

Part 2A of Form ADV: Firm Brochure

KKR CREDIT ADVISORS (US) LLC

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This brochure provides information about the qualifications and business practices of KKR Credit Advisors (US) LLC (“**KKR Credit Advisors (US)**”) (formerly KKR Asset Management LLC). If you have any questions about the contents of this brochure, please contact us at (415) 315-3620. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority. KKR Credit Advisors (US) is registered as an investment adviser with the SEC. This registration does not, however, imply a certain level of skill or training of any KKR Credit Advisors (US) personnel. Additional information about KKR Credit is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 **Material Changes**

KKR Credit (US) most recent update to Part 2A and Part 2B was made in October 2014. KKR Credit (US) is now updating Part 2A to reflect the following material changes:

- Item 4 – Updated to reflect KKR Credit (US) assets under management as of December 31, 2014
- Item 5 – Updated information and disclosure regarding Fees and Compensation including Management Fees, expenses, other compensation, and expenses with respect to Senior Advisors, Industry Advisors, KKR Capstone, RPM and other consultants.
- Item 8 – Updated information and disclosure regarding methods of analysis and investment strategies (including risks)
- Item 9 – Updated Disciplinary Information disclosure
- Item 10 – Updated information and disclosure regarding the activities of Affiliated Brokers and Relying Advisers.
- Item 11 – Updated information and disclosure with respect to conflicts of interest regarding affiliates of KKR including proprietary entities of KKR

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Item 4 **Advisory Business**

KKR Credit Advisors (US) LLC (“**KKR Credit Advisors (US)**”) is a Delaware limited liability company founded in August 2004 and registered as an investment adviser with the Securities and Exchange Commission. KKR Credit Advisors (US) LLC (“**KKR Credit Advisor (US)**”) together with its relying advisers listed in Item 10 which include KKR Credit Advisors (Ireland) registered as an investment adviser with the Central Bank of Ireland and KKR Credit Advisors (UK) LLP (formerly Avoca Capital Management LLP) registered as an investment adviser with the Financial Conduct Authority are collectively referenced as “**KKR Credit**”. KKR Credit has \$37.0¹ billion in assets under management as of December 31, 2014, managed on a discretionary basis. KKR Credit advises investment funds, collateralized loan obligation vehicles (“**CLOs**”), a publicly-traded specialty finance company, a closed-end management investment company registered under the U.S. Investment Company Act of 1940, as amended (the “**Investment Company Act**”), and provides sub-advisory services to a closed-end management investment company that has filed an election to be treated as a business development company under the Investment Company Act and other institutional investors that pursue primarily U.S. and European leveraged credit strategies, such as leveraged loan and high yield bond strategies, alternative credit strategies (including investments in mezzanine debt, structured and illiquid credit, long/short credit, and direct senior loan origination and related instruments), special situations, and other assets held by funds or other accounts managed by KKR Credit Advisors or Kohlberg Kravis Roberts & Co. L.P. (“**KKR**”), including private equity and real assets, such as infrastructure, energy and real estate.

KKR Credit is affiliated with KKR Alternative Investment Management (“**KKR AIM**”), which is regulated by the Central Bank of Ireland and is an authorized EU alternative investment manager. KKR Credit may enter into delegation agreements with KKR AIM under which KKR will provide certain portfolio management services to KKR AIM in connection with funds managed by KKR AIM.

KKR Credit Advisors is affiliated with KKR and its subsidiaries (see below), which operates under the name of “**KKR**”. KKR advises private equity funds and other investment vehicles (“**KKR Funds**”) that invest capital for long-term appreciation, primarily either through controlling ownership of companies or minority positions. In addition, KKR manages investments in infrastructure assets and in natural resource assets as described above and also invests in real estate assets. KKR also sponsors and manages investment vehicles that facilitate co-investment in specific or multiple portfolio companies and other assets of KKR Funds, a customized platform that may invest in KKR Funds and funds sponsored and managed by unaffiliated investment managers (“**third party funds**”) and related co-investments, and strategic partnership vehicles or other multi-strategy or multi-asset arrangements that invest across multiple KKR Funds and KKR Credit Funds investment strategies. KKR’s Global Institute (“**KGI**”) periodically publishes thought leadership papers, highlighting views from KKR’s portfolio companies and portfolio managers and political, economic and social trends. The Global Macro and Asset Allocation Group within KGI also publishes commentary on macro economic trends and related topics and oversees a proprietary portfolio of investments in a variety of instruments and securities.

KKR Credit Advisors is also affiliated with Prisma Capital Partners LP, which conducts business under the name KKR Prisma, (“**KKR Prisma**”). KKR Prisma provides discretionary and non-discretionary investment management services to a number of private funds and managed accounts generally providing customized hedge fund portfolios and hedge fund-of-fund solutions. KKR Prisma also advises clients with respect to direct investments in securities and other financial instruments through certain strategies,

¹ Represents KKR Credit’s most recently published AUM as disclosed in Part 1. AUM calculations may differ from those used in other regulatory filings by KKR Credit in accordance with applicable requirements and guidelines.

including hedged equities and co-investments in public and private market transactions including, but not limited to, mezzanine debt, structured and illiquid credit, private debt and public debt, and pre-IPO equity. KKR also has an affiliated capital markets business operated through affiliated broker-dealers (please see Item 10 for additional information regarding KKR's affiliated broker-dealers) and has a proprietary trading business.

In February 2014, an affiliate of KKR acquired KKR Credit Advisors (Ireland) (formerly Avoca Capital Holdings) and its affiliates including KKR Credit Advisors (UK) LLP (formerly Avoca Capital Management LLP). KKR Credit Advisors (Ireland) and KKR Credit Advisors (UK) LLP provide discretionary investment management services to a number of private funds, managed accounts and CLOs generally pursuing strategies including European leveraged loans and high-yield bonds, credit opportunities, long/short credit, convertible bonds and structured and illiquid credit.

KKR Credit does not manage client assets on a non-discretionary basis, although certain clients have consent, or opt-out, or opt-in rights with respect to certain investments. U.S. employees of KKR Credit, KKR Prisma, and KKR's affiliated U.S. broker-dealers, KKR Capital Markets LLC and MCS Capital Markets LLC, are dual employees of such entities and KKR.

Ownership/Structure

KKR Credit Advisors (US) is wholly-owned by KKR. KKR is a subsidiary of KKR Management Holdings L.P. ("**KKR Management Holdings**") and an indirect subsidiary of KKR & Co. L.P., which was listed on the New York Stock Exchange on July 15, 2010. KKR Management LLC serves as the general partner of the Public Company and may be deemed to indirectly control the Public Company's business for regulatory purposes. KKR Management LLC does not hold any economic interests in the Public Company, and an affiliated entity, KKR Holdings L.P. ("**KKR Holdings**"), holds special voting units in the Public Company (as well as the economic interests described below). Public unit holders hold 100% of the limited partnership interests in the Public Company. As of December 31, 2014, the Public Company indirectly held approximately 53.5 % of the general and limited partnership interests in KKR Management Holdings, KKR Fund Holdings L.P. and KKR International Holdings L.P. (collectively, the "**Group Partnerships**"), which hold the combined business of KKR and its affiliates. As of December 31, 2014, the remaining limited partnership interests in the Group Partnerships were held indirectly by KKR Holdings and KKR Associates Holdings L.P. KKR Holdings and KKR Associates Holdings L.P. are owned by certain KKR senior employees and non-employee operating consultants and their related persons. KKR Credit Advisors (Ireland) is an indirect subsidiary of KKR Fund Holdings L.P., which is in turn, an indirect subsidiary of KKR & Co. L.P. KKR Credit Advisors (UK) LLP is a subsidiary of KKR Credit Advisors (Ireland).

Nature of KKR Credit's Clients

KKR Credit generally provides investment management, advisory and administrative services through wholly-owned and controlled management entities established with respect to one or more clients for operational and other purposes ("**KKR Credit Managers**"). KKR Credit Advisors (US) and the KKR Credit Managers generally provide these services (i) through affiliated general partners or managing members ("**KKR Credit GPs**," and, together with KKR Credit Advisors (US) and the KKR Credit Managers) of investment funds, CLOs, a publicly-traded specialty finance company and dedicated investment vehicles established for institutional investors and certain high net worth investors sponsored and managed by KKR Credit Advisors (US) ("**KKR Credit Funds**"), (ii) as a sub-adviser to a closed-end investment company that has filed an election to be treated as a business development company (the "**BDC**") under the Investment Company Act, (iii) as adviser to a closed-end investment company registered under the Investment Company Act (the "**RIC**"), (iv) as a sub-advisor to an affiliated relying

adviser, or (v) directly to other institutional clients, including pension plans (“**Other Clients**”), pursuant to managed account arrangements. Other than the BDC and the RIC, KKR Credit Funds are typically U.S. and non-U.S. investment limited partnerships, companies, limited liability companies and other vehicles that are not registered or required to be registered under the Investment Company Act. The securities of the KKR Credit Funds are also typically not required to be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) with the exception of the BDC and the RIC. For purposes of this Brochure, the term “KKR Credit Fund” includes KFN, the BDC and the RIC.

KKR Credit Advisors (US) does not participate as manager in any wrap fee programs.

KKR Credit’s Investment Mandates

The terms upon which KKR Credit or its affiliates serve as investment manager or advisor of a KKR Credit Fund or Other Client are established at the time each KKR Credit Fund or Other Client relationship is established and are generally set out in the governing documents entered into by KKR Credit with respect to the relevant KKR Credit Fund or Other Client, and disclosed in the offering documents for the relevant KKR Credit Fund, as applicable. These terms, which vary as among each KKR Credit Fund and Other Client, may limit the investments KKR Credit may make on behalf of the relevant KKR Credit Fund or Other Client based on security classes, geographies, concentration limits, leverage limits and/or other criteria, among others.

Item 5 Fees and Compensation

General

KKR Credit (including the KKR Credit GPs) generally receives management fees, carried interest allocations and/or performance fees in connection with the investment management and administrative services KKR Credit provides to KKR Credit Funds and Other Clients. Certain co-investment vehicles and KKR Credit Associates Vehicles (as defined under Item 6), as discussed below in Item 6, are not subject to such fees and/or carried interest allocations.

Management fees, carried interest allocations, performance fees and/or other compensation payable to KKR Credit (including KKR Credit GPs) by KKR Credit Funds or Other Clients together with other terms governing the management of KKR Credit Funds or Other Clients by KKR Credit, are established by KKR Credit at the time of the establishment of the relevant KKR Credit Funds (and negotiated with participating investors prior to their investment) or at the beginning of the advisory relationship with the relevant Other Clients, as applicable. Specific details of such compensation and its method of calculation are set out in the offering materials, disclosure documents, advisory agreements, investment management agreements and/or governing documents of the relevant KKR Credit Funds and Other Clients and vary as between KKR Credit Funds and Other Clients. Fee terms of KKR Credit Funds or Other Clients have been and may be changed during the term of the relevant relationship. The share of compensation earned by KKR Credit or its affiliates in respect of a KKR Credit Fund may vary between investors in such KKR Credit Fund pursuant to the terms of the governing documents, side letter agreements or other arrangements with specific investors in such KKR Credit Fund whereby such investors receive direct or indirect reductions of management fees or other compensation otherwise payable with respect to their investments managed by KKR Credit. For example, KKR Credit or KKR has entered into and may in the future enter into strategic partnerships or other multi-strategy or multi-asset class arrangements with investors that commit capital to a range of KKR Credit, KKR’s and KKR Prisma’s platform of products, investment ideas and asset classes. Such arrangements may include KKR Credit, KKR, or KKR Prisma granting certain preferential terms to such investors, including blended fee and carried interest rates that

are lower than those applicable to other investors in a KKR Credit Fund, KKR Fund or Prisma Fund (as defined below) or Avoca Fund (as defined below under Item 10) when applied to the entire strategic partnership. Where a strategic investor participates in a KKR Credit Fund, KKR Fund, Prisma Fund or Avoca Fund through a dedicated investment vehicle or account as part of such arrangement, such vehicle and account may be granted terms, including management fees or carried interest, that are more favorable than those applicable to other investors. Where management fees and carried interest are applicable at the level of such vehicle and account, such terms may include a waiver of management fees and carried interest on their investment in KKR Credit Funds, KKR Funds, or Prisma Funds.

Management Fees

Management fees compensate KKR Credit for the various services KKR Credit's business professionals provide in managing KKR Credit Funds or Other Clients. Typically, KKR Credit charges management fees at an annual or semi-annual rate of between 0.25% and 1.75% of the capital committed to, the net asset value, the remaining invested capital, the aggregate collateral balance or the collateral pledged by the relevant KKR Credit Fund or Other Client, depending, in particular, on the strategy of the relevant KKR Credit Fund or Other Client, the amount of assets being placed under management with KKR Credit and the point in time in the life cycle of the relevant KKR Credit Fund or Other Client account. For example, for certain KKR Credit Funds, investors in the same fund may pay different management fee rates based on whether they invested in an early or later round of fundraising and the amount of their investment, with earlier or larger investors frequently paying lower management fee rates than other investors. Management fees may be paid monthly or quarterly in advance or arrears, depending on the KKR Credit Fund or Other Client. KKR Credit will from time to time accrue management fees for a given payment period but defer collecting such fees until a later payment period primarily for administrative convenience reasons. KKR Credit generally does not charge interest on such deferred management fees. The KKR Credit GPs generally make capital calls on investors in KKR Credit Funds for the amount of management fees payable by the KKR Credit Funds to KKR Credit and then cause the KKR Credit Funds to pay the amounts received from the investors to KKR Credit, consistent with the governing documents of the KKR Credit Funds. KKR Credit generally invoices Other Clients for management fees. In some cases, management fees due to KKR Credit may be deducted from proceeds otherwise distributable to investors in a KKR Credit Fund or Other Client or paid out of the assets of such KKR Credit Fund or Other Client, consistent with the governing documents of such KKR Credit Fund or Other Client. Management fees due from a KKR Credit Fund may also be paid by drawdowns by KKR Credit (or relevant KKR Credit GP) under such KKR Credit Fund's subscription credit facility (which drawdowns are subsequently repaid through capital calls or investment proceeds).

With respect to the BDC, KKR Credit, as sub-adviser, is entitled to receive from the BDC's investment adviser 50% of the management fees the adviser receives for managing the BDC. KKR Credit receives from the RIC a management fee, payable monthly, at an annual rate of 1.10% of the RIC's managed assets, as defined in the RIC's prospectus.

Where management fees are paid in advance with respect to a KKR Credit Fund or Other Client, the terms applicable to the relevant KKR Credit Fund or Other Client may not (and in the case of KKR Credit Funds, typically do not) contemplate repayments of fees to the extent that KKR Credit's services terminate (or an investor withdraws or redeems its interests in such KKR Credit Fund or Other Client) prior to the end of the relevant payment period, particularly with respect to closed-end KKR Credit Funds. Where management fees are based on committed capital or the remaining invested capital of a KKR Credit Fund, the management fee payable by such KKR Credit Fund will be due to KKR Credit even if the fair value of the relevant remaining investments is below cost or even zero.

Management fees payable to KKR Credit by certain KKR Credit Funds or Other Clients may also be reduced by certain other compensation received by KKR Credit or its affiliates that relate to the relevant KKR Credit Fund or Other Client and its activities or by certain organizational, offering and other expenses borne by the KKR Credit Fund or Other Client. Certain KKR Credit Funds or Other Clients may invest in securities issued by other KKR Credit Funds (including, in particular, CLOs). Management or advisory fees or performance-based compensation received by KKR Credit from such other KKR Credit Funds generally are but may not be rebated to the investing KKR Credit Fund or Other Client.

Incentive Allocations

KKR Credit (including the KKR Credit GPs) also generally receives carried interest allocations or distributions or other performance related compensation from KKR Credit Funds and Other Clients (other than certain co-investment vehicles and KKR Credit Associates Vehicles) of up to 20% of profits third-party investors earn on their investments in KKR Credit Funds. Carried interest allocations may be subject to preferred return hurdles, catch-up allocations and/or claw-backs, depending, among other things, on the strategy and structure of the relevant KKR Credit Fund. With respect to the BDC, KKR Credit is entitled to receive from the BDC's investment adviser 50% of the performance fees the adviser receives for managing the BDC. KKR Credit does not receive any performance fees with respect to the RIC.

Other Compensation

Portfolio companies are charged fees for work on the development of core strategies and for projects to increase their value. These fees are included within "portfolio company-related expenses" (which are described further below) and can be broken down generally into two categories: creditable fees and non-creditable fees. A portion of the creditable fees are generally offset against management fees due from KKR Credit Funds or Other Clients while non-creditable fees do not reduce management fees.

Creditable Fees

KKR and its affiliates charge monitoring fees and transaction fees to portfolio companies, in each case, which are generally not negotiated on an arm's length basis. KKR Credit and Other Clients indirectly bear these fees.

KKR Credit or its affiliates receive "monitoring fees" in exchange for providing KKR Credit Fund portfolio companies with management, consulting, financial and other services. Monitoring fee agreements are typically renewed automatically on an annual basis. A portfolio company's EBITDA (earnings before income, taxes, depreciation and amortization) is generally taken into account in determining the amount of the monitoring fee. Monitoring fees may also be based on a percentage of EBITDA.

On the occurrence of initial public offerings, sales or other change of control events related to the relevant company, KKR Credit (or an affiliate) is typically entitled to all unpaid monitoring fees *plus* any unreimbursed expenses *plus* the net present value of future monitoring fees that would otherwise be payable by the relevant portfolio company (the "**NPV Payment**"). The NPV Payment is based on the net present value of the monitoring fee over a fixed period calculated using a discount rate equal to yield on U.S. Treasury securities of like maturity based on the dates fee payments would have been due. The fixed period of time used in the net present value calculation will typically be tied to the term of the relevant KKR Credit Fund or portfolio investment; however, in certain instances the calculation period has exceeded and in the future may exceed the relevant KKR Credit Fund's (or investment's) term.

KKR Credit or an affiliate may also receive transaction fees for the work performed by KKR Credit in structuring investments in portfolio companies and with respect to significant transactions or exits for those portfolio companies. Transaction fees are received, in connection with the same portfolio company in which payments under a monitoring fee agreement are received. KKR Credit and its affiliates, such as Affiliated Brokers, may also receive fees in respect of administrative services provided to loan syndicates lending to the KKR Credit Fund portfolio companies. KKR Credit or its affiliates may also receive “break up” or similar fees in connection with unconsummated or terminated portfolio transactions. The amount and timing of such fees are generally specified in the agreements relating to the relevant transaction and such agreements may condition or limit such payments to KKR Credit or its affiliates.

KKR Credit periodically discloses to investors in certain KKR Credit Funds the amount of monitoring fees, transaction fees and break up fees allocated to KKR Credit Funds in which they have invested. Monitoring fees (including NPV Payments) and transaction fees are generally allocated among KKR Credit Funds, Other Clients and KKR Credit Associates Vehicles based on ownership of the relevant portfolio company or investment to which they are charged. The amount of break up fees is generally allocated among KKR Credit Funds, Other Clients and KKR Credit Associates Vehicles based on the anticipated ownership of the relevant company or investment had the transaction been consummated.

A portion of the monitoring fees, transaction fees and break up fees allocated to KKR Credit Funds and Other Clients will generally reduce or off-set management fees otherwise payable by investors in such KKR Credit Funds and Other Clients as described in the offering materials, disclosure documents and/or governing documents of the relevant KKR Credit Funds and Other Clients. The portion of allocable compensation that reduces or off-sets management fees varies as between KKR Credit Funds and Other Clients. KKR Credit will retain the portion of such compensation that is allocated to KKR Credit Funds and Other Clients that does not reduce or off-set management fees as well as the allocated portion that is attributable to the relevant KKR Credit GP. In addition, KKR Credit retains such compensation to the extent it is allocable to KKR Credit Associates Vehicles (except in the case of certain older KKR Funds) or co-investment vehicles.

In addition to the fees described above, certain officers and employees of KKR Credit (“**Employees**”) currently do and may in the future also receive directors’ fees for serving on the boards of KKR Credit Fund or KKR Fund portfolio companies, holding vehicles and other entities in or through which KKR Credit Funds invest. For older KKR Funds, these directors’ fees are generally not offset against KKR Fund management fees and may be retained in whole or in part by the Employees. For newer KKR Credit Funds (generally those established in 2010 and later), directors’ fees paid to Employees generally offset management fees. In addition, from time to time, Employees will serve as interim executives of KKR Credit Fund portfolio companies and other entities in or through which KKR Credit Funds invest, and such Employees may receive compensation in respect of such services.

Non-Creditable Fees

In addition, to the creditable fees described above, KKR Credit, its affiliates and its technical consultants will also receive “non-creditable” fees from portfolio companies. KKR Credit Funds and Other Clients indirectly bear these fees. Such fees do not offset management fees due from KKR Credit Funds or Other Clients. Examples of non-creditable fees include technical consultants, broker-dealer and certain Senior Advisor or Industry Advisor fees.

KKR Capstone/RPM/Technical Consultants

Each of KKR Capstone Americas LLC (collectively with its related parties, “**KKR Capstone**”), which provides consulting services to KKR Credit, KKR Credit Funds, Other Clients and certain KKR Credit

Fund portfolio companies, holding companies and other entities in or through which the KKR Credit Funds and Other Clients invest, and RPM, which provides operating and consulting services to KKR Credit, KKR Credit Funds and Other Clients and certain KKR Credit Fund portfolio companies and/or assets in the oil and gas industry, is owned by its senior management and neither is a subsidiary of KKR Credit or KKR. KKR Capstone uses the name “KKR” under license from KKR. Each of KKR Capstone and RPM has an exclusive relationship with KKR. Both KKR Capstone and RPM provide advisory services to our portfolio companies that KKR Credit’s investment professionals could not otherwise provide. Other companies provide similar services as KKR Capstone, RPM and other Technical Consultants (defined below), but they are less customized to KKR Credit’s business and are not exclusive to KKR Credit Fund portfolio companies. In addition, KKR Capstone and RPM are often involved in due diligence in connection with KKR’s investment sourcing. Generally, KKR Capstone and RPM have master consulting agreements in place with KKR and/or KKR Credit for due diligence work and other projects on behalf of KKR Credit Funds and Other Clients and they may enter into engagement letters with KKR Credit Fund portfolio companies, holding companies and other entities for consulting services provided to such entities. Under those agreements and engagement letters, KKR Capstone and RPM are generally entitled to fees and expense reimbursement (outside of the U.S., expenses may be determined as a fixed percentage of KKR Capstone’s fee for a specific engagement). While such fees and reimbursable expenses and other compensation paid to KKR Capstone and RPM are believed by KKR Credit to be reasonable and generally at market rates for the relevant activities, such compensation is not negotiated at arm’s length and from time to time may be in excess of fees, reimbursable expenses or other compensation that may be charged by comparable third parties. KKR Credit may in the future engage technical consultants (“**Technical Consultants**”) in addition to KKR Capstone and RPM, including, but not limited to, for operational consulting, energy industry consulting and property management services in the real estate sector, on terms substantially similar to those described with respect to KKR Capstone and RPM. Fees and compensation received by KKR Capstone and RPM (and other Technical Consultants) are not shared with KKR Credit Funds or Other Clients or offset against management fees payable by KKR Credit Funds or Other Clients. Moreover, under the terms of more recent KKR Credit Funds, fees received by KKR Capstone would not be shared with KKR Credit Funds or Other Clients or offset against management fees payable by KKR Credit Funds or Other Clients in the event that KKR Capstone became a subsidiary or an affiliate of KKR.

While neither KKR nor KKR Credit holds any voting/decision making rights or equity interests in KKR Capstone or RPM (or certain other Technical Consultants), KKR Capstone and RPM (and certain other Technical Consultants may) generally provide services at the direction of KKR or KKR Credit and their affiliates to portfolio companies or assets on an exclusive basis and also both receive services and support from KKR and its affiliates. For example, KKR has in the past, presently does, and may in the future provide loans to KKR Capstone or RPM (or other Technical Consultants), which loans have (or may have) below market interest rates and no stated payment schedule, provide administrative services to KKR Capstone or RPM (or other Technical Consultants) at below market rates, enter into arrangements with KKR Capstone or RPM (or other Technical Consultants) that provide for below market rent, and allow KKR Capstone and RPM (and other Technical Consultants) to participate in KKR Credit’s insurance policies and employee benefit plans without passing through the full cost of the coverage to KKR Capstone and RPM (and other Technical Consultants). Executives and employees of KKR Capstone have received, and executives of KKR Capstone, RPM and/or other Technical Consultants are expected to receive in the future, compensation in the form of (x) grants of equity in one or more of the parent entities of KKR Credit, (y) a portion of the carried interest received by a general partner(s) of a KKR Credit Fund or Other Client that are part of KKR Credit’s “carry pool” and/or (z) a profits interest in individual portfolio companies or assets. Executives and employees of KKR Capstone serve on the boards of directors of KKR Credit Fund portfolio companies and receive directors’ fees in connection therewith, as described above. They also serve from time to time as interim executives of KKR Credit Fund portfolio companies and receive compensation in connection therewith. Fees and compensation

received by KKR Capstone and its executives and employees and RPM (and other Technical Consultants) are not shared with KKR Credit Funds or Other Clients or offset against management fees payable by KKR Credit Funds or Other Clients.

Please see “Expenses” and “Other” sections below for further information regarding the payment of fees, other compensation and expense reimbursement to KKR Capstone, RPM and other Technical Consultants.

Affiliated Brokers

Affiliated U.S. and non-U.S. broker-dealers of KKR (including their respective related lending vehicles) (or “**Affiliated Brokers**” as defined in Item 10) may manage or otherwise participate in underwriting syndicates and/or selling groups with respect to the securities and debt instruments of portfolio companies and other non-controlled entities in or through which certain KKR Credit Funds or Other Clients invest, including in respect of securities or other instruments of such portfolio companies in which KKR Credit Funds or Other Clients have not invested. Further, Affiliated Brokers may otherwise be involved in the public or private placement of such securities and other instruments, and/or may provide capital markets advisory services to portfolio companies and other non-controlled entities in or through which KKR Credit Funds or Other Clients invest, including in connection with mergers and acquisitions, the syndication of portfolio company co-investment opportunities alongside certain KKR Credit Funds, and may provide acquisition financing and other corporate lending services to such entities in addition to financing provided through a KKR Credit Fund or Other Client’s investment. In addition, Affiliated Brokers may alone or with other lenders (including other KKR entities), arrange lines of credit to portfolio companies and other non-controlled entities in or through which KKR Credit Funds, Other Clients and other third party borrowers invest. Affiliated Brokers (through its respective related lending vehicles) may also provide loans and lines of credit or bridge financing to KKR Credit Funds and Other Client portfolio companies. Such financing and underwriting services may also be provided to a third party in which a KKR Credit Fund or Other Client (or portfolio company) may invest. Affiliated Brokers may also provide syndication services to such entities including in respect of co-investments in transactions participated in by KKR Credit Funds or Other Clients. Affiliated Brokers may receive fees, commissions, interest payments and other compensation, which may be payable in cash or securities, in respect of the activities described above and/or may waive such fees. Affiliated Brokers and other KKR entities may, as a consequence of such activities, from time to time hold positions in instruments or securities issued by portfolio companies. While such fees, commissions, interest payments and other compensation are believed by KKR to be reasonable [and charged at market rates for the relevant activities, such compensation are generally determined through negotiations with related parties. Transaction-related compensation received by Affiliated Brokers for the foregoing activities is not offset against management fees or otherwise shared with KKR Credit Funds or Other Clients. Affiliated Brokers do not share in any transaction fees or monitoring fees, which are generally allocated among KKR Credit Funds, Other Clients and KKR Credit Associates Vehicles as discussed above.

Please see Item 10 for further information regarding Affiliated Brokers.

Senior Advisors and Industry Advisors

Senior advisors (“**Senior Advisors**”) and industry advisors (“**Industry Advisors**”) are typically senior business leaders who provide advisory and consulting services to KKR Credit, KKR Credit Funds, Other Clients and portfolio companies of KKR Funds or Other Clients. They are consultants rather than employees of KKR and are compensated for services provided to KKR Credit, KKR Credit Funds, Other Clients and KKR Credit Fund portfolio companies. A significant portion of the compensation and reimbursement of expenses paid to Senior Advisor and Industry Advisors are allocated to KKR Funds and

Other Clients as expenses, and as a result, these items are described in detail below at “Expenses – Senior Advisors and Industry Advisors.” Senior Advisors and Industry Advisors also receive compensation and expense reimbursement for providing services to portfolio companies, which includes compensation for services on boards of directors, compensation for service as interim executives and consulting related compensation, which involves both fixed and incentive compensation. Accordingly, KKR Credit Funds and Other Clients indirectly bear the cost of such compensation and expense reimbursement.

Compensation and expense reimbursement received by Senior Advisors and Industry Advisors do not offset management fees payable by KKR Credit Funds or Other Clients.

Please see “Expenses” section below for further information regarding allocation to KKR Credit Funds and Other Clients of compensation and other payments received by Senior Advisors and Industry Advisors.

Expenses

“Fund Organizational, Direct Operational, and Indirect Operational Expenses,” “Sourcing and Diligence Expenses” and “Portfolio Company-Related Expenses”

Three general categories of expenses are allocated to and among KKR Credit Funds or Other Clients, KKR Associates Vehicles, co-investment vehicles and certain KKR proprietary entities. These categories are discussed below under “Fund Organizational, Direct Operational, and Indirect Operational Expenses,” “Sourcing and Diligence Expenses” and “Portfolio Company-Related Expenses.”

Fund Organizational, Direct Operational Expenses, and Indirect Operational Expenses

These are expenses that are related to the organization and operation of KKR Credit Funds or Other Clients that are not directly related to sourcing investments or to any particular portfolio company. Example of organizational expenses are legal, accounting, and filing expenses incurred in connection with organizing and establishing any KKR Credit Fund and the related KKR Credit GP, and the marketing and offering of interests in such KKR Credit Fund or Other Client, including commissions, costs, fees, and expenses of any placement agent or finder and legal, accounting, filing, capital raising, travel and accommodation, printing and other similar costs, fees, and expenses. Investors in KKR Credit Funds (other than certain co-investment vehicles and KKR Credit Associates Vehicles, which do not bear management fees) or Other Clients will typically receive a reduction in management fees in respect of offering and organizational expenses in excess of specific amounts as described in the offering materials, disclosure documents and/or governing documents of the relevant KKR Credit Fund or Other Client. KKR Credit or one or more of its affiliates may bear the allocable share of organizational costs and other expenses attributable to KKR Credit Associates Vehicles without seeking reimbursement from such vehicles. In addition, organizational expenses of a feeder fund investing in any KKR Credit Fund may be borne by such KKR Credit Fund.

Examples of direct operational expenses that fall within this category are professional fees directly attributable to a specific KKR Credit Fund, such as legal fees and audit fees, out of pocket costs related to preparation of investor reports, insurance premiums and fees, litigations and other disputes, fund borrowings, indemnification obligations, expenses relating to legal and regulatory compliance, expenses incurred in connection with the preparation of financial statements, tax returns, K-1s, administration of assets, financial planning and treasury activities, technology and other administrative support therefor, general and administrative costs (including salary and bonus of certain Employees), principal, interest on and fees and expenses arising out of, all fund borrowings, certain travel expenses and the costs of advisory committee meetings and the annual investors conference for the relevant KKR Credit Fund.

Fund organizational and operational expenses are allocated to the relevant KKR Credit Funds or Other Clients in accordance with governing documents.

Examples of indirect operational expenses that fall within this category are information technology costs as well as market data and research costs. Information technology consists of software tools, programs, or other information technology and data subscription services. These costs include computer software and hardware, electronic equipment or information technology services purchased from third party vendors, including risk analysis software and costs and expenses incurred with respect to research publications, materials, equipment and services. Indirect operational expenses are allocated to certain KKR Credit Funds and Other Clients in accordance with governing documents.

Sourcing and Diligence Expenses

These are expenses that relate more generally to investment sourcing and diligence for a particular investment strategy. These amounts include expenses incurred with respect to the pursuit of particular investments that are never actually consummated. Examples of such “broken deal” expenses include fees and expenses of any legal, financial, accounting, consulting or other advisors or lenders, any travel and accommodation expenses, and any deposits or down payments that are forfeited in connection with, or amounts paid as a penalty for, unconsummated transactions. Other sourcing and diligence expenses include certain organizational expenses (for example, those related to the establishment of a multi-investment platform for a strategy), legal, accounting and other professional fees and expenses, travel costs, fees and expenses of consultants (including Senior Advisors and Industry Advisors, KKR Capstone and RPM and other Technical Consultants). These expenses are allocated to the KKR Credit Funds or Other Clients and KKR Credit Associates Vehicles (and if applicable, certain KKR proprietary entities) that participate in the relevant investment strategy in accordance with governing documents. Sourcing and diligence expenses may be paid to KKR affiliates, including Affiliated Brokers.

Portfolio Company-Related Expenses

These are expenses that are specifically attributable to a particular KKR Credit portfolio company. Examples of expenses that fall within this category are travel expenses for an Employee to attend a board of directors meeting of a portfolio company, directors’ fees, KKR Capstone and RPM (and other Technical Consultant) fees, other compensation and expenses for services provided to or on behalf of a portfolio company, directors’ fees, consulting fees, equity grants and other compensation of Senior Advisors or Industry Advisors (including Phantom Equity (defined below)) for services provided to a portfolio company, and fees and expenses of any consultants, counsel, accountants or other experts for services provided to a KKR Credit portfolio company. Other examples include: (i) brokerage commissions, clearing and settlement charges, investment banking fees and expenses, bank charges, placement, syndication and solicitation fees, arranger fees, sales commissions, bridge financing expenses (which may be payable to another KKR Fund co-investing in the bridged transaction or to KKR Credit or an affiliate, in each case that provides bridge financing to the relevant KKR Credit Fund) and other investment, execution, closing and administrative fees, costs and expenses of portfolio companies, (ii) costs (including administrative and filing fees) of maintaining the holding structure for portfolio investments, (iii) portfolio and risk management expenses and (iv) expenses related to industry conferences directly related to a particular portfolio company. Portfolio company-related expenses may be paid to KKR Credit affiliates, including Affiliated Brokers.

All or a portion of the type of expenses describe in the above categories (or an appropriate portion thereof to the extent operational resources giving rise to such costs are also used by KKR Credit for proprietary purposes) will generally be borne by KKR Credit or its affiliates and then reimbursed through a reduction of subsequent distributions by the relevant KKR Credit Fund or by reducing the amount of monitoring

fees, transaction fees and break up fees allocated to such KKR Credit Fund or Other Clients that would otherwise reduce management fees.

Senior Advisors and Industry Advisors

The terms of engagement, including the financial package, for Senior Advisors and Industry Advisors are generally agreed (“**Senior Advisor Agreement**”) between the Senior Advisor or Industry Advisor and KKR (or one of its affiliates) at the time of engagement. Each Senior Advisor Agreement is negotiated individually, depends upon anticipated advisory services, and may differ as between different individuals. Senior Advisor Agreements may be updated from time to time, taking into account considerations such as, but not limited to, performance or current market practices for similar consulting services. Senior Advisors and Industry Advisors typically receive a financial package comprised of one or more of the following: (i) an annual fee, (ii) a discretionary performance-related bonus, (iii) a portion of the carried interest received by a general partner(s) of a KKR or KKR Credit Fund or Other Client that are part of KKR’s “carry pool,” (iv) grants of equity in one or more of the parent entities of KKR (including equity awards from the Public Company) and (v) an opportunity to invest in KKR or KKR Credit Funds or specific transactions on a no-fee/no-carry basis. Senior Advisors and Industry Advisors are also entitled to reimbursement for expenses incurred while providing services to KKR Credit, KKR Credit Funds, Other Clients and KKR Credit Fund portfolio companies. Senior Advisors and Industry Advisors also receive consulting related compensation in the form of fixed and incentive compensation.

KKR Credit Funds and Other Clients bear, directly or indirectly, a portion of the costs of consulting services provided by Senior Advisors and Industry Advisors. KKR allocates cash compensation (i.e., the annual fee and cash bonus) and expense reimbursement according to how the relevant Senior Advisor or Industry Advisor spends his or her time. The time of each Senior Advisor and Industry Advisor is allocated on a quarterly basis among three general categories: (i) investment sourcing activities (which are allocated as sourcing and diligence expenses (see description above of such expenses)); (ii) activities related to monitoring or working with KKR Credit Fund portfolio companies (which are allocated as fund organizational and operational expenses or portfolio company-related expenses (see description above of such expenses)); and (iii) KKR related activities, such as meeting with investors and strategic planning, expenses of which are borne by KKR and its affiliates and not KKR Credit Funds and Other Clients. The expenses related to equity grants in one or more of the parent entities of KKR have historically been borne by KKR (or one of its affiliates) and not allocated to KKR Credit Funds and Other Clients.

In addition, some Senior Advisors historically were granted “phantom equity” in certain KKR Fund portfolio companies, which is a form of incentive compensation based on the performance of the relevant KKR Fund portfolio company (“**Phantom Equity**”). Phantom Equity grants were discontinued in 2009; however, certain Senior Advisors continue to receive payments under legacy grants. Certain Senior Advisors also may receive a portion of performance related compensation from certain KKR or KKR Credit GPs that in turn receive carried interest allocations from KKR or KKR Credit Funds. Senior Advisors and Industry Advisors also serve on the boards of directors of KKR Credit Fund portfolio companies and may otherwise serve directly as consultants or interim executives to KKR Credit Fund portfolio companies and may receive directors’ fees, consulting fees, equity grants and other compensation in connection therewith from KKR Credit Fund portfolio companies. Such directors’ fees or other compensation earned by Senior Advisors and Industry Advisors do not offset management fees payable by KKR Credit Funds or Other Clients. Certain Senior Advisor Agreements provide KKR the discretion to determine whether this additional compensation paid to Senior Advisors or Industry Advisors by KKR Credit Fund portfolio companies will offset the cash compensation paid to such Senior Advisors or Industry Advisors under the Senior Advisor Agreement, although KKR Credit typically would not offset such cash compensation.

Expense Allocation

KKR Credit allocates expenses among KKR Credit Funds, Other Clients or affiliated funds or other accounts managed by KKR or its affiliates which may include proprietary vehicles and KKR based on the nature of the expenses.

“Fund Organizational and Direct Operational Expenses” generally are charged to the KKR Credit Fund or Other Client to which they relate.

“Indirect Operational Expenses” are charged to the KKR Credit Fund or Other Client based on an allocation methodology that seeks to fairly allocate indirect operational expenses among relevant KKR Credit Funds or Other Clients, KKR proprietary entities and KKR Associates Vehicles. The allocation methodology is based on KKR Credit Funds or Other Clients, KKR proprietary entities and KKR Associates Vehicles proportionate share of assets under management and management fee revenues.

“Portfolio Company-Related Expenses” are charged to the portfolio company to which they relate, or, if not, are generally allocated based on percentages of the investment held by the relevant KKR Credit Funds or Other Clients and KKR Associates Vehicles. The specific entity in the organizational holding structure which bears these expenses impacts the proportional sharing of these expenses. Transaction expenses for consummated investments may be borne by the relevant portfolio company or a related investment vehicle through which the investment is made and may be capitalized as part of the acquisition price of the relevant transaction to the extent not reimbursed by a third party. Transaction expenses for consummated investments not reimbursed by a third party are generally allocated based on the percentages of the investment held by the relevant KKR Credit Funds or Other Clients and KKR Associates Vehicles. Ongoing expenses that are specific to a portfolio company may be borne by the relevant portfolio company. When the portfolio company bears an expense directly, each direct and indirect equity owner of such company will indirectly bear a portion of such expenses. However, expenses, which may include fees, other compensation and expenses payable to KKR Capstone, RPM or other Technical Consultants and monitoring, transaction and break up fees payable to KKR among others, may be borne by (i) holding companies or other vehicles through which certain, but not all, of the direct and indirect equity owners of the portfolio company invest or (ii) a specific KKR Fund or Other Client. When such expenses are borne by such holding companies or other vehicles or by a specific KKR Fund or Other Client, such KKR Fund or Other Client will bear a greater portion of such expenses than would be the case if such expenses were paid by the relevant portfolio company.

“Sourcing and Diligence Expenses” are generally attributable to multiple KKR Credit Funds and Other Clients who invest in a given strategy. KKR Credit has therefore developed a methodology that seeks to fairly allocate sourcing and diligence expenses among relevant KKR Credit Funds or Other Clients, KKR proprietary entities and KKR Associates Vehicles. The allocation methodology is based on several factors including but not limited to KKR Credit Funds or Other Clients, KKR proprietary entities and KKR Associates Vehicles’ available capital for a certain strategy based on their respective investment mandate as well as their current net asset value.

Other

Portfolio companies of KKR Credit Funds or Other Clients are counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other KKR Credit Funds or Other Clients (for example a portfolio company of a KKR Credit Fund may retain a portfolio company of another KKR Credit Fund to provide services or may acquire an asset from such portfolio company). Certain of these agreements, transactions and arrangements involve fees and/or servicing payments to KKR Credit, its affiliates, KKR Capstone or RPM. For example, KKR Credit encourages portfolio companies to enter into agreements regarding group procurement and/or vendor discounts. Certain of

those agreements provide for commissions or similar payments and/or discounts to be paid to a portfolio company or KKR Capstone, and in the future such payments or discounts may be made directly to KKR Credit, its affiliates and RPM (and other Technical Consultants) as well. Such fees are not subject to management fee offsets or otherwise shared with KKR Credit Funds or Other Clients.

KKR Credit Funds and Other Clients, directly or through portfolio companies, holding companies and other entities in which they invest, bear the cost of consulting services provided by KKR Capstone and RPM. The quantum of fees and reimbursable expenses borne by a KKR Credit Fund or Other Client will depend in part upon which entity in the relevant investment structure has agreed to pay the relevant costs to KKR Capstone or RPM. For example, if the relevant KKR Credit portfolio company has agreed to pay such fees and reimbursable expenses, then generally all of the equity owners of the portfolio company will indirectly bear their portion of such fees and reimbursable expenses, whereas if a holding vehicle through which a KKR Credit Fund or Other Client (but not all of the equity owners of the KKR Credit portfolio company) invests pays such fees and reimbursable expenses, then only the investors who invest through the relevant holding vehicle will bear such fees and reimbursable expenses. This may result in a KKR Credit Fund or Other Client bearing a greater portion of the fees and reimbursable expenses of KKR Capstone or RPM (or other Technical Consultants) than would be the case if such costs were paid by the relevant portfolio company. If a KKR Credit portfolio company declines to pay for services rendered by KKR Capstone or RPM (or other Technical Consultants) which KKR Credit believes benefited a KKR Credit Fund and/or Other Client, then a KKR Credit Fund or Other Client will be charged for such services, which will result in the effect described in the preceding sentence. Fees and reimbursable expenses related to due diligence are generally either capitalized as part of the acquisition price of the relevant investment for consummated investments (but only to the extent not reimbursed by a third party) or treated as broken deal expenses for investments that are not consummated (see description of sourcing and diligence expenses below in “Other Expenses”).

KKR Capstone executives meet with investors and prospective investors to describe the role of KKR Capstone and provide information regarding KKR Capstone’s activities and arrangements. Typically, KKR Capstone does not charge fees to KKR Credit, KKR Credit Funds or Other Clients in connection with KKR Capstone executives attending meetings with investors (including annual meetings of KKR Credit Funds) or internal KKR Credit meetings. However, KKR Capstone is reimbursed for travel related expenses for attending such meetings. Other Technical Consultants may also be reimbursed for attending similar investor meetings. While KKR Credit or KKR bears the expense reimbursement for internal KKR Credit or KKR meetings, KKR Credit Funds bear the relevant expense reimbursement for meetings related to their activities.

KKR Credit may also earn fees as a result of its subsidiaries’ providing loan servicing services to certain KKR Credit Funds or Other Clients that invest in loan participations (or to related portfolio companies or lending syndicates), which fees may or may not be shared with the relevant KKR Credit Funds or Other Clients, depending on the applicable offering materials, disclosure documents, investment management agreements and/or governing documents.

In connection with the management and oversight of the KKR Credit Funds and Other Clients, neither KKR Credit nor any of its supervised persons accept compensation from third parties for the sale of securities or other investment products except as described above.

Item 6 Incentive Allocations and Side-By-Side Management

As noted in Item 5 above, KKR Credit (including KKR Credit GPs) generally receives incentive allocations and fees from KKR Credit Funds and Other Clients. KKR Credit may have an incentive to

favor, or take increased investment risk with respect to KKR Credit Funds or Other Clients from which it receives such allocation or fees over KKR Credit Funds or Other Clients from which it does not (for example certain co-investment vehicles). Similarly, KKR Credit may have an incentive to favor, or take increased investment risk with respect to, KKR Credit Funds and Other Clients from which it receives higher incentive allocations over KKR Credit Funds or Other Clients from which lower or no performance-based compensation is received (and notwithstanding that such accounts may not give rise to performance-based compensation, KKR Credit in any event may have an incentive to favor a certain KKR proprietary entity over any other KKR Credit Fund or Other Client). KKR Credit has in place policies and procedures to address these conflicts, including policies and procedures designed to ensure allocation of trades and securities among all client and KKR proprietary entities on a fair and equitable basis, taking into account the client's investment objectives. These policies and procedures are described in more detail below in Item 11.

KKR Credit manages certain KKR Credit Funds that are either feeder funds investing in other KKR Credit Funds or side-by-side vehicles investing alongside other KKR Credit Funds that are established primarily for the benefit of Employees, Senior Advisors and Industry Advisors, KKR Capstone and RPM executives and certain other persons associated with KKR and KKR Credit (which may include executives of KKR and KKR Credit portfolio companies, external consultants and their affiliated entities) ("**KKR Credit Associates Vehicles**"). KKR Credit Associates Vehicles are not subject to management fees or carried interest allocations but are generally allocated monitoring fees and transaction fees based on their respective ownership of the relevant company investment as discussed above in Item 5 (except in the case of investments made alongside certain older KKR Credit Funds). KKR Credit retains such compensation to the extent it is allocable to KKR Credit Associates Vehicles (except in the case of certain older KKR Funds). KKR Credit or its affiliates may also bear any allocable share of KKR Credit Fund organizational costs and other expenses on behalf of the KKR Credit Associates Vehicles. As the investment activities of these vehicles are implemented indirectly through the other KKR Credit Funds in which they invest or alongside other KKR Credit Funds, as applicable, KKR Credit does not view these arrangements as giving rise to the types of conflicts of interest described above.

Item 7 Types of Clients

KKR Credit provides investment management, advisory and administrative services, as described above in response to Item 4, to the KKR Credit Funds and Other Clients. With limited exceptions (including with respect to a KKR Credit Fund established as an employee securities company, the BDC, KKR Credit Associates Vehicles and KFN), investment in KKR Credit Funds is generally only available to institutional investors and certain high net worth investors that are "accredited investors" and "qualified purchasers" or non-"U.S. persons" or in the case of Employees, "knowledgeable employees", within the meaning of the Securities Act and the Investment Company Act, as applicable. KKR Credit Funds generally have a specified minimum investment amount as set forth in their offering materials, disclosure documents for the BDC and the RICs, shares of the BDC and the RICs and/or governing documents. These minimum amounts are subject to discretion, on the part of KKR Credit or the relevant KKR Credit GP, to permit investments of a smaller amount generally or with respect to any investor. Investment minimums with respect to the RICs, and the circumstances under which they may be waived, are set forth in their respective prospectuses.

A broad range of U.S. and non-U.S. institutional investors, including, among others, governmental and corporate pension and profit sharing plans (including investors regulated under the U.S. Employee Retirement Income Security Act of 1976, as amended ("**ERISA**")), endowments and foundations, insurance companies, financial institutions, sovereign wealth funds, funds of funds, private wealth and other third party distribution platforms and certain high net worth individuals and family offices, invest in

KKR Credit Funds and Other Clients. Additionally, Employees and other persons associated with KKR Credit and/or its affiliates and portfolio companies, including, for example, current or former portfolio company executives, and certain KKR proprietary entities, may make capital contributions to KKR Credit Funds including, in particular, KKR Credit Associates Vehicles.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategies and Methods of Analysis

The investment strategies employed by KKR Credit in respect of the KKR Credit Funds and Other Clients focus, primarily, on global leveraged credit strategies, such as leveraged loan and high yield bond strategies, alternative credit strategies (including mezzanine debt, special situations instruments, structured and illiquid credit, long/short credit, and direct senior loan origination and related instruments), and real assets. Certain KKR Credit Funds may also accommodate co-investments alongside KKR Funds including private equity funds and funds that invest in real assets. In pursuit of these strategies, KKR Credit may, on behalf of KKR Credit Funds and Other Clients, from both a long or short investment perspective, invest in a broad range of securities and other financial instruments including: U.S. and non-U.S. debt securities including public and privately placed corporate and government bonds and other debt securities, equity securities, hybrid securities, stock market indices, exchange traded funds, convertibles, asset backed and other structured debt securities, emerging market debt, warrants, bank loans and participations in bank loans, repurchase agreements, foreign currency and interest rate forward contracts, swap agreements (including credit default swaps), options, commodities, futures contracts on intangibles and interests in partnerships investing in oil and gas and real estate interests and other derivative or synthetic investment instruments, and joint venture equity investments.

KKR Credit employs both “top-down” and “bottom-up” analyses when making investments. KKR Credit’s top down analysis involves a macro analysis of relative asset valuations, long-term industry trends, business cycles, interest rate expectations, credit fundamentals and technical factors to target specific industry sectors and asset classes in which to invest. KKR Credit’s bottom-up analysis includes, in the case of credit/debt strategies, a rigorous analysis of the credit fundamentals and capital structure of each credit considered for investment and a thorough review of the impact of credit and industry trends and dynamics and dislocation events on such potential investment. In implementing its long/short credit and special situations investment strategies, KKR Credit also uses internally developed proprietary industry and company-specific models as a basis for forecasting market and company specific trends.

KKR Credit utilizes multiple sources of information in analyzing investments, including financial newspapers and magazines, inspections of corporate activities, research material prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC, and company press releases. KKR Credit also uses industry magazines, third party consultants, expert networks, lawyers, accountants, asset operators, regulatory filings filed with U.S. and non-U.S. regulators, its global network of contacts at major companies and corporate executives, commercial and investment banks, financial intermediaries, other investment and advisory institutions and its direct and indirect contacts through its affiliation with KKR. KKR Credit employees may participate in on-site visits, industry group and portfolio company management meetings, creditors’ committees, steering committees or on the boards of directors of portfolio companies, which will also be a source of information in respect of such companies subject to policies and procedures related to nonpublic and proprietary information.

In addition, KKR Capstone, RPM, Technical Consultants, Senior Advisors and Industry Advisors often provide supplemental insights to KKR and KKR Credit from a management consulting perspective and from the perspective of a C-level executive (i.e., “chief” executive officers or other senior officers) or

board of directors. KKR has a roster of active Senior Advisors and Industry Advisors globally, many of whom have extensive corporate management expertise, having served as Chief Executive Officer, Chief Financial Officer, Chairman of the Board, or other comparable positions at large, industry-leading companies or governmental regulatory agencies. In conducting due diligence on investments in third party funds, KKR Credit will use many of the above due diligence methods, as appropriate, in addition to a detailed review of fund governing documents in conjunction with external counsel and consultants.

Material Risk Relating to Methods of Investment Analysis

KKR Credit seeks to conduct reasonable and appropriate analysis and due diligence of its investments based on the facts and circumstances applicable to each investment. The objective of such analysis and due diligence is to identify attractive investment opportunities based on the facts and circumstances surrounding an investment, to identify possible risks associated with that investment and in the case of private equity and real asset investments, to prepare a framework that may be used from the date of an acquisition to drive operational achievement and value creation. When conducting due diligence and making an assessment regarding an investment, KKR Credit relies primarily on publicly available information and resources. In certain circumstances, for example, in connection with certain alternative credit strategies, KKR Credit may also rely on information provided by the target of the investment and, in some circumstances, third-party investigations. As a result, the due diligence process may at times be subjective with respect to newly organized companies for which only limited information is available. Accordingly, KKR Credit cannot be certain that its due diligence investigations with respect to any investment opportunity will reveal or highlight all relevant facts (including fraud) that may be necessary or helpful in evaluating such investment opportunity. Also, KKR Credit cannot be certain that its due diligence investigations will result in investments being successful or that the actual financial performance of an investment will not fall short of the financial projections used when evaluating that investment.

Additionally, in connection with the evaluation of potential investment opportunities, KKR Credit may engage with individuals retained by certain expert networks who are under an obligation to not disclose proprietary and/or confidential information. KKR Credit seeks to avoid inadvertently obtaining proprietary and/or confidential information from such sources and has therefore implemented policies and procedures to mitigate this risk. However, no assurance can be made that consultants of expert networks do not share proprietary and/or confidential information. In such cases, KKR Credit may become restricted from pursuing an investment opportunity, which could adversely impact a KKR Credit Fund or Other Client.

For investments where KKR Credit structures the investment in which the KKR Credit Funds or Other Clients participate, KKR Credit will generally establish the capital structure of an investment (including in particular, with respect to credit/debt investments) and the terms and targeted returns of such investment (including short positions) on the basis of financial and other applicable projections. Projected operating results will normally be based primarily on investment professional judgments or third-party advice and reports. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be achieved, and actual results may vary significantly from the projections. General market, economic, environmental, and other conditions, which are not predictable, can have an adverse impact on the reliability of such projections. Valuation models used to determine whether a position presents an attractive opportunity may become outdated and inaccurate as market conditions change. Assumptions or projections about asset lives; the stability, growth, or predictability of costs; demand; or revenues generated by an investment or other factors associated therewith may, due to various risks and uncertainties including those described herein, differ materially from actual results.

Material Risks of Significant Investment Strategies

The risk factors briefly summarized below may not be applicable to all KKR Credit Funds or their investors or Other Clients. Such summary does not purport to be a complete list or explanation of the risks involved in an investment in a KKR Credit Fund or Other Client. The offering materials, disclosure documents and/or governing documents of each KKR Credit Fund (other than certain co-investment vehicles) or Other Client will typically include a more detailed summary of material risks applicable to the KKR Credit Fund or Other Client and its investment strategy and structure and should be read in conjunction with the risks below.

Debt Securities

KKR Credit Funds and Other Clients invest in various types of debt securities and instruments on behalf of the KKR Credit Funds and Other Clients. In the absence of appropriate hedging measures, changes in interest rates generally will cause the value of debt investments to vary inversely to such changes. The obligor of a debt security or instrument may not be able or willing to pay interest or to repay principal when due in accordance with the terms of the associated agreement. Commercial bank lenders and other creditors may be able to contest payments to the holders of other debt obligations of the same obligor in the event of default under their commercial bank loan agreements.

KKR Credit Funds or Other Clients may invest in loans and other forms of debt that are not marketable securities. Loans are usually not securities, are usually not listed on a recognized exchange and are usually less liquid or not liquid compared to other securities. Loans may be subject to transfer or assignment restrictions and approvals, and are generally treated and traded differently than debt securities. In addition, a loan may involve syndication with members of the syndicate having different and sometimes superior rights to those of a KKR Credit Fund or Other Client. Where KKR Credit Funds and Other Clients invest as a sub-participant in syndicated debt and/or loans, it may be subject to certain risks as a result of having no direct contractual relationship with the underlying borrower and will be generally dependent on the lender to enforce its rights and obligations and will not have any direct rights against the underlying borrower, any direct rights in the collateral, if any, securing such borrowing, or any right to deal directly with such borrower.

Credit Risk

Debt Investments are subject to the risk of non-payment of scheduled interest or principal by the borrowers with respect to such investments, which amounts may not be satisfied out of available collateral, or satisfied in a timely manner. Certain investments in secured debt may be unperfected for a variety of reasons, including the failure to make required filings by lenders and a KKR Credit Fund or Other Client may not have priority over other creditors. A KKR Credit Fund or Other Client's right to payment and any security interests may be subordinated to those of a senior lender. The principal amount of certain investments may remain outstanding and at risk until the maturity of the investment, in which case the relevant portfolio company's ability to repay the principal may be dependent upon a liquidity event or the long-term success of the company. The credit worthiness of portfolio companies may deteriorate as a result of a variety of factors that may adversely affect their business.

High Yield Securities

KKR Credit Funds and Other Clients invest in debt securities and instruments that are classified as "higher-yielding" (and, therefore, higher-risk) investments than other types of instruments and/or securities. In most cases, such investments will be rated below investment grade by recognized rating agencies or will be unrated and face ongoing uncertainties and exposure to adverse business, financial or economic conditions and the issuer's failure to make timely interest and principal payments. These

investments are generally not exchange-traded and, as a result, trade in the over the counter marketplace, which is less transparent than the exchange-traded marketplace. In addition, a KKR Credit Fund or Other Client may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. The market for high yield securities has recently experienced periods of significant volatility and reduced liquidity. The market values of certain of these lower-rated and unrated debt investments tend to reflect individual corporate developments to a greater extent and tend to be more sensitive to economic conditions than those of higher-rated investments. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. Major economic recessions such as those recently (and in some cases, currently) experienced globally may disrupt severely the market for such securities, and may have an adverse impact on the value of such securities and the ability of the issuers of such securities to repay principal and interest thereon, thereby increasing the incidence of default of such securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of these high yield debt securities.

Interest Rate Risk

KKR Credit Fund and Other Client investments may expose it to interest rate risks, meaning that changes in prevailing market interest rates could negatively affect the value of such investments. Factors that may affect market interest rates include, without limitation, inflation, slow or stagnant economic growth or recession, unemployment, money supply, governmental monetary policies, international disorders and instability in domestic and foreign financial markets. KKR Credit Funds or Other Clients may periodically experience imbalances in the interest rate sensitivities of its assets and liabilities and the relationships of various interest rates to each other. In a changing interest rate environment, a KKR Credit Fund or Other Client may not be able to manage this risk effectively. If a KKR Credit Fund or Other Client is unable to manage interest rate risk effectively, a KKR Credit Fund or Other Client's performance could be adversely affected.

Inflation Risk

The market price of fixed-income investments generally falls as inflation increases because the purchasing power of the future income and repaid principal is expected to be worth less when received by the KKR Credit Funds or Other Clients. Fixed-income investments that pay a fixed rather than a variable interest rate are especially vulnerable to inflation risk because variable-rate securities may be able to participate, over the long term, in rising interest rates which have historically corresponded with long-term inflationary trends. Most high yield investments pay a fixed rate of interest and are therefore vulnerable to inflation risk.

Counterparty Risk

Certain KKR Credit Fund and Other Client investments will be exposed to the credit risk of the counterparties with which, or the dealers, brokers and exchanges through which, a KKR Credit Fund or Other Client deals, whether in exchange-traded or over the counter transactions. KKR Credit Funds and Other Clients may be subject to the risk of loss of assets on deposit or being settled or cleared with a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions, the bankruptcy of an exchange clearing house or the bankruptcy of any other counterparty. Certain investments may be structured through the use of over the counter options and swaps or other indirect investment vehicles such as structured products. Such transactions may be entered into by a KKR Credit Fund or Other Client with a small number of counterparties resulting in a concentration of counterparty risk. The exercise of counterparty rights under such

arrangements, including forced sales of securities, may have a significant adverse impact on a KKR Credit Fund or Other Client.

Distressed Debt

KKR Credit Funds and Other Clients may invest in securities and other obligations and assets of companies that are in special situations involving significant financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Such investments involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful investment in distressed assets is unusually high. There is no assurance that a KKR Credit Fund or Other Client will correctly evaluate the value of the assets collateralizing an investment or the prospects for a successful reorganization or similar action in respect of any company. In any reorganization or liquidation proceeding, KKR Credit Funds or Other Clients may lose their entire investment, be required to accept cash or securities or assets with a value less than their original investment and/or be required to accept payment over an extended period of time. Troubled company investments and other distressed asset-based investments require active monitoring and may, at times, require participation in business strategy or reorganization proceedings by a KKR Credit Fund or Other Client. To the extent that a KKR Credit Fund or Other Client becomes involved in such proceedings, KKR Credit Funds or Other Clients may have a more active participation in the affairs of the company than that assumed generally by an investor. In addition, involvement by a KKR Credit Fund or Other Client in a company's reorganization proceedings could result in the imposition of restrictions limiting the ability of KKR Credit Funds or Other Clients to liquidate positions in the company.

Bankruptcy and Other Proceedings

There are a number of significant risks when investing in companies involved in bankruptcy proceedings. Many of the events within a bankruptcy litigation are adversarial and often beyond the control of the creditors. Generally, the duration of a bankruptcy case can only be roughly estimated. The reorganization of a company can involve substantial legal, professional and administrative costs to a company and any investor; is subject to unpredictable and lengthy delays; and during the process the company's competitive position may erode, key management may depart and the company may not be able to invest adequately. In some cases, the company may not be able to reorganize and may be required to liquidate assets. U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in reorganization for the purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that a KKR Credit Fund or Other Client's influence with respect to a class of claims can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims that have priority by law over the claims of certain creditors (for example, claims for taxes) may be quite high. KKR Credit may serve on creditors' committees or other groups to ensure preservation or enhancement of the position of KKR Credit Funds or Other Clients as creditors and may owe certain obligations generally to similarly situated parties represented by the committee. If such obligations conflict with the interests of the KKR Credit Funds or Other Clients, KKR Credit may resign from that committee or group and the KKR Credit Funds or Other Clients may not realize the benefits, if any, of participation on the committee or group. In addition, if KKR Credit Funds or Other Clients are represented on a committee or group, they may be restricted or prohibited under applicable law from disposing of their investments in such company while they continue to be represented on such committee or group.

Fraudulent Conveyance, Lender Liability, Equitable Subordination and Re-characterization

Investments in the debt of distressed companies could be subject to U.S. state and federal bankruptcy laws and state fraudulent transfer laws, which may vary from state to state, if the debt obligations relating to such investments were issued with the intent of hindering, delaying or defrauding creditors or, in certain circumstances, if the issuer receives less than reasonably equivalent value or fair consideration in return for issuing such debt obligations. If the debt is used for a buyout of shareholders, this risk is greater than if the debt proceeds are used for day-to-day operations or organic growth. If a court were to find that the issuance of debt obligations held by KKR Credit Funds or Other Clients was a fraudulent transfer or conveyance, the court could void or otherwise refuse to recognize the payment obligations under the debt obligations or the collateral supporting such debt obligations, further subordinate the debt obligations or the liens supporting such obligations to other existing and future indebtedness of the issuer or require the KKR Credit Funds or Other Clients to repay any amounts received by them with respect to the debt obligations or collateral. In the event of a finding that a fraudulent transfer or conveyance occurred, KKR Credit Funds or Other Clients may not receive any repayment on the debt obligations. Under Title 11 of the United States Code, as amended (the “**Bankruptcy Code**”), lenders engaging in certain types of inequitable or inappropriate conduct may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. A lender’s investment may also be re-characterized or treated as equity if it is deemed to be a contribution to capital or if the lender attempts to control the outcome of the business affairs of a company prior to its filing under the Bankruptcy Code. There can be no assurance that such claims will not be asserted against, or will be successfully defended by KKR Credit Funds or Other Clients. In addition to placing representatives on creditors’ committees, KKR Credit Funds or Other Clients may from time to time seek to place representatives on the boards of directors of certain companies in which they invest or may invest in portfolio companies in which certain other KKR Credit Funds, Other Clients or other affiliated investment vehicles already have representatives on the boards. While such representation may enable the KKR Credit Funds or Other Clients to enhance the sale value of their debt investments in a company, such involvement may also prevent the KKR Credit Funds or Other Clients from freely disposing of their debt investments and may subject them to additional liability or result in re-characterization of their debt investments as equity. The above risks are enhanced to the extent a KKR Fund or other affiliated investment vehicle has a material equity stake in the relevant portfolio company.

Investment Ranking

In many cases, the portfolio companies in which KKR Credit Funds invest have, or are permitted to have, outstanding indebtedness or equity securities that rank senior to a KKR Credit Fund’s investment. By their terms, such instruments may provide that their holders are entitled to receive payments of distributions, interest or principal on or before the dates on which payments are to be made in respect of our investment. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a company in which an investment is made, holders of securities ranking senior to the KKR Credit Fund’s investment would typically be entitled to receive payment in full before distributions could be made in respect of its investment. Dividends and distributions paid to KKR Credit Funds and Other Clients, as well as fees such as transaction fees and monitoring fees which are creditable (in part) against management fees payable by KKR Credit Funds or Other Clients, may be subject to clawback under various legal theories in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy. In addition, debt investments made by KKR Credit Funds in portfolio companies may be equitably subordinated to the debt investments made by third parties in KKR Credit Fund portfolio companies. After repaying senior security holders, the company may not have any remaining assets to use for repaying amounts owed in respect of our investment. To the extent that any assets remain, holders of claims that rank equally with the KKR Credit Fund’s investment would be entitled to share on an equal

and ratable basis in distributions that are made out of those assets. Also, during periods of financial distress or following insolvency, the ability of KKR Credit Funds to influence a company's affairs and to take actions to protect an investment may be substantially less than that of the senior creditors.

Non-U.S. Law; Developments in Bankruptcy Law

Insofar as the KKR Credit Funds and Other Clients' investments include securities and obligations of non-U.S. companies, the laws of certain foreign jurisdictions may be undeveloped or untested and may provide for avoidance remedies under factual circumstances similar to those described above or under different circumstances, with consequences that may or may not be analogous to those described above under U.S. federal and state laws. Changes in bankruptcy laws (including U.S. federal and state laws and applicable non-U.S. laws) may adversely impact KKR Credit Funds or Other Clients. As noted above, a lender's investment may be re-characterized or treated as equity in certain circumstances. This risk is particularly relevant in certain jurisdictions with respect to investments where a KKR Fund or other affiliated entity has a substantive equity investment.

Mezzanine Debt Securities

Mezzanine debt is typically junior to the obligations of a company to senior creditors, trade creditors and employees. The ability of KKR Credit to influence a company's affairs, especially during periods of financial distress or following insolvency, will be substantially less than that of senior creditors. Mezzanine debt securities are often issued in connection with leveraged acquisitions or recapitalizations in which the issuers incur a substantially higher amount of indebtedness than the level at which they had previously operated. Default rates for mezzanine debt securities have historically been higher than for investment grade securities. In the event of the insolvency of a portfolio company or similar event, the investment therein will be subject to fraudulent conveyance, subordination and preference laws. Mezzanine debt investments may also be subject to early redemption features, refinancing options, prepayment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation earlier than expected. In addition, mezzanine debt investments may include enhanced information rights or other involvement with a company's board of directors that could result in limiting the ability of KKR Credit Funds or Other Clients to liquidate positions in the company.

Private/Illiquid Investments

KKR Credit Funds and Other Client accounts may invest significantly in securities that are not publicly traded or for which an active secondary market does not otherwise exist. In many cases, KKR Credit Funds or Other Clients may be prohibited by contract or by applicable securities laws from selling such securities for a period of time or otherwise until such securities are publicly registered under applicable securities laws, or an exemption from such registration is available. Even where securities are publicly traded, large holdings of such securities can often be disposed of only over a substantial length of time, exposing the investment returns of the relevant KKR Credit Funds or Other Clients to risks of downward movement in market prices during the intended disposition period. Accordingly, under certain conditions, KKR Credit Funds or Other Clients may be forced to either sell securities at lower prices than they had expected to realize or defer sales that they had planned to make, potentially for a considerable period of time.

Convertible Securities

The value of a convertible security is a function of its investment value and its conversion value. The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline, by the credit standing of the

issuer and other factors. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by a KKR Credit Fund or Other Client is called for redemption, the relevant KKR Credit Fund or Other Client will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party, which may adversely affect it.

Credit Default Swaps

KKR Credit Funds or Other Clients may invest in credit default swaps for hedging and investment purposes. The credit default swap market in high yield securities is comparatively new and rapidly evolving compared to the credit default swap market for more seasoned and liquid investment grade securities. Swap transactions dependent upon credit events are priced incorporating many variables, including the pricing and volatility of the underlying credit, potential loss upon default, counterparty risk and the shape of the U.S. Treasury yield curve, among other factors. As such, there are many factors upon which market participants may have divergent views.

Total Return Swaps

KKR Credit Funds or Other Clients may enter into total return swap agreements. A total return swap is subject to market risk, liquidity risk and risk of imperfect correlation between the value of the total return swap and the loans and/or bonds underlying the total return swap. In addition, KKR Credit Funds or Other Clients may incur certain costs in connection with the total return swap that could in the aggregate be significant. A total return swap is also subject to the risk that a counterparty will default on its payment obligations under the arrangements or that one party will not be able to meet its obligations to the other. The party making periodic payments based on a fixed or variable interest rate would typically have to post collateral to secure its obligations to the other party to the total return swap. In addition, the party making periodic payments based on a fixed or variable interest rate bears the risk of depreciation with respect to the value of the assets underlying the total return swap and may be required under the terms of the total return swap to post additional collateral on a dollar-for-dollar basis in the event the value of the loans and/or bonds underlying the total return swap depreciate more than the amount of any cash collateral previously posted by such party. In the event that the party owning the assets underlying the total return swap chooses to exercise its termination rights under the total return swap, it is possible that the counterparty will owe more to such party or, alternatively, will be entitled to receive less from such party than it would have if such counterparty controlled the timing of such termination due to the existence of adverse market conditions at the time of such termination. In addition, because a total return swap is a form of synthetic leverage, such arrangements are subject to risks similar to those associated with the use of leverage.

Asset-Backed Securities

KKR Credit Funds or Other Clients may invest in asset-backed securities and other structured products, which are securities and instruments backed by mortgages, including CMBS, trade claims, installment sale contracts, credit card receivables or other assets and which include collateralized debt obligations as described below. Such investments are "pass-through" investments, meaning that principal and interest payments, net of expenses, made by the borrower on the underlying assets are passed through to KKR Credit Funds and Other Clients. The value of such investments, like that of traditional fixed income securities, typically increases when interest rates fall and decreases when interest rates rise. However, such investments differ from traditional fixed income securities because of their potential for prepayment.

The price paid by KKR Credit Funds and Other Clients for such investments, the yield KKR Credit Funds and Other Clients expect to receive from such investments and the average life of such investments are based on a number of factors, including the anticipated rate of prepayment of the underlying assets. KKR Credit Funds or Other Clients may, in particular, invest in mortgage-backed securities, including CMBS. Mortgage-backed securities are also subject to the general risks associated with investing in real estate securities; that is, they may lose value if the value of the underlying real estate to which a pool of mortgages relates declines.

Equity Securities

KKR Credit Funds or Other Clients may invest in equities and equity-linked securities. The value of these securities generally will vary with the performance of the issuer and movements in the equity markets. As a result, KKR Credit Funds or Other Clients may suffer losses if they invest in equity securities of issuers whose performance diverges from a KKR Credit Fund or Other Client's expectations or if equity markets generally move in a single direction and KKR Credit Funds or Other Clients have not hedged against such a general move. KKR Credit Funds and Other Clients also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale (see also "Convertible Securities" and "Market and Economic Risks" below). KKR Credit Funds and Other Clients may invest in preferred stock which generally has a preference as to dividends and upon the event of liquidation over an issuer's common stock, but it ranks junior to debt securities in an issuer's capital structure. Preferred stock generally pays dividends in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

Public Securities

KKR Credit Funds and Other Clients may invest in publicly traded debt and equity securities. Such investments are subject to the risks inherent in investing in public securities. A KKR Credit Fund or Other Client may be unable to obtain financial covenants or other contractual rights, including management rights, that it might otherwise be able to obtain in making a privately-negotiated investment and may not have the same access to information in connection with public debt or equity investments, either when investigating a potential investment or after making an investment, as compared to a privately-negotiated investment.

Market and Economic Risks

The success of a KKR Credit Fund or Other Client's investment strategies may be materially affected by the market, economic and political conditions globally and in the jurisdictions and sectors in which KKR Credit Funds and Other Clients invest or operate, including factors affecting interest rates, the availability of credit, currency exchange rates and trade barriers. Ongoing events that began approximately six years ago in the subprime mortgage market and other areas of the fixed income markets have caused significant dislocations, illiquidity and volatility in global financial markets. Although financial markets have shown intermittent signs of improvement, global economic conditions remain tenuous, and to the extent that they do not improve, this may adversely impact the investments of KKR Credit Funds or Other Clients. Furthermore, KKR Credit Funds and Other Clients may invest from time to time in European companies and companies that have operations that may be affected by the Eurozone economy. Recent concerns

regarding the sovereign debt of various Eurozone countries and proposals for investors to incur substantial write-downs and reductions in the face value of certain countries' sovereign debt have given rise to new concerns about sovereign defaults, the possibility that one or more countries might leave the European Union or the Eurozone and various proposals (still under consideration and unclear in material respects) for support of affected countries and the Euro as a currency. The outcome of this situation cannot yet be predicted. Sovereign debt defaults and European Union and/or Eurozone exits, could have material adverse effects on investments by a KKR Credit Fund or Other Client in European companies, including, but not limited to, the availability of credit to support such companies' financing needs, uncertainty and disruption in relation to financing, customer and supply contracts denominated in Euro and wider economic disruption in markets served by those companies, while austerity and other measures introduced in order to limit or contain these issues may themselves lead to economic contraction and resulting adverse effects for a KKR Credit Fund or Other Client and its investments. It is possible that a number of KKR Credit Fund and Other Client investments will be denominated in Euro. Legal uncertainty about the funding of Euro denominated obligations following any break up of or exits from the Eurozone (particularly in the case of investments in companies in affected countries) could also have material adverse effects on a KKR Credit Fund or Other Client.

Shadow Banking Regulation

In October 2011, the Financial Stability Board issued a report that recommended strengthening oversight and regulation of the so-called "shadow banking" system in Europe, broadly described as credit intermediation involving entities and activities outside the regular banking system. The report outlined initial steps to define the scope of the shadow banking system and proposed general governing principles for a monitoring and regulatory framework. While at this stage it is difficult to predict the scope of any new regulations, if such regulations were to extend the regulatory and supervisory requirements, such as capital and liquidity standards, currently applicable to banks, or KKR Credit Funds or Other Clients engaged in lending and other credit related activities were considered to be engaged in "shadow banking," the regulatory and operating costs associated therewith could adversely impact the implementation of their investment strategy and may become prohibitive.

Long/Short Investment Strategy/Short Sales

KKR Credit manages long/short credit portfolios. The identification of investment opportunities in the implementation of a long/short credit investment strategy is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. In the event of market disruptions, significant losses can be incurred which may force KKR Credit to close out one or more positions. Valuation models used to determine whether a credit position presents an attractive opportunity consistent with long/short investment strategy may become outdated and inaccurate as market conditions change. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security or instrument could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the security necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the security to rise further, thereby exacerbating the loss.

Preferred Stock

KKR Credit Funds or Other Clients may invest in preferred stock which generally pays dividends at a defined rate. Unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been

paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

Investments in Initial Public Offerings

Investments in initial public offerings invested in by KKR Credit Funds or Other Clients may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including, without limitation, the limited number of securities available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer.

Activist Strategy

KKR Credit Funds or Other Clients may seek to pursue an activist role in effectuating corporate change with respect to an investment in a portfolio company. The costs in time, resources and capital involved in such activist investments depend on the circumstances, which are only in part within a KKR Credit Fund or Other Client's control. The expenses associated with an activist investment strategy, including potential litigation or other transactional costs, will be borne by a KKR Credit Fund or Other Client. Such expenses may reduce returns or result in losses.

The success of an activist investment strategy may require, among other things: (i) that a KKR Credit Fund or Other Client properly identifies portfolio companies whose equity prices can be improved through corporate and/or strategic action; (ii) that a KKR Credit Fund or Other Client acquires sufficient shares of the securities of such portfolio companies at a sufficiently attractive price; (iii) a positive response by the management of portfolio companies to shareholder engagement; (iv) a positive response by other shareholders to shareholder activism and a KKR Credit Fund or Other Client's proposals; and (v) a positive response by the markets to any actions taken by portfolio companies in response to shareholder activism. None of the foregoing can be guaranteed. Securities that a KKR Credit Fund or Other Client believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the timeframe a KKR Credit Fund or Other Client anticipates, even if a corporate governance strategy is successfully implemented.

Investment in Small and Micro Cap Companies and Early Stage Businesses

There may be no limitation on the size or operating experience of the companies in which a KKR Credit Fund or Other Client invests and a KKR Credit Fund or Other Client may from time to time invest in or otherwise be exposed to performance of small and micro cap companies including for example where a KKR Credit Fund or Other Client provides financing to businesses and management or operating teams spinning out of distressed or forced sellers or other "special situations" issuers. Such investments involve greater risks in many respects than do investments in larger or more seasoned companies. Such companies may lack management depth and experience or the ability to generate internally or obtain externally the funds necessary for growth notwithstanding a KKR Credit Fund or Other Client's investment. Such companies may have, or may develop, only a regional market for products or services and may be adversely affected by purely local events. Further, such companies may be small factors in their industries and may face intense competition from larger companies. The prices of the securities of small and micro cap companies are generally more volatile than prices of the securities of companies with large market capitalizations and the risk of bankruptcy or insolvency of such companies is generally higher than for larger companies. Due to thin trading in securities of many small and micro cap companies, an investment in these companies may be relatively more illiquid than is the case for larger companies.

Exchange Traded Funds

KKR Credit Funds or Other Clients may invest in exchange traded funds (“ETFs”), i.e., shares of publicly-traded investment vehicles, or depository receipts that seek to track the performance and dividend yield of specific indices or companies in related industries. ETF investors are generally subject to the same risk as holders of the underlying securities being tracked and are also subject to certain additional risks, including, without limitation, the risk that their prices may not correlate perfectly with changes in the prices of the underlying index or securities and the risk of trading in an ETF halting due to market conditions.

Trading Cash and Physical Commodities

KKR Credit Funds or Other Clients may from time to time trade physical or cash commodities for immediate or deferred delivery. Cash transactions relate to the purchase and sale of specific physical commodities and such contracts may differ from each other with respect to terms such as quantity, grade, mode of shipment, terms of payment, penalties and risk of loss. There is no limit on daily price movements of cash commodities and banks, brokerage firms, and dealers in cash commodities are not required to continue to make markets in any commodity. Cash transactions are also subject to the risk of the foregoing entities' failure, inability or refusal to perform with respect to such contracts.

Event-Driven Investing

Event-driven investing by KKR Credit Funds or Other Clients requires KKR Credit Funds or Other Clients to make predictions about the likelihood that an event will occur and the impact such event will have on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result. Investments in such securities often are difficult to analyze or may have limited trading histories or in-depth research coverage. Although KKR Credit, KKR Credit Funds and Other Clients intend to utilize appropriate risk management strategies, such strategies cannot fully insulate KKR Credit from the risks inherent in their planned activities. Moreover, in certain situations KKR Credit may be unable to, or may choose not to, implement risk management strategies because of the costs involved or other relevant circumstances.

Capital Structure Arbitrage

KKR Credit Funds or Other Clients may from time to time identify and exploit the relationships between movements in different financial instruments within an issuer's capital structure, which involve uncertainty. There can be no assurance that a KKR Credit Fund or Other Client will be able to locate investment opportunities or to correctly exploit price discrepancies.

Availability of Suitable Investment Opportunities; Competition

The success of a KKR Credit Fund or Other Client's investment strategy will depend on the ability of KKR Credit to source and diligence appropriate investment opportunities and to acquire these investments. The activity of identifying, completing and realizing the types of investment opportunities targeted by KKR Credit is highly competitive and involves a significant degree of uncertainty. KKR Credit Funds and Other Clients compete for investment opportunities with other private investment vehicles, including KKR Funds, as well as participants in the public debt markets, individuals and financial institutions, including investment banks, commercial banks and insurance companies, business development companies, strategic industry acquirers, hedge funds, operating companies, and other institutional investors, investing directly or through affiliates. Such supply-side competition may adversely affect the terms upon which investments can be effected and/or exited by KKR Credit Funds or Other Clients. Moreover, private equity sponsors unaffiliated with KKR Credit or KKR may be reluctant

to present investment opportunities to KKR Credit Funds or Other Clients because of its affiliation with KKR.

International Investments

KKR Credit Funds and Other Clients invest globally and in particular invest in emerging or developing market countries (including in Asia, Latin America and Africa). Investments in emerging and developing markets, as well as in certain more developed non-U.S. markets, involve certain factors not typically associated with investing in the U.S. or other developed countries, including risks relating to: (i) differences relating to local securities markets, including potential price volatility in and relative illiquidity of some overseas securities markets, the absence of uniform accounting, auditing, and financial reporting standards, practices, and disclosure requirements, and less government supervision and regulation; (ii) other differences in law and regulation, including fewer investor protections, less stringent fiduciary duties, less developed bankruptcy laws, and difficulty in enforcing contractual obligations; (iii) certain economic and political risks, including potential economic, political, or social instability, exchange control regulations, restrictions on foreign investment and repatriation of capital (possibly requiring government approval), expropriation or confiscatory taxation, higher rates of inflation, and reliance on a more limited number of commodity inputs, service providers, and/or distribution mechanisms; and (iv) the possible imposition of local taxes on income and gains recognized with respect to securities and assets. The risks of investing in emerging and developing markets, including the risks described above, are usually greater than the risks involved in investing in more developed markets.

Furthermore, KKR Credit Funds or Other Clients may invest from time to time in European companies and companies that have operations that may be affected by the Eurozone economy. Recent concerns regarding the sovereign debt of various Eurozone countries and proposals for investors to incur substantial write-downs and reductions in the face value of certain countries' sovereign debt have given rise to new concerns about sovereign defaults, the possibility that one or more countries might leave the European Union or the Eurozone and various proposals (still under consideration and unclear in material respects) for support of affected countries and the Euro as a currency. The outcome of this situation cannot yet be predicted. Sovereign debt defaults and European Union and/or Eurozone exits, could have material adverse effects on investments by a KKR Credit Fund or Other Client in European companies, including, but not limited to, the availability of credit to support such companies' financing needs, uncertainty and disruption in relation to financing, customer and supply contracts denominated in Euro and wider economic disruption in markets served by those companies, while austerity and other measures introduced in order to limit or contain these issues may themselves lead to economic contraction and resulting adverse effects for a KKR Credit Fund or Other Client and its investments. It is possible that a number of KKR Credit Fund or Other Client investments will be denominated in Euro. Legal uncertainty about the funding of Euro denominated obligations following any break up of or exits from the Eurozone (particularly in the case of investments in companies in affected countries) could also have material adverse effects on a KKR Credit Fund or Other Client.

In addition, economic sanction laws in the United States and other jurisdictions may prohibit KKR Credit, KKR Credit Funds and Other Clients from transacting with certain countries, individuals and companies. In the United States, the U.S. Department of Treasury's Office of Foreign Assets Control administers and enforces laws, Executive Orders and regulations establishing U.S. economic and trade sanctions, which prohibit, among other things, transactions with, and the provision of services to certain foreign countries, territories, entities and individuals. The U.S. Foreign Corrupt Practices Act (the "FCPA") and other anti-corruption laws and regulations, as well as anti-boycott regulations, may also apply to, and restrict the activities of, KKR Credit, KKR Credit Funds and Other Clients (and their respective portfolio companies). KKR Credit is committed to complying with economic and trade sanctions laws and regulations, the FCPA, and other anti-corruption, anti-bribery and anti-boycott laws and regulations to

which it is subject. As such, KKR Credit Fund and Other Clients may be adversely affected because of their inability to participate in transactions that violate such laws or regulations. Such laws and regulation may also make it difficult in certain circumstances for KKR Credit Funds or Other Clients to act successfully on investment opportunities and for portfolio companies to obtain or retain business. In recent years, the U.S. Department of Justice and the SEC have devoted greater resources to enforcement of the FCPA and economic and trade sanctions laws and regulations. The United Kingdom has also significantly expanded the reach of its anti-bribery laws. While KKR Credit has implemented policies and procedures designed to ensure compliance with such laws and regulations, such policies and procedures may not be effective in all circumstances to prevent violations. Any determination that KKR Credit, any KKR Credit Fund, any Other Client or any of their respective portfolio companies has violated any such laws or regulations could subject it to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and general loss of investor confidence, any one of which could adversely impact KKR Credit's business prospects or financial position, in addition to any KKR Credit Fund's or Other Client's ability to achieve its investment objective or conduct its operations.

Accounting Standards

Investments may be made in countries where generally accepted accounting standards and practices differ significantly from those practiced in the United States. The evaluation of potential investments and the ability to perform due diligence may be affected. The financial information appearing on the financial statements of a company operating in one or more non-U.S. countries may not reflect its financial position or results of operations in the way they would be reflected if the financial statements had been prepared in accordance with accounting principles generally accepted in the United States.

In addition, The SEC may require in the future that we report our financial results under International Financial Reporting Standards, or IFRS, instead of under U.S. GAAP. IFRS is a set of accounting principles that has been gaining acceptance on a worldwide basis. These standards are published by the London-based International Accounting Standards Board ("IASB") and are more focused on objectives and principles and less reliant on detailed rules than U.S. GAAP. Today, there remain significant and material differences in several key areas between U.S. GAAP and IFRS which would affect us if we were required to prepare financial statements in conformity with IFRS. Additionally, U.S. GAAP provides specific guidance in classes of accounting transactions for which equivalent guidance in IFRS does not exist. The adoption of IFRS is highly complex and would have an impact on many aspects and operations of KKR Credit, including but not limited to financial accounting and reporting systems, internal controls, taxes, borrowing covenants and cash management. It is expected that a significant amount of time, internal and external resources and expenses over a multi-year period would be required for this conversion.

The potential requirement to convert our financial statements from being prepared in conformity with accounting principles generally accepted in the United States of America to International Financial Reporting Standards may materially strain our resources and materially increase our annual expenses.

Underlying Exposure to the Consumer Market

A portion of KKR Credit Funds' and Other Clients' portfolios may be (directly or indirectly) exposed to the consumer market. The financial condition of consumers is difficult to assess and predict as many consumer borrowers have no or very limited credit history. There is a greater risk of default in relation to the consumer market which may directly have an impact on returns to KKR Credit Funds and Other Clients.

Regulatory Approvals

There can be no assurance that a portfolio company targeted by a KKR Credit Fund or Other Client will be able to (i) obtain all required regulatory approvals that it does not yet have or that it may require in the future; (ii) obtain any necessary modifications to existing regulatory approvals; or (iii) maintain required regulatory approvals. Delay in obtaining or failure to obtain and maintain in full force and effect any regulatory approvals, or amendments thereto, or delay or failure to satisfy any regulatory conditions or other applicable requirements could prevent a portfolio company from operating in accordance with a KKR Credit Fund or Other Client's expectations in respect of such company, the completion of a previously announced acquisition or sales to third parties, or could otherwise result in additional costs to a portfolio company and an adverse impact on any investment by a KKR Credit Fund or Other Client in such company.

Leverage

KKR Credit Fund and Other Client investments are expected to include portfolio companies whose capital structures may have significant leverage. Such investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. A leveraged entity may be subject to restrictive covenants imposed by other lenders restricting its activity, or may be limited in making strategic acquisitions or obtaining additional financing. In addition, leveraged entities may be subject to restrictions on making interest payments and other distributions. If an event occurs that prohibits a portfolio company from making distributions for a particular period, this may affect the levels and timing of a KKR Credit Fund or Other Client's returns. Leverage may also be applied with respect to the portfolio of a KKR Credit Fund or Other Client as a whole or with respect to one or more investments. The presence of such borrowings may magnify the volatility of such portfolios and may substantially increase the risk profile of the portfolio and its investments.

Minority Investments

KKR Credit Funds and Other Clients will typically invest in securities issued by companies that KKR Credit does not control (notwithstanding that certain KKR Credit Funds and Other Clients, other than the BDC, RICs or certain Other Funds or Clients, may invest in portfolio companies that are controlled by private equity funds managed by KKR). Such investments are subject to the risk that the relevant portfolio company may make business, financial or management decisions that a KKR Credit Fund or Other Client does not agree with, or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve the interests of KKR Credit Funds or Other Clients.

Currency Risk

Although most of the KKR Credit Funds and Other Client accounts are denominated in U.S. dollars, investments that are denominated in a non-U.S. currency will be subject to the risk that the value of the relevant investment will change in relation to the U.S. dollar. Among the factors that may affect currency values are trade balances, levels of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. KKR Credit Funds or Other Clients may employ hedging techniques to minimize these risks, but can offer no assurance that such strategies will be effective.

Non-U.S. Investments

Investing in companies that are based in countries outside the United States and, in particular, in emerging markets such as Africa, Asia, Latin America and the Middle East, involves risks and considerations that are not typically associated with investments in companies established in the United States. These risks may include (i) the possibility of exchange control regulations, restrictions on repatriation of profit on investments or of capital invested, political and social instability, nationalization or expropriation of assets; (ii) the imposition of non-U.S. taxes; (iii) differences in the legal and regulatory environment or enhanced legal and regulatory compliance; (iv) limitations on borrowings to be used to fund acquisitions or dividends; (v) political hostility to investments by foreign or private investment fund investors; (vi) less liquid markets; (vii) reliance on a more limited number of commodity inputs, service providers and/or distribution mechanisms; (viii) adverse fluctuations in currency exchange rates and costs associated with conversion of investment principal and income from one currency into another; (ix) higher rates of inflation; (x) less available current information about an issuer; (xi) higher transaction costs; (xii) less government supervision of exchanges, brokers and issuers; (xiii) less developed bankruptcy and other laws; (xiv) difficulty in enforcing contractual obligations; (xv) lack of uniform accounting, auditing and financial reporting standards; (xvi) less stringent requirements relating to fiduciary duties; (xvi) fewer investor protections; and (xvii) greater price volatility.

Complex Transactions/Contingent Liabilities/Guarantees and Indemnities

KKR Credit Funds and Other Clients often pursue complex investment opportunities, which may involve substantial business, regulatory or legal complexity. Such complexity presents risks, as such transactions can be more difficult, expensive and time-consuming to finance and execute; it can be more difficult to manage or realize value from the assets acquired in such transactions; and such transactions sometimes entail a higher level of regulatory scrutiny or a greater risk of contingent liabilities. Additionally, in connection with certain transactions, including transactions involving affiliates, a KKR Credit Fund or Other Client may be required to make representations about the business and financial affairs of a portfolio company, provide guarantees in respect of payments by portfolio companies and other third parties and provide indemnities against losses caused by portfolio companies and other third parties. These arrangements may result in the incurrence of contingent liabilities by a KKR Credit Fund or Other Client, even after the disposition of an investment and ultimately in material losses.

Hedging Transactions/Derivatives

When managing exposure of certain KKR Credit Funds or Other Client accounts to market risks, a KKR Credit Fund or Other Client may employ hedging strategies or certain forms of derivative instruments to limit exposure to changes in the relative values of investments that may result from market developments, including changes in prevailing interest rates and currency exchange rates. The scope of such risk management activities varies based on the level and volatility of interest rates, prevailing foreign currency exchange rates, the types of investments that are made and other changing market conditions. The use of hedging transactions and other derivative instruments to reduce the effects of a decline in the value of a position does not eliminate the possibility of fluctuations in the value of the position or prevent losses if the value of the position declines. However, such activities can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of the position. Such transactions may also limit the opportunity for gain if the value of a position increases. Moreover, it may not be possible to limit the exposure to a market development that is so generally anticipated that a hedging or other derivative transaction cannot be entered into at an acceptable price.

The success of any hedging or other derivative transactions that a KKR Credit Fund or Other Client enters into generally will depend on its ability to correctly predict market changes. As a result, while KKR

Credit Funds or Other Clients may enter into such transactions in order to reduce the exposure of a KKR Credit Fund or Other Client to market risks, unanticipated market changes may result in poorer overall investment performance than if the hedging or other derivative transaction had not been executed. In addition, the degree of correlation between price movements of the instruments used in connection with hedging activities and price movements in a position being hedged may vary. Moreover, for a variety of reasons, a KKR Credit Fund or Other Client may not seek or be successful in establishing a perfect correlation between the instruments used in hedging or other derivative transactions and the positions being hedged. An imperfect correlation could prevent a KKR Credit Fund or Other Client from achieving the intended result and could give rise to a loss. In addition, it may not be possible to fully or perfectly limit the exposure of a KKR Credit Fund or Other Client against all changes in the value of its investments, because the value of investments is likely to fluctuate as a result of a number of factors, some of which will be beyond a KKR Credit Fund or Other Client's control or ability to hedge.

Certain of a KKR Credit Fund or Other Client's non-hedged equity strategies rely on the financial markets to differentiate prices of derivatives based on corporate performance, corporate events and other factors. High price correlation in the market and movement of such derivatives in tandem with each other regardless of fundamental merit, may increase the adverse impact to which a KKR Credit Fund or Other Client may be subject.

Private Equity Investments

Most private equity investments are highly illiquid, and there can be no assurance that a KKR Credit Fund or Other Client will be able to realize these investments in a timely manner. The realizable value of a highly illiquid investment at any given time may be less than its intrinsic value. Although certain of these investments may generate current income, the return of capital, and the realization of gains, if any, with respect to most of these investments will occur only upon the partial or complete disposition of the investment. While an investment may be sold at any time, typically this will occur a number of years after the investment is made and there can be no assurance that a KKR Credit Fund or Other Client will be able to dispose of an investment at the price and time it wishes to do so. Certain private equity investments may be in securities that are or become publicly traded. These investments may involve economic, political, interest rate, and other risks, any of which could result in an adverse change in their market price.

Real Assets Investments Real asset investments made by KKR Credit Funds or Other Clients generally involve the types of material risks discussed above. In addition, certain other material risks may be particularly relevant to these investments as summarized below:

Environmental Matters

Ordinary operation or the occurrence of an accident with respect to a real asset could cause major environmental damage, which may result in significant financial distress to such asset if not covered by insurance. In addition, persons who arrange for the disposal or treatment of hazardous materials may also be liable for the costs of removal or remediation of these materials at the disposal or treatment facility, whether or not that facility is or ever was owned or operated by those persons. Certain environmental laws and regulations may require that an owner or operator of an asset address prior environmental contamination, which could involve substantial cost. Such laws and regulations often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of environmental contamination and may impose liability on a KKR Credit Fund or Other Client.

Furthermore, changes in environmental laws or regulations or the environmental condition of an investment may create liabilities that did not exist at the time of its acquisition and that could not have

been foreseen. Community and environmental groups may protest about the development or operation of real assets, which may induce government action to the detriment of the relevant KKR Credit Fund or Other Client. New and more stringent environmental or health and safety laws, regulations, and permit requirements, or stricter interpretations of current laws, regulations, or requirements, could impose substantial additional costs on a portfolio company, or could otherwise place a portfolio company at a competitive disadvantage compared to alternative forms of investment, and failure to comply with any such requirements could have an adverse effect on a portfolio company.

Even in cases where a KKR Credit Fund or Other Client is indemnified by the seller with respect to an investment against liabilities arising out of violations of environmental laws and regulations, there can be no assurance as to the financial viability of the seller to satisfy such indemnities or the ability of a KKR Credit Fund or Other Client to achieve enforcement of such indemnities.

Construction

KKR Credit Funds or Other Clients may make real asset investments that may include both existing assets and businesses and in “Greenfield” assets. These real asset investments may face construction risks typical for businesses in infrastructure, energy or real estate, including, without limitation: (i) labor disputes, shortages of material and skilled labor, or work stoppages; (ii) slower than projected construction progress and the unavailability or late delivery of necessary equipment; (iii) less than optimal coordination with public utilities in the relocation of their facilities; (iv) adverse weather conditions and unexpected construction conditions; (v) accidents or the breakdown or failure of construction equipment or processes; (vi) catastrophic events such as explosions, fires, and terrorist activities, and other similar events and (vii) risks associated with holding direct or indirect interests in undeveloped land or underdeveloped real property. These risks could result in substantial unanticipated delays or expenses (which may exceed expected or forecasted budgets) and, under certain circumstances, could prevent completion of construction activities once undertaken.

Certain real asset investments may remain in construction phases for a prolonged period and, accordingly, may not be cash generative for a prolonged period. While the intention of a KKR Credit Fund or Other Client in respect of any investment may be for construction works to be contracted to a construction contractor on a fixed price basis with liquidated damages payable to a KKR Credit Fund or Other Client where delay is caused that is attributable to the contractor, the related contractual arrangements made by a KKR Credit Fund or Other Client may not be as effective as intended and/or contractual liabilities on the part of a KKR Credit Fund or Other Client may result in unexpected costs or a reduction in expected revenues for a KKR Credit Fund or Other Client. In addition, recourse against the contractor may be subject to liability caps or may be subject to default or insolvency on the part of the contractor.

Corruption and Fraud

Government agencies or other counterparties may have the right to terminate an agreement relating to a portfolio company where management, any related third party management company, operator or any of their affiliates has committed bribery, corruption or other fraudulent act in connection with the investment by a KKR Credit Fund or Other Client in such portfolio company. Most capital put toward such an investment will not be compensated in these circumstances. In addition, certain investment activities could be more susceptible to irregular accounting or other fraudulent practices. In the event of fraud by any company in which a KKR Credit Fund or Other Client invests, the KKR Credit Fund or Other Client may suffer a partial or total loss of capital invested in that company.

We are also subject to a number of laws and regulations governing payments and contributions to political persons or other third parties, including restrictions imposed by the Foreign Corrupt Practices Act, or

FCPA, as well as trade sanctions and export control laws administered by the Office of Foreign Assets Control, or OFAC, the U.S. Department of Commerce and the U.S. Department of State. The FCPA is intended to prohibit bribery of foreign governments and their officials and political parties, and requires public companies in the United States to keep books and records that accurately and fairly reflect those companies' transactions. OFAC, the U.S. Department of Commerce and the U.S. Department of State administer and enforce various export control laws and regulations, including economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign states, organizations and individuals. These laws and regulations relate to a number of aspects of our business, including servicing existing fund investors, finding new fund investors, and sourcing new investments, as well as activities by the portfolio companies in our investment portfolio or other controlled investments. The Iran Threat Reduction and Syrian Human Rights Act of 2012 ("ITRA") expands the scope of U.S. sanctions against Iran. Notably, ITRA prohibits foreign entities that are majority owned or controlled by U.S. persons from engaging in transactions with Iran that would be contrary to the sanctions regulations if undertaken by a U.S. person. In addition, Section 219 of the ITRA amended the Exchange Act to require public reporting companies to disclose in their annual or quarterly reports any dealings or transactions the company or its affiliates engaged in during the previous reporting period involving Iran or other individuals and entities targeted by certain OFAC sanctions. In some cases, ITRA requires companies to disclose these types of transactions even if they were permissible under U.S. law or were conducted outside of the United States by a foreign affiliate. We are required to separately file, concurrently with this annual report, a notice that such activities have been disclosed in this annual report. The SEC is required to post this notice of disclosure on its website and send the report to the U.S. President and certain U.S. Congressional committees. The U.S. President thereafter is required to initiate an investigation and, within 180 days of initiating such an investigation, to determine whether sanctions should be imposed. Disclosure of such activity, even if such activity is not subject to sanctions under applicable law, and any sanctions actually imposed on us or our affiliates as a result of these activities, could harm our reputation and have a negative impact on our business.

Similar laws in non U.S. jurisdictions, such as EU sanctions or the U.K. Bribery Act, as well as other applicable anti bribery, anti-corruption, anti-money laundering, or sanction or other export control laws in the U.S. and abroad, may also impose stricter or more onerous requirements than the FCPA, OFAC, the U.S. Department of Commerce and the U.S. Department of State, and implementing them may disrupt our business or cause us to incur significantly more costs to comply with those laws. Different laws may also contain conflicting provisions, making compliance with all laws more difficult. If we fail to comply with these laws and regulations, we could be exposed to claims for damages, civil or criminal financial penalties, reputational harm, incarceration of our employees, restrictions on our operations and other liabilities, which could negatively affect our business, operating results and financial condition. In addition, we may be subject to successor liability for FCPA violations or other acts of bribery, or violations of applicable sanctions or other export control laws committed by companies in which we or our funds invest or which we or our funds acquire.

Force Majeure

The operations of a KKR Credit Fund or Other Client investments in real assets are exposed to potential unplanned interruptions caused by significant catastrophic or force majeure events, including, without limitation, wars, labor strikes, cyclones, earthquakes, landslides, floods, tsunamis, explosions, fires, terrorist attacks, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, toll rates, social instability, and competition from other forms of infrastructure. These risks could, among other effects, adversely impact the cash flows available from investments in real assets, cause personal injury or loss of life, damage property, or instigate disruptions of service. In addition, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged service interruptions may

result in permanent loss of customers, substantial litigation, or penalties for regulatory or contractual non-compliance. Force majeure events that are incapable of, or too costly to, cure may also have a permanent adverse effect on a portfolio company.

Asset-Level Management

The management of the business or operations of a real asset may be contracted to a third-party management company unaffiliated with KKR Credit, a KKR Credit Fund or Other Client. Although it would be possible to replace any such operator, the failure of such an operator to adequately perform its duties or to act in ways that are in the portfolio company's best interest, or the breach by an operator of applicable agreements or laws, rules, and regulations, could have an adverse effect on the portfolio company's financial condition or results of operations. A third-party management company may suffer a business failure, become bankrupt, or engage in activities that compete with a portfolio company. These and other risks, including the deterioration of the business relationship between KKR Credit, a KKR Credit Fund or Other Client and the third-party management company, could have an adverse effect on a portfolio company. Should a third-party management company fail to perform its functions satisfactorily, it may be necessary to find a replacement operator, which may require the approval of a government or agency that has granted a concession with respect to the relevant portfolio company. It may not be possible to replace an operator in such circumstances, or do so on a timely basis, or on terms that are acceptable to a KKR Credit Fund or Other Client.

Subcontractors

Real asset investments may involve the subcontracting of design and construction activities in respect of projects. The subcontractors responsible for the construction of a project asset will normally retain liability in respect of design and construction defects following the construction of the asset, subject to liability caps and statutory limitations. The contractual arrangements made by a KKR Credit Fund or Other Client or a third-party management company may not be as effective in passing on risks to its subcontractors as intended and this may result in unexpected costs or a reduction in expected revenues for a KKR Credit Fund or Other Client. Certain provisions in sub-contracts intended to pass risk could be ineffective. In addition to this financial liability, the construction subcontractors may also have an obligation to return to site in order to carry out any remedial works required for a pre-agreed period. A KKR Credit Fund or Other Client may not normally have recourse to any third party for any defects which arise after the expiry of limitation periods. If a subcontractor to a third-party management company fails to perform the services which it has agreed to provide, a KKR Credit Fund or Other Client may fail to meet the service standards it has agreed with certain counterparties and there may be a reduction in the actual income received that was anticipated by a KKR Credit Fund or Other Client and/or claims by the counterparties against a KKR Credit Fund or Other Client for damages. These reductions and/or claims are typically passed on to the relevant subcontractor, subject to any contractual liability caps. If there is a subcontractor service failure and the relevant subcontractor or its guarantors or insurers fail to meet their obligations in respect of the liabilities that have been passed on to them, then, to the extent the liability cannot be set off, a KKR Credit Fund or Other Client will not be compensated for any reductions in payments and/or claims made by counterparties which they may suffer as a result of the subcontractor's service failure. Ultimately such service failure could lead to termination of a project agreement.

In some instances a single subcontractor may be responsible for providing services to various real asset investments. In such instances, the default or insolvency of such single subcontractor could adversely affect a number of the real asset investments. If there is a subcontractor service failure which is sufficiently serious to cause a KKR Credit Fund or Other Client or third-party management company to terminate a subcontract, or an insolvency in respect of a subcontractor, or a counterparty requires a KKR Credit Fund or Other Client to terminate a sub-contract in such event, there may be a loss of revenue

during the time taken to find a replacement subcontractor and the replacement subcontractor may levy a surcharge to assume the subcontract or charge more to provide the services. There will also be costs associated with the re-tender process. These may not be recoverable from the defaulting subcontractor.

Third Party Fund Investments

Investment in third party private equity and related funds and co-investments made by KKR Credit Funds or Other Clients generally involve the types of material risks discussed above in respect of direct investments in private equity and real assets. In addition, certain other material risks may be particularly relevant to these investments as summarized below:

Secondary Investments in Third Party Fund

A KKR Credit Fund or Other Client may acquire interests in third party funds through secondary market transactions. The due diligence costs involved in such investments may be higher than those involved in direct subscriptions to such funds. Secondary market transactions may also require the relevant KKR Credit Fund or Other Client to assume related contingent liabilities associated with events occurring prior to the investment and, in particular, which may require a KKR Credit Fund or Other Client to make “return” payments of distributions made by a third party fund to the seller of the third party fund interest. The overall performance of a third party fund interest acquired through a secondary transaction will depend in large part on the purchase price paid by the relevant KKR Credit Fund or Other Client. Such price will be negotiated by a KKR Credit Fund or Other Client on the basis of information regarding the relevant third party fund provided by the seller and such third party fund, which may not be accurate or complete.

Business and Financial Risks of Third Party Fund Managers; Risk of Fraud

A KKR Credit Fund or Other Client will conduct due diligence reviews of third party fund managers and investments managed by them that it believes is sufficient to invest in funds sponsored by such managers. However, due diligence is not a perfect process and may not uncover problems associated with a particular third party manager or any fund sponsored by it. Third party managers may be operating at a loss or have significant variations in operating results, may be engaged in a rapidly changing business, may require additional capital to support their operations or maintain their competitive position or otherwise have a weak financial condition that may ultimately adversely impact any KKR Credit Fund or Other Client investing with them. The potential that a third party manager may engage in improper conduct or fraud cannot be eliminated. A KKR Credit Fund or Other Client may rely on representations with respect to a third party manager made by such manager, its accountants, attorneys and other associated investment professionals or service providers. If any such representations are misleading, incomplete or false, this may result in the selection of third party managers by a KKR Credit Fund or Other Client that might otherwise have been eliminated from consideration.

Borrower Fraud; Breach of Covenant

KKR Credit Funds and Other Clients will seek to obtain structural, covenant and other contractual protections with respect to the terms of its investments as determined appropriate under the circumstances. There can be no assurance that such attempts to provide downside protection with respect to its investments will achieve their desired effect and potential investors should regard an investment in a KKR Credit Fund or Other Client as being speculative and having a high degree of risk. Of paramount concern in originating or acquiring the financing contemplated by KKR Credit Funds and Other Clients is the possibility of material misrepresentation or omission on the part of borrower or other credit support providers or breach of covenant by such parties. Such inaccuracy or incompleteness or breach of

covenants may adversely affect the valuation of the collateral underlying the loans or the ability of KKR Credit Funds and Other Clients to perfect or effectuate a lien on the collateral securing the loan or otherwise realize on the investment. KKR Credit Funds and Other Clients will rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable, but cannot guarantee such accuracy or completeness.

Middle-Market Companies

KKR Credit Funds and Other Clients may invest in middle-market companies. While such companies generally have potential for rapid growth, they often involve higher risks because they lack the management experience, financial resources, product diversification and competitive strength of larger corporations. In addition, in many instances, the frequency and volume of the trading of investments, including bonds issued by middle-market companies, is substantially less than is typical of larger companies and as such it may be more difficult for KKR Credit Funds and Other Clients to exit an investment in a middle-market company at its then fair value than would be the case with a larger cap investment.

Zero Coupon and PIK Bonds

Because investors in zero coupon or PIK bonds receive no cash prior to the maturity or cash payment date applicable thereto, an investment in such securities generally has a greater potential for complete loss of principal and/or return than an investment in debt securities that make periodic interest payments. Such investments are more vulnerable to the creditworthiness of the issuer and any other parties upon which performance relies.

Time Required for Maturity of Investments

Certain individual loans or bonds held by KKR Credit Funds and Other Clients may have terms longer than the term of a given KKR Credit Fund or Other Client and certain loans may have grace periods of several years. Furthermore, KKR Credit Funds and Other Clients may, in connection with collateral held by it acquire non-marketable common or preferred equity securities and other illiquid assets with equity participation features, which, to the extent that they have value at all, will likely not have realizable value for a significant period of time. Accordingly, it is unlikely that significant distributions to Limited Partners will occur for a number of years from the date of the applicable capital contributions, and certain investments may need to be disposed of upon dissolution of a KKR Credit Fund or Other Client for less than their potential value.

Projections and Third Party Reports

KKR Credit Funds and Other Clients will generally establish the capital structure of an investment and the terms and targeted returns of such investment on the basis of financial, macroeconomic and other applicable projections. Projected operating results will normally be based primarily on investment executive judgments or third-party advice and reports. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be achieved and actual results may vary significantly from the projections. General economic, natural and other conditions, which are not predictable, can have an adverse impact on the reliability of such projections.

Expedited Investment Decisions

Investment analyses and decisions by KKR Credit may be required to be undertaken on an expedited basis to take advantage of investment opportunities. While KKR Credit Funds and Other Clients will generally not seek to make an investment until KKR Credit has conducted sufficient due diligence to make a determination as to the acceptability of the credit quality of the investment and the underlying issuer, in such cases, the information available to KKR Credit at the time of making an investment decision may be limited. Therefore, no assurance can be given that KKR Credit will have knowledge of all circumstances that may adversely affect an investment.

Non-controlling investment Positions; Third-Party Involvement

KKR Credit Funds and Other Clients may hold debt obligations of issuers as part of a “club” deal and may hold a minority interest in any facility or tranche with respect to such debt obligations. In such circumstances, KKR Credit Funds and Other Clients may have a limited ability to exercise influence over voting decisions with respect to such loan facility or tranche or otherwise protect its investment in such companies, although as a condition of investment in an issuer the General Partners expect that appropriate rights generally will be sought to protect KKR Credit Funds’ and Other Clients’ interests. KKR Credit Funds and Other Clients may also have a limited ability to conduct comprehensive due diligence on the underlying issuers in advance of making such investments. Issues and risks relating to such issuers subsequently identified by KKR Credit Funds and Other Clients may adversely impact the value of such positions.

In addition, KKR Credit Funds and Other Clients may co-invest with third parties through partnerships, joint ventures or other entities, which third parties may have larger or controlling ownership interests in or governance rights over such investment vehicles. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third party may have financial difficulties resulting in a negative impact on such investments. Furthermore, a third-party co-investor may have economic or business interests or goals that are inconsistent with those of a KKR Credit Fund or Other Client, or may be in a position to take (or block) action in a manner contrary to a KKR Credit Funds’ or Other Clients’ investment objectives. In addition, KKR Credit Funds and Other Clients may, in certain circumstances, be liable for the actions of its third-party co-investors. Investments made with third parties in joint ventures or other entities also may involve compensation arrangements, including carried interests distributions and/or other fees and profit-sharing arrangements payable to such third-party partners or co-investors. There can be no assurance that minority rights will be available or that such rights will provide sufficient protection of KKR Credit Funds’ and Other Clients’ interests.

Public Disclosure

Some of the interests in KKR Credit Funds and Other Clients will be held by investors, such as public pension plans and listed investment vehicles that are subject to public disclosure requirements. The amount of information about their investments (including debt fund investments) that is required to be disclosed has increased in recent years, and that trend may continue. To the extent that disclosure of confidential information relating to a KKR Credit Fund or Other Client or its portfolio investments results from interests in a KKR Credit Fund or Other Client being held by public investors, KKR Credit Funds and Other Clients may be adversely affected. The General Partners may, in order to prevent any such potential disclosure, withhold all or any part of the information otherwise to be provided to such public investors.

Toehold Investments

KKR Credit Funds and Other Clients may accumulate minority positions in the outstanding voting stock or securities convertible into the voting stock, of potential portfolio investments or may otherwise accumulate positions in debt securities of issuers, with the intention of accumulating a sufficient position to enable KKR Credit Funds and Other Clients to influence the activities of the issuers including through investor activism. While KKR Credit Funds and Other Clients will seek to achieve such accumulation through open market purchases, registered tender offers, negotiated transactions or private placements, they may be unable to accumulate a sufficiently large position in a target company to execute the investment strategy formulated in respect of that company. In such circumstances, KKR Credit Funds and Other Clients may dispose of their position in the target company within a short time of acquiring it; there can be no assurance that the price at which KKR Credit Funds and Other Clients can sell such securities will not have declined since the time of acquisition. This may be exacerbated by the fact that securities of the companies that KKR Credit Funds and Other Clients may target may be thinly traded and that a KKR Credit Funds' or Other Clients' position may nevertheless have been substantial and its disposal may depress the market price for such stock.

Participations

KKR Credit Funds and Other Clients may invest in broadly syndicated loans indirectly through acquiring participation interests in all or a portion of a loan. Participations in a loan will result in a contractual relationship between KKR Credit Funds and Other Clients and the institution participating out, or selling, the relevant portion of the loan and not with the obligor under the loan. Participation interests will only give KKR Credit Funds and Other Clients the right to receive payments of principal and interest from the institution participating out the loan, and not directly from the obligor, and will typically give KKR Credit Funds and Other Clients limited consent rights to amendments of the underlying credit documents.

Bridge Financings

KKR Credit Funds and Other Clients may provide bridge financing in connection with one or more of their investments. KKR Credit Funds and Other Clients will bear the risk of any changes in capital markets that may adversely affect the ability of an issuer of a portfolio investment to refinance any bridge financing investments. If the issuer were unable to complete a refinancing, KKR Credit Funds and Other Clients could have a long-term investment in a junior security or that junior security might be converted to equity.

In-Kind Distributions

In certain circumstances, KKR Credit Funds and Other Clients may distribute non-marketable securities and other assets of KKR Credit Funds and Other Clients to Limited Partners that are not marketable or are otherwise illiquid. The risk of loss and delay in liquidating such assets will be borne by the Limited Partners, with the result that Limited Partners may receive less cash than was reflected in the fair value of such assets as determined by the General Partners pursuant to the Partnership Agreements. In addition, when investments are distributed to Limited Partners in kind, such Limited Partners may then become a loan or security holder of (or possibly shareholders in) the underlying portfolio investments and may be unable to protect their interests effectively.

Potential Changes in Tax Legislation Affecting KKR Credit and its Affiliates

KKR Credit's ability to achieve the investment objectives of KKR Credit Funds and Other Clients depends to a substantial degree on KKR Credit's ability to retain and motivate its investment

professionals and other key personnel, and to recruit talented new personnel. KKR Credit's ability to recruit, retain and motivate its professionals is dependent on its ability to offer highly attractive incentive compensation. In previous years, legislation has been repeatedly introduced to treat all or part of the capital gain and dividend income that is recognized by an investment partnership and allocable to a partner affiliated with the sponsor of the partnership (i.e., carried interest) as ordinary income to such partner for U.S. federal income tax purposes. If any such legislation or regulation were to be enacted and apply with respect to KKR Credit, KKR Credit's investment professionals would incur a material increase in their tax liability with respect to their entitlement to carried interest. This might make it harder for KKR Credit to retain and motivate these professionals, which may have an adverse effect on KKR Credit's ability to achieve the investment objectives of KKR Credit Funds and Other Clients.

Legal and Regulatory Risks

The regulatory considerations affecting the ability of KKR Credit Funds and Other Clients to achieve their investment objectives are complicated and subject to change. In the United States, certain parts of Europe and other jurisdictions, the private funds industry has, over the last several years, been subject to criticism by some politicians, regulators, and market commentators. The recent negative perception of this industry in certain countries could make it harder for funds sponsored by alternative management firms, such as KKR Credit Funds and Other Clients, to successfully bid for and complete investments. This increased political and regulatory scrutiny of the private funds industry has been particularly acute during the recent global financial crisis. For example, the U.S. Congress has recently passed into law sweeping financial regulatory reform legislation as a direct response to this crisis. While it is now falling to the U.S. Department of Treasury, the SEC, and other U.S. regulatory agencies to implement these reforms, such reforms require, among other things, increased registration and regulation of alternative management firms and disclosure with respect to such firms and the funds they sponsor that could impact the KKR Credit's management of KKR Credit Funds and Other Clients. Other jurisdictions, including the European Union, are in the process of implementing similar measures. Such increased regulatory burdens and reporting requirements may divert the attention of personnel and the management teams of issuers, and may furthermore place KKR Credit Funds and Other Clients at a competitive disadvantage to the extent that KKR Credit or its affiliates or issuers are required to disclose sensitive business information. In addition, certain countries such as India and Australia have sought to tax (or have taxed) the investment gains derived by non-resident investors, including private equity funds, from the disposition of the equity in companies operating in those countries. In some cases, this is the result of new legislation or changes in the interpretation of existing legislation and, in other cases, tax authorities have challenged investment structures that benefit from tax treaties between countries. There is, therefore, the risk that burdensome new laws (including tax laws) or regulations or changes in applicable laws or regulations or in the interpretation or enforcement thereof, specifically targeted at the private funds industry, or other related regulatory developments could adversely affect private fund managers and the funds they sponsor, including KKR Credit Funds and Other Clients.

Tax Risks

An investment in KKR Credit Funds and Other Clients involves complex U.S. federal income tax and non-U.S. tax considerations that will differ for each investor depending on the investor's particular circumstances. There can be no assurance that the structure of a KKR Credit Fund, Other Client or of any other investment will be tax-efficient for any particular investor. Prospective investors are urged to consult their own tax advisors with reference to their specific tax situations.

Enhanced Scrutiny and Regulations of the Alternative Investment Industry

In response to the recent global financial crisis, there have been unprecedented legislative and regulatory actions taken by numerous governments and their agencies, including the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”). The Dodd-Frank Act is comprehensive in scope (including the so-called “Volcker Rule,” providing significant changes to the structure of federal financial regulation and new substantive requirements that apply to a broad range of market participants, including private investment funds). Significantly, the Dodd-Frank Act also mandates significant changes to the authority of the Federal Reserve and the SEC, as well as enhanced oversight and regulation of banks and non-bank financial institutions. This enhanced oversight and regulation and the need for significant additional rule-making by various governmental bodies have created uncertainty in the financial markets and, in particular, the private funds industry. Many of the regulators to which KKR Credit, KKR Credit Funds, Other Clients or their respective affiliates are expected to be subject globally, including governmental agencies and self-regulatory organizations, are empowered to conduct investigations and administrative proceedings that can result in fines, suspensions of personnel or other sanctions, including censure, the issuance of cease-and-desist orders or the suspension or expulsion of applicable licenses or members. Even if an investigation or proceeding did not result in a sanction or the sanction imposed against KKR Credit, KKR Credit Funds, Other Clients or their respective affiliates were small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm KKR Credit, KKR Credit Funds, Other Clients or their respective affiliates’ reputations which may adversely affect KKR Credit Funds and Other Clients’ investment performance by hindering its ability to obtain favorable financing or consummate a potentially profitable investment. There is also a material risk that regulatory agencies in the United States, European Union, and elsewhere will continue to adopt burdensome new laws or regulations (including tax laws or regulations), or change existing laws or regulations, or enhance the interpretation or enforcement of existing laws and regulations, as the United States and the global economy continues to struggle to improve. Any such events or changes could occur during KKR Credit Funds’ and Other Clients’ term and may adversely affect KKR Credit Funds and Other Clients and their ability to operate and/or pursue their investment strategies. Such risks are often difficult or impossible to predict, avoid or mitigate in advance. In addition, as alternative asset managers become more influential participants in the U.S. and global financial markets and economy generally, the alternative investment industry has been subject to criticism by some politicians, regulators and market commentators. Recently, various federal, state and local agencies have been examining the role of placement agents, finders and other similar private equity service providers in the context of investments by public pension plans and other similar entities, including investigations and requests for information. Moreover, as a result of highly publicized financial scandals, investors have exhibited concerns over the integrity of the U.S. financial markets. There has been an active debate both nationally and internationally over the appropriate extent of regulation and oversight of private investment funds and their managers. Any changes in the regulatory framework applicable to KKR Credit Funds and Other Clients may impose additional expenses, require the attention of senior management or result in limitations in the manner in which KKR Credit Funds’ and Other Clients’ business is conducted.

Compliance with the AIFMD

The AIFMD came into force in July 2011. The AIFMD applies to (i) AIFMs established in the EU who manage EU or non-EU alternative investment funds (“AIFs”), (ii) non-EU AIFMs who manage EU AIFs and (iii) non-EU AIFMs which market their AIFs within the EU. Individual EU member states are required to implement the AIFMD into domestic law, and the AIFMD took effect at a national level within EU member states in July 2013. The AIFMD imposes new operating requirements on EU AIFMs, and, to a lesser extent, non-EU AIFMs seeking to market an AIF within the EU. The full scope of the AIFMD may also, from October 2015 at the earliest, be extended to non-EU AIFMs who wish to market an AIF within the EU pursuant to a pan-European marketing passport instead of under national private

placement regimes. The AIFMD has been extended generally to the non- EU countries forming part of the European Economic Area (“EEA”), i.e., Liechtenstein, Iceland and Norway and already applies to the EEA AIFMs and AIFs under the national implementing legislation of some EU member states. The operating requirements imposed by the AIFMD include, among other things, rules relating to the remuneration of certain personnel, minimum regulatory capital requirements, restrictions on use of leverage, restrictions on early distributions (“asset stripping” rules), disclosure and reporting requirements to both investors and home state regulators, and independent valuation of an AIF’s assets. As a result, the AIFMD could have an adverse effect on KKR Credit, KKR Credit Funds and Other Clients by, among other things, increasing the regulatory burden and costs of doing business in EU or EEA member states, imposing extensive disclosure obligations on KKR Credit Funds’ and Other Clients’ portfolio investments located in EU or EEA member states, significantly restricting marketing activities within the EU or EEA, potentially requiring KKR to change its compensation structures for key personnel, thereby affecting KKR’s ability to recruit and retain these personnel, and disadvantaging KKR Credit Funds and Other Clients with respect to investments in portfolio investments located in EU or EEA member states when compared to non-AIF/AIFM competitors which may not be subject to the requirements of the AIFMD. The AIFMD could also limit the General Partners’ and the Advisor’s operating flexibility and the KKR Credit Funds’ and Other Clients’ investment opportunities, as well as expose KKR Credit, KKR Credit Funds and Other Clients to conflicting regulatory requirements in the United States and the EU. It should be noted that some aspects of the scope and requirements of the AIFMD remain uncertain due to lack of judicature, official regulatory guidance and established market practice, and that not all EU member states have yet implemented the AIFMD at the date of this Memorandum. For example, a subsidiary of KKR Credit Funds and Other Clients could itself be characterized as an AIF, thus requiring an AIFM to be appointed in respect of that subsidiary, limiting the operational flexibility of that subsidiary and increasing the costs and regulatory burden of running that subsidiary.

Valuation Risk

KKR Credit Funds and Other Clients will rely on KKR Credit and its affiliates for valuation of its assets and liabilities. KKR Credit Funds and Other Clients will primarily hold securities and other assets that will not have readily assessable market values. In such instances, KKR Credit will determine the fair value of such securities and assets in its reasonable judgment based on various factors and may rely on internal pricing models. Such valuations may vary from similar valuations performed by independent third parties for similar types of securities or assets. The valuation of illiquid securities and other assets is inherently subjective and subject to increased risk that the information utilized to value such assets or to create the price models may be inaccurate or subject to other error. The value of a KKR Credit Fund’s or Other Client’s portfolio may also be affected by changes in accounting standards, policies or practices. Due to a wide variety of market factors and the nature of certain securities and assets to be held by KKR Credit Funds and Other Clients, there is no guarantee that the value determined by KKR Credit will represent the value that will be realized by KKR Credit Funds and Other Clients on the eventual realization of the investment or that would, in fact, be realized upon an immediate disposition of the investments. The amount and timing of carried interest received by KKR Credit with respect to the Funds may depend in part on the value of KKR Credit Funds’ and Other Clients’ assets and liabilities. If the valuations made by KKR Credit are incorrect, the amount of carried interest received by KKR Credit or the timing of receipt of carried interest could also be incorrect.

Risks Related to Risk Management Activities: Risk management activities may adversely affect the return on our investments

When managing exposure to market risks, KKR Credit employs hedging strategies or certain forms of derivative instruments to limit our exposure to changes in the relative values of investments that may result from market developments, including changes in prevailing interest rates and currency exchange

rates. The scope of risk management activities undertaken by KKR Credit is selective and varies based on the level and volatility of interest rates, prevailing foreign currency exchange rates, the types of investments that are made and other changing market conditions. The use of hedging transactions and other derivative instruments to reduce the effects of a decline in the value of a position does not eliminate the possibility of fluctuations in the value of the position or prevent losses if the value of the position declines. However, such activities can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of the position. Such transactions may also limit the opportunity for gain if the value of a position increases. Moreover, it may not be possible to limit the exposure to a market development that is so generally anticipated that a hedging or other derivative transaction cannot be entered into at an acceptable price.

The success of any hedging or other derivative transactions that KKR Credit enters into generally will depend on our ability to correctly predict market changes. As a result, while KKR Credit may enter into such transactions in order to reduce our exposure to market risks, unanticipated market changes may result in poorer overall investment performance than if the hedging or other derivative transaction had not been executed. In addition, the degree of correlation between price movements of the instruments used in connection with hedging activities and price movements in a position being hedged may vary. Moreover, for a variety of reasons, KKR Credit may not seek or be successful in establishing a perfect correlation between the instruments used in hedging or other derivative transactions and the positions being hedged. An imperfect correlation could prevent us from achieving the intended result and could give rise to a loss. In addition, it may not be possible to fully or perfectly limit our exposure against all changes in the value of its investments, because the value of investments is likely to fluctuate as a result of a number of factors, some of which will be beyond our control or ability to hedge.

The CFTC has proposed or adopted regulations governing swaps and security based swaps, which may limit our trading activities and our ability to implement effective hedging strategies or increase the costs of compliance.

Item 9 Disciplinary Information

In December 2013, a KKR Credit investment associate pled no contest and was subsequently convicted of a traffic felony in Spain in December 2013. The conviction resulted in a fine and-eight month driving ban. Notwithstanding this incident, no KKR Credit or any of its executive officers, members of its investment committees or portfolio management committees or other “management persons” as defined in Form ADV has been subject to the legal or disciplinary events related to this Item or is otherwise required to disclose any event required by this Item.

Item 10 Other Financial Industry Activities and Affiliations

Affiliated Broker-Dealers

KKR Credit is an affiliate of KKR Capital Markets LLC and MCS Capital Markets LLC, each of which is registered as a broker-dealer in the U.S. with the SEC and FINRA. KKR Credit is also affiliated with KKR Capital Markets Limited located in London, which is authorized and regulated by the U.K. Financial Conduct Authority to conduct broker-dealer activities in the United Kingdom, with KKR Capital Markets Japan Limited, which is a certified Type II Financial Instruments Business Operator (broker-dealer) licensed by the Japanese Financial Supervisory Agency, with KKR Capital Markets Asia Limited, which is licensed by the Hong Kong Securities and Futures Commission to conduct certain broker-dealer activities, with KKR India Financial Services Private Limited, which is licensed by the Reserve Bank of India as a non-deposit taking non-banking financial company that is authorized to

undertake lending and financing activities and with KKR Capital Markets India Private Limited, which is licensed by the Securities and Exchange Board of India as a merchant bank that is authorized to execute capital market mandates, underwrite issues, offer investment advisory and other consultancy/advisory services. In addition, KKR Credit is affiliated with KKR Australia Pty Limited, KKR Australia Investment Management Pty Limited, KKR MENA Limited, KKR Singapore Pte. Ltd. and KKR Saudi Limited, which hold financial services licenses from the Australian Securities and Investment Commission, the Dubai Financial Services Authority, the Monetary Authority of Singapore and the Capital Market Authority in Saudi Arabia, respectively, permitting them among other things to conduct capital raising and other broker-dealer activities (collectively, the “**Affiliated Brokers**”).

Certain of the Affiliated Brokers (including their respective related lending vehicles) may, from time to time, manage or otherwise participate in underwriting syndicates and/or selling groups with respect to the securities and debt instruments of portfolio companies and other non-controlled entities in or through which KKR Credit Funds or Other Clients invest, including in respect of securities or other instruments of such portfolio companies in which KKR Credit Funds or Other Clients have not invested. Affiliated Brokers may otherwise be involved in the public or private placement of such securities and other instruments, and/or may provide capital markets advisory services to portfolio companies and other non-controlled entities in or through which KKR Credit Funds or Other Clients invest, including in connection with mergers and acquisitions, the syndication of portfolio company co-investment opportunities alongside certain KKR Credit Funds, and may provide acquisition financing and other corporate lending services to such entities in addition to financing provided through a KKR Credit Funds or Other Client’s investment. In addition, Affiliated Brokers may alone or with other lenders (including other KKR entities), arrange lines of credit to portfolio companies and other non-controlled entities in or through which KKR Credit Funds Other Clients and other third party borrowers invest. Affiliated Brokers (through their respective related lending vehicles) may also provide loans and lines of credit to KKR Credit Funds and Other Client portfolio companies and other third party borrowers. Affiliated Brokers may also provide syndication services to such entities including in respect of co-investments in transactions participated in by KKR Credit Funds or Other Clients. Such Affiliated Brokers may receive fees, commissions, financing fees, interest payments and other compensation, which may be payable in cash or securities, in respect of the activities described above and/or may waive such fees. Affiliated Brokers and other KKR entities may, as a consequence of such activities, from time to time hold positions in instruments or securities issued by portfolio companies.

An Affiliated Broker also may act as placement agent or underwriter of securities of a third party that a KKR Credit Fund or Other Client may purchase (for example, a co-investment vehicle). An Affiliated Broker may act as the placement agent for a KKR Credit Fund in certain jurisdictions and such Affiliated Broker does not generally receive compensation for such service; however if compensation is received, such compensation would be made on a fully disclosed basis, for example the open end RIC, which pays fees to Affiliated Brokers in accordance with Rule 12b-1 under the Investment Company Act. The Affiliated Brokers do not otherwise execute transactions on behalf of KKR Credit Funds or Other Clients. While fees, commissions, interest payments and other compensation paid to the Affiliated Brokers are generally believed by KKR Credit to be reasonable and charged at rates that are market rates for the relevant activities, such compensation are generally determined through negotiation with related parties. KKR Credit Funds or Other Clients generally do not have the right to share in the compensation received by an Affiliated Broker for its role in any transaction. Affiliated Brokers do not share in any transaction fees, which are generally allocated among KKR Credit Funds, Other Clients and KKR Credit Associates Vehicles as discussed in Item 5.

The relationship KKR Credit has with its Affiliated Brokers may give rise to a potential conflict of interest between KKR Credit and KKR Credit Funds or Other Clients that have an interest in any portfolio companies or investment vehicles with respect to which the Affiliated Brokers provide services

(please see the discussion below for further information as to how such conflicts are addressed). In particular, KKR Credit may be seen as incentivized to seek to influence the decision by a portfolio company's management to retain an Affiliated Broker, or to borrow from or otherwise transact with an Affiliated Broker, instead of other unaffiliated broker-dealers or other service providers or counterparties that may be more appropriate or offer better terms. Where an Affiliated Broker (or another KKR entity) acts as a lender to a portfolio company in which a KKR Credit Fund or Other Client holds investments in the same or different levels of the capital structure, the arrangement may lead to a conflict between the Affiliated Broker and the KKR Credit Fund or Other Client in the event of a default by, or the liquidation of, the portfolio company or a restructuring or renegotiation of the terms of the loan (similar conflicts may also arise where KKR is a lender to a portfolio company out of its proprietary assets). KKR Credit could also be seen as incentivized to structure portfolio company transactions, including related co-investment opportunities, so that they require the use of a broker-dealer (and consequently provide an opportunity for an Affiliated Broker to be retained by a portfolio company or acquisition company established for the relevant transaction and generate commissions, syndication fees, arranging fees or other compensation for such an Affiliated Broker).

Affiliated Brokers also provide financing and capital markets services to third parties that are not portfolio companies including third parties that are competitors of portfolio companies of particular KKR Credit Funds or Other Clients, or that are service providers, suppliers, customers, or other counterparties with respect to such companies ("competitor companies") and may act as placement agent in respect of investment funds that are sponsored and managed by other third party investment managers, including funds that may compete with KKR Credit Funds or Other Clients. Affiliated Brokers also act as placement agent in respect of investment funds that are sponsored and managed by third parties (for example, certain investee companies of KKR Credit as described in Item 4) and receives consideration for such services. In providing such services to, or with respect to, such funds or companies, Affiliated Brokers will not take into consideration the interests of the relevant portfolio companies or KKR Credit Funds or Other Clients. In addition, Affiliated Brokers may also be engaged to provide financing or other capital markets services to third parties in connection with transactions that may also be appropriate for a KKR Credit Fund or for Other Clients. In some cases, these services offered to third parties in connection with a transaction may be provided concurrently with services being provided in a similar manner to a KKR Credit Fund or Other Client even if the KKR Credit Fund or Other Client has a competing interest with the third party. Affiliated Brokers providing services to third parties, including to competitor companies, may come into possession of information that they are prohibited from acting on (including on behalf of a KKR Credit Fund or Other Client) or disclosing to KKR Credit as a result of applicable confidentiality requirements or applicable law, even though such action or disclosure would be in the best interests of a KKR Credit Fund or of Other Client.

An Affiliated Broker's ability to receive commissions or other transactional compensation in certain capital markets transactions on the basis of a KKR Credit Fund or Other Client's participation may be limited in certain circumstances. As a result, in the event that such services are provided to an issuer that is or becomes a potential investment opportunity for a KKR Credit Fund or Other Client, KKR Credit, through the Affiliated Brokers, may have a conflict of interest between a KKR Credit Fund or Other Client investment opportunity or a related capital markets transaction. Where an Affiliated Broker serves as underwriter with respect to a security in which a KKR Credit Fund or Other Client invests, such KKR Credit Fund or Other Client may be subject to a "lock-up" period following the offering under applicable regulations during which time its ability to sell the security that it continues to hold is restricted. This may prejudice the KKR Credit Fund or Other Clients' ability to dispose of such security at an opportune time. Affiliated Brokers may have access to confidential and/or material non-public information regarding KKR Credit Funds, Other Clients or their portfolio companies and, subject to applicable law and confidentiality agreements, may use such information in connection with financing and other services provided by the Affiliated Brokers.

Transactions involving a KKR Credit Fund or Other Client and an Affiliated Broker are reported periodically to KKR's Global Conflicts Committee. In addition, KKR Credit generally reviews such transactions to ensure that the requirements of Section 206(3) of the U.S. Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) in respect of principal transactions between any KKR Credit Fund or Other Client and KKR or its affiliates (including any Affiliated Broker) are complied with. Transactions involving a KKR Credit Fund or Other Client and an Affiliated Broker are reported periodically to KKR's Credit Conflicts Committee.

Other Investment Advisers

Relying Advisers

KKR Credit has established the following wholly-owned subsidiaries in the U.S., the United Kingdom and the Cayman Islands, through which it provides investment management and administration services to certain KKR Credit Funds and Other Clients:

- KKR Credit Advisors (Hong Kong) Limited
- KKR Strategic Capital Management LLC
- KKR Strategic Capital Holdings GP, Ltd.
- KKR Strategic Capital Partners L.L.C.
- KKR Financial Advisors LLC
- KKR Financial Advisors II, LLC
- KKR FI Advisors LLC
- KKR CS Advisors I LLC
- KKR Mezzanine I Advisors LLC
- KKR FI Advisors Cayman Ltd.
- KAM Advisors LLC
- KAM Fund Advisors LLC
- KKR Credit Fund Advisors LLC
- KKR Asset Management Partners LLP
- KKR Asset Management, Ltd.
- KKR Credit Advisors (Ireland)
- KKR Credit Advisors (UK)
- KKR Alternative Investment Management

Each of the above entities, which includes KKR Credit Advisors (Ireland) and KKR Credit Advisors (UK) LLP (fka Avoca Capital Management LLP), is a “**Relying Adviser**” of KKR Credit Advisors (US) and collectively is referenced as “KKR Credit”. Each Relying Adviser (other than KKR Credit Advisors (Ireland)) provides management and administration services to specific KKR Credit Funds or Other Clients and provides certain operational and other efficiencies with respect to such services. All of the Relying Advisers are subject to KKR Credit's regulatory oversight and its Code of Ethics (see response to Item 11 below) together with its other compliance policies and procedures as adopted by KKR Credit pursuant to the requirements of the Advisers Act. More particularly, certain KKR Credit officers and employees serve as dual personnel of both KKR Credit and one or more Relying Advisers. Additionally, KKR Credit treats all officers and other personnel of the Relying Advisers as its “associated persons” and access persons for purposes of the Advisers Act.

KKR Credit Advisors (US) and KKR Asset Management Partners LLP (“**KAMUK**”) have entered into a Memorandum of Understanding to provide advisory resources to certain of KKR Credit’s clients. Pursuant to this memorandum, KAM UK will be subject to KKR Credit’s supervision as a “Participating Affiliate” and KAM UK, and any of its employees who provide services to KKR Credit’s clients, will be considered “associated persons” of KKR Credit and access persons for purposes of the Advisers Act.

Kohlberg Kravis Roberts & Co. L.P.

KKR Credit is also affiliated with KKR, which is its parent company, and KKR’s other subsidiaries and affiliated entities that manage KKR’s private equity funds and other funds, investment vehicles and accounts (i.e., KKR Funds). KKR is separately registered under the Advisers Act as an investment adviser. Certain executives of KKR serve on investment committees established by KKR Credit. KKR Credit may also, from time to time, act as sub-adviser in respect of capital allocated within KKR Funds to strategies implemented by KKR Credit and may delegate sub-advisory authority to KKR in respect of capital allocated within certain KKR Credit Funds or Other Clients to strategies implemented by KKR (in each case, at no incremental cost to the relevant KKR Fund, KKR Credit Fund or Other Client). See Item 11 for a discussion of the relationship of KKR Credit, KKR Credit Funds and Other Clients and the KKR Funds. Following its acquisition in February 2014, KKR is affiliated with KKR Credit Advisors (Ireland), formerly Avoca and its affiliates. Following the acquisition, certain employees of KKR Credit Advisors (Ireland) have become employees of KKR. Certain KKR Credit Advisors (Ireland) personnel may also participate in KKR Credit Associates Vehicles. Private funds, managed accounts and CLOs managed and advised by KKR Credit Advisors (Ireland) (“**KKR Credit Advisors (Ireland) Funds**”) generally pursue strategies including European loans and bonds, credit opportunities, long/short credit, convertible bonds and structured and illiquid credit. See Item 11 for a discussion of the relationship of KKR Credit, KKR Credit Funds and Other Clients.

Prisma Capital Partners LP

KKR Prisma became an affiliate of KKR Credit in October 2012 when KKR acquired 100% of the direct and indirect interests of Prisma Capital Partners LP. KKR Prisma operates as a part of KKR & Co.’s public markets segment, which includes the investment management activities of KKR Credit. KKR Prisma is separately registered as an investment adviser under the Advisers Act. Certain employees of KKR Prisma are employees of KKR. Certain KKR Prisma employees may also participate in KKR Credit Associates Vehicles. KKR may also, act as sub-adviser in respect of capital allocated within investment vehicles and other accounts managed and advised by KKR Prisma (“**KKR Prisma Funds**”). KKR Prisma Funds invest and may invest in a broad range of hedge funds and other similar funds, vehicles and accounts (“**KKR Prisma Portfolio Funds**”). See Item 11 for a discussion of the relationship of KKR, KKR Funds, Other Clients and, KKR Prisma Funds and KKR Prisma Portfolio Funds.

Commodity Pool Operators and Commodity Trading Advisors

As a result of providing investment advisory services to certain KKR Credit Funds that invest in commodity futures and other commodity interests, KKR Credit, certain KKR Credit GPs and other related entities may from time to time constitute commodity trading advisors and/or commodity pool operators for the purpose of the rules and regulations issued by the U.S. Commodity Futures Trading Commission (“**CFTC**”) under the U.S. Commodity Exchange Act and as such, will rely on certain exemptions from registration with the CFTC under that Act or, in the event that such exemptions cease to apply, register under the applicable regulatory regime. As such status is incidental to KKR Credit’s investment management activities with respect to the relevant KKR Credit Funds, KKR Credit does not

view such status as giving rise to a material conflict of interest in respect of such KKR Credit Funds or any other KKR Credit Funds or Other Clients.

Pooled Investment Vehicles and Regulated Subsidiaries and Sponsors of Limited Partnerships

KKR, KKR Credit and KKR Prisma and certain of their respective affiliates serve as sponsors or syndicators of a number of limited partnerships, including KKR Funds, KKR Credit Funds and Prisma Funds. KKR also primarily serves as investment adviser to KKR Funds that are pooled investment vehicles. In addition, its affiliates, KKR Credit and KKR Prisma, also serve as investment advisers of investment vehicles and accounts (i.e., KKR Credit and Prisma Funds) that are, for the most part, pooled investment vehicles. While primarily unregulated, certain of such pooled vehicles may be registered with regulatory authorities in their home jurisdiction such as the Cayman Islands or Ireland or in jurisdictions in which interests in such pooled investment vehicles are marketed, such as Korea or Japan. As discussed more fully above and in response to Item 11, KKR Funds, KKR Credit Funds and KKR Prisma Funds may engage in transactions with or alongside each other that may give rise to material conflicts of interest. KKR has adopted policies and procedures designed to address conflicts of interest arising between KKR Funds, KKR Credit Funds and KKR Prisma Funds. Certain KKR Funds have established regulated subsidiaries as required under applicable law in order to permit such KKR Funds to make portfolio investments in certain jurisdictions, including, in particular, India. As discussed in Item 11, KKR Credit's relationship with KKR and KKR Prisma may also give rise to additional conflicts of interest.

Please refer to Item 11 for a discussion of the potential conflicts that may be raised by KKR Credit's relationship with these and other affiliates and the policies and procedures KKR Credit has adopted to address these conflicts.

Please also refer to Item 11 for a discussion of the Stakes and Seeds Business.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

KKR Credit is subject to a Code of Ethics (the “**Code**”) in accordance with Rule 204A-1 under the Advisers Act.

The Code has been established by its affiliate, KKR, for all of its investment advisory subsidiaries, including KKR Credit. The Code sets out standards of business and personal conduct for each Employee (which for these purposes includes other persons as set out in the Code, including certain consultants, advisors, temporary employees and other persons designated by KKR's Global Chief Compliance Officer) and addresses conflicts that may arise from personal trading by such persons and provides for disciplinary sanctions for Code violations. The Code is available upon written request of current or prospective investors in KKR Credit Funds and Other Clients.

The policies and procedures set forth in the Code recognize that as an investment adviser, KKR Credit is in a position of trust and confidence with respect to the KKR Credit Funds and Other Clients and has a duty to place the interests of the KKR Credit Funds and Other Clients before the interests of KKR Credit and its Employees (which for these purposes includes other persons as set out in the Code, including certain consultants, advisors, temporary employees and other persons designated by KKR's Global Chief Compliance Officer). This duty includes an obligation to address or mitigate both conflicts of interest and the appearance of any conflicts of interest. The Code also recognizes that as an investment adviser

registered under the Advisers Act, KKR Credit has a further obligation to comply with the provisions of the Advisers Act as well as the other U.S. federal securities laws.

The Code includes a code of conduct adopted by KKR Credit which requires Employees to (i) act with integrity, honesty, competence, and in an ethical manner when dealing with the public, regulators, clients, investors, prospective investors and their fellow Employees, (ii) adhere to the highest standards with respect to any potential material conflicts of interest with KKR Credit Funds and Other Clients, and (iii) preserve the confidentiality of information that they may obtain in the course of KKR Credit's business and use such information properly, consistent with applicable legal standards, and not in any way adverse to the interests of any KKR Credit Funds or Other Clients.

Under the Code and Firm policy, Employees are prohibited from trading in securities of any company while in possession of material, non-public information regarding the company. This prohibition applies to KKR-related securities and the securities of KKR affiliates, as well as other issuers. The Code also includes a personal securities investment and reporting policy. This policy, among other things, significantly restricts an Employee's ability to engage in personal securities transactions and requires Employees to disclose all brokerage or securities accounts held in the Employee's name or over which the Employee has any direct or indirect beneficial ownership, including accounts over which investment discretion is exercised either directly or indirectly.

Certain investment personnel of KKR Credit maintain personal private fund investment holdings. Certain of these investments are maintained with third-party investment managers who sponsor investment vehicles that compete with KKR or KKR Credit, or that KKR, KKR Credit or certain affiliates may recommend to its clients. Furthermore, certain of these personal investments may have terms that are more favorable than those routinely offered by the unaffiliated investment manager (for example, reduced fees). These personal investments may give rise to potential or actual conflicts of interest between KKR, KKR Credit or certain affiliate's clients on the one hand, and KKR, KKR Credit or certain affiliates, on the other hand. Accordingly, KKR Credit's personal securities investment and reporting policies, which require the pre-approval from KKR's Compliance Group on any personal private fund investments, seek to address any potential or actual conflicts of interest relating to personal private investments.

The Code restricts Employees' ability to conduct activities outside the Firm that may conflict with the interests of the KKR Credit Funds or Other Clients, requires preapproval for gifts and entertainment in excess of certain values that may be received and/or provided by Employees and restricts Employees' ability to make political donations. Employees, Senior Advisors, Industry Advisors, KKR Capstone, RPM and other consultants may also serve as directors or interim executives, or otherwise be associated with companies that are competitors of portfolio companies of certain KKR Credit Funds or Other Clients (as discussed below).

KKR's Compliance Group receives and reviews trading and other reports and Employee certifications submitted pursuant to the Code to determine that personal trading (as well as other activities subject to compliance oversight) conducted by Employees and other covered persons is consistent with the requirements and restrictions set forth in the Code and does not otherwise indicate any improper trading activities. Employees also engage in outside business activities, including serving on boards of directors of third party entities, which may give rise to certain conflicts of interests. KKR's Compliance Group reviews Employee certifications to identify such conflicts of interest.

Additionally, KKR Credit has adopted inside information barrier policies and procedures to provide for the proper handling of confidential information (i.e., nonpublic information received or created by KKR in connection with its activities) to prevent violations of laws and regulations prohibiting the misuse of such information and to avoid situations that might create an appearance of such misuse. KKR's

Compliance Group is responsible for monitoring the information barriers established by the Firm, administering the information sharing policies and procedures and overseeing potential conflicts of interest.

The Code is available upon written request of KKR Credit Funds or Other Clients and their current or prospective investors.

Participation or Interest in Client Transactions

Principal Transactions

In accordance with the anti-fraud provisions of the Advisers Act and with KKR Credit's internal compliance policies and procedures, KKR Credit and its affiliates will not, as principal, sell a security to, or buy a security from, any KKR Credit Fund or Other Client without providing appropriate disclosure and obtaining the informed consent of such KKR Credit Fund or Other Client prior to the settlement of each such transaction, as well as the prior authorization of KKR Credit's Chief Compliance Officer. The BDC, and the RIC and other regulated entities will generally not engage in principal transactions except as permitted under the Investment Company Act and SEC guidance thereunder.

Principal transactions may occur, for example, where KKR Credit (i) warehouses an investment, in whole or in part, in one of its proprietary entities for the benefit of one or more KKR Credit Funds, (ii) seeds the initial portfolio of a KKR Credit Fund by making the initial commitment and capital contributions to the KKR Credit Fund pending the admission of third party investors to such KKR Credit Fund and the acquisition by the KKR Credit Fund of the investment from the proprietary entity or the participation of such third party investors in such seeded initial portfolio of investments as applicable, or (iii) have a large enough ownership interest in a KKR Credit Fund to constitute a principal account for the purposes of Section 206(3) of the Advisers Act and such principal account sells securities to another KKR Credit Fund, as applicable. In these cases, a KKR Credit Fund or Other Client may, for example, require that (i) the transaction price be determined to be fair by an independent valuation expert (the cost of which would be borne by the KKR Credit Fund) or be calculated in accordance with a formula provided for in the governing documents of the KKR Credit Fund or Other Client and (ii) the consent of the respective KKR Credit Fund's limited partner advisory committee, independent client representative or limited partners be obtained prior to the completion of the relevant transaction or in connection with the limited partners' subscriptions to the KKR Credit Fund or Other Client. As indicated in Item 10, Affiliated Brokers may act as principal in underwriting or placing the securities of KKR Credit Funds.

Prior to the receipt by a KKR Credit Fund of capital contributions from its investors for which a capital call notice has been given, a KKR Credit GP may fund such amounts on a temporary basis in order to permit the KKR Credit Fund to make an investment. Such amounts will be reimbursed to the KKR Credit GP at cost as and when such capital contributions are made by the investors in the KKR Credit Fund. KKR Credit does not consider such temporary arrangements to be principal transactions.

Stakes and Seeds Business

As part of the Stakes and Seeds Business, an affiliate of KKR will acquire a non-controlling interest in a third-party hedge fund manager ("**Stakes and Seeds Managers**") and funds or other vehicles sponsored or advised by such managers or other type of manager are referred to herein collectively as "**Stakes and Seeds Funds**"). For example, affiliates of KKR have acquired a 24.9% interest in each of Nephila Capital Ltd. and BlackGold Capital Management L.P. No Stake or Seed Fund is an advisory client of KKR. KKR may, however, be deemed to have a financial interest in transactions between any Stakes and Seeds Fund, on the one hand, and a KKR Fund or Other Client on the other. Such transactions (which do

not involve securities or KKR advisory clients on both sides of the transaction) are neither principal transactions nor agency cross transactions. However, because of a KKR affiliate's financial interest in Stakes and Seeds Managers, an affiliate of KKR will receive additional compensation related to such transactions. Such additional compensation will not be shared with KKR Funds, Other Clients or KKR Associates Vehicles.

Cross Transactions and Agency Cross Transactions

Under certain circumstances, KKR Credit may arrange for purchases and sales of securities between two KKR Credit Funds and/or Other Clients (a “**cross transaction**”) (see also discussion of “**Rebalancing Transactions**” below). KKR Credit has adopted a specific cross-trading policy (“Cross Transactions Policy”) for such transactions which requires complying with applicable law as well as governing documents for KKR Fund or Other Client. The Cross Transactions Policy establishes that cross transaction may only be effected if the cross transaction provides a clear benefit to each participating KKR Credit Fund or Other Client and further require certain procedures are followed prior to the execution of the cross transaction. KKR Credit will not arrange for a cross transaction to be implemented unless the requirements of the Cross Transaction Policy are fulfilled. KKR Credit may engage in agency cross transactions between Other Clients/Funds and an unaffiliated third party in a manner consistent with the Advisers Act and the rules promulgated thereunder. In an agency cross transaction, KKR Credit or one of its affiliates including, in particular, an Affiliated Broker, earns a fee for arranging a transaction between KKR Credit Funds or Other Clients.

KKR proprietary entities may acquire an asset of a portfolio company on terms negotiated with the management of the portfolio company. These transactions do not constitute principal transactions or cross trades that are subject to the restrictions and policies detailed above. To the extent that such transactions are appropriate investments for KKR Credit Funds or Other Clients as well as a KKR proprietary entity, KKR Credit will allocate such transactions in accordance with the procedures described in “Allocation of Investments” below.

Real Estate Transactions

KKR Credit, (for its own account or the account of an affiliate) may or may cause a KKR Credit Fund or Other Client to enter into real-estate related transactions, with KKR Credit Fund or KKR Credit Fund portfolio companies. Such transactions may include, for example, buying or selling real estate assets, acquiring or entering into leasing arrangements or amending such arrangements, or transferring options or rights of first refusal to acquire real estate assets. None of the foregoing transactions, which generally do not involve securities, are governed by the principal transaction and cross transaction restrictions and policies described above but are subject to guidelines established by KKR Credit to properly manage related conflicts.

Rebalancing Transactions

Subject to certain terms and conditions, on occasion and to the extent permitted by law and specific KKR Credit policies, KKR Credit may effect rebalancing transactions between a KKR Credit Fund and another KKR Credit Fund or one or more Other Clients pursuing similar investments. In such case, a KKR Credit Fund may purchase a security held by another KKR Credit Fund or Other Client or may sell a security to another KKR Credit Fund or Other Client (each a “**Rebalancing Client**”). KKR Credit will determine, in its sole discretion, whether a particular KKR Credit Fund or Other Client is a Rebalancing Client and will not undertake a rebalancing transaction with a Rebalancing Client if it determines, in its sole discretion that such a transaction is not in the best interests of the Rebalancing Clients involved. KKR Credit effects these transactions based on the then-current independent market price and consistent with valuation procedures established by KKR Credit. Neither KKR Credit nor any of its affiliates receive any

compensation in connection with such rebalancing transactions. These rebalancing transactions generally will be effected without brokerage commissions being charged. To the extent that such transactions may be viewed as principal transactions due to KKR Credit's or its affiliates' ownership interest in a particular KKR Credit Fund, KKR Credit will either not effect such transaction or comply with the requirements of Section 206(3) of the Advisers Act.

Participation of Affiliated Broker-Dealers in KKR Credit Fund or Other Client Transactions

As described in response to Item 10, KKR Credit is affiliated with several broker-dealers. As further noted, these Affiliated Brokers (including their respective related lending vehicles) may manage or otherwise participate in underwriting syndicates and/or selling groups with respect to securities and debt instruments issued by portfolio companies, holding companies and other non-controlled entities in or through which the KKR Credit Funds or Other Clients invest. Further, Affiliated Brokers may otherwise be involved in the public or private placement of such securities and other instruments, and/or may provide capital markets advisory services to portfolio companies and other non-controlled entities in or through which KKR Credit Funds or Other Clients invest, including in connection with mergers and acquisitions, the syndication of portfolio company co-investment opportunities alongside certain KKR Credit Funds, and may provide acquisition financing and other corporate lending services to such entities in addition to financing provided through a KKR Credit Fund or Other Client's investment. In addition, Affiliated Brokers may alone or with other lenders (including other KKR entities), arrange lines of credit to (i) portfolio companies and other non-controlled entities in or through which KKR Credit Funds or Other Clients invest, (ii) KKR Credit Funds, (iii) Other Clients and (iv) other third party borrowers. Affiliated Brokers (through its respective lending related vehicles) may also provide loans and lines of credit to KKR Credit Fund and Other Client portfolio companies and other third party borrowers. As discussed in Item 10, transactions involving a KKR Credit Fund or Other Client and an Affiliated Broker or its respective lending vehicles are reported to the KKR's Global Conflicts Committee. In addition, KKR reviews such transactions to ensure that the requirements of Section 206(3) of the Advisers Act and Rule 206(3)-2 under the Advisers Act, as applicable, in respect of principal transactions between any KKR Credit Fund or Other Client and KKR or its affiliates (including any Affiliated Broker) are complied with in the context of such transactions. Affiliated Brokers may have access to confidential and/or material non-public information regarding KKR Credit Funds, Other Clients or their portfolio companies and, subject to applicable law, may use such information in connection with financing and other services provided by the Affiliated Brokers.

Financial Interest in KKR Credit Fund or Other Client Transactions

As described in Item 5, KKR Credit and its affiliates (including, in particular, KKR) may receive monitoring fees, financial advisory fees, transaction fees, and other compensation for services provided to portfolio companies, holding companies and other entities in or through which a KKR Credit Fund or Other Client invests. Such parties may also receive break-up fees and other compensation with respect to KKR Credit Fund or Other Client portfolio company investments (including unconsummated or terminated transactions). As noted above, such compensation may be shared with the relevant KKR Credit Funds or Other Clients, as described in their offering materials, documents and/or the governing documents. KKR Credit may also earn fees as a result of its subsidiaries' providing loan servicing services to certain KKR Credit Funds or Other Clients that invest in loan participations, which fees may or may not be shared with KKR Credit clients, depending on the particular governing documents of a particular KKR Credit Fund or Other Client. In negotiating originated loans and certain other originated credit investments on behalf of KKR Credit Funds and or Other Clients and accounts, KKR Credit or its affiliates may have the ability to negotiate the payment of arranging and other transaction related fees by the relevant counterparty to KKR Credit and its affiliates and/or an original issue discount ("OID"). In such circumstances, KKR Credit may face a conflict of interest to the extent that a portion of any

arranging or transaction related fees payable to KKR Credit and its affiliates may be retained by KKR Credit and its affiliates, whereas any OID provided by the relevant counterparty would solely benefit a KKR Credit Fund or Other Client. As noted above, such compensation may be shared with the relevant KKR Credit Funds or Other Clients, as described in their offering materials, disclosure documents and/or governing documents.

Portfolio companies of KKR proprietary investments, KKR Credit Funds or Other Clients may be counterparties to or participants in agreements, transactions or other arrangements with the portfolio companies of a separate KKR Credit Fund or Other Client (for example a portfolio company of a KKR proprietary investment or KKR Credit Fund may retain a company in which another KKR Credit Fund has invested to provide services or products). Agreements, transactions and other arrangements entered into by portfolio companies of KKR proprietary investments, different KKR Credit Funds or Other Clients may indirectly benefit KKR, the relevant KKR Credit Fund or Other Client as an investor in such companies or may adversely impact the other KKR Credit Fund or Other Client portfolio companies with which they do business. The interest of KKR, any KKR Credit Fund or Other Client in maximizing its return on such investments may give rise to a conflict of interest in particular, but not limited to, where KKR, the KKR Credit Fund or Other Client has the ability through its investments to influence the activities of such companies or encourages portfolio companies of a KKR proprietary investment, KKR Credit Fund or Other Client to transact therewith.

Such portfolio companies may also compete with a KKR Credit Fund's or Other Client's investments. For example, KKR or a KKR Credit Fund may invest in a company which competes with another KKR Credit portfolio company. In providing advice and recommendations to, or with respect to such portfolio companies' business dealings, KKR, any KKR Credit Fund or Other Client may not take into consideration the interests of the other relevant KKR Credit Fund or Other Client or their portfolio companies and other investments. Accordingly, such advice, recommendations to such business dealings may result in adverse consequences to such other KKR Credit Funds or Other Clients or their investments.

Certain KKR proprietary entities and Affiliated Brokers, on behalf of their proprietary and client accounts, make investments in minority or majority interests in companies, businesses or other investments in which KKR Credit Funds or Other Clients have no interest but which may be counterparties to or participants in agreements, transactions or other arrangements with portfolio companies of, a KKR Credit Fund or Other Client (for example a portfolio company of a KKR Credit Fund may retain a company in which KKR or KKR Credit has a proprietary interest to provide services or products or may acquire an asset from such company). KKR's ownership (indirect) of KKR Capital Markets LLC (see Item 10) is an example. Agreements, transactions and other arrangements entered into by KKR Credit Fund or Other Client portfolio companies and any such companies may indirectly benefit KKR Credit as an owner of such companies or may adversely impact any KKR Credit Fund portfolio companies with which they do business. KKR Credit's interest in maximizing its return on such investments may give rise to a conflict of interest in particular, but not limited to, where KKR Credit has the ability through its investments to influence the activities of such companies or encourages KKR Credit Fund portfolio companies to transact therewith. Transactions between companies in which KKR acquires such proprietary interests, on the one hand, and KKR Credit Funds or Other Clients or their respective portfolio companies, on the other, are generally not expected to constitute the types of transactions that will entitle such companies to fees or other compensation that will reduce management fees payable by the KKR Credit Fund or Other Clients. For example, insurance brokerage fees or IT licensing fees payable by a KKR Credit portfolio company for related services of an affiliate of KKR Credit are not expected to reduce management fees.

Certain KKR proprietary entities and Affiliated Brokers, on behalf of their proprietary and client accounts, may also make investments in minority or majority interests in companies, businesses or other investments that compete with a KKR Credit Fund or Other Client's investments. For example, KKR Credit or its affiliates may invest in a company which competes with a KKR Credit Fund or Other Client portfolio company. In providing advice and recommendations to, or with respect to such investments and in dealing in such investments on behalf of the relevant proprietary or client accounts, KKR Credit and its affiliates will not take into consideration the interests of the relevant KKR Credit Fund or Other Client or their portfolio companies and other investments. Accordingly, such advice, recommendations and dealings may result in adverse consequences to such KKR Credit Funds or Other Clients or their investments (see also Item 10 for a discussion of services provided by Affiliated Brokers to competitor companies).

As noted in response to Item 5, Employees, Senior Advisors, Industry Advisors, KKR Capstone, RPM and other consultants may serve on the boards of KKR Credit Fund or Other Client portfolio companies and in such capacity currently and may in the future receive director's fees, which may be retained in whole or in part by the relevant Employee, Senior Advisors, Industry Advisors, KKR Capstone, RPM and other consultants. Serving in such capacity may give rise to conflicts to the extent that an Employee's fiduciary duties to a portfolio company as a director may conflict with the interests of KKR Credit Funds or Other Clients. As the KKR Credit Funds or Other Clients will generally be significant investors in such companies, it is expected that such interests will generally be aligned. Employees, Senior Advisors, Industry Advisors, KKR Capstone, RPM and other consultants may also serve as directors or interim executives, or otherwise be associated with, companies that are competitors of portfolio companies of certain KKR Credit Funds or Other Clients. It would be expected that the interests of a competitor company would often not be aligned with those of a KKR Credit Fund, Other Client or their portfolio company, and consistent with the fiduciary duty owed by Employees, KKR Capstone, RPM, Senior Advisors, Industry Advisors and other consultants to such competitor companies when serving on their boards, they will act in the best interests of the competitor companies, and not in the best interests of KKR Credit Funds or Other Clients. In addition, portfolio companies of KKR Credit Funds or Other Clients may, from time to time, make discounts and other benefits available to Employees in connection with products or services offered by such companies. Having KKR Credit Employees serve as directors or interim executives of a portfolio company of a KKR Credit Fund or Other client or another company (including a portfolio company of another KKR Credit Fund, Other Client or KKR Credit proprietary entity) may restrict the ability of a KKR Credit Fund to invest directly in an investment opportunity that also constitutes an investment opportunity for such company.

As discussed below under "KKR Credit Purchases/Sales of Securities Recommended to KKR Credit Funds or Other Clients", Employees and other persons associated with KKR Credit and executives of KKR Credit Fund portfolio companies are permitted to invest in KKR Credit Associates Vehicles established as co-investment vehicles to facilitate participation by such persons in portfolio investments made by KKR Credit Funds or Other Clients (which vehicles typically will not be charged management fees or incentive allocations or certain expenses). Employees and other persons associated with KKR Credit as well as KKR proprietary entities also are permitted to co-invest in "opportunistic" investments by the Balance Sheet (described below), which may also be made alongside KKR Credit Funds or Other Clients. Please see "KKR Purchases/Sales of Securities Recommended to KKR Credit Funds and Other Clients -- *Proprietary Investments*" and "Allocations of Investment Opportunities -- *Balance Sheet Investments*" for further information regarding such investments.

Certain KKR proprietary entities also make capital contributions to KKR Credit Funds. The Public Company indirectly holds limited partnership interests in a number of KKR Credit Funds, which it has transferred or sold and may in the future transfer or sell (in whole or in part), to third parties (including other investors in KKR Credit Funds) in negotiated transactions.

Investments in which KKR Credit, KKR Credit Funds, Other Clients, KKR and/or KKR Funds, KKR Prisma or KKR Prisma Funds Invest in Different Securities of the Same Issuer

Certain KKR Funds have, and KKR Funds and KKR Prisma Funds established in the future may have, an investment focus that is, at least in part, similar to the focus of certain KKR Credit Funds, Other Clients, KKR Credit Associates Vehicles or certain KKR proprietary entities). In particular, certain KKR Credit Funds or Other Clients and KKR Prisma Funds may co-invest in private equity and other investments made by KKR Funds or Other Clients alongside such KKR Funds or Other Clients. The overlap of investment focus may be viewed as giving rise to conflicts of interest between Funds or Clients of KKR Credit or KKR Prisma on the one hand and KKR Funds or Other Clients on the other hand. See the allocation discussion below for further information on how such conflicts are addressed.

Certain KKR Credit Funds, KKR Prisma, KKR Funds (including KKR Credit Associates Vehicles and other KKR proprietary entities), Other Clients and KKR affiliates, including an Affiliated Broker, may also invest in different parts of the capital structure of the same portfolio company. For example, KKR Credit Funds or a KKR Credit affiliate, including an Affiliated Broker, may invest in debt securities issued by a portfolio company in which a KKR Credit Fund or Other Client has a controlling or other equity interest. The interests of the KKR Credit Fund or Other Client and such KKR Credit Funds or KKR Credit affiliate, including any Affiliated Broker, may not always be aligned, which may give rise to actual or potential conflicts of interest, or the appearance of such conflicts of interest. Actions taken for a KKR Credit Fund, KKR Prisma Fund or KKR Credit affiliate, including an Affiliated Broker, may be adverse to a KKR Credit Fund or Other Client, or vice versa.

With respect to private equity investments, certain KKR Credit Funds or Other Clients will typically seek to acquire controlling or other significant influence positions in its investments. As a result, it may have the ability to elect some or all of the members of the board of directors of its portfolio companies and thereby control their policies and operations, including the appointment of management, future issuances of common stock, or other securities, the payments of dividends, if any, on their common stock, the incurrence of debt, amendments to their certificates of incorporation and bylaws, and entering into extraordinary transactions. Certain actions of a portfolio company that KKR is in a position to control or influence by reason of a KKR Fund or Other Client's interest in such company may be in the interests of the KKR Fund or Other Client but adverse to the interests of a KKR Credit Fund or KKR Prisma Fund, or vice versa. For example, a KKR Fund could have an interest in pursuing an acquisition that would increase indebtedness, a divestiture of revenue-generating assets, or another transaction that, in KKR's judgment, could enhance the value of the KKR Fund's investment, but would subject debt investments made by a KKR Credit Fund to additional or increased risk.

In addition, to the extent that a KKR Fund is the controlling shareholder of a portfolio company, KKR or a KKR affiliate is likely to have the ability to determine (or significantly influence) the outcome of all matters requiring stockholder approval and to cause or prevent a change of control of such company or a change in the composition of its board of directors and could preclude any unsolicited acquisition of that company. A KKR Fund or Other Client's interests with respect to the management, investment decisions, or operations of a portfolio company may at times be in direct conflict with those of KKR Credit Funds or KKR Prisma Fund that do not have the same level of control or influence over the company. As a result, KKR may face actual or apparent conflicts of interest, in particular in exercising powers of control over KKR Fund portfolio companies.

Where KKR Credit Funds or Other Clients, KKR Prisma Funds and KKR Funds or Other Clients invest in different parts of the capital structure of a portfolio company, their respective interests may diverge

significantly in the case of financial distress of the company. For example, a KKR Fund may hold equity interests in a portfolio company in which a KKR Credit Fund or Other Client holds debt securities or of which it is otherwise a creditor. In a bankruptcy proceeding, the KKR Fund's interest may be subordinated or otherwise adversely affected by virtue of KKR Credit's and/or such KKR Credit Fund or Other Client's involvement and actions relating to their debt investment. This may result in loss or substantial dilution of the KKR Fund or Other Client's investment, while the KKR Credit Fund or Other Client recovers all or part of the amount due to it. In addition, where a KKR Credit Fund or Other Client is a creditor of a portfolio company in which a KKR Fund holds more junior securities, KKR Credit or such KKR Credit Fund or Other Client may take actions in its own interests with respect to its rights as a creditor (for example, with respect to breaches of covenants) that may be adverse to the interests of the KKR Fund as an equity holder or junior debt holder.

KKR Credit has established policies and procedures intended to address conflicts of interest inherent in investments by KKR Funds, Other Clients and KKR Credit Funds in portfolio companies of other KKR Funds or Other Clients. These policies and procedures, which include limitations on both the maximum amounts and types of such investment and procedures relating to transacting in the securities of such companies when they become distressed, are intended to supplement such restrictions and other requirements relating to such investments as may be disclosed in the offering materials, disclosure documents and/or governing documents of any KKR Credit, KKR Fund or Other Client. However, no assurance can be made that any such conflict of interest will be resolved in favor of the KKR Credit Funds or Other Clients.

To the extent KKR Credit Funds, Other Clients or KKR Credit Funds (including dedicated single or multiple asset co-investment vehicles) or KKR Prisma Funds co-invest in the same securities of the same issuer, KKR also will generally seek to ensure that all participants in such co-investments participate on comparable terms. This may not be practicable or appropriate in all circumstances, however, and, subject to applicable law, a KKR Credit Fund or Other Client may participate in such investments on different and potentially less favorable terms than other participants if KKR Credit deems such participation as being otherwise in the best interests of such KKR Credit Fund or Other Client.

Investments of Stakes and Seeds Funds and KKR Prisma Portfolio Funds

Stakes and Seeds Funds and KKR Prisma Portfolio Funds may pursue a broad range of investment strategies and invest in a broad range of securities and instruments and other assets globally. Any Stakes and Seeds Fund or KKR Prisma Portfolio Fund may invest in securities or other financial instruments of companies (or issuers) in which KKR Funds or Other Clients may also have an interest. Stakes and Seeds Funds or KKR Prisma Portfolio Funds may also invest in competitors of KKR Credit Funds, Other Clients or their respective portfolio companies. Actions taken by any Stakes and Seeds Manager or the respective managers of Prisma Portfolio Funds in respect of any of the foregoing may adversely impact a KKR Credit Fund or Other Client. Any such investments and actions will be controlled by the respective Stakes and Seeds Manager or KKR Prisma Portfolio Fund manager and will be outside the control and oversight of KKR Prisma or KKR.

CLO Transactions

Affiliates of KKR Credit and KKR may invest in CLOs managed by KKR Credit and may hold interests with priority and other rights different (and in some cases, better) than those held by unaffiliated investors in different levels of the CLO's capital structure. The differences in rights may create a conflict of interest for KKR Credit in determining whether to take certain actions on behalf of the CLO, as a KKR Credit client, as a whole which may have a different impact on a particular investor. KKR Credit has adopted a policy designed to avoid any such conflicts, or to mitigate a conflict that arises. In addition, as

part of KKR Credit's investment process, KKR Credit's senior management will, on a case-by-case basis, discuss and resolve any conflicts that arise among KKR Credit Funds, Other Clients and CLOs and will take into account various factors in determining whether a particular transaction for a KKR Credit Fund (including a CLO) or Other Client is in the best interests of that client. Certain conflicts related matters are reported to the CLO Independent Board of Trustees and may also be reported to the KKR Credit's Conflicts Committee, as appropriate.

KKR/KKR Credit Purchases/Sales of Securities Recommended to KKR Credit Clients

Co-Investment Vehicles

As noted above in response to Item 4, KKR sponsors and manages a number of KKR Funds that are dedicated co-investment vehicles that invest in single or multiple portfolio companies alongside other KKR Credit Funds. These include investment vehicles that are only open to investment by Employees, Senior Advisors, Industry Advisors, KKR Capstone, RPM and other persons associated with KKR (which may include executives of KKR portfolio companies and external consultants) (i.e. KKR Credit Associates Vehicles). These vehicles will typically invest in portfolio companies at the same time and price and on the same terms as the other participating KKR Credit Funds to the extent practicable. KKR Credit does not generally charge management fees or receive incentive allocations for its services to KKR Credit Associates Vehicles and KKR Credit retains any allocated monitoring fees and transaction fees based on their respective ownership of the relevant company or investment as discussed above in Item 5.. KKR Credit may also bear any allocable share of expenses on behalf of these vehicles.

Proprietary Investments

KKR & Co. uses its balance sheet (the "**Balance Sheet**") as a significant source of capital to further grow and expand its business, increase its participation in existing businesses and further align its interests with those of investors in KKR Funds and other stakeholders. The Balance Sheet includes limited partnership interests in certain KKR Funds, co-investments in certain portfolio companies of KKR Funds and energy and real estate assets acquired in connection with the Public Company's acquisition of KKR Financial Holdings LLC ("**KFN**") in April 2014. The Balance Sheet also holds other assets used in the development of KKR & Co.'s business, including seed capital for the purpose of developing, evaluating and testing potential investment strategies or products news strategies ("**Seed Investments**").

KKR & Co. has adopted policies and procedures (the "**Balance Sheet Guidelines**") to mitigate potential conflicts of interest between the investment activities of the Balance Sheet on the one hand and any KKR Fund (or Other Client) on the other. Under the Balance Sheet Guidelines, the Balance Sheet's uses are categorized generally into three primary categories: (1) strategic, (2) opportunistic and (3) operational funding. Strategic uses principally focus on acquiring or owning assets in the financial services industry to enhance KKR & Co.'s business platform. Examples of such uses include strategic acquisitions, such as KKR Prisma and KFN, general partner commitments to KKR Credit Funds, warehoused investments for KKR Credit Funds and investments through the Stakes and Seed Business. For the sake of clarity, the Stakes and Seed Business is separate and distinct from Seed Investments. The Stakes and Seed Business involves strategic, non-controlling investments in third-party managers (and their funds) while Seed Investments are opportunistic investments managed by KKR (or its affiliates).

If a potential investment is determined to be strategic in nature, it will not be allocated to KKR Credit Funds or Other Clients.

Opportunistic uses are investments principally made to generate an investment return. Examples of such investments include co-investments, certain investment activities of KFN and certain Seed Investments,

growth equity and real estate investments. KKR seeks to address potential conflicts of interest arising from opportunistic investments by offering such investments to relevant KKR Funds or Other Clients.

With respect to co-investments, KKR proprietary entities from time to time co-invest in other KKR Credit Funds' or Other Clients' investments in portfolio companies. KKR Credit does not generally charge management fees or performance related compensation for its services to such other KKR proprietary entities for such co-investment opportunities and KKR Credit retains any allocated monitoring fees and transaction fees based on their respective ownership of the relevant investment in a portfolio company. KKR Credit may also bear any allocable share of expenses related to such co-investments on behalf of such KKR proprietary entities.

KKR may also make opportunistic investments pursuant to investment strategies that mirror, or are similar to in whole or in part, investment strategies implemented by KKR on behalf of KKR Credit Funds or Other Clients. Moreover, KKR may manage proprietary entities according to investment strategies that are inconsistent with, or deviate in material aspects from, the investment strategies pursued by KKR Credit Funds or Other Clients. The foregoing proprietary entities, including Seed Investments and KFN may invest in similar or the same types of securities, properties or other assets in which KKR Credit Funds or Other Clients may invest or otherwise do or may in the future, or may have investment objectives, programs, strategies and positions that are similar to, or may conflict with, those of KKR Credit Funds or Other Clients. These proprietary entities may compete with, and have interests adverse to a KKR Credit Fund or Other Client. The existence of Seed Investments and KKR proprietary entities, including KFN, investing in the same or similar investments that may be made by KKR Credit Funds or Other Clients could, among other adverse consequences, affect the prices of the investments, securities, properties or other assets in which a KKR Credit Fund or Other Client invests and will affect the availability of such assets. In such circumstances, KKR's interest in maximizing the investment return of its proprietary entities and those of its affiliates creates a conflict of interest in that KKR may be motivated to allocate more attractive investments to the proprietary entities under its management, and allocate less attractive investments to the KKR Credit Funds or Other Clients. Similarly, KKR may be motivated to allocate scarce investment opportunities to the proprietary entities under its management rather than to the KKR Credit Funds or Other Clients. As noted above, the Balance Sheet Guidelines seek to mitigate the potential conflicts of interest.

Lastly, the Balance Sheet's operational funding uses typically consist of activities to facilitate normal course transactions in support of KKR & Co.'s businesses. Examples of such activities include capital support for the activities of Affiliated Brokers and treasury and liquidity management investments. Operational funding activities are not offered to KKR Credit Funds or Other Clients for investment allocation purposes.

Allocation of Investments

KKR Credit has adopted policies and procedures designed to ensure allocations of opportunities among KKR Credit Funds, or Other Clients, KKR Credit Associates Vehicles, KKR Funds or Other Clients, KKR proprietary entities and other KKR Credit affiliates, to the extent practicable and in accordance with each KKR Credit Fund's, Other Client's, KKR Credit Associates Vehicle's, KKR Funds or Other Clients, KKR proprietary entity's and other KKR Credit affiliates applicable investment strategies, are made over time on a fair and equitable basis. These policies and procedures are in addition to policies and procedures adopted by KKR that seek to allocate investment opportunities and related co-investment opportunities among KKR Credit Funds or Other Clients, KKR Credit Associate Vehicles, KKR Funds or Other Clients, KKR proprietary entities or other KKR Credit affiliates, in the event there is an overlap of investment strategies. Such policies and procedures are further supported by specific guidelines

addressing proprietary investment activity which may occur alongside KKR Credit Funds and Other Clients. Allocations of investment opportunities among KKR Credit Funds, or Other Clients, KKR Credit Associates Vehicles, KKR Funds or Other Clients, KKR proprietary entities and other KKR Credit affiliates managed by KKR Credit are overseen by KKR Credit's Conflicts Committee. Allocations of investment opportunities that involve the investment by KKR Credit Funds, or Other Clients and KKR Credit Associates Vehicles, in or alongside KKR Funds or Other Clients, KKR proprietary entities and other KKR Credit affiliates, including Affiliated Brokers are reported to the KKR Credit Conflicts Committee and/or escalated to KKR's Global Conflicts Committee to the extent determined appropriate by the KKR Credit Conflicts Committee. The KKR Credit Conflicts Committee and the KKR Global Conflicts Committee are responsible for analyzing and addressing new or potential conflicts of interest that may arise in KKR Credit's or KKR's businesses, including conflicts relating to one or more KKR and/or KKR Credit Fund or Other Client, specific transactions and circumstances a. Notwithstanding the application of the foregoing policies and procedures, KKR proprietary entities may over any particular time period, and over all time periods, have better performance than the KKR Credit Funds and Other Clients.

In order to manage the allocation of investment opportunities, and to maintain the integrity of the investment strategy and track record of any Seed Investment or a KKR proprietary entity, investments will be allocated in a manner consistent with and pursuant to KKR Credit Funds and Other Clients' allocation procedures. Under these procedures, the conflicts inherent in making such allocation decisions may not always be resolved to the advantage of the KKR Credit Funds and Other Clients.

KKR Credit's allocation methodology may be based on a *pro rata* allocation or other allocation method deemed reasonable and appropriate for the respective investment strategy for which a particular investment is made and for the KKR Credit Funds and Other Clients that participate in said strategy, provided that the method is designed to achieve a fair and equitable allocation of said investment opportunity among all eligible KKR Credit Funds and Other Clients over time. A *pro rata* allocation generally incorporates, to the extent appropriate, the investment specific parameters as established by the respective investment committee with respect to an established investment strategy as well as the investment criteria of KKR Credit Funds or Other Clients and Seed Investments and other KKR proprietary entities participating in a particular investment strategy. Under a *pro rata* allocation, investments will be allocated among participating KKR Credit Funds or Other Clients, Seed Investments and other KKR proprietary entities based on requested order size for KKR Credit Funds managed on a parallel basis (e.g., onshore and offshore KKR Credit Funds that share substantially similar investment objectives and strategies), taking into account any relevant investment criteria. Such criteria includes, without limitation, investment objectives, available capital, the timing of capital inflows and outflows and anticipated capital commitments and subscriptions; applicable concentration limits and other investment restrictions; mandatory minimum investment rights and other contractual obligations applicable to participating funds, vehicles and accounts and/or to their investors; portfolio diversification; tax efficiencies and potential adverse tax consequences; regulatory restrictions applicable to participating funds, vehicles and accounts and investors that could limit a KKR Credit Fund's ability to participate in a proposed investment; policies and restrictions applicable to participating funds, vehicles and accounts; the avoidance of odd-lots or a *de minimis* allocation to one or more participating funds, vehicles and accounts; the potential dilutive effect of a new position; the overall risk profile of a portfolio; the potential return available from a debt investment as compared to an equity investment; and any other considerations deemed relevant by KKR Credit and its affiliates.

Under certain circumstances, a KKR Credit Fund, Other Client or Seed Investment may have ultimate priority over another KKR Credit Fund, Other Client or Seed Account. For example, when a particular investment opportunity falls within such KKR Credit Fund's, Other Client's or Seed Investment's core investment strategy, KKR Credit may allocate the investment according to such priority. The application

of relevant factors and other considerations discussed above in determining allocations of investment opportunities between a KKR Credit Fund, Other Client or Seed Investment may result in a KKR proprietary entity taking a non-pro rata allocation of any excess capacity of a particular investment opportunity relative to a KKR Credit Fund or Other Client in either the same or different parts of the target's capital structure. In addition, an allocation range with a minimum and maximum investment amount may be deemed appropriate for a KKR Credit Fund, Other Client, Seed Investment or other KKR proprietary entity, with the investment amount above the minimum being offered to non-affiliated third parties in order to facilitate a transaction. In the event the non-affiliated third parties do not participate fully in the offered investment amount, the KKR Credit Fund, Other Client, Seed Investment or other KKR proprietary entity will be allocated the balance, up to its maximum allocation. Allocations, including reallocations, involving the BDC and the RICs will be consistent with applicable requirements under the Investment Company Act and relevant SEC staff guidance. Reallocations are permitted only when in the best interests of all KKR Credit Funds, Other Clients, Seed Investments and other KKR proprietary entities concerned, as determined by the portfolio manager seeking to reallocate.

From time to time, KKR Credit may be given an opportunity to purchase securities in initial public offerings and such offerings are expected to be over-subscribed. Such "new issues" often trade at a premium in the secondary market, which may provide the potential of an immediate profit. As a result, all investments in new issues subject to FINRA Rules 5130 and 5131 will be allocated pro rata only to those KKR Credit Funds, Other Clients or KKR proprietary entities qualified to invest in such new issues. The determination of the eligibility of a KKR Credit Fund, Other Client or KKR proprietary entity to invest in new issues will be made by KKR Credit's legal and compliance department through, among other things, questionnaires contained in subscription agreements and other documentation obtained from investors therein designed to elicit specific information regarding investor eligibility.

KKR Credit senior management, traders and other operational delegates, through their involvement and representation on one of KKR Credit's governance committees including the conflicts committee, will periodically review allocations among KKR Credit Funds, Other Clients, Seed Accounts and KKR proprietary entities in order to determine compliance with KKR Credit's allocation policies and guidelines. Allocation decisions are also regularly reviewed by appointed designees across legal, compliance, operations and the investment team on a regular basis

Balance Sheet Investments

One example of opportunistic investments made by the Balance Sheet is Seed Investments. In order to maintain the integrity of the investment strategy and track record of any Seed Investment, Seed Investments are not considered proprietary entities for purposes of KKR Credit's allocation policy, and are instead allocated investments consistent with KKR Credit client allocations. Accordingly, a KKR Credit Fund or Other Client may receive a lesser allocation of an investment as a result of a Seed Investment (and more generally, any opportunistic investment by the Balance Sheet).

A second example of opportunistic investments made by the Balance Sheet is co-investments in portfolio companies of KKR Credit Funds alongside other KKR Credit Funds, Employees and third parties. Please see "Co-Investments" section below for further information regarding such co-investments.

Other examples of opportunistic investments made by the Balance Sheet involve investment opportunities that are not within an investment mandate of a KKR Credit Fund or Other Client (*e.g.* certain growth equity investments) or that have been declined by the investment committee of a relevant KKR Credit Fund. Such investments by their nature would not typically be allocated to KKR Credit Funds or Other Clients. However, such investments would be offered for co-investment alongside the Balance Sheet to certain KKR Credit Funds that are Separately Managed Accounts whose investment mandate includes

investments made alongside the Balance Sheet. The amount allocated to any such KKR Credit Fund would depend on various factors, including suitability of investment, available capital, concentration limits and other investment restrictions, the investment's risk profile and to the extent applicable, consent of investor(s) in such KKR Credit Fund.

Co-Investments

As indicated above, certain KKR Funds and KKR Credit Funds that facilitate co-investments alongside other KKR Credit Funds, KKR proprietary entities and KKR Credit Associates Vehicles (which are not subject to management fees and carried interest allocations) may co-invest in the same securities of a portfolio company alongside such other KKR Credit Funds to the extent KKR Credit has determined such co-investment opportunities are available. KKR and KKR Credit have adopted policies and procedures that seek to allocate such investment opportunities among the relevant KKR Credit Funds in a fair and equitable manner or otherwise in accordance with related disclosure provided to the relevant KKR Credit Funds and their underlying investors or as may otherwise have been agreed in the limited partnership agreements or other documents governing such KKR Credit Funds. KKR Credit may offer co-investment opportunities to investors in KKR Credit Funds, Employees and other associated persons permitted to invest in KKR Credit Associates Vehicles and to other third parties including third parties who KKR Credit believe will be of strategic benefit to KKR Credit Funds or who may provide broader capital raising opportunities to KKR.

Real Estate Platform Investments

Affiliates of KKR Credit have invested in (and may invest in additional) real estate asset management platforms (“**RE Platforms**”). Each RE Platform is a partnership between an affiliate of KKR Credit and a third-party management team focused on real estate investment activities and day-to-day management of such RE Platform. The KKR Credit affiliate, with the management team and other investors, may seek to recapitalize an existing portfolio (if any) and/or deploy capital to scale the RE Platform by acquiring real estate assets. A RE Platform's investment strategy may overlap with an investment strategy of a KKR Credit Fund or Other Client. In addition, KKR real estate investment professionals who participate in the investment decisions made on behalf of a KKR Credit Fund or Other Client may also participate in the investment decisions made by a RE Platform. To the extent permitted by the terms of the RE Platform, KKR will seek to allocate overlapping investment opportunities to a KKR Fund or Other Client in a manner that it deems appropriate, but conflicts inherent in making such allocation decisions may not always be resolved to the advantage of such KKR Credit Fund or Other Client.

Other Conflicts of Interest

Side Letters, Strategic Partnerships and Other Arrangements

A KKR Credit Fund or KKR GP may enter into side letters or other similar agreements with particular investors in such KKR Fund without the approval or vote of any other investor, which would have the effect of establishing rights under, altering or supplementing the terms of such KKR Credit Fund's governing documents with respect to such investors in a manner more favourable to such investors than those applicable to other investors. Any rights established or any terms of the governing documents altered or supplemented, in side letters or other similar agreements with investors will govern solely with respect to such investors, notwithstanding any other provisions of the governing documents. Such rights or terms in any such side letters or other similar agreements may include, without limitation: (i) excuse rights applicable to particular investments (which may increase the percentage interest of other investors in and contribution obligations of other Limited Partners with respect to, such investments); (ii) reporting obligations of the KKR Credit GP; (iii) waiver of certain confidentiality obligations; (iv) consent of the

KKR Credit GP to certain transfers by such investors or (v) rights or terms necessary in light of particular legal, tax, regulatory or public policy characteristics of an investor.

KKR Credit and its affiliates may from time to time enter into agreements with investors who are limited partners in a KKR Fund, which agreements are entered into with such investors other than in their respective capacities as limited partners of such fund. Such agreements do not constitute side letters since they do not establish rights under or alter or supplement the terms of the KKR Credit Fund's governing documents and therefore will not be disclosed or offered to other limited partners. Such agreements may include, without limitation, strategic partnerships with investors, arrangements regarding investments with KKR Credit in one or more investment strategies, which may include co-investments alongside the relevant KKR Credit Fund and other KKR Credit Funds, and similar arrangements established by KKR Credit and its affiliates with investors other than in their respective capacities as limited partners of the relevant KKR Credit Fund.

KKR Credit has entered into, and may in the future enter into, strategic partnerships or other multi-strategy or multi-asset class arrangements with investors that commit capital to a range of KKR Credit's platform of products, investment ideas and asset classes (including the investment strategy of an existing KKR Credit Fund). Such arrangements may include KKR Credit granting certain preferential terms to such investors, including blended fee and carried interest rates that are lower than those applicable to a KKR Credit Fund when applied to the entire strategic partnership. Where such investors participate in a KKR Credit Fund through dedicated investment vehicles or accounts as part of such arrangements, such vehicles and accounts may be granted terms, including management fees or carried interest, that are more favourable than those applicable to other investors. Where management fees and carried interest are applicable at the level of such vehicles and accounts, such terms may include a waiver of management fees and carried interest on their investment in a KKR Credit Fund.

KKR Credit may also establish other KKR Credit Funds that pursue similar investments and strategies to the relevant KKR Credit Fund and may permit such other KKR Credit Funds and any other investor to co-invest in investments made by such relevant KKR Credit Fund. The terms applicable to such other KKR Credit Funds and co-investors, including management fees or carried interest, may be more favourable than those applicable to the relevant KKR Credit Fund (and may include no fees and/or carried interest). The foregoing preferential terms are not subject to the "most favoured nation" provisions of any relevant KKR Credit Fund and are therefore unavailable to investors in such KKR Credit Fund that have not entered into strategic partnerships or other comparable arrangements with KKR Credit.

Common Advisors

KKR Credit Funds, Other Clients, certain co-investment vehicles, KKR Credit Associates Vehicles, KKR Funds and KKR Prisma Funds will generally engage common legal counsel and other advisors to represent all of the parties in a particular transaction, including a transaction in which such funds have conflicting interests because they are investing in different securities of a single portfolio company. In the event of a significant dispute or divergence of interest between one or more KKR Credit Funds, Other Clients, certain co-investment vehicles, KKR Credit Associates Vehicles, KKR Funds and KKR Prisma Funds, such as in a work-out or other distressed situation, separate representation may become desirable, in which case KKR Credit may hire separate counsel in its sole discretion, and in litigation and other circumstances, separate representation may be required. Partners of the law firms and other advisor and service providers engaged to represent KKR Credit Funds, Other Clients, certain co-investment vehicles, KKR Credit Associates Vehicles, KKR Funds and KKR Prisma Funds may be directly or indirectly investors in such funds, and may also represent one or more portfolio companies or limited partners of such funds.

Item 12 **Brokerage Practices**

Selecting or Recommending Broker-Dealers

To the extent required by applicable law, it is KKR Credit's policy to seek to obtain best execution of trades (if any) in public equity and debt securities and other marketable securities traded on behalf of the KKR Credit Funds and Other Clients by a selected broker-dealer. In seeking best execution, the determinative factor is not always the lowest possible per security price or commission but whether, in KKR Credit's view, the transaction represents the best overall qualitative and quantitative execution for the KKR Credit Fund or Other Client. KKR Credit's process of determining best execution involves not only an assessment of brokerage commissions or bid/offer spreads, but also an evaluation of broker-dealer ancillary services. KKR Credit will consider the full range of a broker-dealer's services in assessing best execution, including:

- competitiveness of commission rates and spreads;
- promptness of execution;
- past history in executing orders;
- clearance and settlement capabilities;
- research capabilities and quality;
- access to markets, investments (including access to new issues) and distribution network;
- trade error rate and ability or willingness to correct errors;
- anonymity/confidentiality;
- market impact;
- liquidity;
- speed of execution;
- expertise with complex transactions;
- trading style and strategy; and
- geographic location.

Although KKR Credit will seek competitive commissions and spreads, it may not necessarily obtain the lowest possible rates for portfolio transactions. The commissions, spreads or other transaction or financial advisory fees charged by an executing broker-dealer may be higher or lower than those charged by other broker-dealers.

As noted above in Item 10, the Affiliated Brokers do not execute transactions on behalf of KKR Credit Funds and Other Clients. In addition, such Affiliated Brokers do not maintain client accounts.

Research and Other Commission Sharing Arrangements

KKR Credit does not currently make use of any commission sharing arrangements where brokerage business is promised in exchange for proprietary or third party services ("soft dollar" arrangements), although it may do so in the future. KKR Credit, however, may receive research, brokerage products and other services in ordinary course of trading on behalf of KKR Credit Funds and Other Clients. These bundled services are made available to KKR Credit on an unsolicited basis, without regard to the rates of commissions charged or paid by clients or the volume of business directed to such broker-dealers. To the extent that client brokerage commissions (or markups or markdowns) are used to obtain research, brokerage products or other services, KKR Credit would receive a benefit because it may, in that case, not need to produce or pay for the research, brokerage products or other services received.

To the extent KKR Credit changes its current policy and enters into a relationship that could be viewed as a “soft dollar” arrangement KKR Credit intends to comply with the safe harbor provided under Section 28 of the Securities and Exchange Act of 1934. KKR Credit may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or brokerage products or other services, rather than on its clients’ interest in receiving most favorable execution.

Brokerage for Client Referrals

KKR Credit may engage broker-dealers or affiliates of broker-dealers with whom it engages in securities transactions on behalf of KKR Credit Funds and Other Clients to place securities issued by KKR Credit Funds. Similarly, such entities may be underwriters of, or otherwise involved in the placement of securities issued by KKR Credit or KKR portfolio companies. In addition, KKR has partnered with Deutsche Bank AG (“DB”) in the establishment of KKR Master Index Fund L.P., which is distributed by DB (and KKR Credit may effect securities transactions through DB or its affiliates). The foregoing relationships with broker-dealers and their affiliates may give rise to a conflict of interest to the extent that such relationships could be viewed as influencing KKR Credit’s selection of broker dealers and other trading counterparties. KKR Credit, however, takes into account a number of factors in attempting to satisfy its fiduciary obligation to seek best execution for its clients’ securities transactions.

Directed Brokerage

KKR Credit does not recommend, request or require that a client direct KKR Credit to execute transactions through a specified broker-dealer.

Aggregation of Client Orders (Bunched Trades)

In order to minimize execution costs and obtain best execution for KKR Credit Fund and Other Client transactions in marketable securities, KKR Credit may bunch orders for KKR Credit Funds and Other Clients (subject to KKR Credit’s obligation to obtain best execution for KKR Credit Funds and Other Clients and otherwise treat KKR Credit Funds and Other Clients in a fair and equitable manner). Allocations of bunched trades are made consistent with KKR Credit’s allocation policies and procedures described above in Item 11.

Item 13 Review of Accounts

KKR Credit has an internal structure which allocates responsibility for oversight of KKR Credit Fund and Other Client portfolios and/or specific KKR Credit Fund or Other Client portfolio investments to the respective KKR Credit investment committees and/or executive investment management, and for certain Other Clients, as it relates to strategic investment oversight, to appropriate senior investment professionals. All investments of KKR Credit Funds and Other Clients are overseen by established investment committees, which generally consist of representation by Portfolio Management and Trading, for long/short credit strategy, executive investment, and for certain credit strategies, KKR senior investment professionals. The Firm’s long/short credit strategy is overseen by the Co-Head of KKR Credits and the respective Portfolio Manager for the long/short credit strategy. Additionally, certain KKR Credit Portfolio Managers oversee the investment process for Other Clients investing in certain strategies (please see Item 16 for additional information regarding Investment Discretion with respect to Other Clients).

KKR Credit Funds and Other Clients portfolios and portfolio investments are reviewed and monitored with respect to historic and anticipated performance and market developments and compliance with the

investment mandate of the relevant KKR Credit Fund or Other Client on an ongoing basis, both informally and formally through scheduled periodic meetings of the relevant investment professionals and investment committees, as appropriate.

The nature and frequency of regular reports to KKR Credit Funds and Other Clients and to investors in KKR Credit Funds depends on the terms of the governing documents of such KKR Credit Funds and/or the requirements of any exchange or market on which their securities are admitted to trade or the relevant management agreement. Typically investors in KKR Credit Funds are provided with written quarterly unaudited financial reports and annual audited financial statements.

Item 14 Client Referrals and Other Compensation

Economic Benefits from Non-Clients

As described in more detail under Item 5 and Item 10, Employees, Affiliated Brokers, other KKR proprietary entities and KKR Capstone and RPM receive economic benefits from portfolio companies of KKR Credit Funds and Other Clients.

Please see response to Item 5, “Fees and Compensation” “Other Compensation” with respect to monitoring fees, financial advisory fees, transaction fees, accelerated fees, break up fees and other compensation.

Please see response to Item 5, “Fees and Compensation” “Other Compensation” with respect to directors’ fees for Employees serving on boards of portfolio companies.

Please see response to Item 5, “Fees and Compensation” “Other Compensation” and Item 10, “Other Financial Industry Activities and Affiliations” with respect to compensation received by Affiliated Brokers.

Please see response to Item 5, “Fees and Compensation” “KKR Capstone and RPM” with respect to portfolio companies of KKR Credit Funds or Other Clients and fees and/or servicing payments payable to KKR, its affiliates, KKR Capstone or RPM.

Compensation to Non-Supervised Persons for Client Referrals

KKR Credit may enter into solicitation agreements pursuant to which it compensates a third-party intermediary for client referrals that result in the provision of investment advisory services by KKR Credit. Any cash solicitation agreements will comply with Rule 206(4)-3 under the Advisers Act. Solicitors introducing clients to KKR Credit may receive compensation from KKR Credit, such as a retainer and/or a percentage of introduced capital. Such compensation will be paid pursuant to a written agreement with the solicitor and generally may be terminated by either party from time to time. The cost of any such fees will be borne entirely by KKR Credit or KKR and not by any affected client.

Item 15 Custody

KKR Credit has custody of the assets of certain KKR Credit Funds and KKR Credit Associates Vehicles, and these KKR Credit Funds and their investors receive annual audited financial statements from the KKR Credit Funds’ auditor. Other KKR Credit Funds and Other Clients of KKR Credit receive account statements from broker-dealers, banks or other qualified custodians with respect to the assets managed by

KKR Credit. KKR Credit sends certain account and performance information to KKR Credit Funds and Other Clients, and KKR Credit urges the KKR Credit Funds and Other Clients to compare the information they receive from KKR Credit with the information received from KKR Credit Fund auditors or broker-dealers, banks or other qualified custodians.

Item 16 Investment Discretion

KKR Credit, including through the KKR Credit GPs, generally has discretionary authority based on its investment management agreements with KKR Credit Funds and Other Clients and the governing documents of the KKR Credit Funds and Other Clients to buy and sell securities or other investments on behalf of the KKR Credit Funds and Other Clients and to determine the amount of such investments to be bought and sold, subject to such restrictions as may be specified with respect to each KKR Credit Fund and Other Clients in such management agreements and governing documents and as otherwise may be required pursuant to the rules and regulations of any exchange or market on which the securities of a KKR Credit Fund or Other Client account are admitted to trade. The terms upon which KKR Credit serves as investment manager of a KKR Credit Fund or Other Client are established at the time each KKR Credit Fund or Other Client relationship is established and are generally set out in an investment management agreement and/or limited partnership agreement or other governing document entered into by KKR Credit with respect to the relevant KKR Credit Fund or Other Client, and disclosed in the offering documents for the relevant KKR Credit Fund, as applicable. These terms, which vary as among each KKR Credit Fund and Other Client, may limit the investments KKR Credit may make on behalf of the relevant KKR Credit Fund or Other Client based on security classes, geographies, concentration limits, leverage limits and/or other criteria, among others. Generally, such investment management agreements and governing documents contain only limited investment restrictions and requirements as to diversification of fund investments, either by geographic region or asset type.

In addition to the conflicts of interest described under Item 11, as a general matter, KKR Credit may exercise its investment discretion to give advice or take action (including entering into short sales or other “opposite way trading” activities) with respect to the investments held by, and transactions of KKR Credit Funds, Other Clients or KKR proprietary entities that may be different from or otherwise inconsistent with the advice given or timing or nature of any action taken with respect to the investments held by, and transactions of, other KKR Credit Funds, Other Clients or KKR proprietary entities. Such different advice and/or inconsistent actions may be due to a variety of reasons, including, without limitation, differences between the investment objectives, programs, strategies and tax treatment of certain KKR Credit Funds, Other Clients or KKR proprietary entities or the regulatory status of other KKR Credit Funds or Other Clients and any related restrictions or obligations imposed on KKR Credit as a fiduciary thereof (including for example KKR Credit Funds or Other Clients that are registered as investment companies under the Investment Company Act). Such advice and actions may adversely impact KKR Credit Funds and Other Clients. For example, another KKR Credit Fund, Other Client, Seed Investment or other KKR proprietary entity may establish a short position in a security held by a KKR Credit Fund, Other Client, Seed Investment or other KKR proprietary entity (for example as collateral) and such short sale may result in a decrease in the price of the security that the relevant KKR Credit Fund, Other Client, Seed Investment or other KKR proprietary entity hold. Similarly, KKR Credit may seek to buy or sell a security for a KKR Credit Fund or Other Client and, concurrently or in close proximity in time, seek to buy or sell the same securities or similar securities in the opposite direction; this can benefit the execution quality of the second account to execute such a trade. KKR Credit has established policies and procedures intended to address conflicts of interest inherent in effecting long and short positions in the same security (i.e., opposite way trading) with respect to KKR Credit Funds, Other Clients, Seed Investments and other propriety accounts. These policies and procedures are designed to ensure that KKR Credit will treat all accounts (including Seed Investments and other KKR proprietary entities) on

equal footing and not favor long trading or short trading, or short trading over long trading; and also ensure that opposite way trading is the result of independent investment theses and is executed in an orderly and equitable fashion.

To the extent KKR Credit provides investment advisory or management services to KKR Credit Funds or Other Clients that are subject to ERISA (“**ERISA Clients**”), KKR Credit will be acting as an ERISA fiduciary to such ERISA Clients. KKR Credit’s fiduciary relationships with ERISA Clients may cause conflicts of interest, as described herein, and independently may affect the actions KKR Credit is permitted to take with respect to any other KKR Credit Funds or Other Clients in certain situations where an ERISA Client may be negatively affected. The terms of, or the return on, an investment by a KKR Credit Fund or Other Client may not be equivalent to, or better than, the terms of, or the returns obtained by, other KKR Credit Funds or Other Clients or KKR proprietary entities. In addition, a KKR Credit Fund or Other Client or KKR proprietary entity with similar investment objectives, programs or strategies of any other KKR Credit Fund or Other Client may not hold the same positions, obtain the same financing or perform in a substantially similar manner as such other KKR Credit Fund or Other Client.

Item 17 Voting Client Securities

KKR Credit has adopted policies with respect to voting client securities, and has engaged an independent third party proxy voting specialist, Institutional Shareholder Services, Inc. (“**ISS**”), to assist KKR Credit in certain proxy votes. The services provided by ISS include in-depth research, global issuer analysis, and voting recommendations as well as vote execution, reporting and recordkeeping with respect to both U.S. and non-U.S. securities. KKR Credit, however, retains ultimate voting discretion with respect to client securities. It is the general policy of KKR Credit to vote client proxies in the interest of maximizing shareholder value. To that end, KKR Credit will vote in a way that it believes is consistent with its obligations to the KKR Credit Funds and Other Clients, and will cause the value of the relevant investment to increase the most or decrease the least.

KKR Credit recognizes that there may be a potential conflict of interest when voting a proxy solicited by an issuer that is an investor in a KKR Credit Fund, for example, or with whom KKR Credit has another business relationship that may affect how it votes the issuer’s proxy. KKR Credit has adopted policies to address these and other issues that could give rise to a conflict, including referring the matter to the KKR Credit Conflicts Committee to address issues raised from potential conflicts, including referring the proxy to ISS to exercise. KKR Credit maintains documentation to support its proxy voting position on such other proxy matters. KKR Credit may depart from these guidelines in order to avoid voting decisions believed to be contrary to the best interests of the KKR Credit Funds and Other Clients or if it has agreed otherwise with the relevant client. Any such exceptions will be documented by KKR Credit and reviewed by the Chief Compliance Officer.

A KKR Credit Fund or Other Client or investor in a KKR Credit Fund may obtain a copy of KKR Credit’s Proxy Voting policies and procedures and information on how KKR Credit voted proxies on behalf of such party on written request to KKR Credit.

Item 18 Financial Information

KKR Credit does not require the payment of management fees or other compensation six months or more in advance. There exists no financial condition of which KKR Credit is currently aware that would impair KKR Credit’s ability to meet contractual commitments to its clients.

Item 19 **Requirements for State-Registered Advisers**

KKR Credit is not registering, nor is currently registered, as an investment adviser with any state securities authorities.