

Part 2A of Form ADV: Firm Brochure



KOHLBERG KRAVIS ROBERTS & CO. L.P.

30 Hudson Yards
New York, NY 10001
(212) 750-8300
<http://www.kkr.com/>

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This brochure provides information about the qualifications and business practices of Kohlberg Kravis Roberts & Co. L.P. (“KKR”). If you have any questions about the contents of this brochure, please contact us at (212) 271-9102. 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 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 personnel.

Additional information about KKR also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 Material Changes

There have not been material changes to KKR's Part 2A since its most recent update on March 27, 2020. However, please note that KKR is now making revisions to various sections of its Part 2A:

- Item 4 – Updated information and disclosure regarding KKR's advisory business, specifically, KKR & Co. Inc.'s acquisition of Global Atlantic Financial Group Limited.
- Item 10 – Updated information and disclosure regarding KKR's affiliations, specifically the new affiliate relationship resulting from KKR & Co. Inc.'s acquisition of Global Atlantic Financial Group Limited.

KKR is permitted to at any time update this Part 2A and will either send you a copy or offer to send you a copy (either by electronic means or in hard copy form).

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Item 4 Advisory Business

Overview

Kohlberg Kravis Roberts & Co. L.P. (“KKR”) is a Delaware limited partnership and is registered as an investment adviser with the U.S. Securities and Exchange Commission (the “SEC”). KKR has approximately \$119.6 billion¹ in assets under management as of December 31, 2019. Today, through its offices across North America, Europe, the Middle East, Asia and Australia, KKR advises and sub-advises private equity funds and other investment vehicles that invest capital for long-term appreciation, primarily either through controlling ownership of companies or minority positions. Such funds also make investments in publicly traded equity and debt securities and other marketable securities and instruments (collectively with any investments in derivative instruments, “Marketable Securities”). In addition to its traditional private equity strategy, KKR advises funds and other investment vehicles focused on infrastructure, energy and real estate, which invest capital primarily through acquiring interests in companies or acquiring underlying assets. KKR also advises investment funds and other investment vehicles that make growth capital and core investments. KKR also advises vehicles that make real estate debt investments, including real estate investment trusts (“REITs”). KKR also offers and sponsors funds and other investment vehicles that make co-investments alongside KKR proprietary investments or in specific or multiple portfolio companies and other assets invested in by investment funds advised by KKR and its affiliates, a customized platform that invests in funds advised by KKR and its affiliates and funds sponsored and managed by unaffiliated investment managers (collectively, “third party funds”) and related co-investments, strategic partnership vehicles or other multi-strategy or multi-asset arrangements that invest across multiple funds and investment strategies advised by KKR and its affiliates, and multiple non-U.S. listed investment trusts or similar entities that invest in or have investment exposure to funds and investments managed by KKR and its affiliates. KKR’s Global Institute (“KGI”) periodically publishes 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 periodically publishes commentary on macro-economic trends and related topics through KGI and oversees a proprietary portfolio of investments in a variety of instruments and securities.

KKR is affiliated with KKR Credit Advisors (US) LLC, an investment adviser that is separately registered with the SEC, together with its relying advisers, other affiliated entities and participating affiliates, collectively (“KKR Credit”). Use of the term “KKR Credit” throughout this brochure collectively includes KKR Credit Advisors (US) LLC, KKR Credit Advisors (Ireland) Unlimited Company (“KKR Credit Advisors (Ireland)”), KKR Credit Advisors (EMEA) LLP and their respective wholly-owned and controlled management entities through which investment management, advisory, administrative, operational and other services are provided to their clients. KKR Credit advises pooled investment vehicles, separately managed account vehicles, collateralized loan obligation vehicles (“CLOs”), a closed-end investment company registered under the United States Investment Company Act of 1940, as amended (the “Investment Company Act”), discretionary accounts established for third-party institutional investors, and certain investment funds and investment vehicles established and advised by 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 (i.e., investments in revolver credit facilities), special situations investments and credit investments relating to other assets held by funds and other investment vehicles and accounts advised by KKR, including private equity and real assets, such as infrastructure, energy and real estate. KKR Credit Advisors (Ireland) and its affiliates provide discretionary

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

investment management services to a number of pooled investment vehicles, separately managed accounts and CLOs pursuing primarily European credit strategies, including investments in European leveraged loans and high yield bonds, alternative credit opportunities, such as investments in mezzanine and mezzanine-like instruments, originated senior loans and specific types of syndicated credit investments (i.e., investments in revolver credit facilities) and other structured and illiquid credit investments. On April 9, 2018, KKR Credit and an affiliate of Franklin Square Holdings, L.P. (“FS Investments”) combined their respective private credit business development company (“BDC”)² platforms through FS/KKR Advisor, LLC (“FS/KKR Advisor”), which registered as an investment adviser with the SEC on April 2, 2018. FS/KKR Advisor provides investment advisory services to BDCs previously advised and sub-advised by KKR Credit, and BDCs previously advised by FS Investments. KKR Credit owns a 50% interest in FS/KKR Advisor.

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

KKR is affiliated with KKR Alternative Investment Management Unlimited Company (“KKR AIM”), which is regulated by the Central Bank of Ireland (“CBI”), is an authorized European Union (“EU”) alternative investment manager, and separately files reports as an exempt reporting adviser with the SEC. KKR AIM enters into delegation and/or sub-advisory agreements with KKR 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 manager for the purposes of the EU Alternative Investment Fund Managers Directive (the “AIFMD”).

On February 1, 2021, KKR & Co. acquired Global Atlantic Financial Group Limited (“Global Atlantic”), a retirement and life insurance company. Following the acquisition, Global Atlantic will continue to operate as a separate business with its existing brands and management team. KKR (including through KKR Credit) will serve as Global Atlantic’s investment manager. Global Atlantic has over \$70 billion of adjusted invested assets as of March 31, 2020. Accordingly, KKR (and KKR Credit) have significantly increased their assets under management following the closing of the Global Atlantic transaction.

KKR also has an affiliated capital markets business operated through affiliated broker-dealers. Please see Item 10 – **“Other Financial Industry Activities and Affiliations”** for additional information regarding KKR’s affiliated broker-dealers.

KKR also has a proprietary investment business. Please see Item 11 – **“Code of Ethics, Participation or Interest in Client Transactions and Personal Trading”** for additional information regarding KKR’s proprietary investment activities.

With limited exceptions in connection with its customized platform investing in KKR funds and third party funds and related co-investments and certain sub-advisory relationships, KKR does not manage client assets on a non-discretionary basis as of December 31, 2019, although certain clients have consent or opt-out rights with respect to certain investments.

Ownership/Structure

Kohlberg Kravis Roberts & Co. L.P. is a subsidiary of KKR Group Partnership L.P. (“KKR Group Partnership”) and an indirect subsidiary of the Public Company, which is listed on the New York Stock

² Investment companies that have each filed an election to be treated as a business development company under the Investment Company Act.

Exchange (“NYSE”). On January 1, 2020, the Public Company and its subsidiaries completed an internal reorganization (the “Reorganization”) following KKR’s conversion from a Delaware limited partnership to a Delaware corporation on July 1, 2018. In the Reorganization, KKR Management Holdings L.P. (the former general partner of Kohlberg Kravis Roberts & Co. L.P.) and KKR International Holdings L.P., which were former intermediate holding companies for the Public Company’s business, were combined with the other intermediate holding company, KKR Fund Holdings L.P., which changed its name to KKR Group Partnership L.P. KKR Management LLP (formerly KKR Management LLC) remains the sole holder of Class B common stock of the Public Company, which is the class of common stock entitled to vote for the election of directors and other matters generally. KKR Holdings L.P. (“KKR Holdings”) holds Class C common stock of the Public Company (as well as the ownership interests described below). Holders of the common and preferred stock of the Public Company (which includes KKR affiliates, employees and their related persons, as well as public investors) hold 100% of the ownership interests in the Public Company. As of January 1, 2020, the Public Company indirectly held approximately 66% of the ownership interests in KKR Group Partnership, which holds the operating businesses of the Public Company’s subsidiaries. As of January 1, 2020, the remaining ownership interests in KKR Group Partnership were held indirectly by KKR Holdings and KKR Associates Holdings L.P. (“KKR Associates Holdings”). KKR Holdings and KKR Associates Holdings are owned by certain KKR senior employees and their related persons.

Nature of KKR’s Clients

KKR generally provides investment management, advisory and administrative services to affiliated general partners of investment funds and other investment vehicles sponsored and managed by KKR (“KKR GPs”) and/or KKR AIM. These funds and vehicles are typically U.S. and non-U.S. limited partnerships and other investment vehicles that are not registered or required to be registered under the Investment Company Act or the United States Securities Act of 1933, as amended (the “Securities Act”), and are privately placed to qualified investors in the United States and elsewhere or are established as dedicated investment vehicles and/or strategic partnership arrangements for certain institutional investors. In addition, affiliates of KKR manage multiple non-U.S. listed investment trusts or similar vehicles which provide certain non-U.S. investors with access to funds and investments managed by KKR and KKR Credit. KKR also provides investment advice directly to institutional clients through managed account arrangements. Investment funds and specific vehicles established for a single investor and other vehicles to which KKR provides continuous and regular investment management, advisory and administrative services are referred to throughout this brochure as “KKR Funds.” Institutional investors or investment vehicles (such as a REIT), to which KKR provides services directly through a contractual relationship, such as an investment management agreement, are referred to throughout this brochure as “Other Clients.” KKR also through affiliated general partners provides certain administrative services to co-investment vehicles that are not advisory clients of KKR, such as syndicated capital co-investment vehicles and syndication side cars, as described in Item 11 – **“Allocations of Investment Opportunities,”** through which third-party investors co-invest alongside KKR Funds and Other Clients.

KKR does not participate as a manager in any wrap fee programs.

KKR's Investment Mandates

The terms upon which KKR or its affiliates serve as investment manager or advisor of a KKR Fund or Other Client are determined at the time each KKR Fund or Other Client relationship is established and are generally set out in separate management agreements with the relevant KKR Fund or Other Client and the governing documents of the relevant KKR Fund or Other Client. These terms, which vary as among each KKR Fund and Other Client, include restrictions or limitations on the types of securities and other assets in which a KKR Fund or Other Client can invest, the amount of assets that can be invested in any portfolio company or industry or fund, the geographies in which a KKR Fund or Other Client can invest and the use of leverage, among others.

Item 5 Fees and Compensation

General

KKR (including the KKR GPs) generally receives management fees, carried interest allocations and/or performance fees in connection with the investment management and administrative services KKR provides to KKR Funds and Other Clients. Certain co-investment vehicles and KKR Associates Vehicles, as defined in Item 6 – “**Carried Interest Allocations and Side-By-Side Management**,” are not subject to such fees and/or carried interest allocations. The allocation of a portion of the profits of a KKR Fund, whether allocated to the capital account of a KKR GP or distributed to a KKR GP, is referred to herein as “carried interest.”

Management fees, carried interest allocations and other compensation payable to KKR (including the KKR GPs) by KKR Funds or Other Clients together with other terms governing the management of KKR Funds or Other Clients by KKR, are established by KKR at the time of the establishment of the relevant KKR Funds (and negotiated with participating investors prior to their investment) or at the beginning of the management 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, management agreements and/or governing documents of the relevant KKR Funds or Other Clients and vary between KKR Funds or Other Clients. Subject to such governing documents, fee terms of KKR Funds or Other Clients have been and will generally be changed during the term of the relevant relationship. The share of compensation earned by KKR or its affiliates in respect of a KKR Fund varies among investors in such KKR Fund pursuant to the terms of the governing documents, side letter agreements or other arrangements with specific investors in such KKR 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. For example, each of KKR and KKR Credit has entered into, and intends in the future to enter into, strategic partnerships or other multi-strategy or multi-asset class arrangements with investors that commit capital to a range of KKR's and KKR Credit's platform of products, investment ideas and asset classes. Such arrangements generally (subject to applicable terms) include KKR or KKR Credit 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 Fund or KKR Credit Fund (as defined in Item 10), as applicable, when applied to the entire strategic partnership. Where a strategic investor participates in a KKR Fund or KKR Credit Fund through a dedicated investment vehicle or account as part of such arrangement, such investment vehicle or account will generally (subject to applicable terms) 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 will generally (subject to applicable terms) include a waiver of management fees and carried interest on such strategic investor's investment in KKR Funds or KKR Credit Funds. In addition, where a strategic investor enters into such an arrangement with KKR or KKR Credit, other investors in KKR Funds will not be notified or receive documentation of such an arrangement. Please see

Item 11 – “**Other Conflicts of Interest** – *Strategic Partnerships and Other Arrangements*” for further information regarding strategic partnerships.

In addition, KKR enters into arrangements with one or more third parties to establish dedicated feeder vehicles to facilitate the indirect participation in a KKR Fund by certain high net worth investors and other qualified clients of such sponsor (each, a “Dedicated Feeder”). Such third parties are expected to also solicit a direct investment in a KKR Fund by certain of its clients in consideration for the payment of a placement fee from KKR or such KKR Fund (each, a “Placed Investor”). In connection with the admission of any Dedicated Feeder to a KKR Fund, the applicable KKR 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 is entitled. In connection with the foregoing, there have been and are expected to 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. Further, discounts in management fees generally do not apply to Placed Investors but will be granted to Placed Investors in KKR’s sole discretion. Certain third party sponsors receive placement fees, finder’s fees, manager charges or other payments which comprise organizational expenses related to the relevant Dedicated Feeders and which in turn will reduce management fees with respect to such Dedicated Feeders. KKR does not control the economic terms of such Dedicated Feeders, which are established independently by the relevant third parties and their underlying investors. In certain circumstances, such terms require the relevant third parties to use such payments in whole or in part to offset incremental fees and expenses applicable at the level of the relevant Dedicated Feeders or to otherwise pass on such amounts to the benefit of the Dedicated Feeders and their investors.

Management Fees

Management fees compensate KKR for the various services KKR’s business professionals provide in managing KKR Funds or Other Clients (such as building a diversified portfolio of investments). KKR receives periodic management fees from KKR Funds or Other Clients of up to 2% of capital committed to, the net asset value of, or the remaining invested capital of, the relevant KKR Fund or Other Client, depending, in particular, on the strategy of the relevant KKR Fund or Other Client, the amount of assets being placed under management with KKR and the point in time in the life cycle of the relevant KKR Fund or Other Client account. For example, for certain KKR 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, with earlier or larger investors frequently paying lower management fees than other investors. Management fees are typically paid quarterly, and fees will typically step down to a lower rate as a percentage of invested capital after a KKR Fund’s or Other Client’s investment period has concluded. KKR 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 purposes. KKR generally does not charge interest on such deferred management fees. The KKR GPs generally make capital calls on investors in KKR Funds for the amount of management fees payable by the KKR Funds to KKR and then cause the KKR Funds to pay the amounts received from the investors to KKR, consistent with the governing documents of the KKR Funds. KKR generally invoices Other Clients for management fees. In some cases, management fees due to KKR are deducted from proceeds otherwise distributable to investors in a KKR Fund or Other Client, but only if consistent with the governing documents of such KKR Fund or Other Client. If a KKR Fund obtains a subscription facility, management fees due from such KKR Fund are also paid by drawdowns by KKR (or relevant KKR GP) under such KKR Fund’s subscription credit facility (which drawdowns are subsequently repaid through capital calls or investment proceeds).

Where management fees are paid in advance with respect to a KKR Fund or Other Client, the terms applicable to the relevant KKR Fund or Other Client, typically do not contemplate repayments of fees to the extent that KKR's services terminate prior to the end of the relevant payment period. Where management fees are based on committed capital or the remaining invested capital of a KKR Fund, the management fee payable by such KKR Fund will be due to KKR even if the fair value of the relevant remaining investments is below cost.

Management fees payable to KKR by certain KKR Funds are also reduced by certain other compensation received by KKR or its affiliates that relate to the relevant KKR Fund and its activities or by certain organizational, offering and other expenses borne by the KKR Fund.

Carried Interest Allocations

KKR GPs also generally receive carried interest allocations from KKR Funds (other than KKR Associates Vehicles) of up to 20% of profits third-party investors earn on their investments in KKR Funds. Carried interest allocations are generally subject to preferred return hurdles, catch-up allocations, and/or KKR GP clawbacks, depending, among other things, on the strategy and structure of the relevant KKR Fund. KKR GPs typically receive carried interest allocations on a deal by deal basis for profitable portfolio company investments. Profitable investments realized early in the life of a KKR Fund could be followed by the poor performance of investments realized later in the life of a KKR Fund, which would reduce the KKR Fund's overall profitability or cause it to be unprofitable. If this were to result over the life of a KKR Fund in KKR having received through a KKR GP, more than the agreed-upon percentage of the relevant KKR Fund's total profit, or the hurdle performance rate required by the KKR Fund's terms not being met, the KKR GP 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 through such KKR GP does not receive a greater share of profits than agreed upon under the governing documents of such KKR Fund.

Portfolio Company-Related Fees

In addition to management fees for operating KKR Funds and Other Clients, KKR receives fees for work on the development and execution of core strategies for portfolio companies and for projects to increase portfolio company value. These fees are often 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 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 holding companies or other vehicles or by a specific KKR Fund or Other Client, such KKR Fund or Other Client will bear a greater portion of such fees than would be the case if the relevant portfolio company paid such fees as the investors in the holding company (or KKR 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 Consultants (as defined below) or Affiliated Brokers), then the relevant KKR Fund or Other Client, as applicable, will be charged for such services, which will also result in a greater portion of such fees being borne by such KKR 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 Funds or Other Clients, while non-shared fees do not reduce management fees. The overall amount of shared fees will also be reduced by certain sourcing and diligence expenses incurred by KKR in pursuing unconsummated transactions for KKR Funds or Other Clients. Portfolio company-related fees are paid regardless of a KKR Fund's or Other Client's profitability and are not negotiated with investors in KKR Funds or Other Clients, and will often be capitalized as part of the acquisition price of the relevant investment for consummated investments.

Shared Fees

Shared fees are fees for KKR services which offset management fees paid by KKR Funds or Other Clients, and include transaction, monitoring, breakup, and directors' fees. KKR and its affiliates charge monitoring fees and transaction fees to portfolio companies, in each case, which are not generally negotiated on an arm's length basis. KKR Funds and Other Clients indirectly bear the cost of these fees. KKR or its affiliates receive monitoring fees in exchange for providing portfolio companies of KKR Funds 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 are frequently based on a percentage of EBITDA or a specific dollar amount.

On the occurrence of initial public offerings, sales or other change of control events related to the relevant company, KKR (or an affiliate) is typically entitled to all unpaid monitoring fees plus any unreimbursed expenses plus the net present value of future monitoring fees that would otherwise be payable by the relevant portfolio company (the "NPV Payment"). The NPV Payment is based on the net present value of the monitoring 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. The fixed period of time used in the net present value calculation will typically be tied to the term of the relevant KKR Fund or portfolio investment or in more recent agreements, a period within that term; however, in certain instances the calculation period has exceeded the relevant KKR Fund's (or investment's) term. Under more recent monitoring fee agreements for portfolio companies of KKR Funds and Other Clients, the fixed period of time used in the NPV Payment calculation described above 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 a KKR Fund's term) and (ii) three-and-a-half-years from the date of termination of the monitoring agreement. An NPV Payment will generally only be taken where KKR (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 Fund, Other Clients, co-investment vehicles 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 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 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 policy governing calculation of NPV Payments are amended from time to time, in KKR's sole discretion.

KKR also receives transaction fees for the work performed by KKR in structuring investments in portfolio companies and with respect to significant transactions or exits for those portfolio companies or portfolio investments. Transaction fees are received in connection with the same portfolio company in which payments under a monitoring fee agreement are received. Transaction fees are 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 Fund or Other Client. KKR or its affiliates also from time to time receive "breakup" 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 generally contain conditions or limitations on such payment to KKR or its affiliates.

KKR periodically discloses to investors in certain KKR Funds (and Other Clients, if applicable) the amount

of monitoring fees, transaction fees, and breakup fees allocated to KKR Funds and Other Clients in which they have invested. Monitoring fees (including NPV Payments) and transaction fees are generally allocated among KKR Funds, Other Clients, KKR Associates Vehicles (and other participating KKR proprietary entities and co-investment vehicles, if applicable) based on ownership of the relevant portfolio company or investment to which they are charged. The amount of breakup fees is generally allocated among KKR Funds, Other Clients, KKR Associates Vehicles (and other participating KKR proprietary entities and co-investment vehicles, if applicable) based on the anticipated ownership of the relevant company or investment had the transaction been consummated. If the expected equity source is not known for such deal, the waterfall methodology for allocating sourcing and diligence expenses for the strategy of such deal will generally be used to allocate the breakup fee.

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

In addition to the fees described above, certain officers and employees of KKR, including, unless otherwise specified, KKR Capstone executives (as defined below) (“Employees”), currently receive and are expected in the future to receive directors’ fees for serving on the boards of portfolio companies, holding vehicles and other entities in or through which KKR Funds (and Other Clients, if applicable) invest. For older KKR Funds, these directors’ fees are generally not offset against KKR Fund management fees and are permitted to be retained in whole or in part by the Employees. Generally, for KKR Funds and Other Clients established between 2010 and 2016, directors’ fees paid to Employees (including KKR Capstone executives) offset management fees. For newer KKR Funds (generally established in 2016 and later), directors’ fees paid to KKR Capstone executives are not subject to management fee offsets and are permitted to be retained in whole or in part by the KKR Capstone executives. In addition, from time to time, Employees will serve as interim executives of portfolio companies and other entities in or through which KKR Funds (and Other Clients) invest, and an Employee serving as an interim executive either would not receive additional compensation for his or her service or KKR would share any compensation received by such Employee (excluding KKR Capstone executives) with the relevant KKR 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 Funds and Other Clients. Management fees will not be reduced or offset to the extent any Employee receives directors’ fees relating to continued director service after a KKR Fund or Other Client has exited a portfolio company or other entity or if received by an Employee following the termination of such Employee’s employment with KKR.

Non-Shared Fees

In addition to the shared fees described above, KKR and its affiliates, and RPM and other Consultants will also receive fees for services provided to portfolio companies. KKR Funds and Other Clients indirectly bear the cost of these fees. Such fees do not offset management fees due from KKR 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 Consultants and Affiliated Brokers that otherwise would have been provided by other consultants or broker dealers).

In addition, KKR and its affiliates will also from time to time enter into participation or other “back-to-back” arrangements with third parties that provide services and products directly to or with respect to KKR Funds and Other Clients and their portfolio companies, holding vehicles and other entities in or through which KKR Funds and Other Clients invest, and KKR will receive fees from the third party in connection with such activities. Under these arrangements, although neither KKR nor its affiliates will receive fees directly from KKR Funds, Other Clients or their portfolio companies, holding vehicles and other entities in or through which KKR Funds and Other Clients invest, KKR or its affiliates could be viewed as indirectly receiving such fees from a KKR Fund, Other Client or their portfolio companies or holding entities. Such fees do not offset management fees or carried interest distributions due from KKR Funds or Other Clients. KKR and its affiliates have an incentive to select third parties that are likely to engage KKR and its affiliates in such arrangements. Please see also Item 11 – “*Financial Interest in KKR Fund, Portfolio Company or Other Client Transactions*”.

KKR Capstone, RPM and Other Consultants

KKR Capstone Americas LLC (collectively with its related parties, “KKR Capstone”) provides consulting services to KKR, KKR Credit, KKR Funds, KKR Credit Funds, Other Clients and certain portfolio companies, holding companies and other entities (including non-controlled entities) in or through which KKR Funds, KKR Credit Funds, Other Clients and KKR invest. RPM Energy Management LLC (collectively with its related parties, “RPM”) provides operating and consulting services to KKR, KKR Credit, KKR Funds, KKR Credit Funds, Other Clients and certain portfolio companies and/or assets in the oil and gas industry.

KKR Capstone provides services to portfolio companies that KKR’s investment professionals do not otherwise provide, including, without limitation, replacement services.

KKR acquired KKR Capstone effective January 1, 2020 and KKR Capstone is owned and controlled by KKR. KKR Capstone operating executives (“KKR Capstone executives”) became employees of KKR after KKR’s acquisition.

KKR Capstone executives are expected to receive compensation in the form of (x) grants of equity in one or more of the parent entities of KKR (including equity awards from the Public Company, which has listed certain securities on the NYSE), (y) a portion of the carried interest distributions received by KKR GPs that are part of KKR’s “carry pool” and/or (z) a profits interest in individual portfolio companies or assets of KKR Funds or Other Clients. KKR Capstone executives could serve on the boards of directors of the portfolio companies of KKR Funds and Other Clients and in such cases will generally receive directors’ fees and other compensation (including in the form of fixed and incentive compensation) in connection therewith from such companies. They also serve from time to time as interim executives of portfolio companies and receive compensation in connection therewith. Such compensation received by KKR Capstone executives will generally not be shared with KKR Funds or Other Clients or offset against management fees or carried interest distributions payable by KKR Funds or Other Clients.

RPM is owned by its senior management and is not a subsidiary or an affiliate of KKR. RPM has an exclusive relationship with KKR. RPM provides advisory services to portfolio companies that KKR’s investment professionals do not otherwise provide, including, without limitation, replacement services. While KKR and its affiliates do not hold any voting/decision making rights or equity interests in RPM (and certain other Consultants), RPM (and certain other Consultants) will generally provide services to KKR and at the direction of KKR and its affiliates to portfolio companies, holding vehicles and other entities (including non-controlled entities) in or through which KKR Funds and Other Clients invest or to KKR designees on an exclusive basis and also receive services and support from KKR and its affiliates, which

are likely to be provided on favorable or below market rates. For example, KKR has in the past, presently does and is expected to in the future provide loans to RPM, which loans have (or would be expected to have) below market interest rates and no stated payment schedule, provide administrative services to RPM at below market rates, enter into arrangements with RPM that provide for below market rent and allow RPM to participate in KKR's insurance policies and employee benefit plans without passing through the full cost of the coverage to RPM.

RPM and/or employees of RPM 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 (including equity awards from the Public Company, which has listed certain securities on the NYSE), (y) a portion of the carried interest distributions received by KKR GPs that are part of KKR's "carry pool" and/or (z) a profits interest in individual portfolio companies or assets of KKR Funds or Other Clients. Any such compensation received by RPM will not be shared with KKR Funds or Other Clients or offset against management fees or carried interest distributions payable by KKR Funds or Other Clients. Similar benefits could be afforded to other Consultants (as defined below) engaged in respect of KKR Funds or Other Clients or their strategies, portfolio companies or assets.

KKR engages persons to provide various consulting services to KKR Funds and Other Clients ("Consultants") including and in addition to KKR Capstone and RPM, including, without limitation, for sourcing, operational consulting, industry consulting, asset level 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, assistance in ensuring that the consideration of environmental, social, governance and sustainability issues are integrated into investment decisions, and general and administrative services, on terms substantially similar to those described with respect to KKR Capstone and RPM. KKR Capstone, RPM and other Consultants are often involved in due diligence in connection with KKR's investment sourcing. KKR engages and expects in the future to engage particular Consultants for multiple projects related to existing portfolio companies or potential investment opportunities. Consultants have included and could in the future include former employees of KKR or its affiliates. Generally, KKR Capstone, RPM and certain other Consultants have master consulting agreements in place with KKR 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 on behalf of KKR Funds and Other Clients and they from time to time enter into engagement letters with KKR Fund portfolio companies, holding companies and other entities (including non-controlled entities) for consulting services provided to such entities. Under those agreements and engagement letters, KKR Capstone, RPM and other Consultants are generally entitled to fees, other compensation and expense reimbursement (and, outside of the U.S., expenses can be determined as a fixed percentage of KKR Capstone's fee for a specific engagement). Compensation for KKR Capstone (and other Consultants) will from time to time include success fees (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 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 might be in excess of fees, reimbursable expenses or other compensation that would be charged by comparable third parties. Other companies provide similar services as KKR Capstone, RPM and other Consultants, but KKR believes they are less customized to the business of KKR Funds and Other Clients.

Fees and compensation received by KKR Capstone, RPM and other Consultants are generally not shared with KKR Funds or Other Clients or offset against management fees payable by KKR Funds or Other Clients. Moreover, under the terms of more recent KKR Funds and Other Clients, fees received by KKR Capstone, RPM or any other Consultant would not be shared with KKR Funds or Other Clients or offset against management fees payable by KKR Funds or Other Clients in the event that KKR Capstone or RPM

were to become a subsidiary or an affiliate of KKR. As noted above, KKR acquired KKR Capstone on January 1, 2020.

With respect to operating partners, KKR will generally retain such operating partners on an ongoing basis through a consulting or joint venture arrangement involving the payment of annual retainer fees. Further, such operating partners will typically receive success fees, performance-based compensation and/or other compensation for assistance provided by such operators in sourcing and diligencing investments for a KKR Fund or Other Client. Such annual retainer fees, success fees, performance-based compensation and other costs of retaining such operating partners would ordinarily be borne directly by a KKR Fund or Other Client as fund expenses. To the extent that an operating partner is providing services on an exclusive basis to KKR, or a KKR Fund or Other Client acquires an interest in such operating partner, members of such operating partner will not be treated as affiliates of KKR for purposes of the governing documents of the KKR Fund or Other Client. Accordingly, none of the compensation or expenses described above will be offset against any management fees or carried interest distributions payable to KKR or its affiliates in respect of such KKR Fund or Other Client. Such operating partners (including operating partners in which a KKR Fund or Other Client owns an interest) operate assets on behalf of a KKR Fund or Other Client as well as other KKR investment vehicles and will also in certain cases operate assets for third parties, which are generally expected to be similar to prevailing rates for such services, although the rates for such services often do not have readily available benchmarks for comparison. For further information, please see also **“Platforms, Joint Ventures and Other Portfolio Asset Arrangements”** below and in Item 8 - *“Operating Partners and Joint Venture Partners.”*

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) 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 Funds or Other Clients invest, including in respect of securities or other instruments of such portfolio companies in which KKR Funds or Other Clients have not invested. Affiliated Brokers also manage or otherwise participate in underwriting syndicates and/or selling groups with respect to securities and other instruments held directly or indirectly by certain co-investment vehicles.

Further, Affiliated Brokers are otherwise involved in the public offering or private placement of such securities and other instruments, and/or the provision of capital markets advisory services to portfolio companies and other controlled or non-controlled entities in or through which KKR Funds or Other Clients invest, including in connection with mergers, acquisitions and restructurings; and will alone, or with other counterparties, which might include other KKR investment vehicles, third party banks or other unaffiliated finance providers, provide acquisition financing, lines of credit, bridge financing, hedging and other corporate lending or financing products and services to such entities in addition to financing provided through a KKR Fund or Other Client’s investment. Affiliated Brokers also provide loans and lines of credit or bridge financing to KKR Fund’s and Other Client’s portfolio companies through the Affiliated Brokers’ respective related lending vehicles. In addition, Affiliated Brokers 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 Funds, Other Clients and other third party borrowers invest. Such financing and underwriting services could also be provided to a third party in which a KKR Fund or Other Client (or portfolio company) invests. Affiliated Brokers also provide syndication services to such entities including in respect of co-investments in transactions participated in by KKR Funds or Other Clients. Affiliated Brokers will generally receive fees, including underwriting, placement, syndication fees, transaction fees, commissions, underwriting discounts, interest payments and other compensation, payable in cash or securities, in respect of the activities described above. Affiliated Brokers from time to time waive such fees.

Affiliated Brokers and other KKR entities will, as a consequence of such activities, from time to time hold positions in instruments or securities issued by portfolio companies. While such fees, commissions, interest payments and other compensation are believed by KKR to be reasonable and charged at market rates for the relevant activities, such compensation 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 Funds or Other Clients. Affiliated Brokers do not share in any transaction or monitoring fees earned by KKR, which are generally allocated among KKR Funds, Other Clients and KKR Associates Vehicles as discussed above. Please see Item 10 – “**Other Financial Industry Activities and Affiliations**” for further information regarding Affiliated Brokers.

Platforms, Joint Ventures and Other Portfolio Asset Arrangements

Certain KKR Funds or Other Clients form, enter into or invest in investment platforms, joint ventures, build-ups and other arrangements with third parties or KKR or its affiliates with respect to specified portfolio investments or categories of portfolio investments. In particular, such KKR Funds or Other Clients invest in opportunities through joint ventures, investment platforms or build-ups that provide one or more of the following services: origination or sourcing of potential investment opportunities, due diligence and negotiation of potential investment opportunities and/or servicing, development and management (including turnaround) and disposition of investments. Such investments in joint ventures, platforms and build-ups are made in or alongside existing or newly formed operators, consultants and/or managers (collectively, “Platform Managers”) that pursue such opportunities. Platform Managers have been established or otherwise invested in by KKR proprietary entities and could therefore be deemed to constitute affiliates of KKR or otherwise represent proprietary interests of KKR. As set forth in the governing documents for such KKR Funds, fees paid to such Platform Managers will not reduce management fees or other fees or carried interest distributions payable to KKR or its affiliates in respect of such KKR Funds. KKR Funds or Other Clients also invest in or own Platform Managers which involve joint ownership with KKR proprietary entities and/or third-party investors. Similarly, such joint ventures, platforms and build-ups include capital and/or assets contributed by KKR proprietary entities, KKR Funds or Other Clients and/or Platform Managers and/or third-party investors (such joint ventures and investments in platforms and build-ups, collectively, “Platform Arrangements”). KKR maintains policies and procedures to provide guidance to its investment professionals regarding the types of investments in Platform Arrangements and Platform Managers that are within the relevant investment strategies of KKR Funds and Other Clients.

Platform Arrangements also include certain investment vehicles that, directly or indirectly, hold or otherwise participate in aircraft, ships or other hard assets or other financial assets or related financing arrangements (“Portfolio Asset Vehicles”) managed in whole or in part by joint venture partners or third party asset administrators, servicers or other persons (collectively, “Asset Servicers”) or otherwise pursuant to arrangements with such Asset Servicers. Asset Servicers are entitled to fees and other expense reimbursements for sourcing such portfolio investments, success fees or carried interest distributions in respect of such portfolio investments and/or other compensation tied to the success of such portfolio investments and/or servicing fees and expense reimbursements for assistance with due diligence of such assets, negotiation of financing relating to asset acquisitions, administration and other services provided in respect of the relevant assets (including in particular asset leasing services provided in respect of hard assets held through such vehicles) (collectively, “Asset Servicing Fees”). KKR determines such compensation is appropriate where KKR believes such Asset Servicers have particular expertise, capability or knowledge with respect to the relevant category of assets, they have sourced such assets, or for regulatory reasons, in order to assist KKR in building relationships that KKR believes will be beneficial to a KKR Fund or Other Client and/or that will create opportunities for future investments or otherwise optimize returns for such KKR Fund or Other Client. Certain Asset Servicers have been established or otherwise invested in by KKR proprietary entities and could therefore be deemed to constitute affiliates of KKR or otherwise represent proprietary interests of KKR. For example, affiliates of KKR have made a proprietary investment into a

joint venture partnership with a commercial aviation finance company which will provide services in respect of investment opportunities by certain KKR Funds and Other Clients related to asset leasing arrangements for commercial aircraft, including assistance with sourcing of leasing opportunities and negotiating financing related to such opportunities, as well as repurposing and maintenance services.

In connection with Platform Arrangements, personnel of platform companies, joint venture companies, partners or Platform Managers or other persons, including personnel of Platform Managers affiliated with KKR, or of other entities formed by KKR or its affiliates to provide services to vehicles in which a KKR Fund or Other Client holds an investment, receive management fees or other fees (including, without limitation, consulting, servicing and/or origination fees), performance-based payments (including, without limitation, carried interest, incentive fees and/or transaction fees), equity (including, without limitation, options, warrants and restricted stock) and/or other compensation (including, without limitation, salaries, bonus, benefits and/or reimbursement of expenses) from Platform Managers or other vehicles which manage or advise such Platform Arrangements or through which such Platform Arrangements invest or conduct their business. Certain Platform Managers provide services exclusively to one or more Platform Arrangements.

KKR Funds or Other Clients will generally bear the expenses of the Platform Arrangements and Platform Managers, such as formation costs, ongoing general or administrative costs (including compensation of related personnel, rent and other overhead), due diligence expenses, working capital costs and other related expenses in connection with backing the Platform Arrangements and Platform Managers. Such expenses are borne directly by relevant KKR Funds or Other Clients (or as sourcing and diligence expenses, if applicable) or indirectly as KKR Funds or Other Clients fund the startup and ongoing expenses of a newly formed portfolio company. Although platforms or build-up portfolio entities are controlled by a KKR Fund or Other Client, the compensation or expenses described above are not expected to be offset against any management or other fees or carried interest distributions payable to KKR or its affiliates in respect of such KKR Fund or Other Client.

The services provided by Platform Managers in respect of such Platform Arrangements will in certain cases be similar to and overlap with services provided by KKR to KKR Funds or Other Clients and a Platform Manager also has and could provide the same or similar services for assets owned by third parties, which could compete with KKR Funds or Other Clients for investment opportunities. Multiple KKR Funds or Other Clients could invest in the same Platform Arrangements. KKR Funds or Other Clients realize investments held through Platform Arrangements (in whole or in part) through a sale of all or a portion of such Platform Arrangements or a disposition of assets held through such Platform Arrangements (including a payoff of any loans held through such Platform Arrangements), including to one or more KKR Funds, Other Clients or third parties.

Certain Platform Managers and Asset Servicers include former KKR personnel, Senior Advisors or Industry Advisors (each as defined below), KKR Capstone executives or RPM executives, and such individuals are generally permitted to also provide the same or similar services with respect to other Platform Arrangements or Portfolio Asset Vehicles of a KKR Fund or Other Client. In certain instances, KKR will have little influence over certain unaffiliated Platform Managers and Asset Servicers invested in by a KKR Fund or Other Client, and there is no assurance that these investments will benefit such KKR Fund or Other Client, either economically or by achieving access to attractive future investment opportunities. Any compensation paid to Platform Managers or Asset Servicers, including Platform Managers and Asset Servicers that are KKR affiliates and including personnel that are former KKR personnel, Senior Advisors, Industry Advisors, KKR Capstone executives or RPM executives, will increase the costs of and reduce the KKR Fund's or Other Client's returns from the relevant portfolio investments and will not offset carried interest or management fees or any other compensation paid by the KKR Fund or Other Client to the KKR GP. Please see the **"Expenses"** and **"Other"** sections below and *"Operating Partners and Joint Venture Partners"* in

Item 8 for further information regarding the payment of fees, other compensation, and expense reimbursement to KKR Capstone, RPM, and other Consultants.

Loan Servicing and Administrative Services

Affiliates of KKR also engage in loan servicing and other administrative services provided to borrowers, loan syndicates and similar arrangements. One or more of such KKR affiliates are generally entitled to provide these services to portfolio companies of KKR Funds and Other Clients and/or to lenders to such portfolio companies and receives or will receive fees in connection with such services. Generally, any such loan servicing or administration or similar fees received by KKR or its affiliates from or with respect to a KKR Fund's or Other Client's portfolio companies will not be shared with the KKR Fund or Other Client or offset against management fees or carried interest distributions payable by such KKR Fund or Other Client.

KKR and its affiliates could also receive payments for local administration or management services related to portfolio companies or investments of KKR Funds and Other Clients from those portfolio companies or from entities through which a KKR Fund or Other Client invests in a portfolio company or other investment. The amount and timing of the payment of such amounts will be determined by the relevant legal, tax or regulatory treatment that a KKR Fund or Other Client is seeking to achieve, having regard to the circumstances in which such amounts are paid and the jurisdiction of establishment of the relevant portfolio company or intermediary entity. Generally, any such service costs received by KKR and its affiliates with respect to a KKR Fund or Other Client will not be shared with the KKR Fund or Other Client or offset against management fees or carried interest distributions payable by such KKR Fund or Other Client.

In certain circumstances for commercial or tax efficiencies, KKR will also utilize and provide services to a foreign holding structure, which could also result in compensation payable to KKR or its affiliates. For example, certain KKR Funds utilize a Singapore holding structure for investments in Asia. Fees earned by such KKR affiliate will accrue entirely to the benefit of its KKR-affiliated equity owners, which will not include KKR Funds or Other Clients. Moreover, the remuneration will not offset management fees or carried interest distributions due from KKR Funds or Other Clients.

Proprietary Real Estate Platform Investments

Affiliates of KKR have also made proprietary investments in (and will likely make additional investments in) real estate asset management platforms ("RE Platforms") and real estate investment managers that sponsor RE Platforms. No RE Platform (or fund sponsored by a RE Platform) has been an advisory client of KKR. Rather, each RE Platform is a partnership between an affiliate of KKR and a third-party management team focused on real estate investment activities and day-to-day management of such RE Platform, including origination, underwriting and management of the RE Platform's investments, and the respective businesses of KKR and each such RE Platform are independently managed and operated. The KKR affiliate, with the management team and other investors, will from time to time seek to restructure or recapitalize an existing portfolio (if any) and/or deploy capital to scale the RE Platform by acquiring real estate assets, and a KKR affiliate has in the past and may in the future make a proprietary investment in the recapitalization of a RE Platform's investment manager. KKR real estate investment professionals who participate in the investment decisions made on behalf of a KKR Fund or Other Client also participate in certain investment decisions made by a RE Platform. To the extent permitted by the terms of the RE Platform, KKR will in certain cases have the ability to seek to allocate investment opportunities sourced through a RE platform to KKR Funds or Other Clients with overlapping investment mandates, if any (any such investment, a "Joint Investment"). When KKR is an investor in a RE Platform, in addition to its ownership interest in the third party investment manager of the RE Platform, KKR will have a conflict of interest in allocating such investments among the RE Platform and KKR Funds or Other Clients. Certain

RE Platforms pursue a core/core-plus investment strategy, including with respect to the acquisition of single tenant office core-plus investments, that seek more stable, relatively low volatility investments, with steady cash flows, and a low to moderate risk/return profile and leverage, as compared to typical real estate investment strategies of KKR Clients and Other Clients. Core/core-plus real estate investments have been excluded from the investment mandates of certain KKR Funds and Other Clients and will therefore not be allocated to such KKR Funds and Other Clients. For each Joint Investment, the applicable RE Platform's third-party (i.e., non-KKR) management team is expected to be paid a management fee and receive an incentive allocation in respect of the KKR Fund's or Other Client's portion of such Joint Investment that will be negotiated directly by KKR with the third party management team of the RE Platform on an arms-length basis. No portion of such fee or incentive allocation is expected to offset the management fee payable by the applicable KKR Fund or Other Client. Other fees related to Joint Investments, including but not limited to, leasing, property development, property management, capex supervisory fees, financing fees and other fees for real estate services, are also expected, from time to time, to be charged by the RE Platform to the KKR Fund or Other Client, or their respective investment vehicles, for services rendered to the Joint Investment. These services fall outside of the scope of the management fees and incentive allocations or performance fees paid to KKR by the KKR Fund or Other Client and, like other fees for replacement services that would be paid by the KKR Fund or Other Client to KKR (or an affiliate) or third parties, none of these fees or incentive allocations are expected to reduce management fees payable by the KKR Fund or Other Client. As such, KKR (or an affiliate) will benefit economically from such other fees paid by the KKR Fund, Other Client or Joint Investment through its ownership interest in the relevant RE Platform.

Warehoused Investments

KKR Funds or Other Clients from time to time acquire one or more portfolio investments acquired by KKR or its affiliates prior to the first closing date of such KKR Fund or Other Client. KKR or its affiliates receive certain fees, including fees paid to Affiliated Brokers, in connection with any such investments. KKR Capstone fees and RPM fees or other Consultants are also paid with respect to such investments. Any fees received by KKR or its affiliates with respect to such investments prior to the date of transfer of such warehoused investments to the relevant KKR Fund or Other Client will generally be retained by KKR or its affiliates and will not be shared with the KKR Fund or Other Client or otherwise reduce management fees payable by the KKR Fund or Other Client to KKR. The decision of the relevant KKR GP or KKR regarding the timing of the first closing date of the KKR Fund or Other Client, therefore generally affects the portion of fees received by KKR and its affiliates with respect to the warehoused investments that are shared with the KKR Fund or Other Client and that otherwise reduce management fees payable by the KKR Fund or Other Client to KKR. In addition, the KKR Fund or Other Client will generally 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 Fund or Other Client. KKR's Balance Sheet (as defined in Item 11) also from time to time makes loans to KKR Funds or Other Clients to acquire portfolio investments prior to the KKR Fund or Other Client obtaining a subscription facility. The decision of the KKR GP or KKR regarding the timing of the transfer of the warehoused investment to the KKR Fund or Other Client (or, if applicable, the repayment of any Balance Sheet loan to a KKR Fund or Other Client to complete a portfolio acquisition directly) will therefore affect the quantum of the foregoing additional amount that is paid by the KKR Fund or Other Client to KKR or its affiliates.

Senior Advisors, Industry Advisors and Other Consultants

Senior advisors ("Senior Advisors") and industry advisors ("Industry Advisors") are typically senior business leaders who provide advisory and consulting services to KKR, KKR Funds, Other Clients, and portfolio companies of KKR Funds or Other Clients. They are engaged as consultants rather than employees of KKR and are compensated for services provided to KKR, KKR Funds, Other Clients and portfolio

companies of KKR Funds and Other Clients. A significant portion of the compensation and reimbursement of expenses paid to Senior Advisors, Industry Advisors and other Consultants are allocated to KKR Funds and Other Clients as expenses, and as a result, these items are described in detail below under “**Expenses – Senior Advisors, Industry Advisors and Other Consultants.**” Senior Advisors, Industry Advisors and other Consultants 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 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 Funds or Other Clients.

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

KKR Advisors

KKR advisors (“KKR Advisors”) are individuals who were formerly employees of KKR and are subsequently engaged as consultants for KKR. Compensation of KKR Advisors is not generally borne by KKR Funds. However, KKR Advisors serve on the boards of portfolio companies and any fees paid to KKR Advisors by portfolio companies, such as director or consulting fees, will not be credited against any management fees payable by KKR Funds.

Expenses

Three general categories of expenses are allocated to and among KKR Funds, Other Clients, KKR Associates Vehicles, co-investment vehicles and certain KKR proprietary entities. As discussed further below, these categories are: (1) fund organizational and administrative expenses, (2) sourcing and diligence expenses and (3) oversight expenses. The offering and governing documents of each KKR Fund and Other Client contain more detailed information on the type of expenses that will be charged to such KKR Fund or Other Client.

In addition to calling capital to pay expenses, KKR (or an affiliate) from time to time advances funds on behalf of KKR Funds or Other Clients for the payment of expenses and then be reimbursed through a reduction of subsequent distributions by the relevant KKR Fund or Other Client (or subsidiary of a KKR Fund or Other Client) or by reducing the amount of monitoring fees, transaction fees and breakup fees allocable to such KKR 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 will also be reimbursed to KKR by portfolio companies, with the same effect. However, expenses are also borne by (i) holding companies or other vehicles through which certain, but not all, of the direct and indirect equity owners of the portfolio company invest or (ii) a specific KKR Fund or Other Client. When such expenses are borne by such holding companies or other vehicles or by a specific KKR Fund or Other Client, such KKR Fund or Other Client will bear a greater portion of such expenses than would be the case if the relevant portfolio company paid such expenses as only the investors in the holding company (or KKR Fund or Other Client) will bear the cost of such expenses.

Fund Organizational and Administrative Expenses

These expenses are related to the organization, operation and administration of KKR 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 the eventual termination and liquidation of the KKR Fund or Other Client. Examples of organizational expenses are legal, accounting, and filing expenses incurred in connection with the organization and establishment of any KKR Fund and the related KKR GP, and the marketing and offering of interests in such KKR 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 services) and accommodation (including first class lodging), printing, and other similar costs, fees, and expenses. Certain KKR Funds or Other Clients pay the cost of the fund administration services provided by KKR employees (including compensation otherwise payable by KKR), and/or internal costs (including compensation and overhead costs) attributable to certain 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 Fund or Other Client.

Investors in KKR Funds (other than KKR Associates Vehicles, which do not bear management fees) or Other Clients will typically receive a reduction in management fees in respect of offering and organizational expenses in excess of specific amounts as described in the offering materials, disclosure documents and/or governing documents of the relevant KKR Fund or Other Client. KKR or one or more of its affiliates will generally bear the allocable share of organizational costs and other expenses attributable to KKR Associates Vehicles without seeking reimbursement from such vehicles. In addition, organizational expenses of a feeder fund investing in a KKR Fund are borne by such KKR Fund or such feeder funds, as specified in the offering materials, disclosure documents and/or governing documents of the relevant KKR Fund.

Examples of direct and indirect operational expenses that fall within this category are professional fees directly attributable to a specific KKR 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 Fund or Other Client (including costs and expenses of meals, events, entertainment and travel and accommodation costs of KKR personnel, Senior Advisors, Industry Advisors, KKR Advisors and employees of 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 Fund and the general partner (including costs and expenses relating to investor and advisory committee consent, waiver or similar acknowledgment solicitations, and the preparation of compliance checklists and other comparable compliance and compliance monitoring-related materials); fees, costs and expenses relating to procuring, developing, implementing or maintaining information technology, data subscription and license-based services, including computer software and hardware, electronic equipment or information technology services purchased from third party vendors related thereto, risk analysis tools, research publications, materials, equipment and services, computer software or hardware and other

electronic equipment used in connection with a fund and its operation, administration and investment activities and otherwise used in connection with providing services to a KKR Fund or Other Client; expenses of any actual or potential litigation or other dispute or investigation or inquiry related to any KKR 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 Fund, Other Client, KKR or investors); and other extraordinary expenses related to any KKR Fund or such portfolio investments (including fees, costs and expenses classified as extraordinary expenses under generally accepted accounting principles in the United States). This list is not intended to be exhaustive; other situations and expenses arise in the course of operation of the KKR Funds or Other Clients. KKR Funds or Other Clients will also pay comparable costs, fees and expenses relating to any feeder funds (other than a KKR Credit Associates Vehicles), alternative vehicles, portfolio companies or entities through which a KKR Fund or Other Client invests that are not otherwise borne by such entities. KKR Fund or Other Client expenses and the repayment of any borrowings incurred by a KKR Fund or Other Client are allocated against and satisfied from investment proceeds received by such KKR Fund or Other Client in a manner reasonably determined by the applicable KKR GP. Generally, out-of-pocket expenses associated with completed portfolio investments are expected to be reimbursed to KKR by the seller or the portfolio company or capitalized as part of the acquisition price of the transaction.

As noted above, certain KKR Funds or Other Clients will also pay or otherwise bear the costs and expenses associated with administration of KKR Funds, Other Clients and their assets, including allocable compensation and overhead of applicable KKR employees (the “Applicable Employees”). Applicable Employees estimate their time engaged in a variety of matters that can be generally categorized as relating to (i) administration of KKR Funds and Other Clients, (ii) administration of KKR Fund or Other Client assets, and (iii) administration of non-KKR 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 KKR Fund or Other Client, which, for the avoidance of doubt, is limited to clauses (i) and (ii). KKR 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 will generally include three elements: (a) salary and cash bonus; (b) payroll taxes; and (c) healthcare costs. Overhead will generally include rent, property taxes and utilities that are allocable to workspaces and shared spaces used by Applicable Employees. KKR determines compensation of Applicable Employees in accordance with internally established methodologies. KKR does not obtain pricing information from unaffiliated third-party service providers and accordingly compensation and overhead of Applicable Employees charged to a KKR Fund or Other Client could be in excess of the cost of comparable services provided in an arm’s length transaction. While the KKR employee group included in the scope of Applicable Employees is generally limited at present to finance, tax, technology and operations, KKR expects from time to time, to expand the scope of Applicable Employees to apply to additional KKR employees (or categories of personnel) devoting time to fund administration matters, as well as in-house attorneys, accountants and tax advisers engaged in legal and regulatory compliance.

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. The largest category of sourcing and diligence expenses are those expenses incurred with respect to the pursuit of particular investments that are never actually consummated. Examples of such “broken deal” expenses include fees and expenses of any legal, financial, accounting, consulting or other advisors or lenders,

investment banks and other financing sources in connection with arranging financing for transactions that are not consummated; 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). These expenses are allocated to the KKR Funds, Other Clients, and KKR Associates Vehicles (and if applicable, certain KKR proprietary entities) that participate in the relevant investment strategy. The proportion of such expenses allocated to any relevant KKR Fund, Other Client, KKR Associates Vehicles, or KKR proprietary entity varies from period to period, but as a general matter, the significant majority of such expenses will typically be borne by the primary investment vehicle for such strategy, which is generally the KKR Fund that has a minimum investment right in relation to the relevant strategy. 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 Funds or Other Clients and KKR Associates Vehicles.

Oversight Expenses

These expenses are incurred in connection with the oversight of portfolio companies. 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), Capstone and/or RPM for services provided to a 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 Fund 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 in certain instances will be payable to another KKR Fund or Other Client co-investing in the bridged transaction or to KKR or an affiliate, in each case to the KKR entity that provides bridge financing to the relevant KKR 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 United States) and (v) expenses related to industry conferences directly related to a particular portfolio company. Oversight expenses are from time to time paid to KKR affiliates, including Affiliated Brokers. Oversight expenses also include amounts for service costs paid to KKR (or any affiliate) by a portfolio company or any entity through which a KKR Fund or Other Client (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.

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 Advisor, Industry Advisor or other Consultant and KKR (or one of its affiliates) at the time of engagement. Terms of Engagement are negotiated individually with each counterparty, depending upon anticipated services, and differ based on the parties to the Terms of Engagement. Terms of Engagement are 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 or retainer, (ii) a discretionary performance-related bonus, (iii) a portion of the carried interest distributions received by a general partner(s) of a KKR Fund, 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 Funds and 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, KKR Credit, KKR Funds, KKR Credit Funds, 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 Funds and Other Clients bear, directly or indirectly, a portion of the costs of consulting services provided by Senior Advisors, Industry Advisors and other Consultants.

KKR allocates Senior Advisor and Industry Advisor compensation (i.e., the annual fee and cash bonus) and expense reimbursement according to how the relevant Senior Advisor or Industry Advisor spends his or her time. The time of each Senior Advisor and Industry Advisor is allocated on a quarterly basis among three general categories: (i) investment sourcing activities (which are allocated as sourcing and diligence expenses (see description above of such expenses)); (ii) activities related to monitoring or working with KKR Fund portfolio companies (which are allocated as portfolio company-related expenses (see description above of such expenses)); and (iii) KKR related activities, such as meetings with investors and strategic planning, expenses of which are borne by KKR and its affiliates and not KKR Funds and Other Clients. The expenses related to equity grants in one or more of the parent entities of KKR have historically been borne by KKR (or one of its affiliates) and not allocated to KKR Funds and Other Clients. The expense created by the payment of a legacy Phantom Equity (described below) grant is borne indirectly by the KKR Funds and Other Clients that participated in the relevant portfolio company.

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

companies will offset the cash compensation paid to such Senior Advisors or Industry Advisors under the Terms of Engagement, although KKR typically does not offset such cash compensation.

Expense Allocation

KKR allocates expenses among KKR Funds, Other Clients and KKR based on the nature of the expenses and from time to time will make corrective allocations if it determines that they are necessary or prudent. Expenses related to due diligence for a potential investment are generally either capitalized as part of the acquisition price of the relevant investment for consummated investments or treated as sourcing and diligence expenses for investments that are not consummated.

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

“Oversight Expenses” are charged to the portfolio company to which they relate, or, if not, are generally allocated based on ownership percentages of the relevant portfolio company or investment held by the relevant KKR Funds, Other Clients, KKR Associates Vehicles and KKR proprietary entities. The specific entity in the organizational holding structure which bears these expenses impacts the proportional sharing of these expenses. Transaction expenses for consummated investments will typically be borne by the relevant portfolio company or a related investment vehicle through which the investment is made and capitalized as part of the acquisition price of the relevant transaction to the extent not reimbursed by a third party. In addition, ongoing expenses that are specific to a portfolio company are borne by the relevant portfolio company.

“Sourcing and diligence expenses” are generally attributable to multiple KKR Funds and Other Clients that invest in a given strategy. KKR has therefore developed a waterfall methodology that seeks to allocate sourcing and diligence expenses among relevant KKR Funds, Other Clients, KKR proprietary entities and KKR Associates Vehicles. The waterfall methodology assists KKR in the allocation of such expenses, where appropriate, based upon a number of relevant factors and not on any single factor. These factors include, for example, committed or available capital, the amount of capital historically invested or remaining invested in similar investments, and the percentage of similar investments in which a particular KKR Fund or other KKR Funds have historically participated. The expense allocation waterfall generally follows four distinct steps. First, a portion of the expenses is allocated to certain KKR Associates Vehicles (generally those co-investment vehicles without committed capital that were formed for KKR employees and others to facilitate deal by deal co-investments in portfolio companies alongside KKR Funds), based on the total equity invested by such vehicles within the relevant strategy over the prior eight quarters divided by the total equity invested by all KKR Funds within such strategy over the prior eight quarters. Second, a portion of the remaining expenses is allocated to the KKR Fund that is the primary private equity fund for that strategy based on the number of deals completed below its minimum investment amount over the prior eight quarters, divided by the total number of deals completed over the prior eight quarters. Third, a portion of the remaining expenses is allocated to KKR Funds that have a co-investment strategy (other than syndicated capital co-investment vehicles and syndication side cars) that do not have a defined amount of committed capital for that strategy (including applicable KKR proprietary entities), based on the total equity invested by these investors within such strategy over the prior eight quarters divided by total equity invested by all KKR Funds within such strategy over the prior eight quarters. Finally, the remaining expenses are allocated to all KKR Funds with committed capital for that strategy, based on committed capital and in the proportion that each such fund’s capital commitment bears to the total capital commitments of all KKR Funds with committed capital for such strategy. For purposes of determining the foregoing pro rata allocation, the committed capital from certain KKR Funds are adjusted in KKR’s discretion to reflect the respective KKR Funds’ investment mandate. For example, when KKR is evaluating whether adjustments should be made, KKR takes into account factors including, but not limited to, geographic limitations of a

specific mandate as compared to the general strategy, the investor's ability to opt-out of investments within the general strategy, and industry focus of a specific mandate as compared to the general strategy. The significant majority of these expenses is typically borne by the KKR Fund that is the primary (or flagship) private equity fund for that strategy because such fund generally has the largest amount of capital committed for investment in such strategy and also typically has a priority right to invest. Because KKR 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 does not allocate sourcing and diligence expenses to syndicated capital co-investment vehicles or syndication side cars.

Other

Portfolio companies of KKR Funds or Other Clients are counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other KKR Funds or Other Clients (for example, a portfolio company of a KKR Fund has retained a portfolio company of another KKR Fund to provide services or acquire an asset from such portfolio company).

Other agreements, transactions, and arrangements among portfolio companies involve fees, servicing payments, rebates, discounts and/or other benefits to KKR and its employees and affiliates (including KKR Capstone), or RPM. For example, KKR encourages portfolio companies to enter into agreements regarding group procurement and/or vendor discounts. In certain cases, KKR and its affiliates (including KKR Capstone), and/or RPM, also participate in these agreements, and potentially realize better pricing or discounts as a result of the participation of portfolio companies. Certain of these agreements provide for commissions, fees for services or similar payments and/or discounts or rebates to be paid (directly or indirectly) to a portfolio company, KKR (or one of its affiliates), KKR Capstone, RPM or other Consultants. 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 Funds or Other Clients. Under these arrangements, one particular portfolio company could benefit to a greater degree than the other participants in the arrangements, and the KKR Fund(s) and/or Other Client(s) that own an interest in such portfolio company will receive a greater relative benefit from the arrangement than other KKR Funds and Other Clients that do not own an interest in such portfolio company.

KKR or its affiliates, or the officers, directors and employees of KKR or its affiliates from time to time hold equity or other investments in companies or businesses that provide services or goods to or otherwise contract with portfolio companies of KKR Funds or Other Clients, subject to KKR's policies and procedures for addressing conflicts. Payments made by portfolio companies for such services, goods or contracts will not offset management fees payable by KKR Funds or Other Clients.

In addition, portfolio companies of KKR Funds or Other Clients make discounts and other benefits available to employees of KKR and its affiliates and to Consultants, Senior Advisors, Industry Advisors, KKR Advisors and other persons associated with KKR with respect to products or services offered by such companies. Furthermore, airline travel or hotel stays incurred as KKR Fund or Other Client expenses often result in "miles" or "points" or credit in loyalty/status programs, and such benefits or discounts will, whether or not de minimis or difficult to value, inure exclusively to KKR and/or its personnel (and not KKR Funds, Other Clients or portfolio companies) even though the cost of the underlying service is often borne by the KKR Funds, Other Clients or portfolio companies. The amount of such discounts and other benefits will not offset management fees payable by KKR Funds or Other Clients.

RPM executives meet with investors and prospective investors to describe the role of their firm and provide information regarding their activities and arrangements. Typically, RPM does not charge fees to KKR, KKR Funds or Other Clients in connection with their executives attending meetings with investors (including annual meetings of KKR Funds) or internal KKR meetings. However, RPM is reimbursed for

travel related expenses for attending such meetings. Certain other Consultants are also reimbursed for attending such meetings. While KKR bears the expense reimbursement for internal KKR meetings, KKR Funds (and if applicable, Other Clients) bear the relevant expense reimbursement for meetings related to their activities.

In connection with the management and oversight of KKR Funds and Other Clients, neither KKR 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 and Side-By-Side Management

As noted in Item 5 above, KKR (including the KKR GPs) generally receives carried interest allocations and fees from KKR Funds or Other Clients. KKR will in certain instances have an incentive to favor, or take increased investment risk with respect to KKR Funds or Other Clients from which it receives higher carried interest allocation (or which are subject to lower preferred return hurdles) or fees over KKR Funds or Other Clients from which lower or no carried interest allocation or fees is received (and notwithstanding that such accounts do not give rise to carried interest allocations, KKR will in certain instances have an incentive to favor a certain KKR proprietary entity over any other KKR Fund or Other Client). KKR has in place policies and procedures to address these conflicts, including policies and procedures designed to ensure allocation of investment opportunities 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 advises certain KKR Funds that are either feeder funds investing in other KKR Funds or side-by-side vehicles investing alongside other KKR Funds established primarily for the benefit of Employees, Senior Advisors and Industry Advisors, KKR Advisors and RPM executives and certain other persons associated with KKR (including, without limitation, executives of KKR portfolio companies, external consultants and their affiliated entities) ("KKR Associates Vehicles"). KKR Associates Vehicles are not subject to management fees or carried interest allocations but are generally allocated monitoring fees and transaction fees, breakup fees and other similar fees based on their respective ownership (including indirect ownership through KKR Funds) of the relevant portfolio company or investment as discussed above in Item 5 (except in the case of certain older KKR Funds). KKR retains such compensation to the extent it is allocable to KKR Associates Vehicles (except in the case of investments made alongside certain older KKR Funds). KKR will generally bear any allocable share of KKR Fund organizational costs and other expenses on behalf of the KKR Associates Vehicles. As the investment activities of these vehicles are implemented indirectly through the other KKR Funds in which they invest or alongside other KKR Funds, as applicable, KKR does not view these arrangements as giving rise to the types of conflicts of interest described above.

Item 7 Types of Clients

KKR provides investment management, advisory and administrative services, as described above in response to Item 4, to the KKR Funds and Other Clients. With limited exceptions (including, currently, with respect to KKR Funds established as employee securities companies and KKR Associates Vehicles), investment in KKR Funds is generally only available to institutional investors and certain high net worth investors that are "accredited investors" and "qualified purchasers" or in the case of Employees, "knowledgeable employees," within the meaning of the Securities Act and the Investment Company Act, as applicable. KKR Funds or Other Clients generally have a specified minimum investment amount as set forth in their offering materials, disclosure documents and/or governing documents. These minimum amounts are subject to discretion, on the part of KKR or the relevant KKR GP, to permit investments of a smaller amount generally or with respect to any investor.

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

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

Investment Strategies and Methods of Analysis

As noted above in response to Item 4, KKR advises private equity funds and other investment vehicles that invest capital primarily for long-term appreciation, primarily either through controlling ownership of companies or minority positions. KKR also manages investments in infrastructure companies and assets across a broad range of sectors and investment types, including: power and utilities; long-term contracted or “hedgeable” generation; midstream energy infrastructure; alternative energy infrastructure; airports; ports; transportation (roads, bridges, tunnels, railway lines, parking and mass transit structures); asset leasing; water and wastewater; social infrastructure (for example, schools, public healthcare facilities, and government housing); and telecommunications infrastructure. In addition, KKR manages investments in energy assets, such as oil and gas properties, royalties and drilling activities that offer exposure to underlying commodities and current cash flows from the production of the acquired resources. KKR also manages investments in real estate assets, including direct investments in commercial or residential real property, debt (including loans, commercial mortgage backed securities, including subordinated tranches of commercial mortgage backed securities known as “B-Pieces,” and mezzanine debt), special situations transactions and businesses with significant real estate holdings. KKR sponsors a customized platform that invests in KKR Funds and third party funds pursuing private equity and related co-investments, and strategic partnership vehicles that invest across multiple KKR Funds and investment strategies. KKR also manages growth capital investments, including through KKR Funds focused on growth equity investments in the technology, media and telecommunications and health care sectors. KKR has also established core investment vehicles, through which it aims to make core investments across strategies that KKR manages (please see “*Core Investments*” below for further information). KKR also manages and has recently launched KKR Funds focused on making investments in companies seeking to implement or provide ESG related solutions (please see “*Social and Environmental Impact Investments; Impact and ESG Reporting*” below for further information).

Certain KKR Funds or Other Clients make convertible arbitrage or other investments in Marketable Securities. KKR also employs hedging techniques and invests in derivative instruments, including without limitation, swaps, options and forward contracts, to hedge exchange rate and interest rate risks and other risks associated with the investment strategies described above, in each case as permitted pursuant to the offering materials, disclosure documents and/or governing documents of the relevant KKR Fund or Other Client.

KKR employs various methods of analysis, including fundamental and technical methods, when analyzing potential investments. KKR utilizes multiple sources of information in analyzing investments, including financial newspapers and magazines, inspections of company activities, research material prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC and company press releases. KKR also uses industry magazines, third party consultants, expert networks firms, lawyers, accountants, asset operators, regulatory filings filed with non-U.S. regulators, in-person meetings with

company management, due diligence visits to operational facilities and other physical assets, discussions, as appropriate, with suppliers, customers, competitors, former employees, financial reports and projections and information provided by strategic investors in KKR Funds and by investment banks, and alternative or aggregated data and other artificial intelligence techniques, including algorithmic analysis. In addition, KKR Capstone, RPM, other Consultants, Senior Advisors, Industry Advisors and KKR Advisors often provide supplemental insights to KKR 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 agencies. In conducting due diligence on investments in third-party funds through KKR’s customized portfolio solutions business, KKR 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 Risks of Significant Investment Strategies

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

Private Equity Investments and General Risks relating to KKR Funds and Other Clients Investments made by KKR Funds and Other Clients, including private equity investments, involve a number of material risks including (but not limited to) the risks discussed below.

Illiquid and Long-Term Investments Investment in KKR Funds and Other Clients are speculative in nature and require a long-term commitment, with no certainty of return of capital or gains. The investments are expected to be predominantly illiquid and there can be no assurance that a KKR Fund or Other Client will be able to generate returns for investors. The realizable value of a highly illiquid investment is often less than its intrinsic value.

Although certain investments by KKR Funds and Other Clients generate current income, the return of capital and the realization of gains, if any, from an investment generally will occur only upon the partial or complete disposition of such investment, as to which there can be no certainty. While investments of KKR Funds and Other Clients can generally be sold at any time, sales typically only occur a substantial number of years after the investment is made. KKR Funds and Other Clients will generally not be able to sell securities comprising an investment publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases a KKR Fund or Other Client will be prohibited by contract from selling certain securities for a period of time, which will restrict their ability to exit the relevant investment and sometimes means that the KKR Fund or Other Client is unable to take advantage of favorable market prices when doing so. In view of such limitations on liquidity, which are illustrative and not exhaustive, KKR Funds or Other Clients will generally not be able to realize on an investment until the sale of such investment. Furthermore, such illiquidity sometimes continues even if the underlying portfolio companies or other relevant issuers obtain listings on securities exchanges. There can be no assurance that a KKR Fund or Other Client will be able to dispose of its investments at the price and at the time it wishes to do so, and investors should expect that they will likely not receive a return of their capital for a long period of time even if the investments of the KKR Fund or Other Client in which they are invested prove successful. Certain investments by KKR Funds

or Other Clients are in securities that are or become publicly traded. Such investments are subject to economic, political, interest rate and other risks, any of which could result in an adverse change in the market price.

Valuation Risks KKR Funds and Other Clients will rely on the relevant KKR GP or KKR and its affiliates, as applicable, for valuation of their assets and liabilities. KKR Funds and Other Clients will primarily hold securities and other assets that will not have readily ascertainable market values. In such instances, the relevant KKR GP or KKR will determine the fair value of such securities and assets in its reasonable judgment based on various factors and in reliance on internal pricing models, in accordance with KKR's valuation policies and procedures. KKR makes use of, and relies on, valuation information and data developed and provided by certain third parties. Such valuations sometimes vary from similar valuations performed by other independent third parties for similar types of securities or assets. In addition, KKR Funds and Other Clients rely on the valuations or valuation information provided by, or determined in consultation with, the relevant KKR Credit general partner or KKR Credit and its affiliates, as applicable (for example, when KKR Funds or Other Clients are investing in KKR Credit strategies). 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 could be inaccurate or subject to other error. The value of a KKR Fund or Other Client's portfolio is sometimes also affected by changes in accounting standards, policies or practices as well as general economic, political, regulatory and market conditions and the actual operations 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 Funds and Other Clients, there is no guarantee that the value determined by a KKR GP or KKR will represent the value that will be realized by a KKR Fund or Other Client on the eventual disposition of an investment or that would, in fact, be realized upon an immediate disposition of the investment. KKR regularly reports to investors and prospective investors certain metrics of KKR Funds' and Other Clients' performance, such as rates of return and multiples of money, which calculations depend on the value of such KKR Funds' or Other Clients' investments, including unrealized investments, and involve uncertainties and subjective determinations, including for difficult to value assets. The amount and timing of carried interest received by KKR or a KKR GP with respect to a KKR Fund or Other Client will depend in part on the value of a KKR Fund's or Other Client's assets and liabilities. If the valuations made by the KKR GP or KKR are incorrect, the amount of carried interest received by the KKR GP or KKR or the timing of receipt of carried interest would also be expected to be incorrect.

Due Diligence KKR seeks to conduct reasonable and appropriate analysis and due diligence of its investments based on the facts and circumstances applicable to each investment. The objective of such analysis and due diligence is to identify attractive investment opportunities based on the facts and circumstances surrounding an investment, to identify possible risks associated with that investment and, in the case of most private equity and real asset investments, to prepare a framework for driving operational achievement and value creation from the date of acquisition. Due diligence generally entails evaluation of important and complex business, financial, tax, accounting, environmental, technological, regulatory and legal issues. Consultants, legal advisors, accountants, investment banks and other third parties are generally involved in the due diligence process to varying degrees depending on the type of investment. Involvement of third-party advisors or consultants present a number of risks primarily relating to KKR's reduced control of the functions that are outsourced. In addition, if KKR is unable to timely engage third-party providers, their ability to evaluate and acquire more complex targets could be adversely affected. When conducting due diligence and making an assessment regarding an investment, KKR will rely on the resources available to it, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that KKR carries out with respect to any investment opportunity will not always reveal or highlight all relevant facts that are necessary or helpful in evaluating such investment opportunity. In addition, instances of fraud and other deceptive practices committed by the management teams of portfolio companies in which a KKR Fund or Other Client has an investment could

undermine KKR's due diligence efforts with respect to such companies. Moreover, such an investigation will not necessarily result in the investment being successful. Conduct occurring at portfolio companies, even activities that occurred prior to a KKR Fund's or Other Client's investment therein, could have an adverse impact on a KKR Fund or Other Client. Additionally, in connection with the evaluation of potential investment opportunities, KKR engages with individuals retained by expert networks who are under an obligation not to disclose confidential information. KKR seeks to avoid inadvertently obtaining confidential information from such sources and has therefore implemented procedures to mitigate the risk that the use of expert networks could result in the receipt of confidential information by investment professionals. However, no assurance can be made that such individuals do not share confidential information. In such cases, KKR could become restricted from pursuing investments, which could have an adverse impact on a KKR Fund or Other Client.

As a part of due diligence on a potential investment, KKR sometimes invests 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.

Instances of bribery, fraud, accounting irregularities and other improper, illegal or corrupt practices can be difficult to detect, and fraud and other deceptive practices can be widespread in certain jurisdictions. Several KKR Funds or Other Clients invest in emerging market countries that do not have established laws and regulations that are as stringent as in more developed nations, or where there exists insufficient coordination of anti-corruption initiatives and/or other existing laws and regulations are not consistently enforced. For example, KKR Funds invest throughout jurisdictions that have material perceptions of corruption according to international rating standards (such as "Transparency International" and "Corruption Perceptions Index") such as China, India, Indonesia, and countries in Central and South America, the Middle East and Africa. Due diligence on investment opportunities in these jurisdictions is frequently more complicated because consistent and uniform commercial practices in such locations have not developed. Bribery, fraud, accounting irregularities and corrupt practices can be especially difficult to detect in such locations. Accordingly, KKR cannot be certain that the due diligence investigation that it will carry out with respect to any investment opportunity will reveal or highlight all relevant facts (including fraud, bribery and other illegal activities and contingent liabilities) that are necessary or helpful in evaluating such investment opportunity, including the existence of contingent liabilities. KKR also cannot be certain that its due diligence investigations will result in investments being successful or that the actual financial performance of an investment will not fall short of the financial projections KKR used when evaluating that investment.

Expedited Transactions Investment analyses and decisions by KKR are frequently required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to KKR at the time of making an investment decision is often limited, and KKR might not have access to detailed information regarding the investment. Therefore, no assurance can be given that KKR will have knowledge of all circumstances that adversely affect an investment. In addition, KKR expects often to rely on outside advisors or 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 outside advisors or Consultants, and KKR Funds or Other Clients could incur liability as a result of such outside advisors' or Consultants' actions.

Risk Arising from Provision of Oversight Rights KKR Funds or Other Clients will typically seek to obtain oversight rights with respect to KKR Funds' or Other Clients' portfolio companies, and KKR executives and/or Senior Advisors, and RPM executives often serve on the boards of directors of portfolio

companies. The designation of directors and other types of participation could expose the assets of a KKR Fund or Other Client to liability for environmental damage, product defects, pension and other fringe benefits, failure to supervise management, violation of laws and government regulations (including securities laws) and other types of liability, as well as claims by a portfolio company, its other security holders, its creditors, governmental authorities and other third parties, which could exceed the value of a KKR Fund's or Other Client's initial investment in that portfolio company. Regulators and courts in some jurisdictions could find a basis for attributing liability to a KKR Fund or Other Client even where the nexus between the KKR Fund or Other Client and the activities at the portfolio company that led to the liability being incurred in the first place are attenuated.

Complex Investments KKR often pursues complex investment opportunities. This can often take the form of substantial business, regulatory or legal complexity that might deter other investment managers. KKR's tolerance for complexity presents risks, as such transactions can be more difficult, expensive and time consuming to finance and execute; it can be more difficult to manage or realize value from the assets acquired in such transactions; and such transactions sometimes entail a higher level of regulatory scrutiny, the application of complex tax laws or a greater risk of contingent liabilities. KKR Fund (and potentially Other Client) transactions involve complex tax structures that are costly to establish, monitor and maintain, and as KKR pursues a larger number of transactions across multiple assets classes and in multiple jurisdictions, such costs will increase and the risk that a tax matter is overlooked or inadequately or inconsistently addressed will increase. Consequently, KKR is subject to the risk of failing to achieve the desired tax benefit or otherwise decrease the returns of KKR Fund and Other Client investments. Changes in law and regulation and in the enforcement of existing law and regulation, such as antitrust laws, data privacy and data protection laws and tax laws, also add complexity and risk to KKR's investment strategies. Further, there is a risk that KKR Funds or Other Clients will acquire an investment that is subject to contingent liabilities, which could be unknown to KKR at the time of acquisition or, if they are known to KKR, that KKR will not accurately assess or protect against the risks that they present. Acquired contingent liabilities could thus result in unforeseen losses for KKR Funds or Other Clients.

Investment Ranking In many cases, the portfolio companies in which KKR Funds and Other Clients invest have, or are permitted to have, outstanding indebtedness or equity securities that rank senior to a KKR Fund's or Other Client's investment. By their terms, such instruments generally 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 of KKR Funds and Other Clients. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a company in which an investment is made, holders of securities ranking senior to the KKR Fund's or Other Client's investment would typically be entitled to receive payment in full before distributions could be made in respect of such investment. Dividends and distributions paid to KKR Funds and Other Clients, as well as fees such as transaction fees and monitoring fees which are creditable in part against management fees payable by KKR Funds or Other Clients, are potentially subject to clawback under various legal theories in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy. In addition, debt investments made by KKR Funds or Other Clients in portfolio companies could be equitably subordinated to the debt investments made by third parties in such portfolio companies. After repaying senior security holders, the company might 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 the KKR Fund's or Other Client's investment would be entitled to share on an equal and ratable basis in distributions that are made out of those assets. Also, during periods of financial distress or following insolvency, the ability of KKR Funds or Other Clients to influence a company's affairs and to take actions to protect an investment might be substantially less than that of the senior creditors.

Investments Longer Than Term KKR Funds and Other Clients will generally be terminated and dissolved in accordance with the provisions governing their terms as set forth in their governing documents.

KKR Funds and Other Clients might make investments that are not advantageously disposed of prior to the date that a KKR Fund will be dissolved or an Other Client relationship will terminate, as applicable, either by expiration of the term or otherwise pursuant to their governing documents.

Limited Number of Investments KKR Funds or Other Clients are permitted to participate in a relatively limited number of investments and, as a consequence, the aggregate return of KKR Funds or Other Clients could be substantially adversely affected by the unfavorable performance of even a single investment. In addition, KKR Funds' or Other Clients' investment programs are often concentrated in a limited number of sectors and geographies. During periods of difficult market conditions or slowdowns in certain regions or geographies, the adverse effect on a KKR Fund or Other Client could be exacerbated by the geographic or sectoral concentration of its investments. If a KKR Fund or Other Client is unable to sell, assign or otherwise syndicate out positions in investments that it holds that are greater than the KKR Fund's or Other Clients' target positions, the KKR 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 KKR Funds' or Other Clients' investments being over-concentrated in certain companies, sectors or geographies. To the extent that a KKR Fund's or Other Client's investments are concentrated in a particular company, sector or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic or business conditions with respect thereto. In addition, to the extent an investor in a KKR Fund or Other Client is also an investor in one or more other KKR Funds or Other Clients that co-invest alongside each other in a particular investment, such investor's exposure to and risk of loss with respect to such investment will be further concentrated.

Investment Leverage; Availability of Financing KKR Funds' and Other Clients' investments typically include investments in companies and assets whose capital structures include significant indebtedness. Such investments are inherently more sensitive to declines in revenues, competitive pressures and increases in expenses and interest rates. A highly leveraged company or asset often will be subject to restrictive covenants in its lending agreements restricting its activity, or limited in making strategic acquisitions or obtaining additional financing, and will have increased exposure to adverse economic factors such as downturns in the economy or deterioration in the condition of the portfolio company or its industry. In addition, leveraged entities or assets are often subject to restrictions on making interest payments and other distributions. If an event occurs that prohibits a portfolio company or other portfolio investment from making distributions for a particular period, this could affect the levels and timing of any returns of a KKR Fund or Other Client. This leverage could result in more serious adverse consequences to such companies or assets (including their overall profitability or solvency) in the event these factors or events occur than would be the case for less leveraged investments. If a highly leveraged company or asset cannot generate adequate cash flow to meet debt obligations, it could default on its loan agreements or bonds or be forced into bankruptcy resulting in a restructuring of its capital structure or liquidation. Furthermore, to the extent companies or assets in which KKR Funds or Other Clients have invested become insolvent, KKR Funds or Other Clients could determine, in cooperation with other investors or on their own, to engage, at the KKR 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 companies and other assets, a KKR GP could incur leverage on behalf of KKR Funds or Other Clients.

Because KKR Funds and Other Clients typically make equity investments in portfolio companies, the equity securities received by KKR Funds and Other Clients will typically be the most junior or some of the most junior securities in the case of a levered capital structure, and thus subject to the greatest risk of loss in the case of the portfolio company's financial difficulty, or if an event of default occurs under the terms of the relevant financing and a lender decides to enforce its creditor rights. Events of default could in some cases be triggered by events not related directly to the borrower itself.

A KKR Fund's or Other Client's ability to achieve attractive rates of return in many cases will depend on the availability and terms of any borrowings that are required or desirable with respect to its investment strategy. For example, from time to time the market for private equity transactions has been adversely affected by a decrease in the availability of senior or subordinated financings for transactions. A decrease in the availability of financing or an increase in either interest rates or risk spreads demanded by financing sources, whether due to changes in economic or financial market conditions or a decreased appetite for risk by lenders, could also make it more expensive to finance investments by KKR Funds or Other Clients on acquisition and throughout the term of their investment and could make it more difficult to compete for new investments with other potential buyers that have a lower cost of capital. A portion of the indebtedness used to finance investments on acquisition and throughout the term of a KKR Fund's or Other Client's investments often includes high-yield debt securities issued in the capital markets. Availability of capital from the high-yield debt markets is subject to significant volatility, and there are times when a KKR Fund or Other Client will not be able to access those markets at attractive rates, or at all, when completing an investment or as otherwise required during the term of the KKR Fund's or Other Client's investment. Leverage is also applied with respect to a KKR Fund's or Other Client's portfolio in entirety or with respect to one or more investments, and the presence of such borrowings will magnify the volatility of such KKR Fund's or Other Client's investment portfolio and could substantially increase the risk profile of a KKR Fund or Other Client and its investments.

Any failure by lenders to provide previously committed financing can also expose KKR Funds or Other Clients to potential claims by sellers of businesses which KKR Funds or Other Clients have contracted to purchase.

When existing portfolio companies reach the point when debt incurred to finance those investments matures in significant amounts and must be either repaid or refinanced, those investments would likely materially suffer if they have generated insufficient cash flow to repay maturing debt and there is insufficient capacity and availability in the financing markets to permit them to refinance maturing debt on satisfactory terms, or at all. If the financing for such purposes were to be unavailable or uneconomic when significant amounts of the debt incurred to finance existing portfolio investments start to come due, these investments could be materially and adversely affected. In the event of default or potential default under applicable financing arrangements, one or more portfolio companies could go bankrupt, which could give rise to substantial investment losses, adverse claims or litigation against KKR or KKR Funds or Other Clients.

In addition, the leveraged lending guidelines published by U.S. federal bank regulatory agencies and the European Central Bank ("ECB") (or similar guidelines or restrictions published or enacted in the future) could limit the willingness or ability of banks or other financing sources to provide financing sought by KKR Funds or Other Clients or their portfolio companies, and could result in an inability of a KKR Fund or Other Client or their portfolio companies to establish their desired financing or capital structure (please see "*Subscription Facilities; Guarantees; Contractual Obligations*" below).

Availability of Suitable Investment Opportunities The success of a KKR Fund's or Other Client's investment strategy depends on the ability of KKR to identify and select appropriate investment opportunities and to acquire these investments. The industries and sectors in which a KKR Fund or Other Client invests are highly competitive. KKR 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 could adversely impact the availability of investments and the terms upon which KKR effects and exits them.

International Investments KKR Funds and Other Clients invest globally and in particular invest in emerging or developing market countries (including in Asia, Central and South America, Eastern Europe, countries in the Middle East, including Israel, and Africa). Investments in emerging and developing

markets, as well as in certain more developed non-U.S. markets, involve certain factors not typically associated with investing in more developed countries and economies, including, without limitation, risks relating to: (i) differences arising from less developed securities markets, including the relatively small size and low trading volumes of such markets, resulting in lack of liquidity and price volatility; (ii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements which could result in unreliable financial information; (iii) less government supervision and regulation in some countries, which could result in lower-quality information being available and less developed corporate laws regarding fiduciary duties and the protection of investors, the absence of developed legal structures governing private or foreign investment and private property, and less developed bankruptcy laws and difficulty in bringing suit and enforcing contractual obligations; (iv) certain economic and political risks, including potential economic, political or social instability, lower levels of democratic accountability, exchange control regulations, restrictions on foreign investment and repatriation of capital (possibly requiring government approval), expropriation or confiscatory taxation and higher rates of inflation or hyper-inflation and reliance on a more limited number of commodity inputs, service providers and/or distribution mechanisms; (v) unpredictable governmental influence on the national and local economies, including the risk of nationalization of key industries or changes in a country's policies on privatizations; (vi) fewer or less attractive financing and structuring alternatives and exit strategies; (vii) the possible imposition of local taxes on income and gains recognized with respect to investments; (viii) increased currency, interest rate and credit risks; and (ix) different corporate governance frameworks. In addition, various countries and regulatory bodies from time to time implement controls on foreign exchange and outbound remittances of currency, which could impact not only the timing and amount of capital contributions that are required to be made to KKR Funds and Other Clients, but also the value, in U.S. dollars, of the investments and investment proceeds of KKR Funds and Other Clients. For example, China has implemented stricter controls on foreign exchange and outbound remittances. The risks of investing in emerging and developing markets, including the risks described above, are usually greater than the risks involved in investing in more developed markets and also increase counterparty risks for investments in those markets. In addition, investor risk aversion to developing or emerging markets can have a significant adverse effect on the value and/or liquidity of investments made in or exposed to such markets and can accentuate any downward movement in the actual or anticipated value of such investments which is caused by the factors described above.

Following the global financial crisis of 2008-2009 and the subsequent uneven global recovery, the rise of populist political parties and economic nationalist sentiments has led to increasing political uncertainty and unpredictability throughout the world. Furthermore, the current rise of populist political movements could result in negative sentiment toward globalization, free trade, capitalism and financial institutions, which could lead to heightened scrutiny and criticisms of KKR and investments of KKR Funds and Other Clients. In addition, public discourse in the 2020 U.S. presidential election has elevated the level of focus put on KKR and the industries and portfolio companies in which KKR Funds and Other Clients are invested. The risk of reputational harm is elevated by the prevalence of internet and social media usage and the increased public focus on behaviors of business activities, including those affecting stakeholder interests and ESG considerations. Among the attendant risks are greater regulatory uncertainty, for example regarding the posture of governments with respect to taxation, international trade, immigration and law enforcement. Further political instability or uncertainty in the future could have an adverse effect on the economy of such countries.

KKR Funds or Other Clients are permitted to invest in European companies and companies that have operations that are or could be affected by the Eurozone economy, including, without limitation, those factors described below under "*Changes Resulting from the United Kingdom's Exit from the European Union*." The Eurozone is currently struggling with weak growth. If this growth continues to weaken then there is a possibility that the Eurozone could return to a recessionary environment and concerns that were prevalent in the years following the global financial crisis could re-emerge. Such investments are subject

to the risk that certain member states of the EU cease to use the euro as their national currency, that one or more member states in addition to the United Kingdom seeks to withdraw its EU membership, or even the collapse of the Eurozone as it is constituted today, which would likely have an adverse impact on the European and global economy and, consequently, KKR Funds and Other Clients with investments in Europe. To the extent any KKR Fund's or Other Client's investments are denominated in the euro, legal uncertainty about the funding of euro denominated obligations following any break up of or exits from the Eurozone (particularly in the case of investments in companies in affected countries) could also have material adverse effects on a KKR Fund or Other Client.

The economies of many countries are heavily dependent upon international trade and, accordingly, could be materially and adversely affected by protective trade barriers, exchange controls, managed adjustments in relative currency values and the economic conditions in the countries with which they trade. For example, trade tensions between the United States and China and the imposition of tariffs in 2019 have weighed on the global economy, and although an initial trade deal was reached in January 2020 between the two countries, ongoing trade disputes could create uncertainty and volatility in the market (see also *"Uncertainty Regarding Ongoing Trade Negotiations between the United States and China"* below). A slowdown in the economies of the United States and the EU is also likely to adversely affect economic growth in certain Asian countries which, to varying degrees, depend on exports to those economies. Certain Asian and European countries have from time to time experienced high rates of inflation and have extensive external debt. In addition, the economies of certain European and Asian countries are vulnerable to weaknesses in world prices for their commodity exports or fluctuations of worldwide commodity prices.

European Union regulations known as MiFID II and MiFIR regulate the provision of investment services and trading financial instruments in the EU. The application of MiFID II and MiFIR could result in increased costs to KKR and its affiliates, including KKR Funds and Other Clients, and any failure to comply with the new requirements could result in enforcement action, including, but not limited to, fines.

Many jurisdictions in which KKR operates have laws and regulations relating to data privacy, cybersecurity and protection of personal information, including the General Data Protection Regulation ("GDPR"), which came into effect in the EU in May 2018 and the California Consumer Privacy Act ("CCPA") that became effective in January 2020.

GDPR and the CCPA impose stringent privacy and data protection requirements for covered businesses and provide for significant penalties for noncompliance (see also *"Cybersecurity Risks; System Failures"* below). Any inability, or perceived inability, to adequately address privacy and data protection concerns, or comply with applicable laws, regulations, policies, industry standards, contractual obligations, or other legal obligations, even if unfounded, could result in additional cost and liability and could damage KKR's reputation and adversely affect KKR Funds and Other Clients.

Economic sanction laws in the United States and other jurisdictions prohibit KKR, KKR Funds and Other Clients from transacting with certain countries, individuals and companies. In the United States, 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 foreign countries, territories, entities and individuals. These types of trade sanctions significantly restrict or completely prohibit certain investment activities in regions outside the United States, and if a KKR Fund or Other Client or its portfolio companies were to violate any such laws or regulations, it could face significant legal and monetary penalties. Some of these regulations provide that penalties can be imposed on KKR, KKR Funds and Other Clients for the conduct of a portfolio company, even if KKR and KKR Funds or Other Clients have not violated any regulation.

Accordingly, KKR Funds and Other Clients will generally require each of its subscribers to represent and warrant, on a continuing basis, that it is not, and that to the best of its knowledge or belief its beneficial owners, controllers or authorized persons (“Related Persons”) (if any) are not; (i) named on any list of sanctioned entities or individuals maintained by OFAC or pursuant to EU and/or UK Regulations, (ii) operationally based or domiciled in a country or territory in relation to which sanctions imposed by the United Nations Security Council, OFAC, the EU and/or the UK apply, or (iii) otherwise subject to sanctions imposed by the United Nations Security Council, OFAC, the EU or the UK (collectively, a “Sanctions Subject”).

Where the subscriber or a Related Person is or becomes a Sanctions Subject, the KKR Fund or Other Client could be required immediately and without notice to the subscriber to cease any further dealings with the subscriber and/or the subscriber’s interest in the KKR Fund or Other Client (which could include “freezing” or “blocking” such subscriber’s interest) until the subscriber ceases to be a Sanctions Subject, or a license is obtained under applicable law to continue such dealings (a “Sanctioned Persons Event”). KKR Funds and Other Clients, and KKR and its affiliates shall have no liability whatsoever for any liabilities, costs, expenses, damages and/or losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of revenue, loss of reputation and all interest, penalties and legal costs and all other professional costs and expenses) incurred by the subscriber as a result of a Sanctioned Persons Event.

In addition, should any investment made on behalf of a KKR Fund or Other Client subsequently become subject to applicable sanctions, the KKR Fund or Other Client could immediately and without notice cease any further dealings with that investment and its interest in such investment could be “frozen” or “blocked” until the applicable sanctions are lifted or a license is obtained under applicable law to continue such dealings or divest from such investment.

KKR and KKR Funds and Other Clients are committed to comply with the U.S. Foreign Corrupt Practices Act (“FCPA”) and the FCPA and other anti-corruption laws and regulations would likely cause KKR to be unwilling to enter into certain potential investments that KKR spent substantial time and effort identifying and developing. The FCPA and other anti-corruption laws, anti-bribery laws and regulations, as well as anti-boycott regulations, could also apply to and restrict the activities of KKR Funds’ and Other Clients’ portfolio companies. If a portfolio company of a KKR Fund or Other Client were to violate any such laws or regulations, such portfolio company could face significant legal and monetary penalties. The U.S. government has indicated that it is focused on FCPA enforcement, which increases the risk that KKR Funds’ and Other Clients’ portfolio companies or KKR Funds or Other Clients become the subject of such actual or threatened enforcement. As such, a violation of the FCPA or other applicable regulations by a portfolio company could have a material adverse effect on KKR Funds and Other Clients.

In recent years, the U.S. Department of Justice (the “DOJ”) and the SEC have devoted greater resources to enforcement of the FCPA. In addition, the United Kingdom has recently significantly expanded the reach of its anti-bribery laws. While KKR has developed and implemented policies and procedures designed to ensure compliance by KKR and its personnel with the FCPA and other anti-bribery laws, such policies and procedures might not be effective in all instances to prevent violations. Any determination that KKR has violated the FCPA or other applicable anti-corruption laws or anti-bribery laws could subject it to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect KKR’s business prospects and/or financial position, as well as the ability of a KKR Fund or Other Client to achieve their investment objective and/or conduct its operations.

Changes Resulting from the United Kingdom's Exit from the European Union The United Kingdom formally exited the European Union on January 31, 2020. During a transitional period that applies from December 31, 2020, affiliates of KKR located in the EU and the United Kingdom will have largely the same rights as they currently have, including in relation to the exercise of passporting rights. However, the nature and extent of the future relationship between the United Kingdom and the EU is currently subject to negotiation and remains unclear. The United Kingdom could leave the EU without any agreement as to the terms of the future relationship. The resulting legal, regulatory and political uncertainty in this regard have impacted and will likely continue to impact KKR Funds and Other Clients and their portfolio companies in a variety of ways, not all of which are currently readily apparent, with the materiality of any risks dependent in large part on actions to be taken by the United Kingdom and the EU. Certain KKR Funds and Other Clients have 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. Moreover, the uncertainty with respect to Brexit could adversely affect KKR's ability to source investments in portfolio companies that are located in the United Kingdom, or derive revenues from, the United Kingdom. Brexit could also impair KKR's ability to recruit, retain and motivate new employees and retain key employees.

Uncertainty Regarding Ongoing Trade Negotiations between the United States and China As noted below in "Market, Economic and Political Risks," market disruption can negatively impact funds such as KKR Funds and Other Clients. Trade tensions, for example, between the United States and China, as well as among the United States and other countries, have had and likely will continue to have an adverse impact on global economic conditions. In 2018 and 2019, the United States and China implemented a number of tariffs and retaliatory tariffs on a variety of imports from each other targeting a variety of sectors, including aerospace, information and communications technology, industrial machinery, automobiles and agricultural products. Although an initial trade deal was subsequently reached in January 2020 between the two countries, there remains much uncertainty as to whether this and further trade negotiations between the United States and China will be successful and how the trade tensions between the United States and China will progress. If the trade tensions between the United States and China continue or escalate, or if additional tariffs or trade restrictions are implemented by the United States, China or other countries in connection with trade disputes, there could be material adverse effects on the economies of numerous countries, and KKR Funds and Other Clients and their portfolio investments could be materially and adversely affected.

Pandemics, Epidemics and Other Public Health Crises Pandemics, epidemics or other public health crises periodically adversely impact KKR, KKR Funds, Other Clients and their portfolio companies, both regionally, and, in connection for example with the COVID-19 pandemic, on a worldwide basis. The continuing spread of COVID-19 and other pandemics has had, and will continue to have, a material adverse impact on local economies in the affected jurisdictions and also on the global economy as cross border commercial activity is impacted by government and private measures seeking to contain its spread. In addition to these developments having potential adverse consequences for the portfolio companies and other issuers in or through which KKR Funds and Other Clients invest and the value of KKR Funds' and Other Clients' investments therein, the operations of KKR and KKR Funds and Other Clients in many jurisdictions will be adversely impacted, including as a result of government mandated quarantine measures, business closures and suspensions and travel restrictions, and any related health issues of such personnel, including key executives. Disruptions to commercial activity relating to the imposition of quarantines or travel restrictions (or more generally, a failure of containment efforts) will adversely impact investments of KKR Funds and Other Clients, including by delaying or causing supply chain disruptions or by causing staffing shortages. Any of foregoing could materially and adversely affect the ability of KKR Funds and Other Clients to source, manage and divest their investments and their ability to fulfill their investment objectives. Similar consequences could arise with respect to other comparable infectious diseases.

The outbreak of COVID-19 has contributed to, and will likely continue to contribute to, volatility in financial markets, including changes in interest rates. COVID-19 and other outbreaks like it have negative impacts on economic fundamentals and consumer confidence, increase the risk of default of particular portfolio companies, reduce the availability of debt financing to KKR Funds and Other Clients and potential purchasers of their portfolio companies, negatively impact market values, cause credit spreads to widen, and impair liquidity and capital resources, all of which would be expected to have an adverse effect on the returns of KKR Funds and Other Clients. No assurance can be given as to the effect of these events on the value of KKR Funds' and Other Clients' investments. The impact of a public health crisis such as COVID-19 (or any future pandemic, epidemic or other outbreak of a contagious disease) is difficult to predict, which presents material uncertainty and risk with respect to the performance of KKR Funds and Other Clients.

Subsequent to December 31, 2019, economic and financial market conditions have significantly deteriorated as compared to the quarter ending December 31, 2019. The assets under management disclosed in KKR's Form ADV, which is as of December 31, 2019, does not take into account these subsequent events, the effects of which KKR expects will be adverse on the investment performance of KKR Funds and Other Clients. KKR values investments by reference to one or more inputs and methodologies, including, to the extent applicable, public and private market quotations for the investment, public and private market quotations for assets the value of which can serve as a reference to the value of the investment, discounted cash flow analysis, valuations at multiples of specific financial measurements (e.g., EBITDA) based on multiples at which comparable companies trade, and estimates of the fair value of the assets and liabilities on an entity's balance sheet. As an example of how these inputs could impact the investment performance of KKR Funds and Other Clients and the assets under management of KKR, to the extent that KKR determines the value of an investment in whole or in part by reference to public market valuations, KKR expects these investment values to be negatively impacted by recent market events and the assets under management of KKR to be reduced accordingly.

Foreign Direct Investment Considerations including CFIUS Certain investments by KKR Funds and Other Clients that involve the acquisition of a business connected with or related to national security or critical infrastructure could be subject to review and approval by the U.S. Committee on Foreign Investment in the United States ("CFIUS") and/or non-U.S. national security/investment clearance regulators depending on the beneficial ownership and control of interests in the KKR Fund or Other Client. In the event that CFIUS or another regulator reviews one or more of a KKR Fund's or Other Client's proposed or existing investments, there can be no assurances that the KKR Fund or Other Client will be able to maintain, or proceed with, such investments on terms acceptable to the KKR Fund or Other Client. CFIUS or another regulator could seek to impose limitations on or prohibit one or more investments of the KKR Fund or Other Client. Such limitations or restrictions might prevent a KKR Fund or Other Client from maintaining or pursuing investments or reduce the number of potential purchasers of existing investments of KKR Funds or Other Clients, which could adversely affect the performance of a KKR Fund or Other Client with respect to such investments. In addition, non-U.S. investors in KKR Funds and Other Clients comprise or are likely to comprise a substantial portion of the aggregate capital commitments of a KKR Fund or Other Client, which increases both the risk that investments could be subject to review by CFIUS, and the risk that limitations or restrictions will be imposed by CFIUS or other non-U.S. regulators on the portfolio investments of KKR Funds or Other Clients. In the event that restrictions are imposed on any investment by a KKR Fund or Other Client due to the non-U.S. status of an investor or group of investors or other related CFIUS or national security considerations, KKR could choose to restrict such investor's or such group of investors' ability to invest in or receive information with respect to any such portfolio investment or cause the investor to withdraw from a KKR Fund or Other Client. However, there can be no assurance that any restrictions implemented on any such investor

or any such group of investors will allow KKR Funds or Other Clients to maintain, or proceed with, any investment.

Investments through Offshore Holding Companies KKR Funds and Other Clients are permitted to invest in portfolio companies operating in a particular country indirectly through holding companies organized outside of such country. Government regulation in the first country from time to time, however, restricts the ability of the portfolio companies to pay dividends or make other payments to a foreign holding company. Additionally, any transfer of funds from a holding company to its operating subsidiary, either as a shareholder loan or as an increase in equity capital, is from time to time subject to registration with or approval by government authorities in such country. Such restrictions could materially and adversely limit the ability of any foreign holding company in which KKR Funds or Other Clients invest to grow or make investments or acquisitions that could be beneficial to its businesses, pay dividends, or otherwise fund and conduct its business.

Regulatory Approvals and Government Licenses Portfolio companies in certain jurisdictions are dependent upon the grant, renewal or continuance in force of appropriate contracts, licenses, permits and regulatory approvals and consents which are generally valid only for a defined time period, subject to limitations or provide for withdrawal in certain circumstances. There can be no assurance that a portfolio company targeted by a KKR Fund or Other Client will be able to (i) obtain all such required regulatory approvals and licenses that it does not yet have or that it will require in the future; (ii) obtain any necessary modifications to existing regulatory approvals and licenses; or (iii) maintain required regulatory approvals and licenses. Delay in obtaining or failure to obtain and maintain in full force and effect any regulatory approvals and licenses, or amendments thereto, or delay or failure to satisfy any regulatory conditions or other applicable requirements could prevent operation of a facility owned by a portfolio 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. Additionally, governments and other regulators often impose conditions on the operations and activities of a portfolio company as a condition of granting its approval or to satisfy regulatory requirements. Such conditions, which could be statutory or commercial in nature, could limit a portfolio company's ability to invest in competing industries or acquire significant market power in a particular market, or provide a disincentive to do so. Further, governmental agencies from time to time impose conditions of ongoing ownership or equivalent requirements on a portfolio company in respect of underlying projects. This could include a requirement that certain assets remain managed by a portfolio company, a KKR Fund or Other Client or their affiliates in the absence of further approval. Such conditions are susceptible to revision or cancellation and legal redress could be uncertain or delayed. There can be no assurance that joint ventures, licenses, license applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements cannot be assured (see also Infrastructure Investments – “Government and Agency Risk,” and “Concessions, Leases and Public Ways” below).

Subscription Facilities; Guarantees; Contractual Obligations Certain KKR Funds obtain one or more revolving credit facilities (“subscription facilities”). Subscription facilities of KKR Funds are expected to be used by KKR Funds to make investments, or otherwise in connection with the making, holding or disposition of investments, including, without limitation, to support ongoing operations and activities of KKR Funds' portfolio companies and entities through which investments are directly or indirectly held (including on an aggregated basis with co-investors or other investors and/or related investment vehicles) and in order to enable KKR Funds to pay management fees or other fund expenses and liabilities. Borrowings (including subscription facilities) are permitted to be entered into on a joint and several or cross-collateralized basis with, or for the benefit of any alternative vehicles or other parallel fund of a KKR Fund or their respective direct or indirect portfolio companies or other entities in or through which investments are directly or indirectly held, including on an aggregated basis with co-investors or

other investors and/or related investment vehicles (and any of the foregoing are generally permitted to be added as an additional borrower under a KKR Fund's subscription facility), in which case such KKR Fund's assets (including unused capital commitments) would be available to satisfy the liabilities and other obligations of any such vehicles, companies or other entities. In addition, investors in KKR Funds could be required to recontribute funds previously distributed by a KKR Fund in the event that the KKR Fund's assets are insufficient to satisfy such liabilities and obligations. KKR Funds are also permitted to pledge their assets (including unused capital commitments), grant security interests in, liens on and otherwise encumber such assets and expect to guarantee loans and other extensions of credit and otherwise provide credit support with respect to the indebtedness of others (including portfolio companies and entities through which investments by the KKR Fund are directly or indirectly held) for the above purposes. In certain cases, KKR parallel funds established to invest alongside a KKR Fund will not hold a closing or call capital until the final closing of the KKR Fund. Such KKR parallel funds will, however, receive an allocation of any investments made by the KKR Fund prior to its final closing based on their uncalled commitments. KKR parallel funds will therefore benefit from borrowings by the KKR Fund under its subscription facility, which could in certain cases have funded these investments. Aside from an allocable portion of interest expenses, such KKR parallel funds will not bear any other costs and expenses incurred by the KKR Fund in connection with these borrowings or in connection with establishing the subscription facility, including without limitation any associated legal costs or expenses. If a KKR Fund obtains a subscription facility, it is generally expected that the KKR Fund's interim capital needs and any capital needs prior to the KKR Fund's final closing date will be satisfied through borrowings by the KKR Fund under the subscription facility, and drawdowns of capital contributions by the KKR Fund, including those used to pay interest on subscription facilities, will generally be expected to be "batched" together into larger, less frequent capital calls (although actual timing and amounts will vary).

Although there are typically limitations regarding the time borrowings by KKR Funds under subscription facilities that are permitted to remain outstanding, there are generally no limitations on the amount of time guarantees by KKR Funds or borrowings of portfolio companies or entities through which portfolio investments are directly or indirectly held (including on an aggregated basis as described above) that are permitted to remain outstanding. The interest expense and other costs of any such borrowings and guarantees will be KKR Fund expenses and, accordingly, would decrease net returns of KKR Funds. It is expected that interest will accrue on any such outstanding borrowings at a rate lower than the KKR Funds' preferred returns (with the preferred returns beginning to accrue when capital contributions to repay borrowings are actually made to the KKR Funds, and not upon the occurrence of such borrowings). The use of subscription facilities impacts internal rates of return as a result of greater leverage. For a successful investment, greater leverage will generally cause higher returns. However, for investments which do not have positive returns, greater leverage as well as related borrowing costs will generally further decrease returns. Additionally, the internal rates of return of KKR Funds are generally calculated using the dates of each contribution by investors to KKR Funds rather than the dates of each investment. As a result, KKR Funds' internal rate of return will generally be higher (or more negative, in the case of investments with negative returns) than they would have been in the absence of such borrowings as the internal rate of return will be calculated over a shorter period of time. Borrowings by KKR Funds under their subscription facilities could cause certain tax exempt investors to have to pay tax on "unrelated business taxable income" in respect of acquisition indebtedness. To the extent that a KKR Fund is unable to obtain a subscription facility, access to such facility becomes unavailable or a KKR GP otherwise determines not to use such facility, a KKR GP is generally permitted to draw down capital commitments in advance 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. Guarantees given by KKR are generally not treated as borrowings that are subject to limitations under the governing documents of KKR Funds. In addition, certain KKR Funds are permitted to enter into contractual arrangements, including deferred purchase price payments, staged funding obligations, earn outs, milestone payments, equity commitment letters and other forms of credit support, and other contractual undertakings such as indemnification obligations that obligate it to fund amounts to

special purpose vehicles, portfolio companies or other third parties. Such arrangements are not treated as borrowings that are subject to limitations under the governing documents of KKR Funds even though these arrangements pose many of the same risks and conflicts associated with the use of leverage that such limitations intend to address.

Recycling; Reinvestment Investment proceeds received by KKR Funds and Other Clients during their respective investment periods can, depending on the terms of the relevant KKR Fund or Other Client, be retained in whole or in part by KKR Funds or Other Clients, or restored to investors' unused capital commitments and subsequently recalled, for future investments. In addition, the amount of capital contributions from investors used to pay KKR Fund or Other Client expenses subsequently distributed to investors will, with respect to certain KKR Funds or Other Clients, be restored to the investors' unused capital commitments and become available to be recalled for future use. In addition, with respect to certain KKR Funds and Other Clients, certain contributions will not reduce unused capital commitments. Accordingly, an investor in a KKR Fund or Other Client can 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, such investor will remain subject to investment risks and other risks associated with such investments.

In-Kind Distributions In certain circumstances, a KKR Fund or Other Client is permitted to distribute securities and other assets to investors that are not marketable or are otherwise illiquid. The risk of loss and delay in liquidating such assets will be borne by the investors, with the result that investors could receive less cash than was reflected in the fair value of such assets as determined by KKR. In addition, when investments are distributed to investors in kind, such investors could then become minority shareholders in, or lenders to, the underlying portfolio companies and might be unable to protect their interests effectively. In addition, a KKR GP could, subject to the governing documents of the applicable KKR Fund or Other Client, elect to receive an in-kind distribution in lieu of a cash distribution with respect to carried interest or other amounts distributable to the KKR GP, which will result in a conflict of interest (see "Other Conflicts of Interest – *General Partner's Interest; Fees*" below).

Consequences of Default If an investor fails to pay when due, installments of its capital commitment to a KKR Fund or Other Client, and the contributions made by non-defaulting investors and borrowings by a KKR Fund or Other Client are inadequate to cover the defaulted contribution, the KKR Fund or Other Client might be unable to pay its obligations when due, and could be subjected to significant penalties, including remedies similar to those that the KKR Fund or Other Client can exercise against defaulting investors, that could materially adversely affect the returns to all investors (including non-defaulting investors) of the KKR Fund or Other Client. In addition, each defaulting investor could incur significant economic losses, including, without limitation, forfeiture of capital accounts and distributions, forced transfer of its interests in such KKR Fund or Other Client at a discounted price and loss of the right to make future capital contributions to the KKR Fund or Other Client. Subject to any limitations in the governing documents of KKR Funds and Other Clients, relevant KKR GPs are permitted to require an additional funding of contributions from the non-defaulting investors, to the extent of their unused capital commitments, to fund the shortfall caused by the defaulting investor of the KKR Fund or Other Client.

In seeking to manage the impact of investor default on the activities of a KKR Fund or Other Client, KKR can, 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 use such additional capital to make the relevant investment, notwithstanding that one or more investors that ultimately participate in the investment fund their capital call after the scheduled funding date (assuming that the relevant KKR GP has determined in its sole discretion not to declare such investor a defaulting investor as defined in the KKR Fund's or Other Client's governing documents). A capital call funded on a timely basis by an investor could therefore serve to bridge late-funding investors.

Dilution from Subsequent Closings Investors admitted or increasing their capital commitment to a KKR Fund following the first closing date of such KKR Fund will generally participate in investments made prior to such admission or increase, diluting the interest of existing investors; provided that the relevant KKR GP is generally permitted to exclude any investor admitted or increasing its capital commitments to a KKR Fund in a subsequent closing from participating in prior investments made by the KKR Fund. Furthermore, a KKR GP could require any investor admitted or increasing its capital commitments to a KKR Fund in a subsequent closing to contribute its pro rata share of the fair value of the KKR Fund's prior investments at the time such investor is admitted or increases its commitments. Although investors will typically contribute their pro rata share of previously contributed capital for such investments at original cost plus a cost of carry in such situations, there can be no assurance that this payment will reflect the fair value of the KKR Fund's existing investments at the time such additional investors subscribe for interests in the KKR Fund or existing investors increase their respective capital commitments to such KKR Fund.

Non-Controlling Investment Positions While certain KKR Funds or Other Clients are generally expected to seek to acquire majority ownership of assets and businesses in order to allow significant strategic and operating influence over investments, KKR Funds and Other Clients are also expected to invest or co-invest with third parties, including through partnerships, joint ventures and other entities. Such third parties, which could include third party managers, might have larger or controlling ownership interests in, or governance rights in respect of, such investments. In some cases, decisions require the consent of other investors, thereby lessening KKR's control and, therefore, its ability to protect the position of KKR Funds and Other Clients. In addition, there are instances in which a KKR Fund or Other Client makes an investment in publicly or privately traded securities without the intent to control or influence the assets or companies in which it invests, and in such cases, the KKR Fund or Other Client will be significantly reliant on the existing management, board of directors and other shareholders of such companies, with whom the KKR Fund or Other Client is not affiliated and whose interests conflict with the interests of the KKR Fund or Other Client. In the event that a KKR Fund or Other Client has a non-controlling interest in any such investment, there can be no assurance that minority rights will be available to it or that such rights will provide sufficient protection of a KKR Fund's or Other Client's interests.

In some transactions, the amount of equity capital that is required to complete a large capitalization private equity transaction will be significant, and are therefore required to be structured as a consortium transaction. A consortium transaction involves an equity investment in which two or more other private equity firms serve together or collectively as equity sponsors. While KKR has sought to limit the amount of consortium transactions in which KKR Funds have been involved where possible, KKR Funds and Other Clients have participated in a significant number of those transactions. Consortium transactions generally entail a reduced level of control by KKR over the investment because KKR must share its governance rights with the other consortium investors. Accordingly, KKR might not be able to control decisions relating to a consortium investment, including decisions relating to the management and operation of the company and the timing and nature of any exit. Any of these factors could increase the risk that larger investments could be less successful. The consequences to KKR Funds or any Other Client of an unsuccessful larger investment could be more severe given the size of the investment.

Operating Partners and Joint Venture Partners KKR Funds or Other Clients make portfolio investments alongside operating partners, including through partnerships, joint ventures or other entities. Operating partners generally would be expected to provide various services to portfolio companies, including acquisition-related services (such as sourcing, evaluating, structuring, due diligence and execution with respect to actual or potential investment opportunities) and management-related services with respect to such portfolio investments (including day-to-day asset management and oversight). In addition, certain KKR Funds or Other Clients (or entities through which KKR Funds or Other Clients participate) have or could in the future retain service providers in which KKR has a proprietary interest to

provide asset leasing services relating to investment opportunities. Such operating partners with respect to a particular portfolio investment could also provide the same or similar services with respect to one or more other portfolio investments of a KKR Fund or Other Client, as well as to third parties unaffiliated with a KKR Fund, Other Client or KKR.

From time to time, a KKR Fund or Other Client or an affiliate of a KKR Fund or Other Client, including KKR, enter into exclusivity, non-competition or other arrangements with one or more joint venture partners, operating partners or other third parties (each, an “Exclusive JV Partner”) with respect to potential investments in a particular geographic region or with respect to a specific industry or asset type pursuant to which the KKR Fund or Other Client or such affiliate (including KKR), could agree, to among other things, not make investments in such region or with respect to such industry or asset type outside of its arrangement with such Exclusive JV Partner. Accordingly, there are circumstances in which KKR sources a potential investment opportunity or is presented with an opportunity by a third party, and as a result of such arrangements with an Exclusive JV Partner, a KKR Fund or Other Client could be precluded from pursuing such investment opportunity or obligated to bear an incremental layer of fees and expenses with respect to such investment.

Such investments involve risks in connection with such third-party involvement; including the possibility that a third party could have financial difficulties resulting in a negative impact on such investments. Furthermore, a third-party co-investor, manager or operator might have economic or business interests or goals that are inconsistent with those of the KKR Fund or Other Client or could be in a position to take (or block) action in a manner contrary to the KKR Fund’s or Other Client’s investment objectives. The KKR Fund or Other Client might also in certain circumstances be liable for the actions of such third parties. Investments made with such third parties in joint ventures or other entities in certain cases involve arrangements whereby a KKR Fund and/or Other Client would fund a portion of the expenses in excess of its equity ownership percentage, including management fees or other fees payable to the joint venture partner (or its management team), employee compensation, diligence expenses or other related expenses. Such expenses can be borne directly by the KKR Funds or Other Clients as fund expenses (or sourcing and diligence expenses, if applicable) or indirectly as a KKR Fund or Other Client bears the start-up and ongoing expenses of the newly formed joint venture portfolio entity.

The compensation paid to joint venture and operating partners could be comprised of various types of arrangements, including one or more of the following: (i) management or other fees, such as, origination fees and development fees payable to the joint venture partner (or its management team); (ii) carried interest distributions and/or other profit sharing arrangements payable to the joint venture partner (or its management team), including profits realized in connection with the disposition of a single asset, multiple assets or a joint venture portfolio entity; and (iii) other types of fees, bonuses and compensation not otherwise specified above. None of the compensation or expenses described above will be offset against any management fees or carried interest distributions. In addition, joint venture, operating partners (and/or their officers, directors, employees or other associated persons), if any, are sometimes permitted to invest on a no-fee/no-carry basis in KKR Funds or Other Clients or in specific investments). Members of the management team for a joint venture portfolio entity sometimes include former KKR personnel, Industry Advisors, Senior Advisors, KKR Advisors, KKR Capstone executives and RPM executives and other Consultants.

In addition, KKR Fund and Other Client investment strategies in certain investments could depend on the ability to enter into satisfactory relationships with joint venture or operating partners. There can be no assurance that KKR’s future relationship with any such partner or operator would continue (whether on currently applicable terms or otherwise) with respect to a KKR Fund or Other Client or that any relationship with other such persons would be able to be established in the future as

desired with respect to any sector or geographic market and on terms favorable to a KKR Fund or Other Client.

Investments in Platform Arrangements and Platform Managers KKR Funds or Other Clients make investments in newly formed Platform Arrangements and Platform Managers through joint venture and other origination, investment or servicing arrangements. Such companies often have no or short operating histories, new technologies and products and their management teams have limited experience working together, all of which enhance the difficulty of evaluating these investment opportunities. The management of such companies will need to have sufficient resources and personnel and be able to implement and maintain financial and operational strategies 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.

Toehold Investments and Certain Investments in Publicly Traded Securities KKR Funds or Other Clients frequently accumulate minority positions in the outstanding voting stock, securities convertible into the voting stock or debt instruments of existing or potential portfolio companies. While KKR Funds or Other Clients typically seek to achieve such accumulation through open market purchases, registered tender offers, negotiated transactions or private placements, they could 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, the KKR Fund or Other Client might dispose of its position in the target company within a short time of acquiring it. There can be no assurance that the price at which the KKR Fund or Other Client can sell such securities will not have declined since the time of acquisition; this outcome is made more likely where the securities of the target companies are thinly traded and the KKR Fund's or Other Client's position is substantial, as a result of which its disposal would likely depress the market price for such securities.

Investment Focus Adjustments Certain KKR Funds and Other Clients are 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 often contain a description of the types of investments that other KKR Funds or Other Clients have historically made and/or information about the relevant KKR Funds' or Other Clients' investment expectations, many factors contribute to changes in emphasis in the construction of such KKR 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 Fund or Other Client will resemble the portfolio of any prior KKR Fund or Other Client.

Material, Non-Public Information KKR investment professionals often acquire confidential or material, non-public information concerning an entity in which KKR Funds or Other Clients have invested or propose to invest, and the possession of such information would likely limit KKR's ability to buy or sell particular securities of such entity on behalf of KKR Funds or Other Clients, thereby limiting the investment opportunities or exit strategies available to KKR Funds or Other Clients. In addition, holdings in the securities of an issuer by KKR or its affiliates could affect the ability of KKR 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 also in certain instances acquire confidential or material non-public information concerning entities in which KKR Funds or Other Clients have invested or propose to

invest, which could restrict KKR's ability to buy or sell (or otherwise transact in) securities of such entities, thus limiting investment opportunities or exit strategies available to KKR Funds or Other Clients.

Investments in Emerging and Less Established Companies

Certain KKR Funds or Other Clients make investments in companies that are in a conceptual or an early stage of development. These companies are often characterized by short operating histories, new technologies and products, quickly evolving markets and management teams that sometimes 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 sales and marketing, finance capabilities and personnel and other operational strategies 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 products or services, a high degree of regulatory risk for new or untried and/or untested business models, products and services, high levels of competition among similarly situated companies, lower capitalizations and fewer financial resources, the potential for rapid organizational or strategic change and susceptibility to personal misconduct by or departure of key executives or founders. Such companies also often have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. In addition, emerging growth equity companies are often more susceptible to macroeconomic effects and industry downturns. Such companies also face intense competition, including from companies with greater financial resources, more extensive marketing and service capabilities and a larger number of qualified personnel.

Moreover, certain companies in which KKR Funds or Other Clients invest have significantly fewer products, services or clients than more established companies, and competition to such companies can develop from other new and existing companies, products and services. If a company is dependent on a limited number of products or services or the business of a limited number of clients, a significant risk exists that a proposed service or product cannot be developed successfully with the resources available to the company. There is no assurance that the development efforts of any company will be successful, or, if successful, will be completed within the budget or time period originally estimated. The consequences of failure of such products or services or the loss of such clients could be devastating to the prospects of such company, which in turn could negatively affect the performance of a KKR Fund or Other Client.

Additional Capital Requirements of Portfolio Companies

Certain portfolio companies of KKR Funds and Other Clients, including those in a development or "platform" phase, can require additional financing to satisfy, among other things, their working capital requirements or acquisition strategies. The amount of such additional financing will depend upon the needs and objectives of the particular portfolio company. Each such round of financing (whether from a KKR Fund, Other Clients or other investors) is typically intended to provide a portfolio company with enough capital to reach the next major corporate milestone. If the funds provided are not sufficient, such portfolio company might have to raise additional capital at a price unfavorable to the existing investors, including KKR Funds or Other Clients. In addition, certain KKR Funds and Other Clients are permitted to make additional debt and equity investments or exercise warrants, options or convertible securities that were acquired in the initial investment in such portfolio company in order to preserve the KKR Fund's or Other Client's proportionate ownership when a subsequent financing is planned, or to protect an investment of a KKR Fund or Other Client when such portfolio company's performance does not meet expectations. The availability of capital is generally a function of capital market conditions that are beyond the control of KKR Funds and Other Clients or any portfolio company. There can be no assurance that the portfolio companies will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source.

Investments in Companies in Regulated Industries and Companies Subject to Collective Bargaining Agreements

Certain industries are heavily regulated. KKR Funds or Other Clients make investments

in companies in these industries, and these investments pose additional risks relative to investments in other companies. 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. If a portfolio company fails to comply with these requirements, it could also be subject to civil or criminal liability and the imposition of fines. Portfolio companies 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 such issuers. Governments have considerable discretion in implementing regulations that impact a portfolio company's business, and governments are influenced by political considerations and make decisions that adversely affect a portfolio company's business. Additionally, certain portfolio companies have a unionized workforce or employees who are covered by a collective bargaining agreement, which could subject any such issuer's activities and labor relations matters to complex laws and regulations relating thereto. Moreover, a portfolio company's operations and profitability could suffer if it experiences labor relations problems. Upon the expiration of any such portfolio company's collective bargaining agreements, it could be unable to negotiate new collective bargaining agreements on terms favorable to it, and its business operations at one or more of its facilities could be interrupted as a result of labor disputes or difficulties and delays in the process of renegotiating its collective bargaining agreements. A work stoppage at one or more of any such portfolio company's facilities could have a material adverse effect on its business, results of operations and financial condition. Any such problems additionally create the potential for scrutiny and attention to KKR Funds or Other Clients, which could adversely affect the KKR Funds' or Other Clients' ability to implement its investment objectives.

Investments in the Media Industry KKR Funds or Other Clients make investments in portfolio companies involved in the media business, including new media. The media business is subject to risks of government regulation. Internet and satellite carriers are subject to varying degrees of regulation in the United States by the U.S. Federal Communications Commission (the "FCC") and other entities and in foreign countries by similar entities. Such regulation and legislation are subject to the political process and have been in flux over the past decade. Further material changes in the law and regulatory requirements must be anticipated, and there can be no assurance that the businesses of KKR Funds' or Other Clients' portfolio companies will not be adversely affected by future legislation, new regulation or deregulation, including the FCC's Protecting and Promoting the Open Internet rules, more commonly known as the "Net Neutrality" regulations. In addition, competitive pressures within the media-related industries are intense, and the securities of such portfolio companies are often subject to significant price volatility. Because the media-related industries are also subject to rapid and significant changes in technology, portfolio companies in these industries face competition from technologies being developed or to be developed in the future by other entities, which could render such companies' products and services obsolete.

Investments in Restructurings KKR Funds or Other Clients make investments that involve portfolio companies that are experiencing or are expected to experience financial difficulties. These financial difficulties might never be overcome and from time to time cause such portfolio companies to become subject to bankruptcy proceedings. Such investments could, in certain circumstances, subject a KKR Fund or Other Client to certain additional potential liabilities that exceed the value of the KKR Fund's or Other Client's original investment therein. In addition, under certain circumstances, payments to KKR Funds or Other Clients and distributions by KKR Funds or Other Clients to investors could 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 companies undergoing restructuring could be adversely affected by local statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims.

Reliance on Portfolio Company Management The day-to-day operations of each portfolio company in which KKR Funds or Other Clients invest will be the responsibility of such portfolio company's management team, which, in each case, could likely include representatives of other financial investors with whom KKR Funds or Other Clients are not affiliated and whose interests at times conflict with the interests of KKR Funds or Other Clients. Although the KKR GPs will be responsible for monitoring the performance of each investment, KKR Funds or Other Clients will rely significantly on the management teams and boards of directors of portfolio companies in which the KKR Funds or Other Clients invest, including to effectively implement any agreed upon reorganization plans. With respect to emerging companies, KKR GPs have limited ability to evaluate the management of such companies based on past performance, and such companies could rely more on individual members of the management team than more established companies do. There can be no assurance that the existing management team of any portfolio company or any successor thereto will be able to operate such portfolio company in accordance with a KKR Fund's or Other Client's expectations. Misconduct by management (or other employees) of a portfolio company could cause significant losses in respect of the relevant investment.

Risks in Effecting Operating Improvements In some cases, the success of a KKR Fund's or Other Client's investment strategy will depend, in part, on the ability of KKR (or its affiliates) to restructure and effect improvements in the operations of a portfolio company or its assets. The activity of identifying and implementing restructuring programs and operating improvements within portfolio companies entails a high degree of uncertainty. There can be no assurance that KKR Funds or Other Clients will be able to successfully identify and implement such restructuring programs and improvements.

Need for Follow-on Investments Following its initial investment in a given portfolio company, a KKR Fund or Other Client from time to time has the opportunity to provide additional funds or increase its investment in such portfolio company. There is no assurance that a KKR Fund or Other Client will make follow-on investments or that a KKR Fund or Other Client will have sufficient funds or investment capacity to make (or will be permitted to make under the KKR Fund's or Other Client's investment restrictions) all or any of such investments. Any decision by a KKR Fund or Other Client not to make follow-on investments or its inability to make such investments could have a substantial negative effect on a portfolio company in need of such an investment, result in a lost opportunity for the KKR Fund or Other Client to increase its participation in a successful investment, or result in a KKR Fund's or Other Client's investments in the relevant portfolio company becoming diluted, and, particularly in circumstances where the follow-on investment is offered at a discount to market value, could result in a loss of value for the KKR Fund or Other Client.

Contingent Liabilities on Dispositions In connection with the disposition of an investment, KKR Funds or Other Clients might be required to make representations typical of those made in connection with the sale of any such asset, including representations in relation to the business and financial affairs of a portfolio company. KKR Funds or Other Clients could 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 result from time to time in liabilities, even after the disposition of an investment, which, if not satisfied out of a KKR Fund's or Other Client's assets, might ultimately be required to be funded by investors making contributions to the KKR Fund or Other Client or returning previous distributions received from the KKR Fund or Other Client. In light of the impact on KKR Fund and Other Client returns as well as KKR's entitlement to receive carried interest and the capital interest of KKR GPs and their affiliates in KKR Funds and Other Clients, KKR GPs have an incentive to distribute investment proceeds to investors rather than establishing an escrow or other reserve, which could increase the risk that the investors are required to make contributions or return distributions in order to satisfy contingent liabilities related to KKR Fund and Other Client investments.

Interest Rate Risk KKR Fund or Other Client investments expose a KKR Fund or Other Client to interest rate risk, meaning that changes in prevailing market interest rates could negatively affect the value of such investments. Factors that can affect market interest rates include, without limitation, inflation, deflation, slow or stagnant economic growth or recession, unemployment, money supply, governmental monetary policies, international disorder and instability in domestic and foreign financial markets. There are from time to time significant unexpected movements in interest rates, which movements could have adverse effects on portfolio companies and the broader economy. In light of the foregoing, and more generally, a KKR Fund or Other Client could periodically experience imbalances in the interest rate sensitivities of its assets and liabilities and the relationships of various interest rates to each other, which could adversely affect their performance.

As indicated above, certain KKR Fund or Other Client investments are highly leveraged. If so, movements in the level of interest rates affect the returns from these assets more significantly than other assets. The structure and nature of the debt encumbering an investment is therefore an important element to consider in assessing the interest risk of the investment. In particular, the type of facilities, maturity profile, rates being paid, fixed versus variable components and covenants in place (including the manner in which they affect returns to equity holders) are crucial factors in assessing any interest rate risk.

KKR Funds, Other Clients and their portfolio companies regularly utilize the corporate debt markets in order to obtain financing for their operations. Favorable market conditions in certain countries have been and are dependent to some extent on continued monetary policy accommodations from central banks, including the U.S. Federal Reserve. If the U.S. Federal Reserve raises its benchmark interest rate, the cost of financing will rise and economic growth in the United States could slow. Furthermore, higher interest rates in the United States could also reduce the relative attractiveness of other global markets, thereby applying pressure to foreign asset values and currencies. To the extent that credit markets render such financing difficult to obtain or more expensive, this may negatively impact the operating performance of KKR portfolio companies and, therefore, the investment returns of KKR Funds and Other Clients.

Transition Away from LIBOR A substantial portion of the long-term indebtedness incurred by KKR Funds, Other Clients and their portfolio companies bears interest at fluctuating interest rates, primarily based on the London interbank offered rate (“LIBOR”). In July 2017, the Financial Conduct Authority (“FCA”) (the authority that regulates LIBOR) announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. Such announcement indicates that LIBOR in its current form will likely cease to exist after 2021 (although the impact of these changes could be felt prior to 2021), and instead, a new method of calculating LIBOR or an alternative reference rate will be established. For example, the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions identified the Secured Overnight Financing Rate (“SOFR”) as its recommended alternative reference rate, which measures the cost of borrowing cash overnight collateralized by U.S. Treasury securities. However, it is unknown whether SOFR or any other alternative reference rates will attain market acceptance as replacements for LIBOR, and various industry organizations are still developing workable transition mechanisms. In addition, SOFR is a different rate than LIBOR, and even if it were to be widely accepted as a reference rate would have different financial consequences for market participants, some of which could be positive and some negative. As such, it is not possible to predict all potential effects of these changes on KKR Funds and Other Clients and KKR portfolio companies. Furthermore, KKR expects that KKR and its affiliates and KKR Funds or Other Clients and their portfolio companies will have LIBOR-based debt instruments and related hedging arrangements that require amending or restructuring, which could be difficult, costly and time consuming. In addition, from time to time KKR Funds and Other Clients invest in floating rate loans and investment securities whose interest rates are indexed to LIBOR. Uncertainty as to the nature of alternative reference rates and as to potential changes or other reforms to LIBOR, or any changes announced with respect to such reforms, might result in a sudden or prolonged increase or decrease in the reported LIBOR rates and the value of LIBOR-based

loans and securities, including those of other issuers KKR Funds or Other Clients currently own or will in the future own, and could impact the availability and cost of hedging instruments and borrowings, including potentially, an increase to interest expense and cost of capital for KKR Funds or Other Clients and their portfolio companies. Any increased costs or reduced profits as a result of the foregoing could adversely affect the liquidity, results of operations, financial condition and performance of KKR Funds or Other Clients and their portfolio companies.

Inflation Risk If a portfolio company is unable to increase its revenue in times of higher inflation, its profitability would be adversely affected. Typically, as inflation rises, a portfolio company will earn more revenue but also will incur higher expenses; as inflation declines, a portfolio company might be unable to reduce expenses in line with any resulting reduction in revenue. A rise in real interest rates would likely result in higher financing costs for portfolio companies and could therefore result in a reduction in the amount of cash available for distribution to investors or the value of the portfolio company.

Commodity Price Risk Investments made by KKR Funds and Other Clients are often subject to commodity price risk. The operation and cash flows of any investment will depend, in some cases to a significant extent, upon prevailing market prices of commodities, including, for example, commodities such as oil, natural gas, coal, electricity, steel or concrete. Commodity prices fluctuate depending on a variety of factors beyond the control of KKR, KKR Funds or Other Clients, including, without limitation, weather conditions, foreign and domestic supply and demand, force majeure events, changes in laws, governmental regulations, price and availability of alternative commodities, international political conditions and overall economic conditions. Some KKR investments or portfolio companies, such as commodity producers benefit from an increase in commodity prices (or be harmed by a decline in commodity prices), while other KKR investments or portfolio companies, such as companies dependent on the use of commodities, are effected inversely. If certain portfolio companies are unable to raise prices to offset increases in the cost of raw materials or other inputs, or if consumers defer purchases of or seek substitutes for the products of KKR Funds, Other Clients or such portfolio companies, KKR Funds, Other Clients or such portfolio companies could experience lower operating income which could in turn reduce the valuation of investments of such KKR Funds, Other Clients or those portfolio companies. In addition, portfolio companies are dependent to varying degrees on the energy sector through, for example, the provision of equipment and services used in energy exploration and production. These companies benefit from an increase or suffer from a decline in commodity prices.

Currency Risk A significant number of investments by KKR Funds or Other Clients and the income received by KKR Funds or Other Clients with respect to such investments, are denominated in various currencies. However, the books of KKR Funds or Other Clients will be maintained, and capital contributions to and distributions from the KKR Funds or Other Clients will be made, in U.S. dollars or euros or another base currency. Accordingly, fluctuations in currency values could adversely affect the relevant base currency value of portfolio investments, interest, dividends and other revenue streams received by KKR Funds or Other Clients, gains and losses realized on the sale of investments and the amount of distributions, if any, made by the KKR Funds or Other Clients. In particular, certain countries have experienced substantial devaluations compared to the U.S. dollar and further devaluations could occur in the future. Certain countries have implemented or could implement strict controls on foreign exchange, which could result in artificially pegged exchange rates that distort the results of, and returns on, investments in such countries. To the extent that the U.S. dollar appreciates relative to these currencies, the U.S. dollar value of these investments is likely to be adversely affected. In addition, if the currency in which a KKR Fund or Other Client receives dividends, interest or other types of payments (such as liquidating payments) declines in value against the U.S. dollar before such payments are distributed, the dollar value of these payments would be adversely affected if not sufficiently hedged. Further, the ability of a KKR Fund or Other Client and companies in which they invest to convert freely between the U.S. dollar and the local currencies could be restricted or limited and, in a number of instances, exchange rates and currency

conversion are controlled directly or indirectly by governments or related entities. Currencies of some countries in which KKR Funds or Other Clients are expected to invest are often subject to government intervention, restrictions on repatriation and similar restrictions, which exacerbate the risk of unexpected fluctuations and/or could cause KKR Funds or Other Clients and/or their investments to incur significant costs or experience substantial delays in, or be prohibited from, converting currencies. Varying rates of exchange between the U.S. dollar and the euro, or with respect to the currency in which an investment is consummated, will vary the percentage interests of the investors from investment to investment (determined at the time each investment is made). In addition, KKR Funds or Other Clients will incur costs in converting investment proceeds from one currency to another. Where practicable, KKR or the KKR GPs might enter into hedging transactions designed to reduce such currency risks. Furthermore, the portfolio companies in which KKR Funds or Other Clients invest will in many cases be subject to risks relating to changes in currency values, as described above. If a portfolio company suffers adverse consequences as a result of such changes, KKR Funds or Other Clients likely would also be adversely affected as a result.

Hedging KKR, on behalf of a KKR Fund or Other Client generally has discretion to (but is under no obligation to) enter into swaps, forward contracts and other arrangements for hedging purposes to preserve a return on a particular investment or to seek to protect against risks relating to a KKR Fund's or Other Client's investments, including currency exchange rate fluctuations. Such transactions have special risks associated with them, including the possible bankruptcy, or insolvency of, or default by the counterparty to the transaction and the illiquidity of the instrument acquired by the KKR Fund or Other Client relating thereto. Although a KKR Fund or Other Client might benefit from the use of hedging transactions, unanticipated changes in interest rates, securities prices or currency exchange rates and the costs associated with these arrangements could result in a poorer overall performance for the KKR Fund or Other Client than if it had not entered into such hedging transactions. KKR does not always apply a hedging strategy on behalf of KKR Funds and Other Clients (and is under no obligation to do so), and hedging strategies applied across KKR Funds, Other Clients and KKR proprietary entities sometimes differ in material respects. The absence or divergence of hedging strategies for a particular KKR Fund or Other Client could result in poorer overall performance compared to what the performance would have been if such KKR Fund or Other Client had entered into hedging transactions at all or had entered into the same hedging transactions of other KKR Funds, Other Clients or KKR proprietary entities. It is not possible to hedge fully or perfectly against currency fluctuations affecting the value of investments because the value of those investments is likely to fluctuate as a result of independent factors not related to currency fluctuations. When engaging in hedging transaction with respect to KKR Funds and Other Clients, KKR will not be taking into consideration any hedging transactions separately entered into by investors in such KKR Funds or Other Clients, which could result in an investor's own hedging activities being rendered ineffective or resulting in adverse or otherwise undesired effects with respect to an investor's interest in a KKR Fund or Other Client. Portfolio companies also enter into hedging transactions in order to hedge risks applicable to them. Such transactions are subject to similar risks to those described above. A KKR Fund or Other Client would be exposed to such risks by reason of its investment in the relevant portfolio company, and there can be no assurance that any hedging strategies will be effective in protecting against currency exchange rate fluctuations or other risks.

Credit Risk; Collateral The terms of derivative hedging arrangements entered into by a KKR Fund or Other Client sometimes provide that related collateral given to, or received by, the KKR Fund or Other Client is permitted to be reinvested or otherwise reused by the KKR Fund or Other Client for its own purposes which exposes the KKR Fund or Other Client to the risk of loss on that investment and reduced protection if the counterparty defaults. Similarly, if the counterparty reinvests or otherwise reuses collateral received from the KKR Fund or Other Client and suffers a loss as a result, it might not be in a position to return that collateral to the KKR Fund or Other Client should the relevant transaction be completed, unwound or otherwise terminated, exposing the KKR Fund or Other Client to the risk of loss of the amount of collateral provided to the counterparty.

Debt Investments

KKR Funds and Other Clients invest in debt instruments, including through vehicles holding debt issued by a KKR Fund or Other Client portfolio company, which vehicles are managed by KKR Credit (please see Items 10 and 11 below for additional information), and other KKR Funds and Other Clients that make debt investments in or relating to real estate-related businesses, assets or interests. 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 might not be able or willing to pay interest or to repay principal when due in accordance with the terms of the associated agreement and collateral might not be available or sufficient to cover such liabilities. Commercial bank lenders and other creditors could 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. Investments are often made in loans and other forms of debt that are not marketable securities and therefore are not liquid. Sub-participation interests in syndicated debt could be subject to certain risks because they have no direct contractual relationship with underlying borrowers. Debt securities and instruments, in which KKR Funds and Other Clients invest are generally rated below investment grade by recognized rating agencies or 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. Issuers of debt investments from time to time become involved in bankruptcy or other reorganization and liquidation proceedings. Such investments involve a substantial degree of risk. Any deterioration of real estate fundamentals generally, and in the U.S. in particular, generally negatively impact the performance of KKR Funds and Other Clients that make real estate debt investments, increasing the default risk applicable to borrowers, and/or making it relatively more difficult for such vehicles to generate attractive risk-adjusted returns. Please see "*Investments in Real Estate*" below for further information.

Options

KKR Funds and Other Clients 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 OTC 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 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 Funds or Other Clients invest in synthetic instruments such as swaps (including total return swaps), synthetic swaps, OTC 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 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 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 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 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 Funds or Other Clients will be subject to the credit risk of the counterparty as well as that of the underlying obligor.

Portfolio Company Corruption and Fraud Regulatory agencies or other counterparties in certain instances 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 another fraudulent act in connection with the investment by a KKR Fund or Other Client in such portfolio company. Most capital put toward such an investment will not be compensated in these circumstances, and such corruption and fraud could result in the loss of rights to assets or profits or operational difficulties. 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 Fund or Other Client invests, the KKR Fund or Other Client will likely suffer a partial or total loss of capital invested in that company.

Insurance Certain losses of a catastrophic nature impact companies and assets acquired by KKR Funds or Other Clients, such as wars, natural disasters, epidemics and pandemics, terrorist attacks or other similar events beyond KKR's control, and are either uninsurable or insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments.

Even where insurance is available, KKR sometimes determines not to obtain such insurance if KKR concludes that the terms are not commercially reasonable, and sometimes when such insurance is obtained, it has meaningful coverage limits and high deductibles. KKR Fund and Other Clients or their affiliates do often maintain insurance, where available on terms they believe to be commercially reasonable, for KKR Fund's or Other Client's portfolio companies and investments to protect against certain risks, such as business interruption insurance that is intended to offset loss of revenues during an operational interruption. Such insurance is likely to be subject to customary deductibles and coverage limits and are frequently insufficient to recoup all losses with respect to the relevant investment. There can be no assurance that an investment's insurance would cover liabilities resulting from claims relating to the design, construction, maintenance, or operation of the real assets and businesses in which KKR Fund and Other Clients invest, and lost revenues or increased expenses could result from such damage. If a major uninsured loss occurs, a KKR Fund or Other Client could lose both invested capital in and anticipated profits from the affected investments.

With respect to such insurance policies that KKR does maintain, certain policies are expected to cover certain KKR Funds, Other Clients, as well as KKR and its affiliates, and as noted in Item 5 above, KKR Funds, Other Clients and KKR will bear an allocable portion of the premiums and fees for such policies, including any expenses or fees of insurance brokers. KKR believes that employing insurance policies covering multiple parties enables KKR to achieve lower overall premiums and fees for KKR Funds, Other Clients and KKR and its affiliates. Such policies typically carry a per occurrence deductible, which would be expected to be borne by the relevant insured person(s) making a claim under the policy and not by other insured persons. Such insurance policies also typically have a maximum amount that will be paid to insured person(s) making any claim, and, as such, it is possible that a KKR Fund or Other Client will have insufficient coverage to the extent that a claim by another KKR Fund, Other Client, KKR and/or one or more of its affiliates is paid for their insurance claims up to such maximum amount. In addition, because certain insurance policies maintained by KKR cover multiple parties, if a substantial claim were to be made against one or several covered entities, including KKR or its affiliates, there could be a resulting increase in insurance premiums for all parties covered under the applicable insurance policy.

Absence of Recourse; Indemnification KKR Fund or Other Client governing documents include exculpation and indemnification provisions that will limit the circumstances under which the relevant KKR GP, KKR and their respective affiliates and other persons can be held liable to the KKR Fund or Other

Client. Additionally, certain service providers and other consultants to KKR, KKR Funds or Other Clients, the KKR GPs, their affiliates, agents and other persons, including, without limitation, the members of the advisory committees of the KKR Funds, KKR investment professionals and placement agents and finders, are generally entitled to exculpation and indemnification (in certain cases, on terms more favorable to them than those available to indemnitees, generally). The assets of a KKR Fund or Other Client, including the unused capital commitments of their investors, will be available to satisfy these indemnification obligations and investors are often required under governing documents to return distributions to satisfy such obligations, subject to certain limitations set forth in the KKR Fund or Other Client governing documents. Such obligations will generally survive the dissolution of the relevant KKR Fund or Other Client.

Terrorism KKR Fund or Other Client investments sometimes 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 could result in liability with respect to a portfolio company far in excess of available insurance coverage. A terrorist attack on an asset could also have adverse consequences for assets of that type or in the same vicinity, including those owned by a portfolio company, and could result in a portfolio company being forced to increase preventative security measures or expand its insurance coverage (if available), adversely affecting the profitability of the investment. Terrorist attacks could 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. 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 offer significantly limited coverage against terrorist acts for additional premiums which can greatly increase the total costs of casualty insurance. As a result, many portfolio investments will not be insured against terrorism.

Force Majeure and Climate Change Portfolio investments could 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, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability). Some force majeure events could adversely affect the ability of a party (including a portfolio company or a counterparty to a KKR Fund, Other Client or a portfolio company) to perform its obligations until it is able to remedy the force majeure event. In addition, forced events, such as the cessation of the operation of machinery for repair or upgrade, could similarly lead to the unavailability of essential machinery and technologies. These risks could, among other effects, adversely impact the cash flows available from a portfolio company, cause personal injury or loss of life, damage property, or instigate disruptions of service. In addition, the cost to a portfolio company or a KKR Fund or Other Client of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Force majeure events that are incapable of or are too costly to cure might have a permanent adverse effect on a portfolio company. 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 Funds or Other Clients specifically invest. 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 its assets, could result in a loss to KKR Funds or Other Clients, including if the investment in such portfolio companies is canceled, unwound or acquired (which could be without adequate compensation).

Prolonged changes in climatic conditions could have significant impact on the revenues, expenses and conditions of certain investments of KKR Funds and Other Clients. While the precise future effects of

climate change are unknown, it is possible that climate change could affect precipitation levels, droughts, wind levels, annual sunshine, sea levels and the severity and frequency of storms and other severe weather events. Reductions in precipitation levels, wind or sunlight could materially adversely affect the revenues and cash flows of renewable energy-related assets that depend on the capture of waterflow, wind or sunlight to derive revenues. If such reductions are significant, any such assets could be rendered inoperable. Conversely, significant increases in precipitation or wind velocity could cause damage to such assets or create periods when such assets are not able to function. In the event that climate change causes sea levels to rise, certain portfolio companies might be forced to incur expenses to prevent assets from being damaged or rendered unusable by such rising sea levels. Any of the foregoing could therefore adversely affect the performance of KKR Funds or Other Clients and their investments.

Cybersecurity Risks; System Failures

KKR Funds, Other Clients, KKR and their affiliates and service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users, as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Cybersecurity attacks are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information, including, without limitation, information regarding investors and KKR Fund's and Other Client's investment activities, and corruption of data. Third parties also attempt to fraudulently induce employees, KKR counterparties and third-party service providers to disclose sensitive information in order to gain access to KKR data or that of KKR Funds and Other Clients. A successful penetration or circumvention of the security of such systems could result in the unauthorized transfer of funds to an illegitimate counterparty, financial loss and expense, theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. KKR Funds, Other Clients, KKR and their affiliates could be exposed to a more significant risk if these activities are taken by state actors. Certain damage or interruptions to information technology systems would cause losses to KKR Funds, Other Clients or their investors, including, without limitation, by interfering with the processing of transactions, affecting a KKR Fund's or Other Client's ability to conduct valuations or impeding or sabotaging trading. KKR Funds and Other Clients would also incur substantial costs as the result of a certain cybersecurity breaches, including costs associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose a KKR Fund, Other Client and KKR to civil liability as well as regulatory inquiry and/or action. Investors could also be exposed to losses resulting from unauthorized use or dissemination of their personal information.

KKR Funds, Other Clients, KKR and their affiliates rely extensively on computer programs and systems (and will likely rely on new systems and technology in the future) for various purposes, including trading, clearing and settling transactions, evaluating certain investments, monitoring a KKR Fund's or Other Client's portfolio and net capital and generating risk management and other reports that are critical to oversight of a KKR Fund's or Other Client's activities. KKR's and certain KKR Funds' and Other Clients' operations will be dependent upon systems operated by third parties, including prime-brokers, administrators, market counterparties and their sub-custodians and other service providers. KKR Funds' and Other Clients' service providers also depend on information technology systems and, notwithstanding the diligence that KKR Funds and Other Clients perform on its service providers or the assurances that KKR could seek to obtain that these third parties will implement appropriate security controls to protect KKR's confidential information, KKR might not be in a position to verify the risks or reliability

of such information technology systems and there is a risk that unauthorized individuals could improperly gain access to KKR's confidential data stored or accessed by third parties. KKR's controls and procedures, business continuity systems, and data security systems could also prove to be inadequate. Certain failures, corruptions or breaches of one or more systems (including as a result of the occurrence of a disaster such as a cyber-attack, a natural catastrophe, an industrial accident, a terrorist attack or war, events unanticipated in KKR's disaster recovery systems, or a support failure from external providers) or the inability of such systems to satisfy investor's needs, including the execution of orders, would have a negative effect on KKR's ability to conduct business and thus, KKR Funds or Other Clients, particularly if those events affect KKR's computer-based data processing, transmission, storage and retrieval systems or destroy KKR's data. If a significant number of KKR's personnel were to be unavailable in the event of a disaster or other event, KKR's ability to effectively conduct the business of KKR Funds or Other Clients would likely be compromised. A KKR Fund's or Other Client's controls and procedures, business continuity systems, and data security systems could prove to be inadequate. These problems could arise in KKR's internally developed systems and the systems of third-party service providers.

Information and technology systems of KKR, KKR Funds, Other Clients and their affiliates (in addition to those of the issuers of the investments of a KKR Fund or Other Client) could 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. Notwithstanding 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 and its affiliates might 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 and its affiliates 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 and its affiliates, subject KKR and its affiliates to legal claims and otherwise affect their business and financial performance.

KKR Funds and Other Clients and/or a KKR AIFM will likely be directly or indirectly subject to the requirements of GDPR. GDPR has direct effect in all EU Member States and has extraterritorial effect where non-EU persons process personal data in relation to the offering of goods and services to individuals in the EU or the monitoring of the behavior of individuals in the EU.

GDPR imposes a number of obligations on data controllers and rights for data subjects, including, among others: (i) accountability and transparency requirements, which will require controllers to demonstrate and record compliance with GDPR and to provide more detailed information to data subjects regarding processing; (ii) enhanced requirements for obtaining valid consent; (iii) obligations to consider data protection as any new products or services are developed and to limit the amount of personal data processed; (iv) obligations to comply with data protection rights of data subjects; and (v) reporting of personal data breaches to the supervisory authority without undue delay (and no later than 72 hours where feasible).

GDPR also introduces fines for serious breaches of up to the higher of 4% of annual worldwide turnover or €20,000,000. Data subjects also have a right to compensation for financial or non-financial losses (e.g., distress). In the event of breaches, a KKR Fund, Other Client, KKR AIFM or portfolio company and their respective affiliates (as relevant) could face significant administrative and monetary sanctions as well as reputational damage which could have a material adverse effect on their respective operations.

KKR Funds and Other Clients and/or a KKR AIFM will likely be directly or indirectly subject to the requirements of the CCPA. The CCPA imposes a number of obligations on covered businesses, including, among others: (i) obligations to comply with certain privacy requests made by California residents;

(ii) requirements to provide enhanced privacy notice disclosures; and (iii) a requirement to ensure that all individuals responsible for handling consumer inquiries about the business's privacy practices are informed of the CCPA's requirements.

The CCPA is enforceable by the California Attorney General beginning on July 1, 2020 and authorizes civil penalties for domestic and intentional violations. The CCPA also provides a private right of action but only in connection with certain "unauthorized access and exfiltration, theft, or disclosure" of a California resident's nonencrypted or nonredacted personal information, if the business failed to implement and maintain reasonable security procedures and practices appropriate to the nature of the information to protect the personal information. There is a risk that the measures taken to comply with the CCPA will not be implemented correctly or that individuals within the business will not be fully compliant with the new procedures. If there are breaches of these measures, a KKR Fund, Other Client or KKR AIFM and their respective affiliates (as relevant) could face significant administrative and monetary sanctions as well as reputational damage which could have a material adverse effect on the operations, financial condition and prospects of a KKR Fund or Other Client. The above considerations also apply to the portfolio companies of KKR Funds and Other Clients and other counterparties with which KKR Funds and Other Clients conduct investment activities.

Recourse to a KKR Fund's or Other Client's Assets The assets of KKR Funds and Other Clients, including unused capital commitments, any investments made by the KKR Fund or Other Client and any capital held by the KKR Fund or Other Client, are available to satisfy all liabilities and other obligations of such KKR Fund or Other Client. If a KKR Fund or Other Client becomes subject to a liability, parties seeking to have the liability satisfied could have recourse to a KKR Fund's or Other Client's assets generally and might not be limited to any particular asset, such as the asset comprising the investment giving rise to the liability. In such situations, under the governing documents of KKR Funds or Other Clients, investors are often required under governing documents to make additional capital contributions, including to recontribute funds previously distributed by a KKR Fund or Other Client, in each case subject to the specific limitations set forth in their governing documents.

A KKR Fund's or Other Client's financing arrangements, including subscription facilities obtained by a KKR Fund or Other Client, specific borrowings made thereunder, and guarantees and other credit support obligations of a KKR Fund or Other Client, are often structured generally as a portfolio financing where all or certain investments provide security for such financing on a cross-collateralized basis and multiple investments are subject to the risk of loss in the event of default. There likely will be circumstances in which investors have varying sharing percentages with respect to certain of a KKR Fund's or Other Client's investments, including as a result of participation in subsequent closings, excuse, exclusion or otherwise, and sharing percentages (including in the aggregate) in investments or otherwise with respect to investment proceeds generated by a KKR Fund's or Other Client's investments to which third parties have recourse in respect of a KKR Fund or Other Client liability that are higher or lower than such investors' sharing percentages in the investment giving rise to the liability. As a result of the potential recourse obligations of a KKR Fund or Other Client as described above, liabilities relating to investments in which an investor has for example, a small sharing percentage, could adversely impact investments in which such investor holds a greater sharing percentage. In addition, where co-investors or other third-party investors participate in an investment, a KKR Fund or Other Client will at times (where the applicable KKR GP deems appropriate and subject to the governing documents of the relevant KKR Fund or Other Client) guarantee an amount in excess of its proportionate interest in the investment, including amounts in respect of the interests of co-investors or other third parties, which could remain outstanding on a temporary or ongoing basis over the term of the investment. In these circumstances, a KKR Fund or Other Client will bear a disproportionate amount of the liabilities and costs associated with the relevant guarantee or other credit support, and the KKR Fund's or Other Client's assets, as applicable, including the relevant investment as well as the KKR Fund's or Other Client's assets generally (including unused capital commitments) would be available to

satisfy such liabilities and costs (see also “*Subscription Facilities; Guarantees; Contractual Obligations*” above).

Risks of Multi-Step Acquisitions In the event that KKR chooses to effect an investment transaction by means of a multi-step acquisition (such as a first-step cash tender offer or stock purchase followed by a merger), there can be no assurance that the remainder of the relevant investment can be successfully acquired. This could result in a KKR Fund or Other Client having only partial control over the investment or partial access to its cash flow to service debt incurred in connection with the acquisition.

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

Failure to Vote by a Limited Partner From time to time during the term of certain KKR Funds or Other Clients, a KKR GP is expected to require or otherwise solicit the vote, consent or waiver of limited partners or the limited partner advisory committee in connection with any proposed action or event relating to the relevant KKR Fund, Other Client, the KKR GP or its affiliates, including without limitation, any proposed amendment of the governing documents of such KKR Fund or Other Client. The outcome of any such vote, consent or waiver could potentially have an adverse impact on certain investors. For certain KKR Funds or Other Clients, any such vote, waiver or consent will be tabulated or made as if (subject to certain exceptions specified in the governing documents of KKR Funds and Other Clients) any investor that abstains from or fails to vote, consent or decide prior to any deadline established by the relevant KKR GP for such response, is not an investor in the KKR Fund or Other Client. In that event, the wishes of the relevant investor will not be taken into account in determining the outcome of any such solicitation by the KKR GP.

Trade Errors KKR, the KKR GPs and their respective affiliates will not be responsible for any losses resulting from any trade errors made by KKR or its affiliates, in respect of KKR Funds’ or Other Clients’ investments, except to the extent such parties are liable pursuant to the applicable governing documents of such KKR Funds or Other Clients. Trade 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 none of KKR, any KKR GP, or their respective affiliates will be responsible for any resulting losses, even if such loss results from negligence (but not gross negligence), unless it has breached its standard of care as set out in applicable laws or regulations as well as the applicable limited partnership agreement, investment management agreement, prospectus or other offering document of KKR Funds or Other Clients.

FOIA/Public Disclosure As a result of the U.S. Freedom of Information Act (“FOIA”), any governmental public records access law, any state or other jurisdiction’s laws similar in intent or effect to FOIA, or any other similar statutory or regulatory requirement, KKR, investors in KKR Funds or Other Clients or any of their respective affiliates are sometimes required to disclose information relating to a KKR Fund or Other Client, or their affiliates, and/or any entity in which an investment is made, which disclosure could, for example, affect such KKR Fund’s or Other Client’s competitive advantage in finding attractive investment opportunities. In addition, the identity of and certain information regarding investors in KKR Funds and Other Clients, such as public pension plans and listed investment vehicles could be subject to public disclosure requirements. The amount of information about their investments that is required to be

disclosed has increased in recent years and that trend could continue. To the extent that disclosure of confidential information relating to KKR Funds or Other Clients or their portfolio companies results from interests being held by public investors, KKR Funds and Other Clients could be adversely affected.

Misconduct of Employees and of Third-Party Service Providers Misconduct by employees of KKR or by third-party service providers could cause significant losses to KKR Funds or Other Clients. Types of potential employee misconduct include binding KKR 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, could result in unknown and unmanaged risks or losses). Employee misconduct could also involve illegal or otherwise inappropriate acts that are not directly related to a KKR Fund, Other Client or any portfolio company but nonetheless have a material adverse impact (including reputational damage) on KKR Funds and Other Clients, KKR or their affiliates. Losses could also result from actions by third-party service providers, including, without limitation, failure to recognize trades and misappropriating assets. In addition, employees and third-party service providers might improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting KKR Funds' or Other Clients' business prospects or future marketing activities. No assurances can be given that the due diligence performed by KKR will identify or prevent any such misconduct.

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

Control Person Liability KKR Funds and Other Clients generally have controlling interests in a number of 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, anti-money laundering, trade sanctions, and anti-corruption laws and anti-trust laws) and other types of liabilities for which the limited liability characteristic of business ownership could be ignored. As a result, KKR Funds and Other Clients could become jointly and severally liable for all or part of fines imposed on portfolio companies or be fined directly for violations committed by portfolio companies, and such fines imposed directly on KKR 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 euros 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. Similarly, on February 16, 2018, the DOJ named a private equity sponsor as a co-defendant in a False Claims Act case against one of its portfolio companies, alleging that the private equity sponsor had an active involvement in managing the company and in developing its strategy to use illegal kickback payments to increase reimbursements. In addition to claims by governmental agencies, exercising control over a portfolio company could expose the assets of such KKR Fund or Other Client to claims by a portfolio company, its security holders and its creditors.

Risk Arising from Potential Control Group Liability Under ERISA, upon the termination of a tax-qualified single-employer defined benefit pension plan, the sponsoring employer and all members of its “controlled group” will be jointly and severally liable for 100% of the plan’s unfunded benefit liabilities whether or not the controlled group members have ever maintained or participated in the plan. In addition, the PBGC could assert a lien with respect to such liability against any member of the controlled group on up to 30% of the collective net worth of all members of the controlled group. Similarly, in the event a participating employer partially or completely withdraws from a multiemployer (union) defined benefit pension plan, any withdrawal liability incurred under ERISA will represent a joint and several liability of the withdrawing employer and each member of its controlled group.

A “controlled group” includes all “trades or businesses” under 80% or greater common ownership. This common ownership test is broadly applied to include both “parent-subsidiary groups” and “brother-sister groups” applying complex exclusion and constructive ownership rules. However, regardless of the percentage ownership that a KKR Fund holds in one or more of its portfolio entities, a KKR Fund itself cannot be considered part of an ERISA controlled group unless the KKR Fund is considered to be a “trade or business.”

While there are a number of cases that have held that managing investments is not a “trade or business” for tax purposes, in 2007, the PBGC Appeals Board ruled that a private equity fund was a “trade or business” for ERISA controlled group liability purposes and at least one United States Circuit Court of Appeals has similarly concluded that a private equity fund could be a trade or business for these purposes based upon a number of factors including the fund’s level of involvement in the management of its portfolio entities and the nature of any management fee arrangements.

If a KKR Fund were determined to be a trade or business for purposes of ERISA, it is possible, depending upon the structure of the investment by the KKR Fund and/or its affiliates and other co-investors in a portfolio entity and their respective ownership interests in the portfolio entity, that any tax-qualified single-employer defined benefit pension plan liabilities and/or multiemployer plan withdrawal liabilities incurred by the portfolio entity could result in liability being incurred by a KKR Fund, with a resulting need for additional capital contributions, the appropriation of KKR Fund assets to satisfy such pension liabilities and/or the imposition of a lien by the PBGC on certain KKR Fund assets. Moreover, regardless of whether or not a KKR Fund were determined to be a trade or business for purposes of ERISA, a court might hold that one of the KKR Fund’s portfolio entities could become jointly and severally liable for another portfolio entity’s unfunded pension liabilities pursuant to the ERISA “controlled group” rules, depending upon the relevant investment structures and ownership interests as noted above. Similar laws that could be applied with similar results also exist outside of the U.S.

Market, Economic and Political Risks KKR Funds, Other Clients and their portfolio companies could be materially affected by market, economic and political conditions globally and in the jurisdictions and sectors in which they invest or operate, including economic outlook, factors affecting interest rates, the availability of credit, currency exchange rates, commodity prices and trade barriers. The market price of any publicly traded securities held by a KKR Fund or Other Client will separately be impacted by these conditions in various ways, including in ways that do not correlate well with the direct impact on the relevant portfolio companies. These factors are outside KKR’s control and could adversely affect the

liquidity and value of KKR Funds' and Other Clients' investments and reduce the ability of KKR Funds and Other Clients to make attractive new investments. Difficult market and economic conditions generally adversely affect KKR Funds and Other Clients by reducing the value or performance of their investments or by reducing their ability to raise or deploy capital or obtain appropriate financing, each of which could negatively impact returns to investors. Investments made by KKR Funds and Other Clients often involve a high degree of business and financial risk that can result in substantial losses. Investors should not invest unless they can readily bear the consequences of partial or total loss of capital. Moreover, recent populist and anti-globalization movements, particularly in Western Europe and the United States, could result in material changes in economic, trade and immigration policies, all of which could lead to significant disruption of global markets and could have materially adverse consequences on the investments of KKR Funds and Other Clients, including particular companies whose operations are directly or indirectly dependent on international trade (see also "*Uncertainty Regarding Ongoing Negotiations between the United States and China*" above). More generally, political scrutiny, legislative acts, rulemaking adjudicatory or other activities, including in particular by the U.S. Congress, the SEC, the U.S. Federal Reserve Board, the Financial Industry Regulatory Authority, Inc. or other governmental, quasi-governmental or self-regulatory bodies, agencies and regulatory organizations, can make it more difficult (or less attractive) for KKR Funds and Other Clients to achieve their investment objectives or for some or all of their portfolio companies to engage in their respective businesses. Many of these regulations are described in the following risk factors.

Increased Regulatory Oversight The financial services industry generally, and the activities of private investment funds and their managers, in particular, have been subject to intense regulatory oversight and enforcement actions. Such scrutiny increases the exposure of KKR Funds or Other Clients, the KKR GPs, KKR and its affiliates to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight also imposes administrative burdens on the KKR GPs and KKR, including, without limitation, those arising from responding to investigations and implementing new policies and procedures. Such burdens could divert the KKR GPs' and KKR's time, attention and resources from portfolio management activities. Enactment of the Dodd Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") has resulted in extensive rulemaking and regulatory changes that affect private fund managers, funds that they manage and the financial industry. 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 and has increased the amount of time that KKR spends on non-investment-related activities.

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

The current U.S. regulatory environment will likely be further impacted by additional legislative and regulatory developments, such as amendments to key provisions of the Dodd-Frank Act and its implementing regulations. One such measure, the Economic Growth, Regulatory Relief and Consumer Protection Act, was signed into law on May 24, 2018 and makes targeted changes to several major provisions of the Dodd-Frank Act.

Any significant changes in, among other things, economic policy (including with respect to interest rates and foreign trade), the regulation of the asset management industry and the industries in which KKR Funds and Other Clients make investments, tax law, immigration policy and/or government

entitlement programs could have a material adverse impact on KKR Funds, Other Clients and their investments.

For example, one recent legislative proposal in the U.S. would impose a number of highly significant restrictions and burdens on private fund managers and the funds that they sponsor, such as KKR Funds and Other Clients. These proposals would, among other things: (i) remove the limited liability status of investors in a private fund (such as KKR Funds or Other Clients) that acquires 20% or more of the voting securities of a portfolio company (a “controlling interest”) and hold the investors jointly and severally liable for debts and obligations of such portfolio company; (ii) prohibit indemnification by a portfolio company of a private fund that holds a controlling interest in the portfolio company, as well as indemnification of the private fund’s manager (such as KKR), its affiliates and their respective employees; (iii) prohibit any dividend recapitalization within 24 months of the date that a private fund acquires a controlling interest in a portfolio company; (iv) impose a 100% tax on fees paid by a portfolio company to an asset manager (such as KKR) that controls or is in a control group with a private fund (such as a KKR Fund or Other Client) that holds a controlling interest in such portfolio company; (v) eliminate the tax deductibility of some or all indebtedness incurred in connection with the acquisition of a portfolio company; and (vi) subject carried interest to taxation as ordinary income rather than as capital gains for U.S. federal income tax purposes. If these proposals were to be enacted, even if only in part, they would materially and adversely affect the ability of KKR Funds and Other Clients, KKR GPs, KKR and its affiliates to engage in the investment activities and other operations that they are intended and expected to engage in. This could result in KKR Funds or Other Clients being wholly unable to meet their investment objectives, or could require KKR Funds or Other Clients to make, hold, manage and exit investments and otherwise operate in a manner that involves greater potential liability, risk and expense with lower potential returns for investors, including due to the use of alternative vehicles and/or parallel funds as described under “*Alternative Structures*” below.

Ongoing Regulatory Actions Other ongoing regulatory reforms and actions (i.e., Basel III and the U.S. Interagency Guidance on Leveraged Lending) also continue to have a material impact on KKR’s private equity investment business. European bank regulatory initiatives, including the European Banking Authority’s guidelines on limits to exposures to shadow banking entities which carry out banking activities outside a regulated framework under EU law (including funds employing leverage on a substantial basis, within the meaning of AIFMD and its implementing rules), and guidance on leveraged lending also create a more challenging borrowing environment for KKR Funds and Other Clients. The implementation of such regulatory reform has resulted in elevated capital ratio requirements on large global banks, and further balance sheet “de-risking” within the sector as historical providers of capital for European corporates have scaled back their balance sheets due to reduced risk appetite, and stringent regulatory developments such as Basel III and geopolitical events such as Brexit. In the circumstances where banks do lend, U.S. leveraged lending guidelines, which are applicable to European based U.S. banks, and the more recently issued ECB leveraged lending guidelines, which are applicable to significant banks operating in the EU, further limit the type and quantum of lending that banks are willing to do. In addition, the future implementation in the EU of Basel IV, as well as new capital, leverage ratio and liquidity rules contained in the amendments to the Capital Requirements Regulation and the Capital Requirements Directive, could have a further constraining effect on European-based U.S. banks’ lending capacity. These factors will continue to have a significant impact on the ability and willingness of banks to provide financing and such reforms and actions with respect to the banking industry could result in KKR Funds or Other Clients being unable to obtain committed debt financing for potential acquisitions or only obtaining debt at an increased interest rate or on unfavorable terms. KKR Funds or Other Clients could therefore have difficulty completing otherwise profitable acquisitions or generate profits that are lower than would otherwise be the case.

Compliance with AIFMD AIFMD came into force in July 2011 and has been implemented in all member states of the EU (“EU Member States”). The AIFMD applies to (i) alternative investment fund managers (“AIFMs”) established in the EU who manage EU or non-EU alternative investment funds

(“AIFs”), (ii) non-EU alternative investment fund managers who manage EU AIFs and (iii) non-EU alternative investment fund managers which market their AIFs within the EU. The AIFMD has also been extended generally to the non-EU countries forming part of the European Economic Area (the “EEA”), i.e., Liechtenstein, Iceland and Norway. The AIFMD allows authorized AIFMs to market AIFs to professional investors throughout the EU under an “EU passport.” Although KKR is affiliated with an Irish AIFM authorized under the AIFMD, KKR might not be able to benefit from the EU passport for all KKR Funds and Other Clients under the AIFMD and the EU passport might not apply to marketing to investors in the United Kingdom if and when its withdrawal from the EU becomes effective.

KKR is affiliated with KKR AIM, an AIFM which is subject to various requirements under the AIFMD. 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 the use of leverage and restrictions on distributions that could impact an AIF’s ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership (“asset stripping” rules) limiting KKR’s use of investment and realization strategies such as dividend recapitalizations and reorganizations, rules on AIF’s exposure to securitizations, disclosure and reporting requirements to both investors and home state regulators, and independent valuation of an AIF’s assets. As a result, the AIFMD could have an adverse effect on KKR Funds and/or Other Clients by, among other things, increasing the regulatory burden and costs of doing business in the EU or EEA member states, imposing extensive disclosure obligations on the KKR Fund’s or Other Client’s portfolio entities located in the EU or EEA member states, potentially requiring KKR to change its compensation structures for key personnel, thereby affecting KKR’s ability to recruit and retain these personnel, and disadvantaging KKR Funds or Other Clients with respect to investments in portfolio companies located in the EU or EEA member states when compared to non-AIF/alternative investment fund manager competitors which are not subject to the requirements of the AIFMD. The AIFMD could also limit a KKR GP’s operating flexibility and a KKR Fund’s or Other Client’s investment opportunities, as well as expose a KKR Fund, Other Client, KKR GP and/or KKR to conflicting regulatory requirements in the United States and the EU. Some aspects of the requirements of the AIFMD remain uncertain due to lack of judicature, official regulatory guidance and established market practice. For example, a subsidiary of a KKR Fund or Other Client could itself be characterized as an AIF, thus requiring an alternative investment fund manager to be appointed in respect of that subsidiary, limiting the operational flexibility of that subsidiary and increasing the costs and regulatory burden of running that subsidiary. In addition, guidance contained in the AIFMD Q&A issued by the European Securities and Markets Authority could result in EU member state regulators requiring that the AIFM assume greater responsibility for, and mandate direct contractual relationships with administrators, distributors and other service providers, performing functions in respect of the administration, marketing and other activities relating to AIFs. If the home member state regulator of the AIFM and/or a KKR Fund or Other Client took such steps this could result in additional regulatory burdens and costs for the KKR Fund or Other Client. The AIFMD is currently subject to legislative review by the European Commission. It is not clear at this time what changes to the AIFMD, if any, will be implemented and what impact any such changes would have on KKR or KKR Funds and Other Clients.

Laws of Other Jurisdictions Where KKR Funds are Marketed Interests in KKR Funds are marketed in various jurisdictions. In order to market interests in a KKR Fund in certain jurisdictions (or to investors who are citizens of or resident in such jurisdictions), a KKR Fund, the relevant KKR GP, KKR and its affiliates will be required to comply with applicable laws and regulations relating to such activities. Compliance involves, among other things, making notifications to or filings with local regulatory authorities, registering a KKR Fund, a KKR GP, KKR and its affiliates or the interests with local regulatory authorities or complying with operating or investment restrictions and requirements, including with respect to prudential regulation. Compliance with such laws and regulations could limit the ability of KKR Funds to participate in investment opportunities and could impose onerous or conflicting operating requirements on a KKR Fund, a KKR GP, KKR and its affiliates. The costs, fees and expenses incurred in order to comply

with such laws and regulations, including, without limitation, related legal fees and filing or registration fees and expenses, will be borne by the KKR Fund and could be substantial. In addition, if a KKR Fund, a KKR GP, KKR and its affiliates were to fail to comply with such laws and regulations, any or all of them could be subject to fines or other penalties, the cost of which typically would be borne by the relevant KKR Fund.

Pay-to-Play A number of U.S. states and municipal pension plans have adopted so-called “pay-to-play” laws, regulations or policies that prohibit, restrict or require 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 that require investment advisers to adopt recordkeeping and reporting programs that monitor the adviser’s and its employees’ activities. In addition, 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 or employees makes a contribution to certain elected officials or candidates. Several states have followed suit by issuing similar restrictions at the state level. In addition, the SEC has reportedly investigated whether certain financial firms made improper payments to secure investments from sovereign wealth funds. If KKR, a KKR GP, any of their employees or affiliates or any service provider acting on their behalf fails to comply with such laws, regulations or policies, such non-compliance could have a materially adverse effect on such persons, KKR and/or a KKR Fund or Other Client.

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

U.S. Tax Reform Major U.S. tax reform legislation was enacted on December 22, 2017. Among the changes to U.S. federal income tax law are (i) a reduction in the U.S. federal income tax rate on corporations, (ii) a partial limitation on the deductibility of business interest expense and new limitations on net operating loss deductions, (iii) an allowance of 100% first-year expensing of certain tangible personal property, (iv) a partial shift of the U.S. taxation of U.S. corporations from a tax on worldwide income to a territorial system under which a U.S. corporation receives a 100% deduction for foreign-source portions of dividends received from certain 10%-owned foreign corporations, and (v) a one-time repatriation tax on certain historic accumulated earnings (which a U.S. corporation could be eligible to spread over an eight-year period) and rules which prevent tax planning strategies which shift profits to low-tax jurisdictions. The legislation, as well as potential future U.S. tax legislation and administrative guidance, could materially impact the tax consequences of an investor’s investment in a KKR Fund or Other Client and the tax treatment of a KKR Fund’s or Other Client’s investments. While some of these changes could be beneficial, others could negatively impact the after-tax returns of a KKR Fund or Other Client and their respective investors. For example, many investments of KKR Funds and Other Clients utilize substantial amounts of indebtedness, and the partial limitation on the deductibility of interest will decrease the profitability and cash flow of portfolio companies which could adversely affect their valuations, financial flexibility and liquidity.

The U.S. tax reform legislation imposes a disallowance of deductions for net interest expense (even if paid to third parties) in excess of the sum of business interest income and 30% of the adjusted taxable income of the business, which is its taxable income computed without regard to business interest income or expense, net operating losses or the pass-through income deduction (and for taxable years before 2022, also excludes depreciation and amortization). Business interest includes any interest on indebtedness related to a trade or business, but excludes investment interest, to which separate limitations apply. Certain real estate

businesses can elect out of these rules. These limitations could have a significant impact on investors in a KKR Fund or Other Client and/or a KKR Fund's or Other Client's investments.

The U.S. tax reform legislation also requires KKR GPs to hold an investment for more than three years in order for the carried interest related to such investment to be treated as long-term capital gains for tax purposes. This lengthened holding period will in certain instances result in a conflict between KKR's interests and the interests of investors with respect to the sequence and timing of disposals of investments. Investors in KKR Funds and Other Clients generally are eligible for long-term capital gains treatment after a holding period of only one year. While KKR GPs generally intend to seek to maximize pre-tax returns of KKR Funds and Other Clients, a KKR GP will in certain cases nonetheless be incentivized to hold investments for a longer period than would be the case if such three year holding period requirement did not exist and/or to realize investments prior to any future change in law that results in a higher effective income tax rate on its carried interest. A KKR GP will also be incentivized to structure investments in a manner that mitigates the impact of the three year holding period requirement applicable to carried interest, which could adversely impact the after-tax returns of, or otherwise result in increased costs for, a KKR Fund or Other Client and their investors. Certain states, including New York and California have proposed legislation to levy additional state tax on carried interest, and additional U.S. federal proposals to tax carried interest at higher rates are also made in Congress from time to time, any of which could also negatively affect KKR's ability to attract and retain employees and key personnel.

The impact of U.S. tax reform on KKR Fund and Other Clients and their investments and investors is uncertain but could be significant. Prospective investors should consult their own tax advisors regarding these developments and potential future changes in tax laws.

Taxation in Other Jurisdictions In addition to U.S. federal income tax consequences, prospective investors should consider the potential U.S. state and local tax consequences of an investment in KKR Funds or Other Clients in the U.S. state or locality in which they are a resident for tax purposes. An investor could also be subject to tax return filing obligations and income, franchise or other taxes, including withholding taxes, in jurisdictions in which KKR Funds or Other Clients operate. If a KKR Fund or Other Client makes investments in jurisdictions outside the U.S., a KKR Fund or Other Client or the investors could be subject to income or other tax in such jurisdictions. Additionally, withholding tax or branch tax could be imposed on earnings of a KKR Fund or Other Client from investments in such jurisdictions. Local tax incurred in non-U.S. jurisdictions by KKR Funds, Other Clients or vehicles through which they invest also might not be creditable to or deductible by an investor under the tax laws of the jurisdiction where such investor resides. Investors that wish to claim the benefit of an applicable tax treaty could be required to submit information to tax authorities in such jurisdictions. Further, changes to (or changes in the interpretation of) such tax treaties or tax treaties between the countries in which a KKR Fund or Other Client is organized, operates, or makes investments could result in additional taxation to a KKR Fund or Other Client or investors.

BEPS Considerations On October 5, 2015, the Organisation for Economic Co-operation and Development (the "OECD"), published final recommendations for new, or amendments to existing, tax laws arising from its Base Erosion and Profit Shifting ("BEPS") project. The OECD, which represents a coalition of member countries, is contemplating changes to numerous long-standing tax principles through its BEPS project, which is focused on a number of issues, including profit shifting among affiliated entities in different jurisdictions, interest deductibility and eligibility for the benefits of double tax treaties. One of the recommendations of the OECD in relation to the BEPS project is that double tax treaties modeled on the OECD model convention (such as those of Luxembourg) should include enhanced anti-abuse provisions. In addition, the OECD is working on a "BEPS 2.0" initiative, which is aimed at (1) shifting taxing rights to the jurisdiction of the consumer and (2) ensuring all companies pay a global minimum tax. New rules could be recommended by the end of 2020 and if implemented could have a significant impact

on KKR Funds and Other Clients, their portfolio companies and their investment structures. The nature and timing of any change in tax laws that might occur (whether as a result of such recommendations or otherwise) is not clear and subject to significant uncertainty. Until further clarity is obtained, KKR Funds and Other Clients will continue to be subject to uncertainty as to any potential tax risk in the jurisdictions in which they are incorporated or resident for tax purposes and in each jurisdiction where their assets are located. Although KKR is of the view that KKR Funds and Other Clients have a good commercial purpose for operating, and maintain sufficient substance in the jurisdictions in which they operate, if a KKR Fund or Other Client were denied treaty benefits following the implementation of BEPS recommendations by a relevant jurisdiction, this could have a material and adverse effect on the KKR Fund's or Other Client's financial condition, financial returns and results of operations.

Senior Managers and Certification Regime In December 2019, the United Kingdom's Senior Managers and Certification Regime ("SMCR") was extended to all firms authorized and regulated by the FCA under the Financial Services and Markets Act 2000 ("FSMA"). The SMCR seeks to increase firm and individual accountability within the UK financial services sector and creates new obligations and responsibilities on KKR's UK affiliates and its personnel who perform certain types of functions within KKR's UK businesses, including with respect to certain KKR Funds and Other Clients. The SMCR has required KKR, in part, to adapt its governance and operating frameworks so as to ensure compliance with the new regime, which has caused, and will cause on an ongoing basis, increased compliance costs which could impact the financial performance of its UK businesses, including certain KKR Funds and Other Clients. Moreover, given the increased focus on individual accountability and personal conduct, there is an increased risk of enforcement action against KKR's UK personnel, including, but not limited to, fines and restrictions on their ability to operate within the financial services industry, which could make it harder to recruit qualified personnel.

Fifth Money Laundering Directive As of January 2020, the Fifth Money Laundering Directive ("MLD5") was required to be implemented by EU Member States into national law. The changes brought about by MLD5 will be applicable to the European operations of KKR Funds, Other Clients and KKR and its affiliates, and have required that KKR and its affiliates make adaptations to its existing anti-money laundering and know your customer framework. The implementation of these new requirements will increase the complexity of compliance obligations to which such European operations are subject, which could lead to increased costs on an ongoing basis.

FATCA Under the Foreign Account Tax Compliance Act provisions of the U.S. Internal Revenue Code of 1986, as amended ("Internal Revenue Code") and related U.S. Treasury guidance ("FATCA"), a withholding tax of 30% is imposed in certain circumstances on (i) payments of certain U.S. source income (including interest and dividends) ("Withholdable Payments") and (ii) payments made after December 31, 2018, (or, if later, the date on which the final U.S. Treasury regulations that define "foreign passthru payments" are published) by certain foreign financial institutions (such as banks, brokers, investment funds or certain holding companies) that are "attributable" to Withholdable Payments ("Foreign Passthru Payments"). It is uncertain at present when payments will be treated as "attributable" to Withholdable Payments. Under FATCA, 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. Non-U.S. KKR funds and certain non-U.S. entities in which KKR Funds and Other Clients could invest (each, including the relevant KKR Funds and Other Clients, an "Offshore Entity") will generally 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, each Offshore Entity will generally 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 could 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.

To avoid being subject to this U.S. federal withholding tax, non-U.S. KKR Funds and relevant Other Clients will require their investors to provide information regarding themselves and their investors. Such KKR Funds or Other Clients could 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 Funds or Other Clients could be subject to this withholding tax.

Each Offshore Entity could be required to disclose to foreign fiscal authorities certain information in relation to its investors and certain information relating to the investor's investment. Such foreign fiscal authorities could be required to automatically exchange information as outlined above with the IRS and other foreign fiscal authorities.

Some countries have implemented regimes similar to that of FATCA and other countries are participating in a multi-jurisdictional tax information regime known as CRS, or the Common Reporting Standard. Compliance with such regimes could result in increased administrative and compliance costs for KKR Funds and Other Clients and, in some cases, could subject KKR Funds and Other Clients to increased withholding taxes.

Alternative Structures If a KKR GP determines that for legal, tax, regulatory or other similar reasons an investment should be made or otherwise held through an alternative vehicle, the KKR GP will, subject to the governing documents of the applicable KKR Fund or Other Client, be permitted to structure the making or holding of all or any portion of such investment outside of the KKR Fund or Other Client by requiring any investor or investors to make or hold such investment through one or more alternative vehicles that directly or indirectly will invest in or otherwise directly or indirectly hold such investment on a parallel basis with or in lieu of the KKR Fund or Other Client, or alternatively, by forming one or more parallel funds to invest side-by-side with a KKR Fund or Other Client.

In addition, subject to receipt of relevant consents and satisfaction of other relevant requirements under the governing documents of a KKR Fund or Other Client, a KKR GP is permitted to cause a KKR Fund or Other Client to be reorganized or reconstituted as a different type of entity. The economic terms, conditions and management of any such entity must be substantially identical to those of the KKR Fund or Other Client, to the extent practicable. However, it could be that it is not practicable to retain such terms in the context of a different entity, and in any event the use of a different entity could have an adverse impact on any given investor even if there is no substantive difference in terms, conditions and management.

Finally, a KKR GP, KKR and their affiliates could restructure the manner in which the KKR Fund or Other Client operates or makes or holds investments or take other actions that are not outlined above in order to address legal, tax and regulatory changes and developments, in each case subject to the governing documents of the KKR Fund or Other Client and applicable law. For example, a KKR AIFM could change the delegation of portfolio management or other duties to a different KKR affiliate located outside of the U.S. in order to address the actual or potential impact of proposed legislation applicable to U.S.-based asset managers.

These or similar structures or changes could create operational inefficiencies or result in the application of additional or different legal, tax or regulatory regimes that could adversely affect the services provided by the delegate to the AIFM and the KKR Fund or Other Client, result in additional costs and expenses borne by the AIFM, the KKR Fund and/or Other Client, and otherwise result in disruption to the ordinary and expected operation of the investment activities of the KKR Fund or Other Client.

Real Assets Investments Real asset investments made by KKR Funds or Other Clients generally involve the types of material risks discussed above in respect of private equity investments and general risks. In addition, certain other material risks are particularly relevant to these investments as summarized below:

Environmental Liabilities KKR Funds or Other Clients making real asset investments are exposed to substantial risk of loss arising from undisclosed or unknown environmental, health or occupational safety matters, or inadequate reserves, insurance or insurance proceeds for such matters that have been previously identified. Under various U.S. federal, state and local and non-U.S. laws, ordinances and regulations, an owner of real assets could be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws could impose joint and several liabilities, which can result in a party being obligated to pay for greater than its share, or even all, of the liability involved. Such liability could also be imposed without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefore as to any assets are generally not limited under such laws and could exceed the value of the assets and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, could adversely affect the owner's ability to sell the real assets or to borrow funds using such assets as collateral, which could have an adverse effect on a KKR Fund's or Other Client's return from such investment. Environmental claims with respect to a specific investment could exceed the value of such investment, and under certain circumstances, subject the other assets of a KKR Fund or Other Client to such liabilities. In addition, some environmental laws create a lien on contaminated property in favor of governments or regulatory agencies for costs they incur in connection with the contamination.

The ongoing presence of environmental contamination, pollutants or other hazardous materials in respect of real assets (whether known at the time of acquisition or not) could also result in personal injury (and associated liability) to persons in contact with such assets and persons removing such materials, future or continuing asset damage (which could adversely affect property values) or claims by third parties, including as a result of exposure to such materials through the spread of contaminants.

In addition, a KKR Fund's or Other Client's operating costs and performance could be adversely affected by compliance obligations under environmental protection statutes, rules and regulations relating to investments of a KKR Fund or Other Client, including additional compliance obligations arising from any change to such statutes, rules and regulations. Statutes, rules and regulations could also restrict development of, and use of, real assets. Certain clean-up actions brought by federal, state, county and local agencies and private parties could also impose obligations in relation to investments and result in additional costs to a KKR Fund or Other Client.

Further, even in cases where a KKR 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 Fund or Other Client to achieve enforcement of such indemnities.

Construction and Other Capital Expenditures KKR Funds or Other Clients make real asset investments in both existing assets and businesses and "Greenfield" assets and other assets and businesses that require significant capital expenditure to bring them to fully commissioned and/or cash-flowing status or to otherwise optimize their operational capabilities. These real asset investments 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) difficulty in obtaining regulatory, environmental or other approvals and permits; (iii) slower than projected construction progress and the unavailability or late delivery of necessary equipment; (iv) less than optimal coordination with public utilities in the relocation of their facilities; (v) adverse weather conditions and unexpected construction conditions; (vi) accidents or the breakdown or failure of construction equipment or processes; (vii) catastrophic events such as explosions, fires, terrorist activities and other similar events and (viii) 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 exceed expected or forecasted budgets) and, under certain circumstances, could prevent completion of construction activities once undertaken.

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

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

Subcontractors Real asset investments sometimes 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 Fund or Other Client or a third-party management company might not be as effective in passing on risks to its subcontractors as intended and this could result in unexpected costs or a reduction in expected revenues for a KKR 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 could also have an obligation to return to site in order to carry out any remedial works required for a pre-agreed period. A KKR Fund or Other Client will generally not 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 Fund or Other Client could potentially fail to meet the service standards it has agreed with certain counterparties and there could be a reduction in the actual income received that was anticipated by a KKR Fund or Other Client and/or claims by the counterparties against a KKR 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 that the liability cannot be set off, a KKR Fund or Other Client will not be compensated for any reductions in payments and/or claims made by counterparties which they 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 will 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 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 Fund or Other Client to terminate a sub-contract in such event, there could be a loss of revenue during the time taken to find a replacement subcontractor and the replacement subcontractor could 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 costs might not be recoverable from the defaulting subcontractor.

Infrastructure Investments Infrastructure investments made by KKR Funds or Other Clients generally involve many of the material risks discussed above in respect of private equity and real asset investments. In addition, the material risks discussed below that are particularly relevant to these investments should be noted.

Government and Agency Risk In some instances, the making or acquisition of infrastructure investments involves an ongoing commitment to a municipal, state or federal government, quasi-government, industry, self-regulatory or other relevant regulatory authority, body or agency ("Regulatory Agencies"). The nature of these obligations exposes the owners of infrastructure investments to a higher level of regulatory control than typically imposed on other businesses. Regulatory Agencies might impose conditions on the construction, operations, and activities of an infrastructure asset as a condition to granting their approval or to satisfy regulatory requirements. This could include requirements that such assets remain managed by a KKR GP, a KKR Fund, Other Client, or their affiliates, which could limit the ability of a KKR Fund or Other Client to dispose of portfolio investments at opportune times. Regulatory Agencies often have considerable discretion to change or increase regulation of the operations of an infrastructure asset or to otherwise implement laws, regulations or policies affecting its operations (including, in each case, with retroactive effect), separate from any contractual rights that the Regulatory Agency counterparties have. Accordingly, additional or unanticipated regulatory approvals, including, without limitation, renewals, extensions, transfers, assignments, reissuances or similar actions, could be required to acquire infrastructure assets due to, among other reasons, a change in applicable laws and regulations or a change in the relevant portfolio company's activities. Infrastructure investments generally require operators to manage such investments and to incur additional expenses in order to comply with applicable laws. Operators' failure to comply with laws could subject them to fines or other penalties which could adversely affect the value of such investments.

In addition, since many portfolio companies in the infrastructure sector will provide basic, everyday services and face limited competition, Regulatory Agencies could be influenced by political considerations and make decisions that adversely affect a portfolio company's business. Certain types of infrastructure assets are very much in the "public eye" and politically sensitive and as a result any related investments by a KKR Fund or Other Client could attract an undesirable level of publicity. Additionally, pressure groups and lobbyists could induce Regulatory Agency action to the detriment of the relevant KKR Funds or Other Clients as the owners of the relevant asset or business. There can be no assurance that the relevant government will not legislate, impose regulations or change applicable laws or act contrary to the law in a way that would materially and adversely affect the business of a portfolio company. The profitability of certain types of investments are materially dependent on the maintenance of government subsidies (for example, government programs encouraging the development of certain technologies, such as solar and wind power generation). Reductions or eliminations of such subsidies would likely have a material adverse impact on a KKR Fund or Other Client participating in such investments.

Concessions, Leases and Public Ways An infrastructure asset's operations often rely on government licenses, concessions, leases, or contracts that are generally very complex and could result in a dispute over interpretation or enforceability. Even though most permits and licenses applicable to a KKR Fund's or Other Client's investments are generally obtained prior to the commencement of full project operations, many of these licenses and permits have to be maintained over the project's life and a failure to do so often involves monetary penalties or the loss of rights to operate the affected asset, or both. Where concessions or leases are held from a Regulatory Agency, such arrangements are subject to special risks as a result of the nature of the counterparty. The concession or lease could restrict the operation of the relevant asset or business in a way that maximizes cash flows and profitability. The lease or concession could also contain clauses more favorable to the government counterparty than a typical commercial contract. In addition, there is the risk that the relevant Regulatory Agency will exercise sovereign rights and take actions contrary to the interests of KKR, the relevant KKR Funds or Other Clients, or KKR Fund or Other Client portfolio companies. Poor performance and other events during construction or operating phases could lead to termination of the relevant concession or lease agreement, which would likely reduce compensation to the relevant portfolio company. If it does, then the amount of any related senior debt might not be paid out in full and compensation for lost equity returns might not be provided, as the portfolio company would generally be deemed to have been "at fault" under such circumstances. Certain infrastructure assets require the use of public ways or operate under easements. Regulatory Agencies often retain the right to restrict the use of such public ways or easements or require a portfolio company to remove, modify, replace, or relocate facilities relating to infrastructure assets at its own expense. If a Regulatory Agency exercises these rights, a portfolio company could incur significant costs and its ability to provide service to its customers could be disrupted, which could adversely impact the performance of such investment.

Public Demand and Usage; Rate Risk KKR Funds or Other Clients invest in portfolio companies that derive substantially all of their revenues from tolls, tariffs, or other usage or throughput-related fees. Services provided by such portfolio companies comprising infrastructure investments could be subject to rate regulation by a Regulatory Agency that determines or limits the prices that are permitted to be charged, particularly if the relevant portfolio company is the sole or predominant service provider in its service area or provides services that are essential to the community. A portfolio company could be subject to unfavorable regulatory determinations, including those that could be final with no right of appeal, or that, despite a right of appeal, could result in its profits being negatively affected and investments not meeting initial return expectations, as discussed in "*Government and Agency Risk*" above. Users of the applicable service provided by a portfolio company could react negatively to any adjustments to the applicable rates,

or public pressure could cause a Regulatory Agency to challenge such rates. In addition, adverse public opinion, or lobbying efforts by specific interest groups, could result in Regulatory Agency pressure on a portfolio company to reduce its rates or to forego planned rate increases or that could otherwise result in the reduction of usage volume by users of the applicable service. It cannot be guaranteed that Regulatory Agencies with which a portfolio company has concession agreements will not try to exempt certain users from tolls, tariffs, or other fees or negotiate lower rates.

Government or Counterparty Default Infrastructure investments often involve contractual agreements between a KKR Fund or Other Client and certain counterparties, under which a KKR Fund or Other Client will seek to receive revenue. There are possibilities of default in such agreements by such counterparties in relation to their creditworthiness and power to enter into such agreements. It is not certain that a counterparty will itself not default on its obligations or that a central government will in all cases assume liability for the obligations of its local and state governments in the event of their default.

Risks Associated with Aircraft Leases Certain KKR Funds and Other Clients participate in Platform Arrangements or other contractual arrangements relating to aircraft leasing and/or invest in companies or other issuers that acquire financial or hard assets relating to the aircraft industry. The airline industry is cyclical and highly competitive. Airlines and related companies are 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, epidemics and other 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. Any such negative impact on the airline industry could increase the risk of any airline defaulting on the terms of any aircraft lease investment made by a KKR Fund or Other Client and the ability of a KKR Fund or Other Client to source alternative airline operators to assume the obligations under such leases, which could adversely impact the performance of such investments.

Investments in the Shipping Industry Certain KKR Funds and Other Clients invest in companies or other issuers that acquire financial or hard assets relating to the shipping industry or that provide administrative, leasing, operating or other services related to such investments, which are subject to, the following risks among others, and might 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 could require ship modifications and changes in operating procedure; (ii) risks associated with investments and force majeure risks (for example, international sanctions, embargoes, restrictions, nationalizations, and wars or acts of piracy or terrorist attacks, severe weather, natural disasters and epidemics and other health issues); (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.

Documentation Risk Due to the complex series of legal documents and contracts that are typically involved in infrastructure investments, such investments have a potentially greater risk of dispute over interpretation or enforceability of particular terms compared to other equity investments.

Investments in Energy Energy investments made by KKR Funds or Other Clients involve many of the material risks discussed above in respect of private equity and real asset investments. In addition, the material risks discussed below that are particularly relevant to these investments should be noted. References below to “Operators” are to operating companies (which include RPM, as described in Item 5) engaged by KKR in the course of implementing its energy investment strategy to augment KKR’s investment expertise with the technical capabilities and operational abilities needed to diligence, manage, improve and exploit acquired natural resources.

Energy Industry Regulation The energy industry is subject to comprehensive federal, state and local laws and regulations. In addition to restrictions imposed by environmental regulators, statutory and regulatory requirements include those imposed by energy, zoning, land use, safety, labor and other regulatory agencies. Certain environmental laws and regulations require that an owner or operator of an energy asset address prior environmental contamination, which could involve substantial cost. In certain jurisdictions, such laws and regulations impose liability without regard to whether the owner or operator knows of, or was responsible for, the release or presence of environmental contamination. As a result, investments by KKR Funds and Other Clients in the energy sector could 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 could create liabilities that did not exist at the time of the investment by KKR Funds and Other Clients and that could not have been foreseen. Present and 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 such portfolio companies at a competitive disadvantage compared to other companies, and failure to comply with any such requirements could have an adverse effect on such companies. Some of the most onerous environmental requirements regulate air emissions of pollutants and greenhouse gases; these requirements particularly affect companies in the power and energy industry.

Energy Industry Market Dislocation Events in the energy markets over the last few years have caused significant dislocations and illiquidity in the equity and debt markets for energy companies and related commodities. The continuation or recurrence of such events have an adverse impact on certain investments of KKR Funds or Other Clients 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, and returns generated by, a portfolio company in this sector. Such marketplace events also could restrict or limit the ability of a KKR Fund or Other Client to sell or liquidate portfolio investments at favorable times or for favorable prices. A stabilization or improvement of the conditions in the global financial markets generally and the energy markets specifically likely would aid KKR Funds’ and Other Clients’ portfolio investments in these sectors. Absent such a recovery or in the event of a further market deterioration, the value of KKR Funds’ or Other Clients’ portfolio investments in this sector will be unlikely to appreciate as projected (if applicable) or will suffer a loss. There can be no assurance as to the duration of current or future market dislocation.

Oil and Gas Prices Prices for oil, natural gas and other hydrocarbons are subject to large fluctuations in response to relatively minor changes in the supply of and demand for hydrocarbons, including oil, natural gas, natural gas liquids and coal, market uncertainty and a variety of additional factors. These factors include, but are not limited to, weather conditions; the level of consumer demand and the overall condition of the various domestic and international economies, including interest rates, levels of economic activity, the price of securities and the participation by other investors in the financial markets; political conditions or armed conflict in the Middle East and other international oil producing regions; terrorist acts; the foreign and domestic production and

exportation of hydrocarbons in relevant markets; the price, availability and acceptance of alternate fuel sources; the utilization and capacity of oil refineries or other hydrocarbon processing facilities; the availability of pipeline capacity; transportation interruption; domestic and foreign governmental regulations, price controls and taxes; domestic and foreign environmental laws and regulations; and the ability of members of the Organization of Petroleum Exporting Countries (“OPEC”) to agree to maintain oil prices and production controls. Oil and natural gas prices, and therefore the level of exploration, development and production activity experienced a sustained decline from the latter half of 2014 through 2016 as a result of an increased global supply of oil and a decision by OPEC to sustain its production levels. While OPEC has more recently announced a framework for limiting oil output, the global supply excess could persist and while there has been some recovery, the volatility of the current environment could cause prices to remain at current levels or to fall to lower levels.

Any substantial and extended decline in hydrocarbon prices would have an adverse effect on the value of investments by KKR Funds or Other Clients in this sector. In addition, estimates of hydrocarbon reserves by qualified engineers are often a key factor in valuing certain energy companies or oil and natural gas assets. These estimates are subject to wide variances based on the underlying technical assumptions and price forecasting models that such engineers use to estimate economically recoverable oil and natural gas reserves. Accordingly, volatile commodity prices will cause such estimates to be significantly revised from time to time, which will create significant changes in the value of such oil and natural gas assets. Such changes in value often disrupt the market for developed properties because it is difficult for buyers and sellers to agree on transaction value. Volatile commodity prices also make it difficult to budget for and project the return on acquisitions and development projects.

Property-Level Operating Risks There are numerous risks inherent in operating oil and natural gas properties. Such risks include pressure or irregularities in formations, blowouts, cratering, explosions, pipe failure, uncontrollable flows of oil, natural gas, well fluids or other hazardous substances, fires, pollution, earthquakes and environmental, health and safety risks. These risks could result in substantial losses due to injury and loss of life, exposure to hazardous materials, severe damage to and destruction of property and equipment, pollution and other environmental and natural resource damage, suspension of operations, uninsured business interruption losses and loss of hydrocarbon reserves. The operations in respect of a KKR Fund’s or Other Client’s properties could result in liability for personal injuries, property damage, oil spills, discharge of hazardous materials, remediation and clean-up costs and other environmental and natural resource damages, for which KKR and KKR Funds and Other Clients might not be fully insured or indemnified. Offshore operations, if any, will be subject to a variety of additional operating risks peculiar to the marine environment, including hurricanes and other adverse weather conditions as well as extensive government regulation and oversight. Such government regulation and oversight could impose strict liability for pollution damage in certain circumstances or lead to interruption or termination of operations based on environmental or other considerations. As a result, substantial liabilities to third parties or governmental entities could be incurred in respect of these investments.

Demand for Oil and Gas The success of KKR Fund or Other Client investments in this sector is materially dependent upon the demand for oil and natural gas. The availability of a ready market for the oil and gas production generated from KKR Fund or Other Client investments in this sector will depend on a number of factors beyond a KKR Fund’s or Other Client’s control including the demand for and supply of oil and gas, the availability of alternative energy sources, and the proximity of reserves to and the capacity of oil and gas gathering systems, pipelines or trucking and terminal facilities. These investments could also have to shut in some of their wells temporarily

due to a lack of market or adverse weather conditions including hurricanes. In addition, federal and state regulation of oil and gas production and transportation, general economic conditions and changes in supply and demand could adversely affect an investment's ability to produce and market the oil and gas production generated from KKR Fund or Other Client investments could have a material adverse effect on a KKR Fund's or Other Client's financial condition and results of operations.

Drilling Engineering, Construction and Development Risks Development activities are subject to many risks, including the risk that new wells will not result in the discovery of commercially productive reservoirs or the risk that all or any portion of a KKR Fund's or Other Client's investment in such wells will not be returned. Drilling for oil and natural gas sometimes involve unprofitable efforts, not only from dry wells but also from wells that are productive but do not produce sufficient net reserves to return a profit after deducting drilling, operating and other costs. The cost of drilling, completing and operating a well is often uncertain, and cost factors can adversely affect the economies of a project. Further, drilling operations could be curtailed, delayed or canceled as a result of numerous factors, including unexpected drilling conditions, including unforeseen engineering, environmental and geological factors, pressure or irregularities in formations, equipment failures or accidents, adverse weather conditions, work stoppages and labor disputes, compliance with environmental and governmental requirements; and the cost of, or shortages or delays in the availability of, equipment, pipelines and services.

Acquisition Strategy A KKR Fund's or Other Client's strategy in this sector depends on the ability to acquire oil and natural gas properties at appropriate prices. There can be no assurance that KKR will be able to identify suitable acquisition opportunities or finance and complete any particular acquisition successfully. Furthermore, acquisitions involve a number of risks and challenges, including difficulty in estimating recoverable reserves, future production rates, operating costs, infrastructure requirements, environmental and other liabilities and factors beyond a KKR Fund's or Other Client's control. As a result, the KKR Fund or Other Client might not recover its investment in a property from the sale of production from the property, or might not recognize an acceptable return from investments it makes. Any of these factors could adversely affect a KKR Fund's or Other Client's ability to achieve anticipated levels of cash flows or realize other anticipated benefits of investments.

Royalty Interest Risks KKR Funds or Other Clients will generally receive revenues from investments in oil and natural gas, royalty revenues only upon sales of oil, natural gas and other hydrocarbon production by the underlying property or upon sale of the royalty interests themselves. There can be no assurance that reserves sufficient to provide the expected royalty income will be discovered, developed or produced when anticipated, if at all.

Other Regulations Applicable to the Oil and Gas Industry Oil and gas drilling, handling and transportation are extensively regulated. Statutory and regulatory requirements include those imposed by energy, zoning, environmental, health, safety, labor and other regulatory or political authorities. Failure to obtain, or a delay in the receipt of relevant governmental permits or approvals, including regulatory approvals, could hinder the operations of investments and result in fines or additional costs. Obtaining permits and approvals or complying with ongoing regulatory requirements is in certain cases costly and/or time-consuming. Moreover, the adoption of new laws or regulations, changes in the interpretation of existing laws or regulations or changes in the persons charged with political oversight of such laws or regulations could have a material adverse effect on investments by a KKR Fund or Other Client and could necessitate the restructuring of investments and/or altering or discontinuing of operations in order to meet regulatory requirements, which could be costly and/or time-consuming.

Hydraulic Fracturing Hydraulic fracturing is an important and common practice that is used to stimulate production of hydrocarbons from tight formations. Certain KKR Fund or Other Client assets and operating partnerships are expected to utilize hydraulic fracturing techniques in many of their well drilling and completion programs. The process of hydraulic fracturing involves the injection of water, sand and chemicals under pressure into the formation to fracture the surrounding rock and stimulate oil and natural gas production. U.S. state authorities typically regulate the process in the U.S.; however, the U.S. Environmental Protection Agency (the “EPA”) has asserted federal regulatory authority over hydraulic fracturing involving diesel additives under the Safe Drinking Water Act’s Underground Injection Control Program. Further, the U.S. Clean Water Act (the “CWA”) restricts the discharge of produced waters and other pollutants into waters of the U.S. and requires permits before any pollutants are discharged. The CWA and comparable state laws and regulations in the U.S. provide for penalties for unauthorized discharges of pollutants including produced water, oil, and other hazardous substances.

Public opposition to hydraulic fracturing, partly due to concerns over alleged links to groundwater contamination, could encourage additional regulation of the industry. If new laws or regulations that significantly restrict hydraulic fracturing are adopted, such laws could make it more difficult or costly for assets in which KKR Funds or Other Clients invest to perform fracturing to stimulate production from tight formations. In addition, if hydraulic fracturing becomes regulated as a general matter at the federal level as a result of federal legislation or regulatory initiatives by the EPA, fracturing activities by assets and operating partnerships in which KKR Funds or Other Clients invest could become subject to additional permitting requirements, and also to attendant permitting delays and potential increases in costs. Restrictions on hydraulic fracturing could also reduce the amount of oil and natural gas that the assets in which KKR Funds or Other Clients invest are ultimately able to produce from their reserves. Similar risks and limitations are also present in non-U.S. jurisdictions. These changes could lead to an increase in regulatory and litigation claims for alleged damages caused by hydraulic fracturing activities or increased liabilities from such activities.

Proposed Environmental Legislation and Regulation Numerous legislative and regulatory proposals affecting the oil and natural gas industry have been introduced, or are otherwise under consideration, by individual states, U.S. Congress, various U.S. federal agencies as well as non-U.S. governmental authorities. The long-term trend toward stricter standards, increased oversight and regulation and more extensive permit requirements, along with any future laws and regulations or changes in laws, regulations and obligations relating to climate change could result in substantial capital expenditure, taxes and reduced profitability. In the future, these could potentially impact a KKR Fund’s or Other Client’s assets, revenue generation and strategic growth opportunities.

The adoption of climate change legislation and regulations could result in increased operating costs and reduced demand for the oil and natural gas that energy assets produce. In response to findings that emissions of carbon dioxide, methane and other greenhouse gases (“GHGs”) present an endangerment to public health and the environment, the EPA has adopted regulations under existing provisions of the federal Clean Air Act that, among other things, require preconstruction and operating permits for certain large stationary sources. Facilities required to obtain preconstruction permits for their GHG emissions also will be required to meet “best available control technology” standards that will be established on a case-by-case basis. These EPA rulemakings could adversely affect operation on KKR Funds’ and Other Clients’ properties and restrict or delay the ability of operators to obtain air permits for new or modified sources. In addition, the EPA has adopted rules requiring the monitoring and reporting of GHG emissions from specified onshore oil and natural gas production sources in the United States on an annual basis,

which include operations on certain KKR Fund properties. These requirements could increase the costs of development and production, reducing the profits available to a KKR Fund or Other Client and potentially impairing a KKR Fund's or Other Client's ability to economically develop properties.

Efforts have been made and continue to be made in the international community towards the adoption of international treaties or protocols that would address global climate change issues. For example, in April 2016, the United States was one of 175 countries to sign the Paris Agreement, which requires member countries to review and "represent a progression" in their intended nationally determined contributions, which set GHG emission reduction goals, every five years beginning in 2020. The Paris Agreement entered into force in November 2016. Although this agreement does not create any binding obligations for nations to limit their GHG emissions, it does include pledges from the participating nations to voluntarily limit or reduce future emissions. In June 2017, President Trump first announced that the U.S. would withdraw from the Paris Agreement, but could enter into a future international agreement related to GHGs. In April 2019, the U.S. commenced withdrawal procedures from the Paris Agreement, a process that will officially be completed in November 2020. Any new initiatives or regulatory changes related to the control of GHG emissions could result in increased costs of development and production, reducing profits available to KKR Funds or Other Clients and potentially impairing a KKR Fund's or Other Client's ability to economically develop properties.

Technology Innovation The oil and natural gas industry routinely develops new technologies to enhance the recovery of reserves, thereby increasing recoverable amounts and/or improving the cost of recovery. While oil and natural gas assets could benefit from such technologies, there can be no assurance that technology innovation will be appropriately applied or will favor properties of a type not held by a KKR Fund or Other Client, which would place the KKR Fund or Other Client in a competitive disadvantage and drive down the value of its assets.

Unavailability of Equipment or Personnel The energy industry is cyclical and, from the time to time, there is a shortage of equipment, supplies, drilling rigs or qualified personnel. During these periods, the costs and delivery times for equipment, supplies, rigs, and well completion services are substantially greater. In addition, demand for and wage rates of qualified drilling rig and well completion crews rise alongside increases in the number of active rigs in service. If oil prices stabilize or increase, it is likely that service costs will materially increase in the future. If the unavailability or high cost of drilling rigs, equipment, supplies or qualified personnel were particularly severe, it could materially and adversely affect a KKR Fund's or Other Client's investments.

Projections and Third-Party Reports in the Energy Sector There are numerous uncertainties inherent in estimating quantities of proved oil and natural gas reserves and their values. Estimates of oil and natural gas reserves, by necessity, are projections based on engineering data, and there are uncertainties inherent in the interpretation of such data as well as the projection of future rates of production and the timing of development expenditures. Reserve engineering is a subjective process of estimating underground accumulations of oil and natural gas that are difficult to measure. The accuracy of any reserve estimate is a function of the quality of available data, engineering and geological interpretation and judgment. Estimates of economically recoverable oil and natural gas reserves and of future net cash flows necessarily depend on a number of variable factors and assumptions, such as historical production from the area compared with production from other producing areas, the assumed effects of regulations by governmental agencies and assumptions concerning future oil and natural gas prices, future operating costs, severance and excise taxes, development costs and workover and remedial costs, all of which could in fact vary considerably

from actual results. Inaccurate estimates could cause a KKR Fund or Other Client to underbid and fail to win an acquisition target, or overpay in its acquisitions and adversely affect its ability to generate attractive results. For these reasons, estimates of the economically recoverable quantities of oil and natural gas attributable to any particular group of properties, classifications of such reserves based on risk of recovery and estimates of expected future net cash flows from such reserves could vary substantially. Any significant variance in the assumptions could materially affect the estimated quantity and value of the reserves.

Hedging Transactions in the Energy Sector KKR, on behalf of a KKR Fund or Other Client, could enter in a typical oil and natural gas hedge transaction, where an operating partnership in which a KKR Fund or Other Client has made an investment has the right to receive from the hedge counterparty the excess of the fixed price specified in the hedge agreement over a floating price based on a market index, multiplied by the portion of production hedged. However, if the floating price exceeds the fixed price, the operating partnership must pay the counterparty this difference multiplied by the portion of production hedged even if the operating partnership and its assets had insufficient production to cover the quantities specified in the hedge agreement. Accordingly, if the operating partnership has less production than it has hedged when the floating price exceeds the fixed price, the operating partnership must make payments against which there are no offsetting sales of production. These payments made by virtue of the oil and natural gas hedge transaction could have an adverse effect on a KKR Fund or Other Client and, as a result, on a KKR Fund's or Other Client's investment returns. In addition, KKR might not utilize such a hedging transaction, which could result in a poorer overall performance and investment returns for a KKR Fund or Other Client compared to what such KKR Fund's or Other Client's performance would have been if KKR had utilized such a hedging transaction.

Consultants A KKR Fund or Other Client investing in the energy sector will generally expect to engage, directly or indirectly through entities in which it invests, one or more Consultants to provide operating services relating to investments by such KKR Fund or Other Client, including: hydrocarbon production; hydrocarbon sales; royalty payment; asset management; property management; risk management; land, marketing and engineering services; business development; asset acquisition and aggregation services; plugging and abandonment services; environmental compliance and remediation; and general and/or administrative services. For rendering its services, an operating partner will be entitled to receive reimbursement of its internal and external expenses (including any overhead expenses, employee compensation and start-up costs incurred in connection with backing the operating partner) plus remuneration, which remuneration include, among other things, a management fee, the granting of a profit participation in certain investments, a capital interest in such investments or the underlying assets, options, warrants, and/or restricted stock. Such expenses and remuneration are generally borne directly by a KKR Fund or Other Client as a fund expense (or broken deal expenses, if applicable) or indirectly out of cash flows of such KKR Fund's or Other Client's investments. Such expenses and remuneration are not specially borne by KKR or the relevant KKR GP through a reduction of the management fee, carried interest or other fees payable to KKR or its affiliates. While this remuneration is intended to compensate and incentivize operating partners and align their interests with those of a KKR Fund or Other Client, there can be no assurance that it will do so. Moreover, there can be no assurance that KKR will continue to retain the operating services of any particular operating partner throughout the life of a KKR Fund or Other Client.

Investments in Real Estate Real estate investments made by KKR Funds or Other Clients generally involve many of the material risks discussed above in respect of private equity and real asset investments. In addition, the material risks discussed below that are particularly relevant to these investments should be noted.

Real Estate Investments Generally A KKR Fund's or Other Client's real estate investments will be subject to the risks inherent in the ownership and operation of real estate and real estate-related businesses and assets. These risks include, but are not limited to, the burdens of ownership of real property, general and local economic conditions; the supply and demand for properties, energy and supply shortages; competition from other properties; energy and supply shortages; fluctuations in average occupancy and room rates the financial resources of tenants; increased mortgage defaults; changes in interest rates and in the availability of debt financing or mortgage funding which could render the sale or refinancing of properties difficult or impracticable; changes in building, environmental and other laws and/or regulations; zoning laws; changes in real property tax rates; negative developments in the economy that depress travel or leasing activity; environmental liabilities; contingent liabilities on disposition of assets; uninsured or uninsurable casualties; acts of God (including, without limitation, epidemics and other health issues, earthquakes, hurricanes and other natural disasters), terrorist attacks and war and other factors which are beyond the control of KKR or its affiliates.

In addition, a KKR Fund's or Other Client's investments will be subject to various risks which cause fluctuations in occupancy, rental rates, operating income and expenses, or render the sale or financing of its properties difficult or unattractive. For example, following the termination or expiration of a tenant's lease there could be a period of time before a KKR Fund or Other Client will begin receiving rental payments under a replacement lease. During that period, the KKR Fund or Other Client will continue to bear fixed expenses such as interest, real estate taxes, maintenance and other operating expenses. In addition, declining economic conditions could impair a KKR Fund's or Other Client's ability to attract replacement tenants and achieve rental rates equal to or greater than the rents paid under previous leases. Increased competition for tenants could require a KKR Fund or Other Client to make otherwise unplanned capital improvements to properties which would not have otherwise been planned. Any unbudgeted capital improvements that a KKR Fund or Other Client undertakes could divert cash that would otherwise be available for distribution to investors or require additional capital commitments. Ultimately, to the extent that a KKR Fund or Other Client is unable to renew leases or re-let space as leases expire, decreased cash flow from tenants will result, which could adversely impact a KKR Fund's or Other Client's operating results.

A KKR Fund or Other Client will often be required to expend funds to correct defects or to make improvements before a property can be sold. No assurance can be given that a KKR Fund or Other Client will have funds available to correct those defects or to make those improvements. In acquiring a property, KKR on behalf of a KKR Fund or Other Client from time to time agrees to lock-out provisions that materially restrict it from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed on that property. These factors and others that could impede a KKR Fund's or Other Client's ability to respond to adverse changes in the performance of its properties could significantly affect a KKR Fund's or Other Client's financial condition and operating results.

In some instances, the principal asset of the lessee of a KKR Fund or Other Client property are the tenant's improvements thereon, or the liability of the lessee is limited to its interest in such improvements. In those cases, a KKR Fund or Other Client will be required to rely on the lessee's equity interest in the improvements for its security. In the event of a default by a lessee or other premature termination of a lease, a KKR Fund or Other Client could experience delays in enforcing its rights as lessor, incur substantial costs in protecting its investment and experience an impairment of value.

Further, because a KKR Fund or Other Client is permitted to invest in REITs, the relevant KKR Fund or Other Client could also be subject to certain risks associated with direct investments in REITs. REITs are also affected by changes in the value of their underlying properties and by borrower or tenant defaults. Furthermore, REITs are dependent upon specialized management skills, have limited diversification and are, therefore, subject to risks inherent in financing a limited number of projects. REITs depend generally on their ability to generate cash flow to make distributions to shareholders, and certain REITs have self-liquidation provisions by which mortgages held could be paid in full and distributions of capital returns could be made at any time. In addition, the performance of a REIT could be affected by changes in the tax laws or by its failure to qualify for tax-free pass-through of income.

Real estate investments are relatively illiquid and, therefore, a KKR GP's ability to vary a KKR Fund's or Other Client's portfolio promptly in response to changes in economic or other conditions could be limited. While investments can generally be sold at any time, it is not generally expected that a sale will occur for a number of years after the investment is made. Moreover, an investment that initially consists of an interest in property could be exchanged, contributed or otherwise converted into private or publicly-traded stock of a corporation, interests in a limited liability company or other interests or property (and vice-versa), and any such exchange, contribution or conversion will likely not constitute a disposition under a KKR Fund's or Other Client's governing documents of the type that results in investors receiving distributions, whether in-kind or otherwise.

Certain of a KKR Fund's or Other Client's real estate debt investments will likely be unsecured and structurally or contractually subordinated to substantial amounts of indebtedness, all or a significant portion of which could be secured. Moreover, such debt investments are sometimes not protected by financial covenants or limitations upon additional indebtedness or the provision of collateral to other indebtedness, and there could be no minimum credit rating for such debt investments. Other factors materially and adversely affect the market price and yield of such debt investments, including, without limitation, investor demand, changes in the financial condition of companies in which a KKR Fund or Other Client invests, government fiscal policy and domestic or worldwide economic conditions.

Risks of Acquiring Real Estate Loans and Participations Real estate loans or participation interests therein acquired by a KKR Fund or Other Client sometimes are non-performing at the time of their acquisition or become non-performing after their acquisition for a wide variety of reasons. Such non-performing real estate loans could require a substantial amount of workout negotiations and/or restructuring, entailing, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loan. 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 a KKR Fund or Other Client finds it necessary or desirable to foreclose on collateral securing one or more real estate loans purchased by such KKR Fund or Other Client. The foreclosure process varies jurisdiction by jurisdiction and 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 have no basis in fact, in an effort to prolong the foreclosure action. In some states or other jurisdictions, foreclosure actions can take up to several years or more to conclude. During the foreclosure proceedings, a borrower generally has 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 disrupts ongoing leasing and management of the property.

Investments in Land/New Development

A KKR Fund or Other Client sometimes acquires direct or indirect interests in undeveloped land or underdeveloped real property, which are or become non-income producing. To the extent that a KKR Fund or Other Client invests in such assets, it will be subject to the risks normally associated with such assets and development activities. Such risks include, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory or environmental approvals (which could be more restrictive or unclear in certain developing or emerging markets), the cost and timely completion of construction (including risks beyond the control of such KKR Fund or Other Client, such as weather or labor conditions or material shortages) and the availability of both construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on a KKR Fund or Other Client. Properties under development or properties acquired for development often receives little or no cash flow from the date of acquisition through the date of completion of development and often experiences operating deficits after the date of completion. In addition, market conditions could change during the course of development that makes such development less attractive than at the time it commenced. Certain KKR Funds or Other Clients are permitted to undertake development opportunities in various stages of completion. In such cases, the KKR Fund or Other Client will be subject to the risk of unanticipated delays in the completion of such development projects due to factors beyond the control of KKR. These factors could include, among others, strikes, adverse weather, changes in building plans and specifications, material shortages and increases in the costs of labor and materials, all of which could cause additional expenses to be incurred and which will likely be borne by such KKR Fund or Other Client.

Risks in Effecting Operating Improvements

In some cases, the success of a KKR Fund's or Other Client's investment strategy will depend, in part, on the ability of such KKR Fund or Other Client to restructure and effect improvements in the operations of a portfolio entity or its properties. The activity of identifying and implementing restructuring programs and operating improvements at portfolio entities entails a high degree of uncertainty. There can be no assurance that a KKR Fund or Other Client will be able to successfully identify and implement such restructuring programs and improvements.

Real Estate Market Conditions

KKR's strategy for a KKR Fund or Other Client investment could rely, in part, upon the continuation of existing market conditions (including, for example, supply and demand characteristics) or, in some circumstances, recovery or improvement in market conditions. No assurance can be given that real estate businesses and assets can be acquired or disposed of at favorable prices or that the market for such assets will either remain stable or, as applicable, recover or improve, since this will depend upon events and factors outside the control of KKR.

In addition to general economic conditions, the commercial real estate markets in which a KKR Fund or Other Client operates are also affected by a number of other factors which significantly impact the value of commercial real estate investments, including interest rates and credit spreads, levels of prevailing inflation, the availability of financing, the returns from alternative investments as compared to real estate and changes in planning, environmental, commercial lease, and tax laws and practices. In particular, commercial property values are dependent on current rental values and occupancy rates, prospective rental growth, lease lengths, tenant creditworthiness and solvency, and investment yields (which are, in turn, a function of interest rates, the market appetite for property investments in general and with reference to the specific property in question) together with the nature, location and physical condition of the property concerned. Rental revenues and

commercial real estate values are also affected by factors specific to each local market in which the property is located, including the supply of available space, demand for commercial real estate and competition from other available space. For example, as a result of the global economic downturn beginning in 2008, demand for commercial real estate decreased significantly, in part due to a significant reduction in the availability of new financing (including securitization of real estate assets). Such a decrease in tenant demand could increase vacant space and exert pressure on a KKR Fund or Other Client to provide rental incentives to tenants resulting in a decrease in the rental income, rental growth and property values of a KKR Fund's or Other Client's portfolio, which could have a material adverse effect on its business, financial condition, results of operations and future prospects.

As a result of the above or other factors, a KKR Fund's or Other Client's ability to maintain or increase the occupancy levels of its properties through the execution of leases with new tenants and the renewal of leases with existing tenants, as well as its ability to increase rents over the longer term, could be adversely affected. In particular, tenants going into administration, non-renewal of existing leases or early termination by significant existing tenants in a KKR Fund's or Other Client's office portfolio would result in a significant decrease in such KKR Fund's or Other Client's net rental income. If a KKR Fund's or Other Client's net rental income declines, it would have less cash available to service and repay its indebtedness and the value of its properties would decline further as well. In addition, significant expenditures associated with each property, such as real estate taxes, new regulations, compliance, work service charges and renovation and maintenance costs, generally are not reduced in proportion to any decline in rental revenue from that property. If rental revenue from a property declines while the related costs do not decline, a KKR Fund's or Other Client's income and cash receipts could be adversely affected. Any significant deterioration in economic conditions or conditions in the commercial real estate market which contributes to a decline in rental revenues or further decline in market values of a KKR Fund's or Other Client's assets could materially adversely affect the business, results of operations and financial condition of a KKR Fund or Other Client.

Financial Condition of Tenants Adverse changes in the operation of any property, or the financial condition of any tenant, could have an adverse effect on a KKR Fund's or Other Client's ability to collect rent payments and, accordingly, on its ability to make distributions to investors. From time to time, tenants experience a downturn in their businesses which weaken their financial condition and result in their failure to make rental payments when due. At any time, a tenant could seek the protection of applicable bankruptcy or insolvency laws, which could result in the rejection and termination of such tenant's lease or other adverse consequences and thereby cause a reduction in the distributable cash flow. No assurance can be given that tenants will not file for bankruptcy protection in the future or, if they do, that their leases will continue in effect.

Commercial Mortgage Loans KKR Funds or Other Clients invest in commercial mortgage loans, which are secured by multifamily or commercial property and are subject to risks of delinquency and foreclosure, and risks of loss that are greater than similar risks associated with loans made on the security of single-family residential property. In addition, certain of the mortgage loans in which a KKR Fund or Other Client invests are structured so that all or a substantial portion of the principal will not be paid until maturity, which increases the risk of default at that time. The ability of a borrower to repay a loan secured by an income-producing property typically is dependent primarily upon the successful operation of such property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced, the borrower's ability to repay the loan could become impaired. Net operating income of an income-producing property can be affected by, among other things: tenant mix, success of tenant businesses, property management decisions, property location and condition, competition from

comparable types of properties, changes in laws that increase operating expense or limit rents that could be charged, any need to address environmental contamination at the property, the occurrence of any uninsured casualty at the property, changes in national, regional or local economic conditions and/or specific industry segments, declines in regional or local real estate values, declines in regional or local rental or occupancy rates, increases in interest rates, real estate tax rates and other operating expenses, changes in governmental rules, regulations and fiscal policies, including environmental legislation, acts of God, terrorism, social unrest and civil disturbances.

KKR Funds and Other Clients also invest in residential mortgage loans, which are secured by single-family residential property and are subject to risks of delinquency and foreclosure, and risks of loss. The ability of a borrower to repay a loan secured by a residential property is dependent upon the income or assets of the borrower. A number of factors could impair borrowers' abilities to repay their loans, including a general economic downturn, acts of God, terrorism, social unrest, and civil disturbances. Asset-backed securities are bonds or notes backed by loans and/or other financial assets. Subordinated tranches of asset-backed securities are entitled to receive repayment of principal only after all principal payments have been made on more senior tranches and have subordinated rights as to receipt of interest distributions and are therefore subject to a greater risk of nonpayment than senior tranches. In addition, the secondary market for subordinated securities is not as active and well-developed as the market for other mortgage or asset-based securities. Accordingly, such subordinated tranches would have limited marketability, and there can be no assurance that a more efficient secondary market will develop. Although senior tranches are not as risky subordinated tranches of the same issue, they are still subject to the risk of loss. The ability of a borrower to repay these loans or other financial assets is dependent upon the income or assets of these borrowers, and the ability of an issuer of asset-backed securities to enforce its interest in the underlying assets is often limited.

In the event of any default under a mortgage loan held directly by a KKR Fund or Other Client, it will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal and accrued interest of the mortgage loan, which could have a material adverse effect on the profitability of such KKR Fund or Other Client. In the event of the bankruptcy of a mortgage loan borrower, the mortgage loan to such borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the mortgage loan will be subject to the avoidance powers of the bankruptcy trustee or debtor-in-possession to the extent that the lien is unenforceable under state law.

Foreclosure of a mortgage loan can be an expensive and lengthy process which could have a substantial negative effect on the anticipated return on the foreclosed mortgage loan. Residential mortgage-backed securities evidence interests in or are secured by pools of residential mortgage loans and commercial mortgage-backed securities evidence interests in or are secured by a single commercial mortgage loan or a pool of commercial mortgage loans. Accordingly, the mortgage-backed securities in which a KKR Fund or Other Client invests are subject to all of the risks of the underlying mortgage loans.

Investments in Troubled Assets / Bankruptcy Considerations KKR Funds and Other Clients invest in real estate-related assets and businesses which are distressed or experiencing or are expected to experience severe financial difficulties that might never be overcome. There could be little or no near-term cash flow available to the relevant KKR Fund's or Other Client's investors. Since many KKR Funds or Other Clients only make a limited number of investments and since many of the investments involve a high degree of risk, poor performance by few of the investments could severely affect the total returns to the investors.

KKR Funds and Other Clients make investments in non-performing, sub-performing, distressed, undercapitalized or other troubled real estate and real estate-related assets, which involve a high degree of financial risk. As a result of the speculative nature of a KKR Fund's or Other Client's investments, the possibility of partial or total loss of capital exists.

Investments made in assets operating in workout modes or under bankruptcy, insolvency or other debtor-protection codes could, if a KKR Fund or Other Client inappropriately exercises control over the management and policies of the debtors, be subordinated or disallowed, and a KKR Fund or Other Client could be liable to third parties in such circumstances. Furthermore, distributions made to a KKR Fund or Other Client in respect of such investments could be recovered if such distributions are found to be a fraudulent conveyance or preferential payment or the equivalent under the laws of certain jurisdictions. Bankruptcy laws could delay the ability of a KKR Fund or Other Client to realize on collateral for loan positions held by it or adversely affect the priority of such loans through doctrines such as equitable subordination or result in a restructure of the debt through principles such as the "cramdown" provisions of the bankruptcy laws. Non-U.S. jurisdictions present analogous or different credit issues.

"Bad Boy" Guarantees Commercial real estate financings are generally structured as non-recourse to the borrower, which limits a lender's recourse to the property pledged as collateral for the loan, and not the other assets of the borrower or to any parent of borrower, in the event of a loan default. However, lenders customarily will require that a creditworthy parent entity enter into so-called "recourse carveout" guarantees to protect the lender against certain bad-faith or other intentional acts of the borrower in violation of the loan documents. A "bad boy" guarantee typically provides that the lender can recover losses from the guarantors for certain bad acts, such as fraud or intentional misrepresentation, intentional waste, willful misconduct, criminal acts, misappropriation of funds, voluntary incurrence of prohibited debt and environmental losses sustained by lender. In addition, "bad boy" guarantees typically provide that the loan will be a full personal recourse obligation of the guarantor, for certain actions, such as prohibited transfers of the collateral or changes of control and voluntary bankruptcy of the borrower. It is expected that the financing arrangements with respect to a KKR Fund's or Other Client's investments generally will require "bad boy" guarantees from a KKR Fund or Other Client and in the event that such a guarantee is called, a KKR Fund's or Other Client's assets could be adversely affected. Moreover, a KKR Fund's or Other Client's "bad boy" guarantees could apply to actions of the joint venture partners associated with a KKR Fund's or Other Client's investments. While a KKR Fund or Other Client expects to negotiate indemnities from such joint venture partners to protect against such risks, there remains the possibility that the acts of such joint venture partner could result in liability to a KKR Fund or Other Client under such guarantees. KKR and its affiliates have entered into "bad boy" guarantees with respect to certain investments, and such guarantees have been assumed by the relevant KKR Fund or Other Client in connection with the transfer of the relevant investments to such KKR Fund or Other Client.

Litigation at the Property Level The acquisition, ownership and disposition of real properties carries certain specific litigation risks. Litigation could be commenced with respect to a property acquired by a KKR Fund or Other Client or its subsidiaries in relation to activities that took place prior to a KKR Fund's or Other Client's acquisition of such property. In addition, at the time of disposition of an individual property, a potential buyer could claim that it should have been afforded the opportunity to purchase the asset or alternatively that such potential buyer should be awarded due diligence expenses incurred or statutory damages for misrepresentation relating to disclosure made, if such buyer is passed over in favor of another as part of a KKR Fund's or Other Client's efforts to maximize sale proceeds. Similarly, successful buyers could later sue a KKR Fund or

Other Client under various damage theories, including those sounding in tort, for losses associated with latent defects or other problems not uncovered in due diligence.

Limitations of Remedies Although a KKR Fund or Other Client will have certain contractual remedies upon the default by a borrower under certain of its debt investments, such as foreclosing on the borrower's interests in the underlying real estate or collecting rents generated therefrom, certain legal requirements could limit the ability of a KKR Fund or Other Client to exercise such remedies effectively. The right of a mortgage lender to convert its loan position into an equity interest could be limited by certain legal or statutory prohibitions, which, for example, operate to prevent a lender from exercising conversion rights from debt to equity interests.

With respect to debt investments made by a KKR Fund or Other Client in jurisdictions outside of the U.S., laws related to the rights of creditors and other investors in such non-U.S. jurisdictions might not be as comprehensive or as well developed as in the U.S., or the procedures for the judicial or other enforcement of such rights might not be as effective as in the U.S. In particular, in certain countries, a KKR Fund or Other Client could experience significant legal difficulties and impediments in taking possession of, or otherwise in enforcing its rights with respect to, certain kinds of collateral. These factors could adversely affect the value and collectability of a KKR Fund's or Other Client's debt investments in such countries.

Inability to Refinance Investment If a KKR Fund or Other Client makes an investment in a transaction with the intent of refinancing a portion of the equity investment, there is a risk that a KKR Fund or Other Client will be unable to complete successfully the refinancing. There is also a risk that certain investments with financing in place could be difficult or impossible to refinance when the loan matures. The inability to complete a refinancing or to complete one as quickly as originally planned would lead to increased risk as a result of the relevant KKR Fund or Other Client having a larger long-term investment than expected and reduced diversification. In addition, if a loan matured before refinancing could be procured, the lender could foreclose on the collateral and a KKR Fund or Other Client might suffer losses as a result of that foreclosure.

Investments in Technology Investments made by KKR Funds and Other Clients in technology companies, including growth equity investments, involve a number of material risks including (but not limited to) the risks discussed below.

Investments in Technology Companies KKR Funds and Other Clients make investments in companies involved in the technology industry or heavily dependent on new technologies. Technology companies confront various specific challenges, including rapidly changing market conditions and/or participants, new competing products, changing consumer preferences, short product life cycles, services and/or improvements in existing products or services. Portfolio companies of KKR Funds or Other Clients in the technology sector will compete in this volatile environment. There is no assurance that products or services sold by such portfolio companies will not be rendered obsolete or adversely affected by competing products and services or that the portfolio companies will not be adversely affected by other challenges. Barriers to entry in the software and technology industries are low and new products and services can be distributed broadly and quickly at relatively low cost. Moreover, competition in this sector can result in significant downward pressure on pricing. Valuations of technology companies are volatile, and in the event that the technology sector valuations decline, returns to investors from any portfolio companies involved in the technology industry will likely decrease. Moreover, the valuation of early-stage technology companies, including those pursuing regulatory approvals for commercialization, are often less predictable than later stage companies or companies in other sectors with more observable valuation inputs or readily available market pricing.

Third-party Infringement Claims KKR Funds or Other Clients or a portfolio company could, from time to time, receive notices from others claiming a KKR Fund or Other Client or such portfolio company has infringed their intellectual property rights. The number of these claims could grow because of the rapid rate of change in the technology industry, increased user-generated content, the extensive patent coverage of existing technologies, and the rapid rate of issuance of new patents. Additionally, portfolio companies could use “open source” software in their products. Such open source software is generally licensed by its authors or other third parties under open source licenses. Licensing authors or third parties could allege that a portfolio company has not complied with the conditions of one or more of these licenses. To resolve these and other intellectual property infringement claims, a KKR Fund or Other Client and/or portfolio companies could enter into royalty and licensing agreements on terms that are less favorable than currently available, stop selling or redesign affected products, or pay damages to satisfy indemnification commitments with customers. These outcomes could cause operating margins to decline. In addition to money damages, in some jurisdictions plaintiffs can seek injunctive relief that could limit or prevent importing, marketing and selling products that have infringing technologies. In some countries, such as Germany, an injunction can be issued before the parties have fully litigated the validity of the underlying patents.

Dependence on Patents, Trademarks and Other Intellectual Property Many technology companies depend heavily on intellectual property rights, including patents, trademarks, trade secret protection, non-disclosure agreements and servicemarks. The ability to effectively enforce patent, trademark and other intellectual property laws will affect the value of many of these companies. Patent disputes are frequent and can preclude commercialization of products, and patent litigation is costly and could subject a portfolio company to significant liabilities to third parties. The presence of patents or other proprietary rights belonging to other parties could lead to the termination of the research and development of a portfolio company’s particular product. In addition, if a portfolio company infringes on third-party patents or other proprietary rights, it could be prevented from using certain third-party technologies or forced to acquire licenses in order to obtain access to such technologies. In such a case, the portfolio company might not be able to obtain all licenses required for the success of its business, which could have a material adverse effect on its value. Moreover, if the patents and other proprietary rights of a portfolio company are infringed by third parties, then it might not be able to take full advantage of existing demand for its products. There can be no assurance that KKR Funds or Other Clients or a portfolio company will be able to protect these rights or will have the financial resources to do so, or that competitors will not develop technologies substantially equivalent or superior to a portfolio company’s technologies. While piracy adversely affects portfolio company revenue, the impact on revenue from outside the EU and the U.S. could be significant, particularly in countries where laws are less protective of intellectual property rights. The absence of harmonized patent laws makes it more difficult to ensure consistent respect for patent rights. Reductions in the legal protection for intellectual property rights could adversely affect portfolio companies.

Software Code Protection Source code is often critical to portfolio companies in the technology sector. If an unauthorized disclosure of a significant portion of source code occurs, a portfolio company could potentially lose future trade secret protection for that source code. This could make it easier for third parties to compete with such portfolio company products by copying functionality, which could adversely affect revenue and operating margins. Unauthorized disclosure of source code could also increase security risks (i.e., viruses, worms, and other malicious software programs that attack portfolio company products and services). Costs for remediating the unauthorized disclosure of source code and other cyber-security breaches include, among other things, increased protection costs, reputational damage and loss of market share, liability for stolen assets or

information and repairing system damage that have been caused. Remediation costs could also include incentives offered to portfolio company customers or other business partners in an effort to maintain the business relationships after a security breach.

Health Care Industry Investments Investments made by KKR Funds and Other Clients in health care companies, including growth equity investments, involve a number of material risks including (but not limited to) the risks discussed below.

Investments in the Health Care Sector Investing in early-stage health care companies involves substantial risks, including, but not limited to, the following: limited operating histories and limited experience instituting compliance policies; rapidly changing technologies and the obsolescence of products; change in government policies and governmental investigations; potential litigation alleging negligence, products liability, breaches of warranty, intellectual property infringement and other legal theories; extensive and evolving government regulation; disappointing results from preclinical testing; indications of safety concerns; insufficient clinical trial data to support the safety or efficacy of the product candidate; difficulty in obtaining all necessary regulatory approvals in each proposed jurisdiction; inability to manufacture sufficient quantities of the product candidate for development or commercialization in a timely or cost-effective manner; and the fact that, even after regulatory approval has been obtained, the product and its manufacturer are subject to continual regulatory review, and any discovery of previously unknown problems with the product or the manufacturer could result in restrictions or recalls. The products of pharmaceutical companies are often protected for a certain period by various patents or regulatory forms of exclusivity, and the loss of market exclusivity following the expiration of such a period can open the products to competition from generic substitutes that are typically priced significantly lower than the original products, which can have an adverse effect on the value of the product and the company. In particular, generic substitutes have high market shares in the U.S., and accordingly the adverse effects of the launch of generic products are particularly significant in the U.S. Each of these risks could have a material adverse effect on the investments of a KKR Fund or Other Client.

Political and Regulatory Risk Health care policy and changes in health care policy and related laws and regulations could have a material and adverse impact on the health care companies in which a KKR Fund or Other Client intends to invest, and the U.S. or non-U.S. government's role in the health care industry could adversely impact a KKR Fund's or Other Client's performance.

Obtaining governmental approval for new products from governmental agencies can be lengthy, expensive and uncertain. In some cases, products of health care companies are approved by regulatory authorities on a conditional basis with full approval conditioned upon fulfilling the requirements of regulators. Regulatory authorities are placing greater focus on monitoring products originally approved on a conditional basis and on whether the sponsors of such products have met the conditions of the conditional approval. If a portfolio company is unable to fulfill the conditions of its products' conditional approval, it likely would not receive full approval for these products and could be required to change the products' labeled indications or withdraw the products from the market, which could have an adverse effect on the value of the company. Moreover, even after approval, products could still be the subject of regulatory action if new facts concerning their safety and efficacy come to light. Health care regulation is subject to change and can have a considerable impact on the marketing of products and services by companies in which a KKR Fund or Other Client intends to invest. Such regulatory changes could affect a portfolio company's ability to obtain or maintain approval of its products, even forcing such companies to withdraw their products from the market. In some cases, new regulations can substantially change the marketing conditions for certain health care products, such as pharmaceuticals. Accordingly, investments made in

reliance on an existing market structure could prove to be not cost effective or worthless, and existing market positions could be endangered.

In addition, in both U.S. and non-U.S. markets, sales of health care products and their success will depend in part on the availability of reimbursement from third-party payers such as government health administration authorities, private health insurers and other organizations. The continuing efforts of governmental and third-party payers to contain or reduce the costs of health care affects the revenues and profitability of health care companies. Significant uncertainty exists as to the reimbursement status of newly approved health care products. There can be no assurance that a portfolio company's proposed products will be considered cost-effective or that adequate third-party reimbursement will be available to enable a company to maintain price levels sufficient to realize an appropriate return on its investment in product development. Moreover, if reimbursement rates are reduced, or if health care providers anticipate reimbursement being reduced, providers could narrow the circumstances in which they prescribe or administer a portfolio company's products, which could reduce the use or sales of such products and thereby have a material adverse effect on the value of the company.

Many health care companies are subject to rigorous regulation in their operations. Compliance with these regulations can be costly. Even when health care companies develop and institute comprehensive compliance programs, they are not able to guarantee that they, their employees, their consultants and their contractors will be in compliance with all potentially applicable regulations. If a health care company fails to comply with applicable regulations, the company could be subject to monetary and administrative penalties, increased compliance costs or a curtailment of its authority to conduct business, any of which could have a material adverse effect on the value of the company.

Competition in the Health Care Sector Competitors of a KKR Fund or Other Client and its portfolio companies range in size from diversified global companies with significant research and development resources to small, specialized firms whose narrower product lines could increase their ability to deploy technical, marketing and/or financial resources. Many of the areas in which a KKR Fund or Other Client and its portfolio companies are expected to participate evolve rapidly with changing and disruptive technologies and products and frequent introductions of new products and services.

Valuation of Health Care Investments Pending Regulatory Approval KKR Funds or Other Clients will rely on KKR and its affiliates for valuation of its portfolio companies. In addition, KKR's valuations of investment opportunities will play a key role in a KKR Fund's or Other Client's investment decisions. The valuation of certain early-stage health care companies, including those pursuing regulatory approvals required for commercialization, are often less predictable than later-stage companies or companies in other sectors. Valuations of early-stage companies invested in by a KKR Fund or Other Client might not be as reliable as valuations of later-stage companies with more observable valuation inputs or readily available market pricing. Moreover, certain financial and scientific challenges specific to early-stage health care companies, such as the inherent uncertainty in the evaluation of the cost, risk and time of research and development, the outcomes of clinical testing, receipt of regulatory approvals and achievement of key milestones, could further adversely affect the reliability of KKR's or a KKR GP's valuations of a KKR Fund's or Other Client's investments.

There is no guarantee that KKR or its affiliates will be able to value accurately potential portfolio companies or current portfolio companies. This could result, in the case of acquired portfolio companies, in a loss or substantial loss to a KKR Fund or Other Client and its investors or, in the

case of potential portfolio companies, a KKR Fund's or Other Client's failing to pursue what would have been an ultimately successful investment.

Social and Environmental Impact Investments; Impact and ESG Reporting Many KKR Funds and Other Clients (including but not limited to dedicated impact investing funds) are focusing on social and environmental impact investments and companies seeking environmental, social and governance ("ESG") related solutions, including private equity and growth equity investments. Investments that include this focus involve a number of material risks including (but not limited to) the following.

KKR Funds and Other Clients focused on social and environmental impact investments are subjected to a variety of risks, not all of which can be foreseen or quantified. When evaluating potential investment opportunities, in addition to financial return, an investment's potential to achieve a positive social or environmental impact will be considered. As a result, the opportunity set for potential investments will necessarily be smaller than it would otherwise be if the KKR Fund or Other Client were seeking to make investments solely on the basis of financial returns, and the relevant KKR GP will forgo opportunities that are attractive from a financial perspective if they do not also meet the KKR Fund's or Other Client's social and environmental impact criteria. In addition, although KKR believes that pursuing positive social and environmental impact should not negatively affect an investment's financial returns, and it can even enhance a portfolio company's profitability, it is possible that a company's dual focus on financial success and positive social and environmental impact will from time to time require it to make decisions that favor one goal at the expense of the other.

Any determination about whether or not a potential investment is expected to produce a positive social or environmental impact will be made in the relevant KKR GP's sole discretion. The determination about what constitutes a positive social impact is inherently subjective, and what KKR considers to be socially beneficial will not necessarily reflect the views of all prospective investors. In addition, it is possible that the companies in which the KKR Fund or Other Client invests are unable to obtain or realize the positive social or environmental impact that they seek to deliver.

For certain KKR Funds or Other Clients, KKR intends to provide periodic reports to investors on the social and/or environmental impact performance and ESG performance of the relevant KKR Fund's or Other Client's investments. This reporting will depend in whole or in part on the complete, timely and accurate reporting of portfolio companies to KKR. While KKR intends to exert appropriate influence under the circumstances to ensure receipt of complete, timely and accurate portfolio company reports, KKR does not expect to be able to do so in all cases.

KKR is subject to increasing focus by regulators on ESG matters. The SEC has examined the methodology used, by investment funds pursuing impact or ESG investment strategies, for determining socially responsible investments, and EU legislators are expected to adopt new rules to standardize the definition of environmentally sustainable investing. If regulators disagree with the procedures or standards used by KKR Funds or Other Clients for ESG investing, or new regulation or legislation, if adopted, requires a methodology of measuring or disclosing ESG impact that is different from KKR's current practices, KKR Funds or Other Clients could be adversely affected.

Uncertainty of Renewable Energy Market KKR Funds and Other Clients make investments in renewable energy assets and businesses. The market for renewable energy assets and businesses continues to evolve rapidly. Diverse factors, including the cost-effectiveness, performance and reliability of renewable energy technology, changes in weather and climate and availability of

government subsidies and incentives, as well as the potential for unforeseeable disruptive technology and innovations, present potential challenges to investments in renewable assets. Renewable resources (e.g., wind, solar, hydro and geothermal) are inherently variable. Variability arises from site specific factors, daily and seasonal trends, long-term impact of climatic factors, or other changes to the surrounding environment. Variations in renewable resource levels impact the amount of electricity generated, and therefore cash flow generated, by renewable energy investments. Renewable power generation sources currently benefit from various incentives in the form of feed-in-tariffs, rebates, tax credits, regulations that require an increased production of energy from renewable energy sources (“Renewable Portfolio Standard”) and other incentives. The reduction, elimination or expiration of government subsidies and economic incentives could adversely affect the cashflows and value of a particular portfolio investment, the flow of potential future investment opportunities and the value of any platform in the sector. In addition, the development and operation of renewable assets is at times subject to public opposition. For example, with respect to the development and operation of wind projects, public concerns and objections often center around the noise generated by wind turbines and the impact such turbines have on wildlife. While public opposition is usually of greatest concern during the development stage of renewable assets, continued opposition could have an impact on ongoing operations.

Core Investments Although KKR has made investments of the type targeted by the core investment vehicles prior to the establishment of such vehicles, the “core” investment strategies are only recently established by KKR for third party investors. Investors participating in the core investments strategies should draw no conclusions from the prior experience of the relevant investment teams, whether or not they have been with KKR or the performance of any other investments of KKR or its affiliates or of KKR Funds or Other Clients sponsored or managed by any of them, and should not expect to achieve similar returns. The past performance of other KKR Funds and Other Clients is not predictive of the performance of the core investment vehicles, in particular, because the investment objectives of such other KKR Funds and Other Clients differ from the investment objectives of the core investment vehicles. Moreover, the core investment vehicles are subject to all of the business risks and uncertainties associated with any KKR Fund or Other Client, including, in particular risks described above related to illiquid and long term investments, non-controlling, minority interests in portfolio companies and market, economic and political risks. There can be no assurances that the core investment vehicles will achieve their investment objectives and the value of an interest in the core investment vehicles could decline substantially.

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

Secondary Investments in Third Party Fund KKR Funds or Other Clients acquire interests in third party funds through secondary market transactions. The due diligence costs involved in such investments are sometimes higher than those involved in direct subscriptions to such funds. Secondary market transactions sometimes also require the relevant KKR Fund or Other Client to assume related contingent liabilities associated with events occurring prior to the investment and, in particular, sometimes require a KKR Fund or Other Client to make “return” payments of distributions made by a third party fund to the seller of the third party fund interest. The overall performance of a third party fund interest acquired through a secondary transaction will depend in large part on the purchase price paid by the relevant KKR Fund or Other Client. A KKR Fund or Other Client will negotiate such price on the basis of information regarding the relevant third party fund provided by the seller and such third party fund, which could be inaccurate or incomplete.

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

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

Item 9 Disciplinary Information

Except as described below, neither KKR 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 KKR co-investment vehicles (including co-investment vehicles established for third party co-investors and 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 the ordinary course of business, KKR and its affiliates are parties to litigation, investigations, inquiries, employment-related matters, disputes and other potential claims. Additional information regarding such matters will also be made available in current public filings with the SEC for the Public Company. For further information, please see: http://ir.kkr.com/kkr_ir/kkr_sec.cfm.

Item 10 Other Financial Industry Activities and Affiliations

Affiliated Broker-Dealers

KKR 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 the Financial Industry Regulatory Authority, Inc. (“FINRA”). KKR is also affiliated with: KKR Capital Markets LLP located in London, which is authorized and regulated by the U.K. Financial Conduct Authority to conduct broker-dealer activities in the United Kingdom; KKR Capital Markets (Ireland) Limited located in Dublin, which is authorized and regulated by the CBI to conduct broker-dealer activities in Ireland; 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; KKR Capital Markets Asia Limited, which is licensed by the Hong Kong Securities and Futures Commission to conduct certain broker-dealer activities; and KKR Capital

Markets India Private Limited, which is licensed by the Securities and Exchange Board of India (“SEBI”) as a merchant bank that is authorized to execute capital market mandates, underwrite issues, offer investment advisory and other consultancy services in connection with securities. KKR is also 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, and 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”).

Affiliated Brokers (including their respective related lending vehicles) 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 Funds or Other Clients invest, including in respect of securities or other instruments of such portfolio companies in which KKR Funds or Other Clients have not invested and with respect to securities and other instruments held directly or indirectly by certain co-investment vehicles. Affiliated Brokers are otherwise involved in the public or private placement of such securities and other instruments, and/or the provision of capital markets advisory services to portfolio companies and other non-controlled entities in or through which KKR Funds or Other Clients invest, including in connection with mergers, acquisitions and restructurings; and will alone, or with other counterparties, which might include other KKR investment vehicles, third party banks or other unaffiliated finance providers, provide acquisition financing, lines of credit, bridge financing, hedging and other corporate lending or financing products and services to such entities in addition to financing provided through a KKR Fund or Other Client’s investment. Affiliated Brokers also provide loans and lines of credit or bridge financing to KKR Fund’s and Other Client’s portfolio companies through the Affiliated Brokers’ respective related lending vehicles. In addition, Affiliated Brokers 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 Funds, Other Clients and other third party borrowers invest. Such financing and underwriting services could also be provided to a third party in which a KKR Fund or Other Client (or portfolio company) invests. Affiliated Brokers also provide syndication services to such entities including in respect of co-investments in transactions participated in by KKR Funds or Other Clients. Affiliated Brokers will generally receive fees, including underwriting, placement, syndication fees, transaction fees, commissions, underwriting discounts, interest payments and other compensation, which could be payable in cash or securities, in respect of the activities described above. Affiliated Brokers from time to time waive such fees.

Affiliated Brokers and other KKR entities will, 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 proprietary entity commits to 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 proprietary entity will commit to provide capital support for the syndication on a short-term basis (i.e., to provide certainty to KKR 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 Funds and Other Clients to facilitate the syndication, which KKR proprietary entities in either scenario sell down prior to KKR Funds or Other Clients disposing of their respective investments in the portfolio company.

An Affiliated Broker also from time to time serves as placement agent or underwriter of securities of a third party that a KKR Fund or Other Client purchases (for example, a co-investment vehicle). An Affiliated Broker could serve as the placement agent for a KKR Fund or Other Client in certain jurisdictions where it 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 Funds or Other Clients. While fees, commissions, including upfront

placement fees, and financing fees, commissions, interest payments and other compensation paid to Affiliated Brokers are generally believed by KKR to be reasonable and charged at market rates for the relevant activities, such compensation is generally determined through negotiations with related parties. KKR 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 Funds, Other Clients and KKR Associates Vehicles as discussed in Item 5.

The relationship KKR has with its Affiliated Brokers gives rise to a potential conflict of interest between KKR and KKR 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 could 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 are 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 Fund or Other Client holds investments in the same or different levels of the capital structure, the arrangement will in certain cases lead to a conflict of interest between the Affiliated Broker and the KKR 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 also arise where KKR is a lender to a portfolio company out of its proprietary assets). In 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 Fund or Other Client will have a conflict in determining whether to seek recourse or sue an Affiliated Broker. KKR 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 fees, including underwriting, placement, syndication fees, transaction fees, commissions, underwriting discounts, interest payments 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 Funds or Other Clients, or that are service providers, suppliers, customers, or other counterparties with respect to such companies ("competitor companies") and serve as placement agent in respect of investment funds that are sponsored and managed by other third party investment managers, including funds that compete with KKR 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 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 Funds or Other Clients. In addition, Affiliated Brokers are also from time to time engaged to provide financing or other capital markets services to third parties in connection with transactions that would also potentially be appropriate for a KKR Fund or for Other Clients. In some cases, these services offered to third parties in connection with a transaction are provided concurrently with services being provided in a similar manner to a KKR Fund or Other Client even if the KKR Fund or Other Client has a competing interest with the third party. Affiliated Brokers providing services to third parties, including to competitor companies, will from time to time come into possession of information that they are prohibited from acting on (including on behalf of a KKR Fund or Other Client) or disclosing to KKR 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 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 Fund's or Other Client's participation is 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 Fund or Other Client, KKR, through the Affiliated Brokers, will, in certain cases, have a conflict of interest between a KKR 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 Fund or Other Client invests, such KKR Fund or Other Client will sometimes 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. Under certain circumstances, this will adversely affect the KKR Fund's or Other Clients' ability to dispose of such security at an opportune time. Affiliated Brokers will from time to time have access to confidential and/or material non-public information regarding KKR Funds, Other Clients or their portfolio companies and, subject to applicable law and confidentiality agreements, are permitted to use such information in connection with financing and other services provided by the Affiliated Brokers.

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

Other Investment Advisers

Relying Advisers

KKR, either directly or indirectly, owns and controls the following subsidiaries, which are located in the United Kingdom, Hong Kong, China, Japan, France, Australia, India, Singapore, Dubai, Saudi Arabia, South Korea, Mauritius, Spain, Mexico, Canada, Luxembourg, Germany and the U.S.:

- Kohlberg Kravis Roberts & Co. Partners LLP
- KKR Asia Limited
- KKR Investment Consultancy (Beijing) Company Limited
- KKR Investment Advisory (Shanghai) LLC
- KKR Japan Limited
- Kohlberg Kravis Roberts & Co. SAS
- KKR Australia Pty Limited
- KKR Australia Investment Management Pty Limited
- KKR India Advisors Private Limited
- KKR Singapore Pte. Ltd.
- KKR MENA Limited

- KKR Saudi Limited
- KKR Korea Limited Liability Corporation
- KKR Holdings Mauritius, Ltd.
- KKR Account Adviser (Mauritius), Ltd.
- KKR Investment Management LLC
- Kohlberg Kravis Roberts (España) Asesores SL
- KKR Canada ULC
- KKR Investment Advisory (Zhuhai Hengqin) Company Limited
- KKR Real Estate Finance Manager LLC
- KKR Financial Management LLC
- KKR Luxembourg S.à.r.l.
- Kohlberg Kravis Roberts GmbH
- KKR de México, S.C.

Each of the above subsidiaries (“Relying Advisers”) is involved in identifying and monitoring investments recommended by KKR on behalf of KKR Funds or Other Clients in the relevant jurisdictions or regions. The Relying Advisers are subject to KKR’s regulatory oversight and its Code of Ethics (please see Item 11 below) together with its other compliance policies and procedures as adopted pursuant to the requirements of the Advisers Act (in addition to local regulatory requirements, as applicable, and any additional compliance policies and procedures adopted by the Relying Advisers pursuant to such local regulatory requirements). More particularly, KKR treats all Employees of the Relying Advisers as its “associated persons” and access persons for the purposes of the Advisers Act.

KKR Credit

KKR is also affiliated with KKR Credit Advisors (US) LLC, which is separately registered as an investment adviser under the Advisers Act. KKR is also affiliated with KKR Credit Advisors (Ireland), which is regulated by the CBI, and KKR Credit Advisors (EMEA) LLP, which is regulated by the UK Financial Conduct Authority. Certain executives of KKR serve on investment committees established by KKR Credit (as defined in Item 4). In addition, certain executives of KKR Credit participate in investment decisions or serve on investment committees established by KKR for particular KKR Funds or Other Clients. KKR also, from time to time, serves as sub-adviser in respect of capital allocated within investment vehicles and accounts managed and advised by KKR Credit (“KKR Credit Funds”). KKR also delegates sub-advisory authority to KKR Credit in respect of capital allocated within certain KKR Funds to strategies implemented by KKR Credit (in each case, at no incremental cost to the relevant KKR Fund or KKR Credit Fund). Please see Item 11 for a discussion of the relationship of KKR, KKR Funds, Other Clients, and KKR Credit Funds.

FS/KKR Credit BDC Advisor

On April 9, 2018, KKR Credit and FS Investments combined their respective BDC platforms through FS/KKR Advisor, LLC, which registered as an investment adviser with the SEC on April 2, 2018. FS/KKR Advisor provides investment advisory services to BDCs previously advised and sub-advised by KKR Credit, and BDCs previously advised by FS Investments. KKR Credit owns a 50% interest in FS/KKR Advisor.

KKR Capstone

In conjunction with the Reorganization described under Item 4 – **“Ownership/Structure,”** KKR acquired KKR Capstone on January 1, 2020. KKR Capstone executives became employees of KKR after KKR’s acquisition. Prior to the acquisition, KKR Capstone was owned and controlled by its senior management and was not a subsidiary or affiliate of KKR. KKR Capstone Japan Limited is licensed by the Tokyo Labor Bureau to conduct an employment placement business. For further information, please see also Item 5 **“KKR Capstone, RPM and Other Consultants”**.

KKR Alternative Investment Management

KKR is affiliated with the KKR AIM, which is regulated by the CBI, is an authorized EU alternative investment manager and separately files reports as an exempt reporting adviser with the SEC. KKR AIM enters into delegation and/or sub-advisory agreements with KKR 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 manager for the purposes of the AIFMD.

Global Atlantic

Global Atlantic has a wholly-owned SEC registered investment adviser, Global Atlantic Investment Advisers, LLC, and a wholly-owned registered broker-dealer, Global Atlantic Distributors, LLC. These entities are not expected to provide services to KKR Funds or Other Clients.

Commodity Pool Operators and Commodity Trading Advisors

As a result of providing investment advisory services to certain KKR Funds that invest in commodity futures and other commodity interests, KKR, certain KKR GPs and other related entities could from time to time constitute or become 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’s investment management activities with respect to the relevant KKR Funds, KKR does not view such status as giving rise to a material conflict of interest in respect of such KKR Funds or any other KKR Funds. The CFTC has proposed but not adopted rules that could limit the total amount of hedging that investment funds controlled by a single corporate group are permitted to enter into. While these rules currently apply only to agricultural products, the CFTC could expand them to cover oil and gas which could materially adversely impact KKR private equity and energy funds.

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 also primarily serves as

investment adviser to KKR Funds that are pooled investment vehicles. In addition, its affiliate, KKR Credit also serves as investment adviser of investment vehicles and accounts (i.e., KKR Credit Funds) that are, for the most part, pooled investment vehicles. While primarily unregulated, certain of such pooled vehicles are registered with regulatory authorities in their home jurisdiction such as the Cayman Islands or Ireland or in jurisdictions in which interests in such pooled investment vehicles are marketed, such as Korea or Japan. As discussed more fully above and in response to Item 11, KKR Funds and KKR Credit Funds engage in transactions with or alongside each other that could give rise to conflicts of interest. KKR and KKR Credit have adopted investment allocation policies and procedures and conflicts of interest policies and procedures designed to facilitate the proper management of conflicts of interest arising between KKR Funds and KKR Credit Funds. KKR and certain KKR Funds have established regulated subsidiaries as required under applicable law in order to permit such subsidiaries or KKR Funds to make portfolio investments in certain jurisdictions.

Dual Officers and Employees

Certain employees of KKR, including investment and marketing professionals, are also associated persons of one or more Affiliated Brokers (“Dual Personnel”). In this capacity, Dual Personnel are shared with and provide services to KKR and also provide services to one or more affiliated entities. Dual Personnel provide investment advisory services to KKR Funds and Other Clients, participate in the marketing of KKR Funds and KKR Credit 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 are more acute when investment professionals of KKR participate in the capital markets activities of Affiliated Brokers with respect to assets held by KKR Funds and Other Clients. In particular, when Dual Employees provide investment advisory services with respect to investments that are suitable for KKR Funds and Other Clients, but that also are syndicated to third-party investors by an Affiliated Broker. The compensation of Dual Personnel that provide services to multiple entities is based on a number of factors, which include, without limitation, the profitability of the affiliated entities, the performance of client accounts at the affiliated entities, and the amount of assets under management at the affiliated entities. Such Dual Personnel could be incentivized to allocate more of their time and attention to more profitable affiliated entities, which creates a conflict of interest. In addition, such Dual Personnel work with third-party clients who are interested in acquiring assets that KKR Funds or Other Clients are interested in acquiring. To mitigate these conflicts, KKR and the Affiliated Brokers maintain compliance policies and procedures designed to ensure that such investment opportunities are made available to advisory clients before they are 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 Funds or KKR Credit Funds and Other Clients. Conflicts are further mitigated by each such Dual Personnel’s responsibility to (i) be subject to the supervisory oversight of each affiliated entity when acting on its behalf, and (ii) render services in the client’s best interest pursuant to KKR’s Code (as defined in Item 11).

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 could 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.

On March 30, 2017, KKR’s Indian capital markets and credit asset management businesses were reorganized to create a new parent company, KKR India Financial Services Pte. Ltd., domiciled in Singapore (“KIFL”), through which KKR Capital Markets India Private Limited (“KCM India”) and KKR India Financial Services Private Limited (“NBFC I”) are now held. KKR has a significant equity interest in KIFL. KKR separately holds an equity interest in KKR India Asset Finance Private Limited (“NBFC

II”). NBFC I and NBFC II are each registered by the Reserve Bank of India as non-deposit taking, non-banking financial companies (“NBFCs”) and are authorized to undertake lending and financing activities in India. NBFC I is primarily focused on corporate lending in India, whereas NBFC II is primarily focused on real estate debt investments in India. KCM India is licensed by the SEBI: (i) as a foreign portfolio investor or foreign venture capital investor to make investments in Indian securities; (ii) as a merchant bank that is authorized to execute capital market mandates, underwrite issues, offer investment advisory and other consultancy services in connection with securities; and (iii) as investment manager and sponsor of alternative investment funds established in India that have raised capital from Indian institutional and fund investors. In addition, a KKR affiliate has acquired an interest in an “asset reconstruction company” in India which sources, services and/or resolves performing or non-performing loans and provides services relating to loan administration, loan or asset resolution, restructuring and reconstruction.

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

Please also refer to Item 11 for a discussion of 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 has adopted a Code of Ethics (the “Code”) in accordance with Rule 204A-1 under the Advisers Act.

The policies and procedures set forth in the Code recognize that as an investment adviser, KKR is in a position of trust and confidence with respect to the KKR Funds and Other Clients and has a duty to place the interests of the KKR Funds and Other Clients before the interests of KKR 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 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 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 Funds and Other Clients; and (iii) preserve the confidentiality of information that they obtain in the course of KKR’s business and use such information properly, consistent with applicable legal standards and not in any way adverse to the interests of any KKR 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 with respect to publicly-traded equity or debt of corporate issuers to avoid the potential misuse of material non-public information with respect to such issuers. The policy also requires preclearance of investments in private companies and non-KKR Funds, 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 also maintain personal private investment holdings, which from time to time include investments in private companies and assets that are owned or become targeted for acquisition by KKR or KKR Funds or Other Clients (or investments in private companies or assets that compete with assets or businesses owned or targeted by KKR Funds or Other Clients) and/or private funds that invest in or own private companies or other issuers or assets that compete with assets or businesses owned or targeted by KKR Funds or Other Clients (i.e., through the acquisition of or investment in an asset of an affiliated or unaffiliated private fund sponsor). Certain of these personal investments are maintained with third-party investment managers, including third-party investment managers or sponsors that KKR or its affiliates, KKR Funds or Other Clients have an economic interest in, who sponsor investment vehicles that compete with KKR or KKR Credit, or that KKR, KKR Credit or their respective affiliates will from time to time recommend to their respective clients (for example, through KKR's customized portfolio solutions business). Furthermore, certain of these personal investments will have terms that are more favorable than those routinely offered by the unaffiliated investment manager (for example, reduced fees). These personal investments could give rise to potential or actual conflicts of interest between KKR Funds and Other Clients on the one hand, and KKR, KKR Credit and their respective affiliates, on the other hand. In addition, KKR personnel will at times hold investments in entities that are or become service providers to KKR or portfolio companies of KKR Funds or Other Clients. Although the relevant KKR personnel might not have control or other influence over the decisions of the relevant service provider (including whether to enter into a business arrangement with KKR or portfolio companies of KKR Funds or Other Clients), a conflict of interest or the perception thereof could nevertheless arise in engaging the relevant entity as a service provider in light of the personal benefits that accrue through the investment they hold in the service provider. KKR's personal securities investment and reporting policies, which require the pre-approval from KKR's Compliance Group on any personal private fund or private 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 conflict with the interests of the KKR Funds or Other Clients, requires pre-approval for Employees to engage in certain outside business activities or receive and/or provide gifts and entertainment in excess of certain values, and restricts Employees' ability to make political donations. However, Employees, Senior Advisors, Industry Advisors, KKR Advisors, RPM and other Consultants from time to time also serve as directors or interim executives, or otherwise be associated with companies that are competitors of portfolio companies of certain KKR Funds or Other Clients (as discussed below).

KKR's Compliance Group receives and reviews trading and other reports and Employee certifications, questionnaires and pre-approval requests 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. Employees also engage in outside business activities, including serving on boards of directors of third party entities, which give rise to certain conflicts of interests. KKR's Compliance Group reviews Employee certifications, questionnaires and pre-approval requests to identify such conflicts of interest.

Additionally, KKR has adopted inside information barrier and other policies and procedures to provide for the proper handling of confidential information (i.e., non-public information received or created by KKR in connection with its activities) and 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 establishing and administering the information barriers established by KKR.

The Code is available upon written request of KKR 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's internal compliance policies and procedures, KKR and its affiliates will not, as principal, sell a security to, or buy a security from, any KKR Fund or Other Client, without providing appropriate disclosure and obtaining the informed consent of such KKR Fund or Other Client prior to the settlement of such transaction.

Principal transactions occur, for example, where KKR warehouses an investment, in whole or in part, in one of its proprietary entities for the benefit of one or more KKR Funds or seeds the initial portfolio of a KKR Fund by making the initial commitment and capital contributions to the KKR Fund pending the admission of third party investors to such KKR Fund and the acquisition by the KKR Fund of the investment from the proprietary entity or the participation by such third party investors in such seeded initial portfolio of investments, as applicable. In these cases, a KKR Fund or Other Client will, 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 Fund or Other Client) or be calculated in accordance with a formula provided for in the governing documents of the KKR Fund; and/or (ii) the consent of the respective KKR 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 Fund or the establishment of the Other Client relationship. For warehoused assets, the consent to transfer such assets to KKR Funds or Other Clients is generally obtained through the signed approval of the subscription agreement or limited partnership agreement of the KKR Fund or Other Client. As indicated in Item 10, Affiliated Brokers from time to time act as principal in underwriting or placing the securities of KKR Funds or Other Clients.

Prior to the receipt by a KKR Fund of capital contributions from its investors for which a capital call notice has been given, a KKR GP will under certain circumstances fund such amounts on a temporary basis in order to permit the KKR Fund to ensure that an investment is made within the applicable time constraints. In addition, a KKR GP will, from time to time, 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 Fund obligation, or 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 Fund or Other Client of a capital call in respect of such expenses. Such amounts will be reimbursed to the KKR GP at cost as and when such capital contributions are made by the investors in the KKR Fund or through a reduction of subsequent distributions by the KKR Fund. KKR does not consider such temporary arrangements to be principal transactions.

Stakes and Seed Managers and Stakes and Seed Funds

Affiliates of KKR acquire or hold from time to time a non-controlling interest in a third-party hedge fund manager or other type of manager ("Stakes and Seed Managers" and funds or other vehicles sponsored or advised by such managers are referred to herein collectively as "Stakes and Seed Funds"). For example, affiliates of KKR have acquired a 24.9% interest in BlackGold Capital Management LP, a credit-oriented investment manager focused on energy and hard asset investments, a 39.6% interest in Marshall Wace LLP, a global alternative investment manager specializing in long/short equity products, and a 39.9% interest in PAAMCO Prisma Holdings LLC ("PAAMCO Prisma"), a liquid alternatives firm. Affiliates of KKR also have investments in certain real estate managers, such as Drawbridge Realty, and certain infrastructure investment managers, such as the investment manager of India Grid Trust. No Stakes and Seed Fund is an advisory client of KKR. From time to time, a Stakes and Seed Manager is retained as a non-discretionary sub-adviser by KKR or KKR Credit in respect of certain KKR Funds, KKR Credit Funds or Other Clients.

KKR and KKR Credit also, from time to time, act as a non-discretionary sub-adviser of a Stakes and Seed Manager and/or a Stakes and Seeds Fund, including in particular with respect to co-investments made alongside KKR Funds, KKR Credit Funds or Other Clients. For example, advisory affiliates of KKR and KKR Credit act as a sub-adviser with respect to capital allocated by investment vehicles and other accounts managed and advised by PAAMCO Prisma, and PAAMCO Prisma acts as investment adviser or sub-adviser to investment vehicles and other accounts established by KKR, KKR Credit and/or their advisory affiliates. Such transactions (which do not involve securities or KKR advisory clients on both sides of the transaction) are neither principal transactions nor agency cross transactions. However, because of a KKR affiliate's financial interest in Stakes and Seed Managers, an affiliate of KKR will receive additional compensation related to such transactions. Such additional compensation will not be shared with KKR Funds, Other Clients or KKR Associates Vehicles. Also, certain Employees are charged no (or reduced) management or incentive fees by the Stakes and Seed Managers for their personal investments in Stakes and Seed Funds. For further information, please see also **"Investments of Stakes and Seed Funds and Other Pooled Funds"** below.

Principal Transactions Relating to Net Profits Interests

KKR has established an energy-focused KKR Fund that will enter into affiliated transactions with one or more KKR affiliates which involve the purchase, sale and/or sublease of investments from or to such KKR Fund. These transactions ("NPI Arrangements") give rise to conflicts of interest between KKR on the one hand and such KKR Fund and its investors, and there can be no assurance that the terms of such transactions will be similar to those that would be obtained in an arms-length transaction between unaffiliated parties. In particular, the NPI Arrangements will result in such KKR affiliate retaining a 5% working interest, unburdened by any net profits interest held by such KKR Fund, in each asset in which such KKR Fund has invested, and there can be no assurance that the consideration exchanged between such KKR Fund and such KKR affiliate in connection with each NPI Arrangement will be of equal value. Such KKR affiliate could therefore profit from the NPI Arrangements at the expense of such KKR Fund. In addition, such KKR affiliate will make preferred capital contributions to such KKR Fund and will be entitled to receive distributions from such KKR Fund in priority to distributions made to the investors in such KKR Fund. As a result, such KKR Fund could generate a profit that is not realized by its investors. The investors in such KKR Fund have consented to the foregoing arrangements in connection with their subscription for interests in such KKR Fund. Accordingly, KKR does not make trade-by-trade disclosures or obtain client consent before the completion of such transactions.

Cross Transactions and Agency Cross Transactions

Agency cross transactions are transactions in which KKR arranges for a KKR Fund or Other Client to buy a security from, or sell a security to, another KKR Fund or Other Client. It is expected that KKR will, from time to time, cause different KKR Funds (or Other Clients) to invest at different times in a single portfolio company, for example, where a KKR Fund that made an initial investment in a portfolio company does not have sufficient capital to make a follow-on investment in the company when such an opportunity arises. It is also expected that from time to time KKR will determine that a cross transaction or follow-on investment between KKR Funds or Other Clients is in the best interest of the relevant KKR Funds or Other Clients. Agency cross transactions will create conflicts of interest in certain cases because KKR would have an incentive to improve the performance of one KKR Fund or Other Client by selling underperforming assets to another KKR Fund or Other Client, for example, to earn increased fees.

Accordingly, KKR has adopted a cross trades policy and procedures designed to properly manage related conflicts. In addition, the governing documents of KKR Funds or Other Clients generally impose certain restrictions on the ability of KKR or its affiliates to effect these transactions, unless client consent is obtained for such transactions in the manner set forth under such governing documents. Additional

requirements under such governing documents also often include having the transaction price for such transactions determined using independent valuation sources, approved by an independent valuation expert, or otherwise determined to be fair to KKR Funds and Other Clients by an independent third party or calculated in accordance with the methodology set forth under such governing documents.

In addition, two or more portfolio companies in which a KKR Fund and/or Other Client, KKR proprietary vehicles and/or other persons (collectively, “Other Participants”) hold an interest from time to time will merge or otherwise enter into a business or asset combination transaction (such merged or combined companies, businesses or assets, the “Successor Company”). In such transactions, the KKR Fund and such Other Participants could have varying or no interests in certain of such portfolio companies participating in the merger or combination. Following such merger or combination, the KKR Fund and Other Participants will exchange securities issued by their existing portfolio companies, as applicable, for or otherwise hold or receive, securities in the Successor Company. If any of the portfolio companies involved in any such merger or business or asset combination (or their relevant businesses or assets) are under or over valued in connection with the merger or combination, a KKR Fund and or any of the Other Participants will receive too great or too small an interest in the Successor Company, which would adversely impact the KKR Fund and/or Other Participants receiving too small an interest and could otherwise be viewed as causing an indirect transfer of value between the KKR Fund and Other Participants. Notwithstanding such transfer of value, such merger or combination transactions generally will not constitute or otherwise be treated by the KKR Fund or Other Participants as principal or cross transactions that are subject to the restrictions applicable to principal or cross transactions pursuant to the governing documents of KKR Funds and Other Clients.

Core Investments

In addition to its traditional private equity and other private markets fund strategies, KKR and certain KKR Funds or Other Clients pursue a “core” private equity investment strategy that seeks to invest in businesses that have the potential to generate attractive risk-adjusted returns and net asset value appreciation over a longer time horizon than that of traditional private equity fund investments. While core investments also typically have a lower risk and return profile than traditional private equity investments, no single attribute is determinative and attributes of a particular core private equity investment could change over time. In addition, there could be overlap between core private equity investments and investments that fall within other strategies, such as infrastructure, real estate and energy. In 2017, KKR established core investment vehicles with capital commitments from fund investors and KKR’s Balance Sheet (described below) to make core investments in private equity and real asset opportunities globally. KKR has also more recently established or is in the process of establishing KKR Funds that pursue core investments in other private markets investment strategies, including real estate and infrastructure. Please see “**KKR Purchases/Sales of Securities Recommended to KKR Funds and Other Clients – Proprietary Investments**” below for further information regarding such investments.

Real Estate Transactions

KKR (for its own account or the account of an affiliate, including through the core investment vehicles) could cause a KKR Fund or Other Client to, enter into real estate related transactions with KKR Fund or Other Client portfolio companies. Such transactions 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 to properly manage related conflicts.

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

As described in response to Item 10, KKR is affiliated with several broker-dealers. As noted in Item 10, these Affiliated Brokers (including their respective related lending vehicles) 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 Funds or Other Clients invest. Further, Affiliated Brokers are otherwise involved with the public or private placement of securities or debt instruments issued by a KKR Fund's or Other Client's portfolio companies and other controlled or non-controlling entities in or through which a KKR Fund or Other Client invests. Affiliated Brokers also provide capital markets advisory services to portfolio companies of KKR Funds or Other Clients and other controlled or non-controlling entities in or through which KKR Funds or Other Clients invest, including in connection with mergers, acquisitions and restructurings; and will alone, or with other counterparties, which might include other KKR investment vehicles, third party banks or other unaffiliated finance providers, provide acquisition financing, lines of credit, bridge financing, hedging and other corporate lending or financing products and services to such entities in addition to financing provided through a KKR Fund or Other Client's investment. In addition, Affiliated Brokers arrange lines of credit for (i) portfolio companies and other controlled or non-controlled entities in or through which KKR Funds or Other Clients invest; (ii) KKR Funds; (iii) Other Clients; and (iv) other third parties. Affiliated Brokers (through their respective lending related vehicles) also provide loans and lines of credit or bridge financing to such entities. Affiliated Brokers, as a consequence of such activities hold positions in instruments and securities issued by a KKR Fund's or Other Client's portfolio companies (or controlled or non-controlled entities through which they invest) and from time to time engage in transactions that are also appropriate investments for a KKR Fund or Other Client. Subject to applicable law, Affiliated Brokers receive fees, including underwriting, placement, syndication and transaction fees, commissions, underwriting discounts, interest payments and other compensation, including compensation that is payable in cash or securities and not required to be shared with KKR Funds or Other Clients. In certain circumstances, where an Affiliated Broker is participating in underwriting and financing transactions, it does so as lead or sole arranger in which case it will be responsible for establishing the relevant fees and other payments charged to a KKR Fund's or Other Client's portfolio companies in which it invests. In addition, a KKR Fund or Other Client might not be able to participate in an offering or other transaction involving an existing portfolio company due to the Affiliated Broker's involvement in such offering or other transaction. Where an Affiliated Broker serves as underwriter with respect to a portfolio company's securities, the relevant KKR Fund, Other Client or portfolio company is sometimes 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 could adversely affect such KKR Fund's or Other Client's ability to dispose of such securities at an opportune time.

KKR has a conflicts of interest policy and procedures in place where transactions involving a KKR Fund or Other Client and an Affiliated Broker or its respective lending vehicles are appropriately reviewed and reported to 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 Fund or Other Client and KKR or its affiliates (including any Affiliated Broker) are complied with in the context of such transactions. Affiliated Brokers will from time to time have access to confidential and/or material non-public information regarding KKR Funds, Other Clients or their portfolio companies, and, subject to applicable law and confidentiality agreements, use such information in connection with financing and other services provided by the Affiliated Brokers.

Affiliated Brokers also provide investment banking, advisory and other services to affiliated or unaffiliated corporations, financial sponsors, management or other persons. Such services could relate to transactions that could give rise to investment opportunities that are suitable for KKR 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 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 Funds or Other Clients. In addition, Affiliated Brokers could come into the possession of information through these new businesses that limits a KKR Fund's or Other Client's ability to engage in potential transactions.

Affiliated Brokers or KKR investment vehicles (including KKR proprietary Balance Sheet entities) will from time to time provide financing to a third party sponsor or its acquisition vehicle or to another company for the purposes of acquiring a portfolio company or an interest in a portfolio company from a KKR Fund. Although not limited to such arrangements, this type of financing will, for example, be provided through pre-arranged buyer financing packages arranged and offered by Affiliated Brokers or other KKR investment vehicles to potential bidders for the relevant portfolio company or interest. KKR will face conflicts of interest where any Affiliated Brokers or such other KKR investment vehicle provides such acquisition financing, in particular in respect of its incentives to select a bidder using such financing for the purposes of creating an investment opportunity for such Affiliated Brokers or other KKR investment vehicles and, potentially, related arranging fees for KKR affiliates. Any such financing arrangements will be subject to KKR's policies and procedures for addressing conflicts.

Financial Interest in KKR Fund, Portfolio Company or Other Client Transactions

As described in Item 5, KKR and its affiliates receive monitoring fees, financial advisory fees, loan administrative agent fees, transaction fees, and other compensation for services provided to portfolio companies, holding companies and other entities in or through which a KKR Fund or Other Client invests. Such parties also receive breakup fees and other compensation with respect to KKR Fund or Other Client portfolio company investments (including unconsummated or terminated transactions). As noted above, such compensation often is shared with the relevant KKR Funds or Other Clients in the manner described in their offering materials, disclosure documents and/or governing documents.

Certain portfolio companies of KKR proprietary investments, KKR Funds or Other Clients are counterparties to, or participants in, agreements, transactions or other arrangements with portfolio companies of another KKR Fund or Other Client (for example a portfolio company of a KKR proprietary investment or KKR Fund has retained a company in which another KKR Fund has invested to provide loan administration or asset leasing services or products). Agreements, transactions, and other arrangements entered into by portfolio companies of KKR proprietary investments, KKR Funds or Other Clients will in certain instances indirectly benefit KKR, the relevant KKR Fund or Other Client as an investor in such companies, or adversely impact the KKR Fund's or Other Client's portfolio companies with which they do business. The interest of KKR, any KKR Fund or Other Client in maximizing its return on such investments gives rise to a conflict of interest, in particular, but not limited to, where KKR, the KKR 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 Fund or Other Client to transact therewith.

Such portfolio companies will also in certain cases compete with a KKR Fund's or Other Client's investments. For example, KKR (through its proprietary investment activities) or a KKR Fund is likely to invest in a company which competes with, is a customer of, or is a service provider or supplier to another KKR Fund portfolio company. In providing advice and recommendations to, or with respect to such portfolio companies' business dealings, KKR, any KKR Fund, or Other Client are not obligated to and might not take into consideration the interests of the other relevant KKR 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 Fund or Other Client could also do something for commercial reasons that has adverse consequences for another KKR Fund or

Other Client or its portfolio company, such as seeking to expand its market share at the expense of the other KKR Fund portfolio company, withdrawing business from the other KKR 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 Fund's portfolio company. KKR Funds or Other Clients also from time to time obtain confidential information regarding portfolio companies that they cannot act on or disclose to another KKR Fund or Other Client or their 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 could result in adverse consequences to such other KKR Funds or Other Clients or their investments.

In addition, portfolio companies of KKR proprietary entities, KKR Funds or Other Clients that provide financial services could enter into agreements, transactions or other arrangements with KKR, certain KKR proprietary entities, and Affiliated Brokers. For example, investments originated by KKR, certain KKR proprietary entities, or Affiliated Brokers could be sold to, purchased from, or distributed by a portfolio company that provides financial services. Agreements, transactions, and other arrangements entered into by a portfolio company that provides such financial services will directly or indirectly benefit KKR, KKR proprietary entities and Affiliated Brokers, or could adversely impact the relevant KKR Fund or Other Client with which they do business. The interest of KKR, the KKR proprietary entities or Affiliated Brokers in maximizing return on such investments gives rise to a conflict of interest, including, but not limited to, where KKR, the KKR proprietary entity or Affiliated Broker have the ability to influence or control the activities of the portfolio company that provides such financial services. KKR has established policies and procedures to address these conflicts, including policies and procedures designed to ensure that any fees paid to or received from such portfolio companies are negotiated at arms-length, and that any potential conflicts are disclosed.

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 which are counterparties to or participants in agreements, transactions or other arrangements with portfolio companies of, a KKR Fund or Other Client. These include certain Platform Managers and Platform Arrangements, loan servicing and administrative services and proprietary RE Platforms described in detail in Item 5. In addition, portfolio companies of a KKR Fund are likely to retain companies in which KKR has a proprietary interest to provide services or products (please see *Service Providers* below) or acquire an asset from such company. KKR's indirect ownership of KKR Capital Markets LLC (please see Item 10) is another example. Agreements, transactions and other arrangements entered into by KKR Fund or Other Client portfolio companies and any such companies will indirectly benefit KKR as an owner of such companies or could adversely impact any KKR Fund or Other Client portfolio companies with which they do business. KKR's interest in maximizing its return on such investments will give rise to a conflict of interest, in particular, but not limited to, where KKR has the ability through its investments to influence the activities of such companies or encourages portfolio companies of KKR Funds or Other Clients to transact with such companies. Transactions between companies in which KKR (or any of its affiliates or personnel) acquires such proprietary interests, on the one hand, and KKR 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 Fund or Other Client. For example, insurance brokerage fees or IT licensing fees payable by a KKR Fund portfolio company to an affiliate of KKR for related services of an affiliate of KKR will not reduce management fees, but will benefit the KKR affiliate. Similarly, fees paid to Platform Managers, Asset Servicers or loan servicers in which KKR and its affiliates have an interest will not reduce management fees.

Certain KKR proprietary entities and Affiliated Brokers, on behalf of their proprietary and client accounts, are likely to make investments in companies, businesses or other investments that compete with a KKR

Fund's or Other Client's investments. For example, KKR or its affiliates could invest in a company which competes with a KKR Fund's 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 and its affiliates will not take into consideration the interests of the relevant KKR Fund or Other Client or their portfolio companies and other investments. Accordingly, such advice, recommendations and dealings could result in adverse consequences to KKR 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, RPM and other Consultants serve on the boards of KKR Fund or Other Client portfolio companies, and in such capacity currently receive and are expected in the future to receive director's fees that are retained in whole or in part by the relevant Employee, Senior Advisor, Industry Advisor, KKR Advisors, RPM or other Consultant. Serving in such capacity gives rise to conflicts to the extent that an Employee's fiduciary duties to a portfolio company as a director conflicts with the interests of KKR Funds or Other Clients. As the KKR 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, RPM and other Consultants also serve as directors or interim executives, or are otherwise associated with, companies that are competitors of portfolio companies of KKR 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 Fund, Other Client or their portfolio company, and consistent with the fiduciary duty owed by Employees, 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 Funds or Other Clients. Having KKR Employees serve as directors or interim executives of a portfolio company of a KKR Fund or Other client or another company (including a portfolio company of another KKR Fund, Other Client or KKR proprietary entity) will, under certain circumstances, restrict the ability of a KKR Fund to invest directly in an investment opportunity that also constitutes an investment opportunity for such company.

KKR and its affiliates receive certain fees through third parties pursuant to participation or "back-to-back" arrangements (please see Item 5 – *Non-Shared Fees*). While KKR and its affiliates believe that such fees and other compensation are reasonable and generally at market rates for the relevant activities, such compensation is generally determined through negotiations with related parties and not on an arm's length basis. In connection with such arrangements, KKR will make determinations of market rates based on its consideration of a number of factors, which are generally expected to include KKR's experience with non-affiliated service providers as well as benchmarking data and other methodologies determined by KKR to be appropriate under the circumstances. While KKR and its affiliates will generally seek to obtain benchmarking data regarding the rates charged or quoted by third parties for similar services, appropriate comparisons might not be available for a number of reasons, including for example, a lack of a substantial market of providers or users of such services or the confidential and/or bespoke nature of such services. Accordingly, any such market comparison efforts by KKR could potentially result in inaccurate information regarding market terms for comparable services. Depending on the nature of the relevant services provided, expenses to obtain benchmarking data will be borne by the relevant portfolio company or directly by the KKR Fund, Other Client and/or such other investment vehicles and accounts that invest.

As discussed below under "**KKR Purchases/Sales of Securities Recommended to KKR Funds or Other Clients**," Employees and other persons associated with KKR and executives of KKR Fund portfolio companies are permitted to invest in KKR Associates Vehicles established as co-investment vehicles to facilitate participation by such persons in portfolio investments made by KKR Funds or Other Clients (which vehicles typically will not be charged management fees or carried interest allocations or certain expenses). Employees and other persons associated with KKR as well as KKR proprietary entities also are

permitted to co-invest in “opportunistic” investments by the Balance Sheet (described below), which will also be made alongside KKR Funds or Other Clients. Please see “**KKR Purchases/Sales of Securities Recommended to KKR 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 Funds and co-investments in portfolio companies. The Public Company indirectly holds limited partnership interests in KKR Funds and co-investments in portfolio companies, which it has transferred or sold (in whole or in part) or will transfer or sell (in whole or in part) to third parties (including other investors in KKR Funds) in negotiated transactions. Please see “**KKR Purchases/Sales of Securities Recommended to KKR Funds and Other Clients – Proprietary Investments**” for further information regarding such investments.

KKR Funds and Other Clients expect, from time to time, to sell a portfolio company interest to a limited partner of a KKR Fund or Other Client, including a limited partner or Other Client already directly or indirectly holding an interest in the same portfolio company or a limited partner in another KKR Fund or Other Client that is not invested in the portfolio company. Because such proposed sales are from KKR Funds or Other Clients (and not KKR) and to limited partners of KKR Funds or Other Clients and not “clients” as defined under the Advisers Act, KKR does not consider such sale transactions to be principal transactions. KKR has policies and procedures to manage conflicts of interest that arise in these circumstances.

Investments in Which KKR, KKR Funds, Other Clients, KKR Credit, and/or KKR Credit Funds Invest in Different Securities of the Same Issuer or Invest in the Same Issuer on Same or Different Dates

Certain KKR Credit Funds have an investment focus that is, at least in part, similar to the focus of certain KKR Funds, Other Clients, KKR Associates Vehicles or certain KKR proprietary entities. In particular, certain KKR Credit Funds co-invest in private equity and other investments made by KKR Funds or Other Clients alongside such KKR Funds or Other Clients. In addition, certain KKR Funds or Other Clients co-invest in KKR Credit investment strategies alongside KKR Credit Funds and Other Clients. The overlap of investment focus will in certain cases give rise to conflicts of interest between clients of KKR Credit on the one hand and KKR Funds or Other Clients on the other hand, including potential conflicts in allocating and managing certain investments.

Certain KKR Funds, KKR Credit Funds, KKR Associates Vehicles and other KKR proprietary entities, Other Clients and KKR affiliates, including an Affiliated Broker, will also from time to time invest in different parts of the capital structure of the same portfolio company. For example, a KKR Credit Fund or a KKR affiliate, including an Affiliated Broker, could invest in debt securities issued by a portfolio company in which a KKR Fund has a controlling or other equity interest. Under such circumstances, the interests of the KKR Credit Fund and such KKR Fund or KKR affiliate, including any Affiliated Broker, will not always be aligned, which will give rise to conflicts of interest, or the appearance of such conflicts of interest. Actions taken for a KKR Fund or Other Client might therefore be adverse to those taken for a KKR Credit Fund or a KKR affiliate, or vice versa. KKR and KKR Credit have 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 and in certain cases will take conflict mitigating actions that, in the absence of a potential conflict, they would not take, such as abstaining from exercising voting or other rights with respect to certain equity or debt investments in a portfolio company; remaining passive in a restructuring or similar situations (including electing not to vote or voting pro rata with other investors in the portfolio company); investing in the same or similar classes of the portfolio company’s capital structure to create alignment of interests; or otherwise taking an action designed to mitigate or eliminate the conflict.

Additionally, the investment programs employed by KKR or KKR Credit (as applicable) for KKR Funds, Other Clients, KKR Credit Funds or KKR proprietary entities, as applicable, will conflict from time to time with the transactions and strategies employed by KKR in managing KKR Funds and Other Clients (or, as applicable, other KKR Funds or Other Clients). For example, where a KKR Fund, Other Client, KKR Credit Fund, or KKR proprietary entities 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 and KKR Credit, as applicable, could give advice or take action (including entering into short sales, derivatives transactions or other “opposite way trading” activities) with respect to investments held by, and transactions of, certain KKR Funds, Other Clients, KKR Credit 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 Funds or Other Clients (or, as applicable, other KKR Funds or Other Clients). Such advice and actions could adversely impact a KKR Fund or Other Client.

The timing of entry into or exit from a portfolio investment could vary as among KKR Funds, Other Clients, KKR Credit Funds, and KKR proprietary entities for reasons such as differences in strategy, existing portfolio or liquidity needs. Similarly, the form of consideration received in connection with an exit of an investment could also vary among these parties if, for example, KKR proprietary accounts receive and retain an in-kind distribution of securities, for example, through an in-kind distribution by a KKR Fund, Other Client or KKR Credit Fund to its general partner, where such securities are otherwise disposed of by such KKR Fund, Other Client or KKR Credit Fund for cash, in whole or in part. The above variations in timing or form of consideration could be detrimental to another KKR 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 Fund’s or Other Client’s investment will be equivalent to, or better than, the terms of, or the returns obtained by, a different KKR Fund or Other Client, or a KKR Credit Fund, or KKR proprietary entity, including in respect of any category of investments, nor can there be any assurance that a different KKR Fund or Other Client, or a KKR Credit Fund, or 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 Fund or Other Client.

Different advice and/or inconsistent actions is motivated by a variety of reasons, including, without limitation, the differences between the investment objective, program, strategy or tax treatment of certain KKR Funds or Other Clients, KKR Credit Funds, or KKR proprietary entities on the one hand and different KKR Funds or Other Clients on the other, the regulatory status of certain KKR Funds or Other Clients, KKR Credit Funds, and any related restrictions or obligations imposed on KKR (or any affiliate) as a fiduciary thereof (including, for example, certain KKR Funds or Other Clients, or KKR Credit Funds invested in by pension plans and employee benefit plans and constituting “plan assets” under ERISA or certain KKR Funds or Other Clients, or KKR Credit Funds that are registered as investment companies under the Investment Company Act). For example, a KKR Fund is permitted to engage in *bona fide* hedging transactions in connection with its investments, while KKR proprietary entities could enter into such transactions for speculative purposes or, alternatively, to hedge a given risk related to a given investment more or less fully than such KKR Fund. KKR proprietary entities could enter into such hedging arrangements in connection with investments alongside a KKR Fund and, like other investors in such KKR Fund, could also enter into hedging arrangements in connection with their investments made through such KKR Fund (including with respect to the applicable KKR GP’s entitlement to receive carried interest distributions), which arrangements are not employed by such KKR Fund itself. These differences in hedging strategy could result in such KKR proprietary entities achieving more or less favorable returns with respect to an investment relative to the returns achieved by the KKR Fund or Other Client or other investors in the KKR Fund or Other Client. In the future, certain KKR Funds or Other Clients, KKR Credit Funds or a KKR proprietary entity could concurrently, or in close proximity in time with such acquisition by a

different KKR Fund or Other Client, establish a short position in a security acquired by such KKR Fund or Other Client (for example as collateral) or that otherwise relates to such an investment held by such KKR Fund or Other Client, and such short sale could result in a decrease in the price of the security acquired by or otherwise held by such KKR Fund or Other Client or otherwise benefit the execution of the transaction entered into by another KKR Fund or Other Client, or a KKR Credit Fund, and/or KKR proprietary entity.

With respect to private equity investments, KKR Funds, Other Clients or KKR proprietary entities will often seek to acquire controlling or other significant influence positions and will also seek to make some investments in which they do not acquire control or significant influence. KKR Funds or Other Clients will frequently have the ability to elect some or all of the members of the board of directors of their portfolio companies and thereby influence and control their policies, 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, Other Client's or KKR proprietary entity's interest in such company could be in the interests of the KKR Fund, Other Client or KKR proprietary entity but adverse to the interests of a KKR Credit Fund, or vice versa. For example, a KKR Fund or KKR proprietary entity 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, Other Client or KKR proprietary entity is the controlling shareholder of a portfolio company, KKR or a KKR affiliate is likely to have the ability to determine (or significantly influence) the outcome of all matters requiring stockholder approval and to cause or prevent a change of control of such company or a change in the composition of its board of directors and could preclude any unsolicited acquisition of that company. A KKR Fund's, Other Client's or KKR proprietary entity's interests with respect to the management, investment decisions, or operations of a portfolio company could at times be in direct conflict with those of KKR Credit Funds that do not have the same level of control or influence over the company. As a result, KKR will from time to time face actual or perceived conflicts of interest, in particular, in exercising powers of control over KKR Fund portfolio companies.

KKR's ability to implement any KKR Fund's or Other Client's strategy effectively could also be limited to some extent by contractual obligations entered into in respect of investments made by a different KKR Fund or Other Client, or a KKR Credit Fund, or KKR proprietary entity. Limitations on strategy implementation could also result from regulatory obligations or restrictions imposed on KKR as a result of the regulatory status of KKR proprietary entities and/or different KKR Funds or Other Clients, or a KKR Credit Fund (for example, under ERISA or the Investment Company Act), including restrictions on the ability of any KKR Fund or Other Client (or KKR on their behalf) to invest in securities or interests that such KKR Fund or Other Client would otherwise be interested in pursuing or to otherwise take actions in respect of such KKR Fund's or Other Client's investments that would otherwise be beneficial to such KKR Fund or Other Client. For example, in certain instances in connection with the sale of investments by KKR proprietary entities or KKR Funds and Other Clients, KKR could enter into agreements prohibiting KKR Funds, Other Clients and KKR proprietary entities from engaging in activities that are deemed to compete with the disposed of investment for a certain period of time. Such agreements could, in turn, prevent KKR Funds or Other Clients from acquiring investments in certain sectors or regions, including investments that otherwise would have been appropriate for KKR Funds or Other Clients.

KKR Credit Funds will from time to time invest in debt issued by the same companies that a KKR Fund or Other Client has invested in. The interests of the KKR Fund or Other Client will not be aligned in all

circumstances with the interests of KKR (or any affiliate) or KKR Credit Funds to the extent that they hold debt interests, which could create actual or potential conflicts of interest or the appearance of such conflicts. In that regard, actions could be taken by KKR (or any affiliate) or KKR Credit Funds that are adverse to the KKR Fund or Other Client. The involvement of KKR and KKR Credit at both the equity and debt levels could inhibit strategic information exchanges among other creditors. In certain circumstances, KKR Funds, Other Clients or KKR Credit Funds will be prohibited from exercising voting or other rights, and could be subject to claims by other creditors with respect to the subordination of their interests. The interests of the KKR Fund, Other Client, KKR and/or KKR Credit 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 other KKR Funds or Other Clients hold material equity interests in a portfolio company or otherwise have a material influence on its management. If additional financing is necessary as a result of financial or other difficulties of a portfolio company, or to finance growth or other opportunities, it might not be in the best interests of a KKR Credit Fund, as a holder of debt issued by such company, to provide such additional financing and the ability of KKR to recommend such additional financing as being in the best interests of KKR Funds or Other Clients might be impaired or limited. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring, raise conflicts of interest. In addition, it is possible that, in a bankruptcy proceeding, KKR Funds' or Other Clients' interests could be subordinated or otherwise adversely affected by virtue of KKR's and/or a KKR Credit Fund's involvement and actions relating to their investments. There can be no assurance that the term of or the return on KKR Funds' or Other Clients' investments will be equivalent to or better than the term of or the returns obtained by a KKR Credit Fund participating in the transaction. This could result in a loss or substantial dilution of a KKR Fund's or Other Client's investment, while KKR (or an affiliate) or a KKR Credit Fund recovers all or part of amounts due to it. Similarly, KKR's ability to implement a KKR Fund's or Other Client's strategies effectively will be limited to the extent that contractual obligations entered into in respect of the activities of KKR (or an affiliate) or KKR Credit Fund impose restrictions on such KKR Fund or Other Client engaging in transactions that KKR would be interested in otherwise pursuing.

KKR Funds, Other Clients, their portfolio companies and other entities in or through which KKR Funds and Other Clients invest will enter into deal-contingent hedging arrangements with respect to prospective investments. Under these arrangements, in exchange for a fixed fee a bank or other counterparty unaffiliated with KKR will agree to assume the market risk associated with a hedging arrangement entered into by or on behalf of the KKR Fund, Other Client or such other entity in or through which a potential investment is proposed to be made (e.g., with respect to FX or interest rate risk) in the event that the relevant investment is ultimately not consummated. An affiliate of KKR will in turn enter into agreements with such counterparty pursuant to which such KKR affiliate will agree to assume some portion of the market risk under the deal-contingent hedging arrangement in consideration for a portion of the fee payable to such counterparty (see also Item 5 above). In these circumstances, the interests of the KKR affiliate receiving this Indirect Fee in a deal-contingent hedging arrangement will not always be aligned with the interests of the KKR Fund or Other Client. For example, if there is a market decline between the time the deal-contingent hedging arrangement is entered into and the closing of the investment, then the KKR affiliate participating in such hedging arrangement will be facing an unrealized loss (which could be substantial) that could be avoided by consummating the investment since the loss would only be realized if the investment does not close. Conversely, if there is a market increase between the time when the deal-contingent hedging arrangement is entered into and the closing of the investment, then the KKR affiliate participating in such hedging arrangement will be facing an unrealized gain (which could be substantial) that could be realized by not consummating the investment since the gain would only be crystallized if the investment does not close. As a result, KKR will face actual or perceived conflicts of interest in connection with the consummation (or abandonment) of an investment with respect to which a KKR affiliate has participated in a related deal-contingent hedging arrangement.

KKR has established a conflicts of interest policy and procedures intended to mitigate potential conflicts of interest inherent in investments by KKR Funds, Other Clients, and KKR Credit Funds in portfolio companies of other KKR Funds or Other Clients. These policies and procedures, which include limitations on both the maximum amounts and types of certain such investments 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 disclosed in the offering materials, disclosure documents and/or governing documents of any KKR Fund or Other Client. KKR Funds and Other Clients will seek to in an appropriate manner manage conflicts, which could involve, by way of example and without limitation, refraining from investing in, contributing additional capital to, or disposing of the investment giving rise to the conflicts of interest, referring the matter to independent third parties, obtaining a third-party fairness opinion, seeking consent from a KKR Fund's limited partner advisory committee or limited partners, or other means of resolving the conflict in lieu of referring such conflict to the KKR Fund's limited partner advisory committee or limited partners, to the extent permitted pursuant to the governing documents of such KKR Fund or Other Client.

To the extent KKR Funds, Other Clients, or KKR Credit Funds and any relevant dedicated single or multiple asset co-investment vehicles (and their related co-investors) 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 will not be practicable or appropriate in all circumstances, however, and, subject to applicable law, a KKR Fund or Other Client or co-investment vehicle would participate in such investments on different and potentially less favorable terms than other participants if KKR deems such participation as being otherwise in the best interests of any relevant KKR Fund or Other Client.

In addition to investing alongside KKR Funds, certain KKR Funds and other Clients will invest as limited partners in KKR Funds and will have the right to exercise any vote, consent or waiver required or permitted under the partnership agreements of the KKR Funds in which they invest in the same manner as other limited partners in such KKR Funds. Such KKR Funds typically (but not always) provide that all or certain votes, consents or waivers are exercised by the underlying investor(s) or other third party participants indirectly invested in such KKR Funds. To the extent that any such vote, waiver or consent is permitted to be exercised independently by KKR or an affiliate in its capacity as general partner, manager or a similar role, KKR and its affiliates will seek to exercise such vote, waiver or consent in accordance with the interests of such KKR Funds or Other Clients investing as limited partners in KKR Funds, or alternatively exercise such discretion in accordance with prescribed mechanisms (i.e., in the same proportions as other limited partners vote with respect to the relevant item).

Investments of Stakes and Seed Funds and Other Pooled Funds

Stakes and Seed Funds and pooled funds or separate accounts managed by portfolio companies (or divisions or subsidiaries of portfolio companies) of KKR Funds or Other Clients are expected to 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 could invest in securities or other financial instruments of companies (or issuers) in which KKR Funds or Other Clients also have an interest. These funds and accounts could also invest in competitors of KKR Funds, Other Clients or their respective portfolio companies. Actions taken by any Stakes and Seed Manager in respect of any of the foregoing could adversely impact a KKR Fund or Other Client. Any such investments and actions will be controlled by the respective Stakes and Seed Manager and will generally be outside the control and oversight of KKR.

KKR Purchases/Sales of Securities Recommended to KKR Funds and Other Clients

Co-Investment Vehicles

As indicated above in response to Item 4, KKR (and its affiliates) offer and sponsor a number of vehicles that are dedicated co-investment vehicles that facilitate the co-investment by third party co-investors in single or multiple portfolio companies alongside other KKR Funds and Other Clients. Any such vehicle will be established at KKR's or its affiliates' sole discretion, and KKR and its affiliates have no obligation to offer a similar opportunity to any investors. Co-investment vehicles include, but are not limited to, investment vehicles that are only open to investment by Employees, Senior Advisors, Industry Advisors, RPM and other persons associated with KKR (which could include executives of KKR portfolio companies and external consultants) (i.e., KKR Associates Vehicles). These vehicles and the related co-investors will to the extent practicable typically invest in portfolio companies at the same time and price and on the same terms as the other participating KKR Funds, Other Clients and co-investment vehicles that are open to third party institutional co-investors seeking to participate in investments made by KKR Funds and Other Clients. These special purpose vehicles are established and administered by KKR and its affiliates to facilitate the investments and related investment decisions and activities of such third party co-investors. KKR does not provide investment management, advisory, monitoring or supervisory services to such vehicles or the related co-investors. KKR (and its affiliates) does not charge management fees or receive incentive allocations for its services to KKR Associates Vehicles, and KKR (or its affiliates) retains any allocated monitoring fees, transaction fees and service costs that could otherwise be allocated to these vehicles, co-investment vehicles or KKR proprietary entities based on their respective ownership of the relevant company or investment as discussed in Item 5. KKR (or its affiliates) could also bear any allocable share of expenses on behalf of these vehicles.

Proprietary Investments

KKR & Co. 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 and improve the liquidity profile of the Firm. The Balance Sheet includes general partner interests in, and limited partner interests in, certain KKR Funds, KKR Credit 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 ("KFH") and interests in Stakes and Seed Managers. The Balance Sheet also holds other assets used in the development of KKR & Co.'s business, including seed capital for the purpose of developing, evaluating and testing potential investment strategies or products ("Seed Investments"). The Balance Sheet also engages in certain structured financing transactions to improve the liquidity profile of the Firm and further expand its investor base. For example, the Balance Sheet has established alternative asset financing vehicles and certain separate structured managed accounts to obtain financing on pools of assets, including assets from the Balance Sheet, in consideration for 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.

In addition, the Balance Sheet is permitted to make a capital commitment to a KKR Fund or Other Client in order to bridge a capital commitment by a prospective investor that is unable to complete its subscription prior to the final closing of the relevant vehicle. Such bridge support by the Balance Sheet will generally be effected through a limited partner commitment by the Balance Sheet, which is subsequently transferred to the prospective investor, or, subject to the minimum commitment amount for the KKR Fund or Other Client, through the conversion of a portion of the interest of the general partner of the KKR Fund or Other Client into a limited partner interest, followed by the transfer of the relevant interest to the prospective investor.

In addition, a KKR Fund or Other Client might, subject to applicable law and applicable requirements in their governing documents, which could include obtaining advisory committee consent, determine to sell a particular portfolio company interest into a separate vehicle, which will typically be managed by KKR, with different terms than the KKR Fund or Other Client. Under such circumstances, KKR could invest in or alongside the new vehicle, or hold the entirety of the portfolio company interest sold by the KKR Fund or Other Client through or alongside the new vehicle.

KKR has adopted policies and procedures (the “Balance Sheet Guidelines”) to mitigate potential conflicts of interest between the investment activities of the Balance Sheet on the one hand and any KKR Fund (or Other Client) on the other. Under the Balance Sheet Guidelines, the Balance Sheet’s uses are categorized generally into three primary categories: (1) strategic, (2) opportunistic and (3) operational funding.

Strategic uses principally focus on acquiring or owning assets in the financial services industry to enhance KKR & Co.’s businesses or earnings. Examples of such uses include strategic acquisitions, such as KFN and the strategic partnership with FS Investments, general partner commitments to KKR Funds and KKR Credit Funds, warehoused investments for KKR Funds and KKR Credit 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 Fund or Other Client) is deemed not within the investment focus of any KKR Fund or Other Client and will accordingly not be allocated to KKR Funds or Other Clients. In addition, KKR could 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). In the event that KKR has made a Seed Investment intended to be warehoused or otherwise transferred to a KKR Fund or Other Client, but such KKR Fund or Other Client does not launch, KKR could determine to keep the Seed Investment as a Balance Sheet investment or pursue its asset disposition options, including sale of the investment or syndication by an Affiliated Broker.

Opportunistic uses are investments principally made to generate a return on investment and KKR will from time to time make opportunistic investments pursuant to investment strategies that mirror or are similar to, in whole or in part, investment strategies implemented by KKR on behalf of KKR Funds or Other Clients due to geographic or other considerations. KKR seeks to mitigate potential conflicts of interest arising from opportunistic investments by offering such investments, where KKR believes it is appropriate, to relevant KKR Funds or Other Clients. Similarly, KKR established investment vehicles with approximately \$5 billion of third-party capital and approximately \$3 billion of Balance Sheet capital to be deployed over the next several years in core investments in certain private equity and real asset opportunities, including opportunities that are the same as or similar to opportunities targeted by certain KKR Funds or Other Clients. The core investment vehicles target opportunistic “core” investments, which are typically characterized by an expectation of lower returns and risks and longer hold periods than typical private equity investments, although no single attribute is determinative and attributes of a particular core investment could change over time so that the realized return, risks and hold period of any particular core investment could become similar to those of a KKR Fund’s or Other Client’s investments. While the targeted hold period for a core investment is generally longer than the targeted hold period for traditional private equity-focused KKR Funds’ and Other Clients’ investments, there are other attributes of core investments that are similar to investments targeted by traditional private equity-focused KKR Funds and Other Clients, such as the amount of leverage and the greater focus on income generation. In order to manage potential conflicts related to the allocation of such opportunistic core investments, KKR has established allocation policies and procedures which provide for core investments to be offered to relevant

KKR Funds and Other Clients pursuing the relevant private equity strategies and certain other investor transparency measures. KKR has also recently established or is in the process of establishing KKR Funds that pursue core investments in other private markets investment strategies, including real estate and infrastructure. KKR Funds pursuing core investments in such other private market investment strategies will be subject to KKR's investment allocation policies and procedures, which require such investments to also be offered to KKR Funds and Other Clients pursuing the relevant traditional real estate and infrastructure strategies to the extent there is investment strategy overlap.

KKR proprietary entities from time to time co-invest in other KKR 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 does not generally charge management or administration fees or performance related compensation for its services to such other KKR proprietary entities for such co-investment opportunities, and KKR (or its affiliates) retains any allocated monitoring fees, transaction fees and service costs based on their respective ownership of the relevant investment in a portfolio company. KKR will generally also bear any allocable share of expenses related to such co-investments on behalf of such KKR proprietary entities. The core investment vehicles are also expected to co-invest alongside certain KKR Funds and Other Clients from time to time in investments that fall within their respective strategies and also meet the criteria for opportunistic core investments. Application of KKR's allocation policies and procedures will in certain cases result in allocations of investment opportunities between KKR Funds or Other Clients on the one hand and KKR proprietary entities on the other, that are non-pro rata (including a greater than pro rata allocation to a proprietary account) relative to a KKR Fund or Other Client in either the same or different parts of a target company's capital structure. Please see **"Allocations of Investment Opportunities"** below for further information. In addition, a KKR Fund or Other Client could, subject to applicable requirements in their governing documents which generally include obtaining limited partner advisory committee consent, determine to sell a particular portfolio company interest into a separate vehicle, advised by KKR or a third party manager, with different terms than the KKR Fund or Other Client (for example, longer duration). Under such circumstances, KKR could invest in the new vehicle alongside participating limited partners, or hold the entirety of the portfolio company interest sold by the KKR Fund or Other Client through the new vehicle.

Moreover, KKR manages proprietary entities according to investment strategies that are inconsistent with, or deviate in material aspects from, the investment strategies pursued by KKR Funds or Other Clients. The foregoing proprietary entities, including Seed Investments and KFN invest in similar or the same types of securities, properties or other assets in which KKR Funds or Other Clients invest, or could have investment objectives, programs, strategies and positions that are similar to, or conflict with, those of KKR Funds or Other Clients. These proprietary entities could compete with, and have interests adverse to a KKR Fund or Other Client. The existence of Seed Investments and KKR proprietary entities, including KFN, investing in the same or similar investments that are sought to be made by KKR Funds or Other Clients could, among other adverse consequences, affect the prices of the investments, securities, properties or other assets in which a KKR Fund or Other Client invests and will affect the availability of such assets. In such circumstances, KKR's interest in maximizing the investment return of its proprietary entities and those of its affiliates creates a conflict of interest in that KKR could be motivated to allocate more attractive investments to the proprietary entities under its management, and allocate less attractive investments to the KKR Funds or Other Clients. Similarly, KKR could be motivated to allocate scarce investment opportunities to the proprietary entities under its management rather than to the KKR Funds or Other Clients. Investment professionals who participate in investment decisions made on behalf of KKR Funds or Other Clients as described above are also involved in the investment activities of the Balance Sheet. As noted above, the Balance Sheet Guidelines seek to mitigate such 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 KKR & Co.'s businesses, including credit support to KKR GP obligations to

KKR Funds and Other Clients and support of certain transactions by KKR 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 also include provision by the Balance Sheet of credit support to a KKR GP's obligation to a KKR Fund or Other Client to support certain transactions by KKR Funds or Other Clients, as well as support of certain transactions by KKR Funds or Other Clients or by their portfolio companies. For example, the Balance Sheet has provided interest-free loans to special purpose vehicles or other entities through which a KKR Fund or Other Client invests or to platform vehicles in order to bridge payments or other operational needs of a portfolio investment pending the receipt by such entities of capital contributions from the KKR Fund or Other Client and other equity owners. KKR has also provided, and could in the future provide, an interest bearing loan to a KKR Fund to enable the KKR Fund to acquire a portfolio investment prior to the KKR Fund or Other Client obtaining a subscription facility. As an additional example, a KKR proprietary account, has in the past and could in the future, guarantee the obligations of a KKR GP entity to post collateral on behalf of a KKR investment vehicle in connection with such investment vehicle's derivative transactions, and has also agreed to be liable for certain investment losses and/or for providing liquidity in the events specified in the governing documents of other KKR investment vehicles. KKR has also provided credit support regarding repayment obligations to third-party lenders to certain of its employees, excluding its executive officers, in connection with their personal investments in KKR Funds and to a strategic partner regarding the ownership of its business. KKR also might become liable for certain fees payable to sellers of businesses or assets if a transaction does not close, subject to certain conditions, if any, specified in the acquisition agreements for such businesses or assets. Operational funding activities are not offered to KKR Funds or Other Clients for investment allocation purposes.

Moreover, from time to time, KKR will finance, securitize or employ other structured finance arrangements in respect of certain Balance Sheet assets. Such entities generally hold limited partner interests in certain KKR Funds. For example, KKR has developed and completed several structured transactions in which KKR provides subordinated or equity financing and third party investors provide senior financing to an investment vehicle that invests in KKR Funds. KKR also from time to time employs structured financing arrangements with respect to co-investment interests and other Balance Sheet investments. These structured financing arrangements could alter KKR's returns and risk exposure as compared to KKR holding such assets outside of such structured financing arrangements and could create incentives for KKR to take actions in respect of such assets that it otherwise would not in the absence of such arrangements. KKR is in the process of establishing additional financing partners, including structured finance arrangements in which certain KKR employees and/or third-party co-investors are offered the opportunity to invest in the equity interest alongside, or in lieu of, the Balance Sheet.

Allocation of Investments

KKR has adopted policies and procedures designed to ensure allocations of opportunities among KKR Funds, Other Clients, KKR Associates Vehicles and KKR proprietary entities, to the extent practicable and in accordance with each KKR Fund's, Other Client's, KKR 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 seek to allocate investment opportunities and related co-investment opportunities among KKR Funds, Other Clients, KKR proprietary entities or KKR Credit Funds or other parties, including other co-investors (as defined below under "**Allocations of Investment Opportunities – Co-investors**"), in the event there is an overlap of investment strategies, and, if available, third party co-investors, including third party co-investors investing through co-investment vehicles offered and sponsored by KKR. Such policies and procedures are further supported by the Balance Sheet Guidelines, which as described above, address proprietary investment activity that occurs alongside KKR Funds and Other Clients. Please see also "**Allocations of Investment Opportunities – Balance Sheet Investments**" below for further information regarding KKR's allocation procedures with respect to certain proprietary investments.

Allocations of investment opportunities are reported to KKR’s Global Conflicts Committee. KKR’s Global Conflicts Committee reviews conflicts of interest that arise in KKR’s business, including conflicts relating to specific transactions and circumstances, as well as those implicit in the overall activities of KKR and its various businesses. Notwithstanding the application of the foregoing policies and procedures, a KKR proprietary entity could over any particular time period, and over all time periods, have superior performance than KKR Funds or 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 Funds’ and Other Clients’ allocation procedures. Under these procedures, the conflicts inherent in making such allocation decisions will not always be resolved to the advantage of the KKR Funds and Other Clients. Moreover, except as provided in the governing documents of KKR Funds or Other Clients, no KKR Fund or Other Client will necessarily have any priority in respect of any category of investment opportunities in accordance with KKR’s allocation methodology (as discussed below).

Allocations of Investment Opportunities

Private Equity and Real Asset Investments

Generally, the terms of each KKR Fund or Other Client relationship (other than certain KKR Associates Vehicles) include provisions setting out the rights of:

- the KKR Fund or Other Client to receive allocations of suitable investment opportunities in priority to, or together with or subject to, as applicable, the participation of other KKR Funds or Other Clients within the relevant strategy (“Defined Allocation Rights”); and
- KKR to permit other third parties (including through co-investment vehicles established by KKR or KKR Credit for third parties, Employees and associated persons (i.e., KKR Associates Vehicles) or KKR’s principal investment (i.e., Balance Sheet activities) to co-invest in such investment opportunities.

These provisions, if applicable, are set out in the offering materials, disclosure documents and/or governing documents for each such KKR Fund or Other Client relationship.

Types of KKR Funds and Other Clients

In determining how an investment opportunity will be allocated and whether a specific investment opportunity will be offered to KKR Funds, Other Clients, KKR Associates Vehicles, KKR proprietary entities and other parties, including third party co-investors and co-investment vehicles discussed below, KKR considers the following types of relationships:

<i>Flagship Vehicles</i>	A “Flagship Vehicle” is a KKR Fund or Other Client that typically is the largest pool of capital for a particular investment strategy and has a Defined Allocation Right that often includes a contractual minimum investment amount in each opportunity within its strategy before other KKR Funds, Other Clients, KKR proprietary entities and third party co-investors can participate. A KKR Fund or Other Client that is a Flagship Vehicle often has a target hold amount for equity commitments for investments within its mandate, which is higher than
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	its contractual minimum investment amount. Flagship Vehicles include KKR Associates Vehicles that are structured as committed capital parallel funds that invest alongside the applicable KKR Fund or Other Client on a pari passu basis.
<i>KKR Associates Vehicles</i>	These vehicles are typically permitted to invest alongside Flagship Vehicles in specific portfolio companies prior to such KKR Fund satisfying its contractual minimum investment amount (and are separate vehicles from the parallel fund KKR Associates Vehicles described above under “Flagship Vehicles”). The provisions relevant to such KKR Associates Vehicles, if applicable, are set out in the offering materials, disclosure documents and/or governing documents for each such Flagship Vehicle.

In addition to Flagship Vehicles and KKR Associates Vehicles, KKR maintains a number of different co-investment relationships, including Other Funds/SMAs with a stated entitlement to be offered investment opportunities by KKR and other relationships with investors who are not entitled to be offered investment opportunities by KKR. These different relationships enable the Firm to consummate transactions on behalf of the Flagship Vehicles where additional capital is required above the relevant Flagship Vehicle’s target hold amount. In order to facilitate these transactions and subject to applicable offering materials, disclosure documents and/or governing documents, the Firm considers a number of factors, including any fiduciary or contractual obligations, in prioritizing allocations among KKR Funds, Other Clients, KKR proprietary entities and third party co-investors. Please see also Item 11 – “**Other Conflicts of Interest – Strategic Partnerships and Other Arrangements**”.

Where excess capacity exists after the desired hold amounts of Flagship Vehicles and KKR Associates Vehicles, the following investment vehicles are considered for participation for the strategies in which they are entitled to be offered investment opportunities:

<i>Other Funds/SMAs</i>	“Other Funds/SMAs” are KKR Funds or Other Clients, including investment vehicles established for a single investor, that are entitled to be offered investment opportunities that fall within their mandate after the applicable Flagship Vehicle for the relevant strategy has satisfied at least its contractual minimum investment amount. For certain vehicles in this category, KKR has the final decision-making authority for investments, known as “discretionary accounts.” Vehicles in which the investor retains final decision-making authority for investments, including vehicles where the investor must consent or has opt-out rights, are known as “non-discretionary accounts.”
<i>Syndication Side Cars</i>	“Syndication Side Cars” are multi-investment co-investment vehicles that have been established to facilitate participation by third party co-investors in co-investment opportunities where there is excess capacity for investment after allocation to KKR Funds and Other Clients. Syndication Side Cars are not entitled to be offered any such opportunities in any strategies. Such vehicles and the underlying co-investors are only offered the opportunity to participate in investment opportunities after Flagship Vehicles, KKR Associates Vehicles, and Other Funds/SMAs have been permitted to participate. The underlying investors retain final decision making authority for all investments. Once an investment is made, Syndication Side Cars generally follow Flagship Vehicles on discretionary determinations related to voting and exit. KKR does not provide investment management, advisory, monitoring or supervisory services to Syndication Side Cars, and these vehicles are not entitled to be offered

	investments within any strategies. Syndication Side Cars are not investment advisory clients of KKR.
<i>Syndicatees</i>	“Syndicatees” are third-party co-investors and are not entitled to be offered any opportunities in any strategies. Syndicatees are permitted to be offered the opportunity to participate in investment opportunities after Flagship Vehicles, KKR Associates Vehicles, and Other Funds/SMAs have been permitted to participate. Syndicatees sometimes include investors in KKR Funds or other third parties, such as institutional investors or high net worth individuals. KKR does not provide investment management, advisory, monitoring or supervisory services to Syndicatees, and Syndicatees are not investment advisory clients of KKR. Syndicatees typically invest through KKR-controlled vehicles that generally follow Flagship Vehicles on discretionary determinations related to voting and exit.
<i>Balance Sheet</i>	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 is permitted to be offered the opportunity to participate in investment opportunities after Flagship Vehicles, KKR Associates Vehicles and Other Funds/SMAs have been permitted to participate. KKR is permitted to consider its own interests before the interests of Syndication Side Cars or Syndicatees, which as discussed above have no contractual entitlement to be offered investment opportunities in any strategies, in deciding whether to present investment opportunities to them. The Balance Sheet will under certain circumstances invest in similar or the same type of securities, properties or other assets in which KKR Funds or Other Clients invest. The Balance Sheet also has investment objectives, programs, strategies and positions that are similar to, those of KKR Funds or Other Clients. KKR seeks to mitigate any potential conflicts of interest between investment activities of the Balance Sheet on the one hand and any KKR Fund or Other Client on the other. Please see “ KKR Purchases/Sales of Securities Recommended to KKR Funds and Other Clients – Proprietary Investments ” above for a discussion of the Balance Sheet Guidelines.

KKR, from time to time, develops new client relationships and vehicles, including new types of arrangements that 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 Funds or Other Clients.

Process

The initial step in the allocation of an investment opportunity is to determine the strategy and geographic location, to the extent relevant, which is most appropriate for the opportunity. In some cases distinctions are subject to KKR’s judgment as to which strategy or geographic location is most appropriate for the opportunity.

Subsequent steps in the allocation process generally apply the following guidelines and take into account the following considerations:

- A Flagship Vehicle will generally receive at least its contractual minimum investment amount before Other Funds/SMAs, KKR proprietary entities and other co-investors can participate (except for KKR Associates Vehicles as described above). The applicable investment committee for such Flagship Vehicles often determines that amounts in excess of the minimum contractual amount are appropriate in light of investment objectives and existing portfolio exposures and weightings. However, where the participation of one or more third parties facilitates the consummation of an investment by a Flagship Vehicle or is otherwise beneficial to such investment, such third parties participate in the relevant investment regardless of the amount invested by the relevant Flagship Vehicle. Based on portfolio construction considerations and Defined Allocation Rights, Flagship Vehicles from time to time receive the entire allocation of an investment opportunity.
- As discussed above, Other Funds/SMAs will be offered investment opportunities that fall within their mandate after the applicable Flagship Vehicles have received at least their contractual minimum investment amount (if any). Please see “**Allocations of Investment Opportunities – Types of Funds and Other Clients**” above for a further discussion of the types of relationships KKR considers for investment allocation purposes. In addition, Other Fund/SMAs co-invest in opportunities alongside other KKR investment vehicles with an investment strategy that overlaps with that of the Other Fund/SMA, but that is otherwise materially different than that of the Other Fund/SMA.
- Where more than one KKR Fund and/or Other Client participate in an investment opportunity at the same level of priority pursuant to their Defined Allocation Rights, the relevant opportunity will generally be allocated among such KKR Funds and Other Clients on the basis of the investment objectives and focus, target investment size and target returns, available capital, the timing of capital inflows and outflows and anticipated capital commitments and subscriptions; timing of closing and speed of execution; liquidity profile, applicable concentration limits and other investment restrictions; mandatory minimum investment rights and other contractual obligations applicable to participating KKR Funds and Other Clients and/or their respective investors; portfolio diversification; tax efficiencies and potential adverse tax consequences; regulatory restrictions applicable to the participating KKR Funds and Other Clients and/or their respective investors; policies and restrictions applicable to participating vehicles; the avoidance of odd-lots or cases where a pro rata or other defined allocation methodology would result in a de minimis allocation to the participating KKR Funds or Other Clients; 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; the potential effect on the KKR Fund’s performance (positive and negative) and any other considerations deemed relevant by KKR and its affiliates. The relevance of each of the criteria described above will vary depending on the investment opportunity, with no single factor consistently outweighing the others.
- The outcome of any allocation determination by KKR will in certain instances result in the allocation of all or none of an investment opportunity to a KKR Fund (or Other Client) or in allocations that are otherwise on a non-pro rata basis. Subject to the applicable governing documents, such determinations could also result in the dilution of a KKR Fund’s or Other Client’s interest in any existing investment by another KKR Fund or Other Client, KKR and/or third party co-investors and any related co-investment vehicles to the extent that an investment opportunity constituting a follow-on investment in respect of an existing investment arises and the relevant KKR Fund or Other Client has insufficient available capital (including pursuant to reserves for follow-on investments following the end of the KKR Fund’s or Other Client’s investment period established by the relevant KKR GP or KKR) to take up all or any part of what would otherwise be its allocable share of such opportunity. Any such dilution will likely be determined on the basis of

a valuation in respect of the existing investment determined by the relevant KKR GP or KKR. The fact that carried interest is calculated at different rates among KKR Funds and Other Clients, or is subject to different hurdle rates or other similar terms, creates an incentive for KKR or its affiliates to allocate investment opportunities disproportionately to vehicles allocating carried interest at a higher rate (or subject to a lower hurdle rate). However, as discussed above, KKR has adopted policies and procedures that seek to ensure that investment opportunities are allocated in good faith and that such allocations are fair and reasonable under the circumstances and considering such factors as KKR deems relevant.

- As a result of taking into account relevant KKR Fund or Other Client portfolio construction criteria (such as industry/company/geographic exposure, liquidity, yield and risk/return profile) and other relevant considerations described above in an allocation decision, the result will in certain cases be that a KKR Fund or Other Client does not participate in an investment opportunity that would otherwise be appropriate for it, or that it receives an allocation that is smaller or larger than a strict application of available capital might otherwise indicate. In addition, certain KKR Funds or Other Clients have the ability to opt-out of an investment opportunity that is otherwise appropriate for them based on rights granted in the relevant governing documents. If a KKR Fund or Other Client cannot or does not participate in an investment opportunity, other KKR Funds or Other Clients could receive all or a portion of its allocation, or its allocation could be offered to non-client or affiliated, eligible co-investors (including co-investment vehicles offered and sponsored by KKR for Syndicatees or KKR's principal investment activities or KKR Associates Vehicles) in accordance with applicable governing documents and/or investment guidelines. Further, a portfolio company of a KKR Fund or Other Client could over time develop characteristics, including, without limitation, a different risk and return profile or expected holding period, that result in the portfolio company constituting an attractive investment opportunity for another KKR Fund or Other Client and vice versa. In such cases, the relevant KKR GP could seek to effect a purchase or sale of an investment between a KKR Fund or Other Client and one or more other KKR Funds or Other Clients, subject in each case to applicable procedures and consents described in Item 11 – *"Cross Transactions and Agency Cross Transactions."*

If an investment opportunity relates to an existing portfolio company of one or more KKR Funds or Other Clients, then the follow-on investment will be offered to the KKR Funds and Other Clients that made the original investment, subject to availability of capital and applicable concentration limits and other investment restrictions contained in the relevant governing documents.

Co-Investors

If additional capital remains available after the relevant Flagship Vehicles, KKR Associates Vehicles and Other Funds/SMAs have been permitted to participate, then KKR often considers offering the excess available equity to co-investors, including Syndicatees (including, but not limited to, existing investors in KKR Funds and other third parties), Syndication Side Cars and the Balance Sheet. Such co-investors do not have preexisting entitlements to investment opportunities in any strategy, and so the principles for offering excess availability to these potential investors are discretionary and differ from the principles that apply to advisory clients of KKR or vehicles with a contractual entitlement to be offered investment opportunities.

Co-investment opportunities are offered to some parties but not to others based on KKR's determination of their suitability for a particular co-investment opportunity using factors, including, but not limited to: (i) interest of fund investors (i.e., whether an existing limited partner in a KKR Fund has expressed interest in being presented with co-investment opportunities in connection with a commitment to an existing KKR Fund; these indications are typically not binding on either KKR or the limited partner); (ii) economic

considerations (i.e., whether the co-investor is willing to pay fees, including a management fee, and/or carried interest and the proposed amount of the fees/carry rates; (iii) certainty of funding/execution (i.e., KKR's view of the capability of a potential co-investor to commit to the requisite amount of funding, which is often very large, on a timeframe, which is often very short, with an emphasis on certain and expeditious execution often based on prior experience with the investor or other KKR institutional experience); (iv) size of existing investment in KKR Funds (i.e., the amount of a potential co-investor's current commitment to KKR Funds and Other Clients); (v) investment attributes (i.e., KKR's view of the ability of a co-investor to contribute to the investment, such as through geographic proximity or expertise in the region or business/industry of the co-investment); (vi) strategic considerations/future fundraising (i.e., the strategic benefits that are expected to result from working with particular co-investors, including relationship development with an investor, increasing co-investor interest or opportunities for potential future partnerships or additional commitments to KKR Funds and Other Clients, or a co-investor's ability to contribute to the transaction and the potential for additional commitments to KKR Funds and Other Clients by the investor); (vii) ease of process (i.e., the ease by which the investment by the potential co-investor can be coordinated and completed, including investor transparency and the efficiency, timing and elimination of other issues in completion of the investment); (viii) legal/regulatory constraints (i.e., any legal and/or regulatory constraints relating to the investment, including legal/regulatory constraints on the co-investor or additional legal/regulatory constraints on the investment due to a potential co-investor or a co-investor who triggers additional reporting requirements, such as potential bad actor disqualification, plan assets issues under ERISA, antitrust considerations or other legal and/or regulatory factors); and (ix) tax considerations (i.e., any tax efficiencies or adverse tax consequences related to the proposed co-investment, generally focusing on effects upon the investment, including situations that trigger US tax or filing obligations for certain US tax-exempt or non-US co-investors). KKR also considers additional factors in assessing the suitability of potential investors for co-investments, including, without limitation, whether the potential co-investment is pre- or post-signing, public relations and reputational benefits or costs, confidentiality issues or other factors relevant to the potential transaction. As a result, co-investment opportunities are not allocated pro rata among investors and there can be no assurances that any particular investor will be given the opportunity to participate in any co-investment opportunities even if such investor has expressed an interest in evaluating co-investment opportunities. Further, certain investors are expected as a result to receive a disproportionate amount of co-investment opportunities during the KKR Fund's or Other Client's investment period.

The above factors are not listed in order of importance or priority. KKR is not required to, and does not, consider all of the factors described above in any particular investment and some factors will be more or less important depending upon the nature of the particular investment and attendant circumstances. Economic considerations, including whether the potential co-investor is willing to pay an advisory fee or carried interest or an upfront placement fee or to indirectly be impacted by monitoring fees, syndication fees or other fees charged to underlying portfolio companies by KKR and its affiliates that are not shared with the co-investor and the proposed rates thereof, will be a consideration in every opportunity.

In addition, KKR or its affiliates establish and administer dedicated special purpose vehicles for specific investors in order to facilitate and administer one or more co-investments and related investment decisions and activities by the relevant investors as co-investors alongside a KKR Fund or Other Client. Any such special purpose vehicle will be established at KKR's or its affiliates' sole discretion, and KKR and its affiliates have no obligation to offer a similar opportunity to any other investor.

Co-Investment Structuring

A Flagship Vehicle participating in an investment customarily will provide an equity commitment letter or similar undertakings to the seller or other third party in connection with a potential investment covering the entire equity funding obligation for the relevant investment, including amounts expected to be funded by

other KKR Funds, Other Clients and other co-investors, where applicable. Additionally, the relevant Flagship Vehicle will customarily fund the entire amount of any deposit or similar up-front payment or contribution that is required in connection with a potential investment. KKR has adopted policies and procedures governing the allocation of the obligations under such undertakings and the liability with respect to such deposits among the relevant Flagship Vehicles, other KKR Funds, Other Clients and other co-investors. However, such KKR Funds, Other Clients and other co-investors expected to participate in a potential investment generally will not be parties to such undertakings or commitments. Therefore, the funding obligation under an equity commitment letter or similar undertaking and any related commitment as well as the risk of loss with respect to any deposit will remain the primary obligation and risk of the Flagship Vehicle, and any other KKR Funds, Other Clients or other co-investors participating in the relevant investment will be liable only for their respective shares of the funding obligation or deposit as determined under KKR's policies and procedures as and when, and to the extent that they enter into a joinder or other equity commitment undertaking, which (if entered into) typically will not occur until after signing of the relevant transaction documents.

KKR proprietary Balance Sheet entities and/or KKR Funds will, from time to time, fund the portion of an investment expected to be syndicated to co-investors to the extent such co-investors have not agreed to participate and fund on or prior to closing. Generally, investments syndicated to co-investors post-closing are transferred at cost and without an interest charge or other cost of capital charge. KKR Funds are expected to fund investments, including investments acquired on a temporary basis pending syndication to co-investors, using drawdowns under the KKR Fund's subscription credit facility (to the extent available). Therefore, a KKR Fund will bear the interest expenses on such borrowed amounts and typically will not be reimbursed for such expenses when interests are transferred to co-investors or when receiving the benefit of any accrued preferred return. The determination as to whether KKR proprietary Balance Sheet entities will fund all or any portion of an investment that is expected to be syndicated to co-investors will be made by KKR based on the interests of the Balance Sheet, including the likelihood of successfully syndicating the investment and the potential for affiliates of KKR to earn syndication fees in connection with placing the investment with co-investors (which fees are not earned by KKR or its affiliates where investments are syndicated by a KKR Fund) or, conversely, the risk of a failed syndication and retention of the investment (see "*Participation of Affiliated Broker-Dealers in KKR Fund or Other Client Transactions*" above). As such, the Balance Sheet will have an incentive not to agree to fund the portion of investments allocated to co-investors where the post-closing syndication is expected to be challenging or subject to significant risk of failure. If KKR proprietary Balance Sheet entities do not fund all or any portion of the amount of an investment allocated to co-investors, it is expected that KKR Funds will fund such amounts (subject to the limitations set forth in their governing documents). KKR Funds therefore will bear the risk that co-investors do not purchase some or all of such investment and the risk of a more concentrated exposure to the relevant investment than was originally desired.

The voting, control and governance rights with respect to an investment in which KKR Funds, Other Clients, KKR proprietary entities, KKR and/or co-investors participate are structured in a number of different ways depending upon various considerations relating to the specific investment and the entities participating. For example, voting rights could be allocated pro rata to the participants in an investment in accordance with their respective equity interests or on a disproportionate basis to one or more of the participants. In many cases, the Flagship Vehicle participating in an investment will 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 equity in the portfolio company or the entity through which a portfolio company is controlled. It is possible that structuring investments in this manner could expose a KKR Fund or Other Client to greater risk of liability than would be the case if a KKR GP (or similar entity) of an aggregating vehicle were owned pro rata by all equity participants. Similarly, KKR proprietary entities could 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 could be a limited liability company) even where the KKR Funds (or Other Clients or third party co-investors) own a majority of the economics or equity in the entity. Where KKR proprietary entities or a KKR Fund or Other Client or other co-investors have interests or requirements that do not align with those of a different KKR Fund or Other Client, including in particular differing liquidity needs or desired investment horizons, conflicts of interest relating to the manner in which the voting or governance rights of an aggregating entity (or similar entity) are exercised, will in certain cases arise, potentially resulting in an adverse impact on a KKR Fund or Other Client.

KKR Funds will from time to time provide interim financing to, or make investments that are intended to be of a temporary nature in securities of, a portfolio company in connection with or subsequent to a portfolio investment by such KKR Funds in such portfolio company (each, a “Bridge Investment”). Bridge Investments could be syndicated to one or more co-investors to the extent such co-investors are not in a position to participate in the relevant co-investment opportunity on or prior to the closing of the KKR Fund’s investment therein. Generally, investments syndicated to co-investors post-closing (including Bridge Investments) are expected to be transferred at cost and without an interest charge or other cost of capital charge payable to KKR Funds. KKR Funds are expected to fund Bridge Investments using drawdowns under a KKR Fund’s subscription credit facility (to the extent available). KKR Funds will bear the interest expenses on such borrowed amounts and typically will not be reimbursed for such expenses when interests are transferred to co-investors, nor will co-investors reimburse the KKR Fund or otherwise bear any other costs and expenses incurred by KKR Funds in connection with these borrowings or in connection with establishing the subscription facility, including without limitation any upfront fees, undrawn fees or associated legal costs or expenses. Further, to the extent that capital contributions are not called from investors for the making of a Bridge Investment due to use of the KKR Fund’s subscription credit facility or any capital contributions that are called from the investors for a Bridge Investment are returned within a designated time period (i.e., 180 days), such investors will not receive the benefit of any accrued preferred return on amounts invested in Bridge Investments that are subsequently syndicated to co-investors. If a transaction fee is paid in connection with an investment where there is a Bridge Investment, then the KKR Fund will be allocated a portion of any transaction fee based on its aggregate funding at closing of the investment (i.e., both its long-term hold amount and any Bridge Investment amount). If there is insufficient co-investor demand and the full amount bridged by the KKR Fund and the Balance Sheet in the aggregate is not syndicated, the KKR Fund will be left with a more concentrated exposure to the relevant investment than was originally desired.

Investments in Marketable Securities

From time to time, certain KKR Funds and Other Clients are 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 provides the potential for an immediate profit. As a result, all investments in new issues subject to FINRA Rules 5130 and 5131 will be allocated pro rata only to those KKR Funds, Other Clients or KKR proprietary entities qualified to invest in such new issues. The determination of the eligibility of a KKR Fund, Other Client, or KKR proprietary entity to invest in new issues will be made by KKR’s legal and compliance department through, among other things, questionnaires contained in subscription agreements or other documentation or confirmation obtained from investors therein designed to elicit specific information regarding investor eligibility.

Balance Sheet Investments

Investments by the Balance Sheet are described above under “**KKR Purchases/Sales of Securities Recommended to KKR 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 Fund or Other Client. As such, strategic investments and operational funding activities are not typically allocated to KKR Funds or Other Clients. The Balance Sheet's opportunistic investments, however, are also allocated to relevant KKR Funds and Other Clients (see discussion below regarding examples of such investments). Please see also "**KKR Purchases/Sales of Securities Recommended to KKR Funds and Other Clients – Proprietary Investments**" for a discussion of the Balance Sheet Guidelines and "**Allocations of Investment Opportunities**" above for further information regarding KKR's allocation procedures with respect to certain co-investments by KKR alongside KKR 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 Fund or Other Client or that have been declined by the investment committee of a relevant KKR Fund. For example, in the past the Balance Sheet has made certain Seed Investments for the real estate, and technology, media and telecommunications and health care growth equity strategies, which were below the equity investment size threshold targeted by KKR private equity funds. The Balance Sheet has also invested in a pre-existing portfolio company by acquiring interests from a KKR Fund alongside those investors in the KKR Fund who elected to continue to hold their interest in the portfolio company through a separate KKR-managed vehicle with longer duration than the KKR Fund. Such investments by their nature would not have been allocated to KKR Funds or Other Clients given the investment mandates of KKR Funds and Other Clients at that time. However, such investments, if opportunistic in nature, are offered for co-investment alongside the Balance Sheet to certain KKR Funds that are 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 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 Fund.

Other Conflicts of Interest

Side Letters

A KKR Fund, KKR GP or another KKR affiliate enters into side letters or other similar agreements with particular investors in such KKR Fund without the approval or vote of any other investor, which generally have the effect of establishing rights under, altering or supplementing the terms of such KKR Fund's governing documents 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 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 side letters or other similar agreements include, without limitation: (i) excuse rights applicable to particular investments (which, if applicable, generally 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 GP; (iii) waiver of certain confidentiality obligations; (iv) consent of the KKR GP to certain transfers by such investors or other exercises by the KKR GP of its discretionary authority under a KKR Fund's governing documents; (v) withdrawal rights due to legal, regulatory or policy matters, including matters related to political contributions, gifts or other such policies; (vi) other rights or terms necessary in light of particular legal, tax, regulatory or policy characteristics or requirements of an investor; (vii) rights with respect to investments in successor KKR Funds; or (viii) additional obligations, and restrictions on KKR Funds or Other Clients with respect to the structuring of any investment (including with respect to alternative vehicles).

“Most Favored Nation” Provisions

“Most favored nation” provisions or “MFNs” in side letters entered into between a KKR Fund, KKR GP or another KKR affiliate and particular investors in KKR Funds provide that such investors will be entitled to elect certain more favorable rights or privileges granted to other investors in the relevant KKR Fund under separate side letters. MFNs are generally granted to investors in KKR Funds on the basis of the size of their respective investments in such KKR Funds. Thus, a MFN potentially allows a KKR Fund investor to obtain benefits under other KKR Fund investors’ side letters that have committed lower amounts to the KKR Fund, subject to certain limits, or “carve-outs,” curtailing the provisions that a KKR Fund investor can elect from such side letters. Certain economic benefits or rights are excluded from the MFN provisions of certain KKR Funds, including (i) any rights or economic benefit established in favor of a KKR GP or its affiliates, (ii) any economic benefit in respect of co-investment opportunities, (iii) any limitation on indemnification applicable to a U.S. governmental plan (or comparable non-U.S. governmental entity) to the extent required by applicable legal, regulatory or policy restrictions, (iv) the confidential treatment of the identity of an investor in a KKR Fund or Other Client, and (v) economic benefits in favor of strategic partnerships and comparable arrangements, as described below. To the extent that a KKR GP or a KKR Fund or Other Client agrees with one or more investors to limitations on indemnification or to modifications of release, exculpation or waiver provisions, the KKR Fund or Other Client could be adversely affected to the extent any such limitation or modification were subsequently to limit the recourse of the KKR Fund or Other Client against such investors or were to allow for recourse by such investors against the KKR Fund or Other Client.

Strategic Partnerships and Other Arrangements

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

KKR has established, and expects that in the future it will establish, strategic partnerships, accounts or other multi-strategy or multi-asset class arrangements or investment programs for investors that commit capital to a range of KKR’s platform of products, investment ideas and asset classes (including the investment strategy of an existing KKR Fund). Such arrangements will generally (subject to applicable terms) include KKR granting certain preferential terms to such investors, including blended fee and carried interest rates that are lower than those applicable to a KKR Fund when applied to the entire strategic partnership, rights to participate in the investment review and evaluation process, specialized reporting and training by KKR of personnel from the investor, including secondment of personnel from the investor to KKR (or vice versa). Where such investors participate in a KKR Fund through dedicated investment vehicles or accounts as part of such arrangements, such vehicles and accounts will generally (subject to applicable terms) be granted terms, including management fees or carried interest, that are more favorable 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 Fund by such vehicles or accounts could be smaller than other investors’ capital commitments to such KKR Fund. Where management fees and carried interest are applicable at the level of such vehicles and accounts, such terms will generally (subject to applicable terms) include a waiver of management fees and carried interest on their investment in a KKR Fund. The foregoing preferential terms are not expected to be subject to the MFN provisions of any relevant KKR Fund and are

therefore expected to be unavailable to investors in such KKR Fund that have not entered into strategic partnerships with KKR.

KKR also establishes other KKR Funds that pursue similar investments and strategies to the relevant KKR Fund and permits such other KKR Funds and any other third party co-investors to co-invest in investments made by such relevant KKR Fund. The terms applicable to such other KKR Funds and co-investors, including management fees or carried interest, are often more favorable than those applicable to the relevant KKR Fund (and sometimes include no or reduced fees and/or carried interest). The foregoing preferential terms are similarly not expected to be subject to the MFN provisions of any relevant KKR Fund and are therefore expected to be unavailable to investors in such KKR Fund that have not entered into such arrangements with KKR.

General Partner's Interest; Fees

A KKR GP's entitlement to receive carried interest distributions (particularly where a KKR Fund contains a preferred return for the benefit of investors) or comparable arrangements with any Other Client creates an economic incentive for the KKR GP and KKR to make riskier or more speculative investments on behalf of KKR Funds than would be the case in the absence of this arrangement. The payment by some, but not all, KKR Funds of carried interest or the payment of carried interest at varying rates (including varying effective rates based on the past performance of a KKR Fund) could create an incentive for KKR to disproportionately allocate time, services or functions to KKR Funds paying carried interest or paying carried interest at a higher rate, or allocate investment opportunities to such KKR Funds. Recently enacted U.S. reform tax legislation requires KKR GPs to hold an investment for more than three years in order for the carried interest related to such investment to be treated as long-term capital gains for tax purposes. This lengthened hold period could result in a conflict between KKR's interests and the interests of investors with respect to the sequence and timing of disposals of investments. Investors in KKR Funds and Other Clients generally are eligible for long-term capital gains treatment after a holding period of only one year. Please see Item 8 – **"Methods of Analysis, Investment Strategies and Risk of Loss – U.S. Tax Reform"** for further information.

Each KKR GP will be responsible for the valuation of a KKR Fund's investment, and KKR GPs typically do not receive carried interest until the limited partners receive distributions equal to their share of writedowns not taken into account in prior distributions. Each KKR GP, therefore, has a conflict of interest with respect to such valuations because the amount of carried interest to which such KKR GP is entitled with respect to the KKR Fund, and the timing of its receipt of carried interest, will depend in part on the value of the investments that continue to be held by the KKR Fund. Further, in the "catch-up" period (if any) that occurs after investors have received the applicable preferred return, the KKR GP is incentivized to bring realizations forward and lock in returns (and stop the accrual of the preferred return), even though the KKR Fund might achieve a higher overall return if it had realized the investment at a later date. Finally, a KKR GP could be motivated to overstate valuations in order to improve a KKR Fund's track record or to minimize losses from writedowns that need to be returned in accordance with the terms of the relevant KKR Fund prior to the KKR GP's receiving carried interest. KKR has valuation policies and procedures in place to protect against such conflicts of interest.

In addition, in the event that any KKR Fund makes any distribution in kind to investors or to any investor in particular, the fair market value of such property will be determined by the relevant KKR GP. If the valuations made by the KKR GP are incorrect (including both with respect to an in kind distribution or with respect to the fair value of investments that continue to be held by the KKR Fund), the carried interest received by such KKR GP, or the timing of receipt of carried interest, could also be incorrect. An independent valuation or appraisal generally will not be required and is not expected to be obtained in

connection with in kind distributions. In certain circumstances, a KKR Fund is permitted to make a distribution in-kind to all investors in the KKR Fund.

A KKR GP is in certain cases permitted to elect to receive an in-kind distribution in lieu of a cash distribution with respect to carried interest or other amounts distributable to such KKR GP with respect to a portfolio investment of a KKR Fund. In such circumstances, notwithstanding the KKR GP's election to receive its share of the investment in-kind, it is generally expected that the KKR Fund would dispose of the portion of the investment allocable to the investors and distribute cash unless investors exercise any right they have to elect an in-kind distribution pursuant to the KKR Fund's governing documents.

The decision of the KKR GP to receive such an in kind distribution will result in such KKR GP (or its direct or indirect owners) disposing of its investment at a different time than the disposition by the KKR 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 Fund with respect to the portion of the investment allocable to investors in the KKR Fund. A KKR GP (or its direct or indirect owners) could 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 Fund.

Under certain circumstances, a KKR proprietary entity seeks to hold a co-investment interest when a KKR 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 Funds and Other Clients prior to doing so and would endeavor to determine whether there would be a negative impact on the valuations of KKR Funds or Other Clients prior to implementing a hold strategy for a KKR proprietary account. Such variations in timing of investment dispositions could result in KKR proprietary entities achieving better investment performance than KKR Funds and Other Clients.

The payment of management fees will also give rise to certain conflicts of interest. Management fees payable after a KKR Fund's or Other Client's investment period terminates are typically based on the cost basis of invested capital, which generally includes any amounts borrowed by KKR Funds or Other Clients, as of the last day of the most recently ended calendar quarter. Post-investment period management fees will increase to the extent that the relevant KKR Fund or Other Client has invested more capital. As a result, the method of calculating the management fees will create an incentive for a KKR GP (or KKR) to seek to draw down and deploy more capital (or more capital more quickly) or to borrow more than it would otherwise. Furthermore, the method of calculating management fees will create an incentive for a KKR GP (or KKR) to cause the relevant KKR Fund (or Other Client) to hold on to investments that have poor prospects for improvement in order to receive ongoing management fees and a potentially larger carried interest distribution.

Service Providers

Certain advisors and other service providers, or their affiliates (including accountants, administrators, lenders, bankers, brokers, attorneys, consultants, and investment or commercial banking firms), to a KKR Fund or Other Client and its portfolio companies also provide goods or services to or have business, personal, political, financial or other relationships with the general partner of such fund, KKR or its affiliates or employees. Such advisors and service providers are sometimes investors in (or investments of) KKR Funds, Other Clients or KKR & Co., sources of investment opportunities for KKR, KKR Funds or Other Clients, or could otherwise be co-investors with or counterparties to transactions involving the foregoing, and payments by such KKR Funds and/or portfolio companies could indirectly benefit KKR or

such other KKR Funds or Other Clients. These relationships could influence a KKR GP and KKR in deciding whether to select or recommend any such advisor or service provider to perform services for a KKR Fund or Other Client or a portfolio company (the cost of which will generally be borne directly or indirectly by such KKR Fund or Other Client or its portfolio company, as applicable).

Notwithstanding the foregoing, KKR GPs and KKR will generally seek to engage advisors and service providers in connection with investment transactions for KKR Funds or Other Clients that require their use on the basis of the overall quality of advice and other services provided as well as cost, the evaluation of which includes, among other considerations, such service provider's provision of certain investment-related services and research that a KKR GP believes to be of benefit to the KKR 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. However, relevant comparisons might not be available for a number of reasons, including, without limitation, as a result of a lack of a substantial market of providers of users of such services or the confidential and/or bespoke nature of such services.

With respect to service providers, for example, the fee for a given type of work will 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 Funds, Other Clients and portfolio companies are different from those used by KKR, its affiliates or their respective employees, KKR, its affiliates or their respective employees could end up paying different amounts or rates than those paid by the KKR Funds, Other Clients and portfolio companies. However, it is KKR'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 Funds, Other Clients or portfolio companies for the same services. In connection with such relationships, KKR GPs will make determinations of which service providers to use based on its consideration of a number of factors, which are generally expected to include the KKR GP's experience with relevant service providers and the overall quality of the services they provide.

In addition, certain advisors and service providers (including law firms) temporarily provide their personnel to KKR or its affiliates, KKR Funds, Other Clients or portfolio companies pursuant to various arrangements, including at cost or at no cost. While often the KKR Funds and Other Clients and their portfolio companies are the beneficiaries of these types of arrangements, KKR is from time to time the beneficiary of these arrangements as well, including in circumstances where the advisor or service provider also provides services to the KKR Fund or Other Client in the ordinary course. Such personnel often provide services in respect of multiple matters, including in respect of matters related to KKR, their affiliates and/or portfolio companies.

Third Party Placement Agents

KKR from time to time enters into arrangements with third parties to raise capital for a KKR Fund or Other Client. Such placement agents generally receive a flat fee or a percentage of the investments they bring to the respective KKR Fund or Other Client. KKR generally bears such fees instead of KKR Funds and Other Clients. Basing the placement agent's compensation on an investor's decision to invest could create a conflict of interest by incentivizing the placement agent to attract investors to a KKR Fund or Other Client even if it is not in the investors' best interests to subscribe.

Interpretation of Governing Documents and Legal Requirements

The governing and related documents of each KKR Fund or Other Client are detailed agreements that establish complex arrangements among KKR, the investors, the KKR 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 might not have considered while

drafting and executing these agreements. In these instances, the applicable provisions of the agreements, if any, could be broad, general, ambiguous, or conflicting, and permit more than one reasonable interpretation. At times, there will not be provisions directly applicable to the situation at hand. While the relevant agreements will be construed in good faith and in a manner consistent with KKR's legal obligations, the interpretations adopted by KKR will not necessarily be, and need not be, the most favorable interpretations for KKR Funds or Other Clients or their investors.

Multiple Clients

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

KKR will receive various kinds of portfolio company data and information (including from portfolio entities of KKR Funds and Other Clients), including information relating to business operations, trends, budgets, customers and other metrics. KKR believes that access to this information will further the interests of limited partners by providing opportunities for operational improvements across portfolio companies and for KKR to utilize such information in connection with the investment management activities of KKR Funds and Other Clients. Subject to applicable confidentiality requirements and applicable law and KKR's policies and procedures on the proper handling of private and confidential information, KKR will at times also utilize such information outside of the activities of KKR Funds and Other Clients in a manner that could provide a material benefit to KKR Funds or Other Clients, or to KKR or KKR affiliates in which KKR Funds or Other Clients would not participate. In addition, the acquisition of confidential or non-public information could also limit the ability of KKR Funds and Other Clients to buy or sell particular securities. The benefits received by KKR or KKR affiliates from any such arrangements will not offset management fees or otherwise be shared with investors.

Advisory Committees

Certain KKR Funds or Other Clients have advisory committees that consist of the representatives of certain investors in such KKR Funds or Other Clients. Any approval or consent given by such advisory committees is generally binding on such KKR 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 has adopted investment allocation policies and procedures and a conflict of interest policy to mitigate potential conflicts of interest among KKR Funds and Other Clients, advisory committee members could 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 Fund or Other Client.

Common Advisors

KKR Funds, Other Clients, certain co-investment vehicles, KKR Associates Vehicles, and KKR Credit 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 Funds, Other Clients, certain co-investment vehicles, KKR Associates Vehicles, and KKR Credit Funds, such as in a work-out or other distressed situation, separate representation could become desirable, and in litigation and other circumstances, separate representation could be required. Legal counsel and other advisors who advise KKR Funds and Other Clients also routinely represent KKR and KKR affiliates in various matters. Partners of the law firms and other advisor and service providers engaged to represent KKR Funds, Other Clients, certain co-investment vehicles, KKR Associates Vehicles and KKR Credit Funds are in certain cases, directly or indirectly, investors in such funds, and could 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'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 Funds and Other Clients, if applicable, 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's view, the transaction represents the best overall qualitative and quantitative execution for the KKR Fund or Other Client. KKR'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 generally considers a 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;
- whether the broker-dealer is making a market in a particular issuer;
- 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.

Accordingly, although KKR will seek competitive commissions and spreads, it will not necessarily obtain the lowest possible rates for KKR Fund or Other Client transactions. The commissions, spreads, or other transaction or financial advisory fees charged by an executing broker-dealer will in certain cases be higher or lower than those charged by other broker-dealers.

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

Research and Other Soft Dollar Benefits

Pursuant to KKR's current 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 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 provide KKR or its affiliates with proprietary research and other products and services, which KKR could use to service all KKR Funds or Other Clients. KKR 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 Fund or Other Client to "pay up" for such research, services or products and such research, products and services are not a factor considered by KKR in directing client transactions to such broker-dealers. KKR does not cause KKR 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 on behalf of KKR Funds or Other Clients on terms specifically negotiated by KKR with such companies or the seller of such companies.

In certain jurisdictions, such as the United Kingdom and Ireland, KKR's locally-regulated affiliates are required to pay for research services they consume in order to comply with MiFID II standards as implemented by the relevant local financial services regulator. The purpose of the MiFID II standards regarding research consumption is to ensure there is a clear delineation between commissions paid for trading services and the provision of research. KKR is of the view that this aligns with KKR's approach to soft dollar arrangements discussed above as it ensures that the provision of research is not a consideration when deciding where to direct client transactions.

Brokerage for Client Referrals

KKR does not consider, in selecting or recommending broker-dealers, whether it or a related person receives client referrals from a broker-dealer or a third party.

Directed Brokerage

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

Aggregation of Client Orders (Bunched Trades)

In order to minimize execution costs and obtain best execution for KKR Fund or Other Client transactions in Marketable Securities, KKR bunches certain orders for KKR Funds and Other Clients (subject to KKR's obligation to obtain best execution and otherwise treat KKR Funds in a fair and equitable manner). Allocations of bunched trades are made consistent with KKR's allocation policies and procedures described above in Item 11.

Item 13 Review of Accounts

KKR has an internal structure which allocates responsibility for oversight of KKR Fund or Other Client portfolios and/or specific KKR Fund or Other Client portfolio investments to appropriate investment professionals or investment committees. Each investment committee generally consists of the co-CEOs of KKR & Co. and regional business heads or other senior investment professionals. The composition of any investment committee will change from time to time.

Potential investments (other than third party fund investments) are canvassed and preliminarily discussed at regular meetings of the relevant investment committee. Teams of KKR's investment professionals ("Investment Teams") responsible for identifying and conducting due diligence on each investment will present the investment to the relevant investment committee, which will make the final investment decision with respect to the investment opportunity. Following the acquisition of an investment, it is monitored on an ongoing basis by the relevant Investment Team or the appropriate portfolio management committee. Each portfolio management committee meets periodically, designating a number of Investment Teams on a rotating basis for presentation of their respective portfolio companies. The composition of any portfolio management committee will change from time to time.

Employees also provide strategic oversight of the investments of certain KKR Funds (including investment vehicles established for a single investor) and Other Clients outside of an investment committee structure in accordance with the governing documents of such KKR Funds or Other Clients.

The nature and frequency of regular reports to KKR Funds or Other Clients and to investors in KKR Funds or Other Clients depends on the terms of the governing documents of such KKR Funds or Other Clients and/or the requirements of any exchange or market on which their securities are admitted to trade. Typically investors in KKR 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 in Item 5 and Item 10, Employees, Affiliated Brokers, KKR Capstone (and other KKR affiliates), RPM and other Consultants receive economic benefits from KKR Funds, Other Clients and portfolio companies of KKR Funds and Other Clients.

Please see Item 5 with respect to monitoring fees (including NPV Payments), transaction fees (including financial advisory fees), breakup fees, and other compensation and expense reimbursement.

Please see Item 5 with respect to directors' fees for Employees, RPM employees, and Senior Advisors (or Industry Advisors) serving on boards of portfolio companies.

Please see Item 5 with respect to compensation received by Affiliated Brokers.

Please see Item 5 with respect to KKR Funds, Other Clients and portfolio companies of KKR Funds or Other Clients and fees and/or servicing payments payable to KKR, its affiliates, or RPM (or other Consultants).

Compensation to Non-Supervised Persons for Client Referrals

KKR from time to time enters 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. KKR 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 receive compensation from KKR, 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 can be terminated by either party from time to time. The cost of any such fees will be borne entirely by KKR and not by any affected client.

Item 15 **Custody**

KKR generally has custody of the assets of KKR Funds. Such KKR Funds and their investors receive annual audited financial statements from the KKR Funds' auditor. KKR would not generally have custody of the assets of Other Clients where the investment management relationship consists of an investment management agreement directly with an investor. In such situations, one or more third parties (typically financial institutions selected by the investor) have sole custody of the investor's assets. KKR has no such investment management relationships as of December 31, 2018.

Item 16 **Investment Discretion**

KKR, through the KKR GPs, generally has discretionary authority based on its management agreements with each KKR Fund and the governing documents of each KKR Fund to buy and sell securities or other investments on behalf of the KKR Funds and to determine the amount of such investments to be bought and sold. The terms upon which KKR serves as investment manager of a KKR Fund are established at the time each KKR Fund is established and are generally set out in the governing documents entered into by KKR with respect to the relevant KKR Fund, and disclosed in the offering or disclosure documents for the relevant KKR Fund, as applicable. These terms, which vary as among each KKR Fund, potentially restrict KKR's advice concerning investment in certain securities or types of securities, geographies, and leverage. Typically, the governing documents of the KKR Funds contain limited investment restrictions and requirements as to diversification of fund investments, either by geographic region or asset type.

For Other Clients and certain other investment vehicles established for a single investor, KKR would negotiate the level of investment discretion with the client at the outset of the advisory relationship.

In addition to the conflicts of interest described under Item 11, as a general matter, it is expected that KKR will, from time to time, exercise its investment discretion to give advice or take action with respect to the investments held by, and transactions of KKR Funds, Other Clients or KKR proprietary entities that is 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 Funds, Other Clients or KKR proprietary entities. Such different advice and/or inconsistent actions could be due to a variety of reasons, including, without limitation, differences between the investment objectives, programs, strategies and tax treatment of certain KKR Funds, Other Clients or KKR proprietary entities or the regulatory status of other KKR Funds or Other Clients and any related restrictions or obligations imposed on KKR as a fiduciary thereof. Such advice and actions could adversely impact KKR Funds and Other Clients.

Item 17 **Voting Client Securities**

KKR has adopted policies with respect to voting public equity securities held by KKR Funds or Other Clients (i.e., investments in Marketable Securities). Such voting decisions with respect to client investments generally will be made by the relevant investment professionals. It is the general policy of KKR to vote client proxies in the interest of maximizing shareholder value. To that end, KKR will vote in a way that it believes is consistent with its obligations to the KKR Funds, and will cause the value of the relevant investment to increase the most or decrease the least.

KKR recognizes that there will in certain cases be a potential conflict of interest when voting a proxy solicited by an issuer that is an investor in a KKR Fund or with whom KKR has another business relationship that could affect how it votes the issuer's proxy. KKR has adopted policies to address these and other issues that could give rise to a conflict, including referring the matter to KKR's Compliance Group to address issues raised from potential conflicts. KKR could depart from these guidelines in order to

avoid voting decisions believed to be contrary to the best interests of the KKR Funds or if it has agreed otherwise with the relevant client.

A KKR Fund or investor in a KKR Fund can obtain a copy of KKR's proxy voting policies and procedures and information on how KKR voted proxies on behalf of such party on written request to KKR.

Item 18 Financial Information

KKR 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 is currently aware that would impair KKR's ability to meet contractual commitments to its clients.

Item 19 Requirements for State-Registered Advisers

KKR is not registered with any state securities authorities.