KKR Closes $1.1 Billion Real Estate Credit Opportunity Partners Fund

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Seeks to Purchase Junior Tranches of New Issue CMBS In Compliance with Risk Retention Rules

NEW YORK--(BUSINESS WIRE)-- KKR, a leading global investment firm, today announced the final closing of KKR Real Estate Credit Opportunity Partners ("RECOP" or "the Fund"), a $1.1 billion fund focused on generating attractive risk-adjusted returns for investors through the purchase of junior tranches of commercial mortgage-backed securities (CMBS) (the "CMBS B-Piece").

RECOP focuses primarily on investing in newly-issued CMBS B-Pieces as an eligible third party purchaser subject to the new risk retention regulations which took effect in December 2016. Earlier this year, KKR negotiated and purchased the first CMBS transaction subject to risk retention. The Fund has since closed on six additional transactions representing a face amount of $517 million and approximately $225 million of invested equity, in aggregate. The Fund's seven closed investments through August 2017 make it the most active CMBS B-Piece buyer of third party risk retention structures.

KKR's Real Estate Credit business, co-headed by Chris Lee and Matt Salem, was established in 2015 to invest across the commercial real estate debt spectrum and offer financing solutions to commercial property owners. The 15-person team of investment professionals has long-standing relationships with issuers and borrowers, expansive underwriting capabilities, and expertise across property types and markets nationwide.

RECOP exceeded its target capital raise and received strong backing from a diverse group of global investors, including public pensions, insurance companies, and family offices.

Matt Salem, co-Head of KKR's Real Estate Credit business, said: "With more than $50 billion annual conduit CMBS issuance, and a limited universe of B-piece buyers, there is a growing need for capital to satisfy the new regulatory framework. We believe our long-dated capital offers a compelling risk retention solution while also generating attractive returns for our investors. In addition, the Fund will benefit from KKR's extensive relationships with major CMBS issuers and our integrated 'one-firm' approach to underwriting."

Ralph Rosenberg, Global Head of Real Estate for KKR, said: "This demonstrates the power of our integrated real estate platform. We are pleased to have received the backing of so many investors as the CMBS market has transitioned over the past year."

Since launching a dedicated real estate platform in 2011, KKR has invested or committed over $4.5 billion in capital across more than 60 real estate transactions in the U.S., Europe and Asia as of June 30, 2017. The global real estate team consists of over 50 dedicated investment professionals.

About KKR

KKR is a leading global investment firm that manages multiple alternative asset classes, including private equity, energy, infrastructure, real estate, credit and, through its strategic partners, hedge funds. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and driving growth and value creation with KKR portfolio companies. KKR invests its own capital alongside its partners' capital and provides financing solutions and investment opportunities through its capital markets business. References to KKR's investments may include the activities of its sponsored funds. For additional information about KKR & Co. L.P. (NYSE: KKR), please visit KKR's website at www.kkr.com and on Twitter @KKR_Co.

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