

KKR

KKR Private Equity (K-PRIME) Fund (AUD) Class B Units

ARSN 666 531 184 | APIR CHN0407AU
Product Disclosure Statement
28 April 2023

Issued By: Responsible Entity Channel Investment
Management Limited ABN 22 163 234 240
AFSL 439007

Important Information

This is an important document which should be read in its entirety before making any investment decision in relation to the Fund. You should obtain independent advice if you have any questions about any of the matters contained in this product disclosure statement.

This document is a product disclosure statement ('PDS') for the purposes of Part 7.0 of the Corporations Act. This PDS in respect of the KKR Private Equity (K-PRIME) Fund (AUD) ARSN 666 531 184 has been prepared and is issued by Channel Investment Management Limited ACN 163 234 240 ('CIML', 'Responsible Entity', 'RE', 'we', 'us', and 'our') as responsible entity and manager of the Fund. The administrator of the Fund, and the registrar of the Fund is Apex Fund Services Pty Ltd ('Apex' or 'Fund Administrator').

Units issued under this PDS will be issued by the Responsible Entity on the terms and conditions set out in the constitution of the Fund and in this PDS.

This PDS is dated 28 April 2023.

This PDS is intended solely for the use of the person to whom it has been delivered for the purpose of evaluation of a possible investment by the recipient in Class B units in the Fund ('Units') described in it and is not to be reproduced or distributed to any other person (other than professional advisers of the prospective investors so receiving it). The offer under this PDS is available to (i) wholesale clients (as defined in section 761G of the Corporations Act 2001 (Cth)), and (ii) Investors investing through an investor directed portfolio service, master trust, wrap account or an investor directed portfolio service-like scheme ('IDPS'); and to whom the Responsible Entity or Kohlberg Kravis Roberts & Co. L.P. (the 'Underlying Fund Investment Manager' or together with its affiliates 'KKR') has notified as being eligible to participate in the offer and who have received this PDS (electronically or otherwise) within Australia. Applications from outside Australia, or from applicants whom the Responsible Entity or KKR has not notified as being eligible to participate in the offer, may not be accepted. The offer under this PDS is not available directly to Investors who are not wholesale clients, and such Investors may only invest indirectly in the Fund through an IDPS.

The information in this PDS is general information only and is not a recommendation to invest. It does not take into account your individual objectives, tax and financial situation or particular needs or circumstances. Prospective investors should read and understand this PDS in its entirety, rely upon their own enquiries and take their own financial and taxation advice in deciding whether to invest. This PDS should be read in conjunction with the constitution of the Fund, which is available from us upon request.

Information in this PDS is subject to change from time to time. Information regarding the Fund that is not materially adverse may be updated without issuing a new or supplementary PDS. Such updated information may be obtained from the Fund's website at www.channelcapital.com.au. A paper copy of any updated information will be provided on request free of charge on request from CIML. In accordance with its obligations under the Corporations Act, the Responsible Entity may issue a supplementary PDS to supplement any relevant information not disclosed in this PDS. You should read any supplementary disclosures made in conjunction with this PDS prior to making any investment decision.

An investment in the Fund is an interest in a registered managed investment scheme, and is not a bank deposit, bank security or other bank liability. In considering whether to invest in the Fund, prospective investors should consider the risks that could affect the financial performance of the Fund. Some of the risks affecting the

Fund are summarised in section 6 of this PDS.

An investment in the Fund is not a deposit with, or liability of, CIML or any other company of the Channel Capital group. It is subject to investment risk, including possible delays in repayment and loss of income and principal invested. None of CIML, KKR, the custodian, the Fund Administrator or their related entities, shareholders, directors or officers guarantees the performance of the Fund, the return of an Investor's capital or any specific rate of return.

No person is authorised by the Responsible Entity to give any information or make any representation in connection with the Fund that is not contained in this PDS. Any information or representation that is not contained in this PDS may not be relied on as having been authorised by the Responsible Entity.

KKR have not been involved, except as otherwise stated in section 11.6, in the preparation of this PDS and do not accept any responsibility or liability for any information contained in this PDS. In addition, KKR is not involved in the investment decision-making process for the Fund.

Certain information contained in this PDS may constitute "forward-looking statements" that can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "estimate," "target," "intend," "continue," or "believe" or the negatives thereof or other variations thereon or comparable terminology.

Furthermore, any projections or other estimates in this PDS, including estimates of returns or performance, are "forward-looking statements" and are based upon certain assumptions that may change. Due to various risks and uncertainties, including those set out under risks affecting the Fund summarised in section 6 of this PDS, actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements. The forward-looking statements included in this PDS involve subjective judgment and analysis and are subject to uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, CIML and KKR. Actual future events may vary materially from the forward-looking statements and the assumptions on which those statements are based. Given these uncertainties, Investors are cautioned to not place undue reliance on such forward-looking statements. Any estimate, forecast, projection, feasibility, cash flow or words of a similar nature or meaning in this PDS are forward-looking statements and subject to this disclaimer.

Past performance is not a reliable indicator of future performance.

The Responsible Entity has authorised the use of this PDS as disclosure to Investors and prospective investors who invest directly in the Fund, as well as Investors and prospective investors of an IDPS. This PDS is available for use by persons applying for Units through an IDPS ('Indirect Investors').

The operator of an IDPS is referred to in this PDS as the IDPS operator and the disclosure document for an IDPS is referred to as the IDPS guide. If you invest through an IDPS, your rights and liabilities will be governed by the terms and conditions of the IDPS guide. Indirect Investors should carefully read the IDPS guide before investing in the Fund. Indirect Investors should note that they are directing the IDPS Operator to arrange for their money to be invested in the Fund on their behalf. Indirect Investors do not become Investors in the Fund or have the rights of Investors. The IDPS operator becomes the

Investor in the Fund and acquires these rights. The IDPS operator can exercise or decline to exercise the rights on an Indirect Investor's behalf according to the arrangement governing the IDPS. Indirect Investors should refer to their IDPS guide for information relating to their rights and responsibilities as an Indirect Investor, including information on any fees and charges applicable to their investment. Information regarding how Indirect Investors can apply for Units in the Fund (including an application form where applicable) will also be contained in the IDPS guide. CIML accepts no responsibility for IDPS operators or any failure by an IDPS operator to provide Indirect Investors with a current version of this PDS or to withdraw the PDS from circulation if required by CIML.

Please ask your adviser if you have any questions about investing in the Fund (either directly or indirectly through an IDPS).

Any photographs, images, charts and diagrams in this PDS are for illustrative purposes only and may not represent any current or proposed investments of the Fund.

All amounts quoted in this PDS are in Australian Dollars ('AUD') unless stated otherwise.

Capitalised terms have the meaning given to those terms in section 14 of this PDS, unless the context otherwise requires.

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1. Key Fund information

This table contains a summary of the key features of the Fund and should be read in conjunction with the more detailed information appearing elsewhere in this PDS. You should read the PDS in full before deciding whether to invest. Please refer to the Glossary (section 14) for definitions of terms. For further information on the key features and service providers, please refer to the sections noted below. If you are in doubt as to the course you should follow, please consult your professional advisers.

Fund Features	Summary	Section
Responsible Entity	Channel Investment Management Limited ACN 163 234 240 AFSL 439007 ('CIML', 'Responsible Entity', 'RE', 'we', 'us', and 'our')	2
Fund Name	KKR Private Equity (K-PRIME) Fund (AUD) (ARSN: 666 531 184) (the 'Fund')	
Underlying Fund	KKR Private Markets Equity Fund SICAV SA – I, being a sub-fund of the KKR Private Markets Equity Fund SICAV SA (the 'Underlying Fund' or 'K-PRIME Feeder')	3
Underlying Fund Investment Manager	Kohlberg Kravis Roberts & Co. L.P. (the 'Underlying Fund Investment Manager' or together with its affiliates 'KKR')	3
Investment objective and strategy	<p>The Fund seeks to obtain medium to long-term capital appreciation via investments in or to global private equity investments.</p> <p>The Fund aims to provide an actively managed AUD hedged exposure to a diversified portfolio of private equity investments, via the Underlying Fund. For more information about the investment structure, please refer to section 4 of this PDS.</p> <p>The Fund may not be successful in achieving the investment objective.</p>	4
Underlying Fund investment program	<p>The K-PRIME Feeder, as part of the K-PRIME investment program, provides an innovative access tool for Investors to gain exposure primarily to KKR's industry leading institutional private equity platform, with the ability to participate indirectly in all current and future KKR managed private equity strategies (which include traditional private equity, middle market, growth equity, core investments and global impact) with the objective of creating a dynamically managed portfolio diversified by sector, industry, geography and vintage.</p> <p>'K-PRIME' refers to an investment program operated by KKR designed to enable investors to obtain access to different investment entities managed by KKR. K-PRIME Feeder (the Underlying Fund in which the Fund will invest) will invest substantially all of its assets into one sub-fund of K-PRIME Master (a master fund organised under Luxembourg law) which in turn will invest its assets into a subsidiary entity called K-PRIME Aggregator (an Ontario limited partnership). K-PRIME Aggregator will invest in or alongside other funds managed by KKR in order to indirectly gain exposure to their investments.</p>	4

Fund Features	Summary	Section
Authorised investments	<p>The Fund intends to invest in the following:</p> <ul style="list-style-type: none"> • Shares in the Underlying Fund; and • Cash (for short-term Fund operations). <p>Authorised investments of the Underlying Fund include, but are not limited to:</p> <ul style="list-style-type: none"> • KKR managed private equity funds; • other funds managed by KKR or third-party fund managers; • capital commitments to commingled, blind pool funds managed by KKR or third-party fund managers; • investments in companies and other private assets, directly or through intermediate entities; • debt investments, including but not limited to, preferred and/or structured equity investments, opportunistic credit, mezzanine debt investments and high performing debt strategies; • cash and cash equivalents, including but not limited to, U.S. and European syndicated loans and high-yield debt; and • derivative instruments used to hedge foreign currency risk. <p>For more information about these authorised investments, please refer to section 4 of this PDS.</p> <p>At the Fund level, no borrowing, short selling or leverage will be undertaken. However, it should be noted the Underlying Fund may employ borrowing and leverage for any purpose, including to fund all or a portion of the capital necessary for an investment.</p> <p>The Underlying Fund may engage in hedging transactions, including for the purpose of hedging the currency risk of shares classes which are denominated in any other currency (e.g., AUD) than the Underlying Fund's reference currency (i.e., USD) and for efficient portfolio management. The Underlying Fund does not participate in short selling.</p>	4
Fund Base Currency	Australian dollars ('AUD')	
Underlying Fund base currency	The reference currency of the Underlying Fund is U.S. dollars ('USD'). However the sub-funds or individual classes of the Underlying Fund may be denominated in different currencies, including for example the AUD class of shares that the Fund intends to invest into, which is denominated in Australian dollars ('AUD').	
Currency hedging	The Fund intends to invest in shares in AUD denominated share classes of the Underlying Fund, which may be hedged back against the Underlying Fund's reference currency (USD) at the discretion of the Underlying Fund Investment Manager.	
Unit Pricing	Monthly – on the last Calendar Day of the month or more frequently as determined by CIML.	7.2
Minimum suggested investment timeframe	<p>At least 5 years</p> <p>The Fund is designed as a medium to long-term investment for Investors who have a limited need for liquidity in their investment. The Fund is therefore not suitable for Investors who depend on the short-term availability of their funds.</p>	
Minimum initial investment ¹	\$50,000,000	
Minimum additional investment ¹	\$50,000	

Fund Features	Summary	Section
Minimum investment balance ¹	\$50,000,000	
Minimum redemption amount ¹	\$50,000	
Management fees and costs	<p>The management fees and costs of the Fund are estimated to be 1.41% p.a. of the net asset value ('NAV') of the Fund referable to the Class B Units which comprises of the following components:</p> <ul style="list-style-type: none"> • a management fee of 0.25% p.a. of the NAV of the Fund referable to the Class B Units; • estimated indirect costs of 1.14% p.a. of the NAV of the Fund referable to the Class B Units; and • estimated expense recoveries of 0.02% p.a. of the NAV of the Fund referable to the Class B Units. 	8
Performance fees	<p>Although entitled to do so, the Fund does not currently charge a performance fee.</p> <p>Performance fees charged by interposed vehicles, specifically the K-PRIME Aggregator, are reflected in the Underlying Fund's NAV and therefore the value of the Fund's investment in the Underlying Fund.</p> <p>The general partner of K-PRIME Aggregator is entitled to be paid a performance fee from K-PRIME Aggregator, in the form of a performance participation allocation, which is borne by the Underlying Fund by virtue of its indirect investment in K-PRIME Aggregator. These are described in section 8.4.</p>	8
Applications	<p>Monthly on the last Calendar Day of each month or more frequently as determined by CIML.</p> <p>The application form, together with the application monies, must be received by 12 noon (Sydney time) 10 Business Days prior.</p>	10

Fund Features	Summary	Section
Redemptions	<p>It is expected that, while the Fund is liquid, requests for redemption of Units will generally be processed monthly on the last Calendar Day of each month ('Redemption Date'). Note that an Investor's ability to redeem will be subject to various factors including available cash in the Fund and the Fund's ability to redeem from the Underlying Fund.</p> <p>Notwithstanding the intention that requests for redemption of Units will be processed on a monthly basis, under the terms of the Fund's Constitution, CIML may accept or reject redemption requests at its discretion. Investors do not have a right to withdraw from the Fund. Instead, the RE has the right, but not the obligation, to provide Investors with the opportunity to redeem their Units in the Fund.</p> <p>Under the terms of the Fund's Constitution, CIML, as responsible entity for the Fund, also has the right to suspend the redemption of Units in whole or in part, though Investors who have had their Units redeemed are still entitled to the payment of the redemption amount for those redeemed Units. Redemption requests must be received by 12 noon (Sydney time) 10 Business Days prior to the Redemption Date.</p> <p>Whilst it is anticipated that redemption proceeds will be paid on a monthly basis, under the Constitution, the Responsible Entity may redeem Units within 760 days following acceptance of the redemption request where the Fund is liquid. The relevant redemption proceeds must be paid to a redeeming Investor within 50 Calendar Days following the redemption of their Units in the Fund.</p> <p>If the Fund is not liquid, withdrawals from the Fund will only be permitted under a regulated withdrawal offer under the Corporations Act. Where the Fund is not liquid, the Responsible Entity is not required to make a withdrawal offer.</p>	10
Distribution	<p>Annually on 30 June, where income is available. You can elect to have your distribution reinvested as additional Units in the Fund or credited to your nominated financial institution account.</p> <p>The proceeds of the Underlying Fund will generally be re-invested and the Underlying Fund does not currently intend to make distributions. There is no guarantee that the Underlying Fund will make distributions, and any distributions will be made at the discretion of Underlying Fund's board of directors or its delegate.</p>	7.3
Liquidity of assets	<p>The assets of the Underlying Fund are generally expected to be illiquid. This will ultimately limit the ability of the Fund to redeem its holdings in the Underlying Fund (and by extension, limit CIML's ability to accept redemptions in the Fund) and Investors should take this into consideration when deciding whether or not to invest in the Fund.</p>	10

¹ CIML has discretion to accept lower amounts.

2. About CIML

Channel Investment Management Limited ACN 163 234 240 AFSL 439007 ('CIML', 'Responsible Entity', 'RE', 'we', 'us', and 'our') is a trustee/responsible entity and manager of a number of managed investment schemes and is the issuer of the PDS. Channel Capital Pty Ltd ACN 162 591 568 ('Channel') provides investment management infrastructure and services across multiple asset classes and is the holding company of CIML. Channel is an authorised representative (authorised representative number 001274413) of CIML.

CIML is licensed under the *Corporations Act 2001* (Cth) ('Corporations Act') to act as responsible entity of the

Fund. We are responsible for managing the Fund in accordance with the Corporations Act and the Fund's Constitution. You can obtain a copy of the Constitution by contacting us and requesting a copy be made available to you.

CIML and its holding company, Channel, have forged strategic partnerships with international and Australian fund managers across a range of different asset classes including Australian and global securities, alternative investments and fixed interest securities.

3. About KKR and the Underlying Fund

KKR

Kohlberg Kravis Roberts & Co. L.P. is based in the United States and is a leading global investment firm with over four decades of experience in investments, and a strong record of investment performance over the global economic cycles during that time.

Established in 1976, KKR pioneered the buyout industry and has continued to thrive as one of the world's largest and most successful private equity investment firms through the past four decades of economic cycles and market changes. In over 40 years of investment experience, KKR has built a globally integrated business model that spans multiple sectors and geographies.

The Underlying Fund

The K-PRIME Feeder has a number of share classes on issue. As at the date of this PDS, CIML intends to invest in shares in AUD denominated share classes of the K-PRIME Feeder to pursue the Fund's investment objective.

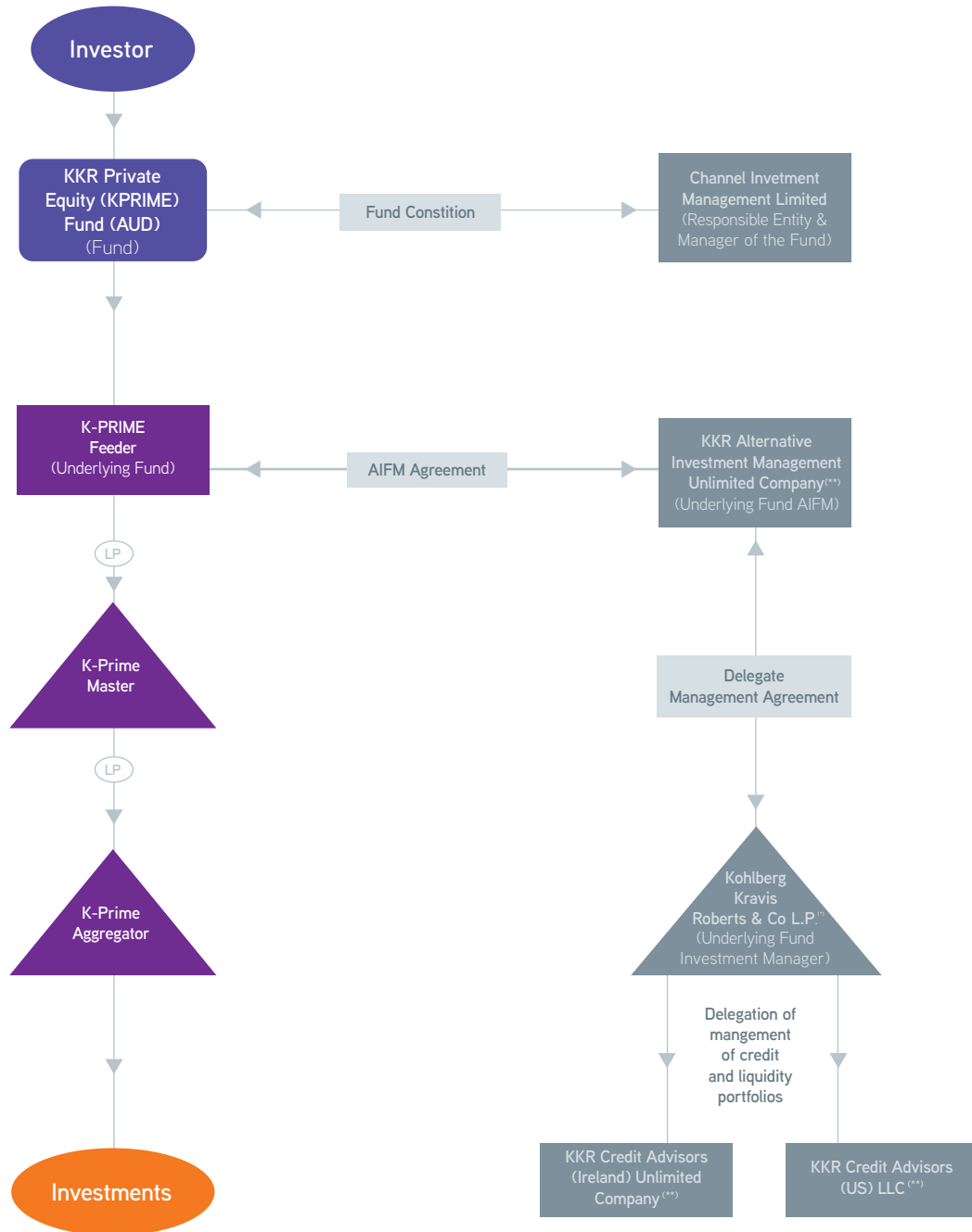
The K-PRIME Feeder is one of the primary vehicles for shareholders to subscribe to K-PRIME. K-PRIME is an investment program operated through several

entities, including the K-PRIME Feeder, the K-PRIME Master, the K-PRIME Aggregator and other parallel entities (collectively, 'K-PRIME'). The term K-PRIME is used throughout this PDS to refer to the program as a whole.

The K-PRIME Feeder is a sub-fund of a multi-compartment Luxembourg investment company with variable capital (Société d'investissement à Capital Variable). KKR Alternative Investment Management Unlimited Company (the 'Underlying Fund AIFM'), will be responsible for managing the K-PRIME Feeder, but has delegated the portfolio management function of K-PRIME Feeder to Kohlberg Kravis Roberts & Co. L.P. (the 'Underlying Fund Investment Manager' or together with its affiliates 'KKR').

The K-PRIME Feeder will invest all or substantially all of its assets into one or more sub-funds of the KKR Private Markets Equity Fund (Master) FCP, a Luxembourg mutual fund (the 'K-PRIME Master'), which will invest all or substantially all of their assets in KKR-managed funds through the K-PRIME Aggregator L.P., an Ontario limited partnership (the 'K-PRIME Aggregator'). The K-PRIME Aggregator will indirectly hold the K-PRIME Master's investments. Set out below is a diagram of the investment structure of the Fund and K-PRIME.

Fund and K-PRIME structure chart



(*) Registered investment adviser with the SEC.
 (**) Indirect subsidiary of Kohlberg Kravis Roberts & Co. L.P.

4. The Fund & K-PRIME

The Fund

The Fund seeks to obtain medium to long-term capital appreciation via investments in or to global private equity investments. The Fund invests substantially all of its assets in the Underlying Fund, which provides the Fund access to the K-PRIME investment program. Where this PDS discusses investment by the RE or the Fund into K-PRIME, it should be read as the Fund investing into K-PRIME through the Underlying Fund.

The primary objective of the Fund is to provide an actively managed AUD hedged exposure to a diversified portfolio of private equity investments. It is anticipated the Fund:

- through its investment in K-PRIME, will primarily provide exposure to global private equity;
- through its investment in shares in AUD denominated share classes of the Underlying Fund, may have that AUD denominated share class' AUD exposure hedged back to the Underlying Fund's reference currency (USD);
- may have an allocation to cash for short-term Fund operations;
- through its investment in K-PRIME, will provide exposure to preferred and/or structured equity investments, opportunistic credit, mezzanine debt investments and high performing debt strategies;
- through its investment in K-PRIME, will provide exposure to public and private debt and cash and cash equivalents, including but not limited to, U.S. and European syndicated loans and high-yield debt via the K-PRIME liquidity sleeve; and
- will not invest directly in any other underlying funds (apart from its investment in shares in AUD denominated share classes of the Underlying Fund which provides the Fund access to the K-PRIME investment program).

The Fund may not be successful in achieving its investment objective.

Leverage

Whilst the Fund is not restricted from borrowing money, as at the date of this PDS, it does not have any borrowings itself and does not intend on utilising leverage.

The RE has no control over the level of gearing at the Underlying Fund level, which may borrow for investment purposes. The Underlying Fund may utilise leverage, incur indebtedness and provide other credit support for any purpose, including to fund all or a portion of the capital necessary for an investment. The terms of the Underlying Fund provide that it will not incur indebtedness, directly or indirectly, in excess of 30% of its total assets. No remedial action will be required by the Underlying fund if this limit is exceeded for any reason other than the incurrence of an increase in indebtedness, and may from time to time be exceeded, including to satisfy short-term

liquidity needs, refinance existing borrowings or for other obligations.

K-PRIME Investment Strategy

K-PRIME's differentiated portfolio construction approach will seek to leverage KKR's entire global platform, with the goal of building a balanced portfolio with the potential to perform well throughout economic cycles.

K-PRIME provides an innovative access tool for shareholders to gain exposure primarily to KKR's industry leading institutional private equity platform with the objective of creating a dynamically managed portfolio diversified by sector, industry, geography and vintage. K-PRIME's investments at any given time may exceed and/or otherwise vary materially from the allocation ranges described herein (including but not limited to during the ramp-up period).

K-PRIME will invest in a variety of ways, including through:

- Direct Investments - investments in companies and other private assets, directly or through intermediate entities ('Direct Investments');
- Secondary Investments - secondary market purchases of existing investments in established funds managed by KKR or third-party fund managers ('Secondary Investments'); and
- Primary Commitments - capital commitments to commingled, blind pool funds managed by KKR or third-party fund managers ('Primary Commitments').

The majority of K-PRIME's assets will be invested in equity and equity-like securities, including, but not limited to buyout, growth capital, preferred or structured equity investments as well as opportunistic credit and high performing debt strategies, where appropriate. K-PRIME seeks to invest in current and future KKR managed private equity strategies, including but not limited to:

- Traditional Private Equity: KKR's traditional private equity strategy seeks to acquire controlling stakes or positions of influence in (what are, in KKR's opinion) high-quality companies with attractive growth prospects, overlaying KKR's regional coverage model with teams of sector specialists. KKR pioneered the leveraged buy-out industry and has remained one of the world's largest investment firms within this strategy through multiple economic cycles.
- Middle Market: KKR's middle market strategy seeks to marry KKR's private equity investment process with a dedicated investment team to pursue established companies that are smaller than those targeted by KKR's traditional private equity funds and exhibit strong potential for growth and operational improvement.

- **Growth Equity:** KKR's growth equity strategies seek to leverage its expertise to offer capital and strategic solutions to growing companies in the Technology, Media, Telecom and Health Care sectors. These strategies seek to capitalise on attractive opportunities to invest in companies seeking equity checks which are too small to meet the investment strategies of KKR's traditional private equity funds and primarily minority stakes in companies which feature commercial or operational risk rather than technological or scientific risk.
- **Core Investments:** KKR's core investments strategy seeks to invest in mature, industry-leading companies with a lower volatility profile, longer duration, and lower risk profile than those targeted by KKR's traditional private equity funds. KKR launched the strategy in recognising the need for longer duration capital to target investments which have characteristics including: cash-generative, lower leverage, limited disruptors, less cyclical, limited external exposures and high-quality management.
- **Global Impact:** KKR's global impact strategy seeks to invest in businesses whose primary focus is to deliver commercial solutions that solve global challenges in credible and measurable ways. By leading with this commercial focus, KKR aims to generate private equity returns, while driving positive impact to global challenges within four solutions-oriented themes: climate action, lifelong learning, sustainable living and inclusive growth. This strategy pursues traditional private-equity approaches for accessing the opportunity set including: change of control acquisitions, minority partnerships with influence, industry build-ups and growth equity.

In addition to KKR's private equity strategies, K-PRIME may participate in other strategies or opportunities sourced by KKR, such as:

- **CPS Investments** – investments made through KKR's Customized Portfolio Solutions, including but not limited to:
 - secondary market purchases of existing investments in funds managed by KKR or third-party investment fund managers;
 - capital commitments to commingled, blind pool funds managed by KKR or third-party fund managers;
 - Direct Investments alongside funds managed by third-party investment fund managers;
- debt investments, including but not limited to, preferred and/or structured equity investments, opportunistic credit, mezzanine debt investments and high performing debt strategies ('Debt Investments'); and
- investment in cash or cash equivalents, via the K-PRIME liquidity sleeve (as described below).

Each investment into Direct Investments, Secondary Investments, Primary Commitments, Debt Investments

and investments within the K-Prime liquidity sleeve, are collectively referred to as 'Investments'.

Customised Portfolio Solutions ('CPS')

In 2010, KKR developed CPS as a response to a market environment where certain investors turned to KKR as a trusted partner for help with their private equity investment programs. CPS is led by a former advisory committee member from one of the largest global private equity programs. K-PRIME will leverage the robust pipeline of investment opportunities and deep due diligence that the CPS team has developed to access CPS Investments.

K-PRIME liquidity sleeve

K-PRIME will have an allocation of up to 25% of its investments in the K-PRIME liquidity sleeve to provide K-PRIME with income, facilitate capital deployment and provide a potential source of liquidity. K-PRIME liquidity sleeve includes investments in public and private debt, cash and cash-like securities, including but not limited to, U.S. and European syndicated loans and high-yield debt. KKR will delegate the portfolio management function in respect of the K-PRIME liquidity sleeve, as well as K-PRIME's Debt Investments, to KKR Credit Advisors (US) LLC and KKR Credit Advisors (Ireland) Unlimited Company (collectively, 'KKR Credit').

K-PRIME's Warehoused investments

KKR has a number of warehoused investments that have been selected to provide K-PRIME with an initial private equity portfolio. A 'warehoused investment' refers to an investment that KKR has made prior to finalising the capital raising in respect of K-PRIME and is intended to be transferred to K-PRIME at cost. These warehoused investments will consist of a number of new Direct Investments. There is no guarantee that all or part of any particular warehoused investment identified will be transferred to K-PRIME and/or that any such warehoused investment will be transferred to K-PRIME at cost.

Underlying Fund investment allocation and restrictions

Generally, the K-PRIME Master will not at any one time directly or indirectly, through the K-PRIME Aggregator, invest more than 20% of its net asset value in any single Investment (on a look-through basis), as measured at the time of acquisition. Under the terms of the constituent documents of the K-PRIME Master, it will not be deemed to be in breach of the foregoing investment restriction as a result of changes in the price or value of investments solely due to movements in the market or as a result of any other events out of the control of the KKR provided that in such circumstances KKR will be required to take reasonable steps to bring the K-PRIME Master

within the 20% diversification requirements, except where KKR reasonably believes doing so would be prejudicial to the interests of the Underlying Fund, the K-PRIME Master or their respective underlying investors. No remedial action will be required by the Underlying Fund if such restriction is exceeded for any reason other than the acquisition of a new investment.

K-PRIME Master will not at any one time directly, or indirectly through the K-PRIME Aggregator, commit more than 30% of its net asset value to Primary Commitments, as measured at the time of initial commitment. No remedial action will be required by the Underlying Fund if such restriction is exceeded for any reason other than making a new Primary Commitment. The foregoing investment limitation may be modified or waived, in whole or in part, with the consent of the K-PRIME Master's board of directors. This 30% restriction will not apply during a ramp-up period of up to three (3) years after the initial subscription to K-PRIME Feeder is accepted.

K-PRIME Master will not at any one time directly, or indirectly through the K-PRIME Aggregator, commit more than 15% of its net asset value to Debt Investments and third party CPS Investments, as measured at the time of initial commitment. No remedial action will be required by the Underlying Fund if such restriction is exceeded for any reason other than making a new Debt Investment or third party CPS Investments. The foregoing investment limitation may be modified or waived, in whole or in part, with the consent of the K-PRIME Master's board of directors. This 15% restriction will not apply during a ramp-up period of up to three (3) years after the initial subscription to K-PRIME Feeder is accepted.

The Underlying Fund will not incur indebtedness, directly or indirectly, in excess of 30% of its total assets. No remedial action will be required by the Underlying Fund if this limit is exceeded for any reason other than the incurrance of an increase in indebtedness, and may from time to time be exceeded, including to satisfy short-term liquidity needs, refinance existing borrowings or for other obligations.

K-PRIME will have an allocation of up to 25% of its investments in the K-PRIME liquidity sleeve to provide K-PRIME with income, facilitate capital deployment and provide a potential source of liquidity. K-PRIME's investments at any given time may exceed and/or otherwise vary materially from the allocation ranges described.

Underlying Fund parallel vehicles

If it considers it appropriate for any legal, tax, regulatory, accounting, compliance, structuring or other considerations of the Underlying Fund or of certain current or prospective shareholders of the Underlying Fund, the Underlying Fund Investment Manager, or any of its affiliates may, in its absolute discretion, establish one or more parallel vehicles to invest alongside the Underlying Fund and/or K-PRIME Master as determined in the Underlying Fund Investment Manager's discretion (each, a 'Parallel Vehicle'), which

may not have investment objectives and/or strategies that are identical to the investment objectives and strategies of the Underlying Fund and/or feeder vehicles to invest through K-PRIME Master. The terms of such Parallel Vehicles may differ substantially from the terms of the Underlying Fund and the Fund may be required to invest in such Parallel Vehicles from time to time due to its investment in the Underlying Fund.

Underlying Fund distributions

When investing in the Underlying Fund, the Fund will subscribe for accumulating shares in AUD denominated share classes, where proceeds are typically reinvested in the Underlying Fund instead of receiving cash distributions. The Underlying Fund Investment Manager, acting as the delegate of the Underlying Fund's board of directors, has discretion to determine distributions, which may vary across different share classes within the Underlying Fund. Factors considered by the Underlying Fund Investment Manager include, but are not limited to, earnings, cash flow, capital needs, taxes, general financial conditions, and applicable laws. The Underlying Fund currently does not intend to make distributions, and there is no guarantee regarding the amount or occurrence of future distributions.

If declared, distributions will be made in compliance with Luxembourg laws governing commercial companies and collective investments. In-kind distributions, if any, will be valued by the Underlying Fund's independent auditor, and related costs will be borne by the Fund or a third party, rather than the Underlying Fund, unless it is in the Underlying Fund's best interest.

Underlying Fund limitation of liability and indemnifications

In accordance with the Underlying Fund's documentation, none of the members of its board of directors, the Underlying Fund AIFM, the Underlying Fund Investment Manager, KKR Credit, advisors, affiliates, or the respective directors, officers, representatives, agents, shareholders, members, partners and employees thereof and others serving at the request of the Underlying Fund AIFM, the Underlying Fund Investment Manager or KKR Credit (collectively, the 'Underlying Fund Indemnified Parties') will, to the maximum extent allowed by applicable law, be liable to the Underlying Fund or its shareholders (including the Fund) for (i) any losses resulting from actions or omissions determined by the Underlying Fund Indemnified Party in good faith to be in or not opposed to the Underlying Fund's best interests, and, in the case of a criminal action or proceeding, where the Indemnified Party involved had no reasonable cause to believe such conduct was unlawful, unless that act or omission constitutes actual fraud, wilful misconduct, gross negligence (faute lourde), a material violation of applicable laws, or a material breach of the Underlying Fund's documentation, (ii) any losses due to any action or omission by any other party/ or Underlying Fund's

shareholders, (iii) any losses due to any mistake, action, inaction, negligence, dishonesty, actual fraud or bad faith of any broker, placement agent or other agent as provided in the Underlying Fund's prospectus, or (iv) any change in tax laws.

The Underlying Fund will indemnify the Underlying Fund Indemnified Parties against claims, liabilities, damages, losses, costs, and expenses arising from the Underlying Fund's business or the Underlying Fund Indemnified Parties' responsibilities, provided that they acted in good faith and in a manner the Underlying Fund Indemnified Parties' believed to

be in the Underlying Fund's best interests or in a way not opposed to it, without engaging in actual fraud, willful misconduct, gross negligence, material violation of securities laws, or material breach of the Underlying Fund's documentation or relevant agreements.

The Underlying Fund AIFM may arrange for the Underlying Fund to purchase insurance, at the Underlying Fund's expense, to protect the Underlying Fund and Indemnified Parties against liability related to the Underlying Fund's activities.

5. Benefits of investing in the Fund

A summary of the features and benefits of investing in the Fund is as follows.

Access

The Fund provides potential investors with the opportunity to access K-PRIME and gain exposure to private equity investments, through an Australian domiciled fund.

Private equity is traditionally a difficult-to-access asset class; however, the Fund permits investment without being subject to a number of the burdens typically associated with direct private equity investing, such as, in some circumstances, funding capital calls on short notice and meeting large minimum commitment amounts.

K-PRIME provides an innovative access tool for investors to gain exposure primarily to KKR's industry leading institutional private equity platform, with the ability to participate in all current and future KKR managed private equity strategies.

Management expertise and research capabilities

The Fund gives Investors access to strategies managed by KKR, a top-tier private equity firm. KKR has extensive proven experience managing private equity portfolios and is also backed by the

firm's investment expertise, quality of systems and resources.² KKR's services are generally not available or difficult to access by individual investors. K-PRIME will also leverage the robust pipeline of investment opportunities and due diligence that the CPS team has developed to access CPS Investments.

Diversification

With the pooling of investor money, a managed fund can spread its assets across a wider range of investments.

K-PRIME's strategy and structure is designed with the objective of creating a dynamically managed portfolio diversified by sector, industry, geography and vintage.

Investments which carry greater benefits generally carry increased risks. Please refer to section 6 for more information about risks associated with investing into the Fund.

² Past performance is not a reliable indicator of future performance.

6. Risks of investing in the Fund and, indirectly, in K-PRIME

6.1 Overview

Investors need to understand the investment risks involved before investing in the Fund.

All investments carry risk. Different strategies can carry different levels of risk, depending on the assets that make up that strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk. The value of investments and the level of returns will vary. Future returns may differ from past returns and past performance is not a reliable guide to future performance.

Neither CIML, nor KKR, their directors, associates nor any of their related bodies guarantee the success of the Fund or K-PRIME, the repayment of capital or any particular rate of capital or income return. Investments in the Fund are not guaranteed or underwritten by CIML or KKR or any other person or party and you may lose some or all of your investment.

Some of the key risks that may impact the value of your investment in the Fund are outlined below. You need to consider the level of risk that you are comfortable with, taking into account factors such as your age, your investment time frame, other assets and investments you have and your overall tolerance for risk.

Section 6.2, "General risks of Investing into the Fund" describes some of the risks associated with an investment in the Fund and how the RE manages those risks. Section 6.3 "Specific risks of indirectly investing into K-PRIME" describes some of the risks attached to an investment in K-PRIME, including through the Fund.

There is no guarantee that any risk mitigation measures described below will be effective. For the avoidance of doubt, the below is not intended to be an exhaustive description of the risks involved in an investment in the Fund and, indirectly, in K-PRIME.

6.2 General risks of investing into the Fund

Market risk

Movements in financial markets due to economic, environmental or political conditions, or from general market sentiment, will result in the value of the Fund's underlying assets, and hence the value of your investment, moving up or down.

Underlying Fund risk

Being a fund of funds structure, the success of the Fund depends upon the Underlying Fund and K-PRIME as a whole effectively managing its investments so that the investment objectives of the

Fund can be achieved. Matters such as the Underlying Fund Investment Manager's loss of key staff, or the failure of the Underlying Fund to perform as expected may negatively impact returns, risks and/or liquidity.

The returns, risks and liquidity of the Underlying Fund and K-PRIME as a whole may also be negatively impacted because of the nature of the investments assets they hold. Each asset that the Underlying Fund and K-PRIME invest in has different risk factors, return drivers, and economic sensitivities.

Liquidity risk

The Underlying Fund and K-PRIME as a whole invest in highly illiquid investments which will ultimately limit the ability of the Fund to redeem its holdings in the Underlying Fund (and by extension, limit CIML's ability to accept redemptions in the Fund).

Liquidity risk may mean that an asset of the Underlying Fund and K-PRIME are unable to be sold or the Underlying Fund's and K-PRIME's exposure is unable to be rebalanced within a timely period and at a fair price. In some cases, the Underlying Fund and K-PRIME could be legally, contractually or otherwise prohibited from selling certain investments for a period of time or could otherwise be restricted from disposing of them and illiquidity could also result from the absence of an established market for certain investments.

Moreover, securities in which the Underlying Fund and K-PRIME invest are generally not listed on a stock exchange or traded in an over-the-counter market. As a result of the absence of a public trading market for these securities, they may be less liquid than publicly traded securities.

Although certain investments by the Underlying Fund and K-PRIME could generate income, the return of capital and the realisation 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.

In addition, certain types of investments made by the Underlying Fund and K-PRIME are likely to require a substantial length of time to liquidate. The authorised value of a highly illiquid investment at any given time could be less than its intrinsic value. The investments of the Underlying Fund and K-PRIME include investments which may charge early redemption fees within a period of initial investment. Such a requirement may impact on the liquidity of the Underlying Fund and K-PRIME, and the value of the Fund's investment in the Underlying Fund and K-PRIME.

Private equity investment risk

Private equity is a common term for investments that are typically made in private or public companies through privately negotiated transactions and generally involve equity-related finance intended to bring about some kind of change in an operating company. These investments involve the same types of risks associated with an investment in any operating company. For example, in some cases companies may have a limited operating history, are attempting to develop or commercialise unproven technologies or implement novel business plans or are not otherwise developed sufficiently to be self-sustaining financially or to become public.

Securities of private equity funds, as well as the underlying companies these funds invest in, tend to be more illiquid, and highly speculative. The regulatory environment for private investment funds continues to evolve, and changes in the regulation of private investment funds may adversely affect the value of the Fund's investments and the ability of the Fund to implement its investment strategy.

Withdrawal risk

Withdrawal risk is the risk that the usual timeframe for redemption requests is not met, or CIML suspends redemptions from the Fund, due to limitations at the Fund, K-PRIME or Underlying Fund level.

Subject to the Fund's Constitution, the RE has broad discretion to suspend the redemption of Units in the Fund in certain circumstances and, in addition, may accept and reject Redemption requests in its absolute discretion.

The Fund, as a shareholder of the Underlying Fund, may apply for the redemption of some or all of its interests in the Underlying Fund on a quarterly basis. The Underlying Fund will not process any redemption requests before 30 September 2023. The aggregate net asset value of total permitted redemptions by the Underlying Fund (on an aggregate basis across K-PRIME) is generally limited to 5% of aggregate net asset value per calendar quarter. Where the Fund is unable to withdraw its interests in the Underlying Fund or is restricted in the amount it may withdraw, it is likely that the RE will not accept redemption requests (or will not accept redemption requests in full) and accordingly this will limit the ability of Investors to withdraw from the Fund.

Furthermore, the Underlying Fund may charge an early redemption deduction fee of 5% for disinvestment within the first 2 years of an investment into the Underlying Fund, and it may also impose a 10% liquidity penalty fee if the Fund, as a shareholder of the Underlying Fund, opts into its liquidity program. If such fees are charged on the Fund by the Underlying Fund due to a redemption by the Fund of its shares in the Underlying Fund to satisfy a redemption request by Investors in the Fund, the Fund

may, at the sole discretion of the RE, levy a sell spread to such Investors making a redemption in the Fund. There is a risk that even if an Investor has invested in the Fund for more than 2 years, their redemption from the Fund may still attract a sell spread if it results in the Fund redeeming from the Underlying Fund, as this is dependent on the amount of previous redemptions that the Fund has made from the Underlying Fund.

PROSPECTIVE INVESTORS MUST BE AWARE OF THE POTENTIAL LIMITATIONS ON THEIR ABILITY TO WITHDRAW FROM THE FUND. NEITHER CIML, NOR KKR, THEIR DIRECTORS, ASSOCIATES, NOR ANY OF THEIR RELATED BODIES PROVIDE ANY GUARANTEE CONCERNING THE LIQUIDITY OF THE FUND OR THE ABILITY OF AN INVESTOR TO WITHDRAW ITS INVESTMENT.

Leverage

At the Fund level, no borrowing, short selling, or leverage will be undertaken as at the time of this PDS.

The Underlying Fund and wider K-PRIME investment program intends to use leverage to fund investments. Specifically, the Underlying Fund may borrow money through a credit facility or other arrangements to fund investments or to manage timing issues in connection with the acquisition of its investments (e.g. to provide the Underlying Fund with temporary liquidity to acquire investments in K-PRIME's Investments in advance of the Fund's receipt of redemption proceeds from another investment fund).

The use of leverage is speculative and involves certain risks. Although leverage would increase the Underlying Fund's investment return if the asset purchased with borrowed funds earns a greater return than the interest expense, conversely the use of leverage will decrease the return on the Fund if the Underlying Fund fails to earn as much on its investment purchased with borrowed funds as it pays for the use of those funds. Additionally, an inability to make repayments may give rise to the facility provider taking action under the relevant facility terms to recover amounts owed. The facility provider would be senior to Investors from a repayment perspective.

The Underlying Fund will not incur indebtedness, directly or indirectly, in excess of 30% of its total assets.

K-PRIME and its investments may also utilise leverage in their investment activities. Accordingly, the Fund may be exposed to the risk of highly leveraged investment programs of certain K-PRIME's Investments and the volatility of the value of these investments may be great.

Foreign currency risk

The Fund intends to invest in shares in AUD denominated share classes of the Underlying Fund, which may be hedged back against the Underlying Fund's reference currency (USD) at the discretion of the Underlying Fund Investment Manager. Depending

on the prevailing circumstances, the Underlying Fund may or may not hedge certain classes of shares (including the AUD denominated share classes), either partially or fully, and has no obligation to hedge any class of shares at all. If the Underlying Fund decides to hedge certain classes of shares (including the AUD denominated share class) against the Underlying Fund's reference currency, there can be no guarantee that it will be successful in doing so nor that such hedging will be systematic. Furthermore, the Underlying Fund may invest and have exposure to assets denominated in any currency, which may be different than its reference currency (USD) or than the currency of its share classes (including the AUD share classes in which the Fund intends to invest into). The Underlying Fund may hedge the value of its non-USD denominated investments against USD currency fluctuations when appropriate. Although the foreign currency exposure of the Fund's investment in the Underlying Fund may be hedged, such hedge may not provide complete protection from adverse currency movements. Currency markets can be extremely volatile and are subject to a range of unpredictable forces.

Foreign investment risk

Additional risks may arise when investing overseas, including changes in foreign exchange control regulations, foreign tax legislation, withholding tax and government policy. Additionally, differences in accounting, legal, securities trading and settlement procedures can also impact on the value of the Underlying Fund's investments and the value of the Fund's investments in the Underlying Fund.

Inflation risk

There is a risk that the rate of inflation may exceed the net after-tax return from your investment. Thus, the purchasing power of an investment may not keep pace with inflation.

Concentration in KKR funds risk

The Underlying Fund invests and expects to continue to invest a substantial portion of its assets in Investments managed by investment sponsors affiliated with KKR, and therefore may be less diversified, and more subject to concentration and reputational risk, than other funds of private equity funds.

Conflicts of interests risk

CIML and third-party service providers of the Fund may, in the course of their business, have potential conflicts of interest which may not be managed effectively and may be detrimental to the Fund and its Unitholders.

Additionally, certain activities of the KKR and its affiliates will give rise to, and contain embedded, conflicts of interest that are relevant to the Underlying Fund and K-PRIME (for example, but without limitation, conflicts of interest relating to inducements, fees and costs, related party transactions, cross-transactions, competing interests, allocations of investment opportunities and subsequent dispositions). Conflicts of interest are summarised in section 11.8 of this PDS.

KKR and the Channel group have implemented policies and procedures to seek to identify and appropriately manage conflicts of interest. There is no guarantee however that any such conflicts will be resolved in a manner that will not have an adverse effect on the Fund, the Underlying Fund or their respective investors.

Availability of investment opportunities risk

The nature of the private equity asset class means that availability of investment opportunities generally is subject to market conditions as well as, in some cases, the prevailing regulatory or political climate. No assurance can be given that the Underlying Fund will be able to identify and complete attractive investments in the future or that it will be able to fully invest its subscriptions.

Contract risk

As part of their structure, the assets of the Underlying Fund will generally be exposed to contracts that are critical to their success and the return on the assets. As such, there is a risk that if those contracts are amended, legally deficient or unenforceable, the returns from the assets may be affected.

Underlying Fund investment manager and responsible entity risk

The success of the Fund depends upon the ability of the Underlying Fund Investment Manager to implement investment processes and identify investment opportunities that achieve the investment objectives of the Underlying Fund. Matters such as the loss of key staff, the replacement of CIML as responsible entity of the Fund or KKR as the Underlying Fund Investment Manager, or the failure of either CIML or KKR to perform as expected may negatively impact returns, risks and/or liquidity of the Fund.

Derivatives risk

The Underlying Fund may use various derivative instruments including, but not limited to, options contracts, futures contracts, forward contracts,

options on futures contracts, indexed securities and swap agreements for the purpose of hedging or investment. The Fund will not use derivatives at the Fund level. Further risk disclosure is discussed under “Foreign currency risk” above.

The value of derivatives can be influenced by a number of factors, and risks associated with their use include movements in the value of the underlying assets, difficulty in liquidating the derivative and counterparty risk.

Interest rate risk

Changes in official interest rates can have a positive or negative impact directly and indirectly on investment values or returns.

Inflation risk

Changes in the level of inflation in Australia and offshore can have a positive or negative impact directly and indirectly on investment values or returns.

Counterparty and service provider risk

Default by any of the Fund’s or Underlying Fund’s counterparties or key service providers may cause losses to the Fund. Counterparties and service providers may also hold security over the Fund’s or the Underlying Fund’s assets so that they rank ahead of Investors in recovering the assets.

To mitigate such risks, in selecting and appointing any counterparties or service providers for the Fund, the RE follows a due diligence process pursuant to the RE’s internal policies, which considers operational and legal risks by engaging in activities such as reviewing financial information, engaging in background checks and searching public registers, with the assistance of external consultants (as relevant), and any proposed counterparties or service providers are reviewed and approved by the board of the RE.

At the Underlying Fund level, to mitigate such risks, in selecting and appointing any counterparties or service providers of the Underlying Fund, KKR also considers counterparty or service provider risk in its review of any counterparties or services, and may engage in activities such as reviewing financial information, engaging in background checks and searching public registers, before determination approval of the appointment. In relation to derivative counterparties, KKR will also review counterparty derivative and consolidated principal exposure, in conjunction with other relevant metrics for counterparty volume and concentration, on a regular basis. Further checks and reassessments are also conducted for the Underlying Fund on a regular basis.

Operational risk

Operational risk is the risk of loss or damage resulting from inadequate or failed internal processes, people and systems or from external events. CIML and the Fund or KKR and the Underlying Fund may experience losses, adverse regulatory consequences or reputational damage due to a variety of operational risks, including inadequate or failed internal or external processes, people or systems, internal or external fraud, cyber security attacks or cyber incidents including deliberate or unintentional events, errors by counterparties under outsourcing arrangements and inadequate business continuity planning, and key person risk. The extent of exposure to losses from the operational risks of parties not under, as applicable, CIML’s or the Fund’s control may be determined, in part, by applicable law and/or contractual provisions that allocate or limit liability.

CIML manages operational risk at the Fund level through the oversight arrangements, systems, procedures and policies which each has established as part of its governance oversight, risk management framework and compliance management system.

Regulatory risk

The value of some investments may be adversely affected by changes in government policies, regulations and laws, including tax laws and laws affecting managed investment schemes.

Distribution risk

The Fund’s ability to pay a distribution is contingent on the income it receives from its investment in the Underlying Fund. No guarantee can be given concerning the future earnings of the Fund, the earnings or capital appreciation of the Fund’s portfolio or the return of your investment.

Structural risk

Structural risks include the potential termination of the Fund or the Underlying Fund, or the risk of error in administration of the Fund or the Underlying Fund. There is also a risk that investing in the Fund may give different results than investing individually because of income or capital gains accrued in the Fund and the consequences of applications and redemptions by other Investors. We aim to manage this risk by monitoring the Fund and acting in your best interests. In addition, there is the risk that there are changes to the fees and expenses of the Underlying Fund or the Underlying Fund compulsorily redeems the shares held by the Fund.

Pandemic risk

A pandemic, epidemic or other public health crisis could adversely impact the Responsible Entity, the Underlying Fund, KKR, K-PRIME and their portfolio companies.

Reliance on portfolio company management

The day-to-day operations of each portfolio company in which K-PRIME invests will be the responsibility of such portfolio company's management team, which, in each case, could likely include representatives of investors with whom K-PRIME and/or the Responsible Entity are not affiliated and whose interests conflict with the interests of K-PRIME and/or the Responsible Entity. Although K-PRIME will monitor the performance of each investment, K-PRIME will rely significantly on the management teams and boards of directors of portfolio companies in which K-PRIME invests. The failure of any management teams and boards of directors of portfolio companies may impact the investments of K-PRIME and therefore the performance of the Fund.

Access agreement risk

Channel has entered into an agreement with KKR pursuant to which we have the exclusive right to establish and promote the Fund in Australia. The agreement also sets out the fee arrangements between the parties.

If the access agreement is terminated, other fund managers may establish funds to offer investment in the Underlying Fund or the Fund's investment in the Underlying Fund may be compulsorily redeemed. Any of these circumstances may adversely affect the continued operation of the Fund.

Class risk

As at the date of this PDS, the Fund has two separate classes of Units, Class A and Class B. There is a risk that Investors of different classes may be exposed to liabilities of another class of units and they could lose some or all of their investment in the Fund. There is also a risk that, where there is an insolvency, the assets referable to a class could be made available to creditors of another class.

6.3 Specific risks of indirectly investing into K-PRIME

Interpretation and certain capitalised terms

In addition to the risks factors described above in relation to the Fund, the below describes the risks associated with an investment in K-PRIME, including through the Fund.

The below risk factors are associated with investment

into K-PRIME and to Other KKR Vehicles in which K-PRIME has invested in (directly or indirectly) or alongside. Accordingly, prospective investors into the Fund should assume that references to the term 'K-PRIME' herein include references to the Fund, K-PRIME and, to the extent K-PRIME is invested in or alongside such Other KKR Vehicles, these Other KKR Vehicles as well, unless the context otherwise indicates. In addition, references to the term 'Sponsor' herein generally describes, as the context or applicable law requires, individually and collectively, the Underlying Fund AIFM, the Underlying Fund Investment Manager and any Underlying Fund's sub-investment managers appointed by the Underlying Fund Investment Manager, and all references herein to the Sponsor or to any rights, powers, responsibilities or activities of the Sponsor are qualified in all respects by the terms contained in the Underlying Fund's prospectus. Furthermore, references in this section to "investors" "investors in the Underlying Fund" shall include the Fund (and indirectly its underlying investors), as applicable and references to "Shares" shall include shares (actions) in the Underlying Fund. Finally, capitalised terms herein defined in this section 6 have an autonomous meaning and shall not apply to other sections of this PDS, with the exception of section 11.8 "Conflicts of interest".

Investment via Master-Feeder Structure

K-PRIME invests through a "master-feeder" structure. A "master-feeder" fund structure presents certain unique risks to investors in the Underlying Fund. For example, a smaller feeder fund investing in a master fund may be materially affected by the actions of a larger feeder fund investing in such master fund. If a larger feeder fund withdraws from a master fund, the remaining feeder fund may experience higher pro rata operating expenses, thereby producing lower returns. A master fund may become less diverse due to a withdrawal by a larger feeder fund, resulting in increased portfolio risk. A master fund is a single entity and creditors of such master fund may enforce claims against all assets of such master fund. In addition, certain conflicts of interest may exist due to different tax considerations applicable to the Underlying Fund and other feeder funds. Due to regulatory, tax and/or other considerations that may be applicable to K-PRIME, certain investments may be made through subsidiaries, some of which may be taxable as corporations, which may reduce the overall return to all investors, including the shareholders in K-PRIME.

Future Portfolio Companies Unspecified

Except for the general investment guidelines summarised herein under section 4 "The Fund & K-PRIME", there is no information as to the nature and terms of any Portfolio Companies that a prospective

investor of K-PRIME can evaluate when determining whether to purchase shares of K-PRIME. Investors in the Underlying Fund will not have an opportunity to evaluate for themselves or to approve any Portfolio Companies. Investors will therefore be relying on the ability of the Sponsor to select Portfolio Companies in which K-PRIME will invest. Because such Portfolio Companies are expected to occur over a substantial period of time, K-PRIME faces the risks of changes in interest rates and adverse changes in the financial markets. Even if the Portfolio Companies of K-PRIME are successful, returns may not be realised by investors in the Underlying Fund for a period of several years.

Limited Information

K-PRIME may not receive access to all available information to fully determine the origination, credit appraisal, and investment practices utilised with respect to K-PRIME's Portfolio Companies or the manner in which such Portfolio Companies have been serviced and/or operated.

Potential Lack of Investment Opportunities

The success of K-PRIME will depend on the ability of the Sponsor to identify and select appropriate investment opportunities, as well as K-PRIME's ability to acquire these investments.

The growth capital, management buyout and private equity investment industry in which K-PRIME will be engaged is highly competitive. K-PRIME will be competing for investments with operating companies, financial institutions and other institutional investors as well as growth equity, venture capital, private equity, hedge and other investment funds. These investors could make competing offers for investment opportunities identified by the Sponsor. As a result, such competition could mean that the prices and terms on which investments are made could be less beneficial to K-PRIME than would otherwise have been the case.

No assurance is given that K-PRIME's investment objectives will be achieved or that it will be able to invest its capital fully. Also, there can be no assurance that K-PRIME will be able to exit from its Investments at attractive valuations.

K-PRIME likely will incur significant fees and expenses identifying, investigating and attempting to acquire potential assets that K-PRIME ultimately does not acquire, including fees and expenses relating to due diligence, transportation and travel, including in extended competitive bidding processes.

While the Sponsor generally intends to seek attractive returns for K-PRIME primarily through investing in Portfolio Companies for the long term as described herein, the Sponsor may pursue additional business strategies and may modify or depart from its initial

business strategy, process and techniques as it determines appropriate. The Sponsor may adjust the business strategy and guidelines at any time in light of changing market conditions or other considerations. The Sponsor may pursue Portfolio Companies outside of the sectors or regions in which KKR has previously owned Portfolio Companies. K-PRIME could invest in short-term investments, and the returns from these investments are likely to be lower than the returns from Portfolio Companies. Any projections/estimates regarding the number, size or type of Portfolio Companies in which K-PRIME may invest (or similar estimates) are estimates based only on the Sponsor's intent as of the date of such statements and are subject to change due to market conditions and/or other factors (e.g., the Sponsor may determine to pursue on behalf of K-PRIME one or more Portfolio Company opportunities that are larger or smaller than any target range or in different geographies or sectors than those targeted).

Limited Number of Investments

K-PRIME is subject to restrictions on the percentage of net asset value that may be invested in any single Investment (as summarised herein under section 4 "The Fund & K-PRIME"). Despite these restrictions, K-PRIME is permitted to participate in a relatively limited number of Investments, and, as a consequence, the aggregate return of K-PRIME could be substantially adversely affected by the unfavorable performance of even a single Investment. Furthermore, although K-PRIME could make an acquisition with the intent to syndicate a portion of the capital invested, there is a risk that any such planned syndication may not be completed, which could result in K-PRIME holding a larger percentage of its net asset value in a single Investment than desired and could result in lower overall returns. It is also possible that K-PRIME's Investments will be concentrated in a limited number of sectors and geographies.

Other than as set forth in the Underlying Fund's prospectus and summarised herein under section 4 "The Fund & K-PRIME", there are no requirements as to the degree of diversification of K-PRIME's Investments, either by size, geographic region, asset type or sector. Although K-PRIME intends to have certain diversification limitations, to the extent K-PRIME's Investments are concentrated in a particular market, K-PRIME's portfolio may become more susceptible to fluctuations in value resulting from adverse economic or business conditions affecting that particular market. If K-PRIME is unable to sell, assign or otherwise syndicate out positions in Investments that it holds that are greater than the K-PRIME's target positions, K-PRIME will be forced to hold its excess interest in such Investments for an indeterminate period of time. This could result in K-PRIME's Investments being over-concentrated in certain assets or companies. During periods of

difficult market conditions or economic slowdown in certain regions and in countries, the adverse effect on K-PRIME could be exacerbated by the geographic concentration of its Investments. K-PRIME may seek to invest in several Investments in certain regions or sectors within a short period of time. To the extent that K-PRIME's Investments are concentrated in a particular company, investment or geographic region, its Investments will become more susceptible to fluctuations in value resulting from adverse economic or business conditions with respect thereto. Although K-PRIME is permitted to invest in Portfolio Companies on a broad basis, its diversification by geographical region is limited. In determining the primary location of a Portfolio Company, the Sponsor may consider the location of the assets associated with the Portfolio Company, the type of transaction, the structure of the Portfolio Company (which for all purposes includes security, property and/or other asset in which K-PRIME invests), the source and currency of the revenue generated by the Portfolio Company, and any other factors that the Sponsor determines in good faith are applicable under the circumstances. For K-PRIME to achieve attractive returns, it might be the case that one or a few of its Investments need to perform very well. There are no assurances that this will be the case. In addition, K-PRIME is expected to co-invest with one or more Other KKR Vehicles. To the extent that the Fund, as an investor in the Underlying Fund, is also an investor in any such Other KKR Vehicles that co-invest with K-PRIME in a particular Investment, the Fund's exposure to and risk of loss with respect to such Investment will be further concentrated.

Broad Investment Mandate

The investment strategy of K-PRIME covers a broad range of asset classes and geographic regions. A purchaser of Shares must rely upon the ability of the Sponsor to identify, structure and implement Investments consistent with K-PRIME's overall investment objectives and policies at such times as it determines. K-PRIME will make Investments in keeping with its investment program. Subject to the investment restrictions summarised herein under section 4 "The Fund & K-PRIME", K-PRIME may make Investments throughout the capital structure such as mezzanine securities, senior secured debt, bank debt, unsecured debt, convertible bonds and preferred and common stock and across asset classes including, without limitation, private or public equity, structured equity, minority private equity, commodities and credit. It is expected that, in light of K-PRIME's investment objective, K-PRIME may make equity, credit and/or Debt Investments that do not involve control or influence over the underlying entity in which K-PRIME invests. Additionally, K-PRIME will be permitted to invest (and may actually invest) in any number of companies operating in a wide range of industries, geographies or activities.

Investments in Pooled Investment Vehicles

Although not expected to be a large portion of its investment strategy, K-PRIME may invest in third-party managed pooled investment vehicles across multiple asset classes. The private equity and private debt asset classes comprise a wide-range of strategies and investment types, and the investment strategies pursued by third-party fund managers are expected to vary. There are many investment-related risks associated with such types of investments which could impair the performance and value of K-PRIME's Investments (see the "Investments in Third-Party Pooled Investment Vehicles and Dependence on Third-Party Fund Managers" section below).

Multiple Levels of Fees and Expense.

In addition to the direct expenses and management costs borne by K-PRIME, it may also bear its pro rata share of certain expenses and management costs incurred directly or indirectly by Other KKR Vehicles and/or third-party pooled investment vehicles in which it invests. This would result in more expenses being borne (indirectly) by investors in the Underlying Fund than if the investors were able to invest directly in the Other KKR Vehicles and/or third-party pooled investment vehicles. KKR does not expect that K-PRIME will be charged management fees or bear incentive fees or allocations in its capacity as a direct or indirect investor when making Primary Commitments to Other KKR Vehicles, except in limited circumstances, in which case, such management fees or other incentive fees paid will be rebated dollar-for-dollar to K-PRIME, or otherwise reduce K-PRIME's obligations in an equivalent manner. When K-PRIME invests in Other KKR Vehicles, or invests in third-party pooled investment vehicles managed by a third-party fund manager, there will be organisational and operating expenses associated with such Investments that K-PRIME will bear a portion of. These various levels of costs and expenses will be charged whether or not the performance of K-PRIME generates positive returns. As a result, K-PRIME, and indirectly the investors in the Underlying Fund, may bear multiple levels of expenses, which in the aggregate would exceed the expenses which would typically be incurred by an Investment in a single fund investment, and which would offset K-PRIME's profits. In addition, because of the fees and expenses payable by K-PRIME pursuant to such Investments, its returns on such Investments will be lower than the returns to a direct investor in the Other KKR Vehicles and/or third-party pooled investment vehicles. Such returns will be further diminished to the extent K-PRIME is also charged management fees and/or bears carried interest or other similar performance-based compensation in connection with its secondary investments in Other KKR Vehicles and/or its Investments in third-party pooled investment vehicles managed by a third-party fund manager.

Investments in Third-Party Pooled Investment Vehicles and Dependence on Third-Party Fund Managers

K-PRIME may make passive Investments in third-party pooled investment vehicles. K-PRIME will not be responsible for the results of the third-party pooled investment vehicles and third-party fund managers.

The management of third-party fund managers may make business, financial or management decisions with which the Sponsor does not agree or such management may take risks or otherwise act in a manner that does not serve K-PRIME's interests. The returns of K-PRIME's Investments in such third-party pooled investment vehicles will depend largely on the performance of unrelated third-party fund managers and could be substantially adversely affected by the unfavorable performance and/or practices and policies of the third-party fund managers. The performance of a third-party fund manager may also rely on the services of a limited number of key individuals, the loss of whom could significantly adversely affect such third-party fund manager's performance.

Secondary Investments in Third-Party Pooled Investment Vehicles and Other KKR Vehicles

No Established Market for Secondary Investments; Limited Opportunities. There is no established market for secondary investments and no liquid market is expected to develop for secondary investments. Moreover, the market for secondary investments has been evolving and is likely to continue to evolve. K-PRIME may acquire interests in third-party pooled investment vehicles or Other KKR Vehicles from existing investors in such third-party pooled investment vehicles (and, generally, not from the issuers of such investments) or Other KKR Vehicles and to dispose of such interests, in each case, on an opportunistic basis. In particular, K-PRIME may target purchases of portfolios of interests in third-party pooled investment vehicles and Other KKR Vehicles from institutional and other investors, who may be less motivated to sell such interests during periods when the performance of such funds is perceived to be improving. There can be no assurance that K-PRIME will be able to identify sufficient secondary investment opportunities or that it will be able to acquire sufficient secondary investments on attractive terms. Equally, there can be no assurance that K-PRIME will be able to realise any secondary investment at a price that reflects what the Sponsor believes to be its market value.

Importance of Valuation and Acquisition Terms. The performance of K-PRIME's Investments in secondary investments will depend in large part on the acquisition price paid by K-PRIME for such Investments and on the structure of the acquisitions. Although the

acquisition price of K-PRIME's secondary investments will likely be the subject of negotiation with the sellers of the investments, the acquisition price is typically determined by reference to the carrying values most recently reported by the third-party pooled investment vehicles or Other KKR Vehicle (which may be based on interim unaudited financial statements) and other available information. The third-party pooled investment vehicles and Other KKR Vehicles are not generally obligated to update any valuations in connection with a transfer of interests on a secondary basis, and such valuations may not be indicative of current or ultimate realisable values. Moreover, there is no established market for secondary investments or for the privately held portfolio entities in which the third-party pooled investment vehicles or Other KKR Vehicles may own securities, and there may not be any comparable companies for which public market valuations exist. As a result, the valuation of secondary investments may be based on imperfect information and is subject to inherent uncertainties. Generally, K-PRIME expects to hold its secondary investments on a long-term basis. As a result, the performance of K-PRIME will be adversely affected in the event that the valuations assumed by the Sponsor in the course of negotiating acquisitions of Investments prove to have been too high.

Investment Leverage; Availability of Financing

K-PRIME's ability to invest in Portfolio Companies in many cases will depend on the availability and terms of any borrowings that are required or desirable with respect to such Investments. For example, from time to time the market for growth equity and 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 the interest cost) for leveraged transactions, whether due to adverse changes in economic or financial market conditions or a decreased appetite for risk by lenders, would impair K-PRIME's ability to consummate these transactions and would adversely affect K-PRIME's returns.

K-PRIME's Investments are expected to include Investments in companies whose capital structures have significant leverage and in assets subject to significant leverage (in addition to such leverage as might be generated by K-PRIME's Investments). Such Investments are inherently more sensitive to declines in revenue and to increases in expenses and interest rates. A leveraged entity or asset often will be subject to restrictive covenants imposed by lenders (or lenders other than K-PRIME, as appropriate) restricting its activity or could be limited in making strategic acquisitions or obtaining additional financing. 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 K-PRIME's returns.

Although the Sponsor and its affiliates, as applicable, will seek to use leverage with respect to K-PRIME's Investments in a prudent manner, the leveraged capital structure of such Investments will increase the exposure of K-PRIME's Portfolio Companies or any other leverage affecting K-PRIME's assets will increase their exposure to adverse economic factors such as future downturns in the economy or deterioration in the condition of any such asset or Portfolio Company or its industry. Additionally, where making private equity investments, K-PRIME will typically make equity investments in Portfolio Companies. The equity securities received by K-PRIME in relation thereto 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 a material 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

K-PRIME's ability to achieve attractive rates of return will depend in part on its and its Portfolio Companies' ability to access sufficient sources of indebtedness at attractive rates. A decrease in the availability of financing or an increase in either interest rates or risk spreads demanded by leverage providers, whether due to adverse changes in economic or financial market conditions or a decreased appetite for risk by lenders, could make it more expensive to finance K-PRIME's Investments on acquisition and throughout the term of K-PRIME's Investment and could make it more difficult for K-PRIME to compete for new Investments with other potential buyers who have a lower cost of capital. A portion of the indebtedness used to finance Investments on acquisition and throughout the term of K-PRIME's Investment might include 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 could be times when K-PRIME might not be able to access those markets at attractive rates, or at all, when completing an Investment or as is otherwise required during the term of K-PRIME's Investment. In addition, the leveraged lending guidelines published by the European Central Bank (or similar guidelines or restrictions published or enacted by the European Central Bank, or a similar institution outside of the EU, in the future) could limit the willingness or ability of banks or other financing sources to provide financing sought by K-PRIME or its Portfolio Companies, and could result in an inability of K-PRIME or its Investments to establish their desired financing or

capital structures (see the "Leverage and Borrowing" section below).

Leverage and Borrowing

K-PRIME intends to utilise leverage to finance the operations of K-PRIME and its Investments. The use of leverage involves a high degree of financial risk and will increase K-PRIME's exposure to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the Investments. Although borrowings by K-PRIME and its subsidiaries and Portfolio Companies have the potential to enhance overall returns, they will further diminish returns (or increase losses on capital) to the extent overall returns on Investments are less than K-PRIME's cost of funds. This leverage may also subject K-PRIME's Investments to restrictive financial and operating covenants, which may limit flexibility in responding to changing business and economic conditions. For example, leveraged entities may be subject to restrictions on making interest payments and other distributions. Leverage at a Portfolio Company may impair a Portfolio Company's ability to finance its future operations and capital needs. Moreover, any rise in interest rates may significantly increase a Portfolio Company's interest expense, causing losses and/or the inability to service its debt obligations. If a Portfolio Company cannot generate adequate cash flow to meet debt obligations, K-PRIME may suffer a partial or total loss of capital invested in the Portfolio Company. In addition, the amount of leverage used to finance an Investment may fluctuate over the life of an Investment.

The Sponsor may also obtain leverage at the level of K-PRIME. K-PRIME expects to incur indebtedness and enter into guarantees and other credit support arrangements, or incur any other obligations in connection with K-PRIME's investment activities, for any proper purpose, including, without limitation, to fund Investments, cover fund expenses, organisational and offering expenses and management fees, provide permanent financing or refinancing, provide cash collateral to secure outstanding letters of credit, provide funds for distributions to investors in the Underlying Fund, and to fund redemptions. Borrowings and guarantees by K-PRIME may be deal-by-deal or on a portfolio basis, and may be on a joint, several, joint and several or cross-collateralised basis (which may be on an Investment-by-Investment or portfolio wide basis), co-investment vehicles, Other KKR Vehicles, joint venture partners and managers of such joint venture partners. Such arrangements will not necessarily impose joint and several obligations on such other vehicles that mirror the obligations of K-PRIME (e.g., K-PRIME may provide credit enhancement through recourse to assets outside of a loan pool, whereas other vehicles may not provide such enhancement). The interest expense of any such borrowings will generally be allocated among

K-PRIME and such other vehicles or funds pro rata (and therefore indirectly to the investors in the Underlying Fund pro rata) based on principal amount outstanding, but other fees and expenses, including upfront fees and origination costs, could be allocated by a different methodology, including entirely to K-PRIME. Furthermore, in the case of indebtedness on a joint and several or cross-collateralised basis, K-PRIME could be required to contribute amounts in excess of its pro rata share of the indebtedness, including additional capital to make up for any shortfall if the other joint and several obligors are unable to repay their pro rata share of such indebtedness. K-PRIME could lose its interests in performing Investments in the event such performing Investments are cross-collateralised with poorly performing or non-performing Investments of K-PRIME and such other vehicles. K-PRIME may also be obligated in some circumstances to reimburse co-investors for their losses resulting from cross-collateralisation of their investments with assets of K-PRIME that are in default. Obligations of K-PRIME due to the cross-collateralisation of obligations with other investment vehicles are permitted but not counted against K-PRIME's leverage limitations. Borrowings under any such facilities (and expenses related thereto) may initially be made with respect to an investment opportunity based on preliminary allocations to K-PRIME and/or Other KKR Vehicles, and such preliminary allocations may be subject to change and may not take into account excuse rights, investment limits, differences among the relevant entities, and other considerations. Although the Sponsor will seek to use leverage in a manner it believes is appropriate, the use of leverage involves a high degree of financial risk.

By executing an application form with respect to K-PRIME, investors will be deemed to have acknowledged and consented to the Sponsor causing K-PRIME to enter into one or more credit facilities or other similar fund-level borrowing arrangements.

The aggregate amount of borrowings by K-PRIME are subject to certain limits (as more fully set forth in the section "Leverage"). These limits do not include leverage on Investments (including Investments alongside Other KKR Vehicles), even though leverage at such entities could increase the risk of loss on such Investments. The limits also do not apply to guarantees of indebtedness, even though K-PRIME may be obligated to fully fund such guarantees or other related liabilities that are not indebtedness for borrowed money. There can be no assurance that the limits described above are appropriate in all circumstances and would not expose K-PRIME to financial risks.

The Sponsor may organise one or more parallel vehicles to invest alongside the Underlying Fund and/or K-PRIME Master, which may not have investment

objectives and/or strategies that are identical to the investment objectives and strategies of the Underlying Fund and/or feeder vehicles to invest through K-PRIME Master (each a 'Parallel Entity' and collectively, the 'Parallel Entities'), portfolio vehicles or other subsidiary entities ('Bond Financing Entities') for the purpose of providing K-PRIME with access to the unsecured bond market in Europe. If an investment held by any Parallel Entity organised in connection with a bond financing program for K-PRIME were to be unable to service or repay its pro rata share of such bond financing, K-PRIME could be required to fund the shortfall. In addition, such bond financing may be on a joint and several basis (which may be on an Investment-by-Investment or portfolio wide basis) with co-investment vehicles or Other KKR Vehicles, and, as such, there is a risk that K-PRIME could be required to contribute amounts in excess of its pro rata share of such financing, including additional capital (i) to make up for any shortfall if the co-investment vehicles or Other KKR Vehicles are unable to service or repay their pro rata share of such financing or (ii) to reimburse such co-investment vehicles or Other KKR Vehicles for proceeds that would have been distributed to such investors but instead are used to service or repay such Bond Financing Entity financing relating to investments in which such entities do not participate.

K-PRIME may be required to make contingent funding commitments or guarantees to its Investments and to provide other credit support arrangements in connection therewith. Such credit support may take the form of a guarantee, a letter of credit or other forms of promise to provide funding. Such credit support may result in fees, expenses and interest costs to K-PRIME, which could adversely impact the results of K-PRIME.

To finance Investments, K-PRIME may securitise or otherwise restructure or repackage some or all of its Investments and/or other assets on an individual or cross-collateralised basis with other investments and/or assets held by K-PRIME and/or Other KKR Vehicles (and the Sponsor may otherwise structure or package some or all investments and/or assets held by Other KKR Vehicles in holdings vehicles as described herein, unrelated to any financing arrangements, but which will nevertheless give rise to similar risks). This would typically involve K-PRIME creating one or more investment or holding vehicles, contributing assets to such vehicle or a related entity, and issuing debt or preferred equity interests in such entity or having such entity make borrowings or incur other indebtedness or engaging in such transactions with existing holding or other investment vehicles. To the extent such arrangements are entered into by any such vehicle or entity (and not K-PRIME itself), such arrangements will not be subject to the limits on borrowings or other indebtedness (or any limits on issuing additional interests) by K-PRIME

that are summarised herein under section 4 “The Fund & K-PRIME” and will not be treated as a single Investment for purposes of the investment limitations summarised herein under section 4 “The Fund & K-PRIME”. In connection with the foregoing, distributions from one Investment may be used to pay interest and/or principal (or the equivalent amounts regarding preferred securities) or other obligations.

If K-PRIME were to utilise one or more of such investment vehicles for any such purpose, the investors in the Underlying Fund would be exposed to risks associated with K-PRIME’s interest in such Investments and/or other assets. For example, in the event that the value of such Investment was to meaningfully deteriorate, there could be a margin call on K-PRIME’s facility, in response to the decrease in the collateral value. A decline in the value of such Investment could also result in increased costs of borrowing for K-PRIME as a whole. Investors in the Underlying Fund may also have an interest in certain Investments that is disproportionate to their exposure to leverage through cross-collateralisation on other Investments. Similar circumstances could arise in a situation where K-PRIME and a co-invest vehicle participate in borrowings that experience a margin call, and the co-invest vehicle’s investors already have funded their full commitments to such vehicle and accordingly have the option (and not the obligation) to fund additional amounts or otherwise be diluted by K-PRIME and/or Other KKR Vehicles. In addition, if K-PRIME is excused or excluded from or otherwise does not participate in an investment, through cross-collateralisation, K-PRIME may nevertheless be indirectly exposed to risks associated with leverage on investments made by Other KKR Vehicles in which K-PRIME is not invested and distributions from unrelated investments may be used to satisfy obligations with respect to such investment, in which case the investors in the Underlying Fund may receive such proceeds later than they otherwise would have, in a reduced amount, or not at all. The investors in the Underlying Fund and/or K-PRIME may also have an interest in certain Investments that is disproportionate to their exposure to leverage through cross-collateralisation on other Investments. In addition, K-PRIME would depend on distributions from an investment vehicle’s assets out of its earnings and cash flows to enable K-PRIME to make distributions to investors in the Underlying Fund. The ability of such an investment vehicle to make distributions will be subject to various limitations, including the terms and covenants of the debt/preferred equity it incurs. For example, tests (based on interest coverage or other financial ratios or other criteria) may restrict K-PRIME’s ability, as the holder of an investment vehicle’s common equity interests, to receive cash flow from these investments. There is no assurance any such performance tests will be satisfied. Also, an investment vehicle may take actions that delay

distributions in order to preserve ratings and to keep the cost of present and future financings lower or be required to prepay all or a portion of its cash flows to pay outstanding obligations to credit parties. As a result, there may be a lag, which could be significant, between the repayment or other realisation from, and the distribution of cash out of, such an investment vehicle, or cash flow may be completely restricted for the life of the relevant investment vehicle. To the extent any such investment vehicle defaults in its obligations to any credit parties, such credit parties may be entitled to foreclose on any collateral pledged by the applicable investment vehicle(s) and/or otherwise exercise rights and remedies as a creditor against the assets of any such investment vehicle(s), which could result in a loss of all or a part of K-PRIME’s interest in any applicable investment and/or distributions therefrom.

K-PRIME expects that the terms of the financing that any investment vehicles enter into will generally provide that the principal amount of assets must exceed the principal balance or market value of the related debt/preferred equity by a certain amount, commonly referred to as “over-collateralisation”. K-PRIME anticipates that the financing terms may provide that, if certain delinquencies and/or losses exceed specified levels, the required level of over-collateralisation may be increased or may be prevented from decreasing as would otherwise be permitted if losses or delinquencies did not exceed those levels. Failure to obtain favorable terms with regard to over-collateralisation may materially and adversely affect the liquidity of K-PRIME. If assets held by such investment vehicles fail to perform as anticipated, their over-collateralisation or other credit enhancement expenses may increase, resulting in a reduction in income and cash flow to K-PRIME from these investment vehicles.

In addition, a decline in the quality of assets in an investment vehicle due to poor operating results of the relevant issuer, declines in the value of collateral (whether due to poor operating results or economic conditions), among other things, may force an investment vehicle to sell certain assets at a loss, reducing their earnings and, in turn, cash potentially available for distribution to K-PRIME for distribution to the investors in the Underlying Fund, or in certain cases a margin call or mandatory prepayment may be triggered by such perceived decrease in value which may require a large amount of funding on short notice.

The use of margin borrowings results in certain additional risks to K-PRIME. For example, such margin financing arrangements secured by a pledge of equity of a Portfolio Company are not necessarily treated as borrowings incurred by K-PRIME to the extent not recourse to K-PRIME for purposes of determining K-PRIME’s compliance with the limitations on leverage

summarised herein under section 4 “The Fund & K-PRIME”. For example, should the securities pledged to brokers to secure K-PRIME’s margin accounts decline in value, K-PRIME could be subject to a “margin call”, pursuant to which K-PRIME must either deposit additional funds or securities with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of K-PRIME’s assets, K-PRIME might not be able to liquidate assets quickly enough to satisfy its margin requirements.

The equity interests that K-PRIME will hold in such an investment vehicle will not be secured by the assets of the investment vehicle, and K-PRIME will rank behind all known or unknown creditors and other stakeholders, whether secured or unsecured, of the investment vehicle. To the extent that any losses are incurred by the investment vehicle in respect of any collateral, such losses will be borne first by K-PRIME as owner of common equity interests.

Liabilities on Disposition of Investments.

In connection with the disposition of an Investment, K-PRIME may be required to make representations about the business, financial affairs and other aspects of such Investment, such as environmental matters, property conditions, regulatory matters, tax liabilities, insurance coverage and litigation. K-PRIME also may be required to indemnify the purchasers of an Investment for losses related to the inaccuracy of any representations and warranties and other agreed upon liabilities. Buyers of K-PRIME’s assets may sue K-PRIME under various theories, including breach of contract and tort, for losses they suffer, including from problems not uncovered in due diligence. K-PRIME may book contingent liabilities on its financial statements, or create cash reserves, at the time of sale to account for any potential liabilities, but these may be insufficient. In addition, at the time of disposition of an individual asset, a potential buyer that does not win the auction may 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.

Counterparty Risk

Certain Investments of K-PRIME will be exposed to the credit risk of the counterparties with which, or the dealers, brokers and exchanges through which, K-PRIME deals, whether in exchange-traded or over-the-counter (“**OTC**”) transactions. K-PRIME might be subject to the risk of loss of its assets on deposit or being settled or cleared with a broker in the event of the broker’s bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of K-PRIME, the bankruptcy of an exchange clearing house or the bankruptcy of any other counterparty. In the case of

any such bankruptcy, K-PRIME might recover, even in respect of property specifically traceable to K-PRIME, only a pro rata share of all property available for distribution to all of the counterparty’s customers and counterparties. Such an amount could be less than the amounts owed to K-PRIME. Certain counterparties could have general custody of, or title to, K-PRIME’s assets. The failure of any such counterparty would likely result in adverse consequences to K-PRIME (see the “*Credit Risk; Collateral*” section below).

Hedging

The Underlying Fund, K-PRIME Master and K-PRIME Aggregator (and the intermediate vehicles, holding companies and special purpose vehicles through which they hold Investments) are permitted to (but is under no obligation to) enter into bona fide hedging transactions in connection with the acquisition, holding, financing, refinancing or disposition of one or more Investments, including but not limited to investments in currency or interest rate futures, forwards and other currency or interest rate hedging contracts, swaps and other derivative contracts or instruments (such investments, contracts and instruments collectively, “**Hedging Transactions**”) and other arrangements for hedging purposes to preserve a return on a particular Investment or to seek to protect against risks relating to K-PRIME’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 (see the “Counterparty Risk” section above) and the illiquidity of the instrument acquired by K-PRIME relating thereto. Although K-PRIME might benefit from the use of Hedging Transactions, changes in currency exchange rates or other factors could result in a poorer overall performance for K-PRIME compared to what K-PRIME’s performance would have been if it had not entered into Hedging Transactions. Furthermore, the costs associated with these arrangements could reduce the returns that K-PRIME would have otherwise achieved if these transactions were not entered into by K-PRIME. It is not possible to hedge fully or perfectly against currency fluctuations affecting the value of Investments denominated in non-U.S. currencies because the value of those Investments is likely to fluctuate as a result of independent factors not related to currency fluctuations. Portfolio Companies and their respective direct or indirect subsidiaries, intermediate vehicles, holding companies and special purpose vehicles can also enter into Hedging Transactions in order to hedge risks applicable to them. Such transactions are subject to similar risks to those described above. K-PRIME could 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. In addition, although such Hedging Transactions can hedge economic risks, they might not be effective hedges for tax purposes. For example, the tax character of the gain or loss on the Hedging Transaction could differ from the character of the loss or gain on the Investment, or the timing or gain or loss for tax purposes could differ between the Hedging Transaction and the Investment. Further, there can be no assurance that adequate hedging arrangements will be available on an economically viable basis.

In addition, the Sponsor may engage in Hedging Transactions with respect to K-PRIME as it deems appropriate in accordance with the Articles and without taking into consideration any Hedging Transactions separately entered into by investors in the Underlying Fund, which could result in an investor's own hedging activities being rendered ineffective or result in adverse or otherwise undesired effects with respect to an investor's Shares.

Investments by K-PRIME, and the income received by K-PRIME with respect to such Investments, can be denominated in various currencies. However, the books of K-PRIME will be maintained, and subscriptions to and redemptions and distributions from K-PRIME will be made, in U.S. dollar. Currency Hedging Transactions might result in positive or negative effects on returns which could negatively affect investors in the Underlying Fund. In addition, the Sponsor will engage in Hedging Transactions with respect to K-PRIME as it deems appropriate.

There can be no assurance that K-PRIME will be able to execute Hedging Transactions in the OTC derivatives markets on commercially reasonable terms. Regulations in the European Union (the 'EU') and the United States as applicable to the OTC derivative markets include, but are not limited to: requirements that many of the most liquid OTC derivatives be executed on qualifying, regulated exchanges or trading facilities and submitted for clearing at a registered clearinghouse; requirements for swap market participants to post variation margin in respect of exposures arising in respect of their uncleared OTC derivatives; and the imposition of trade reporting, recordkeeping, compliance and disclosure requirements for dealers offering OTC derivatives to their clients. These regulations will result in additional costs to K-PRIME in connection with its use of OTC derivatives (which could reduce the level of exposure K-PRIME is able to obtain for hedging purposes through OTC derivatives) and, to the extent K-PRIME is required to post margin or pay additional fees to its swap counterparties, potentially reduce the amounts available to K-PRIME to make non-derivative Investments. Ongoing changes to the regulation of the derivatives markets could limit K-PRIME's ability to pursue its business strategies

or to hedge against risks relating to K-PRIME's Investments. New regulation of derivatives may make them more costly, or may otherwise adversely affect their liquidity, value or performance. Furthermore, the margin requirements for cleared and uncleared OTC derivatives could require that the Sponsor, in order to maintain its expected exemption from CPO registration under the U.S. Commodity Futures Trading Commission's (the "CFTC") Rule 4.13(a)(3), limit K-PRIME's ability to enter into Hedging Transactions or to obtain synthetic investment exposures in either case adversely affecting K-PRIME's ability to mitigate risk. Ongoing changes to the regulation of the derivatives markets and potential changes in the regulation of funds using derivative instruments could limit K-PRIME's ability to pursue its investment strategies. New regulation of derivatives may make them more costly, or may otherwise adversely affect their liquidity, value or performance.

Credit Risk; Collateral

The terms of derivative hedging arrangements entered into by K-PRIME might provide that related collateral given to, or received by, K-PRIME is permitted to be pledged, lent, re-hypothecated or otherwise re-used by the collateral taker for its own purposes. If collateral received by K-PRIME is reinvested or otherwise re-used, K-PRIME is exposed to the risk of loss on that collateral. Should such a loss occur, the value of the collateral will be reduced and K-PRIME will have less protection if the counterparty defaults. Similarly, if the counterparty reinvests or otherwise re-uses collateral received from K-PRIME and suffers a loss as a result, it might not be in a position to return that collateral to K-PRIME should the relevant transaction be completed, unwound or otherwise terminated, and K-PRIME is exposed to the risk of loss of the amount of collateral provided to the counterparty.

Currency Risk

A material number of K-PRIME's Investments and the income received by K-PRIME with respect to such Investments might be denominated in various non-U.S. currencies. However, the books of K-PRIME will be maintained in the U.S. dollar. Accordingly, fluctuations in currency values could adversely affect the U.S. dollar value of portfolio Investments, interest, dividends and other revenue streams received by K-PRIME, gains and losses realised on the sale of portfolio Investments and the amount of distributions, if any, to be made by K-PRIME. 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 K-PRIME 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 K-PRIME and companies in which it invests 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 K-PRIME is permitted to invest are often subject to government intervention, restrictions on repatriation and similar restrictions, which exacerbates the risk of unexpected fluctuations and/or could cause K-PRIME and/or its Investments to incur significant costs or experience substantial delays in, or be prohibited from, converting currencies.

In addition, K-PRIME will incur costs in converting investment proceeds from one currency to another. Where practicable, K-PRIME might enter into Hedging Transactions designed to reduce such currency risks (see the “*Hedging*” section above). Furthermore, the Portfolio Companies in which K-PRIME invests could 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, K-PRIME likely would also be adversely affected as a result.

Due to ongoing developments surrounding the regulation of OTC derivatives, K-PRIME’s ability to hedge currency risk could be limited (see the “*Hedging*” section above).

Among the factors that could affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political and economic developments. The Sponsor could try to hedge these risks by investing directly in foreign currencies, buying and selling forward foreign currency exchange contracts and buying and selling options on foreign currencies, but there can be no assurance such strategies will be effective.

In addition, investments into non-U.S. dollar denominated Share classes of the Underlying Fund (a Class’) or sub-funds of the Underlying Fund (a **‘Sub-Fund**) bear the risk of fluctuations in currency values between the U.S. dollar and the currency that the Class or Sub-Fund in which they have invested could substantially adversely impact their returns compared to an Underlying Fund investor in a U.S. dollar denominated Share Class or Sub-Fund.

Other KKR Activities

As further described under section 11.8 “Conflicts of Interest” below, conflicts of interest will at times arise in allocating time, services, or resources among the investment activities of K-PRIME and Other KKR Vehicles. The Sponsor will devote such time as shall be necessary to conduct the business affairs of K-PRIME in an appropriate manner. However, KKR and its affiliates will continue to devote the resources necessary to manage Other KKR Vehicles, and to manage the investment activities of the executives of KKR. KKR and its affiliates are not precluded from conducting activities unrelated to K-PRIME and Other KKR Vehicles. The Sponsor and KKR believe that these other activities will not materially interfere with their responsibilities to K-PRIME.

Non-Controlling Investment Positions; Third-Party Involvement

K-PRIME might make portfolio Investments through arrangements with operating partners, including through partnerships, joint ventures or other entities. Operating partners, if used, generally would be expected to provide various services to portfolio entities through which such portfolio Investments are made, 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). The 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 K-PRIME and/or one or more Other KKR Vehicles (as defined in section 11.8 “Conflicts of Interest” below) in addition, potentially, to third parties unaffiliated with K-PRIME, Other KKR Vehicles or KKR. K-PRIME expects to invest alongside third parties, including third-party fund managers, which third parties might have larger or controlling ownership interests in, or governance rights in respect of, such Investments. Although the Sponsor will attempt to acquire the necessary governance rights to exercise enough influence to implement KKR’s value creation strategies, in some cases certain major decisions will require the consent of other investors in the Underlying Fund, thereby lessening the Sponsor’s control and therefore its ability to protect the position of K-PRIME. It may also be more difficult for K-PRIME to sell its interest in any joint venture, partnership or entity with other owners than to sell its interest in other types of investments (and any such investment may be subject to a buy-sell right). K-PRIME may grant operating partners and other third parties approval rights with respect to major decisions concerning the management and disposition of the investment, which would increase

the risk of deadlocks or unanticipated exits from an investment. A deadlock could delay the execution of the business plan for the investment or require K-PRIME to engage in a buy-sell of the venture with the operating partner and other third party or conduct the forced sale of such Portfolio Company or require alternative dispute resolution in order to resolve such deadlock. As a result of these risks, K-PRIME may be unable to fully realise its expected return on any such Portfolio Company. In addition, there may be instances in which K-PRIME makes an investment in publicly traded securities without the intent to control or influence the securities, properties and other assets in which it invests, and in such cases, K-PRIME will be significantly reliant on the existing management, board of directors and other shareholders of such companies, which will include representation of other financial investors with whom K-PRIME is not affiliated and whose interests may conflict with the interests of K-PRIME.

In addition, it is possible that, from time to time, K-PRIME or an affiliate of K-PRIME, including KKR, could 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 K-PRIME or such affiliate of K-PRIME, including KKR, could agree, among other things, not to 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 could be circumstances in which KKR could source a potential investment opportunity or be presented with an opportunity by a third party, and, as a result of such arrangements with an Exclusive JV Partner, K-PRIME could be precluded from pursuing such investment opportunity.

Such investments will 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 or manager or operator might have economic or business interests or goals that are inconsistent with those of K-PRIME or could be in a position to take (or block) action in a manner contrary to the investment objectives of K-PRIME. K-PRIME might also in certain circumstances be liable for the actions of such third parties. While K-PRIME can seek to obtain indemnities to mitigate such risk, such efforts might not be successful. Investments made with such third parties in joint ventures or other entities could involve arrangements whereby K-PRIME would bear a disproportionate share of the expenses of the joint venture and/or portfolio entity, as the case may be, including any overhead expenses, management fees or other fees payable to the joint venture partner (or

the management team of the joint venture portfolio entity), employee compensation, diligence expenses or other related expenses in connection with backing the joint venture or the build out of the joint venture portfolio entity. Such expenses can be borne directly by K-PRIME as fund expenses (or broken deal expenses, as applicable) or indirectly as K-PRIME bears the start-up and ongoing expenses of the newly formed joint venture portfolio entity.

The compensation paid to joint venture and operating partners, if any, could be comprised of various types of arrangements, including one or more of the following (i) management or other fees, including, for example, origination fees and development fees payable to the joint venture partner (or the management team of the joint venture portfolio entity), (ii) carried interest distributions and/or other profit sharing arrangements payable to the joint venture partner (or the management team of the joint venture portfolio entity), including profits realised in connection with the disposition of a single asset, the whole joint venture portfolio entity or some combination thereof and (iii) other types of fees, bonuses and compensation not otherwise specified above. None of the compensation or expenses described above, if any, will be offset against any management fees or carried interest distributions payable to the Sponsor in respect of K-PRIME. In addition, joint venture and operating partners (and/or their officers, directors, employees or other associated persons), if any, could be permitted to invest in K-PRIME and Other KKR Vehicles, or in specific transactions (including K-PRIME Investments) on a no-fee/no-carry basis. Members of the management team for a joint venture portfolio entity could include Consultants (as defined below), individuals providing advisory services to KKR or any **'KKR Affiliate'** (i.e., any entity that, directly or indirectly, controls, is controlled by or is under common control with KKR, other than (i) Portfolio Companies or companies in which other KKR-sponsored investment funds, vehicles or accounts invest, (ii) any investment vehicle the formation of which was sponsored by KKR but which is not managed by KKR, and (iii) KKR Financing Partners), investment funds, vehicles and accounts sponsored by KKR or any KKR Affiliate and the portfolio companies of such funds, vehicles and accounts and who are designated as "Senior Advisors" by KKR (**'Senior Advisors'**), third-party consultants who provide, among others, additional operational and strategic insights into KKR's investments (**'Executive Advisors'**), individuals who were formerly employees of KKR and are engaged as consultants for KKR (**'KKR Advisors'**) and any of KKR Capstone Americas LLC, KKR Capstone EMEA LLP, KKR Capstone EMEA (International) LLP, KKR Capstone Asia Limited and their Capstone-branded subsidiaries, which employ operating professionals dedicated to supporting executives of KKR deal teams and portfolio companies (**'KKR Capstone'**).

In the event that K-PRIME 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 K-PRIME's interests. In addition, K-PRIME's investment strategies in certain Investments could, but are not expected to, depend on its 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 K-PRIME 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 K-PRIME.

In addition, KKR could engage persons to provide consulting services to K-PRIME and its portfolio entities, including, without limitation, KKR Capstone ('**Consultants**'). Services provided by Consultants, if any, would generally be expected to fall within two categories: (i) acquisition-related services, including sourcing, evaluating, structuring, underwriting, due diligence and execution with respect to actual or potential investment opportunities; and (ii) asset management-related services with respect to existing portfolio Investments, consulting with respect to dispositions and providing strategic oversight. KKR from time to time identifies individual Consultants that KKR believes would serve as effective senior executives with respect to a Portfolio Company in a given industry or asset class, including prior to the identification of an actual target Portfolio Company. Such Consultants could be engaged to assist in the sourcing, evaluation and due diligence of a potential Portfolio Company for which the Consultant will (if acquired) serve in a senior executive capacity. Consultants with respect to a particular portfolio Investment could also provide the same or similar services with respect to other portfolio Investments of K-PRIME and/or one or more Other KKR Vehicles (including any predecessor funds and successor funds thereto) or potentially to third-parties unaffiliated with K-PRIME or KKR. Consultants, if any, would be expected to be consultants rather than employees of KKR and are compensated for services provided to KKR, K-PRIME, Other KKR Vehicles and portfolio entities. Consultants, if any, could receive a financial package comprised of various types of compensation arrangements, including one or more of the following: (i) a quarterly or annual fee for a specified period of time or through final disposition of the applicable portfolio Investment, (ii) a discretionary performance-related bonus, (iii) a fee paid upon acquisition of a portfolio Investment sourced by such Consultant, (iv) a disposition fee, (v) a "promote" or other success-based fee calculated based on the returns of the applicable portfolio Investment(s), which could be paid by the applicable joint venture or

a portfolio entity owned by K-PRIME above such joint venture, (vi) a portion of the carried interest received by a general partner(s) of an Other KKR Vehicle, including K-PRIME, that is part of KKR's "carry pool", (vii) grants of equity in one or more of the parent entities of KKR (including equity awards from KKR & Co. Inc.), (viii) an opportunity to invest in Other KKR Vehicles, including potentially K-PRIME, or in specific transactions (including K-PRIME Investments) on a no-fee/no-carry basis and (ix) any other types of fees, bonuses or other types of compensation not otherwise specified above. K-PRIME would directly bear, or indirectly bear through portfolio entities, holding vehicles, joint ventures and other entities in or through which it invests, some or all of the compensation costs of Consultants, as described above, to the extent that any Consultants are engaged by K-PRIME or its portfolio entities. Consultants will generally also be entitled to reimbursement for expenses incurred while providing services to KKR, K-PRIME, Other KKR Vehicles, portfolio entities and joint ventures, and K-PRIME will reimburse directly, or indirectly through portfolio entities, holding vehicles, joint ventures and other entities in or through which it invests, Consultants for their expenses. None of the compensation and expense reimbursement received by Consultants would be shared with K-PRIME or offset against management fees or carried interest distributions payable by K-PRIME (see section 11.8 "*Conflicts of Interest*").

Joint Venture Risk

K-PRIME may in the future enter into joint ventures with third parties to invest in Portfolio Companies. K-PRIME may also make enter into in partnerships or other co-ownership arrangements or participations. Such business activities may involve risks not otherwise present with other methods of investing in Portfolio Companies, including, for instance, the following risks and conflicts of interest:

- the joint venture partner could become insolvent or bankrupt;
- fraud or other misconduct by the joint venture partner;
- K-PRIME may share decision-making authority with its joint venture partner regarding certain major decisions affecting the ownership of the joint venture and the joint venture property, such as the sale of the property or the making of additional capital contributions for the benefit of the property, which may prevent K-PRIME from taking actions that are opposed by its joint venture partner;
- under certain joint venture arrangements, neither party may have the power to control the venture and, under certain circumstances, an impasse could result regarding cash distributions,

reserves, or a proposed sale or refinancing of the investment, and this impasse could have an adverse impact on the joint venture, which could adversely impact the operations and profitability of the joint venture and/or the amount and timing of distributions K-PRIME receives from such joint venture;

- the joint venture partner may at any time have economic or business interests or goals that are or that become in conflict with K-PRIME's business interests or goals, including, for instance, the operation of Portfolio Companies;
- the joint venture partner may be structured differently than K-PRIME for tax purposes and this could create conflicts of interest;
- K-PRIME may rely upon its joint venture partner to manage the day-to-day operations of the joint venture and underlying assets, as well as to prepare financial information for the joint venture and any failure to perform these obligations may have a negative impact on K-PRIME's performance and results of operations;
- the joint venture partner may experience a change of control, which could result in new management of the joint venture partner with less experience or conflicting interests to K-PRIME and be disruptive to K-PRIME's business;
- such joint venture partner may be in a position to take action contrary to K-PRIME's instructions or requests or contrary to K-PRIME's policies or objectives;
- the terms of the joint ventures could restrict K-PRIME's ability to sell or transfer its interest to a third party when it desires on advantageous terms, which could result in reduced liquidity;
- K-PRIME or its joint venture partner may have the right to trigger a buy-sell arrangement, which could cause K-PRIME to sell its interest, or acquire its partner's interest, at a time when K-PRIME otherwise would not have initiated such a transaction;
- the joint venture partner may not have sufficient personnel or appropriate levels of expertise to adequately support K-PRIME's initiatives; and
- to the extent it is permissible under the U.S. Investment Company Act of 1940 (as amended from time to time, the '1940 Act') for K-PRIME to partner with other vehicles advised by certain members of the KKR Group, the advisor may have conflicts of interest that may not be resolved in K-PRIME's favor.

In addition, disputes between K-PRIME and its joint venture partner may result in litigation or arbitration that would increase K-PRIME's expenses and prevent K-PRIME's officers and directors from focusing their

time and efforts on K-PRIME's business. Any of the above might subject K-PRIME to liabilities and thus reduce its returns on the investment with the joint venture partner. K-PRIME may at times enter into arrangements that provide for unfunded commitments and, even when not contractually obligated to do so, may be incentivised to fund future commitments related to its investments.

Debt Securities Generally

K-PRIME invests in various types of debt securities and debt-related instruments. Such securities and instruments could be unrated, and whether or not rated, could have speculative characteristics (see the "High Yield Investments" section below). In the absence of appropriate hedging measures, changes in interest rates generally will cause the value of Debt Investments held by K-PRIME to vary inversely to such changes. Investments in debt securities and instruments with longer terms to maturity or duration are subject to greater volatility than Investments in shorter-term obligations.

The obligor of a debt security or instrument may not be able or willing to pay interest or to repay principal when due in accordance with the terms of the associated agreement. An obligor's willingness to pay interest or to repay principal due in a timely manner could be affected by, among other factors, its cash flow. Commercial bank lenders 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 (see the "Credit Risk" section below).

K-PRIME will invest in loans and other similar forms of debt. Such forms of indebtedness are different from traditional debt securities in that debt securities are part of a large issue of securities to the public and loans and similar debt instruments may not be securities, but could represent a specific commercial loan to a borrower. Loan participations typically represent direct participation, together with other parties, in a loan to a corporate borrower, and generally are offered by banks or other financial institutions or lending syndicates (see the "Bank Loans and Participations" section below). K-PRIME could, from time to time, participate in such syndications, or can buy part of a loan, becoming a part lender. When purchasing indebtedness and loan participations, K-PRIME assumes the credit risk associated with the corporate borrower and could assume the credit risk associated with an interposed bank or other financial intermediary. Members of a syndicate in which K-PRIME participates can have different and sometimes superior rights to those of K-PRIME. Where K-PRIME invests as a sub-participant in syndicated debt, it could be subject to certain risks as a result of having no direct contractual relationship with the underlying borrower. As a result, K-PRIME

will generally be dependent on the lender to enforce its rights and obligations under the loan arrangements in the event of a default by the underlying borrower and will generally not have any direct rights against the underlying borrower, any direct rights in the collateral, if any, securing such borrowing, or any right to deal directly with such borrower. The lender will, in general, retain the right to determine whether remedies provided for in the underlying loan arrangement will be exercised, or waived. In the event that K-PRIME enters into such an Investment, there can be no assurance that its ability to realise upon a participation will not be interrupted or impaired in the event of the bankruptcy or insolvency of any of the borrower or the lender or that in such circumstances, K-PRIME will benefit from any set-off between the lender and the borrower. Successful claims by third parties arising from these and other risks could be borne by K-PRIME.

Bank Loans and Participations

K-PRIME's investment program includes Investments in bank loans and participations. These obligations are subject to unique risks, including: (i) the possible invalidation of an Investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws; (ii) so-called "lender liability" claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; (iv) adverse consequences resulting from participating in such instruments with other institutions with lower credit quality; and (v) limitations on K-PRIME's ability to enforce its rights directly with respect to participations. In analysing each bank loan or participation, the Sponsor compares the relative significance of the risks against the expected benefits. Successful claims by third parties can adversely impact K-PRIME and its performance.

There could be less readily available and reliable information about most bank loans than is the case for many other types of securities, including securities issued in transactions registered under the U.S. Securities Act of 1933, as amended, or registered under the U.S. Securities Act of 1934, as amended. As a result, the Sponsor will rely primarily on its own evaluation of a borrower's credit quality rather than on any available independent sources. Therefore, K-PRIME will be particularly dependent on the analytical abilities of the Sponsor.

In general, the secondary trading market for bank loans is not fully developed. No active trading market may exist for certain senior secured loans, which could make it difficult to value them. Illiquidity and adverse market conditions could mean that K-PRIME may not be able to sell senior secured loans quickly or at a fair price. To the extent that a secondary market does exist for certain senior secured loans, the market for them could be subject to irregular trading activity,

wide bid/ask spreads and extended trade settlement periods.

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

Subordinated Loans

K-PRIME could, from time to time, invest in secured subordinated loans, including second and lower lien loans or unsecured loans. Second lien loans are generally second in line in terms of repayment priority. A second lien loan can have a claim on the same collateral pool as the first lien or it could be secured by a separate set of assets. Second lien loans generally give investors priority over general unsecured creditors in the event of an asset sale. The priority of the collateral claims of third or lower lien loans ranks below holders of second lien loans and so on. Such junior loans are subject to the same general risks inherent to any loan investment, including credit risk, market and liquidity risk, and interest rate risk. Due to their lower place in the borrower's capital structure, such loans involve a higher degree of overall risk than senior loans of the same borrower.

High Yield Investments

K-PRIME invests in debt securities and instruments that are classified as "higher-yielding" (and, therefore, higher-risk) investments. In most cases, such investments will be rated below investment grade by recognised rating agencies or will be unrated and face ongoing uncertainties and exposure to adverse business, financial or economic conditions and the issuer's failure to make timely interest and principal payments. Such securities and instruments are generally not exchange-traded and, as a result, trade in the OTC marketplace, which is less transparent than the exchange-traded marketplace. In addition, K-PRIME is permitted to invest in bonds of issuers that do not have publicly-traded equity securities, making it more difficult to hedge the risks associated with such investments. The market for high yield securities has historically experienced periods of significant volatility and reduced liquidity. The market values of certain of these lower-rated and unrated debt investments could reflect individual corporate developments to a greater extent and tend to be more sensitive to economic conditions than those of higher-rated investments, which react primarily

to fluctuations in the general level of interest rates. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. General economic recession or a major decline in the demand for products and services in which the borrower operates would likely have a materially adverse impact on the value of such securities and the ability of the issuers of such securities to repay principal and interest thereon, thereby increasing the incidence of default of such securities. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, could also decrease the value and liquidity of these high yield debt investments.

Credit Risk

K-PRIME's Investments are subject to the risk of non-payment of scheduled interest or principal by the borrowers with respect to such Investments. Such non-payment would likely result in a reduction of income to K-PRIME and a reduction in the value of the debt investments experiencing non-payment.

Although K-PRIME is permitted to invest in Investments that the Sponsor believes are secured by specific collateral the value of which can exceed the principal amount of the Investments at the time of initial Investment, there can be no assurance that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments with respect to such Investment, or that such collateral could be readily liquidated. In addition, in the event of bankruptcy of a borrower, K-PRIME could experience delays or limitations with respect to its ability to realise the benefits of the collateral securing an Investment. Under certain circumstances, collateral securing an Investment could be released without the consent of the Sponsor. Moreover, K-PRIME's Investments in secured debt could be unperfected for a variety of reasons, including the failure to make required filings by lenders, trustees or other responsible parties and, as a result, K-PRIME may not have priority over other creditors as anticipated. K-PRIME could also invest in high yield securities and other unsecured investments, each of which involves a higher degree of risk than senior secured loans (see the "High Yield Investments" section above). As discussed above under "Subordinated Loans," K-PRIME's right to payment and its security interest, if any, could be subordinated to the payment rights and security interests of more senior creditors. Certain of these Investments could have an interest-only payment schedule, with the principal amount remaining outstanding and at risk until the maturity of the Investment. In this case, a Portfolio Company's ability to repay the principal of an Investment could be dependent upon a liquidity event or the long-term success of the company, the occurrence of which is uncertain.

Companies in which K-PRIME invests could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment or an economic downturn. As a result, companies that K-PRIME expected to be stable could operate, or expect to operate, at a loss or have significant variations in operating results, could require substantial additional capital to support their operations or maintain their competitive position, or could otherwise have a weak financial condition or be experiencing financial distress.

Call Options

K-PRIME could incur risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (i.e., the writer holds the underlying financial instrument) assumes the risk of a decline in the market price of the underlying financial instrument below the purchase price of the underlying financial instrument less the premium received, and gives up the opportunity for gain on the underlying financial instrument above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying financial instrument above the exercise price of the option. The financial instruments necessary to satisfy the exercise of an uncovered call option could be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing financial instruments to cover the exercise of an uncovered call option can cause the price of the financial instruments to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

Put Options

K-PRIME could incur risks associated with the purchase of put options. The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying financial instrument) assumes the risk of an increase in the market price of the underlying financial instrument above the sales price (in establishing the short position) of the underlying financial instrument plus the premium received, and gives up the opportunity for gain on the underlying financial instrument if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying financial instrument below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Restricted Financial Instruments

Financial instruments that are purchased in connection with privately negotiated transactions that are not registered under relevant securities laws

("Restricted Financial Instruments") cannot be sold to the public without registration under the 1933 Act. Unless registered for sale, Restricted Financial Instruments can be sold only in privately negotiated transactions or pursuant to an exemption from registration (e.g., under Rule 144A of the 1933 Act). Corporate debt securities, bank loans and certain other investments that could be purchased and sold are traded in private, unregistered transactions and subject to restrictions on resale. Although these Restricted Financial Instruments could be resold in privately negotiated transactions, because there is less liquidity for these Restricted Financial Instruments, the prices realised from these sales could be less than those originally paid by K-PRIME. If K-PRIME is required to liquidate all or a portion of its portfolio quickly, K-PRIME could realise significantly less than the value at which it previously recorded those investments. Restricted Financial Instruments could involve a high degree of business and financial risk which could result in substantial losses.

Derivatives

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

Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets K-PRIME may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which K-PRIME could conduct its transactions in derivative instruments could prevent prompt liquidation of positions, subjecting K-PRIME to the potential of greater losses. Derivative instruments that could be purchased or sold by K-PRIME could include instruments not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions. In particular, the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**") requires clearing and exchange trading of those products mandated by the CFTC. The CFTC requires the clearing of certain interest rate and credit index derivatives. Additional products are expected to be required to be cleared in the future. However, other swaps will not necessarily be cleared through registered clearinghouses, and therefore may not be subject to the protections afforded to participants in cleared swaps (for example, centralised counterparty, guaranteed funds, customer asset segregation and mandatory margin requirements). Clearinghouse collateral requirements could differ from and be greater than the collateral terms negotiated with derivatives counterparties in the "over-the-counter" market. This could increase K-PRIME's cost in entering into these products and impact K-PRIME's ability to pursue certain investment strategies. For swaps that are cleared through a clearinghouse, K-PRIME will face the clearinghouse as legal counterparty and will be subject to clearinghouse performance and credit risk. In addition, significant disparities could exist between "bid" and "asked" prices for derivative instruments that are not traded on an exchange.

Additionally, when a company defaults or files for protection from creditors (e.g., U.S. chapter 11 proceedings), the use of derivative instruments presents special risks associated with the potential imbalance between the derivatives market and the underlying securities market. In such a situation, physical certificates representing such securities could be required to be delivered to settle trades and the potential shortage of such actual certificates relative to the number of derivative instruments could cause the price of the actual certificated debt securities to rise, which could adversely affect the holder of such derivative instruments. The risk of non-performance by the counterparty on such an instrument could be greater and the ease with which K-PRIME can dispose of or enter into closing

transactions with respect to such an instrument could be less than in the case of an exchange traded instrument. The stability and liquidity of derivative investments depend in large part on the creditworthiness of the parties to the transactions. If there is a default by the counterparty to such a transaction, K-PRIME will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights could involve delays or costs which could result in a loss to K-PRIME. Furthermore, there is a risk that any of such counterparties could become insolvent (see the “*Counterparty Risk*” section above). It should be noted that in purchasing derivative instruments, K-PRIME typically will not have the right to vote on matters requiring a vote of holders of the underlying investment. Moreover, derivative instruments, and the terms relating to the purchase, sale or financing thereof, are also typically governed by complex legal agreements. As a result, there is a higher risk of dispute over interpretation or enforceability of the agreements. It should also be noted that the regulation of derivatives is evolving in many jurisdictions and is expected to increase, which could impact K-PRIME’s ability to transact in such instruments and the liquidity of such instruments. Issuers could also enter into hedging or other derivative transactions including in order to hedge risks applicable to them. Such transactions are subject to similar risks to those described above. K-PRIME could be exposed to such risks by reason of its Investment in the relevant issuer.

There is significant uncertainty regarding past legislation (including the Dodd-Frank Act and the European Market Infrastructure Regulation (as amended, and any delegated or implementing regulations related thereto) and the regulations that are being developed pursuant to such legislation) and, consequently, the full impact that such legislation ultimately will have on K-PRIME’s derivatives instruments is not fully known to date. For all the foregoing reasons, while K-PRIME could benefit from the use of derivatives and other hedging mechanism, the use of derivatives and related techniques can expose K-PRIME and its Investments to significant risk of loss and could result in a poorer overall performance for K-PRIME than if it had not entered into such transactions. Additional risks associated with derivatives trading include:

Tracking

When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative and the underlying investment sought to be hedged could prevent K-PRIME from achieving the intended hedging effect or expose K-PRIME to risk of loss. If K-PRIME invests in derivatives at inopportune times or incorrectly judges market conditions, the Investments could lower

the return of K-PRIME or result in a loss. K-PRIME also could experience losses if derivatives are poorly correlated with its other Investments.

Options and Warrants

K-PRIME could receive or purchase options and warrants on a standalone basis or as part of a mezzanine or senior debt investment or purchase options or warrants to hedge securities obtained in the course of its investment activities. The successful use of options depends principally on the price movements of the underlying securities. In addition, if K-PRIME purchases an option, it will run the risk that it will lose its entire Investments in the option in a relatively short period of time, unless K-PRIME exercises the option or enters into a closing transaction with respect to the option during the life of the option. If the price of the underlying security does not rise (in the case of a call) or fall (in the case of a put) to an extent sufficient to cover the option premium and transaction costs, K-PRIME will lose part or all of its Investments in the option. There is no assurance that K-PRIME will be able to effect closing transactions at any particular time or at any acceptable price.

Swap Transactions

K-PRIME could engage in swap transactions. Currency swaps involve the exchange of cash flows on a notional amount of two or more currencies based on their relative future values. An equity swap is an agreement to exchange streams of payments computed by reference to a notional amount based on the performance of a basket of stocks or a single stock. K-PRIME generally intends to enter into swaps on a net basis; i.e., the two payment streams are netted out in a cash settlement on the payment date or dates specified in the agreement. K-PRIME receives or pays, as the case may be, only the net amount of the two payments. K-PRIME could employ swaps for speculative purposes, such as to obtain the price performance of a security without purchasing it in cases where the security is illiquid, unavailable for direct investment or available only on less attractive terms.

Unlike futures and options on futures contracts and commodities, and although the Dodd-Frank Act and related regulations contemplate that certain swaps be centrally traded on registered market facilities and/or cleared by a registered clearinghouse, many swap contracts are not generally traded on an exchange or cleared by an exchange or clearinghouse. As with any forward foreign currency or spot contract, until such time as these transactions are cleared or guaranteed by an exchange, K-PRIME will be subject to the risk of counterparty default on its swaps. Because swaps do not generally involve the delivery of underlying assets or principal, any loss would be

limited to the net amount of payments required by contract. In some swap transactions the counterparty could require K-PRIME to deposit collateral to support K-PRIME's obligation under the swap agreement. If the counterparty to such a swap defaults, K-PRIME would lose the net amount of payments that K-PRIME is contractually entitled to receive and could lose, in addition, any collateral deposits made with the counterparty.

If the swap counterparty is an unaffiliated entity, it could hold such collateral in U.S. or non-U.S. depositories. Non-U.S. depositories are not subject to U.S. regulation. K-PRIME's assets held in these depositories are subject to the risk that events could occur which would hinder or prevent the availability of these funds for distribution to customers including K-PRIME. Such events could include actions by the government of the jurisdiction in which the depository is located including expropriation, taxation, moratoria and political or diplomatic events.

K-PRIME could also enter into an interest rate swap is a derivative where the parties exchange interest payments on a specific principal amount per payment period, typically exchanging a fixed amount for a floating amount (an amount equal to a variable interest rate multiplied by the principal amount). In the event that K-PRIME enters into an interest rate swap and is paying a fixed amount, K-PRIME risks that the variable interest rate will decrease and therefore it is paying more than it is receiving. Alternatively, in the event that K-PRIME is paying a floating amount, it risks that the variable interest rate will increase and therefore it is paying more than it is receiving.

Syndication and Warehousing

KKR has made a number of investments and expects to make additional investments after the Underlying Fund's initial subscription date (tentatively set at 1 May 2023), which it intends to transfer to K-PRIME at cost (in each case, a "**Warehoused Investment**").

KKR, Other KKR Vehicles, or affiliates or related parties of the foregoing or other parties (including, for the avoidance of doubt, any bank warehouse, which may be structured as a securitisation, a total return swap, junior and/or "first loss" notes, the price of which will be linked to the value of the underlying assets, or otherwise, which in each case may be guaranteed financed or partially financed by any of the foregoing) could acquire an investment (including, for the avoidance of doubt, each Warehoused Investment) as principal and subsequently sell some or all of it to K-PRIME, Other KKR Vehicles or co-investors in an affiliate or related party transaction. Similarly, K-PRIME may acquire an Investment (including a Warehoused Investment) and subsequently syndicate, or sell some or all of it, to KKR, Other KKR Vehicles, co-investors, or affiliates or related parties of the foregoing or other third parties, notwithstanding the availability of capital from the investors in the

Underlying Fund and other investors thereof or applicable credit facilities. While it intends to transfer the Warehoused Investments at cost, the Sponsor may cause these transfers to be made at cost, or cost plus an interest rate or carrying cost charged from the time of acquisition to the time of transfer, notwithstanding that the fair market value of any such Investments (including any Warehoused Investment) may have declined below or increased above cost from the date of acquisition to the time of such transfer. The Sponsor may also determine another methodology for pricing these transfers, including fair market value at the time of transfer. It may be possible that K-PRIME acquires transferred assets at above fair market value, and/or separately sell assets at below fair market value. The board of directors of the Underlying Fund (the "Board of Directors") will (or the non-affiliated directors thereof) when required approve the price, terms and conditions of such transfer and may approve or waive any conflicts arising in connection therewith on behalf of the investors in the Underlying Fund. Also, the Sponsor may charge fees on these transfers to either or both of the parties to them. The Sponsor or its affiliates will be permitted to retain any portion of an Investment (including any Warehoused Investment) initially acquired by them with a view to syndication to co-investors or other potential purchasers to the extent such portion has not been syndicated after reasonable efforts to do so. As part of structuring such syndication and warehousing arrangements, the Sponsor may require K-PRIME and Other KKR Vehicles to enter into conditional purchase agreements, where K-PRIME and/or such Other KKR Vehicles agree to acquire future warehoused investments: (i) prior to their original acquisition; and (ii) prior to K-PRIME and such Other KKR Vehicles having the requisite available capital to acquire such assets, in each case with such sale being conditional upon K-PRIME and/or such Other KKR Vehicles (as the case may be) having sufficient available capital in order to acquire the relevant warehoused assets. Conflicts of interest are expected to arise in connection with these potential warehousing arrangements and any related affiliate transactions, including with respect to timing allocations of Investments (including any Warehoused Investment) to such warehousing, structuring, pricing and other terms of the transactions related thereto. For example, the Sponsor will have a conflict of interest if the Sponsor was to receive fees, including an incentive allocation, from an Other KRR Vehicle acquiring from or transferring to K-PRIME all or a portion of an investment (including any Warehoused Investment).

These conflicts related to syndication of Investments (including any Warehoused Investment) and warehousing will not necessarily be resolved in favor of K-PRIME, and investors in the Underlying Fund may not be entitled to receive notice or disclosure of the occurrence of these conflicts. By subscribing

for Shares, investors in the Underlying Fund will be deemed to have consented to the syndication of Investments (including the Warehoused Investment) and warehousing to the extent the terms of such transactions are approved by the non-affiliated directors of the Underlying Fund.

Possession of Material Non-Public Information; Other Trading Restrictions

From time to time, the Sponsor could receive material non-public information with respect to an issuer of publicly-traded securities. In such circumstances, K-PRIME could be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in such issuer; (ii) establishing an initial position or taking any greater position in such issuer; and (iii) pursuing other investment opportunities related to such issuer. (See section 11.8 “Conflicts of Interest”.)

To the extent The Sponsor becomes privy to material non-public information, it will be restricted in its ability to trade the relevant financial instrument on behalf of itself, its affiliates and their respective clients, including K-PRIME. Additionally, in certain instances, the Sponsor might become restricted in its ability to trade financial instruments on behalf of itself, its affiliates and their respective clients, including K-PRIME, even though The Sponsor may not be privy to any material non-public information; such restrictions could be derived from applicable law and/or internal policies and procedures adopted by KKR. In such instances, K-PRIME’s ability to trade in the financial instruments could be significantly restricted, which could adversely impact K-PRIME, including by preventing the execution of an otherwise advisable transaction (including, closing or winding-down a position).

KKR Credit investment professionals could acquire confidential or material, non-public information concerning an entity in which KKR Credit funds or an investment fund, vehicle or account sponsored by KKR, KKR Credit or their affiliates (or an entity whose investment was offered, sold, placed, underwritten, syndicated, solicited or otherwise arranged by an affiliated regulated broker-dealer) (each an “**Other Client**” and collectively, the “**Other Clients**”) have invested, or propose to invest, and the possession of such information could limit KKR Credit’s ability to buy or sell particular securities of such entity on behalf of KKR Credit funds or Other Clients, thereby limiting the investment opportunities or exit strategies available to KKR Credit funds or Other Clients. In addition, holdings in the securities of an issuer by KKR Credit or its affiliates could affect the ability of KKR Credit funds or Other Clients to make certain acquisitions of, or enter into certain transactions with, such issuer. Affiliated brokers and investment advisers affiliated with KKR Credit could also acquire confidential or material non-

public information concerning entities in which KKR Credit funds or Other Clients have invested or propose to invest, which could restrict KKR Credit’s ability to buy or sell (or otherwise transact in) securities of such entities, thus limiting investment opportunities or exit strategies available to KKR Credit funds or Other Clients.

From time to time KKR could also be subject to contractual “stand-still” obligations and/or confidentiality obligations that, in turn, as a result of applicable law and/or internal policies and procedures, could restrict the Sponsor’s ability to trade in certain financial instruments on behalf of K-PRIME.

Given KKR’s size and global footprint there can be no guarantee that the foregoing restrictions would not impair significantly the Sponsor’s ability to trade on behalf of K-PRIME.

Force Majeure Risk

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 and social instability). Some force majeure events could adversely affect the ability of a party (including a Portfolio Company or a counterparty to K-PRIME 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 machinery (e.g., turbines) 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 or other issuer, cause personal injury or loss of life, damage property, or instigate disruption of service. In addition, the cost to a Portfolio Company or K-PRIME 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 K-PRIME invests specifically. Additionally, a major governmental intervention into industry, including the nationalisation of an industry or the assertion of control over one or more Portfolio Companies or its assets, could result in a loss to K-PRIME, including if its Investment in such Portfolio Company is cancelled, unwound or acquired

(which could be without what K-PRIME considers to be adequate compensation). Any of the foregoing could therefore adversely affect the performance of K-PRIME and its Investments.

Availability of Insurance

With respect to companies and assets acquired by K-PRIME, certain losses of a catastrophic nature, such as wars, natural disasters, terrorist attacks or other similar events, could be either uninsurable or insurable at such high rates that to maintain such coverage would cause an adverse impact on the related Investments. The Sponsor can, but is not required to, maintain insurance, where available on terms it believes to be commercially reasonable, for K-PRIME's Portfolio Companies and Investments to protect against certain risks, such as business interruption insurance that is intended to offset loss of revenue during an operational interruption. Such insurance is likely to be subject to customary deductibles and coverage limits and might not be sufficient to recoup all losses with respect to the relevant Investment. If a major, uninsured loss occurs, K-PRIME could lose both invested capital in and anticipated profits from, the affected Investments.

Lack of Liquidity

There is no current public trading market for the Shares, and the Sponsor does not expect that such a market will ever develop. Therefore, redemption of Shares by K-PRIME will likely be the only way for the Fund, as an investor in the Underlying Fund, to dispose of its Shares. K-PRIME expects to redeem Shares at a price equal to the applicable net asset value per Class as of the Underlying Fund's redemption day and not based on the price at which the Fund, as an investor in the Underlying Fund, initially purchased their Shares. Shares redeemed less than two years from the date the Fund, as an investor in the Underlying Fund, first subscribes for Shares will be redeemed at 95% of the applicable net asset value as of the Underlying Fund's redemption day. As a result, the Fund, as an investor in the Underlying Fund, may receive less than the price they paid for their Shares when the Fund sells them to K-PRIME pursuant to K-PRIME's redemption program.

The aggregate net asset value of total redemptions (on an aggregate basis (without duplication) across K-PRIME, including redemptions at all Parallel Entities and the K-PRIME Aggregator, but excluding any Early Redemption Deduction (as defined in section 10.2 of this PDS) or Liquidity Penalty (as defined below) applicable to the redeemed Shares) is generally limited to 5% of such aggregate net asset value per calendar quarter (measured using the average of such aggregate net asset values as of the end of the immediately preceding three months), except in the event of exceptional circumstances described below.

In circumstances where not all of the Shares submitted for redemption on a given Underlying Fund's redemption day are to be accepted for redemption by the Underlying Fund due to the application of the 5% quarterly limitations (the "**Quarter Redemption Limit**"), all redeeming investors in the Underlying Fund who are willing to have the unsatisfied portion of their redemption request potentially redeemed, in all or in part, by the Underlying Fund, via the Exceptional Liquidity Program (as defined below) provided that any Share so redeemed will be subject to a 10% liquidity penalty to their net asset value (the "**Liquidity Penalty**"). There is no guarantee that the Exceptional Liquidity Program will create actual additional liquidity to the opt-in redeeming investor in the Underlying Fund.

In exceptional circumstances and not on a systematic basis, the Underlying Fund may make exceptions to, modify or suspend, in whole or in part, the redemption program if in the Underlying Fund Investment Manager's reasonable judgment it deems such action to be in K-PRIME's best interest and the best interest of K-PRIME's investors, such as when redemptions of Shares would place an undue burden on K-PRIME's liquidity, adversely affect K-PRIME's operations, risk having an adverse impact on K-PRIME that would outweigh the benefit of redemptions of Shares or as a result of legal or regulatory changes. Material modifications, including any amendment to the 5% quarterly limitations on redemptions and suspensions of the redemption program will be promptly disclosed to investors in the Underlying Fund. If the redemption program is suspended, the Underlying Fund Investment Manager will be required to evaluate on a regular basis whether the continued suspension of the redemption program is in K-PRIME's best interest and the best interest of K-PRIME's investors.

Redemption requests may be rejected in whole or in part by the Underlying Fund Investment Manager in accordance with the terms of the Underlying Fund's prospectus.

In the event that, pursuant to the limitations above, not all of the Shares submitted for redemption during a given quarter are to be accepted for redemption by the Underlying Fund, Shares submitted for redemption during such quarter will be redeemed on a pro rata basis (measured on an aggregate basis (without duplication) across K-PRIME if applicable). Unsatisfied redemption requests will be automatically resubmitted for the next available Underlying Fund's redemption day, unless such a redemption request is withdrawn or revoked by the Fund, as an investor in the Underlying Fund, before such redemption day in the manner as in accordance with the procedures described in the Underlying Fund's prospectus. Settlements of any redemptions will generally be made within forty-five (45) calendar days from the Underlying Fund's redemption day. As a result

investors in the Underlying Fund will experience significant delays in realising liquidity even when their redemption request is accepted.

The vast majority of K-PRIME's assets are expected to consist of Investments (including Investments in Other KKR Vehicles) that cannot generally be readily liquidated without impacting K-PRIME's ability to realise full value upon their disposition. Therefore, K-PRIME may not always have a sufficient amount of cash to immediately satisfy redemption requests. As a result, the ability of the Fund, as an investor in the Underlying Fund, to have its Shares redeemed by K-PRIME may be limited and at times the Fund, as an investor in the Underlying Fund, may not be able to liquidate its investment.

Effect of Redemption Requests

Economic events affecting the global economy could cause investors in the Underlying Fund to seek to sell their Shares to K-PRIME pursuant to K-PRIME's redemption program at a time when such events are adversely affecting the performance of K-PRIME's assets. Even if the Sponsor decides to satisfy all resulting redemption requests, K-PRIME's cash flow could be materially adversely affected. In addition, if K-PRIME determines to sell assets to satisfy redemption requests, it may not be able to realise the return on such assets that it may have been able to achieve had it sold at a more favorable time, and K-PRIME's results of operations and financial condition, including, without limitation, breadth of its portfolio by property type and location, could be materially adversely affected.

Effect of Exceptional Liquidity Programs

In circumstances where not all of the Shares submitted for redemption on a given Underlying Fund's redemption day are to be accepted for redemption by the Underlying Fund due to the application of the Quarter Redemption Limit described above, an exceptional liquidity program is expected to be implemented by the Sponsor in order to offer potential additional liquidity to all redeeming investors in the Underlying Fund who are willing to have the unsatisfied portion of their redemption request potentially redeemed, in all or in part, by the Underlying Fund, via an order matching with the subscription monies (the "**Redemption Subscription Cash**") incoming from the relevant Underlying Fund's subscription day following the Underlying Fund's redemption day on which the Quarter Redemption Limit has been triggered (the "**Exceptional Liquidity Program**"), provided that any Share so redeemed will be subject to a 10% penalty to its respective net asset value calculated on such Exceptional Liquidity Program's redemption day (the "**Liquidity Penalty**"). The Liquidity Penalty levied with respect to any Exceptional Liquidity Program's redemption day will inure to the benefit of the K-PRIME Aggregator (and

indirectly to the Underlying Fund, all other vehicles invested in the K-PRIME Aggregator and their respective investors, including those investors in the Underlying Fund who subscribed on the relevant Underlying Fund's subscription day corresponding to the Exceptional Liquidity Program's redemption day on which a Liquidity Penalty has been levied) and will therefore be reflected in the net asset value of the K-PRIME Aggregator (and indirectly in the net asset value of the Underlying Fund and all other vehicles invested in the K-PRIME Aggregator) calculated on the Underlying Fund's valuation day of the month following the relevant Exceptional Liquidity Program's redemption day and will therefore be reflected in the relevant net asset value per Share of the applicable Class accordingly.

In circumstances where Shares are redeemed through an Exceptional Liquidity Program, via an order matching with the then available Redemption Subscription Cash, K-PRIME's cash flow would be materially and adversely affected, versus where no such order matching takes place, as the subscription monies received on the relevant Underlying Fund's subscription day(s) linked to such Exceptional Liquidity Program are used to redeem opt-in redeeming investors instead of increasing the liquid assets of K-PRIME. Accordingly, K-PRIME may be unable to meet future redemption requests, take advantage of attractive new investment opportunities, make follow-on investments or to protect its existing portfolio due to a lack of available liquid assets and K-PRIME's overall returns may therefore be adversely affected as a result.

Valuations

The valuation methodologies used to value K-PRIME's Investments will involve subjective judgments and projections and may not be accurate. Valuation methodologies will also involve assumptions and opinions about future events, which may or may not turn out to be correct. Valuations of K-PRIME's Investments will be only estimates of fair value. Because these fair value calculations will involve significant professional judgment in the application of both observable and unobservable attributes, the calculated fair value of K-PRIME's assets may differ from their actual realisable value or future fair value. Ultimate realisation of the value of an asset depends to a great extent on economic, market and other conditions beyond K-PRIME's control and the control of the Sponsor, KKR and K-PRIME's independent valuation advisor. Further, valuations do not necessarily represent the price at which an asset would sell, since market prices of assets can only be determined by negotiation between a willing buyer and seller. As such, the carrying value of an asset may not reflect the price at which the asset could be sold in the market, and the difference between carrying value and the ultimate sales price could be

material. In addition, accurate valuations are more difficult to obtain in times of low transaction volume because there are fewer market transactions that can be considered in the context of the valuation.

Determining the impact of these factors on the valuation of private equity assets involves a significant degree of judgment. Because valuations, and in particular valuations of assets for which market quotations are not readily available, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, K-PRIME's fair value determinations may differ materially from the values that would have resulted if a ready market had existed.

During periods of market uncertainty and volatility, accurate valuations may be even more difficult to obtain. This is particularly true during periods of low transaction volume because there are fewer market transactions that can be considered in the context of a valuation. Changes in credit markets can also impact valuations and may have offsetting results when using discounted cash flow analysis for private equity assets that do not have readily observable market prices. For example, if applicable interest rates rise, then the assumed cost of capital for private equity assets would be expected to increase under the discounted cash flow analysis, and this effect would negatively impact their valuations if not offset by other factors. Rising interest rates in a particular country may also negatively impact certain foreign currencies that depend on foreign capital flows.

There will be no retroactive adjustment in the valuation of such assets, the offering price of K-PRIME's Shares, the price K-PRIME paid to redeem Shares or net asset value-based or performance-based fees it paid, directly or indirectly, to the Sponsor, management advisors and the performance participation allocation's recipient (the "Recipient") to the extent such valuations prove to not accurately reflect the realisable value of K-PRIME's assets. While K-PRIME believes its net asset value calculation methodologies are consistent with widely recognised valuation methodologies, there are other methodologies available to calculate net asset value. As a result, other funds focused on similar investments may use different methodologies or assumptions to determine net asset value. Other KKR Vehicles face similar risks with respect to valuation and K-PRIME will incorporate the value of each relevant Other KKR Vehicle's net asset value per unit into K-PRIME's net asset value to the extent K-PRIME has invested in such Other KKR Vehicle. In addition, each relevant Other KKR Vehicle's net asset value per unit used to calculate K-PRIME's net asset value may be as of a date several months earlier than the date as of which K-PRIME's net asset value is calculated and, as a result, K-PRIME's net asset value will often not incorporate the current net asset value per unit of such Other KKR Vehicle.

Uncertainty of Projections

Investment underwriting is based in significant part on estimates or projections of future financial and economic performance, including current and future internal rates of return. Moreover, decisions on how to manage an Investment during its hold period are informed by expectations of future performance and projections of operating results, which are often based on management judgments. All of these projections are only estimates of future results that are based upon, among other considerations, assumptions made at the time that the projections are developed, including assumptions regarding the performance of K-PRIME's Investments and assets, the amount and terms of available financing and the manner and timing of dispositions, all of which are subject to significant uncertainty. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions and other events, which are not predictable and may not have been anticipated, can have a material adverse impact on the reliability of such projections. Moreover, other experts may disagree regarding the feasibility of achieving projected returns. K-PRIME will make Investments which may have different degrees of associated risk. The actual realised returns on K-PRIME's Investments may differ materially from the returns projected at the time of acquisition, which are not a guarantee or prediction of future results.

Changes in Valuations

When the Sponsor determines the fair value of K-PRIME's Direct Investments, the Sponsor updates the prior month-end valuations by incorporating the then current market comparable and discount rate inputs, any material changes to Direct Investments financial performance since the prior quarter end for such Direct Investments, as well as any cash flow activity related to the Direct Investments during the month. On a quarterly basis, the Sponsor will value K-PRIME's Direct Investments utilising the valuation methodology it deems most appropriate and consistent with widely recognised valuation methodologies and market conditions. When these quarterly valuations are incorporated into K-PRIME's net asset value per Share, there may be a material change in K-PRIME's net asset value per Share amounts for each Class of Shares from those previously reported. K-PRIME will not retroactively adjust the net asset value per Share of each Class reported for the previous month. Therefore, because a new quarterly valuation may differ materially from the prior valuation, the adjustment to take into consideration the new valuation, may cause the net asset value per Share for each Class of Shares to increase or decrease, and such increase or decrease will occur in the month the adjustment is made.

Limitations of Net Asset Value

The Underlying Fund's central administration agent (the "**Central Administrative Agent**")'s determination, under the oversight of the Sponsor, of K-PRIME's quarterly net asset value per Share will be based in part on the latest quarterly valuation of each of its Investments, as adjusted each month to incorporate the latest available financial data for such Investments, including any cash flow activity related to such Investments. As a result, K-PRIME's published net asset value per Share in any given month may not fully reflect any or all changes in value that may have occurred since the most recent quarterly valuation.

The Central Administration Agent, under the oversight of the Sponsor, with the support of the Underlying Fund Investment Manager, may, but is not obligated to, monitor K-PRIME's Direct Investments on an ongoing basis for events that the Central Administration Agent, under the oversight of the Sponsor, believes may have a material impact on K-PRIME's net asset value as a whole. Material events may include Direct Investment-specific events or broader market-driven events which may impact more than one specific Direct Investment events that the Central Administration Agent, under the oversight of the Sponsor, believes may have a material impact on the most recent fair values of such Direct Investments. Possible examples of such a material event include unexpected Investment-specific events and broader market-driven events identified by the Central Administration Agent, under the oversight of the Sponsor, which may impact more than one specific Investment, including capital market events, economic and political conditions globally and in the jurisdictions and sectors in which an Investment operates, and material changes in cap rates or discount rates. Upon the occurrence of such a material event and provided that the Central Administration Agent, under the oversight of the Sponsor, is aware that such event has occurred, the Central Administration Agent, under the oversight of the Sponsor, may, but is not obligated to, provide an estimate of the change in value of the Direct Investment, based on the valuation procedures for Direct Investments.

In general, the Central Administration Agent, under the oversight of the Sponsor, expects that any adjustments to fair values will be calculated after a determination that a material change has occurred and the financial effects of such change are quantifiable by the Central Administration Agent, under the oversight of the Sponsor. However, rapidly changing market conditions or material events may not be immediately reflected in K-PRIME's monthly net asset value. For example, an unexpected termination or renewal of key customer relationships, recent financial results or changes in the capital structure of an Investment, regulatory changes that affect an Investment, or a significant industry event or

adjustment to an industry outlook that may cause the value of an Investment to change materially, yet obtaining sufficient relevant information after the occurrence has come to light and/or analysing fully the financial impact of such an event may be difficult to do and may require some time. As a result, the net asset value per Share may not reflect a material event until such time as sufficient information is available and analysed, and the financial impact is fully evaluated, such that K-PRIME's net asset value may be appropriately adjusted in accordance with the Underlying Fund's valuation policy. Depending on the circumstance, the resulting potential disparity in K-PRIME's net asset value may be in favor or to the detriment of either investors in the Underlying Fund who redeem their Shares, or investors in the Underlying Fund who buy new Shares, or existing investors in the Underlying Fund. The methods used by the Central Administration Agent, under the oversight of the Underlying Fund AIFM, to calculate K-PRIME's net asset value, including the components used in calculating K-PRIME's net asset value, is not prescribed by rules of the Commission de Surveillance du Secteur Financier (the "CSSF"), the U.S. Securities and Exchange Commission (the "SEC") or any other regulatory agency. Further, there are no accounting rules or standards that prescribe which components should be used in calculating net asset value, and K-PRIME's net asset value is not audited by K-PRIME's independent registered public accounting firm. K-PRIME calculates and publishes net asset value solely for purposes of establishing the price at which K-PRIME sells and redeems Shares, and you should not view K-PRIME's net asset value as a measure of K-PRIME's historical or future financial condition or performance. The components and methodology used in calculating K-PRIME's net asset value may differ from those used by other companies now or in the future.

In addition, calculations of K-PRIME's net asset value, to the extent that they incorporate valuations of K-PRIME's assets and liabilities, are not prepared in accordance with Luxembourg generally accepted accounting principles (Lux GAAP). These valuations may differ from liquidation values that could be realised in the event that K-PRIME were forced to sell assets.

Additionally, errors may occur in calculating K-PRIME's net asset value, which could impact the price at which K-PRIME's sells and redeems its Shares, the amount of the management fee and the performance participation allocation. The Underlying Fund AIFM, with the support of the Underlying Fund Investment Manager, has implemented certain policies and procedures to address such errors in net asset value calculations. If such errors were to occur, the Central Administration Agent, under the oversight of the Underlying Fund AIFM, with the support of the management advisors, depending on the circumstances surrounding each error and

the extent of any impact the error has on the price at which Shares were sold or redeemed or on the amount of the management fee and the performance participation allocation, may determine in its sole discretion to take certain corrective actions in response to such errors, including, subject to KKR's policies and procedures, making adjustments to prior net asset value calculations.

Reliance on the Sponsor, KKR and Investment Executives

The Sponsor will have exclusive responsibility for management and oversight of K-PRIME's activities. Investors in the Underlying Fund will have no opportunity to control the day-to-day operations, including Investment and disposition decisions, of K-PRIME. Investors in the Underlying Fund must rely entirely on the Sponsor, KKR and their affiliates to conduct and manage the affairs of K-PRIME and its Investments. As of the date of this PDS, to the exception of the Warehoused Investments, none of K-PRIME's Investments have been identified, and the success of K-PRIME will therefore depend on the ability of the Sponsor, KKR and their affiliates to identify and consummate suitable Investments and to dispose of Investments of K-PRIME at a profit. The Sponsor, KKR and their affiliates will rely on the skill and expertise of the relevant management teams and others providing investment and other advice and services with respect to K-PRIME. There can be no assurance that these key investment executives or other persons will continue to be associated with or available to the Sponsor, KKR and their affiliates throughout the life of K-PRIME. The loss of the services of one or more of such persons could have an adverse impact on K-PRIME. Furthermore, although K-PRIME's team members and other investment executives intend to devote a sufficient amount of time to K-PRIME so that it can carry out its proposed activities, certain of K-PRIME's team members are also responsible for the day-to-day activities and investments of certain Other KKR Vehicles, as further described in section 11.8 "Conflicts of Interest" below and/or KKR more broadly. KKR is permitted to establish Other KKR Vehicles from time to time that focus on investments that fall outside of K-PRIME's primary investment mandate and KKR investment executives (including certain of K-PRIME's team members) will spend time and attention on such Other KKR Vehicles.

Moreover, although in managing K-PRIME and its Investments the Sponsor expects to have access to appropriate resources, relationships and expertise of KKR generally (subject to information-sharing policies and procedures with respect to KKR's credit and public equity business and KKR's broker-dealer affiliate), there can be no assurance that such resources, relationships and expertise will be available for every Investment transaction. Among

other constraints, access to these resources will be limited by information sharing policies and procedures that apply to KKR's credit and public equity business and its broker-dealer affiliate. In addition, investment executives and committee members, including K-PRIME's team members, can be replaced or added over time or required to recuse themselves or otherwise be restricted from participating in any Investment-related decision by the relevant committee because, for example, they have acquired confidential information relating to an Investment through their involvement with an Other KKR Vehicle and applicable securities laws or regulations, contractual confidentiality obligations or other applicable legal or regulatory considerations restrict their ability to participate on behalf of K-PRIME in the management of the relevant Investment. Modifications to KKR's management, operating and investment procedures, which can be modified at any time, can also result in changes to the investment executives and other Firm resources that the Sponsor has access to with respect to the management of K-PRIME and its Investments.

Contingent Liabilities on Dispositions

In connection with the sale of a Portfolio Company, K-PRIME will typically be required to make representations typical of those made in connection with the sale of any such company, which could include representations in relation to the business and financial affairs of a Portfolio Company. K-PRIME would typically also be required to indemnify the purchasers of such a Portfolio Company to the extent that any such representation turns out to be inaccurate or with respect to other matters. These circumstances could result in the incurrence of contingent liabilities for which the Sponsor will establish reserves. However, these reserves may be insufficient to cover such liabilities and/or such liabilities may be uninsurable (or not economically insurable) or may be subject to insurance coverage limitations.

Absence of Recourse; Indemnification

K-PRIME will be required to indemnify the Sponsor, its affiliates, and each of their respective members, officers, directors, employees, agents, partners, and certain other persons who serve at the request of the Sponsor on behalf of K-PRIME for liabilities incurred in connection with the affairs of K-PRIME. Members of the Underlying Fund's board of directors will also be entitled to the benefit of certain indemnification and exculpation provisions as set forth in the Underlying Fund's constitutive documents. Such liabilities may be material and have an adverse effect on the returns of the investors in the Underlying Fund. For example, in their capacity as directors of Portfolio Companies, the partners, managers, or affiliates of the Sponsor may be subject to derivative or other similar claims brought by security holders of such entities. The

indemnification obligation of K-PRIME would be payable from the assets of K-PRIME. Because the Sponsor may cause K-PRIME to advance the costs and expenses of an indemnitee pending the outcome of the particular matter (including determination as to whether or not the person was entitled to indemnification or engaged in conduct that negated such person's entitlement to indemnification), there may be periods in which K-PRIME advances expenses to an individual or entity not aligned with or adverse to K-PRIME. Moreover, in its capacity as Sponsor of K-PRIME, the Sponsor will, notwithstanding any actual or perceived conflict of interest, be the beneficiary of any decision by it to provide indemnification (including advancement of expenses). This may be the case even with respect to settlement of claims arising out of alleged conduct that would disqualify any such person from indemnification and exculpation if the Sponsor (and/or its legal counsel) determined that such disqualifying conduct occurred.

In-Kind Distributions

K-PRIME is permitted to distribute securities and other assets to investors in the Underlying Fund that are not marketable or are otherwise illiquid as per the terms of the Underlying Fund's prospectus. The risk of loss and delay in liquidating such assets will be borne by the investors in the Underlying Fund, with the result that investors in the Underlying Fund could receive less cash than was reflected in the fair value of such assets as determined pursuant to the Underlying Fund's prospectus. In addition, when investments are distributed to investors in the Underlying Fund 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, in certain circumstances the Sponsor could elect to receive an in-kind distribution in lieu of a cash distribution with respect to carried interest or other amounts distributable to the Sponsor, which will result in a conflict of interest (see section 11.8 "*Conflicts of Interest*" below). In the event that any in-kind distributions are made, the independent auditor of the Underlying Fund shall establish a report to value the in-kind distribution.

Accounting, Disclosure and Regulatory Standards

K-PRIME is using Lux GAAP accounting standards for the calculation of its net asset value, its valuation and the establishment of its audited annual report. K-PRIME's accounting standards may not correspond to the accounting standards of other underlying entities, resulting in different financial information appearing on their respective financial statements. Information available to investors in the Underlying Fund in K-PRIME's audited annual report may differ from information available in the financial statements

of underlying entities, including operations, financial results, capitalisation and financial obligations, earnings and securities.

Furthermore, for a company that keeps accounting records in a currency other than U.S. dollar, inflation accounting rules in certain markets require, for both tax and accounting purposes, that certain assets and liabilities be restated on the company's balance sheet in order to express items in terms of a currency of constant purchasing power. As a result, financial data of prospective Investments may be materially affected by restatements for inflation and may not accurately reflect actual value. Accordingly, K-PRIME's ability to conduct due diligence in connection with an Investment and to monitor the Investment may be adversely affected by these factors.

Legal and Regulatory Risks

The regulatory considerations affecting the ability of K-PRIME to achieve its investment objectives are complicated and subject to change. In the United States, certain parts of Europe and other jurisdictions, the private funds industry has historically been subject to criticism by some politicians, regulators and market commentators. The historic negative perception of this industry in certain countries could make it harder for funds sponsored by alternative management firms, such as K-PRIME, to bid for and complete investments successfully.

The financial services industry generally, and the activities of private investment funds and their managers in particular, have been subject to intense and increasing regulatory oversight and enforcement actions. This increased political and regulatory scrutiny of the private funds industry was particularly acute during the global financial crisis but continues to focus on the private funds industry. Such scrutiny might increase the exposure of K-PRIME, the Sponsor, KKR and its affiliates to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight might impose administrative burdens on the Sponsor and KKR, including, without limitation, those arising from responding to investigations and implementing new policies and procedures. Such burdens could divert the Sponsor's and KKR's time, attention and resources from portfolio management activities.

Since the enactment of the Dodd-Frank Act, there have been extensive rulemaking and regulatory changes that have affected private fund managers, funds that they manage and the financial industry as a whole. The SEC has adopted a number of rules (and has proposed and will in the future adopt rules) that directly or indirectly impact registered investment advisers to private funds. Other jurisdictions, including the EU, have passed and are in the process of implementing similar measures. It is difficult to anticipate the impact of these and other

regulatory changes on the Sponsor, KKR, K-PRIME and their affiliates. These new rules have added (or will add) costs to the legal, operations, reporting and compliance obligations of KKR and have increased (or will increase) the amount of time that KKR spends on non-investment-related activities. Such increased regulatory burdens and reporting requirements could divert the attention of personnel and the management teams of Portfolio Companies and could furthermore place K-PRIME at a competitive disadvantage to the extent that KKR or Portfolio Companies are required to disclose sensitive business information. The continued regulatory uncertainty could make markets more volatile, and it could be more difficult for the Sponsor to execute the investment strategy of K-PRIME.

There have also been several other regulatory developments that affect a broad range of financial market intermediaries and other market participants with whom K-PRIME interacts or might interact. Regulatory changes that will affect other market participants are likely to change the way in which K-PRIME conducts business with counterparties. In February 2022, the SEC voted to propose new rules and amendments (collectively, the “SEC Proposed Rule”) to existing rules under the 1940 Act specifically related to registered advisers and their activities with respect to private funds. If enacted, the SEC Proposed Rule could have a significant impact on advisers to private funds (including the Sponsor) and their operations, including increased compliance burdens and associated regulatory costs; increased operating costs, including administrative, insurance and legal expenses; increased risk of regulatory action, including public regulatory sanctions, and could result in renegotiation or revisions to the terms of legacy private funds.

In addition, certain countries have sought to tax (or have taxed) the investment gains derived by non-resident investors, including private funds, from the disposition of the equity in companies operating in those countries. In some cases, this is the result of new legislation or changes in the interpretation of existing legislation, and in other cases tax authorities have challenged investment structures that benefit from tax treaties between countries. There is therefore the risk that burdensome new laws (including tax laws) or regulations or changes in applicable laws or regulations or in the interpretation or enforcement thereof, specifically targeted at the private funds industry, or other related regulatory developments could adversely affect private fund managers and the funds that they sponsor, including K-PRIME.

In particular, recently proposed legislation in the United States would impose a number of highly significant restrictions and burdens on private fund managers and the funds that they sponsor. These proposals would, among other things (i) remove the limited liability status of investors in a private fund

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 recapitalisation 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 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 K-PRIME, Other KKR Vehicles, the Sponsor, 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 K-PRIME being wholly unable to meet its investment objectives, or could require K-PRIME 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 in the Underlying Fund.

Based on the political party in control, U.S. Congress could adopt a more progressive platform, which could adversely affect the private equity industry. The uncertainty of future legislation could adversely impact K-PRIME and its ability to achieve its investment objectives. In that regard, elections create uncertainty with respect to legal, tax and regulatory regimes in which K-PRIME and its portfolio entities, as well as the Sponsor and its affiliates, will operate. In addition to the proposed legislation described above, any significant changes in, among other things, economic policy (including with respect to interest rates), the regulation of the asset management industry, tax law, immigration policy and/or government entitlement programs could have a material adverse impact on K-PRIME and its Investments. Prospective investors should consult their own tax advisors regarding changes in U.S. tax laws.

Laws of Other Jurisdictions Where K-PRIME is Marketed

Shares in K-PRIME can be marketed in various jurisdictions in addition to those more specifically addressed in the Underlying Fund’s prospectus. In order to market Shares in K-PRIME in certain jurisdictions (or to investors in the Underlying

Fund who are citizens of or resident in such jurisdictions), K-PRIME, the Sponsor, KKR and its affiliates will be required to comply with applicable laws and regulations relating to such activities. Compliance might involve, among other things, making notifications to or filings with local regulatory authorities, registering K-PRIME, the Sponsor, KKR and its affiliates or the Shares 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 K-PRIME to participate in investment opportunities and could impose onerous or conflicting operating requirements on K-PRIME, the Sponsor, 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 K-PRIME and could be substantial. In addition, if K-PRIME, the Sponsor, 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 K-PRIME.

Combination of Multiple Risk Factors

Although the various risks discussed herein are generally described separately, prospective investors should consider the potential effects of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss to the Fund, as an investor in the Underlying Fund, could be significantly increased.

No Independent Advice

The terms of the agreements and arrangements under which K-PRIME is established and will be operated have been or will be established by Sponsor and are not the result of arm's length negotiations or representations of the investors in the Underlying Fund by separate counsel. Prospective investors should therefore seek their own legal, tax and financial advice before making an investment in K-PRIME.

7. How the Fund operates

7.1 Fund valuation

The Fund is valued by the Fund Administrator and the Fund's NAV is calculated in accordance with the Fund Constitution. The value of the Fund will be decreased by the amount of any liability owing by the Fund, such as distributions to Investors, the Management Fee payable to CIML, expenses, provisions and contingent liabilities.

The NAV of the Fund is calculated, pursuant to the Fund Constitution by deducting the liabilities of the Fund from the value of the Fund's assets. In general, the value of the Fund's assets will reflect that value of the units in the Underlying Fund as set out in the financial statements for the Underlying Fund from time to time. The financial statements of the Underlying Fund will be established on the basis of Luxembourg generally accepted accounting principles. In certain circumstances, the calculation of the Underlying Fund's NAV may be suspended and in such circumstances, it may not be possible to accurately value the Fund's NAV. The Fund Administrator values the Fund in accordance with standard market practice and market prices are generally electronically sourced from third parties.

Where no independent pricing source is available to value an asset, we will liaise with the Fund Administrator to determine the value of the asset in accordance with acceptable industry standards.

7.2 Unit pricing

A Unit price for each Unit class is generally calculated monthly on the last Calendar Day of the month.

Investors in the Fund will be issued a number of Units depending on their initial investment (calculated by dividing the amount invested by the applicable issue Unit price). When funds are withdrawn from the Fund, they are redeemed at the relevant redemption Unit price for the Fund.

The Unit price is calculated by dividing the NAV of the Fund (determined by the net market valuation of assets owned, less all liabilities held, including fees, provisions and accrued expenses in accordance with the Fund's Constitution) divided by the number of Units on issue. The issue price is calculated by taking the NAV per Unit plus any buy spread (if applicable). The redemption Unit price is calculated by taking the NAV per Unit minus any sell spread (if applicable). No buy-sell spread is currently levied on the Fund, however if the Underlying Fund levies early redemption deduction fee or liquidity penalty, the Fund may levy a sell spread on the Investors redeeming Units in the Fund.

Due to the nature of the underlying private equity assets in which the Underlying Fund invest, Unit prices for the Fund can take more time than usual to calculate. Unit prices are generally finalised and published 25 Business Days following the relevant month end to which the Unit price relates, but could take longer to finalise and publish. In calculating the NAV of the Fund, CIML, the Fund Administrator or their affiliates may rely upon, and will not be responsible for the accuracy of, financial data furnished to it by third parties including, automatic processing services, brokers, market makers or intermediaries, and any fund administrator or valuations agent of the Underlying Fund or other collective investments into which the Underlying Fund invests.

CIML may also use and rely on industry standard financial models in pricing any of the Fund's securities or other assets.

CIML has adopted a unit pricing and asset valuation policy, which sets out how we exercise discretions in relation to unit pricing. You can obtain a copy of this policy free of charge by contacting us.

Where different classes of Units are on issue, the price of a Unit will be determined by reference to the NAV of that class.

7.3 Distributions

When are distributions paid?

The distribution policy of the Fund is to distribute the net income of the Fund annually (when applicable or available from the Underlying Fund) as soon as practicable after 30 June (or otherwise as determined by CIML).

Distributions from the Fund may comprise income and/or capital as determined by CIML under the Fund's Constitution. The Fund's ability to pay a distribution is contingent on the income it receives from its investment in the Underlying Fund and may mean that there is no distribution for a period. The Fund, as a shareholder of Underlying Fund, is allocated accumulating shares, where in lieu of receiving cash distributions with respect to such shares, proceeds will generally be reinvested in the Underlying Fund. The proceeds of the Underlying Fund will generally be re-invested and the Underlying Fund does not currently intend to make distributions. There is no guarantee that the Underlying Fund will make distributions, and any distributions will be made at the discretion of Underlying Fund's board of directors or its delegate.

All income must be distributed each financial year. CIML may vary the distribution frequency without providing you with notice.

How will my distributions be paid?

On the Application Form you may nominate to re-invest your income as additional Units in the Fund, or to receive your income by direct credit.

You can alter your distribution method by sending a written request to the Fund Administrator, 10 Business Days before the end of a distribution period (i.e. 10 Business Days before 30 June). All income distributions may be liable to income tax. Please consult your tax advisor for further information.

How is the distribution calculated?

The net taxable income of the Fund for each annual distribution period is calculated at the end of the distribution period. In the event that you have an investment in the Fund at the close of business on the last day of the period, you are entitled to a share of the Fund's net income for that period in proportion to the number of Units held in the Fund. If you withdraw your investment on or before the last day of the distribution period, you will not receive a separate income payment for the withdrawn investment for that period. However, any income of the Fund since the beginning of the distribution period will be reflected in the redemption Unit price of the Fund.

The Responsible Entity may determine to offer distribution reinvestment in accordance with the relevant provisions of the constitution of the Fund and the procedure for reinvestment of distributions is to be determined by the Responsible Entity and notified to Investors from time to time.

7.4 Different classes

This PDS applies to Class B Units in the Fund. Where permitted under the Fund's Constitution, we may issue more than one class of units in the Fund under a separate product disclosure statement or information memorandum. Different classes of units may have different terms of issue, including in respect of matter such as minimum initial investment amounts, minimum additional investment amounts, fees, distribution payment times and other matters. We are required by law to treat all investors within a class of units equally and all investors in different classes of units fairly.

Although we seek to ensure that the liabilities of one class are kept separate from all other classes, there is a risk that investors of different classes may be exposed to liabilities of another class of Units and they could lose some or all of their investment in the Fund.

7.5 Fund Transfers

You can request a transfer of some or all of your Units to a third party by completing and signing a transfer form and providing us with any other documentation required by us or any law. You can obtain a transfer form by contacting Channel Client Services on 1800 940 599. CIML reserves the right to refuse to register a transfer of Units.

7.6 Custodian

A custodian has been appointed to hold the assets of the Fund on our behalf. Any fees we pay to the custodian are paid out of the Management Fee referred to in section 8 and are not an additional charge to you.

7.7 Fund Administrator

The Fund Administrator has been appointed to be the administrator and unit registrar for the Fund. Any fees we pay to the Fund Administrator are paid out of the Management Fee referred to in section 8 and are not an additional charge to you.

8. Fees and other costs

8.1 Consumer advisory warning

Did You Know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission ('ASIC') Moneysmart website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

8.2 Fees and costs table

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

Taxes are set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Fees and costs summary

KKR Private Equity (K-PRIME) Fund (AUD) Class B		
Type of fee or cost	Amount ¹	How and when paid
Ongoing annual fees and costs²		
<p><i>Management fees and costs</i></p> <p>The fees and costs for managing your investment</p>	<p>Estimated management fees and costs of 1.41% p.a. of the NAV of the Fund referable to the Class B Units, comprised of:</p> <ul style="list-style-type: none"> a management fee of 0.25% p.a. of the NAV of the Fund referable to the Class B Units ('Management Fee')³; estimated indirect costs of 1.14% p.a. of the NAV of the Fund referable to the Class B Units; and estimated expense recoveries of 0.02% p.a. of the NAV of the Fund referable to the Class B Units⁴. 	<p>The Management Fee is calculated and accrued monthly in the Fund's Unit price and is generally paid monthly in arrears. The Management Fee is paid from the assets of the Fund referable to the Class B Units. The amount of this fee can be negotiated or rebated for wholesale clients.³</p> <p>Indirect costs (which are included in the management fees and cost) are paid out of the assets of the Fund or an interposed vehicle as and when incurred.</p> <p>Normal operating expenses of the Fund (other than the abnormal or extraordinary expenses, indirect costs and transaction costs) that would otherwise be recoverable from the Fund are paid out of the Management Fee at no additional charge to you.</p> <p>Abnormal or extraordinary expenses of the Fund (if incurred) are paid from the Fund assets as and when incurred and are reflected in the Unit price.</p>
<p><i>Performance fees⁵</i></p> <p>Amounts deducted from your investment in relation to the performance of the product</p>	<p>Estimated performance fee of 2.5% per annum of the NAV of the Fund referable to the Class B Units, comprised of:</p> <ul style="list-style-type: none"> a performance fee of 0% p.a. of the NAV of the Fund referable to the Class B Units; and estimated interposed vehicle performance fees of 2.5% p.a. of the NAV of the Fund referable to the Class B Units. 	<p>Although entitled to do so under the Constitution, the Fund does not currently charge a performance fee.</p> <p>Performance fees charged by interposed vehicles, specifically the K-PRIME Aggregator, are deducted from the assets of the interposed vehicles as and when incurred and are therefore reflected in the Underlying Fund's NAV and the value of the Fund's investment in the Underlying Fund.</p>
<p><i>Transaction costs⁷</i></p> <p>The costs incurred by the scheme when buying or selling assets</p>	<p>Estimated to be 0.42% per annum of the NAV of the Fund referable to the Class B Units.⁷</p>	<p>Transaction costs generally arise as a result of applications and redemptions and the day-to-day trading of the Fund and are deducted from the assets of the Fund as and when incurred.</p>
Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)^{2,6}		
<p><i>Establishment fee</i></p> <p>The fee to open your investment</p>	<p>Nil</p>	<p>Not applicable</p>

<i>Contribution fee</i> The fee on each amount contributed to your investment	Nil	Not applicable
<i>Buy-sell spread</i> ⁸ An amount deducted from your investment representing costs incurred in transactions by the scheme	Estimated to be 0% of the application amount on application and 0% of the withdrawal amount on redemption.	The buy-sell spread is deducted from the application amount received from, or the withdrawal amount to be paid to, applicants and redeeming Investors respectively at the time of the relevant application or redemption.
<i>Withdrawal fee</i> The fee on each amount you take out of your investment	Nil	Not applicable
<i>Exit fee</i> The fee to close your investment	Nil	Not applicable
<i>Switching fee</i> The fee for changing investment options	Nil	Not applicable

¹ All figures disclosed are inclusive of GST less any reduced input tax credits, and are shown without any other adjustment in relation to any tax deduction available to the Responsible Entity.

² All estimates of fees and costs in this section are based on information available as at the date of this PDS. Subject to footnote 5, all fees reflect the Responsible Entity's reasonable estimates of the typical fees for the Fund for the current financial year. As the Fund is newly established, the costs reflect the Responsible Entity's reasonable estimates at the date of this PDS of those costs that will apply for the Fund for the current financial year (adjusted to reflect a 12 month period). Please refer to the 'Additional explanation of fees and costs' section below for more information on fees and costs that may be payable. The Responsible Entity may change fees or introduce fees without your consent if permitted by the constitution of the Fund. At least 30 days prior notice will be given to Unitholders before any such increase.

³ The amount of this fee may be negotiated or rebated (for wholesale clients). Please refer to the 'Differential fees' sub-section in section 8.4 of this PDS for further information.

⁴ Please note that the Fund incurs various abnormal and extraordinary expenses upon establishment of the Fund (including, but not limited to, legal, taxation, due diligence and other costs). CIML will charge a fund establishment fee equal to an amount up to \$262,656.25 (net of GST and RITC), which will be paid from the Fund assets over a period of up to three years starting from the issue of the first Units in the Fund. The estimated expense recoveries of 0.02% p.a. of the NAV of the Fund is based on the assumption that the assets of the Fund are equal to \$500m.

⁵ The Fund invests in interposed vehicles that may charge performance fees. The Responsible Entity reasonably estimates the performance fees charged by these interposed vehicles based on (i) the average fee incurred for the previous five financial years; (ii) if the interposed vehicle was not in operation for the past five financial years, the average fee incurred for all of the financial years in which the interposed vehicle was in operation; or (iii) if the interposed vehicle was first offered in the current financial year, the Responsible Entity's reasonable estimate of the fee for the current financial year adjusted to reflect a 12 month period. Past performance is not a reliable indicator of future performance and the actual performance fee payable in future years may be higher or lower than the amount stated above, subject to the performance of the interposed vehicles over the relevant period. Please refer to the 'Additional explanation of fees and costs' section below for further information.

⁶ Additional fees and costs may apply, including any additional fees incurred by you if you consult a financial adviser. Please refer to the 'Remuneration of financial advisers' sub-section in section 8.4 of this PDS for further information.

⁷ The transaction costs disclosed in this section are shown net of any recovery received by the Fund from the buy-sell spread charged to transacting Investors. Please refer to the 'Additional explanation of fees and costs' section below for further information.

⁸ In estimating the buy-sell spread for the Fund, the Responsible Entity has assumed that the applications or withdrawals are made during normal market conditions, as in times of stressed or dislocated market conditions (which are not possible for the Responsible Entity to predict) the buy-sell spread may increase significantly and it is not possible to reasonably estimate the buy-sell spread that may be applied in such situations. The Responsible Entity may vary the buy-sell spreads for the Fund from time to time, including increasing these costs without notice when it is necessary to protect the interests of existing investors and if permitted by law. The updated information will be disclosed on our website. Please refer to the 'Additional explanation of fees and costs' section below for further details.

8.3 Example of annual fees and costs for the Fund

This table gives an example of how the ongoing annual fees and costs for the Class B Units in the Fund can affect your investment over a 1-year period. You should use this table to compare this product with other products offered by managed investment schemes.

EXAMPLE – KKR Private Equity (K-PRIME) Fund (AUD) Class B		BALANCE OF \$50,050,000 WITH A CONTRIBUTION OF \$5,000² DURING THE YEAR
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0
PLUS Management fees and costs ^{3,4,6}	1.41% per annum of the NAV of the Fund referable to the Class B Units	And , for every \$50,050,000 you have in the Fund, you will be charged or have deducted from your investment \$705,705.00 each year
PLUS Performance fees ⁵	2.5% per annum of the NAV of the Fund referable to the Class B Units	And , you will be charged or have deducted from your investment \$1,251,250.00 in performance fees each year
PLUS Transaction costs ³	0.42% per annum of the NAV of the Fund referable to the Class B Units	And , you will be charged or have deducted from your investment \$210,210.00 in transaction costs
EQUALS Cost of the Fund		If you had an investment of \$50,050,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs in the range of: \$2,167,165.00 ^{1,3} What it costs you will depend on the fees you negotiate.

¹ Additional fees and costs may apply, including any additional fees incurred by you if you consult a financial adviser. You should refer to the Statement Of Advice which details any fees that may be payable for their advice. Please also note a buy-sell spread may apply to investments into and redemptions from the Fund, which is not taken into account in this example. Please refer to the 'Additional explanation of fees and costs' in this PDS for further details.

² This example is prescribed by the Corporations Act, and each is based on an assumption that the additional \$5,000 investment in the Fund occurs on the last business day of the year (and therefore, the management fees and costs are calculated using an investment balance of \$50,050,000 only). This example also assumes that the value of your investment in the Fund remains constant at \$50,050,000 throughout the year and that there are no abnormal or extraordinary expenses during the year. Please note that this is just an example for illustrative purposes only. In practice, the amount payable depends on the circumstances of each Investor and will vary.

³ All estimates of fees and costs in this section are based on information available as at the date of this PDS. Subject to footnote 5, all fees reflect the Responsible Entity's reasonable estimates of the typical fees for the Fund for the current financial year. As the Fund is newly established, the costs reflect the Responsible Entity's reasonable estimates at the date of this PDS of those costs that will apply for the Fund for the current financial year (adjusted to reflect a 12 month period). Please refer to the 'Additional explanation of fees and costs' section for more information on fees and costs that may be payable. The Responsible Entity may change fees or introduce fees without your consent if permitted by the constitution of the Fund. At least 30 days prior notice will be given to Unitholders before any such increase.

⁴ The amount of this fee may be negotiated or rebated (for wholesale clients).

Please refer to the 'Differential fees' sub-section in section 8.4 of this PDS for further information.

⁵ Please refer to footnote 5 of the fees and costs summary table above and the 'Additional explanation of fees and costs' in section 8.4 of this PDS for further details.

⁶ The management fees and costs comprises of the Management Fee, indirect costs and expense recoveries. Please note that the Fund incurs various abnormal and extraordinary expenses upon establishment of the Fund (including, but not limited to, legal, taxation, due diligence and other costs). CIML will charge a fund establishment fee equal to an amount up to \$262,656.25 (net of GST and RITC), which will be paid from the Fund assets over a period of up to three years starting from the issue of the first Units in the Fund. The estimated expense recoveries of 0.02% p.a. of the NAV of the Fund is based on the assumption that the assets of the Fund are equal to \$500m.

8.4 Additional explanation of fees and costs

Set out below is additional information about management fees and costs of the Fund, performance fees, transaction costs, and other information about fees and other costs in relation to the Fund.

Management fees and costs

Management fees and costs are expressed as a percentage of the Fund's NAV referable to the Class B Units. The Management fees and costs of the Fund include the Management Fee, indirect costs (if any) and expense recoveries. These costs are reflected in the Unit price and are not an additional cost to you. Management fees and costs do not include transaction costs (i.e. costs associated with investing the underlying assets of the Fund, some of which may be recovered through buy-sell spreads).

Management Fee

CIML is entitled to a fee for managing and operating the Fund. The Management Fee is 0.25% p.a. of the NAV of the Fund referable to the Class B Units (including the net effect of GST and RITC). This fee is calculated and is payable monthly in arrears out of the assets of the Fund.

Indirect costs

Indirect costs of the Fund are costs (excluding the Management Fee, expense recoveries, transaction costs and buy-sell spread) incurred in managing the Fund's assets which we know, or reasonably estimate, have or will reduce, directly or indirectly, the return on the Fund or interposed vehicle in which the Fund invests. Indirect costs include management fees and costs that may be incurred by, or payable in respect of, the interposed vehicles in which the Fund invests.

The impact of such costs will typically be reflected in the Underlying Fund's net asset value and by extension in the Unit price of the Fund, and as such are an additional cost to you but are not paid to CIML.

The management fees and costs figure disclosed in the fees and costs summary in this PDS includes the estimated indirect costs of 1.14% p.a., which is the reasonable estimate at the date of this PDS.

Included in the indirect costs is the Underlying Fund management fee which covers the management costs at the Underlying Fund level and is an amount equal to:

- in respect of investments made in the Underlying Fund within a period of 12 month following the Underlying Fund's initial offering:
 - o for a period of sixty (60) months following the Underlying Fund's initial offering, 1.00% p.a. of the NAV of the Underlying Fund; and
 - o following the end of this sixty (60) month period, 1.25% p.a. of the NAV of the Underlying Fund; or

- in respect of investments made in the Underlying Fund after the first 12 month period following the Underlying Fund's initial offering, 1.25% p.a. of the NAV of the Underlying Fund.

The Underlying Fund management fee discount described above will be borne by the Fund as a whole and is not passed onto any particular Unit class or individual investor.

The actual indirect costs that the Fund incurs may differ from the indirect costs disclosed in this PDS.

Expense recoveries

Normal operating expenses

As at the date of this PDS, generally any expenses that the Responsible Entity may recover from the Fund is paid out of the Management Fee and are not an additional charge to you. However, CIML may, from time to time, determine to recover normal operating expenses out of the assets of the Fund in accordance with the Fund's Constitution.

Normal operating expenses of the Fund that the Responsible Entity may recover through the Management Fee include registry, administration, custodian, accounting, audit and legal costs.

Abnormal or Extraordinary Expenses

Generally, normal operating expenses incurred in managing the Fund will be paid from the Management Fee referred to above. However, if abnormal or extraordinary expenses are incurred, CIML has the right under the Fund's Constitution to recover abnormal or extraordinary expenses out of the assets of the Fund. Abnormal or extraordinary expenses are expected to occur infrequently and may include (without limitation):

- Convening of an Investors' meeting;
- Termination of the Fund;
- Amending the Fund constitution;
- Defending or bringing of litigation proceedings; and
- Replacement of CIML as the responsible entity of the Fund.

Please note that the Fund incurs various abnormal and extraordinary expenses upon establishment of the Fund (including, but not limited to, legal, taxation, due diligence and other costs). CIML will charge a fund establishment fee equal to an amount up to \$262,656.25 (net of GST and RITC), which will be paid from the Fund assets over a period of up to three years starting from the issue of the first Units in the Fund.

Performance fee

Although entitled to do so under the Constitution, the Fund does not currently charge a performance fee.

The general partner of K-PRIME Aggregator is entitled to be paid a performance fee from K-PRIME Aggregator, in the form of a performance participation allocation, for its management of the K-PRIME Aggregator. Performance fees include amounts that are calculated by reference to the performance of the K-PRIME Aggregator as an interposed vehicle through which the Fund invests.

The method adopted for calculating the performance fee of the K-PRIME Aggregator is such that the general partner of the K-PRIME Aggregator will, in a calendar year, receive 15% of the K-PRIME Aggregator's total returns (inclusive of distributions and changes in its net asset value but exclusive of K-Prime Feeder, K-Prime Master and other parallel entities' fund expenses (to the exception of distributors' servicing fees)) ('Total Return') with a 100% catch-up, subject to a hurdle requirement that the net asset value of the units in the K-PRIME Aggregator in the relevant calendar year must have increased so as to provide an annualised internal rate of return of at least 5% ('Return Hurdle').

The performance fees will furthermore be subject to a 'high water mark' such that, for the purposes of determining the payment of performance fees, any positive performance will in general be offset by negative performance in previous periods (but not to an amount below zero). In addition, the total return of units in the K-PRIME Aggregator redeemed will be excluded from this calculation.

If K-PRIME Aggregator's Total Return exceeds the sum of the Return Hurdle and the high water mark described above, any remaining amounts will be distributed as follows:

- 100% to the general partner of K-PRIME Aggregator until such time as the general partner has received an amount equal to 15% of the amount paid to K-PRIME Investors by virtue of the Return Hurdle and the amounts paid to the general partner under this mechanism; thereafter
- 15% of any remaining amount will be distributed to the general partner of K-PRIME Aggregator.

Performance fees charged by the general partner of K-PRIME Aggregator and borne by the Underlying Fund is reflected in the Underlying Fund's NAV and therefore the value of the Fund's investment the Underlying Fund. The estimated performance fees for the Fund is estimated to be 2.5% of the NAV of the Fund referable to the Class B Units.

As the Underlying Fund is a newly established vehicle with no previous performance history, performance fee disclosed in the 'Fees and costs summary' is based on the Responsible Entity's reasonable estimate

of the performance fee for the current financial year adjusted to reflect a 12 month period.

The performance fee is based on the performance of the K-PRIME Aggregator from time to time and as such, the actual performance fee may vary from the estimated of the performance fee disclosed in the 'Fees and costs summary'. For example, it may be nil in one year or significantly more than the amount disclosed in the 'Fees and costs summary'.

Transaction costs

In managing the assets of the Fund, the Fund may incur transaction costs which may include, but are not limited to, brokerage (for example, securities lending fees on short sold stock as well as the transaction costs associated with derivatives), buy-sell spread, settlement costs, clearing costs, and stamp duty custody transaction costs on investment transactions. Transaction costs also include transaction costs of the interposed vehicles in which the Fund invests, including the Underlying Fund.

Transaction costs may vary as the turnover in the underlying assets may change substantially as investment and market conditions change, which may affect the level of transaction costs not covered by the buy-sell spread. Transaction costs which are incurred, where it has not already been recovered by the buy-sell spread charged by the Fund, are reflected in the Fund's Unit price. As these costs are factored into the asset value of the Fund's assets and reflected in the Unit price, they are an additional cost to you and are not a fee paid to CIML.

Transaction costs are not included in the management fees and costs. Instead they are recovered from the assets of the Fund or interposed vehicles in which the Fund invests, as and when they are incurred and therefore are an additional cost to you.

As the Fund will indirectly invest in the Underlying Fund, and also invest in cash, we generally do not expect these investments will incur transaction costs, other than any early redemption deduction fee or liquidity penalty (as described below). However, the Fund may incur transactional costs in the Fund's interposed vehicles.

The Fund's estimated gross transaction costs are 0.42% per annum of the NAV of the Fund referable to the Class B Units.

The transaction costs as set out in the 'Fees and costs summary' are shown net of any amount recovered by the way of the buy-sell spread charged by the Fund, and as a percentage of the NAV of the Fund referable to the Class B Units. The Fund's estimated net transaction costs are 0.42% per annum of the NAV of the Fund referable to the Class B Units.

Please note, the Fund's estimated transaction costs may not provide an accurate indicator of the actual transaction costs that you may incur in the future.

Buy-sell spreads

A buy-sell spread is an amount deducted from the value of an Investor's application money or withdrawal proceeds that represents the estimated costs incurred in transactions by the Fund as a result of the application or redemption.

The Fund Constitution permits the RE to impose a buy-sell transaction cost to cover the expenses relating to the purchase or sale of Fund assets associated with an application or redemption.

The buy-sell spread as at the date of this PDS is 0.00% of the application amount on application and 0.00% of the withdrawal amount on redemption. The buy-sell spread cost to you is based on the transaction value. For example, if you made an application of \$50,000,000 into the Fund the buy-spread amount deducted from your application money would be \$0. Please note that this is just an example for illustrative purposes only. In practice, the amount payable depends on the circumstances of each Investor and will vary.

Currently, no buy-sell spread applies to applications or redemptions from the Fund as no transaction costs are charged by the Underlying Fund when the Fund purchases or redeems shares in the Underlying Fund, with the exception of the instance when the Fund is charged a 5% early redemption deduction fee expressed as a percentage of the NAV of the Fund's shares in the Underlying Fund for any disinvestment within the first 2 years of investment. This 5% early redemption deduction fee applies to the Fund's initial subscription, and any additional subscriptions, made to the Underlying Fund.

Additionally, the Underlying Fund will impose a 10% liquidity penalty expressed as a percentage of the NAV of the Fund's shares in the Underlying Fund where the Fund opts-in to the Underlying Fund liquidity program.

If the Underlying Fund levies an early redemption deduction fee or a liquidity penalty, the Fund may, at the sole discretion of the RE, levy a sell spread on the Investors redeeming Units in the Fund.

Separately, if the Underlying Fund commences applying a buy-sell spread to applications and redemptions, CIML would seek to apply a buy-sell spread to applications and redemptions from the Fund to pass such costs to Investors entering or exiting the Fund.

Changes to fees

The Fund's Constitution sets out the fees and expenses payable by the Fund. All fees in this PDS can change without the consent of the Investors. Reasons for a change may include changing economic conditions and changes in regulation. Fees may also change due to an increase in GST payable or a change to RITCs entitled to be claimed by the Fund. You will be given written notice of any variation of fees or charges charged by the Fund in accordance with the

Corporations Act (for example, where there is an increase in the Management Fee), 30 days before the increase takes effect. Changes to expenses, indirect costs, performance fees of interposed vehicles, transaction costs and the buy-sell spread do not require prior notice to you.

Any fees and costs stated in this PDS are based on information available as at the date of this PDS. As such, the actual fees and costs may differ and are subject to change from time to time.

The Fund's Constitution sets the maximum amount CIML can charge for all fees. If CIML wishes to raise fees above the amounts allowed for in the Fund's Constitution, CIML will need to amend the Fund's Constitution in accordance with the Corporations Act and the relevant provisions in the Fund's constitution.

CIML may in its absolute and unfettered discretion waive, reduce, refund or defer any part of the fees and expenses that CIML is entitled to receive under the Fund's Constitution.

Maximum fees

Please note that the fees set out below represent the maximum amounts payable under the Fund's Constitution and are not the actual amounts charged. The Fund's Constitution provides that the following fees may be payable to CIML:

- a) Management Fee – the Fund's Constitution permits CIML to charge a management fee of up to 3.3% per annum (including GST) of the gross asset value of the Fund;
- b) Performance fee – the Fund's Constitution allows a performance fee of up to 38.5% (including GST) of the amount by which the Fund's performance outperforms the Fund hurdle rate. The RE does not currently charge a performance fee and does not intend to charge a performance fee in the foreseeable future; and
- c) removal fee – the Fund's Constitution allows a removal fee of up to 5.50% (including GST) of the gross asset value of the Fund if CIML is removed as the responsible entity of the Fund (other than as a result of a determination by ASIC or an Australian Court, or on acknowledgement by CIML of its gross negligence in the management of the Fund or a material fiduciary breach). For example, if the Fund's gross asset value was \$5 million, CIML would be entitled to receive a removal fee of up to \$275,000 if removed as responsible entity of the Fund. The Management Fee amount stated in the 'Fees and costs summary' in section 6 of the PDS does not include any removal fee.

Remuneration of financial advisers

Your financial adviser (if you use one) may receive fees for services they provide to you. These fees and benefits will be directly paid by you and, depending on your adviser, may be deducted from your initial

investment in the Fund by your adviser prior to you being allocated Units.

CIML does not pay commissions to financial advisers.

Payment to platforms

Payments may be made to a platform where they include one or more funds operated by CIML on their menu. Any platform payments are deducted from the Management Fee and are not a separate charge to you.

Differential fees

There may be differing fee arrangements for you in different classes. Rebates of management fees may be negotiated between KKR and / or CIML and certain wholesale clients as defined by the Corporations Act. These arrangements reflect terms privately agreed with each wholesale client. Neither KKR nor CIML (contact details can be found in section 15 of this PDS) are under any obligation to make arrangements on these terms available to all other Investors (including other wholesale clients).

Tax and Duties

In addition to the fees and costs described in this section, you should also consider the government taxes and other duties that may apply to an investment in the Fund.

All fees and expenses referred to in the PDS and this section are quoted on a GST inclusive basis less any RITC available to the Fund, unless otherwise specified. The benefits of any tax deductions are not passed on to Investors in the form of a reduced fee or cost.

See further information on taxation at section 9 of this PDS.

9. Taxation

There are tax implications when investing in, and withdrawing and receiving income from, the Fund. CIML cannot give tax advice and we recommend that you consult your professional tax adviser as the tax implications of investing in the Fund can impact Investors differently. Below is a general outline of some key tax considerations for Australian resident investors. This information is based on our current interpretation of the relevant taxation laws and does not consider an Investor's specific circumstances. As such, Investors should not place reliance on this as a basis for making their decision as to whether to invest.

Income earned by the Fund, whether distributed or reinvested, should form part of an Investor's assessable income in the year of or attribution. The timing of when the Fund's net income is brought to account for tax purposes may be different to when amounts are distributed to you, so that you may be required to pay tax on income that has not yet been or may not be distributed to you. At the end of the Fund's tax year, we will send to you the details of assessable income, capital gains, or tax credits attributed to you for that year, together with any other relevant tax information required to complete your income tax return.

The Fund will seek to pass on any benefits of franking credits in respect of distributions including franked dividends from the Fund. Investors receiving distributions including franked dividends will be required to include their share of dividend income and franking credits in their assessable income.

The Fund has elected to become an Attribution Managed Investment Trust ('AMIT') from the year commencing 1 July 2022. As an AMIT, all determined trust components of each particular category or character (i.e. relating to assessable income, exempt income, non-assessable non-exempt income and tax offsets) are attributed each year to members on a fair and reasonable basis in accordance with the Fund's constitution so that the Fund itself is not subject to tax. As an Investor you will be assessed for tax on your attributed share of the Fund's taxable income, including any net capital gains.

9.1 Capital gains tax ('CGT')

Your assessable income for each year may include net capital gains (i.e. after offsetting capital losses). The sources of your capital gains tax may include:

- a component of the trust's net income attributed to Investors in the Fund; and
- the withdrawal of your investment in the Fund (including the redemption of Units in the Fund).

Individuals, trusts and complying superannuation entities may be eligible for CGT concessions in relation to capital gains made with respect to their units where they have held those units for at least 12 months.

If you hold your Units on revenue account, gains and losses will be taxable as ordinary income or allowed as a deduction, as the case may be, and will not qualify for the CGT discount.

9.2 Goods and services tax (GST)

Unless otherwise stated, the fees and other costs shown in this PDS include the net effect of Goods and Services Tax ('GST') and any applicable stamp duty, less reduced input tax credits ('RITC'). The rate of GST and any other taxes may change if the relevant law changes.

Investors should not be directly subject to GST when applying for or withdrawing Units. However, the Fund may incur GST as part of the expenses of the Fund. The Fund may then be entitled to claim RITCs for GST incurred on certain expenses.

9.3 Foreign tax offsets

Australian residents are required to include in their assessable income their share of any foreign income which forms part of the Fund net income. Investors will normally be entitled to a tax offset (or credit) in respect of foreign taxes paid in respect of the foreign source income of the Fund and attributed to them.

9.4 Tax file number ('TFN') and Australian Business Number ('ABN')

It is not compulsory for Investors to provide their TFN or ABN, and it is not an offence if you decline to provide them. However, unless entitled to an exemption, if an Investor does not provide their TFN or ABN, tax will be deducted from income distributions at the highest personal marginal rate plus the Medicare levy (and any other levies required to be withheld from distributions from time to time). The ABN, TFN or an appropriate exemption can be provided on the Application Form when making an initial investment. The collection of TFNs is authorised and their use is strictly regulated by tax and privacy laws.

9.5 Taxation of financial arrangements ('TOFA')

Generally, TOFA applies to gains and losses from financial arrangements and how they are treated for income tax purposes. The TOFA rules may apply to the Fund.

Generally, Investors are not directly subject to TOFA unless they have elected for the TOFA rules to apply. Regardless of this, you should seek your own advice in relation to the applicability of TOFA as applicable to your particular circumstances.

10. Investing in the Fund

10.1 Applications

The Fund Unit price and NAV are calculated and determined monthly on the last calendar day of each month. To invest in the Fund, applications must be received, verified and accepted, and cleared application monies received in the Fund's application bank account by 12 noon (Sydney time) 10 Business Days prior to the last calendar day of each month. CIML may accept applications in limited circumstances and in its absolute discretion, after this day.

For an application to be valid, it must be correctly completed, and it must comply with the designated minimum investment amounts (as per the Key Fund information in section 1 of this PDS) and be appropriately signed by the applicant(s). CIML may, at its discretion, accept amounts less than the minimum investment amounts.

If, for any reason, we are unable to process your application (for example, the application form is incomplete or incorrectly completed or we are not satisfied that we have received the necessary proof of identification requirements to meet our

obligations under AML/CTF Requirements – see section 12 of this PDS), the application monies will be held by us in a non-interest bearing trust account for up to 30 days (while we endeavour to verify your identification information or obtain any necessary outstanding information) after which we will return the application monies to you. No interest is received on application monies, including monies for additional investments, and no interest will be paid to you if for any reason your application can not be accepted.

We reserve the right not to accept (wholly or in part) any application for any reason or without reason. If we refuse to accept an application, any monies received from you will be returned to you without interest.

Investors may also access the Fund indirectly. This PDS has been authorised for use by IDPS operators. Such Indirect Investors do not acquire the rights of an Investor of the Fund except in relation to CIML's complaints resolution process. Rather, it is the operator or custodian of the IDPS that acquires those rights. Therefore, Indirect Investors do not

receive income distributions or reports directly from us, do not have the right to attend meetings of unitholders and do not have cooling off rights. Indirect Investors should not complete the Fund's application form. The rights of Indirect Investors are set out in the disclosure document for the IDPS. If you are investing through an IDPS, enquiries should be made directly to the IDPS operator.

Additional applications

If you are an existing Unitholder in the Fund you may apply for additional Units by completing an additional application form. It is not necessary for you to complete another full application form. Please insert your investor number, name and personal details as well as your additional investment amount into the spaces provided on the form.

Additional investments can be made (in accordance with the application process and timings set out in this section), by providing us with a completed additional application form. The additional investment amount will be added to your existing investment in the Fund. Additional investments are made on the basis of the PDS current at the time of investment. The latest PDS is available at www.channelcapital.com.au.

10.2 Redemptions

It is expected that the RE will generally process requests for redemption monthly on the last Calendar Day of each month (the 'Redemption Date'), where liquidity is available.

Notwithstanding this intention and expectation, under the terms of the Fund's Constitution, Investors do not have a right to redeem their Units in the Fund. The RE has discretion to accept or not accept redemption requests for any reason.

Redemption requests are to be made in writing by completing a redemption form to be received by the Fund Administrator by 12 noon (Sydney time) 10 Business Days prior to the last Calendar Day of each month, subject to our redemption processes described below. You can obtain a redemption form by contacting Channel Client Services.

Your Units will be redeemed based on the Unit price prevailing at the time. As part of the redemption proceeds, Investors will receive their share of any net income of the Fund for the period of time during which their Units were issued in the relevant distribution period. These proceeds are included in the Unit price. Investors will also receive their share of the capital value of the Fund on redemption.

There is a minimum redemption amount of \$50,000. In addition, if your redemption request would result in your investment balance being less than \$50,000,000 we may treat your redemption request as being for your entire investment. We will provide Investors with advance notice of any compulsory

redemptions. The minimum balance does not apply to investments through an IDPS.

There may be circumstances where your ability to redeem from the Fund is restricted, including circumstances where:

- disposal would be prejudicial to other Investors, such as where there is a large single redemption, a number of significant redemptions together or adverse market conditions; or
- it is not practicable to sell investments in the Fund in the usual timeframe.

For more information about such risks, see risks in section 6 related to withdrawal and liquidity.

The amount available to fund redemption requests is subject to the available cash of the Fund on the relevant Redemption Date. The cash available to fund redemption requests may, from time to time, be limited.

If the Fund does not have sufficient cash to meet all redemption requests for a Redemption Date, redemptions will be partially accepted and processed pro-rata across all redeeming Investors. The amount redeemed will be based on the amount of their redemption request relative to the amount of cash CIML reasonably considers is available to fund redemptions on the relevant Redemption Date.

Any redemptions rejected in either whole or in part on a Redemption Date will not be carried over to the next Redemption Date for processing and will be considered cancelled in either whole or part. A new redemption request will need to be submitted for the next Redemption Date.

To meet redemption requests for a Redemption Date, CIML may also choose to redeem some of the Fund's shares in the Underlying Fund. The Underlying Fund will have limited liquidity and shareholders of the Underlying Fund, including the Fund, can apply for redemptions quarterly on the last calendar day of each calendar quarter. The Underlying Fund will not process any redemption requests before 30 September 2023. The aggregate net asset value of total permitted redemptions by the Underlying Fund (on an aggregate basis across K-PRIME) is generally limited to 5% of aggregate net asset value per calendar quarter.

Furthermore, the Underlying Fund may also charge an early redemption deduction fee of 5% for disinvestment within the first 2 years of an investment into the Underlying Fund ('Early Redemption Deduction'), and it may also impose a 10% liquidity penalty fee if the Fund, as a shareholder of the Underlying Fund, opts into its liquidity program. If such fees are charged to the Fund as a result of a redemption of its shares in the Underlying Fund and to satisfy a redemption request by Investors in the Fund, the Fund may, at the sole discretion of CIML, levy a sell spread to such Investors making a redemption in the Fund.

Investors will be informed of the sell spread that is to be applied to their redemptions from the Fund, and given reasonable opportunity to withdraw all or part of their redemption request, before the RE accepts all or part of their redemption request and applies the sell spread to the relevant redemption.

Once the RE has decided to accept a redemption request in part or in whole, the RE has 580 Calendar Days to effect the redemption request, which may include redeeming some of the Fund's interests in the Underlying Fund.

Redemption proceeds will generally be paid within 50 Calendar Days after the relevant Redemption Date, subject to the rights and obligations of the RE set out in this section 10.2.

In certain circumstances we may suspend redemptions up to 180 Calendar Days in accordance with the Fund's Constitution, including (without limitation) if we believe this is in the best interests of Investors to do so or if we cannot realise all Fund assets in cash.

Under the Corporations Act, the Fund is illiquid if it has less than 80% liquid assets (generally cash, marketable securities or other assets that CIML reasonable expects can be realised for their market value within the period specified in the Constitution for satisfying redemption requests whilst the Fund is liquid, being 760 Calendar Days), made up of the period of:

- 580 Calendar Days to effect a redemption request; and
- 180 Calendar Days where redemptions are suspended.

The relevant redemption proceeds must be paid to a redeeming Investor within 50 calendar days following the redemption of their Units in the Fund.

If you have invested indirectly in the Fund through an IDPS, you need to provide your redemption request directly to your IDPS operator. The redemption cut-off times for pricing purposes and the time to process a redemption request is dependent on your IDPS operator.

Staggering redemptions

Under the terms of the Fund's Constitution, if the RE receives redemption request(s) in any given month of more than 5% of the Units on issue, the RE may stagger those redemption requests, such that each redemption request is deemed to be separate redemption requests of one fifth of the original redemption request ('Staggering Request'). Under these circumstances, each Staggering Request will be deemed lodged and received by the RE on the same day (or if applicable the next Business Day) in each successive calendar quarter following the acceptance by the RE in accordance with the Constitution.

Where the RE proposes to stagger redemption requests, it will notify all Investors prior to processing such redemption requests that the redemption requests are subject to staggering ('Staggering Notice'). Investors who have submitted redemption requests that is subject to staggering may, up to 10 Business Days prior to end of each calendar quarter, submit a request for all or a portion of their redemption request to be revoked ('Revocation Notice'). The RE, in these circumstances, will consent to the revocation of redemption requests that would otherwise be subject to staggering. Investors may at any time prior to making a redemption request submit to the RE in writing a standing Revocation Notice ('Advance Revocation Notice') in respect of any future redemption requests of that Investor which may be subject to staggering. An Advance Revocation Notice may be cancelled in writing to the RE, however, where a Staggering Notice has been issued, an Advance Revocation Notice is deemed accepted by the RE and may only be cancelled in respect of redemption requests submitted after the date of a Staggering Notice.

Under the Corporations Act, redemptions are not permitted if the Fund becomes illiquid (as defined under the Corporations Act). If the Fund is illiquid, withdrawals from the Fund will only be possible if we make a withdrawal offer in accordance with the Corporations Act. We are not obliged to make such an offer. However, if we do, you are only able to redeem your investment in accordance with the terms of a current withdrawal offer. If an insufficient amount of money is available from the assets specified in the withdrawal offer to satisfy redemption requests, the requests will be satisfied proportionately amongst those Investors wishing to redeem from the Fund.

Redemption requests must be signed by the appropriate authorised signatories. Bank accounts must be in the name/s of the Investor/s as specified in the application form or as otherwise notified to the RE. Proceeds will be paid in AUD.

10.3 Cooling off period

No cooling off rights apply to Investors.

If you are an Indirect Investor and are investing through an IDPS, you should contact your IDPS operator to confirm any cooling off rights you may have with your IDPS operator. If you invest through an IDPS you will not acquire direct rights as a unitholder and as such, the terms of the IDPS guide will govern your rights and obligations with respect to your investment.

11. Additional Fund information

11.1 Continuous disclosure

When the Fund has more than 100 Investors it will be considered a “disclosing entity” for the purposes of the Corporations Act. This means the Fund will be subject to regular reporting and disclosure obligations. Copies of any documents lodged with ASIC in relation to the Fund may be obtained from, or can be inspected at, an ASIC office. Investors will have a right to obtain a copy, free of charge, in respect of the Fund, of:

- The most recent annual financial report; and
- Any half yearly financial report lodged with ASIC after that most recent annual financial report but before the date of this PDS.

Continuous disclosure obligations will be met by following ASIC’s good practice guidance via website notices rather than lodging copies of these notices with ASIC. Accordingly, should CIML as responsible entity of the Fund, become aware of material information that would otherwise be required to be lodged with ASIC as part of any continuous disclosure obligations, we will ensure that such material information will be made available as soon as practicable on CIML’s website www.channelcapital.com.au. If you would like hard copies of this information, please contact Channel Client Services (see section 15) and you will be sent the information free of charge.

11.2 Communicating with Investors

Investors will receive the following communications from CIML:

- confirmation of your investments and withdrawals;
- an annual tax statement;
- a periodic statement detailing the transactions during the period and the balance of your investments; and
- a distribution statement, following each distribution.

Annual financial reports will be made available at www.channelcapital.com.au. They will not be sent to Investors unless requested.

If you are an Indirect Investor investing through an IDPS, you should contact your IDPS operator to confirm any communications you may receive in relation to the Fund from your IDPS operator.

11.3 Complaints resolutions

CIML has established procedures for dealing with complaints. We aim to resolve any concerns or complaints quickly and fairly and will respond within 30 calendar days after receiving the complaint. If an Investor has a concern or complaint, they can contact CIML at:

Channel Investment Management Limited
GPO Box 206
Brisbane QLD 4001
Phone: 1800 940 599
Email: clientservices@channelcapital.com.au

We are a member of and participate in the Australian Financial Complaints Authority (‘AFCA’), an independent complaints resolution authorised. If an Investor is not satisfied with the outcome, the complaint can be referred to an independent external dispute resolution scheme. Complaints should be lodged with the Australian Financial Complaints Authority (‘AFCA’) at:

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Phone: 1800 931 678
Email: info@afca.org.au
Website: www.afca.org.au

All investors, regardless of whether you hold Units in the Fund directly or hold Units indirectly via an IDPS, can access CIML’s complaints resolution process outlined above. If investing via an IDPS and your complaint concerns the operation of the IDPS then you should contact the IDPS operator directly.

11.4 Constitution

The operation of the Fund is governed by its Constitution, this PDS, the Corporations Act and other laws such as the general law relating to trusts. The Constitution of the Fund addresses matters such as unit pricing, applications and redemptions, the issue and transfer of units, unitholder meetings, CIML’s powers to invest, borrow and generally manage the Fund and fee entitlement and right to be indemnified from the Fund’s assets.

You can inspect a copy of the Fund’s Constitution at ASIC or CIML’s head office or request a copy by contacting CIML.

11.5 Compliance plan and committee

The compliance plan outlines the principles and procedures which CIML intends to follow to ensure that it complies with the provisions of its Australian financial services licence, the Corporations Act and the Fund's Constitution. Each year the compliance plan is independently audited as required by the Corporations Act and a copy of the auditor's report is lodged with ASIC.

CIML has a compliance committee with a majority of external members. The functions of the compliance committee include:

- Assessing the adequacy of the compliance plan and recommending any changes; and
- Monitoring compliance with the compliance plan and reporting findings to CIML.

11.6 Consents

KKR and Apex have each given, and have not withdrawn before the date of this PDS, their written consent to be named in this PDS for the KKR Private Equity (K-PRIME) Fund (AUD) in the form and context in which they are named.

KKR and Apex have not been involved, except as otherwise stated in this section, in the preparation of this PDS and do not accept any responsibility or liability for any information contained in this PDS. In addition, KKR and Apex are not involved in the investment decision-making process for the Fund.

11.7 Labour standards and environmental, social and ethical considerations

We do not take into account labour standards and environmental, social and ethical considerations for the purpose of selecting, retaining or realising investments of the Fund.

11.8 Conflicts of interest

General conflicts of interest

Capitalised terms not herein defined in this section 11.8 or under section 14 'Glossary' shall have the meaning ascribed to such terms in section 6 "Risks of investing in the Fund and, indirectly, in K-PRIME".

CIML and third-party service providers of the Fund may, in the course of their business, have potential conflicts of interest which may not be managed effectively and may be detrimental to the Fund and its Unitholders.

Additionally, certain activities of the KKR and its affiliates, as further described below, may give rise to, and contain embedded, conflicts of interest that are relevant to the Underlying Fund and K-PRIME (for example, but without limitation, conflicts of interest relating to inducements, fees and costs, related party transactions, cross-transactions, competing interests, allocations of investment opportunities and subsequent dispositions).

KKR and CIML have implemented policies and procedures to seek to identify and appropriately manage conflicts. There is no guarantee however that any such conflicts will be resolved in a manner that will not have an adverse effect on the Fund or K-PRIME.

Other than as set out in this PDS, there are no existing agreements or arrangements and there are no currently proposed transactions in which the Responsible Entity was, or is to be, a participant, and in which any related party of the Responsible Entity had or will have a direct or indirect material interest.

An agreement has been entered into on arm's length terms between the Responsible Entity and KKR. The Responsible Entity and KKR may be subject to conflicts of interest when performing their duties in relation to the Fund. Both the Responsible Entity and KKR have conflicts of interest policies and procedures in place that are designed to appropriately manage these conflicts of interest that arise in relation to managing the Fund.

KKR and its affiliates are part of KKR's global investment management firm. KKR's global businesses primarily include its private equity businesses, KKR Credit and K-PRIME. As a result of this broad range of KKR activities, KKR and its affiliates, personnel and associates do and, in the future, will have multiple advisory, transactional, financial and other interests and relationships that conflict with the interests of the Fund. Participation of K-PRIME personnel, Senior Advisors, Executive Advisors, individuals providing advisory services to KKR or any KKR Affiliate, investment funds, vehicles and accounts sponsored by KKR or any KKR Affiliate and the portfolio companies of such funds, vehicles and accounts, and who are designated as "Industry Advisors" by KKR ('**Industry Advisors**') and other KKR Advisors in the Fund's investment activities is subject to applicable law and insider information barrier policies and procedures, which may limit the involvement of such personnel in certain circumstances and the ability of KKR investment teams to leverage such integration with KKR. Discussions with Senior Advisors, Industry Advisors, Executive Advisors and other KKR Advisors and employees of KKR's managed portfolio companies are also subject to inside information barrier policies and procedures, which may restrict or limit discussions and/or collaborations with the KKR investment teams.

KKR and its affiliates are subject to a comprehensive compliance program which includes, among others, policies and procedures reasonably designed to address conflicts of interest that arise during the course of KKR's global business. This compliance program includes, among other policies, KKR's global Code of Ethics (the 'Code'). The policies and procedures set forth in the Code recognise that KKR and its affiliates are in a position of trust and confidence with respect to KKR funds and managed accounts and have a duty to place the interests of their clients before those of their own or their employees and also include obligations to preserve the confidentiality of information obtained in the course of KKR's business and use such information properly and consistent with applicable law and regulations. In addition to the information barriers described above, KKR and its affiliates have established electronic firewalls and other protocols and procedures designed to protect confidential information.

Material conflicts of interest that arise between KKR and its affiliates and their clients (including the Fund), generally will be discussed and resolved on a case-by-case basis by senior management, including representatives of KKR or will otherwise be managed in accordance with internal policies and procedures reviewed by senior management that address specific conflicts, including, by way of example, obtaining from the Board of Directors (or the non-affiliated members of the Board of Directors) advice, waiver or consent, allocation policies that address conflicts of interest arising between multiple KKR funds and accounts investing in the same investments and cross transaction and principal transaction policies that address purchases and sales of investments between KKR funds and accounts and/or between KKR funds and accounts and any proprietary account of the Manager or its affiliates. Any such discussions and policies will take into consideration the interests of the relevant parties and the circumstances giving rise to the conflict. To implement best practices in the application and monitoring of conflict resolution, KKR has created a global conflicts committee (the 'Global Conflicts Committee'). KKR's Global Conflicts Committee is responsible for analysing and addressing new or potential conflicts of interest that may arise in KKR's business, including conflicts relating to specific transactions and circumstances, including fees and other compensation earned by KKR entities (other than management or performance fees or similar amounts) in connection with the activities of KKR funds and accounts, as well as those implicit in the overall activities of KKR and its various businesses. In addition, KKR has established policies and procedures for mitigating and managing possible conflicts of interest as they relate to business overseen by KKR and, in particular, for elevating, evaluating and resolving such conflicts.

KKR and K-PRIME conflicts of interest

At the K-PRIME level, conflicts of interest may arise from relationships between KKR and its subsidiaries, K-PRIME, the Fund, and other investment funds and vehicles managed or advised by KKR, as its clients ('KKR Managed Vehicles'). KKR, the Underlying Fund, KKR's advisors, and other related parties have multiple interests (including advisory, transactional and financial interests) that could potentially conflict with those of K-PRIME and the Fund as investors. You may wish to review the Form ADV Part 2 of the Underlying Fund Investment Management maintained by KKR prior to investing in the Fund. While established procedures are in place to address these conflicts, any such conflict may still have adverse effects on K-PRIME and the Fund.

The activities of KKR and its related parties and its clients might lead to conflicts of interest concerning K-PRIME and the Fund, such as the allocation of investment opportunities and subsequent dispositions. The Underlying Fund AIFM, KKR, and KKR Credit may have fiduciary and other duties under applicable laws that cannot be eliminated or modified in the Underlying Fund's documents. These documents may contain provisions that reduce or modify other duties and obligations owed to K-PRIME and the Fund.

In case the Underlying Fund AIFM, KKR, or KKR Credit identifies a conflict of interest, they may take actions to mitigate it. However, there is no guarantee that all conflicts will be resolved in favor of K-PRIME or the Fund. By acquiring shares in the Underlying Fund, the Fund acknowledges, consents to, and waives claims regarding conflicts of interest, provided that the Underlying Fund AIFM, KKR, and KKR Credit have conducted activities in accordance with the Underlying Fund's documents and fiduciary duties. As a result of the broad range of KKR activities described above, the Underlying Fund Investment Manager and its affiliates personnel and associates manage a broad range of KKR Managed Vehicles which may compete with the Fund and K-PRIME and such KKR Managed Vehicles for investment opportunities. These KKR Managed Vehicles may also take actions which are contrary to the interests of the Fund and K-PRIME. For example, a KKR Managed Vehicle may own a debt investment in a company in which K-PRIME has an equity investment, subject to conflicts of interest policies that limit such investments, including for example by generally prohibiting a KKR Credit debt fund from being an active investor in a KKR private equity portfolio company by acquiring more than a specified percentage of any debt tranche. The interests of an equity investor and a debt investor will generally not be aligned when the company in which they invest is distressed. A KKR private equity fund in these circumstances may vote its equity interest in a distressed company in a way that is contrary to the interests of the KKR Managed Vehicle as a debt investor in the same company.

KKR's capital markets business and other KKR service providers may provide capital markets, loan servicing, and other services to K-PRIME and KKR Managed Vehicles and to portfolio companies of K-PRIME and of these KKR Managed Vehicles and may provide loans and other financing to these KKR Managed Vehicles and portfolio companies. These service providers will receive fees, commissions and other payments for these activities. It is also possible that portfolio companies of K-PRIME and the KKR Managed Vehicles may compete with, or provide services to, portfolio companies of other KKR funds and investment vehicles and vice versa which may result indirectly in economic benefits to KKR.

KKR also makes substantial investments for its own account, which may have an adverse impact on the Fund and K-PRIME, for example by reducing the amount of an investment opportunity that is allocated to K-PRIME or acquiring a stake in another investment manager that competes with K-PRIME for investment opportunities.

12. AML / CTF and other relevant legislation

12.1 Anti-Money Laundering and Counter-Terrorism Financing

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) ('AML Act') and other applicable anti-money laundering and counter terrorism laws, regulations, rules and policies which apply to CIML ('AML Requirements'), regulate financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing. The Australian Transaction Reports and Analysis Centre ('AUSTRAC') enforce the AML Act. In order to comply with the AML Requirements, CIML is required to, amongst other things:

- verify your identity and source of your application monies before providing services to you, and to re-identify you if we consider it necessary to do so; and
- where you supply documentation relating to the verification of your identity, keep a record of this documentation for 7 years.

CIML and the Fund Administrator as its agent (collectively the 'Entities') reserve the right to request such information as is necessary to verify your identity and the source of the payment. In the event of delay or failure by you to produce this information, the Entities may refuse to accept an application and the application monies relating to such application or may suspend the payment of withdrawal proceeds if necessary to comply with AML Requirements applicable to them. Neither the Entities nor their delegates shall be liable to you for any loss suffered by you as a result of the rejection or delay of any subscription or payment of withdrawal proceeds.

The Entities have implemented a number of measures and controls to ensure they comply with their obligations under the AML Requirements, including carefully identifying and monitoring Investors. As a result of the implementation of these measures and controls:

- transactions may be delayed, blocked, frozen or refused where an Entity has reasonable grounds to believe that the transaction breaches the law or sanctions of Australia or any other country, including the AML Requirements;
- where transactions are delayed, blocked, frozen or refused, the Entities are not liable for any loss you suffer (including consequential loss) caused by reason of any action taken or not taken by

them as contemplated above, or as a result of their compliance with the AML Requirements as they apply to the Fund; and

- the Entities may from time to time require additional information from you to assist in this process.

The Entities have certain reporting obligations under the AML Requirements and are prevented from informing you that any such reporting has taken place. Where required by law, an entity may disclose the information gathered to regulatory or law enforcement agencies, including AUSTRAC. The Entities are not liable for any loss you may suffer as a result of their compliance with the AML Requirements.

12.2 Foreign Account Tax Compliance Act ('FATCA') and Common Reporting Standard ('CRS')

The United States of America has introduced rules (known as FATCA) which are intended to prevent US persons from avoiding tax. Broadly, the rules may require the Fund to report certain information to the Australian Taxation Office ('ATO'), which may then pass the information on to the US Internal Revenue Service (IRS). If you do not provide this information, we will not be able to process your application.

In order to comply with these obligations, CIML will collect certain information about you and undertake certain due diligence procedures to verify your FATCA status and provide information to the ATO in relation to your financial information required by the ATO (if any) in respect of any investment in the Fund.

The Australian Government has implemented the OECD Common Reporting Standards Automatic Exchange of Financial Account Information ('CRS'). CRS, like the FATCA regime, will require banks and other financial institutions to collect and report to the ATO.

CRS will require certain financial institutions to report information regarding certain accounts to their local tax authority and follow related due diligence procedures. The Fund is expected to be a 'Financial Institution' under the CRS and intends to comply with its CRS obligations by obtaining and reporting information on relevant accounts (which may include your Units in the Fund) to

the ATO. In order for the Fund to comply with their obligations, we will request that you provide certain information and certifications to us. We will determine whether the Fund is required to report your details to the ATO based on our assessment of the relevant information received. The ATO may provide this information to other jurisdictions that have signed the “CRS Competent Authority

Agreement”, the multilateral framework agreement that provides the mechanism to facilitate the automatic exchange of information in accordance with the CRS. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 (Cth) to give effect to the CRS.

13. Privacy

CIML has a Board approved privacy policy. We collect and manage your personal information in accordance with this policy, the Privacy Act 1998 (Cth) (‘Privacy Act’) and the Australian Privacy Principles (‘APP’).

CIML may collect personal information from you in the application and any other relevant forms in order to process your application, administer your investment and for other purpose permitted under the Privacy Act. Further, some of the information to be collected, by CIML, in connection with an application is for the purposes of satisfying tax, company and/or anti-money laundering. In some cases, we may also collect personal information from third parties including public sources, our related companies, referrers, brokers, agents, your adviser(s) and our service providers.

If you do not provide us with your relevant personal information, we will not be able provide you with products or services (such as issuing you Units).

Privacy laws apply to our handling of personal information and we will collect, use and disclose your personal information in accordance with our privacy policy, which includes details about the following matters:

- the kinds of personal information we collect and hold;
- how we collect and hold personal information;
- whether collection is required or authorised by law;
- the purposes for which we collect, hold, use and disclose personal information; the entities or persons to which personal information is usually disclosed;

- how you may access personal information that we hold about you and seek correction of such information (note that exceptions apply in some circumstances);
- how you may complain about a breach of the APPs, or a registered APP code (if any) that binds us, and how we will deal with such a complaint; and
- whether we are likely to disclose personal information to overseas recipients and, if so, the countries in which such recipients are likely to be located if it is practicable for us to specify those countries.

CIML may also be allowed or obliged to disclose information by law. If an Investor has concerns about the completeness or accuracy of the information CIML has about them or would like to access or amend personal information held by CIML, they can contact CIML’s Privacy Officer at:

Attention: Privacy Officer
Channel Investment Management Limited
GPO Box 206
Brisbane QLD 4001
Phone: 1800 940 599

Our privacy policy is publicly available at www.channelcapital.com.au or you can obtain a copy free of charge by contacting us. If you are investing indirectly through an IDPS, we do not collect or hold your personal information in connection with your investment in the Fund. Please contact your IDPS operator for more information about their privacy policy.

14. Glossary

ABN	Australian Business Number
Advance Revocation Notice	has the meaning provided in section 10 of this PDS
AFCA	Australian Financial Complaints Authority
AMIT	Attribution Managed Investment Trust
AML Act	Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)
AML Requirements	Other applicable anti-money laundering and counter terrorism laws, regulations, rules and policies which apply to CIML
APP	Australian Privacy Principles
ASIC	Australian Securities and Investment Commission
ATO	Australian Taxation Office
AUD	Australian Dollar currency
AUSTRAC	Australian Transaction Reports and Analysis Centre
Business Day	A day other than Saturday, Sunday, a bank holiday or public holiday in Sydney, New South Wales
Calendar Day	All days in a month, including weekends and holidays.
Channel	Channel Capital Pty Ltd ACN 162 591 568 (authorised representative number 001274413 of CIML)
CGT	Capital Gains Tax
CIML, Responsible Entity, RE, we, us, and our	Channel Investment Management Limited ACN 163 234 240 AFSL 439007
Class	means a class of units in the Fund
Constitution	means the constitution of the Fund
Corporations Act	Corporations Act 2001 (Cth)
CPS	Customised Portfolio Solutions
CPS Investments	has the meaning set out in section 4 of this PDS
CRS	Common Reporting Standard
Debt Investments	has the meaning set out in section 4 of this PDS
Direct Investments	has the meaning set out in section 4 of this PDS
Early Redemption Deduction	has the meaning set out in section 10.2 of this PDS
Entities	CIML and the Fund Administrator as its agent
FATCA	Foreign Account Tax Compliance Act
Fund	KKR Private Equity (K-PRIME) Fund (AUD) ARSN 666 531 184
Fund Administrator or Apex	Apex Fund Services Pty Ltd ABN 81 118 902 891 or as otherwise appointed by the RE
GST	Goods and Services Tax
IDPS	Investor Directed Portfolio Service, IDPS-like scheme or a nominee or custody services (collectively known as master trusts or wrap accounts)
Indirect Investors	means a person investing through an IDPS
Investor or Unitholder	means a person who is the registered holder of Units

Investments	K-PRIME's interests in Direct Investments, Secondary Investments, Primary Commitments, Debt Investments and investments within the K-Prime Liquidity sleeve
IRS	Internal Revenue Service
K-PRIME	Investment program operated through several entities, including the Underlying Fund, the K-PRIME Master, the K-PRIME Aggregator and other parallel entities (collectively, 'K-PRIME')
K-PRIME Aggregator	K-PRIME Aggregator L.P., an Ontario limited partnership
K-PRIME Master	KKR Private Markets Equity Fund (Master) FCP, a Luxembourg mutual fund
KKR	Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates)
KKR Credit	Collectively, KKR Credit Advisors (US) LLC and KKR Credit Advisors (Ireland) Unlimited Company
KKR Financing Partners	means any investor in the Underlying Fund that is an affiliate of KKR and in which one or more KKR affiliates or KKR personnel owns a majority equity interest, which is funded in part through financing provided by one or more third parties subsequently established (in each case, including any related successor funds, alternative vehicles, supplemental capital vehicles, surge funds, over-flow funds, co-investment vehicles and other entities formed in connection with KKR or its affiliates side-by-side or additional general partner investments with respect thereto) other than those vehicles comprising K-PRIME
Management Fee	The fee payable to CIML for managing the Fund's investments
NAV	Net asset value
Other KKR Vehicles	means, as the context requires, individually and collectively, any of the following: investment funds, vehicles, accounts, products and/or other similar arrangements sponsored, advised, and/or managed by KKR or its affiliates, whether currently in existence or subsequently established (in each case, including any related successor funds, alternative vehicles, supplemental capital vehicles, surge funds, over-flow funds, co-investment vehicles and other entities formed in connection with KKR or its affiliates side-by-side or additional general partner investments with respect thereto) other than those vehicles comprising K-PRIME
Parallel Vehicle	has the meaning set out in section 4 of this PDS
PDS	Product Disclosure Statement
Portfolio Company	means any privately or publicly owned enterprise (including, for the avoidance of doubt, any platform investment) or separately identifiable subpart thereof (including all person(s) and assets comprising or held by such enterprise or subpart at the time of the Investment and each successor to such person(s)) and any other asset or property in which the Underlying Fund makes an Investment
Primary Commitments	has the meaning set out in section 4 of this PDS
Privacy Act	Privacy Act 1998 (Cth)
RITC	Reduced input tax credits
Redemption Date	has the meaning set out in section 10 of this PDS
Return Hurdle	has the meaning set out in section 8 of this PDS
Secondary Investments	has the meaning set out in section 4 of this PDS
Staggering Notice	has the meaning set out in section 10 of this PDS
Staggering Request	has the meaning set out in section 10 of this PDS

TFN	Tax File Number
TOFA	Taxation of financial arrangements
Total Return	has the meaning set out in section 8 of this PDS
Underlying Fund or K-Prime Feeder	KKR Private Markets Equity Fund SICAV SA - I, being a sub-fund of the KKR Private Markets Equity Fund SICAV SA
Underlying Fund AIFM	KKR Alternative Investment Management Unlimited Company
Underlying Fund Investment Manager	Kohlberg Kravis Roberts & Co. L.P.
Unit/s	Class B unit/s in the Fund
USD	U.S. Dollar currency

15. Contacts

Responsible Entity

Channel Investment Management Limited

ACN 163 234 240 AFSL 439007

Address

GPO Box 206,
Brisbane QLD 4001

Website

www.channelcapital.com.au

Phone

1800 940 599

Email

clientservices@channelcapital.com.au

Affiliate of Underlying Fund Investment Manager

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