

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

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, 2026	December 31, 2025		March 31, 2026	December 31, 2025
Geography^(A)			Collateral Property Type^(A)		
California	17.6 %	16.6 %	Multifamily	40.6 %	40.3 %
Massachusetts	11.8	11.9	Industrial	22.1	17.9
Florida	11.4	10.9	Office	17.8	22.8
Texas	10.9	12.0	Life Science	13.9	13.7
North Carolina	6.7	6.4	Hospitality	2.9	2.8
United Kingdom	6.4	2.9	Student Housing	2.2	2.1
Washington D.C.	5.5	5.2	Mixed Use	0.5	0.4
Pennsylvania	4.9	4.7			
New York	4.8	4.5	Total	100.0 %	100.0 %
Minnesota	3.8	3.6			
Nevada	3.0	2.8			
Virginia	2.3	2.2			
Georgia	2.2	2.1			
New Jersey	1.9	1.9			
Illinois	1.8	1.7			
Tennessee	1.5	1.4			
Colorado	1.4	1.3			
Other U.S.	1.1	0.8			
Other Europe	1.0	1.1			
Washington	—	4.2			
Arizona	—	1.8			
Total	100.0 %	100.0 %			

(A) Excludes fully written off loans

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Concentration of Credit Risk — The following tables present the geographies and property types of collateral underlying the consolidated CMBS trusts, as a percentage of the collateral outstanding principal amounts:

	March 31, 2026	December 31, 2025		March 31, 2026	December 31, 2025
Geography			Collateral Property Type		
New York	39.8 %	46.2 %	Retail	27.7 %	24.1 %
California	14.8	17.4	Office	23.4	26.6
Arizona	8.7	5.1	Self-Storage	15.3	1.8
Maryland	7.2	9.9	Multifamily	12.5	11.7
Oregon	4.0	10.0	Mixed Use	10.3	13.0
Florida	3.2	1.4	Co-op	9.2	22.8
North Carolina	2.8	2.2	Hospitality	1.1	—
Texas	2.8	—	Manufactured Housing	0.5	—
Pennsylvania	2.3	—	Total	100.0 %	100.0 %
Ohio	1.7	1.0			
Wisconsin	1.6	—			
Tennessee	1.2	1.2			
Massachusetts	1.2	—			
Virginia	1.1	—			
Missouri	1.1	—			
Other	6.5	5.6			
Total	100.0 %	100.0 %			

KKR Real Estate Finance Trust Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows (Unaudited)

(Amounts in thousands)

	Three Months Ended March 31,	
	2026	2025
Cash Flows From Operating Activities		
Net income (loss)	(57,159)	\$ (5,749)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Accretion of deferred loan fees and discounts	(4,139)	(3,354)
Payment-in-kind interest	—	(402)
Amortization of deferred debt issuance costs and discounts	3,544	3,083
Loss (income) from equity method investments	495	882
Change in net assets of consolidated variable interest entities, CMBS trusts	(153)	—
Provision for credit losses, net	73,541	24,863
Depreciation and amortization	979	490
Stock-based compensation expense	1,808	2,127
Loss (gain) on foreign currency translation	5,377	—
Loss (gain) on foreign currency forward contract	(6,853)	—
Changes in operating assets and liabilities:		
Assets related to real estate owned, held for sale, net of liabilities	(1,749)	(497)
Accrued interest receivable, net	(1,762)	787
Other assets	(4,782)	(2,482)
Accrued interest payable	1,807	(5,178)
Due to related parties	(997)	(122)
Other liabilities	3,187	1,468
Net cash provided by (used in) operating activities	13,144	15,916
Cash Flows From Investing Activities		
Proceeds from principal repayments of commercial real estate loans	489,651	182,095
Originations and fundings of commercial real estate loans	(194,737)	(400,204)
Capital expenditures on real estate owned	(2,941)	(1,282)
Contributions to equity method investment, real estate asset	(691)	(1,075)
Payments for investments in CMBS securities	(26,800)	—
Payment to acquire interest in consolidated CMBS trust	(15,010)	—
Net cash provided by (used in) investing activities	249,472	(220,466)
Cash Flows From Financing Activities		
Proceeds from borrowings under secured financing agreements	239,677	603,390
Proceeds from issuance of secured term loan	—	209,813
Proceeds from noncontrolling interest contributions	5,609	774
Principal repayments on borrowings under secured financing agreements	(300,147)	(377,004)
Principal repayments on borrowings under collateralized loan obligations	(132,245)	(185,128)
Principal repayments on borrowings under secured term loan	(1,625)	—
Payments of debt and collateralized debt obligation issuance costs	(1,699)	(14,163)
Payments of common stock dividends	(16,092)	(17,178)
Payments of preferred stock dividends	(5,326)	(5,326)
Payments to repurchase common stock	(762)	(9,831)
Net cash provided by (used in) financing activities	(212,610)	205,347
Net Increase in Cash, Cash Equivalents and Restricted Cash	50,006	797
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	87,338	106,547
Cash, Cash Equivalents and Restricted Cash at End of Period	\$ 137,344	\$ 107,344

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loan for GAAP purposes. The restructured senior loan with an outstanding principal balance of \$64.1 million was risk-rated 3 as of March 31, 2026.

Loan Risk Ratings — KREF evaluates its commercial real estate loan portfolio at least once per quarter and 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:

Risk Rating	March 31, 2026				December 31, 2025			
	Number of Loans ^(A)	Carrying Value	Outstanding Principal	Outstanding Principal %	Number of Loans ^(A)	Carrying Value	Outstanding Principal	Outstanding Principal %
1	—	\$ —	\$ —	— %	—	\$ —	\$ —	— %
2	2	283,870	283,906	6	2	283,816	283,906	5
3	41	3,838,553	3,847,751	74	46	4,405,274	4,415,095	82
4	4	284,547	283,774	6	1	90,671	90,671	2
5	4	698,926	703,510	14	4	567,995	572,191	11
Total loan receivable	51	\$ 5,105,896	\$ 5,118,941	100 %	53	\$ 5,347,756	\$ 5,361,863	100 %
Allowance for credit losses		(258,679)				(201,924)		
Loan receivable, net		\$ 4,847,217				\$ 5,145,832		

* Numbers presented may not foot due to rounding.

(A) Excludes fully written off loans.

As of March 31, 2026, the average risk rating of KREF's portfolio was 3.3, weighted by outstanding loan principal, as compared to 3.2 as of December 31, 2025.

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, 2026 and December 31, 2025 in the corresponding table.

March 31, 2026										
Risk Rating	Number of Loans ^(B)	Outstanding Principal ^(B)	Amortized Cost by Year of Origination ^(A)							
			2026	2025	2024	2023	2022	Prior	Total	
Commercial Real Estate Loans										
1	—	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2	2	283,906	—	—	—	—	—	283,870	283,870	
3	41	3,847,751	236,049	920,903	90,630	—	1,131,556	1,459,415	3,838,553	
4	4	283,774	—	—	—	205,776	43,620	35,151	284,547	
5	4	703,510	—	—	—	—	229,318	469,608	698,926	
	51	\$ 5,118,941	\$ 236,049	\$ 920,903	\$ 90,630	\$ 205,776	\$ 1,404,494	\$ 2,248,044	\$ 5,105,896	
Year-to-date gross write-offs charged			\$ —	\$ —	\$ —	\$ —	\$ —	\$ 17,292	\$ 17,292	

December 31, 2025										
Risk Rating	Number of Loans ^(B)	Outstanding Principal ^(B)	Amortized Cost by Year of Origination ^(A)							
			2025	2024	2023	2022	2021	Prior	Total	
Commercial Real Estate Loans										
1	—	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2	2	283,906	—	—	—	—	283,816	—	—	283,816
3	46	4,415,095	996,802	86,039	115,106	1,397,773	1,671,380	138,174	—	4,405,274
4	1	90,671	—	—	90,671	—	—	—	—	90,671
5	4	572,191	—	—	—	—	377,883	190,112	—	567,995
	53	\$ 5,361,863	\$ 996,802	\$ 86,039	\$ 205,777	\$ 1,397,773	\$ 2,333,079	\$ 328,286	—	\$ 5,347,756
Year-to-date gross write-offs charged			\$ —	\$ —	\$ —	\$ 34,828	\$ —	\$ —	—	\$ 34,828

(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 loans.

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Note 10. Derivative Financial Instruments

KREF utilizes forward currency contracts to hedge exposure to future principal payments associated with loans denominated in foreign currencies.

KREF's non-U.S. dollar denominated investments expose the Company to movements in foreign interest rates and foreign currency exchange rates, which may affect the value of related principal repayments when translated into U.S. dollar. To manage this exposure, KREF uses foreign currency forward contracts to hedge the value of, or to fix the U.S. dollar amount of, certain investments and related cash flows.

The following table presents the outstanding derivative financial instruments as of March 31, 2026:

Derivative Type	March 31, 2026			
	Number of Contracts	Notional Amount	Maturity	Weighted Average Maturity (Years)
Forward Contract - EUR	3	€ 24,145	September 2028 - November 2029	3.1
Forward Contract - GBP	5	£ 158,295	April 2026 - November 2029	1.1

The following table presents the outstanding derivative financial instruments as of December 31, 2025:

Derivative Type	December 31, 2025			
	Number of Contracts	Notional Amount	Maturity	Weighted Average Maturity (Years)
Forward Contract - EUR	2	€ 24,746	September 2028 - November 2029	3.3
Forward Contract - GBP	2	£ 28,358	May 2029 - November 2029	3.4

KREF has not designated any of its derivative instruments as hedges as defined under ASC 815; accordingly, changes in the fair value of these derivative instruments are recognized in the Condensed Consolidated Statements of Income. The following table presents the effect of the derivatives financial instruments on the Condensed Consolidated Statements of Income for the three months ended March 31, 2026:

	Location of Gain (Loss) Recognized	Three Months Ended March 31,	
		2026	2025
Unrealized gain (loss) on derivative instruments	Gain (loss) on foreign currency forward contracts	\$ 6,818	\$ —
Forward points on derivative instruments ^(A)	Gain (loss) on foreign currency forward contracts	35	—
Total		<u>\$ 6,853</u>	<u>\$ —</u>

(A) Represents the amortization of forward points on foreign currency forward contracts, reflecting interest rate differentials between applicable base rates of foreign currency investments and the prevailing U.S. interest rate.

	Investment ^(A)	Location	Property Type	Investment Date	Total Whole Loan ^(B)	Committed Principal/Investment Amount	Outstanding Principal/Investment Amount	Net Equity ^(C)	Coupon ^{(D)(E)}	Max Remaining Term (Years) ^{(D)(F)}	Loan/Investment Per SF / Unit / Key ^(G)	Origination LTV ^{(D)(H)}	Risk Rating
37	Senior Loan	Melville, NY	Multifamily	7/25/2025	142.1	71.1	22.2	7.3	+ 3.9	4.4	\$475,251 / unit	55	3
38	Senior Loan	Hollywood, FL	Multifamily	12/20/2021	71.0	71.0	71.0	17.1	+ 2.8	0.8	\$287,449 / unit	74	3
39	Senior Loan	Denver, CO	Multifamily	9/14/2021	70.3	70.3	70.3	16.3	+ 2.8	0.5	\$290,496 / unit	78	3
40	Senior Loan	Charlotte, NC	Multifamily	12/14/2021	65.3	65.3	63.0	14.7	+ 3.1	0.8	\$171,125 / unit	74	3
41	Senior Loan	Plano, TX	Multifamily	3/31/2022	63.3	63.3	63.3	30.1	+ 2.8	1.4	\$238,000 / unit	75	3
42	Senior Loan	Dallas, TX	Multifamily	8/18/2021	63.1	63.1	63.1	15.6	+ 3.9	0.4	\$175,278 / unit	70	3
43	Senior Loan	Atlanta, GA	Multifamily	9/16/2025	60.8	60.8	60.8	11.7	+ 2.4	4.5	\$211,847 / unit	67	3
44	Senior Loan	Durham, NC	Multifamily	12/15/2021	59.5	59.5	58.2	24.1	+ 2.8	1.8	\$168,700 / unit	67	3
45	Senior Loan	San Antonio, TX	Multifamily	4/20/2022	57.6	57.6	56.4	15.3	+ 2.7	1.1	\$164,950 / unit	79	3
46	Senior Loan	Sharon, MA	Multifamily	12/1/2021	51.9	51.9	51.9	12.1	+ 2.9	0.7	\$270,443 / unit	70	3
47	Senior Loan	Atlanta, GA	Multifamily	12/10/2021	51.4	51.4	51.4	13.0	+ 3.0	0.8	\$170,197 / unit	67	3
48	Senior Loan	Reno, NV	Industrial	4/28/2022	140.4	50.5	50.5	11.5	+ 2.7	1.1	\$117 / SF	74	3
49	Senior Loan	Carrollton, TX	Multifamily	4/1/2022	43.7	43.7	43.7	20.7	+ 2.9	0.2	\$136,478 / unit	74	4
50	Senior Loan	Dallas, TX	Multifamily	4/1/2022	42.4	42.4	42.4	20.4	+ 2.9	0.1	\$119,144 / unit	73	3
51	Senior Loan	Georgetown, TX	Multifamily	12/16/2021	35.2	35.2	35.2	8.8	+ 3.4	0.8	\$167,381 / unit	68	4
Total/Weighted Average Senior Loans Unlevered					\$ 8,747.6	\$ 5,498.5	\$ 5,118.9	\$ 1,568.1	+ 3.4%	1.7		66 %	3.3
Real Estate Assets													
1	Real Estate Owned	Mountain View, CA	Office	6/28/2024	n.a.	\$ 122.6	\$ 122.6	\$ 122.6	n.a.	n.a.	\$396 / SF	n.a.	
2	Equity Method Investment ^(I)	Seattle, WA	Life Science	6/28/2024	n.a.	96.9	96.9	55.9	n.a.	n.a.	\$610 / SF	n.a.	
3	Real Estate Owned	West Hollywood, CA	Condo	4/15/2025	n.a.	95.4	95.4	40.4	n.a.	n.a.	\$2,578,378 / unit	n.a.	
4	Real Estate Owned	Portland, OR	Retail / Redevelopment	12/16/2021	n.a.	94.8	94.8	94.8	n.a.	n.a.	n.a.	n.a.	
5	Real Estate Owned	Raleigh, NC	Multifamily	8/12/2025	n.a.	71.9	71.9	31.9	n.a.	n.a.	\$224,688 / unit	n.a.	
6	Real Estate Owned	Philadelphia, PA	Office	12/22/2023	n.a.	23.4	23.4	23.4	n.a.	n.a.	\$111 / SF	n.a.	
Total/Weighted Average Real Estate Assets						\$ 505.0	\$ 505.0	\$ 368.9					
CMBS Investments													
1	Equity Method Investment ^(I)	Various, U.S.	Various	2/13/2017	n.a.	\$ 40.0	\$ 35.4	\$ 35.4	4.7%	3.2		58 %	
2	CMBS B-Pieces	Various, U.S.	Various	3/12/2026	n.a.	15.1	15.1	15.1	6.1	9.7		50	
3	CMBS Investment	Kailua-Kona, HI	Hospitality	3/17/2026	n.a.	14.0	14.0	14.0	+ 5.8	6.8		55	
4	CMBS Investment	Dallas, TX	Mixed Use	2/20/2026	n.a.	12.8	12.8	12.8	+ 6.8	6.7		62	
5	CMBS B-Pieces	Various, U.S.	Various	6/18/2025	n.a.	9.2	9.2	9.2	5.9	9.0		42	
Total/Weighted Average CMBS Investments						\$ 91.1	\$ 86.5	\$ 86.5	5.5%	6.0		55 %	
Other Investments													
1	Equity Method Investment ^(K)	Various, Europe	Industrial	10/10/2025	n.a.	14.9	14.9	14.9	n.a.	n.a.		n.a.	
Total/Weighted Average Other Investments						\$ 14.9	\$ 14.9	\$ 14.9					
Grand Total / Weighted Average						\$ 6,109.5	\$ 5,725.4	\$ 2,038.5	7.0%	1.8		66 %	3.3

* Numbers presented may not foot due to rounding.

Debt-to-Equity Ratio and Total Leverage Ratio

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

	March 31, 2026	December 31, 2025
Debt-to-equity ratio ^(A)	2.2x	2.2x
Total leverage ratio ^(B)	4.0x	3.9x

(A) Represents (i) total outstanding debt agreements (excluding non-recourse facilities) and secured term loan, less cash to (ii) 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) 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 (amounts in thousands):

	March 31, 2026	December 31, 2025
Cash and cash equivalents	\$ 135,437	\$ 84,617
Available borrowings under revolving credit agreement	500,000	700,000
Available borrowings under financing arrangements	17,978	27,662
Loan principal repayments held by a servicer ^(A)	—	74,279
Total	\$ 653,415	\$ 886,558

(A) Loan principal repayments held by a servicer at December 31, 2025 were received in January 2026.

We also had \$535.0 million of total unencumbered assets, including \$217.4 million of real estate owned assets, \$86.5 million of CMBS investments and \$231.1 million of unencumbered senior loans as of March 31, 2026. 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 months ended March 31, 2026, and 2025 (amounts in thousands):

	Three Months Ended March 31,	
	2026	2025
Cash Flows From Operating Activities	\$ 13,144	\$ 15,916
Cash Flows From Investing Activities	249,472	(220,466)
Cash Flows From Financing Activities	(212,610)	205,347
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	\$ 50,006	\$ 797

Cash Flows from Operating Activities

Our cash flows from operating activities were primarily driven by our net interest income, which is 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 (amounts in thousands):