



KKR Capitalizes KKR Real Estate Finance Trust Inc.

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\$838 million company originating senior and mezzanine financing solutions for commercial real estate borrowers

NEW YORK--(BUSINESS WIRE)-- KKR today announced the final closing of a private placement of capital into KKR Real Estate Finance Trust Inc. ("KREF" or the "Company"), a non-traded mortgage REIT, managed by KKR with a primary mandate to invest in performing commercial real estate debt.

After closing of the transaction, KREF has approximately \$838 million of equity capital available to make investments. In addition, KREF has \$1.0 billion of existing borrowing capacity across its lending facilities and plans to continue to grow and diversify its access to financing as additional equity capital is drawn into the vehicle. Participants in the equity placement include KKR, KKR employees and several institutional investors. Currently, KREF has a portfolio of 22 investments, in the United States. Proceeds of the private placement will be used by the Company to continue to fund its active pipeline of newly-originated financing opportunities.

KKR's Real Estate Credit business, co-headed by Chris Lee and Matt Salem, was established in 2015 to offer solutions to commercial property owners. The business leverages KKR's integrated global investment platform in order to create differentiated access to borrower and financing relationships, market intelligence, and underwriting capabilities. KREF, the platform's first investment vehicle, is a balance sheet lender focused on transitional senior loans, subordinate debt and preferred equity collateralized by commercial real estate assets. In addition, KREF has invested in non-investment grade Commercial Mortgage-Backed Securities and has the ability to invest in other real estate-related securities.

Chris Lee said: "We are excited about the progress we have made in building an integrated real estate investment platform in the US, positioning KKR as a global provider of both equity and debt capital across multiple investment strategies. When it comes to sourcing and underwriting transactions, we believe this combination is what sets us apart from other real estate lending platforms."

KKR believes that the evolving regulatory landscape creates real estate lending opportunities for well-capitalized and scaled platforms. In a real estate capital markets environment where traditional market participants are more constrained, KKR believes that there is an increasing role for non-regulated providers of capital.

Matt Salem said: "Given the secular changes altering the real estate debt capital markets, we see attractive opportunities to invest in US real estate credit. In addition to the evolving regulatory landscape, our existing relationship with borrowers, intermediaries and financing providers allows us to compete effectively for transactions and deliver attractive risk-adjusted returns to KKR and our investors."

Since launching a dedicated real estate platform in 2011, KKR has invested or committed over \$3 billion in capital across more than 60 real estate transactions in the U.S., Europe and Asia as of September 30, 2016. The global real estate team consists of over 45 dedicated investment professionals, spanning both the equity and debt sides of our business.

About KKR

KKR is a leading global investment firm that manages investments across multiple asset classes including private equity, energy, infrastructure, real estate, credit and 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 at the asset level. KKR invests its own capital alongside its partners' capital and brings opportunities to others 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](https://twitter.com/KKR_Co).

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KKR
Kristi Huller or Cara Kleiman
media@kkr.com

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