

**FS | KKR**

**FSK** | FS KKR Capital Corp.

**FSKR** | FS KKR Capital Corp. II

# **FS KKR BDC Franchise**

Investor Presentation

NOVEMBER 2020

**FS | KKR**

**FSK** | FS KKR Capital Corp.

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# FS KKR Advisor & Market Overview



# FS KKR: at a Glance

**FS | KKR**

## Size & Scale

- Two BDCs (FSK and FSKR) totalling ~\$15bn in assets integrated within KKR's \$75bn credit platform
- ~130 dedicated KKR Credit investment professionals

## Market Reach

- Global financial sponsor and corporate borrower relationships
- Investment and leadership team with significant industry experience

## Scope

- Primarily focused on upper middle market companies (\$50–100mm in EBITDA)
- Focused on U.S. senior secured debt financings

# FS KKR: Competitive Advantages

~**\$15bn**  
of assets in the  
combined FS KKR  
BDC franchise

Ability to make  
individual investments  
up to **\$1bn**

Direct access to full  
**KKR**  
investment  
network

Lead, Co-lead or Sole  
Lender in **>95%**  
of total deals<sup>1</sup>

Cumulative  
KKR Credit  
commitments  
of approximately  
**\$33bn**<sup>2</sup>

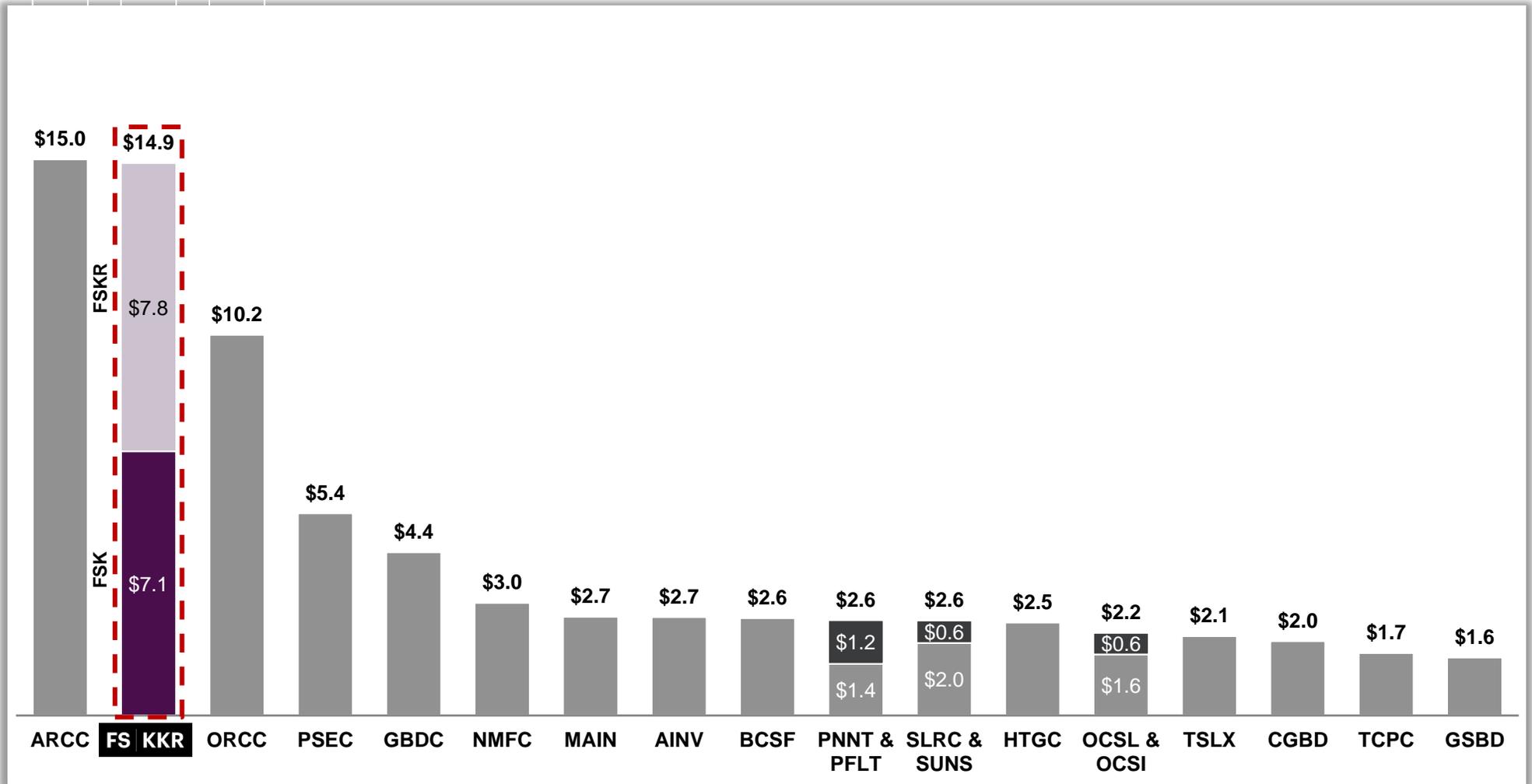
Below average loss  
rate of **0.74%**<sup>3, 4</sup>

Note: As of September 30, 2020 unless otherwise noted.

1. Figure based on count of Direct Origination investments only. KKR & BDC accounts' participation, KKR Capital Markets' involvement, and deal teams leading the negotiations / structuring are all considered when determining the Origination Role.
2. Gross dollars invested inclusive of new transactions, follow-ons, and delayed draws and represents the aggregate amount of capital that has been invested by all of KKR Credit's investment vehicles in private credit strategies and is used as a measure of investment activity for KKR Credit in a given period.
3. Stats from 2011–Q3 2020, includes KKR origination activity & defaults for Corporate Capital Trust, Inc. ("CCT"), Corporate Capital Trust II ("CCT II"), KKR Lending Partners ("KLP"), KKR Lending Partners II ("KLP II"), KKR Lending Partners III ("KLP III") since inception date and FSK, FSKR, FS Investment Corp. III ("FSIC III"), FS Investment Corp. IV ("FSIC IV") from 2Q 18–3Q 20.
4. Loss rate is Default Rate \* Recovery. KKR total recovery calculated as local currency cash on cash for both 1) life of defaulted investment plus 2) any defensive investments made after default; for 2011–3Q20; number includes interest, fees, principal proceeds, and related expenses. Default is constant default rate for 2011–3Q20.

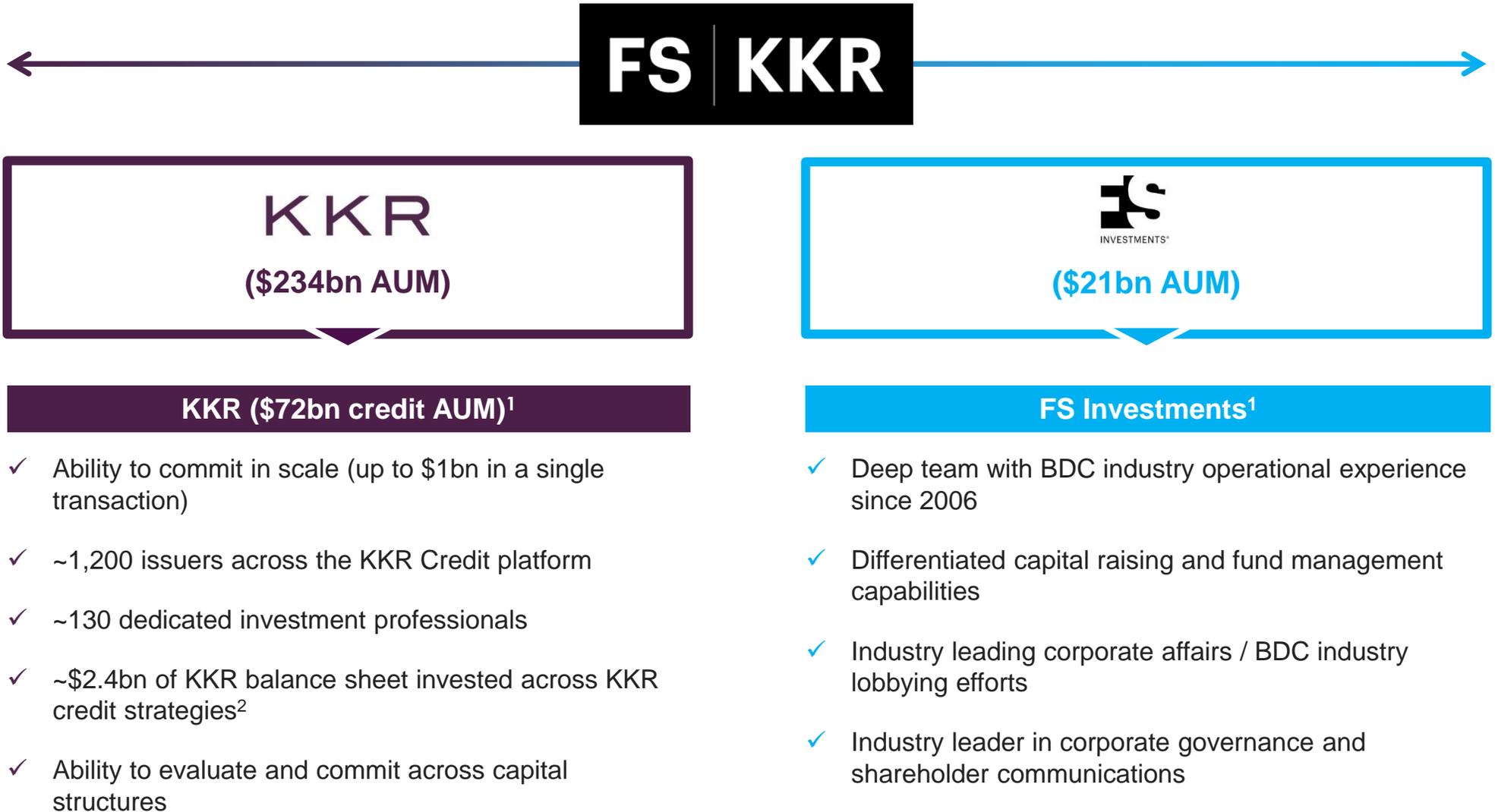
# FS KKR: Market Leading BDC Franchise

Total Assets Under Management Ranked by BDC Advisor/Manager (\$bn)<sup>1</sup>



1. As of September 30, 2020, for informational and illustrative purposes only. GBDC, PNNT & PFLT, OCSL & OCSI as of June 30, 2020.

# FS KKR Advisor Overview



1. As of September 30, 2020.

2. As of September 30, 2020. Includes legacy investments in KKR Financial Holdings LLC, a specialty finance vehicle listed on the New York Stock Exchange and various collateralized loan obligation vehicles.

# KKR is a Leading Alternative Asset Manager

*Established in 1976, KKR is a Leading Investment Firm with over Four Decades of Investing Experience*

### KKR at a Glance



**20 Offices**  
across 4 continents

**~\$22bn**  
balance sheet invested  
in KKR strategies  
alongside our clients



**~500**  
investment  
professionals  
(~130 KKR Credit)

**Aligned Interests**  
results-driven economic  
incentives with \$2.4bn of  
KKR's balance sheet  
committed across KKR  
credit strategies<sup>1</sup>



### Total Assets Under Management

**\$234bn**

**Private Markets**  
**\$136bn**

- Private Equity
- Private Credit
- Infrastructure
- Real Estate
- Energy

**Public Markets**  
**\$98bn**

- Leveraged Credit
- Private Credit
- Dislocation Opportunities<sup>2</sup>
- Strategic Partnerships

### KKR Credit Assets Under Management

**\$75bn**

**Leveraged Credit**  
**\$44bn**

**Private Credit**  
**\$23bn**

**Dislocation Opportunities<sup>2</sup>**  
**\$8bn**

Note: AUM figures as of September 30, 2020. Please see "Important Information" for important information regarding the calculation of AUM.

1. Includes legacy investments in KKR Financial Holdings LLC, a specialty finance vehicle listed on the New York Stock Exchange and various collateralized loan obligation vehicles. 2. Includes legacy Special Situations strategy.

# Key KKR Credit Platform Highlights

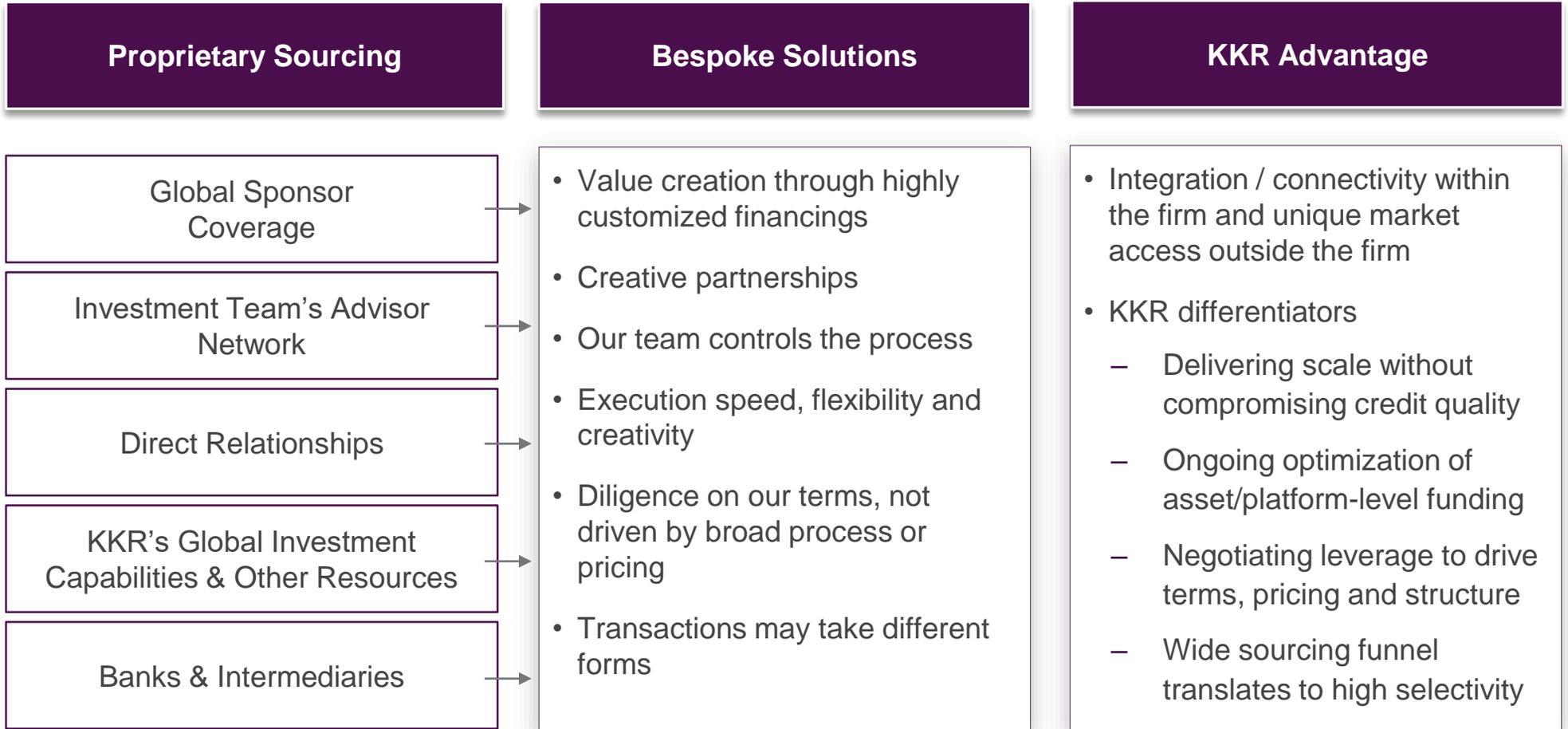
<b>Large, Scalable Platform</b>	<ul style="list-style-type: none"><li>• \$75bn of credit AUM</li><li>• ~130 dedicated KKR investment professionals across 9 cities and 7 countries</li><li>• ~1,200 issuers across the KKR credit platform</li></ul>
<b>Disciplined Investment Process</b>	<ul style="list-style-type: none"><li>• “PE-style” KKR-led due diligence standard</li><li>• Fundamental credit investment philosophy based on rigorous financial analysis</li><li>• Assets pass through multiple credit committee reviews prior to final approval</li></ul>
<b>Proven Track Record</b>	<ul style="list-style-type: none"><li>• ~\$33bn originated over the last eight years across Direct Lending &amp; Private Opportunistic Credit<sup>1</sup></li><li>• Strong credit performance evidenced by below average loss rate of 0.74%<sup>2,3</sup></li></ul>
<b>Exemptive Relief Across BDCs &amp; Other Funds</b>	<ul style="list-style-type: none"><li>• Credit exposure is shared ratably across KKR Credit, including BDCs, private funds and SMAs</li><li>• Scale allows the KKR credit platform to speak for significant capital commitments without compromising the benefits of diversification</li></ul>
<b>Team Structure</b>	<ul style="list-style-type: none"><li>• Meaningful focus over last several years to build out and institutionalize the private credit platform</li><li>• Ability to capitalize on full KKR credit origination platform</li></ul>
<b>Benefits of KKR</b>	<ul style="list-style-type: none"><li>• KKR Credit actively utilizes KKR resources including Private Equity, KCM, KKR Macro Team, and KKR Capstone</li><li>• Size and scale of broader firm important to BDC franchise</li></ul>

1. Gross dollars invested inclusive of new transactions, follow-ons, and delayed draws and represents the aggregate amount of capital that has been invested by all of KKR Credit's investment vehicles in private credit strategies and is used as a measure of investment activity for KKR Credit in a given period.

2. Stats from 2011–Q3 2020, includes KKR origination activity & defaults for CCT, CCT II, KLP, KLP II, KLP III since inception date and FSK, FSKR, FSIC III, FSIC IV from 2Q'18–3Q'20.

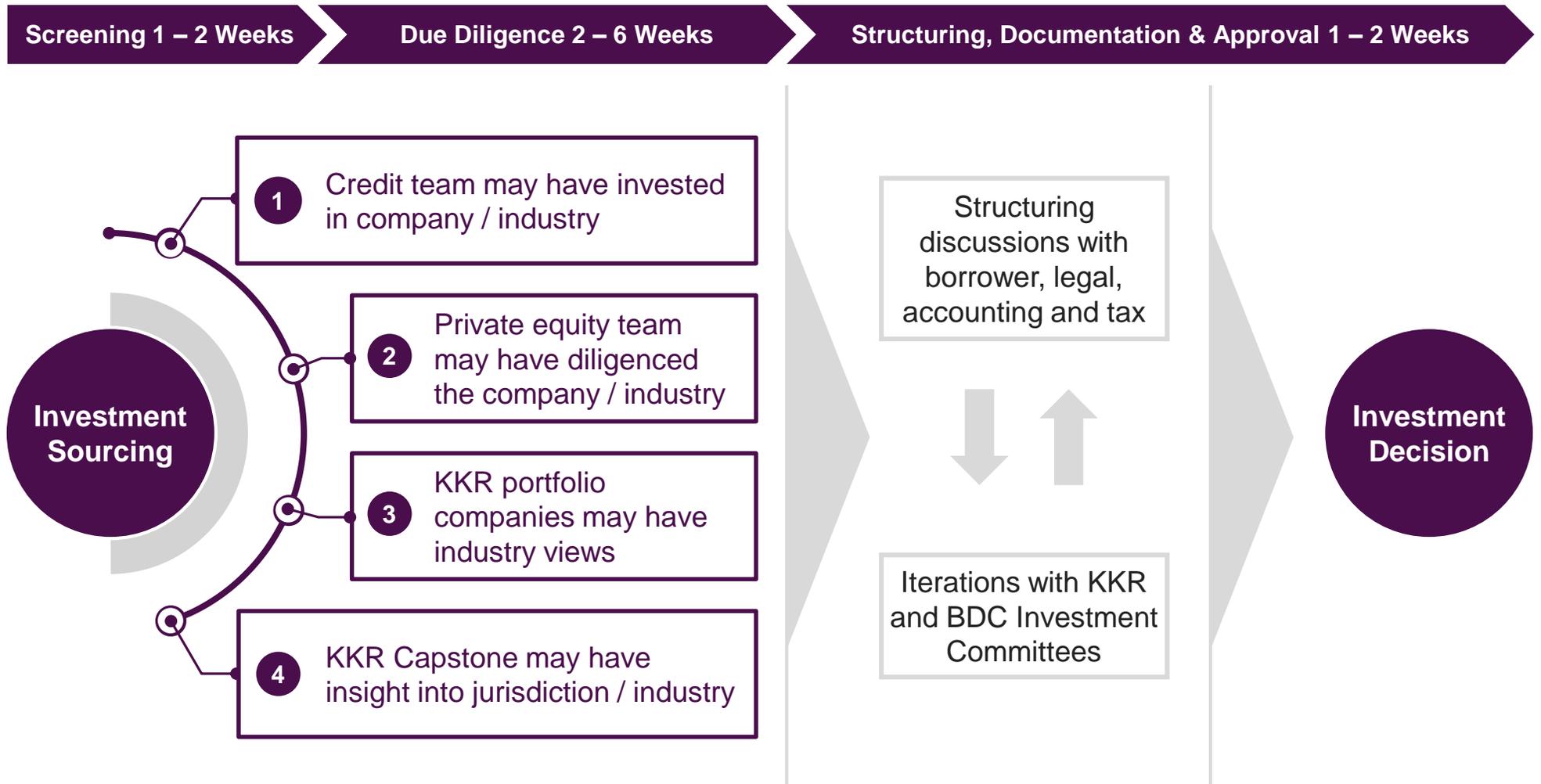
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# KKR's Proprietary Origination Network



**KKR's team is constantly mining for the best relative value opportunities and striving to excel in structuring, executing and scaling investments**

# Rigorous Investment Review Process



**KKR's investment process combines multiple touchpoints within the firm**

# Highly Selective and Disciplined Origination

Recent Sourcing Activities <sup>1</sup>					BDC Franchise Activity <sup>2</sup>	
	2017	2018	2019	YTD 2020 <sup>3</sup>		2019
Evaluated	~760	~1,240	~1,360	~1,100	Originated Deals Funded	\$5.5bn
Discussed in Investment Committee	~175	~210	~320	~250	Originated Sales and Paydowns	\$4.1bn
New Deals Closed	39	39	40	26	Net Originated Activity	\$1.4bn
Close Rate	~5%	~3%	~3%	~2%		

**KKR's deep origination network generates significant investment opportunities**

Note: Does not look through to activity within FSK's investment in SCJV and FSKR's investment in COP. SCJV is a joint venture between FSK and South Carolina Retirement Systems Group Trust ("SCRS"). COP is a joint venture between FSKR and SCRS. Originated investments with more than \$25mm of purchases.

1. Number of deals funded includes new investments made across KKR private credit funds as well as portfolios and excludes add-ons.

2. Originated investments with more than \$25mm of purchases.

3. As of September 30, 2020.

# KKR Credit Platform: Tangible Results

## Commit In Size



- Committed \$363mm to an \$800mm Second Lien Term Loan
- Provided \$182mm of a \$600mm Preferred Equity Tranche



- Sole Lender
- Committed to a \$415mm First Lien Term Loan with a \$200mm Delayed Draw Term Loan

## Find Hidden Value



- Supported Sycamore's carveout of the Canadian business
- No direct competitor, Amazon penetration significantly lower, stable cash flow with ability to de-lever



- KKR uniquely positioned to analyze business; industry knowledge created structuring advantage
- Leveraged KKR Partner General Petraeus and the KKR Global Institute

## Be Creative



- U.S. residential bridge loan purchasing company
- Built de novo platform backing seasoned management team



- Short maturity and elevated amortization
- Significant pricing premium to comps
- Ability to lead large transactions

## Navigate Challenging Situations

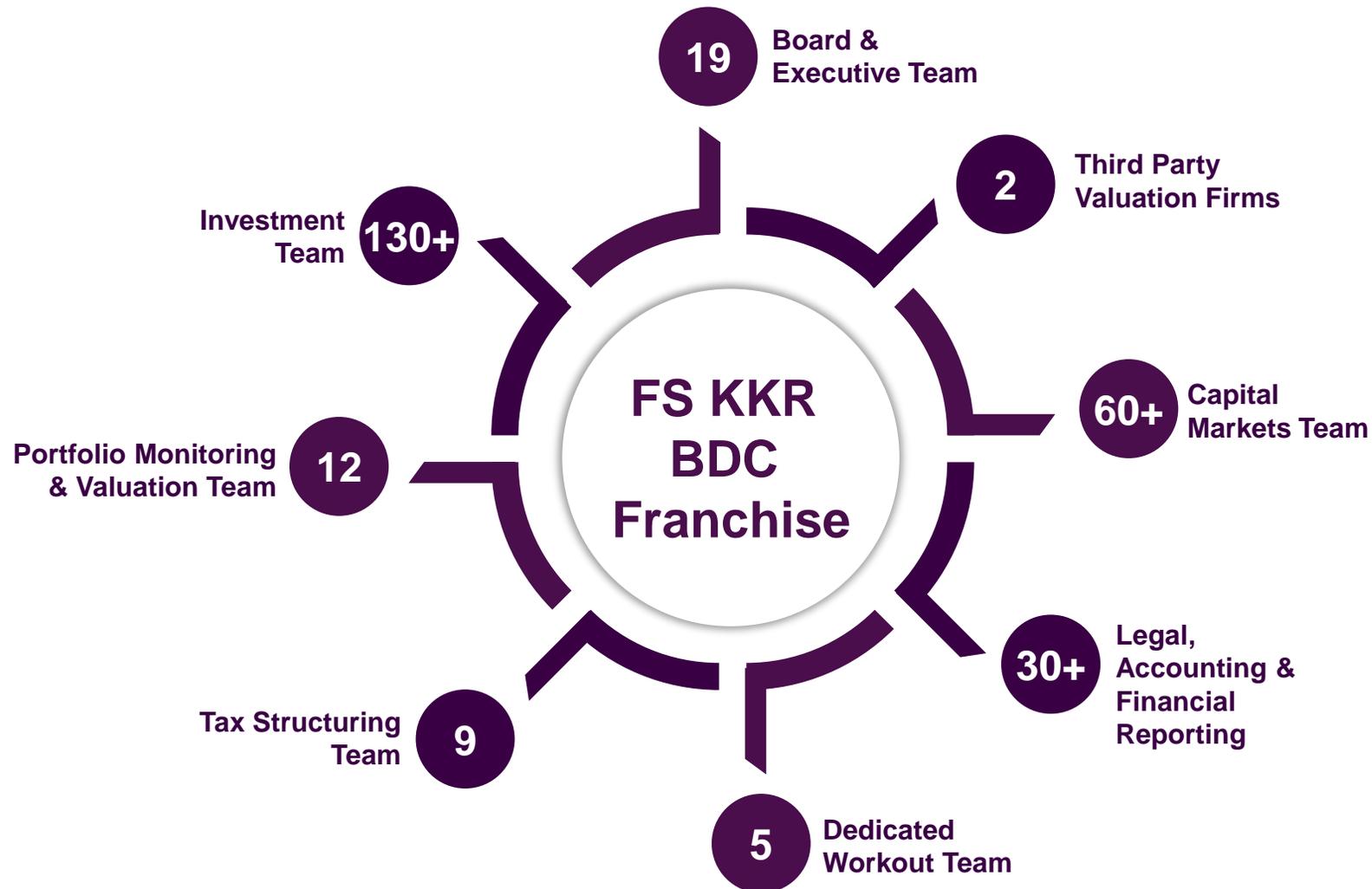


- Exited through lender prewired sale / refi process with milestones and penalties



- Drove out-of-court restructuring with advantageous outcome and board representation

# FS KKR Operating Approach



**The FS KKR BDC franchise has direct involvement of over 250 professionals**

# Exemptive Relief Aligns Stakeholders' Interests

## Targeted Investments

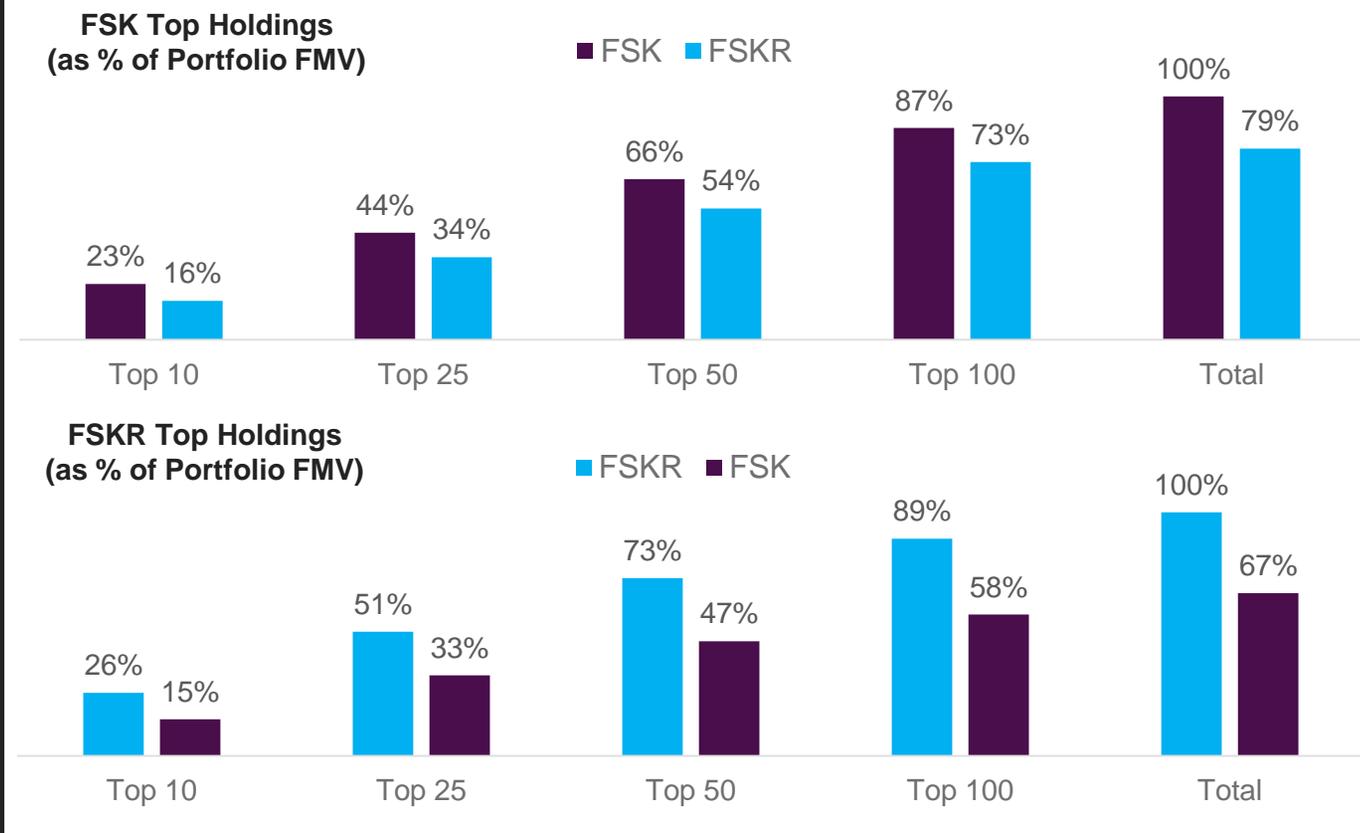
### Asset Classes

- Senior Secured
- *First Lien*
- *Second Lien*
- Asset Based Finance

### Uses of Capital

- Growth
- M&A
- LBOs
- Carve-outs
- Recapitalizations

## Portfolio Overlap between FSK and FSKR<sup>1</sup>



- SEC exemptive relief across KKR Credit platform ensures strong alignment of interest
- FS / KKR Advisor is fully incentivized to deliver strong risk-adjusted returns across the Private Credit / BDC platform
- Investment allocation across vehicles occurs on a formulaic basis depending on investment mandate and capital availability

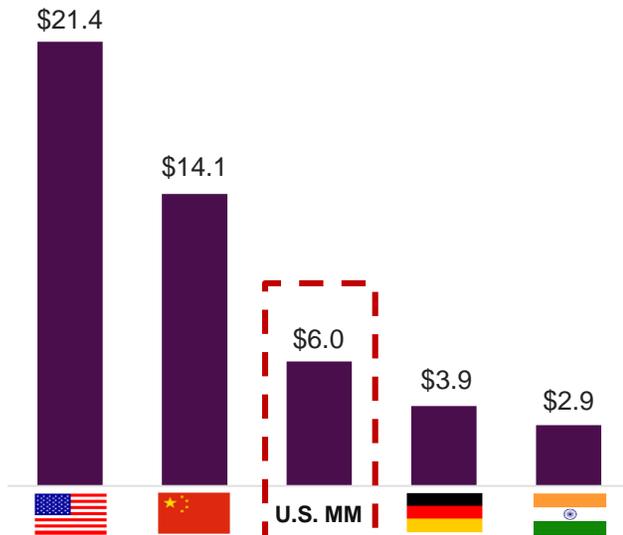
# Comparable Portfolio Statistics: FSK & FSKR

Average metric	FSK		FSKR	
	1 <sup>st</sup> lien	2 <sup>nd</sup> lien	1 <sup>st</sup> lien	2 <sup>nd</sup> lien
Average Portfolio Company EBITDA	\$78mm	\$122mm	\$78mm	\$151mm
Median Portfolio Company EBITDA	\$65mm	\$74mm	\$70mm	\$84mm
Average Leverage	8.3x	6.8x	8.1x	4.7x
Median Leverage	5.3x	5.5x	4.9x	5.1x

Note: Statistics shown for directly originated investments only. Statistics at September 30, 2020

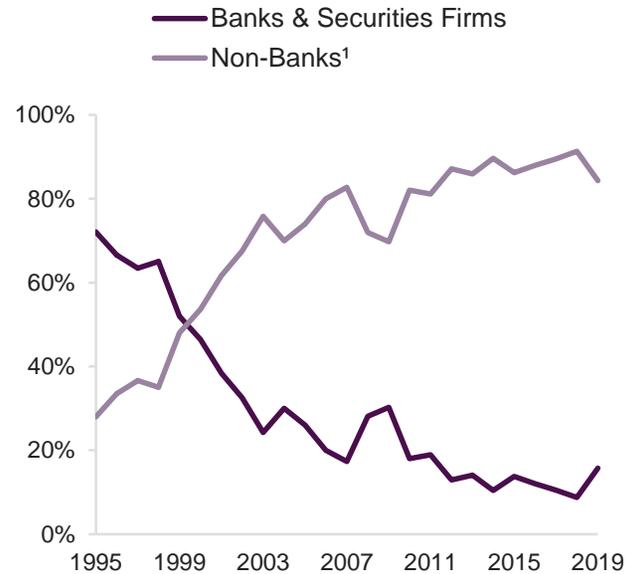
# Overview of U.S. Middle Market Lending

## Leading World Economies (\$tn)



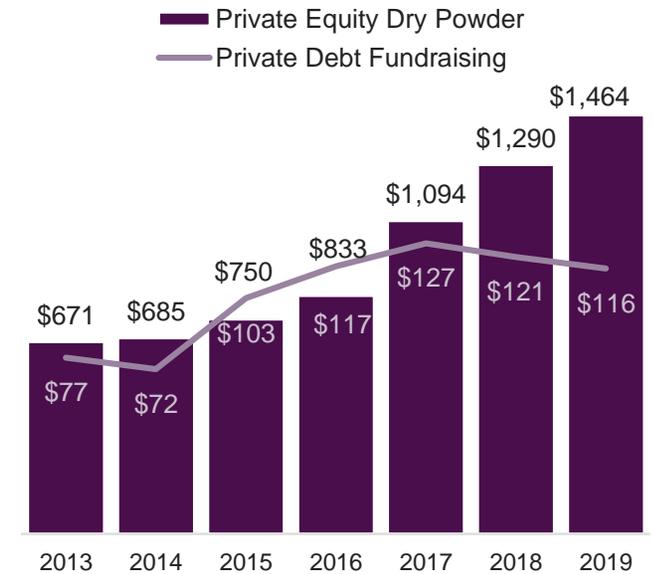
Source: International Monetary Fund (IMF)

## Leveraged Lending Market Share



Note: Financial data as of December 31, 2019.  
Source: S&P Capital IQ; <sup>1</sup> Institutional investors and finance companies.

## Private Equity Dry Powder (\$bn)



Note: Financial data as of December 31, 2019.  
Source: Preqin Pro

## Opportunity

- ✓ Private transactions allow for more customized structures than syndicated deals
- ✓ Pricing 200-300 bps above syndicated market
- ✓ The middle market provides attractive investment yields on an absolute and relative basis
- ✓ Investor-friendly structures include first lien collateral positions, call provisions, upfront fees, and financial covenants
- ✓ Management teams and financial sponsors have “skin in the game,” which helps align interests

# Primary Focus: The Upper Middle Market

## Competitive Dynamics

## Market Participants

Lower MM	Middle MM	Upper MM	BSL Market
\$3–25mm EBITDA	\$25–50mm EBITDA	\$50–100mm EBITDA	\$100mm+ EBITDA
<ul style="list-style-type: none"> <li>Limited balance sheets</li> <li>Single scope product offerings</li> <li>Extreme competition</li> </ul>	<ul style="list-style-type: none"> <li><b>Highly structured financings with specific covenants</b></li> <li><b>Ability to finance across capital structures</b></li> <li><b>Less competition given size and scale required</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Highly structured financings with specific covenants</b></li> <li><b>Ability to finance across capital structures</b></li> <li><b>Less competition given size and scale required</b></li> </ul>	<ul style="list-style-type: none"> <li>Commoditized financing structures and product offerings</li> <li>Tradable, liquid credit</li> </ul>
<ul style="list-style-type: none"> <li>Hundreds of community banks and “local” banks</li> <li>40-45 smaller BDCs</li> <li>Numerous small, private funds</li> </ul>	<ul style="list-style-type: none"> <li><b>Limited number of large BDCs</b></li> <li><b>Non-BDC market participants on an ad hoc basis</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Limited number of large BDCs</b></li> <li><b>Non-BDC market participants on an ad hoc basis</b></li> </ul>	<ul style="list-style-type: none"> <li>Bulge bracket banks</li> <li>CLO funds</li> <li>Loan mutual funds</li> <li>Insurance companies</li> </ul>

**FSK** | FS KKR Capital Corp.

# **FSK Overview**

# FSK Investment Portfolio Composition

**172**

portfolio companies

**23%**

FV in top-10 portfolio companies<sup>2</sup>

**68%**

of investments in senior secured debt<sup>2</sup>

**\$66mm / 5.6x**

Median portfolio company EBITDA & leverage

**88%**

of debt investments are floating rate<sup>3</sup>

**8.6%**

Wtd. avg. annual yield on accruing debt investments<sup>4</sup>

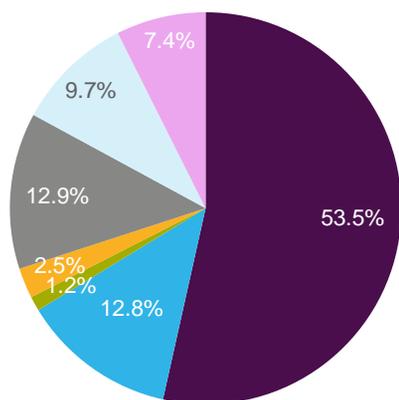
**2.8%**

Non-accrual rate at FV

**>95%**

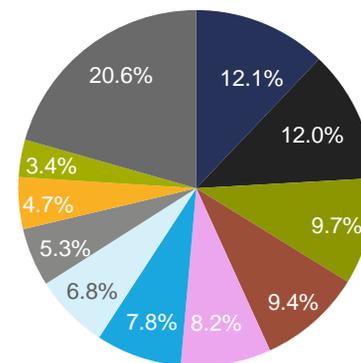
Lead, co-lead, or sole origination<sup>5</sup>

## Security Exposure (by fair value)



- Senior Secured Loans—First Lien
- Senior Secured Loans—Second Lien
- Other Senior Secured Debt
- Subordinated Debt
- Asset Based Finance
- Strategic Credit Opportunities Partners, LLC
- Equity/Other

## Sector Exposure (by fair value)



- Software & Services
- Capital Goods
- Strategic Credit Opportunities Partners, LLC
- Health Care Equipment & Services
- Commercial & Professional Services
- Real Estate
- Diversified Financials
- Retailing
- Consumer Durables & Apparel
- Consumer Services
- Other

**Total Investments at Fair Value: \$6,649mm**

Note: All stats as of September 30, 2020 unless otherwise noted.

1. Does not look through to FSK's portfolio companies held solely in SCJV.

2. Figure excludes the impact of FSK's investment in SCJV.

3. See FSK's Quarterly Report on Form 10-Q for its definition of debt investments.

4. See FSK's Quarterly Report on Form 10-Q for additional information on the calculation of weighted average annual yield on accruing debt investments.

5. Figure based on count of Direct Origination investments only. KKR & BDC accounts' participation, KKR Capital Markets' involvement, and deal teams leading the negotiations / structuring are all considered when determining the Origination Role.

# FSK Quarterly Investment Activity

Portfolio Roll (\$ in millions)	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Investment Purchases	\$698	\$1,147	\$1,296	\$253	\$174
Sales and Redemptions <sup>(1)</sup>	(723)	(929)	(914)	(470)	(322)
<b>Net Investment Activity</b>	<b>(\$25)</b>	<b>\$218</b>	<b>\$382</b>	<b>(\$217)</b>	<b>(\$148)</b>
Net Sales to SCJV	274	376	102	126	91
<b>Adjusted Net Investment Activity</b>	<b>\$249</b>	<b>\$594</b>	<b>\$484</b>	<b>(\$91)</b>	<b>(\$57)</b>

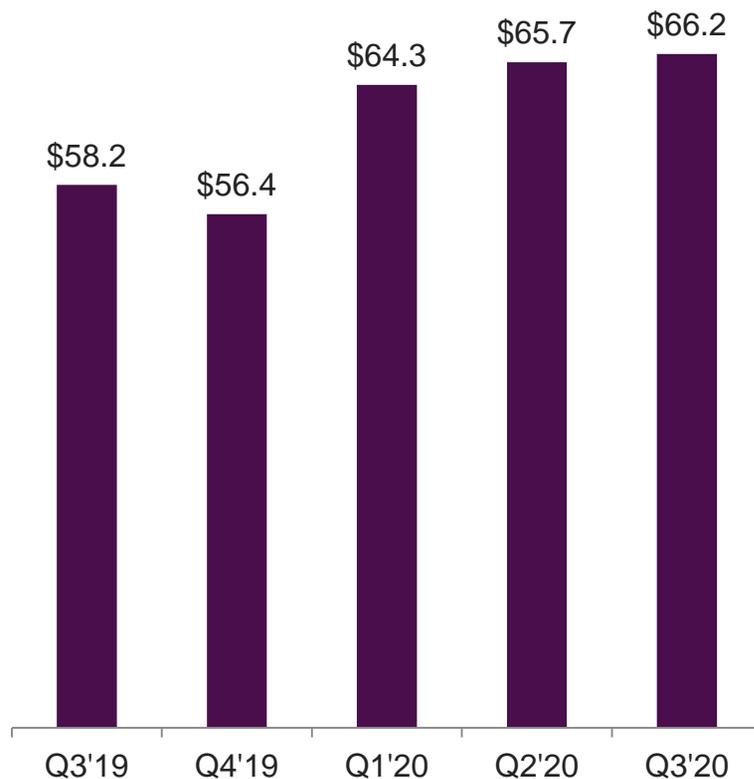
Asset Mix of New Purchases <sup>(2)</sup>	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
First Lien Senior Secured Loans	53%	72%	73%	52%	44%
Second Lien Senior Secured Loans	14%	8%	0%	0%	0%
Other Senior Secured Debt	0%	0%	0%	0%	0%
Subordinated Debt	0%	0%	4%	0%	0%
Asset Based Finance	14%	11%	10%	11%	56%
Investment in SCJV	19%	6%	13%	36%	0%
Equity/Other	0%	3%	0%	0%	0%

1. Includes net sales to SCJV.

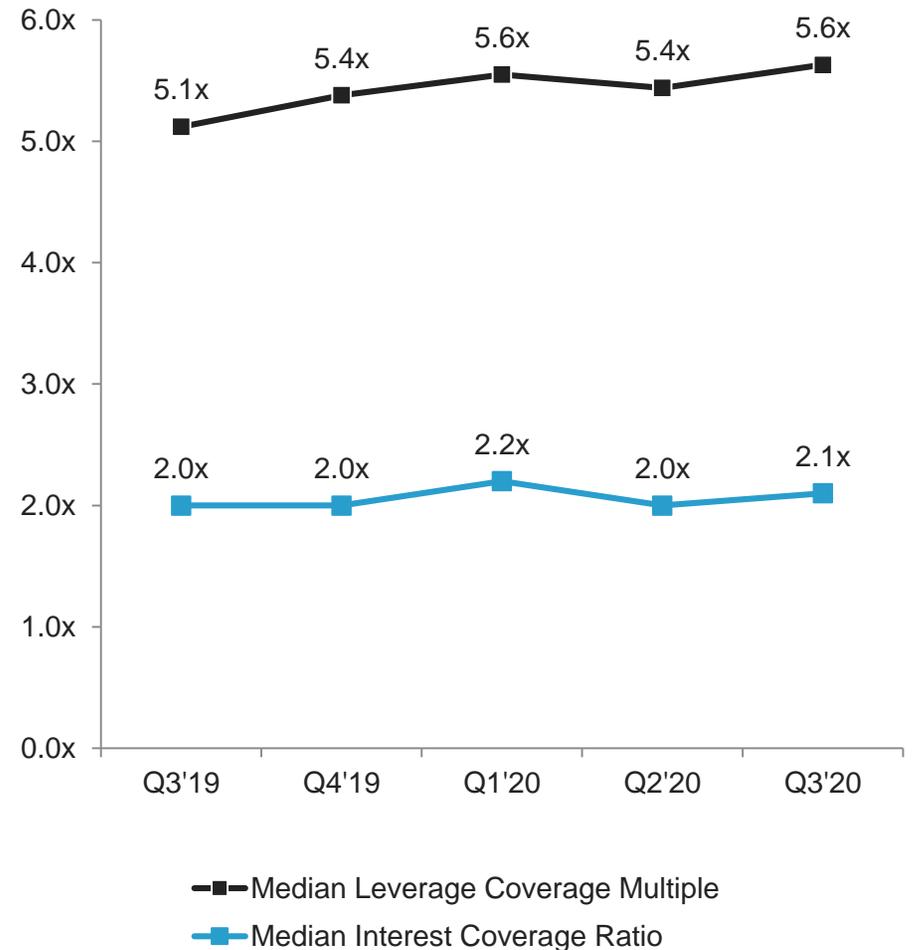
2. Zero represents an amount less than 0.5%.

# FSK Direct Origination Investments EBITDA and Credit Statistics

Direct Origination Portfolio Company  
Median EBITDA



Direct Origination Portfolio Company  
Coverage Ratios

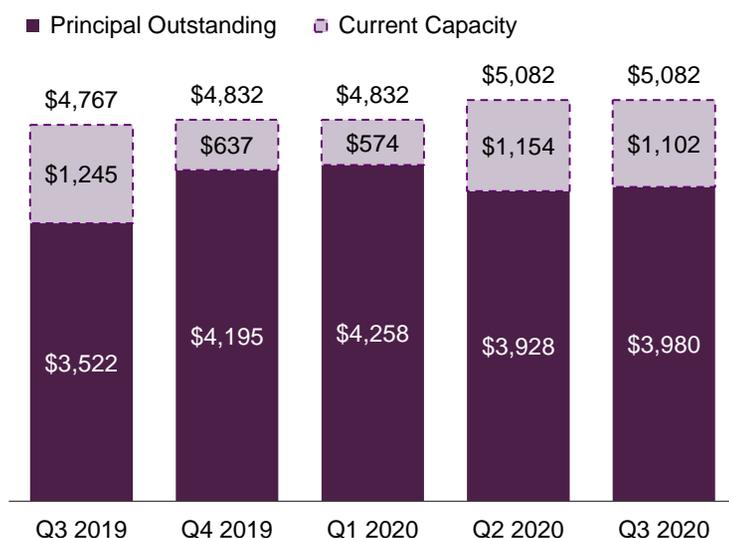


Note: Information based on most recently reported Direct Origination financial information

# FSK Funding and Liquidity Management

- Mature capital structure with diversified funding sources and no near-term maturities
- Short term flexibility of \$1,102m of undrawn debt capacity
- Unsecured debt represents approximately 46% of our drawn debt

## Leverage over Time (\$mm)



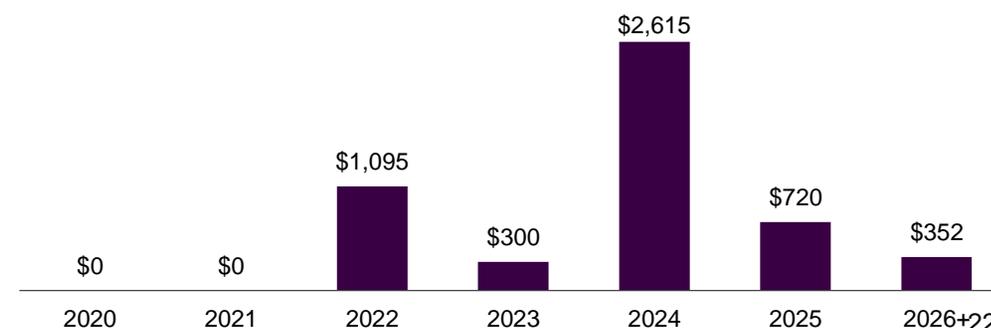
<b>Cash (\$mm)<sup>(1)</sup></b>	126.0	106.0	193.0	95.0	136.0
<b>Gross D/E</b>	0.88x	1.09x	1.41x	1.36x	1.31x
<b>Net D/E<sup>(2)</sup></b>	0.78x	0.89x	1.28x	1.29x	1.20x
<b>Asset Coverage</b>	214%	192%	171%	174%	176%

1. Includes Cash, Restricted Cash, and Cash denominated in foreign currency.
2. Net debt-to-equity ratio is debt outstanding, net of cash and foreign currency and net payable/receivable for investments purchased/sold and repaid, divided by net assets.
3. Weighted average as of September 30, 2020. Includes the effect of non-usage fees.

## Funding Vehicles (\$mm)

Funding Source	Committed	Principal Outstanding	Maturity	Wtd. Avg. Rate <sup>(3)</sup>
Senior Secured Revolver	2,215	1,223	11/7/24	L+2.00%
JPM Revolver	400	328	9/28/22	L+2.50%
SMBC Revolver	300	262	6/2/23	L+1.75%
<b>Total Revolver – 57.4%</b>	<b>2,915</b>	<b>1,813</b>		
4.750% Notes	450	450	5/15/22	4.75%
5.000% Notes	245	245	6/28/22	5.00%
4.625% Notes	400	400	7/15/24	4.63%
4.125% Notes	470	470	2/1/25	4.13%
8.625% Notes	250	250	5/15/25	8.63%
<b>Total Unsecured - 35.7%</b>	<b>1,815</b>	<b>1,815</b>		
FS KKR MM CLO 1	352	352	7/15/30	L+1.82%
<b>Total CLO – 6.9%</b>	<b>352</b>	<b>352</b>		
<b>Total</b>	<b>\$5,082</b>	<b>\$3,980</b>		<b>3.65%</b>

## Maturity Profile (\$mm)



# FSK's SCJV Offers Key Investor Benefits

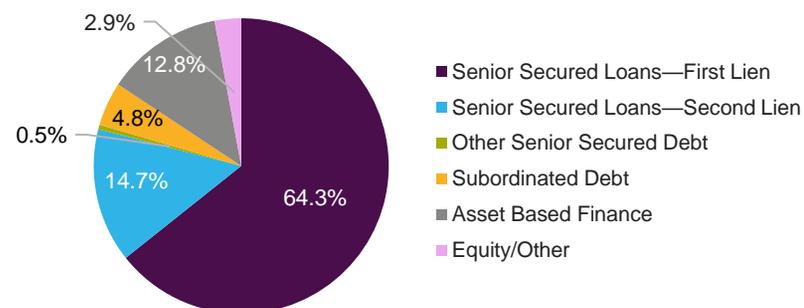
## FSK's joint venture with South Carolina Retirement Systems Group Trust

- **Primarily senior secured assets**
- **Key Portfolio Benefits**
  - Allows FSK to access the full capabilities of KKR platform
  - Yield enhancing
- **Key Terms of the Partnership**
  - FSK and SCRS share voting control 50% / 50%
  - Equity ownership 87.5% FSK / 12.5% SCRS
  - FSK provides day-to-day administrative oversight

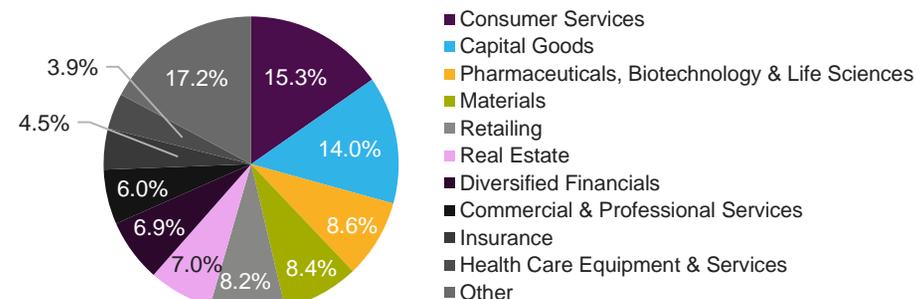
## September 30, 2020 update:

- **Portfolio**
  - Fair value of investments was \$1,560mm
- **Key stats**
  - NAV of \$737mm (FSK's equity of SCJV was \$645mm)
  - \$122mm of purchases in Q3
  - \$135mm of uncalled equity capital (\$118mm allocated to FSK)
  - 1.10x net debt-to-equity ratio<sup>(1)(2)</sup>
  - \$17.5mm dividend declared to FSK in Q3 (\$20.0mm total dividend)

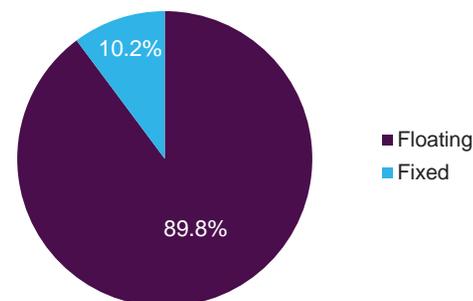
## Security Exposure (by fair value)



## Sector Exposure (by fair value)

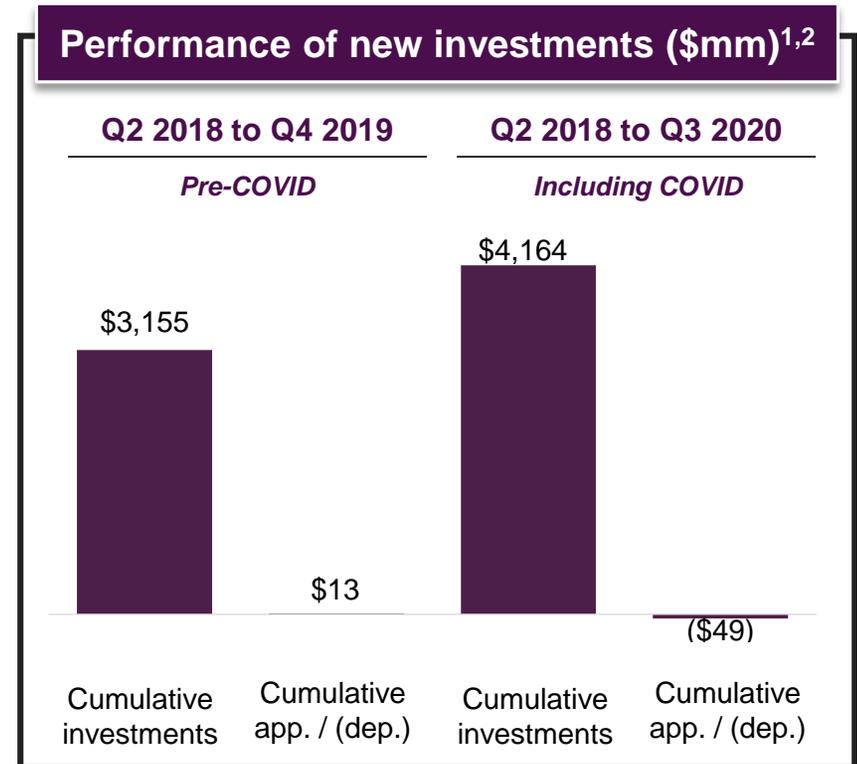
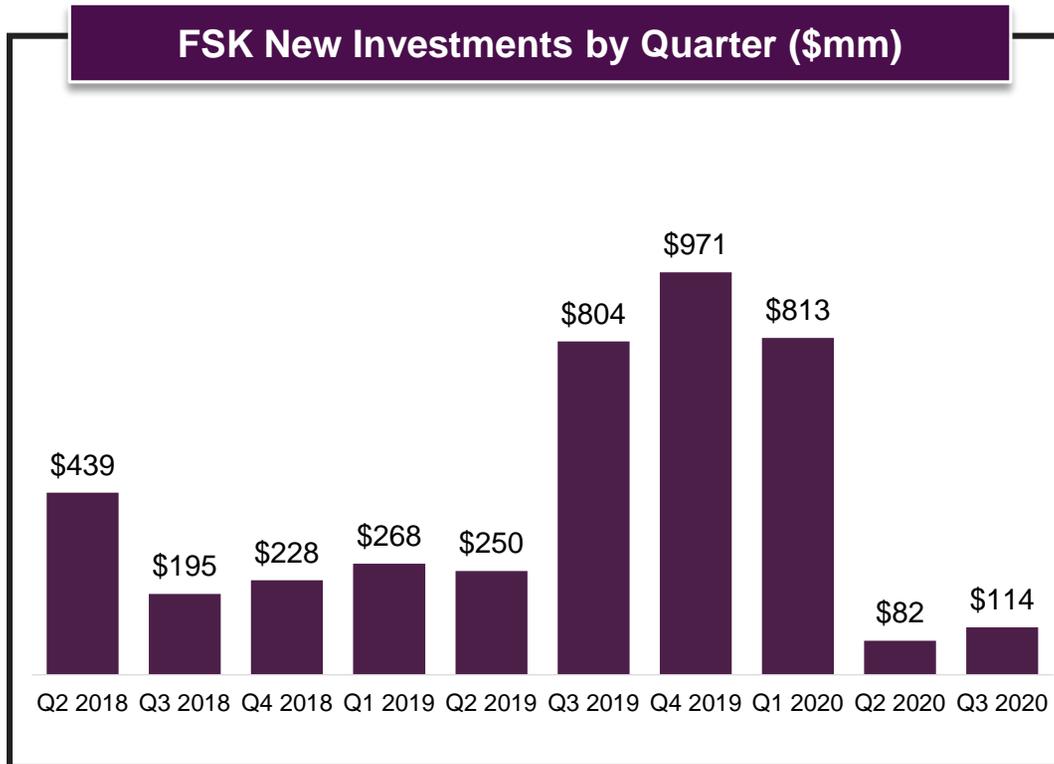


## Fixed / Floating – Debt Investments



1. Net debt-to-equity ratio is debt outstanding, net of cash and foreign currency and net payable/receivable for investments purchased/sold and repaid, divided by net assets.  
 2. Net debt-to-equity ratio expected to decline as capital calls are issued in connection with the settlement of outstanding trades.

# FS / KKR Advisor Performance



- Cumulative appreciation totaled 0.42% as of December 31, 2019
- Cumulative depreciation totaled 1.17% on investments totaling \$4.2bn as of September 30, 2020

Note: Advisor formed in April 2018.

1. Looks through to FSK's portfolio companies held solely in SCJV.

2. Appreciation and depreciation is the sum of realized gains/losses over the period and unrealized gains/losses as of the end of the period in accordance with GAAP. As a result, the positive impacts of net amortization and depreciation recorded in our P&L is excluded from app/dep.



**FSKR** | FS KKR Capital Corp. II

# **FSKR Overview**

# FSKR Investment Portfolio Composition

**160**

portfolio companies

**26%**

FV in top-10 portfolio companies<sup>2</sup>

**77%**

of investments in senior secured debt<sup>2</sup>

**\$69mm / 5.0x**

Median portfolio company EBITDA & leverage

**89%**

of debt investments are floating rate<sup>3</sup>

**8.6%**

Wtd. avg. annual yield on accruing debt investments<sup>4</sup>

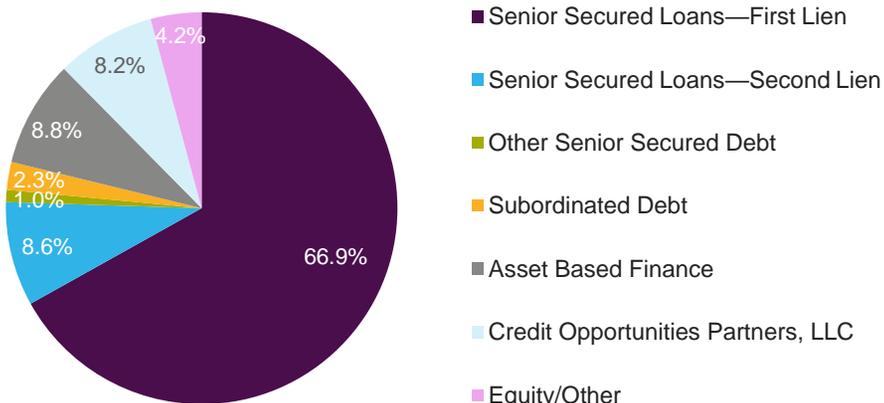
**4.2%**

Non-accrual rate at FV

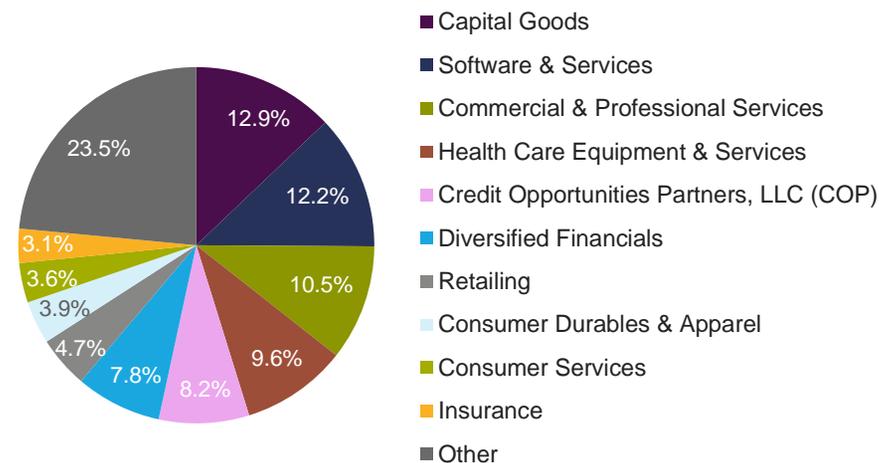
**>95%**

Lead, co-lead, or sole origination<sup>5</sup>

## Security Exposure (by fair value)



## Sector Exposure (by fair value)



**Total Investments at Fair Value: \$7,331mm**

Note: All stats as of September 30, 2020 unless otherwise noted.

1. Does not look through to FSKR's portfolio companies held solely in COP.

2. Figure excludes the impact of FSKR's investment in COP.

3. See FSKR's Quarterly Report on Form 10-Q for its definition of debt investments.

4. See FSKR's Quarterly Report on Form 10-Q for additional information on the calculation of weighted average annual yield on accruing debt investments.

5. Figure based on count of Direct Origination investments only. KKR & BDC accounts' participation, KKR Capital Markets' involvement, and deal teams leading the negotiations / structuring are all considered when determining the Origination Role.

# FSKR Quarterly Investment Activity

Portfolio Roll (\$ in millions)	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Investment Purchases	\$428	\$1,276	\$1,317	\$150	\$264
Sales and Redemptions <sup>(1)</sup>	(141)	(1,326)	(1,643)	(335)	(309)
<b>Net Investment Activity</b>	<b>\$287</b>	<b>(\$50)</b>	<b>(\$326)</b>	<b>(\$185)</b>	<b>(\$45)</b>
Net Sales to COP	-	503	253	-	95
<b>Adjusted Net Investment Activity</b>	<b>\$287</b>	<b>\$453</b>	<b>(\$73)</b>	<b>(\$185)</b>	<b>\$50</b>

Asset Mix of New Purchases <sup>(2)</sup>	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
First Lien Senior Secured Loans	69%	46%	82%	15%	93%
Second Lien Senior Secured Loans	17%	11%	3%	1%	0%
Other Senior Secured Debt	0%	0%	0%	0%	0%
Subordinated Debt	4%	0%	4%	0%	0%
Asset Based Finance	10%	8%	11%	26%	7%
Investment in COP	0%	34%	0%	58%	0%
Equity/Other	0%	1%	0%	0%	0%

1. Includes net sales to COP.

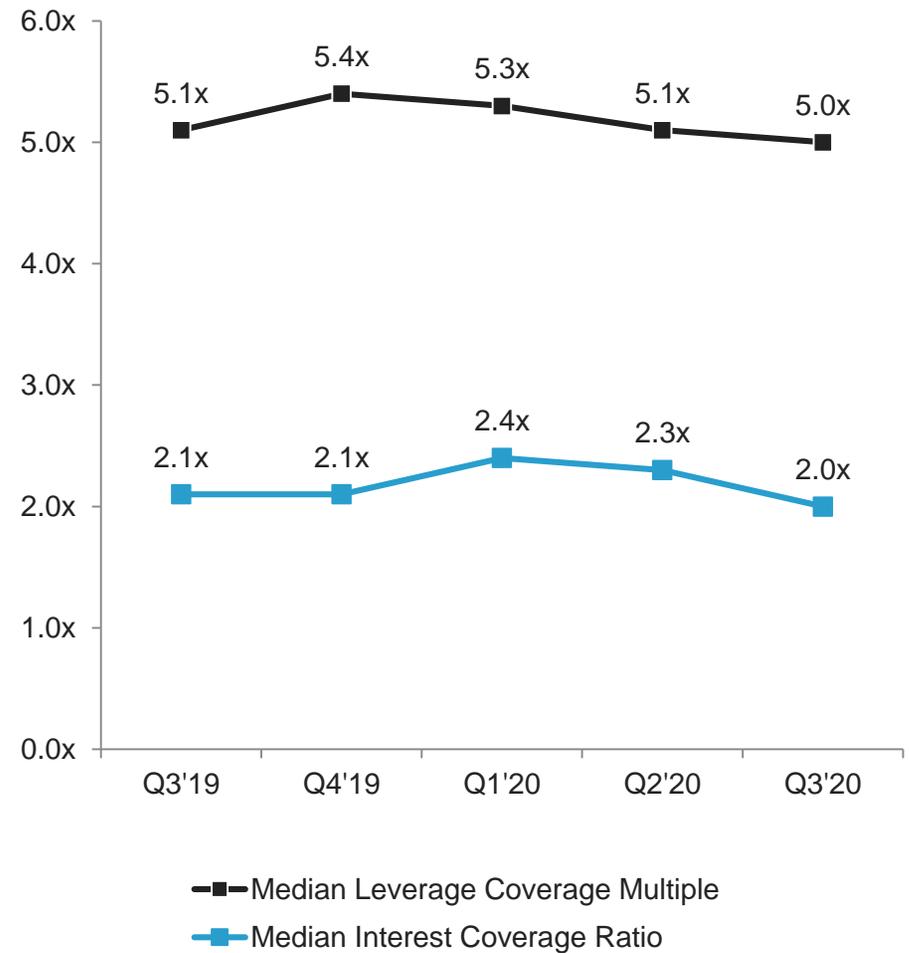
2. Zero represents an amount less than 0.5%.

# FSKR Direct Origination Investments EBITDA and Credit Statistics

Direct Origination Portfolio Company  
Median EBITDA



Direct Origination Portfolio Company  
Coverage Ratios

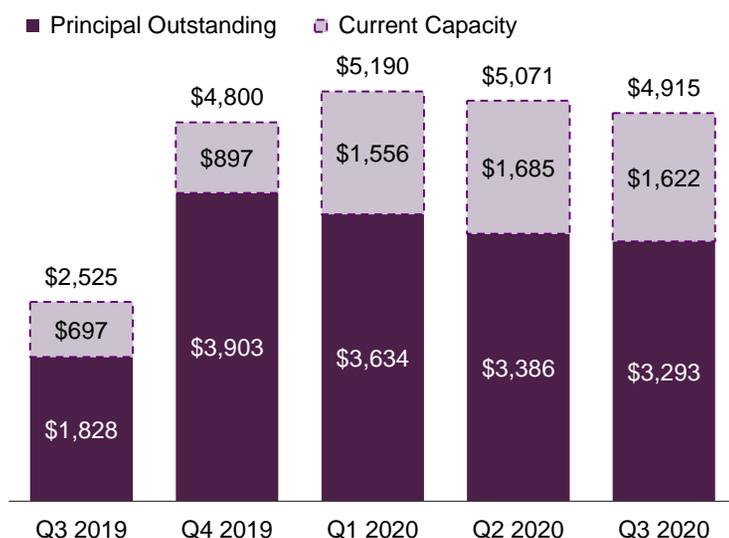


Note: Information based on most recently reported Direct Origination financial information

# FSKR Funding and Liquidity Management

- Short term flexibility of \$1,622m of undrawn debt capacity
- GS Term Loan partially repaid by \$125m in Q3; residual exposure set to mature in December and be absorbed by remaining capital structure
- Unsecured debt represents approximately 14% of our drawn debt

## Leverage over Time (\$mm)



<b>Cash (\$mm)<sup>(1)</sup></b>	109.7	167.0	232.0	295.0	140.0
<b>Gross D/E</b>	0.73x	0.77x	0.87x	0.81x	0.78x
<b>Net D/E<sup>(2)</sup></b>	0.70x	0.74x	0.76x	0.75x	0.73x
<b>Asset Coverage</b>	237%	231%	215%	224%	228%

1. Includes Cash, Restricted Cash, and Cash denominated in foreign currency.

2. Net debt-to-equity ratio is debt outstanding, net of cash and foreign currency and net payable/receivable for investments purchased/sold and repaid, divided by net assets.

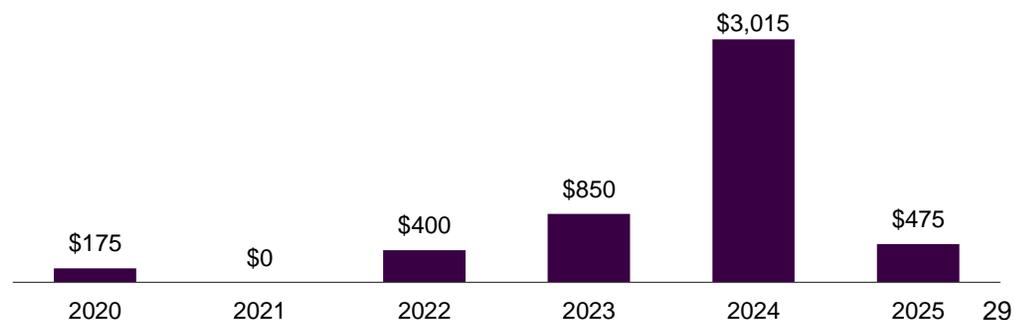
3. Weighted average as of September 30, 2020. Includes the effect of non-usage fees.

4. Weighted average of Tranche A + Tranche B

## Funding Vehicles (\$mm)

Funding Source	Committed	Principal Outstanding	Maturity	Wtd. Avg. Rate <sup>(3)</sup>
Senior Secured Revolver	1,765	778	11/7/24	L+2.00%
BNP Prime Brokerage	0	0	3/28/21	L+1.25%
JPM Revolver <sup>(4)</sup>	1,250	975	1/14/23	L+2.67%
DB Revolver – 1	250	187	2/26/24	L+1.95%
DB Revolver – 2	500	375	2/26/24	L+2.00%
Ally Revolver	200	118	11/22/24	L+2.25%
MS Revolver	300	210	11/22/24	L+2.25%
<b>Total Revolver – 86.8%</b>	<b>4,265</b>	<b>2,643</b>		
GS Term Loan	175	175	12/15/20	L+2.50%
<b>Total Term Loan – 3.5%</b>	<b>175</b>	<b>175</b>		
4.250% Notes	475	475	2/14/25	4.25%
<b>Total Unsecured - 9.7%</b>	<b>475</b>	<b>475</b>		
<b>Total</b>	<b>\$4,915</b>	<b>\$3,293</b>		<b>3.11%</b>

## Maturity Profile (\$mm)



# FSKR's COP Offers Key Investor Benefits

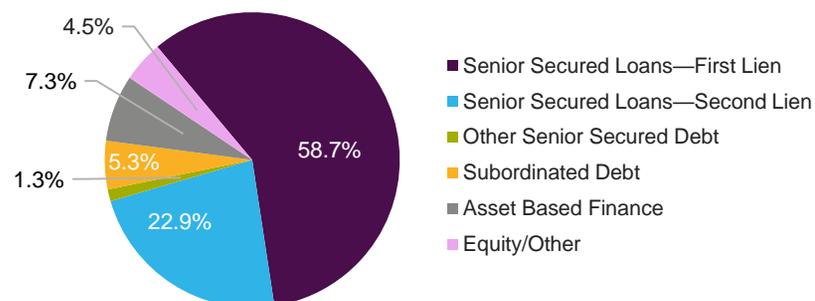
## FSKR's joint venture with South Carolina Retirement Systems Group Trust

- **Primarily senior secured assets**
- **Key Portfolio Benefits**
  - Allows FSKR to access the full capabilities of KKR platform
  - Yield enhancing
- **Key Terms of the Partnership**
  - FSKR and SCRS share voting control 50% / 50%
  - Equity ownership 87.5% FSKR / 12.5% SCRS
  - FSKR provides day-to-day administrative oversight

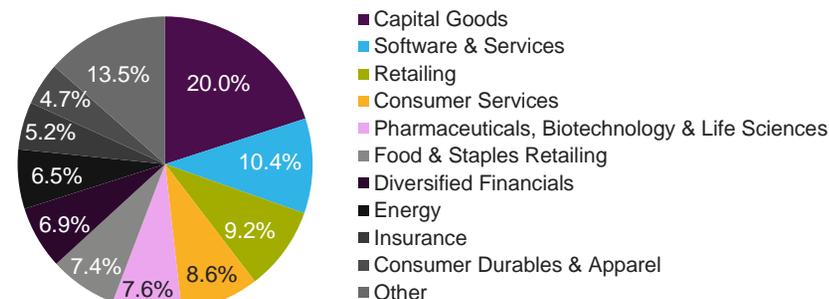
## September 30, 2020 update:

- **Portfolio**
  - Fair value of investments was \$1,234mm
- **Key stats**
  - NAV of \$685mm (FSKR's equity of COP was \$600mm)
  - \$95mm of purchases in Q3
  - \$325mm of uncalled equity capital (\$284mm allocated to FSKR)
  - 0.77x net debt-to-equity ratio<sup>(1)(2)</sup>
  - \$21.9mm dividend declared to FSKR in Q3 (\$25.0mm total dividend)

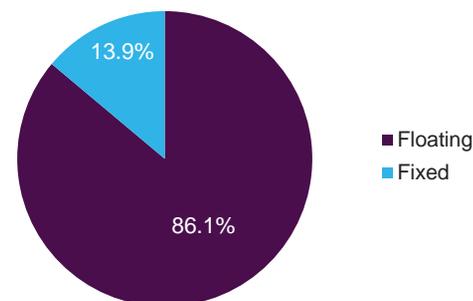
## Security Exposure (by fair value)



## Sector Exposure (by fair value)



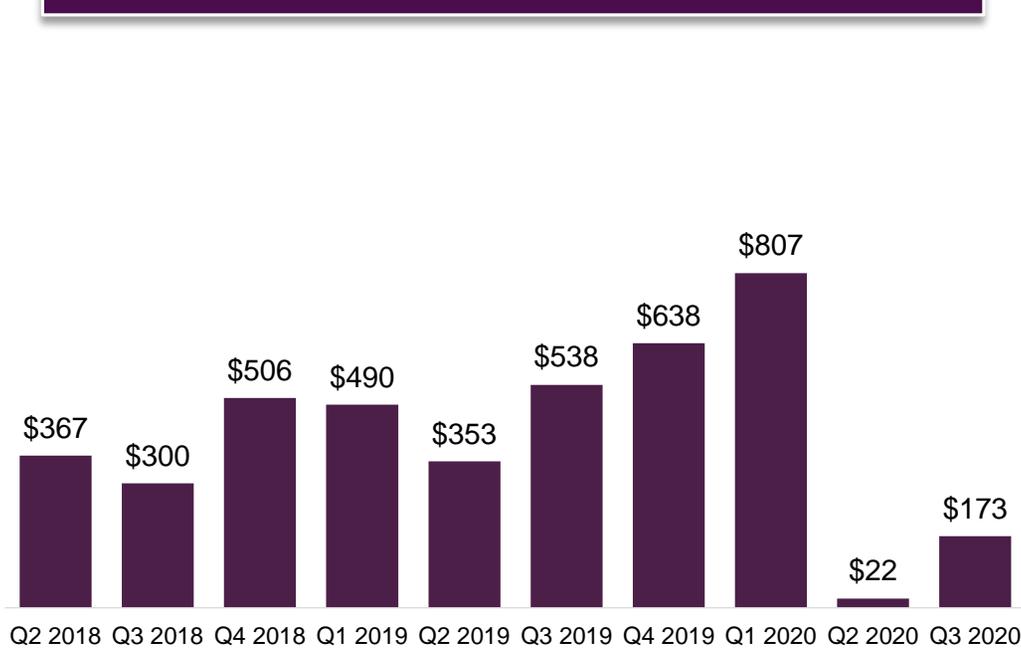
## Fixed / Floating – Debt Investments



1. Net debt-to-equity ratio is debt outstanding, net of cash and foreign currency and net payable/receivable for investments purchased/sold and repaid, divided by net assets.  
 2. Net debt-to-equity ratio expected to decline as capital calls are issued in connection with the settlement of outstanding trades.

# FS / KKR Advisor Performance

**FSKR New Investments by Quarter (\$mm)**



**Performance of new investments (\$mm)<sup>1,2</sup>**



- Cumulative depreciation totaled 0.62% as of December 31, 2019
- Cumulative depreciation totaled 2.71% on investments totaling \$4.2bn as of September 30, 2020

Note: Advisor formed in April 2018.

1. Looks through to FSKR's portfolio companies held solely in COP.

2. Appreciation and depreciation is the sum of realized gains/losses over the period and unrealized gains/losses as of the end of the period in accordance with GAAP. As a result, the positive impacts of net amortization and depreciation recorded in our P&L is excluded from app/dep.

**FS | KKR**

**FSK** | FS KKR Capital Corp.

**FSKR** | FS KKR Capital Corp. II

# Appendix



# FSK Financial Results

<i>(Dollar amounts in millions, except per share data)</i>	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
NII per share <sup>(1)</sup>	\$0.89	\$0.79	\$0.78	\$0.62	\$0.63
Adjusted NII per share <sup>(1) (2)</sup>	\$0.89	\$0.83	\$0.78	\$0.62	\$0.63
Net realized and unrealized gains (losses) per share <sup>(1)</sup>	(\$0.34)	(\$1.00)	(\$6.36)	(\$1.08)	\$1.06
Net increase (decrease) in net assets resulting from operations (earnings per share) <sup>(1)</sup>	\$0.55	(\$0.21)	(\$5.59)	(\$0.44)	\$1.70
Stockholder distributions per share <sup>(1)</sup>	\$0.76	\$0.76	\$0.76	\$0.60	\$0.60
Net asset value per share at period end <sup>(1)</sup>	\$31.42	\$30.54	\$24.36	\$23.37	\$24.46
Weighted average shares outstanding (in millions) <sup>(1)</sup>	128.6	127.2	125.9	123.8	123.8
Shares outstanding, end of period (in millions) <sup>(1)</sup>	128.1	126.6	124.3	123.8	123.8
Total investments at fair value	\$7,218	\$7,357	\$6,945	\$6,624	\$6,649
Total assets	\$7,774	\$8,216	\$7,439	\$6,956	\$7,126
Cash <sup>(3)</sup>	\$126	\$106	\$193	\$95	\$136
Total debt <sup>(4)</sup>	\$3,522	\$4,195	\$4,258	\$3,928	\$3,980
Debt-to-equity, Net <sup>(5)</sup>	0.78x	0.89x	1.28x	1.29x	1.20x
Adjusted NII / total recurring dividend	117%	111%	103%	103%	105%

1. The share and per share amounts reflect the FSK Reverse Stock Split on a retroactive basis. Effective as of June 15, 2020, FSK completed a 4-to-1 reverse stock split of its shares of common stock (the FSK Reverse Stock Split). As a result of the FSK Reverse Stock Split, every four shares of FSK's common stock issued and outstanding were automatically combined into one share of FSK's common stock.
2. See the Appendix for a reconciliation between NII and Adjusted NII.
3. Includes cash, restricted cash, and cash denominated in foreign currency.
4. Principal amount outstanding.
5. Net debt-to-equity ratio is debt outstanding, net of cash and foreign currency and net payable/receivable for investments purchased/sold and repaid, divided by net assets.

# FSK Portfolio Highlights

<i>(Dollar amounts in millions)</i>	As of and for Three Months Ended				
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20
<b>Investment at Fair Value:</b>					
First Lien Senior Secured Loans	50.8%	50.6%	54.4%	52.3%	53.5%
Second Lien Senior Secured Loans	17.0%	16.3%	13.1%	12.8%	12.8%
Other Senior Secured Debt	3.8%	3.2%	2.4%	2.0%	1.2%
Subordinated Debt	5.4%	5.6%	5.0%	3.8%	2.5%
Asset Based Finance	9.7%	10.0%	11.2%	13.4%	12.9%
Strategic Credit Opportunities Partners	5.9%	6.5%	7.7%	9.2%	9.7%
Equity/Other	7.4%	7.8%	6.2%	6.5%	7.4%
<b>Total Investments</b>	<b>\$7,218</b>	<b>\$7,357</b>	<b>\$6,945</b>	<b>\$6,624</b>	<b>\$6,649</b>
Number of portfolio companies <sup>(1)</sup>	201	210	184	173	172
<b>Interest Rate Type:<sup>(2)</sup></b>					
% Floating Rate	81.3%	81.7%	84.4%	85.8%	88.3%
% Fixed Rate	18.7%	18.3%	15.6%	14.2%	11.7%
<b>Net Interest Margin:</b>					
Weighted average annual yield on accruing debt investments <sup>(3)</sup>	10.1%	9.7%	9.0%	8.7%	8.6%
Weighted average interest rate on borrowings <sup>(4)</sup>	4.4%	4.0%	3.7%	3.9%	3.7%

1. Does not look through to FSK's portfolio companies held solely in SCJV. SCJV is a joint venture between FSK and South Carolina Retirement Systems Group Trust (SCRS).
2. Represents interest rates on Debt Investments (see FSK's Quarterly Report on Form 10-Q for the definition of Debt Investments) at US\$ Fair Value FV. Floating includes variable interest rates on asset back finance investments that can change quarter to quarter.
3. FSK's weighted average annual yield on all debt investments was 7.6% as of September 30, 2020. See FSK's Quarterly Report on Form 10-Q for additional information on the calculation of weighted average annual yield on accruing debt investments and weighted average annual yield on all debt investments.
4. Includes the effect of non-usage fees.

# FSK Net Asset Value Bridge



1. Per share data derived using the weighted average shares outstanding during the period.

# FSK Operating Results

<i>(Dollar amounts in millions, except per share data)</i>	For The Three Months Ended				
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20
Total investment income	\$199	\$186	\$179	\$150	\$147
Net expenses	(84)	(79)	(81)	(73)	(69)
<b>Net investment income before taxes</b>	<b>\$115</b>	<b>\$107</b>	<b>\$98</b>	<b>\$77</b>	<b>\$78</b>
Excise taxes	-	(7)	-	-	-
<b>GAAP Net investment income</b>	<b>\$115</b>	<b>\$100</b>	<b>\$98</b>	<b>\$77</b>	<b>\$78</b>
Plus: excise taxes	-	7	-	-	-
Plus: one-time expenses <sup>(1)</sup>	(1)	-	-	-	-
<b>Adjusted net investment income<sup>(2)</sup></b>	<b>\$114</b>	<b>\$107</b>	<b>\$98</b>	<b>\$77</b>	<b>\$78</b>
Total net unrealized and realized gains (losses)	(44)	(127)	(801)	(132)	132
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$71</b>	<b>(\$27)</b>	<b>(\$703)</b>	<b>(\$55)</b>	<b>\$210</b>
<b>Per Share:<sup>(3)</sup></b>					
Net investment income	\$0.89	\$0.79	\$0.78	\$0.62	\$0.63
Adjusted net investment income <sup>(2)</sup>	\$0.89	\$0.83	\$0.78	\$0.62	\$0.63
Net increase (decrease) in net assets results from operations	\$0.55	(\$0.21)	(\$5.59)	(\$0.44)	\$1.70
Stockholder distributions	\$0.76	\$0.76	\$0.76	\$0.60	\$0.60
Weighted average shares outstanding (millions)	129.4	127.2	125.9	123.8	123.8
Shares outstanding, end of period (millions)	128.1	126.6	124.3	123.8	123.8

1. FSK's one-time expenses for the three months ended September 30, 2019 consist of a reversal of \$1 million resulting from a reduction in the estimate for deferred taxes.

2. Adjusted net investment income is a non-GAAP financial measure. Adjusted net investment income is presented for all periods as GAAP net investment income excluding (i) the accrual for the capital gains incentive fee for realized and unrealized gains; (ii) excise taxes; and (iii) certain non-recurring operating expenses that are one-time in nature and are not representative of ongoing operating expenses incurred during FSK's normal course of business (referred to herein as one-time expenses). FSK uses this non-GAAP financial measure internally in analyzing financial results and believes that the use of this non-GAAP financial measure is useful to investors as an additional tool to evaluate ongoing results and trends and in comparing its financial results with other business development companies. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP.

3. The share and per share amounts reflect the FSK Reverse Stock Split on a retroactive basis.

# FSK Operating Results Detail

<i>(Dollar amounts in millions, except per share data)</i>	For The Three Months Ended				
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20
<b>Investment income:</b>					
Interest income	\$163	\$133	\$131	\$112	\$98
Payment-in-kind interest income	11	21	16	15	17
Fee income	7	16	12	6	3
Total dividend and other income	18	16	20	17	29
<b>Total investment income</b>	<b>\$199</b>	<b>\$186</b>	<b>\$179</b>	<b>\$150</b>	<b>\$147</b>
<b>Operating expenses:</b>					
Investment advisory fees & expenses	28	30	30	26	24
Interest expense	42	43	46	42	40
Incentive fees	8	-	-	-	-
Other operating expenses	6	6	5	5	5
<b>Total operating expenses</b>	<b>\$84</b>	<b>\$79</b>	<b>\$81</b>	<b>\$73</b>	<b>\$69</b>
Net investment income before taxes	115	107	98	77	78
Income taxes, including excise taxes	-	(7)	-	-	-
<b>Net investment income</b>	<b>\$115</b>	<b>\$100</b>	<b>\$98</b>	<b>\$77</b>	<b>\$78</b>
Total net unrealized and realized gains (losses)	(44)	(127)	(801)	(132)	132
<b>Net increase in net assets resulting from operations</b>	<b>\$71</b>	<b>(\$27)</b>	<b>(\$703)</b>	<b>(\$55)</b>	<b>\$210</b>

# FSK Balance Sheet

(Dollar amounts in millions, except per share data)	As of				
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20
<b>Assets</b>					
Total investments, at fair value	\$7,218	\$7,357	\$6,945	\$6,624	\$6,649
Cash	115	93	179	87	129
Foreign currency, at fair value	11	13	14	8	7
Receivable for investments sold and repaid	328	657	204	137	231
Income receivable	84	82	79	78	93
Unrealized appreciation on foreign currency forward contracts	9	1	3	3	2
Deferred financing costs	6	10	10	13	12
Prepaid expenses and other assets	3	3	5	6	3
<b>Total Assets</b>	<b>\$7,774</b>	<b>\$8,216</b>	<b>\$7,439</b>	<b>\$6,956</b>	<b>\$7,126</b>
<b>Liabilities</b>					
Payable for investments purchased	\$71	\$15	\$10	\$21	\$5
Debt	3,508	4,173	4,238	3,903	3,957
Unrealized depreciation on derivative instruments	1	-	-	-	-
Shareholders' distributions payable	98	96	95	75	74
Interest Payable	29	23	32	34	33
Other liabilities <sup>(1)</sup>	43	43	36	32	30
<b>Total Liabilities</b>	<b>\$3,750</b>	<b>\$4,350</b>	<b>\$4,411</b>	<b>\$4,065</b>	<b>\$4,099</b>
<b>Total Net Assets</b>	<b>\$4,024</b>	<b>\$3,866</b>	<b>\$3,028</b>	<b>\$2,891</b>	<b>\$3,027</b>
<b>Net Asset Value per Share<sup>(2)</sup></b>	<b>\$31.42</b>	<b>\$30.54</b>	<b>\$24.36</b>	<b>\$23.37</b>	<b>\$24.46</b>

1. Includes accrued performance-based incentive fees, accrued investment advisory fees, accrued directors' fees, administrative expenses payable and deferred tax liabilities.

2. The share and per share amounts reflect the FSK Reverse Stock Split on a retroactive basis.

# FSK Quarterly Gain/Loss Information

<i>(Dollar amounts in millions, except per share data)</i>	For The Three Months Ended				
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20
<b>Realized gain/loss</b>					
Net realized gain (loss) on investments:					
Non-controlled/unaffiliated investments	(\$17)	(\$31)	(\$92)	(\$48)	(\$99)
Non-controlled/affiliated investments	29	11	(34)	(5)	(90)
Controlled/affiliated investments	5	(1)	-	(17)	(18)
Net realized gain (loss) on swap contracts	-	(1)	-	-	-
Net realized gain (loss) on foreign currency forward contracts	2	6	-	-	-
Net realized gain (loss) on foreign currency	2	(1)	(4)	1	(2)
<b>Total net realized gain (loss)</b>	<b>\$21</b>	<b>(\$17)</b>	<b>(\$130)</b>	<b>(\$69)</b>	<b>(\$209)</b>
<b>Unrealized gain/loss</b>					
Net change in unrealized appreciation (depreciation) on investments:					
Non-controlled/unaffiliated investments	(\$73)	(\$51)	(\$367)	(\$8)	\$261
Non-controlled/affiliated investments	(15)	(7)	(137)	(28)	27
Controlled/affiliated investments	12	(26)	(191)	(21)	68
Net change in unrealized appreciation (depreciation) on swap contracts	1	1	-	-	-
Net change in unrealized appreciation (depreciation) on foreign currency forward contracts	7	(8)	2	-	(1)
Net change in unrealized gain (loss) on foreign currency	3	(19)	22	(6)	(14)
<b>Total net unrealized gain (loss)</b>	<b>(\$65)</b>	<b>(\$110)</b>	<b>(\$671)</b>	<b>(\$63)</b>	<b>\$341</b>
<b>Total net realized and unrealized gain (loss)</b>	<b>(\$44)</b>	<b>(\$127)</b>	<b>(\$801)</b>	<b>(\$132)</b>	<b>\$132</b>

# FSKR Financial Results

<i>(Dollar amounts in millions, except per share data)</i>	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
NII per share <sup>(1)</sup>	\$0.72	\$0.67	\$0.55	\$0.44	\$0.52
Adjusted NII per share <sup>(1) (2)</sup>	\$0.72	\$0.68	\$0.55	\$0.48	\$0.52
Net realized and unrealized gains (losses) per share <sup>(1)</sup>	(\$0.99)	(\$0.67)	(\$4.72)	(\$0.30)	\$0.35
Net increase (decrease) in net assets resulting from operations (earnings per share) <sup>(1)</sup>	(\$0.27)	-	(\$4.17)	\$0.13	\$0.87
Stockholder distributions per share <sup>(1)</sup>	\$0.75	\$0.75	\$0.60	\$0.60	\$0.55
Net asset value per share at period end <sup>(1)</sup>	\$30.34	\$29.46	\$24.68	\$24.22	\$24.66
Weighted average shares outstanding (in millions) <sup>(1)</sup>	81.8	94.0	169.6	171.6	171.8
Shares outstanding, end of period (in millions) <sup>(1)</sup>	82.4	169.6	169.6	172.9	170.6
Total investments	\$4,255	\$8,591	\$7,464	\$7,281	\$7,331
Total assets	\$4,446	\$8,970	\$8,184	\$7,758	\$7,750
Cash <sup>(3)</sup>	\$110	\$167	\$232	\$295	\$140
Total debt <sup>(4)</sup>	\$1,828	\$3,809	\$3,634	\$3,386	\$3,293
Debt-to-equity, Net <sup>(5)</sup>	0.70x	0.73x	0.76x	0.74x	0.73x
Adjusted NII / total recurring dividend	96%	90%	91%	80%	95%

1. The share and per share amounts reflect the FSKR Reverse Stock Split on a retroactive basis. Effective as of June 10, 2020, FSKR completed a 4-to-1 reverse stock split of its shares of common stock (the FSKR Reverse Stock Split). As a result of the FSKR Reverse Stock Split, every four shares of FSKR's common stock issued and outstanding were automatically combined into one share of FSKR's common stock.
2. See the Appendix for a reconciliation between NII and Adjusted NII.
3. Includes cash, restricted cash, and cash denominated in foreign currency.
4. Principal amount outstanding.
5. Net debt-to-equity ratio is debt outstanding, net of cash and foreign currency and net payable/receivable for investments purchased/sold and repaid, divided by net assets.

# FSKR Portfolio Highlights

<i>(Dollar amounts in millions)</i>	As of and for Three Months Ended				
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20
<b>Investment at Fair Value:</b>					
First Lien Senior Secured Loans	70.1%	66.5%	68.5%	66.7%	66.9%
Second Lien Senior Secured Loans	10.3%	9.4%	9.3%	8.7%	8.6%
Other Senior Secured Debt	4.8%	2.7%	2.0%	1.4%	1.0%
Subordinated Debt	5.6%	5.7%	3.1%	2.4%	2.3%
Asset Based Finance	2.9%	5.7%	7.9%	9.3%	8.8%
Credit Opportunities Partners	0.0%	5.9%	5.8%	7.9%	8.2%
Equity/Other	6.3%	4.1%	3.4%	3.6%	4.2%
<b>Total Investments</b>	<b>\$4,255</b>	<b>\$8,591</b>	<b>\$7,464</b>	<b>\$7,281</b>	<b>\$7,331</b>
Number of portfolio companies <sup>(1)</sup>	174	213	179	164	160
<b>Interest Rate Type:<sup>(2)</sup></b>					
% Floating Rate	85.4%	83.2%	85.6%	87.8%	88.8%
% Fixed Rate	14.6%	16.8%	14.4%	12.2%	11.2%
<b>Net Interest Margin:</b>					
Weighted average annual yield on accruing debt investments <sup>(3)</sup>	9.9%	9.5%	8.9%	8.7%	8.6%
Weighted average interest rate on borrowings <sup>(4)</sup>	4.8%	4.3%	3.9%	3.5%	3.1%

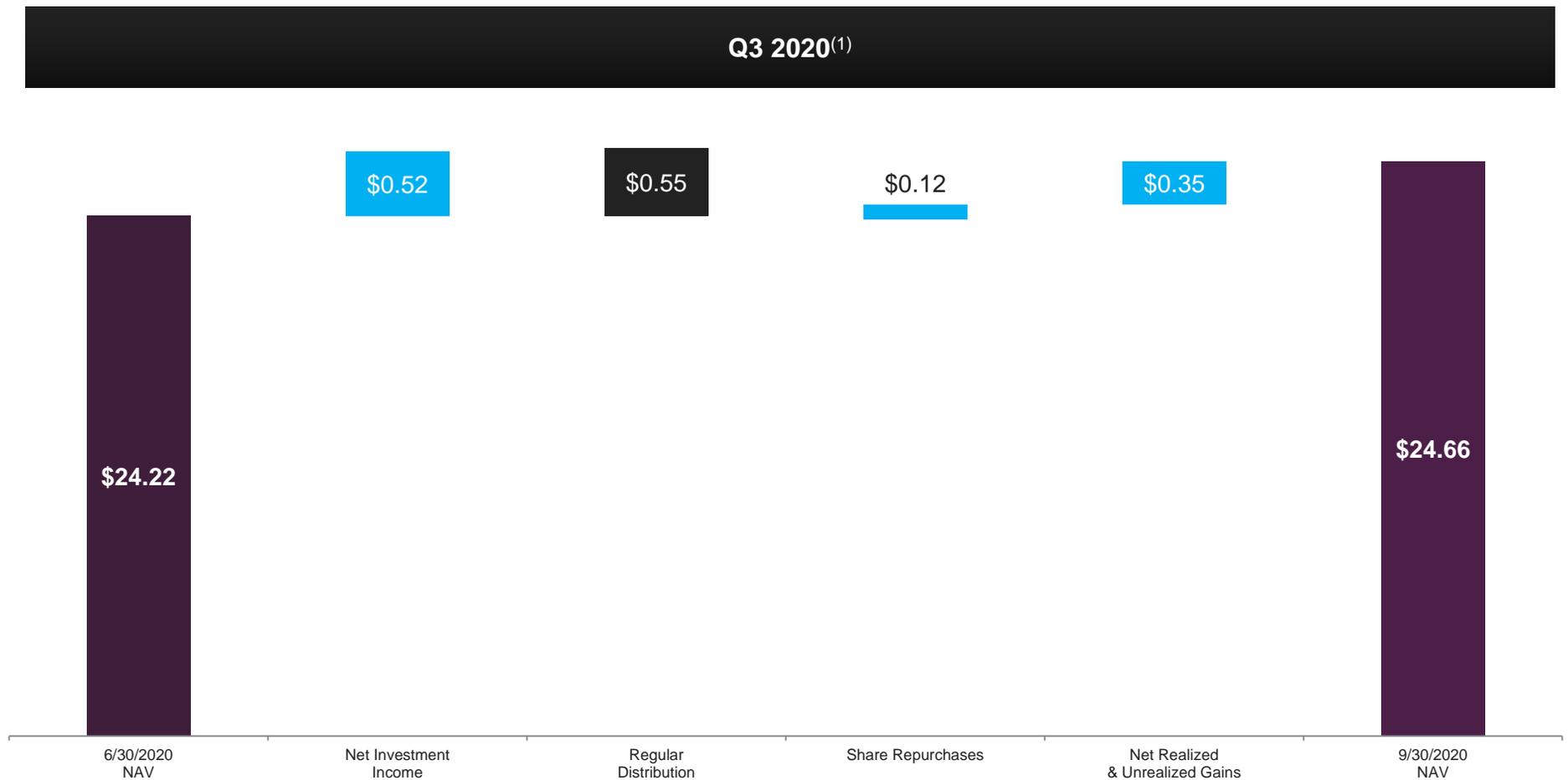
1. Does not look through to FSKR's portfolio companies held solely in COP. COP is a joint venture between FSKR and South Carolina Retirement Systems Group Trust (SCRS).

2. Represents interest rates on Debt Investments (see FSKR's Quarterly Report on Form 10-Q for the definition of Debt Investments) at US\$ Fair Value FV. Floating includes variable interest rates on asset back finance investments that can change quarter to quarter.

3. FSKR's weighted average annual yield on all debt investments was 7.5% as of September 30, 2020. See FSKR's Quarterly Report on Form 10-Q for additional information on the calculation of weighted average annual yield on accruing debt investments and weighted average annual yield on all debt investments.

4. Includes the effect of non-usage fees.

# FSKR Net Asset Value Bridge



1. Per share data derived using the weighted average shares outstanding during the period.

# FSKR Operating Results

<i>(Dollar amounts in millions, except per share data)</i>	For The Three Months Ended				
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20
Total investment income	\$108	\$121	\$195	\$168	\$172
Net expenses	(49)	(57)	(102)	(93)	(82)
<b>Net investment income before taxes</b>	<b>\$59</b>	<b>\$64</b>	<b>\$93</b>	<b>\$75</b>	<b>\$90</b>
Excise taxes	-	(1)	-	-	-
<b>GAAP Net investment income</b>	<b>\$59</b>	<b>\$63</b>	<b>\$93</b>	<b>\$75</b>	<b>\$90</b>
Plus: excise taxes	-	1	-	-	-
Plus: one-time expenses <sup>(1)</sup>	-	-	-	7	-
<b>Adjusted net investment income<sup>(2)</sup></b>	<b>\$59</b>	<b>\$64</b>	<b>\$93</b>	<b>\$82</b>	<b>\$90</b>
Total net unrealized and realized gains (losses)	(81)	(63)	(801)	(53)	59
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>(\$22)</b>	<b>-</b>	<b>(\$708)</b>	<b>22</b>	<b>\$149</b>
<b>Per Share:<sup>(3)</sup></b>					
Net investment income	\$0.72	\$0.67	\$0.55	\$0.44	\$0.52
Adjusted net investment income <sup>(2)</sup>	\$0.72	\$0.68	\$0.55	\$0.48	\$0.52
Net increase (decrease) in net assets results from operations	(\$0.27)	-	(\$4.17)	\$0.13	\$0.87
Stockholder distributions	\$0.75	\$0.75	\$0.60	\$0.60	\$0.55
Weighted average shares outstanding (millions)	81.8	94.0	169.6	171.6	171.8
Shares outstanding, end of period (millions)	82.4	169.6	169.6	172.9	170.6

1. FSKR's one-time expenses for the three months ended June 30, 2020 consist of advisory fees in connection with the listing of its shares on the NYSE.

2. Adjusted net investment income is a non-GAAP financial measure. Adjusted net investment income is presented for all periods as GAAP net investment income excluding (i) the accrual for the capital gains incentive fee for realized and unrealized gains; (ii) excise taxes; and (iii) certain non-recurring operating expenses that are one-time in nature and are not representative of ongoing operating expenses incurred during FSKR's normal course of business (referred to herein as one-time expenses). FSKR uses this non-GAAP financial measure internally in analyzing financial results and believes that the use of this non-GAAP financial measure is useful to investors as an additional tool to evaluate ongoing results and trends and in comparing its financial results with other business development companies. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP.

3. The share and per share amounts reflect the FSKR Reverse Stock Split on a retroactive basis.

# FSKR Operating Results Detail

<i>(Dollar amounts in millions, except per share data)</i>	For The Three Months Ended				
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20
<b>Investment income:</b>					
Interest income	\$95	\$102	\$151	\$126	\$120
Payment-in-kind interest income	7	7	14	16	16
Fee income	5	12	15	7	5
Total dividend and other income	1	-	15	19	31
<b>Total investment income</b>	<b>\$108</b>	<b>\$121</b>	<b>\$195</b>	<b>\$168</b>	<b>\$172</b>
<b>Operating expenses:</b>					
Investment advisory fees & expenses	17	20	33	29	28
Interest expense	24	27	40	35	26
Incentive fees	5	5	23	19	22
Other operating expenses	3	5	6	10	6
<b>Total operating expenses</b>	<b>\$49</b>	<b>\$57</b>	<b>\$102</b>	<b>\$93</b>	<b>\$82</b>
Net investment income before taxes	59	64	93	75	90
Income taxes, including excise taxes	-	(1)	-	-	-
<b>Net investment income</b>	<b>\$59</b>	<b>\$63</b>	<b>\$93</b>	<b>\$75</b>	<b>\$90</b>
Total net unrealized and realized gains (losses)	(81)	(63)	(801)	(53)	59
<b>Net increase in net assets resulting from operations</b>	<b>(\$22)</b>	<b>-</b>	<b>(\$708)</b>	<b>\$22</b>	<b>\$149</b>

# FSKR Balance Sheet

(Dollar amounts in millions, except per share data)	As of				
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20
<b>Assets</b>					
Total investments, at fair value	\$4,255	\$8,591	\$7,464	\$7,281	\$7,331
Cash	107	163	225	289	134
Foreign currency, at fair value	3	4	7	6	6
Receivable for investments sold and repaid	12	23	321	13	110
Income receivable	42	84	88	92	99
Unrealized appreciation on foreign currency forward contracts	-	-	1	0	0
Deferred financing costs	7	12	11	13	14
Prepaid expenses and other assets	20	93	67	64	56
<b>Total Assets</b>	<b>\$4,446</b>	<b>\$8,970</b>	<b>\$8,184</b>	<b>\$7,758</b>	<b>\$7,750</b>
<b>Liabilities</b>					
Payable for investments purchased	\$54	\$37	\$114	\$42	\$32
Debt	1,827	3,809	3,629	3,382	3,288
Unrealized depreciation on derivative instruments	14	30	59	59	54
Shareholders' distributions payable	12	-	102	-	94
Interest Payable	14	30	26	27	15
Other liabilities <sup>(1)</sup>	26	68	68	62	60
<b>Total Liabilities</b>	<b>\$1,947</b>	<b>\$3,974</b>	<b>\$3,998</b>	<b>\$3,572</b>	<b>\$3,543</b>
<b>Total Net Assets</b>	<b>\$2,499</b>	<b>\$4,996</b>	<b>\$4,186</b>	<b>\$4,186</b>	<b>\$4,207</b>
<b>Net Asset Value per Share<sup>(2)</sup></b>	<b>\$30.34</b>	<b>\$29.46</b>	<b>\$24.68</b>	<b>\$24.22</b>	<b>\$24.66</b>

1. Includes accrued performance-based incentive fees, accrued investment advisory fees, accrued directors' fees, administrative expenses payable and deferred tax liabilities.

2. The share and per share amounts reflect the FSKR Reverse Stock Split on a retroactive basis.

# FSKR Quarterly Gain/Loss Information

	For The Three Months Ended				
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20
<i>(Dollar amounts in millions, except per share data)</i>					
<b>Realized gain/loss</b>					
Net realized gain (loss) on investments:					
Non-controlled/unaffiliated investments	(\$8)	(\$9)	(\$217)	(\$34)	(\$131)
Non-controlled/affiliated investments	0	(3)	0	(109)	(120)
Controlled/affiliated investments	-	-	-	-	(1)
Net realized gain (loss) on swap contracts	(0)	(2)	(4)	(3)	(6)
Net realized gain (loss) on foreign currency forward contracts	-	-	0	-	-
Net realized gain (loss) on foreign currency	1	-	1	-	(13)
<b>Total net realized gain (loss)</b>	<b>(\$7)</b>	<b>(\$14)</b>	<b>(\$220)</b>	<b>(\$146)</b>	<b>(\$271)</b>
<b>Unrealized gain/loss</b>					
Net change in unrealized appreciation (depreciation) on investments:					
Non-controlled/unaffiliated investments	(\$80)	\$72	(\$429)	(\$22)	\$275
Non-controlled/affiliated investments	5	(114)	(96)	84	26
Controlled/affiliated investments	-	6	(80)	59	28
Net change in unrealized appreciation (depreciation) on swap contracts	(2)	5	(27)	(1)	7
Net change in unrealized appreciation (depreciation) on foreign currency forward contracts	-	(1)	2	(1)	-
Net change in unrealized gain (loss) on foreign currency	3	(17)	49	(26)	(6)
<b>Total net unrealized gain (loss)</b>	<b>(\$74)</b>	<b>(\$49)</b>	<b>(\$581)</b>	<b>\$93</b>	<b>\$330</b>
<b>Total net realized and unrealized gain (loss)</b>	<b>(\$81)</b>	<b>(\$63)</b>	<b>(\$801)</b>	<b>(\$53)</b>	<b>\$59</b>

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Certain figures in this presentation have been rounded.

# Important Information

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In addition, such target returns do not reflect the actual or expected returns of any portfolio strategy. Such target returns are based on KKR Credit's belief about the returns that may be achievable on investments that the Strategy intends to pursue in light of the experience of KKR and KKR Credit with similar investments historically, their view of current market conditions, potential investment opportunities that KKR Credit is currently or has recently reviewed, availability of financing and certain assumptions about investing conditions and market fluctuation or recovery. Targeted returns on specific investments are based on models, estimates and assumptions about performance believed to be reasonable under the circumstances. There is no guarantee that the facts on which such assumptions are based will materialize as anticipated, that market conditions will not deteriorate or that investment opportunities satisfying the Strategy's targeted returns will be available. Any changes in such assumptions, market conditions or availability of investments may have a material impact on the target return presented. Actual events and conditions may differ materially from those used to establish target returns. Any target return is hypothetical and is not a guarantee of future performance. Target gross returns for individual investments may be greater or less than the Strategy's overall target gross or net returns. Prospective investors should note that the targeted gross returns do not account for the effects of inflation and do not reflect the management fees, "carried interest," taxes, transaction costs and other expenses that will be borne by investors in the Fund, which will reduce returns and, in the aggregate, are expected to be substantial. Targeted returns are subject to significant economic, market and other uncertainties that may adversely affect the performance of any investments. Prospective investors are encouraged to contact the representatives of KKR Credit to discuss the procedures and methodologies (including assumptions) used to calculate the Fund's targeted returns.

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# Important Information

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References in this presentation to "Gross IRR" are to the internal rate of return or multiple of invested capital, respectively, calculated at investment level, and thus do not take into consideration the payment of applicable management fees, carried interest, transaction costs, borrowing costs and other expenses borne by the relevant KKR investment, which will have a material impact on returns. In the case of unrealized investments, the gross returns are based on internal valuations by KKR of unrealized investments as of the applicable date. The actual realized returns on such unrealized investments will depend on, among other factors, future operating results, the value of the assets, and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions on which the valuations used in the prior performance data contained herein are based. Accordingly, the actual realized return of these unrealized investments may differ materially from the returns indicated herein.

References to "Net IRR" are to the internal rate of return calculated at fund level, after payment of applicable management fees, organizational expenses and carried interest but do not reflect transaction costs that would be incurred in connection with the disposition of unrealized investments if realized. Internal rates of return are computed on a "dollar-weighted" basis, which takes into account the timing of cash flows, the amounts invested at any given time, and unrealized values as of the relevant valuation date. Multiples of invested capital referred to in this presentation have been calculated based on figures for the cost and total value of KKR fund investments that have been rounded to the nearest \$100,000.

# Important Information

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- The S&P LSTA US Leveraged Loan Index is a daily tradable index for the U.S. loan market that seeks to mirror the market-weighted performance of the largest institutional loans that meet the inclusion criteria and that have marks from the LSTA/LPC mark-to-market service. The inclusion criteria consist of the following: i) syndicated term loan instruments consisting of term loans (both amortizing and institutional), acquisition loans (after they are drawn down) and bridge loans; ii) secured; iii) U.S. dollar denominated; iv) minimum term of one year at inception; and v) minimum initial spread of LIBOR plus 1.25%.
- The Barclays Aggregate Bond Index is a broad-based benchmark that measures the investment grade, fixed-rate bond market, such as Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS.

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