



KKR REAL ESTATE FINANCE TRUST INC.

FAST FACTS

- Trailing dividend of \$1.00 or 11.31%
- The economic uncertainty created by the Tariffs has slowed the commercial real estate market
- Although 100% of loans are performing as of April 2025, we expect headwinds in rebuilding the portfolio to former levels and keeping ahead of repayment activity. We now expect flat revenue comparisons compared to previous growth estimates of 10-11%
- Broxton projects stable dividends with minor increase possible through 2027
- Common shares trading at a 39% discount to Book Value of \$14.49

We continue our coverage of publicly traded loan portfolios with an update on the common shares of KKR Real Estate Finance Trust Inc. (KREF). KREF is a commercial real estate loan manager with 54 individual loans with an average value of \$113 million. The \$6.1 billion portfolio is comprised of 48% multifamily (apartments), 18% office, 13% industrial and 21% life science, hospitality and other. 100% of the portfolio is comprised of Senior loans with 99% floating interest rate type. The company also owns \$337 million of properties.

On the 1st quarter conference call, management reported an increase in repayment activity: "Our repayment expectations have increased since our last call. As we articulated last quarter, repayments are expected to exceed \$1 billion this year, and we are tracking well above that." Management also increased CECL reserves slightly and cited the possibility of becoming an owner of one multifamily property that is in discussions.

Our downgrade to a hold recommendation and price target of \$9.00 from \$13.00 reflect the headwinds expected in growing the portfolio. We now expect that sales of REO (owned properties) may not be a source of additional lending funds, which would have increased margins and revenues. Our dividend projection is now for a rebound to \$1.12 per share (down from \$1.50) dividend by 2027. KREF also has a 6.5% preferred share trading around \$18 for a current yield of 8.8%. We believe the preferred offer an opportunity around \$18.00 per share and a yield of 9%.

\$8.84 / Recommendation: Hold, target \$9.0

Company Stats & Estimates in \$ or MM

Share Price	\$8.81
Shares Outstanding	67.8
Equity Market Cap	\$597
Total Assets	\$6,554
CECL reserve	\$144
PFD Par Value	\$328
Total Liabilities + PFD	\$5,518
Common Share Equity	\$982
Book Value / Share*	\$14.49
Share Discount to Book Value	39%
2025 Distributable Earnings	\$1.22
2025 Projected Dividend	\$1.00
Dividend coverage 2025	122%
2027 Distributable Earnings	1.40
2027 Projected dividend	1.12
EBITDA (2025 Est.)	499.82
EV / EBITDA	12.1
2025 Dist Earnings multiple	7.2
2027 Dist Earnings multiple	6.3

[KREF INVESTOR RELATIONS](#)

[FIRST QUARTER KREF PRESENTATION](#)



KREF monthly chart since 2021

PROJECTIONS IN MM \$ fiscal

yr	2025	2026	2027
Income Statement			
Interest Income	553	559	564
Interest Income Growth	-2%	1%	1%
Interest Expense	417	421	421
Net Investment Income	136	138	143
Credit Provisions for losses	50	55	60
Total Other Expenses	119	124	128
Net Income	45	45	48
PFD Share Div	21	21	21
Common Shares Net Income	23	22	25
Non Cash Operating Exp.	60	65	70
Cash Flow	83	87	95

Net Income / Share GAAP	0.34	0.33	0.37
Dist. Earnings / Comm Share	1.22	1.29	1.40
Projected Dividend	1.00	1.04	1.12
EBITDA	500	508	516

Valuations			
PE ratio	26.2	27.0	23.7
Common Dividend Coverage %	122.1%	123.6%	125.4%
Price to Dist. Earnings / Share	7.2	6.9	6.3
EV / EBITDA	12.1	11.9	11.7
Distributable Earnings Yield	13.9%	14.6%	15.9%
Projected Dividend Yield	11.35%	11.80%	12.71%

Capital Structure			
Total Borrowings	5,141		
Pfd Par Value	328		
Shares Outstanding mm	68		
Equity Market Cap	597		
Enterprise Value (incl. PFD)	6,066		
Total Assets	6,554		
Total Liabilities	5,190		
Total Liabilities + PFD	5,518		
Non Controlling Interests	54		
Common Share Equity	982		

Book Value / Share*	\$14.49
Share Discount to Book Value	39.19%

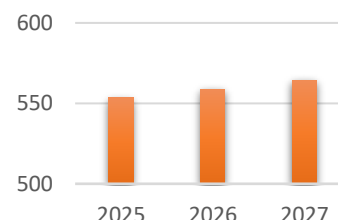
Liquidity		MAR. 31 2025
Cash	106	
Borrowing Availability est.	1,000+	
Total Asset / T Liab. Ratio	119%	
KREF Total Leverage Ratio	3.9 X	
Debt to Equity Ratio	562%	

NOTES: CLO Principal Repayments forecasted at 185mm per year.

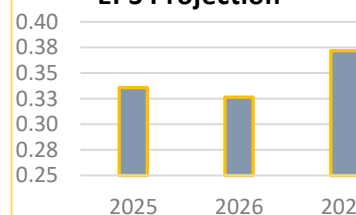
* Differs from KREF reported BV / share as of 3/31/2025 = \$14.44.

Broxton distributable earnings are different from KREF reported Distributable earnings

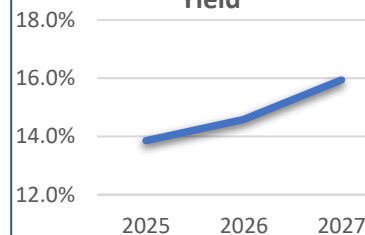
Revenue Projection



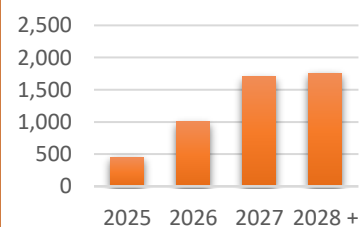
EPS Projection



Distributable Earnings Yield



Amortization Schedule



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