

# Morningstar DBRS Raises K-Star Asset Management's Commercial Mortgage Special Servicer Ranking

## CMBS

DBRS, Inc. (Morningstar DBRS) raised its commercial mortgage special servicer ranking for K-Star Asset Management LLC (K-Star or the Company) to MOR CS2 from MOR CS3. Morningstar DBRS also changed the trend for the ranking to Stable from Positive. K-Star is an indirect subsidiary of KKR & Co. Inc. (together with its affiliates, KKR).

The raised ranking reflects K-Star's growing asset resolution record, highly experienced management team, and well-designed and expanded organizational structure to address all essential functions. Since launching in 2022, K-Star has become a central and integrated component of KKR's direct lending and asset management business. The Company's seasoned professionals, including several who joined from other special servicers, collectively have solid backgrounds in asset workouts, investor reporting for commercial mortgage-backed securities (CMBS) transactions, and servicing agreement compliance. K-Star appears to be well positioned with the requisite personnel and scalability to address its current and projected work volume over the next year. Employee turnover has been relatively low. K-Star also has had no management-level departures since the Company's inception.

The raised ranking also considers:

- K-Star's effective technology capabilities that reside in KKR's mostly cloud-based platform. For its core data management and reporting tool for special servicing, K-Star uses a well-recognized application geared to CMBS requirements. Through KKR's resources and platform, K-Star has thorough practices for data backup, security, and associated testing.
- The Company's well-detailed, CMBS-centric policies that indicate a controlled and proactive approach for all core functions such as inbound loan transfers, asset analytics and resolution approvals, investor reporting, portfolio surveillance, borrower consent requests, and vendor management.
- A multifaceted audit and compliance regimen that encompasses monthly process reviews, self-administered quarterly audits, annual Regulation AB examinations, annual System and Organizational Controls (SOC) examinations, and biennial KKR-led audits. Aside from KKR's initial audit of K-Star in 2024, which had only a few moderate-rated findings that K-Star addressed, all other audits, including the first SOC report issued in 2025, have been unqualified and clear of material exceptions. K-Star also commissions property manager audits for active real estate owned (REO) properties and plans to conduct cash compliance assessments of sold REO properties.
- The Company's well-structured learning and development function includes an internship program and a rigorous two-year analyst training program.

K-Star's named special servicing portfolio consists of CMBS and commercial real estate collateralized loan obligation (CRE CLO) transactions in which KKR-managed funds and financing vehicles maintain control rights

and/or own first-loss bond positions. As of December 31, 2025, K-Star was the named special servicer for 2,050 loans with an aggregate unpaid principal balance (UPB) of \$45.29 billion, comprising 59 CMBS transactions and two CRE CLO transactions. As of YE2025, the active special servicing portfolio contained 55 loan positions and 15 REO properties (six REO assets on a consolidated basis) with a combined UPB of \$3.24 billion.

All rankings are subject to surveillance, which could result in rankings being raised, lowered, placed under review, confirmed, or discontinued by Morningstar DBRS.

Morningstar DBRS North American commercial mortgage servicer rankings are not credit ratings. Instead, they are designed to evaluate the quality of the parties that service commercial mortgage loans. Although the servicer's financial condition contributes to the applicable ranking, its relative importance is such that a servicer's ranking should never be considered as a proxy of its creditworthiness.

#### Notes:

All figures are in U.S. dollars unless otherwise noted.

The principal methodology is North American Commercial Mortgage Servicer Rankings (August 22, 2025), <https://dbrs.morningstar.com/research/460923>.

For more information on this industry, visit <https://dbrs.morningstar.com> or contact us at [info-DBRS@morningstar.com](mailto:info-DBRS@morningstar.com).

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