

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)**”). 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 Advisors (US) is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 **Material Changes**

KKR Credit Advisors (US)'s most recent update to Part 2A was made in March 2017. KKR Credit Advisors (US) is now updating Part 2A to reflect the following material changes:

- Item 4 – Updated information and disclosure regarding KKR Credit Advisors (US)'s advisory business.
- Item 10 – Updated information and disclosure on KKR Credit Advisors (US)'s investment advisory affiliations following the business combination of Prisma Capital Partners LP (“**Prisma**”) and Pacific Alternative Asset Management Company, LLC (“PAAMCO”) into a new firm that will operate independently of KKR (as defined below).
- Item 11 – Updated information and disclosure relating to KKR's Stakes and Seed Managers.

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Item 4 **Advisory Business**

Overview

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 U.S. Securities and Exchange Commission (the “**SEC**”). KKR Credit Advisors (US) together with its relying advisers, participating affiliates and other affiliated entities listed in Item 10 and KKR Credit Advisors (Ireland) Unlimited Company (“**KKR Credit Advisors (Ireland)**”), which is authorized and regulated as an investment manager by the Central Bank of Ireland and KKR Credit Advisors (UK) LLP (formerly Avoca Capital Management LLP) (“**KKR Credit Advisors (UK)**”), which is authorized and regulated by the U.K. Financial Conduct Authority as an investment manager are collectively referenced, together with the KKR Credit Managers (as defined below) as applicable, as “**KKR Credit**”. KKR Credit has \$41.4¹ billion in assets under management as of December 31, 2016, managed on a discretionary basis. KKR Credit advises investment funds, dedicated managed account vehicles, collateralized loan obligation vehicles (“**CLOs**”), a closed-end management investment company (the “**RIC**”) registered under the U.S. Investment Company Act of 1940, as amended (the “**Investment Company Act**”), and discretionary accounts established for third-party institutional investors, and provides sub-advisory services to two closed-end management investment companies that have each filed an election to be treated as a business development company (each, a “**BDC**”) under the Investment Company Act and certain investment funds and investment vehicles established and managed by Kohlberg Kravis Roberts & Co. L.P. (“**KKR**”). KKR Credit’s investment management and advisory activities focus on U.S. and European leveraged credit strategies, such as leveraged loan and high yield bond strategies, alternative credit strategies (including investments in mezzanine and mezzanine-like instruments, structured and illiquid credit, and direct senior loan origination), specific types of syndicated credit investments (e.g., investments in revolver credit facilities), special situations investments and credit investments relating to other assets held by funds and other investment vehicles and accounts managed by KKR, including private equity and real assets, such as infrastructure, energy and real estate.

KKR Credit is affiliated with KKR & Co. L.P. (“**KKR & Co.**” or the “**Public Company**”) which, through its subsidiaries, acquires stakes in, or seeds, or otherwise holds interests in third-party hedge funds or fund of fund managers (the “**Stakes and Seed Managers**”).

On June 1, 2017, Prisma became a subsidiary of PAAMCO Prisma Holdings LLC (“**PAAMCO Prisma**”), a new liquid alternatives firm owned by KKR Topaz LLC, an affiliate of KKR & Co., and PHoldings, LLC, which is owned by certain employees of Pacific Alternative Asset Management Company, LLC (“**PAAMCO**”) and Prisma. Prisma was previously a subsidiary of KKR & Co. Please refer to Item 10 for further information.

In February 2014, an affiliate of KKR acquired KKR Credit Advisors (Ireland) and its affiliates including, KKR Credit Advisors (UK). KKR Credit Advisors (Ireland) and KKR Credit Advisors (UK) 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 and structured and illiquid credit.

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.

KKR Credit is affiliated with KKR Alternative Investment Management Unlimited Company (“**KKR AIM**”), which is regulated by the Central Bank of Ireland, is an authorized European Union (“**EU**”) alternative investment manager and separately files reports as an exempt reporting adviser with the SEC. KKR AIM may enter into delegation and/or sub advisory agreements with KKR Credit under which KKR will provide certain portfolio management services to KKR AIM in connection with investment funds with respect to which KKR AIM serves as alternative investment fund manager for the purposes of the EU Alternative Investment Fund Managers Directive (“**AIFMD**”).

KKR Credit Advisors (US) is affiliated with KKR and its subsidiaries, which operate under the name “**KKR**”. KKR advises private equity funds and other investment vehicles, including proprietary entities that invest capital for long-term appreciation, primarily either through controlling ownership of companies or minority positions. In addition, KKR manages growth capital and investments in infrastructure assets and in energy and natural resource assets 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 investment funds managed by KKR and its affiliates (including KKR Credit), a customized platform that may invest in funds managed by KKR and its affiliates (including KKR Credit) 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 funds and strategies managed by KKR and KKR Credit. KKR’s Global Institute (“**KGI**”) periodically publishes thought leadership papers, highlighting views from KKR’s portfolio companies and portfolio managers and political, economic and social trends. KKR’s Global Macro and Asset Allocation Group also publishes commentary on macroeconomic trends and related topics through KGI and oversees a proprietary portfolio of investments in a variety of instruments and securities.

KKR Credit is also affiliated with KKR’s capital markets business operated through affiliated broker-dealers and proprietary trading business. Please refer to Item 10 for additional information regarding KKR’s affiliated broker-dealers

KKR Credit also has an affiliated capital markets business operated through affiliated broker-dealers and is affiliated with a non-banking financial corporation and a merchant banking entity in India. Please see Item 10 for additional information regarding these affiliates.

KKR Credit does not manage Client (as defined below) 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., units of which were 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, 2016, the Public Company indirectly held approximately 56.1% of the general and limited partnership units 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, 2016, 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) is a subsidiary of KKR Credit Advisors (Ireland).

Nature of Clients

KKR Credit provides investment management, advisory and administrative services directly and indirectly 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 generally provides these services (i) through affiliated general partners or managing members (“**KKR Credit GPs**”) and/or through the KKR AIM, as applicable, in respect of investment funds, and dedicated investment vehicles established for institutional investors and certain high net worth investors sponsored and managed by KKR Credit (“**KKR Credit Funds**”), (ii) as a sub-adviser to two BDCs, (iii) as adviser to the RIC (iv) as adviser to a number of CLO vehicles and (vi) as adviser directly to other institutional clients, including U.S. and non-U.S. pension plans and sovereign wealth funds (“**Other Clients**”), pursuant to contractual relationships, such as investment management agreements. 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 with the exception of the BDCs and the RIC. 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 Funds and the Other Clients are collectively referred to in this brochure as KKR Credit’s “**Clients**”.

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

Investment Mandates

The terms upon which KKR Credit serves 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 or disclosure documents for the relevant KKR Credit Fund or Other Client, as applicable. These terms, which vary among each KKR Credit Fund and Other Client, may limit the investments KKR Credit may make on behalf of the relevant KKR Credit Fund or Other Client based on security classes, geographies, concentration limits, leverage limits and/or other criteria, among others.

Item 5 Fees and Compensation

General

KKR Credit (including the KKR Credit GPs) generally receives management fees, carried interest allocations and/or performance fees in connection with the investment management and administrative services KKR Credit provides to KKR Credit Funds or 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 KKR Credit GP is referred to herein as “**carried interest**.”

Management fees, carried interest, performance fees and 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 or Other Clients and vary among KKR Credit Funds or 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 or Other Client varies 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, each of KKR Credit, and KKR has entered into, or 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, and KKR’s platform of products, investment ideas and asset classes. Such arrangements include KKR Credit or KKR granting certain preferential terms to such investors, including blended fee and carried interest rates that are lower than those applicable to other investors in a KKR Credit Fund, investment fund managed by KKR, as applicable, when applied to the entire strategic partnership. Where a strategic investor participates in a KKR Credit Fund, investment fund managed by KKR 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. In cases where a strategic investor’s management fees and carried interest are due at the level of such vehicle and account, such terms may include a waiver of management fees and carried interest on such strategic investor’s investment in KKR Credit Funds, investment funds managed by KKR. In addition, where a strategic partner enters into such an arrangement with KKR Credit or KKR other investors in KKR Credit Funds will not be notified or receive documentation of such an arrangement. Please refer to 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 third party sponsor may also solicit a direct investment in a KKR Credit Fund by certain of its Clients in consideration of the payment of a placement fee from KKR Credit or such KKR Credit Fund. 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 generally 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 of, the invested capital of, the aggregate collateral balance of 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 fees based on whether they invested in an early or later round of fundraising and the amount of their investment or the amount invested by investors with the same discretionary manager or consultant, with earlier or larger investors (or groups of investors) potentially paying lower management fees 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 related to the investing KKR Credit Fund or Other Client.

Carried Interest Allocations and Performance Fees

KKR Credit (including the KKR Credit GPs) also generally receives carried interest allocations or other performance related compensation from KKR Credit Funds or 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 in particular 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. KKR Credit typically receives carried interest allocations on a deal-by-deal basis for profitable portfolio company investments. Profitable investments realized early in the life of a KKR Credit Fund or Other Client may be followed by the poor performance of investments realized later in the life of a KKR Credit Fund or Other Client, which would reduce the KKR Credit Fund's or Other Client's overall profitability or cause it to be unprofitable. If this were to result over the life of a KKR Credit Fund or Other Client in KKR Credit having received more than the agreed-upon percentage of the relevant KKR Credit Fund's or Other Client's total profits, or the hurdle performance rate required by the KKR Credit Fund's or Other Client's terms not being met, KKR Credit will typically be required to reimburse (i.e., have clawed back) all or an appropriate portion of the carried interest allocations received by it, net of taxes, to ensure that KKR Credit does not receive a greater share of profits than agreed upon with the relevant KKR Credit Fund's or Other Client's investors.

With respect to KKR Credit Funds structure as hedge funds and other comparable open-ended investment vehicles, KKR Credit may receive performance fees based on realized and unrealized profits generated by such KKR Credit Fund in the relevant performance period. The terms of such KKR Credit Funds will typically not require any reimbursement or claw-back of performance fees if such unrealized profits are reversed in whole or in part during subsequent performance periods.

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 or 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 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 and can be broken down generally into two categories: shared fees and non-shared fees (see discussion below). 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 portfolio company is unable to pay or declines to pay for certain services (including services rendered by Other Consultants (defined below) or Affiliated Brokers), then the relevant KKR Credit Fund or Other Client, as applicable, will be charged for such services, which may also result in a greater portion of such fees being borne by such KKR Credit Fund or Other Client than would otherwise have been the case.

A portion of the shared fees are generally offset against management fees payable by KKR Credit Funds or Other Clients, while non-shared fees do not reduce management fees. In some cases, the overall amount of shared fees may also be 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 KKR Credit Fund or Other Client'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, break-up and directors' fees. KKR and its affiliates charge monitoring fees and transaction fees to portfolio companies, 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 and typically include annual fee increases. A portfolio company's EBITDA (earnings before income, taxes, depreciation, and amortization) is generally taken into account in determining the amount of applicable monitoring fees. Monitoring fees may also be based on a percentage of EBITDA.

With respect to certain private equity investments, including, in particular but without limitation, investments in portfolio companies that are also portfolio companies of investment funds managed by KKR and its affiliates, 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 fees payable over a future fixed period calculated using discount rates equal to the yield on U.S. Treasury securities of like maturity based on the dates fee payments would have been due.

An NPV Payment will generally only be taken in respect of a portfolio company or other issuer where KKR Credit (or KKR or another affiliate) expects to continue to provide ongoing services and advice to the issuer after there has been an initial public offering, sale or other change of control event. As such, an NPV Payment generally will only be taken if (i) the relevant KKR Credit Fund or Other Client (to the extent such KKR Credit Fund or Other Client holds any equity interest therein), co-investors sourced by KKR Credit or its affiliates and KKR proprietary entities retain, directly or indirectly, 10% or more of the stock or other equity interests in the issuer (or the surviving entity) immediately following the relevant event and (ii) an employee of KKR Credit, KKR or another affiliate or a co-investor employee or designee serves or is expected to serve as a member of, or observer at, the board of directors or similar governing body of the issuer (or the surviving entity) (or in the absence of such service or expected service, KKR Credit, KKR or another affiliate retains the right to appoint or nominate such a director or observer) immediately following the relevant event. The fixed period of time used in the NPV Payment calculation described above generally will be the lesser of (i) the remaining term of the relevant monitoring agreement (the term for each monitoring agreement generally will be fixed as the end of the last year of the term of the primary KKR Credit investment vehicle or account investing in the equity of the relevant portfolio company or other issuer) and (ii) four years from the date of termination of the monitoring agreement (the four year period approximates the average length of time that it took for KKR's recent mature private equity funds to fully exit portfolio companies following an initial public offering, reflecting what KKR believes is a reasonable approximation for the average number of years (rounded to the nearest whole year) during which KKR has historically remained actively involved with such companies). An NPV Payment will generally only be taken where KKR Credit (or one or more of its affiliates) expects to continue to provide ongoing services and advice to the portfolio company after there has been an initial public offering, sale or other change of control event. As such, an NPV Payment will generally only be taken if (i) the relevant KKR Credit Fund, Other Clients, KKR Credit co-investors and

KKR proprietary entities retain (directly or indirectly) 10% or more of the stock or other equity interests in the portfolio company (or the surviving entity) immediately following the relevant event and (ii) a KKR Credit or co-investor employee or designee serves or is expected to serve as a member of, or observer at, the board of directors or similar governing body of the portfolio company (or the surviving entity) (or in the absence of such service or expected service, KKR Credit or its affiliates retain the right to appoint or nominate such a director or observer) immediately following the relevant event. The contractual provisions described above and the KKR Credit policy governing calculation of NPV Payments may be amended from time to time.

KKR Credit or an affiliate (including KKR) may also receive transaction fees for the work performed by KKR Credit or such affiliate in structuring investments in portfolio companies and with respect to significant transactions or exits for those portfolio companies or portfolio investments. Transaction fees may be received in connection with the same portfolio company in which payments under a monitoring fee agreement are received. KKR Credit and its affiliates, such as an Affiliated Broker, may also receive fees in respect of administrative services provided to loan syndicates lending to the KKR Credit Fund or Other Client 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 by a KKR Credit Fund or Other Client. 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 and timing 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 the KKR Credit Funds or Other Clients 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 (and other participating KKR proprietary entities, if applicable) 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, KKR Credit Associates Vehicles, and other participating KKR proprietary entities, if applicable, 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 or Other Clients will generally reduce or offset management fees otherwise payable by investors in such KKR Credit Funds or Other Clients as described in the offering materials, disclosure documents and/or governing documents of the relevant KKR Credit Funds or Other Clients. The portion of allocable compensation that reduces or offsets management fees varies between KKR Credit Funds and Other Clients. KKR Credit will retain the portion of such compensation that is allocated to KKR Credit Funds or 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. KKR Credit retains such compensation to the extent it is allocable to KKR Credit Associates Vehicles (except in the case of certain older investment funds managed by KKR and its affiliates) 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 Credit (“**Employees**”) currently do and may in the future receive directors’ fees for serving on the boards of portfolio companies, holding vehicles and other entities in or through which KKR Credit Funds or Other Clients invest. For older KKR Credit Funds, these directors’ fees are generally not offset against KKR Credit Fund management fees and may be retained in whole or in part by the Employees. For newer KKR Credit Funds or Other Clients (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 portfolio companies and other entities in or through which KKR Credit Funds or Other Clients invest, and an Employee serving as an interim executive would either 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 or Other Clients (i.e., via a management fee offset) in the same manner and extent as monitoring fees offset management fees for such KKR Credit Funds or Other Clients.

Non-Shared Fees

In addition to the shared fees described above, KKR Credit, its affiliates and its KKR Capstone, RPM and Other 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 Other Consultants and Affiliated Brokers that would have otherwise have been provided by other consultants or broker dealers for a comparable fee).

Warehoused Investments

KKR Credit Funds or Other Clients may acquire one or more portfolio investments acquired by KKR Credit or its affiliates prior to the first closing date of such KKR Credit Fund or Other Client. KKR Credit or its affiliates may receive certain fees, including fees paid to Affiliated Brokers, in connection with any such investments. KKR Capstone fees and RPM fees may also be paid with respect to such investments. Any fees received by KKR Credit or its affiliates with respect to such investments prior to the date of transfer of such warehoused investments to the relevant KKR Credit Fund or Other Client will generally be retained by KKR Credit or its affiliates and will not be shared with the KKR Credit Fund or Other Client or otherwise reduce management fees payable by the KKR Credit Fund or Other Client to KKR Credit. The decision of the relevant KKR Credit GP or KKR Credit regarding the timing of the first closing date of the KKR Credit Fund or Other Client may therefore affect the portion of fees received by KKR Credit and its affiliates with respect to the warehoused investments that are shared with the KKR Credit Fund or Other Client and that otherwise reduce management fees payable by the KKR Credit Fund or Other Client to KKR Credit. In addition, the KKR Credit Fund or Other Client may pay an additional amount on the acquisition cost of any warehoused investment equal to a certain percentage per annum from the date of closing of such warehoused investment until the date of transfer of such warehoused investment to the KKR Credit Fund or Other Client. The decision of the KKR Credit GP or KKR Credit regarding the timing of the transfer of the warehoused investment to the KKR Credit Fund or Other Client will therefore affect the quantum of the foregoing additional amount that is paid by the KKR Credit Fund or Other Client to KKR Credit or its affiliates.

KKR Capstone and RPM/Other Consultants

Each of KKR Capstone Americas LLC (collectively with its related parties, "**KKR Capstone**"), which provides consulting services to KKR and KKR Credit, investment funds managed by KKR and its affiliates and KKR Credit Funds, Other Clients and portfolio companies, holding companies and other entities in or through which investment funds managed by KKR and its affiliates, KKR Credit Funds or Other Clients invest, and RPM Energy Management LLC (collectively with its related parties, "**RPM**"), which provides operating and consulting services to KKR, KKR Credit, investment funds managed by KKR and its affiliates, KKR Credit Funds or Other Clients and certain portfolio companies and/or assets of the foregoing in the oil and gas industry, is owned by its senior management and neither is a subsidiary nor an affiliate of KKR Credit or KKR. KKR Capstone uses the name "KKR" under license from KKR.

Each of KKR Capstone and RPM currently has an exclusive relationship with KKR. KKR Capstone and RPM (and Other Consultants) provide replacement services to our portfolio companies that KKR's and KKR Credit's investment professionals could not otherwise provide. Other companies provide similar services as KKR Capstone, RPM and Other Consultants, but they are less customized to the business of KKR and its affiliates and are not exclusive to their portfolio companies. In addition, KKR Capstone and RPM may be involved in due diligence in connection with KKR Credit'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 or 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, other compensation 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 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 consultants ("**Other Consultants**") in addition to KKR Capstone and RPM, including, but not limited to, for sourcing, operational consulting, energy or infrastructure industry consulting and operating services, debt servicing, engineering services, construction management, leasing management, development management, environmental compliance and remediation, purchasing and other property management services in the real estate sector, and general and administrative services, 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 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 or Other Clients, fees received by KKR Capstone, RPM or any Other 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 Consultant became a subsidiary or an affiliate of KKR.

KKR Capstone and RPM (and certain Other Consultants) may receive services and support from KKR and at the direction of KKR, its affiliates, portfolio companies and other issuers. For example, KKR has in the past, presently does, and is expected to in the future provide loans to KKR Capstone, 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 Consultants) at below market rates, enter into arrangements with KKR Capstone or RPM (or Other Consultants) that provide for below market rent, and allow KKR Capstone and RPM (and Other Consultants) to participate in KKR's insurance policies and employee benefit plans without passing through the full cost of the coverage to KKR Capstone (and Other Consultants). Executives and employees of KKR Capstone, RPM and Other Consultants have received, and executives of KKR Capstone, RPM and/or Other 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, (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 "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 may 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 directors' fees and other compensation (including in the form of fixed and incentive compensation) in connection therewith. Fees and compensation received by KKR Capstone and its executives and employees and RPM (and Other 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.

KKR Credit Funds, Other Clients or KKR Credit or its affiliates may recruit a management team to pursue a new opportunity expected to lead to the formation of a portfolio company through acquisitions and/or organic growth. These opportunities are referred to as "build ups" or "platforms." Members of the management team for a platform investment may include former KKR Credit personnel, or present or former Industry Advisors, Senior Advisors, Other Consultants, KKR Capstone executives and RPM executives and receive compensation that may include management fees, performance based fees and equity. Services provided by the management team may be similar to and overlap with those provided by KKR Credit to KKR Credit Funds or Other Clients. KKR Credit Funds, Other Clients or KKR Credit or its affiliates may realize a platform investment (in whole or in part) through sale of the platform or a disposition of specific assets held through the platform. KKR Credit Funds or Other Clients will bear the expenses of the management team or portfolio company, as the case may be, including any overhead expenses, diligence expenses or other related expenses in connection with backing the management team or the build out of the portfolio company. Such expenses may be borne directly by the applicable KKR Credit Funds or Other Clients (or as sourcing and diligence expenses, if applicable) or indirectly as KKR Credit Funds or Other Clients fund the start-up and ongoing expenses of the newly formed portfolio company. Although a platform or build up portfolio entity may be controlled by a KKR Credit Fund or Other Client, the compensation or expenses described above will not be offset against any management fees or carried interest distributions payable to KKR Credit or its affiliates in respect of such KKR Credit Fund or Other Client.

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

Loan Servicers and Asset Reconstruction Companies

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, diligence, 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.

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's 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 related lending vehicles) may also provide loans and lines of credit or bridge financing to KKR Credit Fund 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 Credit to be reasonable and charged at market rates for the relevant activities, such compensation is 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 refer to 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, KKR Credit, investment funds managed by KKR and its affiliates, KKR Credit Funds, Other Clients and portfolio companies of the foregoing. They are consultants rather than employees of KKR or KKR Credit and are compensated for services provided to KKR, KKR Credit, investment funds managed by KKR and its affiliates, KKR Credit Funds, Other Clients and such portfolio companies. A significant portion of the compensation and reimbursement of expenses paid to Senior Advisors and Industry Advisors are allocated to investment funds managed by KKR and its affiliates, KKR Credit Funds or Other Clients as expenses, and as a result, these items are described in detail below under “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 refer to the “Expenses” section below for further information regarding allocation to KKR Credit Funds or 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 portfolio companies of KKR Credit Funds or Other Clients 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 or KKR Credit 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

Three general categories of expenses are allocated to and among KKR Credit Funds or Other Clients, KKR Credit Associates Vehicles, co-investment vehicles and certain KKR proprietary entities. These categories are discussed below under: (1) fund organizational, direct operational and indirect operational expenses, (2) sourcing and diligence expenses and (3) portfolio company-related expenses. The offering and governing documents of each KKR Credit Fund or 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 break-up fees allocable to such KKR Credit Fund or Other Client that would otherwise reduce management fees.

When a 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 and 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. Examples of organizational expenses are legal, accounting, and filing expenses incurred in connection with the organization 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 Credit), and/or internal costs (including compensation and overhead costs) attributable to certain

Other 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 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 or Other Client, 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 of 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 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 or Other Client (including costs and expenses of meals, events, entertainment and travel and accommodation costs of KKR Credit personnel, Senior Advisors, Industry Advisors, KKR Advisors and employees of Other 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 relevant KKR Credit Fund or Other Client or KKR Credit GP (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 KKR Credit Fund, Other Client, 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 U.S.). 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 a KKR Credit Associates Vehicle), alternative vehicles, portfolio companies or entities through which a KKR Credit Fund or Other Client invests that are not otherwise borne by such entities. KKR Credit Fund and Other Client expenses and the repayment of any borrowings incurred by a KKR Credit Fund or Other Client may be allocated against and satisfied from investment proceeds received by such KKR Credit Fund or Other Client in a manner reasonably determined by the KKR Credit or the applicable KKR Credit GP.

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 funds, other clients and their assets, including allocable compensation and overhead of applicable KKR Credit or KKR employees (the “**Applicable Employees**”). Employees estimate their time engaged in a variety of matters that can be generally categorized as relating to (i) administration of funds and other clients, (ii) administration of fund or other client assets, and (iii) non-fund or other client-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 or other client, 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 the 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) that correspond to the Applicable Employee’s level and office. Overhead includes rent, utilities, and other occupancy charges (including taxes) (all calculated based upon the estimated square footage occupied by 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 or other client 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 Credit 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. While the KKR Credit employee group included in the scope of Applicable Employees is generally limited at present to finance and tax personnel, KKR Credit expects from time to time, to expand the scope of Applicable Employees to apply to additional KKR personnel (or categories of personnel) devoting time to fund administration matters, as well as in-house attorneys, accountants and tax advisers engaged in the fund’s and other clients’ legal and regulatory compliance.

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 including, without limitation, finders fees and other fees and expense reimbursements payable to third parties for sourcing transactions and/or success fees, carried interest distributions in respect of specific investments and/or other compensation tied to the success of investments sourced by such parties. 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 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 Credit 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 Credit Associates Vehicles.

Portfolio Company-Related Expenses

These expenses are incurred in connection with the oversight of portfolio companies and other issuers of 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 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, expenses, equity grants and other compensation of Senior Advisors or Industry Advisors (including Phantom Equity (defined below)), KKR Capstone and/or RPM for services provided to a KKR Credit portfolio company, and fees and expenses of any other consultants, counsel, accountants or other experts for services provided to (or on behalf of) 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 Credit Fund or Other Client 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 or Other Client) 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 U.S.); 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, Other Clients or 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 Other Client 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, Industry Advisors and Other Consultants

The terms of engagement, including the financial package, for Senior Advisors, Industry Advisors and Other Consultants are generally agreed (“**Terms of Engagement**”) between the Senior Advisors, Industry Advisors or Other Consultants and KKR (or one of its affiliates) at the time of engagement. Terms of Engagement are negotiated individually with each counterparty, depending upon anticipated advisory services, and may differ based on the parties to the Terms of Engagement. Terms of Engagement 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, 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, KKR Credit Funds, investment funds managed by KKR and its affiliates, Other Clients and their 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, Industry Advisors or Other Consultants.

KKR Credit allocates Senior Advisors, Industry Advisors or Other Consultants 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, Industry Advisor or Other Consultant 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 portfolio companies (which are allocated as 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 or 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 or Other Clients. The expense created by the payment of a legacy Phantom Equity (described below) grant is borne indirectly by the KKR Credit Funds and Other Clients that participated in the relevant portfolio company.

In addition, some Senior Advisors historically were granted “phantom equity” in certain portfolio companies of investment funds managed by KKR and its affiliates, which is a form of incentive compensation based on the performance of the relevant portfolio company (“**Phantom Equity**”). Phantom Equity grants were discontinued in 2009; however, certain Senior Advisors, Industry Advisors or Other Consultants continue to receive payments under legacy grants. Certain Senior Advisors also may receive a portion of performance related compensation from certain KKR Credit GPs that in turn receive carried interest allocations from KKR Credit Funds. Senior Advisors, Industry Advisors or Other Consultants also serve on the boards of directors of KKR Credit Fund or Other Client portfolio companies

and may otherwise serve directly as consultants or interim executives to KKR Credit portfolio companies and may receive directors' fees, consulting fees, equity grants and other compensation in connection therewith from KKR Credit portfolio companies. Such directors' fees or other compensation earned by Senior Advisors, Industry Advisors or Other Consultants do not offset management fees payable by KKR Credit Funds or Other Clients. Certain Terms of Engagement provide KKR the discretion to determine whether this additional compensation paid to Senior Advisors, Industry Advisors or Other Consultants by KKR Credit Fund portfolio companies will offset the cash compensation paid to such Senior Advisors or Industry Advisors under the Terms of Engagement, although KKR Credit typically would not offset such cash compensation.

Expense Allocation

KKR Credit allocates expenses among KKR Credit Funds, Other Clients, and KKR Credit Associates Vehicles that participate in a relevant KKR Credit investment strategy. Expenses will also be allocated to those KKR Funds (as defined under Item 10), Other Clients or Stakes and Seeds Funds (as defined in Item 11) that have a right to co-invest alongside or otherwise participate in KKR Credit investments opportunities on an excess capacity basis ("**Contractual Sourcing Vehicles**").

"Fund organizational and direct operational expenses" generally are charged to the KKR Credit Funds, Other Clients 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 KKR Credit Funds, Other Clients, 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 their respective proportionate share of assets under management and management fee revenues.

Portfolio company-related expenses are charged to the portfolio company to which they relate, or, if not, are generally allocated based on percentages of the investment held by the relevant KKR Credit Funds, Other Clients and KKR Credit Associates Vehicles, Contractual Sourcing Vehicles, KKR proprietary entities, and other third 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, Contractual Sourcing Vehicles, KKR Prisma Funds, 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 Vehicle, Contractual Sourcing Vehicle, KKR proprietary entity or other co-investment relationship, as applicable. 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 the relevant KKR Credit Fund or Other Client, as applicable) will bear the cost of such expenses.

Sourcing and diligence expenses are generally attributable to the KKR Credit Funds, Other Clients KKR Credit Associates Vehicles, and KKR proprietary entities that participate in the relevant investment strategy for which the particular investment opportunity relates. For consummated transactions, these expenses are generally 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, and KKR proprietary entities, as well as Contractual Sourcing Vehicles and other co-investment relationships that have participated in the consummated transaction as applicable.

Sourcing and diligence expenses for unconsummated, or “broken” transactions above an established threshold, are generally charged pro rata to KKR Credit Funds, Other Clients and KKR Credit Associates Vehicles, 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 entities, which may co-invest alongside or otherwise participate in certain KKR Credit investment opportunities. The allocation is 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 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 Credit 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. Because KKR Credit does not source investment opportunities generally within a strategy on behalf of third-party investors who invest on a deal by deal or “syndicated” basis, KKR Credit does not allocate sourcing and diligence expenses to syndicated capital co-investors.

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 and 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 encourage 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 these agreements provide for commissions or similar payments and/or discounts or rebates to be paid (directly or indirectly) to KKR Capstone, a portfolio company, KKR Credit (or one of its affiliates), RPM or Other Consultant. 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 or 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 or

Other Clients. 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 Credit and its affiliates and Other Consultants, Senior Advisor, Industry Advisors and KKR Advisors and other persons associated with KKR 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, neither KKR Capstone nor RPM (if relevant) charge fees to KKR Credit, KKR Credit Funds or Other Clients in connection with their respective executives attending meetings with investors (including annual meetings of KKR Credit Funds) or internal KKR Credit meetings. However, KKR Capstone (and, if applicable, RPM) is reimbursed for travel related expenses for attending such meetings. Other Consultants may also be reimbursed for attending such meetings. While KKR Credit or KKR bears the expense reimbursement for internal KKR Credit meetings, KKR Credit Funds and Other Clients 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 Carried Interest Allocations, Performance Fees and Side-By-Side Management

As noted in Item 5 above, KKR Credit (including KKR Credit GPs) generally receives carried interest allocations and performance 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 or 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, Industry 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 allocations 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 or investment as discussed above in Item 5 (except in the case of investments made alongside certain older KKR Credit Funds). KKR Credit or its affiliates retains such compensation to the extent it is allocable to KKR Credit Associates Vehicles (except in the case of investments made alongside certain older investment funds managed by KKR and its affiliates). 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 or Other Clients may from time to time have a specified minimum investment amount as set forth in their offering materials, disclosure documents 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 and the circumstances under which they may be waived are set forth in their respective offering materials, disclosure documents and/or governing documents.

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 or Other Clients focus, primarily, on global leveraged credit strategies, such as leveraged loan and high yield bond strategies, alternative credit strategies (including mezzanine and mezzanine-like instruments, special situations instruments, structured and illiquid credit, asset based lending and direct senior loan origination

and related instruments), equity, and real assets. Certain KKR Credit Funds may also accommodate co-investments alongside investment funds managed by KKR and its affiliates 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 or 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 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, Other Consultants, Senior Advisors, 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 generally in the case of private equity and real asset investments (if any), 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 or other portfolio 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

Illiquid and Long-Term Investments

Investments in made by most KKR Credit Funds or Other Clients require a long-term commitment, with no certainty of return. Investments by such KKR Credit Funds or Other Clients are expected to primarily be in private, illiquid loans and corporate bonds in addition, potentially, to certain private equity investments, each of which are typically subject to restrictions on transfer or sale. There can be no assurance that a KKR Credit Fund or Other Client will be able to generate returns for its investors, that the returns will be commensurate with the risks of investing in the type of transactions and issuers described herein or that KKR Credit's methodology for evaluating risk-adjusted return profiles for

investments will achieve a KKR Credit Fund's or Other Client's objectives. In some cases, a KKR Credit Fund or Other Client may be legally, contractually or otherwise prohibited from selling certain investments for a period of time or otherwise be restricted from disposing of them, and illiquidity may also result from the absence of an established market for certain investments. The realizable value of a highly illiquid investment at any given time may be less than its intrinsic value. In addition, certain types of investments made by KKR Credit Funds or Other Clients may require a substantial length of time to liquidate. As a result, KKR Credit Funds or Other Clients may be unable to realize their investment objectives by sale or other disposition at attractive prices or will otherwise be unable to complete any exit strategy.

Certain investments by KKR Credit Funds or Other Clients may be in (or result in a KKR Credit Fund or Other Client holding, for example, as collateral) securities that are or become publicly traded and are therefore subject to the risks inherent in investing in public companies (including new issues of securities). These factors are outside a KKR Credit GP's control, and could adversely affect the liquidity and value of KKR Credit Fund's or Other Client's investments, and may reduce their ability to make attractive new investments. In addition, in some cases a KKR Credit Fund or Other Client may be prohibited by contract or other limitations from selling such securities for a period of time such that it is unable to take advantage of favorable market prices. KKR Credit Funds or Other Clients will likely not have the same access to information in connection with investments in public companies, either when investigating a potential investment or after making an investment, as with investments in private companies. Furthermore, it can be expected from time to time that KKR Credit Funds and Other Clients may be limited in their ability to make investments, and to sell existing investments, in public or private companies because KKR may be deemed to have material, non-public information regarding such public companies or as a result of other internal policies. Accordingly, there can be no assurance that a KKR Credit Fund or Other Client will be able to make investments in public companies that KKR Credit otherwise deems appropriate or, if it does, as to the amount it will so invest. Moreover, the inability to sell investments in public or private companies in these circumstances could materially adversely affect the investment results of KKR Credit Funds or Other Clients. KKR Credit may, in its sole discretion, decline to receive material non-public information in respect of a public company in which a KKR Credit Fund or Other Client has invested that would otherwise be available to it to avoid being restricted from trading in securities issued by such public company or to avoid KKR Credit or its affiliates being so restricted on behalf of other KKR Funds (as defined under Item 10) or Other Clients.

Investments Longer Than Term

KKR Credit Funds and Other Clients may make investments which may not be advantageously disposed of prior to the date that a KKR Credit Fund will be dissolved or an Other Client relationship will terminate, as applicable, either by expiration of the term or otherwise. In such an event investments may be distributed in kind or sold or otherwise disposed at a disadvantageous time as a result of dissolution or termination.

Availability of Suitable Investment Opportunities

The success of a KKR Credit Fund's or Other Client's investment strategy depends on the ability of KKR Credit to identify and select appropriate investment opportunities and to acquire these investments. The industries and sectors in which a KKR Credit Fund or Other Client invests are highly competitive. KKR Credit Funds and Other Clients compete for investments with operating companies, financial institutions, and other institutional investors as well as private equity, hedge, and other investment funds, and this competition may adversely impact the availability of investments and the terms upon which KKR Credit effects and exits them.

Limited Number of Investments

KKR Credit Funds and Other Clients may participate in a relatively limited number of investments and, as a consequence, the aggregate return of a KKR Credit Fund or Other Client may be substantially adversely affected by the unfavorable performance of even a single investment. Investors have no assurance as to the degree of diversification of a KKR Credit Fund's or Other Client's investments, either by geographic region, asset type or sector. If a KKR Credit Fund or Other Client is unable to sell, assign or otherwise syndicate out loan, bond or other positions that it holds that are greater than the KKR Credit Fund's or Other Client's target positions, such KKR Credit Fund or Other Client will be forced to hold its excess interest in such investments for an indeterminate period of time. This could result in a KKR Credit Fund's or Other Client's investments being over-concentrated in certain borrowers. To the extent a KKR Credit Fund or Other Client concentrates investments in a particular borrower, investment, sector or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic or business conditions with respect thereto.

Investment Focus Adjustments

KKR Credit Funds and Other 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 their governing documents may contain a description of the types of investments that other KKR Credit Funds or Other Clients have historically made and/or information about the relevant KKR Credit Funds' or Other Clients' investment expectations, many factors may contribute to changes in emphasis in the construction of such KKR Credit Funds' or Other Clients' portfolios, 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 KKR Credit Fund or Other Client will resemble the portfolio of any prior KKR Credit Fund or Other Client.

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 Funds 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.

Force Majeure

Borrowers and other issuers of KKR Credit Funds' and Other Clients' portfolio investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism and labor strikes). Some force majeure events may adversely affect the ability of any such parties to perform their obligations until they are able to remedy the force majeure event. In addition, the cost to a borrower of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Certain force

majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which KKR Credit Funds or Other Clients may invest specifically. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over one or more portfolio companies or other issuers or their assets, could result in a loss to KKR Credit Funds or Other Clients invested in such portfolio companies or other issuers. Any of the foregoing may therefore adversely affect the performance of KKR Credit Funds or Other Clients and their portfolio investments.

Terrorism

KKR Credit Funds' or Other Clients' 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 such 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.

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.

Availability of Insurance

Certain losses of a catastrophic nature that may potentially impact all or any portfolio investments of KKR Credit Funds or Other Clients, such as wars, natural disasters, terrorist attacks or other similar events, may be either uninsurable or insurable at such high rates that to maintain such coverage would cause an adverse impact on such investments. In general, losses related to terrorism are becoming harder and more expensive to insure against. Most insurers are excluding terrorism coverage from their all-risk policies. In some cases, insurers are offering significantly limited coverage against terrorist acts for additional premiums which can greatly increase the total costs of casualty insurance for a property. As a result, not all portfolio investments may be insured against terrorism. If a major, uninsured loss occurs, KKR Credit Funds or Other Clients could lose both invested capital in and anticipated profits from affected investments.

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.

Borrower Fraud; Breach of Covenant

KKR Credit Funds or Other Clients will generally seek to obtain structural, covenant and other contractual protections with respect to the terms of their investments as determined appropriate under the circumstances. There can be no assurance that such attempts to provide downside protection with respect to their investments will achieve their desired effect and an investment in a KKR Credit Fund or Other Client should be regarded as being speculative and having a high degree of risk. Of paramount concern in originating or acquiring financing contemplated by the terms of certain KKR Credit Funds or Other Clients is the possibility of material misrepresentation or omission on the part of borrowers 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 collateral underlying a loan or the ability of KKR Credit Funds or Other Clients to perfect or effectuate a lien on collateral securing a loan or otherwise realize on an 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.

Fraudulent Conveyance, Lender Liability and Equitable Subordination

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 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 debt is used for a buyout of shareholders, this risk is greater than if such 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, a court could void or otherwise refuse to recognize payment obligations under such debt obligations or the collateral supporting such debt obligations, further subordinate debt obligations or liens supporting such obligations to other existing and future indebtedness of the issuer or require KKR Credit Funds or Other Clients to repay any amounts received by them with respect to such 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 certain circumstances, payments to KKR Credit Funds or Other Clients and distributions by KKR Credit Funds or Other Clients to investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the court's discretionary power to disallow, subordinate or disenfranchise particular claims or re-characterize investments made in the form of debt as equity contributions.

Under Title 11 of the United States Code, as amended (the “**Bankruptcy Code**”), a lender that has inappropriately exercised control of the management and policies of a company or other issuer that is a debtor under the Bankruptcy Code may have its claims against the issuer subordinated or disallowed, or may be found liable for damages suffered by parties as a result of such actions. Such claims may also be disallowed or subordinated to the claims of other creditors if the lender (e.g., a KKR Credit Fund or Other Client) (i) is found to have engaged in other inequitable conduct resulting in harm to other parties, (ii) intentionally takes action that results in the undercapitalization of a borrower, (iii) engages in fraud with

respect to, or makes misrepresentations to other creditors, or (iv) uses its influence as a shareholder to dominate or control a borrower to the detriment of other creditors of such borrower. The 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 an issuer prior to its filing under the Bankruptcy Code. While KKR Credit Funds and Other Clients attempt to avoid taking the types of action that would lead to the subordination, disallowance and liability, there can be no assurance that such claims will not be asserted or that KKR Credit Funds or Other Clients will be able successfully to defend against them.

Investments in Highly Leveraged Companies

Investments by KKR Credit Funds and Other Clients may include investments in portfolio companies and other issuers whose capital structures may have significant leverage (including to the extent KKR Credit Funds or Other Clients hold second-lien debt interests, certain leverage senior to KKR Credit Funds' or Other Clients' investment). Such investments are inherently more sensitive to declines in revenues, competitive pressures and increases in expenses and interest rates. The leveraged capital structure of such issuers will increase their exposure to adverse economic factors such as downturns in the economy or deterioration in the condition of the issuers or their industries, and, to the extent KKR Credit Funds or Other Clients hold second lien or other subordinated debt interests therein, such issuers may be subject to restrictive financial and operating covenants in more senior debt instruments and contracts that adversely impact KKR Credit Funds' or Other Clients' investments. This leverage may result in more serious adverse consequences to such issuers (including their overall profitability or solvency) in the event these factors or events occur than would be the case for less leveraged companies. If an issuer cannot generate adequate cash flow to meet debt obligations, the issuer may default on its loan agreements or bonds or be forced into bankruptcy resulting in a restructuring of the issuer's capital structure or liquidation of the issuer. Furthermore, to the extent issuers in which KKR Credit Funds or Other Clients have invested become insolvent KKR Credit Funds or Other Clients may determine, in cooperation with other debt holders or on their own, to engage, at the KKR Credit Funds' and Other Clients' expense in whole or in part, counsel and other advisors in connection therewith. In addition to leverage in the capital structure of portfolio companies and other issuers, a KKR Credit GP may incur leverage on behalf of KKR Credit Funds or Other Clients.

Recharacterization

KKR Credit Funds or Other Clients may seek to place their representatives on the boards of certain companies or other issuers in which KKR Credit Funds or Other Clients have invested. KKR Credit Funds or Other Clients may also invest in portfolio companies or other issuers in which KKR and/or other KKR Credit Funds or Other Clients have representatives on the boards of such issuers. While such representation may enable KKR Credit Funds or Other Clients to enhance the sale value of their debt investments in an issuer, such involvement (and/or any equity interests of KKR Credit Funds or Other Clients in such issuer) may also prevent KKR Credit Funds or Other Clients from freely disposing of their debt investments and may subject KKR Credit Funds or Other Clients to additional liability or result in recharacterization of KKR Credit Funds' or Other Clients' debt investments as equity. KKR Credit Funds or Other Clients will indemnify KKR Credit GPs and its affiliates (including KKR Credit and KKR), and the members, partners, equity holders, directors, officers, employees and, if specifically agreed by a KKR Credit GP, agents of each of them, for claims arising from such board representation. KKR Credit Funds or Other Clients will attempt to balance the advantages and disadvantages of such representation when deciding whether and how to exercise their rights with respect to such issuers, but the exercise of such rights could produce adverse consequences in particular situations.

Reliance on Third-Party Company Management

The day-to-day operations of each portfolio company or other issuer in which KKR Credit Funds or Other Clients will invest will be the responsibility of such issuer's management team, which is expected to include representatives of other financial investors with whom KKR Credit Funds or Other Clients are not affiliated and whose interests may at times conflict with the interests of KKR Credit Funds or Other Clients. Although KKR Credit GPs are responsible for monitoring the performance of each investment and generally invest in companies and other issuers operated by strong management, KKR Credit Funds or Other Clients rely significantly on the management teams and board of directors (or other governing bodies) of issuers in which they invest. There can be no assurance that an existing management team of any issuer, or any successor thereto, will be able to operate such issuer in accordance with KKR Credit Funds' or Other Clients' expectations. Similar considerations apply where KKR Credit Funds or Other Clients invest through joint ventures, "club" deals and other arrangements in which third-parties and third-party management teams have material control rights.

Expedited Investment Decisions; Opportunistic Investments

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 or 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 portfolio company or other 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. Similar concerns may arise to the extent that a KKR Credit Fund or Other Client makes opportunistic investments in broadly syndicated debt. The circumstances of such investments may not facilitate the type of due diligence KKR Credit generally seeks to conduct in respect of investments. In addition, KKR Credit expects often to rely upon independent consultants in connection with its evaluation of proposed investments. No assurance can be given as to the accuracy or completeness of the information provided by such independent consultants and KKR Credit Funds or Other Clients may incur liability as a result of such consultants' actions.

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 intends 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's or Other Client's control. Expenses associated with an activist investment strategy, including potential litigation or other transactional costs, will be borne by the relevant 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 identify portfolio companies whose equity prices can be improved through corporate and/or strategic action; (ii) that a KKR Credit Fund or Other Client acquire 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 KKR Credit Fund's 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 such KKR Credit Fund or Other Client anticipates, even if a corporate governance strategy is successfully implemented.

Investments in Initial Public Offerings

Investments in initial public offerings invested 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 an 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 their 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, their 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.

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.

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 Fund's or Other Client's position may nevertheless have been substantial and its disposal may depress the market price for such stock.

Credit Investment Risk

Collateral Risk

KKR Credit Funds or Other Clients will generally seek to make investments that a KKR Credit GP believes are secured by specific collateral, the value of which may initially exceed the principal amount of such investments, and which, if securing first priority liens, generally cannot be pledged, lent, re-hypothecated or otherwise reused by the borrower, there can be no assurance that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments with respect to such investments and such investments may be exposed to losses resulting from default and foreclosure. In the event of a foreclosure, KKR Credit Funds or Other Clients may directly or indirectly assume ownership of the underlying collateral. There can be no assurance that such collateral could be readily liquidated or that the liquidation proceeds upon sale of any such collateral would satisfy the entire outstanding balance of principal and interest on the loan. Any costs or delays involved in the effectuation of a foreclosure of a loan or a liquidation of underlying collateral will further reduce proceeds realized from a loan and increase losses.

KKR Credit Funds or Other Clients cannot guarantee the adequacy of the protection of their interests in connection with any investment, including the validity or enforceability of a loan and the maintenance of the anticipated priority and perfection of applicable security interests. Under certain circumstances, collateral securing an investment may be released without the consent of a KKR Credit Fund or Other Client. KKR Credit Funds' or Other Clients' security interests with respect to investments in secured debt may be unperfected for a variety of reasons, including the failure to make required filings by lenders and, as a result, KKR Credit Funds or Other Clients may not have priority over other creditors as anticipated. Furthermore, KKR Credit Funds or Other Clients cannot assure that claims may not be asserted that might interfere with enforcement of KKR Credit Funds' or Other Clients' rights. First priority lien investments made by KKR Credit Funds or Other Clients may, in certain cases, provide a first priority lien over some, but not all, of the assets of the relevant borrower. KKR Credit Funds or Other Clients may also invest in second-lien debt investments and may from time to time, for example, to the extent it receives such assets in a restructuring or such assets are issued or otherwise acquired in connection with an investment in secured debt or in the operator or manager of any related platform, hold high yield securities, marketable and non-marketable common and preferred equity securities and warrants and other unsecured investments each of which involves a higher degree of risk than senior first-lien secured debt investments, including the reuse and subsequent loss of any such collateral by the borrower. Furthermore, KKR Credit Funds' or Other Clients' rights to payment and their security interests, if any, may be subordinated to the

payment rights and security interests of senior lenders with respect to some or all of the assets of a portfolio company or other issuer. Certain of these investments may have an interest-only payment schedule, with the principal amount remaining outstanding and at risk until the maturity of the investment. In such cases, an issuer's ability to repay the principal of an investment may be dependent upon a liquidity event or the long-term success of the issuer, the occurrence of which is uncertain.

Similarly, while KKR Credit Funds or Other Clients will generally target investing in companies and other issuers it believes are of high quality, these issuers could still present a high degree of business and credit risk. Issuers in which KKR Credit Funds or Other Clients invest could deteriorate as a result of, among other factors, an adverse development in their businesses, a change in the competitive environment or the continuation or worsening of the current (or any future) economic and financial market downturns and dislocations. As a result, companies and other issuers that KKR Credit Funds or Other Clients expect to be stable or improve may operate, or expect to operate, at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or maintain their competitive position, or may otherwise have a weak financial condition or be experiencing financial distress.

Counterparty Default

The stability and liquidity of repurchase agreements, swap transactions, forward transactions and other over-the-counter ("OTC") derivative transactions in which KKR Credit Funds or Other Clients may engage in for hedging purposes depend in large part on the creditworthiness of the broker-dealers or other counterparties to the transactions. KKR Credit will monitor, on an ongoing basis, the creditworthiness of firms with which it will enter into such transactions. If there is a default by the counterparty to such a transaction, KKR Credit will, under most normal circumstances, have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in losses to KKR Credit Funds or Other Clients. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. If one or more of the counterparties were to become insolvent or the subject of insolvency proceedings in the U.S. (either under the U.S. Securities Investor Protection Act ("SIPA") or the Bankruptcy Code), there exists the risk that the recovery of KKR Credit Funds' or Other Clients' securities and other assets from such counterparty will be delayed or be of a value less than the value of the securities or assets originally entrusted to such counterparty. Furthermore, in the event that any of KKR Credit Funds' or Other Clients' prime brokers (if any) rehypothecate KKR Credit Funds' or Other Clients' securities held with such prime broker and such prime broker becomes the subject of liquidation proceedings under SIPA, only the KKR Credit Funds' or Other Clients' "customer name securities" will be returned to them; KKR Credit Funds or Other Clients will have a "net equity" claim for the remainder of their securities, which will be satisfied from the aggregate pool of remaining customer property held by such prime broker.

In addition, KKR Credit Funds or Other Clients may from time to time use counterparties located in jurisdictions outside the U.S. Such counterparties usually are subject to laws and regulations in non-U.S. jurisdictions that are designed to protect customers in the event of their insolvency. However, the practical effect of these laws and their application to KKR Credit Funds' or Other Clients' assets may be subject to substantial limitations and uncertainties. Because of the range of possible factual scenarios involving the insolvency of a counterparty and the potential number of entities and jurisdictions that may be involved, it is impossible to generalize about the effect of such an insolvency on KKR Credit Funds or Other Clients and their assets. Investors should assume that the insolvency of any such counterparty would result in significant delays in recovering KKR Credit Funds' or Other Clients' financial instruments from or the payment of claims therefor by such counterparty and a loss to KKR Credit Funds or Other Clients, which could be material.

Short Sales

KKR Credit manages short positions in certain KKR Credit Funds and Other Clients. 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.

Debt Securities

KKR Credit Funds and Other Clients invest in various types of debt securities and instruments. 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 a KKR Credit Fund or Other Client invests 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 their 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.

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 such KKR Credit Fund or Other Client to liquidate positions in the company.

Mezzanine Securities and Mezzanine-Like Instruments

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.

Bankruptcy, Restructuring, Insolvency and Other Proceedings

Investments in companies or other issuers involved in bankruptcy, restructuring or insolvency proceedings involve a number of significant risks. Many of the events within such proceedings can be adversarial and often beyond the control of creditors. While creditors may be afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy, insolvency or other applicable court or judge will not approve actions which may be contrary to the interests of KKR Credit Funds or Other Clients, particularly in those jurisdictions which give a comparatively high priority to preserving the debtor company as a going concern, or to protecting the interests of either creditors with higher ranking claims in bankruptcy or of other stakeholders, such as employees.

Generally, the duration of a bankruptcy, restructuring or insolvency proceeding can only be roughly estimated. The reorganization of an issuer usually involves the development and negotiation of a plan of reorganization, plan approval by creditors and confirmation by the bankruptcy court. This process can involve substantial legal, professional and administrative costs to the issuer and KKR Credit Funds or Other Clients and may be subject to unpredictable and lengthy delays, particularly in jurisdictions which do not have specialized insolvency courts or judges and/or may have a higher risk of political interference in insolvency proceedings, all of which may have adverse consequences for KKR Credit Funds or Other Clients. During such processes, an issuer's competitive position may erode, key management may depart and an issuer may not be able to invest adequately. In some cases, an issuer may not be able to reorganize and may be required to liquidate assets. The debt of companies and other issuers in financial reorganization will, in most cases, not pay current interest, may not accrue interest during reorganization and may be adversely affected by an erosion of the issuer's fundamental values. Such investments can result in a total loss of principal.

One of the protections offered in certain jurisdictions in bankruptcy proceedings is a stay on required payments by the borrower on loans or other securities. When a company or other issuer seeks relief under the bankruptcy laws of a particular jurisdiction (or has a petition filed against it), an automatic stay prevents all entities, including creditors, from foreclosing or taking other actions to enforce claims, perfect liens or reach collateral securing such claims. Creditors who have claims against an issuer prior to the date of the bankruptcy filing must generally petition the court to permit them to take any action to protect or enforce their claims or their rights in any collateral. Such creditors may be prohibited from doing so if the court concludes that the value of the property in which a creditor has an interest will be "adequately protected" during the proceedings. If the bankruptcy court's assessment of adequate protection is inaccurate, a creditor's collateral may be wasted without the creditor being afforded the opportunity to preserve it. Thus, even if a KKR Credit Fund or Other Client holds a secured claim, it may

be prevented from collecting the liquidation value of the collateral securing its debt, unless relief from the automatic stay is granted by the court. If relief from the stay is not granted, the KKR Credit Fund or Other Client may not realize a distribution on account of its secured claim until a plan of reorganization or liquidation for a debtor is confirmed. Bankruptcy proceedings are inherently litigious, time consuming, highly complex and driven extensively by facts and circumstances, which can result in challenges in predicting outcomes. The equitable power of bankruptcy judges also can result in uncertainty as to the ultimate resolution of claims. A stay on payments to be made on the assets of a KKR Credit Fund or Other Client could adversely affect the value of those assets and the KKR Credit Fund or Other Client itself. Other protections in such proceedings may include forgiveness of debt, the ability to create super-priority liens in favor of certain creditors of the debtor and certain well-defined claims procedures. Additionally, the numerous risks inherent in the insolvency process create a potential risk of loss by KKR Credit Funds or Other Clients of their entire investment in any particular issuer. Insolvency laws may, in certain jurisdictions, result in a restructuring of the debt without KKR Credit Funds' or Other Clients' consent under the "cramdown" provisions of applicable insolvency laws and may also result in a discharge of all or part of the debt without payment to KKR Credit Funds or Other Clients.

Investment Ranking

In many cases, the portfolio companies in which a KKR Credit Fund or Other Client invests have, or are permitted to have, outstanding indebtedness or equity securities that rank senior to such investments. 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 such investments. 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 a KKR Credit Fund's or Other Client's investment would typically be entitled to receive payment in full before distributions could be made in respect of their investment. Dividends and distributions paid to KKR Credit Funds or Other Clients, as well as fees such as transaction fees and monitoring fees which may be creditable in whole or in part, depending on the applicable terms of the relevant KKR Credit Funds or Other Clients, 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 or Other Clients in portfolio companies may be equitably subordinated to the debt investments made by third parties in such portfolio companies. After repaying senior security holders, such companies may not have any remaining assets to use for repaying amounts owed in respect of such investments. To the extent that any assets remain, holders of claims that rank equally with a KKR Credit Fund's or Other Client's investments 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 a KKR Credit Fund or Other Client to influence a company's affairs and to take actions to protect an investment may be substantially less than that of the senior creditors.

Interest Rate Risk

KKR Credit Funds' or Other Clients' investments will expose them 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 U.S. and non-U.S. financial markets. KKR Credit Funds or Other Clients expect that they will periodically experience imbalances in the interest rate sensitivities of their assets and liabilities and the relationships of various interest rates to each other. In a changing interest rate environment, KKR Credit may not be able to manage this risk effectively. If KKR Credit is unable to

manage interest rate risk effectively, KKR Credit Funds' or Other Clients' performance could be adversely affected.

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.

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 relevant 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.

Credit Rating

Rating agencies rate debt securities based upon their assessment of the likelihood of the receipt of principal and interest payments. Rating agencies do not consider the risks of fluctuations in market value or other factors that may influence the value of debt securities. Therefore, the credit rating assigned to a particular instrument may not fully reflect the true risks of an investment in such instrument. Credit rating agencies may change their methods of evaluating credit risk and determining ratings. These changes may occur quickly and often. While KKR Credit Funds or Other Clients may give some consideration to ratings, ratings may not be indicative of the actual credit risk of KKR Credit Funds' or Other Clients' investments in rated instruments.

High Yield Debt

KKR Credit Funds or Other Clients may, from time to time, hold debt investments that may be classified as "higher-yielding" (and, therefore, higher-risk) investments. In most cases, such debt will be rated below "investment grade" 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. The market for high yield securities has recently experienced periods of volatility and reduced liquidity. The market values of certain of these debt investments may reflect individual corporate developments. General economic recession or a major decline in the demand for products and services in which the borrower operates would likely have a materially adverse impact on the value of such securities. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of these high yield debt investments.

Convertible Securities

KKR Credit Funds or Other Clients may invest in or otherwise hold convertible securities. Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into, or exchanged for, a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles its holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases.

The value of a convertible security is a function of its “investment value” (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its “conversion value” (the security’s worth, at market value, if converted into the underlying common stock). 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. The credit standing of the issuer and other factors also have an effect on the convertible security’s investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. 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 generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity.

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 KKR Credit Funds or Other Clients is called for redemption, the relevant KKR Credit Funds or Other Clients 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. Any of these actions could have an adverse effect on such KKR Credit Funds’ or Other Clients’ ability to achieve their investment objective.

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.

Participations Interests

KKR Credit Funds or Other Clients may invest in broadly syndicated loans indirectly through acquiring participation interests in all or a portion of a loan, and any related collateral or an indirect interest (for example, through a swap or other derivative instrument) in such a participation interest. Participations in a loan will result in a contractual relationship between a KKR Credit Fund or Other Client 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 or 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 or Other Clients limited consent rights to amendments of the underlying credit documents. Similarly, KKR Credit Funds or Other Clients will not have any direct rights against the issuers of the related notes, any direct rights or recourse in the collateral, if any, securing such notes, or any right to deal directly with any such issuers. The note holder may, in general, retain the right to determine whether remedies provided for in the underlying indenture will be exercised, or waived, without any prior consultation with, or consent by, KKR Credit Funds or Other Clients. In the event that a KKR Credit Fund or Other Client enters into such an indirect investment or derivative transaction, there can be no assurance that the relevant KKR Credit Fund's or Other Client's ability to realize upon a participation or derivative interest will not be interrupted or impaired in the event of the bankruptcy or insolvency of any of the borrower, the note holder or the KKR Credit Fund's or Other Client's counterparty in such indirect investment or derivative transaction.

Asset-Backed Securities

KKR Credit Funds or Other Clients may invest in opportunities to directly finance certain financial assets including asset-backed securities (“ABSs”) and other structured products, which are securities and instruments backed by mortgages, including commercial mortgage-backed securities, trade claims, installment sale contracts, credit card receivables or other assets and which include collateralized debt obligations. The investment characteristics of ABSs differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that the principal may be prepaid at any time because the underlying loans or other assets generally may be prepaid at any time. ABSs are not secured by an interest in the related collateral. Credit card receivables, for example, are generally unsecured and the debtors are entitled to the protection of a number of U.S. state and federal (and comparable non-U.S.) consumer loan laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Most issuers of ABSs backed by automobile receivables permit the servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related ABSs. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the ABSs may not have a proper security interest in all of the obligations backing such ABSs. Therefore, there is a possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities. The risk of investing in ABSs is ultimately dependent upon payment of consumer loans by the debtor.

The collateral supporting ABSs is of shorter maturity than certain other types of loans and is less likely to experience substantial prepayments. ABSs are often backed by pools of any variety of assets, including, for example, leases, mobile home loans and aircraft leases, which represent the obligations of a number of different parties and use credit enhancement techniques such as letters of credit, guarantees or preference rights. The value of an ABS is affected by changes in the market's perception of the asset backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement.

In addition, investments in subordinated ABSs involve greater credit risk of default than the senior classes of the issue or series. Default risks are further pronounced in the case of ABSs secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying loans. Certain subordinated securities absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement equity. Such securities, therefore, possess some of the attributes typically associated with equity investments.

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 instruments that make periodic interest payments. Such investments are more vulnerable to the creditworthiness of the issuer and any other parties upon which performance relies.

Time Required for Maturity of Investments

Certain individual loans or bonds held by a KKR Credit Fund or Other Client may have terms longer than the term of a KKR Credit Fund or Other Client and certain loans may have grace periods of several years. Furthermore, a KKR Credit Fund or Other Client 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 investors 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 KKR Credit Funds or Other Clients for less than their potential value.

Early Prepayment

Senior debt investments generally have maturities ranging from six to seven years. Given that much senior debt is repaid early, the actual maturity of such investments is typically shorter than their stated final maturity calculated solely on the basis of the stated life and repayment schedule. Generally, voluntary prepayments are permitted and the timing of prepayments cannot be predicted with any accuracy. The degree to which borrowers prepay senior debt, whether as a contractual requirement or at their election, may be affected by general business conditions, market interest rates, the borrower's financial condition and competitive conditions among lenders. Prepayments are likely to be made during any period of declining interest rates. Such prepayments may result in KKR Credit Funds or Other Clients receiving a lower than anticipated yield on such investments.

Limited Amortization Requirements

KKR Credit Funds or Other Clients may invest in loans that have limited mandatory amortization requirements. While these loans may obligate the borrower to repay the loans out of asset sale proceeds or with annual excess cash flow, repayment requirements may be subject to substantial limitations that would allow a borrower to retain such asset sale proceeds or cash flow, thereby extending the expected weighted average life of the investment. In addition, a low level of amortization of any debt over the life of the investment may increase the risk that a borrower will not be able to repay or refinance the loans held by KKR Credit Funds or Other Clients when they mature.

Risks Arising from Purchases of Debt on a Secondary Basis

KKR Credit Funds and Other Clients may invest in loans and debt securities acquired on a secondary basis. KKR Credit Funds and Other Clients are unlikely to be able to negotiate the terms of such debt as part of their acquisition and, as a result, these investments may not include some of the covenants and protections KKR Credit Funds and Other Clients may generally seek. Even if such covenants and protections are included in the investments held by KKR Credit Funds and Other Clients, the terms of the investments may provide the relevant borrowers with substantial flexibility in determining compliance with such covenants. In addition, the terms on which debt is traded on the secondary market may

represent a combination of the general state of the market for such investments and either favorable or unfavorable assessments of particular investments by the sellers thereof.

Leverage and Borrowing Risk

General

KKR Credit Funds or Other Clients may seek to make investments on a leveraged basis, and a portion of such borrowing may be at floating interest rates. Leverage may also be employed for hedging, advancing capital calls and other cash management purposes. Leverage may be applied with respect to KKR Credit Funds' and Other Clients' portfolios as a whole or with respect to one or more investments, and the presence of such borrowings will magnify the volatility of KKR Credit Funds' or Other Clients' investment portfolios and substantially increase the risk profile of KKR Credit Funds and Other Clients and their investments. In addition to more traditional borrowing structures, KKR Credit Funds or Other Clients may structure credit facilities through the use of one or more revolving credit facilities or a special purpose vehicle, including, without limitation, one in which the lenders are senior secured note holders and a KKR Credit Fund or Other Client is a subordinated note holder. No assurance can be given that financing for KKR Credit Funds' and Other Clients' investments will be obtained by KKR Credit Funds or Other Clients, or obtained on favorable or acceptable terms, including terms which reflect the financing provided by KKR Credit Funds or Other Clients. In addition, once initial financing is obtained by a KKR Credit Fund or Other Client, no assurance can be given that such financing will subsequently be available throughout the life of the relevant KKR Credit Fund or Other Client or any individual investment. If a KKR Credit Fund or Other Client is unable to obtain financing, including on favorable terms that reflect its underlying investment (for example, term of borrowing by the KKR Credit Fund or Other Client versus term of financing provided by the KKR Credit Fund or Other Client), this may have a material adverse effect on the KKR Credit Fund's or Other Client's ability to achieve its investment objectives and the rate of return on invested capital.

The principal, interest expense and other costs incurred in connection with any leverage incurred by a KKR Credit Fund or Other Client may not be recovered by the income from and appreciation in the investments of the relevant KKR Credit Fund or Other Client. Gains realized with borrowed funds may cause KKR Credit Funds' or Other Clients' returns to increase at a faster rate than would be the case without borrowings. If, however, investment results fail to cover the principal, interest and other costs of borrowings, a KKR Credit Fund's or Other Client's returns could also decrease faster than if there had been no borrowings. Additionally, if the investments fail to perform to expectation, the interests of investors will be structurally subordinated to such leverage, which will compound any such adverse consequences. Lenders may, under the terms of financing arrangements put in place with them, have the right to withhold distributions of interest payments in respect of any or all leveraged investments for various reasons, including in the event that any such investment fails to perform to expectation. Further, to the extent income received from investments is used to make payments under any financing arrangement, investors may be allocated income, and therefore tax liability, in excess of cash received by them in distributions. Leverage incurred by KKR Credit Funds or Other Clients may be secured by assignment of the obligations of investors to make capital contributions to KKR Credit Funds or Other Clients and a security interest in the investments made by KKR Credit Funds or Other Clients.

KKR Credit Funds' or Other Clients' use of borrowings to create leverage subjects KKR Credit Funds and Other Clients to additional risks. For example, depending on the type of facility, a decrease in the market value of KKR Credit Funds' or Other Clients' investments, which, among other things, may be caused by a decrease in the credit rating of the investments, would increase the effective amount of leverage and could result in the possibility of a "margin call," pursuant to which KKR Credit Funds or Other Clients must either deposit additional funds or collateral with the lender, which may require the

investors to make additional capital contributions to KKR Credit Funds or Other Clients or suffer mandatory liquidation of the pledged collateral to compensate for the decline in value. Liquidation of their investments at an inopportune time in order to satisfy a “margin call” would adversely impact the performance of KKR Credit Funds and Other Clients and could, if the value of their collateral has declined enough, cause KKR Credit Funds and Other Clients to lose all or a substantial amount of their capital. Moreover, if additional capital contributions were required to satisfy a “margin call,” this would effectively reduce the amount of capital available for other investments and could adversely affect the diversification of KKR Credit Funds’ or Other Clients’ portfolios. In the event of a sudden, precipitous drop in the value of KKR Credit Funds’ or Other Clients’ assets, KKR Credit Funds or Other Clients might not be able to liquidate assets quickly enough to pay off their debts.

KKR Credit Funds’ and Other Clients’ assets, including any investments made by KKR Credit Funds and Other Clients and any capital held by KKR Credit Funds and Other Clients, may be available to satisfy all liabilities and other obligations of KKR Credit Funds and Other Clients. If KKR Credit Funds or Other Clients default on secured indebtedness, the lender may foreclose and KKR Credit Funds or Other Clients could lose their entire investment in the collateral for such loan. If KKR Credit Funds or Other Clients themselves become subject to a liability, parties seeking to have the liability satisfied may have recourse to KKR Credit Funds’ or Other Clients’ assets generally and not be limited to any particular asset, such as the investment giving rise to the liability. KKR Credit Funds’ or Other Clients’ financing arrangements may be structured generally as a portfolio financing where all investments are cross-collateralized and multiple investments may be subject to the risk of loss. As a result, KKR Credit Funds or Other Clients could lose their interests in several performing investments in the event any investment is cross-collateralized with poorly performing or non-performing investments.

Capital Calls and Use of Subscription Lines and Asset-Backed Facilities

KKR Credit Funds or Other Clients expect to apply leverage, including subscription facilities or asset-based leverage, to enhance the return profile of certain investments (the collateral for which can be, for example, one or more assets of a KKR Credit Fund or Other Client (i.e., asset-backed facilities), or the unused capital commitments of investors (i.e., subscription lines). For administrative convenience, drawdowns, including those used to pay interest on subscription lines, asset-backed facilities and other indebtedness, are generally expected to be “batched” together into larger, less frequent capital calls (although actual timing and amounts may vary), with KKR Credit Funds’ or Other Clients’ interim capital needs being satisfied by KKR Credit Funds or Other Clients borrowing money from such credit facilities and investment proceeds. Furthermore, KKR Credit Funds or Other Clients may borrow money from such credit facilities for the purposes of making portfolio investments with no intention of calling capital from investors to repay such borrowings. There generally is no limitation on the amount of time any such borrowing may remain outstanding and the interest expense and other costs of any such borrowings will be fund expenses and, accordingly, may decrease net returns of a KKR Credit Fund or Other Client. It is expected that interest will accrue on any such outstanding borrowings at a rate lower than the applicable preferred return (with the applicable preferred return beginning to accrue when capital contributions to repay borrowings used to fund such portfolio investments are actually made to KKR Credit Funds or Other Clients). In light of the foregoing, a KKR Credit GP may have an incentive to permanently fund an acquisition and ongoing capital needs of portfolio investments and the relevant KKR Credit Funds or Other Clients with the proceeds of such borrowings in lieu of drawing down unused capital commitments on a just-in-time basis, and, accordingly, capital contributions to repay such borrowings may be required only at the time of disposition of portfolio investments.

To the extent that KKR Credit Funds or Other Clients are unable to obtain a subscription line, or a KKR Credit GP determines that the terms of such facility would not be appropriate for a KKR Credit Fund or Other Client or otherwise determines not to use such facility or access to such facility otherwise becomes

unavailable, a KKR Credit GP may draw down capital commitments in advance as pooled contributions and hold them in reserve in order to make portfolio investments, satisfy fees and expenses and other capital needs as such needs arise in the future.

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.

Energy Related Investments

General

KKR Credit Funds and Other Clients may invest in debt related securities of the energy industry. Electric generation and transmission, as well as oil, natural gas, and coal storage, handling, processing and transportation, are typically regulated to varying degrees. In addition to restrictions imposed by environmental regulators, statutory and regulatory requirements may include those imposed by energy, zoning, land use, safety, labor and other regulatory or political authorities. It is possible that changes to applicable regulations or regulatory practice could have adverse consequences for an investment by a KKR Credit Fund or Other Client.

Ordinary operation or the occurrence of an accident with respect to an energy asset could cause major environmental damage, which may result in significant financial distress to such asset, if not covered by insurance. Certain environmental laws and regulations may require that an owner or operator of an energy 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. As a result, certain of KKR Credit Funds' or Other Clients' investments in the energy sector may be exposed to substantial risk of loss from environmental claims. Furthermore, changes in environmental laws or regulations or the environmental condition of an energy investment may create liabilities that did not exist at the time of the investment by the KKR Credit Fund or Other Client and that could not have been foreseen. Community and environmental groups may protest about the development or operation of energy assets, which may induce government action to the detriment of KKR Credit Funds or Other Clients. 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 the issuer of a portfolio investment, or could otherwise place such issuers at a competitive disadvantage compared to other companies, and failure to comply with any such requirements could have an adverse effect on such issuers. Some of the most onerous environmental requirements regulate air emissions of pollutants and greenhouse gases; these requirements may particularly affect companies in the power and energy industry.

Energy Industry Market Dislocation

Recent events in the energy markets have caused significant dislocations and illiquidity in the credit market for energy companies. To the extent that such events are not temporary and continue (or even worsen), this may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Any resulting economic downturn could

adversely affect the financial resources of borrowers in which KKR Credit Funds or Other Clients have invested and result in the inability of such borrowers to make principal and interest payments on, or refinance, outstanding debt when due. In the event of such defaults, KKR Credit Funds or Other Clients may suffer a partial or total loss of their investment in such companies, which would, in turn, have an adverse effect on KKR Credit Funds' or Other Clients' returns. Such marketplace events also may restrict the ability of KKR Credit Funds or Other Clients to sell or liquidate portfolio investments at favorable times or for favorable prices (although such marketplace events may not foreclose KKR Credit Funds' or Other Clients' ability to hold such investments until maturity). A stabilization or improvement of the conditions in the global financial markets generally and the energy markets and credit markets specifically likely would aid KKR Credit Funds' or Other Clients' portfolio investments in these sectors. Absent such a recovery or in the event of a further market deterioration, the value of KKR Credit Funds' or Other Clients' portfolio investments may not appreciate as projected (if applicable) or may suffer a loss. There can be no assurance as to the duration of any perceived current market dislocation.

Commodity Prices

Investments made by KKR Credit Funds or Other Clients may be subject to commodity price risk. The operation and cash flows of any issuer in which KKR Credit Funds or Other Clients invest 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 KKR Credit, including, without limitation, weather conditions, foreign and domestic supply and demand, force majeure events, changes in law, governmental regulations, price and availability of alternative commodities, international political conditions and overall economic conditions.

Without limiting the foregoing, to the extent that KKR Credit Funds or Other Clients make investments in the oil and gas industry, KKR Credit Funds' or Other Clients' performances in respect thereof will be impacted by, among other things, changes in oil, natural gas and natural gas liquids prices. Oil, natural gas and natural gas liquids prices have been, and are likely to continue to be, volatile and subject to wide fluctuations in response to any of the following factors: (i) relatively minor changes in the supply of and demand for oil, natural gas, natural gas liquids or coal; (ii) market uncertainty and the condition of various economies (including interest rates, levels of economic activity, the price of securities and the participation by other investors in the financial markets); (iii) political conditions in international oil producing regions; (iv) terrorist acts; (v) the extent of domestic production and importation of oil, natural gas, natural gas liquids or coal in certain relevant markets; (vi) the level of consumer demand; (vii) weather conditions; (viii) the competitive position of oil, natural gas, natural gas liquids or coal as a source of energy as compared with other energy sources; (ix) the refining capacity of oil, natural gas and natural gas liquids; (x) the effect of non-U.S., federal and state regulation on the production, transportation and sale of oil and other price controls, taxes and environmental laws and regulations; (xi) the price of non-U.S. imports; (xii) the value of the U.S. dollar; (xiii) the availability of pipeline capacity; and (xiv) a variety of other factors beyond KKR Credit's control. Any substantial and extended decline in the price of oil, natural gas or natural gas liquids would have an adverse effect on the revenues, profitability and cash flows from operations of the issuers of KKR Credit Funds' or Other Clients' portfolio investments in this sector.

In addition, estimates of hydrocarbon reserves by qualified engineers are often a key factor in valuing certain oil and gas assets. These estimates are subject to wide variances based on changes in commodity prices and certain technical assumptions. Accordingly, it is possible for such reserve estimates to be significantly revised from time to time, creating significant changes in the value of KKR Credit Funds' or Other Clients' portfolio investments.

Volatile oil, natural gas and natural gas liquids prices make it difficult to estimate the value of developed properties for acquisition and divestiture and often cause disruption in the market for oil, natural gas and natural gas liquids developed properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

Real Estate Investments

Real Estate Assets

KKR Credit Funds or Other Clients may make investments for which real estate is a significant portion of the relevant portfolio company's or other issuer's asset base or value. Real estate values are affected by a number of factors, including changes in the general economic climate, local conditions (such as an oversupply of or a reduction in demand for real estate), the quality and philosophy of management, competition based on rental rates, attractiveness and location of the properties, financial condition of tenants, buyers and sellers of properties, quality of maintenance, insurance and management services and changes in operating costs. Real estate values are also affected by and sensitive to factors such as government regulations (including those governing usage, improvements, zoning and taxes), interest rate levels, the availability of financing and potential liability under changing environmental and other laws.

Real estate assets generally will be subject to the risks incident to the ownership and operation of real estate and real estate-related assets and/or risks incident to the making of nonrecourse mortgage loans secured by real estate, including risks associated with both the domestic and international general economic climates; local real estate conditions; risks due to dependence on cash flow; risks and operating problems arising out of the absence of certain construction materials; changes in supply of, or demand for, competing properties in an area (as a result, for instance, of overbuilding); the financial condition of tenants, buyers and sellers of properties; changes in availability of debt financing; energy and supply shortages; changes in the tax, real estate, environmental and zoning laws and regulations; various uninsured or uninsurable risks; natural disasters; and the ability of KKR Credit Funds, Other Clients or third-party borrowers to manage the real properties. KKR Credit Funds or Other Clients may incur the burdens of ownership of real property, which include the paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property. In addition, an investment in real estate may subject investors to taxation and tax return filings with respect to such investment in the jurisdiction in which such real estate is located.

KKR Credit Funds or Other Clients may engage in the financing of real estate assets on a passive basis, giving a third-party operating partner and/or property manager and/or joint venture partner a large degree of authority and responsibility for daily management of the assets and, therefore, will, in large part, be dependent on the ability of third parties to successfully operate the underlying real estate assets. In addition, KKR Credit Funds or Other Clients will be unable to exercise sole decision-making authority and will be subject to the risk that a joint venturer or partner or manager will act negligently or in a manner contrary to KKR Credit Funds' or Other Clients' best interests. There is no assurance that there will be a ready market for resale of any such investments because investments in real estate generally are not liquid; holding periods accordingly are difficult to predict, particularly as business plans may be revised to adapt to changing economic, business and financial conditions.

Significant expenditures associated with real estate assets, such as mortgage payments, real estate taxes and maintenance costs, are generally not reduced when circumstances cause a reduction in income from the assets.

The insurance coverage applicable to real estate assets contains policy specifications and insured limits customarily carried for similar properties, business activities and markets. There may be certain losses, including losses from floods and losses from earthquakes, acts of war, acts of terrorism or riots, that are not generally insured against or that are not generally fully insured against because it is not deemed to be economically feasible or prudent to do so. If an uninsured loss or a loss in excess of insured limits occurs with respect to a real estate asset, KKR Credit Funds or Other Clients could experience a significant loss and could potentially remain obligated under any recourse debt associated with the property.

Under various U.S., state, and local laws, ordinances and regulations, a current or previous owner, developer or operator of real estate may be liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, under or in its property. Certain similar considerations may apply with respect to non-U.S. assets. The costs of removal or remediation of such substances could be substantial. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of such hazardous substances. KKR Credit will attempt to assess such risks as part of their due diligence activities including in respect to their exposure to such liabilities as the provider of financing in respect of such assets, but cannot give any assurance that such conditions do not exist or may not arise in the future. The presence of such substances on the real estate assets underlying KKR Credit Funds' or Other Clients' investments could adversely affect the value of such investments.

To the extent KKR Credit Funds or Other Clients need to foreclose on any loans secured by real estate assets, KKR Credit Funds or Other Clients may, directly or indirectly, own such real estate and may be directly subject to the risks incident to the ownership and operation of real estate.

Risks of Acquiring Real Estate Loans and Participations

Real estate loans or participation interests therein originated or otherwise acquired by KKR Credit Funds or Other Clients may be, at the time of their acquisition, or may become after acquisition, non-performing for a wide variety of reasons. Such non-performing real estate loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write down of the principal of such loans. However, even if a restructuring were successfully accomplished, a risk exists that upon maturity of such real estate loan, replacement "takeout" financing will not be available. Purchases of participations in real estate loans raise many of the same risks as investments in real estate loans and also carry risks of illiquidity and lack of control. It is possible that KKR Credit may find it necessary or desirable to foreclose on collateral securing one or more real estate loans purchased by KKR Credit Funds or Other Clients. The foreclosure process varies jurisdiction by jurisdiction can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan including, without limitation, lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. In some jurisdictions, foreclosure actions can take up to several years or more to conclude. During the foreclosure proceedings, a borrower may have the ability to file for bankruptcy, potentially staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property.

Construction

KKR Credit Funds and 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 such KKR Credit Fund or Other Client where delay is caused that is attributable to the contractor, the related contractual arrangements made by such KKR Credit Fund or Other Client may not be as effective as intended and/or contractual liabilities on the part of such KKR Credit Fund or Other Client may result in unexpected costs or a reduction in expected revenues for such 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 such 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 such KKR Credit Fund or Other Client and/or claims by the counterparties against such 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, such 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.

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 KKR Credit Funds or Other Clients.

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.

Investments in the Airline Industry

KKR Credit Funds or Other Clients may make debt investments in companies and other issuers that acquire financial and/or hard assets relating to the airline industry. The airline industry is cyclical and highly competitive. Airlines and related companies may be affected by political or economic instability, terrorist activities, changes in national policy, competitive pressures on certain air carriers, fuel prices and shortages, labor stoppages, insurance costs, recessions, world health issues and other political or economic events adversely affecting world or regional trading. The airline industry is highly sensitive to general economic trends, and any downturn in the global economy or in the relevant local economy could adversely affect results of operations and financial conditions. The airline industry is subject to significant regulation, including increasing environmental regulations that could lead to increased costs and affect profitability.

Investments in the Shipping Industry

KKR Credit Funds or Other Clients may make debt investments in companies or other issuers that acquire financial and/or hard assets relating to the shipping industry, which are subject to, among others, the following risks, which may not be insurable: (i) extensive and changing safety, environmental protection and other international, national, state and local governmental laws, regulations, treaties and conventions in force in international waters, the jurisdictional waters of the countries in which a shipping company's vessels operate, as well as the countries of such vessels' registration, compliance with which may require ship modifications and changes in operating procedure; (ii) risks associated with non-U.S. investments and force majeure risks (for example, international sanctions, embargoes, restrictions, nationalizations, and wars or acts of piracy or terrorist attacks and severe weather and natural disasters, (iii) labor-related risks; (iv) adverse changes in maintenance and other fixed costs and/or capital expenditure requirements;

and (v) counterparty risks, including risks of adverse changes affecting chartering agreements from which a shipping company derives income.

Issuers and Issuer Management

Control Person Liability

KKR Credit Funds and Other Clients may have controlling interests in a number of their 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 or 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 KKR Credit Funds or Other Clients to claims by a portfolio company, their security holders and their creditors.

Non-Controlling Investment Positions; Third-Party Involvement

KKR Credit Funds or Other Clients may hold debt obligations of portfolio companies and other issuers as part of a “club” deal and may hold a minority interest in any facility or tranche with respect to such debt obligations, and will generally otherwise hold non-controlling interests in portfolio companies and other issuers in which they makes debt investments. In such circumstances, KKR Credit Funds or Other Clients may have a limited ability to exercise influence over voting decisions with respect to such loan facility or tranche or otherwise protect their investment in such issuers, although as a condition of investment in a portfolio company or other issuer, a KKR Credit GP typically expects that appropriate rights generally will be sought to protect KKR Credit Funds’ or Other Clients’ interests. KKR Credit Funds or 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 or Other Clients may adversely impact the value of such positions.

By way of example, the terms and conditions of loan agreements and related assignments may be amended, modified or waived only by the agreement of the lenders. Generally, any such agreement must include a majority or a supermajority (measured by outstanding loans or commitments) or, in certain circumstances, a unanimous vote of the lenders. Consequently, the terms and conditions of a payment obligation arising from loan agreements could be modified, amended or waived in a manner contrary to the preferences of a KKR Credit Fund or Other Client if a sufficient number of the other lenders co-investing with KKR Credit Funds or Other Clients concurred with such modification, amendment or waiver. There can be no assurance that any obligations arising from a loan agreement will maintain the terms and conditions to which a KKR Credit Fund or Other Client originally agreed.

In addition, KKR Credit Funds and Other Clients may form, enter into or invest in joint ventures, investment platforms and other arrangements with third-party or affiliated managers or other persons with

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

Investment in Small and Micro-Cap Companies and Early-Stage Businesses

KKR Credit Funds or Other Clients may from time to time invest in or otherwise be exposed to performance of small and micro-cap companies. 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's 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.

Investments in Platform Operators and Managers

KKR Credit Funds or Other Clients may make investments in newly formed operators and managers established to pursue direct lending opportunities through joint venture and other origination, investment or servicing platform arrangements. Such companies may have no or short operating histories, new technologies and products and their management teams may have limited experience working together, all of which enhance the difficulty of evaluating these investment opportunities. The management of such companies will need to implement and maintain successful finance personnel and other operational strategies and resources in order to become and remain successful. Other substantial operational risks to which such companies are subject include uncertain market acceptance of the company's services, a potential regulatory risk for new or untried and/or untested business models (if applicable), products and services to the extent they relate to regulated activities in the relevant jurisdiction, high levels of competition among similarly situated companies, lower capitalizations and fewer financial resources and the potential for rapid organizational or strategic change. Such companies will have no or short operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow.

Investments in Companies in Regulated Industries

Certain industries are heavily regulated. To the extent that KKR Credit Funds or Other Clients make investments in portfolio companies and other issuers that are involved in industries that are subject to greater amounts of regulation than other industries generally, such investments would pose additional risks relative to investments in other companies and issuers. Changes in applicable laws or regulations, or in the interpretations of these laws and regulations, could result in increased compliance costs or the need for additional capital expenditures for such companies or issuers. If a portfolio company or other issuer in which a KKR Credit Fund or Other Client invest fails to comply with these requirements, it could also be subject to civil or criminal liability and the imposition of fines. Portfolio companies and other issuers also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on them. Governments have considerable discretion in implementing regulations that could impact a portfolio company's or other issuer's business, and governments may be influenced by political considerations and may make decisions that adversely affect a portfolio company's or other issuer's business. Additionally, certain portfolio companies and other issuers may have a unionized workforce or employees who are covered by a collective bargaining agreement, which could subject their activities and labor relations matters to complex laws and regulations relating thereto. Moreover, their operations and profitability could suffer if they experience labor relations problems. Upon the expiration of their collective bargaining agreements, they may be unable to negotiate new collective bargaining agreements on terms favorable to them, and their business operations at one or more of their facilities may be interrupted as a result of labor disputes or difficulties and delays in the process of renegotiating their collective bargaining agreements. Work stoppages could have a material adverse effect on the business, results of operations and financial condition of any such portfolio companies or other issuers. Any such problems could impact the credit quality of any such portfolio company or other issuer or otherwise adversely impact an investment in such portfolio company or other issuer by KKR Credit Funds or Other Clients and additionally may bring scrutiny and attention to KKR Credit Funds or Other Clients themselves, which could adversely affect their ability to implement their investment objectives.

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's 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 company's 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.

Consumer Lending

KKR Credit Funds or Other Clients may engage in originating, lending and/or servicing loans, and may therefore be subject to state and federal regulation, borrower disclosure requirements, limits on fees and interest rates on some loans, state lender licensing requirements and other regulatory requirements in the conduct of their business. KKR Credit Funds or Other Clients may also be subject to consumer disclosures and substantive requirements on consumer loan terms and other federal regulatory requirements applicable to consumer lending that are administered by the Consumer Financial Protection Bureau. These state and federal regulatory programs are designed to protect borrowers.

State and federal regulators and other governmental entities have the authority to bring administrative enforcement actions or litigation to enforce compliance with applicable lending or consumer protection laws, with remedies that can include fines and monetary penalties, restitution of borrowers, injunctions to conform to law, or limitation or revocation of licenses and other remedies and penalties. In addition, lenders and servicers may be subject to litigation brought by or on behalf of borrowers for violations of laws or unfair or deceptive practices. Failure to conform to applicable regulatory and legal requirements could be costly and have a detrimental impact on KKR Credit Funds or Other Clients.

Derivatives

Generally, derivatives are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index, and may relate to individual debt or equity instruments, interest rates, currencies or currency exchange rates, commodities, related indexes and other assets. KKR Credit Funds or Other Clients may, directly or indirectly, use various derivative instruments including, but not limited to, options contracts, futures contracts, forward contracts, options on futures contracts, indexed securities and swap agreements for hedging and risk management purposes. KKR Credit Funds or Other Clients also may use derivative instruments to approximate or achieve the economic equivalent of an otherwise permitted investment (as if KKR Credit Funds or Other Clients directly invested in the loans, claims or securities of the subject issuer) or if such instruments are related to an otherwise permitted investment. KKR Credit Funds' or Other Clients' use of derivative instruments involves investment risks and transaction costs to which KKR Credit Funds or Other Clients would not be subject absent the use of these instruments and, accordingly, may result in losses greater than if they had not been used. The use of derivative instruments may have risks including, among others, leverage risk, volatility risk, duration mismatch risk, correlation risk and counterparty risk. When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent KKR Credit Funds or Other Clients from achieving the intended hedging effect or expose KKR Credit Funds or Other Clients to the risk of loss. It is not possible to hedge fully or perfectly against currency fluctuations affecting the value of investments denominated in non-U.S. currencies because the value of those investments is likely to fluctuate as a result of independent factors not related to currency fluctuations.

Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets KKR Credit Funds and Other Clients may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which KKR Credit Funds and Other Clients may conduct their transactions in derivative instruments may prevent prompt liquidation of positions, subjecting KKR Credit Funds and Other Clients to the potential of greater losses. Derivative instruments that may be purchased or sold by KKR Credit Funds or Other Clients may include instruments not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions. In addition, significant disparities may exist between "bid" and "asked" prices for derivative instruments that are not traded on an exchange. Additionally, when a company defaults or files for protection from creditors (e.g., U.S. chapter 11 proceedings), the use of derivative instruments presents special risks associated with the potential imbalance between the derivatives market and the underlying securities market. In such a situation, physical certificates representing such securities may be required to be delivered to settle trades and the potential shortage of such actual certificates relative to the number of derivative instruments may cause the price of the actual certificated debt securities to rise, which may adversely affect the holder of such derivative instruments. The risk of nonperformance by the counterparty on such an instrument may be greater and the ease with which KKR Credit Funds or Other Clients can dispose of or enter into closing transactions with respect to

such an instrument may be less than in the case of an exchange traded instrument. The stability and liquidity of derivative investments depend in large part on the creditworthiness of the parties to the transactions. If there is a default by the counterparty to such a transaction, KKR Credit Funds or Other Clients will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in a loss to KKR Credit Funds or Other Clients. Furthermore, there is a risk that any of such counterparties could become insolvent. It should be noted that in purchasing derivative instruments, KKR Credit Funds or Other Clients typically will not have the right to vote on matters requiring a vote of holders of the underlying investment. Moreover, derivative instruments, and the terms relating to the purchase, sale or financing thereof, are also typically governed by complex legal agreements. As a result, there is a higher risk of dispute over interpretation or enforceability of the agreements. It should also be noted that the regulation of derivatives is evolving in the U.S. and in other jurisdictions and is expected to increase, which could impact KKR Credit Funds' or Other Clients' ability to transact in such instruments and the liquidity of such instruments. Portfolio companies and other issuers of KKR Credit Funds' or Other Clients' portfolio investments may also enter into hedging or other derivative transactions including in order to hedge risks applicable to them. Such transactions are subject to similar risks to those described herein. KKR Credit Funds or Other Clients may be exposed to such risks by reason of their investment in the relevant issuer.

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. A credit default swap is a contract between two parties which transfers the risk of loss if a company fails to pay principal or interest on time or files for bankruptcy. In essence, an institution which owns corporate debt instruments can purchase a limited form of default protection by entering into a credit default swap with another bank, broker-dealer or financial intermediary. Upon an event of default, the swap may be terminated in one of two ways: (i) by the purchaser of credit protection delivering the referenced instrument to the swap counterparty and receiving a payment of par value; or (ii) by the parties pairing off payments, with the purchaser of the protection receiving a payment equal to the par value of the reference security, less the price at which the reference security trades subsequent to default. The first way is the more common form of credit default swap termination.

In the manner described above, credit default swaps can be used to hedge a portion of the default risk on a single corporate bond or a portfolio of bonds. In particular, KKR Credit Funds or Other Clients may purchase credit default protection even in a case in which they do not own the referenced instrument if, in the judgment of the relevant KKR Credit GP, there is a high likelihood of credit deterioration.

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 common stock, potential loss upon default 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. KKR Credit Funds or Other Clients also may enter into credit default swap transactions, even if the credit outlook is positive, if the relevant KKR Credit GP believes that participants in the marketplace have incorrectly valued the components which determine the value of a swap.

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.

Market and Economic Risks

KKR Credit Funds or Other Clients and portfolio companies and other issuers in which they invest may be materially affected by market, economic and political conditions globally and in the jurisdictions and sectors in which they invest or operate, including factors affecting interest rates, the availability of credit, currency exchange rates and trade barriers. These factors are outside KKR Credit's and the relevant KKR Credit GP's control and could adversely affect the liquidity and value of KKR Credit Funds' or Other Clients' investments and may reduce the ability of KKR Credit Funds or Other Clients to make attractive new investments.

KKR Credit Funds' or Other Clients' investment strategies and the availability of opportunities satisfying KKR Credit Funds' or Other Clients' risk-adjusted return parameters relies in part on the continuation of certain trends and conditions observed in the market for originated debt and bond markets as well as the larger financial markets and, in some cases, the improvement of such conditions. No assurance can be given that such conditions, trends or opportunities will arise or continue, as applicable. Trends and historical events do not imply, forecast or predict future events and, in any event, past performance is not necessarily indicative of future results. There can be no assurance that the assumptions made, or the beliefs and expectations currently held, by KKR Credit will prove correct and actual events and circumstances may vary significantly.

Ongoing events in the subprime mortgage market and other areas of the fixed income markets have caused significant dislocations, illiquidity and volatility in the leveraged loan and bond markets, as well as in the wider global financial markets. To the extent portfolio companies and other issuers of KKR Credit Funds' or Other Clients' portfolio investments participate in or have exposure to such markets, the results of their operations may be adversely affected. In addition, to the extent that such economic and market events and conditions reoccur, this would have a further adverse impact on the availability of credit to businesses generally. Although financial markets have shown intermittent signs of improvement, global economic conditions remain tenuous, and to the extent that they do not improve, this may adversely impact the financial resources and credit quality of corporate and other borrowers in which KKR Credit Funds or Other Clients have invested and result in the inability of such borrowers to make principal and interest payments on, or refinance, outstanding debt when due. In the event of such defaults, KKR Credit Funds or Other Clients may suffer a partial or total loss of their investment in such borrowers, which would, in turn, have an adverse effect on KKR Credit Funds' or Other Clients' returns. Such economic and market events and conditions also may restrict the ability of KKR Credit Funds or Other Clients to sell or liquidate investments at favorable times or for favorable prices (although such events and conditions may not foreclose KKR Credit Funds' or Other Clients' ability to hold such investments until maturity). In particular, KKR Credit Funds' or Other Clients' investment strategies rely, in part, on the stabilization or improvement of the conditions in the global economy and markets generally and credit markets specifically. Absent such a recovery, the value of KKR Credit Funds' or Other Clients' investments may not generate expected current proceeds or appreciate as anticipated and may suffer a loss.

General fluctuations in the market prices of debt investments and interest rates may have a substantial negative impact on KKR Credit Funds' or Other Clients' investments and investment opportunities and accordingly may have a material adverse effect on KKR Credit Funds' or Other Clients' investment objectives and the rate of return on invested capital. Instability in the debt markets may also increase the risks inherent in KKR Credit Funds' or Other Clients' investments. The ability of portfolio companies and other issuers in which KKR Credit Funds or Other Clients invest to refinance debt obligations and for KKR Credit Funds or Other Clients to realize on their investments, will depend on the condition of public

or private financing markets at the time of the proposed refinancing or other transaction. Moreover, to the extent KKR Credit Funds or Other Clients utilize third-party financing to make investments on a leveraged basis, a decrease in the value of KKR Credit Funds' or Other Clients' investments would increase the effective amount of leverage and could result in the possibility of a "margin call" by lenders, pursuant to which KKR Credit Funds or Other Clients must either deposit additional funds or collateral with the lender, which would require investors to make additional capital contributions in respect of such leverage, or suffer mandatory liquidation of the pledged debt obligations to compensate for the decline in value.

Underlying Exposure to the Consumer Market

A portion of KKR Credit Funds' or 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 or Other Clients.

Non-U.S. Investment Considerations

General

KKR Credit Funds and Other Clients may invest in companies and other issuers based outside the U.S. Investments in non-U.S. investments involve certain factors not typically associated with investing in U.S. investments, including risks relating to: (i) differences between the U.S. and non-U.S. debt markets, including potential price volatility in, and relative illiquidity of, some non-U.S. markets; (ii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements; (iii) less government supervision and regulation in some countries, which may result in lower-quality information being available and less developed corporate laws regarding fiduciary duties and the protection of investors, less developed bankruptcy laws and difficulty in enforcing contractual obligations; (iv) certain economic and political risks, including potential economic, political or social instability, exchange control regulations, restrictions on non-U.S. investment and repatriation of capital (possibly requiring government approval), expropriation or confiscatory taxation and higher rates of inflation and reliance on a more limited number of commodity inputs, service providers and/or distribution mechanisms; (v) potentially material and unpredictable governmental influence on the national and local economies; (vi) fewer or less attractive financing and structuring alternatives and exit strategies that may differ substantially from those commonly used in the U.S.; and (vii) the possible imposition of non-U.S. taxes on income and gains recognized with respect to non-U.S. investments. There can be no assurance that adverse developments with respect to such risks will not adversely affect the securities or assets of KKR Credit Funds or Other Clients that are held, directly or indirectly, in certain countries.

Currency Risk

Certain investments by KKR Credit Funds and Other Clients, and the income received by KKR Credit Funds and Other Clients with respect to such investments may be denominated in various non-U.S. currencies. However, the books of KKR Credit Funds and Other Clients will be maintained and capital contributions to and distributions from KKR Credit Funds and Other Clients will be made, in U.S. dollars. Accordingly, currency exchange rate fluctuations may adversely affect the U.S. dollar value of portfolio investments, interest and other revenue streams received by KKR Credit Funds and Other Clients, gains and losses realized on the sale of portfolio investments and the amount of distributions, if any, made by KKR Credit Funds or Other Clients. In addition, KKR Credit Funds and Other Clients will incur costs in

converting investment principal and income from one currency to another. Furthermore, an issuer of the investments in which KKR Credit Funds or Other Clients invest may be subject to risks relating to changes in currency values. If an issuer suffers adverse consequences as a result of such changes, KKR Credit Funds or Other Clients would also be adversely affected as a result.

Among the factors that may affect currency values are trade balances, the level 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 and economic developments. KKR Credit GPs may try to (but are not required 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.

Non-U.S. Bankruptcy Laws

Portfolio companies and other issuers located in non-U.S. jurisdictions may be involved in restructurings, bankruptcy proceedings and/or reorganizations that are not subject to laws and regulations that are similar to the Bankruptcy Code and/or that do not otherwise accommodate the rights of creditors afforded in U.S. jurisdictions. In certain cases, such non-U.S. laws and regulations may not provide KKR Credit Funds or Other Clients with equivalent rights and privileges necessary to promote and protect its interests and KKR Credit Funds' or Other Clients' investments in such portfolio investments may be materially adversely affected as a result.

While KKR Credit intends to manage KKR Credit Funds and Other Clients in a manner that will minimize exposure to the foregoing risks, there can be no assurance that adverse developments (with respect to such risks) will not adversely affect the assets of KKR Credit Funds or Other Clients that are held in certain countries.

Eurozone Risks

KKR Credit Funds or Other Clients may provide financing to European companies and companies that have operations that will be affected by the Eurozone economy. For example, 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, following the vote by the United Kingdom to leave the EU and the possibility that one or more further countries might leave the EU 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 EU and/or Eurozone exits, could have material adverse effects on investments by KKR Credit Funds or Other Clients in European companies, including, but not limited to, an immediate reduction of liquidity for particular investments in affected countries, 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 KKR Credit Funds or Other Clients and their investments. It is possible that a number of KKR Credit Funds' or Other Clients' investments will be denominated in Euro. Greece, Ireland and Portugal received one or more "bailouts" from other members of the EU. Although several countries in the Eurozone have agreed to multi-year bailout loans with the European Central Bank and the International Monetary Fund, it is unclear how much additional funding these countries, or other Eurozone countries, will require. To the extent that any of KKR Credit Funds' or Other Clients' investments are denominated in Euro, legal uncertainty about the funding of Euro denominated obligations following any breakup of, or exits from, the Eurozone

(particularly in the case of investments in companies in affected countries) could also have material adverse effects on KKR Credit Funds or Other Clients and, consequently, returns to investors.

In addition, there is often a high degree of government regulation in European economies, including in the securities markets. Action by such governments may directly affect non-U.S. investment in securities in those countries and may also have a significant indirect effect on the market prices of securities and of the payment of dividends and interest.

Changes in policy with regard to taxation, fiscal and monetary policies, repatriation of profits, and other economic regulations are possible, any of which could have an adverse effect on private investments. The European economies may differ favorably or unfavorably from the U.S. economy with regard to the rate of growth of gross domestic product, the rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments.

Many countries in Europe have undergone a substantial political and social transformation and there can be no assurance that the economic, educational and political reforms necessary to complete political and economic transformation will continue. The state of development of certain political systems in Europe makes them susceptible to changes and potential weakening from economic hardship and social instability. In certain European countries, the extent of the success of economic reform is difficult to evaluate. Information on these economies is often contradictory or absent. In certain countries, much of the workforce remains underemployed or unemployed. Continued unemployment could hinder the ability of various governments to keep deficit spending in check.

Changing political environments, regulatory restrictions, and changes in government institutions and policies in Europe could adversely affect private investments. Civil unrest, ethnic conflict or regional hostilities may contribute to instability in some countries of Europe. Such instability may impede business activity and adversely affect the environment for non-U.S. investments. KKR Credit Funds and Other Clients may not obtain political risk insurance. Actions in the future of one or more European governments could have a significant effect on the various economies, which could affect market conditions, prices and yields of securities in KKR Credit Funds' or Other Clients' portfolios. Political and economic instability in any of the countries in Europe in which KKR Credit Funds or Other Clients invest could adversely affect the KKR Credit Funds' or Other Clients' investments.

Shadow Banking Regulation

There has been increasing commentary among regulators and intergovernmental institutions, including the Financial Stability Board and International Monetary Fund, on the topic of so called "shadow banking" (a term generally to refer to credit intermediation involving entities and activities outside the regulated banking system).

The Financial Stability Board issued a report that recommended strengthening oversight and regulation of the "shadow banking" system in Europe. 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 during the investment period of a KKR Credit Fund or Other Client such regulations were to extend the regulatory and supervisory requirements, such as capital and liquidity standards, currently applicable to banks, or the KKR Credit Funds or Other Clients were considered to be engaged in "shadow banking," the regulatory and operating costs associated therewith could adversely impact the implementation of KKR Credit Funds' or Other Clients' investment strategies and returns and may become prohibitive. In an extreme eventuality, it is possible that such regulations could render the continued operation of KKR Credit Funds and Other Clients unviable and lead to their premature termination or restructuring.

European Market Infrastructure Regulation

KKR Credit Funds or Other Clients may enter into OTC derivative contracts for hedging purposes. European Market Infrastructure Regulation (“**EMIR**”) establishes certain requirements for OTC derivatives contracts, including mandatory clearing obligations, bilateral risk management requirements and reporting requirements. Although not all the regulatory technical standards specifying the risk management procedures, including the levels and type of collateral and segregation arrangements, required to give effect to EMIR have been finalized and it is therefore not possible to be definitive, investors should be aware that certain provisions of EMIR impose obligations on a KKR Credit Fund or Other Client in relation to their transaction of OTC derivative contracts.

The potential implications of EMIR for KKR Credit Funds or Other Clients include, without limitation, the following:

- clearing obligation: certain standardized OTC derivative transactions will be subject to mandatory clearing through a central counterparty (a “**CCP**”). Clearing derivatives through a CCP may result in additional costs and may be on less favourable terms than would be the case if such derivative was not required to be centrally cleared;
- risk mitigation techniques: for those of their OTC derivatives which are not subject to central clearing, KKR Credit Funds or Other Clients will be required to put in place risk mitigation requirements, which include the collateralization of all OTC derivatives. These risk mitigation requirements may increase the cost of KKR Credit Funds or Other Clients pursuing their hedging strategy; and
- reporting obligations: each of KKR Credit Funds’ or Other Clients’ OTC derivative transactions must be reported to a trade depository or the European Securities and Markets Authority. This reporting obligation may increase the costs to KKR Credit Funds or Other Clients of utilizing OTC derivatives.

Changes resulting from the United Kingdom’s Exit from the EU

On June 23, 2016, the United Kingdom voted, via referendum, to exit from the EU, triggering political, economic and legal uncertainty. While such uncertainty most directly affects the United Kingdom and the EU, global markets suffered immediate and significant disruption. On March 29, 2017, the United Kingdom made a formal notification to the European Council under Article 50 of the Treaty on EU, which triggers a two year period during which the terms of an exit will be negotiated. The United Kingdom and the EU are therefore entering a period of legal, regulatory and political uncertainty. The United Kingdom’s exit from the EU will impact KKR Credit Funds or Other Clients and their investments (and their underlying issuers) in a variety of ways, not all of which are currently readily apparent immediately following the exit vote. KKR Credit Funds or Other Clients may invest in portfolio companies and other issuers with significant operations and/or assets in the United Kingdom, any of which could be adversely impacted by any new legal, tax and regulatory environment, whether by increased costs or impediments to the implementation of their business plan. Further, the vote by the United Kingdom to leave the EU may increase the likelihood of similar referenda in other member states of the EU, which could result in additional departures from the EU and may trigger steps by countries within the United Kingdom to leave the United Kingdom. The uncertainty resulting from any such developments, or the possibility of such developments, would also be likely to cause significant market disruption in the EU and the United Kingdom and more broadly across the global economy, as well as introduce further legal, tax and regulatory uncertainty in the EU and the United Kingdom.

OFAC and FCPA Considerations

Economic sanction laws in the U.S. and other jurisdictions may prohibit KKR Credit, its affiliates and KKR Credit Funds or Other Clients from transacting with certain countries, individuals and companies. In the U.S., the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") 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 non-U.S. countries, territories, entities and individuals. These types of sanctions may significantly restrict or completely prohibit investment activities in certain jurisdictions, and if KKR Credit Funds or Other Clients, their portfolio companies or other issuers in which it invests were to violate any such laws or regulations, it may face significant legal and monetary penalties.

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 Funds and Other Clients, their portfolio companies and other issuers of their investments. If an issuer or KKR Credit Funds or Other Clients were to violate any such laws or regulations, such issuer or KKR Credit Funds or Other Clients may face significant legal and monetary penalties. The U.S. government has indicated that it is particularly focused on FCPA enforcement, which may increase the risk that an issuer or KKR Credit Funds or Other Clients becomes the subject of such actual or threatened enforcement. In addition, certain commentators have suggested that private investment firms and the funds that they manage, such as KKR Credit Funds or Other Clients, may face increased scrutiny and/or liability with respect to the activities of their underlying portfolio companies. As such, a violation of the FCPA or other applicable regulations by KKR Credit Funds or Other Clients or an issuer of KKR Credit Funds' or Other Clients' portfolio investments could have a material adverse effect on KKR Credit Funds or Other Clients. KKR Credit and its affiliates and KKR Credit Funds or Other Clients are committed to complying with the U.S. Foreign Corrupt Practices Act ("FCPA") and other anti-corruption laws and regulations, as well as anti-boycott regulations, to which they are subject. As a result, KKR Credit Funds or Other Clients may be adversely affected because of their unwillingness to enter into transactions that violate any such laws or regulations.

Investor Interests; Dispositions and Distributions

Dilution from Subsequent Closings

Investors admitted to certain closed-ended KKR Credit Funds or increasing their capital commitment to such KKR Credit Funds following their initial closing date will generally participate in existing investments of such KKR Credit Funds prior to such admission or increase, diluting the interests of existing investors. Although such investors will contribute their respective pro rata share of previously contributed capital for such investments at original cost plus a cost of carry, there can be no assurance that this payment will reflect the fair value (including any post-investment losses) of the KKR Credit Fund's existing investments at the time such additional investors subscribe for interests. Open-ended KKR Credit Funds typically allow investors to buy into existing investments at fair market value.

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, all in accordance with KKR Credit's valuation policies and procedures. 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 as well as general economic, political, regulatory and market conditions and the actual operations of the issuers of portfolio investments, which are not predictable and can have a material impact on the reliability and accuracy of such valuations. 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 an investment or that would, in fact, be realized upon an immediate disposition of such investment. An objective of KKR Credit's valuation policies and procedures is to eliminate any incentive a KKR Credit GP may have to arrive at higher valuations. For example, the amount and timing of carried interest or other performance related compensation received by KKR Credit and its affiliates with respect to a KKR Credit Fund or Other Client may depend in part on the value of such KKR Credit Fund's or Other Client's assets and liabilities. If the valuations made by KKR Credit are incorrect, the amount of carried interest or other performance related compensation received by KKR Credit or its affiliates or the timing of receipt of carried interest could also be incorrect. In addition, KKR Credit regularly reports to investors and prospective investors certain metrics of KKR Credit Funds' performance, such as rates of return and multiples-of-money, whose calculation depends on the value of such KKR Credit Funds' investments, including unrealized investments, and involves uncertainties and subjective determinations. A copy of KKR Credit's valuation policies is available to prospective investors upon request.

Recycling; Reinvestment

Any amounts distributable by closed-ended KKR Credit Funds to an investor with respect to a portfolio investment (including amounts distributable as a result of any syndication, refinancing, sub-underwriting, leverage recapitalization or other disposition of such investments) and which represents a return of contributions with respect to such portfolio investment or the realization of any original issue discount relating to such portfolio investment, if distributed during the investment period, may be retained and reinvested or distributed and restored to the investor's unused capital commitments and will be available to be called for future use. In addition, any amount drawn down to pay such KKR Credit Funds' expenses may, to the extent investors receive subsequent distributions, be subject to recall by the relevant KKR Credit GP. Accordingly, in such circumstances, an investor may be required to make capital contributions in excess of its capital commitment, and to the extent such recalled or retained amounts are reinvested in investments, an investor will remain subject to investment and other risks associated with such investments.

Need for Follow-on Investments

Following their initial investment in a given portfolio company or other issuer, KKR Credit Funds and Other Clients may decide to provide additional funds to such issuer or may have the opportunity to increase their investment in such issuer. There is no assurance that KKR Credit Funds and Other Clients will make follow-on investments or that KKR Credit Funds or Other Clients will have sufficient funds to make (or will be permitted to make under KKR Credit Funds' or Other Clients' investment restrictions, tax guidelines or other applicable constraints) all or any of such investments. Any decision by KKR Credit Funds or Other Clients not to make follow-on investments or their inability to make such investments may have a substantial negative effect on an issuer in need of such an investment, may result in a lost opportunity for KKR Credit Funds or Other Clients to increase their participation in a successful investment, may result in KKR Credit Funds' or Other Clients' investments in the relevant issuer becoming diluted and, in circumstances where the follow-on investment is offered at a discount to market

value, may result in a loss of value for KKR Credit Funds or Other Clients. Any resulting dilution of the interest of a KKR Fund or Other Client in an investment will frequently be determined on the basis of a valuation in respect of such investment by KKR Credit or its affiliates.

Trade Errors

KKR Credit Funds or Other Clients will not be responsible for any losses resulting from any trade errors made by KKR Credit or its affiliates, in respect of KKR Credit Funds' or Other Clients' investments, except to the extent such parties are liable pursuant to the exculpation provisions set forth in the applicable governing documents of such KKR Credit Funds or Other Clients. Trading errors might include, for example, keystroke errors that occur when entering trades into an electronic system or typographical or drafting errors related to derivatives contracts or similar agreements. Investors should assume that trade errors (and similar errors or deviations from accuracy or correctness in the trade process) will occur and that KKR Credit Funds or Other Clients will not be responsible for any resulting losses unless it has breached its standard of care as set out in applicable laws or regulations as well as the applicable investment management, other offering document or prospectus of KKR Credit, a KKR Credit GP or their respective affiliates.

Contingent Liabilities on Dispositions

In connection with the disposition of an investment, KKR Credit Funds or Other Clients may be required to make representations typical of those made in connection with the sale of any such asset, which may include representations in relation to the business and financial affairs of a portfolio investment. KKR Credit Funds or Other Clients may also be required to indemnify the purchasers of such an investment to the extent that any such representation turns out to be inaccurate or with respect to other matters. These arrangements may result in contingent liabilities, which, if not satisfied out of KKR Credit Funds' or Other Clients' assets, may ultimately be required to be funded by investors making contributions to KKR Credit Funds or Other Clients or returning previous distributions received from KKR Credit Funds or Other Clients.

Absence of Recourse; Indemnification

Additionally, certain service providers to KKR Credit, KKR Credit Funds or Other Clients, KKR Credit GPs, their respective affiliates, agents and other persons, including, without limitation, the members of the advisory committee, members of the investment teams and placement agents and finders, may be entitled to exculpation and indemnification (in certain cases, on terms more favorable to them than those available to indemnitees generally). The assets of KKR Credit Funds or Other Clients, including the unused capital commitments of investors, will be available to satisfy these indemnification obligations, and investors may be required to return distributions to satisfy such obligations. These obligations will survive the dissolution of the relevant KKR Credit Funds or Other Clients. KKR Credit carries liability insurance (including "D&O" insurance) that KKR Credit believes is similar to that which other asset managers with similar businesses hold, and in amounts that are customary for the types of businesses that KKR Credit operates. However, there is no guarantee that such insurance will be available to satisfy losses for which KKR Credit Funds or Other Clients may be required to provide indemnification, and potential insurance claims will not delay the availability of the advances provided to indemnified persons under the applicable governing documents of the relevant KKR Credit Fund or Other Client. Moreover, the fiduciary duties of a KKR Credit GP and its affiliates may be modified pursuant to the terms of applicable governing documents of the relevant KKR Credit Fund or Other Client. As a result, investors may have a more limited right of action in certain cases than they would in the absence of such limitations.

Public Disclosure

Some of the interests in KKR Credit Funds or Other Clients will be held directly or indirectly by investors, such as public pension plans and listed investment vehicles that are subject to public disclosure requirements including, without limitation, as a result of the U.S. Freedom of Information Act (“FOIA”), any governmental public records access law or any state or other jurisdiction’s laws similar in intent or effect to FOIA. The amount of information about their investments (including debt fund investments) that is required to be disclosed has increased in recent years, and that trend may continue. To the extent that disclosure of confidential information relating to KKR Credit Funds or Other Clients or their portfolio investments results from interests being held by public investors, KKR Credit Funds or Other Clients may be adversely affected. A KKR Credit GP 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.

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 Credit Funds or Other Clients invest. 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.

In-Kind Distributions

In certain circumstances, KKR Credit Funds or Other Clients may distribute bonds and other assets to investors that are non-marketable or are otherwise illiquid. The risk of loss and delay in liquidating such assets will be borne by investors, with the result that investors may receive less cash than was reflected in the fair value of such assets as determined by KKR Credit pursuant to the governing documents of the relevant KKR Credit Fund or Other Client. In addition, when investments are distributed to investors in kind, such investors may then become a security or loan holder of (or possibly shareholders in) the underlying portfolio investments and may be unable to protect their interests effectively.

Amendments; Written Agreements

The applicable management agreement and other governing documents of KKR Credit Funds and Other Clients may be amended from time to time generally with the consent of the relevant KKR Credit GP or KKR Credit, as applicable, and a majority in interest of investors, subject to certain exceptions set forth in the applicable governing documents. The applicable governing documents set forth certain other procedures for their amendment, including provisions allowing a KKR Credit GP to amend the applicable governing document without the consent of investors in certain circumstances. In addition, lenders to KKR Credit Funds or Other Clients may, under the terms of financing arrangements put in place with them, have the right to review or approve certain amendments to the applicable governing documents prior to a KKR Credit GP adopting any such amendment.

KKR Credit or a KKR Credit GP may enter into side letters or other similar agreements with certain investors with respect to KKR Credit Funds or Other Clients without the approval or vote of any other investor, which would have the effect of establishing rights under, altering or supplementing the terms of the applicable governing documents of the relevant KKR Credit Fund or Other Client with respect to such investors in a manner more favorable to such investors than those applicable to other investors. Any rights established, or any terms of the applicable governing documents of the relevant KKR Credit Fund or Other Client altered or supplemented in a side letter or other similar agreement with an investor will govern solely with respect to such investor notwithstanding any other provision of the applicable governing documents of the relevant KKR Credit Fund or Other Client. Such rights or terms in any such side letter or other similar agreement 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 investors with respect to, such investments); (ii) reporting obligations of a KKR Credit GP; (iii) waiver of certain confidentiality obligations; (iv) consent of a KKR Credit GP to certain transfers by such investor; or other exercises by a KKR Credit GP of its discretionary authority under the applicable partnership agreement for the benefit of such investor; (v) withdrawal rights due to legal, regulatory or policy matters, including matters related to political contributions, gifts or others such policies; (vi) other rights or terms necessary in light of particular legal, tax, regulatory or public policy characteristics of an investor; or (vii) additional obligations, and restrictions on KKR Credit Funds or Other Clients with respect to the structuring of any investment (including with respect to alternative vehicles).

KKR Credit and its affiliates may from time to time enter into agreements or arrangements with investors, which agreements or arrangements are entered into with such investors other than in their respective capacities as investors of KKR Credit Funds or Other Clients. Such agreements or arrangements do not constitute side letters since they do not establish rights under or alter or supplement the terms of the applicable governing documents of the relevant KKR Credit Fund or Other Client and therefore will not be disclosed or offered to other investors of KKR Credit Funds or Other Clients. Such agreements or arrangements may include, without limitation, strategic partnerships with investors and certain other multi-asset class investment programs, arrangements regarding investments with KKR Credit in one or more investment strategies, which may include co-investments alongside KKR Credit Funds or Other Clients and investment funds, vehicles and accounts, and similar arrangements established by KKR Credit and its affiliates with investors other than in their respective capacities as investors in KKR Credit Funds or Other Clients.

Consequences of Default

If an investor fails to pay when due all or any portion of a capital contribution or other payment required to be made to KKR Credit Funds or Other Clients, and the contributions made by non-defaulting investors and borrowings by KKR Credit Funds or Other Clients are inadequate to cover the defaulted amounts, KKR Credit Funds or Other Clients may be unable to pay their obligations when due. As a result, KKR Credit Funds or Other Clients may be subjected to significant penalties that could materially adversely affect the returns to all investors (including non-defaulting investors). In addition, each defaulting investor may incur significant economic losses, including, without limitation, forfeiture of capital accounts and distributions, forced transfer of its interests at a discounted price and loss of the right to make future capital contributions to KKR Credit Funds or Other Clients. A KKR Credit GP may require an additional funding of capital commitments from the non-defaulting investors, to the extent of their unused capital commitments, to fund the shortfall caused by the defaulting investor (or a defaulting partner of a parallel fund).

In seeking to manage the impact of an investor default on the activities of KKR Credit Funds or Other Clients, and subject to the applicable governing documents of the relevant KKR Credit Fund or Other

Client, KKR Credit may, from time to time as it deems appropriate, determine to call an aggregate amount of capital from investors in respect of an investment that is in excess of the amount required and may use such additional capital to make the relevant investment, notwithstanding that one or more investors that ultimately participate in the investment may fund their capital call after the scheduled funding date (assuming KKR Credit has determined in its sole discretion not to declare such investor a defaulting limited partner as defined in the applicable governing documents of the relevant KKR Credit Fund or Other Client).

Certain Additional Legal and Regulatory Risks

Legal and Regulatory Risks

The regulatory considerations affecting the ability of a KKR Credit Fund or Other Client to achieve its investment objectives are complicated and subject to change. In the U.S., 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 and accounts sponsored by alternative management firms, such as a KKR Credit Fund or Other Client, to successfully bid for and complete investments.

This increased political and regulatory scrutiny of the private funds industry has been particularly acute during the global financial crisis. For example, the U.S. Congress passed into law extensive financial regulatory reform legislation as a direct response to the crisis. While it is now falling to the U.S. Department of Treasury, the SEC and other U.S. regulatory agencies to implement these reforms, such reforms will 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 KKR's management of KKR Credit Funds or Other Clients. Other jurisdictions, including the EU, have passed and 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 portfolio companies, and may furthermore place a KKR Credit Fund or Other Client at a competitive disadvantage to the extent that KKR or portfolio companies are required to disclose sensitive business information. In addition, certain countries have sought to tax (or have taxed) the investment gains derived by non-resident investors, including private funds, from the disposition of the equity in companies operating in those countries. In some cases, this is the result of new legislation or changes in the interpretation of existing legislation and in other cases tax authorities have challenged investment structures that benefit from tax treaties between countries. There is, therefore, the risk that burdensome new laws (including tax laws) or regulations or changes in applicable laws or regulations or in the interpretation or enforcement thereof, specifically targeted at the private funds industry, or other related regulatory developments could adversely affect private fund managers and the funds and accounts they sponsor, including KKR Credit Funds or Other Clients.

Absence of Regulatory Oversight

KKR Credit Funds and certain Other Clients are not registered investment companies under the Investment Company Act, or otherwise registered under the securities laws, or with the securities regulatory authority or commission, of any other jurisdiction, and KKR Credit Funds and such Other Clients have no current intention of being so registered. Accordingly, the provisions of the Investment Company Act and of similar legislation in other jurisdictions regulating the relationship between an investment fund and its asset manager and otherwise protecting the interests of investors in an investment fund are generally not expected to be applicable to an investment in KKR Credit Funds or such Other Clients.

Enhanced Scrutiny and Regulations of the Alternative Investment Industry

The financial services industry generally, and the activities of private investment funds and their managers, in particular, have been subject to intense and increasing regulatory oversight. Such scrutiny may increase the exposure of KKR Credit Funds or Other Clients, the KKR Credit GPs, KKR Credit and its affiliates to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight may impose administrative burdens on the KKR Credit GPs and KKR Credit, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert the KKR Credit GPs' and KKR Credit's time, attention and resources from portfolio management activities. The passage of the Dodd Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**") has resulted in extensive rulemaking and regulatory changes that affect private fund managers, the funds that they manage and the financial industry as a whole. Pursuant to the Dodd-Frank Act, the SEC has adopted rules that require additional reporting by registered investment advisers to private funds, which has added costs to the legal, operations and compliance obligations of KKR Credit and increased the amount of time that the management company spends on noninvestment-related activities.

The Dodd-Frank Act affects a broad range of financial market intermediaries and other market participants with whom KKR Credit Funds or Other Clients interact or may interact. Regulatory changes that will affect other market participants are likely to change the way in which KKR Credit Funds or Other Clients conduct business with counterparties. Parts of the Dodd-Frank Act, such as the "Volcker Rule" and the "Push-Out Provision," may affect the number and type of participants in the markets traded by KKR Credit Funds or Other Clients.

Enhanced oversight and regulation 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 subject to 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' or Other Clients' investment performance by hindering their ability to obtain favorable financing or consummate a potentially profitable investment. There is also a material risk that regulatory agencies in the U.S., the EU, 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. Any such events or changes could occur during KKR Credit Funds' or Other Clients' terms and may adversely affect 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. For example, various federal, state and local agencies have been examining the role of placement agents, finders and other similar private fund 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.

In summary, regulations generally as well as those more specifically addressed to the alternative investment industry, including tax laws and regulation, whether in the U.S., Europe or elsewhere, could increase the cost of acquiring, holding or divesting investments, the profitability of enterprises and the cost of operating KKR Credit Funds or Other Clients. Additional regulation could also increase the risk of third-party litigation. The transactional nature of the business of KKR Credit Funds or Other Clients exposes KKR Credit Funds, Other Clients, KKR Credit GPs, KKR Credit and each of their respective affiliates (including the investment teams) generally to the risks of third-party litigation.

It is anticipated that, in the normal course of business, KKR Credit GPs and KKR Credit will have contact with governmental authorities and/or may be subjected to responding to inquiries or examinations. KKR Credit Funds or Other Clients may also be subject to regulatory inquiries concerning their investments.

Pay-to-Play

A number of U.S. states and municipal pension plans have adopted so-called "pay-to-play" laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including those seeking investments by public retirement funds, and which require investment advisers to adopt recordkeeping and reporting programs that monitor the adviser's and its employees' activities. The SEC has adopted rules that, among other things, prohibit an investment adviser 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 Credit or any of its employees or affiliates or any service providers acting on its behalf fails to comply with such laws, regulations or policies, such non-compliance could have a materially adverse effect on such persons and on KKR Credit Funds or Other Clients.

Compliance with AIFM Directive

The EU Alternative Investment Fund Managers Directive (the "AIFMD") came into force in July 2011 and establishes a comprehensive regulatory and supervisory framework for alternative investment fund managers ("AIFMs") managing and/or marketing alternative investment funds ("AIFs") in the EU. The AIFMD allows authorized AIFMs to market AIFs to professional investors throughout the EU under an "EU passport". Although KKR Credit is affiliated with an Irish AIFM authorized under the AIFMD, KKR Credit may not be able to benefit from the EU passport for all KKR Credit Funds and Other Clients under the AIFMD and the EU passport may not apply to marketing to investors in the United Kingdom if and when its withdrawal from the EU becomes effective. The operating requirements imposed by the AIFMD include, among other things, rules relating to the remuneration of certain personnel, minimum regulatory capital requirements, restrictions on use of leverage and restrictions on early distributions ("asset stripping" rules) limiting KKR Credit's use of investment and realization strategies such as dividend recapitalizations and reorganizations, disclosure and reporting requirements to both investors and home state regulators, and independent valuation of an AIF's assets which may lead to delays in the fundraising process and thus decrease the speed with which KKR Credit can deploy capital. As a result, the AIFMD could have an adverse effect on a KKR Credit GP, KKR Credit Funds and/or KKR Credit by, among other things, increasing the regulatory burden and costs of doing business in EU member states, imposing extensive disclosure obligations on the KKR Credit Fund's or Other Client's portfolio entities located in EU member states, significantly restricting marketing activities within the EU, potentially requiring KKR Credit to change its compensation structures for key personnel, thereby affecting KKR Credit's ability to recruit and retain these personnel, and disadvantaging KKR Credit Funds or Other

Clients as bidders for and potential owners of private companies located in EU member states when compared to non-AIF/AIFM competitors which may not be subject to the requirements of the AIFMD, thereby potentially restricting a KKR Credit Fund's or Other Client's ability to make investments in such companies. The AIFMD could also limit a KKR Credit GP's operating flexibility and a KKR Credit Fund's or Other Client's investment opportunities, as well as expose a KKR Credit Fund, Other Client, KKR Credit GP and/or KKR Credit to conflicting regulatory requirements in the U.S. and the EU. It should be noted that some of the requirements of the AIFMD remain uncertain, and are subject to change as a result of enactment both of EU secondary legislation and national implementing legislation in EU member states.

ERISA Considerations

KKR Credit intends to use reasonable best efforts to limit investment in KKR Credit Funds or Other Clients by pension or other employment benefit plans in order to avoid having the assets of KKR Credit Funds or Other Clients constitute "plan assets" of any plan subject to Title I of ERISA or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Tax Code**"). Unless an exception applies, if 25% or more of the total value of any class of equity interest in KKR Credit Funds or Other Clients is owned by "benefit plan investors" within the meaning of ERISA, the assets of KKR Credit Funds or Other Clients will be deemed to constitute "plan assets." If the assets of KKR Credit Funds or Other Clients were deemed to be "plan assets" for purposes of ERISA, transactions involving assets of KKR Credit Funds or Other Clients could be subject to the fiduciary responsibility rules of ERISA and to the prohibited transactions provisions of Section 4975 of the Tax Code and, in certain instances, the fiduciary of a pension or other employment benefit plans which is responsible for the pension's or other employment benefit plan's investment in the relevant KKR Credit Fund or Other Client could be liable for prohibited transactions or other ERISA violations as a result of their investment in such KKR Credit Funds or Other Clients or as a co-fiduciary for actions taken by or on behalf of KKR Credit Funds or Other Clients, a KKR Credit GP or KKR Credit. In addition, under the applicable governing documents of the relevant KKR Credit Fund or Other Client, KKR Credit will have the power to take certain actions to avoid having the assets of KKR Credit Funds or Other Clients characterized as "plan assets," including, without limitation, the right to cause an investor that is a pension or other employment benefit plan to completely or partially withdraw from KKR Credit Funds or Other Clients or to transfer its interest in KKR Credit Funds or Other Clients.

Risks from Provision of Oversight Rights

KKR Credit Funds or Other Clients may obtain oversight rights with respect to the KKR Credit Funds' or Other Clients' portfolio companies and other issuers in which it invests. KKR Credit Funds or Other Clients or their subsidiaries may designate a director to serve on the board of directors of an issuer as to which KKR Credit Funds or Other Clients obtain such rights. The designation of directors and other measures contemplated could expose the assets of KKR Credit Funds or Other Clients to claims by a portfolio company, their equity holders and their creditors. While KKR Credit GPs intend to reduce exposure to these risks to the extent practicable, the possibility of successful claims cannot be precluded. KKR employees and affiliates may serve on the board of directors of one or more of KKR Credit Funds' or Other Clients' portfolio companies and other issuers in which it invests. Serving in such capacity may give rise to conflicts to the extent that an employee's fiduciary duties to an issuer as a director conflict with the interests of KKR Credit Funds or Other Clients.

In addition, the provision of managerial assistance to a portfolio company could result in KKR Credit Funds or Other Clients being characterized as "a trade or business" for purposes of ERISA controlled group liability, and, in the event that KKR Credit Funds or Other Clients have a significant ownership interest (generally 80% or more) in such portfolio company, there is a potential risk that KKR Credit

Funds or Other Clients and such portfolio company could be subject to controlled group liability under ERISA. As a result, such portfolio companies and KKR Credit Funds or Other Clients could be held jointly responsible for certain employee benefit obligations or liabilities under ERISA, including funding obligations to single-employer pension plans and withdrawal liability from union-sponsored multi-employer pension plans, particularly if the ownership interests of parallel funds and/or related funds or vehicles are required to be aggregated when applying the controlled group ownership tests. Recent legal developments relating to the controlled group ownership tests, notably *Sun Capital Partners v. New England Teamsters and Trucking Industry Pension Fund*, indicate that there is an increased risk that courts could conclude that controlled groups exist with respect to such structures.

Tax Considerations

General U.S. Tax Considerations

An investment in KKR Credit Funds or Other Clients involves complex U.S. federal income tax and non-U.S. tax considerations that will differ for each investor depending on such investor's particular circumstances. There can be no assurance that the structure of KKR Credit Funds or Other Clients or of any investment will be tax-efficient for any particular investor.

Both President Trump and the Republican members of the U.S. House of Representatives have publicly stated that one of their top legislative priorities is significant reform of the federal tax code including significant changes to taxation of business entities. Proposals by members of Congress have included, among other things, changes to federal tax rates (including reducing the corporate rate and rates for active business income earned through partnerships), limiting interest deductibility, allowing for the expensing of capital expenditures, use of certain border adjustments, the migration from a worldwide system of taxation to a territorial system, and eliminating the deductibility of state and local taxes. While President Trump has expressed support for a number of these proposals, he has also set forth ideas for tax reform that differ in key ways. There is a substantial lack of clarity around both the timing and the details of any such tax reform. The impact of any potential tax reform on KKR Credit, KKR Credit Funds and Other Clients is uncertain and could be adverse. In particular, limits on interest deductibility could impair the ability of KKR Credit Funds and Other Clients to complete transactions by reducing the amount of debt that KKR Credit Funds and Other Clients are able to incur or service and reducing the profitability of KKR Credit Fund and Other Client investments if not offset by other changes, such as a reduction in federal tax rates. Such limits could also more generally impact market demand for debt financing and for credit investments which could adversely impact the liquidity and/or value of investments made on behalf of KKR Credit Funds and Other Clients and materially reduce the ability of KKR Credit to originate and otherwise source investment opportunities for KKR Credit Funds and Other Clients. In addition, in certain scenarios, tax reform could result in a significant strengthening of the U.S. dollar, which could adversely impact the value of the investments of KKR Credit Funds and Other Clients in foreign investments in U.S. dollar terms.

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 or its affiliates, 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.

Certain Tax Positions KKR Credit Funds or Other Clients Have Taken May Be Successfully Challenged; Audit Related Matters

KKR Credit Funds or Other Clients may take positions with respect to certain tax issues which depend on legal conclusions not yet resolved by the applicable tax authorities or the courts. Should any such positions be successfully challenged by an applicable taxing authority, there could be a material adverse effect on KKR Credit Funds or Other Clients or investors in KKR Credit Funds or Other Clients. An audit of a tax return of KKR Credit Funds or Other Clients for any given year might result in an adjustment to the tax liability of KKR Credit Funds or Other Clients for the year in question. Such an audit might result in the audit of the tax return of an investor and could result in the adjustment of items not related to KKR Credit Funds or Other Clients as well as items related to KKR Credit Funds or Other Clients. The cost of an audit, if any, at the fund level will be borne by KKR Credit Funds or Other Clients. However, the cost of any resulting audits of an investor will be borne solely by the affected investor.

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 U.S. (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 U.S. (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 non-U.S. KKR Credit Funds and certain non-U.S. entities in which KKR Credit Funds and Other Clients may invest (each, including the relevant KKR Credit Funds and Other Clients, 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 U.S. Internal Revenue Service (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 U.S. 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 and relevant Other Clients will require their investors to provide information regarding themselves and their investors. Such KKR Credit Funds or Other Clients may be unable to satisfy their reporting obligations (including, if they cannot collect the requisite information from some or all of their investors) and, as a result, payments received by such KKR Credit Funds or Other Clients may be subject to this withholding tax.

Each Offshore Entity may be required to disclose to foreign fiscal authorities certain information in relation to its investors and certain information relating to the investors' investment. Such foreign fiscal

authorities may be required to automatically exchange information as outlined above with the IRS and other foreign fiscal authorities.

KKR Credit Activities

Misconduct of Employees and of Third-Party Service Providers

Misconduct by employees of KKR Credit or by third-party service providers could cause significant losses to KKR Credit Funds or Other Clients. Employee misconduct may include binding KKR Credit Funds or Other Clients to transactions that exceed authorized limits or present unacceptable risks and unauthorized investment activities or concealing unsuccessful investment activities (which, in either case, may result in unknown and unmanaged risks or losses). Losses could also result from actions by third-party service providers, including, without limitation, failing to recognize trades and misappropriating assets. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting KKR Credit Funds' or Other Clients' business prospects or future marketing activities. No assurances can be given that the due diligence performed by KKR Credit will identify or prevent any such misconduct.

System Failures, Cyber Security Breaches and Identity Theft

Information and technology systems of KKR Credit and its affiliates (in addition to those of the issuers of KKR Credit Funds' or Other Clients' portfolio investments) 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. Although KKR Credit has implemented (and issuers of KKR Credit Funds' or Other Clients' portfolio investments will likely implement) various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, KKR Credit, KKR Credit Funds or Other Clients and/or issuers of KKR Credit Funds' or Other Clients' portfolio investments may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of KKR Credit, KKR Credit Funds' or Other Clients' and/or issuers of KKR Credit Funds' or Other Clients' portfolio investments and 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). Such a failure could harm the reputation of KKR Credit, KKR Credit Funds or Other Clients and/or issuers of KKR Credit Funds' or Other Clients' portfolio investments, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

Item 9 Disciplinary Information

Except as described below, neither KKR Credit nor 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 legal or disciplinary events related to this Item.

On June 29, 2015, without admitting or denying the SEC's findings, KKR 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 KKR 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 KKR's flagship private equity funds for that period. The order also finds that KKR did not adopt and implement a written compliance policy or procedure governing its fund expense allocation practices until 2011. KKR 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. In 2016, a KKR Credit employee had their California bar license suspended due to an inadvertent failure to pay registration fees. The employee paid a late fee and their bar license was reinstated in November 2016. Notwithstanding these incidents, 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 Services Agency; with KKR Capital Markets Asia Limited, which is licensed by the Hong Kong Securities and Futures Commission to conduct certain broker-dealer 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 Fund's or Other Client's investment. In addition, Affiliated Brokers may alone or with other lenders (including other KKR Credit affiliated 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 Fund 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, including upfront placement fees, 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 Credit affiliated entities may, as a consequence of such activities, from time to time hold positions in instruments or securities issued by portfolio companies, including, for example, where a KKR Credit proprietary entity commits to a fund the shortfall amount, if any, resulting from the incomplete syndication by an Affiliated Broker of a portfolio co-investment opportunity. Under such circumstances, a KKR Credit proprietary entity may commit to provide capital support for the syndication on a short-term basis (i.e. to provide certainty to KKR Credit Funds and Other Clients that there will be sufficient capital to complete the proposed transaction) or fund a different instrument or security in the portfolio company than that held by KKR Credit Funds and Other Clients to facilitate the syndication, which KKR Credit proprietary entities may in either scenario sell down prior to KKR Credit Funds or Other Clients disposing of their respective investments in the portfolio company.

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, upfront placement fees, 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). In certain circumstances, including without limitation, where a portfolio company becomes distressed and the participants in the relevant offering have a valid claim against the underwriter, the participating KKR Credit Fund or Other Client may have a conflict in determining whether to seek recourse or sue an Affiliated Broker. 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 receive 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’s 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 Funds’ 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 in the context of such transactions. Transactions involving a KKR Credit Fund or Other Client and an Affiliated Broker are reported periodically to KKR Credit Conflicts Committee.

Other Investment Advisers

Relying Advisers

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

- KKR Strategic Capital Management LLC
- 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 Fund Advisors LLC
- KKR Credit Fund Advisors LLC
- KKR Credit Advisors (Ireland) Unlimited Company

Each of the above entities is a “**Relying Adviser**” of KKR Credit Advisors (US) and collectively is referenced as “KKR Credit”. Each Relying Adviser provides management, sub-advisory and administration services to or otherwise in respect of 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. 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.

Participating Affiliates

KKR Credit Advisors (US), either directly or indirectly, controls or is under common control with the following subsidiaries, which are located in the United Kingdom and Hong Kong:

- KKR Credit Advisors (Hong Kong) Limited
- KKR Credit Advisors (EMEA) LLP
- KKR Credit Advisors (UK) LLP

Each of the above entities is a “**Participating Affiliate**” and is involved in identifying, negotiating and monitoring investments recommended by KKR Credit Advisors (US) to KKR Credit Funds and Other Clients in the relevant jurisdictions and regions. The Participating Affiliates are subject to KKR Credit’s supervision and Code of Ethics together with its compliance policies and procedures as adopted pursuant to the requirements of the Advisers Act, as applicable (in addition to applicable local laws and regulation). Any employees of the Participating Affiliates who provide services to KKR Credit’s Clients will be considered “associated person” 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 (“**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) Unlimited Company, formerly Avoca and its affiliates. Following the acquisition, certain employees of KKR Credit Advisors (Ireland) Unlimited Company have become employees of KKR. Certain KKR Credit Advisors (Ireland) Unlimited Company personnel may also participate in KKR Credit Associates Vehicles. Private funds, managed accounts and CLOs managed and advised by KKR Credit Advisors (Ireland) generally pursue strategies including European loans and bonds, credit opportunities, 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

On June 1, 2017, Prisma became a subsidiary of PAAMCO Prisma, a new liquid alternatives firm owned by KKR Topaz LLC and PHoldings, LLC, which is owned by certain employees of PAAMCO and Prisma. Under the terms of the agreement, the entire businesses of both PAAMCO and Prisma were contributed to PAAMCO Prisma, which operates independently of KKR Credit. KKR Topaz LLC, a subsidiary of KKR & Co., retains a 39.9% stake in PAAMCO Prisma as a long-term strategic partner.

Prisma and PAAMCO are separately registered as investment advisers under the Advisers Act. Although KKR operates independently of PAAMCO and Prisma, KKR's ownership interests in them may in certain circumstances create conflicts of interest or the appearance of conflicts of interest. PAAMCO Prisma and KKR have implemented an information barrier policy that restricts the flow of information between PAAMCO Prisma, on the one hand, and KKR and KKR Credit, on the other, to ensure the independent operation of PAAMCO Prisma from KKR and KKR Credit, and to mitigate the potential for conflicts of interest. Advisory affiliates of KKR and KKR Credit may also, from time to time, act as a sub-adviser with respect to capital allocated by investment vehicles and other accounts managed and advised by Prisma, and Prisma may advise or sub-advise investment vehicles and other accounts established by KKR, KKR Credit or their advisory affiliates. See Item 11 which discusses the relationship of KKR Credit, KKR Credit Funds, Other Clients, Stakes and Seed Managers, and Stakes and Seed Funds for further information.

KKR Alternative Investment Management Unlimited Company

KKR Credit is affiliated with KKR Alternative Investment Management Unlimited Company (i.e., ("**KKR AIM**"), which is regulated by the Central Bank of Ireland, is an authorized EU alternative investment manager and separately files reports as an exempt reporting adviser with the SEC. KKR AIM may enter into delegation and/or sub-advisory agreements with KKR Credit under which KKR Credit will provide certain portfolio management services to KKR AIM in connection with investment funds with respect to which KKR AIM serves as alternative investment manager for the purposes of the AIFMD.

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. The CFTC has proposed but not adopted rules that may limit the total amount of hedging that investment funds controlled by a single corporate group may enter into. While these rules currently apply only to agricultural products, the CFTC may expand them to cover oil and gas which could materially adversely impact KKR Credit Funds or Other Clients.

Pooled Investment Vehicles and Regulated Subsidiaries and Sponsors of Limited Partnerships

KKR, KKR Credit and certain of their respective affiliates serve as sponsors or syndicators of a number of limited partnerships, including KKR Funds and KKR Credit Funds. KKR Credit also primarily serves as investment adviser to KKR Funds that are pooled investment vehicles. In addition, its affiliates and KKR also serve as investment advisers of investment vehicles and accounts (i.e., KKR 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 Credit Funds and KKR Funds may engage in transactions with or alongside each other that may give rise to material conflicts of interest. KKR and KKR Credit have adopted policies and procedures designed to address conflicts of interest arising between KKR Funds and KKR Credit Funds. Certain KKR Credit Funds have established regulated subsidiaries as required under applicable law in order to permit such KKR Credit Funds to make portfolio investments in certain jurisdictions, including, in particular, India. As discussed in Item 11, KKR Credit’s relationship with KKR 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.

Dual Officers and Employees

Certain Employees of KKR Credit, including investment professionals, also act as supervised persons of KKR Credit and/or associated persons of one or more Affiliated Brokers (“**Dual Personnel**”). In this capacity, Dual Personnel provide investment advisory services to KKR Credit Funds and Other Clients, participate in the marketing of KKR Credit Funds and KKR Funds, and, in certain cases, participate in the capital markets activities of Affiliated Brokers. The potential conflicts of interest discussed above in relation to Affiliated Brokers may be more acute when investment professionals of KKR Credit participate in the capital markets activities of Affiliated Brokers with respect to the same classes of assets held by KKR Credit Funds and Other Clients. In particular, Dual Employees may originate loans and other credit investments that are suitable for KKR Credit Funds and Other Clients, but that also may be syndicated to third-party investors by an Affiliated Broker. To mitigate these conflicts, KKR Credit and the Affiliated Brokers maintain compliance policies and procedures designed to ensure that such investment opportunities are made available to advisory clients before they may be syndicated to third parties, and that the compensation of Dual Personnel is not structured in a manner that favors services provided to third-parties over those provided to KKR Credit Funds and Other Clients.

Other Businesses

KKR Funds have acquired a controlling interest in Avendus Capital Private Limited (together with its wholly-owned subsidiaries, “Avendus”), which KKR and/or its affiliates may be deemed to control due to their control of such KKR Funds. Avendus engages in investment banking, private wealth management and alternative asset management primarily in India and Southeast Asia.

KKR Credit has a significant equity interest in two Indian non-banking financial corporations, KKR India Financial Services Private Limited and KKR India Asset Finance Private Limited, each of which are registered by the Reserve Bank of India as non-deposit taking, non-banking financial companies (“NBFCs”) that are authorized to undertake lending and financing activities in India. As noted above, KKR Credit is an affiliate of 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 and which provides investment advisory services to domestic institutional and fund investors.

Please refer to Item 11 for a discussion of the potential conflicts that may be raised by KKR’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 Seed Managers and Stakes and Seed Funds.

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 investment holdings which may include private companies and/or private funds. Certain of these investments are maintained with third-party investment managers who sponsor investment vehicles that may compete with KKR or KKR Credit, or that KKR, KKR Credit or certain KKR 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 Credit Funds and Other Clients on the one hand, and KKR, KKR Credit their respective 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 or private company 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 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 and other policies and procedures to provide for the proper handling of confidential information (i.e., nonpublic information received or created by KKR Credit 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 warehouses an investment, in whole or in part, in one of its proprietary entities for the benefit of one or more KKR Credit Funds or 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 by such third party investors in such seeded initial portfolio of investments. 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 Other Client) or be calculated in accordance with a formula provided for in the governing documents of the KKR Credit Fund; and/or (ii) the consent of the respective KKR Credit Fund's limited partner advisory committee, independent client representative or investors or the consent of the Other Client be obtained prior to the completion of the relevant transaction or in connection with the investors' subscriptions to the KKR Credit Fund or the establishment of the Other Client relationship. As indicated in Item 10, Affiliated Brokers may act as principal in underwriting or placing the securities of KKR Credit Funds or Other Clients.

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. In addition, KKR Credit, a KKR Credit GP or one of their affiliates may fund certain general and administrative expenses of a portfolio company on a temporary basis in order to avoid a de minimis capital call to investors or to ensure timely payment of a KKR Credit Fund obligation, or may provide an interest free loan to a platform portfolio company to cover its start-up and operating costs prior to the receipt by a KKR Credit Fund or Other Client of a capital call in respect of such expenses. 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 or through a reduction of subsequent distributions by the KKR Credit Fund. KKR Credit does not consider such temporary arrangements to be principal transactions.

Stakes and Seed Managers

Affiliates of KKR Credit may acquire or hold from time to time a non-controlling interest in a third-party hedge fund manager or fund of hedge fund manager ("**Stakes and Seeds Managers**") and funds or other vehicles sponsored or advised by such managers (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. In addition, following the business combination of PAAMCO and Prisma, affiliates of KKR hold a 39.9% interest in PAAMCO Prisma, which constitutes an investment in a Stakes and Seed Manager. From time to time, a Stakes and Seeds Manager may be retained as a non-discretionary sub-adviser by KKR Credit

in respect of certain KKR Credit Funds or Other Clients. KKR and KKR Credit may also, from time to time, act as a non-discretionary sub-adviser of a Stakes and Seeds Manager and/or a Stakes and Seeds Fund, including in particular with respect to co-investments made alongside KKR Credit Funds or Other Clients. KKR Credit may be deemed to have a financial interest in transactions between any Stakes and Seeds Fund, on the one hand, and a KKR Credit Fund or Other Client on the other. Such transactions (which do not involve securities of KKR Credit advisory clients on both sides of the transaction) are neither principal transactions nor agency cross transactions. However, because of a KKR Credit affiliate's financial interest in Stakes and Seeds Managers, an affiliate of KKR Credit 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 may be 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 a 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. Cross transactions may create conflicts of interest because, by not exposing buy and sell transactions to market forces, a KKR Credit Fund or Other Client may not receive the best price otherwise possible, or KKR Credit may have an incentive to improve the performance of one KKR Credit Fund or Other Client by selling underperforming assets to another KKR Fund or Other Client, for example, to earn fees. 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 and KKR Credit 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 Other Client 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 or Other Client and one or more other KKR Credit Funds or Other Clients pursuing similar investments. In such case, a KKR Credit Fund or Other Client may, directly or indirectly, 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**”). From time to time, one or more KKR Credit Funds or Other Clients may commit to an investment before an allocation decision is made, and such commitments may be aggregated in an underlying pooled investment vehicle (a “**Rebalancing Vehicle**”) that rebalances the investment among such KKR Credit Funds or Other Clients after the allocation decision is made. KKR Credit will determine, in its sole discretion, whether a particular KKR Credit Fund or Other Client is a Rebalancing Client, provided that KKR Credit Funds and Other Clients invested in a Rebalancing Vehicle will be treated as Rebalancing Clients. KKR Credit 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 KKR Credit Funds or Other Clients may invest (including securities that are senior or junior within the capital structure of those held by KKR Credit Funds or Other Clients) or may otherwise be involved in the public or private placement of securities or debt instruments issued by KKR Credit Fund or Other Client 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 or 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 arrange lines of credit for (i) portfolio companies and other controlled or non-controlled entities in or through which KKR Credit Funds or Other Clients may invest; (ii) KKR Credit Funds; (iii) Other Clients; and (iv) other third parties. Affiliated Brokers (through their respective lending related vehicles) may also provide loans and lines of credit to such entities. 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 (or controlled or non-controlled entities through which they invest), including securities issued in different parts of the capital structure of such 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. In certain circumstances where an Affiliated Broker is participating in the above underwriting and financing transactions, it may do so as lead or sole arranger in which case it will be responsible for negotiating its customary fees with the company for services provided. In addition, certain KKR Credit Funds or Other

Clients (for example, KKR Credit Funds or Other Clients that are regulated under ERISA or the Investment Company Act) that would otherwise participate in an investment in respect of the relevant company may be restricted from doing so as a result of an Affiliated Broker participating in such arranging, underwriting or financing transactions. 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.

KKR Credit has conflicts of interest policies and procedures in place, where transactions involving a KKR Credit Fund or Other Client and an Affiliated Broker or its respective lending vehicles are appropriately reviewed and in certain circumstances 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 Credit 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 break-up 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 will generally not be shared with KKR Credit Funds or Other 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, 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 or may not 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 Fund 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 to 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.

While KKR Credit Funds and Other Clients may have only a limited ability pursuant to their applicable governing documents to invest in portfolio companies that are private equity, special situations or other equity investments of other KKR Credit Funds or Other Clients, such KKR Credit Funds and Other Clients may not be restricted in their ability to provide financing to a sponsor, acquisition vehicle of a sponsor or another portfolio company for the purposes of acquiring another company that represents a private equity, special situations or other equity investment of another KKR Credit Fund or Other Client. In addition, KKR Credit Fund and Other Clients may not be limited in their ability to provide financing to a borrower, or to provide debt or equity financing to a third party which in turn will use such financing to provide financing to a borrower, for the purposes of refinancing an existing loan or other debt position in the relevant borrower held by another KKR Credit Fund or Other Client. To the extent such investment opportunities arise, KKR Credit may face actual or apparent conflicts of interest, in particular in respect of its incentives to facilitate a successful exit of any such investment by the

relevant KKR Credit Fund or Other Client through financing provided directly or indirectly by another KKR Credit Fund or Other Client. In addition, KKR Credit Funds and Other Clients may not be restricted in their ability to refinance loans or other debt positions held by other KKR Credit Funds or Other Clients in a borrower prior to their stated maturity. Such prepayments may result in KKR Credit Funds or Other Clients receiving a lower than anticipated yield on such investments which they may not recoup through the redeployment of the relevant investment proceeds or otherwise mitigate through any early repayment penalties negotiated with the relevant borrower. While not limited such periods, debt refinancings are more likely to occur during periods of declining interest rates. To the extent that KKR Credit Funds and Other Clients reinvest the proceeds of a prepayment in these circumstances, they will likely receive a rate of interest that is lower than the rate on the debt positions that were prepaid as a result of the refinancing. In considering such refinancing opportunities, KKR may face actual or apparent conflicts of interest, in particular in respect of its incentives to source attractive refinancing opportunities for the benefit of Other KKR Credit Funds or Other Clients. The pricing and terms of any of the foregoing refinancing transactions may be established solely by KKR Credit and its affiliates without the involvement of an independent third party.

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

As noted in response to Item 5, Employees, Senior Advisors, Industry Advisors, KKR Advisors, KKR Capstone, RPM and Other Consultants may serve on the boards of KKR Credit Fund or Other Client portfolio companies and in such capacity currently and may in the future receive director's fees, which may be retained in whole or in part by the relevant Employee, Senior Advisor, Industry Advisor, KKR Advisor, KKR Capstone, RPM or Other Consultant. 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 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 carried interest allocations, performance fees 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 refer to "KKR Credit 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 refer to "KKR Credit 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 Invest in Different Securities of the Same Issuer or Invest in the Same Issuer on Same or Different Dates

Certain KKR Funds and KKR proprietary entities have or may in the future have, an investment focus that is, at least in part, similar to the focus of certain KKR Credit Funds, Other Clients and KKR Credit Associates Vehicles. In particular, certain KKR Credit Funds or Other Clients may co-invest in private equity and other investments made by KKR Funds may co-invest in credit investments alongside KKR

Credit Funds or Other Clients. The overlap of investment focus may be viewed as giving rise to conflicts of interest between KKR Credit Funds and Other Clients.

Certain KKR Credit Funds, KKR Funds, 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, a KKR Credit Fund or a KKR Credit affiliate, including an Affiliated Broker, may invest in debt securities issued by a portfolio company in which a KKR Fund has a controlling or other equity interest or an Affiliated Broker may underwrite an offering of debt securities issued by a portfolio company that are more senior or junior to those held by a KKR Credit Fund or Other Client or a KKR Credit Fund or Other Client may hold preferred equity in a portfolio company in which another KKR Credit Fund or Other Client holds ordinary shares. The interests of the KKR Credit Fund and such KKR Fund 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 or Other Clients may be adverse to those taken for a KKR Fund, a KKR Credit affiliate, or vice versa and actions taken by an Affiliated Broker may be adverse to the interests of a KKR Credit Fund or Other Client, or vice versa. KKR has policies and procedures to mitigate potential conflicts of interest involved in investments by such entities in different parts of a portfolio company's capital structure.

Additionally, the investment programs employed by KKR Credit, KKR for KKR Credit Funds, Other Clients, KKR Funds or KKR proprietary entities, as applicable, will conflict from time to time with the transactions and strategies employed by KKR Credit in managing KKR Credit Funds and Other Clients (or, as applicable, other KKR Credit Funds or Other Clients). For example, where a KKR Credit Fund, Other Client, KKR 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 Credit and KKR 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 Credit Funds, Other Clients, KKR 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, KKR Credit Funds or Other Clients (or, as applicable, other 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 Credit Funds or Other Clients, KKR Funds or KKR proprietary entities on the one hand and different KKR Credit Funds or Other Clients on the other or the regulatory status of certain KKR Credit Funds or Other Clients, KKR Funds and any related restrictions or obligations imposed on KKR Credit (or any affiliate) as a fiduciary thereof (including, for example, certain KKR Credit Funds or Other Clients or KKR Funds invested in by pension plans and employee benefit plans and constituting "plan assets" under ERISA or certain KKR Credit Funds or Other Clients or KKR Funds that are registered as investment companies under the Investment Company Act, if any). For example, a KKR Credit 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 Credit Fund. KKR proprietary entities may enter into such hedging arrangements in connection with investments alongside a KKR Credit Fund and, like other investors in such KKR Credit Fund, may also enter into hedging arrangements in connection with their investments made through such KKR Credit Fund (including with respect to the applicable KKR Credit GP's right to receive carried interest distributions), which arrangements are not employed by such KKR Credit 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 Credit Fund or Other Client or other investors in the KKR Credit Fund or Other Client depending upon the timing of the disposition of the relevant investment. In the future, certain KKR Credit Funds or Other Clients, KKR Funds or a KKR proprietary entity may concurrently, or in close proximity in time with such acquisition by a different KKR Credit 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 Credit 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 Credit Fund or Other Client or may otherwise benefit the execution quality of the transaction entered into by another KKR Credit Fund or Other Client, or a KKR Fund and/or KKR proprietary entity.

The timing of entry into or exit from a portfolio investment may vary as among KKR Credit Funds, Other Clients, KKR 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 Credit Fund, Other Client or KKR 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 Credit Fund or Other Client, or a KKR Fund or KKR proprietary entity, including in respect of any category of investments, nor can there be any assurance that a different KKR Credit Fund or Other Client, or a KKR 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 portfolio companies of KKR Credit Funds or Other Clients that are private equity investments of KKR Funds (if any), such KKR Funds will typically seek to acquire controlling or other significant influence positions in their investments. As a result, such KKR Funds may have the ability to elect some or all of the members of the board of directors of their 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's interest in such company may be in the interests of the KKR Fund but adverse to the interests of a KKR Credit Fund or Other Client, 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 of a KKR Credit Fund or Other Client, 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'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 Other Clients 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.

KKR Credit Funds or Other Clients may also participate in releveraging and recapitalization transactions involving issuers of their portfolio investments in which other KKR Credit Funds or Other Clients or KKR Funds have invested or will invest. Recapitalization transactions will present conflicts of interest, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

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 Credit Fund or Other Client, a KKR Fund or a KKR proprietary entity. Limitations on strategy implementation may also result from regulatory obligations or restrictions imposed on KKR Credit as a result of the regulatory status of KKR proprietary entities and/or different KKR Credit Funds or Other Clients, or a KKR Fund (for example, under ERISA or the Investment Company Act), including restrictions on the ability of any KKR Credit Fund or Other Client (or KKR Credit 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 Credit Fund's or Other Client's debt investments in certain companies, KKR Funds may invest in equity issued by the same companies. The interests of the KKR Credit Fund or Other Client may not be aligned in all circumstances with the interests of the KKR Funds to the extent they hold equity 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) or the KKR Funds that are adverse to the KKR Credit Fund or Other Client. The interests of the KKR Credit Fund, Other Client and/or KKR 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 and such conflicts will be increased where KKR and/or KKR Funds hold material equity interests in a portfolio company or otherwise have a material influence on its management. 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, 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 a KKR Fund invested in equity securities issued by the portfolio company may be impaired. In addition, it is possible that, in a bankruptcy proceeding, a KKR Fund's interests may be subordinated or otherwise adversely affected by virtue of a KKR Credit Fund's or Other Client's involvement and actions relating to their debt investment. There can be no assurance that the term of or the return on a KKR Credit Fund's or Other Client's investment in a portfolio company will be equivalent to or better than the term of or the returns obtained by a KKR Fund participating in the transaction. Actions taken by KKR in respect of any KKR Fund's interest in a portfolio company may result in a loss or substantial dilution of KKR Credit Fund's or Other Client's investment in the same portfolio company, while such KKR Fund recovers all or part of amounts 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 equity 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 a more junior debt holder or as an equity holder. 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), a KKR Fund impose restrictions on such KKR Credit Fund or Other Client engaging in transactions that KKR Credit may be interested in otherwise pursuing. Similar issues may arise with KKR Credit Funds and/or Other Funds are investing in different parts of the capital structure of the same portfolio company (e.g., in senior and junior debt or equity issued by the same company).

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

Investments of Stakes and Seeds Funds and Other Pooled Funds

Stakes and Seeds Funds and pooled funds or separate accounts managed by portfolio companies (or divisions or subsidiaries of portfolio companies) of KKR Funds 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 Credit 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. In addition, KKR Credit Funds and Other Clients may participate in co-investment opportunities that are sourced or managed by a Stakes and Seeds Manager. Actions taken by any Stakes and Seeds Manager or other funds or accounts in respect of any of the foregoing may adversely impact a KKR Credit Fund or Other Client. Generally any such investments and actions will be controlled by the respective Stakes and Seeds Manager and will generally be outside the control and oversight of KKR or KKR Credit. However, as it relates to investment opportunities where KKR Credit Funds and Other Clients directly participate in a strategy managed by a Stakes and Seeds Manager or where a Stakes and Seeds Manager participates in co-investment opportunities sourced by KKR Credit, its Funds or Other Clients, control and supervisory oversight will be retained by KKR Credit.

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.

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

Co-Investment Vehicles

As indicated above in response to Item 4, KKR Credit (and its affiliates) sponsors and manages a number of KKR Credit Funds and other vehicles 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). 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 and Other Clients to the extent practicable. KKR Credit (and its affiliates) does not charge management fees or receive incentive allocations for its services to KKR Credit Associates Vehicles and KKR Credit (or its affiliates) retains any allocated monitoring fees, transaction fees and service costs based on their respective ownership of the relevant company or investment as discussed above in Item 5. KKR Credit (or its affiliates) also bears any allocable share of expenses on behalf of these vehicles.

Proprietary Investments

The Public Company uses the balance sheet (the “**Balance Sheet**”) of its subsidiaries as a significant source of capital to further grow and expand its business, increase its participation in existing businesses, improve the liquidity profile of the Firm, and further align its interests with those of investors in KKR Credit Funds and other stakeholders. The Balance Sheet includes general partner and limited partnership interests in certain KKR Credit Funds, KKR Funds and co-investments in certain portfolio companies of KKR Funds and KKR Credit Funds. The Balance Sheet also owns the assets of KKR Financial Holdings LLC (“**KFN**”) and interests in Stakes and Seed Managers. 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**”). The Public Company also engages in certain structured financing transactions to improve the liquidity profile of the Firm and further expand its investor base. For example, KKR & Co. has established an alternative asset financing vehicle and certain separate structured managed accounts to obtain financing on pools of assets, including assets from the Balance Sheet, in consideration for KKR & Co. providing the lenders with a portion of the upside in such investments and retaining a “first loss” position with respect to any depreciation in the value of such investments over a designated term.

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 Credit 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 businesses or earnings. Examples of such uses include strategic acquisitions, such as KFN, general partner commitments to KKR Credit Funds and KKR Funds, warehoused investments for KKR Credit Funds and KKR Funds and Stakes and Seed Managers. For the sake of clarity, Stakes and Seed Managers are separate and distinct from Seed Investments. Investments in Stakes and Seed Managers involve 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 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. KKR seeks to mitigate potential conflicts of interest arising from opportunistic investments by offering, where KKR 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 KKR Credit Funds' or Other Clients' investments in portfolio companies. Co-investments by KKR proprietary entities result in less availability of discretionary investment opportunities for third parties. 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. See "Allocation of Investments" below for further information.

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 certain 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, including credit support to KKR Credit GP obligations to KKR Credit Funds and Other Clients and support of certain transactions by KKR Credit Funds and Other Clients. Examples of such activities include capital support for the activities of Affiliated Brokers and treasury and liquidity management investments. Operational activities may also include provision by the Balance Sheet of credit support to a KKR Credit GP's obligation to a KKR Credit Fund or Other Client to support certain transactions by KKR Credit Funds or Other Clients. A KKR Credit proprietary account has in the past and may in the future, guarantee the obligation of a KKR Credit GP to post collateral on behalf of a KKR Credit Fund in connection with such KKR Credit Fund's derivative transactions, and agrees to be liable for certain investment losses and/or for providing liquidity in the events specified in the governing documents of a KKR Credit Fund. 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 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 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 Funds, 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 and those KKR proprietary entities that participate in the relevant KKR Credit investment strategy, are overseen by KKR Credit Conflicts Committee. Investment allocation review and general oversight has been delegated to an Allocation Sub-Committee which provides periodic reporting to the KKR Credit Conflicts Committee. Escalation to KKR's Global Conflicts Committee may be determined as an appropriate action by the KKR Credit Conflicts Committee, from time to time. 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.

Types of KKR Credit Funds or Other Clients

In determining how an investment opportunity will be allocated and whether a specific investment opportunity will be offered to KKR Credit Funds or Other Clients including proprietary entities and co-investors, KKR Credit considers the following types of relationships.

Primary accounts represent those KKR Credit Funds or Other Clients that have a right to participate in KKR Credit investment opportunities on a pro rata basis (based on capacity and respective investment guideline compliance) along with other KKR Credit Funds and Other Clients that have a primary allocation to the respective KKR Credit strategy in which the investment opportunity is aligned (“**Primary Accounts**”).

Primary Accounts	
Private Funds	Multi-investor KKR Credit Funds and funds-of-one managed by KKR Credit.
Registered Investment Funds	KKR Credit Funds registered under the Investment Company Act of 1940 where KKR Credit serves as investment advisor or sub-advisor to the KKR Credit Fund.
SMAs	Other Clients managed by KKR Credit pursuant to managed account arrangements.
Affiliated Co-Investment Accounts	Other Clients managed by an affiliated advisor that have an allocation to a KKR Credit investment strategy and right to participate pro rata along with other Primary Accounts.
Strategy Overlap	KKR Funds and Other Clients managed by an affiliated advisor that have a right to participate pro rata along with other Primary Accounts where an allocation methodology has been agreed upon.
CLOs	Collateralized loan obligation vehicles managed by KKR Credit.

With respect to the allocation tiers set forth below, these relationships enable KKR Credit to consummate transactions on behalf of the Primary Accounts where excess capital is required above the relevant Primary Accounts capacity amount as further detailed below:

Secondary Accounts	
Other Funds / SMAs/Accounts with Strategy Allocation	Certain KKR Credit Funds and Other Clients that have a co-investment relationship with KKR Credit or an affiliated advisor maintain an allocation to a KKR Credit investment and strategy; however KKR Credit does not owe an obligation to allocate investment opportunities, except to the extent of excess capacity (“ Secondary Accounts ”). Further, there is no right to participate in pro rata allocation and therefore these participate second in the allocation waterfall following Primary Accounts.

Third Tier Accounts	
Balance Sheet	The Balance Sheet is comprised of KKR proprietary investment vehicles and is not entitled to be offered any opportunities in any strategies. The Balance Sheet may be offered the opportunity to participate in investments after Primary Accounts and Secondary Accounts have been permitted to participate. KKR Credit may consider its own interest before the interests of Syndicatees (defined below), which are not advisory clients, in deciding whether to present investment opportunities to them. The Balance Sheet may under certain

	<p>circumstances invest in similar or the same type of securities, properties, or other assets in which KKR or KKR Credit Clients may invest and otherwise do so 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 or KKR Credit Clients. KKR has adopted Balance Sheet Guidelines to mitigate any potential conflicts of interest between investment activities of the Balance Sheet. Please refer to “KKR/KKR Credit Purchases/Sales of Securities Recommended to KKR Credit Clients -- <i>Proprietary Investments</i> above for a discussion of the Balance Sheet Guidelines.</p> <p>Participate third in allocation waterfall following Primary Accounts and Secondary Accounts.</p>
Syndicatees	<p>“Syndicatees” are third party co-investors and are not entitled to be offered any opportunities in any KKR Credit investment strategies. Syndicatees may be offered the opportunity to participate in investments after Primary Accounts and Secondary Accounts have been permitted to participate. Syndicatees may include investors in KKR Funds, KKR Credit Funds or Other Clients or other third-parties, such as institutional investors or high net worth individuals. Syndicatees are not advisory clients of KKR or KKR Credit.</p> <p>Participate third in allocation waterfall following Primary Accounts and Secondary Accounts.</p>
Other Funds/SMAs/Accounts without Strategy Allocation	<p>Certain KKR Credit Funds and Other Clients that have a co-investment relationship with KKR Credit or another KKR advisory entity do not maintain an allocation to a KKR Credit investment strategy and KKR Credit does not owe an obligation to allocate investment opportunities. Further, there is no right to participate in pro rata allocation and therefore participate last in the allocation waterfall following Primary Accounts, Secondary Accounts and Third Tier Accounts.</p> <p>Participate third in allocation waterfall following Primary Accounts and Secondary Accounts.</p>

KKR Credit, from time to time, develops new client relationships and vehicles, including new types of arrangements that may alter the relative priority of allocations described above, pursuant to any limitations contained in the offering materials, disclosure documents and/or governing documents for existing KKR Credit Funds and Other Clients.

Process

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 and KKR Proprietary entities that participate in such strategy, provided that the method is designed to achieve a fair and equitable allocation of such 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, Other Clients,

Seed Investments and other KKR proprietary entities participating in a particular investment strategy. Under a *pro rata* allocation, investments will be allocated among participating KKR Credit Funds or Other Clients, KKR Credit Associates Vehicles, Seed Investments and other KKR proprietary entities based on requested order size for KKR Credit vehicles managed on a parallel basis (e.g., onshore and offshore KKR Credit Funds and Other Clients 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 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. Subject to the applicable governing documents, such determinations may also result in the dilution of a KKR Credit Fund's or Other Client's interest in any existing investment by another KKR Credit Fund or Other Client or Seed Investment and other KKR proprietary entity (and/or third party co-investors) to the extent that an investment opportunity constituting a follow-on investment in respect of an existing investment arises and the relevant KKR Credit Fund or Other Client has insufficient available capital (including pursuant to reserves for follow-on investments following the end of the KKR Credit Fund's or Other Client's investment period established by the relevant KKR Credit GP or KKR Credit) or is subject to investment restrictions, tax covenants or other constraints restricting its ability to take up all or any part of what would otherwise be its allocable share of such opportunity (which would generally be based on its participation in the initial investment). Any such dilution may be determined on the basis of a valuation in respect of the existing investment determined by the relevant KKR Credit GP or KKR Credit. Conversely, to the extent a KKR Credit Fund or Other Clients participating in the original investment has insufficient capital or is otherwise unable to participate on a pro rata basis in any related follow-on investment opportunity, such excess opportunity may be allocated in whole or in part to another KKR Credit Fund or Other Client increasing its concentration in the relevant investment, which may increase the losses incurred by such other KKR Credit Fund or Other Client to the extent such follow-on investment as a whole does not perform as anticipated. 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 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 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 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 such 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 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 and KKR Credit Associates Vehicles participating in the relevant investment strategy have received their target allocation, 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 will co-invest alongside the participating KKR Credit Funds, Other Clients and KKR Associates Vehicles participating in the strategy. To the extent there remains excess capacity thereafter, KKR Credit may consider offering the excess available to other third party co-investment relationships and KKR proprietary entities, as applicable. Co-investment relationships may consist of existing investors in KKR Credit Funds, Other Clients KKR Funds and other third party relationships, including syndicate co-investment vehicles or third parties that KKR Credit believes will be of strategic benefit to KKR Credit Funds or Other Clients or who may provide broader capital raising opportunities to KKR and its affiliates.

With respect to syndication of co-investment opportunities to third-party co-investors, KKR Credit will take into account various factors it deems appropriate to limit the overall risk of the syndication. While these factors will vary from opportunity to opportunity, in many cases the most important are: whether a prospective co-investor has expressed an interest in evaluating co-investment opportunities; the financial resources of the prospective co-investor and its commitment to satisfy certain minimum/maximum investment amounts and its ability to provide the requisite capital and complete a co-investment opportunity within the specified timeframe based on KKR Credit's prior experience with such prospective co-investor; the size of the prospective co-investor's capital commitments to KKR Credit Funds and Other Clients and the importance of such prospective co-investor for future business with KKR Credit or its affiliates; the overall strategic benefit to KKR Credit or its affiliates of offering a co-investment opportunity to such potential co-investor; attributes of the applicable investment opportunity that may be attractive to a potential co-investor based on its investment objectives, its ability to contribute to the targeted business or its geographic proximity to the investment; the economic terms on which such prospective co-investor will agree to participate; ease of process with respect to arranging a co-investment group; any legal, regulatory or tax considerations to which the proposed investment is expected to give rise; and such other factors that KKR Credit deems relevant under the circumstances.

Co-Investment Structuring

In addition to economic interests, the voting, control and governance rights with respect to an investment in which KKR Credit Funds, Other Clients, KKR proprietary entities and/or co-investors participate may be structured in a number of ways depending upon various considerations relating to the specific investment and the entities participating. For example, voting rights may be allocated *pro rata* to the participants in an investment in accordance with their respective equity interests or may be allocated on a disproportionate basis to one or more of the participants. In many cases, the "flagship" KKR Credit Fund participating in an investment may control the general partner (or similar entity) of the aggregating vehicle through which the various entities participate in the relevant investment, and as such will indirectly control the aggregating vehicle even where it does not own a majority of the relevant investment. Similarly, KKR proprietary entities may be allocated at least half or more of the voting rights or governance rights (including the right to elect at least half of the board of directors) with respect to an

aggregating entity (which may be a limited liability company) even where the KKR Credit Funds (or Other Clients or co-investors) own a majority of the economics or equity in the entity. Where KKR proprietary entities or a KKR Credit Fund (or Other Client) have interests or requirements that do not align with those of a different KKR Credit Fund (or Other Client), including in particular differing liquidity needs or desired investment horizons, conflicts may arise with respect to the manner in which the voting or governance rights with respect to an aggregator entity (or similar entity) are exercised, potentially resulting in an adverse impact on a KKR Credit Fund (or Other Client).

Balance Sheet Investments

Investments by the Balance Sheet are described above under “KKR/KKR Credit 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/KKR Credit 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 certain investment opportunities that are not within an investment mandate of a KKR Credit Fund or Other Client or that have been declined by the investment committee of a relevant KKR Credit Fund. For example, in the past the Balance Sheet has made certain Seed Investments for the real estate, technology, media and telecommunications and health care growth equity strategies, which were below the equity investment size threshold targeted by KKR private equity funds. 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 established as investment vehicles for a single investor 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 Credit 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 Credit Funds, Other Clients or KKR proprietary entities qualified to invest in such new issues. The determination of the eligibility of any such entity to invest in new issues will be made by KKR Credit’s Legal and Compliance department through, among other things, questionnaires contained in subscription agreements 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 Credit GP may enter into side letters or other similar agreements with particular investors in such KKR Credit 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 investors 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 s in a KKR Credit Fund, which agreements are entered into with such investors other than in their respective capacities as investors in 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 investors. 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 investors in 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 notwithstanding that the capital commitment of the relevant investors to such vehicles or accounts and/or the capital commitments to the KKR Credit Fund by such vehicles or accounts maybe smaller than other investors' capital commitments to such KKR Credit Fund. 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 favored 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 entitlement to receive carried interest or performance allocations or fees (particularly where a KKR Credit Fund contains a preferred return or hurdle for the benefit of investors) or comparable arrangements with any Other Client 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 (or Other Clients) than would be the case in the absence of this arrangement. The payment by some, but not all, KKR Credit Funds and Other Clients of carried interest or performance allocations or fees or the payment of such amounts at varying rates (including varying effective rates based on the past performance of a KKR Credit Fund or Other Client) may create an incentive for KKR Credit to disproportionately allocate time, services or functions to KKR Credit Funds and Other Clients paying carried interest or performance allocations or fees or KKR Credit Funds or Other Clients paying such amounts at a higher rate, or allocate investment opportunities to such KKR Credit Funds or Other Clients.

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

In addition, in the event that any KKR Credit Fund or Other Client 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 relevant KKR Credit GP or KKR Credit. If the valuations made by the KKR Credit GP or KKR Credit 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 Credit Fund or Other Client), the carried interest or performance allocations or fees received by such KKR Credit GP or KKR Credit, or the timing of receipt of carried interest or performance allocations or fees, 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 relevant 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 Credit GP with respect to a portfolio investment of a KKR Credit Fund. 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 investors 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 investors 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 investors. 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 investors 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.

Under certain circumstances, a KKR proprietary entity may seek to hold a co-investment interest when a KKR Credit Fund or Other Client sells, due to differences in strategy, asset allocation objectives or liquidity needs. KKR would obtain any consents required under the governing documents of KKR Credit Fund and Other Clients prior to doing so and would endeavor to determine whether there would be a negative impact on the valuations of KKR Credit Funds or Other Clients prior to implementing a hold strategy for a KKR proprietary account. However, there can be no assurances that such variations in timing of investment dispositions will not be detrimental to KKR Credit Funds or Other Clients.

The payment of the management fees may also 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 or Other Client has drawn down more capital. As a result, it is possible that the management fees may create an incentive for a KKR Credit GP or KKR Credit 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 a KKR Credit GP or KKR Credit to cause the relevant KKR Credit Fund or Other Client to hold on to investments that have poor prospects for improvement in order to receive ongoing management fees and a potential larger carried interest or performance distribution or fee.

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 or 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 and payments by such KKR Credit Funds and/or portfolio companies may indirectly benefit KKR Credit or such other KKR Credit Funds. 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 or Other Client or a portfolio company (the cost of which will generally be borne directly or indirectly by such KKR Credit Fund or Other Client or its portfolio company, as applicable).

Notwithstanding the foregoing, KKR Credit GPs and KKR Credit will generally seek to engage advisors and service providers in connection with investment transactions for KKR Credit Funds or Other Clients that require their use on the basis of cost and the overall quality of advice and other services provided, the evaluation of which includes, among other considerations, such service provider's provision of certain investment-related services and research that a KKR Credit GP believes

to be of benefit to the KKR Credit Fund or Other Client, as applicable. Advisors and service providers, or their affiliates, often charge different rates or have different arrangements for specific types of services. With respect to service providers, for example, the fee for a given type of work may vary depending on the complexity of the matter as well as the expertise required and demands placed on the service provider. Therefore, to the extent the types of services used by KKR Credit Funds, Other Clients and portfolio companies are different from those used by KKR Credit and its affiliates, KKR Credit and its affiliates may pay different amounts or rates than those paid by the KKR Credit Funds, Other Clients and portfolio companies. However, it is KKR Credit's practice to not enter into arrangements with advisors or service providers that could provide for lower rates or discounts than those available to KKR Credit Funds, Other Clients or portfolio companies for the same services.

Third Party Placement Agents

KKR Credit may enter into arrangements with third parties to raise capital for a KKR Credit Fund or Other Client. Such placement agents may receive a flat fee or in some cases a percentage of the investments they bring to the respective KKR Credit Fund or Other Client. KKR Credit generally bears such fees instead of KKR Credit Funds or Other Clients. Basing the placement agent's compensation on an investor's decision to invest creates a conflict of interest by incentivizing the placement agent to attract investors to a KKR Credit Fund or Other Client when it may not be in the investors' best interests to subscribe.

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 Credit, the investors, 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 KKR Credit will construe the relevant agreements in good faith and in a manner consistent with its legal obligations, the interpretations it adopts 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 Credit 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 Credit proprietary investment strategies that KKR Credit 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 KKR Credit 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.

KKR Credit may receive various kinds of portfolio company data and information (including from portfolio entities of KKR Credit Funds or Other Clients), including information relating to business operations, trends, budgets, customers and other metrics. In furtherance of the foregoing, KKR Credit

may seek to enter into information sharing and use arrangements with portfolio companies. KKR Credit believes that access to this information may further the interests of limited partners by providing opportunities for operational improvements across portfolio companies and for KKR Credit to utilize such information in connection with the investment management activities of KKR Credit Fund and Other Clients. Subject to appropriate applicable confidentiality requirements and applicable law and KKR Credit's policies and procedures on the proper handling of private and confidential information, KKR Credit may also utilize such information outside of the activities of KKR Credit Funds or Other Clients in a manner that provides a material benefit to KKR Credit or KKR Credit affiliates in which KKR Credit Funds or Other Clients would not participate. However, the acquisition of certain confidential or material, non-public information may also limit the ability of KKR Credit Funds or Other Clients to buy or sell particular securities. The benefits received by KKR Credit or KKR Credit affiliates from any such arrangements will not offset management fees or otherwise be shared with investors.

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 investment allocation policies and procedures and a conflicts of interest policy 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 and KKR 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 and KKR 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. Legal counsel and other advisors who advise KKR Credit Funds and Other Clients also routinely represent KKR Credit and KKR affiliates in various matters. 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 and KKR Funds may be directly or indirectly investors in such funds, and may also represent one or more portfolio companies or investors 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 Soft Dollar Benefits

Pursuant to KKR Credit's policy, it does not enter into soft dollar or comparable commission sharing arrangements with broker-dealers relating to transactions executed for the benefit of KKR Credit Funds or Other Clients, despite the incentive to receive research or other products or services without paying. It should be noted, however, that various broker-dealers may provide KKR Credit or its affiliates with proprietary research and other products and services, which KKR Credit may use to service all KKR Credit Funds or Other Clients, if applicable, equally. KKR Credit is of the view that it would receive such research, products and services regardless of the volume of transactions executed through such broker-dealers or the level of commissions or spreads generated by such transactions and that, accordingly, it is not causing any KKR Credit Fund and Other Client to "pay up" for such research, services or products and such research, products and services are not a factor considered by KKR Credit in directing client transactions to such broker-dealers. KKR Credit does not cause KKR Credit Funds or Other Clients to pay commissions higher than those charged by other broker-dealers in return for soft-dollar benefits or direct client transactions to a particular broker-dealer in return for soft dollar benefits. Acquisitions of portfolio companies will typically be executed by KKR Credit on behalf of KKR Credit Funds or Other Clients on terms specifically negotiated by KKR Credit with such companies or the seller of such companies.

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 Credit 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 Credit senior investment professionals, and for certain credit strategies, Trading. 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 Fund and Other Client 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 and Other Clients depends on the terms of the governing documents of such KKR Credit Funds and Other Clients 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 and Other Consultants receive economic benefits from portfolio companies of KKR Credit Funds and Other Clients.

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

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

Please refer to 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 refer to 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 (or Other Consultants).

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 or disclosure documents for the relevant KKR Credit Fund, as applicable. These terms, which vary as among each KKR Credit Fund and Other Client, may limit the investments KKR Credit may make on behalf of the relevant KKR Credit Fund or Other Client based on security classes, geographies, concentration limits, leverage limits and/or other criteria, among others. Generally, such investment management agreements and governing documents contain only limited investment restrictions and requirements as to diversification of fund investments, either by geographic region or asset type.

In addition to the conflicts of interest described under Item 11, as a general matter, KKR Credit may exercise its investment discretion to give advice or take action (including entering into short sales or other “opposite way trading” activities) with respect to the investments held by, and transactions of KKR Credit Funds, Other Clients or KKR proprietary entities that may be different from or otherwise inconsistent with the advice given or timing or nature of any action taken with respect to the investments held by, and transactions of, other KKR Credit Funds, Other Clients or KKR proprietary entities. Such different advice and/or inconsistent actions may be due to a variety of reasons, including, without limitation, differences between the investment objectives, programs, strategies and tax treatment of certain KKR Credit Funds, Other Clients or KKR proprietary entities or the regulatory status of other KKR Credit Funds or Other Clients and any related restrictions or obligations imposed on KKR Credit as a fiduciary thereof (including for example KKR Credit Funds or Other Clients that are registered as investment companies under the Investment Company Act). Such advice and actions may adversely impact KKR Credit Funds and Other Clients. For example, another KKR Credit Fund, Other Client, Seed Investment or other KKR proprietary entity may establish a short position in a security held by a KKR Credit Fund, Other Client, Seed Investment or other KKR proprietary entity (for example as collateral) and such short sale may result in a decrease in the price of the security that the relevant KKR Credit Fund, Other Client, Seed Investment or other KKR proprietary entity hold. Similarly, KKR Credit may seek to buy or sell a security for a KKR Credit Fund or Other Client and, concurrently or in close proximity in time, seek to buy or sell the same securities or similar securities in the opposite direction; this can benefit the execution quality of the second account to execute such a trade. KKR Credit has established policies and procedures intended to address conflicts of interest inherent in effecting long and short positions in the same security (i.e., opposite way trading) with respect to KKR Credit Funds, Other Clients, Seed Investments and other propriety accounts. These policies and procedures are designed to ensure that KKR Credit will treat all accounts (including Seed Investments and other KKR proprietary entities) on equal footing and not favor long trading or short trading, or short trading over long trading; and also ensure that opposite way trading is the result of independent investment theses and is executed in an orderly and equitable fashion.

To the extent KKR Credit provides investment advisory or management services to KKR Credit Funds or Other Clients that are subject to ERISA (“**ERISA Clients**”), KKR Credit will be acting as an ERISA fiduciary to such ERISA Clients. KKR Credit’s fiduciary relationships with ERISA Clients may cause

conflicts of interest, as described herein, and independently may affect the actions KKR Credit is permitted to take with respect to any other KKR Credit Funds or Other Clients in certain situations where an ERISA Client may be negatively affected. The terms of, or the return on, an investment by a KKR Credit Fund or Other Client may not be equivalent to, or better than, the terms of, or the returns obtained by, other KKR Credit Funds or Other Clients or KKR proprietary entities. In addition, a KKR Credit Fund or Other Client or KKR proprietary entity with similar investment objectives, programs or strategies of any other KKR Credit Fund or Other Client may not hold the same positions, obtain the same financing or perform in a substantially similar manner as such other KKR Credit Fund or Other Client.

Item 17 Voting Client Securities

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

KKR Credit recognizes that there may be a potential conflict of interest when voting a proxy solicited by an issuer that is an investor in a KKR Credit Fund, for example, or with whom KKR Credit has another business relationship that may affect how it votes the issuer’s proxy. KKR Credit has adopted policies to address these and other issues that could give rise to a conflict, including referring the matter to the KKR Credit Conflicts Committee to address issues raised from potential conflicts, 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.