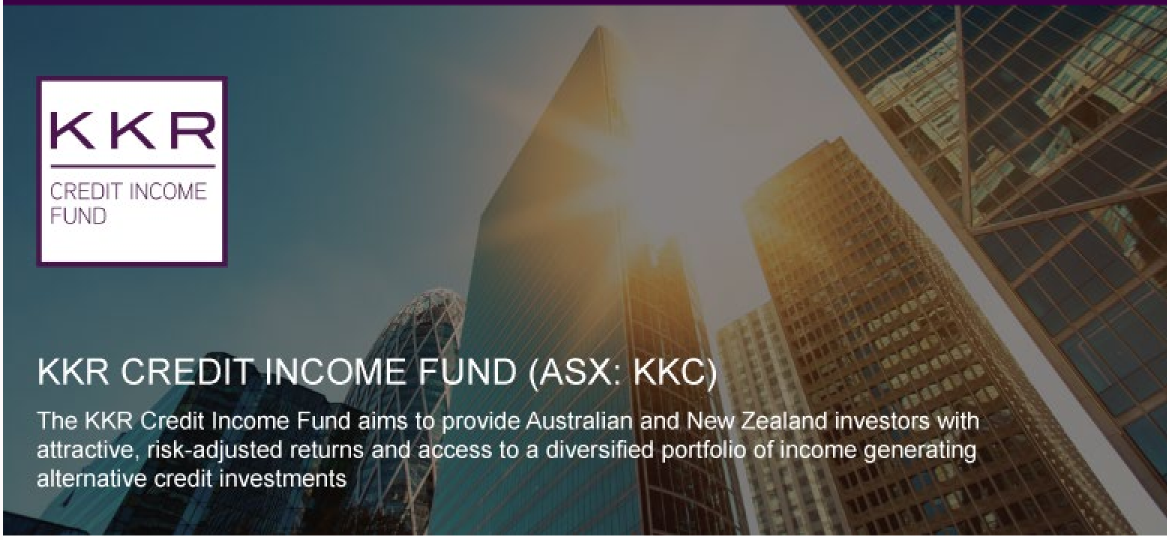

KKC Investment Update

14 April 2020

As a result of the uncertainty associated with the outbreak of the COVID-19 pandemic, global investment markets across all asset classes have experienced unprecedented disruption and dislocation. Despite this volatility, KKR remains encouraged by the opportunities that are arising over the medium to longer term. The Trust maintains the 4-6% p.a. (net of fees and expenses incurred by the Trust, but before tax) distribution yield target, in line with the target distribution stated in the Trust's PDS at the time of its November 2019 listing.

Due to the recent disruption and dislocation, KKC has been impacted by mark-to-market losses on the GCOF assets held in the Trust. Importantly, these losses have not been crystallised as GCOF has not been a forced seller. Additionally, at this stage GCOF has not experienced any defaults as a result of the COVID-19 pandemic.

Underlying Asset Statistics (as of end of day 8th April 2020, US time) for the KKC portfolio:

- Estimated NTA is A$1.9925
- Yield to Maturity: 14.4%

- Cash Yield: 8.83%*
- Duration: 1.88 years

*GCOF portfolio in USD terms, unhedged

KKC is currently wholly invested in the Global Credit Opportunities Fund (GCOF) and will progressively redeploy up to 50% of the listing offer proceeds into the European Direct Lending Fund (EDL) over time. Presently, the GCOF strategy manages approx. US$1.8bn in FUM and the below commentary provides interesting insights into the GCOF portfolio from the broader KKR Credit team.

Portfolio Construction - GCOF

- Sector exposure has not changed materially over the last month. As mentioned, while GCOF has experienced mark-to-market losses in the portfolio in line with the overall market decline, GCOF has not been forced to sell due to redemptions. Although many losses in March were mark-to-market (i.e. unrealised), GCOF has been trimming positions in particular entities which the manager of GCOF believes could be more impacted by a severe recession caused by the virus.
- KKR continues to receive high volumes of inbound calls from investors seeking to take advantage of opportunities that KKR is seeing in the credit markets, and as a result, KKR has seen net inflows into its Credit strategies in Q1/April and are expecting more inflows in May.
- GCOF has been focused on a few core investment themes throughout the volatility. Examples of two of the recent trades that have been playing out are:
    - **High-quality credits** - GCOF purchased a number of high-quality credits in the loan and high yield bond markets in defensive sectors (such as telecommunications and healthcare) in the high 80%'s/low 90%'s during the peak of the sell-off; these entities have rallied with the market and are now trading in the mid-90%'s.
    - **Event-driven trades** - GCOF purchased an investment in a communications service entity in the mid-90%'s that traded up to par (100%) following the close of the merger last week.

Insights from KKR's trading desk - KKR Credit

- In total, the KKR Trading desk has purchased US$2.7 billion net of credit risk assets since the sell-off began on 21 February through to the end of March and

KKR Credit continues to evaluate and lean into dislocated parts of the credit markets.

- Across credit strategies, KKR Credit is repositioning risk after a volatile reflation of asset prices into month-end to take advantage of asset class, sector dispersion, credit curve, forced selling, forced buying and capital structure dislocations.
- Liquidity has become extremely challenged in high yield bonds and loans. This means that traders cannot always transact at the price they see on their screens. There are liquidity shortfalls when markets trade off, but these are even more distinct when markets rally (highlighting why KKR Credit seeks to add risk on the way down).
- Fund flows, which have been a topic of conversation for us given their impact of prices, had a record amount of inflows for the last week in March in high yield ($7 billion in the U.S. and $1 billion in Europe) which has caused the market to be bid without offer at times.
- The volatility has enabled KKR Credit to 'extract value' from forced sellers in this market and de-risk into higher-than-expected market bids which are becoming more frequent.
- March 2020 will be remembered as one of the worst months in the history of the US loan and high yield bond markets. However, despite the downturn and the market coming down nearly 20% mid-month, the loan rally at the end of the month introduced some optimism (plus stimulus) and has calmed an anxious market, which has been encouraging for investors.

KKR is committed to providing unitholders in KKC a high level of transparency. We would encourage you to visit the KKC website (**www.kkcaustralia.com.au**) or to reach out to your adviser should you require additional information.

We thank you for your continued support of KKC and look forward to sharing our next update with you all in due course.

About KKR

43+	US$218	US$73	465+	US$20
years of experience	billion total assets under management[1]	billion credit assets under management	KKR Investment Professionals	billion invested alongside our clients

Figures as of 31 December, 2019. Represents assets managed by KKR or its strategic partners (on a proportionate basis) as to which KKR is entitled to receive a fee or carried interest (either currently or upon deployment of capital) and proprietary general partner capital. (2) Includes investments/commitments made by KKR's balance sheet, KKR employees, KKR Capstone, and other affiliates. Investments made by current and former KKR employees and KKR Capstone are retained by those individuals personally. Includes unfunded commitments made by individuals. KKR Capstone is not an affiliate or subsidiary of KKR.

Important Information

General

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Before making any investment decisions you should consider the Product Disclosure Statement (PDS) for the Trust issued by TTCRESL and the Trust's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available at www.kkcaustralia.com.au or can be obtained by calling 1300-131-856 within Australia.

None of KKR, its affiliates or its related bodies corporate, or any company in the Perpetual Group (Perpetual Group means Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of the Trust or the return of an investor’s capital. This information does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of the Trust’s units.

Information in this update

This information is only as current as the date indicated, and may be superseded by subsequent market events or for other reasons.

This information may contain projections or other forward-looking statements and comments regarding future events, including targets or expectations regarding the Trust’s business, plans and strategies. Forward-looking statements also include prospective financial information for the Trust. Forward looking statements can generally be identified by the use of forward looking words such as, “expect”, “anticipate”, “likely”, “intend”, “should”, “could”, “may”, “predict”, “plan”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target” and other similar words that involve risks and uncertainties. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. Forward looking statements involve inherent risks and uncertainties, both general and specific, and there is no assurance that such events or targets will be achieved. A number of important factors could cause the Trust’s actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements, and many of these factors are beyond the control of TTCRESL and KKR. This information is not a promise or representation as to the future and past performance is not a guarantee of future performance. Statements or assumptions in this information as to future matters may prove to be incorrect and may be superseded by subsequent market events or for other reasons. You acknowledge that the circumstances may change and that this information may become outdated as a result.

You should make your own independent assessment of this information and seek your own independent professional advice in relation to the information and any action taken on the basis of the information.

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You may be entitled to access information which the Manager holds about you. If you would like access or you do not want to receive other information, please contact the Manager.

The Manager’s privacy policy is available on the KKC website www.kkcaustralia.com.au or by contacting the Manager as follows:

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