock, (13,110,000 shares issued and outstanding as of March 31, 2024 and December 31, 2023); liquidation preference of $25.00 per share
Series A cumulative redeemable preferred stock, (13,110,000 shares issued and outstanding as of June 30, 2024 and December 31, 2023); liquidation preference of $327,750, or $25.00 per share
Series A cumulative redeemable preferred stock, (13,110,000 shares issued and outstanding as of March 31, 2024 and December 31, 2023); liquidation preference of $25.00 per share
Common stock, $0.01 par value, 300,000,000 authorized (75,299,556 shares issued and 69,313,860 shares outstanding; as of March 31, 2024 and December 31, 2023, respectively)
Series A cumulative redeemable preferred stock, (13,110,000 shares issued and outstanding as of June 30, 2024 and December 31, 2023); liquidation preference of $327,750, or $25.00 per share
Common stock, $0.01 par value, 300,000,000 authorized (69,333,208 shares issued and outstanding as of June 30, 2024; 75,299,556 shares issued and 69,313,860 shares outstanding as of December 31, 2023)
Additional paid-in capital
Accumulated deficit
Repurchased stock (5,985,696 shares repurchased as of March 31, 2024 and December 31, 2023)
Repurchased stock (5,985,696 shares repurchased as of December 31, 2023)
Total KKR Real Estate Finance Trust Inc. Stockholders' Equity
Noncontrolling interests in equity of consolidated joint venture
Noncontrolling interests in equity of consolidated joint ventures
Total Equity
Total Liabilities and Equity

(A) Includes $57.0 million of loan principal repayments held by a servicer as of June 30, 2024.

See Notes to Condensed Consolidated Financial Statements.

KKR Real Estate Finance Trust Inc. and Subsidiaries

Condensed Consolidated Statements of Income (Unaudited)

(Amounts in thousands, except share and per share data)

	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,

		Three Months Ended June 30,	Six Months Ended June 30,		
	2024	2024	2023	2024	2023
	2024				
	2024				
Net Interest Income					
Net Interest Income					
Net Interest Income					
Interest income					
Interest income					
Interest income					
Interest expense					
Interest expense					
Interest expense					
Total net interest income					
Total net interest income					
Total net interest income					
Other Income					
Other Income					
Other Income					
Income (loss) from equity method investments					
Income (loss) from equity method investments					
Income (loss) from equity method investments					
Other miscellaneous income					
Other miscellaneous income					
Other miscellaneous income					
Revenue from real estate owned operations					
Revenue from real estate owned operations					
Revenue from real estate owned operations					
Total other income					
Total other income					
Gain (loss) on sale of investments					
Total other income					
Operating Expenses					
Operating Expenses					
Operating Expenses					
Provision for credit losses, net					
Provision for credit losses, net					
Provision for credit losses, net					
Management fee to affiliate					
Management fee to affiliate					
Management fee to affiliate					
Incentive compensation to affiliate					
Incentive compensation to affiliate					
Incentive compensation to affiliate					
General and administrative					
General and administrative					
General and administrative					
Expenses from real estate owned operations					
Expenses from real estate owned operations					
Expenses from real estate owned operations					
Total operating expenses					

Total operating expenses
Total operating expenses
Income (Loss) Before Income Taxes
Income (Loss) Before Income Taxes
Income (Loss) Before Income Taxes
Income tax expense
Income tax expense
Income tax expense
Net Income (Loss)
Net Income (Loss)
Net Income (Loss)
Net income (loss) attributable to noncontrolling interests
Net income (loss) attributable to noncontrolling interests
Net income (loss) attributable to noncontrolling interests
Net Income (Loss) Attributable to KKR Real Estate Finance Trust Inc. and Subsidiaries
Net Income (Loss) Attributable to KKR Real Estate Finance Trust Inc. and Subsidiaries
Net Income (Loss) Attributable to KKR Real Estate Finance Trust Inc. and Subsidiaries
Preferred stock dividends
Preferred stock dividends
Preferred stock dividends
Participating securities' share in earnings
Participating securities' share in earnings
Participating securities' share in earnings
Net Income (Loss) Attributable to Common Stockholders
Net Income (Loss) Attributable to Common Stockholders
Net Income (Loss) Attributable to Common Stockholders
Net Income (Loss) Per Share of Common Stock
Net Income (Loss) Per Share of Common Stock
Net Income (Loss) Per Share of Common Stock
Basic and Diluted
Basic and Diluted
Basic and Diluted
Weighted Average Number of Shares of Common Stock Outstanding
Weighted Average Number of Shares of Common Stock Outstanding
Weighted Average Number of Shares of Common Stock Outstanding
Basic and Diluted
Basic and Diluted
Basic and Diluted
Dividends Declared per Share of Common Stock
Dividends Declared per Share of Common Stock
Dividends Declared per Share of Common Stock
Dividends Declared per Share of Common Stock

See Notes to Condensed Consolidated Financial Statements.

KKR Real Estate Finance Trust Inc. and Subsidiaries

Condensed Consolidated Statements of Changes in Equity (Unaudited)

(Amounts in thousands, except share data)

	Series A Preferred Stock	Common Stock

	Shares	Par Value	Shares	Par Value	Additional Paid-In Capital	Accumulated Deficit	Repurchased Stock	Total KKR Real Estate Finance Trust Inc. Stockholders' Equity	Noncontrolling Interests in Equity of Consolidated Joint Venture	Total Equity
Balance at December 31, 2023	**13,110,000**	**$ 131**	**69,313,860**	**$ 693**	**$ 1,815,077**	**$ (314,370)**	**$ (96,764)**	**$ 1,404,767**	**$ (585)**	**$ 1,404,182**
Series A preferred dividends declared, $0.41 per share	—	—	—	—	—	(5,326)	—	(5,326)	—	(5,326)
Common dividends declared, $0.25 per share	—	—	—	—	—	(17,328)	—	(17,328)	—	(17,328)
Participating security dividends declared, $0.25 per share	—	—	—	—	—	(305)	—	(305)	—	(305)
Stock-based compensation, net	—	—	—	—	2,296	—	—	2,296	—	2,296
Net income (loss)	—	—	—	—	—	(3,108)	—	(3,108)	(321)	(3,429)
Balance at March 31, 2024	**13,110,000**	**$ 131**	**69,313,860**	**$ 693**	**$ 1,817,373**	**$ (340,437)**	**$ (96,764)**	**$ 1,380,996**	**$ (906)**	**$ 1,380,090**

	Series A Preferred Stock		Common Stock							
	Shares	Par Value	Shares	Par Value	Additional Paid-In Capital	Accumulated Deficit	Repurchased Stock	Total KKR Real Estate Finance Trust Inc. Stockholders' Equity	Noncontrolling Interests in Equity of Consolidated Joint Ventures	Total Equity
Balance at December 31, 2023	**13,110,000**	**$ 131**	**69,313,860**	**$ 693**	**$ 1,815,077**	**$ (314,370)**	**$ (96,764)**	**$ 1,404,767**	**$ (585)**	**$ 1,404,182**
Series A preferred dividends declared, $0.41 per share	—	—	—	—	—	(5,326)	—	(5,326)	—	(5,326)
Common dividends declared, $0.25 per share	—	—	—	—	—	(17,328)	—	(17,328)	—	(17,328)
Participating security dividends declared, $0.25 per share	—	—	—	—	—	(305)	—	(305)	—	(305)
Stock-based compensation, net	—	—	—	—	2,296	—	—	2,296	—	2,296
Net income (loss)	—	—	—	—	—	(3,108)	—	(3,108)	(321)	(3,429)
Balance at March 31, 2024	**13,110,000**	**$ 131**	**69,313,860**	**$ 693**	**$ 1,817,373**	**$ (340,437)**	**$ (96,764)**	**$ 1,380,996**	**$ (906)**	**$ 1,380,090**
Series A preferred dividends declared, $0.41 per share	—	—	—	—	—	(5,326)	—	(5,326)	—	(5,326)
Common dividends declared, $0.25 per share	—	—	—	—	—	(17,333)	—	(17,333)	—	(17,333)
Participating security dividends declared, $0.25 per share	—	—	—	—	—	(283)	—	(283)	—	(283)
Stock-based compensation, net	—	—	19,348	*	2,225	—	—	2,225	—	2,225
Retirement of repurchased stock	—	—	—	—	(96,764)	—	96,764	—	—	—
Net income (loss)	—	—	—	—	—	25,832	—	25,832	(304)	25,528
Contribution by noncontrolling interests	—	—	—	—	—	—	—	—	54,331	54,331
Balance at June 30, 2024	**13,110,000**	**$ 131**	**69,333,208**	**$ 693**	**$ 1,722,834**	**$ (337,547)**	**$ —**	**$ 1,386,111**	**$ 53,121**	**$ 1,439,232**

* Rounds to zero.

	Series A Preferred Stock		Common Stock							
	Shares	Par Value	Shares	Par Value	Additional Paid-In Capital	Accumulated Deficit	Repurchased Stock	Total KKR Real Estate Finance Trust Inc. Stockholders' Equity	Noncontrolling Interests in Equity of Consolidated Joint Venture	Total Equity
Balance at December 31, 2022	**13,110,000**	**$ 131**	**69,095,011**	**$ 691**	**$ 1,808,983**	**$ (141,503)**	**$ (96,764)**	**$ 1,571,538**	**$ (102)**	**$ 1,571,436**
Series A preferred dividends declared, $0.41 per share	—	—	—	—	—	(5,326)	—	(5,326)	—	(5,326)
Common dividends declared, $0.43 per share	—	—	—	—	—	(29,711)	—	(29,711)	—	(29,711)
Participating security dividends declared, $0.43 per share	—	—	—	—	—	(407)	—	(407)	—	(407)
Stock-based compensation, net	—	—	—	—	2,152	—	—	2,152	—	2,152
Net income (loss)	—	—	—	—	—	(25,077)	—	(25,077)	(177)	(25,254)
Contribution by noncontrolling interest	—	—	—	—	—	—	—	—	255	255
Balance at March 31, 2023	**13,110,000**	**$ 131**	**69,095,011**	**$ 691**	**$ 1,811,135**	**$ (202,024)**	**$ (96,764)**	**$ 1,513,169**	**$ (24)**	**$ 1,513,145**

See Notes to Condensed Consolidated Financial Statements.

	Series A Preferred Stock	Common Stock

	Shares	Par Value	Shares	Par Value	Additional Paid-In Capital	Accumulated Deficit	Repurchased Stock	Total KKR Real Estate Finance Trust Inc. Stockholders' Equity	Noncontrolling Interests in Equity of Consolidated Joint Venture	Total Equity
Balance at December 31, 2022	**13,110,000**	**$ 131**	**69,095,011**	**$ 691**	**$ 1,808,983**	**$ (141,503)**	**$ (96,764)**	**$ 1,571,538**	**$ (102)**	**$ 1,571,436**
Series A preferred dividends declared, $0.41 per share	—	—	—	—	—	(5,326)	—	(5,326)	—	(5,326)
Common dividends declared, $0.43 per share	—	—	—	—	—	(29,711)	—	(29,711)	—	(29,711)
Participating security dividends declared, $0.43 per share	—	—	—	—	—	(407)	—	(407)	—	(407)
Stock-based compensation, net	—	—	—	—	2,152	—	—	2,152	—	2,152
Net income (loss)	—	—	—	—	—	(25,077)	—	(25,077)	(177)	(25,254)
Contribution by noncontrolling interest	—	—	—	—	—	—	—	—	255	255
Balance at March 31, 2023	**13,110,000**	**$ 131**	**69,095,011**	**$ 691**	**$ 1,811,135**	**$ (202,024)**	**$ (96,764)**	**$ 1,513,169**	**$ (24)**	**$ 1,513,145**
Series A preferred dividends declared, $0.41 per share	—	—	—	—	—	(5,326)	—	(5,326)	—	(5,326)
Common dividends declared, $0.43 per share	—	—	—	—	—	(29,716)	—	(29,716)	—	(29,716)
Participating security dividends declared, $0.43 per share	—	—	—	—	—	(418)	—	(418)	—	(418)
Stock-based compensation, net	—	—	11,050	*	2,174	—	—	2,174	—	2,174
Net income (loss)	—	—	—	—	—	(20,028)	—	(20,028)	(96)	(20,124)
Balance at June 30, 2023	**13,110,000**	**$ 131**	**69,106,061**	**$ 691**	**$ 1,813,309**	**$ (257,512)**	**$ (96,764)**	**$ 1,459,855**	**$ (120)**	**$ 1,459,735**

* Rounds to zero.

See Notes to Condensed Consolidated Financial Statements.

KKR Real Estate Finance Trust Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows (Unaudited)

(Amounts in thousands)

		Three Months Ended March 31,		Six Months Ended June 30,	
	2024	2024	2023	2024	2023
Cash Flows From Operating Activities					
Net income (loss)					
Net income (loss)					
Net income (loss)					
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Accretion of deferred loan fees and discounts					
Accretion of deferred loan fees and discounts					
Accretion of deferred loan fees and discounts					
Payment-in-kind interest					
Amortization of deferred debt issuance costs and discounts					
(Income) loss from equity method investments					
(Income) loss from equity method investment					
Provision for credit losses, net					
Stock-based compensation expense					
(Gain) loss on sale of investments					
Changes in operating assets and liabilities:					
Assets related to real estate owned, held for sale, net of liabilities					
Assets related to real estate owned, held for sale, net of liabilities					
Assets related to real estate owned, held for sale, net of liabilities					
Accrued interest receivable, net					
Other assets					
Accrued interest payable					

Due to affiliates
Other liabilities
Net cash provided by (used in) operating activities
Cash Flows From Investing Activities
Cash Flows From Investing Activities
Cash Flows From Investing Activities
Proceeds from principal repayments of commercial real estate loans
Proceeds from principal repayments of commercial real estate loans
Proceeds from principal repayments of commercial real estate loans
Originations and fundings of commercial real estate loans
Capital expenditures on real estate owned
Net cash provided by (used in) investing activities
Net cash provided by (used in) investing activities
Payment to acquire real estate owned
Net payment on sale of real estate owned, held for sale
Payment to acquire equity method investment, real estate asset
Net cash provided by (used in) investing activities
Cash Flows From Financing Activities
Cash Flows From Financing Activities
Cash Flows From Financing Activities
Proceeds from borrowings under secured financing agreements
Proceeds from borrowings under secured financing agreements
Proceeds from borrowings under secured financing agreements
Proceeds from noncontrolling interest contributions
Proceeds from noncontrolling interest contributions
Proceeds from noncontrolling interest contributions
Principal repayments on borrowings under secured financing agreements
Principal repayments on borrowings under secured financing agreements
Principal repayments on borrowings under secured financing agreements
Payments of debt and collateralized debt obligation issuance costs
Payments of debt and collateralized debt obligation issuance costs
Principal repayments on borrowings under convertible notes
Payments of debt and collateralized debt obligation issuance costs
Payments of common stock dividends
Payments of preferred stock dividends
Net cash provided by (used in) financing activities
Net cash provided by (used in) financing activities
Net cash provided by (used in) financing activities
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash
Cash, Cash Equivalents and Restricted Cash at Beginning of Period
Cash, Cash Equivalents and Restricted Cash at End of Period
Reconciliation of cash, cash equivalents and restricted cash
Cash and cash equivalents
Cash and cash equivalents
Cash and cash equivalents
Restricted cash (Note 8)
Total cash, cash equivalents and restricted cash shown in the Condensed Consolidated Statements of Cash Flows
Total cash, cash equivalents and restricted cash shown in the Condensed Consolidated Statements of Cash Flows
Total cash, cash equivalents and restricted cash shown in the Condensed Consolidated Statements of Cash Flows

	2024		2024	2023		2024		2023
		Three Months Ended March 31,			Six Months Ended June 30,			
Reconciliation of cash, cash equivalents and restricted cash								
Cash and cash equivalents								
Cash and cash equivalents								
Cash and cash equivalents								
Restricted cash (Note 8)								
Total cash, cash equivalents and restricted cash shown in the Condensed Consolidated Statements of Cash Flows								
Total cash, cash equivalents and restricted cash shown in the Condensed Consolidated Statements of Cash Flows								
Total cash, cash equivalents and restricted cash shown in the Condensed Consolidated Statements of Cash Flows								
Supplemental Disclosure of Cash Flow Information								
Supplemental Disclosure of Cash Flow Information								
Supplemental Disclosure of Cash Flow Information								
Cash paid during the period for interest								
Cash paid during the period for interest								
Cash paid during the period for interest								
Supplemental Schedule of Non-Cash Investing and Financing Activities								
Supplemental Schedule of Non-Cash Investing and Financing Activities								
Cash paid during the period for income taxes								
Supplemental Schedule of Non-Cash Investing and Financing Activities								
Dividend declared, not yet paid								
Dividend declared, not yet paid								
Dividend declared, not yet paid								
Loan funding held in escrow								
Loan funding held in escrow								
Loan funding held in escrow								
Loan principal payments held by a servicer								
Loan principal repayments held by a servicer								
Deferred financing costs, not yet paid								
Acquisition of real estate owned								
Acquisition of other assets related to real estate owned								
Assumption of other liabilities related to real estate owned								
Transfer of senior loan to real estate owned								
Noncontrolling interest contribution to real estate owned								
Transfer of senior loan to equity method investment, real estate asset								
Sale of real estate owned, held for sale, net of closing costs								
Seller financing provided on sale of real estate owned, held for sale, net								
Modifications accounted for as repayments and new loans, net of write-offs								
Modifications accounted for as repayments and new loans, net of write-offs								
Modifications accounted for as repayments and new loans, net of write-offs								

See Notes to Condensed Consolidated Financial Statements.

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KKR Real Estate Finance Trust Inc.
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(amount in tables in thousands, except per share amounts)

Note 1. Business and Organization

KKR Real Estate Finance Trust Inc. (together with its consolidated subsidiaries, referred to throughout this report as the "Company" or "KREF") is a Maryland corporation that was formed and commenced operations on October 2, 2014 as a mortgage real estate investment trust ("REIT") that focuses primarily on originating and acquiring transitional senior loans secured by commercial real estate ("CRE") assets.

KREF has elected and intends to maintain its qualification to be taxed as a REIT under the requirements of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), for U.S. federal income tax purposes. As such, KREF will generally not be subject to U.S. federal income tax on that portion of its income that it distributes to stockholders if it distributes at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gains. See Note 16 regarding taxes applicable to KREF.

KREF is externally managed by KKR Real Estate Finance Manager LLC ("Manager"), an indirect subsidiary of KKR & Co. Inc. (together with its subsidiaries, "KKR"), through a management agreement ("Management Agreement") pursuant to which the Manager provides a management team and other professionals who are responsible for implementing KREF's business strategy, subject to the supervision of KREF's board of directors. For its services, the Manager is entitled to management fees and incentive compensation, both defined in, and in accordance with the terms of, the Management Agreement (Note 14).

As of March 31, 2024 June 30, 2024, KKR beneficially owned 10,000,001 shares, or 14.4% of KREF's outstanding common stock.

KREF's principal business activities are related to the origination and purchase of credit investments related to CRE. Management assesses the performance of KREF's current portfolio of leveraged and unleveraged commercial real estate loans and makes operating decisions accordingly. As a result, management presents KREF's operations within a single reporting segment.

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Note 2. Summary of Significant Accounting Policies

Basis of Presentation — The accompanying unaudited condensed consolidated financial statements and related notes of KREF are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and instructions to Form 10-Q. The condensed consolidated financial statements, including the accompanying notes, are unaudited and exclude some of the disclosures required in annual financial statements. The condensed consolidated financial statements include the accounts of KREF and its consolidated subsidiaries, and all intercompany transactions and balances have been eliminated. In the opinion of management, all adjustments considered necessary for a fair presentation of KREF's financial position, results of operations and cash flows have been included and are of a normal and recurring nature. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year. These condensed consolidated financial statements should be read in conjunction with KREF's Annual Report on Form 10-K.

Use of Estimates — The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Management makes subjective estimates to project cash flows KREF expects to receive on its investments in loans and securities as well as the related market discount rates, which significantly impact the interest income, impairments, allowance for loan loss and fair values recorded or disclosed. Actual results could materially differ from those estimates.

Consolidation — KREF consolidates those entities that (i) it controls through either majority ownership or voting rights or (ii) management determines that KREF is the primary beneficiary of entities deemed to be variable interest entities ("VIEs").

Variable Interest Entities — VIEs are entities (i) in which equity investors do not have an interest with the characteristics of a controlling financial interest, (ii) that do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties or (iii) established with non-substantive voting rights. A VIE is required to be consolidated only by its primary beneficiary, which is defined as the party that has the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and that has the obligation to absorb losses of, or the right to receive benefits from, the VIE that could be potentially significant to the VIE (Note 9).

To assess whether KREF has the power to direct the activities of a VIE that most significantly impact the VIE's economic performance, KREF considers all the facts and circumstances, including its role in establishing the VIE and its ongoing rights and responsibilities. This assessment includes, first, identifying the activities that most significantly impact the VIE's economic performance; and second, identifying which party, if any, has power to direct those activities. To assess whether KREF has the obligation to absorb losses of, or the right to receive benefits from, the VIE that could potentially be significant to the VIE, KREF considers all of its economic interests and applies judgment in determining whether these interests, in the aggregate, are considered potentially significant to the VIE.

Collateralized Loan Obligations — KREF consolidates collateralized loan obligations ("CLOs") when it determines that the CLO issuers are VIEs and that KREF is the primary beneficiary of such VIEs.

The collateral assets of KREF's CLOs, comprised of a pool of loan participations, are included in "Commercial real estate loans, held-for-investment, net" on the Condensed Consolidated Balance Sheets. The liabilities of KREF's consolidated CLOs consist solely of obligations to the senior CLO noteholders, excluding subordinated CLO tranches held by KREF as such interests are eliminated in consolidation, and are presented in "Collateralized loan obligations, net" on the Condensed Consolidated Balance Sheets. The collateral assets of the CLOs can only be used to settle the obligations of the consolidated CLOs. The interest income from the CLOs' collateral assets and the interest expense on the CLOs' liabilities are presented on a gross basis in "Interest income" and "Interest expense", respectively, in KREF's Condensed Consolidated Statements of Income.

Real Estate Owned Joint Venture — KREF consolidates a has two joint venture ventures that holds hold the majority of KREF's investment investments in a real estate owned ("REO") retail property that was acquired in 2021, in which a third party owns a 10% noncontrolling interest (Note 9). Management and determined the joint venture ventures to be a VIE as the joint venture had insufficient equity at risk. VIEs (Note 9). KREF owns 90% a majority of the equity interest interests in the joint venture ventures and participates in the profits and losses. Management concluded that KREF is the primary beneficiary of the joint venture ventures as KREF holds decision-making power over the activities that most significantly impact the economic performance of the joint venture and has the obligation to absorb losses of, or the right to receive benefits from, the joint venture that could be potentially significant to the joint venture. ventures.

Noncontrolling Interests — Noncontrolling interests represent the ownership interests in certain consolidated subsidiaries held by entities or persons other than KREF. These noncontrolling interests do not include redemption features and are presented as "Noncontrolling interests in equity of consolidated joint venture" ventures" on the Condensed Consolidated Balance Sheets.

Equity Method Investments — Investments are accounted for under the equity method when KREF has significant influence over the operations of an investee but does not consolidate that investment. Equity method investments, for which management has not elected a fair value option, are initially recorded at cost and subsequently adjusted for KREF's share of net income or loss and cash contributions and distributions each period.

Management determined that KREF's investment in an aggregator vehicle alongside KKR Real Estate Credit Opportunity Partners L.P. ("RECOP I ") is an interest in a VIE, however KREF is not the primary beneficiary and does not have substantive participating or kick-out rights. KREF records its share of net asset value in RECOP I in "Equity method investments" on its Condensed Consolidated Balance Sheets and its share of unrealized gains or losses in "Income (loss) from equity method investments" in its Condensed Consolidated Statements of Income. Management elected the fair value option for KREF's investment in RECOP I.

KREF classifies distributions received from equity method investees using the cumulative earnings approach. Distributions received up to the cumulative earnings from each equity method investee are considered returns on investment and presented within "Cash Flows from Operating Activities" in the Condensed Consolidated Statements of Cash Flows; excess distributions received are considered returns of investment and presented within "Cash Flows From Investing Activities" in the Condensed Consolidated Statements of Cash Flows.

Fair Value — GAAP requires the categorization of the fair value of financial instruments into three broad levels that form a hierarchy based on the transparency of inputs to the valuation.

Level 1 — Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 — Inputs are other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar instruments in active markets, and inputs other than quoted prices that are observable for the asset or liability.

Level 3 — Inputs are unobservable for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

KREF follows this hierarchy for its financial instruments. The classifications are based on the lowest level of input that is significant to the fair value measurement.

Valuation Process — The Manager reviews the valuation of Level 3 financial instruments as part of KKR's quarterly process. As of March 31, 2024 June 30, 2024, KKR's valuation process for Level 3 measurements, as described below, subjected valuations to the review and oversight of various committees. KKR has a global valuation committee assisted by the asset class-specific valuation committees, including a real estate valuation committee that reviews and approves all preliminary Level 3 valuations for real estate assets, including the financial instruments held by KREF. The global valuation committee is responsible for coordinating and implementing KKR's valuation process to ensure consistency in the application of valuation principles across portfolio investments and between periods. All Level 3 valuations are also subject to approval by the global valuation committee.

Valuation of Commercial Real Estate Loans — Management considers KREF's commercial real estate loans to be Level 3 assets in the fair value hierarchy as such assets are illiquid, structured investments that are specific to the sponsor, underlying

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property and its operating performance (Note 15). For financial statement disclosure purposes, on a quarterly basis, management generally engages an independent valuation firm to estimate the fair value of each loan categorized as a Level 3 asset. These loans are generally valued using a discounted cash flow model based on assumptions regarding the collection of principal and interest and estimated market rates. Management reviews the quarterly loan valuation estimates provided by the independent valuation firm. For collateral dependent loans, KREF may apply alternative valuation methods based on the fair value of the underlying collateral. Determination of collateral value involves significant judgment, including assumptions regarding capitalization rates, discount rates, leasing, occupancy rates, and other factors.

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Valuation of CLO Consolidated VIEs — Management estimates the fair value of the CLO liabilities using prices obtained from an independent valuation firm. If prices received from the independent valuation firm are inconsistent with values determined in connection with management's independent review, management makes inquiries to the independent valuation firm about the prices received and related methods. In the event management determines the price obtained from an independent valuation firm to be unreliable or an inaccurate representation of the fair value of the CLO liabilities (based on considerations given to observable market data), management then compiles evidence independently and presents the independent valuation firm with such evidence supporting a different value. As a result, the independent valuation firm may revise their price after evaluating any additional evidence.

However, if management continues to disagree with the price from the independent valuation firm, in light of evidence that management compiled independently and believes to be compelling, valuations are then prepared using inputs based on non-binding broker quotes obtained from independent, well-known, major financial brokers that are CLO market makers. In validating any non-binding broker quote used in this circumstance, management compares the non-binding quote to the observable market data points in addition to understanding the valuation methodologies used by the market makers. These market participants may utilize a similar methodology as the independent valuation firm to value the CLO liabilities, with the key input of expected yield determined independently based on both observable and unobservable factors. To avoid reliance on any single broker-dealer, management receives a minimum of two non-binding quotes, of which the average is used.

Other Valuation Matters — For Level 3 financial assets originated, or otherwise acquired, and financial liabilities assumed during the current calendar quarter that were conducted in an orderly transaction with an unrelated party, management generally believes that the transaction price provides the most observable indication of fair value given the illiquid nature of these financial instruments, unless management is aware of any circumstances that may cause a material change in the fair value through the remainder of the reporting period. For instance, significant changes to the underlying property or its planned operations may cause material changes in the fair value of commercial real estate loans acquired, or originated, by KREF.

KREF's determination of fair value is based upon the best information available for a given circumstance and may incorporate assumptions that are management's best estimates after consideration of a variety of internal and external factors. When an independent valuation firm expresses an opinion on the fair value of a financial instrument in the form of a range, management selects a value within the range provided by the independent valuation firm, generally the midpoint, to assess the reasonableness of management's estimated fair value for that financial instrument.

See Refer to Note 15 for additional information regarding the valuation of KREF's financial assets and liabilities.

Sales Transfer of Financial Assets and Financing Agreements — KREF will, from time to time, transfer loans, securities and other assets as well as finance assets in the form of secured borrowings. In each case, management evaluates whether the transaction constitutes a sale through legal isolation of the transferred financial asset from KREF, the ability of the transferee to pledge or exchange the transferred asset without constraint and the transfer of control of the transferred asset. For transfers that constitute sales, KREF (i) recognizes the financial assets it retains and liabilities it has incurred, if any, (ii) derecognizes the financial assets it has sold, and derecognizes liabilities when extinguished and (iii) recognizes a realized gain, or loss, based upon the excess, or deficient, proceeds received over the carrying value of the transferred asset. KREF does not recognize a gain, or loss, on interests retained, if any, where management elected the fair value option prior to sale.

Balance Sheet Measurement

Cash and Cash Equivalents and Restricted Cash — KREF considers cash equivalents as highly liquid short-term investments with maturities of 90 days or less when purchased. KREF maintains its cash deposits with major financial institutions. Substantially all such amounts on deposit exceed insured limits.

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KREF must maintain sufficient cash and cash equivalents to satisfy liquidity covenants related to its secured financing agreements. However, such amounts are not restricted from use in KREF's current operations, and KREF does not present these cash and cash equivalents as restricted. As of March 31, 2024 June 30, 2024 and December 31, 2023, KREF was required to maintain unrestricted cash and cash equivalents of at least $56.5 $54.4 million and $60.2 million, respectively, to satisfy its liquidity covenants (Note 5).

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As of March 31, 2024 June 30, 2024 and December 31, 2023, KREF had $12.3 million $5.5 million and $12.4 million of restricted cash held in lender-controlled bank accounts, respectively. Such amounts are presented within "Other Assets" in the Condensed Consolidated Balance Sheets (Note 8).

Commercial Real Estate Loans Held-For-Investment and Allowance for Credit Losses — KREF recognizes its investments in commercial real estate loans based on management's intent, and KREF's ability, to hold those investments through their contractual maturity. Management classifies those loans that management does not intend to sell in the foreseeable future, and KREF is able to hold until maturity, as held-for-investment. Loans that are held-for-investment are carried at their aggregate outstanding principal, net of applicable (i) unamortized origination or acquisition premiums and discounts, (ii) unamortized deferred nonrefundable fees and other direct loan origination costs, and (iii) allowance for credit losses, net of write-offs of impaired loans. If a loan is determined to be impaired, management writes off the loan through a charge to the "Allowance for credit losses" and to the respective loan balance. KREF applies the interest method to amortize origination or acquisition premiums and discounts and deferred nonrefundable fees or other direct loan origination costs, or on a straight-line basis when it approximates the interest method. Loans for which management elects the fair value option at the time of origination, or acquisition, are carried at fair value on a recurring basis (Note 3).

KREF recognizes and measures the allowance for credit losses under the Current Expected Credit Loss ("CECL") model which amended the previous credit loss model to reflect a reporting entity's current estimate of all expected credit losses, not only based on historical experience and current conditions, but also by including reasonable and supportable forecasts incorporating forward-looking information. The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost, and off-balance sheet credit exposures such as unfunded loan commitments. The allowance for credit losses required under ASU 2016-13 is deducted from the respective loans' amortized cost basis on KREF's Condensed Consolidated Balance Sheets. The allowance for credit losses attributed to unfunded loan commitments is included in "Other liabilities" on the Condensed Consolidated Balance Sheets (Note 8).

Commencing in the second quarter of 2024, KREF estimated CECL reserves using the Weighted-Average Remaining Maturity, or the WARM method, which has implemented been identified as a loss-rate method for estimating CECL reserves under GAAP. Under the WARM method, KREF references historical loan loss forecasting models for estimating data across a comparable data set and applies such loss rate to each loan over its expected life-time credit losses, remaining term, taking into consideration expected economic conditions over the relevant timeframe.

To arrive at a CECL reserve using the individual loan level, for its WARM method, KREF considers various factors including (i) historical loss experience in the commercial real estate lending market, (ii) timing of expected repayments and expected loan portfolio. The CECL forecasting methods used by future funding, and (iii) KREF's view of the current and future macroeconomic environment for a reasonable and supportable forecast period. KREF include (i) derives a probability of default and historical loss given default method using an underlying third-party CMBS/CRE loan rate predominately based on a commercial mortgage-backed securities ("CMBS") database with historical loan losses from 1998 through 2024 and (ii) provided by a probability weighted expected cash flow method, depending third party. KREF focuses on the most relevant subset of CMBS data that is determined to be the most comparable to its own portfolio. The historical loss rate is further adjusted to consider expected macroeconomic conditions over reasonable and supportable forecast periods, such as considering commercial real estate price indices, unemployment rates and market liquidity. There is significant uncertainty related to future macroeconomic conditions. Therefore, KREF also considers other loan specific credit quality factors such as the risk rating of the loan, a near-term maturity, nature of construction loans, and economic conditions specific to the property type of loan and the availability of relevant historical market loan loss data. KREF might use other acceptable alternative approaches in the future depending on, among other factors, the type of loan, underlying collateral and availability of relevant historical market loan loss data.

KREF estimates the CECL allowance for its loan portfolio, including unfunded loan commitments, at the individual loan level. Significant inputs to KREF's forecasting methods include (i) key loan-specific inputs such as vintage year, loan term, underlying property type, geographic location, most recent appraisal, and expected timing and amount of future loan fundings, (ii) performance against the underwritten business plan and KREF's internal loan risk rating and (iii) a macro-economic forecast. These estimates may change in future periods based on available future macro-economic data and might result in a material change in KREF's future estimates of expected credit losses for its loan portfolio. KREF considers the individual loan internal risk rating as the key credit quality indicator in assessing the CECL allowance. KREF may also consider relevant loan-specific qualitative factors for certain loans. collateral.

For collateral dependent loans for which KREF determines foreclosure of the collateral is probable, KREF measures the expected losses based on the difference between the fair value of the collateral and the amortized cost basis of the loan as of the measurement date. For collateral dependent loans for which KREF determines foreclosure is not probable, KREF applies a practical expedient to estimate expected losses using the difference between the collateral's fair value (less costs to sell the asset if repayment is expected through the sale of the collateral) and the amortized cost basis of the loan. A loan is determined to be collateral dependent if (i) a borrower or sponsor is experiencing financial difficulty, and (ii) the loan is expected to be substantially repaid through the sale of the underlying collateral. Such determination requires the use of significant judgment and can be based on several factors subject to uncertainty. Considerations used in determination of financial difficulty may include, but are not limited to, whether the borrower's operating cash flow is sufficient to cover the current and future debt service requirements, the borrower's ability to refinance the loan, market liquidity and other circumstances that can affect the borrower's ability to satisfy its contractual obligations under the loan agreement.

KREF may adopt other acceptable alternative approaches to estimate the CECL reserve in the future based on factors such as, but not limited to, the type of loan, the underlying collateral and the availability of relevant historical market loan loss data.

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service requirements, the borrower's ability to refinance the loan, market liquidity and other circumstances that can affect the borrower's ability to satisfy its contractual obligations under the loan agreement.

See "*Expense Recognition — Commercial Real Estate Loans, Held-For-Investment*" for additional discussion regarding management's determination for loan losses.

Commercial Real Estate Loans Held-For-Sale — Loans that KREF originates or acquires, which KREF is unable to hold, or management intends to sell or otherwise dispose of, in the foreseeable future are classified as held-for-sale and are carried at the lower of amortized cost or fair value.

Real Estate Owned — To maximize recovery from a defaulted loan, KREF may assume legal title or physical possession of the underlying collateral through foreclosure or the execution of a deed in lieu of foreclosure. Foreclosed properties are initially recognized at fair value in accordance with ASC 805 on KREF's Condensed Consolidated Balance Sheets as "Real Estate Owned" when KREF assumes either legal title or physical possession. KREF's cost basis in REO equals the estimated fair value on the acquisition date. The value of acquired REO is allocated based on the relative fair values of assets acquired and liabilities assumed, including, but not limited to, land, building, furniture and fixtures, and intangibles.

REO assets held for investment, except for land, are depreciated using the straight-line method over estimated useful lives. Renovations and/or replacements that improve or extend the life of the REO asset are capitalized and depreciated over their estimated useful lives. The cost of ordinary repairs and maintenance are expensed as incurred.

REO assets held for investment are evaluated for impairment on a quarterly basis. KREF considers the following factors when performing the impairment analysis: (i) significant underperformance relative to anticipated operating results; (ii) significant negative industry and economic outlook or trends; (iii) expected material costs necessary to extend the life or operate the REO asset; and (iv) KREF's ability to hold and dispose of the REO asset in the ordinary course of business. A REO asset is considered for impairment when the sum of estimated future undiscounted cash flows to be generated by the REO asset over the estimated remaining holding period is less than the carrying value of such REO asset. An impairment charge is recorded when the carrying value of the REO exceeds the fair value. When determining the fair value of a REO asset, KREF makes certain assumptions including, but not limited to, projected operating cash flows, comparable selling prices and projected cash flows from the eventual disposition of the REO asset.

REO assets are classified as held for sale in the period when they meet the criteria under ASC 360. Once a REO is classified as held for sale, depreciation is suspended and the asset is reported at the lower of its carrying value or fair value less cost to sell. The actual sales price of the REO could differ from the estimated fair value. If circumstances arise that were previously considered unlikely and, as a result, KREF decides not to sell the real estate asset previously classified as held for sale, the real estate asset is reclassified as held for investment. Upon reclassification, the real estate asset is measured at the lower of (i) its carrying amount prior to classification as held for sale, adjusted for depreciation expense that would have been recognized had the real estate been classified as held for investment, and (ii) its estimated fair value at the time of reclassification.

For all REO assets (Note 4), KREF may opportunistically transact as suitable opportunities emerge.

Secured Financing Agreements — KREF's secured financing agreements, including uncommitted repurchase facilities, term lending agreements, warehouse facility, asset specific financings and term loan facility, are treated as floating-rate collateralized financing arrangements carried at their contractual amounts, net of unamortized debt issuance costs (Note 5). Included within KREF's secured financing agreements is KREF's corporate revolving credit agreement ("Revolver"), which is full recourse to certain guarantor wholly-owned subsidiaries of KREF.

Secured Term Loan, Net — KREF records its secured term loan at its contractual amount, net of unamortized original issuance discount and deferred financing costs (Note 7) on its Condensed Consolidated Balance Sheets. Any original issuance discount or deferred financing costs are amortized through the maturity date of the secured term loan as additional non-cash interest expense.

Dividends Payable — KREF records dividends payable on its common stock and preferred stock upon declaration of such dividends. In February June 2024, KREF's board of directors declared a dividend of $0.25 per share of common stock to stockholders of record as of March 28, 2024 June 28, 2024, which was accrued in "Dividends payable" on KREF's Condensed Consolidated Balance Sheets as of March 31, 2024 June 30, 2024 and was subsequently paid on April 15, 2024 July 15, 2024. In February April 2024, KREF's board of directors declared a dividend of $0.41 per each issued and outstanding share of the Company's 6.50% Series A Cumulative

Redeemable Preferred Stock, which represents an annual dividend of $1.625 per share. The dividend was paid on March 15, 2024 June 14, 2024 to KREF's preferred stockholders of record as of February 29, 2024 May 31, 2024.

Repurchased Stock — KREF accounts for repurchases of its common stock based on the settlement date and presents repurchased stock in "Repurchased stock" on its Condensed Consolidated Balance Sheets (Note 10). Payments for stock

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repurchases that are not yet settled as of the reporting date are presented within "Other assets" on the Condensed Consolidated Balance Sheets. As of March 31, 2024 June 30, 2024, all shares repurchased by KREF had not retired any repurchased stock. were retired.

Income Recognition

Interest Income — KREF accrues interest income on loans based on the outstanding principal amount and contractual terms of the loan. Interest income also includes origination fees, direct loan origination costs and related exit fees for loans that KREF originates, but where management did not elect the fair value option, as a yield adjustment using the interest method over the loan term, or on a straight line basis when it approximates the interest method. KREF expenses origination fees and direct loan origination costs for loans acquired, but not originated, by KREF as well as loans for which management elected the fair value option, as incurred.

Revenue from Real Estate Owned Operations — Revenue from REO operations is primarily comprised of rental income, including base rent and reimbursements of property operating expenses. For leases that have fixed and measurable base rent escalations, KREF recognizes base rent on a straight-line basis over the non-cancelable lease terms. The difference between such rental income earned and the cash rent amount is recorded as straight-line rent receivable and presented within "Other assets" on the Condensed Consolidated Balance Sheets. Reimbursement of property operating expenses arises from tenant leases which provide for the recovery of certain operating expenses and real estate taxes of the respective property. This revenue is accrued in the same periods as the expenses are incurred. Rental income is presented within "Revenue from real estate owned operations" in the Condensed Consolidated Statements of Income.

Other Income — KREF recognizes interest income earned on its cash balances and miscellaneous fee income in “Other miscellaneous income” on its Condensed Consolidated Statements of Income.

Realized Gain (Loss) on Sale of Investments — KREF recognizes the excess, or deficiency, of net proceeds received, less the net carrying value of such investments, as realized gains or losses, respectively. KREF reverses cumulative, unrealized gains or losses previously reported in its Condensed Consolidated Statements of Income with respect to the investment sold at the time of sale.

Expense Recognition

Commercial Real Estate Loans, Held-For-Investment — For each loan in KREF's portfolio, management performs an evaluation, at least quarterly, of credit quality indicators of loans classified as held-for-investment using applicable loan, property, market and sponsor information obtained from borrowers, loan servicers and local market participants. Such indicators may include the net present value of the underlying collateral, property operating cash flows, the sponsor’s financial wherewithal and competency in managing the property, macroeconomic trends, and property submarket—specific economic factors. The evaluation of these credit quality indicators requires significant judgment by management to determine whether failure to collect contractual amounts is probable.

If management deems that it is probable that KREF will be unable to collect all amounts owed according to the contractual terms of a loan, deterioration in credit quality of that loan is indicated. Management evaluates all available facts and circumstances that might impact KREF’s ability to collect outstanding loan balances when determining loan write-offs. These facts and circumstances may vary and may include, but are not limited to, (i) the underlying collateral performance and/or value, (ii) communications with the borrower, (iii) compliance with debt covenants, (iv) events of default by the borrower, or (v) other facts that impact the borrower’s ability to pay the contractual amounts due under the terms of the loan.

If management considers a loan to be impaired, management writes off the loan through a charge to "Allowance for credit losses" based on the present value of expected future cash flows discounted at the loan’s contractual effective rate or the fair value of the collateral, if repayment is expected solely from the collateral. Significant judgment is required in determining impairment and in estimating the resulting credit loss allowance, and actual losses, if any, could materially differ from those estimates.

Loans are placed on nonaccrual status when principal or interest is 90 days or more past due unless the loan is both well secured and in the process of collection, or when repayment of interest and principal is, in management's judgment, in doubt. Interest received on loans placed on nonaccrual status may be accounted for under the cost-recovery method under certain circumstances, whereby interest collected on a loan is a reduction to its amortized cost. Management may return a loan to accrual status when repayment of principal and interest is reasonably assured.

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In certain circumstances, KREF may also modify terms of a loan agreement to accommodate a borrower experiencing financial difficulty. Such modifications typically include interest rate reductions, payment extension and modification of loan covenants.

In conjunction with reviewing commercial real estate loans held-for-investment for impairment, KREF evaluates its commercial real estate loans at least once per quarter, assesses the risk factors of each loan, and assigns a risk rating based on a variety of factors, including, without limitation, underlying real estate performance, values of comparable properties, durability and quality of property cash flows, sponsor experience and financial wherewithal, and the existence of a risk-mitigating loan structure. Additional key considerations include debt service coverage ratios, loan structure, real estate and credit market dynamics, and risk of default or principal loss. Based on a five-point scale, KREF's loans are rated "1" through "5," from less risk to greater risk, which ratings are defined as follows: 1 (Very Low Risk); 2 (Low Risk); 3 (Medium Risk); 4 (High Risk/Potential for Loss); and 5 (Impaired/Loss Likely).

Commercial Real Estate Loans, Held-For-Sale — For commercial real estate loans held-for-sale, KREF applies the lower of cost or fair value accounting and may be required, from time to time, to record a nonrecurring fair value adjustment.

Accrued Interest Receivables — KREF elected not to measure an allowance for credit losses for accrued interest receivables. KREF generally writes off an accrued interest receivable balance when interest is 90 days or more past due unless the loan is both well secured and in the process of collection. Write-offs of accrued accrued interest receivable are recognized as “Provision "Provision for (reversal of) credit losses, net” net" in the Condensed Consolidated Statements of Income.

Tenant Receivables — KREF periodically reviews its REO tenant receivables for collectability, taking into consideration changes in factors such as the tenant’s payment history, the financial condition of the tenant, business conditions in the industry in which the tenant operates and economic conditions in the area where the property is located. Tenant receivables, including receivables arising from the straight-lining of rents, are written-off directly when management deems that the collectability of substantially all future lease payments from a specified lease is not probable, at which point, KREF will begin recognizing revenue on a cash basis, based on actual amounts received. received (Note 4). Any receivables that are deemed to be uncollectible are recognized as a reduction to “Revenue from real estate owned operations” in the Condensed Consolidated Statements of Income.

Interest Expense — KREF expenses contractual interest due in accordance with KREF's financing agreements as incurred.

Deferred Debt Issuance Costs — KREF capitalizes and amortizes deferred financing costs incurred in connection with financing arrangements over their respective expected term using the interest method, or on a straight line basis when it approximates the interest method. KREF presents such expensed amounts, as well as deferred amounts written off, as additional interest expense in its Condensed Consolidated Statements of Income.

General and Administrative Expenses — KREF expenses general and administrative costs, including legal and audit fees, insurance premiums, and other costs as incurred.

Management and Incentive Compensation to Affiliate — KREF expenses management fees and incentive compensation earned by the Manager on a quarterly basis in accordance with the Management Agreement (Note 14).

Income Taxes — Certain activities of KREF are conducted through joint ventures that are formed as limited liability companies, taxed as partnerships, and consolidated by KREF. Some of these joint ventures are subject to state and local income taxes, based on the tax jurisdictions in which they operate. In addition, certain activities of KREF are conducted through taxable REIT subsidiaries consolidated by KREF. Taxable REIT subsidiaries are subject to federal, state and local income taxes (Note 16).

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As of March 31, 2024June 30, 2024 and December 31, 2023, KREF did not have any material deferred tax assets or liabilities arising from future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in accordance with GAAP and their respective tax bases.

KREF recognizes tax benefits for uncertain tax positions only if it is more likely than not that the position is sustainable based on its technical merits. Interest and penalties on uncertain tax positions are included as a component of the provision for income taxes in KREF's Condensed Consolidated Statements of Income. As of March 31, 2024June 30, 2024, KREF did not have any material uncertain tax positions.

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KKR Real Estate Finance Trust Inc.
Notes to Condensed Consolidated Financial Statements
(amount in tables in thousands, except per share amounts)

Stock-Based Compensation

KREF's stock-based compensation consists of awards issued to employees of the Manager or its affiliates that vest over the life of the awards, as well as restricted stock units issued to certain members of KREF's board of directors. KREF recognizes the compensation cost of stock-based awards to its directors and employees of the Manager or its affiliates on a straight-line basis over the awards' term at their grant date fair value. Certain stock-based awards are entitled to nonforfeitable dividends, at the same rate as those declared on the common stock, during the vesting period. Such nonforteitable dividends are deducted from "Retained earnings (Accumulated deficit)" in the condensed consolidated financial statements. KREF accounts for forfeitures as they occur. Refer to Note 11 for additional information.

Earnings per Share

KREF calculates basic earnings per share ("EPS") using the two-class method, which defines unvested share-based payment awards that contain nonforfeitable rights to dividends as participating securities. The two-class method is an allocation formula that determines earnings per share for each share of common stock and participating securities according to dividends declared and participation rights in undistributed earnings. Under this method, all earnings (distributed and undistributed) are allocated to common shares and participating securities based on their respective rights. Basic EPS, is calculated by dividing net income (loss) attributable to common stockholders by the weighted average number of common stock outstanding for the period.

KREF presents diluted EPS under the more dilutive of the treasury stock and if-converted methods or the two-class method. Under the treasury stock and if-converted methods, the denominator includes weighted average common stock outstanding plus the incremental dilutive shares issuable from restricted stock units and an assumed conversion of convertible instruments. The numerator includes any changes in income (loss) attributable to common stockholders that would result from the assumed conversion of these potential shares of common stock. Refer to Note 12 for additional discussion of earnings per share.

Recent Accounting Pronouncements

In 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires a public entity to disclose significant segment expenses and other segment items on an annual and interim basis and to provide in interim periods all disclosures about a reportable segment's profit or loss and assets that are currently required annually. Public entities with a single reportable segment are required to provide the new disclosures and all the disclosures required under ASC 280. The guidance is effective for KREF in its 2024 annual reporting. The guidance is applied retrospectively to all periods presented in the financial statements, unless it is impracticable. KREF is evaluating the impact of ASU 2023-07.

KKR Real Estate Finance Trust Inc.
Notes to Condensed Consolidated Financial Statements
(amount in tables in thousands, except per share amounts)

Note 3. Commercial Real Estate Loans

The following table summarizes KREF's investments in commercial real estate loans as of March 31, 2024 June 30, 2024 and December 31, 2023:

							Weighted Average(C)		
Loan Type		Outstanding Principal		Amortized Cost(A)		Carrying Value(B)	Loan Count	Floating Rate Loan %	Coupon(D)	Life (Years)(E)
March 31, 2024										
Loans held-for-investment(F)										
Senior loans(G)	$	7,092,599	$	7,068,558	$	6,854,924	65	98.9 %	8.7 %	2.5
Mezzanine loans		44,667		44,698		14,698	2	100.0	18.3	1.8
Total/Weighted Average	$	7,137,266	$	7,113,256	$	6,869,622	67	98.9 %	8.7 %	2.5
December 31, 2023										
Loans held-for-investment(F)										
Senior loans(G)	$	7,324,758	$	7,298,844	$	7,089,930	67	98.9 %	8.7 %	2.7
Mezzanine loans		44,667		44,704		43,148	2	100.0	14.1	2.1
Total/Weighted Average	$	7,369,425	$	7,343,548	$	7,133,078	69	98.9 %	8.7 %	2.7

								Weighted Average(C)		
Loan Type		Outstanding Principal		Amortized Cost(A)		Carrying Value(B)	Loan Count	Floating Rate Loan %	Coupon(D)	Life (Years)(E)
June 30, 2024										
Loans held-for-investment(F)										
Senior loans	$	6,530,103	$	6,515,050	$	6,404,494	60	98.8 %	8.6 %	2.4
Mezzanine loans		7,167		7,185		7,158	1	100.0	18.4	1.4
Total/Weighted Average	$	6,537,270	$	6,522,235	$	6,411,652	61	98.8 %	8.6 %	2.4
December 31, 2023										
Loans held-for-investment(F)										
Senior loans	$	7,324,758	$	7,298,844	$	7,089,930	67	98.9 %	8.7 %	2.7
Mezzanine loans		44,667		44,704		43,148	2	100.0	14.1	2.1
Total/Weighted Average	$	7,369,425	$	7,343,548	$	7,133,078	69	98.9 %	8.7 %	2.7

(A) Amortized cost represents the outstanding principal of loan, net of applicable unamortized discounts, loan origination fees, cost recovery interest and write-offs on uncollectible loan balances.
(B) Carrying value represents the amortized cost of loan, net of applicable allowance for credit losses.
(C) Average weighted by outstanding loan principal.
(D) Weighted average coupon assumes the greater of applicable index rate, or the applicable contractual rate floor. Excludes loans accounted for under the cost recovery method.
(E) The weighted average life assumes all extension options are exercised by the borrowers.
(F) Excludes fully written off risk-rated 5 loans.
(G) Senior loans may include accommodation mezzanine loans in connection with the senior mortgage financing.

Activity — For the three six months ended March 31, 2024 June 30, 2024, the loan portfolio activity was as follows:

	Amortized Cost	Amortized Cost	Allowance for Credit Losses	Carrying Value	Amortized Cost	Allowance for Credit Losses	Carrying Value
Balance at December 31, 2023							
Balance at December 31, 2023							
Balance at December 31, 2023							
Originations and future fundings, net(A)(B)							
Proceeds from loan repayments and cost recovery interest(C)							
Accretion of loan discount and other amortization, net							
Payment-in-kind interest							
Payment-in-kind interest							
Payment-in-kind interest							

(amount in tables in thousands, except per share amounts)

(Provision for) Reversal of credit losses
Balance at March 31, 2024
Balance at March 31, 2024
Balance at March 31, 2024
Write-offs charged(D)
Write-offs recovered
Transfer to real estate owned
Balance at June 30, 2024

(A) Net of applicable premiums, discounts and deferred loan origination costs. Includes fundings on previously originated loans.
(B) Includes $7.3 million of loan funding held in escrow.
(C) Includes $2.5 million of cost recovery interest collections applied as a reduction to loan amortized cost during the three months ended March 31, 2024 first quarter of 2024.
(D) Includes a combined $98.5 million write-off on two defaulted senior loans upon deed-in-lieu of foreclosure (Note 4) and a $37.5 million write-off on a mezzanine loan during the second quarter of June 30, 2024.

As of March 31, 2024 June 30, 2024 and December 31, 2023, there was $16.4 were $10.7 million and $20.8 million, respectively, of unamortized origination discounts and deferred fees included in "Commercial real estate loans, held-for-investment, net" on the Condensed Consolidated Balance Sheets. During the three and six months ended March 31, 2024 June 30, 2024, KREF recognized no recognize prepayment fee income or d net accelerated fee income of $0.5 million relating to loan repayments. During the three and six months ended March 31, 2023 June 30, 2023, KREF recognized prepayment fee income of $0.4 $0.8 million and $1.1 million and net accelerated fee income of $0.3 million. $0.9 million and $1.2 million, respectively.

KREF may enter into loan modifications that include, among other changes, incremental capital contributions or partial repayments from certain borrowers, repurposing of reserves, and a temporary partial deferral for a portion of the coupon as payment-in-kind interest ("PIK Interest") due, which is capitalized, compounded, and added to the outstanding principal balance of the respective loans.

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In January 2023, KREF modified a risk-rated 5 senior office loan located in Philadelphia, PA, with an outstanding principal balance of $161.0 million. The terms of the modification included, among others, a $25.0 million principal repayment and a restructure of the $136.0 million senior loan (after the $25.0 million repayment) into (i) a $116.5 million committed senior mortgage loan (with $5.5 million in unfunded commitment) and (ii) a $25.0 million junior mezzanine note. The restructured senior loan earns a coupon rate of S+2.75% and has a new term of up to four years, assuming all extension options are exercised. The $25.0 million junior mezzanine note is subordinate to a new $41.5 million committed senior mezzanine note held by the sponsor (with $16.5 million in unfunded commitment) and was deemed uncollectible and written off in December 2022. The loan modification was accounted for as a new loan for GAAP purposes. The restructured senior loan with an outstanding principal balance of $114.3 million was risk-rated 3 as of March 31, 2024 June 30, 2024.

In June 2023, KREF modified a risk-rated 5 senior office loan located in Minneapolis, MN, with an outstanding principal balance of $194.4 million. The terms of the modification included, among others, a restructure of the $194.4 million senior loan into (i) a $120.0 million senior mortgage loan (fully funded) and (ii) a $79.4 million mezzanine note (with $5.0 million in unfunded commitment). The restructured senior loan earns a coupon rate of S+2.25% and the mezzanine note earns a fixed 4.5% PIK interest rate. Post modification, the whole loan's maximum maturity is July 2025, assuming all extension options are exercised. The restructured whole loan with an outstanding principal balance of $194.4 million was risk-rated 5 as of March 31, 2024 June 30, 2024.

In September 2023, KREF modified a risk-rated 4 senior office loan located in Chicago, IL, with an outstanding principal balance of $118.4 million. The terms of the modification included, among others, a $15.0 million principal repayment, a $15.0 million reduction in unfunded loan commitment, and a restructure of the $103.4 million senior loan (after the $15.0 million repayment) into (i) a $105.0 million committed senior mortgage loan (with $16.6 million in unfunded commitment) and (ii) a $15.0 million subordinated note. note which is subordinate to a new $18.5 million sponsor interest. The restructured senior loan earns a coupon rate of S+2.25% and has a new term of five years. The $15.0 million subordinated note is subordinate to a new $18.5 million sponsor interest and was deemed uncollectible and written off. The loan modification was accounted for as a new loan for GAAP purposes. The restructured senior loan with an outstanding principal balance of $88.4 million was risk-rated 3 as of March 31, 2024 June 30, 2024.

In June 2024, KREF modified a risk-rated 5 mezzanine office loan located in Boston, MA, with an outstanding principal balance of $37.5 million. The terms of the modification included, among others, a restructure of the mezzanine loan into (i) a $12.5 million senior mezzanine note and (ii) a $25.0 million junior mezzanine note which is subordinate to a new $10.0 million sponsor interest. The senior and junior mezzanine notes earn a PIK interest rate of S+7.0% and have a maximum maturity of February 2028. Both mezzanine notes were deemed uncollectible and written off in June 2024.

Loan Risk Ratings — As further described in Note 2, KREF evaluates its commercial real estate loan portfolio at least once per quarter. In conjunction with its commercial real estate loan portfolio review, KREF assesses the risk factors of each loan and assigns a risk rating based on a variety of factors. Loans are rated "1" (Very Low Risk) through "5" (Impaired/Loss Likely), which ratings are defined in Note 2.

The following tables summarize the carrying value of the loan portfolio based on KREF's internal risk ratings:

March 31, 2024	
March 31, 2024	
March 31, 2024	**December 31, 2023**

(amount in tables in thousands, except per share amounts)

			June 30, 2024 June 30, 2024 June 30, 2024			December 31, 2023							
Risk Rating	Risk Rating	Number of Loans(A)	Carrying Value	Total Loan Exposure(B)	Total Loan Exposure %	Number of Loans(A)	Carrying Value	Total Loan Exposure(B)	Total Loan Exposure %	Risk Rating	Number of Loans(A)	Carrying Value	Total Loan Exposure(B)
1	1	—	$ $ —	$ $ —	— — %	—	$ $ —	$ $ —	— — %	1	—	$ $ —	$ $ —
2													
3													
4													
5													
Total loan receivable	Total loan receivable	67	$ $7,113,256	$ $7,325,877	100 100 %	69	$ $7,343,548	$ $7,558,036	100 100 %	Total loan receivable	61	$ $ 6,522,235	$ $ 6,575,881
Allowance for credit losses													
Loan receivable, net													
Loan receivable, net													
Loan receivable, net													

* Numbers presented may not foot due to rounding.

(A) Excludes fully written off risk-rated 5 loans.

(B) In certain instances, KREF finances its loans through the non-recourse sale of a senior interest that is not included in the condensed consolidated financial statements. Total loan exposure includes the entire loan KREF originated and financed, including $188.6 $38.6 million and $188.6 million of such non-consolidated interests as of March 31, 2024 June 30, 2024 and December 31, 2023.

As of March 31, 2024, the average risk rating of KREF's portfolio was 3.2, weighted by total loan exposure, consistent with that as of December 31, 2023. respectively.

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As of June 30, 2024, the average risk rating of KREF's portfolio was 3.1, weighted by total loan exposure, as compared to 3.2 as of March 31, 2024 and December 31, 2023.

Loan Vintage — The following tables present the amortized cost of the loan portfolio by KREF's internal risk rating and year of origination. The risk ratings are updated as of March 31, 2024 June 30, 2024 and December 31, 2023 in the corresponding table.

	March 31, 2024 March 31, 2024 March 31, 2024 June 30, 2024 June 30, 2024 June 30, 2024
	Amortized Cost by Year of Origination(A)
Risk Rating Risk Rating Risk Rating	
Commercial Real Estate Loans	
Commercial Real Estate Loans	
Commercial Real Estate Loans	
1	
1	
1	
2	
2	

2	
3	
3	
3	
4	
4	
4	
5	
5	
5	
	67
	67
	67
Current period gross write-offs	
Current period gross write-offs	
Current period gross write-offs	
	61
	61
	61
Year-to-date gross write-offs charged	
Year-to-date gross write-offs charged	
Year-to-date gross write-offs charged	
Year-to-date gross write-offs recovered	
Year-to-date gross write-offs recovered	
Year-to-date gross write-offs recovered	

December 31, 2023
December 31, 2023
December 31, 2023

	Amortized Cost by Year of Origination(A)
Risk Rating	
Risk Rating	
Risk Rating	
Commercial Real Estate Loans	
Commercial Real Estate Loans	
Commercial Real Estate Loans	
1	
1	
1	
2	
2	
2	
3	
3	
3	
4	
4	
4	
5	
5	
5	

(amount in tables in thousands, except per share amounts)

	69
	69
	69
Current period gross write-offs	
Current period gross write-offs	
Current period gross write-offs	
Year-to-date gross write-offs charged	
Year-to-date gross write-offs charged	
Year-to-date gross write-offs charged	

(A) Represents the date a loan was originated or acquired. Origination dates are subsequently updated to reflect material loan modifications.

(B) Excludes fully written off risk-rated 5 loans.

Allowance for Credit Losses — The following tables present the changes to the allowance for credit losses for the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively:

	Commercial Real Estate Loans	Commercial Real Estate Loans	Unfunded Loan Commitments	Total	Commercial Real Estate Loans	Unfunded Loan Commitments	Total
Balance at December 31, 2023							
Provision for (reversal of) credit losses, net							
Balance at March 31, 2024							
Balance at March 31, 2024							
Balance at March 31, 2024							
Write-offs charged							
Write-off recovered							
Balance at June 30, 2024							

	Commercial Real Estate Loans	Commercial Real Estate Loans	Unfunded Loan Commitments	Total	Commercial Real Estate Loans	Unfunded Loan Commitments	Total
Balance at December 31, 2022							
Provision for (reversal of) credit losses, net							
Balance at March 31, 2023							
Balance at June 30, 2023							
Balance at March 31, 2023							
Balance at June 30, 2023							
Balance at March 31, 2023							
Balance at June 30, 2023							

As of March 31, 2024 June 30, 2024, the allowance for credit losses was $245.8 million $114.5 million. The CECL provision of $33.3 million $37.8 million for the three six months ended March 31, 2024 June 30, 2024 was primarily due to additional reserves on a risk-rated 5 senior loans loan predominantly in the office sector, as well as macroeconomic conditions.

KREF had a risk-rated 5 senior office loan located in Mountain View, CA, originated in July 2021. The property is located in a challenged leasing market. As of March 31, 2024, the loan had an outstanding principal balance of $200.9 million, an unfunded commitment of $49.1 million and an amortized cost of $198.9 million. This loan's maximum maturity is August 2026, assuming all extension options are exercised. Since June 2023, the loan has been on nonaccrual status and subsequent interest

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collections are accounted for under the cost recovery method. During the three months ended March 31, 2024, no interest income was received on this loan.

KREF had a risk-rated 5 senior office loan located in Minneapolis, MN, originated in November 2017. The property is located in a challenged leasing market. As of March 31, 2024 June 30, 2024, the loan had an outstanding principal balance of $194.4 million, an unfunded commitment of $5.0 million and an amortized cost of $190.1 million. In June 2023, KREF restructured the $194.4 million senior loan into (i) a $120.0 million senior mortgage loan (fully funded) and (ii) a $79.4 million mezzanine note (with $5.0 million in unfunded commitment). The restructured senior loan earns a coupon rate of S+2.25% and the mezzanine note earns a fixed 4.5% PIK interest rate. Post modification, the whole loan's maximum maturity is July 2025, assuming all extension options are exercised. Since June 2023, the senior loan has been on nonaccrual status. During the three and six months ended March 31, 2024 June 30, 2024, KREF recognized recognized $2.3 million and $4.6 million, respectively, of interest income on this loan.

(amount in tables in thousands, except per share amounts)

KREF had a risk-rated 5 senior life science loan located in Seattle, WA, originated in October 2021. The property is located in a challenged leasing market. As of March 31, 2024, the loan had an outstanding principal balance of $117.1 million, an unfunded commitment of $23.2 million and an amortized cost of $114.2 million. The loan's maximum maturity is October 2026, assuming all extension options are exercised. Since December 2023, this loan has been on nonaccrual status and subsequent interest collections are accounted for under the cost recovery method. During the three months ended March 31, 2024,$2.5 million of contractual interest payments were received and applied as a reduction to this loan's amortized cost.

KREF had a risk-rated 5 mezzanine office loan located in Boston, MA, originated in February 2021.The property is located in a market with weakened office leasing activity. As of March 31, 2024, the loan had an outstanding principal balance and amortized cost of $37.5 million. The loan's maximum maturity is February 2026, assuming all extension options are exercised. In March 2024, this loan was placed on nonaccrual status and subsequent interest collections are accounted for under the cost recovery method. During the three months ended March 31, 2024, KREF recognized $0.1 million of interest income on this loan.

The 5-rated loans were loan was determined to be collateral dependent as of March 31, 2024 June 30, 2024. KREF estimated expected losses based on each loan's the loan's collateral fair value, which was determined by applying a capitalization rate between 7.0% of 9.3% and 9.0% and a discount rate between 9.0% and 12.0%, respectively. of 10.0%.

As of March 31, 2023 June 30, 2023, the allowance for credit losses was $171.6 $227.9 million. The CECL provision of $60.5 $116.8 million for the three six months ended March 31, 2023June 30, 2023 was primarily due to increased uncertainty additional reserves on risk-rated 5 senior loans predominantly in the macroeconomic outlook, office sector, as well as volatility and reduced liquidity in the office sector. macroeconomic conditions.

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Concentration of Credit Risk — The following tables present the geographies and property types of collateral underlying KREF's commercial real estate loans as a percentage of the loans' principal amounts:

	March 31, 2024
	March 31, 2024
	March 31, 2024
	June 30, 2024
	June 30, 2024
	June 30, 2024
Geography	
Geography	
Geography	
California	
California	
California	
Texas	
Texas	
Texas	
Massachusetts	
Massachusetts	
Massachusetts	
Florida	
Florida	
Florida	
Virginia	
Virginia	
Virginia	
Washington D.C.	
Washington D.C.	
Washington D.C.	
North Carolina	

North Carolina
North Carolina
Pennsylvania
Pennsylvania
Pennsylvania
New York
New York
New York
Washington
Washington
Washington
North Carolina
North Carolina
North Carolina
Washington D.C.
Washington D.C.
Washington D.C.
New York
New York
New York
Pennsylvania
Pennsylvania
Pennsylvania
Minnesota
Minnesota
Minnesota
Arizona
Arizona
Arizona
Georgia
Georgia
Georgia
Minnesota
Minnesota
Minnesota
Nevada
Nevada
Nevada
Illinois
Illinois
Illinois
Colorado
Colorado
Colorado
Other U.S.
Other U.S.
Other U.S.
Total
Total
Total

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(amount in tables in thousands, except per share amounts)

Note 4. Real Estate Owned

As of March 31, 2024, REO assets and liabilities consisted of a retail property in Portland, OR and an office portfolio in Philadelphia, PA. Real Estate Owned, Held For Investment

Portland Retail / Redevelopment — In 2015, KREF originated a $177.0 million senior loan secured by a retail property in Portland, OR. In December 2021, KREF took title to the retail property. property and accounted for the property on a consolidated basis (Note 9). The transaction was accounted for as an asset acquisition under ASC 805. Accordingly, KREF recognized recorded the property on the Condensed Consolidated Balance Sheet Sheets as REO with a carrying value of $78.6 million, which included the estimated fair value of the property.

Concurrently with taking title to the REO, KREF contributed a portion of the REO asset with a carrying value of $68.9 million to a joint venture (the "REO JV") with a third party local developer operator ("JV Partner"), whereby KREF has had a 90% interest and the JV Partner has had a 10% interest. The JV Partner's interest in the property was presented within "Noncontrolling interests in equity of consolidated joint ventures" on the Condensed Consolidated Balance Sheets. In September 2023, the REO JV submitted a conceptual master plan to the City of Portland's Bureau of Development Services in an application for a Design Advice Request (DAR) meeting with the City's Design Commission.

Mountain View Office — In 2021, KREF co-originated with a KKR affiliate a committed $362.8 million senior loan secured by an office property in Mountain View, CA. KREF's interest was 68.9% of the loan or $250.0 million. As of March 31, 2024, the KREF loan had a risk rating of 5 with an amortized cost of $198.9 million. In June 2024, KREF and the KKR affiliate took title to the office property through a deed-in-lieu of foreclosure and KREF accounted for the property on a consolidated basis (Note 9). The transaction was accounted for as an asset acquisition under ASC 805. Accordingly, KREF recorded the property and its net assets on the Condensed Consolidated Balance Sheets with an estimated fair value of $174.7 million, which included $175.0 million of REO held for investment and ($0.3) million of net working capital. As a result, KREF recognized a $79.9 million loan write-off for the difference between KREF's interest in the amortized cost of the foreclosed loan and KREF's share of the fair value of the REO's net assets and closing costs. The KKR affiliate's interest in the property was 31.1%, or $54.3 million as of June 30, 2024, and was presented within "Noncontrolling interests in equity of consolidated joint ventures" on the Condensed Consolidated Balance Sheets.

Real Estate Owned, Held For Sale

Philadelphia Office / Garage — In 2019, KREF originated a $182.6 million senior loan secured by an office portfolio in Philadelphia, PA. As of September 30, 2023, the loan had a risk rating of 5 with an amortized cost of $151.1 million. On December 22, 2023, In December 2023, KREF received a $6.0 million partial repayment and then took title to the office property through a deed-in-lieu of foreclosure. The transaction was accounted for as an asset acquisition under ASC 805. Accordingly, KREF recorded the portfolio with and its net assets on the Condensed Consolidated Balance Sheet Sheets with an estimated fair value of $86.4 million, which included $1.3 million of cash received and $76.5 million, $24.6 million and $15.9 million allocated to REO held for sale, lease intangible and other assets, and leasing and other liabilities, respectively. As a result, KREF recognized a $58.7 million loan write-off for the difference between the carrying value amortized cost of the foreclosed loan and the fair value of the REO's net assets.

In June 2024, KREF sold a portion of the portfolio for a gross sales price of $41.0 million and recognized a realized loss of $0.6 million after buyer credits and closing costs. Concurrently, KREF provided financing to the buyer through a senior loan with an outstanding principal balance of $30.1 million ($83.7 million total commitment) as of June 30, 2024. The senior loan earns a coupon rate of S+4.3% and has a maximum maturity of June 2029, assuming all extension options are exercised. The senior loan is presented within "Commercial real estate loans, held-for-investment, net" on the Condensed Consolidated Balance Sheets.

As of March 31, 2024 June 30, 2024, the REO's remaining REO assets and liabilities met the criteria to be classified as held for sale under ASC 360. As such, depreciation and amortization on the REO and related lease intangibles were suspended.

Leases — KREF assumed certain legacy lease arrangements upon the acquisition of the REO assets and entered into lease arrangements during the hold period. These arrangements entitle KREF to receive contractual rent payments during the lease periods and tenant reimbursements for certain property operating expenses, including common area costs, insurance, utilities and real estate taxes. KREF elects the practical expedient to not separate the lease and non-lease components of the rent payments and accounts for these lease arrangements as operating leases.

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The following table presents the REO assets and liabilities included on KREF's Condensed Consolidated Balance Sheets:

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Real estate owned, held for investment		
Assets		
Assets		

Assets		
Real estate owned - land		
Real estate owned - land		
Real estate owned - land		
Real estate owned - land improvements		
Real estate owned - buildings		
Real estate owned - building improvements		
Real estate owned, net		
Real estate owned, net		
Real estate owned, net		
Cash		
In-place lease intangibles(A)	184	201
Tenant receivables(A)		
Other assets(A)		
Cash(A)		
In-place lease intangibles(B)	167	201
Tenant receivables(B)		
Other assets(B)		
Total		
Liabilities		
Unfavorable lease intangibles(B)		
Unfavorable lease intangibles(B)		
Unfavorable lease intangibles(B)		
Other liabilities(B)		
Unfavorable lease intangibles(C)		
Unfavorable lease intangibles(C)		
Unfavorable lease intangibles(C)		
Other liabilities(C)		
Total		
Real estate owned, held for sale		
Real estate owned, held for sale		
Real estate owned, held for sale		
Assets		
Assets		
Assets		
Real estate owned, held for sale		
Real estate owned, held for sale		
Real estate owned, held for sale		
In-place lease intangibles		
In-place lease intangibles		
In-place lease intangibles		
Favorable lease intangibles		
Tenant receivables		
Other assets		
Total		
Total		
Total		
Liabilities		
Unfavorable lease intangibles		
Unfavorable lease intangibles		
Unfavorable lease intangibles		
Other liabilities		

(amount in tables in thousands, except per share amounts)

Total	

(A) Included in “Cash and cash equivalents” on the Condensed Consolidated Balance Sheets.
(B) Included in “Other assets” on the Condensed Consolidated Balance Sheets.
(B) (C) Included in “Other liabilities” on the Condensed Consolidated Balance Sheets.

The following table presents the REO operations and related income (loss) included in KREF’s Condensed Consolidated Statements of Income:

	Three Months Ended		**Three Months Ended**		**Six Months Ended**
	Three Months Ended				
	Three Months Ended				
			March 31, 2024	**March 31, 2023**	
	June 30, 2024	**June 30, 2023**	**June 30, 2024**		**June 30, 2023**
Rental income					
Other operating income					
Revenue from REO operations					
Expenses from REO operations					
Other income					
Other income					
Other income					
Other income (loss)(A)					
Other income (loss)(A)					
Other income (loss)(A)					
Total					
Total					
Total					

(A) Included in "Other miscellaneous income" on the Condensed Consolidated Statements of Income.

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The following table presents the amortization of lease intangibles included in KREF’s Condensed Consolidated Statements of Income:

		Three Months Ended							
		Three Months Ended							
		Three Months Ended		**Six Months Ended**					
	Income Statement Location	**Income Statement Location**	**March 31, 2024**	**March 31, 2023**	**Income Statement Location**	**June 30, 2024**	**June 30, 2023**	**June 30, 2024**	**June 30, 2023**
Asset									
In-place lease intangibles									
In-place lease intangibles									
In-place lease intangibles									
Liability									
Unfavorable lease intangibles									
Unfavorable lease intangibles									
Unfavorable lease intangibles									

The following table presents the amortization of lease intangibles related to REO, held for investment for each of the succeeding fiscal years:

Year				
Year				
Year	**In-place Lease Intangible Assets**	**Unfavorable Lease Intangible Liabilities**	**In-place Lease Intangible Assets**	**Unfavorable Lease Intangible Liabilities**
2024				
2024				

2024
2025
2026

Future Minimum Lease Payments — The following table presents the future minimum lease payments to be collected under non-cancelable operating leases, excluding tenant reimbursements of expenses:

Year	Year	Contractual Lease Payments	Year	Contractual Lease Payments
2024				
2025				
2026				
2027				
2028				
Thereafter				

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KKR Real Estate Finance Trust Inc.
Notes to Condensed Consolidated Financial Statements
(amount in tables in thousands, except per share amounts)

Note 5. Debt Obligations

The following table summarizes KREF's secured master repurchase agreements and other financing arrangements in place as of March 31, 2024 June 30, 2024 and December 31, 2023:

				March 31, 2024			December 31, 2023												
				June 30, 2024			December 31, 2023												
		Facility				Facility				Collateral	Facility			Facility			Collateral		Facility
	Current Maturity	Current Maturity	Final Stated Maturity(A)	Maximum Facility Size	Outstanding Principal	Carrying Value(B)	Weighted Average Funding Cost(C)	Outstanding Principal	Carrying Value	Carrying Value(B)	Current Maturity	Final Stated Maturity(A)	Maximum Facility Size	Outstanding Principal	Carrying Value(B)	Weighted Average Funding Cost(C)	Outstanding Principal	Carrying Value	Carrying Value(B)
Master Repurchase Agreements(D)																			
Wells Fargo																			
Morgan Stanley																			
Goldman Sachs																			
Term Loan Facility																			
KREF Lending VII(E)																			
Term Lending Agreements																			
KREF Lending IX (F)																			
KREF Lending V																			
KREF Lending XII																			
BMO Facility																			
Warehouse Facility																			
HSBC Facility																			
Asset Specific Financing																			
KREF Lending XIII																			

(amount in tables in thousands, except per share amounts)

KREF Lending XIV
KREF Lending XI
Revolving Credit Agreement
Revolver(F)
Revolver(G)
Total / Weighted Average

(A) Final Stated Maturity is determined based on the maximum maturity of the underlying financing agreements or corresponding loans, assuming all extension options in KREF's discretion are exercised. The weighted average life of the match-term facilities was 1.1 0.8 and 2.8 2.7 years, based on the current and final stated maturities, respectively, of the average weighted outstanding principal of collateral loans as of March 31, 2024 June 30, 2024.

(B) Net of $9.8 $6.7 million and $11.6 million unamortized deferred financing costs as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

(C) Including deferred financing costs and applicable index in effect as of March 31, 2024 June 30, 2024. Average weighted by the outstanding principal of the facility.

(D) Borrowings under these repurchase agreements are collateralized by senior loans, held-for-investment, and bear interest equal to the sum of (i) Term SOFR, and (ii) a financing spread. As of March 31, 2024 June 30, 2024 and December 31, 2023, the percentage of the outstanding principal of the collateral sold and not borrowed under these repurchase agreements, or average "haircut" weighted by outstanding principal of collateral, was 33.8% 30.9% and 33.8%, respectively (or 28.5% 31.2%and 32.2%, respectively, if KREF had borrowed the maximum amount approved by its repurchase agreement counterparties as of such dates).

(E) The term loan facility provides asset-based financing on a non-mark-to-market basis with match-term up to five years, with additional two-year extension available to KREF.

(F) In May 2024, the lender assigned its rights and obligations under the KREF Lending IX Facility to another financial institution. In connection with the assignment, KREF's borrowing capacity under the facility was amended to $701.1 million.

(F) (G) As of March 31, June 30, 2024, the revolver carrying value excluded $3.6 $3.3 million unamortizedunamortized debt issuance costs presented within "Other assets" on KREF's Condensed Consolidated Balance Sheets.

As of March 31, 2024 June 30, 2024 and December 31, 2023, KREF had outstanding repurchase agreements, and term lending agreements and warehouse facility where the amount at risk with any individual counterparty, or group of related counterparties, exceeded 10.0% of KREF's stockholders' equity. The amount at risk under these agreements arrangements is the net counterparty exposure, defined as the excess of the carrying amount (or market value, if higher than the carrying amount, for repurchase agreements) of the assets sold under agreement to repurchase, including accrued interest plus any cash or other assets on deposit to secure the repurchase obligation, over the amount of the repurchase liability, adjusted for accrued interest.

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The following table summarizes certain characteristics of KREF's repurchase agreements where the amount at risk with any individual counterparty, or group of related counterparties, exceeded 10.0% of KREF's stockholders' equity as of March 31, 2024 June 30, 2024 and December 31, 2023:

		Outstanding Principal		Outstanding Principal		Net Counterparty Exposure		Percent of Stockholders' Equity		Weighted Average Life (Years)(A)	
March 31, 2024											
June 30, 2024											
Morgan Stanley											
Morgan Stanley											
Morgan Stanley		$ 986,475		$ 333,511		24.0 %		2.2			
Wells Fargo	Wells Fargo	571,012	215,159	215,159	15.5	15.5	2.2		2.2		
Wells Fargo											
Wells Fargo		$ 617,344		$ 254,636		18.4 %		2.5			
KREF Lending IX											
KREF Lending IX											
KREF Lending IX		692,605		178,338		12.9		2.9			
Goldman Sachs	Goldman Sachs	330,379	177,149	177,149	12.8	12.8	2.6	2.6	Goldman Sachs		309,538
Total / Weighted Average	Total / Weighted Average	$ 1,640,328	$	$ 610,123	44.1	44.1 %		2.7	Total / Weighted Average	$ 1,867,025	$

(amount in tables in thousands, except per share amounts)

December 31, 2023

Wells Fargo											
Wells Fargo											
Wells Fargo		$ 646,559	$	$ 248,891	17.7	17.7 %		2.7		$ 646,559	$
Morgan Stanley	Morgan Stanley	483,339	203,080	203,080	14.5	14.5	1.6	1.6	Morgan Stanley		483,339
KREF Lending IX	KREF Lending IX	696,605	172,462	172,462	12.3	12.3	3.1	3.1	KREF Lending IX		696,605
Goldman Sachs	Goldman Sachs	347,329	170,236	170,236	12.1	12.1	2.9	2.9	Goldman Sachs		347,329
Total / Weighted Average	Total / Weighted Average	$ 2,173,832	$	$ 794,669	56.6	56.6 %		2.6	Total / Weighted Average	$ 2,173,832	$

(A) Average weighted by the outstanding principal of borrowings under the secured financing agreement.

Debt obligations included in the tables above are obligations of KREF's consolidated subsidiaries, which own the related collateral, and such collateral is generally not available to other creditors of KREF.

While KREF is generally not required to post margin under certain repurchase agreement terms for changes in general capital market conditions such as changes in credit spreads or interest rates, KREF may be required to post margin for changes in conditions to specific loans that serve as collateral for those repurchase agreements. Such changes may include declines in the appraised value of property that secures a loan or a negative change in the borrower's ability or willingness to repay a loan. To the extent that KREF is required to post margin, KREF's liquidity could be significantly impacted. Both KREF and its lenders work cooperatively to monitor the performance of the properties and operations related to KREF's loan investments to mitigate investment-specific credit risks. Additionally, KREF incorporates terms in the loans it originates to further mitigate risks related to loan nonperformance.

Activity — For the three six months ended March 31, 2024 June 30, 2024, the activity related to the carrying value of KREF's secured financing agreements were as follows:

	Secured Financing Agreements, Net
Balance as of December 31, 2023	**$ 3,782,419**
Principal borrowings	118,754 266,607
Principal repayments/sales	(381,269) (768,335)
Deferred debt issuance costs	(1,718) (1,991)
Amortization of deferred debt issuance costs	3,610 6,973
Balance as of March 31, 2024 June 30, 2024	**$ 3,521,796 3,285,673**

Maturities — KREF's secured financing agreements, term loan facility and other consolidated debt obligations in place as of June 30, 2024 had contractual maturities as follows:

Year	Nonrecourse(A)	Recourse(A)(B)	Total
2025	$ 211,317	$ 53,689	$ 265,006
2026	1,253,931	332,521	1,586,452
2027	951,264	361,416	1,312,680
Thereafter	128,199	—	128,199
	$ 2,544,711	$ 747,626	$ 3,292,337

(A) Represents the earlier of (i) the maximum maturity of the underlying loans pledged as collateral or (ii) the maximum maturity of the respective financing agreements.

(B) Except for the Revolver, which is full recourse, amounts borrowed are subject to a maximum 25.0% recourse limit. The Revolver matures in March 2027.

Maturities — KREF's secured financing agreements, term loan facility and other consolidated debt obligations in place as of March 31, 2024 had contractual maturities as follows:

Year	Nonrecourse(A)	Recourse(A)(B)	Total

2024	$ 127,498	$ 22,296	$ 149,794
2025	144,258	31,336	175,594
2026	1,367,285	370,307	1,737,592
2027	983,542	363,710	1,347,252
Thereafter	121,319	—	121,319
	$ 2,743,902	$ 787,649	$ 3,531,551

(A) Represents the earlier of (i) the maximum maturity of the underlying loans pledged as collateral or (ii) the maximum maturity of the respective financing agreements.
(B) Except for the Revolver, which is full recourse, amounts borrowed are subject to a maximum 25.0% recourse limit. The Revolver matures in March 2027.

Covenants — KREF is required to comply with customary loan covenants and event of default provisions related to its secured financing agreements and Revolver, including, but not limited to, negative covenants relating to restrictions on operations with respect to KREF's status as a REIT, and financial covenants. Such financial covenants include a trailing four quarter interest income to interest expense ratio covenant (1.4 to 1.0); a consolidated tangible net worth covenant (75.0% of the aggregate cash proceeds of any equity issuances made and any capital contributions received by KREF and certain subsidiaries, or up to approximately $1,307.7 million depending upon the facility); a cash liquidity covenant (the greater of $10.0 million or 5.0% of KREF's recourse indebtedness); and a total indebtedness covenant (83.3% of KREF's Total Assets, as defined in the applicable financing agreements). As of March 31, 2024 June 30, 2024 and December 31, 2023, KREF was in compliance with its financial debt covenants.

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Note 6. Collateralized Loan Obligations

In August 2021, KREF financed a pool of loan participations from its existing loan portfolio through a managed CLO ("KREF 2021-FL2"). KREF 2021-FL2 provides KREF with match-term financing on a non-mark-to-market and non-recourse basis. KREF 2021-FL2 had a two-year reinvestment feature that allowed principal proceeds of the collateral assets to be reinvested in qualifying replacement assets, subject to the satisfaction of certain conditions set forth in the indenture.

In February February 2022, KREF financed a pool of loan participations from its existing multifamily loan portfolio through a managed CLO ("KREF 2022-FL3"). KREF 2022-FL3 provides KREF with match-term financing on a non-mark-to-market and non-recourse basis and had a two-year reinvestment feature. feature that allowed principal proceeds of the collateral assets to be reinvested in qualifying replacement assets, subject to the satisfaction of certain conditions set forth in the indenture.

The CLO issuance costs are netted against the outstanding principal balance of the CLO notes in "Collateralized loan obligations, net" in the Condensed Consolidated Balance Sheets.

The following tables outline CLO collateral assets and respective borrowing as of March 31, 2024 June 30, 2024 and December 31, 2023:

	March 31, 2024	
	March 31, 2024	
	March 31, 2024	December 31, 2023
	June 30, 2024	
	June 30, 2024	
	June 30, 2024	December 31, 2023

	Facility				Facility					Collateral(A)		Facility		Facility				Collateral(A)		Facil
	Wtd. Avg. Term(B)	Wtd. Avg. Term(B)	Maximum Facility Size	Outstanding Principal	Carrying Value	Wtd. Avg. Funding Cost(C)		Outstanding Principal	Carrying Value		Carrying Value		Wtd. Avg. Term(B)	Maximum Facility Size	Outstanding Principal	Carrying Value	Wtd. Avg. Funding Cost(C)	Outstanding Principal	Carrying Value	
KREF 2021-FL2																				
KREF 2022-FL3																				
Total																				

(A) Collateral loan assets represent 32.0% 34.7% of the principal of KREF's commercial real estate loans as of March 31, 2024 June 30, 2024. As of March 31, 2024 June 30, 2024, 100% of loans financed through the CLOs are floating-rate loans.

(B) The term of the CLO notes represents the rated final distribution date. Repayments of CLO notes are dependent on timing of underlying collateral loan asset repayments post reinvestment period.
(C) Including deferred financing costs and applicable index in effect as of March 31, 2024 June 30, 2024. Average weighted by the outstanding principal of the facility.

The following table presents the CLO assets and liabilities included in KREF's Condensed Consolidated Balance Sheets:

Assets	Assets	March 31, 2024		December 31, 2023	Assets	June 30, 2024		December 31, 2023
Cash								
Commercial real estate loans, held-for-investment								
Less: Allowance for credit losses								
Commercial real estate loans, held-for-investment, net								
Accrued interest receivable								
Other assets								
Total								
Liabilities								
Collateralized loan obligations								
Collateralized loan obligations								
Collateralized loan obligations								
Deferred financing costs								
Collateralized loan obligations, net								
Accrued interest payable								
Total								
Total								
Total								

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KKR Real Estate Finance Trust Inc.
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(amount in tables in thousands, except per share amounts)

The following table presents the components of net interest income of CLOs included in KREF's Condensed Consolidated Statements of Income:

	Three Months Ended March 31,							
	Three Months Ended March 31,							
	Three Months Ended March 31,							
	Three Months Ended June 30,							
	Three Months Ended June 30,							
	Three Months Ended June 30,		Six Months Ended June 30,					
	2024		2024		2023	2024	2023	2024	2023
Interest income								
Interest expense(A)								
Net interest income								

(A) Includes $0.6 Includes $0.1 million and $2.1 $0.7 million of of deferred financing costs amortization for the three and six months ended March 31, 2024 June 30, 2024, respectively. Includes $2.2 million and 2023, $4.3 million of deferred financing costs amortization for the three and six months ended June 30, 2023, respectively.

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KKR Real Estate Finance Trust Inc.
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Note 7. Secured Term Loan, Net

In September 2020, KREF entered into a $300.0 million secured term loan at a price of 97.5%, which initially bore interest at a per annum rate equal to LIBOR plus a 4.75% margin, subject to a 1.0% LIBOR floor, payable quarterly beginning in December 2020. The secured term loan is partially amortizing, with an amount equal to 1.0% per annum of the principal balance due in quarterly installments starting March 31, 2021. The secured term loan matures on September 1, 2027 and contains restrictions relating to liens, asset sales, indebtedness, investments and transactions with affiliates. The secured term loan is secured by KREF level guarantees and does not include asset-based collateral. Upon the execution of the secured term loan, KREF recorded a $7.5 million issuance discount and $5.1 million in issuance costs.

(amount in tables in thousands, except per share amounts)

In November 2021, KREF completed the repricing of a $297.8 million then-existing secured term loan and a $52.2 million add-on, for an aggregate principal amount of $350.0 million due September 2027, which was issued at par. The upsize of the secured term loan was accounted for as partial debt extinguishment under GAAP, accordingly, KREF recognized an accelerated deferred loan financing cost of $0.7 million during the fourth quarter of 2021. The new secured term loan bore interest at LIBOR plus 3.5%, subject to a 0.5% LIBOR floor. KREF recorded $2.0 million in issuance costs.

In June 2023, KREF transitioned the secured term loan from LIBOR to Term SOFR. Inclusive of the amortization of the discount and issuance costs, KREF's total cost of the secured term loan is Adjusted Term SOFR, as defined in the secured term loan agreements, plus a 4.1% margin per annum, subject to the applicable SOFR floor, as of March 31, 2024 June 30, 2024.

The following table summarizes KREF's secured term loan as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively:

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Principal		
Deferred financing costs		
Unamortized discount		
Carrying value		

Covenants — KREF is required to comply with customary loan covenants and event of default provisions related to its secured term loan that include, but are not limited to, negative covenants relating to restrictions on operations with respect to KREF's status as a REIT, and financial covenants. Such financial covenants include a minimum consolidated tangible net worth of $650.0 million and a maximum Total Debt to Total Assets ratio, as defined in the secured term loan agreements, of 83.3% (the "Leverage Covenant"). KREF was in compliance with such covenants as of March 31, 2024 June 30, 2024 and December 31, 2023.

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Note 8. Other Assets and Liabilities

The following tables present the components of KREF's other assets and other liabilities as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively:

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Other assets		
Restricted cash		
Restricted cash		
Restricted cash		
Loan principal repayments held by a servicer		
Deferred financing cost, Revolver		
Loan principal payments held by servicer		
Other		
Total		
Other liabilities		
Real estate owned liabilities, held for investment (Note 4)		
Real estate owned liabilities, held for investment (Note 4)		
Real estate owned liabilities, held for investment (Note 4)		
Liabilities related to real estate owned, held for investment (Note 4)		
Liabilities related to real estate owned, held for investment (Note 4)		
Liabilities related to real estate owned, held for investment (Note 4)		
Allowance for credit losses on unfunded commitments		
Loan funding held in escrow		
Other		
Total		

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(amount in tables in thousands, except per share amounts)

Note 9. Variable Interest Entities Consolidation and Equity Method Investments

Collateralized Loan Obligations — KREF consolidates CLOs when it determines that the CLO issuers, wholly-owned subsidiaries of KREF, are VIEs and that KREF is the primary beneficiary of such VIEs (Note 6). Management considers KREF to be the primary beneficiary of the CLO issuers as KREF has the ability to control the most significant activities of the CLO issuers, the obligation to absorb losses, and the right to receive benefits of the CLOs through the subordinate interests the CLO issuers own.

Consolidated Real Estate Owned Joint Venture Ventures

Portland Retail / Redevelopment — Concurrently with taking In December 2021, KREF took title to a Portland retail property in December 2021, KREF and contributed a portion of the REO asset to a REO JV with a JV Partner, whereby where KREF has had a 90% interest and the JV Partner has had a 10% interest. Management determined the REO JV to be a VIE as the REO JV has insufficient equity-at-risk and concluded that KREF is the primary beneficiary of the REO JV as KREF holds decision-making power over the activities that most significantly impact the economic performance of the REO JV and has the obligation to absorb losses, of, or the right to receive benefits, from, the REO JV that could be potentially significant to the REO JV.

As of March 31, 2024 June 30, 2024, the REO JV held REO assets with a net carrying value of $72.8 $77.4 million. KREF has priority of distributions up to $79.8 $81.6 million before the JV Partner can participate in the economics of the REO JV.

Mountain View Office — REO JV. In June 2024, KREF and a KKR affiliate took title to a Mountain View office property. The property was held in a joint venture where KREF and the KKR affiliate held a 68.9% and 31.1% interest, respectively and shared decision-making. Management determined the joint venture to be a VIE as the joint venture was established with non-substantive voting rights and concluded that KREF is the primary beneficiary of the joint venture as KREF holds decision-making power over the activities that most significantly impact the economic performance and has the obligation to absorb losses, or the right to receive benefits, that could be potentially significant to the joint venture.

Equity Method Investments Investment ——Real Estate Asset

In 2021, KREF co-originated with a KKR affiliate a $188.0 million senior loan secured by a life science property in Seattle, WA. KREF's interest was 74.6% of the loan or $140.3 million. As of March 31, 2024, the KREF loan had a risk rating of 5 with an amortized cost of $114.2 million. In June 2024, KREF received a $14.3 million partial repayment, then along with the KKR affiliate, took title to the life science property through a deed-in-lieu of foreclosure under a Tenant-in-Common ("TIC") agreement. Under the TIC agreement, KREF and the KKR affiliate held an economic interest of 74.6% and 25.4%, respectively, and shared decision-making. Under ASC 970-810, KREF accounted for the TIC agreement as an undivided interest in the property and recorded an $82.0 million equity method investment based on KREF's share of the fair value of the property's net assets. As a result, KREF recognized a $18.6 million loan write-off for the difference between the amortized cost of the foreclosed loan and KREF's share of the fair value of the property's net assets and closing costs.

Equity Method Investment —CMBS B-Pieces

As of June 30, 2024, KREF held a 3.5% interest in RECOP I, an unconsolidated VIE of which KREF is not the primary beneficiary, at its fair value of $35.1 million $35.3 million. The aggregator vehicle in which KREF invests is controlled and advised by affiliates of the Manager. RECOP I primarily acquired junior tranches of CMBS newly issued by third parties. KREF will not pay any fees to RECOP I, but KREF bears its pro rata share of RECOP I's expenses. KREF reported its share of the net asset value of RECOP I in its Condensed Consolidated Balance Sheets, presented as "Equity method investments" investment, CMBS B-Pieces" and its share of net income, presented as "Income (loss) from equity method investments" investment" in the Condensed Consolidated Statements of Income.

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Note 10. Equity

Authorized Capital — On October 2, 2014, KREF's board of directors authorized KREF to issue up to 350,000,000 shares of stock, at $0.01 par value per share, consisting of 300,000,000 shares of common stock and 50,000,000 shares of preferred stock, subject to certain restrictions on transfer and ownership of shares. Restrictions placed on the transfer and ownership of shares relate to KREF's REIT qualification requirements.

Common Stock — As further described below, since December 31, 2021, KREF issued the following shares of common stock:

Pricing Date	Pricing Date	Shares Issued(A)	Net Proceeds	Pricing Date	Shares Issued(A)	Net Proceeds
As of December 31, 2021						
As of December 31, 2021						
As of December 31, 2021						
February 2022(B)						
March 2022						
June 2022						

August 2022(B)
As of December 31, 2023 and March 31, 2024
As of December 31, 2023 and June 30, 2024

(A) Excludes 955,743 975,091 net shares of common stock issued to-date in connection with vested restricted stock units.
(B) Represents shares issued under the ATM.

In March and June of 2022, KREF issued 6,494,155 and 2,750,000 shares of common stock, respectively, in separate underwritten offerings each of which included the partial exercise of the underwriters' option to purchase additional shares of common stock, and received net proceeds after underwriting discounts and commissions of $133.8 million and $53.7 million, respectively.

During the three six months ended March 31, 2024 June 30, 2024 and 2023, no 19,348 and 11,050 shares of common stock were issued related to the vesting of restricted stock units. Upon any payment of shares as a result of restricted stock unit vesting, the related tax withholding obligation will generally be satisfied by KREF, reducing the number of shares to be delivered by a number of shares necessary to satisfy the related applicable tax withholding obligation. Refer to Note 11 for further detail.

Of the 75,299,556 In June 2024, KREF retired 5,985,696 shares of repurchased common stock. As of June 30, 2024, there were 69,333,208 common shares KREF issued there were 69,313,860 common shares and outstanding, as of March 31, 2024, which included 955,743 975,091 net shares of common stock issued in connection with vested restricted stock units and was net of 5,985,696 common shares repurchased. units.

KKR and affiliates beneficially owned 10,000,001 shares, or 14.4% of KREF's outstanding common stock as of March 31, 2024 June 30, 2024 and December 31, 2023.

Share Repurchase Program — Under KREF's current share repurchase program, which has no expiration date, KREF may repurchase up to an aggregate of $100.0 million of its common stock effective as of February 3, 2023, of which up to $50.0 million may be repurchased under a pre-set trading plan meeting the requirements of Rule 10b5-1 under the Exchange Act, and provide for repurchases of common stock when the market price per share is below book value per share (calculated in accordance with GAAP as of the end of the most recent quarterly period for which financial statements are available), and the remaining $50.0 million may be used for repurchases in the open market, pursuant to pre-set trading plans meeting the requirements of Rule 10b5-1 under the Exchange Act, in privately negotiated transactions or otherwise. The timing, manner, price and amount of any common stock repurchases will be determined by KREF in its discretion and will depend on a variety of factors, including legal requirements, price, liquidity and economic considerations, and market conditions. The program does not require KREF to repurchase any specific number of shares of common stock. The program does not have an expiration date and may be suspended, modified or discontinued at any time.

During the three six months ended March 31, 2024 June 30, 2024, KREF did not repurchase any of its common stock under the repurchase program. As of March 31, 2024 June 30, 2024, KREF had $100.0 million of remaining capacity to repurchase shares under the program.

At the Market Stock Offering Program — In February 2019, KREF entered into an equity distribution agreement with certain sales agents, pursuant to which KREF may sell, from time to time, up to an aggregate sales price of $100.0 million of its common stock pursuant to a continuous offering program (the "ATM"). Sales of KREF's common stock made pursuant to the ATM may be made in negotiated transactions or transactions that are deemed to be "at the market" offerings as defined in Rule

415 under the Securities Act of 1933, as amended. The timing and amount of actual sales will depend on a variety of factors including market conditions, the trading price of KREF's common stock, KREF's capital needs, and KREF's determination of the appropriate sources of funding to meet such needs.

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KKR Real Estate Finance Trust Inc.
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(amount in tables in thousands, except per share amounts)

During the three six months ended March 31, 2024 June 30, 2024, KREF did not issue or sell any shares of common stock under the ATM. As of March 31, 2024 June 30, 2024, $93.2 million remained available for issuance under the ATM.

6.50% Series A Cumulative Redeemable Preferred Stock — The perpetual Series A Preferred Stock is redeemable, at KREF's option, at a liquidation price of $327.8 million, or $25.00 per share, plus accrued and unpaid dividends commencing in April 2026. Dividends on the Series A Preferred Stock are payable quarterly at a rate of 6.50% per annum of the $25.00 liquidation preference, which is equivalent to $1.625 per annum per share. With respect to dividend rights and liquidation, the Series A Preferred Stock ranks senior to KREF's common stock.

Noncontrolling Interests — Noncontrolling interests represent a third party's 10.0% an interest held by investors other than KREF in a consolidated joint venture, a consolidated VIE, ventures that holds portion of hold KREF's sole REO investment. investments. KREF and the noncontrolling interest holder holders typically contribute to the joint venture's ventures' ongoing operating shortfalls and capital expenditures on a pari passu basis. Distributions from the joint venture ventures are allocated between KREF and the noncontrolling interest holder holders based on contractual terms and waterfalls as outlined in the joint venture agreement. agreements.

(amount in tables in thousands, except per share amounts)

Dividends — During the three six months ended March 31, 2024 June 30, 2024 and 2023, KREF's board of directors declared the following dividends on shares of its common stock:

				Amount						
Declaration Date	**Declaration Date**	**Record Date**	**Payment Date**	**Per Share**	**Total**	**Declaration Date**	**Record Date**	**Payment Date**	**Per Share**	**Total**
2024										
February 1, 2024										
February 1, 2024										
February 1, 2024										
June 13, 2024										
				$						
				$						
				$						
2023										
March 17, 2023										
March 17, 2023										
March 17, 2023										
June 15, 2023										
				$						
				$						
				$						
				$						

During the three six months ended March 31, 2024 June 30, 2024 and 2023, KREF's board of directors declared the following dividends on shares of its Series A Preferred Stock:

				Amount						
Declaration Date	**Declaration Date**	**Record Date**	**Payment Date**	**Per Share**	**Total**	**Declaration Date**	**Record Date**	**Payment Date**	**Per Share**	**Total**
2024										
February 1, 2024										
February 1, 2024										
February 1, 2024										
April 19, 2024										
				$						
				$						
				$						
2023										
February 3, 2023										
February 3, 2023										
February 3, 2023										
April 21, 2023										
				$						
				$						
				$						
				$						

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Note 11. Stock-based Compensation

(amount in tables in thousands, except per share amounts)

KREF is externally managed by the Manager and does not currently have any employees. However, as of March 31, 2024 June 30, 2024, certain individuals employed by the Manager and affiliates of the Manager and certain members of KREF's board of directors were compensated, in part, through the issuance of stock-based awards.

As of March 31, 2024 June 30, 2024, KREF had 1,145,977 1,143,190 restricted stock unit ("RSU") awards outstanding under the KKR Real Estate Finance Trust Inc. 2016 Omnibus Incentive Plan that was adopted on February 12, 2016 and amended and restated on November 17, 2016 (the "Incentive Plan") to certain members of KREF's board of directors and employees of the Manager or its affiliates, none of whom are KREF employees. RSUs awarded to employees of the Manager or its affiliates, generally vest over three consecutive one-year periods and awards to certain members of KREF's board of directors generally vest over a one-year period, pursuant to the terms of the respective award agreements and the terms of the Incentive Plan.

In December 2021, KREF's board As of directors granted 400,000 shares of June 30, 2024, all outstanding RSU awards that are were entitled to nonforfeitable dividends during the vesting periods, at the same rate as those declared on the common stock. In February 2022, KREF's board of directors approved a modification that entitled the unvested RSU awards granted prior to December 2021 to dividends during the vesting periods, at the same rate as those declared on the common stock, starting with the first quarter of 2022.

The following table summarizes the activity in KREF's outstanding RSUs and the weighted-average grant date fair value per RSU:

	Restricted Stock Units	Restricted Stock Units	Weighted Average Grant Date Fair Value Per RSU(A)	Restricted Stock Units	Weighted Average Grant Date Fair Value Per RSU(A)
Unvested as of December 31, 2023					
Granted					
Vested					
Forfeited / cancelled					
Unvested as of March 31, 2024					
Unvested as of June 30, 2024					

(A) The grant-date fair value is based upon the closing price of KREF's common stock at the date of grant.

KREF expects the unvested RSUs outstanding to vest during the following years:

Year	Year	Restricted Stock Units	Year	Restricted Stock Units
2024				
2025				
2026				
Total				

KREF recognizes the compensation cost of RSUs awarded to employees of the Manager, or one or more of its affiliates, on a straight-line basis over the awards' term at their grant date fair value, consistent with the RSUs awarded to certain members of KREF's board of directors.

During the three and six months ended March 31, 2024 and 2023, June 30, 2024, KREF recognized $2.3 million $2.2 million and $4.5 million respectively, of stock-based compensation expense included in "General and administrative" expense in the Condensed Consolidated Statements of Income. During the three and six months ended June 30, 2023, KREF recognized $2.2 million and $4.3 million respectively, of stock-based compensation expense included in "General and administrative" expense in the Condensed Consolidated Statements of Income. As of March 31, 2024 June 30, 2024, there was $12.5 $10.7 million of total unrecognized stock-based compensation expense related to unvested share-based compensation arrangements. This cost is expected to be recognized over a weighted average period of 1.1 years. 1.0 year.

During the three six months ended March 31, 2024 June 30, 2024 and 2023, KREF declared $0.3 $0.6 million and $0.4 $0.8 million, respectively, of nonforfeitable dividends on unvested RSUs. Such nonforfeitable dividends were deducted from "Retained earnings (Accumulated deficit)" in the Condensed Consolidated Statement of Changes in Equity.

Directors and Officers Deferral Plan — In March 2022, KREF's board of directors adopted the KKR Real Estate Finance Trust Inc. Directors and Officers Deferral Plan (the "Deferral Plan"). Pursuant to the Deferral Plan, participants may elect to defer receipt of all or a portion of any shares of KREF's common stock issuable upon vesting of any RSU granted to such participant in 25% increments. Deferred stock units ("DSU") credited to a participant are non-voting but shall be entitled to

participant in 25% increments. Deferred stock units ("DSU") credited to a participant are non-voting but shall be entitled to dividend equivalent payments upon payment of dividends on shares of KREF's common stock in the same form and amount equal to the amount of such dividends and are not subject to deferral under the Deferral Plan. During the three six months ended March 31, 2024 June 30, 2024, no 29,022 vested RSUs were deferred under the Deferral Plan. As of March 31, 2024 June 30, 2024, there were 72,708 101,730 DSUs outstanding.

Upon any payment of shares as a result of restricted stock unit vesting, the related tax withholding obligation will generally be satisfied by KREF, reducing the number of shares to be delivered by a number of shares necessary to satisfy the related applicable tax withholding obligation. The amount results in a cash payment related to this tax liability and a corresponding reduction to additional paid-in capital in the Condensed Consolidated Statement of Changes in Equity. No shares were delivered for vested RSUs during the three six months ended March 31, 2024 June 30, 2024.

(amount in tables in thousands, except per share amounts)

Refer to Note 14 for additional information regarding the Incentive Plan.

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Note 12. Earnings (Loss) per Share

Earnings (Loss) per Share — KREF calculates its basic EPS using the two-class method, which defines unvested share-based payment awards that contain nonforfeitable rights to dividends as participating securities. Under the two-class method earnings (distributed and undistributed) are allocated to common shares and participating securities based on their respective rights. Basic EPS, is calculated by dividing net income (loss) attributable to common stockholders by the weighted average common stock outstanding for the period.

KREF presents diluted EPS under the more dilutive of the treasury stock and if-converted methods or the two-class method. Under the treasury stock and if-converted methods, the denominator includes weighted average common stock outstanding plus the incremental dilutive shares issuable from restricted stock units and an assumed conversion of the Convertible Notes (for the periods in which such notes were outstanding). The numerator includes any changes in income (loss) that would result from the assumed conversion of these potential shares of common stock.

For the three six months ended March 31, 2024 June 30, 2024 and 2023, 39,369 22,967 and 20,426 10,213 weighted average unvested RSUs, respectively, were excluded from the calculation of diluted EPS because the effect was anti-dilutive.

Since May 15, 2023, there were no convertible instruments outstanding. For the three months ended March 31, 2023, 6,316,174 potentially issuable shares related to the Convertible Notes were excluded from the calculation of diluted EPS because the effect was anti-dilutive.

The following table illustrates the computation of basic and diluted EPS for the three and six months ended March 31, 2024 June 30, 2024 and 2023:

	Three Months Ended March 31,				
	Three Months Ended March 31,				
	Three Months Ended March 31,				
		Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2024	2023	2024	2023
Earnings					
Earnings					
Earnings					
Net Income (Loss)					
Net Income (Loss)					
Net Income (Loss)					
Less: Preferred stock dividends					
Less: Preferred stock dividends					
Less: Preferred stock dividends					
Less: Participating securities' share in earnings					
Less: Participating securities' share in earnings					
Less: Participating securities' share in earnings					
Net income (loss) attributable to common stockholders, basic and diluted					
Net income (loss) attributable to common stockholders, basic and diluted					
Net income (loss) attributable to common stockholders, basic and diluted					
Shares					
Shares					
Shares					
Weighted average common shares outstanding					
Weighted average common shares outstanding					
Weighted average common shares outstanding					
Add: Deferred stock units					
Add: Deferred stock units					
Add: Deferred stock units					

Add: Dilutive restricted stock units
Diluted weighted average common shares outstanding
Add: Dilutive restricted stock units
Diluted weighted average common shares outstanding
Add: Dilutive restricted stock units
Diluted weighted average common shares outstanding
Diluted weighted average common shares outstanding
Diluted weighted average common shares outstanding
Net income (loss) attributable to common stockholders, per:
Net income (loss) attributable to common stockholders, per:
Net income (loss) attributable to common stockholders, per:
Basic and Diluted common share
Basic and Diluted common share
Basic and Diluted common share
Net income (loss) attributable to common stockholders, per:
Net income (loss) attributable to common stockholders, per:
Basic common share
Basic common share
Basic common share
Diluted common share
Diluted common share
Diluted common share

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Note 13. Commitments and Contingencies

As of March 31, 2024 June 30, 2024, KREF was subject to the following commitments and contingencies:

Litigation — From time to time, KREF may be involved in various claims and legal actions arising in the ordinary course of business. KREF establishes an accrued liability for legal proceedings only when those matters present loss contingencies that are both probable and reasonably estimable.

As of March 31, 2024 June 30, 2024, KREF was not involved in any material legal proceedings regarding claims or legal actions against KREF.

Indemnifications — In the normal course of business, KREF enters into contracts that contain a variety of representations and warranties that provide general indemnifications and other indemnities relating to contractual performance. In addition, certain of KREF's subsidiaries have provided certain indemnities relating to environmental and other matters and has provided nonrecourse carve-out guarantees for fraud, willful misconduct and other customary wrongful acts, each in connection with the financing of certain real estate investments that KREF has made. KREF's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against KREF that have not yet occurred. However, KREF expects the risk of material loss to be low.

Capital Commitments — As of March 31, 2024 June 30, 2024, KREF had future funding commitments of $725.0 million $573.6 million related to its investments in commercial real estate loans. These future funding commitments primarily relate to construction projects, capital improvements, tenant improvements and leasing commissions. Generally, funding commitments are subject to certain conditions that must be met, such as customary construction draw certifications, minimum credit metrics or executions of new leases before advances are made to the borrower.

In January 2017, KREF committed $40.0 million to invest in an aggregator vehicle alongside RECOP I. The two-year investment period for RECOP I ended in April 2019. As of March 31, 2024 June 30, 2024, KREF had a remaining commitment of $4.3 million to RECOP I.

Macroeconomic Environment — The Federal Reserve has raised interest rates eleven times times since January 2022. Higher interest rates imposed by the Federal Reserve to address inflation may adversely impact real estate estate asset values and increase our interest expense, which expense may not be fully offset by any resulting increase in interest income, and may lead to decreased prepayments from KREF's borrowers and an increase in the number of KREF's borrowers who exercise extension options. The Federal Reserve has indicated that it may decrease interest rates in 2024. In a period of declining interest rates, our interest income on floating-rate investments would generally decrease, while any decrease in the interest we are charged on our floating-rate debt may be subject to floors and may not compensate for such decrease in interest income.

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Note 14. Related Party Transactions

Management Agreement — The Management Agreement between KREF and the Manager is a three-year agreement that provides for automatic one-year renewal periods starting October 8, 2017, subject to certain termination and nonrenewal rights, which in the case of KREF are exercisable by a two-thirds vote by the independent directors of KREF's board of directors. If the independent directors of KREF's board of directors decline to renew the Management Agreement other than for cause, KREF is required to pay the Manager a termination fee equal to three times the total 24-month trailing average annual management fee and incentive compensation earned by the Manager through the most recently completed calendar quarter. For administrative efficiency purposes, the Management Agreement was amended in August 2019 to change the expiration date of each automatic renewal period from October 7th to December 31st.

Pursuant to the Management Agreement, the Manager, as agent to KREF and under the supervision of KREF's board of directors, manages the investments, subject to investment guidelines approved by KREF's board of directors; financing activities; and day-to-day business and affairs of KREF and its subsidiaries.

For its services to KREF, the Manager is entitled to a quarterly management fee equal to the greater of $62,500 or 0.375% of weighted average adjusted equity and quarterly incentive compensation equal to 20.0% of the excess of (a) the trailing 12-month distributable earnings (before incentive compensation payable to the Manager) over (b) 7.0% of the trailing 12-month weighted average adjusted equity (“Hurdle Rate”), less incentive compensation KREF already paid to the Manager with respect to the first three calendar quarters of such trailing 12-month period. The quarterly incentive compensation is calculated and paid in arrears with a one-quarter lag.

Adjusted equity generally represents the proceeds received by KREF and its subsidiaries from equity issuances, without duplication and net of offering costs, and distributable earnings, reduced by distributions, equity repurchases, and incentive compensation paid. Distributable earnings generally represent the net income, or loss, attributable to equity interests in KREF and its subsidiaries, without duplication, as well as realized losses not otherwise included in such net income, or loss, excluding non-cash equity compensation expense, incentive compensation, depreciation and amortization and unrealized gains or losses, from and after the effective date to the end of the most recently completed calendar quarter. KREF's board of directors, after majority approval by independent directors, may also exclude one-time events pursuant to changes in GAAP and certain material non-cash income or expense items from distributable earnings. For purposes of calculating incentive compensation, adjusted equity excludes: (i) the effects of equity issued by KREF and its subsidiaries that provides for fixed distributions or other debt characteristics and (ii) unrealized provision for (reversal of) credit losses.

KREF is also required to reimburse the Manager or its affiliates for documented costs and expenses incurred by it and its affiliates on behalf of KREF, except those specifically required to be borne by the Manager under the Management Agreement. The Manager is responsible for, and KREF does not reimburse the Manager or its affiliates for, the expenses related to investment personnel of the Manager and its affiliates who provide services to KREF. However, KREF does reimburse the Manager for KREF's allocable share of compensation paid to certain of the Manager’s non-investment personnel, based on the percentage of time devoted by such personnel to KREF's affairs.

Incentive Plan — KREF's compensation committee or board of directors may administer the Incentive Plan, which provides for awards of stock options; stock appreciation rights; restricted stock; RSUs; limited partnership interests of KKR Real Estate Finance Holdings L.P. (the "Operating Partnership"), a wholly owned subsidiary of KREF, that are directly or indirectly convertible into or exchangeable or redeemable for shares of KREF's common stock pursuant to the limited partnership agreement of the Operating Partnership (“OP Interests”); awards payable by (i) delivery of KREF's common stock or other equity interests, or (ii) reference to the value of KREF's common stock or other equity interests, including OP Interests; cash-based awards; or performance compensation awards.

No more than 7.5% of the issued and outstanding shares of common stock on a fully diluted basis, assuming the exercise of all outstanding stock options granted under the Incentive Plan and the conversion of all warrants and convertible securities into shares of common stock, or a total of 4,028,387 shares of common stock, will be available for awards under the Incentive Plan. In addition, (i) the maximum number of shares of common stock subject to awards granted during a single fiscal year to any non-employee director (as defined in the Incentive Plan), taken together with any cash fees paid to such non-employee director during the fiscal year, may not exceed $1.0 million and (ii) the maximum amount that can be paid to any participant for a single fiscal year during a performance period (or with respect to each single fiscal year if a performance period extends beyond a single fiscal year) pursuant to a performance compensation award denominated in cash may not exceed $10.0 million.

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No awards may be granted under the Incentive Plan on and after February 12, 2026. The Incentive Plan will continue to apply to awards granted prior to such date. During the three and six months ended March 31, 2024 and 2023, no June 30, 2024, 56,350 awards were granted to KREF's directors and employees of the Manager or its affiliates. As of March 31, 2024 June 30, 2024, 1,853,959 1,808,376 shares of common stock remained available for awards under the Incentive Plan.

Due to Affiliates — The following table contains the amounts presented in KREF's Condensed Consolidated Balance Sheets that it owes to affiliates:

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Management fees		
KCM fees		
KCM fees		

(amount in tables in thousands, except per share amounts)

KCM fees	
	$

Affiliates Expenses — The following table contains the amounts included in KREF's Condensed Consolidated Statements of Income that arose from transactions with the Manager:

	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended June 30,
	Three Months Ended June 30,
	Three Months Ended June 30,
	2024
	2024
	2024
Management fees	
Management fees	
Management fees	
Incentive compensation	
Incentive compensation	
Incentive compensation	
Expense reimbursements and other	
Expense reimbursements and other	
Expense reimbursements and other	
	$
	$
	$

In connection with the ATM, KCM, in its capacity as one of the sales agents, will receive commissions for the shares of KREF's common stock it sells. This amount is not to exceed, but may be less than, 2.0% of the gross sales price per share. KREF did not sell shares under the ATM and did not incur or pay any commissions to KCM during the three and six months ended March 31, 2024 and 2023. June 30, 2024.

In connection with the BMO Facility, and in consideration for its services as the structuring agent, KREF is obligated to pay KCM a structuring fee equal to 0.35% of the respective committed loan advances under the agreement. Such fees are capitalized as deferred financing cost and amortized to interest expense over the draw period of the facility. No KCM structuring fees in connection with the facility were paid during the three and six months ended March 31, 2024 and 2023. June 30, 2024.

In connection with the KREF Lending IX Facility entered into in July 2021, and in consideration for structuring and sourcing this arrangement, KREF is obligated to pay KCM a structuring fee equal to 0.75% of the respective committed loan advances under the agreement. Such fees are capitalized as deferred financing cost and amortized to interest expense over the draw period of the facility. During the three months ended March 31, 2024 and 2023, KREF paid No KCM zero and $0.1 million in structuring fees in connection with the facility respectively. were paid during the three and six months ended June 30, 2024.

In connection with the KREF Lending XII Facility entered into in 2022, and in consideration for structuring and sourcing this arrangement, KREF is obligated to pay KCM a structuring fee equal to 0.35% of the respective loan advances under the agreement. Such fees are capitalized as deferred financing cost and amortized to interest expense over the draw period of the facility. No KCM structuring fees in connection with the facility were paid during the three and six months ended March 31, 2024 June 30, 2024.

Real Estate Owned and 2023. Equity Method Investment, Real Estate Asset

In June 2024, KREF and a KKR affiliate took title to a Mountain View office property. The property was held in a joint venture where KREF and the KKR affiliate held a 68.9% and 31.1% interest, respectively, and shared decision-making (Note 9).

In June 2024, KREF along with a KKR affiliate, took title to a Seattle life science property through a deed-in-lieu of foreclosure under a Tenant-in-Common ("TIC") agreement. Under the TIC agreement, KREF and the KKR affiliate held an economic interest of 74.6% and 25.4%, respectively, and shared decision-making (Note 9).

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Note 15. Fair Value of Financial Instruments

The carrying values and fair values of KREF’s financial assets and liabilities recorded at fair value on a recurring basis, as well as other financial instruments not carried at fair value, as of March 31, 2024 June 30, 2024, were as follows:

	Principal Balance	Principal Balance	Amortized Cost(A)	Carrying Value(B)	Level 1	Level 2	Level 3	Total	Principal Balance	Amortized Cost(A)	Carrying Value(B)	Level 1	Level 2	Level 3	Total
									Fair Value						
Assets															
Cash and cash equivalents															
Cash and cash equivalents															
Cash and cash equivalents															
Commercial real estate loans, held-for-investment, net(C)															
Equity method investments															
	$														
	$														
	$														
Liabilities															
Secured financing agreements, net															
Secured financing agreements, net															
Secured financing agreements, net															
Collateralized loan obligations, net															
Secured term loan, net															
	$														

(A) The amortized cost of commercial real estate loans is net of $16.4 $10.7 million of unamortized origination discounts, cost recovery interest and deferred fees. The amortized cost of secured financing agreements is net of $9.8 $6.7 million unamortized debt issuance costs. The amortized cost of collateralized loan obligations is net of $0.2 million unamortized debt issuance costs.

(B) The carrying value of commercial mortgage loans is net of $243.6 $110.6 million allowance for credit losses.

(C) Excludes fully written off risk-rated 5 loans. Includes $2,298.6 million of CLO loan participations.

The carrying values and fair values of KREF’s financial assets recorded at fair value on a recurring basis, as well as other financial instruments for which fair value is disclosed, as of December 31, 2023, were as follows:

	Principal Balance	Principal Balance	Amortized Cost(A)	Carrying Value(B)	Level 1	Level 2	Level 3	Total	Principal Balance	Amortized Cost(A)	Carrying Value(B)	Level 1	Level 2	Level 3	Total
									Fair Value						
Assets															
Cash and cash equivalents															
Cash and cash equivalents															
Cash and cash equivalents															
Commercial real estate loans, held-for-investment, net(C)															
Equity method investments															
	$														
	$														
	$														
Liabilities															
Secured financing agreements, net															
Secured financing agreements, net															
Secured financing agreements, net															
Collateralized loan obligations, net															
Secured term loan, net															
	$														

(amount in tables in thousands, except per share amounts)

(A) The amortized cost of commercial real estate loans is net of $20.8 million of unamortized origination discounts, cost recovery interest and deferred fees. The amortized cost of secured financing agreements is net of $11.6 million of unamortized debt issuance costs. The amortized cost of collateralized loan obligations is net of $0.6 million of unamortized debt issuance costs.
(B) The carrying value of commercial mortgage loans is net of $210.5 million allowance for credit losses.
(C) Excludes fully written off risk-rated 5 loans. Includes $2,295.0 million of CLO loan participations.

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The following table contains the Level 3 inputs used to value assets and liabilities on a recurring and nonrecurring basis or where KREF discloses fair value as of March 31, 2024 June 30, 2024:

	Fair Value	**Fair Value**	**Valuation Methodologies**	**Unobservable Inputs(A)**	**Weighted Average(B)**	**Range**	**Fair Value**	**Valuation Methodologies**		
Assets and Liabilities(C)										
Commercial real estate loans, held-for-investment(D) (C)										
Commercial real estate loans, held-for-investment(D) (C)										
Commercial real estate loans, held-for-investment(D) (C)	$ 6,851,540	Discounted cash flow	Discounted cash flow	Discount margin	4.4%	3.3% - 17.2%	$ 6,400,261	Discounted cash flow	Discounted cash flow	Disc marg
		Discount rate				Discount rate	10.8%		9.0% - 12.0%	
		Capitalization rate				Capitalization rate	7.9%		7.0% - 9.0%	
	$									

(A) An increase (decrease) in the valuation input results in a decrease (increase) in value.
(B) Represents the average of the input value, weighted by the unpaid principal balance of the financial instrument.
(C) KREF carries a $35.1 million investment in an aggregator vehicle alongside RECOP I (Note 9) at its pro rata share of the aggregator's net asset value, which management believes approximates fair value.
(D) Commercial real estate loans are generally valued using a discounted cash flow model using a discount rate derived from relevant market indices and/or estimates of the underlying property's value.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Certain assets not measured at fair value on an ongoing basis but subject to fair value adjustments only in certain circumstances, such as when there is evidence of impairment, are measured at fair value on a nonrecurring basis. KREF measures commercial real estate loans held-for-sale at the lower of cost or fair value and may be required, from time to time, to record a nonrecurring fair value adjustment. KREF measures commercial real estate loans held-for-investment at amortized cost, but may be required, from time to time, to record a nonrecurring fair value adjustment in the form of a valuation provision or impairment. CECL allowance.

Assets and Liabilities for Which Fair Value is Only Disclosed

KREF does not carry its secured financing agreements at fair value as management did not elect the fair value option for these liabilities. As of March 31, 2024 June 30, 2024, the fair value of KREF's financing facilities approximated their respective carrying value.

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Note 16. Income Taxes

KREF has elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code commencing with its taxable year ended December 31, 2014. A REIT is generally not subject to U.S. federal and state income tax on that portion of its income that is distributed to stockholders if it distributes at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gains. A REIT will also be subject to a nondeductible excise tax to the extent certain percentages of its taxable income are not distributed within specified dates. While KREF expects to distribute at least 90% of its net taxable income for the foreseeable future, KREF will continue to evaluate its capital and liquidity needs in light of existing economic and market conditions.

KREF consolidates subsidiaries that incur U.S. federal, state and local income taxes, based on the tax jurisdiction in which each subsidiary operates. During the three and six months ended March 31, 2024 and 2023, June 30, 2024, KREF recorded an income tax expense of approximately zero $0.1 million and $0.2 $0.1 million, respectively, related to the operations of its taxable REIT subsidiaries and various other state and local taxes. During the three and six months ended June 30, 2023, KREF recorded income tax expense of $0.2 million and $0.3 million. There were no material deferred tax assets or liabilities as of March 31, 2024 June 30, 2024 and December 31, 2023.

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Note 17. Subsequent Events Event

The following events occurred subsequent to March 31, 2024 June 30, 2024:

Corporate Activities

Dividends

In April July 2024, KREF paid $17.3 million in dividends on its common stock, or $0.25 per share, with respect to the first second quarter of 2024, to stockholders of record on March 28, 2024 June 28, 2024.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto appearing elsewhere in this Form 10-Q. The historical consolidated financial data below reflects the historical results and financial position of KREF. In addition, this discussion and analysis contains forward-looking statements and involves numerous risks and uncertainties, including those described under Part I, Item 1A. "Risk Factors" in the Form 10-K and under "Cautionary Note Regarding Forward-Looking Statements." Actual results may differ materially from those contained in any forward-looking statements.

Overview

Our Company and Our Investment Strategy

We are a real estate finance company that focuses primarily on originating and acquiring transitional senior loans secured by commercial real estate ("CRE") assets. We are a Maryland corporation that was formed and commenced operations on October 2, 2014, and we have elected to qualify as a REIT for U.S. federal income tax purposes. Our investment strategy is to originate or acquire transitional senior loans collateralized by institutional-quality CRE assets that are owned and operated by experienced and well-capitalized sponsors and located in top markets with strong underlying fundamentals. The assets in which we invest include senior loans, mezzanine loans, preferred equity and commercial mortgage-backed securities ("CMBS") and other real estate-related securities. Our investment allocation strategy is influenced by prevailing market conditions at the time we invest, including interest rate, economic and credit market conditions. In addition, we may invest in assets other than our target assets in the future, in each case subject to maintaining our qualification as a REIT for U.S. federal income tax purposes and our exclusion from registration under the Investment Company Act. Our investment objective is capital preservation and generating attractive risk-adjusted returns for our stockholders over the long term, primarily through dividends.

Our Manager

We are externally managed by our Manager, KKR Real Estate Finance Manager LLC, an indirect subsidiary of KKR & Co. Inc. KKR is a leading global investment firm with an over 45-year history of leadership, innovation, and investment excellence. KKR manages multiple alternative asset classes, including private equity, real estate, energy, infrastructure and credit, with strategic manager partnerships that manage hedge funds. Our Manager manages our investments and our day-to-day business and affairs in conformity with our investment guidelines and other policies that are approved and monitored by our board of directors. Our Manager is responsible for, among other matters, (i) the selection, origination or purchase and sale of our portfolio investments, (ii) our financing activities and (iii) providing us with investment advisory services. Our Manager is also responsible for our day-to-day operations and performs (or causes to be performed) such services and activities relating to our investments and business and affairs as may be appropriate. Our investment decisions are approved by an investment committee of our Manager that is comprised of senior investment professionals of KKR, including senior investment professionals of KKR's global real estate group. For a summary of certain terms of the management agreement, see Note 14 to our condensed consolidated financial statements included in this Form 10-Q.

Macroeconomic Environment

The year ended December 31, 2023 and period ended March 31, 2024 June 30, 2024 were impacted by significant volatility in global markets, largely driven by rising inflation, rising interest rates, slowing economic growth, geopolitical uncertainty and instability in the banking sector following multiple bank failures. Central banks have responded to rapidly rising inflation with monetary policy tightening actions that are likely to create headwinds to economic growth. The Federal Reserve has raised interest rates eleven times since January 2022, and has signaled that further interest rate increases may be forthcoming. 2022. Although our business model is such that rising interest rates will generally correlate to increases in our net income, increases in interest rates may adversely affect our existing borrowers. Higher interest rates imposed by the Federal Reserve to address inflation may adversely impact real estate asset values and increase our interest expense, which expense may not be fully offset by any resulting increase in interest income, and may lead to decreased prepayments from our borrowers and an increase in the number of our borrowers who exercise extension options.

With respect to the COVID-19 pandemic, while the global economy has re-opened, the longer-term macro-economic effects of the pandemic continue to impact many industries, including those of certain of our borrowers. In particular, the increase in

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remote working arrangements in response to the pandemic has contributed to a decline in commercial real estate values and reduced demand for commercial real estate compared to pre-pandemic levels, which have adversely impacted and may continue to adversely impact certain of our borrowers and has persisted even as the pandemic continues to subside.

Key Financial Measures and Indicators

As a real estate finance company, we believe the key financial measures and indicators for our business are earnings per share, dividends declared, Distributable Earnings and book value per share.

Earnings (Loss) Per Share and Dividends Declared

The following table sets forth the calculation of basic and diluted net income (loss) per share and dividends declared per share (amounts in thousands, except share and per share data):

	Three Months Ended, Three Months Ended, Three Months Ended,					
		March 31, 2024		December 31, 2023		
		June 30, 2024		March 31, 2024		
Net income (loss) attributable to common stockholders						
Weighted-average number of shares of common stock outstanding, basic and diluted	Weighted-average number of shares of common stock outstanding, basic and diluted	69,386,568	69,384,309	Weighted-average number of shares of common stock outstanding, basic and diluted	69,423,244	69,386,568
Net income (loss) per share, basic and diluted						
Net income (loss) per share, basic and diluted						
Net income (loss) per share, basic and diluted						
Dividends declared per share						
Dividends declared per share						
Dividends declared per share						

Distributable Earnings

Distributable Earnings, a measure that is not prepared in accordance with GAAP, is a key indicator of our ability to generate sufficient income to pay our quarterly dividends and in determining the amount of such dividends, which is the primary focus of yield/income investors who comprise a significant portion of our investor base. Accordingly, we believe providing Distributable Earnings on a supplemental basis to our net income as determined in accordance with GAAP is helpful to our stockholders in assessing the overall performance of our business.

We define Distributable Earnings as net income (loss) attributable to our stockholders or, without duplication, owners of our 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 our Manager and our board of directors and after approval by a majority of our 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 we foreclose upon the property or properties underlying such debt investments.

While Distributable Earnings excludes the impact of our unrealized current provision for (reversal of) credit losses, any loan losses are charged off and realized through Distributable Earnings when deemed non-recoverable. Non-recoverability is generally 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) if, in our determination, it is nearly certain that all amounts due under a loan will not be collected.

Distributable Earnings should not be considered as a substitute for GAAP net income or taxable income. We caution readers that our 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, our reported Distributable Earnings may not be comparable to similar measures presented by other REITs.

We also use Distributable Earnings (before incentive compensation payable to our Manager) to determine the management and incentive compensation we pay our Manager. For its services to KREF, our Manager is entitled to a quarterly management fee equal to the greater of $62,500 or 0.375% of weighted average adjusted equity and quarterly incentive compensation equal to 20.0% of the excess of (a) the trailing 12-month Distributable Earnings (before incentive compensation payable to our Manager) over (b) 7.0% of the trailing 12-month weighted average adjusted equity[1] ("Hurdle Rate"), less incentive

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compensation KREF already paid to the Manager with respect to the first three calendar quarters of such trailing 12-month period. The quarterly incentive compensation is calculated and paid in arrears with a three-month lag.

(1) For purposes of calculating incentive compensation under our Management Agreement, adjusted equity excludes: (i) the effects of equity issued that provides for fixed distributions or other debt characteristics and (ii) the unrealized provision for (reversal of) credit losses. The quarterly incentive compensation is calculated and paid in arrears with a three-month lag.

The following table provides a reconciliation of GAAP net income attributable to common stockholders to Distributable Earnings (amounts in thousands, except share and per share data):

	Three Months Ended March 31, 2024 June 30, 2024	**Three Months Ended**	**Per Diluted Share(A)**	**Three Months Ended**	**Per Diluted Share(A)**	**Three Months Ended**	**Per Diluted Share(A)**	**Three Months Ended**	**Per Diluted Share(A)**
Net Income (Loss) Attributable to Common Stockholders									
Net Income (Loss) Attributable to Common Stockholders									
Net Income (Loss) Attributable to Common Stockholders									
Adjustments									
Adjustments									
Adjustments									
Non-cash equity compensation expense									
Non-cash equity compensation expense									
Non-cash equity compensation expense									
Unrealized (gains) or losses, net									
Provision for credit losses, net									
(Gain) loss on sale of investments									
Distributable Earnings before realized loss									
Distributable Earnings before realized loss on loan write-offs									
Distributable Earnings before realized loss									
Distributable Earnings before realized loss on loan write-offs									
Distributable Earnings before realized loss on loan write-offs									
Realized loss on loan write-offs(B)									
Distributable Earnings before realized loss									
Net realized loss on loan write-offs(B)									
Realized loss on sale of investments(C)									
Distributable Earnings (Loss)									

Diluted weighted average common shares outstanding

(A) Numbers presented may not foot due to rounding.
(B) Includes a $58.7 combined $98.5 million write-off of a on two defaulted senior loan loans upon deed-in-lieu deeds-in-lieu of foreclosure and a $37.5 million write-off on a mezzanine loan that was deemed uncollectible during the three months ended December 31, 2023June 30, 2024.
(C) Includes $615 thousand loss on the sale of certain real estate owned assets during the three months ended June 30, 2024.

Book Value per Share

We believe that book value per share is helpful to stockholders in evaluating the growth of our company as we have scaled our equity capital base and continue to invest in our target assets. The following table calculates our book value per share (amounts in thousands, except share and per share data):

	March 31, 2024
	June 30, 2024
	March 31, 2024
	June 30, 2024
	March 31, 2024
	June 30, 2024
KKR Real Estate Finance Trust Inc. stockholders' equity	
KKR Real Estate Finance Trust Inc. stockholders' equity	
KKR Real Estate Finance Trust Inc. stockholders' equity	
Series A preferred stock (liquidation preference of $25.00 per share)	
Series A preferred stock (liquidation preference of $25.00 per share)	
Series A preferred stock (liquidation preference of $25.00 per share)	
Common stockholders' equity	
Common stockholders' equity	
Common stockholders' equity	
Shares of common stock issued and outstanding at period end	
Shares of common stock issued and outstanding at period end	
Shares of common stock issued and outstanding at period end	
Add: Deferred stock units	
Add: Deferred stock units	
Add: Deferred stock units	
Total shares outstanding at period end	
Total shares outstanding at period end	
Total shares outstanding at period end	
Book value per share	
Book value per share	
Book value per share	

Book value as of March 31, 2024 June 30, 2024 included the impact of an estimated CECL credit loss allowance of $245.8 $114.5 million, or ($3.54) 1.65) per share. See Note 2 — Summary of Significant Accounting Policies, to our condensed consolidated financial statements included in this Form 10-Q for detailed discussion of allowance for credit losses.

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Our Portfolio

We have established a $7,522.2 $6,946.7 million portfolio of diversified investments, consisting primarily of senior commercial real estate loans as of March 31, 2024 June 30, 2024.

During the three six months ended March 31, 2024 June 30, 2024, we collected 96.6% 95.7% of interest payments due on our loan portfolio. As of March 31, 2024 June 30, 2024, the average risk rating of our loan portfolio was 3.2, 3.1, weighted by total loan exposure. As of March 31, 2024 June 30, 2024, the average loan commitment in our portfolio was $120.2 $117.2 million and multifamily and industrial loans comprised 58% 60% of our loan portfolio.

In addition, as a result of taking title to the collateral of defaulted senior loans, we owned REO assets Real Estate Assets with a net carrying value investment amount of $160.7 $335.5 million, comprised of the fair value of the acquired properties and capitalized redevelopment costs, as of March 31, 2024 June 30, 2024. These properties are reflected on our Condensed Consolidated Balance Sheet. Sheets.

Since our IPO, we have continued to execute on our primary investment strategy of originating floating-rate transitional senior loans and, as we continue to scale our loan portfolio, we expect that our originations will continue to be heavily weighted toward floating-rate loans. As of March 31, 2024 June 30, 2024, 99% of our loans by total loan exposure earned a floating rate of interest. We expect the majority of our future investment activity to focus on originating floating-rate senior loans that we finance with our repurchase and other financing facilities, with a secondary focus on originating floating-rate loans for which we syndicate a senior position and retain a subordinated interest for our portfolio. As of March 31, 2024 June 30, 2024, all of our investments were located in the United States.

The following charts illustrate the diversification and composition of our loan portfolio, based on type of investment, interest rate, underlying property type, geographic location, vintage and LTV as of March 31, 2024 June 30, 2024:

CHART v5.jpg

The charts above are based on total loan exposure of our commercial real estate loans.

(A) Excludes: (i) REO Real Estate Assets, (ii) CMBS B-Piece investments held through an equity method investment B-Pieces and (iii) (iii) fully written off risk-rated 5 loans.

(B) Senior loans include senior mortgages and similar credit quality loans, including related contiguous junior participations in senior loans where we have financed a loan with structural leverage through the non-recourse sale of a corresponding first mortgage.

(C) We classify 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.

(D) "Other" property type includes Self-Storage (2%), Student Housing (2%) and , Single Family Rental (1%) and Mixed Use (<1%).

(E) LTV is generally based on the initial loan amount divided by the as-is appraised value as of the date the loan was originated. Weighted average LTV includes non-consolidated senior interests and excludes risk-rated 5 loans.

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The following table details our quarterly loan activity (dollars in thousands):

	Three Months Ended Three Months Ended Three Months Ended
	March 31, 2024 March 31, 2024 March 31, 2024
	June 30, 2024 June 30, 2024 June 30, 2024
Loan originations	
Loan originations	
Loan originations	
Loan fundings(A)	
Loan fundings(A)	
Loan fundings(A)	
Loan repayments(B)	
Loan repayments(B)	
Loan repayments(B)	
Net fundings	
Net fundings	
Net fundings	
PIK interest	
PIK interest	
PIK interest	
Write-offs(C)	
Write-offs(C)	
Write-offs(C)	
Net write-offs(C)	
Net write-offs(C)	
Net write-offs(C)	
Transfer to REO	
Transfer to REO	
Transfer to REO	

Other(D)
Other(D)
Other(D)
Total activity
Total activity
Total activity

(A) Includes initial funding of new loans and additional fundings made under existing loans.
(B) Includes $4.7 million of cost recovery interest applied as a reduction to loan principal during the three months ended December 31, 2023.
(C) Includes a combined $98.5 million write-off on two defaulted senior loans upon deed-in-lieu of foreclosure and a $37.5 million write-off on a mezzanine loan during the three months ended June 30, 2024. Includes a $58.7 million write-off on a defaulted senior loan upon deed-in-lieu of foreclosure during the three months ended December 31, 2023, and a $15.0 million write-off of a subordinated loan during the three months ended September 30, 2023.
(D) Represents a removal of $150.0 million of non-consolidated senior interests as our retained mezzanine loan was written-off during the three months ended June 30, 2024.

The following table details overall statistics for our loan portfolio as of March 31, 2024 June 30, 2024 (dollars in thousands):

	Balance Sheet Portfolio	Balance Sheet Portfolio	Total Loan Exposure(A): Total Loan Portfolio	Floating Rate Loans	Fixed Rate Loans(B)	Balance Sheet Portfolio	Total Loan Portfolio	Floating Rate Loans	Fixed Rate Loans(B)
Number of loans (C)	Number of loans (C)	67	—	Number of loans (C)		61	—		
Principal balance									
Amortized cost									
Unfunded loan commitments(C) (D)									
Weighted average cash coupon(D) (E)	Weighted average cash coupon(D) (E)	8.7 %	8.7 %	S + 3.4%	* Weighted average cash coupon(D) (E)	8.6 %	8.7 %	S + 3.3%	*
Weighted average all-in yield(D) (E)	Weighted average all-in yield(D) (E)	8.9 %	8.9 %	S + 3.6%	* Weighted average all-in yield(D) (E)	8.8 %	8.9 %	S + 3.6%	*
Weighted average maximum maturity (years) (E) (F)									
LTV(F) (G)	LTV(F) (G)	65 %	65 %	65 %	n/a LTV(F) (G)	65 %	65 %	65 %	n/a

* Rounds to zero
(A) In certain instances, we finance our loans through the non-recourse sale of a senior interest that is not included in our condensed consolidated financial statements. Total loan exposure includes the entire loan we originated and financed.
(B) Represents mezzanine loans with commitments of $79.4 million $79.4 million and $5.0 million, $7.2 million, respectively, accompanying two senior loans. $79.0 million $80.4 million of loan principal was funded, of which $74.4 million was placed on nonaccrual status, as of March 31, 2024 June 30, 2024. The remaining $4.6 $6.0 million funded principal earned a fixed interest rate of 10.0% as of March 31, 2024 June 30, 2024. Refer to Note 3 to our condensed consolidated financial statements for additional information.
(C) Excludes fully written off loans.
(D) Unfunded commitments will primarily be funded to finance property improvements and renovations or lease-related expenditures by the borrowers. These future commitments may be funded over the term of each loan, subject in certain cases to an expiration date.
(D) (E) In addition to cash coupon, all-in yield includes the amortization of deferred origination fees, loan origination costs and purchase discounts. The calculations of weighted average cash coupon and all-in yield excludes loans accounted for under the cost recovery method.
(E) (F) Maximum maturity assumes all extension options are exercised by the borrower; however, our loans may be repaid prior to such date.
(F) (G) LTV is generally based on the initial loan amount divided by the as-is appraised value as of the date the loan was originated. Weighted average LTV includes non-consolidated senior interests and excludes risk-rated 5 loans.

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The table below sets forth additional information relating to our portfolio as of March 31, 2024 June 30, 2024 (dollars in millions):

Investment(A)	Investment(A)	Location	Property Type	Investment Date	Total Whole Loan(B)	Committed Principal Amount(B)	Outstanding Principal/ Investment Amount	Net Equity(C)	Coupon(D) (E)	Max Remaining Term (Years)(D)(F)	Loan Per SF / Unit / Key(G)	Origination LTV(D)(H)
Senior Loans(I)												
1												
1												

	1 Senior Loan	Arlington, VA	Multifamily	9/30/2021	$381.0	$	$381.0	$	$371.1	$	$76.3		+	+ 3.3	2.5	$334,300 / unit	$334,300 / unit	69 %
2	2 Senior Loan	Boston, MA	Life Science	8/3/2022	312.5	312.5	312.5	206.6	206.6	29.2	29.2	+	+ 4.2	3.4	$747 / SF	$747 / SF	56	
3	3 Senior Loan	Bellevue, WA	Office	9/13/2021	520.8	260.4	260.4	186.8	186.8	52.2	52.2	+	+ 3.7	3.0	$851 / SF	$851 / SF	63	
4	4 Senior Loan	Various	Industrial	4/28/2022	504.5	252.3	252.3	252.3	252.3	50.9	50.9	+	+ 2.7	3.1	$98 / SF	$98 / SF	64	
5	5 Senior Loan	Mountain View, CA	Office	7/14/2021	362.8	250.0	250.0	200.9	200.9	118.5	118.5	+	+ 3.4	2.4	$654 / SF	$654 / SF	n.a.	
6	6 Senior Loan	Bronx, NY	Industrial	8/27/2021	381.2	228.7	228.7	201.5	201.5	45.8	45.8	+	+ 4.2	2.4	$277 / SF	$277 / SF	52	
7	7 Senior Loan	Los Angeles, CA	Multifamily	2/19/2021	220.0	220.0	220.0	220.0	220.0	34.0	34.0	+	+ 2.9	1.9	$410,430 / unit	$410,430 / unit	68	
8	8 Senior Loan	Various	Multifamily	5/31/2019	206.5	206.5	206.5	206.5	206.5	81.2	81.2	+	+ 4.0	1.2	$192,991 / unit	$192,991 / unit	74	
9	9 Senior Loan	Minneapolis, MN	Office	11/13/2017	199.4	199.4	199.4	194.4	194.4	89.0	89.0	+	+ 2.3	1.3	$182 / SF	$182 / SF	n.a.	
10	10 Senior Loan	Various	Industrial	6/15/2022	375.5	187.8	187.8	173.5	173.5	38.2	38.2	+	+ 2.9	3.3	$135 / SF	$135 / SF	50	
11	11 Senior Loan	Boston, MA	Office	2/4/2021	375.0	187.5	187.5	187.5	187.5	37.5	37.5	+	+ 3.4	1.9	$506 / SF	$506 / SF	n.a.	
12	12 Senior Loan	The Woodlands, TX	Hospitality	9/15/2021	183.3	183.3	183.3	181.1	181.1	33.3	33.3	+	+ 4.3	2.5	$199,204 / key	$199,204 / key	64	
13	13 Senior Loan	Washington, D.C.	Office	11/9/2021	181.0	181.0	181.0	168.1	168.1	59.6	59.6	+	+ 2.9	3.7	$471 / SF	$471 / SF	55	
14	14 Senior Loan	West Palm Beach, FL	Multifamily	12/29/2021	171.5	171.5	171.5	170.9	170.9	26.3	26.3	+	+ 2.8	2.8	$210,456 / unit	$210,456 / unit	73	
15	15 Senior Loan	Various	Self-Storage	12/21/2022	336.6	168.3	168.3	150.7	150.7	36.1	36.1	+	+ 3.8	3.8	$22,663 / unit	$22,663 / unit	64	
16	16 Senior Loan	Boston, MA	Life Science	4/27/2021	332.3	166.2	166.2	162.1	162.1	28.9	28.9	+	+ 3.7	2.1	$673 / SF	$673 / SF	66	
17	17 Senior Loan	Plano, TX	Office	2/6/2020	150.7	150.7	150.7	150.7	150.7	23.0	23.0	+	+ 2.8	0.9	$208 / SF	$208 / SF	64	
18	18 Senior Loan	Redwood City, CA	Life Science	9/30/2022	580.7	145.2	145.2	16.4	16.4	2.4	2.4	+	+ 4.5	3.5	$885 / SF	$885 / SF	53	
19	19 Senior Loan	Seattle, WA	Life Science	10/1/2021	188.0	140.3	140.3	117.1	117.1	43.4	43.4	+	+ 3.2	2.5	$747 / SF	$747 / SF	n.a.	
20	20 Senior Loan	Dallas, TX	Office	12/10/2021	138.0	138.0	138.0	138.0	138.0	25.9	25.9	+	+ 3.7	2.7	$439 / SF	$439 / SF	68	
21	21 Senior Loan	Boston, MA	Multifamily	3/29/2019	137.0	137.0	137.0	137.0	137.0	27.9	27.9	+	+ 3.4	—	$351,282 / unit	$351,282 / unit	63	
22	22 Senior Loan	Arlington, VA	Multifamily	1/20/2022	135.3	135.3	135.3	133.5	133.5	31.1	31.1	+	+ 2.9	2.9	$445,071 / unit	$445,071 / unit	65	
23	23 Senior Loan	Fontana, CA	Industrial	5/11/2021	132.0	132.0	132.0	113.5	113.5	47.2	47.2	+	+ 4.7	2.2	$113 / SF	$113 / SF	64	
24	24 Senior Loan	Fort Lauderdale, FL	Hospitality	11/9/2018	125.6	125.6	125.6	125.6	125.6	65.0	65.0	+	+ 5.0	0.1	$362,954 / key	$362,954 / key	62	
25	25 Senior Loan	San Carlos, CA	Life Science	2/1/2022	195.9	125.0	125.0	103.2	103.2	30.9	30.9	+	+ 3.6	2.9	$704 / SF	$704 / SF	68	
26	26 Senior Loan	Cambridge, MA	Life Science	12/22/2021	401.3	115.7	115.7	91.1	91.1	24.9	24.9	+	+ 4.0	2.8	$1,072 / SF	$1,072 / SF	51	
27	27 Senior Loan	Philadelphia, PA	Office	6/19/2018	114.3	114.3	114.3	114.3	114.3	19.1	19.1	+	+ 2.8	2.9	$117 / SF	$117 / SF	71	

28	28 Senior Loan	San Diego, CA	Multifamily	10/20/2021	113.5	113.5	113.5	104.7	104.7	30.3	30.3	+	+ 3.2	2.6	$453,457 / unit	$453,457 / unit	71
29	29 Senior Loan	Pittsburgh, PA	Student Housing	6/8/2021	112.5	112.5	112.5	112.5	112.5	17.3	17.3	+	+ 3.0	2.2	$155,602 / unit	$155,602 / unit	74
30	30 Senior Loan	West Hollywood, CA	Multifamily	1/26/2022	107.0	107.0	107.0	106.6	106.6	20.2	20.2	+	+ 3.1	2.9	$2,881,083 / unit	$2,881,083 / unit	65
31	31 Senior Loan	Chicago, IL	Office	7/15/2019	105.0	105.0	105.0	88.4	88.4	36.3	36.3	+	+ 2.3	4.4	$85 / SF	$85 / SF	59
32	32 Senior Loan	Las Vegas, NV	Multifamily	12/28/2021	101.1	101.1	101.1	101.1	101.1	15.3	15.3	+	+ 2.8	2.8	$191,460 / unit	$191,460 / unit	61
33	33 Senior Loan	Boston, MA	Industrial	6/28/2022	285.5	100.0	100.0	99.3	99.3	20.6	20.6	+	+ 3.0	3.3	$198 / SF	$198 / SF	52
34	34 Senior Loan	Cary, NC	Multifamily	11/21/2022	100.0	100.0	100.0	95.3	95.3	18.4	18.4	+	+ 3.4	3.7	$244,275 / unit	$244,275 / unit	63
35	35 Senior Loan	Washington, D.C.	Office	1/13/2022	228.5	100.0	100.0	73.5	73.5	11.0	11.0	+	+ 3.3	3.9	$269 / SF	$269 / SF	55
36	36 Senior Loan	Phoenix, AZ	Industrial	1/13/2022	195.3	100.0	100.0	59.4	59.4	15.4	15.4	+	+ 4.0	2.9	$57 / SF	$57 / SF	57
37	37 Senior Loan	Orlando, FL	Multifamily	12/14/2021	97.4	97.4	97.4	91.8	91.8	25.2	25.2	+	+ 3.1	2.8	$242,110 / unit	$242,110 / unit	74

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Investment(A)	Location	Property Type	Investment Date	Total Whole Loan(B)	Committed Principal Amount(B)	Outstanding Principal/ Investment Amount	Net Equity(C)	Coupon(D)(E)	Max Remaining Term (Years)(D)(F)	Loan Per SF / Unit / Key(G)	Origination LTV(D)(H)	Risk Rating
38 Senior Loan	Brisbane, CA	Life Science	7/22/2021	95.0	95.0	90.8	18.1	+ 3.1	2.4	$784 / SF	71	3
39 Senior Loan	Raleigh, NC	Multifamily	4/27/2022	91.4	91.4	81.0	21.6	+ 3.0	3.1	$253,006 / unit	68	4
40 Senior Loan	Brandon, FL	Multifamily	1/13/2022	90.3	90.3	67.8	10.6	+ 3.1	2.9	$193,074 / unit	75	3
41 Senior Loan	Dallas, TX	Multifamily	12/23/2021	90.0	90.0	80.8	17.9	+ 2.9	2.8	$248,482 / unit	67	3
42 Senior Loan	Miami, FL	Multifamily	10/14/2021	89.5	89.5	89.5	17.5	+ 2.9	2.6	$304,422 / unit	76	3
43 Senior Loan	Dallas, TX	Office	1/22/2021	87.0	87.0	87.0	13.4	+ 3.4	1.9	$294 / SF	65	3
44 Senior Loan	San Antonio, TX	Multifamily	6/1/2022	246.5	86.3	80.3	19.9	+ 2.8	3.2	$103,007 / unit	68	3
45 Senior Loan	Scottsdale, AZ	Multifamily	5/9/2022	169.0	84.5	84.5	13.1	+ 2.9	3.2	$457,995 / unit	64	3
46 Senior Loan	Hollywood, FL	Multifamily	12/20/2021	81.0	81.0	81.0	15.2	+ 3.1	2.8	$327,935 / unit	74	3
47 Senior Loan	Charlotte, NC	Multifamily	12/14/2021	79.3	79.3	76.1	12.7	+ 3.1	2.8	$206,699 / unit	74	3
48 Senior Loan	Phoenix, AZ	Single Family Rental	4/22/2021	72.1	72.1	70.0	20.0	+ 4.9	2.1	$157,092 / unit	50	3
49 Senior Loan(J)	Various	Industrial	6/30/2021	142.5	71.2	64.2	27.8	+ 5.5	2.3	$73 / SF	58	3
50 Senior Loan	Denver, CO	Multifamily	9/14/2021	70.3	70.3	70.3	10.8	+ 2.8	2.5	$290,496 / unit	78	3
51 Senior Loan	Washington, D.C.	Multifamily	12/4/2020	69.0	69.0	66.8	66.8	+ 3.6	1.7	$267,000 / unit	63	3
52 Senior Loan	Dallas, TX	Multifamily	8/18/2021	68.2	68.2	68.2	10.2	+ 3.9	2.4	$189,444 / unit	70	3
53 Senior Loan	Manassas Park, VA	Multifamily	2/25/2022	68.0	68.0	68.0	13.4	+ 2.7	2.9	$223,684 / unit	73	3
54 Senior Loan	Plano, TX	Multifamily	3/31/2022	67.8	67.8	67.4	19.1	+ 2.8	3.0	$253,226 / unit	75	3
55 Senior Loan	Nashville, TN	Hospitality	12/9/2021	66.0	66.0	64.8	10.3	+ 3.7	2.8	$281,672 / key	68	3
56 Senior Loan	Atlanta, GA	Multifamily	12/10/2021	61.5	61.5	59.7	15.3	+ 3.0	2.8	$197,804 / unit	67	3
57 Senior Loan	Durham, NC	Multifamily	12/15/2021	60.0	60.0	56.8	10.4	+ 3.0	2.8	$164,526 / unit	67	3
58 Senior Loan	San Antonio, TX	Multifamily	4/20/2022	57.6	57.6	56.4	10.6	+ 2.7	3.1	$164,950 / unit	79	3
59 Senior Loan	Queens, NY	Industrial	2/22/2022	55.3	55.3	55.1	14.3	+ 4.0	0.4	$89 / SF	68	3
60 Senior Loan	Sharon, MA	Multifamily	12/1/2021	51.9	51.9	51.9	7.7	+ 2.9	2.7	$270,443 / unit	70	3
61 Senior Loan	Reno, NV	Industrial	4/28/2022	140.4	50.5	50.5	11.4	+ 2.7	3.1	$117 / SF	74	3

62 Senior Loan	Carrollton, TX	Multifamily	4/1/2022	48.5	48.5	47.7	14.0	+ 2.9	3.0	$149,134 / unit	74	3
63 Senior Loan	Oakland, CA	Office	10/23/2020	146.2	45.8	45.8	7.2	+ 4.4	1.6	$141 / SF	55	2
64 Senior Loan	Dallas, TX	Multifamily	4/1/2022	43.9	43.9	42.6	11.6	+ 2.9	3.0	$119,706 / unit	73	3
65 Senior Loan	Georgetown, TX	Multifamily	12/16/2021	41.8	41.8	41.8	10.3	+ 3.4	2.8	$199,048 / unit	68	3
66 Senior Loan	San Diego, CA	Multifamily	4/29/2022	203.0	40.0	39.7	6.3	+ 2.6	3.1	$455,485 / unit	63	3
67 Senior Loan	Denver, CO	Industrial	12/11/2020	15.4	15.4	12.6	4.9	+ 3.8	1.8	$47 / SF	76	2
Total/Weighted Average												
Senior Loans Unlevered				**$ 11,457.0**	**$ 8,050.9**	**$ 7,325.9**	**$ 1,850.2**	**3.3%**	**2.5**		**65 %**	**3.2**
Non-Senior Loans												
CMBS B-Pieces												
1 CMBS B-Pieces(K)	Various	Various	2/13/2017	n.a.	40.0	35.7	35.7	4.7	5.2	n.a.	58	n.a.
Total/Weighted Average												
CMBS B-Pieces Unlevered					**$ 40.0**	**$ 35.7**	**$ 35.7**	**4.7%**	**5.2**		**58 %**	
Real Estate Owned												
1 Real Estate Asset	Portland, OR	Retail	12/16/2021	n.a.	n.a.	82.7	82.7	n.a.	n.a.	n.a.	n.a.	n.a.
2 Real Estate Asset	Philadelphia, PA	Office	12/22/2023	n.a.	n.a.	78.0	28.0	n.a.	n.a.	n.a.	n.a.	n.a.

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Investment(A)	Investment(A)	Location	Property Type	Investment Date	Total Whole Loan(B)	Committed Principal Amount(B)	Outstanding Principal/ Investment Amount	Net Equity(C)	Coupon(D) (E)	Max Remaining Term (Years)(D)(F)
Total/Weighted Average										
Real Estate Owned										
38 Senior Loan	Dallas, TX	Office	1/22/2021	87.0	87.0	87.0	13.4	+ 3.4	1.6	$294 / SF
39 Senior Loan	San Antonio, TX	Multifamily	6/1/2022	246.5	86.3	80.3	19.9	+ 2.8	2.9	$103,007 / unit
40 Senior Loan	Scottsdale, AZ	Multifamily	5/9/2022	169.0	84.5	84.5	13.1	+ 2.9	2.9	$457,995 / unit
41 Senior Loan	Philadelphia, PA	Mixed Use	6/28/2024	83.7	83.7	30.1	10.5	+ 4.3	5.0	$59 / SF
42 Senior Loan	Hollywood, FL	Multifamily	12/20/2021	81.0	81.0	81.0	15.2	+ 3.1	2.5	$327,935 / unit
43 Senior Loan	Charlotte, NC	Multifamily	12/14/2021	79.3	79.3	77.0	11.7	+ 3.1	2.5	$209,168 / unit
44 Senior Loan	Phoenix, AZ	Single Family Rental	4/22/2021	72.1	72.1	70.6	20.8	+ 4.9	1.9	$157,092 / unit
45 Senior Loan	Denver, CO	Multifamily	9/14/2021	70.3	70.3	70.3	10.7	+ 2.8	2.3	$290,496 / unit
46 Senior Loan	Washington, D.C.	Multifamily	12/4/2020	69.0	69.0	66.8	66.8	+ 3.6	1.4	$267,000 / unit
47 Senior Loan	Plano, TX	Multifamily	3/31/2022	67.8	67.8	67.4	24.1	+ 2.8	2.8	$253,226 / unit
48 Senior Loan	Nashville, TN	Hospitality	12/9/2021	66.0	66.0	64.8	10.3	+ 3.7	2.5	$281,672 / key
49 Senior Loan	Dallas, TX	Multifamily	8/18/2021	63.1	63.1	63.1	11.5	+ 3.9	2.2	$175,278 / unit
50 Senior Loan	Durham, NC	Multifamily	12/15/2021	60.0	60.0	56.9	10.6	+ 3.0	2.5	$164,887 / unit

51 Senior Loan	San Antonio, TX	Multifamily	4/20/2022	57.6	57.6	56.4	12.5	+ 2.7	2.9	$164,950 / unit
52 Senior Loan	Atlanta, GA	Multifamily	12/10/2021	53.0	53.0	51.2	12.7	+ 3.0	2.5	$169,658 / unit
53 Senior Loan	Sharon, MA	Multifamily	12/1/2021	51.9	51.9	51.9	7.8	+ 2.9	2.4	$270,443 / unit
54 Senior Loan	Reno, NV	Industrial	4/28/2022	140.4	50.5	50.5	11.5	+ 2.7	2.9	$117 / SF
55 Senior Loan	Carrollton, TX	Multifamily	4/1/2022	48.5	48.5	47.7	14.1	+ 2.9	2.8	$149,134 / unit
56 Senior Loan	Oakland, CA	Office	10/23/2020	146.2	45.8	45.8	7.2	+ 4.4	1.4	$141 / SF
57 Senior Loan	Dallas, TX	Multifamily	4/1/2022	43.9	43.9	42.6	11.6	+ 2.9	2.8	$119,706 / unit
58 Senior Loan	San Diego, CA	Multifamily	4/29/2022	203.0	40.0	39.7	6.3	+ 2.6	2.9	$455,574 / unit
59 Senior Loan	Georgetown, TX	Multifamily	12/16/2021	35.2	35.2	35.2	8.7	+ 3.4	2.5	$167,381 / unit
60 Senior Loan(J)	Various	Industrial	6/30/2021	61.1	30.6	28.0	12.6	+ 5.5	2.0	$65 / SF
61 Senior Loan	Denver, CO	Industrial	12/11/2020	15.4	15.4	12.6	4.9	+ 3.8	1.5	$47 / SF
Total/Weighted Average Senior Loans Unlevered				**$10,071.6**	**$7,149.5**	**$6,575.9**	**$1,578.4**		**3.3%**	**2.4**
Real Estate Assets										
1										
1										
1 Real Estate Owned	Mountain View, CA	Office	6/28/2024	n.a.	$120.6	120.6	120.6	n.a.	n.a.	
2 Real Estate Owned	Portland, OR	Retail / Redevelopment	12/16/2021	n.a.	87.3	87.3	87.3	n.a.	n.a.	
3 Equity Method Investment(K)	Seattle, WA	Life Science	6/28/2024	n.a.	82.1	82.1	41.0	n.a.	n.a.	
4 Real Estate Owned	Philadelphia, PA	Office / Garage	12/22/2023	n.a.	$ 45.6	45.6	15.2	n.a.	n.a.	
Total/Weighted Average Real Estate Assets										
Other Investments										
Other Investments										
Other Investments										
1										
1										
1 CMBS B-Pieces(L)		Various	2/13/2017	n.a.	40.0	35.3	35.3	4.7	5.0	n.a.
Total/Weighted Average Other Investments										
Grand Total / Weighted Average										
Grand Total / Weighted Average										
Grand Total / Weighted Average				**$8,090.9**	**$ $7,522.2**	**$ $1,996.5**	**8.7%**	**8.7%**	**2.5**	

* Numbers presented may not foot due to rounding.

(A) Our total portfolio represents the current principal amount or investment amount on senior and mezzanine loans, net equity in RECOP I, which holds CMBS B-Piece investments, real estate assets and net carrying value of our REO investments. other assets. Excludes loans that were fully written off.

For Senior Loan 9, 8, the total whole loan is $199.4 million, including (i) a fully funded senior mortgage loan of $120.0 million, at an interest rate of S+2.25% and (ii) a mezzanine note with a commitment of $79.4 million, of which $74.4 million was funded as of March 31, 2024 June 30, 2024, at a fixed interest rate of 4.5%. The mezzanine note interest is payment-in-kind (“PIK Interest”), which is capitalized, compounded, and added to the outstanding principal balance of the respective loans.

For Senior Loan 11, the total whole loan is $375.0 million, co-originated and co-funded by us and a KKR affiliate. Our interest is 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 March 31, 2024, at an interest rate of S+7.96%.loan.

For Senior Loan 30,26, the total whole loan is $107.0 million $109.2 million, including (i) a fully funded senior mortgage loan of $102.0 million, at an interest rate of S+3.06%, (ii) a senior mezzanine note with $3.9 million $5.3 million funded as of March 31, 2024 June 30, 2024, at a fixed interest rate of 10.0% and (iii) a fully funded junior mezzanine note of $0.8 million, at a fixed interest rate of 10.0% with certain profit share provisions, as defined in the loan agreement.

For Senior Loan 63, 56, the total whole loan is $146.2 million, co-originated and co-funded by us and a KKR affiliate. Our interest is 31% of the loan or $45.8 million, of which $38.6 million in senior notes were syndicated to third party lenders. Post syndication, we retained a mezzanine loan with a commitment of $7.2 million, fully funded as of March 31, 2024 June 30, 2024, at an interest rate of S+13.02%.

(B) Total Whole Loan represents the total commitment of the entire whole loan originated. Committed Principal Amount includes participations by KKR affiliated entities and third parties that are syndicated/sold.

(C) Net equity reflects (i) the amortized cost basis of our loans, net of borrowings; (ii) REO, net of borrowings and (ii) noncontrolling interests, and (iii) the investment amount of CMBS B-Pieces and REO, net of borrowings. equity method investments.

(D) Weighted average is weighted by the current principal amount for our senior and mezzanine loans and by the investment amount of RECOP I CMBS B-Pieces. Risk-rated 5 loans are excluded from the weighted average LTV.

(E) Coupon expressed as spread over Term SOFR.

(F) Max remaining term (years) assumes all extension options are exercised, if applicable.

(G) Loan Per SF / Unit / Key is based on the current principal amount divided by the current SF / Unit / Key. For Senior Loans 2, 3, 6, 18, 23, 26, 36, 48, 49, 5, 16, 20, 22, 44, 60, and 67, 61, Loan Per SF / Unit / Key is calculated as the total commitment amount of the loan divided by the proposed SF / Unit / Key.

(H) 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; for mezzanine loans, LTV is based on the initial 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.

For Senior Loans 2, 3, 6, 18, 23, 26, 36, 48, 49, 5, 16, 20, 22, 44, 60, and 67, 61, 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.

For senior loans where an appraisal has been obtained post origination, the LTVs subsequently LTV, presented are as follows, is calculated based on the current principal amount dividend divided by the as-is appraised value as of the new appraisal date. Senior loans with updated LTV include: date: Senior Loan 17 15 (64%); Senior Loan 21 18 (64%); Senior Loan 22 19 (78%); Senior Loan 24 (66% 23 (64%); Senior Loan 27 (64% (57%);Senior Loan 31 (57% 28 (75%); Senior Loan 32 (75%); Senior Loan 37 (83%); Senior Loan 43 33 (70%), Senior Loan 38 (63%); and Senior Loan 67 61 (61%).

(I) 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.

(J) For Senior Loan 49, 60, the total whole loan facility is $142.5 million $61.1 million co-originated and co-funded by us and a KKR affiliate. Our interest was 50% of the facility, or $71.2 million $30.6 million. The facility is comprised of individual cross-collateralized whole loans. As of March 31, 2024 June 30, 2024, there were four was one underlying senior loans loan in the facility with a commitment of $71.2 million $30.6 million and an outstanding principal balance of $64.2 million
$28.0 million.

(K) Represents real estate assets held through a Tenant-in-Common ("TIC") agreement between us and a KKR affiliate. We hold a 74.6% economic interest in the real estate assets and share decision-making with the KKR affiliate under the TIC agreement.

(L) 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.

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Portfolio Surveillance and Credit Quality

Our Manager actively manages our portfolio and assesses the risk of any deterioration in credit quality by quarterly evaluating the performance of the underlying property, the valuation of comparable assets as well as the financial wherewithal of the associated borrower. Our loan documents generally give us the right to receive regular property, borrower and guarantor financial statements; approve annual budgets and tenant leases; and enforce loan covenants and remedies. In addition, our Manager evaluates the macroeconomic environment, prevailing real estate fundamentals and micro-market dynamics where the underlying property is located. Through site inspections, local market experts and various data sources, as part of its risk assessment, our Manager monitors criteria such as new supply and tenant demand, market occupancy and rental rate trends, and capitalization rates and valuation trends.

We maintain a robust asset management relationship with our borrowers and have utilized these relationships to maximize the performance of our portfolio, including during periods of volatility.

We believe our loan sponsors are generally committed to supporting assets collateralizing our loans through additional equity investments, and that we will benefit from our long-standing core business model of originating senior loans collateralized by large assets in major markets with experienced, well-capitalized institutional sponsors. While we believe the principal amounts of our loans are generally adequately protected by underlying collateral value, there is a risk that we will not realize the entire principal value of certain investments.

In addition to ongoing asset management, our Manager performs a quarterly review of our portfolio whereby each loan is assigned a risk rating of 1 through 5, from lowest risk to highest risk. Our Manager is responsible for reviewing, assigning and updating the risk ratings for each loan at least once per quarter. The risk ratings are based on many factors, including, but not limited to, underlying real estate performance, values of comparable properties, durability and quality of property cash flows, sponsor experience and financial wherewithal, and the existence of a risk-mitigating loan structure. Additional key considerations include debt service coverage ratios, real estate and credit market dynamics, and risk of default or principal loss. In performing this review and assigning a risk rating with respect to each loan, our Manager assesses these various factors holistically and considers these factors on a case-by-case basis, determining whether to give additional weight to any of these factors based upon the specific facts and circumstances of each loan. Based on a five-point scale, our loans are rated "1" through "5," from less risk to greater risk, which ratings are defined as follows: 1 (Very Low Risk); 2 (Low Risk); 3 (Medium Risk); 4 (High Risk/Potential for Loss); and 5 (Impaired/Loss Likely).

As of March 31, 2024 June 30, 2024, the average risk rating of our loan portfolio was 3.2, weighted 3.1, weighted by total loan exposure, consistent with that as compared to 3.2 as of March 31, 2024 and December 31, 2023.

March 31, 2024

March 31, 2024

	March 31, 2024				December 31, 2023								
	June 30, 2024												
	June 30, 2024												
	June 30, 2024				December 31, 2023								
Risk Rating	Risk Rating	Number of Loans(A)	Carrying Value	Total Loan Exposure(B)	Total Loan Exposure %*	Number of Loans(A)	Carrying Value	Total Loan Exposure(B)	Total Loan Exposure %*	Risk Rating	Number of Loans(A)	Carrying Value	Total Loan Exposure(B)
1	1	—	$ $ —	$ $ —	— — %	—	$ $ —	$ $ —	— — %	1	—	$ $ —	$ $ —
2													
3													
4													
5													
Total loan receivable	Total loan receivable	67	$ $7,113,256	$ $7,325,877	100 100 %	69	$ $7,343,548	$ $7,558,036	100 100 %	Total loan receivable	61	$ $ 6,522,235	$ $ 6,575,881
Allowance for credit losses													
Loan receivable, net													
Loan receivable, net													
Loan receivable, net													

*Numbers presented may not foot due to rounding.

(A) Excludes fully written off risk-rated 5 loans.

(B) In certain instances, KREF we finances its our loans through the non-recourse sale of a senior interest that is not included in the condensed consolidated financial statements. Total loan exposure includes the entire loan KREF we originated and financed, including $188.6 $38.6 million and $188.6 million of such non-consolidated interests as of March 31, 2024 June 30, 2024 and December 31, 2023. , respectively.

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In January 2023, we modified a risk-rated 5 senior office loan located in Philadelphia, PA, with an outstanding principal balance of $161.0 million. The terms of the modification included, among others, a $25.0 million principal repayment and a restructure of the $136.0 million senior loan (after the $25.0 million repayment) into (i) a $116.5 million committed senior mortgage loan (with $5.5 million in unfunded commitment) and (ii) a $25.0 million junior mezzanine note. The restructured senior loan earns a coupon rate of S+2.75% and has a new term of up to four years, assuming all extension options are exercised. The $25.0 million junior mezzanine note is subordinate to a new $41.5 million committed senior mezzanine note held by the sponsor (with $16.5 million in unfunded commitment) and was deemed uncollectible and written off in December 2022. The loan modification was accounted for as a new loan for GAAP purposes. The restructured senior loan with an outstanding principal balance of $114.3 million was risk-rated 3 as of March 31, 2024 June 30, 2024.

In June 2023, we modified a risk-rated 5 senior office loan located in Minneapolis, MN, with an outstanding principal balance of $194.4 million. The terms of the modification included, among others, a restructure of the $194.4 million senior loan into (i) a $120.0 million senior mortgage loan (fully funded) and (ii) a $79.4 million mezzanine note (with $5.0 million in unfunded commitment). The restructured senior loan earns a coupon rate of S+2.25% and the mezzanine note earns a fixed 4.5% PIK interest rate. Post modification, the whole loan's maximum maturity is July 2025, assuming all extension options are exercised. The restructured whole loan with an outstanding principal balance of $194.4 million was risk-rated 5 as of March 31, 2024 June 30, 2024.

In September 2023, we modified a risk-rated 4 senior office loan located in Chicago, IL, with an outstanding principal balance of $118.4 million. The terms of the modification included, among others, a $15.0 million principal repayment, a $15.0 million reduction in unfunded loan commitment, and a restructure of the $103.4 million senior loan (after the $15.0 million repayment) into (i) a $105.0 million committed senior mortgage loan (with $16.6 million in unfunded commitment) and (ii) a $15.0 million subordinated note. note which is subordinate to a new $18.5 million sponsor interest. The restructured senior loan earns a coupon rate of S+2.25% and has a new term of five years. The $15.0 million subordinated note is subordinate to a new $18.5 million sponsor interest and was deemed uncollectible and written off. The loan modification was accounted for as a new loan for GAAP purposes. The restructured senior loan with an outstanding principal balance of $88.4 million was risk-rated 3 as of March 31, 2024 June 30, 2024.

In June 2024, we modified a risk-rated 5 mezzanine office loan located in Boston, MA, with an outstanding principal balance of $37.5 million. The terms of the modification included, among others, a restructure of the mezzanine loan into (i) a $12.5 million senior mezzanine note and (ii) a $25.0 million junior mezzanine note which is subordinate to a new $10.0 million sponsor interest. The senior and junior mezzanine notes earn a PIK interest rate of S+7.0% and have a maximum maturity of February 2028. Both mezzanine notes were deemed uncollectible and written off in June 2024.

CMBS B-Piece Investments

Our current CMBS exposure is through, RECOP I, an equity method investment. Our Manager has processes and procedures in place to monitor and assess the credit quality of our CMBS B-Piece investments and promote the regular and active management of these investments. This includes reviewing the performance of the real estate assets underlying the loans that collateralize the investments and determining the impact of such performance on the credit and return profile of the investments. Our Manager holds monthly surveillance calls with the special servicer of our CMBS B-Piece investments to monitor the performance of our portfolio and discuss issues associated with the loans underlying our CMBS B-Piece investments. At each meeting, our Manager is provided with a due diligence submission for each loan underlying our CMBS B-Piece investments, which includes both property- and loan-level information. These meetings assist our Manager in monitoring our portfolio, identifying any potential loan issues, determining if a re-underwriting of any loan is warranted and examining the timing and severity of any potential losses or impairments.

Valuations for our CMBS B-Piece investments are prepared using inputs from an independent valuation firm and confirmed by our Manager via quotes from two or more broker-dealers that actively make markets in CMBS. As part of the quarterly valuation process, our Manager also reviews pricing indications for comparable CMBS and monitors the credit metrics of the loans that collateralize our CMBS B-Piece investments.

Total Financing

Our financing arrangements include our term loan facility, term lending agreements, collateralized loan obligations, secured term loan, warehouse facility, asset specific financing, corporate revolving credit agreement ("Revolver"), non-consolidated senior interest (collectively “Non-Mark-to-Market Financing Sources”) and master repurchase agreements.

Our Non-Mark-to-Market Financing Sources, which accounted for 78% 79% of our total financing as of March 31, 2024 June 30, 2024, are not subject to credit or capital markets mark-to-market provisions. The remaining 22% 21% of our total financing, which is primarily comprised of three master repurchase agreements, are only subject to credit marks.

We continue to expand and diversify our financing sources, especially those sources that provide non-mark-to-market financing, reducing our exposure to market volatility.

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The following table summarizes our financing agreements (dollars in thousands):

	March 31, 2024					December 31, 2023								
	June 30, 2024					December 31, 2023								
		Borrowings				Borrowings	Collateral	Borrowings			Borrowings		Collateral	Borrowings
	Non-/Mark-to-Market	Non-/Mark-to-Market	Maximum Facility Size(A)	Outstanding Principal	Available(B)	Outstanding Principal		Non-/Mark-to-Market	Maximum Facility Size(A)	Outstanding Principal	Available(B)	Outstanding Principal		
Master Repurchase Agreements														
Collateralized Loan Obligations														
Term Lending Agreements														
Term Loan Facility														
Warehouse Facility														
Asset Specific Financing														
Revolver														
Secured Term Loan														
Total leverage														

Non-
consolidated
Senior
Interests
Total

(A) Maximum facility size represents the largest amount of borrowings available under a given facility once sufficient collateral assets have been approved by the lender and pledged by us.
(B) Available borrowings represents the undrawn amount we could draw under the terms of each credit facility, based on collateral already approved and pledged.

Master Repurchase Agreements

We utilize master repurchase facilities to finance the origination of senior loans. After a mortgage asset is identified by us, the lender agrees to advance a certain percentage of the principal of the mortgage to us in exchange for a secured interest in the mortgage. We have not received any margin calls on any of our master repurchase facilities to date.

Repurchase agreements effectively allow us to borrow against loans and participations that we own in an amount generally equal to (i) the market value of such loans and/or participations multiplied by (ii) the applicable advance rate. Under these agreements, we sell our loans and participations to a counterparty and agree to repurchase the same loans and participations from the counterparty at a price equal to the original sales price plus an interest factor. The transaction is treated as a secured loan from the financial institution for GAAP purposes. During the term of a repurchase agreement, we receive the principal and interest on the related loans and participations and pay interest to the lender under the master repurchase agreement. At any point in time, the amounts and the cost of our repurchase borrowings will be based upon the assets being financed—higher risk assets will result in lower advance rates (i.e., levels of leverage) at higher borrowing costs and vice versa. In addition, these facilities include various financial covenants and limited recourse guarantees, including those described below.

Each of our existing master repurchase facilities includes "credit mark-to-market" features. "Credit mark-to-market" provisions in repurchase facilities are designed to keep the lenders' credit exposure generally constant as a percentage of the underlying collateral value of the assets pledged as security to them. If the credit underlying collateral value decreases, the gross amount of leverage available to us will be reduced as our assets are marked-to-market, which would reduce our liquidity. The lender under the applicable repurchase facility sets the valuation and any revaluation of the collateral assets in its sole, good faith discretion. As a contractual matter, the lender has the right to reset the value of the assets at any time based on then-current market conditions, but the market convention is to reassess valuations on a monthly, quarterly and annual basis using the financial information delivered pursuant to the facility documentation regarding the real property, borrower and guarantor under such underlying loans. Generally, if the lender determines (subject to certain conditions) that the market value of the collateral in a repurchase transaction has decreased by more than a defined minimum amount, the lender may require us to provide additional collateral or lead to margin calls that may require us to repay all or a portion of the funds advanced. We closely monitor our

liquidity and intend to maintain sufficient liquidity on our balance sheet in order to meet any margin calls in the event of any significant decreases in asset values. As of March 31, 2024 June 30, 2024, the weighted average haircut under our repurchase agreements was 33.8% 30.9% (or 31.2% 28.5%, if we had borrowed the maximum amount approved by its repurchase agreement counterparties as of such dates). In addition, our existing master repurchase facilities are not entirely term-matched financings and may mature before our CRE debt investments that represent underlying collateral to those financings. As we negotiate renewals and extensions of these liabilities, we may experience lower advance rates and higher pricing under the renewed or extended agreements.

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Term Lending Agreements

In 2018, we entered into a $200.0 million loan financing facility with BMO Harris Bank (the "BMO Facility"); the borrowing capacity was increased to $300.0 million in 2019. The facility provides financing on a non-mark-to-market basis with match-term up to five years with partial recourse to us.

In 2019, we entered into a Master Repurchase and Securities Contract Agreement ("KREF Lending V Facility") with Morgan Stanley Mortgage Capital Holdings LLC ("Administrative Agent"), as administrative agent on behalf of Morgan Stanley Bank, N.A. ("Initial Buyer"), which provides non-mark-to-market financing. In 2023, the current stated maturity was extended to June 2024, subject to two additional one-year extension options, which we may exercise upon the satisfaction of certain customary conditions and thresholds. The Initial Buyer subsequently syndicated a portion of the facility to multiple financial institutions. As of March 31, 2024 June 30, 2024, the Initial Buyer held 22.7% of the total commitment under the facility.

In 2021, we entered into a $500.0 million Master Repurchase and Securities Contract Agreement with a financial institution (“KREF Lending IX Facility”); and subsequently increased the borrowing capacity was increased to $750.0 million, then further increased to $1.0 billion in 2022. The facility, which provides financing on a non-mark-to-market basis with partial recourse to us, has a three-year draw period and match- term to the underlying loans. In May 2024, the lender assigned its rights and obligations under the KREF Lending IX Facility to another financial institution and our borrowing capacity under the facility was amended to $701.1 million.

In 2022, we entered into a $350.0 million Master Repurchase Agreement and Securities Contract with a financial institution (“KREF Lending XII Facility”). The facility, which provides financing on a non-mark-to-market basis with partial recourse to KREF, has a two-year draw period and match-term to the underlying loans. In addition, we have the option to increase the facility amount to $500.0 million.

Term Loan Facility

In 2018, we entered into a term loan financing agreement with third party lenders for an initial borrowing capacity of $200.0 million that was increased to $1.0 billion (“Term Loan Facility”). The facility provides us with asset-based financing on a non-mark-to-market basis with match-term up to five years, with additional two-year extension available, and is non-recourse to us.

Warehouse Facility

In 2020, we entered into a $500.0 million Loan and Security Agreement with HSBC Bank USA, National Association (“HSBC Facility”). In 2023, we extended the facility maturity date to March 2026. The facility provides warehouse financing on a non-mark-to-market basis with partial recourse to us.

Asset Specific Financing

In 2022, we entered into a $100.0 million loan financing facility with a financial institution ("KREF Lending XI Facility"). The facility provides non-recourse match-term asset-based financing on a non-mark-to-market basis.

In 2022, we entered into a $265.6 million loan financing facility with a financial institution ("KREF Lending XIII Facility"). The facility provides non-recourse match-term asset-based financing on a non-mark-to-market basis.

In 2022, we entered into a $125.0 million loan financing facility with a financial institution ("KREF Lending XIV Facility"). The facility provides non-recourse match-term asset-based financing on a non-mark-to-market basis.

Revolving Credit Agreement

In 2022, we upsized our corporate revolving credit agreement (“Revolver”), administered by Morgan Stanley Senior Funding, Inc., to $610.0 million $610.0 million and extended the maturity date to March 2027. We may use our Revolver as a source of financing, which is designed to provide short-term liquidity to originate or de-lever loans, pay operating expenses and borrow amounts for general corporate purposes. Our Revolver is secured by corporate level guarantees and includes net equity interests in the investment portfolio.

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Collateralized Loan Obligations

In 2021, we financed a pool of loan participations from our existing loan portfolio through a managed collateralized loan obligation ("CLO" or "KREF 2021-FL2") and, in 2022, we financed a pool of loan participations from our existing multifamily loan portfolio through a managed CLO ("KREF 2022-FL3"). The CLOs provide us with match-term financing on a non-mark-to-market and non-recourse basis.

The following table outlines the CLO collateral assets and respective borrowing (dollars in thousands):

	March 31, 2024																		
	March 31, 2024																		
	March 31, 2024					December 31, 2023													
	June 30, 2024																		
	June 30, 2024																		
	June 30, 2024					December 31, 2023													
	Facility				Facility				Collateral(A)			Facility			Facility			Collateral(A)	Facility
	Wtd. Avg. Term(B)	Wtd. Avg. Term(B)	Maximum Facility Size	Outstanding Principal	Carrying Value	Wtd. Avg. Funding Cost(C)		Outstanding Principal	Carrying Value		Carrying Value	Wtd. Avg. Term(B)	Maximum Facility Size	Outstanding Principal	Carrying Value	Wtd. Avg. Funding Cost(C)	Outstanding Principal	Carrying Value	Carrying Value
KREF 2021-FL2																			

KREF 2021-FL2

KREF 2021-FL2

KREF 2022-FL3

Total

(A) Collateral loan assets represent 32.0% 34.7% of the principal of our commercial real estate loans as of March 31, 2024 June 30, 2024. As of March 31, 2024 June 30, 2024, 100% of KREF our loans financed through the CLOs are floating-rate loans.

(B) The term of the CLO notes represents the rated final distribution date. Repayments of CLO notes are dependent on timing of underlying collateral loan asset repayments post reinvestment period.

(C) Including deferred financing costs and applicable index in effect as of March 31, 2024 June 30, 2024. Average weighted by the outstanding principal of the facility.

Non-Consolidated Senior Interests

In certain instances, we finance our loans through the non-recourse sale of a senior loan interest that is not included in our condensed consolidated financial statements. These non-consolidated senior interests provide structural leverage on a non-mark-to-market, match-term basis for our net investments, which are typically reflected in the form of mezzanine loans or other subordinate interests on our condensed consolidated balance sheet sheets and in our condensed consolidated statement of income.

The following table details the subordinate interests retained on our balance sheet and the related non-consolidated senior interests (dollars in thousands):

		March 31, 2024							June 30, 2024					
Non-Consolidated Senior Interests	Non-Consolidated Senior Interests	Count	Principal Balance	Carrying Value	Wtd. Avg. Yield/Cost	Guarantee	Wtd. Avg. Term	Non-Consolidated Senior Interests	Count	Principal Balance	Carrying Value	Wtd. Avg. Yield/Cost		
Total loan	Total loan	2	$ 233,278	n.a	n.a	S + 3.6%	n.a.	January 2026	Total loan	1	$ 45,778	n.a	n.a	S 4.
Senior participation	Senior participation	2	188,611	n.a	n.a	S + 2.3%	n.a.	January 2026	Senior participation	1	38,611	n.a	n.a	S 2.
Interests retained	Interests retained		44,667	S + 8.8%		S + 8.8%		January 2026	Interests retained				7,167	

Secured Term Loan

In 2020, we entered into a $300.0 million secured term loan at a price of 97.5%. The secured term loan is partially amortizing, with an amount equal to 1.0% per annum of the principal balance due in quarterly installments. In 2021, we completed a $52.2 million add-on, for an aggregate principal amount of $350.0 million, which was issued at par. In 2023, the secured term loan was amended to transition the benchmark rate from LIBOR to SOFR. The new Post amendment, the secured term loan bears coupon interest at Adjusted Term SOFR, as defined in the secured term loan agreements, plus a 3.50% margin, and is subject to a 0.50% SOFR floor.

The secured term loan matures on September 1, 2027 and contains restrictions relating to liens, asset sales, indebtedness, investments and transactions with affiliates. Our secured term loan is secured by corporate level guarantees and does not include asset-based collateral. Refer to Notes 2 and 7 to our condensed consolidated financial statements for additional discussion of our secured term loan.

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Covenants—Each of our repurchase facilities, term lending agreements, warehouse facility and our Revolver contain customary terms and conditions, including, but not limited to, negative covenants relating to restrictions on our operations with respect to our status as a REIT, and financial covenants, such as:

- a trailing four quarter interest income to interest expense ratio covenant (1.4 to 1.0);
- a consolidated tangible net worth covenant (75.0% of the aggregate net cash proceeds of any equity issuances made and any capital contributions received by us and KKR Real Estate Finance Holdings L.P. (our "Operating Partnership") or up to approximately $1,307.7 million, depending on the agreement; and
- a cash liquidity covenant (the greater of $10.0 million or 5.0% of our recourse indebtedness);

- a total indebtedness covenant (83.3% of our Total Assets, as defined in the applicable financing agreements)

With respect to our secured term loan, we are required to comply with customary loan covenants and event of default provisions that include, but are not limited to, negative covenants relating to restrictions on operations with respect to our status as a REIT, and financial covenants. Such financial covenants include a minimum consolidated tangible net worth of $650.0 million and a maximum total debt to total assets ratio of 83.3% (the “Leverage Covenant”).

As of March 31, 2024 June 30, 2024, we were in compliance with the covenants of our financing facilities.

Guarantees—In connection with our financing arrangements including; master repurchase agreements, our term lending agreements, and our asset specific financing, our Operating Partnership has entered into a limited guarantee in favor of each lender, under which our Operating Partnership guarantees the obligations of the borrower under the respective financing agreement (i) in the case of certain defaults, up to a maximum liability of 25.0% of the then-outstanding repurchase price of the eligible loans, participations or securities, as applicable, or (ii) up to a maximum liability of 100.0% in the case of certain "bad boy" defaults. The borrower in each case is a special purpose subsidiary of ours. In addition, some guarantees include certain full recourse insolvency-related trigger events.

With respect to our Revolver, amounts borrowed are full recourse to certain guarantor wholly-owned subsidiaries of ours.

Real Estate Owned and Joint Venture Assets

Portland Retail / Redevelopment **—** In 2015, we originated a $177.0 million senior loan secured by a retail property in Portland, Oregon. OR. In December 2021, we took title to the retail property; such acquisition property and accounted for the property on a consolidated basis. The transaction was accounted for as an asset acquisition under ASC 805. Accordingly, we recognized recorded the property on our balance sheet the Condensed Consolidated Balance Sheets as REO with a carrying value of $78.6 million, which included the estimated fair value of the property. In addition, we assumed $2.0 million in other net assets of the REO.

Concurrently with taking the title to the REO asset, we We contributed a portion of the REO asset with a carrying value of $68.9 million to a joint venture (the "REO JV") with a third party local development operator developer (“JV Partner”), whereby we have had a 90% interest and the JV Partner has had a 10% interest. The JV Partner's interest in the property was presented within "Noncontrolling interests in equity of consolidated joint ventures" on the Condensed Consolidated Balance Sheets. As of March 31, 2024 June 30, 2024, the REO JV held REO assets with a net carrying value of $72.8 $77.4 million. We have priority of distributions up to $79.8 $81.6 million before the JV Partner can participate in the economics of the REO JV.

Philadelphia Office / Garage **—** In 2019, we originated a $182.6 million senior loan secured by an office portfolio in Philadelphia, PA. In 2022, this loan was placed on nonaccrual status and subsequent interest collections were accounted for under the cost recovery method. As of September 30, 2023, the loan had a risk rating of 5 with an amortized cost of $151.1 million. On December 22, 2023, December 2023, we received a $6.0 million partial repayment and then took title to the office property through a deed-in-lieu of foreclosure. The transaction was accounted for as an asset acquisition under ASC 805. Accordingly, we recorded the property with portfolio and its net assets on the Condensed Consolidated Balance Sheet Sheets with an estimated fair value of $86.4 million, which included $1.3 million of cash received and $76.5 million, $24.6 million and $15.9 million allocated to REO held for sale, lease intangible and other assets, and leasing and other liabilities, respectively. As a result, we recognized a $58.7 million loan write-off for the difference between the carrying value amortized cost of the foreclosed loan and the fair value of the REO’s net assets.

In June 2024, we sold a portion of the portfolio for a gross sales price of $41.0 million and recognized a realized loss of $0.6 million after buyer credits and closing costs. Concurrently, we provided financing to the buyer through a senior loan with an outstanding principal balance of $30.1 million ($83.7 million total commitment) as of June 30, 2024. The senior loan earns a coupon rate of S+4.3% and has a maximum maturity of June 2029, assuming all extension options are exercised. The senior loan is presented within “Commercial real estate loans, held-for-investment, net” on the Condensed Consolidated Balance Sheets.

As of March 31, 2024 June 30, 2024, the REO's remaining REO assets and liabilities met the criteria to be classified as held for sale under ASC 360. As such, depreciation and amortization on the building REO and building improvements was related lease intangibles were suspended.

Mountain View Office **—** In 2021, we co-originated with a KKR affiliate a $362.8 million senior loan secured by an office property in Mountain View, CA. Our interest was 68.9% of the loan or $250.0 million. In June 2024, we and the KKR affiliate took title to the office property through a deed-in-lieu of foreclosure and we accounted for the property on a consolidated basis. The transaction was accounted for as an asset acquisition under ASC 805. Accordingly, we recorded the property and its net assets on the Condensed Consolidated Balance Sheets with an estimated fair value of $174.7 million, which included $175.0 million of REO held for investment and ($0.3) million of net working capital. As a result, we recognized a $79.9 million loan write-off for the difference between our interest in the amortized cost of the foreclosed loan and our share of the fair value of the REO’s net assets and closing costs. The KKR affiliate's interest in the property was 31.1%, or $54.3 million as of June 30, 2024, and was presented within "Noncontrolling interests in equity of consolidated joint ventures" on the Condensed Consolidated Balance Sheets.

Table *Seattle Life Science (Equity Method Investment)*— In 2021, we co-originated with a KKR affiliate a $188.0 million senior loan secured by a life science property in Seattle, WA. Our interest was 74.6% of Contentsthe loan or $140.3 million. In June 2024, we received a $14.3 million partial repayment, then along with the KKR affiliate took title to the life science property through a deed-in-lieu of foreclosure under a Tenant-in-Common ("TIC") agreement. Under the TIC agreement, we and the KKR affiliate held an economic interest of 74.6% and 25.4%, respectively, and shared decision-making. Under ASC 970-810, we accounted for the TIC agreement as an undivided interest in the property and recorded an $82.0 million "Equity method investment, real estate asset" in the

Condensed Consolidated Balance Sheets. As a result, we recognized a $18.6 million loan write-off for the difference between the amortized cost of the foreclosed loan and our share of the fair value of the property's net assets and closing costs.

Results of Operations

Three Months Ended March 31, 2024 June 30, 2024 Compared to Three Months Ended December 31, 2023 March 31, 2024

The following table summarizes the changes in our results of operations for three months ended March 31, 2024 June 30, 2024 and December 31, 2023 March 31, 2024 (dollars in thousands, except per share data):

	Three Months Ended
	Three Months Ended
	Three Months Ended
	March 31, 2024
	March 31, 2024
	March 31, 2024
	June 30, 2024
	June 30, 2024
	June 30, 2024
Net Interest Income	
Net Interest Income	
Net Interest Income	
Interest income	
Interest income	
Interest income	
Interest expense	
Interest expense	
Interest expense	
Total net interest income	
Total net interest income	
Total net interest income	
Other Income	
Other Income	
Other Income	
Income (loss) from equity method investments	
Income (loss) from equity method investments	
Income (loss) from equity method investments	
Income (loss) from equity method investment	
Income (loss) from equity method investment	
Income (loss) from equity method investment	
Other miscellaneous income	
Other miscellaneous income	
Other miscellaneous income	
Revenue from real estate owned operations	
Revenue from real estate owned operations	
Revenue from real estate owned operations	
Gain (loss) on sale of investments	
Gain (loss) on sale of investments	
Gain (loss) on sale of investments	
Total other income	

Total other income
Total other income
Operating Expenses
Operating Expenses
Operating Expenses
Provision for (reversal of) credit losses, net
Provision for (reversal of) credit losses, net
Provision for (reversal of) credit losses, net
Management fee to affiliate
Management fee to affiliate
Management fee to affiliate
General and administrative
General and administrative
General and administrative
Expenses from real estate owned operations
Expenses from real estate owned operations
Expenses from real estate owned operations
Total operating expenses
Total operating expenses
Total operating expenses
Income (Loss) Before Income Taxes
Income (Loss) Before Income Taxes
Income (Loss) Before Income Taxes
Income tax expense
Income tax expense
Income tax expense
Net Income (Loss)
Net Income (Loss)
Net Income (Loss)
Net income (loss) attributable to noncontrolling interests
Net income (loss) attributable to noncontrolling interests
Net income (loss) attributable to noncontrolling interests
Net Income (Loss) Attributable to KKR Real Estate Finance Trust Inc. and Subsidiaries
Net Income (Loss) Attributable to KKR Real Estate Finance Trust Inc. and Subsidiaries
Net Income (Loss) Attributable to KKR Real Estate Finance Trust Inc. and Subsidiaries
Preferred stock dividends
Preferred stock dividends
Preferred stock dividends
Participating securities' share in earnings
Participating securities' share in earnings
Participating securities' share in earnings
Net Income (Loss) Attributable to Common Stockholders
Net Income (Loss) Attributable to Common Stockholders
Net Income (Loss) Attributable to Common Stockholders
Net Income (Loss) Per Share of Common Stock
Net Income (Loss) Per Share of Common Stock
Net Income (Loss) Per Share of Common Stock
Basic and Diluted
Basic and Diluted
Basic and Diluted
Weighted Average Number of Shares of Common Stock Outstanding
Weighted Average Number of Shares of Common Stock Outstanding

Weighted Average Number of Shares of Common Stock Outstanding

Basic and Diluted
Basic and Diluted
Basic and Diluted
Dividends Declared per Share of Common Stock
Dividends Declared per Share of Common Stock
Dividends Declared per Share of Common Stock

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Net Interest Income

Net interest income decreased increased by $7.3 $1.3 million during the three months ended March 31, 2024 June 30, 2024, as compared to the preceding three-month period. This decrease increase was primarily due to the suspension of interest income accrual on loans accounted for under the cost recovery method and a decrease in prepayment fees compared to the preceding three-month period. During interest expense, partially as a result of lower deferred financing costs amortization. We recorded $4.3 million of deferred financing costs amortization into interest expense during the three months ended March 31, 2024 June 30, 2024, $2.5 as compared to $5.0 million of interest collections on nonaccrual loans were applied as a reduction to for the loan amortized cost.

We recognized $4.7 preceding period. In addition, we recorded $4.8 million of deferred loan fees and origination discounts accreted into interest income during the three months ended March 31, 2024 June 30, 2024, as compared to $5.9 $4.7 million for the preceding period. We recorded $5.0 million of deferred financing costs amortization into interest expense during the three months ended March 31, 2024, as compared to $5.7 million for the preceding prior year period.

Other Income

Total other income increased decreased by $3.4 $0.4 million during the three months ended March 31, 2024, as compared to the preceding period. This increase was primarily due to a $2.5 million increase in revenue from REO operations, inclusive of net income from the REO assets we acquired in December 2023.

Operating Expenses

Total operating expenses decreased by $13.4 million during the three months ended March 31, 2024 June 30, 2024, as compared to the preceding period. This decrease was primarily due to a $16.2 $0.6 million loss on sale of REO investments.

Operating Expenses

Total operating expenses decreased by $28.1 million during the three months ended June 30, 2024, as compared to the preceding period. This decrease was primarily due to a $28.7 million change in the provision for credit losses, partially offset by a $2.6 million increase in expenses from REO operations. losses.

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Three months ended March 31, 2024 Six Months Ended June 30, 2024 Compared to Three months ended March 31, 2023 Six Months Ended June 30, 2023

The following table summarizes the changes in our results of operations for the three six months ended March 31, 2024 June 30, 2024 and 2023 (dollars in thousands, except per share data):

	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,
	Six Months Ended June 30,
	Six Months Ended June 30,
	Six Months Ended June 30,
	2024
	2024
	2024
Net Interest Income	
Net Interest Income	
Net Interest Income	
Interest income	
Interest income	

Interest income
Interest expense
Interest expense
Interest expense
Total net interest income
Total net interest income
Total net interest income
Other Income
Other Income
Other Income
Income (loss) from equity method investments
Income (loss) from equity method investments
Income (loss) from equity method investments
Other miscellaneous income
Other miscellaneous income
Other miscellaneous income
Revenue from real estate owned operations
Revenue from real estate owned operations
Revenue from real estate owned operations
Gain (loss) on sale of investments
Gain (loss) on sale of investments
Gain (loss) on sale of investments
Total other income (loss)
Total other income (loss)
Total other income (loss)
Operating Expenses
Operating Expenses
Operating Expenses
Provision for (reversal of) credit losses, net
Provision for (reversal of) credit losses, net
Provision for (reversal of) credit losses, net
Management fee to affiliate
Management fee to affiliate
Management fee to affiliate
Incentive compensation to affiliate
Incentive compensation to affiliate
Incentive compensation to affiliate
General and administrative
General and administrative
General and administrative
Expenses from real estate owned operations
Expenses from real estate owned operations
Expenses from real estate owned operations
Total operating expenses
Total operating expenses
Total operating expenses
Income (Loss) Before Income Taxes
Income (Loss) Before Income Taxes
Income (Loss) Before Income Taxes
Income tax expense
Income tax expense
Income tax expense
Net Income (Loss)

Net Income (Loss)
Net Income (Loss)
Net income (loss) attributable to noncontrolling interests
Net income (loss) attributable to noncontrolling interests
Net income (loss) attributable to noncontrolling interests
Net Income (Loss) Attributable to KKR Real Estate Finance Trust Inc. and Subsidiaries
Net Income (Loss) Attributable to KKR Real Estate Finance Trust Inc. and Subsidiaries
Net Income (Loss) Attributable to KKR Real Estate Finance Trust Inc. and Subsidiaries
Preferred stock dividends
Preferred stock dividends
Preferred stock dividends
Participating securities' share in earnings
Participating securities' share in earnings
Participating securities' share in earnings
Net Income (Loss) Attributable to Common Stockholders
Net Income (Loss) Attributable to Common Stockholders
Net Income (Loss) Attributable to Common Stockholders
Net Income (Loss) Per Share of Common Stock
Net Income (Loss) Per Share of Common Stock
Net Income (Loss) Per Share of Common Stock
Basic and Diluted
Basic and Diluted
Basic and Diluted
Weighted Average Number of Shares of Common Stock Outstanding
Weighted Average Number of Shares of Common Stock Outstanding
Weighted Average Number of Shares of Common Stock Outstanding
Basic and Diluted
Basic and Diluted
Basic and Diluted
Dividends Declared per Share of Common Stock
Dividends Declared per Share of Common Stock
Dividends Declared per Share of Common Stock

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Net Interest Income

Net interest income decreased by $7.4 $10.9 million, during the three six months ended March 31, 2024 June 30, 2024, as compared to the corresponding period in the prior year. This decrease was primarily due to suspension loan repayments or other resolutions and the impact of interest income accrual certain loans on loans nonaccrual status and accounted for under the cost recovery method for method. During the three six months ended March 31, 2024, as compared to the prior year period. During the three months ended March 31, 2024 June 30, 2024, $2.5 million of interest collections on nonaccrual loans were applied as a cost reduction to the loan amortized cost.

We recognized $4.7 $9.6 million of deferred loan fees and origination discounts accreted into interest income during the three six months ended March 31, 2024 June 30, 2024, as compared to $5.9 $12.4 million during the prior year period. We recorded $5.0 $9.3 million of deferred financing costs amortization into interest expense during the three six months ended March 31, 2024 June 30, 2024, as compared to $6.8 $13.9 million during the prior year period.

Other Income

Total other income increased by $3.0 million $3.3 million during the three six months ended March 31, 2024 June 30, 2024, as compared to the prior year period. This increase was primarily due to a $2.7 million $6.5 million increase in revenue from REO operations, inclusive of net partially offset by a $2.2 million decrease in interest income from the REO assets we acquired in December 2023. earned on our cash balance.

Operating Expenses

Total operating expenses decreased by $26.1 million $74.9 million during the three six months ended March 31, 2024 June 30, 2024, as compared to the prior year period. This decrease was primarily due to a $27.2 million $79.0 million change in the provision for credit losses, and a $1.8 million decrease in Manager incentive compensation. The decrease was partially offset by a $2.8 million $6.5 million increase in expenses from REO operations.

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Liquidity and Capital Resources

Overview

We have capitalized our business to date primarily through the issuance and sale of our common stock and preferred stock, borrowings from three master repurchase agreements, and borrowings from our Non-Mark-to-Market Financing Sources, which comprised of collateralized loan obligations, term lending agreements, term loan facility, secured term loan, asset specific financing, warehouse facility, corporate revolver and non-consolidated senior interests. Our Non-Mark-to-Market Financing Sources, which accounted for 78% 79% of our total financing as of March 31, 2024 June 30, 2024, are not subject to credit or capital markets mark-to-market provisions. The remaining 22% 21% of our total financing, which are comprised of three master repurchase agreements, are only subject to credit marks. We have not received any margin calls on our master repurchase agreements to date.

Our primary sources of liquidity include $106.5 $107.2 million of cash on our Condensed Consolidated Balance Sheet, $450.0 Sheets, $57.0 million loan principal payment held by a servicer, $435.0 million of available capacity on our corporate Revolver, $63.6 $44.7 million of available borrowings under our financing arrangements based on existing collateral, and cash flows from operations. In addition, we had $108.4 $312.1 million of total unencumbered assets, including $207.9 million of real estate owned assets, $68.9 million of unencumbered senior loans and $35.3 million of investments in CMBS B-Pieces, that can be financed, as of March 31, 2024 June 30, 2024. Our corporate Revolver and secured term loan are secured by corporate level guarantees and include net equity interests in the investment portfolio. We may seek additional sources of liquidity from syndicated financing, other borrowings (including borrowings not related to a specific investment) and future offerings of equity and debt securities.

Our primary liquidity needs include our ongoing commitments to repay the principal and interest on our borrowings and to pay other financing costs, financing our assets, meeting future funding obligations, making distributions to our stockholders, funding our operations that includes making payments to our Manager in accordance with the management agreement, and other general business needs. We believe that our cash position and sources of liquidity will be sufficient to meet anticipated requirements for financing, operating and other expenditures in both the short- and long-term, based on current conditions.

As described in Note 9 to our condensed consolidated financial statements, we have off-balance sheet arrangements related to VIEs that we account for using the equity method of accounting and in which we hold an economic interest or have a capital commitment. Our maximum risk of loss associated with our interests in these VIEs is limited to the carrying value of our investment in the entity and any unfunded capital commitments. As of March 31, 2024 June 30, 2024, we held $35.1 million $35.3 million of interests in such entities, which does not include a remaining commitment of $4.3 million to RECOP I our CMBS B-Piece investment that we are required to fund if called.

The banking sector and financial market recently witnessed significant volatility resulting from multiple bank failures. While we maintained no accounts at these failed banks, substantially all of our cash currently on deposit with other major financial institutions exceeds insured limits. We limit exposure relating to our short-term financial instruments by diversifying these financial instruments among various counterparties. Generally, deposits may be redeemed upon demand and are maintained with financial institutions with reputable credit and therefore we believe bear minimal credit risk.

To facilitate future offerings of equity, debt and other securities, we have in place an effective shelf registration statement (the “Shelf”) with the SEC. The amount of securities to be issued pursuant to this Shelf was not specified when it was filed and there is no specific dollar limit on the amount of securities we may issue. The securities covered by this Shelf include: (i) common stock, (ii) preferred stock, (iii) depository shares, (iv) debt securities, (v) warrants, (vi) subscription rights, (vii) purchase contracts, and (viii) units. The specifics of any future offerings, along with the use of proceeds of any securities offered, will be described in detail in a prospectus supplement, or other offering material, at the time of any offering.

We have also entered into an equity distribution agreement with certain sales agents, pursuant to which we may sell, from time to time, up to an aggregate sales price of $100.0 million of our common stock, pursuant to a continuous offering program (the “ATM”), under the Shelf. Sales of our common stock made pursuant to the ATM may be made in negotiated transactions or transactions that are deemed to be “at the market” offerings as defined in Rule 415 under the Securities Act. During the three six months ended March 31, 2024 June 30, 2024, we did not sell any shares of common stock under the ATM. As of March 31, 2024 June 30, 2024, $93.2 million remained available for issuance under the ATM.

See Notes 5, 6, 7 and 10 to our condensed consolidated financial statements for additional details regarding our secured financing agreements, collateralized loan obligations, secured term loan and stock activity.

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Debt-to-Equity Ratio and Total Leverage Ratio

The following table presents our debt-to-equity ratio and total leverage ratio:

	March 31, June 30, 2024	December 31, 2023
Debt-to-equity ratio(A)	2.1x 1.9x	2.3x
Total leverage ratio(B)	4.1x 3.9x	4.2x

(A) Represents (i) total outstanding debt agreements (excluding non-recourse facilities) and secured term loan, less cash to (ii) total permanent KREF's stockholders' equity, in each case, at period end.
(B) Represents (i) total outstanding debt agreements, secured term loan, and collateralized loan obligations, less cash to (ii) total permanent KREF's stockholders' equity, in each case, at period end.

Sources of Liquidity

Our primary sources of liquidity include cash and cash equivalents and available borrowings under our secured financing agreements, inclusive of our Revolver. Amounts available under these sources as of the date presented are summarized in the following table (dollars in thousands):

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Cash and cash equivalents		
Loan principal repayments held by a servicer(A)		
Available borrowings under revolving credit agreement		
Available borrowings under master repurchase agreements		
Available borrowings under term lending agreements		
Available borrowings under term lending agreements		
Available borrowings under term lending agreements		
Available borrowings under asset specific financing		
Available borrowings under asset specific financing		
Available borrowings under asset specific financing		
	$	
	$	
	$	

(A) Loan principal repayments held by a servicer at quarter-end were received in July 2024.

We also had $108.4 $68.9 million and $43.1 million of unencumbered senior loans that can be pledged to financing facilities subject to lender approval, as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively. In addition to our primary sources of liquidity, we have the ability to access further liquidity through our ATM program and public offerings of debt and equity securities. Our existing loan portfolio also provides us with liquidity as loans are repaid or sold, in whole or in part, and the proceeds from repayment become available for us to invest.

Cash Flows

The following table sets forth changes in cash and cash equivalents for the three six months ended March 31, 2024 June 30, 2024 and 2023 (dollars in thousands):

	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,
	Six Months Ended June 30,
	Six Months Ended June 30,
	Six Months Ended June 30,
	2024
Cash Flows From Operating Activities	
Cash Flows From Operating Activities	
Cash Flows From Operating Activities	
Cash Flows From Investing Activities	
Cash Flows From Investing Activities	
Cash Flows From Investing Activities	
Cash Flows From Financing Activities	
Cash Flows From Financing Activities	
Cash Flows From Financing Activities	
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	

Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash

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Cash Flows from Operating Activities

Our cash flows from operating activities were primarily driven by our net interest income, which is driven by a result of the income generated by our investments less financing costs. The following table sets forth interest received from, and paid for, our investments for the three six months ended March 31, 2024 June 30, 2024 and 2023 (dollars in thousands):

	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,
	Six Months Ended June 30,
	Six Months Ended June 30,
	Six Months Ended June 30,
	2024
Interest Received:	
Interest Received:	
Interest Received:	
Commercial real estate loans	
Commercial real estate loans	
Commercial real estate loans	
	147,237
	295,490
	147,237
	295,490
	147,237
	295,490
Interest Paid:	
Interest Paid:	
Interest Paid:	
Interest expense	
Interest expense	
Interest expense	
Net interest collections	
Net interest collections	
Net interest collections	

Our net interest collections were partially offset by cash used to pay management and incentive fees, as follows (dollars in thousands):

	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,
	Six Months Ended June 30,
	Six Months Ended June 30,
	Six Months Ended June 30,
	2024
Management Fees to affiliate	
Management Fees to affiliate	
Management Fees to affiliate	
Incentive Fees to affiliate	
Incentive Fees to affiliate	
Incentive Fees to affiliate	

Total management and incentive fee payments
Total management and incentive fee payments
Total management and incentive fee payments

Cash Flows from Investing Activities

Our cash flows from investing activities primarily consisted of cash inflows from loan repayments and cash outflows to fund new loan originations and our commitments under existing loan investments, partially offset by cash inflows from the principal repayments and sale of our loan investments. During the three six months ended March 31, 2024 June 30, 2024, we funded $95.8 million $186.4 million of CRE loans and received $334.7 million $660.7 million from repayments of CRE loans.

During the three six months ended March 31, 2023 June 30, 2023, we funded $201.9 $374.6 million of CRE loans and received $89.7 $435.2 million from the repayments of CRE loans.

Cash Flows from Financing Activities

Our cash flows from financing activities were primarily driven by (i) repayments of $382.1 million $771.5 million under our financing agreements and (ii) payment of $35.1 $57.8 million in dividends, partially offset by borrowing proceeds of $118.8 $266.6 million under our financing agreements during three six months ended March 31, 2024 June 30, 2024.

During the three six months ended March 31, 2023 June 30, 2023, our cash flows from financing activities were primarily driven by proceeds from borrowings under our financing agreements of $162.4 $556.3 million, partially offset by (i) repayments of $39.6 $504.7 million on borrowings under our financing agreements, and (ii) payment of $35.0 $143.8 million to redeem convertible notes, and (iii) payments of $70.1 million in dividends.

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Contractual Obligations and Commitments

The following table presents our contractual obligations and commitments (including interest payments) as of March 31, 2024 June 30, 2024 (dollars in thousands):

	Total	Total	Less than 1 year	1 to 3 years	3 to 5 years	Thereafter	Total	Less than 1 year	1 to 3 years	3 to 5 years	Thereafter
Master Repurchase Facilities(A)											
Term Lending Agreements(A)											
Warehouse Facility											
Term Loan Facility											
Asset Specific Facility											
Revolver(B)											
Total secured financing agreements											
Collateralized Loan Obligations											
Secured Term Loan											
Interest payable(C)											
Future funding obligations(D)											
RECOP I commitment											
Total											

(A) The allocation of repurchase facilities and term lending agreements is based on the earlier of (i) the maximum maturity of the underlying loans pledged as collateral or (ii) the maximum maturity of the respective financing agreements. Amounts borrowed are subject to a maximum 25.0% recourse limit.

(B) Any amounts borrowed are full recourse to certain subsidiaries of KREF. Amounts are estimated based on the amount outstanding under the Revolver and the interest rate in effect as of March 31, 2024 June 30, 2024. This is only an estimate as actual amounts borrowed, the timing of repayments and interest rates may vary over time. The Revolver matures in March 2027.

(C) The amounts are estimated by assuming the amounts outstanding under these facilities and the interest rates in effect as of March 31, 2024 June 30, 2024 will remain constant into the future. The actual amounts borrowed and rates may vary over time.

(D) We have future funding obligations related to our investments in senior loans. These future funding obligations primarily relate to construction projects, capital improvements, tenant improvements and leasing commissions. Generally, funding obligations are subject to certain conditions that must be met, such as customary construction draw certifications, minimum debt service coverage ratios, minimal debt yield tests, or executions of new leases before advances are made to the borrower. As such, the allocation of our future funding obligations is based on the earlier of the expected funding or commitment expiration date.

We are required to pay our Manager a base management fee, an incentive fee and reimbursements for certain expenses pursuant to our management agreement. The table above does not include the amounts payable to our Manager under our management agreement as they are not fixed and determinable. See Note 14 to our condensed consolidated financial statements included in this Form 10-Q for additional terms and details of the fees payable under our management agreement.

As a REIT, we generally must distribute at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains, to stockholders in the form of dividends to comply with the REIT provisions of the Code. Our taxable income does not necessarily equal our net income as calculated in accordance with GAAP, or our Distributable Earnings as described above under "Key Financial Measures and Indicators — Distributable Earnings".

Subsequent Events

Our subsequent events are detailed in Note 17 to our condensed consolidated financial statements.

Critical Accounting Policies and Use of Estimates

Our discussion and analysis of our financial condition and results of operations is based upon our condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these condensed consolidated financial statements requires our Manager to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. Actual results could differ from these estimates. There have been no material changes to our Critical Accounting Policies and Use of Estimates described in our Annual Report on Form 10-K.

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Allowance for Credit Losses

We originate and purchase CRE debt and related instruments generally to be held as long-term investments at amortized cost. We adopted ASU No. 2016-13, *Financial Instruments —Credit Losses*, and subsequent amendments (“ASU 2016-13”), which replaced the incurred loss methodology with an expected loss model known as the Current Expected Credit Loss ("CECL") model. CECL amended the previous credit loss model to reflect our current estimate of all expected credit losses, not only based on historical experience and current conditions, but also by including reasonable and supportable forecasts incorporating forward-looking information.. The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost, and off-balance sheet credit exposures such as unfunded loan commitments. The allowance for credit losses required under ASU 2016-13 is deducted from the respective loans’ amortized cost basis on our Condensed Consolidated Balance Sheets. The allowance for credit losses attributed to unfunded loan commitments is included in “Other liabilities” on the Condensed Consolidated Balance Sheets.

We Commencing in the second quarter of 2024, we have implemented estimated CECL reserves using the Weighted-Average Remaining Maturity, or WARM method, which has been identified as a loss-rate method for estimating CECL reserves by the Financial Accounting Standards Board (“FASB”). In estimating a CECL reserve using the WARM method, we reference historical loan loss forecasting models for estimating data across a comparable data set and apply such loss rate to each loan over its expected life-time credit losses, at remaining term, taking into consideration expected economic conditions over the individual loan level, for our commercial real estate loan portfolio. The CECL forecasting methods relevant timeframe. In certain instances, we use include (i) a probability of default and loss given default method using an underlying third-party CMBS/CRE loan database with historical loan losses from 1998 through 2023, and (ii) a probability weighted expected cash flow method, depending on the type of loan and the availability of relevant historical market loan loss data. We might use other acceptable alternative approaches in the future depending on, among other factors, the type of loan, underlying collateral and availability of relevant historical market loan loss data.

We estimate To arrive at a CECL reserve using the CECL allowance for our loan portfolio, WARM method, we considered various factors including unfunded loan commitments, at (i) historical loss experience in the individual loan level. Significant inputs to our forecasting methods include (i) key loan-specific inputs such as vintage year, loan-term, underlying property type, geographic location, most recent appraisal, commercial real estate lending market, (ii) timing of expected repayments and expected timing and amount of loan future loan fundings, (ii) performance against the underwritten business plan funding, (iii) and our internal loan risk rating current and (iii) future view of the macroeconomic environment for a macro-economic forecast.

These estimates may change in future periods based on available future macro-economic data reasonable and might result in supportable forecast period. We derive a material change in our future estimates of expected credit losses for its loan portfolio. We consider the individual loan internal risk rating as the key credit quality indicator in assessing the CECL allowance. We perform a review, at least quarterly, of our loan portfolio at the individual loan level to determine the internal risk rating for each of our loans by assessing the risk factors of each loan, including, without limitation, LTV, debt yield, property type, geographic and local market dynamics, physical condition, cash flow volatility, leasing and tenant profile, loan structure and exit plan, and project sponsorship. Considering these factors, we historical loss rate our loans predominately based on a five-point scale, "1" though "5", commercial mortgage-backed securities (“CMBS”) database with historical losses from less 1998 through 2024 provided by a third party. We focus on the most relevant subset of CMBS data that is determined to be the most comparable to our own portfolio. The historical loss rate is further adjusted to consider expected macroeconomic conditions over reasonable and supportable forecast periods, such as considering commercial real estate price indices, unemployment rates and market liquidity. There is significant uncertainty related to future macroeconomic conditions. Therefore, we also consider other loan specific credit quality factors such as the risk rating of the loan, a near-term maturity, nature of construction loans, and economic conditions specific to greater risk. the property type of the underlying collateral.

For collateral dependent loans that we determine foreclosure of the collateral is probable, we measure the expected losses based on the difference between the fair value of the collateral and the amortized cost basis of the loan as of the measurement date. For collateral dependent loans where we determine foreclosure is not probable, we apply a practical expedient to estimate expected losses using the difference between the collateral’s fair value (less costs to sell the asset if repayment is expected through the sale of the collateral) and the amortized cost basis of the loan. A loan is determined to be collateral dependent if (i) a borrower or sponsor is experiencing financial difficulty, and (ii) the loan is expected to be substantially repaid through the sale of the underlying collateral; such determination requires the use of significant judgment and can be based on several factors subject to uncertainty. Considerations used in determination of financial difficulty may include, but are not limited to, whether the borrower's operating cash flow is sufficient to cover the current and future debt service requirements, the borrower’s ability to refinance the loan, market liquidity and other circumstances that can affect the borrower’s ability to satisfy its contractual obligations under the loan agreement.

Refer to Note 2 to our condensed consolidated financial statements for the description of our significant accounting policies.

Recent Accounting Pronouncements

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires a public entity to disclose significant segment expenses and other segment items on an annual and interim basis and to provide in interim periods all disclosures about a reportable segment's profit or loss and assets that are currently required annually. Public entities with a single reportable segment are required to provide the new disclosures and all the disclosures required under ASC 280. The guidance is effective for our 2024 annual reporting. The guidance is applied retrospectively to all periods presented in the financial statements, unless it is impracticable. We are evaluating the impact of ASU 2023-07.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We seek to manage our risks related to the credit quality of our assets, interest rates, liquidity, prepayment rates and market value, while at the same time seeking to provide an opportunity to stockholders to realize attractive risk-adjusted returns. While risks are inherent in any business enterprise, we seek to quantify and justify risks in light of available returns and to maintain capital levels consistent with the risks we undertake.

Credit Risk

Our investments are subject to credit risk, including the risk of default. The performance and value of our investments depend upon the sponsors' ability to operate the properties that serve as our collateral so that they produce cash flows adequate to pay interest and principal due to us. To monitor this risk, we review our investment portfolio and is in regular contact with the sponsors, monitoring performance of the collateral and enforcing our rights as necessary.

Inflation, rising interest rates and increasing costs may dampen consumer spending and slow corporate profit growth, which may negatively impact the value of underlying real estate collateral relating to our investments and impair our borrowers' ability to execute on their business plans and potentially their ability to perform under the terms of their loan obligations.

Credit Yield Risk

Credit yields measure the return demanded on financial instruments by the lending market based on their risk of default. Increasing supply of credit-sensitive financial instruments and reduced demand will generally cause the market to require a higher yield on such financial instruments, resulting in a lower price for the financial instruments we hold.

Interest Rate Risk

The composition of our investments is such that rising interest rates will increase our net income, while declining interest rates will generally decrease our net income. Rate floors relating to our loan portfolio may offset some of the impact from declining rates. There can be no assurance that we will continue to utilize rate floors. There can be no assurance of how our net income may be affected in future quarters, which will depend on, among other things, the interest rate environment and our then-current portfolio.

In light of increasing inflation in recent years, the U.S. Federal Reserve has raised interest rates eleven times since January 2022.

In addition to the risks related to fluctuations in cash flows and asset values associated with movements in interest rates, there is also the risk of non-performance on floating-rate assets. In the case of a significant increase in interest rates, the cash flows of the collateral real estate assets may not be sufficient to pay debt service due under our loans, which may contribute to non-performance or, in severe cases, default.

Notwithstanding the current period of relatively high interest rates, the U.S. Federal Reserve has indicated that it may decrease interest rates in 2024. In a period of declining interest rates, our interest income on floating-rate investments would generally decrease, while any decrease in the interest we are charged on our floating-rate debt may be subject to floors and may not compensate for such decrease in interest income. However, rate floors relating to our loan portfolio may offset some of the impact from declining rates. In addition, interest we are charged on our fixed-rate debt would not change.

As of March 31, 2024 June 30, 2024, our accruing loan portfolio and related portfolio financing by principal amount earned or paid a floating rate of interest indexed to Term SOFR. Accordingly, our interest income and expense will generally change directionally with index rates; however, in certain circumstances, rate floors relating to our loan portfolio may partially offset the impact from changing rates. As of March 31, 2024 June 30, 2024, a 50 basis point and a 100 basis point decrease in the index rates would decrease our expected cash flows by approximately $1.0 $0.9 million and $2.1 $1.8 million, or ($0.02) 0.01) and ($0.03) per common share, respectively, for the following three-month period. Conversely, a 50 basis point and a 100 basis point increase in the index rates would increase our expected cash flows by approximately $1.0 $0.9 million and $2.1 $1.8 million, or $0.02 $0.01 and $0.03 per common share, respectively, for the same period.

Prepayment Risk

Prepayment risk is the risk that principal will be repaid at an earlier date than anticipated, potentially causing the return on certain investments to be less than expected. As we receive prepayments of principal on our assets, any premiums paid on such assets are amortized against interest income. In general, an increase in prepayment rates accelerates the amortization of purchase premiums, thereby reducing the interest income earned on the assets. Conversely, discounts on such assets are accreted into interest income. In general, an increase in prepayment rates accelerates the accretion of purchase discounts, thereby increasing the interest income earned on the assets. Additionally, we may not be able to reinvest the principal repaid at the same or higher yield of the original investment.

Higher interest rates imposed by the Federal Reserve may lead to a decrease in prepayment speeds and an increase in the number of our borrowers who exercise extension options, which could extend beyond the term of certain secured financing agreements we use to finance our loan investments. This could have a negative impact on our results of operations, and in some situations, we may be forced to sell assets to maintain adequate liquidity, which could cause us to incur losses.

Financing Risk

We finance our target assets using our repurchase facilities, our term lending agreements, our Term Loan Facility, Warehouse Facility, Asset Based Financing, secured term loan, collateralized loan obligations and through syndicating senior participations in our originated senior loans. Over time, as market conditions change, we may use other forms of leverage in addition to these methods of financing. Weakness or volatility in the financial markets, the CRE and mortgage markets or the economy generally could adversely affect one or more of our lenders or potential lenders and could cause one or more of our lenders or potential lenders to be unwilling or unable to provide us with financing, or to decrease the amount of our available financing through a market to market, or to increase the costs of that financing.

Real Estate Risk

The market values of commercial real estate assets are subject to volatility and may be adversely affected by a number of factors, including, but not limited to, national, regional and local economic conditions (which may be adversely affected by industry slowdowns and other factors); local real estate conditions; changes or continued weakness in specific industry segments; construction quality, age and design; demographic factors; and retroactive changes to building or similar codes. In addition, decreases in property values reduce the value of the collateral and the potential proceeds available to a borrower to repay the underlying loans, which could also cause us to suffer losses.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that the information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurances of achieving the desired controls.

As of March 31, 2024 June 30, 2024, we carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2024 June 30, 2024, our disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) of the Exchange Act) occurred during the quarter ended March 31, 2024 June 30, 2024 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The section entitled "*Litigation*" appearing in Note 13 of our condensed consolidated financial statements included in this Form 10-Q is incorporated herein by reference.

ITEM 1A. RISK FACTORS

For information regarding the risk factors that could affect the Company's business, results of operations, financial condition and liquidity, see the information under Part I, Item 1A. "Risk Factors" in the Form 10-K, which is accessible on the SEC's website at www.sec.gov. There have been no material changes to the risk factors previously disclosed in the Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

Under the Company's current share repurchase program, which was originally announced on May 9, 2018, and subsequently extended and/or increased on June 17, 2019, June 15, 2020 and February 3, 2023, we may repurchase up to an aggregate of $100.0 million of our common stock effective as of February 3, 2023, of which up to $50.0 million may be repurchased under a pre-set trading plan meeting the requirements of Rule 10b5-1 under the Exchange Act, and provide for repurchases of common stock when the market price per share is below book value per share (calculated in accordance with GAAP as of end of the most recent quarterly period for which financial statements are available), and the remaining $50.0 million may be used for repurchases in the open market, pursuant to pre-set trading plans meeting the requirements of Rule 10b5-1 under the Exchange Act, in privately negotiated transactions or otherwise. The timing, manner, price and amount of any common stock repurchases will be determined by us in our discretion and will depend on a variety of factors, including legal requirements, price and economic considerations, and market conditions. The program does not require us to repurchase any specific number of shares of common stock. The program does not have an expiration date and may be suspended, modified or discontinued at any time.

We did not repurchase any shares of our common stock during the three months ended March 31, 2024 June 30, 2024. As of March 31, 2024 June 30, 2024, we had $100.0 million of remaining capacity to repurchase shares under the program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
10.1	Fourth Omnibus Amendment and Reaffirmation Agreement, dated as of May 22, 2024, among KREF Lending IX LLC, KKR Real Estate Finance Holdings L.P., KREF Holdings IX LLC, KREF Capital LLC, Computershare Trust Company, N.A., and Morgan Stanley Bank, N.A. (as assignee of all the rights and obligations of MUFG Bank Ltd.)
31.1	Certificate of Matthew A. Salem, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certificate of Kendra L. Decious, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certificate of Matthew A. Salem, Chief Executive Officer, pursuant to Section 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
32.2	Certificate of Kendra L. Decious, Chief Financial Officer, pursuant to Section 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document With Embedded Linkbase Documents.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File, formatted in Inline XBRL and contained in Exhibit 101.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

KKR REAL ESTATE FINANCE TRUST INC.

Date: April 23, July 22, 2024

By: /s/ Matthew A. Salem
Name: Matthew A. Salem
Title: Chief Executive Officer
(Principal Executive Officer)

Date: April 23, July 22, 2024

By: /s/ Kendra L. Decious
Name: Kendra L. Decious
Title: Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

Exhibit 10.1

EXECUTION COPY

FOURTH OMNIBUS AMENDMENT AND REAFFIRMATION AGREEMENT

FOURTH OMNIBUS AMENDMENT AND REAFFIRMATION AGREEMENT, dated as of May 22, 2024 (this "Amendment and Reaffirmation"), by and among KREF LENDING IX LLC, a Delaware limited liability company ("Seller"), KKR REAL ESTATE FINANCE HOLDINGS L.P., a Delaware limited partnership ("Guarantor"), KREF HOLDINGS IX LLC, a Delaware limited liability company ("Pledgor"), KREF CAPITAL LLC, a Delaware limited liability company ("Originator"), COMPUTERSHARE TRUST COMPANY, N.A., as successor-in-interest to WELLS FARGO BANK, NATIONAL ASSOCIATION, solely for the purposes set forth in Section 9 and Section 20 hereof ("Custodian") and MORGAN STANLEY BANK, N.A. ("Buyer"), as the assignee of all of the rights and obligations of MUFG BANK, LTD. ("Original Buyer") under the Program Documents pursuant to the Assignment and Assumption Agreement (as defined below).

RECITALS

WHEREAS, Seller and Buyer (after giving effect to the Assignment and Assumption Agreement) are parties to that certain Master Repurchase Agreement and Securities Contract, dated as of July 27, 2021 (as amended by that certain Omnibus Amendment and Reaffirmation Agreement, dated as of March 31, 2022 (the "First Omnibus Amendment"), that certain Second Omnibus Amendment and Reaffirmation Agreement, dated as of August 23, 2022 (the "Second Omnibus Amendment") and that certain Third Omnibus Amendment and Reaffirmation Agreement, dated as of September 26, 2023 (the "Third Omnibus Amendment") and as further amended, restated, supplemented or otherwise modified and in effect from time to time, the "Repurchase Agreement");

WHEREAS, Seller and Buyer (after giving effect to the Assignment and Assumption Agreement) are parties to that certain Fee Letter, dated as of July 27, 2021 (as amended by the First Omnibus Amendment and the Second Omnibus Amendment, and as further amended, restated, supplemented or otherwise modified and in effect from time to time, the "Fee Letter");

WHEREAS, Seller and Buyer (after giving effect to the Assignment and Assumption Agreement) are parties to that certain Upsize Structuring Fee Side Letter, dated as of March 31, 2022 (as the same may be amended, restated, supplemented or otherwise modified and in effect from time to time, the "Upsize Structuring Fee Side Letter");

WHEREAS, Seller and Buyer (after giving effect to the Assignment and Assumption Agreement) are parties to that certain Second Upsize Structuring Fee Side Letter, dated as of August 23, 2022 (as the same may be amended, restated, supplemented or otherwise modified and in effect from time to time, the "Second Upsize Structuring Fee Side Letter");

WHEREAS, Guarantor is party to that certain Limited Guaranty in favor of Buyer (after giving effect to the Assignment and Assumption Agreement), dated as of July 27, 2021 (as amended by the Third Omnibus Amendment and as further amended, restated, supplemented or otherwise modified and in effect from time to time, the "Guaranty");

WHEREAS, Pledgor and Buyer (after giving effect to the Assignment and Assumption Agreement) are parties to that certain Pledge and Security Agreement, dated as of July 27, 2021

(as amended, restated, supplemented or otherwise modified and in effect from time to time, the "Pledge Agreement");

WHEREAS, Originator and Buyer (after giving effect to the Assignment and Assumption Agreement) are parties to that certain Originator Pledge and Security Agreement, dated as of August 6, 2021 (as amended, restated, supplemented or otherwise modified and in effect from time to time, the "Originator Pledge Agreement");

WHEREAS, Seller, Buyer and Custodian (after giving effect to the Assignment and Assumption Agreement) are parties to that certain Amended and Restated Custodial Agreement, dated as of March 31, 2022 (as amended, restated, supplemented or otherwise modified and in effect from time to time, the "Custodial Agreement");

WHEREAS, on the date hereof and immediately prior to the execution and delivery of this Amendment and Reaffirmation, Original Buyer assigned all of its rights and obligations in the Program Documents to Buyer, and Buyer assumed all of Original Buyer's rights and obligations thereunder pursuant to the terms of the Assignment and Assumption Agreement;

WHEREAS, in connection with such assignment and assumption, Seller, Guarantor, Pledgor, Originator, Custodian and Buyer wish to modify certain terms and provisions of the Repurchase Agreement, the Fee Letter, the Upsize Structuring Fee Side Letter, the Second Upsize Structuring Fee Side Letter, the Guaranty, the Pledge Agreement, the Originator Pledge Agreement and the Custodial Agreement, each as applicable to the respective party; and

WHEREAS, in connection with the modifications contemplated by this Amendment and Reaffirmation and the assignment and assumption contemplated by the Assignment and Assumption Agreement, Buyer has requested that each of Guarantor, Originator and Pledgor reaffirm its respective obligations for the benefit of Buyer under the Guaranty, Originator Pledge Agreement or Pledge Agreement, as applicable, and reaffirm that the provisions of the Guaranty, Originator Pledge Agreement or Pledge Agreement, as applicable, shall remain in full force and effect upon the effectiveness of this Amendment and Reaffirmation and the Assignment and Assumption Agreement.

NOW, THEREFORE, in consideration of the premises and the agreements hereinafter set forth, the parties hereto hereby agree as follows:

1. Definitions. Unless otherwise defined herein, terms defined in the Repurchase Agreement and used herein shall have the meanings given to them in the Repurchase Agreement.

2. Amendments to Repurchase Agreement. Buyer and Seller hereby agree that, as of the date hereof, and after giving effect to the Assignment and Assumption Agreement (the "Amendment Effective Date"), the Repurchase Agreement is hereby amended as follows:

(a) Each reference to "MUFG Union Bank, N.A.", "MUFG Bank, Ltd.", "MUFG Bank, LTD." and "MUFG" is hereby replaced with "Morgan Stanley Bank, N.A." where it appears therein.

(b) Annex I, Exhibit A, Exhibit B, Exhibit E, Exhibit F, Exhibit I, Exhibit J and Exhibit L are hereby amended and restated as set forth in Annex 1 hereto.

3. Amendment to Fee Letter. Buyer and Seller hereby agree that, as of the Amendment Effective Date, the Fee Letter is hereby amended as follows:

(a) Each reference to "MUFG Union Bank, N.A." is hereby replaced with "Morgan Stanley Bank, N.A." where it appears therein.

4. Amendments to Upsize Structuring Fee Side Letter. Buyer and Seller hereby agree that, (i) as of the Amendment Effective Date, the Upsize Structuring Fee Side Letter is hereby amended as follows:

(a) Each reference to "MUFG Bank, Ltd." is hereby replaced with "Morgan Stanley Bank, N.A." where it appears therein; and

(ii) the Upsize Structuring Fee Side Letter has been fully performed by the Seller and the Seller has no further obligations thereunder.

5. Amendments to Second Upsize Structuring Fee Side Letter. Buyer and Seller hereby agree that, (i) as of the Amendment Effective Date, the Second Upsize Structuring Fee Side Letter is hereby amended as follows:

(a) Each reference to "MUFG Bank, Ltd." is hereby replaced with "Morgan Stanley Bank, N.A." where it appears therein; and

(ii) the Second Upsize Structuring Fee Side Letter has been fully performed by the Seller and the Seller has no further obligations thereunder.

6. Amendments to Pledge Agreement. Pledgor and Buyer hereby agree that, as of the Amendment Effective Date, the Pledge Agreement is hereby amended as follows:

(a) Each reference to "MUFG Union Bank, N.A." is hereby replaced with "Morgan Stanley Bank, N.A." where it appears therein.

7. Amendments to Originator Pledge Agreement. Originator and Buyer hereby agree that, as of the Amendment Effective Date, the Originator Pledge Agreement is hereby amended as follows:

(a) Each reference to "MUFG Union Bank, N.A." is hereby replaced with "Morgan Stanley Bank, N.A." where it appears therein.

(b) The address details for Buyer on the signature page thereto are hereby amended and restated in their entirety to read as follows:

Morgan Stanley Bank, N.A.
1585 Broadway, 25th Floor
New York, New York 10036

Attention: Anthony Preisano
Telephone: (212) 761-5688
Fax: (718) 233-3307
Email: Anthony.Preisano@morganstanley.com

With a copy to:

Morgan Stanley Bank, N.A.
One Utah Center, 201 South Main Street
Salt Lake City, Utah 84111

With a copy to:

Paul Hastings LLP
200 Park Avenue
New York, NY 10166
Attention: Lisa Chaney
Telephone: (212) 318-6773
Email: lisachaney@paulhastings.com

8. Amendments to Guaranty. Guarantor and Buyer hereby agree that, as of the Amendment Effective Date, the Guaranty is hereby amended as follows:

(a) Each reference to "MUFG Union Bank, N.A." is hereby replaced with "Morgan Stanley Bank, N.A." where it appears therein.

9. Amendments to Custodial Agreement. Seller, Custodian and Buyer hereby agree that, as of the Amendment Effective Date, the Custodial Agreement is hereby amended as follows:

(a) Each reference to "MUFG Bank, Ltd." is hereby replaced with "Morgan Stanley Bank, N.A." where it appears therein.

(b) The address details for Buyer on the signature page thereto are hereby amended and restated in their entirety to read as follows:

Morgan Stanley Bank, N.A.
1585 Broadway, 25th Floor
New York, New York 10036
Attention: Anthony Preisano
Telephone: (212) 761-5688
Fax: (718) 233-3307
Email: Anthony.Preisano@morganstanley.com

With a copy to:

Morgan Stanley Bank, N.A.
One Utah Center, 201 South Main Street
Salt Lake City, Utah 84111

With a copy to:

Paul Hastings LLP
200 Park Avenue
New York, NY 10166
Attention: Lisa Chaney
Telephone: (212) 318-6773
Email: lisachaney@paulhastings.com

(c) The address details for Buyer in the Form of Trust Receipt attached as Annex 2 thereto are hereby amended and restated in their entirety to read as follows:

Morgan Stanley Bank, N.A.
1585 Broadway, 25th Floor
New York, New York 10036
Attention: Anthony Preisano

(d) Authorized Representatives of Buyer at Annex 7 of the Custodial Agreement is herewith replaced with Annex 2 hereto.

10. Reaffirmations.Guarantor, for the benefit of Buyer only, hereby reaffirms its obligations under the Guaranty and acknowledges that its obligations under the Guaranty, after giving effect to this Amendment and Reaffirmation and the Assignment and Assumption Agreement, are continuing and in full force and effect in favor of Buyer.

(b) Pledgor, for the benefit of Buyer only, hereby (i) reaffirms its obligations under the Pledge Agreement and acknowledges that its obligations under the Pledge Agreement, after giving effect to this Amendment and Reaffirmation and the Assignment and Assumption Agreement, are continuing and in full force and effect in favor of Buyer and (ii) consents to the filing of the UCC-3 financing statement attached hereto as Exhibit A.

(c) Originator, for the benefit of Buyer only, hereby (i) reaffirms its obligations under the Originator Pledge Agreement and acknowledges that its obligations under the Originator Pledge Agreement, after giving effect to this Amendment and Reaffirmation and the Assignment and Assumption Agreement, are continuing and in full force and effect in favor of Buyer and (ii) consents to the filing of the UCC-3 financing statement attached hereto as Exhibit B.

(d) Seller hereby consents to the filing of the UCC-3 financing statement attached hereto as Exhibit C.

11. Conditions Precedent. This Amendment and Reaffirmation shall become effective as of the Amendment Effective Date, subject to the satisfaction of the following conditions precedent:(a) On the date hereof, Buyer shall have received this Amendment and Reaffirmation, executed and delivered by the duly authorized officers of each party hereto.

(b) An Assignment and Assumption Agreement (the "Assignment and Assumption Agreement"), executed and delivered by the duly authorized officers of Original Buyer and Buyer and consented to by Seller;

(c) The UCC-3 financing statements set forth on Exhibits A, B and C hereto;

(d) An omnibus power of attorney substantially in the form of Exhibit F set forth in Annex 1 hereto;

(e) An Amended and Restated Cash Management Agreement, executed and delivered by the duly authorized officers of Buyer, Seller and Account Bank, in form and substance satisfactory to the Seller; and

(f) A Servicer Acknowledgment Letter, executed and delivered by the duly authorized officers of Buyer, Servicer, K-Star Asset Management LLC, Originator and Seller.

12. Representations and Warranties. Seller, Guarantor, Originator and Pledgor each hereby represents and warrants to Buyer only that as of the date hereof:

(a) No Default or Event of Default exists, and no Default or Event of Default will occur as a result of the execution, delivery and performance by such party of this Amendment and Reaffirmation.

(b) Such party has the requisite power and authority to execute, deliver and perform this Amendment and Reaffirmation.

(c) Such party has taken all necessary corporate (or analogous) action to authorize the execution, delivery and performance of this Amendment and Reaffirmation. This Amendment and Reaffirmation constitutes a legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws relating to or affecting creditors' rights generally, and subject to general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

(d) Each of the representations and warranties (other than the representations and warranties set forth in Exhibit G-1 and Exhibit G-2 of the Repurchase Agreement) made by such party herein or in or pursuant to the Program Documents is true and correct in all material respects on and as of the date hereof as if made on and as of such date; provided that any representation or warranty made solely with respect to a specified prior date shall be true and correct in all material respects as of such specified date.

13. Governing Law. THIS AMENDMENT AND REAFFIRMATION SHALL BE CONSTRUED IN ACCORDANCE WITH, AND GOVERNED BY, THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ANY LAWS, RULES OR PROVISIONS OF THE STATE OF NEW YORK THAT WOULD CAUSE THE APPLICATION OF THE LAWS, RULES OR PROVISIONS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK.

14. Continuing Effect. As amended by this Amendment and Reaffirmation, all terms, covenants and provisions of the Guaranty, Fee Letter, Upsize Structuring Fee Side Letter, Second Upsize Structuring Fee Side Letter, Pledge Agreement, Originator Pledge Agreement, Custodial

Agreement and Repurchase Agreement, are ratified and confirmed and shall remain in full force and effect to the extent of any obligations thereunder. This Amendment and Reaffirmation shall not constitute a novation of the Guaranty, Fee Letter, Upsize Structuring Fee Side Letter, Second Upsize Structuring Fee Side Letter, Pledge Agreement, Originator Pledge Agreement, Custodial Agreement, Repurchase Agreement or any Program Document but shall constitute modifications thereof. In addition, any and all guaranties and indemnities for the benefit of Buyer and agreements subordinating rights and liens to the rights and liens of Buyer, are hereby ratified and confirmed and shall not be released, diminished, impaired, reduced or adversely affected by this Amendment and Reaffirmation, and each party indemnifying Buyer, and each party subordinating any right or lien to the rights and liens of Buyer, hereby consents, acknowledges and agrees to the modifications set forth in this Amendment and Reaffirmation and waives any common law, equitable, statutory or other rights which such party might otherwise have as a result of or in connection with this Amendment and Reaffirmation.

15. Binding Effect; No Partnership; Counterparts. The provisions of the Guaranty, Fee Letter, Upsize Structuring Fee Side Letter, Second Upsize Structuring Fee Side Letter, Pledge Agreement, Originator Pledge Agreement, Custodial Agreement and Repurchase Agreement, as amended hereby, shall be binding upon and inure to the benefit of the parties thereto and their respective successors and permitted assigns. Nothing herein contained shall be deemed or construed to create a partnership or joint venture between any of the parties hereto. For the purpose of facilitating the execution of this Amendment and Reaffirmation as herein provided, this Amendment and Reaffirmation shall be valid, binding, and enforceable against a party only when executed and delivered by an authorized individual on behalf of the party by means of (i) any electronic signature permitted by the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, and/or any other relevant electronic signatures law, including relevant provisions of the Uniform Commercial Code (collectively, "Signature Law"); (ii) an original manual signature; or (iii) a faxed, scanned, or photocopied manual signature. Each electronic signature or faxed, scanned, or photocopied manual signature shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Each party hereto shall be entitled to conclusively rely upon, and shall have no liability with respect to, any faxed, scanned, or photocopied manual signature, or other electronic signature, of any party and shall have no duty to investigate, confirm or otherwise verify the validity or authenticity thereof. This Amendment and Reaffirmation may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute one and the same instrument. For avoidance of doubt, original manual signatures shall be used

for execution or indorsement of writings and authentication of certificates when required under the Uniform Commercial Code or other Signature Law due to the character or intended character of the writings.

16. Further Agreements. Seller agrees to execute and deliver such additional documents, instruments or agreements as may be reasonably requested by Buyer to the extent necessary to effectuate the purposes of this Amendment and Reaffirmation.

17. Headings, etc. Section or other headings contained in this Amendment and Reaffirmation are for reference purposes only and shall not in any way affect the meaning or interpretation of this Amendment and Reaffirmation.

18. Program Document. Each of Seller, Guarantor, Originator and Pledgor hereby acknowledges and agrees that, notwithstanding anything to the contrary contained herein, in the Repurchase Agreement or in any other Program Document, this Amendment and Reaffirmation and the Assignment and Assumption Agreement shall each constitute a Program Document under the Repurchase Agreement. All references to the Guaranty, Fee Letter, Upsize Structuring Fee Side Letter, Second Upsize Structuring Fee Side Letter, Pledge Agreement, Originator Pledge Agreement, Custodial Agreement and Repurchase Agreement in any Program Document, or in any other document executed or delivered in connection therewith shall, from and after the execution and delivery of this Amendment and Reaffirmation, be deemed a reference to the Guaranty, Fee Letter, Upsize Structuring Fee Side Letter, Second Upsize Structuring Fee Side Letter, Pledge Agreement, Originator Pledge Agreement, Custodial Agreement or Repurchase Agreement, as applicable, as amended hereby, unless the context expressly requires otherwise.

19. No Waiver. The execution, delivery and effectiveness of this Amendment and Reaffirmation shall not operate as a waiver of any right, power or remedy of Buyer under the Guaranty, Fee Letter, Upsize Structuring Fee Side Letter, Second Upsize Structuring Fee Side Letter, Pledge Agreement, Originator Pledge Agreement, Custodial Agreement, Repurchase Agreement or any other Program Document, nor constitute a waiver of any provision of the Guaranty, Fee Letter, Upsize Structuring Fee Side Letter, Second Upsize Structuring Fee Side Letter, Pledge Agreement, Originator Pledge Agreement, Custodial Agreement, Repurchase Agreement or any other Program Document by any of the parties hereto.

20. Miscellaneous. Except as expressly amended and modified by this Amendment and Reaffirmation, the Custodial Agreement shall continue to be, and shall remain, in full force and effect in accordance with its terms. For the avoidance of doubt, the Custodian shall remain entitled to all rights, protections, and indemnities provided to it under the Custodial Agreement and nothing herein shall be construed to limit or diminish such rights. The Seller hereby agrees that it shall be responsible for the payments of the fees and out-of-pocket expenses of legal counsel to the Custodian incurred in connection with the consummation of this Amendment and Reaffirmation in accordance with Section 6.01 and Section 11.08 of the Custodial Agreement.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment and Reaffirmation to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

KREF LENDING IX LLC, as Seller

By: /s/ Patrick Mattson

Name: Patrick Mattson

Title: Authorized Signatory

KKR REAL ESTATE FINANCE HOLDINGS L.P., as Guarantor

By: KKR Real Estate Finance Trust Inc., a Maryland corporation, its general partner

By: /s/ Patrick Mattson

Name: Patrick Mattson

Title: Authorized Signatory

KREF HOLDINGS IX LLC, as Pledgor

By: /s/ Patrick Mattson

Name: Patrick Mattson

Title: Authorized Signatory

[SIGNATURES CONTINUE ON THE NEXT PAGE]

KREF CAPITAL LLC, as Originator

By: /s/ Patrick Mattson
Name: Patrick Mattson
Title: Authorized Signatory

MORGAN STANLEY BANK, N.A., as Buyer

By: /s/ William P. Bowman
Name: William P. Bowman
Title: Authorized Signatory

AGREED, SOLELY WITH RESPECT TO SECTION 9 AND SECTION 20 BY CUSTODIAN:
COMPUTERSHARE TRUST COMPANY, N.A.

By: /s/ Ariel Ward
Name: Ariel Ward
Title: Vice President

EXHIBIT A

PLEDGOR UCC-3 FINANCING STATEMENT

[Attached]

EXHIBIT B

ORIGINATOR UCC-3 FINANCING STATEMENT

[Attached]

EXHIBIT C

SELLER UCC-3 FINANCING STATEMENT

[Attached]

ANNEX 1

ANNEX I

Names and Addresses for Communications Between Parties

Buyer:

Morgan Stanley Bank, N.A.
1585 Broadway, 25th Floor
New York, New York 10036
Attention: Anthony Preisano
Telephone: (212) 761-5688
Fax: (718) 233-3307
Email: Anthony.Preisano@morganstanley.com

With a copy to:

Morgan Stanley Bank, N.A.
One Utah Center, 201 South Main Street
Salt Lake City, Utah 84111

With a copy to:

Paul Hastings LLP
200 Park Avenue
New York, NY 10166

Attention: Lisa Chaney
Telephone: (212) 318-6773
Email: lisachaney@paulhastings.com

Seller:

KREF Lending IX LLC
c/o KKR Real Estate Finance Trust Inc.
30 Hudson Yards
Suite 7500
New York, New York 10001
Attention: Patrick Mattson
Telephone: (212) 519-1656
Email: Patrick.Mattson@kkr.com

With a copy to:

Hunton Andrews Kurth LLP
200 Park Avenue
New York, New York 10166

Attention: Doug Murphy, Esq.
Tel: (212) 309-1177
Email: murphyd@huntonAK.com

Pledgor:

KREF Holdings IX LLC
c/o KKR Real Estate Finance Trust Inc.
30 Hudson Yards, Suite 7500
New York, New York 10001
Attention: Patrick Mattson
Telephone: (212) 519-1656
Email: Patrick.Mattson@kkr.com

With a copy to:

Hunton Andrews Kurth LLP
200 Park Avenue
New York, New York 10166
Attention: Doug Murphy, Esq.
Tel: (212) 309-1177
Email: murphyd@huntonAK.com

EXHIBIT A

TRANSACTION REQUEST

Ladies and Gentlemen:

Pursuant to Section 3(a) of that certain Master Repurchase Agreement and Securities Contract, dated as of July 27, 2021 (as the same may have been and may hereafter be amended, restated, supplemented or otherwise modified, the "Agreement"), by and between Morgan Stanley Bank, N.A. ("Buyer"), as assignee of all of the rights and obligations of MUFG Bank, Ltd. under the Agreement, and KREF Lending IX LLC ("Seller"), Seller hereby requests that Buyer enter into a Transaction with respect to the Eligible Assets set forth on Schedule 1 attached hereto, upon the proposed terms set forth below. Capitalized terms used herein without definition have the meanings given in the Agreement.

Proposed Purchase Date:	[____________________]
Proposed Eligible Asset:	[____________________]
Property Type (including primary use in the case of a mixed use property):	[____________________]
Principal Amount of Proposed Eligible Asset:	[____________________]
Proposed Purchase Price Percentage:	[______]%

Proposed Purchase Price:	[____________________]
Future Funding Eligible Asset:	[Y/N]
Bailee:	[Y/N]
Pricing Rate:	Benchmark plus [___]%[1] (the "Applicable Spread"); provided, that the "Benchmark" as of the Purchase Date shall be Term SOFR.
Concentration Exceptions:	[______________________]
Seller's Account:	[__________________]
Name and address for communications:	Buyer: Morgan Stanley Bank, N.A. 1585 Broadway, 25th Floor New York, New York 10036 Attention: Anthony Preisano Telephone: (212) 761-5688 Fax: (718) 233-3307 Email: Anthony.Preisano@morganstanley.com

[1] Insert the Applicable Spread.

With a copy to:
Morgan Stanley Bank, N.A.
One Utah Center, 201 South Main Street
Salt Lake City, Utah 84111

With a copy to:
Paul Hastings LLP
200 Park Avenue
New York, NY 10166
Attention: Lisa Chaney
Telephone: (212) 318-6773
Email: lisachaney@paulhastings.com

Seller:
KREF Lending IX LLC
c/o KKR Real Estate Finance Trust Inc.
9 West 57th Street, Suite 4200
New York, New York 10019
Attention: Patrick Mattson
Telephone: (212) 519-1656
Email: Patrick.Mattson@kkr.com

With a copy to:
Hunton Andrews Kurth LLP
200 Park Avenue
New York, New York 10166
Attention: Doug Murphy, Esq.
Tel: (212) 309-1177
Email: murphyd@huntonAK.com

SELLER:

KREF LENDING IX LLC

By: ______________________________

Name: ____________________________

Title: ____________________________

EXHIBIT B

CONFIRMATION

Ladies and Gentlemen:

Morgan Stanley Bank, N.A. (“Buyer”) is pleased to deliver our written **CONFIRMATION** of our agreement to enter into the Transaction pursuant to which Buyer shall purchase from you the Purchased Assets identified on Schedule 1 attached hereto, upon satisfaction of all Transaction Conditions Precedent and pursuant to the terms of that certain Master Repurchase Agreement and Securities Contract, dated as of July 27, 2021 (as the same may have been and may hereafter be amended, restated, supplemented or otherwise modified, the “Agreement”), by and between Buyer, as assignee of all of the rights and obligations of MUFG Bank, Ltd. under the Agreement, and KREF Lending IX LLC (“Seller”). Capitalized terms used herein without definition have the meanings given in the Agreement.

Except as specified in Schedule 1 hereto, Seller will make all of the representations and warranties contained in the Agreement (including, without limitation, the representations and warranties applicable to the class of such asset set forth in Exhibit G to the Agreement).

Purchase Date:	[__________________]
Purchased Asset:	[__________________]
Property Type (including primary use in the case of a mixed use property):	[_________________]
Principal Amount of Purchased Asset:	[_________________]
Repurchase Date:	[[________________], as it may be extended to [__________]; provided that the Repurchase Date Extension Conditions are satisfied and [__________]; provided that the Repurchase Date Extension Conditions are satisfied.]
Purchase Price Percentage:	[_____]%
Purchase Price:	[________________]
Future Funding Eligible Asset:	[Y/N]
Extension Minimum Debt Yield Test(s):	[N/A] [_________________]
Extension Maximum LTV Test(s):	[N/A] [_________________]
Appraised Value:	[_________________]
Debt Yield:	[_________________]
LTV:	[_________________]

Pricing Rate:	Benchmark plus [___]%[2] (the “Applicable Spread”); provided, that the “Benchmark” as of the Purchase Date shall be Term SOFR.
Additional Material Modifications:	[N/A][____________________]
Additional Collateral:	[N/A][Mezzanine Loans]
Concentration Exceptions:	[_________________]
Copies of documents:	Seller hereby certifies that any copies of documents delivered to Custodian as part of the Purchased Asset File for the related Purchased Asset(s) represent true and correct copies of the originals of such documents.
Name and address for communications:	Buyer: Morgan Stanley Bank, N.A. 1585 Broadway, 25th Floor New York, New York 10036 Attention: Anthony Preisano Telephone: (212) 761-5688 Fax: (718) 233-3307 Email: Anthony.Preisano@morganstanley.com With a copy to: Morgan Stanley Bank, N.A. One Utah Center, 201 South Main Street Salt Lake City, Utah 84111 With a copy to: Paul Hastings LLP 200 Park Avenue New York, NY 10166 Attention: Lisa Chaney Telephone: (212) 318-6773 Email: lisachaney@paulhastings.com

2 Insert the Applicable Spread.

Seller:
KREF Lending IX LLC
c/o KKR Real Estate Finance Trust Inc.
30 Hudson Yards, Suite 7500
New York, New York 10001
Attention: Patrick Mattson
Telephone: (212) 519-1656
Email: Patrick.Mattson@kkr.com

With a copy to:
Hunton Andrews Kurth LLP
200 Park Avenue
New York, New York 10166
Attention: Doug Murphy, Esq.
Tel: (212) 309-1177
Email: murphyd@huntonAK.com

MORGAN STANLEY BANK, N.A.

By: ______________________________

Name: ______________________________

Title: ______________________________

AGREED AND ACKNOWLEDGED:

SELLER:

KREF LENDING IX LLC

By: ______________________________

Name: ______________________________

Title: ______________________________

Schedule 1 to Confirmation

Exceptions to Representations/Warranties

EXHIBIT E

FORM OF COMPLIANCE CERTIFICATE

Morgan Stanley Bank, N.A.
1585 Broadway, 25th Floor
New York, New York 10036
Attention: Anthony Preisano

Re: Master Repurchase Agreement and Securities Contract (as the same may have been and may hereafter be amended, restated, supplemented or otherwise modified, the "Agreement"), dated as of July 27, 2021, by and between KREF Lending IX LLC ("Seller") and Morgan Stanley Bank, N.A. ("Buyer"), as assignee of all of the rights and obligations of MUFG Bank, Ltd. under the Agreement. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Agreement.

Ladies and Gentlemen:

In accordance with the Agreement, the undersigned (SOLELY IN HIS OR HER CAPACITY AS AN OFFICER OF KKR REAL ESTATE FINANCE TRUST INC., THE GENERAL PARTNER OF GUARANTOR (IN SUCH CAPACITY, THE "GENERAL PARTNER") AND NOT IN HIS OR HER INDIVIDUAL CAPACITY) hereby certifies to Buyer as follows as of the date hereof:

(a) The undersigned is a duly authorized officer of the General Partner, which is the general partner of Guarantor.

(b) The information and calculations furnished in the attached Schedule 1 are true, correct and complete in all material respects as of the last day of the fiscal periods subject to the financial statements.

(c) Attached as Schedule 1 hereto are the calculations demonstrating compliance with the financial covenants set forth in Section 9(a) of the Guaranty, each for the immediately preceding quarter.

(d) [Attached hereto are the consolidated balance sheet and statement of equity of the REIT and the related combined consolidated statements of operations and cash flows for REIT, in each case, satisfying the requirements of Section 12(h)(ii)(A) of the Agreement. Guarantor represents, to the best of its knowledge after due inquiry, the information herein fairly and accurately present in all material respects the consolidated financial condition and results of operations of the REIT and its Consolidated Subsidiaries in accordance with GAAP as at the end of, and for, such period.]

[Attached hereto are the consolidated and unaudited balance sheet and income statement of Guarantor satisfying the requirements of Section 12(h)(i) of the Agreement. Guarantor represents to the best of its knowledge after due inquiry, the information herein fairly present in all material respects the consolidated financial condition and results of operations of

Guarantor and its Consolidated Subsidiaries in accordance with GAAP, as at the end of, and for, such period (subject to any normal year-end audit adjustments).]

[Attached hereto are the unaudited balance sheet and income statement of Guarantor satisfying the requirements of Section 12(h)(ii)(B) of the Agreement. Guarantor represents to the best of its knowledge after due inquiry the information herein fairly present in all material respects the consolidated financial condition and results of operations of Guarantor and its Consolidated Subsidiaries in accordance with GAAP as at the end of, and for, such period (subject to any normal year-end audit adjustments).]

(e) I have reviewed the terms of the Agreement and have made, or have caused to be made under my supervision, a detailed review of the transactions and financial condition of Seller and Guarantor during the accounting period covered by the financial statements delivered concurrently with the delivery of this Compliance Certificate as set forth in paragraph (d) (or most recently delivered to Buyer if none are delivered concurrently herewith).

(f) The examinations described in paragraph (e) did not disclose, and I have no knowledge of, the existence of any condition or event that constitutes a Default or Event of Default during or at the end of the accounting period covered by the financial statements described in paragraph(d) or as of the date of this Compliance Certificate, except as follows:

(g) To the best of Seller's and Guarantor's knowledge, each of Seller and Guarantor has, during the period since the delivery of the immediately preceding Compliance Certificate, observed or performed all of their respective covenants, duties and other agreements in all material respects, and satisfied in all material respects every condition, contained in the Agreement and the Program Documents to be observed, performed or satisfied by them and I have no knowledge of the occurrence during such period, or present existence, of any condition or event which constitutes a Default or Event of Default, except as follows:

The foregoing certifications, together with the financial statements, updates, reports, materials, calculations and other information set forth in any exhibit or other attachment hereto, or otherwise covered by this Compliance Certificate are made and delivered as of [ ].

Executed the ___ day of _____________, 20__ in the undersigned's capacity as an officer of General Partner and not in an individual capacity.

Very truly yours,

KKR REAL ESTATE FINANCE HOLDINGS L.P.

By: **KKR REAL ESTATE FINANCE TRUST INC.,** its General Partner

By: ______________________

Name: ______________________

Title: ______________________

SCHEDULE 1 TO COMPLIANCE CERTIFICATE

[TO BE ATTACHED BY SELLER]

EXHIBIT F

FORM OF POWER OF ATTORNEY

[ ], 20[ ]

Know All Men by These Presents, that KREF Lending IX LLC ("Seller"), does hereby appoint Morgan Stanley Bank, N.A. ("Buyer") its attorney-in-fact upon the occurrence and during the continuance of an Event of Default, to act in Seller's name, place and stead in any way that Seller could do with respect to the enforcement of Seller's rights under the Purchased Assets purchased by Buyer pursuant to the Master Repurchase Agreement and Securities Contract dated as of July 27, 2021 (as the same may have been and may hereafter be amended, restated, supplemented or otherwise modified, the "Repurchase Agreement"), between Buyer, as assignee of all of the rights and obligations of MUFG Bank, Ltd. under the Repurchase Agreement, and Seller, and to take such other actions as may be necessary or desirable to enforce Buyer's rights in such Purchased Assets, the related Purchased Asset Files and the Servicing Records to the extent that Seller is permitted by law to act through an agent. This Power of Attorney is a power coupled with an interest and shall be irrevocable. Capitalized terms used herein without definition shall have the meanings given in the Repurchase Agreement.

TO INDUCE ANY THIRD PARTY TO ACT HEREUNDER, SELLER HEREBY AGREES THAT ANY THIRD PARTY RECEIVING A DULY EXECUTED COPY OR FACSIMILE OF THIS INSTRUMENT MAY ACT HEREUNDER, AND THAT REVOCATION OR TERMINATION HEREOF SHALL BE INEFFECTIVE AS TO SUCH THIRD PARTY UNLESS AND UNTIL ACTUAL NOTICE OR KNOWLEDGE OF SUCH REVOCATION OR TERMINATION SHALL HAVE BEEN RECEIVED BY SUCH THIRD PARTY FROM BUYER, AND SELLER ON ITS OWN BEHALF AND ON BEHALF OF SELLER'S ASSIGNS, HEREBY AGREES TO INDEMNIFY AND HOLD HARMLESS ANY SUCH THIRD PARTY FROM AND AGAINST ANY AND ALL CLAIMS THAT MAY ARISE AGAINST SUCH THIRD PARTY BY REASON OF SUCH THIRD PARTY HAVING RELIED ON THE PROVISIONS OF THIS INSTRUMENT EXCEPT TO THE EXTENT THAT ANY SUCH CLAIMS ARISE AS A RESULT OF SUCH THIRD PARTY'S BAD FAITH, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

IN WITNESS WHEREOF Seller has caused this Power of Attorney to be executed as of the date first written above.

KREF Lending IX LLC, as Seller

By: ______________________________

Name: ______________________________

Title: ______________________________

STATE OF)
) ss.:
COUNTY OF)

On ____________________, before me, ________________________________ Notary Public, personally appeared ___________________________, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of that the foregoing paragraph is true and correct.

Witness my hand and official seal.

____

Notary signature

EXHIBIT I

FORM OF REDIRECTION LETTER

[____________________________]
[____________________________]
[____________________________]
[____________________________]
[____________________________]

REDIRECTION LETTER

AS OF ___________, 20__

Ladies and Gentlemen:

Please refer to: (a) that certain [Loan Agreement], dated [_________], 20[ ], by and between [____________] (the "Borrower"), as borrower, and [____________________], a [Delaware] [limited liability company] (the "Lender"), as lender; and (b) all documents securing or relating to that certain $[__________] loan made by the Lender to the Borrower on [___________], 20[ ] (the "Loan").

You are advised as follows, effective as of the date of this letter.

Assignment of the Loan. The Lender has assigned all of its right, title and interest in the Loan to KREF Lending IX LLC (the "Seller"). Seller has entered into a Master Repurchase Agreement and Securities Contract, dated as of July 27, 2021 (as the same may have been and may hereafter be amended, restated, supplemented or otherwise modified, the "Repo Agreement"), with Morgan Stanley Bank, N.A. ("Buyer"), as assignee of all of the rights and obligations of MUFG Bank, Ltd. under the Repo Agreement, and has assigned its rights and interests in the Loan (and all of its rights and remedies in respect of the Loan) to Buyer subject to the terms of the Repo Agreement. This assignment shall remain in effect unless and until Buyer has notified you otherwise in writing.

Direction of Funds. In connection with Seller's obligations under the Repo Agreement, Seller hereby directs you to disburse, by wire transfer, any and all payments to be made under or in respect of the Loan to the following account at _________________ for the benefit of Buyer:

____
____
____
____

This direction shall remain in effect unless and until Buyer has notified you otherwise in writing.

Modifications, Waivers, Etc. No modification, waiver, deferral, or release (in whole or in part) of any party's obligations in respect of the Loan, or of any collateral for any obligations in respect of the Loan, shall be effective without the prior written consent of Buyer.

Please acknowledge your acceptance of the terms and directions contained in this correspondence by executing a counterpart of this correspondence and returning it to the undersigned.

[Signature Page Follows]

Very truly yours,

KREF LENDING IX LLC,
a Delaware limited liability company

By: ______________________________
Name: ______________________________
Title: ______________________________

Agreed and accepted this ____
day of ____________, 20__
[____________________]
By: ______________________________
Name: ______________________________
Title: ______________________________

EXHIBIT J

FORM OF BAILEE LETTER

KREF Lending IX LLC
30 Hudson Yards
Suite 7500
New York, NY 10001
Attention: Patrick Mattson
Telephone: (212) 519-1656
Email: Patrick.Mattson@kkr.com

___________ ___, 20__

Morgan Stanley Bank, N.A.
1585 Broadway, 25th Floor
New York, New York 10036

Attention: Anthony Preisano

Re: Amended and Restated Custodial Agreement, dated as of [__], 2022 (as amended, restated or otherwise modified, the "Custodial Agreement"), among Morgan Stanley Bank, N.A. ("Buyer"), KREF Lending IX LLC ("Seller") and Computershare Trust Company, N.A. as successor-in-interest to Wells Fargo Bank, National Association, ("Custodian")

Ladies and Gentlemen:

Reference is made to that certain Master Repurchase Agreement and Securities Contract, dated as of July 27, 2021 (as the same may have been, and may hereafter be, amended, restated, extended, or otherwise modified from time to time, the "**Repurchase Agreement**") between KREF Lending IX LLC ("**Seller**") and Morgan Stanley Bank, N.A. ("**Buyer**"), as assignee of all of the rights and obligations of MUFG Bank, Ltd. under the Repurchase Agreement. In consideration of the mutual promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller, Buyer and [●] (the "**Bailee**") hereby agree as follows:

(a) Seller shall deliver to the Bailee in connection with any Wet Purchased Assets delivered to the Bailee hereunder, a Purchased Asset Schedule and the Purchased Asset File Checklist attached hereto as Attachment 1.

(b) On or prior to the Purchase Date indicated on the Purchased Asset File Checklist delivered by Seller (the "**Purchase Date**"), Seller shall have delivered to the Bailee, as bailee for hire, the documents set forth in the Purchased Asset File Checklist, which shall include all of the documents

required to be delivered to Buyer pursuant to the terms of Section 7(b) of the Repurchase Agreement (collectively, the "**Purchased Asset File**") for each of the Wet Purchased Assets (each a "**Purchased Asset**" and collectively, the "**Purchased Assets**") listed in the Purchased Asset Schedule. Bailee is not obligated to review and has not reviewed the accuracy of the Purchased Asset File, other than to take an inventory of such Purchased Asset File.

(c) The Bailee shall issue and deliver to Buyer and Computershare Trust Company, N.A. (the "**Custodian**") on or prior to the Purchase Date by electronic mail in the name of Buyer, an initial trust receipt and certification in the form of Attachment 2 attached hereto (the "**Bailee's Trust Receipt and Certification**") which Bailee's Trust Receipt and Certification shall state that the Bailee has received the documents comprising the Purchased Asset File as set forth in the Purchased Asset File Checklist.

(d) On the applicable Purchase Date, in the event that Buyer fails to purchase from Seller the Purchased Assets identified in the related Purchased Asset File Checklist, Buyer shall deliver by electronic mail to the Bailee to the attention of [●] at [●] and [●] at [●], an authorization (the "**Electronic Authorization**") to release the Purchased Asset Files with respect to the Purchased Assets identified therein to Seller. Upon receipt of such Electronic Authorization, the Bailee shall release the Purchased Asset Files to Seller in accordance with Seller's instructions.

(e) Following the Purchase Date and the funding of the Purchase Price, the Bailee shall forward the Purchased Asset Files to the Custodian at [●], Attention: [●], by insured overnight courier for receipt by the Custodian no later than 5:00 p.m. on the third (3rd) Business Day following the applicable Purchase Date (the "**Delivery Date**").

(f) From and after the applicable Purchase Date until the time of receipt of the Electronic Authorization or the Delivery Date, as applicable, the Bailee (a) shall maintain continuous custody (and will forward in accordance with clause (e) above) and control of the related Purchased Asset Files as bailee for Buyer (excluding any period when the same are under the delivery process described in clause (e) above) and (b) is holding the related Purchased Assets as sole and exclusive bailee for Buyer unless and until otherwise instructed in writing by Buyer.

(g) Seller agrees to indemnify and hold the Bailee and its partners, directors, officers, agents and employees harmless against any and all actual third party liabilities, obligations, losses, damages, penalties, actions, judgments, suits, reasonable actual out-of-pocket costs, expenses or disbursements of any kind or nature whatsoever, including reasonable attorneys' fees, that may be imposed on, incurred by, or asserted against it or them in any way relating to or arising out of this Bailee Letter or any action taken or not taken by it or them hereunder unless such liabilities, obligations, losses, damages, penalties,

actions, judgments, suits, costs, expenses or disbursements (other than special, indirect, punitive or consequential damages, which shall in no event be paid by Seller) were imposed on, incurred by or asserted against the Bailee because of the breach by the Bailee of its obligations hereunder, which breach was caused by gross negligence lack of good faith or willful misconduct on the part of the Bailee or any of its partners, directors, officers, agents or employees. The foregoing indemnification shall survive any resignation or removal of the Bailee or the termination or assignment of this Bailee Letter.

(h) [Intentionally Deleted].

(i) Seller hereby represents, warrants and covenants that the Bailee is not an affiliate of or otherwise controlled by Seller. Notwithstanding the foregoing, the parties hereby acknowledge that the Bailee hereunder may act as counsel to Seller in connection with a proposed transaction.

(j) The agreement set forth in this Bailee Letter may not be modified, amended or altered, except by written instrument, executed by all of the parties hereto.

(k) This Bailee Letter may not be assigned by Seller or the Bailee without the prior written consent of Buyer.

(l) For the purpose of facilitating the execution of this Bailee Letter as herein provided and for other purposes, this Bailee Letter may be executed simultaneously in any number of counterparts, each of which counterparts shall be deemed to be an original, and such counterparts shall constitute and be one and the same instrument. Electronically transmitted signature pages shall be binding to the same extent.

(m) This Bailee Letter shall be construed in accordance with the laws of the State of New York, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

(n) Capitalized terms used herein and defined herein shall have the meanings ascribed to them in the Repurchase Agreement.

[Remainder of Page Intentionally Left Blank; Signature Pages Follow]

Exhibit J-3

Very truly yours,

KREF LENDING IX LLC, a Delaware limited liability company, as Seller

By: ______________________

Name:

Title:

ACKNOWLEDGED AND AGREED:

[Bailee]

By: ______________________

Name:

Title:

Date:

ACCEPTED AND AGREED:

Morgan Stanley Bank, N.A.

By: ______________________

Name: ______________________

Title: ______________________

cc:

Custodian: Computershare Trust Company, N.A.
Mortgage Document Custody (CMBS)
1055 10th Avenue SE
Minneapolis, Minnesota 55414
Attention: CMBS-MUFGKREF
Telephone No: (612) 667-1015
Email: cmbscustody@computershare.com

Exhibit J-4

Attachment 1 to Bailee Agreement

[List to include all documents described in Purchased Asset File which are set forth in Section 7(b) of the Repurchase Agreement and Section 2.01 of the Custodial Agreement.]

Exhibit J-5

Attachment 2 to Bailee Agreement

FORM OF BAILEE TRUST RECEIPT

VIA FACSIMILE

Morgan Stanley Bank, N.A.
1585 Broadway, 25th Floor
New York, New York 10036
Attention: Anthony Preisano

Re: Bailee Letter, dated as of [●], 20[●] (the "**Bailee Letter**") among KREF Lending IX LLC, Morgan Stanley Bank, N.A. ("**Buyer**") and [insert firm] ("**Bailee**")

Ladies and Gentlemen:

In accordance with the provisions of Paragraph (c) of the Bailee Letter, the undersigned, as Bailee, hereby certifies that as to each Purchased Asset described in the Purchased Asset Schedule (Attachment 1 to the Bailee Letter), a copy of which is attached hereto, it has reviewed the Purchased Asset File, and has determined that all documents listed in the Purchased Asset File are in its possession.

Bailee hereby confirms that it is holding each such Purchased Asset File as agent and bailee for the exclusive use and benefit of Buyer pursuant to the terms of the Bailee Letter.

All initially capitalized terms used herein shall have the meanings ascribed to them in the Bailee Letter.

Very truly yours,

[**BAILEE**]

By: ______________________

Name: ______________________

Title: __________

cc:

Custodian: Computershare Trust Company, N.A.
Mortgage Document Custody (CMBS)
1055 10th Avenue SE
Minneapolis, Minnesota 55414
Attention: CMBS-MUFGKREF

Telephone No: (612) 667-1015
Email: cmbscustody@computershare.com

Seller: KREF Lending IX LLC
30 Hudson Yards
Suite 7500
New York, NY 10001
Attention: Patrick Mattson
Telephone: (212) 519-1656
Email: Patrick.Mattson@kkr.com

with a copy to:

Hunton Andrews Kurth
200 Park Avenue
New York, NY 10166
Attention: Doug Murphy, Esq.

EXHIBIT L

AMENDED AND RESTATED CONFIRMATION

Ladies and Gentlemen:

Morgan Stanley Bank, N.A. ("Buyer") is pleased to deliver our written **CONFIRMATION** of our agreement to enter into the Transaction pursuant to which Buyer shall purchase from you the Purchased Assets identified on Schedule 1 attached hereto, upon satisfaction of all Transaction Conditions Precedent and pursuant to the terms of that certain Master Repurchase Agreement and Securities Contract, dated as of July 27, 2021 (as the same may have been and may hereafter be amended, restated, supplemented or otherwise modified, the "Agreement"), by and between Buyer, as assignee of all of the rights and obligations of MUFG Bank, Ltd. under the Agreement, and KREF Lending IX LLC ("Seller"). Capitalized terms used herein without definition have the meanings given in the Agreement.

Except as specified in Schedule 1 hereto, Seller will make all of the representations and warranties contained in the Agreement (including, without limitation, the representations and warranties applicable to the class of such asset set forth in Exhibit G to the Agreement).

Effective as of the date set forth below, this Amended and Restated Confirmation amends, restates and replaces in its entirety each and every Confirmation relating to the Purchased Asset referenced on Schedule 1 attached hereto.

Purchase Date: [________________]

Amended and Restated Confirmation Effective Date:	[_______________]
Purchased Asset:	[_______________]
Property Type (including primary use if a mixed use property):	[_______________]
Principal Amount of Purchased Asset:	[_______________]
Repurchase Date:	[[______________], as it may be extended to [__________]; provided that the Repurchase Date Extension Conditions are satisfied and [__________]; provided that the Repurchase Date Extension Conditions are satisfied.]
Purchase Price Percentage:	[_____]%
Purchase Price:	[_______________]
Future Funding Eligible Asset:	[Y/N]
Extension Minimum Debt Yield Test(s):	[N/A] [________________]

Extension Maximum LTV Test(s):	[N/A] [________________]
Appraised Value:	[_______________]
Debt Yield:	[_______________]
LTV:	[_______________]
Pricing Rate:	Benchmark plus [___]%[3] (the "Applicable Spread"); provided, that the "Benchmark" as of the Purchase Date shall be Term SOFR.
Additional Material Modifications:	[N/A][___________________]
Seller's Account:	[___________________]
Concentration Exceptions:	[___________________]
Copies of documents:	Seller hereby certifies that any copies of documents delivered to Custodian as part of the Purchased Asset File for the related Purchased Asset(s) represent true and correct copies of the originals of such documents.
Name and address for communications:	<u>Buyer:</u> Morgan Stanley Bank, N.A. 1585 Broadway, 25th Floor New York, New York 10036 Attention: Anthony Preisano Telephone: (212) 761-5688 Fax: (718) 233-3307 Email: Anthony.Preisano@morganstanley.com <u>With a copy to:</u> Morgan Stanley Bank, N.A. One Utah Center, 201 South Main Street Salt Lake City, Utah 84111 <u>With a copy to:</u> Paul Hastings LLP 200 Park Avenue New York, NY 10166 Attention: Lisa Chaney Telephone: (212) 318-6773 Email: lisachaney@paulhastings.com <u>Seller:</u> KREF Lending IX LLC c/o KKR Real Estate Finance Trust Inc.

3 Insert the Applicable Spread.

30 Hudson Yards, Suite 7500
New York, New York 10001
Attention: Patrick Mattson
Telephone: (212) 519-1656
Email: Patrick.Mattson@kkr.com

With a copy to:
Hunton Andrews Kurth LLP
200 Park Avenue
New York, New York 10166
Attention: Doug Murphy, Esq.
Tel: (212) 309-1177
Email: murphyd@huntonAK.com

Exhibit L-3

MORGAN STANLEY BANK, N.A.

By: ______________________________

Name: ______________________________

Title: ______________________________

AGREED AND ACKNOWLEDGED:

SELLER:

KREF LENDING IX LLC

By: ______________________________

Name: ______________________________

Title: ______________________________

Exhibit L-4

Schedule 1 to Amended and Restated Confirmation

Exceptions to Representations/Warranties

Exhibit L-5

ANNEX 2

Annex 7

AUTHORIZED REPRESENTATIVES OF BUYER

[Attached]

Annex 2-1

AUTHORIZED REPRESENTATIVES OF BUYER

Name	Title	Email	Specimen Signature
Anthony Preisano	Executive Director	Anthony.Preisano@morganstanley.com	
William Bowman	Executive Director	William.bowman@morganstanley.com	

Annex 2-2

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Matthew A. Salem, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 June 30, 2024 of KKR Real Estate Finance Trust Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Matthew A. Salem

Matthew A. Salem
Chief Executive Officer and Director
(Principal Executive Officer)
April 23, July 22, 2024

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Kendra L. Decious, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 June 30, 2024 of KKR Real Estate Finance Trust Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Kendra L. Decious

Kendra L. Decious
Chief Financial Officer
(Principal Financial Officer)
April 23, July 22, 2024

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY
ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of KKR Real Estate Finance Trust Inc. (the "Company") for the quarterly period ended March 31, 2024 June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Matthew A. Salem, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Matthew A. Salem

Matthew A. Salem
Chief Executive Officer and Director
(Principal Executive Officer)

April 23, July 22, 2024

* *The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.*

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY
ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of KKR Real Estate Finance Trust Inc. (the “Company”) for the quarterly period ended March 31, 2024 June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Kendra L. Decious, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Kendra L. Decious

Kendra L. Decious
Chief Financial Officer
(Principal Financial Officer)

April 23, July 22, 2024

* *The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.*

DISCLAIMER