

Dear KREST Shareholders,

Thank you for your support of KKR Real Estate Select Trust Inc. (“KREST” or the “Fund”). Nearly three years ago, we set out to launch KREST with the goal of providing individual investors with access to the potential benefits of income-oriented private real estate equity and credit in a single fund. At the time, we were in the midst of the global pandemic and markets were experiencing significant dislocation. We recognized the need for an “all-weather” solution that would seek to deliver consistent performance through changing market conditions with a long-term horizon. We established KREST with three complementary strategy pillars – stabilized real estate, prime single tenant and real estate credit – that we believed would create a well-balanced portfolio that provides investors with access to tax-advantaged income, growth potential and downside protection, as well as a level of inflation hedging.

In 2022, we entered a new macroeconomic regime, characterized by higher inflation, rising interest rates and increased uncertainty across capital markets. While this transition to a new regime has brought heightened uncertainty and volatility across markets and asset classes, KREST continued to perform well and we saw many of the advantages of our strategy begin to materialize. Over the past year, KREST continued to build upon its track record and delivered an 8.3% net total return for 2022 while generating a 5.1% annualized net distribution rate.<sup>1</sup> The Fund’s 2022 income was classified as 100% return of capital (“ROC”), generating a highly tax-efficient income source for investors.<sup>2</sup> The Fund scaled to \$1.6 billion of NAV and further diversified<sup>3</sup> its portfolio holdings across its three complementary investment strategies, as well as geographically across U.S. and non-U.S. markets.

As market conditions evolved over the course of 2022, KREST’s differentiated approach and balanced portfolio construction allowed the Fund to quickly pivot towards the most attractive investment opportunities. We leaned into KREST’s flexible strategy while remaining both disciplined and opportunistic for new deployment. We focused on attractive floating-rate real estate credit investments with institutional sponsorship and downside protection in the form of structural seniority, increasing KREST’s exposure to real estate credit from 8% at the start of the year to 27% as of year-end. At the same time, we shifted to a more defensive and targeted posture with respect to new real estate equity opportunities, only transacting at attractive pricing with careful consideration of market and sector selection, as well as with prudent leverage.

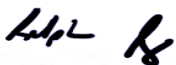
We continue to have strong conviction behind our portfolio of real estate properties and loans that is diversified by asset class.<sup>3</sup> We believe our portfolio construction, combined with our prudent use of leverage, should provide resilience through the current macro environment. 75% of our portfolio has long-dated contractual cash flows that are backed by high quality real estate and strong credits, across the real estate credit, industrial, medical office, and prime single tenant segments of the portfolio. Our real estate credit portfolio is held unlevered and our asset-level borrowings are long-dated capital structures that are 100% fixed or hedged, which helps to protect the Fund against any negative impact from rising interest rates. The remaining 25% of KREST’s portfolio is invested in attractive residential assets that are supported by both strong fundamentals and attractive, long-term demographic trends. Within residential, the Fund added a 430-unit multifamily portfolio in Tokyo, Japan in December, where the cost of financing remains very low, fundamentals are strong, and where the returns become more attractive by hedging Japanese yen back to U.S. dollars in today’s currency market.

In a more uncertain market environment such as today’s, we believe optimal portfolio construction includes maintaining a robust liquidity position. To that end, KREST’s liquidity represented 36% of NAV as of December 31, 2022.<sup>4</sup> We believe our robust, multifaceted liquidity position should enable the Fund to provide a level of liquidity to investors of up to 5% of NAV through quarterly repurchases.

KREST continued to benefit from strong fundraising momentum in 2022, with \$945 million of subscriptions including \$142 million during the fourth quarter as our differentiated strategy continues to resonate with investors.<sup>5</sup> While we did see increased investor demand for liquidity across the semi-liquid real estate fund industry at the end of 2022, the Fund has remained in a position of positive net flows to-date. This, combined with the Fund’s robust liquidity position, should allow us to capitalize upon attractive new investment opportunities within our core themes that may emerge over the coming months and quarters.

We believe KREST is well-positioned for today’s market environment as we seek to continue to deliver upon our objectives for our shareholders. We appreciate your continued trust and are excited to build upon KREST’s results as we expand our portfolio and seek to continue to deliver high-quality and resilient, tax-efficient income.


Sincerely,



**Ralph Rosenberg**  
Chairman of the Board



**Billy Butcher**  
Chief Executive Officer & President



**Michael Whyte**  
Chief Operating Officer

**Performance as of  
December 31, 2022<sup>1</sup>**

**8.32%**

2022 Net Return (Class I)

**15.63%**

ITD Net Return (Class I)

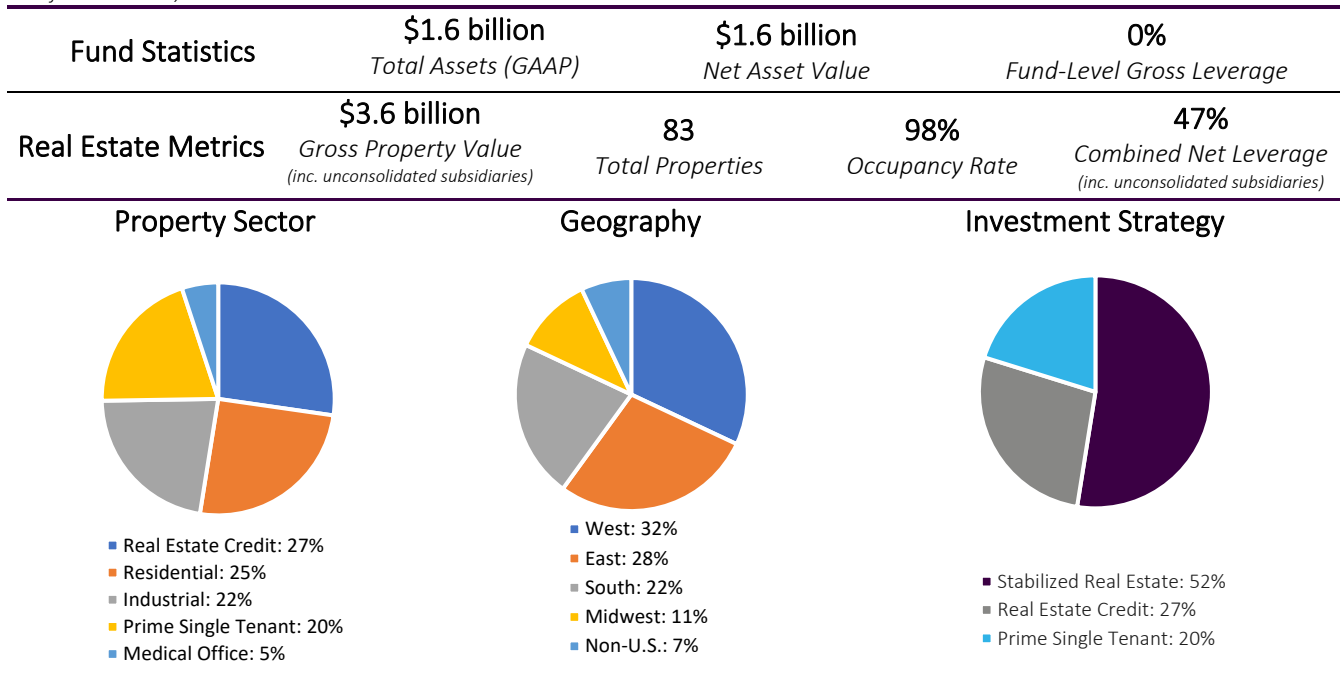
**5.13%**

Net Distribution Rate (Class I)

As of December 31, 2022, unless otherwise noted. Past performance is not indicative of future results. There can be no assurance that KREST will achieve its investment objective or avoid losses. Please refer to definitions and important disclosures in the Glossary of Terms. Performance figures are for Class I shares unless otherwise indicated.

## KREST Portfolio Summary

as of December 31, 2022



## Performance Summary<sup>1</sup>

Net Returns as of December 31, 2022

Share Class	Net Distribution Rate	1-Month	3-Month	2022	ITD	NAV per Share
Class I	5.13%	(1.03%)	(1.88%)	8.32%	15.63%	\$30.39
Class U <i>(No Sales Load)</i>	4.27%	(1.10%)	(2.10%)	7.40%	13.76%	\$30.39
Class D	4.88%	(1.05%)	(1.95%)	N/A*	2.56%	\$30.39
Class S <i>(No Sales Load)</i>	4.27%	(1.10%)	(2.10%)	N/A*	(2.29%)	\$30.39

\*Full-year 2022 performance is not applicable for Class D and Class S shares, which have inception dates of March 4, 2022 and September 9, 2022 respectively.

### Notes:

All figures are approximate and as of December 31, 2022, unless otherwise indicated. The terms “we”, “us” and “our” refer to KREST with reference to portfolio and performance data. In all other instances, including with respect to current and forward-looking views and opinions of the market and KREST’s portfolio and performance positioning, as well as the experience of KREST’s management team, these terms refer to KREST’s adviser, KKR Registered Advisor LLC, which is part of the real estate group of Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates, “KKR”), a leading global investment firm.

Certain information contained in this material constitutes “forward-looking statements” within the meaning of the federal securities laws and the Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by the use of forward-looking terminology, such as “outlook,” “indicator,” “believes,” “expects,” “potential,” “continues,” “identified,” “may,” “will,” “should,” “seeks,” “approximately,” “predicts,” “intends,” “plans,” “estimates,” “anticipates,” “confident,” “conviction” or the negative versions of these words or other comparable words thereof. These may include KREST’s financial estimates and their underlying assumptions, statements about plans, objectives and expectations with respect to future operations, statements with respect to acquisitions, statements regarding future performance, and statements regarding identified but not yet closed acquisitions. Such forward-looking statements are inherently uncertain and there are or may be important factors that could cause actual outcomes or results to differ materially from those indicated in such statements. KREST believes these factors also include but are not limited to those described under the section entitled “Risk Factors” in its prospectus and this annual report, and any such updated factors included in its periodic filings with the Securities and Exchange Commission (the “SEC”), which are accessible on the SEC’s website at [www.sec.gov](http://www.sec.gov). These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this annual report (or KREST’s prospectus and other filings). Except as otherwise required by federal securities laws, KREST undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

1. The Fund employs leverage, which increases the volatility of investment returns and subjects the Fund to magnified losses if investments decline in value. Diversification of portfolio holdings does not assure a profit or protect against loss in a declining market. The Fund is classified as “non-diversified” under the Investment Company Act of 1940, and is not intended to be a complete investment program. Past performance does not guarantee future results. There can be no guarantee that As of December 31, 2022, unless otherwise noted. Past performance is not indicative of future results. There can be no assurance that KREST will achieve its investment objective or avoid losses. Please refer to definitions and important disclosures in the Glossary of Terms. Performance figures are for Class I shares unless otherwise indicated.

- current trends will continue. The investment return and principal value of an investment will fluctuate so that an investor's shares, when repurchased, may be worth more or less than their original cost and current performance may be lower or higher than the performance data quoted. Class I performance information is presented above; please refer to [www.krest.reit/performance](http://www.krest.reit/performance) for additional performance information, including performance details for Class U, Class S and Class D shares
2. Return of capital ("ROC") distributions are distributions in excess of current or accumulated earnings and profits as determined for U.S. tax purposes. Such distributions are not taxable to an investor to the extent they do not exceed the investor's tax basis in its shares. Rather, the ROC distribution reduces an investor's tax basis in the year the distribution is received, and generally defers taxes on that portion of the distribution until the investor's stock is sold via redemption. To the extent that a ROC exceeds an investor's tax basis, it generally will be taxable as capital gain. Such gain will be long-term capital gain if the investor has held its shares for more than one year. There is no guarantee future income will be treated as ROC for U.S. tax purposes.
  3. Diversification does not assure a profit or protect against loss in a declining market. The Fund is classified as "non-diversified" under the 1940 Act and is not intended to be a complete investment program.
  4. Represents assets such as cash, cash-equivalents and liquid securities, as well as committed and unfunded credit facility capacity.
  5. Includes reinvestment of dividends pursuant to KREST's distribution reinvestment plan.

#### **Glossary of Terms**

**Annualized ITD Net Return:** Performance since inception through date indicated. Class I inception date is July 2, 2020; Class U inception date is June 30, 2021; Class D inception date is March 4, 2022; Class S inception date is September 9, 2022. ITD performance number is annualized if time period is longer than one year. Reflects the percentage change in NAV per share plus the applicable distributions per share for the applicable period. Assumes the reinvestment of distributions pursuant to the Fund's distribution reinvestment plan. Past performance is historical and not a guarantee of future results.

**Net Distribution Rate:** Reflects the annualized monthly dividend for December 2022 divided by the month-end NAV for the respective share class. KREST intends to make distributions necessary to maintain its qualification as a real estate investment trust. However, there is no assurance that we will pay distributions in any particular amount, if at all. Any distributions we make will be at the discretion of our board of directors. KREST may pay distributions from sources other than cash flow from operations, including without limitations, the sale of assets, borrowings, return of capital or offering proceeds. For the 12 months ended December 31, 2022, 96% of KREST's distributions were funded through adjusted funds from operations ("AFFO"). The Fund defines AFFO as the increase in net assets applicable to common stockholders from operations (calculated in accordance with GAAP), excluding (i) the change in net unrealized (appreciation) depreciation of investments, (ii) amortization premium (accretion of discount) on real estate securities, (iii) amortization of deferred origination fees on real estate loans, (iv) amortization of deferred financing costs, (v) management and incentive fees paid in shares of the Fund and (vi) realized (gains) losses and including undistributed income attributable to the Fund's unconsolidated subsidiaries. This statement is not an indication of the tax treatment of any KREST distributions. Stockholders will be informed of the tax characteristics of any distributions after the close of KREST's fiscal year.

**Gross Property Value:** Represents real estate and other assets held by KREST's unconsolidated subsidiaries, including any portion not owned by the Fund. As of December 31, 2022, the Fund's economic interest in such joint ventures ranges from 50.5% to 99.5%. For financial reporting purposes, KREST includes the fair value of its equity interests in these subsidiaries in its total assets. As of December 31, 2022, the estimated fair value of the Fund's net equity interest in these subsidiaries is \$1,124.1 million.

**Fund-Level Gross Leverage:** Refers only to borrowings made by the Fund and its consolidated subsidiaries. The Fund may employ leverage in the form of loans, preferred stock, reverse repurchase agreements and/or other instruments. As of December 31, 2022, KREST's only Fund-level leverage consisted of drawn revolving credit facility, primarily for short-term working capital needs relating to the timing differences between investment and shareholder capital flows.

**Combined Net Leverage** is a calculation provided to illustrate the combined leverage of the Fund and the Weighted Average LTV of the Fund's unconsolidated subsidiaries. It is calculated as the ratio of i) the Fund's borrowings, less cash and subscription proceeds receivable, plus the Equity-Weighted Unconsolidated Debt of the Fund's investments divided by ii) the Fund's total assets plus the Equity-Weighted Unconsolidated Debt of the Fund's investments.

**Equity-Weighted Unconsolidated Debt** is a measure of the non-recourse property level financing of the Fund's investments weighted by the Fund's equity exposure in such investments, calculated as the Fund's total investments divided by one minus the Weighted Average LTV, with the result then multiplied by the Weighted Average LTV.

**Weighted Average LTV** means the loan-to-value ratio of each of the Fund's investments (whether consolidated or unconsolidated) averaged with a weighting based on the value of the Fund's equity in each such investment.

**Properties and Occupancy** are reported based on the equity portion of the KREST portfolio. Excludes equity investment deposits and Real Estate Credit, which includes private real estate debt, including securities, and preferred equity. Property count excludes single family rental homes. Occupancy excludes single family rental homes that have been acquired and/or renovated, as applicable, within 3 months or less.

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