

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 was made in June 2015. KKR Credit (US) is now updating Part 2A to reflect the following material changes:

- Item 4 – Updated to reflect KKR Credit’s assets under management as of December 31, 2015
- Item 5 – Updated information and disclosure regarding Fees and Compensation including Management Fees, portfolio company-related 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 11 – Updated information and disclosure with respect to conflicts of interest (including proprietary investments and investment allocations)

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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 Advisors (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 as well as an exempt reporting adviser with the Securities and Exchange Commission 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 \$41.4¹ billion in assets under management as of December 31, 2015, managed on a discretionary basis. KKR Credit advises investment funds, collateralized loan obligation vehicles (“**CLOs**”), an externally managed specialty finance company (“**KFN**”), 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 two closed-end management investment companies that have 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, specific types of syndicated credits (e.g. revolvers) 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 European Union (“**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.

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

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 (collectively, “**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 (collectively, “**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

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.

(“**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 also publishes commentary on macroeconomic trends and related topics and oversees a proprietary portfolio of investments in a variety of instruments and securities.

KKR Credit Advisors (US) 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, 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 Credit is also affiliated with KKR’s capital markets business operated through affiliated broker-dealers (please see Item 10 for additional information regarding KKR’s affiliated broker-dealers) and proprietary trading business.

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.

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. (“**Public Company**”), 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 control indirectly the Public Company’s business for regulatory purposes. KKR Management LLC does not hold any economic interests in the Public Company, and KKR Holdings L.P. (“**KKR Holdings**”), holds special voting units in the Public Company (as well as the economic interests described below). Public unitholders (which may include KKR affiliates, employees, non-employee operating consultants and their related persons) hold 100% of the limited partnership interests in the Public Company. As of December 31, 2015, the Public Company indirectly held approximately 56% 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, 2015, 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 the Public Company. 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**”) of investment funds, CLOs, an externally managed 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 two closed-end investment companies that have filed an election to be treated as a business development company (the “**BDCs**”) 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-adviser 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 BDCs 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 offering of 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 BDCs and the RIC. For purposes of this Brochure, the term “KKR Credit Fund” includes the BDCs 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 or Other Client, 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 or allocations 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. The allocation of a portion of the profits of a KKR Credit Fund, whether allocated to the capital account of a KKR Credit GP or distributed to a GP is referred to herein as “carried interest”.

Management fees, carried interest, 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 vary among 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 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 investors in a KKR Credit Fund, KKR Fund or Prisma Fund (as defined below) or when applied to the entire strategic partnership. Where a strategic partnership investor participates in a KKR Credit Fund, KKR Fund or, Prisma 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. In addition, where a strategic partner enters into such an arrangement with KKR or any of its affiliates (other than in its capacity as a limited partner in a KKR Fund), other investors in KKR Credit Funds will not be notified or receive documentation of such an arrangement. Please see Item 11 – "Other Conflicts of Interest" for further information regarding strategic partnerships.

In addition, KKR Credit may enter into arrangements with one or more third-party sponsors to establish a dedicated feeder vehicle to facilitate the indirect participation in a KKR Credit Fund by certain "high net worth" investors and other qualified clients of such sponsor (a "Dedicated Feeder"). Such sponsor may also solicit a direct investment in a KKR Credit Fund by certain of its clients in consideration for the payment of a placement fee from KKR Credit or its affiliates. In connection with the admission of any Dedicated Feeder to a KKR Credit Fund, the applicable KKR Credit GP will determine, in its discretion, whether to aggregate the indirect capital commitments of the investors in such Dedicated Feeder, including, without limitation, for purposes of calculating any management fee discount to which such Dedicated Feeder may be entitled. In connection with the foregoing, there may be circumstances in which discounts, if any, are provided on an aggregated basis with respect to some, but not all, Dedicated Feeders, which would have the effect of establishing more favorable economic terms with respect to such Dedicated Feeders as compared to those applicable to other comparably sized Dedicated Feeders.

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 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 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 BDCs, KKR Credit, as sub-adviser, is entitled to receive from each BDC's investment adviser 50% of the management fees such adviser receives for managing the applicable 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.

For some KKR Credit Funds or other clients 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.

Carried Interest and 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. Because KKR Credit typically receives carried interest on a deal-by-deal basis for profitable portfolio company investments, profitable investments early in the life of a KKR Credit Fund or Other Client may be offset by poor performance later in the life of a Fund or Other Client, which would reduce the KKR Credit Fund's or Other Client's profitability. If this were to result in KKR Credit receiving more than the agreed-upon percentage of the fund's total profit, or the hurdle rate not being met, KKR Credit would reimburse (or have clawed back) all or a portion of the carried interest KKR Credit received, net of taxes, to ensure that KKR Credit does not receive a greater share of profits than it agreed upon with KKR Credit Fund or Other Client investors. With respect to the BDCs, KKR Credit is entitled to receive from each BDC's investment adviser 50% of the performance fees such adviser receives for managing the applicable BDC. KKR Credit does not receive any performance fees with respect to the RIC.

Portfolio Company-Related Fees

In addition to management fees for operating KKR Credit Funds and Other Clients, KKR Credit or its affiliates may, from time to time, receive fees for work on the development and execution of core

strategies for portfolio companies and for projects to increase portfolio company value. These fees are charged to portfolio companies (directly or indirectly through holding vehicles and other entities in or through which a KKR Credit Fund invests) and can be broken down generally into two categories: shared fees and non-shared fees. As stated above, such fees may be borne by (i) a specific portfolio company, (ii) holding companies or other vehicles through which certain, but not all, of the direct and indirect equity owners of the portfolio company invest or (iii) a specific KKR Credit Fund or Other Client. When such fees are borne by such holding companies or other vehicles or by a specific KKR Credit Fund or Other Client, such KKR Credit Fund or Other Client will bear a greater portion of such fees than would be the case if the relevant portfolio company paid such fees as only the investors in the holding company (or KKR Credit Funds or Other Client) will bear the cost of such fees. In addition, if a KKR Credit Fund portfolio company is unable to pay or declines to pay for certain services (including services rendered by Technical Consultants (defined below) or Affiliated Brokers), then a KKR Credit Fund or Other Client will be charged for such services, which may result in the effect described in the preceding sentence.

A portion of the shared fees are generally offset against management fees due from KKR Credit Funds or Other Clients while non-shared fees do not reduce management fees. The overall amount of shared fees is reduced by certain sourcing and diligence expenses incurred by KKR Credit pursuing unconsummated transactions for KKR Credit Funds or Other Clients. Portfolio company-related fees are paid regardless of a fund's profitability and are not negotiated with investors in KKR Credit Funds or Other Clients and may be capitalized as part of the acquisition price of the relevant investment for consummated investments.

Shared Fees

Shared fees are fees for KKR Credit services which offset management fees paid by KKR Credit Funds or Other Clients, and include transaction, monitoring, breakup and directors' fees. KKR and its affiliates charge monitoring fees and transaction fees to portfolio companies, in each case, which are not generally negotiated on an arm's length basis. KKR Credit Funds and Other Clients indirectly bear the costs of 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.

With respect to certain private equity investments, on the occurrence of initial public offerings, sales or other change of control events related to the relevant company, KKR Credit (or an affiliate) may be 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 future fixed period calculated using discount rates 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, Other Client (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, if applicable, 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. Transaction fees may be calculated as a percentage of the total enterprise value, or as a percentage of the aggregate price paid for the securities that are acquired. KKR Credit or its affiliates may also receive “break up” or similar fees in connection with unconsummated, canceled or terminated portfolio transactions. The agreements relating to the relevant transaction generally specify the amount of such fees 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 and Other Clients 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 offset 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 offsets 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 offset 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. Fees allocated to co-investment vehicles and KKR Credit Associates Vehicles will not offset the management fees payable by KKR Credit Funds or Other Clients.

In addition to the fees described above, certain officers and employees of KKR or KKR Credit (“**Employees**”) currently do and may in the future 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 an Employee serving as an interim executive either would not receive additional compensation for his or her service or KKR Credit would share any compensation received by such Employee with the relevant KKR Credit Funds (i.e. via a management fee offset) in the same manner and extent as monitoring fees offset management fees for such KKR Credit Funds.

Non-Shared Fees

In addition to the shared fees described above, KKR Credit, its affiliates and its technical consultants will also receive fees for services provided to portfolio companies. KKR Credit Funds and Other Clients indirectly bear the cost of these fees. Such fees do not offset management fees due from KKR Credit Funds or Other Clients. Examples of non-shared fees for services include fees for third-party

replacement services (i.e. fees received by KKR's technical consultants and Affiliated Brokers that would have otherwise have been provided by other consultants or broker dealers for a comparable fee).

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. KKR Capstone and RPM (and other Technical Consultants, as defined below) provide replacement 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 (including non-implementation advisory or scoping work to identify and evaluate the potential for consulting or similar arrangements with existing portfolio companies and related operational changes and improvements) contracted by KKR Credit 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). Compensation for KKR Capstone (and other Technical Consultants) may include a success fee (in the form of cash or equity) based on pre-agreed targets or milestones. 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 or infrastructure industry consulting and operating services, debt servicing, and construction management, leasing management, development management, purchasing and other 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, RPM or any other Technical Consultant 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, RPM or any other Technical Consultant became a subsidiary or an affiliate of KKR.

KKR Credit or its affiliates may also earn fees as a result of certain affiliates providing loan servicing services to KKR Credit Funds and/or Other Clients that invest in loans and loan participations (or to related portfolio investments or lending syndicates), which fees will not be shared with the KKR Credit Funds and/or Other Clients. In particular, KKR Credit or its affiliates may acquire or invest in one or more "asset reconstruction companies", other asset recovery firms or other similar companies ("ARCs") that source, service and/or resolve non-performing loans and provide services relating to loan

administration, loan or asset resolutions, restructuring, and reconstruction in various jurisdictions, ARCs may be entitled to reimbursement of expenses and compensation for services rendered, which may include base and/or performance fees paid in respect of portfolio services, from portfolio investments of KKR Credit Funds and/or Other Clients, and ARCs may co-invest alongside KKR Credit Funds and/or Other Clients. KKR Credit intends to consult a conflicts committee in respect of conflicts relating to loan servicers, including ARCs.

KKR or KKR Credit does not hold 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 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. KKR Capstone executives 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 and do not offset 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 may not have 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 (including underwriting and financing 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. No compensation received by Affiliated Brokers for the foregoing activities is 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 Advisors 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.

KKR Advisors/Other Former Employees

KKR advisors (“**KKR Advisors**”) are individuals who were formerly employees of KKR and are subsequently engaged as consultants for KKR or its affiliates. Compensation of KKR Advisors will not typically be borne by KKR Credit Funds or Other Clients. However, KKR Advisors may serve on the boards of KKR Credit portfolio companies and any fees paid to KKR Advisors by portfolio companies will not be credited against any management fees payable by KKR Credit Funds or Other Clients. Former KKR employees may also join a portfolio company (including a joint venture between a KKR Credit Fund or Other Client and a third party manager or other persons) as full time employees of such portfolio

company and any compensation received by such former employees will not offset management fees payable by the applicable KKR Credit Fund or Other Client.

Expenses

“Fund Organizational, Direct and Indirect Operational,” “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.” The offering and governing documents of each KKR Credit Fund and Other Client contain more detailed information on the type of expenses that will be charged to such KKR Credit Fund or Other Client.

In addition to calling capital to pay expenses, KKR Credit (or an affiliate) may advance funds on behalf of KKR Credit Funds or Other Clients for the payment of expenses and then be reimbursed through a reduction of subsequent distributions by the relevant KKR Credit Fund or Other Client (or subsidiary of a KKR Credit Fund or Other Client) or by reducing the amount of monitoring fees, transaction fees and breakup fees allocable to such KKR Credit Fund or Other Client that would otherwise reduce management fees.

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. Expenses are also reimbursed to KKR Credit by portfolio companies, with the same effect. However, expenses may also 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 Credit Fund or Other Client. When such expenses are borne by such holding companies or other vehicles or by a specific KKR Credit Fund or Other Client, such KKR Credit Fund or Other Client will bear a greater portion of such expenses than would be the case if the relevant portfolio company paid such expenses as only the investors in the holding company (or KKR Credit Fund or Other Client) will bear the cost of such expenses.

Fund Organizational, Direct and Indirect Operational Expenses

These expenses are related to the organization, operation and administration of KKR Credit Funds or Other Clients that are not directly related to sourcing investments or to any particular portfolio company. These include expenses related to activities, operations, meetings, and eventual termination and liquidation of the KKR Credit Funds or Other Clients. Example of organizational expenses are legal, accounting, and filing expenses incurred in connection with organization of and establishment of 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 (including first or business class airfare and black car service) and accommodation (including first class lodging), printing and other similar costs, fees, and expenses. Certain KKR Credit Funds or Other Clients may pay the cost of the fund administration services KKR Credit employees provide (including compensation otherwise payable by KKR), and/or internal costs (including compensation and overhead costs) attributable to certain Technical Consultants. Such services typically consist of services that would otherwise be provided by a third-party whose fees, costs, and expenses would be paid by the KKR Credit Fund or Other Client.

Investors in certain 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 (other than a KKR Credit Associates Vehicle) investing in any KKR Credit Fund may be borne by such KKR Credit Fund or such feeder funds, as specified in the offering materials, disclosure documents and/or governing documents of the relevant KKR Credit Fund.

Examples of direct and indirect 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; insurance premiums and fees (including costs of ERISA fidelity bonds); fund borrowings; indemnification obligations; expenses relating to legal and regulatory compliance; fees, costs and expenses relating to the administration of any fund and its assets, including without limitation those incurred in connection with the preparation of financial statements, tax returns, K-1s, administration of assets, financial planning and treasury activities; fees, costs and expenses incurred in the preparation and providing access to fund reports and information (including through websites or other portals) and related operational, secretarial or postage expenses (including technology and other administrative support; general and administrative costs (including salary, bonus, benefits and an allocated portion of overhead of certain Employees); compensation and expenses of Senior Advisors and Industry Advisors; fees, other compensation and expenses of KKR Capstone, RPM and Other Technical Consultants; principal, interest on and fees and expenses arising out of, all fund borrowings; the costs of advisory committee meetings and the annual investors conference (or other investor meetings) and portfolio management committee meetings for the relevant KKR Credit Fund (including costs and expenses of meals, events, entertainment and travel and accommodation costs of KKR personnel, Senior Advisors, Industry Advisors KKR Advisors and employees of Technical Consultants attending such meetings); fees, costs and expenses incurred in connection with any amendments, restatements or other modifications to, or the monitoring of compliance with, fund agreements, side letters (including “most favored nations” provisions) and other constituent or related documents of the fund and the general partner (including costs and expenses relating to investor and advisory committee consent, waiver or similar acknowledgment solicitations, and the preparation of compliance checklists and other comparable compliance and compliance monitoring-related materials); fees, costs and expenses relating to procuring, developing, implementing or maintaining information technology, data subscription and license-based services, including computer software and hardware, electronic equipment or information technology services purchased from third party vendors related thereto, risk analysis tools, research publications, materials, equipment and services, computer software or hardware and other electronic equipment used in connection with a fund and its operation, administration and investment activities and otherwise used in connection with providing services to a fund expenses of any actual or potential litigation or other dispute or investigation or inquiry related to any KKR Credit Fund or Other Client or any actual or potential portfolio investment (including expenses incurred in connection with the investigation, prosecution, defense, judgment or settlement of litigation and the appointment of any agents for service of process on behalf of such fund or KKR Credit or investors) and other extraordinary expenses related to any KKR Credit Fund or Other Client or such portfolio investments (including fees, costs and expenses classified as extraordinary expenses under generally accepted accounting principles in the United States). This list is not intended to be exhaustive; other situations and expenses may arise in the course of operation of the KKR Credit Funds or Other Clients. KKR Credit Funds or Other Clients will also pay comparable costs, fees and expenses relating to any feeder funds (other than KKR feeder funds), alternative vehicles, portfolio companies or entities through which a fund invests that are not otherwise borne by such entities. Fund expenses and the repayment of any borrowings incurred by a fund may be allocated against and satisfied from investment proceeds

received by such fund in a manner reasonably determined by the KKR Credit GP. Generally, out-of-pocket expenses associated with completed portfolio investments are expected to be reimbursed to KKR Credit by the seller or the portfolio company or capitalized as part of the acquisition price of the transaction.

As noted above, certain KKR Credit Funds or Other Clients may also pay or otherwise bear the costs and expenses associated with administration of such fund and its assets, including allocable compensation and overhead of applicable KKR employees (the “Applicable Employees”). Such Applicable Employee, to the extent applicable, estimates his/her time engaged in a variety of matters that can be generally categorized as relating to (i) administration of the fund, (ii) administration of the fund’s assets, (iii) administration of other funds and their assets and (iv) non-fund related activities. The time estimates are aggregated for all Applicable Employees across the categories for purposes of calculating the portion of the aggregate compensation and overhead of all Applicable Employees that is allocable to the applicable fund, which, for the avoidance of doubt, is limited to clauses (i) and (ii). KKR or KKR Credit bears the portion of compensation and overhead of Applicable Employees that is allocable to non-fund related activities (if any). Compensation of each Applicable Employee is determined based on his/her base salary, cash bonus (accrued periodically in a manner consistent with the Public Company’s public financial statement reporting standards), and medical and other benefits (calculated based upon estimated amounts, in a manner consistent with the Public Company’s public financial statement reporting standards). Overhead includes rent, utilities, and other occupancy charges (including taxes) (all calculated based upon the estimated square footage occupied by each Applicable Employee) and fixed asset depreciation expenses (determined based on annual depreciation expense for the region in which the employee is based in accordance with the Public Company’s budgeting process and then allocated to each Applicable Employee). The allocation of compensation and overhead, to the extent applicable, is determined on a quarterly basis with a one quarter lag, meaning the amounts allocated to the applicable fund in the current quarter represent the compensation and overhead from the prior quarter allocated according to estimated time spent in the prior quarter. It should be noted that while such amounts generally are calculated in a manner consistent with the Public Company’s public financial statement reporting standards (where applicable), KKR does not obtain pricing information from unaffiliated third-party service providers and accordingly such in-house expenses charged to a KKR Credit Fund or Other Client may be in excess of the cost of comparable services provided in an arm’s length transaction.

Fund organizational and administrative expenses are allocated to the relevant KKR Credit Funds or Other Clients in accordance with the offering and governing documents of each KKR Credit Fund and Other Client.

Sourcing and Diligence Expenses

These expenses relate more generally to investment sourcing and diligence for a particular investment strategy and include fees, costs and expenses of identifying, investigating (including conducting diligence with respect to) evaluating, structuring and negotiating potential investments for such strategy. These amounts include expenses incurred with respect to the pursuit of particular investments that are consummated as well as those investments that are not actually consummated. Such expenses include fees and expenses of any legal, financial, accounting, consulting or other advisors or lenders, investment banks and other financing sources; 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 (including first or business class airfare, lodging (including

first class lodging), ground transportation (including black car services), and premium meals; costs and expenses of attending trade association meetings, conferences or similar meetings to source and evaluate investment opportunities; fees and expenses of consultants (including Senior Advisors and Industry Advisors, KKR Capstone and RPM and other Technical Consultants); and costs and expenses of research and technology (including costs of specialty data subscription and license-based services and risk analysis software). Sourcing and diligence expenses may be paid to KKR affiliates, including Affiliated Brokers. 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.

Portfolio Company-Related Expenses

These expenses are incurred in connection with the oversight of portfolio companies and portfolio investments. Examples of expenses that fall within this category are travel expenses (including first or business class airfare, first class lodging and ground transportation, such as a black car service) 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, expenses relating to the disposition or management of the portfolio investment, consulting fees, equity grants and other compensation of Senior Advisors or Industry Advisors (including Phantom Equity (defined below)) for services provided to (or on behalf of) a KKR Credit 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 (including hedging transactions and related costs); (iv) expenses of any actual or potential litigation or other dispute or investigation or inquiry related to any portfolio company or any actual or potential portfolio investment (including expenses incurred in connection with the investigation, prosecution, defense, judgment or settlement of litigation and the appointment of any agents for service of process on behalf of such portfolio company or KKR) and other extraordinary expenses related to any portfolio investments (including fees, costs and expenses classified as extraordinary expenses under generally accepted accounting principles in the United States); and (v) expenses related to industry conferences directly related to a particular portfolio company or portfolio investment. Portfolio company-related expenses may be paid to KKR Credit affiliates, including Affiliated Brokers and may also include amounts for service costs paid to KKR Credit (or any affiliate) by a portfolio company or any entity through which a KKR Credit Fund, or Other Clients, KKR Credit Associates, (and if applicable, certain KKR affiliated entities and proprietary entities) invests in a portfolio company for local administration or management services related to such portfolio company or entity.

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 capital call, 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, KKR Credit Associates Vehicles, and certain KKR Prisma Funds and Accounts as well as those KKR proprietary entities that

participate in a relevant KKR Credit investment strategy. Additionally, expenses will be allocated to KKR affiliated vehicles which have a contractual right to co-invest alongside or otherwise participate in KKR Credit investments opportunities to the extent that additional capacity in an investment opportunity exists after the eligible KKR Credit Funds, Other Clients, KKR Credit Associates Vehicles, certain KKR Prisma Funds and Accounts as well as those KKR proprietary entities that participate in the relevant investment strategy have been allocated their requested order size (“Contractual Sourcing Vehicles”) based on the nature of the expenses.

“Fund Organizational and Direct Operational Expenses” generally are charged to the KKR Credit Fund, Other Client and KKR Credit Associates Vehicles to which they relate in accordance with the offering and governing documents of each KKR Credit Fund and Other Client.

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

“Portfolio Company-Related Expenses” are charged to the portfolio company or issuer to which they relate, or, if not, are generally allocated based on percentages of the investment held by the relevant KKR Credit Funds, Other Clients, KKR Credit Associates Vehicles as well as Contractual Sourcing Vehicles, KKR Prisma Funds and Accounts, KKR proprietary entities, and other party co-investment relationships, to the extent applicable. The specific entity participating in the investment opportunity or otherwise 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, Other Clients, KKR Associates Vehicles as well as Contractual Sourcing Vehicles, KKR Prisma Funds and Accounts, KKR proprietary entities, and other co-investment relationships as applicable. Ongoing expenses that are specific to a portfolio company or portfolio investment 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 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 Credit Fund, Other Client, KKR Associates Vehicles as well as Contractual Sourcing Vehicles, KKR Prisma Funds and Accounts, KKR proprietary vehicles, and other co-investment relationships as applicable. When such expenses are borne by such holding companies or other vehicles or by a specific KKR Credit Fund, Other Client, such KKR Credit Fund or Other Client will bear a greater portion of such expenses than would be the case if the relevant portfolio company paid such expenses as only the investors in the holding company (or KKR Credit Fund or Other Client) will bear the cost of such expenses.

“Sourcing and Diligence Expenses” are generally attributable to multiple KKR Credit Funds, Other Clients, KKR Credit Associates Vehicles, KKR Prisma Funds and Accounts and KKR proprietary entities that participate in the relevant investment strategy for which the particular investment opportunity relates. For consummated transactions, these expenses are charged to the portfolio company or issuer to which they relate, or, if not, are generally allocated based on percentages of the investment held by the relevant KKR Credit Funds, Other Clients, KKR Credit Associates Vehicles, KKR Prisma Funds and Accounts

and KKR proprietary entities, as well as Contractual Sourcing Vehicles, KKR proprietary entities and other co-investment relationships as applicable.

Sourcing and diligence expenses for unconsummated, or “broken” transactions above an established threshold, are generally charged pro rate to KKR Credit Funds, Other Clients and KKR Credit Associates Vehicles, KKR Prisma Funds and Accounts and KKR proprietary entities participating in the relevant investment strategy for which the particular investment opportunity relates, as well as charged to Contractual Sourcing Vehicles and KKR Proprietary Vehicles which may co-invest alongside or otherwise participate in certain KKR Credit investment opportunities based on actual or historical participation in the relevant investment strategy for which the particular investment opportunity relates.

Sourcing and diligence expenses for unconsummated, or broken transactions, under an established threshold, are generally charged to KKR Credit Funds, Other Clients KKR Credit Associates Vehicles, KKR Prisma Funds and Accounts and KKR proprietary entities participating in the relevant strategy for which the particular investment opportunity relates based on several factors, including but not limited to such KKR Funds, Other Clients and KKR Credit Associates Vehicles available capacity for the relevant investment strategy based on their respective governing documents and investment mandate as well as their current net asset value, as applicable.

Other

Portfolio companies or portfolio investments 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, arrangements, involve fees, servicing payments, rebates, discounts and/or other benefits to KKR Credit, its affiliates, KKR Capstone or RPM. For example, KKR Credit, and its affiliates, encourages portfolio companies to enter into agreements regarding group procurement and/or vendor discounts. KKR Credit and its affiliates, KKR Capstone, and/or RPM may also participate in these agreements, and may realize better pricing or discounts as a result of the participation of portfolio companies. Certain of those agreements provide for commissions or similar payments and/or discounts or rebates to be paid to KKR Capstone, a portfolio company, KKR Credit (or one of its affiliates), RPM or another Technical Partner. Fees, payments, rebates, discounts and other benefits paid or otherwise provided by portfolio companies pursuant to these arrangements are not subject to management fee offsets or otherwise shared with KKR Credit Funds or Other Clients. Under these arrangements, one particular portfolio company may benefit to a greater degree than the other participants, and the KKR Credit Fund(s) and/or Other Client(s) that own an interest in the portfolio company will receive a greater relative benefit from the arrangement than other KKR Credit Funds and Other Clients that do not own an interest in such portfolio company.

KKR Credit or its affiliates may also hold equity or other investments in companies or businesses that provide services or goods to or otherwise contract with portfolio companies of KKR Credit Funds. Payments made by portfolio companies for such services, goods or contracts will not offset management fees payable by KKR Credit Funds or Other Clients.

In addition, portfolio companies of KKR Credit Funds or Other Clients make discounts and other benefits available to employees of KKR and Technical Consultants, Senior Advisor, Industry Advisors and KKR Advisors with respect to products or services offered by such companies. The amount of such discounts and other benefits will not offset management fees payable by KKR Credit Funds or Other Clients.

KKR Capstone and RPM executives meet with investors and prospective investors to describe the role of their respective firms and provide information regarding their 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 such 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 established primarily for the benefit of Employees, Senior Advisors and KKR Advisors, KKR Capstone and RPM executives and certain other persons associated with KKR and KKR Credit (which may include, without limitation, executives of KKR and KKR Credit portfolio companies, external consultants, service providers and their affiliated entities) ("**KKR Credit Associates Vehicles**"). KKR Credit Associates Vehicles are not subject to management fees or carried interest but are generally allocated monitoring fees, transaction fees, break-up fees and other similar fees based on their respective ownership (including indirect ownership through KKR Credit Funds) 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 BDCs, the RIC and KKR Credit Associates Vehicles), 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 BDCs and the RICs, shares of the BDCs and the RICs and/or governing documents. These minimum amounts generally 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, asset based lending 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 special situations, private credit and mezzanine 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 and KKR 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. Additionally, as a part of due diligence on a potential investment, KKR Credit may invest in the securities or interests of a portfolio company on the basis of the company's financial projections. Management judgments are generally the basis for projected operating results. Projections are merely estimates of future results based on assumptions made when the projections were developed. There is no certainty that a company will achieve its projected results, and actual results can vary significantly from projections. Unpredictable general economic conditions can have a material adverse impact on the reliability of such projections and the performance of an investment.

KKR Credit will generally establish the capital structure of an investment and the terms and targeted returns of such investment 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. 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.

Additionally, in connection with the evaluation of potential investment opportunities, KKR Credit may engage with individuals retained by certain expert networks, consultants or research firms who are under an obligation not to 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, procedures and processes to mitigate this risk. However, no assurance can be made that consultants of expert networks, consultancy firms or research providers 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.

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.

No Assurance of Investment Returns & Portfolio Construction

The KKR Credit Fund cannot give Clients assurance that investments will generate returns or that returns will be commensurate with the risks of investing in the type of companies and transactions that fall within such Clients' individual investment objectives.

Additionally, except as otherwise set forth in the governing documents of an account, KKR Credit is not under any obligation to diversify accounts among a wide range of issuers or industries. Each KKR Credit Fund may concentrate its portfolio investments by investing all of its assets in only a few issuers,

industries or countries. By investing in a limited number of portfolio investments, the aggregate returns realized by a KKR Credit Fund may be substantially affected by the unfavorable performance of a small number of such portfolio investments. Accordingly, returns may be subject to more rapid changes than would be the case if we were required to maintain a wide diversification among companies, industries and types of securities.

Investment Focus Adjustments

Clients may not be restricted in terms of the percentage of their capital that can be invested in a particular industry, geographical region or type of investment. While a Client's governing documents contain a description of the types of investments that other Clients have historically made and/or information about the KKR Credit Funds expectations with respect to such Client, many factors may contribute to changes in emphasis in the construction of such Client's portfolio, including changes in market or economic conditions or regulation as they affect various industries and changes in the political or social situations in particular countries. There can be no assurance that the investment portfolio of any Client will resemble the portfolio of any prior Client.

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 creditworthiness 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.

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.

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.

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.

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.

Options

KKR Credit Funds and Other Clients may invest in options. Purchasing put and call options, as well as writing options, are highly specialized activities and entail greater than normal investment risks. Although an option buyer's risk is limited to the amount of the original purchase of the option, from time to time, an investment in an option is subject to greater fluctuation than an investment in the underlying securities entails. An uncovered call writer's loss is potentially unlimited, but the risk of loss is generally limited by the expiration date of the call option. The risk for put option writers is that the price of the underlying securities falls below the exercise price. The ability to trade on or exercise options would likely be restricted if trading in the underlying securities interest becomes restricted. Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size and strike price, the terms of the over-the-counter options (options not traded on exchanges) are generally established through negotiation with the other party to the option contract. While this type of arrangement allows KKR Credit Funds and Other Clients greater flexibility to tailor options to their needs, these arrangements also involve greater credit risk than exchange-traded options, which are guaranteed by the clearing organization of the exchanges where they were traded.

Synthetic Instruments

KKR Credit Funds or Other Clients may invest in synthetic instruments such as swaps (including total return swaps), synthetic swaps, over-the-counter transactions and other derivative instruments. Investing through the purchase of synthetic instruments presents risks in addition to those resulting from direct purchases of underlying securities or assets. KKR Credit Funds or Other Clients usually have a contractual relationship with the counterparty of such synthetic instrument, rather than the underlying obligor. The collapse of certain financial institutions during the 2007-2009 financial market turmoil is indicative of increased counterparty risk with respect to transactions involving synthetic instruments. Under the terms of these synthetic instruments, KKR Credit Funds or Other Clients will generally have neither the right to enforce compliance by the underlying obligor directly, nor any voting or other consensual rights of ownership with respect to the underlying obligation. KKR Credit Funds or Other Clients will not benefit directly from any collateral supporting the underlying obligation and will not have the benefit of remedies normally available to a holder of such underlying obligation. In addition, if the counterparty becomes insolvent, KKR Credit Funds or Other Clients will be treated as general creditors of such counterparty and will not have any claim of title with respect to the underlying obligation. Consequently, KKR Credit Funds or Other Clients will be subject to the credit risk of the counterparty as well as that of the underlying obligor.

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.

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.

Exchange Traded Funds, Closed End Funds and Other Blind Pools

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. Similarly, KKR Credit Funds or Other Clients may also invest in closed-end funds and other blind pools. Investments in such vehicles may subject KKR Credit Funds or Other Clients to additional risks, including, without limitation, the risk that KKR Credit may not properly evaluate such investment opportunities given its limited access to information regarding the investments made by the underlying pooled vehicle. Further, as a result of its investments in ETFs, closed-end funds and/or blind pools, KKR Credit Funds or Other Clients may bear, along with other investors in an ETF, closed-end fund or blind pool, its pro rata portion of the vehicle’s expenses, including management fees. Accordingly, in addition to bearing their proportionate share of KKR Credit Funds’ or Other Clients’ expenses (e.g., management fees and operating expenses), investors may also indirectly bear similar expenses of an ETF, closed-end fund or blind pool.

Money Market Funds

Money market funds may be subject to the risk that the returns will decline during periods of falling interest rates because money market funds may have to reinvest the proceeds from matured, traded or called debt obligations at interest rates below their current earnings rate. For instance, when interest rates decline, an issuer of debt obligations may exercise an option to redeem securities prior to maturity, thereby forcing the money market fund to invest in lower-yielding securities. A money market fund also may choose to sell higher-yielding portfolio securities and to purchase lower-yielding securities to achieve greater portfolio diversification, because the portfolio manager believes the current holdings are overvalued or for other investment-related reasons. A decline in the returns received by a money market fund from its investments is likely to have an adverse effect on its net asset value, yield and total return.

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.

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.

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.

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.

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.

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

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.

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.

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.

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

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 below 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.

Minority Investment Positions and Investments with Third Parties

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 BDCs, RICs or certain Other Funds or Clients, may invest in portfolio companies that are controlled by private equity funds managed by KKR). Additionally, 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. Such investments are subject to the risk that the relevant 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. 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.

Investments may be made by a KKR Credit Fund or Other Client in conjunction with one or more other investors, including other asset managers and financial firms, or other businesses and companies. Although KKR Credit, on behalf of a KKR Credit Fund or Other Client, will typically negotiate shareholder rights that give a KKR Credit Fund or Other Client significant influence over the direction of the portfolio company, it will not always do so and in any event, certain major decisions generally may require the consent of other investors, thereby lessening a KKR Credit Fund or Other Client’s control and, therefore, its ability to protect the position of the relevant Credit KKR Fund or Other Client.

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. These 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.

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.

Bank Loans and Participations; Participation Interests

KKR Credit Funds and Other Clients may invest in bank loans and participations. 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. KKR Credit Funds and Other Clients will have no rights to enforce compliance by the obligor with the terms of the related loan agreement, and such KKR Credit Fund may not benefit directly from the collateral supporting the debt instrument in which it has purchased the participation. As a result, KKR Credit Funds and Other Clients will assume the credit risk of both the obligor and the selling institution selling the participation. In the event of the insolvency of such selling institution, KKR Credit Funds and Other Clients may be treated as general creditors of such selling institution and may not benefit from any set-off between such selling institution and the obligor. When a KKR Credit Fund holds a participation in a debt instrument, they may not have the right to vote to waive enforcement of any restrictive covenant breached by an obligor. In addition, if a KKR Credit Fund does not vote as requested by the selling institution, it may be subject to repurchase of the participation at par. Selling institutions voting in connection with a potential waiver of a restrictive covenant may have interests different from those of the KKR Credit Fund, and such selling institutions may not consider the interests of the KKR Credit Fund in connection with their votes. Bank loans and participations are also subject to additional unique risks, including: (i) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws; (ii) so-called "lender liability" claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; (iv) and adverse consequences resulting from participating in such instruments with other institutions with lower credit quality.

There may be less readily available and reliable information about most bank loans than is the case for many other types of securities, including securities issued in transactions registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or registered under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). As a result, KKR Credit will rely primarily on its own evaluation of a borrower's credit quality rather than on any available independent sources.

In general, the secondary trading market for bank loans is not fully developed. No active trading market may exist for certain senior secured loans, which may make it difficult to value them. Illiquidity and

adverse market conditions may mean that the Partnership may not be able to sell senior secured loans quickly or at a fair price. To the extent that a secondary market does exist for certain senior secured loans, the market for them may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods.

In recent years, a number of judicial decisions in the U.S. have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed “lender liability”). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to a borrower or has assumed a degree of control over the borrower resulting in a creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of certain of KKR Credit investments, KKR Credit Funds and Other Clients could be subject to allegations of lender liability.

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 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 minority shareholders in, or possibly creditors to, the underlying portfolio company and may be unable to protect their interests effectively. In addition, in certain circumstances the General Partner may elect to receive an in-kind distribution in lieu of a cash distribution with respect to carried interest or other amounts distributable to such General Partner.

International Investments; Non-U.S. Investments

KKR Credit Funds and Other Clients invest globally and in particular invest in emerging or developing market countries (including in Asia, Latin America, Africa and the Middle East). 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 enhanced legal and regulatory or compliance or 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; (iv) 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; (v) the possible imposition of non-U.S. taxes/local taxes on income and gains recognized with respect to securities and assets; (vi) limitations on borrowings to be used to fund acquisitions or dividends; (vii) political hostility to investments by foreign or private investment fund investors; (viii) less liquid markets; (ix) reliance on a more limited number of commodity inputs, service providers and/or distribution mechanisms; (x) adverse fluctuations in currency exchange rates and costs associated with conversion of investment principal and income from one currency into another; (xi) higher rates of inflation; (xii) less available current information about an issuer; (xiii) higher transaction costs; (xiv) less government supervision of exchanges, brokers and issuers; (xv) less developed bankruptcy and other laws; and (xvi) difficulty in enforcing contractual obligations. 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.

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.

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.

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.

Leverage

KKR Credit Fund and Other Client investments are expected to include portfolio companies whose capital structures may have significant leverage (in addition to such leverage as may be generated by a particular investment in a KKR Credit Fund or Other Client). Although leverage presents opportunities for increasing a KKR Credit Fund or Other Client's total return, it has the effect of potentially increasing losses as well. Such investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates, and any event which adversely affects the value of a portfolio investment would be magnified to the extent a KKR Credit Fund or Other Client is leveraged. A highly leveraged entity may be subject to restrictive covenants imposed by lenders (or lenders other than a KKR Credit Fund or Other Client, as appropriate) restricting its activity, limited in making strategic acquisitions, or obtaining additional financing, and will have increased exposure to adverse economic factors such as downturns in the economy or deterioration in the condition of the portfolio company or its industry. In addition, contractual demands by lenders on a KKR Credit Fund to reduce its leverage may force the Fund to sell investments on an emergency basis at prices less than those obtainable in a more orderly liquidation. To the extent that a creditor has a claim on a KKR Credit Fund, such claim would be senior to the rights of an investor in the KKR Credit Fund. As a result, if a KKR Credit Fund's losses were to exceed the amount of capital invested, an investor could lose its entire investment. Leveraged entities may also 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.

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.

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.

Risk Surrounding New Opportunities

KKR Credit from time to time considers additional investment opportunities, including but not limited to, advising new Clients and/or advising different types of investment vehicles. In addition, KKR Credit from time to time considers expanding into different geographic locations. The consideration of new investment opportunities and geographic expansion presents additional risk to investors with KKR Credit.

Trading Risk

KKR Credit's trade error policy only requires KKR Credit to reimburse KKR Credit Funds for any losses resulting from KKR Credit's breach of the applicable standard of care. Although KKR Credit's traders endeavor to take the utmost care in implementing investment decisions on behalf of each of KKR Credit Fund, trade errors do occur and could have a material adverse impact on the performance of any or all KKR Credit Funds. Different risks exist with respect to investments in different KKR Credit Funds and Other Clients. The risks associated with an investment in any particular KKR Credit Fund or Other Client will generally be substantially impacted by the nature and timing of the market.

Potential Early Redemption of Some Investments

Some of the terms of loans acquired or originated by a KKR Credit Fund will be subject to early prepayment options or similar provisions which, in each case, could result in a KKR Credit Fund realizing such loans earlier than expected, sometimes with no or a nominal prepayment premium. This typically happens when there is a decline in interest rates, when the portfolio company's improved credit or operating or financial performance allows the refinancing of certain classes of debt with lower cost debt or when the general credit market conditions improve. In the event a KKR Credit Fund receives proceeds from an investment earlier than it had anticipated, a KKR Credit Client is often permitted to reinvest such proceeds, but there is no assurance that a KKR Credit Fund will be able to reinvest such proceeds even where they are received during the investment period. On occasion, a KKR Credit Fund's inability to reinvest such proceeds will materially affect the performance of a KKR Credit Fund.

Limited Amortization Requirements

From time to time, KKR Credit Funds will invest in debt that will typically have limited mandatory amortization and interim repayment requirements. A low level of amortization of any debt, over the life of the investment, will increase the risk that a portfolio company will not be able to repay or refinance the debt held by a KKR Credit Fund when it comes due at its final stated maturity.

Participation on Creditors' Committees

From time to time, KKR Credit will participate on behalf of a KKR Credit Fund on committees formed by creditors to negotiate the management of financially troubled companies that may or may not be in bankruptcy or KKR Credit will seek to negotiate on behalf of a KKR Credit Fund directly with the debtors with respect to restructuring issues. If KKR Credit does join a creditors' committee on behalf of a KKR Credit Fund, the participants of the committee would be interested in obtaining an outcome that is in their respective individual best interests and there can be no assurance of obtaining results most favorable to the applicable KKR Credit Fund in such proceedings. By participating on such committees, KKR Credit will likely be deemed to have duties to other creditors represented by the committees, which might thereby expose the KKR Credit Funds to liability to such other creditors who disagree with the actions.

On occasion, KKR Credit will also be provided with material non-public information that would typically restrict KKR Credit's ability to trade in the company's securities on a KKR Credit Fund's behalf. While KKR Credit and the KKR Credit Funds intend to comply with all applicable securities laws and to make judgments concerning restrictions on trading in good faith, KKR Credit may trade in the company's securities on a KKR Credit Fund's behalf while engaged in the company's restructuring activities. Such trading creates a risk of litigation and liability that has the potential to cause the KKR Credit Fund to incur significant legal fees and potential losses.

Failure to Make Capital Contributions

A KKR Credit Fund or Other Client may be incapable of paying its obligations if a limited partner or other investor does not fund its commitments to a KKR Credit Fund or Other Client and other investors' capital contributions and borrowings by such KKR Credit Fund or Other Client are insufficient to cover the defaulted capital contribution. As a result, such investment vehicle may be subject to significant penalties that could materially and adversely affect investor returns (including non-defaulting investors).

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.

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.

No Market for Interests; Restrictions on Transfers

Interests in the KKR Credit Funds or Other Clients have not been registered under the Securities Act, or applicable securities laws of any U.S. state or any other jurisdiction and cannot be readily resold. There is no public market for the interest in such investment vehicles and one is not expected to develop. An investor will not be permitted to directly or indirectly assign, sell, pledge, exchange or transfer any of its interests or any of its rights or obligations with respect to its interests without prior written consent of KKR Credit, whose consent may be given or withheld in accordance with the governing documents of such KKR Credit Fund or Other Client.

Board Participation

KKR employees may serve as directors of some portfolio companies and, as such, may have duties to persons other than a KKR Credit Fund or Other Client, including other stockholders of such portfolio companies. Although holding board positions may be important to the KKR Credit Fund or Other Client's investment strategy and may improve KKR's management ability, board positions could impair KKR's ability to sell the relevant securities when and upon the terms it wants, and may subject KKR and KKR Credit Funds and Other Clients to claims they would otherwise not be subject to as an investor, including claims of breach of duty of loyalty, corporate waste, securities claims and other director-related claims.

Control Person Liability

Each KKR Credit Fund or Other Client may have controlling interests in a number of its portfolio companies. Exercising control over a company can impose additional risks of liabilities arising from activities of one or more portfolio companies, including liability for environmental damage, product defects, failure to supervise management, escheat or abandoned property laws, legal violations, pension and other fringe benefits, labor, tax, governmental regulation (including securities laws, anti-bribery and anti-corruption laws and anti-trust laws) and other types of liabilities for which the limited liability characteristic of business ownership may be ignored. As a result, KKR Credit Funds and Other Clients could become jointly and severally liable for all or part of fines imposed on portfolio companies or be fined directly for violations committed by portfolio companies, and such fines imposed directly on KKR Credit Funds or Other Clients could be greater than those imposed on the portfolio company. For example, on April 2, 2014, the European Commission announced that it had fined 11 producers of underground and submarine high voltage power cables a total of 302 million euro for participation in a ten-year market and customer sharing cartel. Fines were also imposed on parent companies of the producers involved, including Goldman Sachs, the former parent company of one of the cartel members. In addition to claims by governmental agencies, exercising control over a portfolio company could expose the assets of such KKR Credit Fund or Other Client to claims by a portfolio company, its security holders and its creditors. Please also see the “ERISA Considerations” risk factor below.

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.

Indemnification

KKR and its affiliates and each officer, director, partner, member, manager, shareholder, and employee of the foregoing, and each member of the advisory board, if applicable, will be indemnified and held harmless from losses sustained from any act or omission in connection with KKR Credit Funds or Other Clients’ activities, absent bad faith, gross negligence, willful misconduct, fraud, or willful or reckless disregard of their duties and may receive advances for any fees, costs, and expenses incurred in the defense or settlement of any claim that may be subject to a right of indemnification. For example, in their capacity as directors of portfolio companies, the officers, directors, partners, members, managers, employees, and shareholders of KKR or its respective affiliates may be subject to derivative or other similar claims brought by shareholders of such companies. Fees, costs, and expenses and other liabilities resulting from such indemnification obligations will be paid or otherwise borne by KKR Credit Funds or Other Clients.

The application of the foregoing standards may also limit the right of action for limited partners in certain cases. Because of these considerations, even though such exculpation and indemnification provisions in a KKR Credit Fund or Other Client governing documents will not act as a waiver on the part of such KKR Fund or Other Client’s investors of any of their rights under applicable U.S. securities laws or other laws, the application of the foregoing standards may result in such KKR Credit Fund or Other Client bearing

significant financial costs. Such costs may adversely affect returns to the applicable KKR Credit Fund or Other Client's investors and if the KKR Credit Fund or Other Client's assets are insufficient to satisfy such KKR Credit Fund or Other Client's indemnification obligations, its investors may be required to return amounts distributed to them, subject to any limitations set in the governing documents.

Indemnification of Service Providers and Depositors

KKR Credit Funds from time to time enter into transactions or arrangements with service providers and/or depositors in order to facilitate their purchase, management and disposition of, in particular, non-performing loans, and may be required to indemnify such service providers and/or depositors if any representations and warranties made to the original loan seller in connection with such arrangements are breached.

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, could limit the portfolio companies ability to engage in certain regulated activities 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.

Market and Economic Risks

Market, economic, and political conditions globally and in the jurisdictions and sectors in which the investments are made or the portfolio companies operate, including factors affecting interest rates, credit availability, currency exchange rates and trade barriers, may materially and adversely affect KKR Credit Fund and Other Client investments in portfolio companies. Although financial markets have shown intermittent signs of improvement, global economic conditions remain tenuous, and to the extent that they do not improve, the investments of KKR Credit Funds or Other Clients will be adversely impacted. Difficult market conditions and market volatility may adversely affect a KKR Credit Fund by reducing the value or performance of its investments, by reducing its ability to raise or deploy capital, by reducing the availability and attractiveness of debt financing or by reducing the ability to exit investments on attractive terms, each of which could negatively impact the returns to limited partners. Investments made by KKR Credit Funds may involve a high degree of business and financial risk that can result in substantial losses.

Terrorism

KKR Credit Fund or Other Client investments may involve significant strategic assets having a national or regional profile. The nature of these assets could expose them to a greater risk of being the subject of a terrorist attack than other assets or businesses. Any terrorist attacks that occur at or near strategic assets would likely cause significant harm to employees, property, and, potentially, the surrounding community, and may result in liability with respect to an investment far in excess of available insurance coverage. A terrorist attack on an asset may also have adverse consequences for assets of that type or in the same vicinity, including those owned by a portfolio company, and may result in a company being forced to increase preventative security measures or expand its insurance coverage (if available), adversely

affecting the profitability of the investment. Terrorist attacks may reduce the availability of insurance coverage going forward for losses arising from similar events. A terrorist attack could cause reduced patronage, usage, and demand for an entire class of assets or for assets in the region of the terrorist attack, either of which could adversely affect an investment's profitability.

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.

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.

If a company is unable to increase its revenue in times of higher inflation, its profitability may be adversely affected. Companies may have long-term rights to income linked to some extent to inflation. Typically, as inflation rises, a company will earn more revenue but also will incur higher expenses; as inflation declines, a company may not be able to reduce expenses in line with any resulting reduction in revenue. A rise in real interest rates would likely result in higher financing costs for portfolio companies and could therefore result in a reduction in the amount of cash available for distribution to investors or the value of the portfolio company.

Commodity Price Risk

Investments made by KKR Credit Funds may be subject to commodity price risk. The operation and cash flows of any investment may depend, in some cases to a significant extent, upon prevailing market prices of commodities, including, for example, commodities such as oil, gas, coal, electricity, steel or concrete. Commodity prices may fluctuate depending on a variety of factors beyond the control of the General Partner or the Fund, including, without limitation, weather conditions, foreign and domestic supply and

demand, force majeure events, changes in laws, governmental regulations, price and availability of alternative commodities, international political conditions and overall economic conditions. If certain portfolio companies are unable to raise prices to offset increases in the cost of raw materials or other inputs, or if consumers defer purchases of or seek substitutes for the products of such portfolio companies, such portfolio companies could experience lower operating income which may in turn reduce the valuation of those portfolio companies. In addition, portfolio companies may be dependent to varying degrees on the energy sector through, for example, the provision of equipment and services used in energy exploration and production. These companies may benefit from an increase or suffer from a decline in commodity prices.

Currency Risk

Although most of the KKR Credit Funds and Other Client accounts are denominated in U.S. dollars, certain investments made by KKR Credit Funds and Other Clients, and the income received with respect to such investments, may be denominated in a non-U.S. Accordingly, changes in currencies may adversely affect the U.S. Dollar value of investments, interest, and other revenue streams received by KKR Credit Funds and Other Clients, gains and losses realized on the sale of investments and the amount of distributions, if any, made by KKR Credit Funds and Other Clients. In addition, KKR Credit Funds and Other Clients will incur costs in converting investment principal and income from one currency to another. KKR Credit Funds or Other Clients may (but is not required to) employ hedging techniques to minimize these risks, but can offer no assurance that such strategies will be effective. Furthermore, the issuer of the investments in which a KKR Credit Fund or Other Client invests may be subject to risks relating to changes in currency values, as described above. If an issuer suffers adverse consequences as a result of such changes, KKR Credit Funds or Other Clients would also be adversely affected.

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 may try to hedge these risks by investing directly in foreign currencies, buying and selling forward foreign currency exchange contracts and buying and selling options on foreign currencies, but there can be no assurance such strategies will be effective.

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.

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.

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.

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 (or involvement with corrupt payments 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.

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.

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.

The investment activities of a KKR Credit Fund or Other Client subject the portfolios to the risks of becoming involved in litigation by third parties. This risk is somewhat greater where we exercise control of, or significant influence in, a company's direction. The expense of defending third party claims and paying any amounts pursuant to settlements or judgments would, absent certain conduct by us or our affiliates increase the costs of the account holding the investment.

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.

Reliance on Management; Possibility of Fraud and Other Misconduct

Although it is our intention to ensure that KKR has strong management teams, there can be no assurance that any KKR Credit Fund's management team will be able to operate successfully. In addition, instances of fraud and other deceptive practices committed by the management team of KKR may undermine the due diligence efforts of KKR Credit Funds. Additionally, misconduct by employees of KKR, the KKR Credit Funds and their respective affiliates could cause significant losses to Clients. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such Clients, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of such Clients, and non-compliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage,

litigation, business disruption and/or financial losses to such Clients. The KKR Credit Funds have controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurances can be given that the KKR Credit Fund will be able to identify or prevent such misconduct.

Such misconduct or fraud by employees and managers of KKR Credit Fund managers and/or their respective affiliates would adversely affect the valuation of an investment and could cause significant losses to KKR Credit Funds and Other Clients.

The success of a KKR Credit Fund will depend in large part upon the skill and expertise of a Fund's General Partner, our professionals and those of our affiliates, and there can be no assurance that any individual professional will continue to be associated with a KKR Credit Fund. The ability to recruit, retain and motivate qualified professionals is dependent in part on our ability and that of our affiliates to offer attractive incentive opportunities. There is competition among alternative asset firms, financial institutions, private equity firms, investment managers, and other industry participants for hiring and retaining qualified investment professionals. If legislation were to be enacted to treat carried interest as ordinary income rather than capital gain, the amount of taxes that such professionals would be required to pay with respect to their carried interest would materially increase, thereby adversely affecting our ability and that of our affiliates to offer such attractive incentive opportunities. Should any of our professionals join or form a competing firm, become incapacitated or in some other way cease to participate in investment activities of a Fund, its performance could be adversely affected.

In addition, our investment strategies in certain investments depend on our ability to enter into relationships with joint venture or operating partners. There can be no assurance that our current relationship with any such person will continue with respect to a particular KKR Credit Fund or that it will establish in the future any relationship with other such persons on terms favorable to a KKR Credit Fund.

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; 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, existing or 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.

Non-U.S. 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 herein or under different circumstances, with consequences that may or may not be analogous to those described herein under U.S. federal and state laws.

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. Additionally, 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 Credit Fund or other affiliated entity has a substantive equity investment.

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.

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.

FOIA/Public Disclosure

As a result of the U.S. Freedom of Information Act ("FOIA"), any governmental public records access law, any state or other jurisdiction's laws similar in intent or effect to FOIA, or any other similar statutory or regulatory requirement, KKR, investors in KKR Credit Funds or any of their respective affiliates may be required to disclose information relating to a KKR Credit Fund, its affiliates, and/or any entity in which an investment is made, which disclosure could, for example, affect such fund's competitive advantage in finding attractive investment opportunities. In addition, certain investors in KKR Credit Funds and Other Clients, such as public pension plans and listed investment vehicles, may be subject to public disclosure requirements. The disclosure of confidential information relating to a KKR Credit Fund or Other Client, made necessary by such requirements, may adversely affect such KKR Credit Fund or Other Client. 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. The disclosure of confidential information relating to a KKR Credit Fund or Other Client, made necessary by such requirements, may adversely affect such KKR Credit Fund or Other Client. 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.

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, to the alternative asset industry, 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.

Pay-to-Play

A number of U.S. states and municipal pension plans have adopted so-called “pay-to-play” laws, regulations, or policies that prohibit, restrict, or require that individuals or entities seeking to do business with state entities, including those seeking investments by public retirement funds, disclose payments to and/or contracts with state officials. The SEC has adopted rules prohibiting investment advisers from providing advisory services for compensation to a government client for two years after the adviser or certain of its executives, employees, or agents makes a contribution to certain elected officials or candidates. If KKR, any of its employees or affiliates, or any service providers acting on its behalf fail to comply with such laws, regulations, or policies, it could adversely affect KKR Credit Funds or Other Clients.

Compliance with the AIFMD

The European Union Directive on Alternative Investment Fund Managers (the “AIFMD”) imposes new regulatory obligations and restrictions on authorized alternative investment funds (“AIFs”), and could adversely affect continued operations of KKR Credit Funds or Other Clients where limited partner interests are offered to or placed with investors in any European Economic Area (“EEA”) member state in which the AIFMD has been implemented. The AIFMD may (i) impose disclosure obligations and restrictions on distributions by EU portfolio companies of the funds we manage, limiting KKR’s use of investment and realization strategies such as dividend recapitalization and reorganizations; (ii) potentially require changes in KKR’s compensation structures for key personnel, thereby potentially affecting KKR’s ability to recruit and retain these personnel; (iii) affect KKR Credit Funds and Other Clients’ ability to attract investors, resulting in a reduction in the overall amount of capital raised, which limits the range of investments and strategies that KKR Credit Funds are able to pursue; and (iv) impose disclosure and registration requirements, including the requirement to appoint a depositary, leading to delays in the fundraising process and thus decreasing the speed with which KKR can deploy capital, as well as requiring notifications and disclosures when funds acquire or dispose of shares in an EEA portfolio company. Such requirements and restrictions could put KKR Credit Funds or Other Clients at a disadvantage against competitors who do not use a fund structure or whose fund(s) are not marketed in any EEA member state. Compliance with these requirements and restrictions results in additional costs to KKR Credit Funds, reducing returns for investors. Because many of the provisions of the AIFMD require the adoption of delegated acts and regulatory technical standards before becoming fully effective, it is difficult to predict the precise impact of the AIFMD on KKR Credit Funds. In addition, the uncertainty still surrounding the extent to which the AIFMD is being implemented in various EEA member states

increases the risk of a breach of the requirements imposed by the AIFMD by a KKR Credit Fund or Other Client, which could result in a regulatory authority or court requiring that such KKR Credit Fund or Other Client return capital or other funds to investors or otherwise seeking remedial action against a KKR Credit Fund, Other Client, or KKR. Such regulatory action could reduce the amount of capital available to such KKR Credit Fund or Other Client, limiting the range of investments and strategies available, or could otherwise result in a loss to such KKR Credit Fund or Other Client. The ultimate effect of these reforms and actions cannot be adequately predicted, but could adversely impact the management, investment strategies, and performance of KKR Funds or 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.

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.

FATCA

Pursuant to the Foreign Account Tax Compliance Act ("FATCA") provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010, payments of most types of income from sources within the United States (as determined under applicable U.S. federal income tax principles), such as interest and dividends, and payments made after December 31, 2018 attributable to gross proceeds from the sale or other disposition of any property of a type which can produce interest or dividends from sources within the United States (collectively, "Withholdable Payments"), in each case, to a foreign financial institution or certain other foreign entities generally will be subject to a 30% U.S. federal withholding tax, unless certain reporting and other applicable requirements are satisfied. It is expected that the non-U.S. KKR Credit Funds and certain non-U.S. entities in which the funds may invest (each, including the relevant KKR Credit Funds, an "Offshore Entity") will be treated as a "foreign financial institution" for this purpose. As a foreign financial institution, in order to be permitted to receive Withholdable Payments without deduction of this 30% withholding tax, it is expected that each Offshore Entity generally may need to be a party to an agreement (a "Withholding Agreement") with the IRS requiring such Offshore Entity to provide certain information on its account holders to the IRS and to meet other requirements. Alternatively, each Offshore Entity may be permitted to receive Withholdable Payments without a 30% withholding tax deduction if it complies with the terms of an intergovernmental agreement, if any,

between the U.S. government and the government of the country in which the Offshore Entity is a resident.

It is not yet certain how the United States will address withholding on “foreign passthru payments” or if such withholding will be required at all. To avoid being subject to this U.S. federal withholding tax, non-U.S. KKR Credit Funds will require their investors to provide information regarding themselves and their investors. Such funds may be unable to satisfy their reporting obligations (including, if the funds cannot collect the requisite information from some or all of their investors) and, as a result, payments received by such funds may be subject to this withholding tax.

Each Offshore Entity may be required to disclose to foreign fiscal authorities certain information in relation to the investor and certain information relating to the investor's investment. Such foreign fiscal authorities may be required to automatically exchange information as outlined above with the IRS and other foreign fiscal authorities. Each investor in a non-U.S. KKR Credit Fund should consult its own tax advisors regarding the possible implications of FATCA (and the reporting obligations that will apply to such investor, which may include providing certain information in respect of such investor's beneficial owners).

ERISA Considerations

Operating a KKR-sponsored investment vehicle as a “venture capital operating company” (“**VCOC**”) within the meaning of the regulations under Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”) requires that such investment vehicle obtain rights to substantially participate in or influence the conduct of the management of many of its portfolio investments. The designation of directors and other measures intended to influence management or operation could expose the assets of such investment vehicle to claims by a portfolio company, its security holders, and its creditor, as stated above in *Control Person Liability*. If a KKR vehicle qualifies as a VCOC or a “real estate operating company” (“**REOC**”) within the meaning of ERISA, such investment vehicle could also be restricted or precluded from making certain investments. Furthermore, it could be necessary to liquidate investments at an otherwise disadvantageous time in order to avoid holding ERISA “plan assets,” which would result in lower proceeds to such investment vehicle than it might have received without the need to qualify as either a VCOC or REOC. Under ERISA, any entity designated as a trade or business within a controlled group can be liable for certain ERISA Title IV pension obligations of any member of the controlled group. In addition, in the case of a plan termination, the Pension Benefit Guaranty Corporation (“**PBGC**”) can assert a lien against any member of the controlled group of up to 30% of the collective net worth of all members of the controlled group. A “controlled group” generally requires 80% or greater common ownership, applying specified constructive ownership and exclusion rules.

While there are a number of cases that have held that managing investments is not a “trade or business” for tax purposes, in 2007 the PBGC Appeals Board ruled that a private equity fund was a “trade or business” for ERISA controlled group liability purposes and at least one United States Circuit Court has similarly concluded that a private equity fund could be a trade or business for these purposes based on a number of factors, including the fund's level of involvement in the management of its portfolio companies and the nature of any management fee arrangements. If a KKR Credit Fund or Other Client were determined to be a trade or business for the purposes of ERISA, it is possible, depending on the structure of the investment by such KKR Credit Fund or Other Client and/or its affiliates and other co-investors in a portfolio company and their respective ownership interests in the portfolio company, that any tax-qualified single employer defined benefit pension plan liabilities and/or multiemployer plan withdrawal liabilities incurred by the portfolio company could result in liability being incurred by such KKR Credit Fund or Other Client, with a resulting need for additional capital contributions, the

appropriation of KKR Credit Fund or Other Client assets to satisfy such pension liabilities and/or the imposition of a lien by the PBGC on certain KKR Credit Fund or Other Client assets. Moreover, a court might hold that one of the KKR Credit Fund or Other Client's portfolio companies could become jointly and severally liable for another portfolio company's unfunded pension liabilities pursuant to the ERISA controlled group rules, depending on the investment structures and ownership interests as noted above. Similar laws exist in certain non-U.S. jurisdictions.

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.

Material, Non-Public Information

KKR Credit investment professionals may acquire confidential or material, non-public information concerning an entity in which KKR Credit Funds or Other Clients have invested, or propose to invest, and the possession of such information may limit KKR Credit's ability to buy or sell particular securities of such entity on behalf of KKR Credit Funds or Other Clients, thereby limiting the investment opportunities or exit strategies available to KKR Credit Fund or Other Clients. In addition, holdings in the securities of an issuer by KKR Credit or its affiliates may affect the ability of KKR Credit Funds or Other Clients to make certain acquisitions of, or enter into certain transactions with, such issuer. Affiliated Brokers and investment advisers affiliated with KKR Credit may also acquire confidential or material non-public information concerning entities in which KKR Credit Funds or Other Clients have invested or propose to invest, which could restrict KKR Credit's ability to buy or sell (or otherwise transact in) securities of such entities, thus limiting investment opportunities or exit strategies available to KKR Credit Funds or Other Clients.

Cybersecurity

Increased reliance on internet-based programs and applications to conduct transactions and store data creates growing operational and security risks. Targeted cyber-attacks or accidental events can lead to breaches in computer and data systems security, and subsequent unauthorized access to sensitive transactional and personal information held or maintained by KKR, its affiliates, and third party service providers or counterparties. Any breaches that occur could result in a failure to maintain the security, confidentiality, or privacy of sensitive data, including personal information relating to investors and the beneficial owners of investors, and may lead to theft, data corruption, or overall disruption in operational systems. Criminals may use data taken in breaches in identity theft, obtaining loans or payments under false identities and other crimes that have the potential to affect the value of assets in which KKR Funds or Other Clients invest. The information and technology systems of KKR, KKR Funds and Other Clients and their portfolio companies may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. These risks have the potential to disrupt KKR's ability to engage in transactions, cause direct financial loss and reputational damage or lead to violations of applicable laws related to data and privacy protection and consumer protection. Cybersecurity risks also necessitate ongoing prevention and compliance costs.

Item 9 Disciplinary Information

On June 29, 2015, without admitting or denying the SEC's findings, our advisory affiliate, Kohlberg Kravis Roberts & Co. L.P. (the "advisory affiliate"), consented to the entry of an order to cease and desist from committing or causing any violations and future violations of sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. According to the SEC order, during the period from 2006 to 2011 our advisory affiliate did not expressly disclose in its flagship private equity fund limited partnership agreements that it did not allocate broken deal expenses to its co-investors (including co-investment vehicles established for executives, certain consultants and others) and this lack of disclosure resulted in a misallocation of expenses to our advisory affiliate's flagship private equity funds for that period. The order also finds that our advisory affiliate did not adopt and implement a written compliance policy or procedure governing its fund expense allocation practices until 2011. Our advisory affiliate agreed in the settlement to pay disgorgement of \$14,165,968, prejudgment interest of \$4,511,441 and a civil monetary penalty of \$10,000,000.

In December 2013, a KKR Credit investment associate pled no contest and was subsequently convicted of a traffic felony in Spain. 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 I and 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, and KKR Saudi Limited, which hold financial services licenses from the Australian Securities and Investment Commission, the Dubai Financial Services Authority, 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. 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 is 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 Advisors (US) LLC has established the following wholly-owned subsidiaries in the U.S., Ireland 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) LLP
- KKR Alternative Investment Management

Each of the above entities, which includes KKR Credit Advisors (Ireland) which is an exempt reporting adviser with the Securities and Exchange Commission, 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 (“**KAM UK**”) 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 operates as a part of the Public Company’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 KKR 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 KKR 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, KKR Credit and KKR Prisma have 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 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. 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, overseeing potential conflicts of interest, and escalating to an established oversight committee, as appropriate .

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 BDCs, 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, affiliates of KKR 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., BlackGold Capital Management L.P. and Marshall Wace LLP and seeded Acion Partners Limited. 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 Credit Funds or Other Clients or KKR Credit Associates Vehicles. Also, Employees are charged no (or reduced) management or incentive fees by the Stakes and Seeds Managers for their personal investments in Stakes and Seeds Funds.

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 the relevant KKR Credit 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 requires 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 controlled or non-controlled entities in or through which the KKR Credit Funds or Other Clients or may otherwise be involved in the public or private placement of such debt or equity securities and other instruments issued by a KKR Credit Fund's, Other Client's, KKR Funds or KKR Prisma Fund portfolio companies and other controlled or non-controlling entities in or through which a KKR Credit Fund or Other Client may invest, including in connection with mergers and acquisitions, the syndication of portfolio company co-investment opportunities alongside certain KKR Credit Funds or Other Clients, 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 invest (including by placing securities issued by such portfolio companies with co-investors alongside KKR Credit Funds), or otherwise in arranging or providing financing for portfolio companies alone or with other lenders (including other KKR Credit entities) arrange lines of credit to (i) portfolio companies and other controlled or non-controller entities in or through which KKR Credit Fund, Other Clients, KKR Funds or KKR Prisma Fund 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 Funds and Other Clients portfolio companies and other third party borrowers, which may include a KKR Credit Fund, Other Client, KKR Fund or KKR Prisma Fund. Affiliated Brokers may, as a consequence of such activities hold positions in instruments and securities issued by a KKR Credit Fund's or Other Client's portfolio companies and may engage in transactions that may also be appropriate investments for a KKR Credit Fund or Other Client. Subject to applicable law, Affiliated Brokers may receive underwriting fees, placement commissions, financing fees, interest payments or other compensation with respect to such activities, which are not required to be shared with KKR Credit Funds or Other Clients. Where an Affiliated Broker serves as underwriter with respect to a portfolio company's securities, the relevant KKR Credit Fund, Other Client or portfolio company may be subject to a "lock-up" period following the offering under applicable regulations or agreements during which time its ability to sell any securities that it continues to hold is restricted. This may prejudice such KKR Credit Fund's or Other Client's ability to dispose of such securities at an opportune time.

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.

Affiliated Brokers may provide investment banking, advisory and other services to affiliated or unaffiliated corporations, financial sponsors, management or other persons. Such services may relate to transactions that could give rise to investment opportunities that are suitable for KKR Credit Funds or Other Clients. In such case, the Affiliated Broker's particular client would typically require the Affiliated Broker to act exclusively on its behalf, thereby precluding KKR Credit Funds or Other Clients from participating in such investment opportunities. No Affiliated Broker would be obligated to decline any such engagements in order to make an investment opportunity available to KKR Credit Funds or Other Clients. In addition, an Affiliated Broker may come into the possession of information through these new businesses that limits a KKR Credit Fund's or Other Client's ability to engage in potential transactions.

Financial Interest in KKR Credit Fund, Portfolio Company 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 breakup fees and other compensation with respect to KKR Credit Fund or Other Client portfolio company investments (including un consummated 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 (through its proprietary investment activities) or a KKR Credit Fund may invest in a company which competes with, is a customer of, or is a service provider or supplier to 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 are not obligated and 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, these circumstances give rise to certain potential conflicts of interest. A portfolio company of a KKR proprietary investment, KKR Credit Fund or Other Client may do something for commercial reasons that has adverse consequences for another KKR Credit Fund or Other Client or its portfolio company, such as seeking to expand its market share at the expense of the other KKR Credit Fund portfolio company, withdrawing business from the other KKR Credit Fund portfolio company in favor of another company, offering the same product or service at a lower price, increasing its own prices along with other enterprises in the industry, or commencing litigation against another KKR Credit Fund's portfolio company. A KKR Credit Fund or Other Client may also obtain confidential information regarding its portfolio companies that it cannot act on or disclose to another KKR Credit Fund or Other Client or its portfolio companies due to confidentiality requirements or applicable law, though such action or disclosure might be in the latter's interests. Accordingly, 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 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 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 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 directors fees, which may be retained in whole or in part by the relevant Employee, Senior Advisors, Industry Advisors, KKR 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 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, KKR 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. 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 may be 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 and co-investments in portfolio companies. The Public Company indirectly holds limited partnership interests in a number of KKR Credit Funds and co-investments in portfolio companies, each of 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. Please see "KKR Purchases/Sales of Securities Recommended to KKR Credit Funds and Other Clients -- *Proprietary Investments*" for further information regarding such investments.

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 or Invest In the Same Issuer on Same or Different Dates

Certain KKR Funds, KKR Credit 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.

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.

Additionally, KKR, KKR Credit and KKR Prisma, as applicable, may 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, certain KKR Funds or Other Clients, KKR Credit Funds or Other Clients, KKR Prisma Funds or KKR proprietary entities that are 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, different KKR Funds or Other Clients. Such advice and actions may adversely impact a KKR Credit Fund or Other Client.

Additionally, the investment programs employed by KKR, KKR Credit or KKR Prisma (as applicable) for KKR Funds, Other Clients, KKR Credit Funds or KKR Prisma Funds or KKR proprietary entities, as applicable, conflict from time to time with the transactions and strategies employed by KKR in managing other KKR Funds and Other Clients. For example, where a KKR Fund, Other Client, KKR Credit Fund, KKR Prisma Fund or KKR proprietary entities including Seed Investments, hold portfolio investments in the same issuer, their interests will in many cases be in conflict irrespective of whether their investments are at different levels of the capital structure. In addition, KKR, KKR Credit and KKR Prisma, as applicable, may 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, certain KKR Funds or Other Clients, KKR Credit Funds, KKR Prisma Funds or KKR proprietary entities that are 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, different KKR Credit Funds or Other Clients. Such advice and actions may adversely impact a KKR Credit Fund or Other Client.

Different advice and/or inconsistent actions may be due to a variety of reasons, including, without limitation, the differences between the investment objective, program, strategy and tax treatment of certain KKR Funds or Other Clients, KKR Credit Funds, KKR Prisma Funds or KKR proprietary entities on the one hand and different KKR Funds or Other Clients on the other or the regulatory status of certain KKR Funds or Other Clients, KKR Credit Funds, KKR Prisma Funds and any related restrictions or obligations imposed on KKR (or any affiliate) as a fiduciary thereof (including, for example, certain KKR Funds or Other Clients, KKR Credit Funds or KKR Prisma Funds invested in by pension plans and employee benefit plans and constituting “plan assets” under ERISA or certain KKR Funds or Other Clients, KKR Credit Funds or KKR Prisma Funds that are registered as investment companies under the 1940 Act). For example, a KKR Fund may engage in *bona fide* hedging transactions in connection with its investments, while KKR proprietary entities may enter into such transactions for non-hedging purposes or, alternatively, may hedge a given risk related to a given investment more or less fully than

such KKR Fund. KKR proprietary entities may enter into such hedging arrangements in connection with investments alongside a KKR Fund and, like other investors in such KKR Fund, may also enter into hedging arrangements in connection with their investments made through such KKR Fund (including with respect to the applicable KKR GP's right to receive carried interest distributions), which arrangements are not employed by such KKR Fund itself. These differences in hedging strategy could result in such KKR proprietary entities achieving more or less favorable returns with respect to an investment relative to the returns achieved by the KKR Fund or other investors in the KKR Fund depending upon the timing of the disposition of the relevant investment. In the future, certain KKR Funds or Other Clients, KKR Credit Funds or KKR Prisma Funds or a KKR proprietary entity may concurrently, or in close proximity in time with such acquisition by a different KKR Fund or Other Client, establish a short position in a security acquired by such KKR Fund or Other Client (for example as collateral) or that otherwise relates to such an investment held by such KKR Fund or Other Client and such short sale may result in a decrease in the price of the security acquired by or otherwise held by such KKR Fund or Other Client or may otherwise benefit the execution quality of the transaction entered into by another KKR Fund or Other Client, or a KKR Credit Fund, a KKR Prisma Fund and/or KKR proprietary entity.

The timing of entry into or exit from a portfolio investment may vary as among KKR Funds, Other Clients, KKR Credit Funds, KKR Prisma Funds and KKR proprietary entities for reasons such as differences in strategy, existing portfolio or liquidity needs. Similarly, the form of consideration may also vary among these parties if, for example, KKR proprietary entities were to receive an in kind distribution of securities where the securities held by a KKR Fund, Other Client, KKR Credit Fund or KKR Prisma Fund were disposed of for cash, in whole or in part. These variations in timing or form of consideration may be detrimental to another KKR Credit Fund or Other Client or any such other investing entities. There can be no assurance that the terms of, or the return on, such KKR Credit Fund's or Other Client's investment will be equivalent to, or better than, the terms of, or the returns obtained by, a different KKR Fund or Other Client, or a KKR Credit Fund, KKR Prisma Fund or KKR proprietary entity, including in respect of any category of investments, nor can there be any assurance that a different KKR Fund or Other Client, or a KKR Credit Fund, KKR Prisma Fund or KKR proprietary entity with similar investment objectives, programs or strategies, including, without limitation, any Seed Investments, will hold the same positions, obtain the same financing or perform in a substantially similar manner as such KKR Credit Fund or Other Client.

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.

There can be no assurance that the terms of, or the return on, such KKR Credit Fund's or Other Client's investment will be equivalent to, or better than, the terms of, or the returns obtained by, a different KKR Fund or Other Client, or a KKR Credit Fund or Other Client, KKR Prisma Fund or KKR proprietary entity, including in respect of any category of investments, nor can there be any assurance that a different KKR Fund or Other Client, or a KKR Credit Fund or Other Client, KKR Prisma Fund or KKR proprietary entity with similar investment objectives, programs or strategies, including, without limitation, any Seed Investments, will hold the same positions, obtain the same financing or perform in a substantially similar manner as such KKR Credit Fund or Other Client.

KKR Credit's ability to implement any KKR Credit Fund's or Other Client's strategy effectively may also be limited to the extent that contractual obligations entered into in respect of investments made by a different KKR Fund or Other Client, KKR Prisma Fund or KKR proprietary entity. Limitations on strategy implementation may also result from regulatory obligations or restrictions imposed on KKR as a result of the regulatory status of KKR proprietary entities and/or different KKR Fund or Other Client, or a KKR Credit Fund or Other Client or KKR Prisma Fund (for example, under ERISA or the 1940 Act), including restrictions on the ability of any KKR Credit Fund or Other Client (or KKR on their behalf) to invest in securities or interests that such KKR Credit Fund or Other Client may otherwise be interested in pursuing or to otherwise take actions in respect of such KKR Credit Fund's or Other Client's investments that may be beneficial to such KKR Credit Fund or Other Client.

For example, with respect to a KKR Fund's or Other Client's investments in certain companies, KKR Credit Funds or Other Clients or KKR Prisma Funds invest in debt issued by the same companies. The interests of the KKR Fund or Other Client may not be aligned in all circumstances with the interests of KKR (or any affiliate) or KKR Credit Funds or Other Client or KKR Prisma Funds to the extent they hold debt interests, which could create actual or potential conflicts of interest—or the appearance of such conflicts. In that regard, actions may be taken by KKR (or any affiliate), KKR Credit Funds or Other Client or KKR Prisma Funds that are adverse to the KKR Fund or Other Client. The interests of the KKR Fund, Other Client, KKR and/or KKR Credit Funds or Other Client or KKR Prisma Funds investing in different parts of the capital structure of a portfolio company are particularly likely to conflict in the case of financial stress or distress of the company. For example, if additional financing is necessary as a result of financial or other difficulties of a portfolio company, it may not be in the best interests of a KKR Credit Fund or Other Client or KKR Prisma Fund, as a holder of debt issued by such company, to provide such additional financing and the ability of KKR to recommend such additional financing as being in the best interests of the KKR Fund or Other Client might be impaired. In addition, it is possible that, in a bankruptcy proceeding, the KKR Fund's or Other Client's interests may be subordinated or otherwise adversely affected by virtue of KKR's and/or such KKR Credit-Fund's or Other Client's or KKR Prisma Fund's involvement and actions relating to their investment. There can be no assurance that the term of or the return on the KKR Credit Fund's or Other Client's investment will be equivalent to or better than the term of or the returns obtained by the KKR Fund or Other Client or KKR Prisma Fund participating in the transaction. This may result in a loss or substantial dilution of the KKR Credit Fund's or Other Client's investment, while KKR (or an affiliate) or a KKR Fund or Other Client or KKR Prisma Fund recovers all or part of amounts due to it. Similarly, KKR Credit's ability to implement a KKR Credit Fund's or Other Client's strategies effectively may be limited to the extent that contractual obligations entered into in respect of the activities of KKR (or an affiliate), KKR Fund or Other Client or KKR Prisma Fund impose

restrictions on such KKR Fund or Other Client engaging in transactions that KKR Credit may be interested in otherwise pursuing.

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 mitigate potential 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, Prisma Portfolio Funds and Other Pooled Funds

Stakes and Seeds Funds, KKR Prisma Portfolio Funds and pooled funds or separate accounts managed by portfolio companies (or divisions or subsidiaries of portfolio companies) of KKR Credit Funds or Other Clients may pursue a broad range of investment strategies and invest in a broad range of securities and instruments and other assets globally. Any of these funds or accounts may invest in securities or other financial instruments of companies (or issuers) in which KKR Funds or Other Clients may also have an interest. These funds and accounts 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 or other funds or accounts 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, Prisma Portfolio Fund manager or portfolio company 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 may be 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 and Other Clients. Co-investment vehicles include, but are not limited to, 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 (as defined in Item 6)). 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 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 also bears any allocable share of expenses on behalf of these vehicles.

Proprietary Investments

The Public Company 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 business or 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 the Public Company's business, including seed capital for the purpose of developing, evaluating and testing potential investment strategies or products (“**Seed Investments**”). Investment professionals who participate in investment decisions made on behalf of KKR Credit Funds or Other Clients as described above may be involved in the investment activities of the Balance Sheet.

The Public Company 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 the Public Company'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 strategic investments managed by KKR (or its affiliates). If a potential (non-warehoused) investment is determined by KKR in its discretion to be strategic in nature, then such investment opportunity (including the acquisition of assets that are within the investment focus of any KKR Credit Fund or Other Client) is deemed not within the investment focus of any KKR Credit Fund or Other Client and will not be allocated accordingly. In addition, KKR may determine that an investment in a company is strategic at one given time but an investment in a similar company is opportunistic at a later time due to geographic or other considerations (including, but not limited to, investments in different parts of the capital structure).

Opportunistic uses are investments principally made to generate a return on investment and KKR Credit may make opportunistic investments pursuant to investment strategies that mirror, or are similar to in whole or in part, investment strategies implemented by KKR Credit on behalf of KKR Credit Funds or Other Clients due to geographic or other considerations. Examples of such investments include co-investments and growth equity and real estate investments. KKR Credit seeks to mitigate potential conflicts of interest arising from opportunistic investments by offering, where KKR Credit believes it is appropriate, such investments to relevant KKR Credit 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 service costs 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. In determining allocations of investment opportunities between KKR Credit Funds or Other Client on the one hand and proprietary entities on the other, a proprietary entities may take a non-*pro rata* (including a greater than *pro rata*) allocation of any particular investment opportunity relative to a KKR Credit Fund or Other Client in either the same or different parts of a target company's capital structure.

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 may create 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 the Public Company'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, Other Clients, KKR Credit Associates Vehicles, certain KKR Prisma Funds and Accounts and those KKR proprietary entities that participate in the relevant KKR Credit investment strategy, to the extent practicable and in accordance with each KKR Credit Fund's, Other Client's, KKR Credit Associates Vehicle's, KKR Prisma Funds and Accounts and KKR proprietary entity's applicable investment strategies, are made on a fair and equitable basis over time. 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 Prisma Funds and Accounts, KKR Funds or Other Clients, KKR proprietary entities or other KKR Credit affiliates, in the event there is an overlap of investment strategies with KKR. 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 Prisma Funds and Accounts and those KKR proprietary entities that participate in the relevant KKR Credit investment strategy, are overseen by KKR Credit's Allocation's Committee. Allocations of investment opportunities that involve the investment by KKR Credit Funds, or Other Clients, KKR Credit Associates Vehicles, KKR Prisma Funds and Accounts, in or alongside KKR Funds or Other Clients, KKR proprietary entities and other KKR Credit affiliates, including Affiliated Brokers are further 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. 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. Moreover, except as provided in the governing documents of KKR Credit Funds or Other Clients, no KKR Credit Fund or Other Client will necessarily have any priority in respect of any category of investment opportunities in accordance with KKR Credit's allocation methodology (as discussed below) and may result in a KKR Credit Fund or Other Client being allocated less than a pro rata share of an investment opportunity or none of such opportunity.

KKR Credit's allocation methodology is 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, Other Clients, KKR Credit Associates Vehicles, KKR Prisma Funds and Accounts and KKR Proprietary entities 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 KKR Prisma Funds and Accounts 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, KKR Credit Associates Vehicles, Seed Investments and KKR Prisma Funds and Accounts 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 and limitations. Such criteria may include, 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 and Other Client'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.

The application of relevant factors and other limitations discussed above in determining allocations of investment opportunities between a KKR Credit Fund, Other Client, KKR Credit Associates Vehicle, KKR Prisma Funds and Accounts 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 KKR Prisma Funds and Accounts and 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 KKR Prisma Funds and Accounts and other KKR proprietary entity will be allocated the balance, up to its maximum allocation. Allocations, including reallocations, involving the BDCs 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 KKR Prisma Funds and Accounts and other KKR proprietary entities concerned, as determined by the portfolio manager seeking to reallocate along with requisite Compliance approval as outlined in KKR Credit's Allocation Policy.

From time to time, a particular investment may be deemed suitable for and within the established criteria of more than one credit investment strategy. To the extent there is a strategy overlap with respect to said investment opportunity, the allocation methodology will be based on a *pro rata* allocation across the respective investment strategies based on their specific order size to eligible KKR Credit Funds and Other Clients including KKR Prisma Funds and Accounts that participate in a relevant strategy.

Co-Investments

To the extent excess capacity of an investment opportunity exists after the eligible KKR Credit Funds, Other Clients, KKR Credit Associates Vehicles, participating in the relevant investment strategy, KKR Credit will then offer such excess capacity to Contractual Sourcing Vehicles. To the extent such Contractual Sourcing Vehicles elect to participate in such investment opportunity, the Contractual Sourcing Vehicles shall co-invest alongside the participating KKR Credit Funds, Other Accounts, KKR Associates Vehicles. KKR Prisma Funds and Accounts, KKR proprietary entities and participants in the strategy pro rata based on order size of such Contractual Sourcing Vehicle. To the extent there remains excess capacity thereafter, KKR Credit may consider offering the excess available to other third party co-investment relationship and KKR proprietary entities, as applicable. Co-investment relationships may consist of existing investors in KKR Credit Funds, KKR Funds or KKR Prisma Funds and Accounts and other third party relationships, including syndicate co-investment vehicles or third parties who KKR Credit believes will be of strategies benefit to KKR Credit Funds or who may provide broader capital raising opportunities to KKR. Co-investment opportunities are offered based on their respective mandate, guidelines and restrictions.

Balance Sheet Investments

Investments by the Balance Sheet are described above under “KKR Purchases/Sales of Securities Recommended to KKR Credit Funds and Other Clients – Proprietary Investments.” KKR believes that the Balance Sheet’s strategic investments and operational funding activities are appropriate solely for proprietary investment activities and therefore not within the investment focus of any KKR Credit Fund or Other Client. As such, strategic investments and operational funding activities are not typically allocated to KKR Credit Funds or Other Clients. The Balance Sheet’s opportunistic investments, however, may also be allocated to relevant KKR Credit Funds and Other Clients (see discussion below regarding examples of such investments). Please also see “KKR Purchases/Sales of Securities Recommended to KKR Credit Funds and Other Clients – Proprietary Investments” for a discussion of the Balance Sheet Guidelines and “Allocation of Investment Opportunities” above for further information regarding KKR’s allocation procedures with respect to certain co-investments by KKR alongside KKR Credit Funds or Other Clients.

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, if opportunistic in nature, would be offered for co-investment alongside the Balance Sheet to certain KKR Credit Funds that are Separately Managed Accounts whose investment mandate includes opportunistic 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.

Investments in Marketable Securities

Periodically, KKR Funds and Other Clients 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 Funds, Other Clients or KKR proprietary entities qualified to invest in such new issues. The determination of the eligibility of a KKR Fund, Other Client, or KKR proprietary entity to invest in new issues will be made by KKR's Legal and Compliance department through, among other things, questionnaires contained in subscription agreements or other documentation or confirmation obtained from investors therein designed to elicit specific information regarding investor eligibility.

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.

General Partner’s Interest; Fees

A KKR Credit GP’s right to receive carried interest or incentive allocation (particularly where a KKR Credit Fund contains a preferred return or hurdle for the benefit of limited partners) may create an incentive for the KKR Credit GP and KKR Credit to make riskier or more speculative investments on behalf of KKR Credit Funds than would be the case in the absence of this arrangement. The payment by some, but not all, KKR Credit Funds of Carried Interest or the payment of Carried Interest at varying rates (including varying effective rates based on the past performance of a Fund) may create an incentive for KKR Credit to disproportionately allocate time, services or functions to KKR Credit Funds paying Carried Interest or KKR Credit Funds paying Carried Interest at a higher rate, or allocate investment opportunities to such Funds. Generally, and except as may be otherwise set forth in the organizational documents of the KKR Credit Funds, this conflict is mitigated by procedures setting forth investment allocation requirements.

Each KKR Credit GP will be responsible for the valuation of a KKR Credit Fund’s investment. In some KKR Credit Funds, KKR Credit GPs do not receive carried interest until the limited partners receive distributions equal to their share of writedowns not taken into account in prior distributions or until the KKR Credit Fund has exceeded its previous “high water mark”. Each such KKR Credit GP, therefore, has a conflict of interest with respect to such valuations because the amount of carried interest to which such KKR Credit GP is entitled with respect to the KKR Credit Fund, and the timing of its receipt of carried interest, will depend in part on the value of the investments that continue to be held by the KKR Credit Fund. Further, in the “catch-up” period (if any) that occurs after investors in certain KKR Credit Funds have received the applicable preferred return, the KKR Credit GP is incentivized to bring realizations forward and lock in returns (and stop the accrual of the preferred return), even though the KKR Credit Fund may achieve a higher overall return if it had realized the investment at a later date. Finally, a KKR Credit GP could be motivated to overstate valuations in order to improve a KKR Credit Fund’s track record.

In addition, in the event that any KKR Credit Fund makes any distribution in kind to investors as a whole or to any investor in particular, the fair market value of such property will be determined by the KKR Credit GP. If the valuations made by the KKR Credit GP are incorrect (including both with respect to an in kind distribution or with respect to the fair value of investments that continue to be held by the KKR Fund), the carried interest received by such KKR Credit GP, or the timing of receipt of carried interest, could also be incorrect. In the event that any KKR Credit Fund accepts any contribution in kind from an investor, the fair market value of such property generally will be determined by the KKR Credit GP. If the valuations made by such KKR Credit GP are incorrect, the existing investors could experience an incorrect amount of dilution of their interest in such KKR Credit Fund. An independent valuation or appraisal generally will not be required and is not expected to be obtained in connection with in kind distributions or contributions.

A KKR Credit GP may elect to receive an in-kind distribution in lieu of a cash distribution with respect to carried interest or other amounts distributable to such KKR GP with respect to a portfolio investment. In such circumstances, notwithstanding the KKR Credit GP’s election to receive its share of the investment in-kind, it is expected that the KKR Credit Fund would dispose of the portion of the investment allocable to the limited partners and distribute cash. The decision of the KKR Credit GP to receive such an in kind distribution will result in such KKR Credit GP disposing of its investment at a different time than the

disposition by the KKR Credit Fund of the portion of the investment allocable to the limited partners and otherwise taking actions with respect to such investment (including the exercise of voting or other rights in connection therewith) that are different than the actions taken by the KKR Credit Fund with respect to the portion of the investment allocable to the limited partners. A KKR Credit GP may ultimately receive a return on its share of an investment distributed to it in kind that is higher than the return achieved by the limited partners with respect to their share of such investment and is higher than the amount it would have received (including with respect to both its carried interest and its capital interest) had it taken its distribution in cash at the same time as the disposition by the KKR Credit Fund.

The payment of the management fees may give rise to certain conflicts of interest. Management fees are typically paid quarterly or monthly, and fees for certain KKR Credit Funds or Other Clients may step down to a lower rate as a percentage of invested capital after a KKR Credit Fund's or Other Client's investment period has concluded or expired. The management fee base in many KKR Credit Funds and Other Clients is invested capital or contributed capital, rather than committed capital. As a result, the management fee to which KKR Credit and its affiliates are entitled will increase to the extent the relevant KKR Credit Fund has drawn down more capital. As a result, it is possible that the management fees may create an incentive for the KKR Credit GP to seek to draw down and deploy more capital (or drawn down capital more quickly) than it would otherwise. Furthermore, there may be an incentive for the KKR Credit GP to cause the relevant KKR Credit Fund to hold on to investments that have poor prospects for improvement in order to receive ongoing management fees and a potential larger carried interest distribution.

Service Providers

Certain advisors and other service providers, or their affiliates (including accountants, administrators, lenders, bankers, brokers, attorneys, consultants, and investment or commercial banking firms), to a KKR Credit Fund, Other Client and its portfolio companies may also provide goods or services to or have business, personal, political, financial or other relationships with the general partner of such fund, KKR Credit or its affiliates. Such advisors and service providers may be investors in other KKR Credit Funds, sources of investment opportunities for KKR Credit, or may otherwise be co-investors with or counterparties to transactions involving the foregoing. These relationships may influence a KKR Credit GP and KKR Credit in deciding whether to select or recommend any such advisor or service provider to perform services for a KKR Credit Fund, Other Client or a portfolio company (the cost of which will generally be borne directly or indirectly by such KKR Credit Fund, Other Client or its portfolio company, as applicable).

Interpretation of Governing Documents and Legal Requirements

The governing and related documents of each KKR Credit Fund or Other Client are detailed agreements that establish complex arrangements among KKR, the limited partners, the KKR Credit Fund or Other Client, and other entities and individuals. Questions will arise from time to time under these agreements regarding the parties' rights and obligations in certain situations, some of which the parties may not have considered while drafting and executing these agreements. In these instances, the applicable provisions of the agreements, if any, may be broad, general, ambiguous, or conflicting, and may permit more than one reasonable interpretation. At times, there may not be provisions directly applicable to the situation at hand. While we will construe the relevant agreements in good faith and in a manner consistent with our legal obligations, the interpretations we adopt may not necessarily be, and need not be, the most favorable interpretations for KKR Credit Funds or Other Clients or their investors.

Multiple Clients

Certain inherent conflicts of interest arise from the fact that KKR Credit provides investment management services to multiple clients, as these clients may have overlapping investment objectives. The KKR Credit professionals who provide investment management services to one KKR Credit Fund or Other Client are affiliated with other KKR professionals who provide similar services to other KKR Credit Funds or Other Clients with the same or similar investment objectives. In addition, portfolio strategies or KKR proprietary investment strategies that KKR employs for a certain KKR Credit Fund or Other Client could conflict with strategies for other KKR Credit Funds or Other Clients, and may affect the prices and availability of securities and other assets in which such other Funds or Other Clients invest. KKR Credit may also advise KKR Credit Funds or Other Clients with conflicting investment objectives or strategies, which can adversely affect the prices and availability of other securities or instruments held by or considered for one or more KKR Credit Funds or Other Clients.

Advisory Committees

Certain KKR Credit Funds or Other Clients have advisory committees that consist of the representatives of certain investors in such KKR Credit Funds or Other Clients. Any approval or consent given by such advisory committees is generally binding on such KKR Credit Funds or Other Clients and all of their investors. Advisory committees are also generally authorized to give approval or consent required under the Advisers Act, including under Section 206(3) of the Advisers Act. Although KKR Credit has adopted policies and procedures to mitigate potential conflicts of interest among KKR Credit Funds and Other Clients, advisory committee members may have conflicts of interest that do not disqualify them from voting on or consenting to matters submitted for consideration or review. In addition, advisory committee members generally do not owe a fiduciary obligation to the relevant KKR Credit Fund or Other Client.

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. On a quarterly basis, KKR Credit's Trade Review Committee conducts an evaluation of the qualitative and quantitative factors surrounding the execution quality of its counterparties.

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 seek best execution for KKR Credit Funds and Other Clients and otherwise treat KKR Credit Funds and Other Clients in a fair and equitable manner over time). 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. Generally, investments of KKR Credit Funds and Other Clients are overseen by established investment committees, which primarily consist of representation by Portfolio Management, KKR senior investment professionals, and for certain credit strategies, Trading. The Firm’s long/short credit strategy is overseen by the Co-Head of KKR Credit 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, breakup 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. KKR Credit will disclose these solicitation arrangements to affected investors, and 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’s Conflicts Committee to address issues raised from potential conflicts, which may include referring the proxy to ISS to exercise. KKR Credit maintains documentation to support its proxy voting position on such 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 KKR Credit’s 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.