



KENNEDY WILSON EUROPE REAL ESTATE PLC

(a public limited company incorporated in Jersey under the Companies (Jersey) Law 1991, as amended, with registered no. 114680)

£2,000,000,000 Euro Medium Term Note Programme

Under this £2,000,000,000 Euro Medium Term Note Programme (the “**Programme**”), Kennedy Wilson Europe Real Estate Plc (the “**Issuer**”), subject to compliance with all relevant laws, directives and regulations, may from time to time issue Notes (as defined below) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The Notes may be issued in bearer form (“**Bearer Notes**”) or registered form (“**Registered Notes**”) and, together with the Bearer Notes, the “**Notes**”) and will be constituted by a trust deed (the “**Trust Deed**”) dated 5 November 2015 between the Issuer and Deutsche Trustee Company Limited (the “**Trustee**”). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed £2,000,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement (as defined below)), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under “*Overview of the Programme*” and any additional Dealer appointed under the Programme from time to time by the Issuer (each, a “**Dealer**”, and together, the “**Dealers**”), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the “**relevant Dealer**” shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

Application has been made to the Financial Conduct Authority in its capacity as competent authority (the “**UK Listing Authority**”) for Notes (other than Exempt Notes, as defined below) issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the UK Listing Authority (the “**Official List**”) and to the London Stock Exchange plc (the “**London Stock Exchange**”) for such Notes to be admitted to trading on the London Stock Exchange’s regulated market (the “**Market**”).

References in this Base Prospectus to Notes (other than Exempt Notes) being “**listed**” (and all related references) shall mean, so far as the context permits, that such Notes have been admitted to trading on the Market and have been admitted to the Official List. The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments (the “**Markets in Financial Instruments Directive**”).

The requirement to publish a prospectus under the Prospectus Directive (as defined under “*Important Information*” below) only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area and/or offered to the public in the European Economic Area other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive. References in this Base Prospectus to “**Exempt Notes**” are to Notes for which no prospectus is required to be published under the Prospectus Directive. The UK Listing Authority has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under “*Terms and Conditions of the Notes*”) (the “**Conditions**”) of Notes will (other than in the case of Exempt Notes) be set out in a final terms document (the “**Final Terms**”) which, where listed, will be delivered to the UK Listing Authority and the London Stock Exchange. Copies of Final Terms in relation to Notes to be listed on the London Stock Exchange will also be published on the website of the London Stock Exchange through a regulatory information service. In the case of Exempt Notes, notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche of Notes will be set out in a pricing supplement document (the “**Pricing Supplement**”).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Exempt Notes and/or Exempt Notes not admitted to trading on any market.

Each of the Issuer and the Programme has been rated BBB by Standard & Poor’s Credit Market Services Europe Limited (“**S&P**”). S&P is established in the European Union (the “**EU**”) and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”). As such, S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority (“**ESMA**”) on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. Notes issued under the Programme may be rated or unrated by S&P. Where a Tranche of Notes is rated, such rating will be disclosed in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) and will not necessarily be the same as the rating assigned to the Programme by S&P. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

This Base Prospectus does not constitute an offer, an invitation or a solicitation for any investment or subscription for the shares of the Issuer.

The offer and marketing (as such term is defined in Directive 2011/61/EU (the “**Directive**”)) of any Tranche of Notes will be conducted only to professional clients (as defined under the Markets in Financial Instruments Directive) in the Approved Jurisdiction(s) specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) and will not be conducted in any other EU member state. If a potential investor is not in an Approved Jurisdiction or otherwise is a person to whom the relevant Notes cannot be marketed in accordance with the Directive, as implemented and interpreted in accordance with the laws of each EU member state, it should not participate in the relevant offering and the relevant Notes may not, and will not, be offered or marketed to it.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see “*Risk Factors*”.

ARRANGER

J.P. Morgan Cazenove

DEALERS

BofA Merrill Lynch

J.P. Morgan Cazenove

Deutsche Bank

Morgan Stanley

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus in respect of all Notes other than Exempt Notes issued under the Programme (i) for the purposes of Article 5.4 of Directive 2003/71/EC (as amended) (the “**Prospectus Directive**”, which term includes any relevant implementing measure in a relevant Member State of the European Economic Area), and (ii) for the purpose of giving information with regard to the Issuer, the Issuer and its subsidiaries taken as a whole (the “**Group**”) and any Tranche of Notes issued under the Programme which, according to the particular nature of the Issuer and such Tranche of Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer. The Issuer accepts responsibility for the information contained in this Base Prospectus and the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) for each Tranche of Notes issued under the Programme. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference (see “*Documents Incorporated by Reference*”). This Base Prospectus should be read and construed on the basis that such documents are incorporated in and form part of this Base Prospectus.

No person is authorised to give any information or to make any representation not contained in this Base Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Dealers. Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with a Tranche of Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

To the fullest extent permitted by law, the Dealers accept no responsibility whatsoever for the contents of this Base Prospectus or for any other statement, made or purported to be made by a Dealer or on its behalf in connection with the Issuer or the issue and offering of any Notes. Each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any such statement.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Dealers and the Trustee do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Dealers or the Trustee which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the United Kingdom, France, Italy and Japan, see “*Subscription and Sale*”.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of the relevant financial markets and of any financial variable which might have an impact on the return on the Notes; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments and such instruments may be purchased by potential investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor’s overall investment portfolio.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the U.S. or to U.S. persons (within the meaning of Regulation S under the Securities Act) (“**U.S. Persons**”).

Prospective investors should also consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of the Notes. The credit ratings (if any) assigned to the Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold Notes and may be

revised or withdrawn by the rating agency at any time. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Neither this Base Prospectus nor any financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer or the Dealers that any recipient of this Base Prospectus or any financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers.

The Issuer is regulated in Jersey by the Jersey Financial Services Commission (the “JFSC”) as a listed fund pursuant to the Jersey Listed Fund Guide published by the JFSC and the Collective Investment Funds (Jersey) Law 1988. The JFSC does not take any responsibility for the financial soundness of the Issuer or the correctness of any statement made or expressed in this Base Prospectus. The JFSC is protected by the Collective Investment Funds (Jersey) Law 1988 against any liability arising from the discharge of functions under that law. The JFSC is also protected by the Financial Services (Jersey) Law 1998 against liability from the discharge of its functions under that law.

Forward-Looking Statements

This Base Prospectus contains statements that are, or may be deemed to be, forward-looking statements, including, without limitation, statements containing the words “anticipates”, “believes”, “estimates”, “expects”, “intends”, “may”, “plans”, “projects”, “should” or “will” or, in each case, their negative or other variations or similar expressions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Base Prospectus and include, but are not limited to, statements regarding the Group’s intentions, beliefs or current expectations concerning, among other things, the Group’s results of operations, financial position, prospects, growth, target Total Return, investment strategy, financing strategies, prospects for relationships with tenants, liquidity of the Group’s assets and expectations for the UK, Irish, Spanish and Italian real estate markets.

Such forward-looking statements involve unknown risks, uncertainties and other factors, which may cause the actual results of operations, performance or achievement of the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. In addition, even if the Group’s results of operations, financial position and growth, and the development of the markets and the industry in which the Group operates, are consistent with the forward-looking statements contained in this Base Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Important factors that could cause results and developments of the Group to differ materially from those expressed or implied by the forward-looking statements include, but are not limited to:

- changes in economic conditions generally and their impact on the Group’s ability to achieve its investment objective;
- changes in the UK, Irish, Spanish or other European countries’ real estate market conditions, industry trends and competition;

- the Group's ability to invest the net proceeds from the issue of a Tranche of Notes in suitable investments on a timely basis;
- changes in interest rates and/or credit spreads, as well as the success of the Group's investment strategy in relation to such changes and the management of the uninvested proceeds of the issue of a Tranche of Notes;
- the availability and cost of capital for future investments;
- changes in the Group's investment strategy;
- currency fluctuations;
- the failure of the Investment Manager to perform its obligations under the Investment Management Agreement or the termination of the Investment Management Agreement;
- changes in laws or regulations, including tax laws and development planning regimes, or new interpretations or applications of laws and regulations, that are applicable to the Group; and
- external factors, including those resulting from war, incidents of terrorism or responses to such events.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. These forward-looking statements speak only as at the date of this Base Prospectus. Subject to its compliance with its legal and regulatory obligations, the Issuer undertakes no obligation to update or revise any forward-looking statement contained herein, nor will it publicly release any revisions it may make to these forward-looking statements, to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

Presentation of Financial and other Information

Presentation of Financial Information

The financial statements relating to the Group and incorporated by reference in this Base Prospectus are:

- (i) the audited consolidated financial statements for the period from 23 December 2013 (the date on which the Issuer was incorporated) to 31 December 2014 (the "**Annual Financial Statements**"); and
- (ii) the unaudited reviewed condensed consolidated interim financial statements for the period from 1 January 2015 to 30 June 2015 (the "**Interim Financial Statements**" and, together with the Annual Financial Statements, the "**Financial Statements**").

The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("**IFRS**"). The Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the EU.

The Issuer publishes its financial statements in Sterling. In making an investment decision, prospective investors must rely on their own examination of the Issuer from time to time, the terms of the Notes and the Financial Statements.

Unless expressly stated otherwise, all financial information (other than financial information as at, or for a period ended, 31 December) is unaudited.

Unless expressly stated otherwise, the LTV ratio presented in this Base Prospectus is calculated as net debt (gross debt less available cash) over portfolio value (value of investment and development properties, hotels and value of real estate loans).

Currency Presentation

Unless otherwise specified or the context requires, references to “dollars”, “U.S. dollars” and “U.S.\$” are to the lawful currency of the U.S., references to “Sterling”, “GBP” and “£” are to the lawful currency of the United Kingdom and references to “euro”, “EUR” or “€” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Union, as amended.

Information in respect of the Investment Portfolio

Unless expressly stated otherwise, all references to the market value of the Investment Portfolio (or any part of it) in this Base Prospectus refer to the value ascribed to the Investment Portfolio (or any part of it) by CBRE Limited of Henrietta House, Henrietta Place, London W1G 0NB (member of the Royal Institution of Chartered Surveyors and a RICS Registered Valuer) (Property Portfolios) and Duff & Phelps Limited of 32 London Bridge Street, London SE1 9SG (valuation advisor) (Loan Portfolios) as at the most recent Valuation Date. The Investment Portfolio held as at each Valuation Date is valued in accordance with the RICS Red Book by CBRE. Duff & Phelps subsequently provide the fair value of the Loan Portfolios as at the relevant Valuation Date. All references to the market value of the Investment Portfolio (or any part of it) in this Base Prospectus as at any date other than a Valuation Date reflect the market value of the Investment Portfolio as at the most recent Valuation Date, adjusted for disposals and capital expenditure and include the value of the acquisitions, calculated as total consideration (including purchaser’s costs), in the period since the most recent Valuation Date. For this purpose, “**Valuation Dates**” are 30 June and 31 December in each year.

Market, Economic and Industry Data

This Base Prospectus contains certain market data and other information extracted from official and industry sources and other sources the Issuer believes to be reliable. The Issuer has not independently verified these industry publications, surveys and forecasts and cannot guarantee their accuracy or completeness. However, such information, data and statistics have been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by the aforementioned sources, no facts have been omitted which would render the reproduced information, data and statistics inaccurate or misleading. Such information, data and statistics include certain projections and estimates of future events. Such projections and estimates are by their nature uncertain and are not statements of fact. The Issuer expressly disclaims liability for the occurrence of events or circumstances implied by such projections and estimates.

See also “*Forward-Looking Statements*”.

Rounding

Some financial information in this Base Prospectus has been rounded. As a result of this rounding, figures shown as totals in this Base Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. In addition, certain percentages presented in this Base Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Definitions

Capitalised terms used herein but not otherwise defined shall have the relevant meaning ascribed to such terms in “*Definitions and Glossary*”.

No Incorporation of Website

The contents of the Issuer’s website at www.kennedywilson.eu and the KW Group’s website at www.kennedywilson.com, the contents of any website accessible from hyperlinks on the Issuer’s website and KW’s website, or any other website referred to in this Base Prospectus are not incorporated and do not form part of

this Base Prospectus. Investors should base their decision to invest on the contents of this Base Prospectus alone and should consult their professional advisers prior to making any investment in the Notes.

Important Note regarding Performance Data

This Base Prospectus includes information regarding the track record and performance data of the Group, KW and the Investment Advisers (the “**Track Record**”). Such information is not necessarily comprehensive and prospective investors should not consider such information to be indicative of the possible future performance of the Group or any investment opportunity to which this Base Prospectus relates. The past performance of KW is not a reliable indicator of, and cannot be relied upon as a guide to, the future performance of the Group or the Investment Manager nor is the past performance of the Group, the Investment Manager, the Investment Advisers or the KW Europe Investment Committee a reliable indicator of, nor can it be relied upon as a guide to, the future performance of the Group. Prospective investors should be aware that any investment in the Notes is speculative, involves a high degree of risk, and could result in the loss of all or substantially all of their investment.

For a variety of reasons, the comparability of the Track Record information to the Group’s future performance is by its nature very limited. Without limitation, results can be positively or negatively affected by market conditions beyond the control of the Group or the Investment Manager which may be different in many respects from those that prevail at present or in the future, with the result that the performance of investment portfolios originated now may be significantly different from those originated in the past.

Prospective investors should consider the following factors which, among others, may cause the Group’s results to differ materially from the historical results achieved by the Group, KW, KW’s affiliates and certain other persons:

- the Track Record information included in this Base Prospectus was generated by a number of different persons in a variety of circumstances and those persons may differ from those who manage the Group’s investments. It may or may not reflect the deduction of fees or the reinvestment of dividends and other earnings;
- results can be positively or negatively affected by market conditions beyond the control of the Group and the Investment Manager;
- where an underlying investment has been made in a currency other than Sterling, it is possible that the performance of the investment described in this Base Prospectus has been partially affected by exchange rate movements during the period of the investment between that currency and Sterling;
- differences between the Group and the circumstances in which the Track Record information of KW and other entities outside the Group included herein was generated include (but are not limited to) all or certain of: actual acquisitions and investments made, investment objectives, fee arrangements, structure (including for tax purposes), terms, leverage, geography, performance targets and investment horizons. All of these factors can affect returns and impact the usefulness of performance comparisons and, as a result, none of such Track Record information is directly comparable to the returns which the Group may generate;
- the Issuer and other members of the Group may be subject to taxes on some or all of their earnings in the various jurisdictions in which they invest. Any taxes paid or incurred by the Issuer and other members of the Group will reduce the proceeds available from the sale of an investment to make future investments or distributions and/or pay the expenses and other operating costs of the Group; and
- market conditions at the times covered by the Track Record may be different in many respects from those that prevail at present or in the future, with the result that the performance of investment portfolios originated now may be significantly different from those originated in the past. In this regard, it should be noted that there is no guarantee that these returns can be achieved or can be continued if achieved.

No representation is being made by the inclusion of the investment examples and strategies presented herein that the Group will achieve performance similar to the investment examples and strategies herein or avoid losses. There can be no assurance that the investment examples and strategies described herein will meet their objectives generally, or avoid losses. Past performance is no guarantee of future results. An investment in the Notes involves a significant degree of risk.

Any estimates in this Base Prospectus are based on unaudited estimated valuations. Any estimates may contain information that may be out of date, require updating or completing or otherwise be subject to error. Any estimates should be taken as indicative values only and no reliance should be placed on them. Estimated results, performance or achievements may differ materially from any actual results, performance or achievements.

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Stabilisation

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) desingated as the stabilisation manager(s) (the “Stabilisation Manager(s)”) (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

Overview of the Programme

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement). The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Conditions (as defined below), in which event, in the case of Notes other than Exempt Notes and, if appropriate, a supplement to the Base Prospectus or a new base prospectus will be published.

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No. 809/2004 implementing Directive 2003/71/EC (as amended, the “**Prospectus Regulation**”).

Words and expressions defined in “*Summary of Provisions Relating to the Notes while in Global Form*” and “*Terms and Conditions of the Notes*” shall have the same meanings in this Overview.

Issuer:	Kennedy Wilson Europe Real Estate Plc
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under “ <i>Risk Factors</i> ” below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under “ <i>Risk Factors</i> ” and include certain risks relating to the structure of particular Series of Notes and certain market risks.
Description:	Euro Medium Term Note Programme
Arranger:	J.P. Morgan Securities plc
Dealers:	Deutsche Bank AG, London Branch J.P. Morgan Securities plc Merrill Lynch International Morgan Stanley & Co. International plc and any other Dealers appointed in accordance with the Dealer Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale</i> ”). Notes having a maturity of less than one year Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits

contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “*Subscription and Sale*”.

Issuing and Paying Agent, Transfer Agent, Calculation Agent and Paying Agent:	Deutsche Bank AG, London Branch
Paying Agent, Transfer Agent and Registrar:	Deutsche Bank Luxembourg S.A.
Programme Size:	Up to £2,000,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Notes may be denominated in euro, Sterling, U.S. dollars, yen and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid basis only and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in (i) bearer form or (ii) registered form, as described in “ <i>Summary of Provisions Relating to the Notes while in Global Form</i> ”. Registered Notes will not be exchangeable for Bearer Notes and Bearer Notes will not be exchangeable for Registered Notes.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest at a rate determined:</p> <p>(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or</p>

- (b) on the basis of the reference rate set out in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement).

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

Zero Coupon Notes:

Zero Coupon Notes may be offered and sold at their nominal amount or at a discount to their nominal amount and will not bear interest.

Exempt Notes:

The Issuer may agree with any Dealer and the Trustee that Exempt Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event the relevant provisions will be included in the applicable Pricing Supplement.

Redemption:

The applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions - Notes having a maturity of less than one year*" above.

Denomination of Notes:

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions - Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Taxation:

All payments in respect of the Notes will be made without

	deduction for or on account of withholding taxes imposed by Jersey save as required by law as provided in Condition 8. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.
Negative Pledge:	The terms of the Notes will contain a negative pledge provision as further described in Condition 4.
Cross Acceleration:	The terms of the Notes will contain a cross acceleration provision as further described in Condition 10.
Issuer Covenants:	So long as any of the Notes remains outstanding, the Issuer will be subject to certain covenants, as further described in Condition 11.
Status of the Notes and Coupons:	The Notes and the Coupons relating to them will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves.
Rating:	Each of the Issuer and the Programme has been rated BBB by S&P. Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes) and will not necessarily be the same as the rating assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Listing:	<p>Application has been made for Notes (other than Exempt Notes) issued under the Programme to be listed on the London Stock Exchange.</p> <p>Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series of Notes. Exempt Notes which are neither listed nor admitted to trading on any market may also be issued.</p> <p>The applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes) will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.</p>
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the United Kingdom, France, Italy and Japan and such other restrictions as may be required in connection with the

offering and sale of a particular Tranche of Notes, see “*Subscription and Sale*”.

The offer and marketing (as such term is defined in the Directive) of each Tranche of Notes will be conducted only to professional clients (as defined under the Markets in Financial Instruments Directive) in the Approved Jurisdiction(s) specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) and will not be conducted in any other EU member state.

United States Selling Restrictions:

Regulation S, Category 2. TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes).

Risk Factors

Any investment in the Notes is subject to a number of risks. Accordingly, prior to making any investment decision, prospective investors should carefully consider all the information contained in this Base Prospectus and, in particular, the risk factors described below. Each of these risks could have a material adverse effect on the Group's financial condition, business, prospects and results of operations and could impact the ability of the Issuer to fulfil its obligations under the Notes. As a result, investors could lose all or part of their investment.

The Issuer has described the risks and uncertainties that it believes are material, but these risks and uncertainties may not be the only ones the Group faces. Additional risks and uncertainties relating to the Group that are not currently known to it, or that it currently deems immaterial, may also have an adverse effect on the Group's financial condition, business, prospects and/or results of operations. If this occurs, it could impact the ability of the Issuer to fulfil its obligations under the Notes and investors could lose all or part of their investment.

The following risks relate to the Group's business and the environment in which the Group operates. However, the following is not an exhaustive list or explanation of all risks that prospective investors may face when making an investment in the Notes and should be used as guidance only. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Base Prospectus and their personal circumstances. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the Group's financial condition, business, prospects and results of operations.

Risks relating to the Group

The Group has been operating for a limited period and its performance depends upon the performance of its current and future investments

The Issuer was incorporated on 23 December 2013 and acquired its first investments in February 2014. The Group's operating history is therefore limited. As at the date of this Base Prospectus, the Group has published audited financial statements for a period spanning less than three years. See "*Documents Incorporated by Reference*". It is therefore difficult to evaluate the Group's ability to achieve its investment objectives in the longer term and its ability to make payments under its borrowings as they fall due as prospective investors in the Notes have limited performance and financial data to assist them in evaluating the prospects of the Group and the related merits of an investment in the Notes. This makes assessing the Group's potential future operating results difficult, and will limit the comparability of the Group's operating results from period to period until the Group has a longer, more established track record. Any investment in the Notes is, therefore, subject to all of the risks and uncertainties associated with a young business, including the risk that the Group will not achieve its investment objectives and that the value of any investments made by the Group could substantially decline.

The Group is reliant on the performance and expertise of the Investment Manager and the Investment Advisers

The Group has no senior-level employees and the Directors have all been appointed on a non-executive basis. The Group must therefore rely upon the Investment Manager to provide portfolio advisory services and property management services (that the Investment Manager has contracted to receive from the Investment Advisers pursuant to the Investment Advisory Agreement), and on other third-party service providers to perform administrative and operational functions on the Group's behalf. In particular, as the Group's Investment Portfolio is externally managed, the Group relies on the experience, skill and judgment of the KW Europe Group in identifying, selecting, negotiating and managing the acquisition of suitable investments and managing the Group's assets. Furthermore, the Group is dependent upon the Investment Manager's successful implementation of the Group's investment policy and investment strategies and, ultimately, on the Investment Manager's ability to create a real estate asset investment portfolio capable of generating attractive returns. There can be no assurance, however, that the Investment Manager will adequately perform its functions or that it will receive the anticipated

services from the Investment Advisers or the other third-party service providers, or that the Investment Manager will be successful in achieving the Group's investment objectives.

The Investment Management Agreement governing the relationship between the Issuer and the Investment Manager does not require the Investment Manager to dedicate specific personnel to the Group or to ensure personnel servicing the Group's business allocate a specific amount of time to the Group. Additionally, the Investment Advisory Agreement between the Investment Advisers and the Investment Manager does not require the Investment Advisers to dedicate specific personnel or specific amounts of time to services on behalf of the Investment Manager or the Group. If the KW Europe Group fails, for any reason, to allocate the appropriate personnel, time or resources to the Group's activities, the Group may be unable to achieve its investment objectives.

As the only assets of the Investment Manager will be any fees it receives under the Investment Management Agreement, should the Issuer have any claims against the Investment Manager, the extent of its ability to recover damages will be limited. Any such claims may not be compensated under the Investment Manager's insurance cover in full or at all.

Furthermore, the Issuer has no direct contractual relationship with the Investment Advisers and is dependent on the Investment Manager in procuring, monitoring and maintaining their services. As a result, the Issuer's recourse against the Investment Advisers in the event they fail to fulfil their obligations will be limited.

The Investment Management Agreement has an initial term of three years from 28 February 2014 and thereafter is deemed to be renewed in perpetuity (and therefore is, in effect, perpetual), unless terminated by either party in accordance with the terms further described in paragraph 5 under "*Information on the Investment Manager*". There can be no guarantee that the Directors will continue to consider that the operation of the Investment Management Agreement is in the best interest of the Group (whether as a result of changing market conditions, availability of alternative providers or otherwise). However, under the terms of the Investment Management Agreement, the Issuer is restricted in its ability to terminate that Agreement. See "*—It may be difficult for the Issuer to terminate the Investment Management Agreement and it may be costly if the Investment Management Agreement is terminated*" below.

In limited circumstances the Investment Manager may terminate the Investment Management Agreement upon notice in writing to the Issuer. Upon expiry or termination (whether in accordance with its terms or otherwise) of the Investment Management Agreement, there is no assurance that an agreement with a new investment manager can be entered into on similar terms or on a timely basis, or that such new investment manager would have expertise comparable to the Investment Manager or access to personnel with the same level of expertise as the Investment Advisers or the KW Europe Investment Committee. Similarly, upon expiry or termination of the Investment Advisory Agreement, there is no assurance that the Investment Manager will be able to enter into an agreement with new investment advisers on similar terms or on a timely basis, or that such investment advisers would have expertise comparable to the Investment Advisers or the KW Europe Investment Committee. Any entry into an agreement with less favourable terms or a replacement of the Investment Manager (whether on a timely basis or not) may have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

The obligations of the Investment Manager and the Investment Advisers are not guaranteed by any other person and, in particular, there is no guarantee from KW Holdings.

It may be difficult for the Issuer to terminate the Investment Management Agreement and it may be costly if the Investment Management Agreement is terminated

The Investment Management Agreement has an initial term ending in February 2017, at which time it shall be deemed to continue in perpetuity thereafter (and therefore is, in effect, perpetual), unless Independent Shareholders

resolve to terminate the Investment Management Agreement (which requires 75% of votes cast to be in favour). The resulting termination of the Investment Management Agreement would entitle the Investment Manager to the Termination Fee. Otherwise, the Investment Management Agreement may be terminated by the Issuer only in limited circumstances set out in paragraph 5 under “*Information on the Investment Manager*”. Further, none of the following events would allow the Issuer to terminate the Investment Management Agreement:

- the departure of key executives of the Investment Manager and the KW Europe Group;
- the Carried Interest Partner, the Investment Advisers and the Investment Manager ceasing to be under common control;
- liquidation of the Issuer; or
- a breach of the Investment Management Agreement by the Investment Manager (unless such breach involves (i) an act of gross negligence, fraud or wilful misconduct or (ii) a material breach of the Group’s investment policy, and which in either case is not capable of remedy or is not remedied within three months and for the avoidance of doubt, termination of the Investment Management Agreement in the event of any such breach would not entitle the Investment Manager to payment of the Termination Fee).

In addition, the following events would allow the Investment Manager to terminate the Investment Management Agreement and would entitle it to payment of the Termination Fee:

- the Issuer undergoing a Change of Control (as defined in paragraph 5 under “*Information on the Investment Manager*”);
- the Board acquiring or disposing of an investment (but not if the Independent Directors determine to proceed with an acquisition or disposal pursuant to the conflicts of interest policy) except on the advice of the Investment Manager;
- the Board raising new equity or distributing any income or capital of any member of the Group without the consent of the Investment Manager, such consent not to be unreasonably withheld or delayed; or
- the Group making a material change to its investment policy without the Investment Manager’s prior consent.

No warranty is given by the Investment Manager as to the performance or profitability of the Group’s Investment Portfolio and poor investment performance would not, of itself, constitute an event allowing the Issuer to terminate the Investment Management Agreement. If the Investment Manager’s performance does not meet the expectations of investors and the Issuer is otherwise unable to terminate the Investment Management Agreement pursuant to the limited termination rights thereunder, the NAV could suffer and the Group’s business, results and/or financial condition could be adversely affected. In addition, the Issuer may incur significant termination expenses if it terminates the Investment Management Agreement.

The Issuer is reliant on the expertise and reputation of the key personnel of the KW Europe Group and the KW Europe Investment Committee

The ability of the Group to achieve its investment objectives is significantly dependent upon the expertise of the key personnel of the KW Europe Group and the KW Europe Investment Committee, as well as the ability of the members of the KW Europe Group to retain their existing staff and/or to recruit individuals of similar experience and calibre. Whilst the members of the KW Europe Group have endeavoured to ensure that their key employees are suitably incentivised, the retention of key members of the teams, and of the KW Europe Investment Committee, cannot be guaranteed and any such member could become unavailable due, for example, to death or incapacity, as well as due to resignation. In the event of such departure or unavailability of a key employee of the KW Europe Group or a member of the KW Europe Investment Committee, there can be no guarantee that the KW Europe

Group would be able to find and attract other individuals with similar levels of expertise and experience in the real estate industry or similar relationships with real estate lenders, property funds and other market participants in the Group's target markets. The loss of key employees of the KW Europe Group or members of the KW Europe Investment Committee could also result in lost business relationships and reputational damage and, in particular, if any such key employee or member transfers to a competitor this could have a material adverse effect on the Group's competitive position within the European real estate market. Further, as the Investment Manager has contracted with certain of the Investment Advisers to provide certain asset management and administrative services on the Issuer's behalf, the unavailability of key personnel of those Investment Advisers to the Group could cause significant disruption to the Group's operations until a suitable replacement is found. If alternative personnel are found, it may take time for the transition of those persons to the Investment Advisers and the transition might be costly and ultimately might not be successful.

In addition, the Group has no control over the personnel of the Investment Manager or other members of the KW Europe Group. If any such personnel were to do anything or be alleged to do anything that became the subject of public criticism or other negative publicity or that led to investigation, litigation or sanction, this could have an adverse impact on the Group by association, even if the criticism or publicity were factually inaccurate or unfounded and even if the Group had no involvement with, or control over, the relevant act or alleged act. Any damage to the reputation of the personnel of the KW Europe Group could result in potential counterparties and other third parties such as occupiers, landlords, joint venture partners, lenders or developers being unwilling to deal with the KW Europe Group and/or the Group.

The departure of any of the key personnel of the KW Europe Group or members of the KW Europe Investment Committee without timely and adequate replacement, or any damage to the reputation of any such key personnel or member, may hinder the ability of the Group to successfully pursue its investment strategy and may consequently have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

The past performance of KW and the KW Europe Group is not a guarantee of the future performance of the Group

The Investment Manager and the Investment Advisers are wholly owned and controlled by KW. The Group is reliant on the Investment Manager to identify and secure prospective investments and manage the Group's assets in order to create value for investors. This Base Prospectus includes certain information regarding the past performance of KW and members of the KW Europe Group in respect of other companies and ventures. However, the past performance of KW and members of the KW Europe Group is not indicative, or intended to be indicative, of the future performance or results of the Group for several reasons. The Investment Manager was incorporated on 23 December 2013. As a consequence, at the date of this Base Prospectus, prospective investors in the Notes have limited data to assist them in evaluating the prospective performance of the Investment Manager. The previous experience of KW, members of the KW Europe Group and other companies and ventures advised and/or operated by members of the KW Group, including members of the KW Europe Group, may not be directly comparable with the Group's business. Differences between the circumstances of the Group and the circumstances under which the track record information of KW and the KW Europe Group included in this Base Prospectus was generated include (but are not limited to) actual acquisitions and investments made, investment objectives, fee arrangements, structure (including for tax purposes), terms, leverage, geography, performance targets, market conditions and investment horizons. All of these factors can affect returns and impact the usefulness of performance comparisons and, as a result, none of the historical information relating to KW or the KW Europe Group contained in this Base Prospectus is directly comparable to the Group's business or the returns which the Group may generate.

There may be circumstances where the Investment Manager has a conflict of interest with the Group

There may be circumstances in which the Investment Manager has, directly or indirectly, a material interest in a transaction being considered by the Group or a conflict of interest with the Group. Pursuant to the Investment

Management Agreement, the Investment Manager has agreed that, during the term of the Investment Management Agreement, other than as provided in the Investment Management Agreement, (a) it will not, and it will procure that no KW Associate will, invest in assets in Europe which are within the parameters of the Group's investment policy (other than on behalf of the Group), act as investment manager, investment adviser or agent, or provide administration, investment management or other services in Europe in relation to investments within the Group's investment policy, for any person other than the Group, and (b) it will procure that neither KW nor any KW Associate will pursue a real estate asset or a real estate loan opportunity that is within the parameters of the Group's investment policy and which has been sourced by KW or any KW Associate without first presenting such opportunity to the Group. See paragraph 11 under "*Information on the Group*".

In addition, employees of the KW Europe Group may have conflicts of interest in allocating their time and activity between the Investment Manager and other entities with which they are involved.

There can be no guarantee that the contractual protections with respect to conflicts of interest outlined above will remain in place or that these arrangements will be successful in addressing all conflicts that may arise. If these contractual protections become unavailable for any reason, or if the Group otherwise is unable to effectively manage potential conflicts of interest with the Investment Manager, this could have a material adverse effect on the Group's ability to achieve its investment objectives and, consequently, on the Group's financial condition, business, prospects and results of operations.

The Performance Fee arrangement with the Carried Interest Partner could encourage riskier investment choices that could cause significant losses for the Group

The compensation of the Carried Interest Partner is calculated by reference to the performance of the investments of the Group in each Accounting Period with no claw-back or deduction for losses in one year following gains in a previous year, save for the high watermark described in paragraph 5 under "*Information on the Investment Manager*". Moreover, the Performance Fee will be calculated and paid on any increase in EPRA NAV (which may include unrealised gains) and not on any net proceeds ultimately earned by the Group from its investments.

Such compensation arrangements may create an incentive for the Investment Manager to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. Resulting losses by the Group could have a material adverse effect on the performance of the Group.

The Issuer may be required to increase the Performance Fee

In order to protect the Investment Manager and the Carried Interest Partner against adverse tax changes in relation to their receipt of the Performance Fee, the Issuer is obliged to negotiate in good faith to amend the formula for calculating the Performance Fee or the structure through which the Performance Fee is paid, which may therefore result in the Performance Fee being increased.

KW could be the subject of an acquisition by a third party or a change of control, which could result in a change in the way that KW carries on its business and activities

Both the Investment Manager and the Investment Advisers are wholly owned by KW. The Group has no ability to prevent stakeholders of KW from transferring control of KW's business to a third party. A new owner or new significant shareholder could have a different investment and management philosophy to the current investment and management philosophy of KW, which could influence the investment strategies and performance of the Investment Manager and/or the Investment Advisers. A change of control of KW could also lead the Investment Manager and/or the Investment Advisers to employ investment and other professionals who are less experienced or who may be unsuccessful in identifying investment opportunities.

If any of the foregoing were to occur, the Group's financial condition, business, prospects and results of operations could be materially adversely affected.

The success of the Group in achieving its investment objectives will depend, in part, on its ability to raise further funds, including through borrowing

The Group may need to raise further funds, including through further borrowing, to enable the Investment Manager to optimally implement the Group's investment policy and achieve the Group's investment objectives. Whilst the Group is not currently aware of any factors that could adversely affect its ability to obtain such additional financing, there can be no guarantee that the Group will be able to raise such additional capital on acceptable terms, or at all, when it is needed.

The Group's investment strategy includes funding the acquisition of investments, in part, through borrowing. The Group's ability to obtain credit on acceptable terms is subject to a wide variety of factors, including its own credit status as well as many factors which are outside the Group's control, such as the condition of the financial markets, government and bank policies, interest rates and overall demand for credit. Since the middle of 2007, financial markets have experienced significant disruptions that have been driven by failures in the banking system. These disruptions have, at times since 2007, severely impacted the availability of, and the terms applicable to, credit. There can be no guarantee that the Group will be able to obtain the further credit it may need on acceptable terms. A decrease in the availability of credit may impair the Group's ability to enter into certain transactions, which may affect its ability to achieve its investment objectives and which could, consequently, have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

Adverse developments in general economic and political conditions, globally and in the Group's target jurisdictions of the UK, Ireland and Spain, as well as other European jurisdictions, including Italy, and concerns regarding instability of the Eurozone may adversely affect the Group

The Group is subject to inherent risks arising from general and sector specific economic and political conditions. The global financial system began to experience difficulties in mid-2007. This resulted in severe dislocation of financial markets around the world, significant declines in the values of nearly all asset classes and unprecedented levels of illiquidity in capital markets. Uncertainty continues to surround the pace and scale of economic recovery and conditions could deteriorate. The continuation or worsening of current strained global economic conditions and the volatility of internal markets could adversely affect the Group. The precise nature of all the risks and uncertainties the Group faces as a result of the global economic outlook is difficult to predict in view of uncertainty regarding the scale and pace of economic recovery. Consequential adverse effects could be manifested by any, all, or a combination of, lack of available credit, decreasing real estate or other asset values, decreasing rental values, difficulties in selling properties or other assets at acceptable values or at all and tenant defaults.

Speculation regarding the creditworthiness of the sovereign debt of various Eurozone countries, including Ireland, Spain and Italy, and various related events have given rise to concerns that one or more countries might leave the European Union and/or the Eurozone, despite efforts to support affected countries and the euro as a currency. The outcome of this situation remains unclear. Sovereign debt defaults and European Union and/or Eurozone exits (whether involving Ireland, Spain, Italy or other countries including the UK as described under "*Changes to the relationship between the UK and the EU could affect the law and regulation applicable to the Group leading to an adverse effect on its business*" below) could have a material adverse effect on the Group by, for example, impacting the availability of credit to the Group and causing uncertainty and disruption in relation to financing. Austerity and other measures (including, but not limited to currency redenomination or the reintroduction of exchange controls) introduced to limit, or to contain these issues, whether in Ireland, Spain, Italy or elsewhere, may themselves lead to economic contraction and result in adverse effects on the Group's financial condition, business, prospects and results of operations.

In addition, the Group's performance may be affected by inherent risks arising from the economic conditions in Ireland, Spain and Italy, including a further general downturn in the Irish, Spanish and/or Italian economies, the availability of credit and exchange rate and inflation rate fluctuations. Any deterioration in Irish, Spanish or Italian

economic conditions or conditions in the Irish, Spanish or Italian real estate markets which contributes to a decline in the value of real estate assets may result in adverse effects on the Group's financial condition, business, prospects and results of operations.

Similarly, as a significant majority (by market value) of the Group's Investment Portfolio is in the UK and the Group intends to make further investments in the UK, the Group is subject to inherent risks arising from the economic conditions in the UK. The precise nature of all the risks and uncertainties the Group faces as a result of the UK's economic outlook is difficult to predict, in view of uncertainty regarding the scale and pace of economic recovery. Moreover, it is possible that the current positive outlook for the UK, linked to presently positive consumer sentiment and housing price growth, may suffer a downturn as a result of a potential rise in interest rates, which if improperly implemented, introduced at an inopportune moment, or at a pace below market requirements could trigger a resultant increase in inflation. It is also possible that growth could suffer as a result of a lack of credit liquidity being provided for businesses if governmental schemes to encourage greater levels of bank lending to businesses fail to invigorate the sector. These future trends may be linked to economic factors outside the UK as well as internal political issues.

In addition, fiscal constraints or political pressure may also lead the governments of Eurozone countries, including Ireland, and the UK, to impose increased taxation or other charges on operations in the real estate sector. If the operations of an entity or business in which the Group invests are subjected to increased taxation, royalties or expropriation, it could have a material adverse effect on the underlying results of operations or financial condition of that entity or business, which could, in turn, have a material adverse effect on the Group's financial condition. Further, government consents or notifications may be required for investments or divestments by the Group which may make it challenging and costly for the Group to make new investments or realise existing investments on a timely basis or at all, which could, in turn, have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

Changes to the relationship between the UK and the EU could affect the law and regulation applicable to the Group leading to an adverse effect on its business

The UK Government has announced its intention to hold a referendum on whether the UK should remain in the European Union before the end of 2017. The Group faces potential uncertainty if the outcome of that referendum is in favour of the UK leaving the European Union, as a significant majority (by market value) of the Group's Investment Portfolio is currently located in the UK. It is unclear what effects the UK leaving the European Union would have on the UK economy, the UK real estate market and the legal and tax treatment of the UK real estate market. If the UK leaving the European Union were to have, or be perceived as being likely to have, a negative impact on the UK economy or the UK real estate market, this could have an adverse effect on the financial condition, business, prospects and results of operations of the Group.

The value of any assets that the Group acquires and the income those assets produce will be subject to fluctuations in the real estate markets of its target jurisdictions

As the Group aims to continue to acquire real estate assets and real estate loans in the UK, Ireland and Spain as well as other European jurisdictions, including Italy, in each case on an opportunistic basis, the Group's performance will be subject to, among other things, the condition of the real estate markets in the UK, Ireland and Spain and any other European jurisdictions, including Italy, in which the Group may invest, which will affect both the value of any assets that the Group acquires and the income those assets produce.

The average values of real estate assets in the UK, Ireland and Spain, the Group's initial target markets, as in other European countries, experienced sharp declines from mid-2007 as a result of the credit crisis, economic recession and reduced confidence in global financial markets. Although there have been recent signs that real estate asset values have begun to recover or stabilise in these countries, there is no assurance that any recovery in any of these countries, or other countries where the Group invests, will continue or be sustainable. Real estate asset values could

decline substantially, particularly if these economies or the Eurozone economy as a whole were to suffer a further recession or debt crisis. Further declines in the performance of the global economy or real estate markets could have a negative impact on investment, consumer spending, levels of employment, rental revenues and vacancy rates and, as a result, have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

In addition to the impact of the general economic climate, the real estate markets and prevailing rental rates in the UK, Ireland, Spain and any other countries in Europe in which the Group may invest may also be affected by factors such as an excess supply of properties, a fall in the general demand for rental property, reductions in tenants' and potential tenants' space requirements, the availability of credit and changes in laws and governmental regulations (both domestic and international), including those governing real estate usage, zoning and taxes, all of which are outside the Group's control, and may cause investors to revisit the attractiveness of holding real estate as an asset class. These factors could reduce the ability of a borrower to make repayments on a loan on a timely basis or at all, which may require the Group to enforce its security interests at a time which is disadvantageous to the Group or to sell the underlying asset on terms which are unfavourable to the Group.

These factors could also have a material effect on the Group's ability to maintain the occupancy levels of properties it acquires through the execution of leases with new tenants and the renewal of leases with existing tenants, as well as its ability to increase rents over the longer term. In particular, non-renewal of leases or early termination by significant tenants in the Property Portfolios (including further real estate assets acquired by the Group) could materially adversely affect the Group's NOI. If the Group's NOI declines, it would have less cash available to service and repay its indebtedness (including the Notes) and additionally the value of its real estate assets could further decline. In addition, significant expenditures associated with a real estate asset, such as taxes, service charges and maintenance costs, are generally not reduced in proportion to any decline in rental revenue from that real estate asset. If rental revenue from a real estate asset declines while the related costs do not decline, the Group's income and cash receipts could be materially adversely affected.

Any deterioration in the Group's target real estate markets, for whatever reason, could result in declines in market rents received by the Group, in occupancy rates for the Group's real estate assets and in the carrying values of the Group's real estate assets (and the value at which it could dispose of such assets). A decline in the carrying value of the Group's real estate assets may also weaken the Group's ability to obtain financing for new investments. Any of the above may have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

The Group may invest in various types of real estate loans, some of which may be subordinated debt which would rank behind senior debt tranches for repayment in the event that a borrower defaults

As part of its Investment Portfolio, the Group has acquired the Loan Portfolios and may continue to invest in real estate loans. The Group may invest in junior or mezzanine debt and, where it invests in senior debt or whole loans, it may undertake the syndication, sale, assignment, sub-participation or other financing (including securitisation) of the senior portion of the relevant loan, with the same maturity as the original loan. In circumstances where the Group's investment is a junior ranking one, it would be subordinated in right of payment and ranked junior to other obligations that are secured by the same real estate asset or pool of real estate assets. In the event of default by a borrower in relation to any such investment, the holders of the borrower's more senior obligations will have priority in terms of directing the enforcement of the underlying security and be entitled to payments in priority to the Group and the Group may not be repaid in full or at all, resulting in a capital loss.

Some investments may also have structural features that divert payments of interest and/or principal (temporarily or permanently) to more senior creditors secured by the same real estate asset or pool of real estate assets on the occurrence of certain events. This may lead to interruptions in the income stream that the Group expects to receive

from its real estate loans, which may lead to a reduction in the Group's income and, consequently, may have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

Real estate loans are subject to the risk that tenants at the underlying properties could default and/or seek to renegotiate terms during the course of a tenancy, which could in turn result in the borrower defaulting on the loans or result in a reduction in the value of the underlying real estate assets

As part of its Investment Portfolio, the Group has acquired the Loan Portfolios and may continue to invest in real estate loans. The borrowers under these loans may be significantly exposed to factors that affect the commercial, retail and residential environment generally and the related real estate markets, including:

- the success of tenant businesses;
- property management decisions;
- changes in laws that increase operating expenses or transfer taxes or limit rents that may be charged;
- declines in regional or local real estate values or occupancy rates;
- increases in interest rates, real estate tax rates and other operating expenses;
- increases in unemployment;
- increases in the amount of the loans as a percentage of property values; and
- increases in the percentage of income that borrowers must use to service their mortgages.

A decline in overall tenant revenues or the insolvency or financial difficulty of a number of significant individual tenants, or a substantial number of smaller tenants, may materially decrease the borrower's revenues and available cash to service such loans, which could result in the borrower defaulting on the loan held by the Group. Such factors could also materially lower the value of the underlying real estate asset, which could reduce the value available to the Group in any enforcement action. The occurrence of any of these events could have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

In the event of the insolvency of a borrower, the Group's ability to enforce the underlying collateral may be adversely impacted by the insolvency regimes which may apply to that borrower and/or the underlying collateral

In the event of the insolvency of a borrower, the Group's recovery of amounts outstanding in insolvency proceedings may be impacted by the insolvency regimes in force in the jurisdiction in which such borrower and/or the underlying collateral is located. Insolvency regimes generally impose rules for the protection of creditors and may adversely affect the Group's ability to recover outstanding amounts from the insolvent borrower, which may adversely affect the Group's business performance, financial condition, results of operations or prospects.

In particular, it should be noted that a number of European jurisdictions operate unpredictable insolvency regimes which may cause delays to the recovery of amounts owed by insolvent borrowers subject to those regimes. The different insolvency regimes applicable in different European jurisdictions may result in a variability of recovery rates for senior secured loans and other debt obligations entered into in such jurisdictions.

The Group's investment return on real estate loans may be adversely affected if the Group cannot obtain the underlying collateral in the event of a default

The Group has invested, and may continue to invest, in loans secured on real estate assets that are in default or which the Group expects to go into default, with the expectation of obtaining the underlying collateral. In those circumstances, the Group's assets will be the loans and not the collateral. The Group's investment return on such assets will depend on the ease and value of enforcement against the collateral following default, the net proceeds of realisation of any subsequent sale of the collateral and, where the Group retains the collateral, the income

generated from the Group's ownership and management of the collateral. In some circumstances, the Group may not be able to obtain the underlying collateral but will receive only the net proceeds of the sale of the collateral by the receiver, administrator or other insolvency officers of the loan. There is no guarantee that the amount of proceeds will be equal to what the Group would have been able to obtain had it sold the collateral itself or retained and managed the collateral. To the extent the Group receives lower than expected amounts, this may have an adverse effect on the investment return on those assets and, as a result, affect the Group's ability to achieve its targeted returns on the investment.

Repayments of loans could be subject to the availability of refinancing options or sale of the underlying real estate asset

Upon maturity of loan assets in the Investment Portfolio, the borrower may either sell the underlying real estate asset to repay the loan or seek to refinance the loan with the Group or an alternative lender. However, there can be no certainty that refinancing options will be available to borrowers on maturity of any loan made by the Group and the sale of the underlying real estate asset may not yield sufficient capital to repay the loan in full or may otherwise result in a delay to the receipt of proceeds. Both eventualities could reduce the investment return made on the loan by the Group and, as a result, affect the Group's ability to achieve its targeted returns on the investment.

The Group may be subject to prepayment risk on its real estate loans

Prepayment risk is the risk that principal will be repaid earlier than anticipated, causing the return on certain investments to be less than expected. If the Group receives prepayments of principal on its real estate loans, any fees paid by borrowers on such prepayments are accounted for as interest income. In general, an increase in prepayment rates may reduce the overall income earned on the Group's assets. Further, the Group may not be able to reinvest the capital arising from prepayments at rates as favourable as those on the real estate loans being prepaid, resulting in a deterioration in investment returns available to the Group.

The Group is exposed to fluctuations in foreign exchange rates

The Group's financial statements are prepared under IFRS and its reporting currency is Sterling. However, its business generates substantial revenues and expenses in Ireland and Spain and the Group has assets and liabilities in Ireland and Spain. As a result, the Group's foreign exchange risk arises from the exposure due to translating overseas trading performance and overseas assets and liabilities from euro into Sterling.

The Group has no fixed policy of hedging its foreign currency exposures, and even when it intends to enter into hedges, it may not be able to secure hedges on economic terms to cover the targeted exposures. To the extent the Group has unhedged net assets, liabilities or equity investments denominated in a foreign currency, it is exposed to adverse movements in the foreign currency/Sterling exchange rates. Furthermore, the Group is exposed to additional foreign exchange risk due to the translation of the Group's assets, liabilities and revenue in Ireland and Spain from euro into Sterling for purposes of calculating the Group's compliance with covenants under certain of its borrowings. Any material unhedged net assets, liabilities or equity investments denominated in a foreign currency combined with adverse movements in such exchange rates could have a material adverse effect on the Group's business, results of operations, financial conditions or prospects.

Competition may affect the ability of the Group to make appropriate investments and to secure tenants at satisfactory rental rates

The Group expects to face competition from other real estate investors for the purchase of desirable assets and in seeking creditworthy tenants for acquired real estate assets. Competitors include not only regional investors and real estate developers with in-depth knowledge of the local markets, but also other real estate portfolio companies, including funds that invest nationally and internationally and institutional investors. Additional investment vehicles with similar objectives may be formed in the future by other unrelated parties. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available

to the Group and adversely affecting the terms upon which investments can be made. Competitors may have greater financial resources than the Group and a greater ability to borrow funds to acquire real estate assets, and may have the ability or inclination to acquire real estate assets at a higher price or on terms less favourable than those the Group may be prepared to accept. Competition in the real estate market may also lead to prices for existing properties being driven up through competing bids by potential purchasers. There can be no assurance that the Investment Manager will be successful in identifying or acquiring suitable investment opportunities, on behalf of the Group.

The existence and extent of competition in the real estate market may also have a material adverse effect on the Group's ability to secure tenants for properties it acquires at satisfactory rental rates and on a timely basis and to subsequently retain such tenants. Competition may cause difficulty in achieving rents in line with the Group's expectations and may result in increased pressure to offer new and renewing tenants financial and other incentives. Any inability by the Group to compete effectively against other real estate investors or to effectively manage the risks related to competition may have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

The Group's business may be materially adversely affected by a number of factors inherent in real estate asset management

Revenues earned from, and the capital value and disposal value of, real estate assets held by the Group and the Group's business may be materially adversely affected by a number of factors inherent in real estate asset management, including, but not limited to:

- decreased demand by potential tenants for real estate;
- material declines in rental values;
- inability to recover operating costs such as local taxes and service charges on vacant space;
- exposure to the creditworthiness of tenants which could result in delays in receipt of rental and other contractual payments, inability to collect such payments at all including the risk of tenants defaulting on their obligations and seeking the protection of bankruptcy laws, the renegotiation of tenant leases on terms less favourable to the Group, or the termination of tenant leases;
- defaults by a number of tenants with material rental obligations (including pre-let obligations) or a default by a significant tenant at a specific property that may hinder or delay the sale or re-letting of such property;
- material litigation with tenants;
- material expenses in relation to the construction of new tenant improvements and re-letting a relevant property, including the provision of financial inducements to new tenants such as rent free periods;
- reduced access to financing for tenants, thereby limiting their ability to alter existing operations or to undertake expansion plans; and
- increases in operating and other expenses or cash needs without a corresponding increase in turnover or tenant reimbursements, including as a result of increases in the rate of inflation in excess of rental growth, property taxes or statutory charges or insurance premiums, costs associated with tenant vacancies and unforeseen capital expenditure affecting properties which cannot be recovered from tenants.

If the Group's revenues earned from tenants or the value of its real estate assets are adversely impacted by the above or other factors, the Group's financial condition, business, prospects and results of operations may be materially adversely affected.

Real estate assets and real estate loan investments are relatively illiquid

Investments in real estate assets and real estate loans can be relatively illiquid due to the unique nature of each asset, the specialist nature of the market participants, the large lot sizes in the case of properties and the potential time and cost implications of disposing of the assets. In addition, investments in commercial real estate assets can be relatively illiquid for reasons including, but not limited to, the long-term nature of leases, commercial properties being tailored to tenants' specific requirements and varying demand for real estate assets. Such illiquidity, especially during periods of financial stress, may affect the Group's ability to vary its Investment Portfolio or dispose of assets in a timely fashion and/or at satisfactory prices in response to changes in economic, real estate market and/or other conditions. This may have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

There can be no guarantee that investments will ultimately be realised for an amount exceeding the amount invested by the Group. Some or all of the Group's investments may be difficult to realise in a timely manner, or at an appropriate price, or at all.

In general, the Group is under no obligation to sell its assets within a fixed time frame. The Group may be required to dispose of an investment from time to time, including due to a requirement imposed by a third party (for example, a lending bank or joint venture partner), and may elect to dispose of investments at any time, in accordance with the approved business plan. There can be no assurance that, at the time the Group seeks to dispose of assets (whether voluntarily or otherwise) relevant market conditions will be favourable or that the Group will be able to maximise the returns on such disposed assets. It may be especially difficult to dispose of certain types of real estate assets during recessionary times. To the extent that market conditions are not favourable, the Group may not be able to dispose of real estate assets at a gain and may have to dispose of them at a loss. If the Group is required to dispose of an investment on unsatisfactory terms, it may realise less than the value at which the investment was previously recorded.

Further, in acquiring a real estate asset, the Group may agree to conditions that prohibit the sale of that asset for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that asset.

Any inability of the Group to dispose of its investments or to do so at a gain, or any losses on the disposal of the Group's investments, may affect the Group's ability to achieve its targeted returns and may have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

Real estate asset valuation is inherently subjective and uncertain

The success of the Group depends significantly on the ability of the Group and the Investment Manager to assess the values of real estate assets, both at the time of acquisition and the time of disposal.

Valuations of the Group's real estate assets will also have a significant effect on the Group's financial standing on an on-going basis and on its ability to obtain financing. The valuation of real estate assets and real estate loans is inherently subjective, in part because all real estate asset and real estate loan valuations are made on the basis of assumptions which may not prove to be accurate, and in part because of the individual nature of each asset.

In determining the value of real estate assets, the valuers are required to make assumptions in respect of matters including, but not limited to, the existence of willing sellers in uncertain market conditions, title, condition of structure and services, deleterious materials, plant and machinery, goodwill, environmental matters, statutory requirements and planning, expected future rental revenues from the asset and other information. Such assumptions may prove to be inaccurate. Incorrect assumptions underlying the valuation reports could negatively affect the value of any real estate assets the Group acquires and thereby have a material adverse effect on the Group's financial condition. This is particularly so in periods of volatility or when there is limited real estate transactional data against which property valuations can be benchmarked. There can also be no assurance that these valuations

will be reflected in the actual transaction prices, even where any such transactions occur shortly after the relevant valuation date, or that the estimated yield and annual rental income will prove to be attainable.

The Group's investment policy contains certain restrictions and limitations related to the proportion of the Group's assets to be allocated to specific types of investment. Such restrictions are based on the valuations of such assets and, accordingly, a valuation based on incorrect assumptions could result in the Group inadvertently exceeding one or all of such investment restrictions.

The Group may invest in real estate assets through investments in various vehicles, and may utilise a variety of investment structures for the purpose of investing in assets, such as joint ventures. Where an asset or an interest in an asset is acquired through another company or an investment structure, the value of the entity or investment structure may not be the same as the value of the underlying asset due, for example, to tax, environmental, contingent, contractual or other liabilities, or structural considerations. As a result, there can be no assurance that the value of investments made through those structures will fully reflect the value of the underlying asset.

To the extent valuations of the Group's assets do not fully reflect the value of the underlying assets, whether due to the above factors or otherwise, this may have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

The Group's investment strategy includes the use of leverage, which exposes the Group to risks associated with borrowing

The Group uses leverage to assist the fulfilment of its investment objectives. Although the Investment Manager and the Group seek to use leverage in a manner they believe is prudent (and comply with the leverage limits in the Group's investment policy), the use of leverage exposes the Group to a variety of risks associated with borrowing, including adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the Group's investments or the real estate sector.

To the extent the Group incurs a substantial level of indebtedness, this could also reduce the Group's financial flexibility and cash available to the Issuer due to the need to service its debt obligations. Prior to agreeing to the terms of any debt financing, the Group comprehensively considers its potential debt servicing costs and all relevant financial and operating covenants and other restrictions. However, if certain extraordinary or unforeseen events occur, including breach of financial covenants, the Group's borrowings and any hedging arrangements entered into in respect of them may be repayable prior to the date on which they are scheduled for repayment or could otherwise become subject to early termination. If the Group is required to repay borrowings early, it may be forced to sell assets when it would not otherwise choose to do so in order to make the payments and it may be subject to pre-payment penalties. Creditors could also force the sale of an asset through foreclosure or through the Group being put into administration.

In addition, in the event that the income from the Investment Portfolio falls (for example, due to tenant defaults leading to a loss of rental income), the use of leverage increases the impact of such a fall on the net income of the Group and, accordingly, may have an adverse effect on the Issuer's ability to make payments in respect of the Notes. Moreover, in circumstances where the value of the Group's assets is declining, the use of leverage by the Group may depress its Net Asset Value.

Capital structures of certain underlying entities or businesses in which the Group may invest may also involve significant leverage. The Group and the Investment Manager may not have an influence over an underlying entity or business's use of leverage and, if such an entity cannot generate adequate cash flow to meet its debt obligations, the underlying lenders could enforce their security interests and the Group could suffer a partial or total loss of capital invested in such an entity.

The Group may also find it difficult, costly or not possible to refinance indebtedness as it matures and, if interest rates are higher when the indebtedness is refinanced, the Group's costs could increase. Any of the foregoing events

may have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

The Group will be exposed to risks associated with movements in interest rates as a result of its use of debt financing

A significant proportion of the debt assumed or incurred by the Group has been incurred on a floating interest rate basis. Interest rates are highly sensitive to many factors, including international and domestic economic and political conditions, and other factors beyond the Group's control. The level of interest rates can fluctuate due to, among other things, inflationary pressures, disruption to financial markets and the availability of bank credit. If interest rates rise, the Group will be required to use a greater proportion of its revenue to pay interest expenses on its floating rate debt. Whilst the Group may apply interest rate hedging strategies and may appoint specialist hedging advisers from time to time to assist the Group in managing this risk, such measures may not be sufficient to protect the Group from risks associated with movements in prevailing interest rates. In addition, hedging arrangements expose the Group to credit risk in respect of the hedging counterparty. For the above reasons, the incurrence of substantial floating rate debt combined with adverse interest rate movements could have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

The Group's borrowing costs and its access to the debt capital markets depend significantly on its credit ratings

The Issuer's credit ratings are important to the Group's business. The Issuer's long-term senior unsecured rating from S&P is BBB.

Declines in those aspects of the Group's business identified by the rating agencies as significant or otherwise could adversely affect the rating agencies' perception of the Group's credit and cause them to take negative ratings actions. Any downgrade in the Issuer's credit ratings or the threat of a potential downgrade could:

- adversely affect its liquidity and competitive position;
- undermine confidence in the Group;
- increase its borrowing costs;
- limit its access to the capital markets; and/or
- adversely affect the price of the Notes.

The Issuer's credit ratings are subject to change and could be downgraded as a result of many factors, including the failure of the Group to successfully implement its strategies.

A significant part of the Group's borrowings are secured and holders of the Notes are subordinated to holders of secured borrowings in respect of the assets on which those borrowings are secured

As at 30 September 2015, 62% of the Group's £1,398.0 million borrowings (of which £1,173.0 million was drawn) were secured on properties with an aggregate value of £1,555 million. Accordingly, these secured properties, which accounted for 62% of the Group's assets at 30 September 2015, do not form part of the general assets of the Group that would be available to holders of Notes in the case of insolvency or liquidation, although any excess proceeds from liquidation of the relevant loans, after satisfaction of the claims of the lenders, would be available to senior creditors, including the holders of Notes. Holders of the Notes are, accordingly, subordinated to the Group's secured lenders to the extent of their claims against the assets secured in respect of those secured borrowings.

Holders of the Notes are structurally subordinated to creditors of the Issuer's subsidiaries

Generally, the claims of creditors of subsidiaries of the Issuer, some of which are unsecured creditors, will have priority over claims of the Issuer with respect to the assets and earnings of such subsidiaries. In the event of a bankruptcy, liquidation, winding-up, dissolution, receivership, insolvency, reorganisation, administration or similar

proceeding relating to any one or more of the Issuer's subsidiaries, holders of such subsidiaries' indebtedness and the trade creditors of such subsidiaries will generally be entitled to payment of their claim from the assets of such subsidiaries before assets are made available for distribution to the Issuer.

If the Group's properties suffer significant falls in value, the Group may not be able, in the longer term, to maintain compliance with the LTV covenants in certain of its facilities

Certain of the Group's debt facilities contain financial covenants requiring the Group to maintain LTV ratios. The required ratios across financing agreements vary and, over time, range between 80% and 60%. The Group's LTV ratio would be adversely affected by declines in value of its properties.

The Group's properties are valued on a periodic basis and the results of those valuations are reflected in the Group's financial statements as at the valuation dates. Many external economic and market factors, such as interest rate expectations, bond yields, the availability and cost of finance and the relative attraction of property against other asset classes, have affected, and could affect, the assumptions used to arrive at current valuations and, as a consequence, the Group's NAV.

In the longer term, there is a risk that a significant reduction in the value of the Group's properties would adversely affect its LTV ratio, which could result in a breach of the related financial covenant under the Group's debt facilities. For further information on the consequences of a breach of the covenants under the Group's debt facilities, see "*—The Group's investment strategy includes the use of leverage, which exposes the Group to risks associated with borrowing*" above.

Weaknesses or failures in the Group's internal processes and procedures and other operational risks could expose the Group to financial loss and could result in reputational damage

The Group has a complex investment structure with multiple regulated funds and holding and operating subsidiaries across the United Kingdom, Jersey, Ireland, the Isle of Man, Luxembourg and Spain. As a result, the Group is dependent on its ability to process and report accurately the transactions entered into by these entities which are subject to a number of different legal and regulatory regimes. The diversity of the Group's operations, including the number and complexity of its bank accounts held in multiple jurisdictions, enhances the operational risks present in its businesses. These include people-related risks (including the risk of fraud and other criminal acts carried out against the Group, errors by employees and failure to document transactions properly or obtain proper authorisation) and external events (including natural disasters or the failure of external systems). There can be no assurance that the Group's risk controls, loss mitigation and other internal controls will be effective in controlling all of the operational risks that it faces. Any weakness in these controls or actions could expose the Group to material financial losses, including regulatory sanctions, and could result in reputational damage.

The Group is reliant on the performance and retention of the members of the Board

The Group relies on the expertise and experience of the Directors to supervise the management of the Group's affairs and its relationship with the Investment Manager. Although, pursuant to the Investment Management Agreement the Investment Manager manages the Investment Portfolio, matters arising from a conflict of interest require the consent of the Independent Directors. The performance of the Directors and their retention on the Board are, therefore, significant factors in the Group's ability to achieve its investment objectives. The Directors' involvement with the Issuer, and consequently the Group, is on a part time, not full time, basis, and if there is any material disruption to the Investment Manager's performance of its services, the Directors may not have sufficient time or experience to manage the Group's business until a new investment manager is appointed. In addition, there can be no assurance as to the continued service of such individuals as Directors. The departure of any of these individuals from the Board without timely and adequate replacement may have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

There may be circumstances where Directors have a conflict of interest

There may be circumstances in which a Director has, directly or indirectly, a material interest in a transaction being considered by the Group or a conflict of interest with the Group. Any of the Directors and/or any person connected with them may from time to time act as director or employee of, or invest in or be otherwise involved with, other investment vehicles that have investment strategies similar to the Group's or entities or other vehicles that are the subject of transactions with the Group (including entities or vehicles purchased or sold by the Group or which sell assets to, or purchase assets from, the Group), subject at all times to the provisions governing such conflicts of interest both in law and in the Articles. In particular, William McMorrow and Mary Ricks, directors of the Issuer, are also employees of KW Group companies and there may be circumstances in which there is an inherent conflict between the interests of the Group and the interests of the KW Group.

Reputational risk in relation to the Board may materially adversely affect the Group

The Board may be exposed to reputational risks. In particular, litigation, allegations of misconduct or operational failures by, or other negative publicity and press speculation involving any of the Directors, whether or not accurate, will harm the reputation of the relevant Director. Any damage to the reputation of any of the Directors could result in potential counterparties and other third parties such as occupiers, landlords, joint venture partners, lenders or developers being unwilling to deal with the Group. This may have a material adverse effect on the ability of the Group to successfully pursue its investment strategy and may have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

Concentration of assets in any one real estate sector, asset class or country may affect the Group's ability to achieve its investment objective

Although the Group is subject to investment restrictions in its investment policy as described in paragraph 5 under "Information on the Group", and although the Group intends to diversify its Investment Portfolio in the manner described in paragraph 5 under "Information on the Group", there can be no assurance that a sufficient number of investment opportunities will be available on satisfactory terms to enable the Group to diversify its Investment Portfolio to the extent planned. Significant concentration of investments in any one real estate sector, asset class or country increases certain risks the Group is subject to, including that tenants will default or fail to make payments on their leases, the Group will be unable to find a sufficient number of desirable tenants and borrowers will default or fail to make payments on their loans, and means the Group's performance may be significantly affected by events outside its control that impact that sector, asset class or country. The occurrence of these situations may result in greater volatility in the Group's investments and, consequently, its Net Asset Value, and may materially and adversely affect the performance of the Group.

Any costs associated with potential investments that do not proceed to completion will affect the Group's performance

The Investment Manager needs to identify suitable investment opportunities, investigate and pursue such opportunities and negotiate asset acquisitions on suitable terms, all of which require significant expenditure prior to consummation of the acquisitions. The Group incurs certain third party costs, including in connection with financing, valuations and professional services associated with the sourcing, due diligence and analysis of suitable assets. There can be no assurance as to the level of such costs and, given that there can be no guarantee that the Investment Manager will be successful in its negotiations to acquire any given asset on behalf of the Group, the greater the number of potential investments that do not reach completion, the greater the likely adverse impact of such costs on the Group's financial condition, business, prospects and results of operations.

The Group's due diligence may not identify all risks and liabilities in respect of an acquisition

Prior to entering into an agreement to acquire any real estate asset, the Investment Manager and the Investment Advisers, on behalf of the Group, perform due diligence on the proposed investment. In doing so, they typically

rely in part on third parties to conduct a significant portion of this due diligence (including providing legal reports on title and property valuations). In certain circumstances, the Group may be able to undertake only a limited scope due diligence exercise, especially where assets are purchased by the Group out of receivership or from administrators whose knowledge of matters occurring prior to their appointment will typically be limited and who may be reluctant or unable to provide all the information relating to the relevant property that a normal seller would usually provide. There can be no assurance that any due diligence examinations carried out by third parties on behalf of the Group in connection with any assets the Group may acquire will reveal all of the risks associated with that asset, or the full extent of such risks. Assets that the Group acquires may be subject to hidden material defects that were not apparent at the time of acquisition. To the extent that the Investment Manager, the Investment Advisers or other third parties underestimate or fail to identify risks and liabilities associated with an investment, the Group may be subject to one or more of the following risks:

- defects in title;
- environmental, structural or operational defects or liabilities requiring remediation and/or not covered by indemnities or insurance;
- an inability to obtain permits enabling it to use the asset as intended; and/or
- acquiring assets that are not consistent with the Group's investment strategy or that fail to perform in accordance with expectations.

Any of these consequences of a due diligence failure may have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

The Group may have limited recourse against sellers of distressed assets

The Group has acquired, and may acquire in the future, real estate assets from distressed sellers, including sales by receivers or administrators enforcing security for loans. A majority of the real estate assets currently included in the Investment Portfolio were acquired from distressed sellers or from receivers or administrators. Receivers and administrators typically provide no or only very limited warranties and no indemnities in respect of the assets being sold, thereby limiting the Group's contractual recourse after completion of such acquisitions. Although the Group may sometimes obtain limited contractual protection from underlying distressed sellers, there can be no assurance that any such contractual protection will be obtained or that, if obtained, it will be enforceable or effective. The scope of any such contractual protection will typically be much more limited than would be the case in non-distressed asset sales. Any claims that the Group may have against parties from which the Group has purchased such assets may fail because of the expiration of warranty periods or the statute of limitations, lack of proof that the sellers knew or should have known of the defect, the insolvency of the sellers or other reasons. Moreover, the ability of distressed sellers to pay the Group under any successful contractual claims may be very limited and the Group may not receive any payment under such claims. To the extent the Group suffers any losses and is unable to recover from the sellers as a result of any of the above factors, such losses will be borne by the Group and could have a material adverse effect on its financial condition, business, prospects and results of operations.

The Group may be exposed to potential liabilities as a result of any investments in restructurings

As part of its Investment Portfolio, the Group may make investments in restructurings that involve entities that are experiencing or are expected to experience financial difficulties and in respect of which other investors may have sought to exit. These financial difficulties may never be overcome and may cause any such investment to become subject to bankruptcy or insolvency proceedings. Such investments could, in certain circumstances, subject the Group to certain additional potential liabilities that may exceed the value of the Group's original investment therein. For example, in certain circumstances, a lender who has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to the

Group and distributions by the Group may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and, where applicable, a bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or re-characterise investments made in the form of debt as equity contributions. Were the Group to lose all or part of any investment in a restructuring, or suffer additional liabilities in connection with such restructurings, this could have a material adverse effect on its financial condition.

The Group may not acquire 100% control of investments and may therefore be subject to the risks associated with joint venture investments

Pursuant to the Group's investment strategy, the Group may enter into a variety of investment structures in which the Group acquires less than a 100% interest in a particular asset or entity and the remaining ownership interest is held by one or more third parties (for example, its 90% interest in the Santísima Trinidad 5 property and Postigo de San Martín 3 in Spain). The Group could enter into such joint venture arrangements with KW (subject to the approval of the Independent Directors) or with other joint venture partners unaffiliated with any of the Group, the Investment Manager or KW. Any joint venture arrangements may expose the Group to the risk that:

- co-owners have economic or other interests that are inconsistent with the Group's interests and are in a position to take or influence actions contrary to the Group's interests and plans (for example, in implementing active asset management measures), which may create impasses on decisions and affect the Group's ability to implement its strategies with respect to, and/or dispose of, the asset or entity;
- disputes develop between the Group and co-owners, with any litigation or arbitration resulting from any such disputes increasing the Group's expenses and distracting the Board and/or the Investment Manager from their other managerial tasks;
- co-owners become insolvent or bankrupt, or fail to fund their share of any capital contribution or mortgage or other debt payment which might be required, which may result in the Group having to pay the co-owner's share or risk losing the investment;
- co-owners do not have enough liquid assets to make cash advances that may be required in order to fund operations, maintenance and other expenses related to the property, which could result in the loss of current or prospective tenants and may otherwise adversely affect the operation and maintenance of the property;
- a co-owner breaches agreements related to an investment, which may cause a default under such agreements and result in liability for the Group;
- the Group may, in certain circumstances, be liable for the actions of co-owners; and/or
- a default by a co-owner constitutes a default under mortgage or other loan financing documents relating to the investment, which could result in a foreclosure and the loss of all or a substantial portion of the investment made by the Group.

Any of the foregoing may have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

The Group may be subject to liability following the disposal of investments

The Group may be exposed to future liabilities and/or obligations with respect to investments that it subsequently sells. The Group may be required or may consider it prudent to set aside provisions for warranty claims or contingent liabilities in respect of asset disposals. The Group may be required to pay damages (including but not

limited to litigation costs) to a purchaser to the extent that any representations or warranties given to a purchaser prove to be inaccurate or to the extent that the Group breaches any of its covenants or obligations contained in the disposal documentation. In certain circumstances, it is possible that representations and warranties incorrectly given could give rise to a right by the purchaser to unwind the contract in addition to the payment of damages. Further, the Group may become involved in disputes or litigation in connection with such disposed investments. Certain obligations and liabilities associated with the ownership of investments can also continue to exist notwithstanding any disposal, such as certain environmental liabilities. Any claims, litigation or continuing obligations in connection with the disposal of any assets may subject the Group to unanticipated costs and may require the Investment Manager to devote considerable time to dealing with them. As a result, any such claims, litigation or obligations may have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

The Group may be exposed to risks related to public company holdings

The Group's investments may include securities issued by publicly held companies or their affiliates. Such investments may subject the Group to risks that differ in type and degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding the Group's holdings in such companies, limitations on the ability of the Group to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members or significant shareholders, and increased costs associated with each of the foregoing risks, any of which could have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

Development, redevelopment or refurbishment projects, in respect of which the Group may be dependent on the performance of third party contractors, may suffer delays, may not be completed or may fail to achieve expected results

The Group may undertake development or redevelopment projects or invest in property that requires refurbishment prior to re-letting the property. The Group will typically be dependent on the performance of third party contractors who undertake the management or execution of such development, redevelopment or refurbishment on its behalf. Such development, redevelopment or refurbishment projects would expose the Group to various risks, including, but not limited to:

- delays in the timely completion of projects;
- failure by third party contractors in performing their contractual obligations or poor quality workmanship from such contractors;
- insolvency of third party contractors;
- the inability of the third party contractors to retain key members of staff;
- cost overruns in relation to the services provided by the third party contractors that are not borne by such contractors;
- delays in properties being available for occupancy;
- fraud or misconduct by an officer, employee or agent of a third party contractor, which may result in losses to the Group and damage to the Group's reputation;
- disputes between the Group and third party contractors, which may increase the Group's expenses and distract the Board and the Investment Manager;
- liability of the Group for the actions of the third party contractors;

- inability to obtain governmental and regulatory permits on a timely basis or at all; and/or
- diversion of resources and attention of the Board and the Investment Manager from operations and acquisition opportunities.

There is no assurance that the Group will realise anticipated returns on an investment in property development, redevelopment or refurbishment. Failure to generate anticipated returns from such projects, whether due to failures in the performance of the Group's third party contractors, failures by the Group in properly supervising such third party contractors or otherwise, may have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

The Group may suffer losses in excess of insurance proceeds, if any, or from uninsurable events

The Group's real estate assets may suffer physical damage resulting in losses (including loss of rent) which may not be compensated by insurance, either fully or at all. In addition, there are certain types of losses, generally of a catastrophic nature, that may be uninsurable or are not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations and other factors might also result in insurance proceeds being unavailable or insufficient to repair or replace a real estate asset or pay for environmental clean-up costs. Should an uninsured loss or a loss in excess of insured limits occur, the Group may lose capital invested in the affected asset as well as anticipated future revenue from that asset. In addition, the Group could be liable to repair damage caused by uninsured risks or to pay for uninsured environmental clean-up costs. The Group might also remain liable for any debt or other financial obligations related to that asset. Any material uninsured losses may have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

The Group may be unable to let a property or re-let a property following the expiry of a tenancy

The WAULT of the Property Portfolios (excluding the development, hotel and residential assets) is disclosed in the Group's most recent quarterly trading update, half-year results announcement or annual report, as the case may be. As at 30 September 2015, the WAULT was approximately 7.6 years. There can be no assurance that the Group's tenants will renew their leases at the end of their current tenancies or, if they do not, that new tenants of equivalent standing (or any new tenants) will be found to take up replacement leases. This is particularly the case where a property requires refurbishment or redevelopment following the expiry of a tenancy or where the building was specially configured for the prior tenant. Tenants with the benefit of contractual break rights may also exercise these to bring the leases to an end before the contractual termination date. During void periods, the Group will not generate rental income and will incur additional expenses (for example, insurance, service charges and security) until the property is re-let. For example, in the UK and Ireland, these expenses include commercial and water rates charges levied by local authorities. Further, the Group may incur additional costs as a result of providing financial inducements to new tenants, such as rent free periods. Even if tenant renewals or replacements are effected, there can be no assurance that such renewals or replacements will be on terms (including rental levels and rent review terms) that are as favourable to the Group or that new tenants will be as creditworthy as previous tenants.

For further information on the Property Portfolios see "*Information on the Investment Portfolio*".

A default by a major tenant could result in a significant loss of rental income, additional costs, a reduction in asset value and increased bad debts

The Group derives a significant portion of its revenue directly or indirectly from rent received from its major commercial tenants. Major office tenants and major retail tenants generally pay a significant portion of the total rents at a property and, in some cases, contribute to the success of securing other tenants by attracting significant numbers of customers to the property. Information relating to the Group's top 10 tenants in respect of the Property Portfolios (excluding the development, hotel and residential assets) is disclosed in the Group's most recent quarterly trading update, half-year results announcement or annual report, as the case may be. As at 30 September 2015, the Group's top ten tenants in respect of the Property Portfolios (excluding the development, hotel and

residential assets) accounted for 26% of its annualised gross rental income with only one tenant accounting for more than 4% of its annualised gross rental income. A downturn in business, bankruptcy or insolvency could force a major office tenant or major retail tenant to default on its rental obligations and/or vacate the premises. Such a default, in particular by one of the Group's top ten tenants in respect of the Property Portfolios (excluding the development, hotel and residential assets), could result in a loss of rental income, additional expenses (for example, insurance, service charges, commercial and water rates charges levied by local authorities in Ireland or the UK, and security), an increase in bad debts, and decreased property value. Moreover, such a default may prevent the Group from increasing rents or result in lease terminations by, or reductions in rent for, other tenants under the conditions of their leases. Under current economic conditions, which continue to create a difficult trading environment for some commercial businesses, the risk of such defaults is increased. Any of the above impacts of a default by a major office tenant or major retail tenant could have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

The Group may not have access to adequate funding for future improvements or unplanned capital expenditure

When a tenant at one of the Group's properties does not renew its lease or otherwise vacates its space (which may be earlier than anticipated), in order to attract one or more new tenants on terms satisfactory to the Group, the Group may be required to expend funds to construct new improvements in the vacated space. Furthermore, whilst the Group budgets for planned capital expenditure in line with available cash resources, the Group may sometimes be required to incur unexpected capital expenditure in respect of one or more of its real estate assets for which it has not planned or budgeted. While the Group intends to manage its cash position and access to financing to allow it to pay for any improvements or upgrades of a property required for re-letting and to allow it to pay for a certain level of unplanned capital expenditure, the Group cannot be certain that it will have adequate sources of funding available to it for such purposes at all times. In the event the Group has inadequate resources it may be unable to proceed with, or may be required to delay, such improvements or capital expenditure, which could result in certain real estate assets being vacant for extended periods or otherwise earning less income than they would if such improvements or capital expenditure were undertaken.

Risks relating to regulation and taxation

There may be uncertainty in relation to marketing under the AIFM Directive in the EEA

Under Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers (the "AIFMD") and the Commission Delegated Regulation (EU) 231/2013 of 19 December 2012 and relevant guidance issued by the European Securities and Markets Authority, the marketing of an alternative investment fund (an "AIF") in an EU jurisdiction is prohibited unless certain criteria are met. While the Issuer is itself an AIF and does comply with the marketing restrictions applicable to AIFs under AIFMD for the purposes of marketing its shares or units, it does not consider that an individual bond issuance must comply with AIFMD. There is, however, a risk that a bond issuance by an AIF could be characterised as marketing shares or units for the purposes of AIFMD. In this case, any bond issuances could only be marketed in the EU in accordance with the marketing restrictions applicable to AIFs and any marketing not in accordance with those rules would be a breach of regulatory requirements. Such characterisation may therefore affect the liquidity of the Notes. It may also affect the regulatory treatment of the Notes for certain types of investor.

Changes in laws and regulations may have a material adverse effect on the Group's financial condition, business, prospects and results of operations

The Group's real estate assets must comply with laws and governmental regulations (whether domestic or international (including in the EU)) which relate to, among other things, property, land use, development, zoning, health and safety requirements and environmental compliance. These laws and regulations often provide broad discretion to the administering authorities. Additionally, all of these laws and regulations are subject to change, which may be retrospective, and changes in regulations could adversely affect existing planning consents, costs of

property ownership, the capital value of the Group's assets (including both real estate assets and real estate loans owned by the Group) and the income arising from the Investment Portfolio. Such changes may also adversely affect the Group's ability to use a property as intended and could cause the Group to incur increased capital expenditure or running costs to ensure compliance with the new applicable laws or regulation which may not be recoverable from tenants. Similarly, changes in laws and governmental regulations governing leases could restrict the Group's ability to increase the rent payable by tenants, terminate leases or determine the terms on which a lease may be renewed. The occurrence of any of these events may have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

Delay or failure to satisfy any regulatory conditions or other applicable requirements could prevent the Group from acquiring certain investments or could hinder the operations of certain investments

The Group may either invest in real estate assets that it believes have obtained all material approvals or it may invest in real estate assets that require additional approvals. Despite the Group's due diligence process in relation to these assets, there can be no guarantee that all material approvals have actually been obtained or that the Group is aware of all approvals that will be required. In addition, the Group may need the consent or approval of applicable regulatory authorities in order to acquire or hold particular investments.

Even where consents or approvals have been obtained, the Group's investments could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on its investments. As such, additional regulatory approvals, including without limitation, ownership restrictions, renewals, extensions, transfers, assignments, reissuances or similar actions, may become necessary in the future due to a change in laws and regulations or for other reasons. There can be no assurance that the Group will be able to (a) obtain all required regulatory approvals that it does not yet have or that it may require in the future; (b) obtain any necessary modifications to existing regulatory approvals; or (c) maintain required regulatory approvals.

Delay in obtaining or any failure to obtain and maintain in full force and effect any regulatory approvals, or amendments thereto, or any delay or failure to satisfy any regulatory conditions or other applicable requirements could prevent operation of the asset as intended or at all or sales to third parties or could result in additional costs, which may adversely impact the financial condition of the Group.

The Issuer may become subject to diverted profits tax in the United Kingdom

With effect from 1 April 2015 a new tax has been introduced in the United Kingdom called the "diverted profits tax", which is charged at a rate of 25% on any "taxable diverted profits". The tax may apply in circumstances including where arrangements are designed to ensure that a non-UK resident company does not carry on a trade in the United Kingdom for corporation tax purposes or where arrangements involve entities or transactions lacking economic substance. This is a new tax and its scope and the basis upon which it will be applied by HM Revenue & Customs remains uncertain.

Whilst the Issuer does not expect to be, or for its subsidiaries to be, subject to the diverted profits tax, there can be no assurance that neither the Issuer nor its subsidiaries will be nor will they in the future become subject to the diverted profits tax.

Group companies could become subject to United Kingdom capital gains tax on disposals of UK residential property interests

With effect from 6 April 2015, rules have been introduced that extend the circumstances in which disposals of UK residential property by non-residents may be subject to United Kingdom capital gains tax. However, disposals by "diversely-held companies" are not brought within these rules. The extent to which the Issuer or its subsidiaries will be subject to a charge to capital gains tax on disposals of investments under these rules will depend upon whether or not they are "diversely-held" at the time of such disposal, upon the extent to which their investments are

in “UK residential property” and upon the basis upon which any such disposal is structured. The Issuer holds and expects to dispose of investments in “UK residential property”. If the Issuer, or any relevant subsidiaries, is not “diversely-held” at the time of the disposal then they could be subject to United Kingdom capital gains tax at 20% on chargeable gains made in respect of any such disposal.

The Group may suffer increased tax as a result of the OECD’s Action Plan on Base Erosion and Profit Shifting

The OECD’s Action Plan on Base Erosion and Profit Shifting (“BEPS”) was published in 2013 and addressed the need to tackle perceived flaws in international tax rules. It sets forth 15 actions to counter BEPS in a comprehensive and coordinated way. These actions will result in fundamental changes to the international tax standards and are based on three core principles: coherence, substance, and transparency. On 5 October 2015 the OECD published its final recommendations, but it remains unclear how BEPS might affect the Group. As such, the Group may suffer increased taxes to the extent that the outcome of the BEPS initiative and its impact on domestic tax laws adversely affects the current position.

The Group is exposed to changes in its tax residency and changes in the tax treatment or arrangements relating to its business

To maintain its non-UK tax resident status, the Issuer must be centrally managed and controlled outside the United Kingdom. The composition of the Board, the place of residence of the Board’s individual members and the location(s) in which the Board makes its decisions are important factors in determining and maintaining the non-UK tax residence status of the Issuer. Whilst the Issuer is incorporated in Jersey and the majority of the Directors reside outside the United Kingdom, the Issuer must pay continued attention to ensure that its decisions are not made in the United Kingdom or the Issuer may lose its non- UK tax resident status. Should the Issuer be considered to be UK tax resident, it will be subject to UK corporation tax on its worldwide income and gains. The Issuer must similarly take care that it does not become tax resident in the United States, Ireland or other jurisdictions.

If the Issuer were treated as resident, or as having a permanent establishment, or as otherwise being engaged in a trade or business, in any country in which it invests or in which its investments are managed, all of its income or gains, or the part of such gain or income that is attributable to, or effectively connected with, such permanent establishment or trade or business, may be subject to tax in that country, which could have a material adverse effect on the Issuer’s performance.

Other changes in tax laws or regulation affecting the Group or the unexpected imposition of tax on its investments could adversely affect its performance

There can be no assurance that the net income of the Group will not become subject to tax in one or more countries as a result of the way in which activities are performed by the Investment Manager or its affiliates, adverse developments or changes in law, contrary conclusions by the relevant tax authorities or other causes. The imposition of any such unanticipated net income taxes could materially reduce the Group’s post-tax returns, which could have a material adverse effect on the Group’s results of operations. Changes to the tax laws of, or practice in, Jersey, the United Kingdom, Ireland, Spain or the United States or any other tax jurisdiction affecting the Group could adversely affect the value of the investments held by the Group. Additionally, gross income and gains arising on the investments themselves may be subject to certain taxes which may not be recoverable by the Group.

The tax basis cost of certain of the Group’s properties may be lower than their acquisition cost, which may adversely affect the value realised upon disposal of those properties

A number of the Group’s real estate assets may be acquired in the form of property holding companies purchased from the sellers of the real estate assets. If the Group were to dispose of the direct real estate interests held by those companies, rather than the companies themselves, the tax basis cost for calculation of the capital gains generated

on disposal of the real estate may be lower than the price paid by the Group for the property holding Issuer, thereby increasing the capital gains tax liability for the Group on the disposal.

Environmental and health and safety laws, regulations and standards may expose the Group to the risk of substantial costs and liabilities

Laws and regulations, which may be amended over time, may impose environmental liabilities associated with real estate assets on the Group (including environmental liabilities that were incurred or that arose prior to the Group's acquisition of such real estate assets). Such liabilities may result in significant investigation, removal, or remediation costs regardless of whether the Group originally caused the contamination or other environmental hazard. In addition, environmental liabilities could adversely affect the Group's ability to sell, lease or redevelop a property, or to borrow using a property as security and may in certain circumstances (such as the release of certain materials, including asbestos, into the air or water) form the basis for liability to third persons for personal injury or other damages. Environmental laws and regulations may limit the development of, and impose liability for, the disturbance of wetlands or the habitats of threatened or endangered species. The Group's investments may include properties historically used for commercial, industrial and/or manufacturing uses. Such real estate assets are more likely to contain, or may have contained, storage tanks for the storage of hazardous or toxic substances. Leasing properties, such as those containing warehouses, to tenants that engage in industrial, manufacturing and other commercial activities will cause the Group to be subject to increased risk of liabilities under environmental laws and regulations. In the event the Group is exposed to environmental liabilities or increased costs or limitations on its use or disposal of properties as a result of environmental laws and regulations, this may have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

There can be no guarantee that all costs and risks regarding compliance with environmental laws and regulations can be identified. New and more stringent environmental laws, regulations and permit requirements or stricter interpretations of current laws or regulations could impose substantial additional costs on the Group's investments. Compliance with such current or future environmental requirements does not ensure that the Group will not be required to incur additional unforeseen environmental expenditures.

Moreover, failure to comply with any such requirements could have a material adverse effect on a real estate asset, and there can be no assurance that such asset will at all times comply with all applicable environmental laws, regulations and permit requirements. Past practices or future operations in the properties in which the Group invests could also result in material personal injury or property damage claims, which could have a material adverse effect on the financial condition of the underlying entities and businesses in which the Group invests and therefore the Group.

Risks related to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. Depending on prevailing market conditions at the time, an investor receiving the proceeds of an early redemption of any Notes may not be able to reinvest those proceeds in a comparable security at an effective interest rate as high as that carried by the Notes being redeemed. Potential investors should consider reinvestment risk in light of other investments available at that time.

Interest rate conversion

Fixed/Floating Rate Notes are Notes which may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing market rates.

Notes issued at a substantial discount

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

Ability to finance redemption of the Notes following early redemption of the Notes

If the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement specifies that a Change of Control Put Option is applicable, upon the occurrence of a Change of Control Put Event, the Issuer will be required to redeem the relevant Notes at their respective Optional Redemption Amount specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, plus accrued and unpaid interest and additional amounts, if any, to the date of the redemption. If such a scenario were to occur, the Issuer may not have sufficient funds available at the time to redeem such Notes. See Condition 6.

Risks related to the Notes generally

Modification, waivers and substitution

The Conditions and the Trust Deed contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may, without the consent of Noteholders or Couponholders and subject to the provisions of the Trust Deed, agree to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders, or (iii) the substitution of certain other entities as principal debtor under the Notes in place of the Issuer, in each case in the circumstances described in Condition 12.

Withholding under the EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income (the “**EU Savings Directive**”), EU member states are required to provide to the tax authorities of other EU member states details of certain payments of interest or similar income paid or secured by a person established in an EU member state to or for the benefit of an individual resident in another member state or to (or secured for) certain limited types of entities established in another EU member state.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments (subject to a procedure whereby, on meeting certain conditions, the beneficial

owner of the interest or other income may request that no tax be withheld). The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories have adopted similar measures (a reporting system in the case of Jersey).

On 24 March 2014, the Council of the European Union adopted a Council Directive (the “**Amending Directive**”) amending and broadening the scope of the requirements described above. The Amending Directive requires EU member states to apply these new requirements from 1 January 2017 and if they were to take effect the changes would expand the range of payments covered by the EU Savings Directive, in particular to include additional types of income payable on securities. They would also expand the circumstances in which payments that indirectly benefit an individual resident in an EU member state, or are made (or are secured for) an entity or a legal arrangement effectively managed in an EU member state that is not subject to effective taxation, must be reported or subject to withholding. This approach would apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the EU.

However, the European Commission has proposed the repeal of the EU Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other EU member states (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the EU Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is generally broader in scope than the EU Savings Directive, although it does not impose withholding taxes. The proposal also provides that, if it proceeds, EU member states will not be required to apply the new requirements of the Amending Directive.

If a payment were to be made or collected through an EU member state which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in an EU member state that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, any such Directive. However, investors should be aware that any custodians or intermediaries through which they hold their interest in the Notes may nonetheless be obliged to withhold or deduct tax pursuant to such laws unless the investor meets certain conditions, including providing any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the Savings Directive, as amended.

Definitive Bearer Notes will not be issued in integral multiples of less than the minimum Specified Denomination

In relation to any issue of Bearer Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Bearer Note in respect of such holding (should definitive Bearer Notes be printed) and would need to

purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If Bearer Notes in definitive form are issued, holders should be aware that definitive Bearer Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Change of law

The Conditions are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

U.S. Foreign Account Tax Compliance Act Withholding

Whilst the Notes are in global form and held within Euroclear Bank SA/NV (“**Euroclear**”) or Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”), in all but the most remote circumstances, it is not expected that the new reporting regime and potential withholding tax imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (“**FATCA**”) will affect the amount of any payment received by Euroclear and/or Clearstream, Luxembourg (see “*Taxation – Foreign Account Tax Compliance Act*”). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer’s obligations under the Notes are discharged once it has made payment to, or to the order of, the common depositary or common safekeeper for Euroclear and/or Clearstream, Luxembourg as bearer/registered holder of the Notes and the Issuer has therefore no responsibility for any amount thereafter transmitted through Euroclear and/or Clearstream, Luxembourg and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an “**IGA**”) are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

Risk Factors relating to the market generally

Set out below is a brief description of certain market risks, including liquidity risk, interest rate risk, exchange rate risk and credit risk:

The secondary market generally and liquidity risks

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. The development or continued liquidity of any secondary market for the Notes will be affected by a number of factors such as the creditworthiness of the Issuer, as well as other factors such as the time remaining to the maturity of the relevant

Notes and the outstanding amount of the relevant Notes. Such factors also will affect the market value of the relevant Notes. Investors may not be able to sell Notes readily or at prices that will enable investors to realise their anticipated yield. No investor should purchase Notes unless the investor understands and is able to bear the risk that the Notes may not be readily sellable, that the value of Notes will fluctuate over time and that such fluctuations might be significant. Illiquidity may have a severely adverse effect on the market value of Notes.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency (as defined in the Conditions). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the “**Investor's Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate and restrict the free movement of currency. As a result, investors may receive less interest or principal than expected.

Euro and Eurozone Risk

Market perceptions concerning the instability of the euro, the potential re-introduction of individual currencies within the Eurozone, or the potential dissolution of the euro entirely, could adversely affect the value of the Notes.

As a result of the credit crisis in Europe, in particular in Greece, Italy, Ireland, Portugal and Spain, the European Commission created the European Financial Stability Facility (the “**EFSF**”) and the European Financial Stability Mechanism (the “**EFSM**”) to provide funding to Eurozone countries in financial difficulties that seek such support.

Despite these measures, some residual concerns persist regarding the debt burden of certain Eurozone countries, particularly Greece, and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual Member States. These and other concerns could lead to the re-introduction of individual currencies in one or more Member States, or, in more extreme circumstances, the possible dissolution of the euro entirely. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general

restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Documents Incorporated by Reference

- (i) The Annual Financial Statements, which have previously been published as part of the Issuer's 2014 annual report and accounts and have been filed with the FCA, shall be incorporated in, and shall form part of, this Base Prospectus. The Annual Financial Statements comprise the information set out at the following pages of the Issuer's 2014 annual report and accounts:

Independent Audit Report	Pages 74 to 77
Consolidated Income Statement	Page 78
Consolidated Statement of Comprehensive Income	Page 79
Consolidated Balance Sheet	Page 80
Consolidated Statement of Changes in Equity	Page 81
Consolidated Cash Flow Statement	Page 82
Notes to the Consolidated Annual Financial Statements	Pages 83 to 120

- (ii) The Interim Financial Statements, which have previously been published as part of the Issuer's 2015 half year results announcement published on 6 August 2015 (the "**Interim Announcement**") and have been filed with the FCA, shall be incorporated in, and shall form part of, this Base Prospectus. The Interim Financial Statements comprise the information set out at the following pages of the Interim Announcement:

Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Statements	Pages 23 to 24
Condensed Consolidated Income Statement	Page 25
Condensed Consolidated Statement of Comprehensive Income	Page 26
Condensed Consolidated Balance Sheet	Page 27
Condensed Consolidated Statement of Changes in Equity	Pages 28 to 30
Condensed Consolidated Cash Flow Statement	Pages 31 to 32
Notes to the Condensed Consolidated Interim Financial Statements	Pages 33 to 60

- (iii) The Group's investment policy, which has previously been published on pages 125 to 127 of the Issuer's 2014 annual report and accounts and has been filed with the FCA, shall be incorporated in, and shall form part of, this Base Prospectus.

- (iv) The information under the following headings in the Issuer's Q3-15 Business Update dated 5 November 2015, which has previously been published and has been filed with the FCA, shall be incorporated in, and shall form part, of this Base Prospectus:

Investments	Pages 2 to 3
Portfolio management	Pages 3 to 6
Financial position	Page 6

- (v) The Issuer's Memorandum of Association and the Issuer's Articles of Association which have, in each case, previously been published and filed with the FCA, shall be incorporated in, and shall form part, of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Issuing and Paying Agent. Copies of documents incorporated by reference in this Base Prospectus may also be viewed free of charge on the website of the Issuer at www.kennedywilson.eu and the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

Any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute part of this Base Prospectus.

Supplemental Base Prospectus

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Base Prospectus which is capable of affecting the assessment of the Notes, prepare a supplement to this Base Prospectus or publish a new prospectus for use in connection with any subsequent issue of Notes in compliance with section 87G of the FSMA.

Selected Historical Key Financial Information

The following information has been extracted from, and should be read in conjunction with, and is qualified in its entirety by reference to, the Financial Statements and should also be read in conjunction with the financial review set out in paragraph 6 under “*Additional Information*”.

The financial information in this section has been extracted without material adjustment from the Financial Statements.

Condensed Consolidated Income Statement

The table below shows the Issuer’s condensed consolidated income statement for the six month period ended 30 June 2015 and the period from incorporation on 23 December 2013 to 30 June 2014.

Condensed consolidated income statement

	For the six month period ended 30 June 2015	For the period from incorporation on 23 December 2013 to 30 June 2014
	£m	£m
Revenue		
Rental income	64.7	7.4
Hotel revenue	8.6	-
Interest income from loans secured by real estate	6.6	1.2
	79.9	8.6
Gain on sale of investment property	5.5	0.1
Net change in fair value of investment and development property	112.6	21.1
Net change in fair value of loans secured by real estate	6.9	0.2
	204.9	30.0
Expenses		
Service charge expenses ¹	(7.6)	(0.3)
Employee benefit expense ²	(3.9)	-
Depreciation ²	(1.3)	-
Purchases of consumables for resale ²	(1.1)	-
Professional fees	(3.2)	(0.8)
Investment management fee	(7.3)	(2.7)
Performance fee	(5.5)	-
Acquisition related expenses	(1.7)	(1.2)
Directors’ fees	(0.2)	(0.2)
Other expenses	(9.0)	(0.6)
	(40.8)	(5.8)
Results from operating activities before financing income and costs	164.1	24.2

Interest income from cash at bank	0.9	0.8
Finance costs	(12.5)	(0.3)
Net finance expense	(11.6)	0.5
Profit before taxation	152.5	24.7
Taxation	(3.2)	(0.5)
Profit for the period after taxation	149.3	24.2

Notes

1. Investment and development property related costs
2. Hotel related costs

Consolidated Income Statement

The table below shows the Issuer's consolidated income statement for the period from its incorporation on 23 December 2013 to 31 December 2014.

Consolidated income statement

For the period from incorporation on 23 December
2013 to 31 December 2014

	<i>£m</i>
Revenue	
Rental income	51.4
Hotel revenue	8.4
Interest income from loans secured by real estate	6.6
	66.4
Gain on sale of investment property	0.4
Net change in fair value of investment and development property	49.3
Net change in fair value of loans secured by real estate	6.0
Gain on purchase of a business	1.8
	123.9
Expenses	
Service charge expenses ¹	(5.0)
Employee benefit expense ²	(3.3)
Depreciation ²	(0.7)
Purchases of consumables for resale ²	(1.1)
Professional fees	(5.6)
Investment management fee	(8.4)
Acquisition related expenses	(3.6)
Directors' fees	(0.3)
Other expenses	(7.6)
	(35.6)

Results from operating activities before financing income and costs	88.3
Interest income from cash at bank	1.3
Finance costs	(9.2)
Net finance expense	(7.9)
Profit before taxation	80.4
Taxation	(1.9)
Profit for the period after taxation	78.5
Notes	
1. Investment and development property related costs	
2. Hotel related costs	

Consolidated Balance Sheet

The table below shows the Issuer's consolidated balance sheet as at 30 June 2015 and 31 December 2014.

Consolidated balance sheet

	As at 30 June 2015	As at 31 December 2014
	£m	£m
Non-current assets		
Investment and development property	1,880.6	1,218.3
Loans secured by real estate	277.1	211.0
Property, plant and equipment	58.7	59.7
Derivative financial assets	16.2	7.5
	2,232.6	1,496.5
Current assets		
Inventories	0.3	0.3
Rent and other receivables	28.4	48.2
Cash and cash equivalents	470.3	441.9
	499.0	490.4
Total assets	2,731.6	1,986.9
Current liabilities		
Trade and other payables	(45.4)	(32.5)
Deferred income	(28.5)	(16.2)
	(73.9)	(48.7)
Non-current liabilities		
Trade and other payables	(1.0)	(2.4)
Borrowings	(1,143.6)	(545.9)
	(1,144.6)	(548.3)
Total liabilities	(1,218.5)	(597.0)
Net assets	1,513.1	1,389.9
Equity		
Stated capital	1,318.3	1,314.9
Foreign currency translation reserve	(16.6)	(0.4)
Revaluation reserve	3.7	2.6
Share-based payments reserve	7.6	1.7
Retained earnings	200.1	71.1
Equity attributable to owners of the Issuer	1,513.1	1,389.9
Total equity	1,513.1	1,389.9

Condensed Consolidated Cash Flow Statement

The table below shows the Issuer's condensed consolidated cash flow statement for the six month period ended 30 June 2015 and the period from incorporation on 23 December 2013 to 30 June 2014.

Condensed consolidated cash flow statement

	For the six month period ended 30 June 2015	For the period from incorporation on 23 December 2013 to 30 June 2014
	£m	£m
Operating cash flows before movements in working capital	42.7	2.8
Cash flows generated from operating activities	56.6	24.0
Cash flows used in investing activities	(633.1)	(798.6)
Cash flows from financing activities	605.9	874.1
Net increase in cash and cash equivalents	29.4	99.5
Cash and cash equivalents at beginning of period	441.9	--
Tax paid	(1.4)	-
Foreign exchange movements	0.4	-
Cash and cash equivalents at the reporting date	470.3	99.5

Consolidated Cash Flow Statement

The table below shows the Issuer's consolidated cash flow statement for the period from its incorporation on 23 December 2013 to 31 December 2014.

Consolidated cash flow statement

	For the period from incorporation on 23 December 2013 to 31 December 2014
	£m
Operating cash flows before movements in working capital	28.1
Cash flows generated from operating activities	60.3
Cash flows used in investing activities	(1,195.9)
Cash flows from financing activities	1,577.8
Net increase in cash and cash equivalents	442.2
Cash and cash equivalents at beginning of period	-
Foreign exchange losses	(0.3)
Cash and cash equivalents at the reporting date	441.9

Summary of Provisions Relating to the Notes while in Global Form

1. Initial Issue of Notes

Global Notes and Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depositary.

Upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream, Luxembourg (the “**Common Depositary**”) or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

2. Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (“**Alternative Clearing System**”) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

3. Exchange

3.1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) indicates that such Global Note is issued in compliance with TEFRA C or in a transaction to which TEFRA is not applicable (as to which, see “*Overview of the Programme – Selling Restrictions*”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), for Definitive Notes.

3.2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes:

- (i) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or
- (ii) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Issuing and Paying Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

3.3 Permanent Global Certificates

If the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) state that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if principal in respect of any Notes is not paid when due; or
- (iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3(i) or 3.3(ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

3.4 Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if principal in respect of any Notes is not paid when due.

3.5 Delivery of Notes

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the

Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. In this Prospectus, “**Definitive Notes**” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

3.6 Exchange Date

“**Exchange Date**” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

4. Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with TEFRA D before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 7(e)(vii) and Condition 8(d) will apply to the Definitive Notes only. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of “business day” set out in Condition 7(h) (*Non-Business Days*).

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for

payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

4.2 Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 9).

4.3 Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder’s holding, whether or not represented by a Global Certificate.)

4.4 Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

4.5 Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its respective subsidiaries if they are purchased together with the rights to receive all future payments of interest (if any) thereon.

4.6 Issuer’s Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg or any other clearing system (as the case may be).

4.7 Noteholders’ Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the

permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation.

4.8 Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

4.9 Notices

So long as any Notes are represented by a Global Note or Global Certificate and such Global Note or Global Certificate is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate.

5. Electronic Consent and Written Resolution

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

- (a) approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an “**Electronic Consent**” as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by (a) accountholders in the clearing system with entitlements to such Global Note or Global Certificate and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the “**relevant clearing system**”) and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic

records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

Applicable Final Terms

Form of Final Terms with respect to all Notes except Exempt Notes

Final Terms dated [●]

KENNEDY WILSON EUROPE REAL ESTATE PLC

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the

£2,000,000,000

Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 5 November 2015 [and the supplement(s) to it dated [●]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on [Issuer’s/financial intermediaries’/ regulated market/ competent authority] website.

1. (i) Series Number: [●]
(ii) Tranche Number: [●]
(iii) Date on which the Notes become fungible: [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [●] on [[●]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [21] below [which is expected to occur on or about [insert date]]].
2. Specified Currency or Currencies: [●]
3. Aggregate Nominal Amount: [●]
[(i)] Series: [●]
[(ii)] Tranche: [●]
4. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●] (if applicable)]
5. (i) Specified Denominations: [●] [and integral multiples of [●] in excess thereof up to and including [●]. No notes in definitive form will be issued with a denomination above [●].]
(ii) Calculation Amount: [●]
6. (i) Issue Date: [●]
(ii) Interest Commencement Date [[●]/Issue Date/Not Applicable]

7. Maturity Date: [●]
8. Interest Basis: [[●] per cent. Fixed Rate]
 [[●] month [LIBOR/EURIBOR]] +/- • per cent. Floating Rate]
 [Zero Coupon]
 (See paragraph [13/14/15] below)
9. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[●]/[100]] per cent. of their nominal amount.
10. Change of Interest Basis: [●]/Not Applicable]
11. Put/Call Options: [Change of Control Put Option]
 [Issuer Call]
 See paragraph [16/17] below)]
12. Date Board approval for issuance of Notes obtained: [●] [and [●], respectively]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (i) Rate[(s)] of Interest: [●] per cent. per annum payable in arrear [on each Interest Payment Date]
- (ii) Interest Payment Date(s): [●] in each year
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]] [Not applicable]
- (v) Day Count Fraction: [30/360 / Actual/Actual (ICMA) / Actual/365 (fixed) / Actual/365 (sterling) / Actual/360 / 30E/360 / 30E/360 (ISPA)]
- (vi) [Determination Dates: [●] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*]
14. Floating Rate Note Provisions [Applicable/Not Applicable]
- (i) Interest Period(s): [[●] [, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
- (ii) Specified Interest Payment Dates: [[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]]

- (iii) Interest Period Date: [Not Applicable]/ [[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]
- (iv) First Interest Payment Date: [●]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
- (vi) Business Centre(s): [●]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Issuing and Paying Agent): [●]
- (ix) Screen Rate Determination:
- Reference Rate: [[●] month [LIBOR/EURIBOR]]
 - Interest Determination Date(s): [●]
 - Relevant Screen Page: [●]
- (x) ISDA Determination:
- Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
 - [– ISDA Definitions [2000/2006]]
- (xi) Linear Interpolation: [Not Applicable]/[Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (xii) Margin(s): [+/-][] per cent. per annum
- (xiii) Minimum Rate of Interest: [●] per cent. per annum
- (xiv) Maximum Rate of Interest: [●] per cent. per annum
- (xv) Day Count Fraction: [●]
15. Zero Coupon Note Provisions [Applicable/Not Applicable]
- (i) Amortisation Yield: [●] per cent. per annum

- (ii) [Day Count Fraction in relation to $[[30/360][\text{Actual}/360][\text{Actual}/365]]$
Early Redemption Amounts:

PROVISIONS RELATING TO REDEMPTION

16. Call Option [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note: $[[\bullet]$ per Calculation Amount/Spens Amount/Make Whole Redemption Amount] [for the period ending on (and including) $[\bullet]$ and $[[\bullet]$ per Calculation Amount/Spens Amount/Make Whole Redemption Amount] for the period ending on (but excluding) the Maturity Date].
- [(A) Reference Bond: [●]]
- [(B) Quotation Time: [●]]
- [(C) Redemption Margin: $[[\bullet]$ per cent.]]
- (iii) Redeemable in part: [Yes]/[No]
- (iv) If redeemable in part:
- (a) Minimum Redemption Amount: $[\bullet]$ per Calculation Amount
- (b) Maximum Redemption Amount: $[\bullet]$ per Calculation Amount
- (v) Notice period: $[\bullet]$ days
17. Change of Control Put Option [Applicable/Not Applicable]
- (i) Optional Redemption Amount(s) of each Note: $[\bullet]$ per Calculation Amount
- (ii) Put Period: $[\bullet]$
- (iii) Put Date: $[\bullet]$
18. Final Redemption Amount of each Note $[\bullet][\text{Par}]$ per Calculation Amount
19. Early Redemption Amount
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption: $[\bullet]/[\text{Par}]$ per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

20. Form of Notes: **Bearer Notes:**
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]

[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

Registered Notes:

[Regulation S Global Note (US\$/€/£[●] nominal amount) registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]

- | | |
|---|---|
| 21. Financial Centre(s): | [Not Applicable/[●]] |
| 22. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): | [No/Yes. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.] |
| 23. US Selling Restrictions: | [Reg. S Compliance Category [1/2/3]; TEFRA C/ TEFRA D/ TEFRA not applicable] |
| 24. Approved Jurisdiction(s): | [Not Applicable/[●]] |

THIRD PARTY INFORMATION

[[●] has been extracted from (*specify source*). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Kennedy Wilson Europe Real Estate Plc:

By:

Duly authorised

PART B– OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market with effect from [●].]
[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market with effect from [].] [Not Applicable.]
- (ii) Estimate of total expenses related to admission to trading: [●]

2. RATINGS

- Ratings: [[The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]:
- [Standard & Poor's Credit Market Services Europe Limited: [●]]
- [[Other]: [●]]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business.]

4. [Fixed Rate Notes only – YIELD

- Indication of yield: [●]
- The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

5. HISTORIC INTEREST RATES

Details of historic [LIBOR/EURIBOR rates] can be obtained from [Reuters].

6. OPERATIONAL INFORMATION

- ISIN: [●]
- Common Code: [●]
- Any clearing system(s) other than Euroclear Bank S.A./N.V. and [Not Applicable/give name(s) and number(s)]

Clearstream Banking, S.A. and the
relevant identification number(s):

Delivery:

Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): ☒/[Not Applicable]

7. USE OF PROCEEDS

[As specified in the Base Prospectus]/☒

Applicable Pricing Supplement

[Form of Pricing Supplement with respect to Exempt Notes]

Pricing Supplement dated [●]

KENNEDY WILSON EUROPE REAL ESTATE PLC

Issue of **[Aggregate Nominal Amount of Tranche] [Title of Notes]**
under the

£2,000,000,000

Euro Medium Term Note Programme

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC (AS AMENDED) FOR THE ISSUE OF THE NOTES DESCRIBED BELOW AND THE UNITED KINGDOM LISTING AUTHORITY HAS NEITHER APPROVED NOR REVIEWED INFORMATION CONTAINED HEREIN.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 5 November 2015 [and the supplement(s) to it dated [●]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus. The Base Prospectus has been published on [●] website.

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Pricing Supplement.]

1. (i) Series Number: [●]
(ii) Tranche Number: [●]
(iii) Date on which the Notes become fungible: [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [insert description of the Series] on [insert date/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [21] below [which is expected to occur on or about [insert date]]].
2. Specified Currency or Currencies: [●]
3. Aggregate Nominal Amount: [●]
[(i)] Series: [●]
[(ii)] Tranche: [●]
4. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
5. (i) Specified Denominations: [●] [and integral multiples of [●] in excess thereof up to and including [●]. No notes in definitive form will be issued with a denomination above [●]]

(Note – Where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:

“[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].”)

(If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination must be [€100,000] or its equivalent in any other currency).

- (ii) Calculation Amount: [●]
6. (i) Issue Date: [●]
- (ii) Interest Commencement Date [Specify/Issue Date/Not Applicable]
7. Maturity Date: [Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]
8. Interest Basis: [[●] per cent. Fixed Rate]
- [[●] month [LIBOR/EURIBOR/Specify other]] +/- • per cent. Floating Rate]
- [Zero Coupon]
- (See paragraph [13/14/15] below)
9. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[●]/[100]] per cent. of their nominal amount.
- [Specify other]
10. Change of Interest Basis: [Specify details of any provision for change into another interest basis/Not Applicable]
11. Put/Call Options: [Change of Control Put Option]
- [Issuer Call]
- See paragraph [16/17] below)
12. Date Board approval for issuance of Notes obtained: [●] [and [●], respectively]]
- (N.B Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes)*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [●] per cent. per annum payable in arrear on each Interest

	Payment Date]
(ii) Interest Payment Date(s):	[●] in each year
(iii) Fixed Coupon Amount[(s)]:	[●] per Calculation Amount
(iv) Broken Amount(s):	[[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]]/[Not Applicable]
(v) Day Count Fraction:	[30/360 / Actual/Actual (ICMA) / Actual/365 (Fixed) / Actual/365 (Sterling) / Actual/360 / 30E/360 30E/360 (ISDA)]
(vi) [Determination Dates:	[●] in each year <i>(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))</i>
(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/(give details)]
14. Floating Rate Note Provisions	[Applicable/Not Applicable]
	<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Interest Period(s):	[[●] [, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
(ii) Specified Interest Payment Dates:	[[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]
(iii) Interest Period Date:	[Not Applicable]/ [[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]
(iv) First Interest Payment Date:	[●]
(v) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable/other <i>(give details)</i>]
(vi) Business Centre(s):	[●]
(vii) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA <i>Determination (or include details of any other formula, in each case to be used for calculating the Rate(s) of Interest and Interest Amount(s))</i>]

- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Issuing and Paying Agent): ☐
- (ix) Screen Rate Determination:
- Reference Rate: ☐ month [LIBOR/EURIBOR/Other]
 - Interest Determination Date(s): ☐
 - Relevant Screen Page: ☐
- (x) ISDA Determination:
- Floating Rate Option: ☐
 - Designated Maturity: ☐
 - Reset Date: ☐
 - ISDA Definitions (if different from those set out in Conditions) ☐/Not Applicable
- (xi) Linear Interpolation: [Not Applicable]/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)
- (xii) Margin(s): ☐ per cent. per annum
- (xiii) Minimum Rate of Interest: ☐ per cent. per annum
- (xiv) Maximum Rate of Interest: ☐ per cent. per annum
- (xv) Day Count Fraction: ☐
- (xvi) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: ☐
15. Zero Coupon Note Provisions ☐ [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Amortisation Yield: ☐ per cent. per annum
 - (ii) [Day Count Fraction in relation to Early Redemption Amounts: ☐[30/360][Actual/360][Actual/365][Other]]
 - (iii) Any other formula/basis of determining amount payable: ☐

PROVISIONS RELATING TO REDEMPTION

16. Call Option [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note: [[●] per Calculation Amount/Spens Amount/Make Whole Redemption Amount] [for the period ending on (and including) [●] and [[●] per Calculation Amount/Spens Amount/Make Whole Redemption Amount] for the period ending on (but excluding) the Maturity Date].
- [(If Spens Amount or Make-whole Amount is selected, include items (A) to (D) below or relevant options as are set out in the Conditions)]*
- [(A) Reference Bond: [Insert applicable Reference Bond]]
- [(B) Quotation Time: [●]]
- [(C) Redemption Margin: [[●] per cent.]]
- (iii) Redeemable in part: [Yes]/[No]
- (iv) If redeemable in part:
- (a) Minimum Redemption Amount: [●] per Calculation Amount
- (b) Maximum Redemption Amount: [●] per Calculation Amount
- (v) Notice period: [●] days
- (N.B. When setting notice periods the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)*
17. Change of Control Put Option [Applicable/Not Applicable]
- (i) Optional Redemption Amount(s) of each Note: [●] per Calculation Amount
- (ii) Put Period: [●]
- (iii) Put Date: [●]
18. Final Redemption Amount of each Note [●][Par] per Calculation Amount
19. Early Redemption Amount
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on [●]/[Par] per Calculation Amount

event of default or other early redemption:

GENERAL PROVISIONS APPLICABLE TO THE NOTES

20. Form of Notes:

Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]

[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

Registered Notes:

[Regulation S Global Note (US\$/€/£[●] nominal amount) registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]

21. Financial Centre(s) or other special provisions relating to payment dates:

[Not Applicable/give details. Note that this paragraph relates to the date of payment, and not the end dates of interest periods for the purposes of calculating the amount of interest, to which sub-paragraph 14(vi) relates]

22. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):

[No/Yes. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.]

23. Other terms or special conditions:

[[●]/[Not Applicable]]

24. US Selling Restrictions:

[Reg. S Compliance Category [1/2/3]; TEFRA C/ TEFRA D/ TEFRA not applicable]

25. Approved Jurisdiction(s):

[Not Applicable/[●]]

THIRD PARTY INFORMATION

[(Relevant third party information) has been extracted from (specify source). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (specify source), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Kennedy Wilson Europe Real Estate Plc:

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING¹

- (i) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [●] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [●] with effect from [].] [Not Applicable.]

(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)

- (ii) Estimate of total expenses related to admission to trading: [[●]/[Not Applicable]]

2. RATINGS

- Ratings: [[The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]:

[Standard & Poor's Credit Market Services Europe Limited: [●]]

[[Other]: [●]]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below:)

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business. (Amend as appropriate if there are other interests)]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

4. [Fixed Rate Notes only – YIELD

- Indication of yield: [●]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

¹ Listing of Exempt Notes may only be on an exchange regulated market or on a stock exchange outside the EEA.

5. *Floating rate notes only* - **HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR/[*specify other*] rates] can be obtained from [Reuters].

6. **OPERATIONAL INFORMATION**

ISIN: [●]

Common Code: [●]

Any clearing system(s) other than [Not Applicable/*give name(s) and number(s)*]
Euroclear Bank S.A./N.V. and
Clearstream Banking, S.A. and the
relevant identification number(s):

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [[●]/[Not Applicable]

7. **USE OF PROCEEDS**

[As specified in the Base Prospectus]/[●]

Terms and Conditions of the Notes

The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of the applicable Final Terms or Pricing Supplement (each as defined below) and, in the case of Exempt Notes (as defined below) only as amended and as varied in accordance with the provisions of the applicable Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s), representing each Series. The final terms for this Note are set out in the applicable Final Terms or Pricing Supplement attached to or endorsed on this Note (or on the Certificate relating to this Note in the case of a Registered Note) which supplements these terms and conditions (the “Conditions”) and, in the case of an Exempt Note only, the applicable Pricing Supplement may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the applicable Final Terms or Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in these Conditions to “Notes” are to, unless the context otherwise requires, the Notes of one Series only, not to all Notes that may be issued under the programme.

The Notes are constituted by a Trust Deed (as amended or supplemented as at the date of issue of the Notes (the “**Issue Date**”), the “**Trust Deed**”) dated 5 November 2015 between the Issuer and Deutsche Trustee Company Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An Agency Agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 5 November 2015 has been entered into in relation to the Notes between the Issuer, the Trustee, Deutsche Bank AG, London Branch as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Issuing and Paying Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent), the “**Registrar**”, the “**Transfer Agents**” (which expression shall include the Registrar) and the “**Calculation Agent(s)**” (together, the “**Agents**”). Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at Winchester House, 1 Great Winchester Street, London EC2N 2DB) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders and the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

The applicable Pricing Supplement in relation to any Tranche of Notes for which no prospectus is required to be published under Directive 2003/71/EC (as amended) (the “**Prospectus Directive**”, which term includes any relevant implementing measure in a relevant Member State of the European Economic Area) (“**Exempt Notes**”) may specify terms and conditions other than those set out herein which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purpose of such Notes. For the avoidance of doubt, the Final Terms in relation to each Tranche of Notes (other than Exempt Notes) shall not modify or replace these Conditions set out herein.

References herein to the “**applicable Final Terms**” are to Part A of the final terms (the “**Final Terms**”) (or, in the case of Exempt Notes, Part A of the pricing supplement (the “**Pricing Supplement**”)) attached hereto or endorsed hereon and expressions defined or used in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) shall have the same meanings in these Conditions, unless the context otherwise requires or unless otherwise stated.

As used in these Conditions, “**Tranche**” means Notes which are identical in all respects and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be

consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the issue date, issue price, amount and date of the first payment of interest thereon and/or the date from which interest starts to accrue.

1. **Form, Denomination and Title**

The Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Specified Denomination(s) shown hereon.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), “**holder**” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. **No Exchange of Notes and Transfers of Registered Notes**

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or relevant Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written

approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(b) or (c) shall be available for delivery within three business days of receipt of the form of transfer or Change of Control Put Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the relevant Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Change of Control Put Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Change of Control Put Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- (e) **Transfers Free of Charge:** Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any stamp duty, tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date (as defined below).

3. Status

The Notes and the Coupons relating to them constitute direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Coupons shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

4. Negative Pledge

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Material Subsidiaries will create, or have outstanding, any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Bond Indebtedness or to secure any guarantee or indemnity in respect of any Bond Indebtedness, without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Bond Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

In these Conditions:

- (i) “**Assets**” of any person means all or part of the undertaking, assets or revenues (including any uncalled capital) of such person;
- (ii) “**Bond Indebtedness**” means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;
- (iii) “**Material Subsidiary**” means, at any relevant time, a Subsidiary of the Issuer:
 - (a) whose total assets (valued on a current market basis) or gross revenues (or, where the Subsidiary in question prepares consolidated accounts, whose total consolidated assets (valued on a current market basis) or whose consolidated gross revenues, as the case may be) represent not less than 10 per cent. of the Total Asset Value (as defined in Condition 11) or the gross consolidated revenues of the Issuer, all as calculated by reference to the then latest audited or unaudited interim accounts (or consolidated audited or unaudited interim accounts, as the case may be) of such Subsidiary and the Financial Statements (as defined in Condition 11) in respect of the Last Reporting Date (as defined in Condition 11); provided that, in the case of a Subsidiary of the Issuer acquired after the Last Reporting Date, the reference to the Financial Statements in respect of the Last Reporting Date (for the purpose of this sub-paragraph (a), the “**Relevant Financial Statements**”) for the purposes of the calculation above shall, until consolidated accounts of the Issuer for the financial period in which the acquisition is made have been prepared and reviewed or audited, be deemed to be a reference to the Relevant Financial Statements as if such Subsidiary had been shown in the Relevant Financial Statements by reference to its then latest relevant audited accounts or unaudited interim accounts, adjusted as deemed appropriate by the Issuer; or
 - (b) to which is transferred all or substantially all the assets and undertaking of a Subsidiary which immediately prior to such transfer is a Material Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this sub-paragraph (b) on the date on which the Financial Statements for the financial period current (for the purpose of this sub-paragraph (b), the “**Relevant Financial Statements**”) at the date of such transfer have been prepared and reviewed or audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which the Relevant Financial Statements have been prepared and reviewed or audited by virtue of the provisions of

sub-paragraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition;

- (iv) **“Permitted Security Interest”** means:
 - (a) any Security Interest created in respect of any Bond Indebtedness of a company which, after 25 June 2015, merges with the Issuer or one of its Subsidiaries or which is acquired by the Issuer or one of its Subsidiaries, provided that such security was already in existence at the time of the merger or the acquisition, was not created for the purpose of financing the merger or the acquisition and is not increased in amount and not extended following the merger or the acquisition; and
 - (b) any Security Interest created in respect of Securitised Bond Indebtedness;
- (v) **“Securitised Bond Indebtedness”** means any Bond Indebtedness of the Issuer or any Subsidiary thereof incurred in connection with any securitisation or similar financing arrangements relating to Assets owned by the Issuer and/or one or more of its Subsidiaries and where the recourse of the holders of such Bond Indebtedness against the Issuer and such Subsidiary or Subsidiaries (as applicable) is limited solely to (i) such Assets or any income generated therefrom and (ii) if applicable, any other Assets of one or more other Subsidiaries of the Issuer which secure such Bond Indebtedness (or which secure any guarantee for, or indemnity in respect of, such Bond Indebtedness);
- (vi) **“Security Interest”** means any mortgage, charge, lien, pledge or other security interest; and
- (vii) **“Subsidiary”** means, in relation to any person (the **“first person”**):
 - (i) whether incorporated in Jersey or otherwise at any time, any other person (whether or not now existing) which is controlled directly or indirectly, or more than 50 per cent. of whose issued equity share capital (or equivalent) is then held or beneficially owned, by the first person and/or any one or more of the first person’s Subsidiaries, and **“control”** means the power (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise) to appoint the majority of the members of the governing body or management, or otherwise to control the affairs and policies, of that other person; and
 - (ii) if the first person is incorporated in Jersey, any other person (whether or not now existing) which is a subsidiary within the meaning of Articles 2 and 2A of the Companies (Jersey) Law 1991.

5. Interest and other Calculations

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f).
- (b) **Interest on Floating Rate Notes:**
 - (i) *Interest Payment Dates:* Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f). Such Interest Payment Date(s) is/are

either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

- (iii) *Rate of Interest:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

- (y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at

approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Linear Interpolation

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

“**Applicable Maturity**” means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).
- (d) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).
- (e) **Margin, Maximum/Minimum Rates of Interest and Redemption Amounts and Rounding:**
 - (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the

case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.

- (ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
 - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant figure shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country/ies of such currency.
- (f) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.
- (g) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases,

the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

- (h) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Business Day**” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a “**TARGET Business Day**”) and/or
- (iii) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual - ISDA**” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if “**Actual/365 (Sterling)**” is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366
- (iv) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360

- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and **D₁** is greater than 29, in which case **D₂** will be 30

- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case **D₂** will be 30

- (vii) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30

- (viii) if “**Actual/Actual-ICMA**” is specified hereon,
- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date and

“**Determination Date**” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

“**Euro-zone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“**Interest Amount**” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified hereon.

“**Interest Determination Date**” means, with respect to a Rate of Interest and an Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“**Interest Period**” means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date unless otherwise specified hereon.

“**Interest Period Date**” means each Interest Payment Date unless otherwise specified hereon.

“**ISDA Definitions**” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“**Rate of Interest**” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“**Reference Banks**” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

“**Reference Rate**” means the rate specified as such hereon.

“**Relevant Screen Page**” means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service).

“**Specified Currency**” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

Calculation Agent: The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under these Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6. Redemption, Purchase and Options

(a) Final Redemption:

Unless previously redeemed or purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount).

(b) Early Redemption:

(i) Zero Coupon Notes:

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 6(c), Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(B) Subject to the provisions of sub-paragraph (C) below, the “**Amortised Face Amount**” of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c), Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-

paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (ii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c), Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.
- (c) **Redemption for Taxation Reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 17 (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest (if any) accrued to (but excluding) the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of Jersey or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee (A) a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.
- (d) **Redemption at the Option of the Issuer:** If Call Option is specified hereon, the Issuer may, on giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders in accordance with Condition 17 (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their relevant Optional Redemption Amount (as defined below for the purposes of this Condition 6(d))), together with interest (if any) accrued to (but excluding) the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon. For the

avoidance of doubt, different Optional Redemption Amounts may be specified hereon in respect of different Optional Redemption Dates.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

In this Condition 6(d):

“**Determination Date**” will be set out in the relevant notice of redemption;

“**FA Selected Bond**” means a government security or securities selected by the Financial Adviser as having an actual or interpolated maturity comparable with the remaining term of the Notes, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the remaining term of the Notes;

“**Gross Redemption Yield**” on the Notes to be redeemed or any Reference Bond will be expressed as a percentage and will be calculated by the Financial Adviser on the basis set out by the United Kingdom Debt Management Office in the paper “*Formulae for Calculating Gilt Prices from Yields*” page 5, Section One: Price/Yield Formulae “*Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date*” (published on 8 June 1998 and updated on 15 January 2002 and on 16 March 2005 and as further updated or amended from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places);

“**Make Whole Redemption Price**” will be an amount (as calculated by the Financial Adviser) equal to:

- (i) if Spens Amount is specified hereon, the higher of: (a) the nominal amount of the Notes to be redeemed; and (b) the nominal amount of the Notes to be redeemed multiplied by the price (as reported in writing to the Issuer and the Trustee by an independent financial adviser (the “**Financial Adviser**”) appointed by the Issuer and approved by the Trustee) expressed as a percentage (rounded to four decimal places; 0.00005 being rounded upwards) at which the Gross Redemption Yield on such Notes (if such Notes were to remain outstanding until their original Maturity Date) on the Determination Date is equal to the Gross Redemption Yield at the Quotation Time on the Determination Date of the Reference Bond plus the Redemption Margin; or
- (ii) if Make Whole Redemption Amount is specified hereon, the higher of: (i) the nominal amount of the Notes to be redeemed; and (ii) the sum of the present values of the nominal amount of the Notes to be redeemed and the Remaining Term Interest on such Notes (exclusive of interest accrued to the relevant date of redemption) and such present values shall be calculated by discounting such amounts to the date of redemption on an annual basis (assuming a 360-day year consisting of twelve 30-day months or, in the case of an incomplete month, the number of days elapsed) at the Reference Bond Rate plus the Redemption Margin;

“Optional Redemption Amount” means either: (i) if Make Whole Redemption Price is specified hereon in respect of one or more Optional Redemption Dates, the relevant Make Whole Redemption Price; or (ii) if so specified hereon in respect of one or more Optional Redemption Dates, the specified percentage or amount of the nominal amount of the Notes specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above));

“Quotation Time” means the Quotation Time specified hereon;

“Redemption Margin” means the Redemption Margin specified hereon;

“Reference Bond” means the Reference Bond specified hereon (or, where the Financial Adviser advises the Issuer that, for reasons of illiquidity or otherwise, the Reference Bond is not appropriate for such purpose, the FA Selected Bond);

“Reference Bond Price” means, with respect to any date of redemption, (a) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (b) if the Financial Adviser obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

“Reference Bond Rate” means, with respect to any date of redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage (rounded to four decimal places; 0.00005 being rounded upwards) of its nominal amount) equal to the Reference Bond Price for such date of redemption;

“Reference Government Bond Dealer” means each of five banks selected by the Issuer or its affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

“Reference Government Bond Dealer Quotations” means, with respect to each Reference Government Bond Dealer and any date of redemption, the arithmetic average, as determined by the Financial Adviser, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time on the Determination Date quoted in writing to the Financial Adviser by such Reference Government Bond Dealer; and

“Remaining Term Interest” means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term of such Note determined on the basis of the rate of interest applicable to such Note from and including the date on which such Note is to be redeemed by the Issuer pursuant to this Condition 6(d).

(e) **Redemption at the Option of Noteholders as a result of a Change of Control:**

If Change of Control Put Option is specified hereon and if, at any time while any of the Notes remains outstanding, a Change of Control Put Event (as defined below) occurs, then the holder of each such Note will have the option (a **“Change of Control Put Option”**) (unless prior to the giving of the relevant Change of Control Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 6(c) or 6(d) above) to require the Issuer to redeem or, at the Issuer’s option, purchase (or procure the purchase of) that Note on the date which is seven days after the expiration of the Put Period (as defined below) (or such other date as may be specified hereon, the **“Put Date”**) at the Optional Redemption Amount specified hereon together

with (or, where purchased, together with an amount equal to) interest (if any) accrued to (but excluding) the Put Date.

A “**Change of Control Put Event**” will be deemed to occur if:

- A. any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than (x) a holding company (as defined in Articles 2 and 2A of the Companies (Jersey) Law 1991) whose shareholders are the same or substantially similar to the pre-existing shareholders of the company owned by the holding company and whose shareholdings in the holding company will be in the same or substantially similar proportions as their shareholdings were in the company held by the holding company or (y) the Investment Manager (and/or any of its affiliates (being any person or entity that directly or indirectly controls, is controlled by, or is under common control with, the Investment Manager)), shall become interested (within the meaning of Part 22 of the Companies Act 2006, as amended) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (B) shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer (each such event being a “**Change of Control**”);
- B. on the date (the “**Relevant Announcement Date**”) that is the earlier of (1) the date of the first public announcement of the relevant Change of Control and (2) the date of the earliest Relevant Potential Change of Control Announcement (if any), the Notes carry:
 - (x) an investment grade credit rating (Baa3/BBB-, or their respective equivalents, or better) (an “**Investment Grade Rating**”) from any Rating Agency which is provided by such Rating Agency at the invitation of the Issuer (or, where there is no rating from any Rating Agency assigned at the invitation of the Issuer, the then current rating (if any) assigned by any Rating Agency of its own volition) and such rating is, within the Change of Control Period, either downgraded to a non-investment grade credit rating (Ba1/BB+, or their respective equivalents, or worse) (a “**Non-Investment Grade Rating**”) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded to an Investment Grade Rating by such Rating Agency; or
 - (y) a Non-Investment Grade Rating (Ba1/BB+, or their respective equivalents, or worse) from any Rating Agency which is provided by such Rating Agency at the invitation of the Issuer (or, where there is no rating from any Rating Agency assigned at the invitation of the Issuer, the then current rating (if any) assigned by any Rating Agency of its own volition) and such rating is, within the Change of Control Period, either downgraded by one or more rating categories (from Ba1 to Ba2 or such similar lowering) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded to its earlier credit rating or better by such Rating Agency; or
 - (z) no credit rating and a Negative Rating Event also occurs within the Change of Control Period,

provided that if, at the time of the occurrence of the Change of Control, the Notes carry a credit rating from more than one Rating Agency, at least one of which is an Investment Grade Rating, then sub-paragraph (A) will apply; and

- C. in making any decision to downgrade or withdraw a credit rating pursuant to paragraphs (A) and (B) above or not to award at least an Investment Grade Rating as described in paragraph (ii) of the definition of “Negative Rating Event”, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement.

Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred, the Issuer shall, and, at any time upon the Trustee receiving express written notice of such Change of Control Put Event, the Trustee may, and, if so requested by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, the Trustee shall, (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction) give notice (a “**Change of Control Put Event Notice**”) to the Noteholders in accordance with Condition 17 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of a Note must (in the case of Bearer Notes) deposit such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) deposit the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, in each case at any time during normal business hours of such Paying Agent, the Registrar or such other Transfer Agent, as the case may be, falling within the period (the “**Put Period**”) of 30 days after a Change of Control Put Event Notice is given or such other date as may be specified hereon, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent, the Registrar or any other Transfer Agent, as the case may be (a “**Change of Control Put Notice**”). No Note or Certificate so deposited and option so exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. The Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Put Date unless previously redeemed (or purchased) and cancelled.

If 80 per cent. or more in nominal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 6(e), the Issuer may, on giving not less than 30 nor more than 60 days’ notice to the Noteholders (such notice being given within 30 days after the Put Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at their Optional Redemption Amount specified hereon, together with (or, where purchased, together with an amount equal to) interest (if any) accrued to (but excluding) the date fixed for such redemption or purchase.

If the rating designations employed by any of Moody’s, Fitch or S&P are changed from those which are described in paragraph B of the definition of “Change of Control Put Event” above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine, with the agreement of the Trustee, the rating designations of Moody’s, Fitch or S&P or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody’s, Fitch or S&P, and this Condition 6(e) shall be construed accordingly.

The Trustee is under no obligation to ascertain whether a Change of Control Put Event or Change of Control or Negative Rating Event or any event which could lead to the occurrence of or could constitute a Change of Control Put Event or Change of Control or Negative Rating Event has occurred, or to seek any confirmation from any Rating Agency pursuant to paragraph C above, and, until it shall have received express written notice pursuant to the Trust Deed to the contrary,

the Trustee may assume that no Change of Control Put Event or Change of Control or Negative Rating Event or other such event has occurred.

In this Condition:

“Change of Control Period” means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period for which the Notes are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration);

“Investment Manager” means KW Investment Management Ltd (or any successor investment manager of the Issuer);

a **“Negative Rating Event”** shall be deemed to have occurred if at such time as there is no rating assigned to the Notes by a Rating Agency (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control, seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of the Notes, or any other unsecured and unsubordinated debt of the Issuer or (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain such a rating of at least investment grade by the end of the Change of Control Period;

“Rating Agency” means Moody’s Investors Service, Inc. (**“Moody’s”**), Fitch Ratings Ltd. (**“Fitch”**) or Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies Inc. (**“S&P”**) or any of their respective successors or any rating agency (a **“Substitute Rating Agency”**) substituted for any of them by the Issuer from time to time with the prior written approval of the Trustee; and

“Relevant Potential Change of Control Announcement” means any public announcement or statement by the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where, within 180 days following the date of such announcement or statement, a Change of Control occurs.

- (f) **Purchases:** The Issuer and its Subsidiaries may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to exercise any voting rights of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 12(a)).
- (g) **Cancellation:** All Notes redeemed or purchased by or on behalf of the Issuer or any of its Subsidiaries will be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, shall, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7. Payments and Talons

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 7(f)(v)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. “**Bank**” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.
- (b) **Registered Notes:**
 - (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
 - (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made in the relevant currency by bank transfer or, at the option of the holder, by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.
- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments subject to Laws:** Save as provided in Condition 8, payments will be subject in all cases to any applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer or the Agents are subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other

Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where these Conditions so require, (v) a Paying Agent having its specified office in at least one major European city, (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee and (vii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, any such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) **Unmatured Coupons and unexchanged Talons:**

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, such Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Non-Business Days:** If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “**Financial Centres**” hereon and:
 - (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
 - (ii) (in the case of a payment in euro) which is a TARGET Business Day.

8. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by Jersey or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been receivable by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) **Other connection:** presented (or in respect of which the Certificate representing it is presented) for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with Jersey other than the mere holding of the Note or Coupon; or
- (b) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the last day of such period of 30 days (assuming that day to be a business day); or
- (c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, any such Directive; or
- (d) **Payment by another Paying Agent:** (except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

Notwithstanding any other provision of these Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

9. Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. Events of Default

If any of the following events (“**Events of Default**”) occurs and is continuing, the Trustee at its discretion may, and if so requested by holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, (subject, in each case, to its being indemnified and/or secured and/or prefunded to its satisfaction) give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

- (a) **Non-Payment:** the Issuer fails to pay the principal of, or any interest on, any of the Notes when due and such failure continues for a period of seven days in the case of principal and 14 days in the case of interest; or
- (b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed, which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been given to the Issuer by the Trustee; or
- (c) **Cross-Acceleration:** (i) any other present or future indebtedness of the Issuer or any of its Material Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be,

within any originally applicable grace period, or (iii) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised; provided that no Event of Default will occur under this Condition 10(c) unless:

(A) in the case of one or more events mentioned above in this Condition 10(c) that occur(s) with respect to relevant Recourse Indebtedness, the aggregate amount of the relevant indebtedness, guarantees and indemnities which constitute Recourse Indebtedness and in respect of which one or more of the events mentioned above in this Condition 10(c) have occurred equals or exceeds £25 million or, if greater, 2 per cent. of Total Asset Value or, in either case, its equivalent; or

(B) there have been three or more NRI Events. For the purpose of this sub-paragraph (B), “**NRI Event**” means an event:

(x) falling within paragraphs (i) to (iii) (inclusive) of this Condition 10(c); and

(y) which occurs with respect to any indebtedness, guarantee or indemnity which is referred to in paragraphs (i) to (iii) (inclusive) of this Condition 10(c) which constitutes Non-Recourse Indebtedness and which is in an aggregate amount of at least £25 million or, if greater, 2 per cent. of Total Asset Value or, in either case, its equivalent,

provided that, where circumstances constituting an NRI Event occur on more than one occasion in relation to the same facility or financing arrangement, that shall be treated as one NRI Event only for the purpose of this Condition 10(c); or

(d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries (excluding any such property, assets or revenues which secure any Non-Recourse Indebtedness (or which secure any guarantee for, or indemnity in respect of, any Non-Recourse Indebtedness)) and which is not discharged or stayed within 21 days of having been so levied, enforced or sued out; or

(e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Material Subsidiaries becomes enforceable (other than any such mortgage, charge, pledge, lien or other encumbrance in respect of any Non-Recourse Indebtedness (or any guarantee for, or indemnity in respect of, any Non-Recourse Indebtedness)) and (i) any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person) and (ii) the relevant enforcement action is not discharged or stayed within 60 days; or

(f) **Insolvency:** (i) the Issuer or any of its Material Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, (ii) the Issuer or any of its Material Subsidiaries proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), (iii) the Issuer or any of its Material Subsidiaries proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or (iv) a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Material Subsidiaries; or

- (g) **Winding-up or cessation of business:** an administrator is appointed, an order is made or an effective resolution is passed for the winding-up or dissolution or administration of the Issuer or any of its Material Subsidiaries, or the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, except, in any such case, for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee or by an Extraordinary Resolution of the Noteholders, (ii) in the case of a Material Subsidiary, pursuant to a voluntary solvent winding-up where surplus assets are available for distribution, or (iii) in the case of a Material Subsidiary, whereby the undertaking and assets of such Material Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries and except that this paragraph (g) shall not apply to any winding-up petition which is discharged, stayed or dismissed within 45 days; or
- (h) **Analogous Events:** any event occurs which, under the laws of any relevant jurisdiction, has an analogous effect to any of the events referred to in any of the foregoing paragraphs of this Condition 10,

provided that:

- (i) in the case of Condition 10(b), the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders; and
- (ii) during the relevant Clean-Up Period, no Event of Default shall occur under Condition 10(d), (e), (f) or (g) if the relevant event (each such event, a “**Clean-Up Default**”) which would otherwise have caused an Event of Default under Condition 10(d), (e), (f) or (g) results from (x) the acquisition of a Property Asset or a Loan Asset (each a “**Clean-Up Asset**”) by a member of the Consolidated Group or (y) the acquisition of a Subsidiary (a “**Clean-Up Company**”) which, upon such acquisition, becomes a Material Subsidiary by virtue of the operation of the definition thereof where:
 - (A) such Clean-Up Default is capable of remedy;
 - (B) no other Event of Default (other than those specified above in this sub-paragraph (ii)) results from such acquisition or is then continuing;
 - (C) the matters resulting in the relevant Clean-Up Default were known to the Issuer or were already in existence at the time of the acquisition of the relevant Clean-Up Asset or Clean-Up Company; and
 - (D) such Clean-Up Default has not been procured or approved by any member of the Consolidated Group or any Holding Company of the Issuer.

For the purposes of this Condition 10:

1. “**Holding Company**” means, in relation to a person, any other person in respect of which it is a Subsidiary; and
2. “**Clean-Up Period**” means the period commencing on:
 - (aa) in the case of an acquisition of a Clean-Up Asset, the date of such acquisition by any member of the Consolidated Group; and
 - (bb) in the case of an acquisition of a Clean-Up Company, the date on which such Clean-Up Company becomes a Material Subsidiary,
 and ending, in either case, on the date falling 90 days thereafter.

11. Issuer Covenants

For so long as any of the Notes remain outstanding:

- (a) **Limitations on Incurrence of Indebtedness:** the Issuer undertakes that it will not, and will procure that none of its Subsidiaries will, incur any Indebtedness if, immediately after giving effect to the incurrence of such additional Indebtedness and the application of the net proceeds of such incurrence:
 - (i) the sum of: (x) the Consolidated Net Indebtedness as at the Last Reporting Date and (y) the Post Last Reporting Date Consolidated Net Indebtedness would exceed 60 per cent. of the sum of (without duplication): (A) the Total Asset Value as at the Last Reporting Date, (B) the purchase price (including capitalised acquisition costs under IFRS) of any Property Assets and Loan Assets acquired or contracted for acquisition by the Consolidated Group since the Last Reporting Date and (C) the capitalised expenditure associated with construction or refurbishments permitted under IFRS less (D) the book value of any disposals of any Property Assets, any Loan Assets and any Subsidiaries since the Last Reporting Date; or
 - (ii) the sum of: (x) the Consolidated Secured Indebtedness (less cash and Cash Equivalents) as at the Last Reporting Date and (y) the Post Last Reporting Date Consolidated Net Secured Indebtedness (less cash and Cash Equivalents) would exceed 50 per cent. of the sum of (without duplication): (A) the Total Asset Value as at the Last Reporting Date, (B) the purchase price (including capitalised acquisition costs under IFRS) of any Property Assets and Loan Assets acquired or contracted for acquisition by the Consolidated Group since the Last Reporting Date and (C) the capitalised expenditure associated with construction or refurbishments permitted under IFRS less (D) the book value of any disposals of any Property Assets, any Loan Assets and any Subsidiaries since the Last Reporting Date.
- (b) **Maintenance of Interest Coverage Ratio:** the Issuer undertakes that, on each Reporting Date, the Interest Coverage Ratio will be at least 1.50.
- (c) **Maintenance of Total Unencumbered Assets:** the Issuer undertakes that, on each Reporting Date, the Unencumbered Assets (less cash and Cash Equivalents) as at such Reporting Date will not be less than 125 per cent. of the Unsecured Indebtedness (less cash and Cash Equivalents) as at such Reporting Date.
- (d) **Reports:** the Issuer shall post on its website and deliver to the Trustee:
 - (i) within 120 days after the end of each of the Issuer's fiscal years, annual reports containing the following information:
 - (x) audited consolidated financial statements prepared in accordance with IFRS; and
 - (y) the audit report of the independent auditors on the consolidated financial statements; and
 - (ii) within 60 days after the end of each half of each fiscal year of the Issuer, consolidated unaudited interim financial statements prepared in accordance with IFRS.

This Condition 11(d) shall not apply for so long as the Issuer's ordinary shares are listed on an EEA Regulated Market.

- (e) **Certificates:** the Issuer shall deliver to the Trustee promptly following the publication, and the delivery to the Trustee, of the Financial Statements a certificate addressed to the Trustee and signed by two directors of the Issuer as to the compliance by the Issuer with the covenants set out in Conditions 11(a), 11(b) and 11(c). Such certificate may be relied upon by the Trustee (without liability to any person for so relying) and, if so relied upon, shall be conclusive and binding on the Issuer and the Noteholders.

Any certificate addressed to the Trustee by two directors of the Issuer as to the amounts of any defined term or figure in Conditions 11(a), 11(b) and 11(c) (unless expressly stated otherwise) may be relied upon by the Trustee (without liability to any person for so relying) and, if so relied upon, shall be conclusive and binding on the Issuer and the Noteholders.

In this Condition:

“Actual Net Rental Income” means, on each Reporting Date, the sum of Consolidated Group rental income and hotel revenue and interest income from loan investments less the service charge expenses for the Relevant Period, each of which shall be determined by reference to the Financial Statements in respect of the Relevant Period;

“Attributable Indebtedness” means, on any date:

- (a) in respect of any capital lease of any person, the capitalised amount thereof that would appear on a balance sheet of such person prepared as of such date in accordance with IFRS; and
- (b) in respect of any Synthetic Lease Obligation, the capitalised amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such person prepared as of such date in accordance with IFRS if such lease were accounted for as a capital lease;

“Capitalised Lease” means a lease under which the discounted future rental payment obligations of the lessee or the obligor are required to be capitalised on the balance sheet of such person in accordance with IFRS;

“Cash Equivalents” means short-term, liquid investments and traded securities that are readily convertible to known amounts of cash (or as otherwise defined under IFRS);

“Consolidated Group” means the Issuer and its consolidated Subsidiaries, as determined in accordance with IFRS;

“Consolidated Net Indebtedness” means Consolidated Total Indebtedness but deducting the aggregate amount of cash and Cash Equivalents held by any member of the Consolidated Group at that time and so that no amount shall be included or excluded more than once;

“Consolidated Secured Indebtedness” means, at any time, Consolidated Total Indebtedness that is Secured Indebtedness;

“Consolidated Total Indebtedness” means, as of any date of determination, the then aggregate outstanding amount of all Indebtedness of the Consolidated Group;

“Customary Non-Recourse Carve-outs” means, with respect to any Non-Recourse Indebtedness, exclusions from the exculpation provisions with respect to such Non-Recourse Indebtedness for fraud, misrepresentation, misapplication of funds, waste, environmental claims, voluntary bankruptcy, collusive involuntary bankruptcy, prohibited transfers, violations of single purpose entity covenants and other circumstances customarily excluded by institutional lenders from exculpation provisions and/or included in separate indemnification agreements in non-recourse financings of real estate;

“EEA Regulated Market” means a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC which is situated in the European Economic Area;

“Equity Interests” means, with respect to any person, all of the shares of capital stock of (or other ownership or profit interests in) such person, all of the warrants, options or other rights for the purchase or acquisition from such person of shares of capital stock of (or other ownership or profit interests in) such person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such person or warrants, rights or options for the purchase or acquisition from such person of such shares (or such other interests), and all of the other ownership or profit interests in such person (including partnership, member or trust interests therein), whether voting or non-voting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination;

“Financial Statements” means the audited consolidated financial statements (including the management report) of the Issuer or, as the case may be, the unaudited consolidated interim financial statements (including the management report) of the Issuer, in each case as (i) published by the Issuer as at a Reporting Date and (ii) prepared in accordance with IFRS;

“IFRS” means International Financial Reporting Standards as adopted by the European Union from time to time;

“Indebtedness” means, as to any person at a particular time, without duplication, all of the following, whether or not included as Indebtedness or liabilities in accordance with IFRS:

- (a) all obligations of such person for borrowed money and all obligations of such person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;
- (b) all direct or contingent obligations of such person arising under letters of credit (including standby and commercial), bankers’ acceptances (including acceptance credit facility or dematerialised equivalent), bank guarantees, surety bonds and similar instruments;
- (c) net obligations of such person under any Swap Contract;
- (d) all obligations of such person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business that are not past due for more than 60 days after the date on which such trade account payable was created);
- (e) Indebtedness (excluding prepaid interest thereon) which has the benefit of Security over property owned or being purchased by such person (including Indebtedness arising under conditional sales or other title retention agreements), whether or not such Indebtedness shall have been assumed by such person or is limited in recourse;
- (f) Capitalised Leases and Synthetic Lease Obligations;
- (g) all obligations of such person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Equity Interest in such person or any other person, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference, plus accrued and unpaid dividends;
- (h) all Off-Balance Sheet Arrangements of such person; and
- (i) all guarantees of such person in respect of any of the foregoing, excluding guarantees of Non-Recourse Indebtedness for which recourse is limited to liability for Customary Non-Recourse Carve-outs.

For the purposes of this definition:

- (i) the Indebtedness shall include the Consolidated Group's Ownership Share of the foregoing items and components attributable to Indebtedness of Unconsolidated Affiliates;
- (ii) the Indebtedness of any person shall include the Indebtedness of any partnership or joint venture entity (other than a joint venture that is itself a corporation or limited liability company) in which such person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such person;
- (iii) the amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date; and
- (iv) the amount of any Capitalised Lease or Synthetic Lease Obligation as of any date shall be deemed to be the amount of Attributable Indebtedness in respect thereof as of such date;

"Interest Coverage Ratio" means, in respect of a Reporting Date, the ratio of (A) the aggregate amount of Actual Net Rental Income in the Relevant Period to (B) the aggregate amount of Net Cash Interest in the Relevant Period;

"Last Reporting Date" means the most recent Reporting Date;

"Loan Asset" means:

- (a) a commercial mortgage loan originated or acquired by the Issuer or a Subsidiary thereof; or
- (b) a commercial mortgage loan, together with a related mezzanine loan, originated or acquired by the Issuer or a Subsidiary thereof.

For the avoidance of doubt, a mezzanine loan itself does not constitute a Loan Asset, but as described in paragraph (b) above may comprise part of a Loan Asset;

"Net Cash Interest" means, on each Reporting Date, all interest accrued to persons who are not members of the Consolidated Group less the amount of any interest accrued to be received from persons who are not members of the Consolidated Group, in each case excluding any one-off financing charges (including, without limitation, any one-off fees and/or break costs and/or early redemption costs and/or issuance costs) and in each case for the Relevant Period;

"Non-Recourse Indebtedness" means, at any time in relation to a Subsidiary of the Issuer, Indebtedness of such Subsidiary in relation to which the creditor thereof has recourse for repayment of such Indebtedness only to the extent of (i) any assets of such Subsidiary which secure such Indebtedness and (ii) if applicable, any assets of one or more other Subsidiaries of the Issuer which secure such Indebtedness (or which secure any guarantee for, or indemnity in respect of, such Indebtedness);

"Off-Balance Sheet Arrangement" means any transaction, agreement or other contractual arrangement to which an entity unconsolidated with the Issuer is a party, under which the Issuer has:

- (a) any obligation under a guarantee contract that has any of the following characteristics:
 - (i) contracts that contingently require a guarantor to make payments (as described in the following paragraph (ii)) to a guaranteed party based on changes in an underlying that is related to an asset, a liability, or an equity security of the guaranteed party;
 - (ii) contracts that contingently require a guarantor to make payments (as described in the following paragraph (iii)) to a guaranteed party based on another entity's failure to perform under an obligating agreement;

- (iii) indemnification agreements or contracts that contingently require an indemnifying party to make payments to an indemnified party based on changes in an underlying that is related to an asset, a liability, or an equity security of the indemnified party; or
 - (iv) indirect guarantees of the Indebtedness of others, even though the payment to the guaranteed party may not be based on changes in an underlying that is related to an asset, a liability, or an equity security of the guaranteed party;
- (b) a retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to such entity for such assets;
- (c) any obligation, including a contingent obligation, under a contract that would be accounted for as a derivative instrument, except that it is both indexed to the Issuer's own stock and classified in stockholders' equity in the Issuer's statement of financial position; or
- (d) any obligation, including a contingent obligation, arising out of a variable interest in an unconsolidated entity that is held by, and material to, the Issuer, where such entity provides financing, liquidity, market risk or credit risk support to, or engages in leasing, hedging or research and development services with, the Issuer or its Subsidiaries;

“Ownership Share” means, with respect to any Unconsolidated Affiliate of a person, the greater of:

- (a) such person's relative nominal direct and indirect ownership interest (expressed as a percentage) in such Subsidiary or Unconsolidated Affiliate; and
- (b) such person's relative direct and indirect economic interest (calculated as a percentage) in such Unconsolidated Affiliate determined in accordance with the applicable provisions of the declaration of trust, articles or certificate of incorporation, articles of organisation, partnership agreement, joint venture agreement or other applicable organisational document of such Unconsolidated Affiliate;

“Post Last Reporting Date Consolidated Net Indebtedness” means, at any time, the aggregate outstanding amount of the Indebtedness of the Consolidated Group incurred since the Last Reporting Date minus the amount of Indebtedness of the Consolidated Group repaid since the Last Reporting Date but deducting the aggregate amount of cash and Cash Equivalents held by any member of the Consolidated Group at that time and so that no amount shall be included or excluded more than once;

“Post Last Reporting Date Consolidated Net Secured Indebtedness” means, at any time, the aggregate outstanding amount of the Secured Indebtedness of the Consolidated Group incurred since the Last Reporting Date minus the amount of Secured Indebtedness of the Consolidated Group repaid since the Last Reporting Date;

“Property Asset” means any Real Property that is owned or ground leased, directly or indirectly, by the Issuer or a Subsidiary thereof;

“Real Property” means, in respect of any person, all of the right, title, and interest of such person in and to land, improvements and fixtures;

“Recourse Indebtedness” means Indebtedness that is not Non-Recourse Indebtedness, provided that personal recourse for Customary Non-Recourse Carve-outs shall not, by itself, cause such Indebtedness to be characterised as Recourse Indebtedness;

“Relevant Period” means, in respect of a Reporting Date falling on 30 June (or such other accounts date to which the Issuer's half-year unaudited consolidated interim financial statements are prepared), the six-month period prior to such Reporting Date and, in respect of a Reporting Date falling on 31 December (or

such other accounts date to which the Issuer's annual audited consolidated financial statements are prepared), the 12-month period prior to such Reporting Date;

"Reporting Date" means an accounts date for which annual audited consolidated financial statements of the Issuer have been published or unaudited consolidated interim financial statements of the Issuer have been published by the Issuer, in each case prepared in accordance with IFRS, being on the date of issue hereof 30 June and 31 December in each year;

"Secured Indebtedness" means Indebtedness of any person that has the benefit of Security over any asset (including, without limitation, any Equity Interest) owned or leased by the Issuer, any Subsidiary thereof or any Unconsolidated Affiliate, as applicable;

"Security" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect and any negative pledge covenant;

"Swap Contract" means:

- (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement; and
- (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a **"Master Agreement"**), including any such obligations or liabilities under any Master Agreement;

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts:

- (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s); and
- (b) for any date prior to the date referenced in paragraph (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognised dealer in such Swap Contracts;

"Synthetic Lease Obligations" means the monetary obligation of a person under:

- (a) a so-called synthetic, off-balance sheet or tax retention lease; or
- (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such person but which, upon the insolvency or bankruptcy of such person, would be characterised as the Indebtedness of such person (without regard to accounting treatment);

“Total Asset Value” means, without duplication, as of any date, the total assets of the Consolidated Group (valued on a current market basis) as required to be shown on the consolidated balance sheet of the Issuer, plus the Consolidated Group’s Ownership Share of all assets (valued on a current market basis) of Unconsolidated Affiliates in which any member of the Consolidated Group owns a direct or indirect Equity Interest, in each case determined in accordance with IFRS as of such date and excluding (for the purposes of Condition 11(a) only) the aggregate amount of cash and Cash Equivalents held by any member of the Consolidated Group at that time;

“Unconsolidated Affiliate” means any person:

- (a) in which any member of the Consolidated Group, directly or indirectly, holds an Equity Interest, which investment is accounted for in the consolidated financial statements of the Consolidated Group on an equity basis of accounting; and
- (b) whose financial results are not consolidated with the financial results of the Consolidated Group in accordance with IFRS;

“Unencumbered Assets” means, in respect of each Reporting Date, (without duplication) the sum of: (i) the value of any Real Property (determined on a current value basis), on a consolidated basis determined in accordance with IFRS, of the Consolidated Group that is not subject to any Security as at such Reporting Date and (ii) the value of all other assets (determined on a current value basis) of the Consolidated Group that are not subject to any Security as at such Reporting Date (where, in the case of both (i) and (ii), the values shall be equal to such amounts that appear in the Financial Statements in respect of such Reporting Date); and

“Unsecured Indebtedness” means, in respect of each Reporting Date, that portion of the aggregate principal amount of all outstanding Indebtedness of the Consolidated Group that is not Secured Indebtedness as at such Reporting Date.

12. Meetings of Noteholders, Modification, Waiver and Substitution

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes or any of the Issuer’s covenants in respect of the Notes (set out in Condition 11), (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at

any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

- (b) The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.
- (c) **Modification of the Trust Deed:** The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be subject to such conditions as the Trustee shall determine and shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification, waiver or authorisation shall be notified to the Noteholders as soon as practicable.
- (d) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor in business (as defined in the Trust Deed) or any Subsidiary or Holding Company of the Issuer or its successor in business in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.
- (e) **Entitlement of the Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

13. Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such actions, steps or proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Notes and the Coupons, but it need not take any such actions, steps or proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in nominal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder or

Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

14. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Noteholders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

15. Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

16. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with an outstanding Series or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

17. Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another English language newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

18. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

19. Governing Law and Jurisdiction

- (a) **Governing Law:** The Trust Deed, the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) **Jurisdiction:** The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Coupons or Talons (“**Proceedings**”) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.
- (c) **Agent for Service of Process:** Pursuant to the Trust Deed the Issuer has irrevocably appointed Kennedy Wilson UK Limited at 50 Grosvenor Hill, London W1K 3QT as agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

Information on the Group

1. Introduction

The Issuer is a closed-ended collective investment fund incorporated as a company limited by shares in Jersey on 23 December 2013 with an unlimited life. The Issuer has been established pursuant to the CIF Law and the Listed Fund Guide and is regulated by the JFSC. The Group's strategy is to invest primarily in real estate assets and real estate loans in the UK, Ireland and Spain as well as other European countries, including Italy, on an opportunistic basis. A description of the Group's Investment Portfolio is set out under "*Information on the Investment Portfolio*". The Group's primary objectives are to generate and grow long-term cash flows to allow the Issuer to make payments in respect of its borrowings, pay dividends and to enhance capital values by way of focused asset management and strategic acquisitions, with the intention of creating value.

The Issuer was admitted to the premium listing segment of the Official List and the Ordinary Shares were admitted to trading on the London Stock Exchange's main market for listed securities on 28 February 2014.

Pursuant to the Investment Management Agreement, the Group is externally managed by its investment manager, KW Investment Management Ltd (the "**Investment Manager**"), which is incorporated as a company limited by shares in Jersey and is wholly owned and controlled by members of the KW Group. The Investment Manager is authorised and regulated by the JFSC under the FS Law as an investment manager.

The Investment Manager has delegated certain of its responsibilities and functions, including property management services, to, and has contracted to receive portfolio advisory services from, KW Europe, KW UK and KW España (together, the "**Investment Advisers**"), all of which are KW Group companies. The Investment Advisers utilise a thorough and rigorous investment process when advising the Investment Manager on investment opportunities for the Group, and are responsible for identifying investment opportunities (that fit within the parameters of the investment policy of the Group) and conducting due diligence on those opportunities. However, investment decisions are made at the sole discretion of the Investment Manager, which has been authorised to do so by the Board, subject to matters involving a conflict of interest which require the formal approval of the Independent Directors.

The expertise of the Investment Advisers is enhanced by the extensive insights and relationships of KW's European investment committee (the "**KW Europe Investment Committee**"), which provides the Investment Advisers with valuable industry insight and access to KW's global network of relationships and works with the Investment Advisers to evaluate industry trends. Further details on the Investment Manager, the Investment Advisers and the KW Europe Investment Committee and their respective roles are set out under "*Information on the Investment Manager*".

2. Group Structure

The Group makes its investments through a Luxembourg domiciled master limited liability holding company, LuxCo, a Jersey domiciled holding company, JerseyCo, and other intermediate companies, the majority of which are wholly owned by the Company. The Group makes its investments in Ireland, Spain and the rest of Europe through LuxCo and other intermediate companies and the Group makes and will make its investments in the UK and Italy through JerseyCo. Details of the subsidiaries of the Issuer are set out under paragraph 3 of "*Additional Information*".

3. Investment Objectives

The primary objectives of the Group are to generate and grow long-term cash flows to enable the Issuer to make payments in respect of its borrowings, pay dividends and to enhance capital values by way of focused asset management and strategic acquisitions with the intention of creating value. In selecting investments, the Investment Manager targets investments that are expected to generate significant returns in terms of income and capital gains.

4. Investment Policy

The Group's investment policy is set out in its most recent annual report and incorporated by reference in this document. See "*Documents incorporated by reference*".

5. Amendments to the Investment Policy

For as long as the Issuer remains admitted to the Official List, material changes to the Group's investment policy set out above may only be made by ordinary resolution of the Shareholders and otherwise in accordance with the Listing Rules, and will be notified to the market through a RIS provider. If the Group breaches its investment policy, the Issuer will make a notification through a RIS provider of details of the breach and of actions it may have taken to remedy such breach.

The investment limits detailed above apply at the time of the acquisition of the relevant investment. The Group will not be required to dispose of any investment or to rebalance its investment portfolio as a result of a change in the respective valuations of its assets. Non-material changes to the investment policy must be approved by the Board, taking into account advice from the Investment Manager where appropriate.

6. Transactions with the KW Group

In certain circumstances, the Group may enter into co-investment and joint venture arrangements with companies within the KW Group, where the Group may invest alongside KW and other companies in the KW Group in certain investments it makes. Furthermore, the Group may acquire assets from, or sell assets to, companies within the KW Group. Details of related party transactions entered into by the Group are disclosed in its annual and half-yearly financial statements. See "*Documents incorporated by reference*".

In order to manage the potential conflicts of interest that may arise as a result of such transactions, any such proposed transaction may be entered into only if the Independent Directors have reviewed and approved the terms of the transaction, complied with the conflicts of interest policy and, where required by the Listing Rules, Shareholder approval has been obtained in accordance with the Listing Rules. Typically, such transactions will only be approved by the Independent Directors if: (a) an independent valuation has been obtained in relation to the asset in question; and (b) the terms are at least as favourable to the Group as would be any comparable arrangement effected on normal commercial terms negotiated at arms' length between the Group and an independent party, taking into account, amongst other things, the timing of the transaction. Where the Group makes any co-investments with one or more companies within the KW Group, they will be made at the same time as, and on substantially the same economic terms as those offered to, the companies within the KW Group.

7. Investment Strategy

The Group's strategy is to create value principally through the following:

Capitalising on the recovery of the European real estate sector

The Group's strategy is to capitalise on the recovery in the European real estate market, in particular through opportunistic acquisitions and active asset management. The Group seeks investments in its target

markets, including the UK, Ireland and Spain as well as other European countries, including Italy, across various asset classes which it believes will deliver attractive risk-adjusted returns.

The overall European real estate market is currently characterised by improving market sentiment. The Group believes that it is well-positioned to capitalise on the investment opportunities in these target markets, and will continue to benefit from its right of priority access to investment opportunities sourced by the KW Group in Europe.

Investment sourcing

The Group believes that there are a significant number of opportunities over the short to medium term to acquire high quality real estate assets from distressed sellers and financial institutions seeking to delever by divesting such assets.

The Group believes that the disposals of real estate loan exposures will continue, instigated by regulatory requirements, retrenching of banks back to their core markets, increased liquidity in the market and improved economic data allowing financial institutions the flexibility to make the necessary write-downs. The Group believes that this will provide it with a significant opportunity for investments.

The Investment Manager sources investment opportunities for the Group through the strong relationships that the KW Europe Group has with many of the major banks and financial institutions which are active in the UK, Ireland and Spain as well as other European countries. Additionally, the Group believes that the Investment Manager's sourcing ability benefits from the KW Europe Group's reputation as a reliable and highly efficient counterparty with 'on the ground' origination teams, strong asset and property management servicing platforms and execution capabilities in each of the Group's initial target markets. As a result, the Group believes that the Investment Manager is well-placed to identify, analyse and ultimately acquire appropriate assets for the Group through on-market or off-market transactions.

Targeting investments which meet specific investment criteria

The Investment Manager will continue to seek to identify acquisitions for the Group in the UK, Irish or Spanish real estate markets as well as other European countries, including Italy. Equity investments may be through equity interests in property investment vehicles (including through joint ventures and acquisitions of controlling interests or minority interests). Debt investments may be through the acquisition of loans and the return on such debt investments may be realised through proceeds from the sale of the underlying collateral or acquisition, ownership and management of the underlying collateral.

The Investment Manager will target further real estate assets (directly or indirectly through loans) that may include one or more of the following general features:

- prime high quality properties in good locations;
- real estate loans where the underlying collateral meets the requirements of the Group's asset-via-loan strategy for direct ownership;
- scope for short and medium-term rental and capital growth through active asset management;
- properties which are undermanaged and undercapitalised, where there are immediate opportunities to add value; and/or
- properties in locations that the Investment Manager expects to benefit from on-going foreign direct investment in Europe.

Enhancing rental and capital value through active asset management

The Group intends to continue to pursue a value added asset management strategy with the aim of enhancing rental and capital value. This is based on underlying real estate value, proactive asset and portfolio management, dialogue with existing tenants and leveraging established relationships in the target markets.

The Group believes that efficient asset management can often significantly improve the income potential of a real estate investment. The Group works with the Investment Manager to enhance the rental and capital value of the assets in the Investment Portfolio through active asset and portfolio management, including refurbishments and the optimisation of operating expenses. The Group believes that it is also important to maintain close and positive relationships with its tenants, which may result in better utilisation of the value potential of the current portfolio and simultaneously improve value for its tenants.

8. Investment Pipeline

The Investment Manager sources a significant number of its investments in Europe directly through competitive bidding processes and through off-market processes. The Group believes that banks and financial institutions will continue to be amongst the most active sellers in the European real estate market in the short to medium term. Additionally, the Group believes that the growth of the Investment Portfolio will continue to be facilitated by the KW Europe Group's knowledge, established relationships and reputation for the timely execution of agreed deals.

The Group believes there is a strong pipeline of real estate assets and real estate loans in the UK, Ireland and Spain as well as other European jurisdictions, including Italy, where the Group is seeking to make investments.

The Investment Manager has access to an active pipeline of potential investments in the UK, Ireland and Spain as well as other European jurisdictions, including Italy, and is currently actively evaluating, performing due diligence on and negotiating a number of investment opportunities in its pipeline.

Where the Investment Manager decides to pursue and/or consummate any of these transactions for the Group, it would look to finance such transactions using available cash and debt resources in accordance with the Group's investment policy. There can be no assurance that the Group will complete any of the transactions in its investment pipeline.

9. Potential Conflicts of Interest

Prospective investors should be aware that, having regard to the nature and scale of KW's operations, there will be occasions when the Investment Manager, KW, one or more KW Associates or one or more of the Directors may encounter potential conflicts of interest in connection with the Group.

The Investment Manager is wholly owned and controlled by KW. Mary Ricks is a director of the Issuer, the Investment Manager, KW Europe and other KW Associates, and William McMorrow is a director of the Issuer, KW and other KW Associates. The KW Group (directly or indirectly through one or more KW Associates) has investments in Europe and advises, manages or provides services to certain persons within the KW Group as well as its co-investment partners in relation to investments in Europe. These activities are conducted through its wholly-owned subsidiaries, KW Europe and KW UK, whose investment objectives and/or strategies may be the same as, may overlap with or may be complementary to, the investment objectives and strategies pursued by the Group. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Issuer or other members of the Group. The Investment Manager will, at all times, have regard in such event to its obligations to the Group and will seek to ensure that any such conflicts are resolved fairly (having regard to the conflicts of

interests statements set out below) and that investments under the common management of the Investment Manager and other members of the KW Group are managed for the benefit of all investors. Further, the approval of the Independent Directors will be required before the Investment Manager can enter into any transaction on behalf of the Group where it has any conflict of interest including, in particular, where a co-investment opportunity with KW or a KW Associate arises, an investment opportunity for the Group is created by KW or a KW Associate through its proposed full or partial exit from one or more of its existing investments that falls within the Group's investment policy, or any related party transaction.

Pursuant to the Investment Management Agreement, the Investment Manager has agreed that, during the term of the Investment Management Agreement, it will not, and it will procure that no KW Associate will, invest in assets in Europe which are within the parameters of the Group's investment policy (other than on behalf of the Group) or act as investment manager, investment adviser or agent, or provide administration, investment management or other services in Europe in relation to investments within the Group's investment policy, for any person, other than the Group, save as described below.

Conflicts may also arise in the allocation of management resources. Whilst the Investment Manager agrees pursuant to the Investment Management Agreement to devote sufficient time and attention to the performance of its duties under the Investment Management Agreement, and professionals from the KW Group, including members of the KW Europe Investment Committee and employees of the Investment Advisers will assist the Investment Manager in the discharge of these obligations, such persons (other than the Investment Manager) will also work on other projects of KW and KW Associates in the normal course of business in which the Group does not invest.

Pursuant to the Investment Management Agreement, the Investment Manager has agreed that, for so long as it or any KW Associate is retained as the Investment Manager and the Investment Management Agreement remains in force, in the event that KW or any KW Associate sources a real estate asset or real estate loan opportunity in any territory in Europe which is within the parameters of the Group's investment policy, it shall procure that neither KW nor any KW Associate will pursue such investment opportunity without first presenting it to the Issuer.

Where the Investment Manager (on behalf of the Group) decides not to pursue such investment opportunity and KW (directly or through any KW Associate) expresses an intention to pursue that opportunity itself (directly or through any KW Associate or with a co-investment partner) or on behalf of an investment entity or fund it or any KW Associate manages or advises, then prior to any investment or decision to pursue such investment by KW (directly or through any KW Associate), the Investment Manager will present the relevant investment opportunity to the Independent Directors. The Independent Directors will determine whether the Group will pursue the opportunity.

In the event that the Independent Directors decide not to pursue the opportunity, KW (directly or through any KW Associate) shall be entitled to pursue the opportunity, provided that if, prior to completion of the transaction, there has been a material reduction in the price to be paid or other material improvement in favour of the buyer in the terms of such investment, before it may complete, the opportunity shall be referred back to the Independent Directors to consider whether the Group will pursue the revised opportunity. If KW (directly or through any KW Associate) pursues the opportunity in partnership with one or more third parties, then only KW's portion of the investment opportunity need be referred back to the Independent Directors for reconsideration, subject to prior consent from the co-investment partner(s) having been received (which may not be forthcoming but which KW agrees to use all reasonable endeavours to obtain).

This right to priority on investment opportunities in Europe that fall within the Group's investment policy shall not apply: (a) to any dealings by a KW Associate in respect of any real estate assets or real estate

loans owned by such KW Associate as at the date of the Investment Management Agreement, being 25 February 2014; (b) to prevent any acquisition or investment (directly or indirectly) by a KW Associate of or in investment opportunities which are adjacent to any investments owned by any KW Associate as at the date of the Investment Management Agreement (such as extensions to assets already held within the KW Group's portfolios or properties adjacent to existing properties already so held); (c) to prevent any acquisition or investment (directly or indirectly) by a KW Associate of or in any assets where it had entered into a binding agreement to acquire or invest in such assets prior to 28 February 2014; or (d) following the service by the Investment Manager of notice of termination of the Investment Management Agreement, as further described in paragraph 5 under "*Information on the Investment Manager*".

For the avoidance of doubt, there is no restriction on KW or any KW Associates from continuing to provide investment management, advisory and administrative services to any other member of the KW Group as well as its co-investment partners, in relation to the investments referred to in sub-paragraphs (a), (b) or (c) above.

10. Financial Information

The Issuer was incorporated on 23 December 2013. The Financial Statements are incorporated by reference in this Base Prospectus, see "*Documents Incorporated by Reference*".

The Issuer's audited annual report and accounts are prepared to 31 December of each year. The Issuer also publishes an unaudited half-yearly report each year in respect of the six month period ending on 30 June in each year and a business and trading update every quarter ended 31 March and 30 September.

11. Net Asset Value

The Issuer's NAV is calculated as at the last Business Day of each calendar quarter (each a "**Valuation Date**"). The NAV is based on the last undertaken third party valuations of the Issuer's assets and calculated in accordance with IFRS.

A third party valuation of the underlying assets is conducted at the end of each half-year, being 30 June and 31 December. Third party valuations, market levels and other valuation sources are reviewed as part of the annual audit.

Pursuant to the Investment Management Agreement, the EPRA NAV is determined quarterly for the purpose of determining the fees payable to the Investment Manager and is disclosed in its quarterly trading updates, its half-yearly report and in its annual report. See paragraph 5 under "*Information on the Investment Manager*" for a summary of the Investment Management Agreement.

The Board may at any time temporarily suspend the calculation of NAV during:

- (a) any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Board, disposal or valuation of a substantial portion of the investments of the Issuer is not reasonably practicable without this being seriously detrimental to the interests of Shareholders or if, in the opinion of the Board, NAV cannot be fairly calculated;
- (b) any breakdown in the means of communication normally employed in determining the price of a substantial portion of the investments of the Issuer or when for any other reason the current prices of any of the investments of the Issuer cannot be promptly and accurately ascertained;
- (c) any period during which any transfer of funds involved in the realisation or acquisition of investments of the Issuer cannot, in the opinion of the Board, be effected at normal prices or rates of exchange; or

(d) any period when the Board considers it to be in the best interests of the Issuer.

Any suspension by the Board of the calculation of NAV (which, for the avoidance of doubt, will also result in a suspension of the calculation of the EPRA NAV) shall be reported through a RIS provider and on the Issuer's website.

12. Valuation Policy

Valuations of the Group's property assets are made in accordance with the appropriate sections of the RICS Red Book at the date of valuation, which is an internationally accepted basis of property valuation. The valuations are undertaken by a suitably qualified independent valuation firm or firms.

The Issuer will appoint an internationally recognised expert with the appropriate resources and expertise to value the property assets of the Group at the end of every half-year and full-year, being 30 June and 31 December, respectively. The external valuer will be independent of the Investment Manager, the Group and any persons with close links to the Investment Manager or the Group. The Investment Manager will ensure that all necessary information is provided to the external valuer for the purposes of performing valuations. These valuations will be performed in accordance with the RICS Red Book.

The Group's valuation policy and oversight framework of management functions provide for a review process of the individual valuation of each asset given the materiality and illiquid nature of each asset.

The Group's valuation policy will undergo a periodic review, at least on an annual basis. The valuation policy and procedures also outline how a change to the valuation policy may be effected, and in what circumstances it would be appropriate to effect such a change.

The value of any investment (other than real estate) which is not quoted, listed or normally dealt in on a regulated market or of any investment which is normally quoted, listed or dealt in on a market but in respect of which no price is currently available shall be the probable realisation value estimated with care and in good faith by a competent person appointed by the Directors. In determining the probable realisation value of any such investment, the Group may accept a certified valuation from a competent independent person, or in the absence of any independent person, (notwithstanding that the Investment Manager has an interest in the valuation), any investment manager appointed by the Directors.

Independent valuations of the Group's investment assets will be undertaken by an independent third party expert on a semi-annual basis, at 30 June and 31 December.

13. Recent Developments

On 27 October 2015, the Group conditionally acquired a portfolio of nine offices in Italy, fully let to the Italian government, for an aggregate consideration of €185.5 million. The conditional acquisition is expected to close on or around 30 December 2015.

Developments of significance to the Group are disclosed in each quarterly trading update, half-yearly report and annual report and are also disclosed in the subsequent events notes in its Financial Statements. Any developments which are significant will be disclosed in a supplement to this Base Prospectus.

Information on the Investment Manager

1. The Investment Manager and Investment Advisers

Overview

Pursuant to the Investment Management Agreement, the Issuer is managed by KW Investment Management Ltd, which is wholly owned and controlled by KW. KW Investment Management Ltd has been appointed as the investment manager of the Issuer and other members of the Group (and any other company, partnership or holding structure through which the Issuer may conduct its investment activities in the future).

The Investment Manager was incorporated in Jersey on 23 December 2013 with registered number 114679 under the Companies Law as a private limited no par value company, and is authorised and regulated by the JFSC for the conduct of Fund Services Business under the FS Law and to act as investment manager in relation to the Group. The Investment Manager is required to comply with the applicable sections of the AIF Codes. The Investment Manager's share capital, which is held by a subsidiary entity of the KW Group, is £25,000 and the Investment Manager maintains a ratio of net liquid assets to expenditure of over 130% in order to meet Jersey regulatory capital requirements.

The Issuer and the Investment Manager have entered into the Investment Management Agreement pursuant to which the Investment Manager has been given responsibility, subject to the overall supervision of the Board, for the active management of the Group's investments, including sourcing and advising on investment proposals which are in accordance with the Group's investment policy and objectives.

The Investment Manager has entered into the Investment Advisory Agreement pursuant to which the Investment Manager receives services from the Investment Advisers as follows:

- KW Europe provides investment related services including, without limitation, advisory services and deal sourcing services relating to investments and potential investments;
- KW UK provides (a) property management services including, without limitation, leasing and rent review relating to real estate, and (b) if requested by the Investment Manager, investment related services relating to any investments located in the UK; and
- KW España provides, if requested by the Investment Manager, investment related services including, without limitation, advisory and deal sourcing services in relation to any investments located in Spain.

The Investment Advisers utilise a thorough and rigorous investment process when advising the Investment Manager on investment opportunities for the Group, and are responsible for identifying investment opportunities (that fit within the parameters of the investment policy of the Group) and conducting due diligence on those opportunities. However, investment decisions are made at the sole discretion of the Investment Manager which has been authorised to do so by the Board, subject to matters involving a conflict of interest, which require the formal approval of the Independent Directors.

The Investment Advisers are wholly owned and controlled by KW. Notwithstanding the appointment of the Investment Advisers, the Investment Manager retains responsibility for the investment decisions, risk and portfolio management of the Group's assets.

2. The KW Group

Overview

KW was founded in 1977 as a real estate service company and was purchased by KW's current management team in 1988. Shortly following the acquisition of KW by the management team, a real estate investment platform was added and KW has now grown into a diversified international real estate investment and services firm with offices in the United States, Japan and a number of European countries such as the UK, Ireland, Spain and Jersey. KW Holdings is a publicly listed corporation on the New York Stock Exchange.

KW operates through two core business segments: KW Investments and KW Services, which work closely together to identify attractive investment markets and opportunities across the world.

KW Investments focuses on various types of real estate investments, either through direct ownership or investment, or with strategic partners where KW is typically the general partner, with a performance fee calculated by reference to the profits of the business beyond its ownership percentage. It invests KW's capital, in most cases alongside partners' capital, in real estate and real estate loans including multi-family properties, commercial properties, loans secured by real estate (origination and/or acquisition), housing acquisition opportunities (including land for entitlements, finished lots, urban infill condominium sites and partially finished and finished condominium projects), hotels and investments in marketable securities. KW Investments generates proprietary transactions through its vertically-integrated platform and investment professionals, providing access to proprietary acquisition opportunities through the KW Services business as well as long standing relationships with financial institutions.

KW Services provides a full array of real estate services for the full lifecycle of real estate ownership, including investment management and property management and advisory services for third-party owners and sponsored investments, as well as auction and conventional sales and research services, to financial, institutional and construction firms and government agencies. KW Services generates off-market deal flow for KW's investment platform through an extensive network of relationships.

Track record

The KW Group

Based on KW's estimate of fair value, as at 30 June 2015, KW had approximately U.S.\$19 billion of real estate and real estate-related Assets Under Management, totaling over 6.7 million sq. ft. of properties in the United States, Europe and Japan. This total includes ownership interests in 25,298 multi-family apartment units and 16.8 million sq. ft. of commercial properties. For the six month period ended 30 June 2015, KW and its equity partners acquired approximately U.S.\$2.0 billion of real estate related investments, in which KW invested U.S.\$325.6 million of equity.

Track record in Europe

KW established KW Europe in June 2011 with the acquisition of the real estate investment management platform of Bank of Ireland based in Dublin, which had £1.3 billion of Assets Under Management at the time of acquisition.

As at 30 June 2015, KW Europe had Assets Under Management in Europe with a value of approximately £3.4 billion².

KW Europe's transaction sourcing success is primarily attributable to KW's tested model of entering new markets and establishing relationships through its services platform, and also to extensive relationships

² Including the Group's Investment Portfolio as at 30 June 2015.

that KW Europe's employees, members of KW's senior management and the KW Europe Investment Committee have in the European real estate market, with several of them having banking backgrounds in the real estate sector. These relationships create substantial access to proprietary deal flow and exclusivity in negotiations, as reflected by the significant majority of the deals being sourced directly from KW Europe's extensive relationships with financial institutions in Europe.

KW Europe's strong sourcing ability has enabled it to acquire its European portfolio (properties and loan portfolios) at discounts to peak values of up to 80% and often significantly below replacement cost. In addition, most properties have significant asset management opportunities to which KW has brought its extensive asset management experience.

In the period from January 2012 to June 2014, KW Europe was one of the most active buyers of real estate assets in Ireland (including assets acquired by the Group). In addition to gaining a prominent presence in the European real estate market, KW Europe has also developed a strong pipeline of deals, for direct owned real estate and loan assets and servicing platforms across the UK, Ireland and Spain.

In line with KW's time tested business model, KW Europe launched its operations in Spain in 2012 through the real estate auction business. In addition, in December 2013, KW España purchased a minority interest in a real estate and asset management platform in Spain.

3. Board of the Investment Manager

The board of the Investment Manager comprises the following individuals:

Mary Ricks

Mary Ricks is a member of KW Holdings' executive management team and president and CEO of KW Europe. Ms Ricks joined KW in 1990 and, before assuming her current role in 2011, headed KW's commercial investment group since 2002. KW Europe was established in 2011 and, since its inception, Ms Ricks has led KW Europe, with its equity partners, in completing real estate transactions in Europe. In 2014, Ms Ricks was selected by PERE as Industry Figure of the Year, Europe. Ms Ricks was also previously named by the L.A. Business Journal as one of the top women in commercial real estate and was featured on the covers of Forum Magazine and Real Estate California, recognising women at the top of the field. Ms Ricks received a B.A. in Sociology from University of California, Los Angeles, where she also was a founding board member of the Richard S. Ziman Center for Real Estate at University of California, Los Angeles.

Andrew McNulty

Andrew McNulty has served as a senior director of the Investment Manager since 16 June 2014. Mr McNulty is a member of the Royal Institution of Chartered Surveyors and has been involved in the real estate industry since 1999. Prior to his joining the Investment Manager, Mr McNulty was an associate director at Crestbridge, a role he held since September 2009 and during which he was responsible for developing the real estate funds' business. He has extensive experience in acting as a director on real estate client boards and regulated Jersey vehicles holding real estate assets. Prior to joining Crestbridge, Mr McNulty was a property fund manager at Schroders for approximately two years, where he managed a number of real estate funds holding UK real estate assets. Mr McNulty spent the first eight years of his career as a property investment and leasing agent, first with Jones Lang LaSalle and subsequently with CBRE in the UK, where he focused on advising institutional and private investor clients on real estate investment transactions, leasing and asset management strategies. Mr McNulty holds a Bachelor of Science (Hons) in Property Management and Investment from the University of Salford. Mr McNulty also has a Diploma in Fund Administration in association with the University of Manchester Business School.

Paul Perris

Paul Perris is a Chartered Secretary and has been involved in offshore and onshore administration and financial services since 1991. Mr Perris is managing director and head of fund and family office services at Crestbridge. He has substantial experience in acting as a director on real estate client boards and regulated vehicles holding real estate and real estate related assets. Prior to joining Crestbridge, Mr Perris was a partner and group director at Ogier during which time he was responsible for the development of the real estate and real estate fund teams. In 2008, Mr Perris established an office in Bahrain. He was managing director of a trust company regulated by the Central Bank of Bahrain and established a number of regulated and unregulated structures to hold a wide range of international and GCC based asset classes. Mr Perris is also a member of the Society of Trust and Estate Practitioners.

Following Trevor Hunt's passing, Paul Perris is an interim appointment on the Investment Manager's board and will resign following receipt of regulatory approval for Mark Hodgson's appointment.

Mark Hodgson

Mark Hodgson is a Channel Islands fund director based in Jersey, with considerable experience in the administration of Channel Islands funds. Mr Hodgson has a broad fund expertise covering a wide range of differing asset classes, including real estate, infrastructure, hedge and private equity. He has over 25 years of financial services experience, with an extensive banking background. In particular, Mr Hodgson spent over 20 years with HSBC where he gained in depth knowledge of credit, financial markets and complex lending structures. Prior to moving to Jersey, Mr Hodgson was Regional Director for HSBC Invoice Finance (UK) running their receivables finance business. Mr Hodgson moved to Jersey in 2006 to head up HSBC's Commercial Centre, having full operational responsibility for credit and lending within the jurisdiction. In 2008 he moved to Capita Fiduciary Group as Managing Director Offshore Registration (a regulated role) with responsibility for Jersey, Guernsey and the Isle of Man. Mr Hodgson also took on the responsibility as Managing Director of Capita Financial Administrators (Jersey) Limited (regulated role) together with directorship appointments of regulated and unregulated funds boards. Mr Hodgson has also served as Managing Director of Carne Global Financial Services (C.I.) Limited. Mr. Hodgson was appointed to the board of the Investment Manager on 4 November 2015 (such appointment being subject to the approval of the Jersey Financial Services Commission, which is expected to be received shortly).

4. KW Europe Investment Committee

The expertise of the Investment Advisers is enhanced by the extensive insights and relationships of the KW Europe Investment Committee. The KW Europe Investment Committee comprises several senior members of the KW team with expertise in Europe and the global real estate and financial markets. These individuals are expected to provide the Investment Advisers with valuable industry insight, augment KW's global network of relationships, work with the Investment Advisers to evaluate industry trends, and assist the Investment Advisers to constantly improve their services to the Investment Manager and, indirectly, the Group.

The KW Europe Investment Committee comprises the following individuals:

William McMorrow, Chairman and Chief Executive Officer, KW

William McMorrow serves as the chairman and chief executive officer of KW and was instrumental in launching KW's business in Europe. Mr McMorrow has served as chairman and chief executive officer of KW and its predecessor since 1988. Mr McMorrow is the architect of KW's expansion into real estate brokerage, property management and investment services. In addition to his real estate experience, Mr McMorrow has more than 17 years of banking experience. Prior to joining KW, he was the executive vice president and chairman of the credit policy committee at Imperial Bancorp and also held senior positions

with a variety of financial services companies, including eight years as a senior vice president of Fidelity Bank. Mr McMorrow received a Bachelor of Science in Business and an M.B.A. from the University of Southern California. Mr McMorrow is on the executive board of the USC Lusk Center for Real Estate and is involved in numerous charities in Southern California, including Chrysalis, the Rape Treatment Center, the Village School and Loyola High School.

Mary Ricks, President and Chief Executive Officer, KW Europe

Mary Ricks' biographical details are summarised in paragraph 3 above.

Matthew Windisch, Executive Vice President, KW

Matthew Windisch serves as executive vice president of KW. He joined KW in 2006 and leads KW's corporate and transaction capital raising, strategic planning and acquisitions analysis activities. In addition, he leads KW's U.S. real estate loan origination and acquisition business, its research subsidiary and its real estate activities in Japan. He is also responsible for maintaining KW's key investor and banking relationships. Mr Windisch serves on the boards of KW's subsidiaries in Ireland and Japan. Prior to joining KW, Mr Windisch was an associate at JP Morgan Chase, where he held positions in investment banking, strategy and risk management. Mr Windisch received a B.B.A. in Finance and Accounting from Emory University and an M.B.A. from University of California, Los Angeles's Anderson School of Management.

Fiona D'Silva, Head of Origination, KW Europe

Fiona D'Silva serves as head of origination of KW Europe. Prior to joining KW Europe in 2012, Ms D'Silva worked at Deutsche Bank starting in 2011 where she was responsible for syndication of real estate debt opportunities. The role involved sourcing real estate financing opportunities and the distribution of debt products ranging from senior loans, mezzanine financing and various capital market exits. Prior to working at Deutsche Bank, Ms D'Silva worked at Goldman Sachs from 2000 until 2011 in the structured finance and real estate finance divisions. Her experience involved using various structured finance principles to finance acquisitions of assets ranging from infrastructure to real estate. Ms D'Silva's last role with the financing team at Goldman Sachs involved the work-out and asset management of Goldman Sachs' real estate loan book and its subsequent sell down. She also led the structuring and marketing effort for a new trading platform set up to manage Goldman Sachs' secured and collateralised funding programme. Ms D'Silva holds a Post Graduate Diploma in Operational Research from Strathclyde University in Glasgow and a Bachelor of Science in Statistics from University of Mumbai.

Peter Collins, Chief Operating Officer and Head of Ireland, KW Europe

Peter Collins is chief operating officer of KW Europe and heads KW's Irish operations. He has been involved in the financial services and investment industry since 1987. Mr Collins took up his current role when KW Europe acquired the business of Bank of Ireland Real Estate Investment Management in June 2011. Prior to his current role, Mr Collins was a director of Bank of Ireland Private Banking, managing at different times its client management function and also its Investment and Financial Planning unit. Prior to his role at Bank of Ireland Private Banking, he was a director of Bank of Ireland Asset Management, where he focused on international business. Prior to joining Bank of Ireland, Mr Collins spent nine years in the corporate finance industry, primarily focused on mergers and acquisition activity for Irish corporates. Mr Collins is a fellow of the Institute of Chartered Accountants, having qualified with Arthur Andersen in Dublin. He holds a Bachelor of Law from Trinity College, Dublin.

Peter Hewetson, Head of UK Direct Real Estate, KW Europe

Peter Hewetson serves as managing director of KW Europe and is head of UK direct real estate. Mr Hewetson has particular experience in relation to international cross-border acquisitions. Mr Hewetson took up his current role when KW Europe acquired the business of Bank of Ireland Real Estate Investment in June 2011. Prior to the acquisition, Mr Hewetson had over 10 years' experience as head of property acquisitions at Bank of Ireland Real Estate Investment Management, Fortress Investment Group and PRICOA (European subsidiary of Prudential of America), where he managed teams which acquired a diverse range of assets in most European countries, fulfilling investment strategies for core, value-add and opportunistic returning funds. Mr Hewetson spent the first 15 years of his career as a property investment agent, first with Hillier Parker in London and subsequently with CBRE in the United States, where he was responsible for international investment transactions, working on acquisitions and sales for institutional clients across multiple markets in the United States and Europe. Mr Hewetson is a member of the Royal Institution of Chartered Surveyors, having qualified with a degree in Valuation and Estate Management from Bristol Polytechnic in 1986.

Gautam Doshi, Senior Director, KW Europe

Gautam Doshi is a Senior Director at KW Europe, where he is responsible for deal execution and financial analysis. Mr Doshi has over 9 years' experience in the real estate industry, having joined KW Europe in 2013, where his core focus has been acquisitions across UK, Spain and Italy. Mr Doshi has also been actively involved in KW's equity and debt issuance process.

Prior to joining KW Europe, Mr Doshi held the position of Vice President for the Financial and Markets Advisory team at Blackrock, where he was directly responsible for reduction and stabilisation of the firm's €900m CRE-CDO portfolio. Mr Doshi began his real estate career at Goldman Sachs, where he worked in the Real Estate finance team, focusing on European and Indian markets.

Mr Doshi holds an MBA degree from the Wharton School at the University of Pennsylvania.

5. Investment Management Agreement

Service

The Issuer is party to an Investment Management Agreement with the Investment Manager dated 25 February 2014, pursuant to which the Investment Manager has been appointed as the Group's investment manager to manage, on a discretionary basis, all of the assets and investments of the Group, subject to the Group's investment policy. The Investment Manager is entitled to delegate certain of its functions or duties under the Investment Management Agreement to one or more of its associates.

Management Fee

For the provision of services under the Investment Management Agreement, the Investment Management Agreement provides that the Investment Manager is currently entitled to be paid a Management Fee quarterly in arrear in an amount equal to one-quarter of 1% of the EPRA NAV as at the relevant quarter end.

Half of each quarterly instalment of the Management Fee is paid in cash and half is paid by the delivery to the Investment Manager of Ordinary Shares, as described below.

For the last quarter during which the Investment Management Agreement is in force, the Management Fee will be paid *pro rata* to the number of the days in that quarter.

Performance Fee

The Issuer shall pay to the Carried Interest Partner a Performance Fee in respect of each Accounting Period in which a Performance Fee is earned.

Each Performance Fee shall be paid by the delivery to the Carried Interest Partner of Ordinary Shares, determined as described below.

The Performance Fee is calculated annually on a per Ordinary Share basis as the lesser of 20% of:

- the excess of the Shareholder Return for that Accounting Period over a 10% annual return hurdle. The annual return hurdle resets annually to 10% of the closing EPRA NAV per Ordinary Share for the previous Accounting Period; and
- the excess of year-end EPRA NAV per Ordinary Share (including total dividends or other distributions paid per Ordinary Share in that Accounting Period and in any preceding Accounting Period since the Reference Period and adjusted to exclude the effects of any issuance of Ordinary Shares during that Accounting Period) over the relevant High Water Mark.

For these purposes:

“Accounting Period” means the period commencing on 28 February 2014 and ending on 31 December 2014 and thereafter each successive period of twelve (12) calendar months each of which starts at the end of the preceding Accounting Period and ends at midnight on 31 December in each year throughout the term of the Investment Management Agreement and, in the last year of the term of the Investment Management Agreement, the period which starts on the expiry of the immediately preceding Accounting Period and which ends at midnight on the date of termination of the Investment Management Agreement;

“EPRA NAV” means the Net Asset Value adjusted in accordance with Best Practice Recommendations for EPRA NAV issued by the European Public Real Estate Association (EPRA) (August 2011 version only, unless otherwise agreed between the Issuer and the Investment Manager);

“Gross Opening NAV” means the aggregate of (a) the gross cash proceeds of the Initial Issue and (b) an amount equal to the number of Ordinary Shares issued as consideration under the Tiger Acquisition Agreement multiplied by the Initial Issue Price;

“High Water Mark” means, in respect of the relevant Accounting Period, the greater of:

- the closing EPRA NAV per Ordinary Share achieved in the Reference Period (adjusted for total dividends or other distributions paid per Ordinary Share and adjusted to exclude the effects of any issue of Ordinary Shares during that Reference Period); and
- the Gross Opening NAV, plus further cash and non-cash issues of Ordinary Shares (excluding any issues of Ordinary Shares in payment of the Management Fee or the Performance Fee) calculated on a per Ordinary Share basis as at the end of the Accounting Period in respect of which the Performance Fee is calculated;

“Initial Issue” has the meaning set out under *“Definitions and Glossary”*;

“Initial Issue Price” means £10.00 per Ordinary Share;

“Reference Period” means the most recent Accounting Period in which a Performance Fee is payable; and

“Shareholder Return” means, in respect of each Accounting Period, the sum of the change during that Accounting Period of the EPRA NAV per Ordinary Share (adjusted to exclude the effects of any issue of

Ordinary Shares during that Accounting Period) plus the total amount of dividends and other distributions paid per Ordinary Share in that Accounting Period (taking into account the timing of the payment of such dividends and distributions).

The Performance Fee payable on a per Ordinary Share basis is multiplied by the number of Ordinary Shares in issue at the end of the relevant Accounting Period (but excluding any Ordinary Shares issued during that Accounting Period) in order to determine the amount of the total Performance Fee payable in respect of that Accounting Period, thereby increasing the multiplier for future years if new Ordinary Shares are issued.

The Investment Management Agreement contains provisions to adjust the Performance Fee in certain circumstances. These circumstances include adjustments to take account of corporate actions that entail changes to the Issuer's share capital, such as consolidations, sub-divisions or bonus issues or other restructurings or reorganisations affecting its share capital.

Share Issuance Arrangements

The portion of each Management Fee payable in Ordinary Shares and each Performance Fee shall first be calculated by the Investment Manager and notified to the Issuer as a cash figure (the "**Cash Equivalent Amount**") but shall be paid by the Issuer in Ordinary Shares in accordance with, and subject to, the provisions of the Investment Management Agreement.

The number and source of the Ordinary Shares to be delivered to the Investment Manager in satisfaction of the Performance Fee and the portion of the Management Fee payable in Ordinary Shares will be determined as follows:

- If the relevant Average Closing Price equals or is higher than the last reported NAV per Ordinary Share, the Issuer will issue to the Investment Manager or the Carried Interest Partner (as the case may be) in payment of the relevant fee such number of new Ordinary Shares credited as fully paid as is equal to the Cash Equivalent Amount divided by the Average Closing Price (rounded down to the nearest whole Ordinary Share);
- If the relevant Average Closing Price is lower than the last reported NAV per Ordinary Share, the Issuer shall satisfy its obligation to pay the relevant fee by the application of an amount equal to the Cash Equivalent Amount to the purchase of Ordinary Shares for cash in the market at a price per Ordinary Share no greater than the last reported NAV per Ordinary Share. In making any such purchases, the Issuer shall act as agent for the Investment Manager or the Carried Interest Partner (as the case may be) and not as principal. If it is not possible to apply all of the applicable Cash Equivalent Amount to the acquisition of Ordinary Shares in the market at or below the last reported NAV per Ordinary Share within two months following the relevant Payment Due Date, then the Investment Manager may elect to extend that period for up to a further four months or require that the Issuer issue such number of new Ordinary Shares as is equal to the remaining portion of the Cash Equivalent Amount divided by the then last reported NAV per Share (rounded down to the nearest whole Ordinary Share). Any balance of the Cash Equivalent Amount remaining at the end of such extended period will be paid by way of the Issuer issuing a number of new Ordinary Shares (rounded down to the nearest whole number) with an aggregate value equal to such balance on the basis of the then last reported NAV per Ordinary Share.

The relevant fee shall be payable by the Issuer in cash in an amount equal to the Cash Equivalent Amount, to the extent necessary, if:

- the Issuer is limited or prohibited from issuing or acquiring Ordinary Shares on the terms of the Investment Management Agreement at the relevant time by applicable law, the Shareholder Limitation, or any free float obligation applicable to the Issuer under the Listing Rules; or
- the Issuer does not have authority to issue the relevant Ordinary Shares on a non pre-emptive basis.

The Investment Manager agrees on behalf of the Carried Interest Partner that any Ordinary Shares delivered to the Carried Interest Partner pursuant to the Performance Fee shall not be sold or otherwise transferred or disposed of by the Carried Interest Partner, and any cash payable in place of the delivery of Ordinary Shares shall be paid into an escrow account established and opened in the joint names and under the joint control of the Issuer and the Investment Manager, and not released to the Carried Interest Partner until, in each case, the expiry of the following time limits:

- as to one-third of the relevant Ordinary Shares or cash, the date that is 12 months from the receipt of the Ordinary Shares or cash by the Carried Interest Partner, as appropriate;
- as to one-third of the relevant Ordinary Shares or cash, the date that is 24 months from the receipt of the Ordinary Shares or cash by the Carried Interest Partner, as appropriate; and
- as to one-third of the relevant Ordinary Shares or cash, the date that is 36 months from the receipt of the Ordinary Shares or cash by the Carried Interest Partner, as appropriate,

provided that these restrictions shall cease to apply, and the relevant Ordinary Shares or cash will be immediately released, in the case of a Lock-Up Termination Event.

For these purposes, the following expressions have the following meanings:

“Average Closing Price” means the average of the middle market quotations of the Ordinary Shares (as adjusted to exclude any dividend which is included in such quotations if the shares delivered are ex that dividend) for the 20 day period ending on the Business Day immediately preceding the Payment Due Date;

“Business Day” means a day on which the London Stock Exchange and banks in Jersey and London are normally open for business;

“Lock-Up Termination Event” is any of the following:

- a disposal of Ordinary Shares or release of cash effected to fund the payment or discharge by the Investment Manager or the Carried Interest Partner of any liability to tax arising in connection with payment of the Management Fee or Performance Fee;
- a disposal of Ordinary Shares pursuant to a takeover or sale of the Issuer that is recommended by the Directors or where the Investment Manager is required by law to dispose of such Ordinary Shares;
- completion of a takeover or sale of the Issuer; or
- the termination of the Investment Management Agreement;

“Payment Due Date” means the date of invoice from the Investment Manager or the Carried Interest Partner to the Issuer in respect of the relevant fee;

“Rule 9 Resolution” means a resolution to waive the obligation of the Investment Manager or Carried Interest Partner or any of their concert parties to make a general offer to the Independent Shareholders for their Ordinary Shares in accordance with Rule 9 of the City Code; and

“Shareholder Limitation” means the reinvestment in Ordinary Shares of any Cash Equivalent Amount resulting in the Investment Manager, the Carried Interest Partner or any person acting in concert with any of them having interests in Ordinary Shares carrying more than 29.9% of the aggregate voting rights of the Issuer, unless the Shareholders have passed a Rule 9 Resolution.

Expenses

The Issuer shall pay or reimburse the Investment Manager (against appropriate evidence of payment thereof) in respect of all out-of-pocket expenses incurred by the Investment Manager (and any associate to which the Investment Manager has delegated any of its obligations under the Investment Management Agreement) under the Investment Management Agreement, and any legal fees and expenses incurred by the Investment Manager or its associates in connection with its services under the Investment Management Agreement.

The Investment Manager and its associates shall be entitled to receive and retain for their own benefit all fees, commissions, expenses and similar benefits derived from investments and from any joint venture or comparable arrangements in which a member of the Group invests alongside a third party investor, such as performance fees, arrangement fees, commitment fees, transaction fees, monitoring fees, directors’ fees, advisory fees, management fees and exit fees.

In addition, in order to protect the Investment Manager against adverse tax changes in relation to the Performance Fee, the Issuer is obliged to renegotiate in good faith amendments to such fee, which may result in it being increased.

Discretionary Authority of the Investment Manager

Save in the case of matters involving a conflict of interest, the Investment Manager has full discretionary authority, without Board approval, to make all investment and financing decisions on behalf of the Group and therefore the Board has no role in respect of the Group’s investment or financing decisions in most cases.

Limited Liability of Investment Manager and Indemnity by the Issuer

The Investment Manager, its associates or its or their respective officers, directors and employees shall not be liable for any loss, claim, damage, expense or liability suffered or incurred by the Issuer or any other member of the Group, or any profit or advantage of which the Issuer or any other member of the Group may be deprived, which arises directly or indirectly from or in connection with any of the services provided by the Investment Manager or any of its associates in connection with the performance of the Investment Manager’s duties under the Investment Management Agreement (including, without limitation, any depreciation in the value of any investment or the income derived from it), except in so far as the same arises as a result of the gross negligence, wilful default or fraud of the Investment Manager, an associate of the Investment Manager or any of their officers, directors or employees.

The Issuer shall indemnify and hold harmless the Investment Manager and all its associates and affiliates and its or their agents and their respective officers, directors and employees (each an “**Indemnified Person**”) from and against all claims, actions, damages, demands or proceedings (and associated losses, expenses and liabilities) which may be brought against or suffered, incurred or sustained by that Indemnified Person to the extent that the same arises directly or indirectly from or in connection with the performance by the Investment Manager of the services provided under the Investment Management Agreement; provided, however, that this indemnity shall not extend to liability attributable to the gross negligence, wilful default or fraud of any such Indemnified Person. This indemnity shall not apply to any taxation in respect of fees, commissions or other remuneration payable to the Investment Manager or the Carried Interest Partner in connection with the Investment Management Agreement.

No Warranty

No warranty is given by the Investment Manager as to the performance or profitability of the Group's investment portfolio.

Term and Termination

The Investment Management Agreement has an initial term ending three years from 28 February 2014 at which time it shall be deemed to automatically renew and continue in force in perpetuity thereafter unless and until it is otherwise terminated as follows:

- a) by the Issuer immediately on written notice to the Investment Manager (not to be provided prior to the third anniversary of the Investment Management Agreement) if termination of the Investment Management Agreement has been approved by the vote of 75% of the Independent Shareholders voting on the relevant resolution, in which case, the Issuer shall pay the Investment Manager an amount in cash equal to three years' Management Fee (calculated by reference to the prevailing EPRA NAV per Ordinary Share as at the date of termination) and a Performance Fee calculated to the date of termination; provided, however, if the Investment Management Agreement is terminated pursuant to this paragraph (a), upon the request of the Issuer, the Investment Manager shall provide investment management services (consistent with services provided by the Investment Manager during the term of the Investment Management Agreement) for a transition period of up to six months after the date of termination of the Investment Manager ("**Transition Services**") and the Issuer shall pay the Investment Manager a pro-rated Management Fee for the Transition Services provided;
- b) by the Issuer immediately on written notice to the Investment Manager within six months of the effective date of a Change of Control of the Investment Manager provided that such termination has been approved by the vote of a simple majority of the Independent Shareholders voting on the relevant resolution;
- c) by the Issuer immediately on written notice to the Investment Manager if the Investment Manager has committed (i) an act of gross negligence, fraud or wilful misconduct in each case in connection with the performance of the services or (ii) a material breach of the Group's investment policy, and which in each case is either (A) incapable of remedy, or (B) has not been remedied by the Investment Manager within three months of the Issuer giving written notice to the Investment Manager specifying such act and requiring that it is remedied;
- d) by the Issuer by giving three months' written notice to the Investment Manager if the Investment Advisory Agreement is terminated and has not been replaced by a comparable agreement among the Investment Manager and other members of the KW Group (which may include one or more of the Investment Advisers);
- e) by the Investment Manager immediately on written notice to the Issuer if the Issuer is in material breach of any of its material obligations under the Investment Management Agreement (and such breach is not due to the acts or omissions of the Investment Manager), which breach either (i) is incapable of remedy or (ii) has not been remedied to the reasonable satisfaction of the Investment Manager within three months of the Investment Manager giving written notice to the Issuer specifying the breach;
- f) by the Investment Manager on written notice with immediate effect if:
 - the Issuer undergoes a Change of Control;

- the Board acquires or disposes (but not if the Independent Directors determine to proceed with an acquisition or disposal pursuant to the conflicts of interest policy) of an investment except on the advice of the Investment Manager;
- the Board raises new equity or distributes any income or capital of any member of the Group without the consent of the Investment Manager, such consent not to be unreasonably withheld or delayed; or
- the Issuer makes a material change to the Group's investment policy without the Investment Manager's prior consent,

in which case (and in the case of e) above) the Investment Manager will be entitled to payment of an amount in cash equal to three years' Management Fee (calculated by reference to the prevailing EPRA NAV per Ordinary Share as at the date of termination) and a Performance Fee in cash calculated to the date of termination; and

g) by either party immediately by written notice to the other party if:

- either party fails or becomes unable to pay its debts as they fall due;
- either party has an administrator or similar officer or an administrative receiver appointed over, or any encumbrancer takes possession of, the whole or any significant part of its undertaking or assets; or
- either party passes a resolution for winding-up (otherwise than for the purpose of a *bona fide* scheme for solvent amalgamation or reconstruction).

Following the termination of the Investment Management Agreement for any reason, the Issuer shall take certain steps in accordance with the Investment Management Agreement to procure that the name of the Issuer and all other members of the Group be changed, where required, to names not including the expression “**Kennedy-Wilson**” or “**Kennedy Wilson**” or “**KW**”, and ensure that the Group ceases to use any corporate logo of a type, name or style which implies any on-going link or association with the Investment Manager or any member of the KW Group.

In the event of termination of the Investment Management Agreement in accordance with its terms, the Investment Manager shall be entitled to all fees and other amounts payable to it pursuant to the Investment Management Agreement up to the date of termination, including any Management Fee or Performance Fee which shall be calculated on a *pro rata* basis to the date of termination.

For these purposes, “**Change of Control**” means the acquisition (whether directly or indirectly) by a person or a group of persons acting in concert (as such term is defined in the City Code) of:

- a) more than 50% of the issued ordinary share capital of the Issuer or the Investment Manager (as the context requires);
- b) issued share capital having the right to cast more than 50% of the votes capable of being cast in general meetings of the Issuer or the Investment Manager (as the context requires); or
- c) the right to determine the composition of the majority of the board of directors of the Issuer or the Investment Manager (as the context requires).

Representation on the Issuer Board

During the term of the Investment Management Agreement, the Issuer shall take all actions reasonably necessary to procure that the Investment Manager shall have the right to nominate directors to the Issuer

Board and to remove such nominees (by notice to the Issuer in writing) such that the Investment Manager shall at all times have the right to nominate (and remove) such number of directors as equals one less board seat than the number of Independent Directors required for independent directors to constitute a majority of the Board. The Investment Manager has agreed that all its current and future appointees to the Board will waive their entitlement to receive fees for their services as Directors and as participants on any committee of the Board.

Conflicts of Interest

The Investment Management Agreement contains provisions relating to conflicts of interest which reflect the statements in paragraph 11 under “*Information on the Group*”.

Save as stated under that heading, the Investment Manager, each of its Associates and each of its and their respective directors, partners and employees or any person connected with the Investment Manager may invest in, directly or indirectly, or manage or advise other investment vehicles which invest in, investments or assets which may also be purchased or sold by the Group and neither the Investment Manager nor any of its Associates or its or their respective directors, partners or employees nor any person connected with any of them shall be under any obligation to offer investment opportunities of which any of them become aware to the Group.

The Investment Manager and its Associates are not required to account to any member of the Group for (nor to disclose to the Issuer) any profit, commission, remuneration made or received (whether from any client or otherwise) by the Investment Manager or any of its Associates by reason of any transaction undertaken with or for the Group, or which have resulted from a conflict of interest or any connected transactions, and the Management Fee and Performance Fee payable under the Investment Management Agreement will not be decreased as a result.

Where the Investment Manager and its Associates perform services or functions to the benefit of the Group outside the scope of the Investment Management Agreement, the Investment Manager and its Associates will determine on a case-by-case basis whether they will charge any fees to the Group in respect of the provision of such services or functions. The Investment Manager will be entitled to retain such fees and they will not be offset against the Management Fee or the Performance Fee.

Confidentiality

The Investment Management Agreement provides that, subject to specified exceptions, neither party shall, without the consent of the other party, use or disclose to any person confidential information of the other party that it has or acquires.

Governing Law

The Investment Management Agreement is governed by English law. In interpreting the terms of the Investment Management Agreement, “gross negligence” shall be determined by reference to the standard of gross negligence that would ordinarily apply to analogous arrangements governed by the laws in force in the State of New York, United States of America.

Whilst the description of the Investment Management Agreement as set out above details the group structure of the Investment Manager, the KW Group intends to keep the structure under review and reserves the right to make changes to it in the future in the interest of increased tax efficiencies.

6. Investment Advisory Agreement

Pursuant to the Investment Advisory Agreement entered into between the Investment Manager and the Investment Advisers dated 25 February 2014, the Investment Advisers have been appointed by the Investment Manager to deliver the following services to the Investment Manager:

- KW Europe will provide investment related services including, without limitation, advisory services and deal sourcing services relating to investments and potential investments;
- KW UK will provide (i) property management services including, without limitation, leasing and rent review relating to real estate, and (ii) if requested by the Investment Manager, investment related services relating to any investments located in the UK; and
- KW España will provide, if requested by the Investment Manager, investment related services, including without limitation, advisory services and deal sourcing services in relation to any investments located in Spain.

In consideration of the relevant Investment Adviser carrying out its duties and obligations, the Investment Manager shall pay KW Europe, KW UK and KW España their respective fees relative to the services delivered by them respectively, out of the fees received by the Investment Manager from the Issuer.

The Investment Manager shall reimburse or pay each Investment Adviser, against appropriate evidence of payment, all reasonable expenses incurred by that Investment Adviser in the performance of its duties and obligations under the Investment Advisory Agreement including the fees of any managing agent or other third party service provider. The Investment Manager shall be entitled to receive those expenses from the Issuer under the Investment Management Agreement.

Unless terminated in a manner described below, the Investment Advisory Agreement shall continue in force in perpetuity unless and until it is terminated by the agreement of the parties thereto.

The Investment Advisory Agreement shall terminate automatically on termination of the Investment Management Agreement.

The Investment Manager may terminate the Investment Advisory Agreement in respect of any one or more of the Investment Advisers immediately on written notice to that Investment Adviser if that Investment Adviser is in material breach of any of its material obligations under the Investment Advisory Agreement (and such breach is not due to the acts or omissions of the Investment Manager), which breach either (i) is incapable of remedy or (ii) has not been remedied to the reasonable satisfaction of the Investment Manager within three months of the Investment Manager giving written notice to the relevant Investment Adviser specifying the breach.

Any Investment Adviser may terminate the Investment Advisory Agreement in respect of itself (but not any other Investment Adviser) at any time by written notice:

- if required to do so by any regulatory body;
- if the performance of that Investment Adviser's obligations under the Investment Advisory Agreement would result in that Investment Adviser being in breach of any applicable law or regulation (that is not in force on the date of the Investment Advisory Agreement); and
- if there is any change of law or regulation applicable to that Investment Adviser or that relates to (i) the services provided by that Investment Adviser under the Investment Advisory Agreement or (ii) the manner in which such services are provided by that Investment Adviser, in each case, after the

date of the Investment Advisory Agreement, compliance with which would have a material adverse effect on that Investment Adviser.

Any party may terminate the Investment Advisory Agreement in respect of one or more parties (the “**defaulting party**”) immediately by written notice to all the other parties if the defaulting party:

- a) fails or becomes unable to pay its debts as they fall due;
- b) has an administrator or similar officer or an administrative receiver appointed over, or any encumbrancer takes possession of, the whole or any significant part of its undertaking or assets; or
- c) passes a resolution for winding-up (otherwise than for the purpose of a bona fide scheme for solvent amalgamation or reconstruction).

In the event of termination of the Investment Advisory Agreement in accordance with its terms, each Investment Adviser shall be entitled to all fees and other amounts payable to it pursuant to the Investment Advisory Agreement up to the date of termination.

7. Investment Process

Pursuant to the Investment Management Agreement, the Investment Manager is responsible for the risk and portfolio management of the Group’s assets and investments. In particular, the Investment Manager is responsible for identifying possible real estate assets and real estate loans for, and opportunities with a view to investment by, the Group, in line with the Group’s investment policy and strategy.

Pursuant to the Investment Advisory Agreement, the Investment Manager will receive advice from the Investment Advisers as follows. KW Europe will be responsible for providing investment related services including, without limitation, advisory services and deal sourcing services relating to investments and potential investments. KW UK will be responsible for providing (a) property management services including, without limitation, leasing and rent review relating to real estate, and (b) if requested by the Investment Manager, investment related services relating to any investments located in the UK. KW España will, if requested by KW Europe, be responsible for providing investment related services including, without limitation, advisory services and deal sourcing services relating to any investments located in Spain. The Investment Advisers will utilise a thorough and rigorous investment process when advising the Investment Manager on investment opportunities for the Group, and will be responsible for identifying investment opportunities and conducting due diligence on those opportunities.

All potential investments will be subject to a thorough initial evaluation including a feasibility assessment and external reviews. At the end of this phase, the Investment Advisers will prepare an investment memorandum including a recommendation to the board of the Investment Manager, having regard to the real estate market, the asset in question and the Group’s overall investment objectives. The Investment Manager will finalise and oversee exchange and the legal completion of the transaction, or instruct the Investment Advisers to do so.

The Investment Manager has full discretionary authority to enter into and complete transactions for and on behalf of the Group subject to matters involving a conflict of interest, which require the formal consent of the Independent Directors. Where such formal approval is required, the Investment Manager will prepare an investment memorandum including a recommendation to the Board, having regard to the relevant real estate market, the asset in question and the Group’s overall investment objectives.

Whilst the Investment Manager has full discretionary authority, without any Board approval, to make investments on behalf of the Group, subject to matters involving a conflict of interest, which require the formal consent of the Independent Directors, detailed information about the Group’s investments will be

presented to the Board at regular intervals. Further information on conflicts of interest is set out in paragraph 11 under “*Information on the Group*”.

Information on the Investment Portfolio

1. Introduction

The Group's Investment Portfolio comprises both real estate asset portfolios (the “**Property Portfolios**”) and portfolios of real estate loans (the “**Loan Portfolios**”) which are secured by real estate assets. In its quarterly trading updates, its half-year report and its annual report, the Group provides detailed statistical information on its Investment Portfolio in an Appendix (to the quarterly trading updates and half-year report) or in an Additional Information section (in the case of the annual report). The Group also provides information in relation to its investment and asset management activity in its quarterly trading updates, its half-year report and its annual report. All of this information is incorporated by reference in this Base Prospectus, see “*Documents incorporated by reference*”.

Property Portfolios

The Group's property portfolios include office, retail, industrial, leisure, hotel and residential properties located in the United Kingdom, Ireland and Spain, although the Group intends also to acquire real estate assets in Italy. Within the UK, the Group's real estate assets are located in Central London, Scotland, the South East, Greater London and other regions, comprising the North, the Midlands, the South West and Wales. The Group's Irish real estate assets are principally located in Dublin.

Loan Portfolios

The Group's Loan Portfolios comprise portfolios of real estate loans secured by real estate assets in the United Kingdom and Ireland.

The Group continues to source real estate investment opportunities through acquisitions of real estate loan portfolios where the underlying collateral is real estate. The loans acquired typically still service interest payments, although they are also typically in default through covenant breaches such as failure to comply with LTV ratios. The Group typically adopts an Assets via Loan strategy in relation to its Loan Portfolios. This strategy is to seek to convert acquired loans into direct real estate holdings through a purchase of some or all of the underlying secured assets or, where appropriate, enforcement of the loans. On taking ownership of the underlying property assets, the Group then seeks to implement asset management strategies to enhance the returns on those assets.

When acquiring Loan Portfolios, the Group due diligences the real estate assets underlying the loans being acquired in the same way it would treat a direct real estate asset acquisition. This process includes the identification of assets that do not fit the Group's hold strategy and these are typically divested following the acquisition.

2. Investment Portfolio

The Investment Portfolio information incorporated by reference includes tables that summarise the UK Investment Portfolio, the Irish Investment Portfolio, the Spanish Investment Portfolio and the Total Investment Portfolio. These tables provide information on the asset types included in each portfolio, which are:

- property assets, which are classified as office, retail, industrial, leisure or residential; and
- other assets, which comprise property developments, hotels and the Loan Portfolios.

For each asset type, the Investment Portfolio tables provide information on:

- the number of assets of that type comprised in each portfolio;

- the total area of those assets (in millions of sq. ft.);
- the value of those assets (in millions of pounds);
- the NOI generated by those assets (in millions of pounds);
- the EPRA net initial yield (“NIY”) (which is the annualised rental income based on the cash rents passing at the relevant reporting date, less non-recoverable property operating expenses, divided by the portfolio value (adding notional purchaser's costs) and is expressed as a percentage);
- the acquisition YOC (expressed as a percentage);
- the WAULT (in years); and
- the EPRA occupancy (based on ERV and expressed as a percentage).

The Investment Portfolio information incorporated by reference also includes:

- a table providing information about the Group’s top 10 assets, including their location, sector, approximate area, value, EPRA NIY, WAULT and EPRA occupancy;
- a table providing information about the Group’s top 10 tenants, including the annualised gross income generated by each tenant and the percentage of the Group’s total rent accounted for by each tenant. The Group’s top 10 tenants are geographically diversified across England, Scotland and Ireland and span a range of industry sectors, including media, financial services, professional services, oil and gas, leisure and retail.; and
- a table showing the Group’s commercial lease expiry profile by year, including the number of leases expiring in each year shown, the gross annual rent generated by those leases and the percentage of the Group’s total gross annual rent accounted for by those leases. The Group benefits from long unexpired lease terms across its leases and the lease expiries are staggered across time.

3. Asset management

The Group’s asset management activities are described in its quarterly trading updates, its half-year report and its annual report. See “*Documents incorporated by reference*”. These activities include property acquisitions and disposals, leasing activities, asset repositioning and development and asset re-gearing.

The Group has limited exposure to capital expenditure requirements, as a very significant majority of the Group’s leases are fully repairing and insuring (FRI leases) where all maintenance capital expenditure is covered by the tenant.

Where the Group’s asset management strategy involves capital expenditure, the majority of it is incurred either in repositioning acquired assets or in improving assets which have been under-resourced whilst under previous ownership. The Group also incurs capital expenditure in its development activities, a significant example of which is Baggot Plaza, which is one of the Group’s top 10 assets.

Directors, Corporate Governance and Administration

1. Directors

The Directors, all of whom are non-executive and, other than William McMorro and Mary Ricks, independent of the Investment Manager, are responsible for the determination of the investment policy of the Group and have overall responsibility for the Group's activities including its investment activities, reviewing the performance of the Group's portfolio and for overseeing the performance of the Investment Manager.

Charlotte Valeur, Mark McNicholas and Simon Radford are each considered independent for the purposes of Chapter 15 of the Listing Rules. William McMorro and Mary Ricks are not considered independent because of their employment with KW Group companies and both of them were nominated for appointment to the Board by the Investment Manager, pursuant to a right set out in the Investment Management Agreement.

The Directors are listed below:

Charlotte Valeur (date of birth: 29 January 1964)

Charlotte Valeur is the chair of the Issuer and currently serves as: the chair of DW Credit Catalyst, a LSE listed investment trust; the chair of Blackstone/GSO Global Loan Financing Limited, a LSE listed closed-ended investment company; a non-executive director of JP Morgan Global Convertibles Income Fund Limited, a LSE listed investment company; a non-executive director of Renewable Energy Generation, an AIM listed renewable energy company; a non-executive director of a number of unlisted companies; and a managing director of GFG Ltd, a governance consultancy company. Between 2003 and 2011, Ms Valeur founded and was the managing partner of Brook Street Partners Limited, an alternative investment consultancy. From 1992 until 1999, Ms Valeur worked in the City of London as a director, heading institutional fixed income sales desks at various banks, including Société Générale from 1997 to 1999 and BNP Paribas from 1992 to 1997. From 1982 to 1992, Ms Valeur worked as a fixed income trader in index linked and mortgage backed securities, representing Nordea A/S on the Danish Stock Exchange. Ms Valeur is also a UK member of the Institute of Directors and is regulated by the Jersey Financial Services Commission as a director. Ms Valeur received a Bachelor of Commerce from Koebmandsskolen, Copenhagen and a Bachelor of Banking from the Institute of Danish Bankers, Bankskolen.

William McMorro (date of birth: 15 April 1947)

William McMorro's biographical details are summarised in paragraph 4 under "*Information on the Investment Manager*".

Mark McNicholas (date of birth: 17 August 1965)

Mark McNicholas is the principal of JLA Real Estate Finance Limited, a debt advisory practice based in Jersey, which he joined in September 2012. Mr McNicholas began his career at the Royal Bank of Scotland Group and joined its corporate real estate finance team in London in 1993. In 1999, he moved to Jersey to become head of real estate finance at Royal Bank of Scotland International based in Jersey. During his time there, Mr McNicholas ran the loan book covering senior and mezzanine positions secured on commercial and residential assets located in the UK and Western Europe and was a member of the RBS Corporate Banking's real estate finance board. In 2010, Mr McNicholas joined BNP Paribas Real Estate to launch the debt advisory desk which provided an independent service to Europe-wide clients of the group across the full spectrum of the real estate debt market. Mr McNicholas sits on the board of three Luxembourg registered funds that are involved in providing senior and mezzanine debt to the UK real

estate market. The investment adviser for all the funds is ICG-Longbow. Mr McNicholas holds an Honours degree in Economics and Politics from the University of Newcastle upon Tyne.

Simon Radford (date of birth: 3 February 1957)

Simon Radford is the chief financial officer of Aztec Group Limited, an alternative investment fund administration business based in Jersey, which he joined in 2005. Prior to this, between 2004 and 2005, Mr Radford was a consultant to Deloitte & Touche. Between 2000 and 2004, Mr Radford was a senior partner at Deloitte & Touche in Jersey, where he was in charge of the assurance and advisory business. Between 1991 and 2004, Mr Radford was a partner with Deloitte & Touche, in both the UK and Jersey. Mr Radford has more than 25 years' experience of audit, corporate finance and corporate investigation and has worked with a wide variety of boards of directors and audit committees. Mr Radford also serves as a non-executive director on a number of alternative investment strategy funds. Between 2006 and 2008, Mr Radford served as chairman of the Institute of Directors in Jersey. Mr Radford is a Fellow of the Institute of Chartered Accountants in England and Wales. Mr Radford also served as president of the Jersey Society of Chartered and Certified Accountants. Mr Radford is qualified as a chartered accountant.

Mary Ricks (date of birth: 27 August 1964)

Mary Ricks' biographical details are summarised in paragraph 3 under "*Information on the Investment Manager*".

2. Corporate Governance and Board Practices

Corporate Governance for the Issuer

The Board supports high standards of corporate governance and the development of corporate governance policies and procedures in compliance with the requirements of the Corporate Governance Code.

Save as disclosed below, the Issuer complies with the provisions of the Corporate Governance Code. The areas of non-compliance are as follows:

- *the recommendations in A.1.1 of the Corporate Governance Code:* As a closed-ended investment company, the Board is responsible for determining the Issuer's strategy and investment policy, its corporate governance practices and is responsible for overseeing the performance of the Investment Manager and other service providers. However, the Board does not have a formal schedule of matters specifically reserved for its decisions. Except for matters involving any conflict of interest, the Board has delegated full discretionary authority to make all investment and financing decisions (on behalf of the Group) to the Investment Manager;
- *the recommendations in D.1.1, D.1.2, D.2.2 and D.2.4 of the Corporate Governance Code:* These relate to executive directors and their remuneration and so are not relevant as the Issuer is externally managed and has no executive directors. All the Directors are non-executive and there are no employees (except in two of the Group's wholly-owned operating subsidiaries); and
- *AIC Principle 5 (covering the recommendations in D.2.1 of the Corporate Governance Code):* The Board has not established a separate remuneration committee as the Issuer has no executive officers and the Board is satisfied that any relevant issues that arise can be properly considered by the Board as a whole. This position is kept under review by the Board.

The Board

As at the date of this Base Prospectus, there are five directors on the Board, all of whom are non-executive directors.

The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Issuer's Directors, including the Chair, has been imposed.

There are no specific requirements for the frequency or timing of meetings of the Board. The Board meets at least four times in each calendar year and all Directors are given full and timely access to the information necessary to assist them in the performance of their duties. As a general rule, an agenda and board papers are circulated to the Directors in advance of Board meetings to allow them an adequate opportunity for review and preparation for Board meetings. The Administrator is responsible for ensuring Board procedures are followed and all Directors have access to its advice and services. Where they judge it appropriate, all Directors have access to independent professional advice at the expense of the Issuer.

The Directors are responsible for the determination of the investment policy of the Group and have overall responsibility for overseeing the performance of the Investment Manager and the Group's activities. The Issuer has, however, entered into an Investment Management Agreement with the Investment Manager, pursuant to which, among other things, the Investment Manager is required to produce a business execution plan each year for the Group setting forth the Investment Manager's strategy for the provision of its services under the Investment Management Agreement and the management of the properties held or acquired by the Group. The Investment Manager is responsible for the risk and portfolio management of the Group's assets, and has full discretionary authority to enter into transactions for and on behalf of the Group subject to matters involving a conflict of interest, which require the formal consent of the Independent Directors.

Directors are expected to attend all Board meetings and the annual general meeting.

Board Committees

The Issuer has established an audit committee, nomination committee and management engagement committee with formally delegated duties and responsibilities, and written terms of reference, which have been approved by the Board.

The Issuer has not established a separate remuneration committee as the Issuer has no executive officers and the Board is satisfied that any relevant issues that arise can be properly considered by the Board. Membership and chairpersonship of each committee is intended to be reviewed by the Board at least every three years.

The terms of reference for each of the committees are summarised below.

Audit Committee

The Issuer's audit committee meets formally at least three times a year for the purpose, amongst other things, of considering the appointment, independence and remuneration of the auditors and reviewing the annual statutory accounts, half yearly reports and interim management statements. Where non-audit services are provided to the Issuer by the auditors, full consideration of the financial and other implications on the independence of the auditors arising from any such engagement are considered before proceeding. The principal duties of the audit committee are to consider the appointment of external auditors, to discuss and agree with the external auditors the nature and scope of the audit, to keep under review the scope, results and cost effectiveness of the audit and the independence and objectivity of the auditors, to review the external auditors' letter of engagement and management letter and to analyse the key procedures adopted by the Group's service providers.

The members of the audit committee are Charlotte Valeur, Mark McNicholas and Simon Radford. The audit committee is chaired by Simon Radford.

Nominations Committee

The Issuer has established a nomination committee with the primary purpose of filling vacancies on the Board. The nomination committee has other duties including to regularly review the Board structure, size and composition, to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of that Director and to make a statement in the annual report about its activities. The nomination committee chair reports formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and at least once a year the nomination committee reviews its own performance, composition and terms of reference and recommends any changes it considers necessary to the Board for approval. The nomination committee meets at least once a year and otherwise as required. Members of the nomination committee are appointed by the Board and the committee is made up of at least three members. A majority of the members of the nomination committee must be independent non-executive directors.

The members of the Nomination Committee are Charlotte Valeur, Mark McNicholas and Mary Ricks. The Nomination Committee is chaired by Mark McNicholas.

Management Engagement Committee

The Issuer has also established a management engagement committee with formal duties and responsibilities. These duties and responsibilities include the regular review of the performance of and contractual arrangements with the Investment Manager and the preparation of the committee's annual opinion as to the Investment Manager's services.

The members of the Management Engagement Committee are Charlotte Valeur, Mark McNicholas and Simon Radford. The Management Engagement Committee is chaired by Charlotte Valeur.

Directors' share dealings

The Board has adopted and implemented the Model Code for directors' dealings contained in the Listing Rules (the "**Model Code**"). The Board is responsible for taking all proper and reasonable steps to ensure compliance with the Model Code by the Directors and others to whom it is applicable.

3. Other Service Providers

Administrator and Secretary

Crestbridge Fund Administrators Limited has been appointed as administrator and secretary of the Issuer and the Investment Manager pursuant to the Administration Agreement. The Administrator will be responsible for the Issuer's general administrative requirements such as the maintenance of the Issuer's accounting and statutory records and the safekeeping of any share certificates or other documents of title relating to investments made for or on behalf of the Group.

The Administrator is a private limited company incorporated in Jersey on 31 January 2001 with company number 79217. Its paid up share capital is £25,000. The Administrator is authorised and regulated by the JFSC under the FS Law to provide administrative services to collective investment funds in Jersey. The principal activity of the Administrator is the administration of collective investment schemes.

Registrar

Computershare Investor Services (Jersey) Limited has been appointed as registrar of the Issuer pursuant to the Registrar Agreement. The Registrar is a private limited company incorporated in Jersey on 2 September 1999, with company number 75005. Its issued share capital is £25,000.

The Registrar is authorised and regulated by the JFSC under the FS Law to provide registrar services to collective investment funds in Jersey.

Fees and expenses

Acquisition expenses

Acquisition expenses are those costs (predominantly legal, tax, structuring, valuation, technical and legal due diligence costs) incurred by the Group in connection with the acquisition of its investments.

Management Fee

The Investment Manager is entitled to receive a Management Fee, half of which is payable in cash and half of which is payable in Ordinary Shares, on the terms summarised in paragraph 5 under “*Information on the Investment Manager*”.

Performance Fee

The Carried Interest Partner is entitled to receive a Performance Fee which is payable in Ordinary Shares on the terms summarised in paragraph 5 under “*Information on the Investment Manager*”.

General Expenses

The Group will also incur the following on-going expenses:

Directors of the Issuer

The fees and expenses payable to the Directors pursuant to their letters of appointment are set out in paragraph 5.8 under “*Additional Information*”. The Investment Manager has agreed that all its current and future appointees to the Board will waive their entitlement to receive fees for their services as Directors and as participants on any committee of the Board.

Administration

For the provision of the services under the Administration Agreement, the Administrator is entitled to receive fees pursuant to the Administration Agreement.

Registrar

For the provision of the services under the Registrar Agreement, the Registrar is entitled to receive a fee. Additional charges may be levied by the Registrar depending upon the services which are requested by the Issuer.

Audit

KPMG provides audit services to the Group. The annual financial statements are prepared in compliance with IFRS. Since the fees charged by the Auditor will depend on the services provided and the time spent by the Auditor on the affairs of the Group, there is therefore no maximum amount payable under the Auditor’s engagement letter.

Other Expenses

Other on-going operational expenses (excluding fees paid to service providers as detailed above) of the Group will be borne by the Group including travel, accommodation, printing, audit and legal fees, and all professional fees and costs relating to the acquisition, holding or disposal of investments and any proposed investments that are reviewed or contemplated but which do not proceed to completion. These expenses will be deducted from the assets of the Group (inclusive of D&O insurance for the Directors). All out-of-pocket expenses of the Investment Manager (including expenses payable by the Investment

Manager to the Investment Advisers pursuant to the Investment Advisory Agreement), the Directors, the Administrator and the Registrar relating to the Issuer will be borne by the Issuer.

Use of Proceeds

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, which include making a profit, or for such other reason as may be specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement.

Taxation

Jersey Taxation

The following summary of the anticipated treatment of the Issuer and holders of Notes (other than residents of Jersey) is based on Jersey taxation law and practice as they are understood to apply at the date of this Base Prospectus and is subject to changes in such taxation law and practice. It does not constitute legal or tax advice and does not address all aspects of Jersey tax law and practice (including such tax law and practice as they apply to any land or building situate in Jersey). Prospective investors in the Notes should consult their professional advisers on the implications of acquiring, buying, selling or otherwise disposing of the Notes under the laws of any jurisdiction in which they may be liable to taxation.

Taxation of the Issuer

The Issuer is regarded as resident for tax purposes in Jersey and on the basis that the Issuer is neither a financial services company nor a utility company for the purposes of the Income Tax (Jersey) Law 1961, as amended, the Issuer is subject to income tax in Jersey at a rate of zero per cent. Payments in respect of the Notes may be paid by the Issuer without withholding or deduction for or on account of Jersey income tax and holders of Notes (other than residents of Jersey) will not be subject to any tax in Jersey in respect of the holding, sale or other disposition of such Notes.

Stamp duty

In Jersey, no stamp duty is levied on the issue or transfer of the Notes except that stamp duty is payable on Jersey grants of probate and letters of administration, which will generally be required to transfer the Notes on the death of a holder of such Notes where such Notes are situated in Jersey. In the case of a grant of probate or letters of administration, stamp duty is levied according to the size of the estate (wherever situated in respect of a holder of Notes domiciled in Jersey, or situated in Jersey in respect of a holder of Notes domiciled outside Jersey) and is payable on a sliding scale at a rate of up to 0.75 per cent. of such estate. Where the Notes are in registered form and the register is not maintained in Jersey such Notes should not be considered to be situated in Jersey for these purposes.

Jersey does not otherwise levy taxes upon capital, inheritances, capital gains or gifts nor are there other estate duties.

EU Savings Directive

From 1 January 2015, paying agents established in Jersey must report to the Jersey Comptroller of Taxes details of all payments of interest, or other similar income, made to an individual beneficial owner resident in an EU Member State. The Jersey Comptroller of Taxes will be required to provide to the tax authorities of the Member State in which such a beneficial owner is resident, details of such payments made to such beneficial owner.

This exchange of information system in Jersey is implemented by means of bilateral agreements with each of the Member States and the Taxation (Agreements with European Union Member States) (Jersey) Regulations 2005, as amended with reference to Guidance Notes issued by the Chief Minister's Department of the States of Jersey. Based on these provisions and what is understood to be the current practice of the Jersey tax authorities, the Issuer would not be obliged under those provisions to report to the Jersey Comptroller of Taxes payments of interest, or other similar income, made by it to a paying agent established outside Jersey.

On 15 October 2015, the Minister for External Relations approved proposals for the Law Draftsman to prepare legislation to provide for the suspension of the agreements on the taxation of savings income between Jersey and the EU Member States required as a result of the decision of the EU to repeal the EU Directive on taxation of savings income in the form of interest payments.

If you are in any doubt as to your tax position you should consult your professional tax adviser.

EU Savings Directive

Under the EU Savings Directive, EU member states are required to provide to the tax authorities of other EU member states details of certain payments of interest or similar income paid or secured by a person established in an EU member state to or for the benefit of an individual resident in another EU member state or to (or secured for) certain limited types of entities established in another member state.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories have adopted similar measures (a reporting system in the case of Jersey).

On 24 March 2014, the Council of the European Union adopted the Amending Directive. The Amending Directive requires EU member states to apply these new requirements from 1 January 2017 and if they were to take effect the changes would expand the range of payments covered by the EU Savings Directive, in particular to include additional types of income payable on securities. They would also expand the circumstances in which payments that indirectly benefit an individual resident in an EU member state, or are made (or are secured for) an entity or a legal arrangement effectively managed in an EU member state that is not subject to effective taxation, must be reported or subject to withholding. This approach would apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the EU.

However, the European Commission has proposed the repeal of the EU Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other EU member states (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the EU Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is generally broader in scope than the EU Savings Directive, although it does not impose withholding taxes. The proposal also provides that, if it proceeds, EU member states will not be required to apply the new requirements of the Amending Directive.

United Kingdom Taxation

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current United Kingdom law and published HMRC practice (which may not be binding on HMRC), each as of the date of this Base Prospectus, relating only to the United Kingdom withholding tax treatment of payments of principal and interest in respect of Notes, and is subject to changes in such taxation law and practice. It does not constitute legal or tax advice and does not address all aspects of United Kingdom tax law and practice. It assumes that there will be no substitution of the Issuer and does not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the terms and conditions of the Notes). Prospective investors in the Notes should consult their professional advisers on the implications of acquiring, buying, selling or otherwise disposing of the Notes under the laws of any jurisdiction in which they may be liable to taxation.

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax if they do not have a United Kingdom source.

Even if payments of interest do have a United Kingdom source, those payments may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes are and continue to be listed on a “recognised stock exchange” within the meaning of section 1005 of the Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the FSMA) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Notes are and remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax.

In other cases, if payments of interest do have a United Kingdom source, an amount must generally be withheld from those payments on account of United Kingdom income tax at the basic rate (currently 20%), subject to any available reliefs and exemptions. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Company to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

HMRC has powers to obtain information and documents relating to the Notes, including in relation to issues of and other transactions in the Notes, interest, payments treated as interest and other payments derived from the Notes. This may include details of amounts paid with respect to the Notes, of the holders or beneficial owners of the Notes, of the persons for whom the Notes are held and of the persons to whom payments derived from the Notes are or may be paid. Information may be obtained from a range of persons including persons who effect or are a party to such transactions on behalf of others, registrars and administrators of such transactions, the registered holders of the Notes, persons who make, receive or are entitled to receive payments derived from the Notes and persons by or through whom interest and payments treated as interest are paid or credited.

Information relating to the Notes may also be required to be provided automatically to HMRC by “financial institutions” under regulations made under section 222 of the Finance Act 2013, which implement the requirements of various automatic information exchange programmes, including FATCA, Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended), the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014, and arrangements between the United Kingdom and its overseas territories and crown dependencies.

Information obtained by HMRC may be provided to tax authorities in other jurisdictions.

The Proposed Financial Transactions Tax (the “FTT”)

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”).

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating member states. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating member state. A financial institution may be, or be deemed to be, “established” in a participating member state in a broad range of circumstances, including (a) by transacting with a person established in a participating member state or (b) where the financial instrument which is subject to the dealings is issued in a participating member state.

Joint statements issued by participating member states indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating member states and the scope of any such tax is uncertain. Additional EU member states may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (“**FATCA**”) impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a “**foreign financial institution**”, or “**FFI**” (as defined by FATCA)) that does not become a “**Participating FFI**” by entering into an agreement with the U.S. Internal Revenue Service (“**IRS**”) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States account” of the Issuer (a “**Recalcitrant Holder**”). The Issuer is classified as an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to “foreign passthru payments” (a term not yet defined) no earlier than 1 January 2019. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after the “grandfathering date”, which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date, and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an “**IGA**”). Pursuant to FATCA and the “Model 1” and “Model 2” IGAs released by the United States, an FFI in an IGA signatory country could be treated as a “**Reporting FI**” not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being “**FATCA Withholding**”) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and Jersey have entered into an agreement (the “**US-Jersey IGA**”) based largely on the Model 1 IGA.

The Issuer expects to be treated as a Reporting FI pursuant to the US-Jersey IGA and does not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within Euroclear or Clearstream, Luxembourg, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any Paying Agent and the common depositary, given that each of the entities in the payment chain between the Issuer and the participants in Euroclear or Clearstream, Luxembourg is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation in respect of the Programme expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to

happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form.

Subscription and Sale

The Dealers have, in a Dealer Agreement (such Dealer Agreement as amended and/or modified and/or supplemented and/or restated from time to time, the “**Dealer Agreement**”) dated 5 November 2015, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Summary of Provisions Relating to the Notes while in Global Form*” and “*Terms and Conditions of the Notes*”. In the Dealer Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer, and/or its affiliates in the ordinary course of business.

In addition, in the ordinary course of their business activities the Dealers and their affiliates may make or hold a broad array of investments and actively trade securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or entities within the Group or their respective affiliates. The Dealers or their affiliates may have a lending relationship with the Issuer or entities within the Group and may hedge their credit exposure to the Issuer or entities within the Group consistent with their customary risk management policies. Typically, such persons would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Bearer Notes are subject to United States tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. Person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 (the “**Code**”) and U.S. Treasury regulations promulgated thereunder. The applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) will identify whether U.S. Treasury regulations Section 1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (“**TEFRA C**”) or U.S. Treasury regulations Section 1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (“**TEFRA D**”) apply or whether the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”) such that selling restrictions under TEFRA are not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or in the case of Bearer Notes deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager,

of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States. Distribution of this Base Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

An issuance of Exempt Notes may also be subject to such additional United States selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

France

This Base Prospectus has not been prepared and is not being distributed in the context of a public offering of financial securities in France within the meaning of Article L. 411-1 of the French Code *monétaire et financier* and Title I of Book II of the *Règlement Général* of the *Autorité des marchés financiers* (the French financial markets authority) (the “AMF”). Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in

France (“*offre au public de titres financiers*”), and neither this Base Prospectus nor any offering or marketing materials relating to the Notes must be made available or distributed or cause to be distributed in any way that would constitute, directly or indirectly, an offer to the public in France.

The Notes may only be offered or sold in France to qualified investors (“*investisseurs qualifiés*”) and/or a limited circle of investors (“*cercle restreint*”) acting for their own account and/or to providers of the investment service relating to portfolio management for the account of third parties (“*personnes fournissant le service d’investissement de gestion de portefeuille pour le compte de tiers*”), all as defined in and in accordance with Articles L. 411-1, L. 411-2, D. 411-1, D. 411-4, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Code *monétaire et financier*.

Prospective investors are informed that:

- (i) this Base Prospectus has not been and will not be submitted for clearance to the AMF;
- (ii) in compliance with Articles L. 411-2, D. 411-1, D. 744-1, D. 744-1, D. 754-1 and D. 764-1 of the French Code *monétaire et financier*, any qualified investors subscribing for the Notes should be acting for their own account; and
- (iii) the direct and indirect distribution or sale to the public of the Notes acquired by them may only be made in compliance with Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 through L. 621-8-3 of the French Code *monétaire et financier*.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (“**Regulation No. 11971**”); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the “**Banking Act**”); and
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “**FIEA**”) and each Dealer has represented and agreed, and each further

Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended) and for the avoidance of doubt such term used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

None of the Issuer, the Investment Manager, nor any Dealer has made any representation that any action will be taken in any jurisdiction by the Dealers, the Issuer or the Investment Manager that would permit a public offering of the Notes, or possession or distribution of this Base Prospectus or any other offering or publicity material relating to any Series of Notes (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Dealer has agreed, and each Dealer appointed under the Programme will be required to agree, that it will comply to the best of its knowledge and belief with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes this Base Prospectus or any such other material, in all cases at its own expense. It will also ensure, to the best of its knowledge and belief, that no obligations are imposed on the Issuer, the Investment Manager or any other Dealer in any such jurisdiction as a result of any of the foregoing actions. The Issuer, the Investment Manager and the Dealers have no responsibility for obtaining, and each Dealer has, to the best of its knowledge and belief, obtained, any consent, approval or permission required by it for the acquisition, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. No Dealer has been authorised to make any representation or use any information in connection with the issue, subscription and sale of the Notes other than as contained in, or which is consistent with, this Base Prospectus or any amendment or supplement to it.

The offer and marketing (as such term is defined in the Directive) of each Tranche of Notes is being conducted only to professional clients (as defined under the Markets in Financial Instruments Directive) in the Approved Jurisdiction(s) specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement and is not being conducted in any other EU member state. If a potential investor is not in an Approved Jurisdiction or otherwise is a person to whom the Notes cannot be marketed in accordance with the Directive as implemented and interpreted in accordance with the laws of each EU member state, it should not participate in the offering and the relevant Notes may not, and will not, be offered or marketed to it.

The agreements of the Dealers referred to in this “*Subscription and Sale*” section are subject to certain exceptions in relation to the Directive.

Additional Information

1. Incorporation and Administration

- 1.1. The Issuer is a closed-ended collective investment fund incorporated as a public company limited by shares in Jersey under the Companies Law on 23 December 2013 with registered number 114680, having an unlimited life. The Issuer has been established pursuant to the CIF Law and the Listed Fund Guide. The Issuer is regulated by the JFSC.
- 1.2. The registered office and principal place of business of the Issuer is 47 Esplanade, St Helier, Jersey, JE1 0BD, Channel Islands and the telephone number is +44 (0)1534 835 600.
- 1.3. The Issuer is not regulated by the FCA or an equivalent EU regulator.
- 1.4. The Issuer has an unlimited life, subject to a special resolution being passed by Shareholders for its winding-up in accordance with the Companies Law. On a winding-up, or other return of capital, Shareholders are entitled to participate in the assets of the Issuer attributable to their Ordinary Shares.

2. Share Capital of the Issuer

- 2.1. The Issuer is a public limited no par value company pursuant to the Companies Law. At incorporation, the Issuer issued two subscriber shares, which are held by KW Europe Investors. Such Ordinary Shares have been fully paid-up.
- 2.2. On 28 February 2014, the Issuer issued 91,000,000 Ordinary Shares and, on 5 March 2014, the Issuer issued a further 9,100,000 Ordinary Shares, in each case, for cash at an issue price of £10.00 per Ordinary Share (save for 7,000,000 Ordinary Shares which were issued in consideration for the acquisition of the Tiger Portfolio).

On:

- 31 March 2014, the Issuer issued 9,005 Ordinary Shares to the Investment Manager as part payment of the Management Fee, in respect of the quarter ended 31 March 2014;
 - 7 August 2014, the Issuer issued a further 116,208 Ordinary Shares to the Investment Manager in part payment of the Management Fee in respect of the quarter ended on 30 June 2014;
 - 6 November 2014, the Issuer issued a further 119,568 Ordinary Shares to the Investment Manager in part payment of the Management Fee in respect of the quarter ended on 30 September 2014;
 - 26 February 2015, the Issuer issued a further 163,478 Ordinary Shares to the Investment Manager in part payment of the Management Fee in respect of the quarter ended on 31 December 2014;
 - 7 May 2015, the Issuer issued a further 155,201 Ordinary Shares to the Investment Manager in part payment of the Management Fee in respect of the quarter ended on 31 March 2015;
 - 6 August 2015, the Issuer issued a further 165,947 Ordinary Shares to the Investment Manager in part payment of the Management Fee in respect of the quarter ended on 30 June 2015; and
 - 5 November 2015, the Issuer issued a further 166,019 Ordinary Shares to the Investment Manager in part payment of the Management Fee in respect of the quarter ended on 30 September 2015.
- 2.3. The Issuer's share capital as at the date of this Base Prospectus is 135,933,938 Ordinary Shares.

- 2.4. By special resolution of the Issuer, passed on 24 February 2014, the Articles were adopted. The unclassified Ordinary Shares may be issued and designated on such terms and conditions as the Directors may from time to time determine in accordance with the Articles and the Companies Law.
- 2.5. The maximum issued share capital of the Issuer is unlimited.
- 2.6. By special resolution of the Issuer, passed on 29 April 2015, the Issuer was granted Shareholder authority (subject to the Listing Rules and all other applicable legislation and regulations) to make market purchases of up to 14.99% per annum of the Ordinary Shares in issue immediately following Initial Admission. This authority will expire at the conclusion of the next annual general meeting of the Issuer to be held in 2016.
- 2.7. The Articles provide that the Issuer is not permitted to allot and issue any Ordinary Shares or sell for cash any Ordinary Shares held in treasury, unless it shall first have made an offer to each person who holds equity securities of the same class to allot and issue to him on the same or more favourable terms a proportion of those securities that is as nearly as practicable equal to the proportion in number held by him of the share capital of the Issuer and the (at least 14-day) period for acceptance of such offer has expired or the Issuer has received notice of acceptance or refusal of every offer made. These pre-emption rights may be excluded or modified by special resolution of the Shareholders. Subject to these pre-emption rights, the Directors have power to issue further Ordinary Shares, although, except as otherwise described in this Base Prospectus, they have no current intention to do so.
- 2.8. By special resolution of the Issuer, passed on 29 April 2015, the Issuer disapplied and excluded the pre-emption rights set out in the Articles in relation to the issue of 13,544,477 of Ordinary Shares. This disapplication and exclusion will expire at the conclusion of the next annual general meeting of the Issuer to be held in 2016.
- 2.9. Save as disclosed in this Base Prospectus:
- since the date of its incorporation, no share or loan capital of the Issuer has been issued or agreed to be issued, or is now proposed to be issued, either for cash or any other consideration;
 - no commissions, discounts, brokerages or other special terms have been granted by the Issuer in connection with the issue or sale of any such capital; and
 - no share or loan capital of the Issuer is under option or has been agreed, conditionally or unconditionally, to be put under option.

3. Subsidiary Undertakings

The Issuer is the holding company of the Group. As at the Latest Practicable Date, the Group comprises the Issuer and its subsidiaries named below.

Name	Country of incorporation	Percentage of direct or indirect ownership interest	Principal activity	Registered office
		(%)		
Alemina Investments, S.L.	Spain	90	Property investment company	Paseo de la Castellana 143 11 th Floor 28046 Madrid Spain
Bizet Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey,

				JE1 0BD
Cavalli Investments plc	Republic of Ireland	100	Property investment company	6th Floor, 2 Grand Canal Square, Dublin 2, Ireland
ESPEBE 8, SL	Spain	100	Holding company	Paseo de la Castellana 143 11 th Floor 28046 Madrid Spain
Gatsby Aberdeen Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
Gatsby Capital 1 Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
Gatsby Capital 2 Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
Gatsby Capital 3 Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
Gatsby Chatham Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
Gatsby Croydon Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
Gatsby GIR Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
Gatsby GR Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
Gatsby Grocery Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
Gatsby Industrial Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
Gatsby INV 1 Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
Gatsby Middleswich Limited	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
Gatsby PFS Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
Gatsby PH Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey,

				JE1 0BD
Gatsby Retail Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
Gatsby Saltash Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
Jupiter Argyle Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
Jupiter Friars Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
Jupiter Holdco Ltd	Jersey	100	Holding company	47 Esplanade, St Helier, Jersey, JE1 0BD
Jupiter Hull Limited	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
Jupiter Marathon Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
Jupiter Pennine Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
Jupiter Rubislaw Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, E1 0BD
Jupiter Seafield Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
Jupiter Showroom Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
Jupiter Tradeco Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
Jupiter Trident Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
Kish One Ltd	Isle of Man	100	Property investment company	69 Athol Street, Douglas, Isle of Man, IM1 1JE
KW Artemis UK Properties Holdco Ltd	Jersey	100	Holding company	47 Esplanade, St Helier, Jersey, JE1 0BD
KW BPR Limited	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
KW Gatsby Ltd	Jersey	100	Holding company	47 Esplanade,

				St Helier, Jersey, JE1 0BD
KW High Street Retail B Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
KW Industrial B Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
KW Industrial SPV 1 Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
KW Industrial SPV 2 Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
KW Investment Eight Lux S.à r.l.	Luxembourg	100	Property investment company	9A, boulevard Prince Henri, L – 1724, Luxembourg
KW Investment Eleven Lux S.à r.l.	Luxembourg	100	Property investment company	9A, boulevard Prince Henri, L – 1724, Luxembourg
KW Investment Five Lux S.à r.l.	Luxembourg	100	Property investment company	9A, boulevard Prince Henri, L – 1724, Luxembourg
KW Investment Four Lux S.à r.l.	Luxembourg	100	Holding company	9A, boulevard Prince Henri, L – 1724, Luxembourg
KW Investment Funds plc	Republic of Ireland	100	Property investment company	6th Floor, 2 Grand Canal Square, Dublin 2, Ireland
KW Investment Nine Lux S.à r.l.	Luxembourg	100	Property investment company	9A, boulevard Prince Henri, L – 1724, Luxembourg
KW Investment One Lux S.à r.l.	Luxembourg	100	Property investment company	9A, boulevard Prince Henri, L – 1724, Luxembourg
KW Investment Six Lux S.à r.l.	Luxembourg	100	Holding company	9A, boulevard Prince Henri, L – 1724, Luxembourg
KW Investment Ten Lux S.à r.l.	Luxembourg	100	Property investment company	9A, boulevard Prince Henri, L – 1724, Luxembourg
KW Investment Three Lux S.à r.l.	Luxembourg	100	Holding company	9A, boulevard Prince Henri, L – 1724, Luxembourg
KW Investment Twelve Lux S.à r.l.	Luxembourg	100	Property investment company	9A, boulevard Prince Henri, L – 1724, Luxembourg
KW Investment Two Lux S.à r.l.	Luxembourg	100	Holding company	9A, boulevard Prince Henri, L – 1724, Luxembourg
KW Italy Investments	Jersey	100	Holding company	47 Esplanade,

Holdco Limited*					St Helier, Jersey, JE1 0BD
KW LMG Propco 1, SL	Spain	100	Property investment company		Paseo de la Castellana 143 11th Floor 28046 Madrid Spain
KW LMG Propco 2, SL	Spain	100	Property investment company		Paseo de la Castellana 143 11th Floor 28046 Madrid Spain
KW Niobe Ltd	Jersey	100	Property investment company		47 Esplanade, St Helier, Jersey, JE1 0BD
KW Office SPV1 Ltd (formerly named KW Dionysus Ltd)	Jersey	100	Property investment company		47 Esplanade, St Helier, Jersey, JE1 0BD
KW Office SPV 2 Ltd (formerly named KW Agamemnon Ltd)	Jersey	100	Property investment company		47 Esplanade, St Helier, Jersey, JE1 0BD
KW Office SPV 3 Ltd	Jersey	100	Property investment company		47 Esplanade, St Helier, Jersey, JE1 0BD
KW Olimpia Holdco Limited	Jersey	100	Holding company		47 Esplanade, St Helier, Jersey, JE1 0BD
KW Portmarnock Ops Ltd	Republic of Ireland	100	Operating company		6th Floor, 2 Grand Canal Square, Dublin 2, Ireland
KW Real Estate Lux S.à r.l.*	Luxembourg	100	Holding company		9A, boulevard Prince Henri, L – 1724, Luxembourg
KW Regional Office B Ltd	Jersey	100	Property investment company		47 Esplanade, St Helier, Jersey, JE1 0BD
KW Retail SPV 1 Ltd	Jersey	100	Property investment company		47 Esplanade, St Helier, Jersey, JE1 0BD
KW Retail SPV 2 Ltd (formerly named Crumbie Ltd)	Jersey	100	Property investment company		47 Esplanade, St Helier, Jersey, JE1 0BD
KW Retail Warehouse SPV 1 Ltd	Jersey	100	Property investment company		47 Esplanade, St Helier, Jersey, JE1 0BD
KW Sol Propco, SL	Spain	100	Property investment company		Paseo de la Castellana 143 11 th Floor 28046 Madrid Spain
KW Trade Co Ltd (formerly named Bengal	Jersey	100	Property investment company		47 Esplanade, St Helier, Jersey,

Ltd)				JE1 0BD
KW UK Assets Holdco Ltd*	Jersey	100	Holding company	47 Esplanade, St Helier, Jersey, JE1 0BD
KWVF Tiger Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
KW Velasquez Propco 1, SL	Spain	100	Property investment company	Paseo de la Castellana 143 11 th Floor 28046 Madrid Spain
KW Velasquez Propco 2, SL	Spain	100	Property investment company	Paseo de la Castellana 143 11 th Floor 28046 Madrid Spain
Leterana Servicios Y Gestiones, SL	Spain	90	Property investment company	Paseo de la Castellana 143, 11th Floor, 28046, Madrid, Spain
Nessun Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
Portfolio Reading UK Limited (in dissolution)	UK	100	Holding company	66 Prescott Street, London, E1 8NN
Scarlatti Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
SEO Bartley Wood Limited	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
SEO Bracknell Limited	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
SEO Farnborough Limited	Jersey	100	Property investment company	47 Esplanade,
SEO Finance Limited	Jersey	100	Holding company	47 Esplanade, St Helier, Jersey, JE1 0BD
SEO Harlow Limited	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
SEO Langley Limited	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
SEO Maidenhead Limited	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
SEO Reading Limited	Jersey	100	Property investment	47 Esplanade,

			company	St Helier, Jersey, JE1 0BD
SEO Stockley Limited	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
SEO Watford Limited	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
St Andrews Bay Development Ltd	Scotland	100	Property investment and operating company	St Andrews Bay Gold Resort & Spa, St. Andrews, Fife, Scotland, KY16 8PN
Triviata Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
* Directly owned				

4. Directors' and Other Interests

4.1. The Directors have the following shareholdings in the Issuer.

<i>Name</i>	<i>Shares held as at the Latest Practicable Date</i>	
	<i>Number of Shares</i>	<i>% of share capital</i>
William McMorrow	80,916	0.06
Mark McNicholas	—	—
Simon Radford	—	—
Mary Ricks	100,916	0.07
Charlotte Valeur	—	—

Except as disclosed in this paragraph 4.1, the Issuer is not aware of interests of any Director, including any connected person of that Director, the existence of which is known to, or could with reasonable diligence be ascertained by, that Director whether or not held through another party, in the share capital of the Issuer, together with any options in respect of such capital as at the Latest Practicable Date.

4.2. As at the Latest Practicable Date, except as set out below, in so far as is known to the Issuer, no person is directly or indirectly interested in 5% or more of the Issuer's capital or voting rights.

Name	<i>As at the Latest Practicable Date</i>	
	Number of Ordinary Shares	% of Issued Share Capital
KW ⁽¹⁾	24,009,578	17.68
Wellington ⁽²⁾	19,943,875	14.69
Quantum	15,171,750	11.17
Franklin Templeton Portfolio Advisory ⁽³⁾	10,243,000	7.54

(1) On 5 November 2015, KW was issued a further 166,019 Ordinary Shares, taking its total holding to 24,175,598 Ordinary Shares or 17.78% of the Issued Share Capital of the Issuer at such date.

(2) Held through various investment advisory clients of Wellington.

(3) Held through various funds and accounts managed by Franklin Templeton Portfolio Advisory.

The Shareholders listed in the table above do not have different voting rights to other Shareholders. The Companies Law imposes no requirement on Shareholders to disclose holdings of 5% (or any greater limit) or more of any class of the share capital of the Issuer. However, the Disclosure and Transparency Rules provide that certain persons (including Shareholders) are obliged to notify the Issuer if the proportion of the Issuer's voting rights which they own reaches, exceeds or falls below specific thresholds (the lowest of which is currently 5%).

- 4.3. The Issuer is not aware of any person who directly or indirectly, jointly or severally, exercises control over the Issuer.
- 4.4. Save as set out in this paragraph 4.4, no Director is considered to be subject to any conflicts of interest between his/her duties to the Issuer and his/her private interests or other duties. Mary Ricks is a director of the Issuer, the Investment Manager, KW Europe and other KW Associates, and William McMorrow is a director of the Issuer, KW and other KW Associates. These interests may give rise to a potential conflict interest between their respective duties to the Issuer as Directors and their private interests in the Investment Manager, KW Europe, KW Associates and KW (where applicable).
- 4.5. No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Issuer.
- 4.6. Each Director has a letter of appointment dated 10 February 2014 but no service contract with the Issuer, nor are any such service contracts proposed. The Directors hold their office in accordance with their letters of appointment and the Articles. The Directors' appointments can be terminated with three months' notice. The Issuer is entitled to make a payment in lieu of the notice period on termination. The letters of appointment provide that the office of Director shall be terminated with immediate effect without notice or payment in lieu of notice in certain circumstances including fraud, dishonesty or serious misconduct, bankruptcy, disqualification as a director or material breach of obligations under their respective letters of appointment.
- 4.7. No employee of the Investment Manager has any service contract with the Issuer.
- 4.8. The aggregate remuneration and benefits in kind of the Directors in respect of any financial year is payable out of the assets of the Issuer. In 2014, each of the Independent Directors (other than the Chair) received an initial fee of £75,000. The Chair received an initial fee of £120,000. Each of Charlotte Valeur, Simon Radford and Mark McNicholas received a supplemental fee of £25,000 for chairing the management engagement committee, audit committee and nomination committee, respectively.
- 4.9. In addition to their directorships of the Issuer, the Directors hold or have held the following directorships, and are or were members of the following partnerships, within the five years ending on the Latest Practicable Date:

<u>Name</u>	<u>Current directorships/partnerships</u>	<u>Past directorships/partnerships</u>
Charlotte Valeur	Andrea Investments (Jersey) PCC Blackstone/GSO Loan Financing Ltd. Brook Street Partners Holding Limited Cell Series 1000 PC DW Credit Catalyst Limited FSN Capital Holding Jersey Limited FSN Capital Holding III Limited FSN Capital GP IV Limited GFG Limited GGG Limited Ingenious Clean Energy Income Plc JP Morgan Global Convertibles Income Fund	3i Infrastructure Plc Agilo Global Fund Limited (Master) AlphaTran Fund LLP (Master) Brook Street Partners (Jersey) Limited Agilo Global Fund Limited (Feeder) Brook Street Partners Limited Cell 2008-1 PC Cell 2008-2 PC Cell 2008-3 PC Cell 2008-4 PC Dansk Egenkapital Management A/S DREAM 01 GP Limited

Name	Current directorships/partnerships	Past directorships/partnerships
	Limited Lumx Beach Point Fund Limited Lumx DCI Short Credit Fund Limited Lumx Horseman European Select Fund Ltd Lumx Jet Fund Limited Lumx Lancaster Fund Limited LumX LynX Fund Limited LumX MW Core Fund Limited Lumx Octagon High Income Fund Limited LumX Systematic Trend Fund Limited LumX Turiya Limited NTR Plc Renewable Energy Generation Limited TECREF GP Limited	DREAM 02 GP Limited DREAM02 (I) GP Limited DREAM02 (I) Limited DREAM02(II) GP Limited DREAM02(III) GP Limited DREAM02(IV) GP Limited DREAM02(V) Limited DREAM02(VI) GP Limited DREAM02(VII) GP Limited DREAM02(VIII) GP Limited DREAM02(IX) GP Limited DREAM02(X) Limited DREAM02(XI) Limited Gylldmark Liquid Macro Fund Ltd Gylldmark Liquid Macro Master Fund Ltd Lumx Atlas Global Limited Lumx Avesta Fund Limited Lumx CCA Global Macro Fund Limited Lumx Cyril Systematic Fund Limited Lumx GGIE Fund Limited Lumx GLC Gestalt Fund Limited Lumx GSB Podium Fund Limited Lumx RWC Biltmore Fund Limited Lumx Third Point Fund Limited Lumx Van Eck Hard Assets Fund Limited Lumx Visium Credit Limited VCM Ariel Fund Limited (Feeder) VCM Ariel Fund LP (Master) VCM Ariel General Partner Ltd
William McMorrow	Fairways 340 Corp. Glendora Partners Member, LLC K-W Properties Kennedy-Wilson Advisers, Inc. Kennedy-Wilson Asia Kennedy-Wilson Capital Kennedy-Wilson Europe Limited Kennedy-Wilson Holdings, Inc. Kennedy-Wilson, Inc. Kennedy-Wilson, Inc. Nevada Kennedy-Wilson International Kennedy-Wilson Japan KK Kennedy-Wilson Overseas Investments, Inc. Kennedy-Wilson Properties, Ltd. Kennedy-Wilson Property Equity, Inc. Kennedy-Wilson Property Equity II, Inc. Kennedy-Wilson Property Equity III, Inc. Kennedy-Wilson Property Services, Inc. Kennedy-Wilson Property Services II, Inc. Kennedy-Wilson Property Special Equity, Inc. Kennedy-Wilson Property Special Equity II, Inc. Kennedy-Wilson Tech Ltd. KW 1901 Corp. K-W Santiago, Inc. KW 900 Fourth Property Executives, LLC KW BASGF II Executives, LLC KW Blossom Hill Manager, LLC KW Executive Loan Partners I LLC KW Executives – Richmond, LLC KW Fund II Executives, LLC KW Fund III Executives, LLC KW Hawaii Executives, LLC KW Hilltop Executives LLC KW James Street Executives, LLC KW Montclair Executives LLC KW NoHo Executives LLC KW One Tech Executives, LLC	Downtown Grill Investors, LLC KW 300 California Executives, LLC KW Alameda Executives, LLC KW America Multifamily Executives LLC KW Anaheim Executives, LLC KW Blossom Hill Executives LLC KW Davis Executives LLC KW Dillingham Aina Investors, LLC KW Executives Pacifica Partners, LLC KW Federal Way Executives, LLC KW Fifth and Madison Property Executives, LLC KW Fruitdale Executives LLC KW MDR Executives, LLC KW Mill Creek Executives LLC KW Mill Creek Property Manager KW NoHo Executives, LLC KW Pacifica Partners, LLC KW Paramount Investors LLC KW Pinole Executives, LLC KW Prospect Holdings Partnership KW Summer House Manager, LLC KW SV Executives LLC KW Vista Executives, LLC KW/WDC Portfolio Executives LLC KWF Executives II, LLC Pacifica West Coast Partners, LLC RCTW 75 Executives LLC SG KW Venture I Executives, LLC

Name	Current directorships/partnerships	Past directorships/partnerships
Mark McNicholas	KW Petaluma Executives LLC KW Ravenswood Executives LLC KW Richmond, LLC KW Summer House Executives LLC KW Waseda Executives, LLC KWF Executives I, LLC KWF Executives III, LLC KWF Executives V, LLC KWF Investors I, LLC KWF Investors II, LLC KWF Investors III, LLC KWP Financial KWP Financial I Santa Maria Land Partners LLC SG KW Venture I Manager, LLC	
	Bizspace (2007) G Co Limited Bizspace (2007) N1 Limited Bizspace (2007) N2 Limited Bizspace (Bathgate) Limited Bizspace (Central) Limited Bizspace (Rochdale) Limited HX Bugatti Property Investment Limited HX Regional U.K. Limited HXRUK (2003) Limited HXRUK (KP DEV) Limited HXRUK (Silver 1) Limited HXRUK (Silver 2) Limited HXRUK (Silver Holdings) Limited HXRUK 3 (2010) Salford Limited HXRUK 3 (2010) Scotland Limited HXRUK 3 (Silverburn 2) Limited XRUK 3 (Silverburn) Limited HXRUK 3 (Waverley Gate) Limited HXRUK II (Bugatti) Limited HXRUK II (Portsmouth) Limited HXRUK II (Sittingbourne) Limited HXRUK II Limited HXRUK III (2010) Limited HXRUK III LIMITED Longbow UK Real Estate Debt Investments II S.à r.l. Longbow UK Real Estate Debt Investments III S.à r.l. ICG - Longbow IV Debt Sarl ICG – Longbow IV Equity Sarl Mulberry 3 Limited Mulberry Property Holdings Limited New Mulberry Limited Snelmore Investment Limited Snelmore Limited Snelmore Management Limited	EPIC 2007 Single Property Real Estate Company Limited Foundation Commercial Property Limited Cannon Street Holdings 3 Limited Gracechurch Property Limited HXRUK (Davis House) Limited HXRUK (DP) Limited HXRUK (KP) Limited HXRUK (Midlands) Limited HXRUK (NW) Limited HXRUK II (Bedford) Limited HXRUK II (Central) Limited HXRUK II (CHC) Limited HXRUK II (Cumbernauld) Limited HXRUK II (Darlington) Limited HXRUK II (Harpenden) Limited HXRUK II (Manchester) Limited HXRUK II (Midlands) Limited HXRUK II (NI) Limited HXRUK II (North East) Limited HXRUK II (North West) Limited HXRUK II (North) Limited HXRUK II (Rugby) Limited HXRUK II (South) Limited HXRUK II (Stratford) Limited HXRUK II (West Scotland) Limited HXRUK II (Whetstone) Limited HXRUK (Coventry) Limited Synergy Gracechurch Holdings Limited
Simon Radford	Amdipharm Mercury Debtco Limited Amdipharm Mercury Limited ASF VI GP Limited Atrium European Real Estate Limited Atrium European Real Estate Nominees Limited Aztec Directors Limited Aztec Financial Services (Jersey) Limited Aztec Financial Services (Luxembourg) S.A. Aztec Financial Services(Netherlands) B.V. Aztec Financial Services (UK) Limited Aztec Group Limited Aztec Holdings (Europe) Limited	Brevan Howard Investment Products Limited CCM Pharma Holdings Limited CCM Pharma Limited CCM Pharma Midco Limited Meintl International Power Limited OLK (Jersey) Limited PEIF II (Manager) Limited Henderson CLOF II Vanquish Limited Henderson Funds Management Vanquish (Jersey) Limited Resource Partners FP Limited Resource Partners GP Limited St James Edinburgh Limited

Name	Current directorships/partnerships	Past directorships/partnerships
	Aztec Nominees Limited Aztec (Trustees No. 1) Limited Aztec (Trustees No. 2) Limited Brevan Howard Capital Management Limited CB Richard Ellis SPUK III Holdings Limited CB-SPUK CARRY CO.3 LIMITED CBRE SPUK III (No. 40) Limited CBRE SPUK III (No. 43) Limited CBRE SPUK III (No. 44) Limited CBRE SPUK III (No. 45) Limited CBRE SPUK III (No. 46) Limited CBRE SPUK III (No. 47) Limited CBRE SPUK III (No. 48) Limited CBRE SPUK III (No. 54) Limited CBRE SPUK III (No. 55) Limited CBRE SPUK III (No. 57) Limited CBRE SPUK III (No. 59) Limited CBRE SPUK III (No. 60) Limited CBRE SPUK III (No. 61) Limited CBRE SPUK III (No. 65) Limited CCM General Partner Limited Cetza Financial Services (Sweden) A.B. Cetza Nominees Limited Equipe Private Equity Group Limited Equipe Private Equity Services Limited Equipe Private Equity Solutions Limited Herkules Private Equity (GP-I) Limited Herkules Private Equity (GP-II) Limited Herkules Private Equity II (GP-I) Limited Herkules Private Equity II (GP-II) Limited Herkules Private Equity III (GP-I) Limited Herkules Private Equity III (GP-II) Limited Herkules Private Equity IV (GP-I) Limited Herkules Private Equity IV (GP-II) Limited Redtop Feeder General Partner Limited Redtop General Partner II Limited Redtop General Partner Limited RREEF Infrastructure (GP) Limited RREEF Pan-European Infrastructure Lux S.à r.l. SPV Herkules II (GP) Limited	
Mary Ricks	Fairways 340 Corp. Glendora Partners Member, LLC K-W Properties K-W Santiago, Inc. Kennedy-Wilson Capital Kennedy Wilson Europe Limited Kennedy-Wilson International Kennedy Wilson Ireland Limited Kennedy-Wilson Overseas Investments, Inc. Kennedy-Wilson Properties, Ltd. Kennedy-Wilson Tech Ltd. Kennedy Wilson UK Limited KW 1901 Corp. KW 900 Fourth Property Executives, LLC KW BASGF II Executives, LLC KW Europe Investors Ltd KW Executive Loan Partners I LLC KW Fund II Executives, LLC KW Fund III Executives, LLC KW Green Street Limited KW Hawaii Executives, LLC KW fment Management Ltd KW Real Estate General Partner Limited KW Real Estate I Limited KW Real Estate III Limited KW Real Estate IV Limited	Downtown Grill Investors, LLC KW 300 California Executives, LLC KW America Multifamily Executives LLC KW Dillingham Aina Investors, LLC KW Executives Pacifica Partners, LLC KW Fifth and Madison Property Executives, LLC KW MDR Executives, LLC KW Prospect Holdings Partnership KW Summer House Manager, LLC KW Vista Executives, LLC KW/WDC Portfolio Executives LLC KWF Executives II, LLC Pacifica West Coast Partners, LLC

Name	Current directorships/partnerships	Past directorships/partnerships
	KW Real Estate V Limited KW Rock I Limited KW Summer House Executives LLC KWF Alliance Limited KWF Brooklawn Real Estate Limited KWF Executives I, LLC KWF Executives III, LLC KWF Executives V, LLC KWF Investors I, LLC KWF Investors II, LLC KWF Investors III, LLC KWF Investors V, LLC KWF Sandford Real Estate Limited KWF SS Britton Limited KWF SS Real Estate Limited KWP Financial KWP Financial I KWP Financial IX KWP Financial X RCTW 75 Executives LLC SG KW Venture I Executives, LLC SG KW Venture I Manager, LLC Waseda Partners GK	

4.10. Save as disclosed in this paragraph 4, at the date of this Base Prospectus:

- (a) none of the Directors has any convictions in relation to fraudulent offences for at least the previous five years;
- (b) none of the Directors was a director of a company, a member of an administrative, management or supervisory body or a senior manager of a company within the previous five years which has entered into any bankruptcy, receivership or liquidation proceedings; and
- (c) none of the Directors has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

4.11. Pursuant to an instrument of indemnity entered into between the Issuer and each Director, the Issuer has undertaken, subject to the Companies Law and certain limitations, to indemnify each Director out of the assets and profits of the Issuer against certain charges, losses, damages, expenses and liabilities arising out of any claims made against him or her in connection with the performance of his or her duties as a director of the Issuer.

4.12. The Issuer maintains directors' and officers' liability insurance on behalf of the Directors at the expense of the Issuer.

5. Material Contracts

The following are all of the contracts, not being contracts entered into in the ordinary course of business, that have been entered into by any member of the Group since the Issuer's incorporation and are, or may be, material or that contain any provision under which any member of the Group has any obligation or entitlement which is or may be material to the Issuer and/or the Group as at the date of this Base Prospectus.

5.1. *Placing Agreement*

The Placing Agreement, dated 2 October 2014, was entered into between the Issuer, the Investment Manager and the Banks, under which the Banks severally agreed, subject to certain conditions that are typical for an agreement of this nature, to use their respective reasonable endeavours to procure subscribers for the Ordinary Shares being offered under the Placing Agreement at £10.06 per share.

The Issuer, the Directors and the Investment Manager gave certain market standard warranties and, in the case of the Issuer and the Investment Manager, indemnities to the Banks concerning, *inter alia*, the accuracy of the information contained in the prospectus dated 3 October 2014 and in relation to other matters relating to the Group and its business.

The liability of the Issuer under the Placing Agreement is unlimited as to time and amount.

The Placing Agreement is governed by English law.

5.2. ***Initial Placing Agreement***

The Initial Placing Agreement, dated 25 February 2014, was entered into between the Issuer, the Directors, the Investment Manager and the IPO Banks, under which the IPO Banks severally agreed, subject to certain conditions that are typical for an agreement of this nature, to use their respective reasonable endeavours to procure subscribers for the Ordinary Shares under the Initial Placing at £10.00 per share.

The Issuer, the Directors and the Investment Manager gave certain market standard warranties and, in the case of the Issuer and the Investment Manager, indemnities to the IPO Banks concerning, *inter alia*, the accuracy of the information contained in offer documents.

The liability of the Issuer under the Initial Placing Agreement is unlimited as to time and amount.

The Initial Placing Agreement is governed by English law.

5.3. ***Revolving Credit Facility***

On 29 August 2014 (as amended on 31 October 2014 and 23 June 2015), the Issuer (as “**RCF Borrower**”) entered into a revolving credit facility agreement (the “**RCF**”) with Bank of America Merrill Lynch International Limited as agent pursuant to which the lenders, which include Deutsche Bank AG, London Branch and JP Morgan Chase Bank, N.A. (London Branch), under the agreement have made available to the RCF Borrower a revolving credit facility of up to £225.0 million (with an option for the RCF Borrower to request that the lenders agree to increase the total commitments up to a maximum of £400.0 million) for general corporate purposes, including refinancing of existing indebtedness, working capital, payment of capital expenses and acquisitions of certain property and loan assets. The maturity date of the RCF is 29 August 2017.

Drawdowns under the RCF are available in Sterling, euro and, subject to certain conditions, other currencies. The RCF provides for an interest rate comprising LIBOR, or in relation to any loan in euro, EURIBOR plus an applicable margin. Interest periods are, at the election of the RCF Borrower, one, three or six months (or any other period as the RCF Borrower and the agent under the RCF may agree) and interest is payable on the last day of each interest period. If the interest period is longer than three months, the interest rate is payable at three month intervals.

Under the RCF, the RCF Borrower has certain cancellation and prepayment rights. The RCF also contains certain mandatory prepayment and cancellation events, including a change of control provision. The RCF contains various customary representations, warranties, undertakings and covenants given by the RCF Borrower, including (but not limited to) financial covenants pertaining to, amongst others, the consolidated leverage ratio of the Group.

The RCF is governed by English law.

5.4. ***Bond Subscription Agreement***

On 30 June 2015, the Issuer issued £300,000,000 3.950 per cent. Bonds due 30 June 2022 (the “**Bonds**”). In connection with the issue of the Bonds, the Issuer and the Investment Manager entered into a subscription agreement dated 25 June 2015 (the “**Bond Subscription Agreement**”) with Deutsche Bank AG, London Branch, J.P. Morgan Securities plc and Merrill Lynch International (the “**Joint Lead Managers**”).

The Issuer and the Investment Manager gave certain market standard representations, warranties and indemnities to the Joint Lead Managers concerning, *inter alia*, the accuracy of information contained in offer documents and compliance with money laundering and sanctions laws. The representations, warranties and indemnities in the Bond Subscription agreement are not limited by time.

The Bond Subscription Agreement is governed by English law.

5.5. ***Investment Management Agreement***

The Issuer is party to an Investment Management Agreement with the Investment Manager dated 25 February 2014, pursuant to which the Investment Manager has been appointed to manage, on a discretionary basis, all of the assets and investments of the Group, subject to the Issuer’s investment policy. The Investment Manager is entitled to delegate certain of its functions or duties under the Investment Management Agreement to one or more of its associates. For further details on the Investment Management Agreement, see paragraph 5 under “*Information on the Investment Manager*”.

6. **Financial Review**

6.1. ***Period from the date of the Issuer’s incorporation on 23 December 2013 to 31 December 2014***

The text set out below has been extracted without any material adjustment from the Issuer’s annual report for 2014 and is included to provide a description of the Group’s financial condition and results of operations for the period from the date of its incorporation on 23 December 2013 to 31 December 2014 (the “**period**”). This description should be read in conjunction with the Financial Statements.

6.1.1. ***Revenue***

Rental income

In the period, the investment property portfolio generated rental income of £44.2 million. In addition, the service charge income collected by the Group for the period totalled £5.0 million. Other property income totalled £2.2 million and includes a number of one-off items which, although they may be considered a normal component of property income, may not recur on a regular or predictable basis. These items include receipts for a surrender premium totalling £1.5 million, receipt of licence revenues of £0.3 million and proceeds from the sale of a 999 year lease of £0.2 million. During the period, the Group recognised a fair value gain on investment and development property of £49.3 million through the income statement.

Hotel revenues

In the period, hotel revenues totalled £8.4 million and represent revenues earned from hotel room sales, food and beverage sales and other ancillary hotel and golf revenues. Such revenues are earned from the date that the Group acquired the hotel assets. During the period, the Group recognised a fair value gain on hotel related assets of £2.6 million through revaluation reserve.

Interest on loans secured by real estate

In the period, the total interest from loans secured by real estate was £6.6 million and represents the income generated from this asset class.

During the period, the Group recognised a fair value gain on loans secured by real estate of £6.0 million through the income statement.

6.1.2. **Expenses**

Property operating expense

Costs attributed to the property operating segments during the period totalled £11.6 million and include costs recoverable through service charge of £5.0 million, professional fees of £2.0 million and other directly attributable expenses of £4.6 million.

Hotel operating expense

The hotel operating expenses of £7.9 million in the period comprised cost of sales attributed to hotel generated income of £1.1 million, wages and salary costs of hotel staff of £3.3 million, depreciation of £0.7 million and other hotel related overheads and directly attributable expenses of £2.8 million.

Administrative expenses and other costs

Investment management fee

Included in the administrative expenses and other costs caption is the investment management fee. The investment management fee is the fee payable by the Group to the Investment Manager for services provided pursuant to the terms of the Investment Management Agreement. The Investment Manager is entitled to receive a management fee at an annual rate of 1.0% of the EPRA NAV of the Issuer, payable quarterly in arrears. The investment management fee is payable 50% in cash and 50% in shares.

In the period, the total management fee was £8.4 million, of which £4.2 million was paid in cash, and the remainder was settled through the issue of ordinary shares. The total number of shares issued in part settlement of the management fee was 244,781 and a further 163,478 shares were issued on 26 February 2015 to settle the management fee in respect of the quarter ended 31 December 2014. The fair value of these shares totalling £1.7 million has been included in the share base payment reserve.

Directors' fee

Included within the administrative expenses and other costs cost caption are fees paid to Directors of the Issuer totalling £0.3 million.

Other expenses

Included in the administrative expenses and other costs caption are other Group expenses, which include those not directly attributable to an operating segment and during the period comprised professional fees of £3.6 million, costs associated with undertaking transactions of £2.5 million and other overhead costs of £1.3 million.

Cost ratio

The table below follows the guidance published by EPRA in respect of a standard cost ratio, calculated as total operating costs as a percentage of gross rental income. The ratio is not necessarily comparable between different companies as business models, expense accounting and classification practices vary. The ratio will be affected by items such as rental income, management fees, refurbishments, extensions and completed developments.

	Period ended 31 December 2014
Cost ratio	£m
Other property outgoings	1.0
Cost of property activities	5.0
Corporate expenses	5.2
Total operating costs	11.2
Gross rental income	44.2
Cost ratio excluding net service charge expenses – vacancy %	25.3

Finance costs

The total interest cost was £7.1million for the period. During the last quarter, the Group successfully completed a refinancing of the Opera portfolio and the Marshes Shopping Centre with Bank of Ireland. The interest rate applicable to the facility secured on the Opera portfolio at acquisition was EURIBOR plus a margin of 3.86%. The interest rate on this new facility secured on the original Opera portfolio, together with the Marshes Shopping Centre, is EURIBOR plus a margin of 2.125%.

The Group continues to review further opportunities for savings in connection with its debt costs.

Also included in the finance cost is a realised loss on derivative financial instruments in the amount of £2.1 million.

The weighted average interest rate for the Group at 31 December 2014 was 2.36%.

6.1.3. *Balance sheet*

Investment and development properties

The Group's investment and development properties were valued at £1,218.3 million at 31 December 2014. This reflects valuation surplus of £49.3 million (4.2%) on their aggregate purchase prices. The portfolio of investment and development properties is managed on a geographical basis, primarily being in the United Kingdom and Ireland.

One-off acquisition costs of £33.8 million were incurred in acquiring the investment and development properties. Such costs were capitalised to the value of the assets.

With the exception of the Opera Portfolio and the Central Park Portfolio, none of the portfolios acquired through to the period end were leveraged at the date of acquisition. Over the period to 31 December 2014, the Group successfully secured financing in respect of a number of its assets acquired, as discussed below.

On 23 December 2014, the Group entered into an agreement to acquire the Gatsby portfolio. At 31 December 2014, a deposit of £25.3 million had been paid in connection with the acquisition and is included in the balance of rent and other receivable at 31 December 2014.

Loans secured by real estate

The Group's loans secured by real estate are valued at £211.0 million at 31 December 2014. This reflects an uplift in their value of £6.0 million on their aggregate contract prices. The portfolio of loans secured by real estate is centrally managed.

On 16 December 2014, the Group entered into a contract to acquire a portfolio of loans secured on eight Park Inn hotels. At 31 December 2014, a deposit of £5.5 million had been paid in connection with the acquisition of this loan portfolio.

Property, plant and equipment

The Group's portfolio of hotels, comprising the Portmarnock Hotel and the Fairmont St Andrews Hotel are classified as property, plant and equipment which were acquired through business combinations. These hotels are centrally managed. The Group's property, plant and equipment are valued at £59.7 million at 31 December 2014. This reflects an uplift in the value of the hotels of £2.6 million on the aggregate acquisition prices. As noted above, the valuation surplus is reflected in revaluation reserve.

Financing

At 31 December 2014, mortgage borrowings net of deferred borrowing costs totalled £545.9 million. Net debt totalled £104.0 million at that date. During the period, the Group assumed £153.2 million (€195.8 million) of debt on the acquisition of the Opera Portfolio in June 2014. In December 2014, the Opera facility was extinguished and replaced with a new £206.6 million (€264.0 million) facility.

The Group also assumed debt upon acquisition of the Central Park Portfolio in June 2014 in the amount of £44.9 million (€57.4 million). At that time the interest rate applicable on this facility was EURIBOR plus a margin of 3.10%. Following a principal payment of £7.7 million (€9.9 million) in July 2014, the interest rate reduced to EURIBOR plus a margin of 2.75%.

During the period, the Group has successfully increased its leverage profile through securing debt financing against several of its previously unlevered assets. This has resulted in the Group borrowing £184.0 million, secured on the Jupiter Portfolio, at an interest rate of LIBOR plus 1.80%. In addition, the Group successfully negotiated a facility in the amount of £127.0 million secured on a majority of the assets in the Tiger Portfolio and the Artemis Portfolio. This debt has an interest rate of LIBOR plus a margin of 1.90%.

In addition to the above, the Group successfully negotiated a £225 million multi-currency revolving credit facility. The applicable interest rate is calculated by reference to the currency drawn down, and the margin ranges between 1.60% and 2.60% dependent upon the amount drawn down. At 31 December 2014 this facility remained undrawn.

At 31 December 2014, the all in cost of debt is 2.356%.

LTV

The LTV ratio is calculated as the net debt divided by portfolio value. At 31 December 2014, the Group's LTV was 7.0%.

6.2. *Interim financial period*

The text set out below has been extracted without any material adjustment from the Interim Announcement and is included to provide a description of the Group's financial condition and results of operations for the six-month period from 1 January 2015 to 30 June 2015 (the "**interim period**"). This description should be read in conjunction with the Interim Financial Statements.

6.2.1. ***Income statement***

Revenue

Rental and other income

Rental income earned during the interim period totalled £64.7 million (£55.2 million excluding service charge income and other income), compared with £7.4 million in the corresponding period of 2014 (£7.1 million excluding service charge income), an increase of £57.3 million. This reflects the full interim period impact of acquisitions completed between the date of launching the Issuer in February 2014 and 30 June 2014, as well as the impact of acquisitions which have occurred subsequent to 30 June 2014.

Acquisitions during the interim period have generated additional rental income of £15.5 million.

Service charge income collected in the interim period totalled £7.6 million, offset by a corresponding service charge expense recognised in the income statement.

One-off revenues, including surrender premiums and dilapidations income, totalled £1.9 million during the interim 2015.

Hotel revenues

Hotel revenues totalled £8.6 million during the interim period. Such revenues were generated from the Group's hotel portfolio consisting of the Fairmont St Andrews Hotel in Scotland and the Portmarnock Hotel in Ireland. Both hotels were acquired in the second half of 2014.

Interest on loans secured by real estate

The total interest from loans secured by real estate during the interim period was £6.6 million, mainly related to the Avon and Park Inns loan portfolios.

Gains on disposal

During the interim period, the Group disposed of seven properties, realising a gain of £0.5 million. The disposals were undertaken as part of the Group's ongoing asset management activities. The impact of those disposals on rental income was not significant.

Certain real estate collateral properties in the Elliott and Corbo portfolios were either converted to directly owned properties through the AVL strategy or were sold to third parties during the interim period. The gains realised on these transactions totalled £5.0 million.

Fair value gains

The net fair value gains recognised in the profit or loss for the interim period totals £119.5 million. The net unrealised fair value gain on investment and development property was £112.6 million in the interim period, compared with £21.1 million in the corresponding period of 2014.

Loans secured by real estate were fair valued resulting in a revaluation gain in the amount of £6.9 million being recognised in the interim period, compared with an unrealised gain of £0.2 million recognised in the corresponding period of 2014.

Revaluation gains associated with the hotels totalled £1.1 million in the interim period. Such revaluation gains are not included in profit or loss; rather they are included in Other Comprehensive Income through the balance sheet.

Expenses

Property related expenses

Property related expenses (comprising direct and administrative costs) incurred during the interim period totalled £14.4 million compared with £2.9 million during the corresponding period of 2014. Such costs include service charge expense of £7.6 million.

Hotel operating expenses

Hotel operating expenses, which comprise costs of sales, salaries and wages, depreciation and other hotel related overheads, totalled £9.5 million during the interim period. The Group did not own any hotels during the corresponding period of 2014.

Administrative and other costs

Total administrative and other costs incurred in the interim period were £16.9 million, including initial acquisition costs of £1.3 million relating to the loans secured by real estate portfolio.

Investment manager fees

The Investment Manager is entitled to receive a management fee at an annual rate of 1.0% of the EPRA NAV of the Company, payable quarterly. The fee is settled 50% in cash and 50% in shares. The cash entitlement is approximately £3.7 million, of which £3.5 million was paid during the interim period. The total number of shares issued during the interim period in part settlement of the management fee was 318,679 (including shares issued in part settlement of the investment management fee payable in relation to the quarter ended 31 December 2014), and a further 165,947 were issued on 6 August 2014 to settle the management fee for the quarter ended 30 June 2015. The fair value of those shares, being £1.9 million, has been included in the Share Based Payment Reserve in the balance sheet.

Performance fee

A performance fee is payable to KW Carried Interest Partner LP. It is a form of remuneration used to reward the investment manager for generating returns to shareholders.

The Interim Financial Statements include a performance fee estimate of £5.5 million, being the Board's best estimate of that portion of the performance fee which should be accrued as at 30 June 2015. The Board will determine any actual performance fee due for the year ending 31 December 2015 in accordance with the provisions of the investment management agreement, on the basis of the 2015 audited year-end EPRA NAV. The estimated performance fee settlement has been included in the Share Based Payment Reserve in the balance sheet.

Directors' fees

The total fees incurred and paid to Directors during the interim period was £0.2 million.

Other expenses

Other expenses which are not directly attributable to an operating segment total £2.6 million and comprise professional fees, costs associated with undertaking transactions and other overhead costs.

Net finance costs

Interest income

Total interest income was £0.9 million and total finance costs incurred in the interim period were £12.5 million.

Interest expense including amortisation of loan costs

The Group's interest expense which is included in total finance costs increased to £10.4 million during the interim period, compared with £0.3 million during the corresponding period of 2014. This increase is due to the drawdown of the Gatsby senior facility and debt which was added to certain portfolios which were unleveraged in the corresponding period of 2014.

Also included in the net finance cost caption is amortisation of capitalised loan costs together with costs associated with the revolving credit facility and other sundry bank related costs totalling £2.1 million.

Taxation

The Group expects that its tax profile during the 2015 financial year will remain similar to its tax profile for the period ended 31 December 2014.

6.2.2. ***Balance sheet***

Investment and development property

At 30 June 2015, the Group's investment and development property portfolio was valued at £1,883.0 million, compared with a valuation of £1,219.7 million at 31 December 2014. This increase reflects the significant amount of acquisitions during the interim period, development expenditure and the recognition of a net revaluation gain of £112.6 million.

Investment property acquisitions in the interim period totalled £565.9 million, the majority of which related to the acquisitions of the Gatsby portfolio of mixed use assets in the amount of £480.7 million. Further, a number of assets which were originally acquired as loans were converted to direct real estate utilising the AVL strategy, namely Gardner House (Ireland) in February 2015 and the Irish Times Building (Ireland) in June 2015. The Irish Times Building formed part of the underlying collateral of the Elliott loan portfolio which the Group acquired in September 2014.

The net valuation gain attributed to the portfolio of UK assets totals £56.0 million (or 4.4%).

The Group continued development activities on a number of assets during the interim period, primarily Block K at Central Park (Ireland) and Baggot Plaza (Ireland). The total development expenditure on these assets during the interim period was £14.1 million. On 18 May 2015 the Group announced that Baggot Plaza had been successfully pre-let in its entirety to the Governor and the Company of the Bank of Ireland. The lease entered into is for a 25-year period and contains a tenant break option at year 20. The headline rent is €47.50 psf.

The valuation gain attributed to the Irish portfolio of assets is £52.0 million. On a constant currency basis, the valuation gain is £57.3 million and, in local currency the valuation gain is €73.2 million (or 11.0%).

In December 2014 the Group acquired Santísima Trinidad 5, located in Madrid, Spain. Puerta del Sol 9 (a retail property located in Madrid city centre) was acquired in May 2015, followed by the acquisition of Postigo de San Martín 3 (a residential property located in Madrid city centre) in June 2015.

The net valuation gain attributed to the Spanish portfolio of assets is £4.6 million. On a constant currency basis, the valuation gain is £5.1 million and, in local currency the valuation gain is €6.5 million (or 14.4%).

In addition, refurbishment activities are continuing on a number of investment properties, with £8.4 million expended during the interim period.

The total commitments associated with the Group's development portfolio at 30 June 2015 are £25.4 million.

Loans secured by real estate

A net revaluation gain of £6.9 million was recorded on the Group's portfolio of loans secured by real estate during the interim period.

During the interim period acquisitions of loans secured by real estate totalled £130.5 million, comprising the Park Inns loan portfolio (being a portfolio of loans secured by eight Park Inn hotels across the UK) for £61.9 million) and Pioneer Point (being a loan secured by a residential property in Ilford, United Kingdom) for £68.6 million.

A number of loan assets were converted to direct real estate utilising the AVL strategy during the interim period including Gardner House (Ireland) and the Irish Times Building (Ireland). In addition, certain of the collateral on the Elliott portfolio was sold, together with certain collateral assets in the Corbo portfolio, generating aggregate cash flows of £2.4 million. Taken together, the gains resulting from the conversion of loans to directly owned real estate through the AVL strategy and the collateral sales in Elliott and Corbo portfolios generated gains on disposal in the amount of £5.0 million during the interim period.

Borrowings

At 30 June 2015, facilities drawn totalled £1,159.8 million, compared with £553.5 million at 31 December 2014, an increase of £606.3 million. During the interim period the Group entered into a senior debt facility for up to a maximum of £352.3 million, which is secured over the Gatsby mixed use portfolio. The total drawdown on the Gatsby senior facility at 30 June 2015 was £337.8 million.

The Gatsby senior facility consists of three tranches:

- Three year floating rate (Libor +2.50%) of £116.6 million, of which £115.4 million was drawn at 30 June 2015;
- Five year fixed rate (2.90%) of £70.7 million, of which £67.0 million was drawn at 30 June 2015; and
- Eight year fixed rate (2.91%) of £165.0 million, of which £155.4 million was drawn at 30 June 2015.

Subsequent to 30 June 2015, a final amount of £11.2 million was drawn against the Gatsby senior facility to finance the acquisition of the remaining conditional Gatsby properties.

On 24 June 2015, the Group successfully launched and priced a senior unsecured bond on the London Stock Exchange. The face value of the bond is £300.0 million, from which the net proceeds after discount totalled £295.2 million. The coupon is 3.95%, reduced to 3.35% as a result of the Group entering into swap arrangements to convert 50% of the proceeds into euro. The bond is due to mature in 2022. At the time of launching the bond, both the Issuer and the bond were rated BBB (outlook stable) by Standard and Poor's. The launch of the bond allowed the Group to access unsecured debt capital markets, as well as diversifying the Group's funding sources. The Group intends to use the bond for general corporate purposes, as well as paying down certain debt.

The maturity profile of the facilities is set out in the following table:

	£m
2017 ⁽¹⁾	225.0
2018	115.3
2019 ⁽²⁾	519.9
2020	67.0
2021	-

2022	300.0
2023	155.4
2037	2.2
	1,384.8
Amounts outstanding, excluding the revolving credit facility	1,159.8

Notes:

1. The revolving credit facility of £225.0 million is due to expire in 2017. At 30 June 2015, the facility remained undrawn.
2. Two loans with a combined book value of £303.9 million at 30 June 2015, expiring in 2019, each have two one-year extension options.

Net debt and gearing

The Group's net debt increased to £689.5 million at 30 June 2015, compared with £111.6 million at 31 December 2014.

At 30 June 2015, the total debt drawn before unamortised borrowing costs was £1,159.8 million, compared with £553.5 million at 31 December 2014. Cash and cash equivalent balances increased from £441.9 million at 31 December 2014 to £470.3 million at 30 June 2015.

The Group's weighted average cost of debt increased from 2.36% at 31 December 2014 to 2.78% at 30 June 2015, whilst the weighted average term to maturity increased from 4.9 years to 5.3 years.

The Group's key measure of gearing is the LTV ratio. At 30 June 2015, the Group's LTV ratio was 31.1% compared with 7.5% at 31 December 2014, driven by the acquisition of the Gatsby mixed use portfolio and the successful launch of its £300.0 million unsecured bond. The Group's LTV target is 50%, and the maximum limit is 65%, as set out in the Group's Investment Policy.

Foreign currency exposure

The Group has portfolios of assets located in Ireland and Spain. In both of those jurisdictions the Group has drawn debt funding denominated in euro in order to finance its assets. Exposure to exchange translation differences on euro-denominated assets is managed through a combination of euro borrowings and derivatives. The derivatives comprise foreign currency forward contracts and zero cost foreign currency options.

At 30 June 2015, 71% of the inputted equity value of euro denominated assets was hedged, compared with 51.6% at 31 December 2014. This is consistent with the Group's hedging policy. During the interim period the Group crystallised a gain of £5.9 million through realising certain gains on existing derivative contracts which were significantly 'in the money'. Such gains are retained in the Foreign Currency Translation Reserve and will only be recycled into the Income Statement upon disposal of the associated euro denominated net assets.

Cash and liquidity

Liquidity, comprising cash and undrawn facilities, totalled £706.5 million at 30 June 2015 compared with £667.5 million at 31 December 2014.

The cash and cash equivalents balance at 30 June 2015 was £470.3 million held in current accounts or in short term deposits earning an effective interest rate of 0.38%. At 31 December 2014, the equivalent balance was £441.9 million.

The major sources of cash during the period were the Gatsby senior facility in the amount of £337.8 million, and the £300.0 million unsecured bond which was issued at a discount resulting in cash proceeds of £295.2 million.

Throughout the interim period and as at 30 June 2015, the Group was in compliance with its debt covenants.

7. Enforcement of Judgments in Jersey Courts

Subject to the Judgments (Reciprocal Enforcement) (Jersey) Law 1960 and the rules under that law, if a final and conclusive judgment under which a sum of money is payable (excluding any tax, fine or penalty) were obtained in the English courts against the Investment Manager in respect of any contracts relating to the Issuer where the Investment Manager has submitted to the jurisdiction of the English courts (or in relation to which the English courts otherwise had jurisdiction), such judgment would, on application to the Jersey court, be registered and would thereafter be enforceable.

Additionally, subject to the principles of private international law as applied by Jersey law (which are broadly similar to the principles accepted under the common law of England), if a final and conclusive judgment under which a debt or definite sum of money is payable (excluding any tax, fine or penalty) were obtained in the courts of any territory having jurisdiction against the Investment Manager in respect of such contracts, (a) the Jersey court would, on application properly made to it, recognise such judgment and give a judgment for liquidated damages in the amount of that judgment without reconsidering its merits and (b) such judgment of the Jersey court would thereafter be enforceable.

8. Related Party Transactions and Interests

Save as disclosed in note 18 to the Interim Financial Statements, note 29 to the Financial Statements and save as disclosed in paragraph 2.2 of “*Additional Information*” above, as at the Latest Practicable Date, the Group has not entered into any related party transactions since its incorporation (which for these purposes are those set out in the standards adopted according to Regulation (EC) 1606/2002).

9. Dividend Policy

The Directors maintain a dividend policy which has due regard to sustainable levels of dividend payments and reflects the Directors’ view on the outlook for sustainable recurring earnings. The Issuer currently intends for dividends to be paid out of the income from its investment activities and intends to reinvest any proceeds from disposal of assets in accordance with the Group’s investment policy.

Subject to the Group’s ability to generate realised profits and cash flows and its ability to pass such profits and cash flows to the Issuer on a timely basis, and the Directors being able to make the requisite 12 month forward-looking solvency statement under the Companies Law, the Issuer intends to pay dividends to Shareholders on a quarterly basis.

The payment of dividends and other distributions by the Issuer against the advice of the Investment Manager is a ground for termination of the Investment Management Agreement by the Investment Manager.

10. General

- 10.1. The address of the Investment Manager is 47 Esplanade, St Helier, Jersey, JE1 0BD, Channel Islands.
- 10.2. As at the date of this Base Prospectus, save for the Property Portfolios, the Group does not own any premises and does not lease any premises.
- 10.3. The Issuer does not provide any pension, retirement or similar benefits.

General Information

1. It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the Market will be admitted separately as and when issued, subject only to the issue of a Global Note or Global Certificate initially representing the Notes of such Tranche. Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the Market. The listing of the Programme in respect of Notes is expected to be granted on or before 11 November 2015.
2. The Issuer has obtained all necessary consents, approvals and authorisations in Jersey in connection with the establishment of the Programme by a resolution of the Board passed on 4 November 2015.
3. There has been no significant change in the financial or trading position of the Issuer or of the Group since 30 June 2015.
4. During the 12 months preceding the date of this Base Prospectus, there have been, and are, no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had in the recent past, a significant effect on the Issuer's and/or the Group's financial position or profitability.
5. In the case of any Tranche of Bearer Notes having an original maturity of more than one year, such Bearer Notes in global form, such Bearer Notes in definitive form and any Coupons and talons appertaining thereto will bear the following legend: *"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code"*.
6. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement). If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms or Pricing Supplement.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.
7. Where information in this Base Prospectus has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information is identified where used.
8. For the period of 12 months starting on the date of this Base Prospectus, copies of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Issuing and Paying Agent:
 - (a) the Memorandum and Articles of Association of the Issuer;
 - (b) the Issuer's 2014 annual report and accounts (which contains (i) the Annual Financial Statements and (ii) the Group's investment policy);
 - (c) the Interim Announcement (which contains the Interim Financial Statements);
 - (d) the Issuer's Q3-15 Business Update dated 5 November 2015;

- (e) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements of the Issuer, in each case together with any audit or review reports prepared in connection therewith;
- (f) a copy of this Base Prospectus;
- (g) any future offering circulars, prospectuses, information memoranda, supplements, Final Terms and Pricing Supplements (in the case of Exempt Notes) (save that Pricing Supplements will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the relevant Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference; and
- (h) the the Trust Deed, the Agency Agreement, the forms of the Global Notes and the Global Certificate, the Bearer Notes in definitive form, the Certificates, the Coupons and the Talons.

This Base Prospectus will be published on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html>.

9. KPMG of 1 Stokes Place, St. Stephen's Green, Dublin 2, Ireland (Chartered Accountants) and a member of the Institute of Chartered Accountants in Ireland have audited, and rendered an unqualified audit report on, the Financial Statements. KPMG have audited the Issuer's accounts, without qualification, in accordance with IFRS since the date of the Issuer's incorporation (being 23 December 2013). The auditors of the Issuer have no material interest in the Issuer.
10. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Definitions and Glossary

The following definitions will apply throughout this Base Prospectus unless the context otherwise requires.

Administration Agreement	the administration agreement between the Issuer and the Administrator, dated 25 February 2014;
Administrator	Crestbridge Fund Administrators Limited;
AIC	the Association of Investment Companies;
AIF Codes	the Codes of Practice published by the JFSC applicable to Jersey AIFs and AIFMs pursuant to the AIF Regulations;
AIF Regulations	regulations promulgated by the JFSC pursuant to the AIFMD;
AIM	Alternative Investment Market;
Articles of Association or Articles	the articles of association of the Issuer, in force from time to time;
Assets Under Management or AUM	the properties and other assets with respect to which KW provides (or participates in) oversight, investment management services and other advice, and which generally consist of real estate properties or loans, and investments in joint ventures. KW's AUM consists of the total estimated fair value of the real estate properties and other assets owned by third parties, wholly owned by KW or held by joint ventures and other entities in which KW's sponsored funds or investment vehicles and client accounts have invested;
Associate or KW Associate	each of KW's subsidiary undertakings, affiliates, branches, associates, and parent undertakings (and subsidiaries of any such parent undertakings);
Auditor	KPMG;
Bank of Ireland	the Governor and the Issuer of the Bank of Ireland;
Banks	Deutsche Bank, Merrill Lynch International, J.P. Morgan Cazenove and Davy;
Board or Directors	the directors of the Issuer as at the date of this Base Prospectus and whose names are set out under " <i>Directors, Corporate Governance and Administration</i> ";
Carried Interest Partner	KW Carried Interest Partner LP;
CBRE	the CBRE Group, Inc. and its subsidiaries;
CIF Law	Collective Investment Funds (Jersey) Law 1988, as amended;
City Code	the City Code on Takeovers and Mergers of the United Kingdom;
Code	the U.S. Internal Revenue Code of 1986;
Companies Law	Companies (Jersey) Law 1991, as amended;
Computershare or Registrar	Computershare Investor Services (Jersey) Limited;

Corporate Governance Code	the UK Corporate Governance Code as published by the Financial Reporting Council;
Davy	J&E Davy of Davy House, 49 Dawson Street, Dublin 2, Ireland;
Deutsche Bank	Deutsche Bank AG, London Branch of Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom;
Directors or Board	the directors of the Issuer as at the date of this Base Prospectus and whose names are set out under “ <i>Directors, Corporate Governance and Administration</i> ”;
Disclosure and Transparency Rules	the disclosure rules and the transparency rules of the FCA made under Part VI of FSMA;
EBITDA	earnings before interest, tax, depreciation and amortisation;
EEA	the European Economic Area;
EPRA	European Public Real Estate Association;
EPRA NAV	the Net Asset Value adjusted in accordance with Best Practice Recommendations for EPRA NAV issued by EPRA (August 2011 version only, unless otherwise agreed between the Issuer and the Investment Manager);
ERV	estimated rental value. External valuer’s opinion as to the rent at which space could be let in the market based on conditions prevailing at the date of valuation;
Europe	the member states of the European Union and the members of the European Free Trade Association (EFTA), being Iceland, Liechtenstein and Norway and Switzerland;
EU	the European Union;
FATCA	sections 1471 through 1474 of the Code, an agreement entered into with the U.S. Internal Revenue Service pursuant to such sections of the Code, or an intergovernmental agreement between the United States and another jurisdiction in furtherance of such sections of the Code (including any non-US fiscal or regulatory legislation, rules or practices adopted pursuant to such an intergovernmental agreement), or any analogous provisions of non-US law;
FCA	the UK Financial Conduct Authority (or its successor bodies);
FS Law	the Financial Services (Jersey) Law 1998, as amended;
FSMA	the UK Financial Services and Markets Act 2000, as amended;
GCC	Gulf Cooperation Council;
HMRC	HM Revenue and Customs of the United Kingdom;
IGA	intergovernmental agreement;
Independent Directors	the directors on the board of the Issuer who are independent of the

	Investment Manager and the KW Group, at the date of this Base Prospectus being Charlotte Valeur, Mark Nicholas and Simon Radford;
Independent Shareholders	the shareholders of the Issuer other than any member of the KW Group;
Initial Admission	the admission of the Ordinary Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities on 28 February 2014;
Initial Issue	the issue of Ordinary Shares pursuant to the Initial Placing, the subscription by certain cornerstone investors who agreed to acquire Ordinary Shares, the KW Subscription and the issue of Ordinary Shares pursuant to the over-allotment option granted by the Issuer in connection with the Initial Issue;
Initial Placing	the placing of Ordinary Shares pursuant to the Initial Placing Agreement;
Initial Placing Agreement	the placing and sponsor agreement dated 25 February 2014 between the Issuer, the Directors, the Investment Manager, Merrill Lynch International, Davy and the Bank of Ireland, as described in paragraph 5 under " <i>Additional Information</i> ";
Investment Advisers	KW Europe, KW UK and KW España;
Investment Advisory Agreement	the investment advisory agreement among the Investment Advisers and the Investment Manager dated 25 February 2014, a summary of which is set out in paragraph 6 under " <i>Information on the Investment Manager</i> ";
Investment Management Agreement	the investment management agreement dated 25 February 2014 between the Investment Manager and the Issuer, a summary of which is set out in paragraph 5 under " <i>Information on the Investment Manager</i> ";
Investment Manager	KW Investment Management Ltd, a company incorporated in Jersey with registered number 114679;
Investment Portfolio	the Property Portfolios and the Loan Portfolios, as described under " <i>Information on the Investment Portfolio</i> ", and such other real estate assets or real estate loans acquired by the Group from time to time;
IPO	initial public offering;
IPO Banks	Deutsche Bank, Merrill Lynch International, Davy and Bank of Ireland;
J.P. Morgan Cazenove	J.P. Morgan Securities plc of 25 Bank Street, London E14 5JP, United Kingdom;
JerseyCo	KW UK Asset Holdco Ltd;
KW or KW Group	KW Holdings, KW Europe Group and each of their respective subsidiaries, or any one or more of them, as the context may require;

KW Associate or Associate	each of KW's subsidiary undertakings, affiliates, branches, associates, and parent undertakings (and subsidiaries of any such parent undertakings);
KW España	Kennedy Wilson España, SL;
KW Europe	Kennedy Wilson Europe Limited;
KW Europe Group	the Investment Manager and the Investment Advisers;
KW Europe Investment Committee	the investment committee of the KW Group in Europe, as described in paragraph 4 under " <i>Information on the Investment Manager</i> ";
KW Europe Investors	KW Europe Investors Ltd;
KW Holdings or KWI	Kennedy-Wilson Holdings, Inc., a Delaware corporation that has securities listed on the New York Stock Exchange;
KW Subscription	the subscription by the KW Group of Ordinary Shares pursuant to the terms of the KW Subscription Agreement (for the avoidance of doubt, this does not include the issue of 3,500,000 Tiger Consideration Shares to KW Europe Investors pursuant to the Tiger Acquisition Agreement);
KW Subscription Agreement	the subscription agreement between the Issuer, KW Europe Investors and the Carried Interest Partner;
KW UK	Kennedy Wilson UK Limited;
Latest Practicable Date	the latest practicable date prior to the publication of this Base Prospectus, being 4 November 2015 (unless otherwise stated);
Listed Fund Guide	the Jersey Listed Fund Guide published by the JFSC, as amended from time to time;
Listing Rules	the listing rules made by the FCA under section 73A of FSMA;
LTV	loan to value;
LTV ratio	for the purposes of the Issuer's Investment Policy, the ratio of the aggregate of any debt incurred by the Issuer or the Group in respect of any monies borrowed by, or advanced to, the Issuer or the Group to the aggregate market value of the assets of the business or businesses (including cash) of the Issuer or the Group, as the case may be;
LuxCo	KW Real Estate Lux S.à r.l.;
Management Fee	the management fee to which the Investment Manager is entitled as described in paragraph 5 under " <i>Information on the Investment Manager</i> ";
Memorandum or Memorandum of Association	the memorandum of association of the Issuer;
Merrill Lynch International or BofA Merrill Lynch	Merrill Lynch International of 2 King Edward Street, London EC1A 1HQ, United Kingdom;

NAV or Net Asset Value	the total aggregate value of the Issuer's and its subsidiary undertakings' consolidated assets less liabilities measured in accordance with IFRS and the Group's accounting policies;
NAV per Share	the Net Asset Value per Ordinary Share;
NOI	net operating income; the income receivable in the period including hotel EBITDA and loan portfolio interest income (after payment of direct property outgoings);
OECD	Organisation for Economic Cooperation and Development
Ordinary Shares or Shares	ordinary shares of no par value in the capital of the Issuer issued and designated as "Ordinary Shares" and having the rights, restrictions and entitlements set out in the Articles;
PERE	private equity real estate;
Performance Fee	the performance fee described in paragraph 5 under " <i>Information on the Investment Manager</i> ";
Placing Agreement	the conditional agreement among the Issuer, the Investment Manager and the Banks dated 2 October 2014, as described in paragraph 5 under " <i>Additional Information</i> ";
Quantum	Quantum Strategic Partners Ltd;
RBS	The Royal Bank of Scotland plc;
RCF or Revolving Credit Facility	the £225.0 million revolving credit facility agreement dated 29 August 2014 between the Issuer, certain of its wholly owned subsidiaries and Bank of America Merrill Lynch International Limited, as described in paragraph 6 under " <i>Additional Information</i> ";
Registrar or Computershare	Computershare Investor Services (Jersey) Limited;
Registrar Agreement	the registrar agreement between the Issuer and the Registrar dated 13 February 2014;
RICS	Royal Institution of Chartered Surveyors;
RICS Red Book	RICS Valuation – Professional Standards (or, if it has been replaced, its equivalent) published by the Royal Institution of Chartered Surveyors;
RIS provider	a regulatory information services provider;
Shareholder	the registered holder of an Ordinary Share;
Shares or Ordinary Shares	ordinary shares of no par value in The capital of the Issuer issued and designated as "Ordinary Shares" and having the rights, restrictions and entitlements set out in the Articles;
sq. ft.	square feet or square foot, as applicable;
Termination Fee	an amount in cash equal to three years' Management Fee (calculated by reference to the prevailing EPRA NAV per Ordinary Share as at the

	date of termination) and a Performance Fee in cash calculated to the date of termination;
Tiger Acquisition Agreement	the acquisition agreement dated 25 February 2014 between the Issuer, KW Europe Investors and Welford Limited;
Tiger Consideration Shares	7,000,000 Ordinary Shares issued to KW Europe Investors and Welford Limited in equal proportion as consideration for the purchase by the Issuer of KWVF Tiger Limited, pursuant to the Tiger Acquisition Agreement;
Total Return	as used throughout this Base Prospectus, and unless otherwise indicated, means the aggregate, annual, compound, gross internal rate of return on investments. This does not reflect expenses to be borne by the relevant investment vehicle or its investors including, without limitation, carried interest, management and performance fees, taxes and organisational or transaction expenses;
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland;
U.S. Commodity Exchange Act	the U.S. Commodity Exchange Act of 1936, as amended;
U.S. Exchange Act	the U.S. Securities Exchange Act of 1934, as amended;
U.S. Investment Company Act	the U.S. Investment Company Act of 1940, as amended;
VAT	(A) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common systems of value added tax (EC Directive 2006/112); and (B) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (A) or imposed elsewhere;
WAULT	the weighted average period of unexpired lease term, or if an earlier period, to the next lease break, across the portfolio weighted by contracted rental income (including rent-frees). The calculation excludes Loan Portfolios, Hotel Assets, short-term lettings, residential leases and properties allocated as developments;
Wellington	Wellington Management Company, LLP; and
YOC	Yield on cost; the estimated annual NOI at date of purchase divided by the purchase price using actual purchaser's costs.

Registered/Head Office of the Issuer

Kennedy Wilson Europe Real Estate Plc
47 Esplanade
St Helier, Jersey
JE1 0BD

Registered/Head Office of the Investment Manager

KW Investment Management Ltd
47 Esplanade
St Helier, Jersey
JE1 0BD

Arranger

J.P. Morgan Securities plc
25 Bank Street
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Dealers

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Canary Wharf
London E14 5JP

Merrill Lynch International
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London EC1A 1HQ

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA

Auditors of the Issuer

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Chartered Accountants
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St. Stephen's Green
Dublin 2
Ireland

Trustee

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1 Great Winchester Street
London EC2N 2DB

Issuing and Paying Agent, Transfer Agent, Calculation Agent and Paying Agent

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1 Great Winchester Street
London EC2N 2DB

Paying Agent, Transfer Agent and Registrar

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To the Dealers and the Trustee as to English law

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