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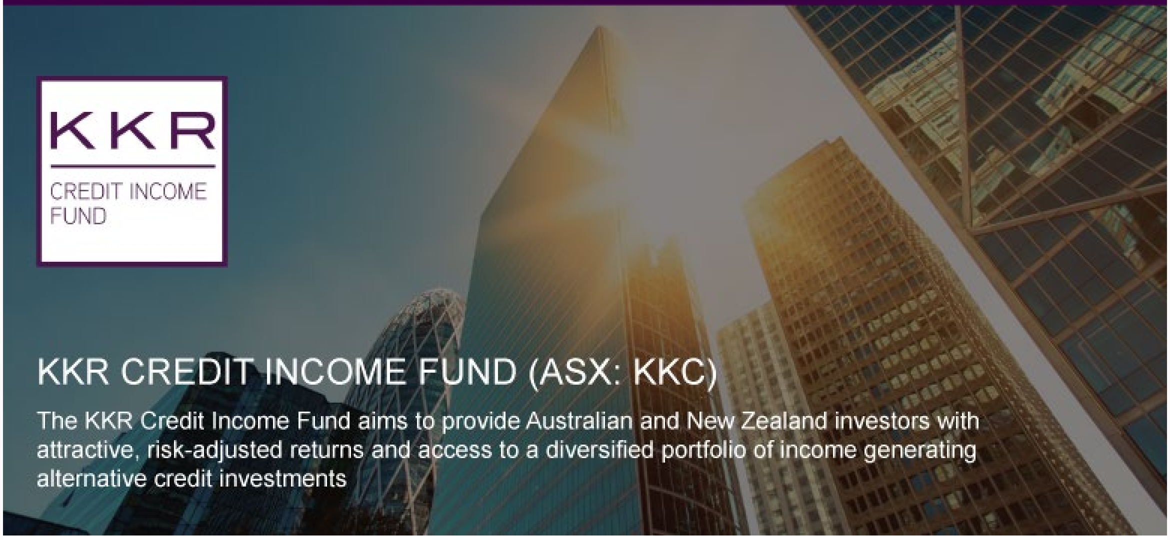

KKC Investee Case Study: LifeHealthCare Group

17 August 2022

Dear KKC Investor,

This month, we would like to provide KKC investors with a case study for one of the European Direct Lending investments which was recently exited. We hope this provides investors further insight into how KKC accesses private lending opportunities.

KKR Credit made an opportunistic investment in Australian medical device distribution business, LifeHealthCare Group, in December 2020. As a reminder, KKC's European Direct Lending strategy can invest up to 20% of the portfolio outside Europe which allows KKC to take advantage of attractive opportunities arising from market dislocations in other geographies.

Loan Summary

Borrower: LifeHealthCare Group
Country Headquarters: Australia
Date of Investment: December 2020
Security Type: Stretch Senior secured Loan
Spread: L+6.00%
Original Issue Discount: 3.00% (i.e. price paid was 97.00%)
EBITDA: ~A$66.2m
Currency: AUD
Strategy: European Direct Lending

Company Overview

- LifeHealthCare Group ("LHC") is a leading independent medical devices distribution business in Australia.
- LHC sources and distributes technical medical devices including prostheses, consumables, and capital equipment.
- The Company's key market is spinal, and it also has strong positions in orthopaedics, neurosurgery, and plastic and reconstructive surgery.
- LHC sources its products under long-term contracts with global OEMs (original equipment manufacturers), and sells mostly to private and public hospitals.
- Private Health Insurers are a critical source of revenue, with device prices regulated by a government mandated panel.

Summary of Initial Investment Thesis

- LHC was acquired by private equity sponsor Private Equity Partners ("PEP") in 2018 and PEP was seeking to develop leading positions in key product verticals. This was critical for the Company's value to OEMs and to diversify its product offering to drive volume.
- In December 2020, KKR Credit lead a recapitalisation which allowed PEP to acquire AusBio, a leading manufacturer of allograft biologics (bone implants) which primarily sold its products through LHC.
- KKR Credit believed the acquisition of AusioBio provided an opportunity for LHC to gain market share, and drive vertical integration in the Company's key spine market.

- PEP had a strong track record in the healthcare industry and KKR Credit believed PEP was well-positioned to deliver on its thesis.
- KKR Credit knew LHC well and had previously looked at a financing opportunity for the business in 2018. KKR's global Private Equity and Credit Healthcare expertise were used to develop a targeted diligence plan, as well as KKR's Senior Advisor network which was utilised for insights on the political and regulatory framework in the Medical Technology industry. As part of the diligence process, KKR Credit received presentations from the Sponsor on both LHC and the target company, AusBio.

Investment Outcome for KKC

KKC exited the investment in June 2022 with the investment being fully repaid following the sale of LHC to ASX-listed EBOS. The investment delivered a 10.0% IRR[1] and a gross multiple on invested capital of 1.14x.

In addition to delivering a great result for investors, the repayment of LHC's loan allows KKC to be opportunistic and reinvest the capital into the current market dislocation.

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[1] Internal rate of return (IRR) is a discount rate that makes the net present value (NPV) of all cash flows equal to zero in a discounted cash flow analysis to determine the profitability of the investment.

KEY BENEFITS AND RISKS

BENEFITS

The key benefits of investing in the Fund include:

- **Attractive Target Distribution**
- **Attractive Target Return**
- **Diversified exposure**
- **Alignment of interests with Unitholders**
- **KKR product access**
- **Highly experienced KKR Credit team**

RISKS

Key risks include:

- **Allocation risk** in relation to the Investment Strategy
- **Illiquid and long term investments** in relation to the Investment Strategy
- **Potential conflicts of interests of the Responsible Entity and the Manager and its affiliates**
- Entities within the **"Perpetual Group"** may also act in various capacities for other funds or accounts, which may conflict with the role the Responsible Entity plays with respect to the Trust.
- **Market and economic risks** in relation to an investment in the Trust
- **Currency risk** in relation to an investment in the Trust
- **Pricing risk** in relation to an investment in the Trust
- **Liquidity risk** relating to Units in the Trust in relation to an investment in the Trust
- **Operational risk** in relation to an investment in the Trust
- **High yield investments risk** in relation to debt investments
- **Credit risk** in relation to debt investments
- **Interest rate risk** in relation to debt investments
- **Bankruptcy risk** in relation to debt investments

If you are uncertain as to whether an investment in the Trust is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser.

About KKR

46
years of experience

US$491
billion total assets under management[1]

US$178
billion credit assets under management

+660
KKR Investment Professionals

US$25
billion invested alongside our clients

(1) Figures as of 30 June, 2022. 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 and other affiliates. Investments made by current and former KKR employees are retained by those individuals personally. Includes unfunded commitments made by individuals.

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KKR Australia Investment Management Pty Ltd
Level 42, Gateway Building
1 Macquarie Place
Sydney NSW 2000
Kapil.Kirpalani@kkr.com
+852 36027376

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Unit Registry - Boardroom Pty Ltd · Grosvenor Place · Level 12, 225 George Street · Sydney, NSW 2000 · Australia