



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)

£300,000,000 3.95 per cent. Bonds due 2022

Issue Price 98.407 per cent.

The £300,000,000 3.95 per cent. Bonds due 2022 (the “**Bonds**”) will be issued by Kennedy Wilson Europe Real Estate Plc (the “**Issuer**”). The Bonds will bear interest from and including 30 June 2015 (the “**Issue Date**”) at the rate of 3.95 per cent. per annum, payable annually in arrear on 30 June in each year (commencing on 30 June 2016). Payments on the Bonds will be made without deduction for or on account of taxes of Jersey to the extent described under “*Terms and Conditions of the Bonds — Taxation*”.

The Bonds will mature on 30 June 2022 but may be redeemed before that date at the option of the Issuer in whole or in part at any time at the relevant amount described in “*Terms and Conditions of the Bonds — Redemption and Purchase*”. The Bonds are also subject to redemption in whole but not in part, at their principal amount, together with accrued interest, at the option of the Issuer at any time in the event of certain changes affecting taxes of Jersey. See “*Terms and Conditions of the Bonds — Redemption and Purchase*”. Upon certain change of control events relating to the Issuer, the holder of each Bond will have the option to require the Issuer to redeem or, at the Issuer’s option, purchase (or procure the purchase of) that Bond at its principal amount, together with accrued interest. See “*Terms and Conditions of the Bonds — Redemption and Purchase*”.

The Bonds will constitute senior, unsecured obligations of the Issuer. See “*Terms and Conditions of the Bonds — Status*”.

Application has been made to the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 (the “**UK Listing Authority**”) for the Bonds 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 the Bonds to be admitted to trading on the London Stock Exchange’s Regulated Market (the “**Market**”). References in this Prospectus to the Bonds being “**listed**” (and all related references) shall mean that the Bonds have been admitted to the Official List and have been admitted to trading on the Market. 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 denomination of the Bonds shall be £100,000 and integral multiples of £1,000 in excess thereof, up to and including £199,000.

The Bonds will initially be represented by a temporary global bond (the “**Temporary Global Bond**”), without interest coupons, which will be deposited with a common depository on behalf of Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) and Euroclear Bank S.A./N.V. (“**Euroclear**”) on or about 30 June 2015. The Temporary Global Bond will be exchangeable for interests in a Permanent Global Bond, without interest coupons, on or after a date which is expected to be 10 August 2015, upon certification as to non-United States of America (“**U.S.**”) beneficial ownership. The Permanent Global Bond will be exchangeable for definitive Bonds in bearer form in the denomination £100,000 and integral multiples of £1,000 in excess thereof, up to and including £199,000 not less than 60 days following the request of the Issuer or the holder in the circumstances set out in it. No definitive Bonds will be issued with a denomination above £199,000. See “*Summary of Provisions relating to the Bonds while in Global Form*”.

The Bonds have been rated BBB by Standard & Poor’s Credit Markets Services Europe Limited (“**S&P**”). S&P is established in the European Union (the “**EU**”) and is registered under Regulation (EC) No. 1060/2009 (as amended) of the European Parliament and of the Council of 16 September 2009 on credit rating agencies. A 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 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 the Bonds is being conducted only to professional clients (as defined under Directive 2004/39/EC) in Belgium, Denmark, Czech Republic, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Poland, Portugal, Spain, Sweden and the United Kingdom (the “Approved Jurisdictions”) and is not being conducted in any other European Union member state. If a potential investor is not in an Approved Jurisdiction or otherwise is a person to whom the Bonds cannot be marketed in accordance with the Directive as implemented and interpreted in accordance with the laws of each European Union member state, it should not participate in the offering and the Bonds are not being offered or marketed to it.

Investing in the Bonds involves a high degree of risk. Prospective investors should have regard to the factors described under the section headed “*Risk Factors*” in this Prospectus.

GLOBAL CO-ORDINATOR

J.P. Morgan Cazenove

JOINT LEAD MANAGERS

BofA Merrill Lynch

Deutsche Bank

J.P. Morgan Cazenove

This Prospectus comprises a prospectus for the purposes of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”) and for the purpose of giving information with regard to the Issuer, the Issuer and its subsidiaries taken as a whole (the “**Group**”) and the Bonds which, according to the particular nature of the Issuer and the Bonds, 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 Prospectus. 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 Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Joint Lead Managers (as defined in “*Subscription and Sale*” below) to subscribe or purchase, any of the Bonds. The distribution of this Prospectus and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions.

For a description of further restrictions on offers and sales of the Bonds and the distribution of this Prospectus, see “*Subscription and Sale*” below.

No person is authorised to give any information or to make any representation not contained in this 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 Joint Lead Managers. Neither the delivery of this 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 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 Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Bonds 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.

To the fullest extent permitted by law, the Joint Lead Managers accept no responsibility whatsoever for the contents of this Prospectus or for any other statement, made or purported to be made by a Joint Lead Manager or on its behalf in connection with the Issuer or the issue and offering of the Bonds. Each Joint Lead Manager 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 Prospectus or any such statement.

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933 (the “**Securities Act**”) and are subject to U.S. tax law requirements. Subject to certain exceptions, Bonds 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**”).

The Bonds may not be a suitable investment for all investors. Each potential investor in the Bonds 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 Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this 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 Bonds and the impact the Bonds 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 Bonds;

- (d) understand thoroughly the terms of the Bonds 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 Bonds; 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 Bonds 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 Bonds unless it has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Prospective investors should also consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of the Bonds. The credit ratings assigned to the Bonds 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 Bonds. A credit rating is not a recommendation to buy, sell or hold Bonds 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 Bonds are legal investments for it, (2) the Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

In connection with the issue of the Bonds, J.P. Morgan Securities plc (the “**Stabilising Manager**”) (or any person acting on behalf of any Stabilising Manager) may over-allot Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any person acting on behalf of any Stabilising 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 Bonds 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 and 60 days after the date of the allotment of the Bonds. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager (or any person acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.

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 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 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 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 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 the Bonds 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 the Bonds;
- 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 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 Prospectus are 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 "**Financial Statements**").

The Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

The Issuer publishes its financial statements in Sterling. The financial information incorporated by reference in this Prospectus has been prepared in accordance with IFRS. All future financial information for the Issuer is

intended to be prepared in accordance with IFRS. In making an investment decision, prospective investors must rely on their own examination of the Issuer from time to time, the terms of the Bonds and the financial information incorporated by reference in this Prospectus.

Unless expressly stated otherwise, all financial information as at 31 March 2015 is unaudited and derived from unaudited interim management accounts of the Group for the quarter ended 31 March 2015.

Unless expressly stated otherwise, the LTV ratio presented in this 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.

Foreign Currency Translation

All acquisitions completed in the period between 1 January 2015 and 31 March 2015 in currencies other than Sterling have been translated to Sterling at the exchange rate prevailing on 31 March 2015 (details of which are set out below). Acquisitions completed after 31 March 2015 in currencies other than Sterling are recorded at the exchange rate prevailing on 31 May 2015 (details of which are set out below).

Save as aforesaid and unless otherwise stated in this Prospectus, all monetary information in currencies other than Sterling as at 31 December 2014 or 31 March 2015 have been translated to Sterling at the prevailing rates at these respective rates as follows:

31 December 2014

€1.00:£0.7825

U.S.\$1.00:£0.6437

31 March 2015

€1.00:£0.7273

U.S.\$:£0.6760

31 May 2015

€1.00:£0.7186

U.S.\$:£0.6539

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 Prospectus refer to the portfolio value on 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 31 December 2014. The Investment Portfolio held as at 31 December 2014 has been valued in accordance with the RICS Red Book by CBRE. Duff & Phelps have subsequently provided the fair value of the Loan Portfolios as at 31 December 2014. The total value of the Investment Portfolio as at 31 March 2015 reflects the market value of the Investment Portfolio as at 31 December 2014, adjusted for disposals and includes the value of the acquisitions, calculated as total consideration (including purchaser’s costs), in the period to 31 March 2015.

The Group holds a majority interest of 90% each, in two of its direct property investments in Madrid, Spain, the Santísima Trinidad 5 property and Postigo de San Martín 3 property, with the remaining 10% held by

Renta Corporación Real Estate, S.A. in each case. Unless otherwise indicated, all financial and other information in respect of these two Spanish property assets in this Prospectus (including, without limitation, acquisition price) reflects amounts attributable to the Group's 90% interest therein.

The Corbo Portfolio represents the Group's minority interest of 16.67% in a syndicated loan secured by 6 real estate assets located in Northern Ireland and Scotland. Unless otherwise indicated, all financial and other information in respect of the Corbo Portfolio in this Prospectus (including, without limitation, market value) reflects amounts attributable to the Group's 16.67% interest.

The Group acquired the Gatsby Portfolio, comprising 180 assets in January 2015. Of the 180 assets, the Group has completed the acquisition of 171 assets, while the acquisition of nine assets remains subject to completion (upon satisfaction of certain conditions precedent). Unless expressly stated otherwise, any information (including, market value, number of assets, NOI) presented in respect of the Investment Portfolio as at 31 March 2015 assumes the completion of the acquisition of 180 assets in the Gatsby Portfolio.

Vantage, Central Park (part of the Group's Investment Portfolio) comprises two real estate assets: a residential asset and a development asset at Block K, Central Park. Unless expressly stated otherwise, any information (including, market value, number of assets) presented in respect of the Investment Portfolio as at 31 December 2014 and 31 March 2015 includes both these assets.

Market, Economic and Industry Data

This 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 Prospectus has been rounded. As a result of this rounding, figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. In addition, certain percentages presented in this 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 Prospectus are not incorporated and do not form part of this Prospectus. Investors should base their decision to invest on the contents of this Prospectus alone and should consult their professional advisers prior to making any investment in the Bonds.

Important Note regarding Performance Data

This 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 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 Bonds 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 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 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 Bonds involves a significant degree of risk.

Any estimates in this 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.

DOCUMENTS INCORPORATED BY REFERENCE

- (i) The 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 Prospectus. The 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 Financial Statements.... | Pages 83 to 120 |

Any other information incorporated by reference from the Financial Statements that is not included in the cross-reference list above is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive.

- (ii) The Issuer's Q1-15 Business Update dated 7 May 2015, which has previously been published and has been filed with the FCA, shall be incorporated in, and shall form part, of this Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Principal Paying Agent. Copies of documents incorporated by reference in this 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 Prospectus shall not form part of this 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 Prospectus.

Any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this 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 Prospectus.

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Risk Factors

Any investment in the Bonds 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 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 Bonds. As a result, investors could lose all or part of their investment.

The Group 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 Bonds 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 Bonds and should be used as guidance only. Investors should consider carefully whether an investment in the Bonds is suitable for them in light of the information in this 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 and, to date, the Group has only published audited financial statements in respect of the period from its incorporation on 23 December 2013 to 31 December 2014. 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 Bonds 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 Bonds. 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 Bonds 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 (its only employees being those of its subsidiaries with operating businesses) 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 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 Prospectus, prospective investors in the Bonds 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 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 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 or Spanish 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 74% (by market value as at 31 March 2015) 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 74% (by market value as at 31 March 2015) 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 Bonds) 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 the Group has assets and liabilities in Ireland and in Spain. As at 31 March 2015, approximately 26% (by market value) of the Group's Investment Portfolio was attributable to properties in Ireland and 21% of the Group's NOI was earned on properties located in Ireland. 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 Bonds. 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

As at the date of this Prospectus, other than the debt incurred under the Gatsby Facility Agreement, all 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 Bonds.

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 Bonds are subordinated to holders of secured borrowings in respect of the assets on which those borrowings are secured

As at 31 March 2015, all of the Group's £897.6 million borrowings (of which £864.3 million was drawn) were secured on properties with an aggregate value of £1,465.4 million. Accordingly, these secured properties, which accounted for 72.5% of the Group's assets at 31 March 2015, do not form part of the general assets of the Group that would be available to holders of Bonds 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 Bonds. Holders of the Bonds 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 Bonds 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 minority interest in the Corbo Portfolio and 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 Property Portfolios (excluding the development, hotel and residential assets) had a WAULT of approximately 8.2 years as at 31 March 2015. 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. As at 31 March 2015, the Group’s top ten tenants in respect of the Property Portfolios (excluding the development, hotel and residential assets) accounted for 28% of its annualised gross rental income with only one tenant accounting for more than 5% 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

The Issuer will use the proceeds of the Bonds to finance the repayment of certain debt and for general corporate purposes. 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 Bonds. It may also affect the regulatory treatment of the Bonds 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, are 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. At this time, it is unclear precisely how international tax structuring will be affected by BEPS. 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.

Risk Factors relating to the structure of the Bonds

Redemption by the Issuer

The Issuer may, in the circumstances set out in Condition 5 of the Terms and Conditions of the Bonds (the "Conditions" and references in this Prospectus to any numbered Condition being construed accordingly), redeem the Bonds prior to their stated maturity date. Depending on prevailing market conditions at the time, an investor receiving the proceeds of an early redemption of the Bonds may not be able to reinvest those proceeds in a comparable security at an effective interest rate as high as that carried by the Bonds.

Modification, waivers and substitution

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

The Conditions also provide that the Trustee may, without the consent of Bondholders or Couponholders and subject to the provisions of the Trust Deed, agree to (i) any modification (except as mentioned in the Trust Deed), waiver or authorisation of any breach, or proposed breach, of any of the provisions of the Bonds which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders or (ii) determine without the consent of the Bondholders that any Event of Default or Potential Event of Default (in each case, as defined in the Trust Deed) shall not be treated as such if in the opinion of the Trustee it is not materially prejudicial to the interests of Bondholders to do so or (iii) the substitution of certain other entities as principal debtor under the Bonds 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**”), European Union Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a 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 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. 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.

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 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 a Member State, or are made (or are secured for) an entity or a legal arrangement effectively managed in a Member State that is not subject to effective taxation, must be reported or subject to withholding. This approach may 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 Member States (subject to ongoing 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 proposal also provides that, if it proceeds, 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 a 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 Bond as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a European Member State that is not obliged to withhold or deduct tax pursuant to Directive 2003/48/EC, any law implementing or complying with, or introduced in order to conform to, the EU Savings Directive or any

other Directive implementing the conclusion of the ECOFIN Council meeting 26-27 November 2000. However, investors should choose their custodians and intermediaries with care, and provide each custodian and intermediary with any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the EU Savings Directive.

Definitive Bonds will not be issued in integral multiples of less than £100,000

The denominations of the Bonds are £100,000 plus integral multiples of £1,000 in excess thereof, up to and including £199,000. Therefore it is possible that the Bonds may be traded in amounts in excess of £100,000 that are not integral multiples of £100,000. In such a case a Bondholder who, as a result of trading such amounts, holds a principal amount of less than £100,000 will not receive a definitive Bond in respect of such holding (should definitive Bonds be printed) and would need to purchase a principal amount of Bonds such that its holding amounts to at least £100,000.

Change of law

The Bonds will be governed by English law. No assurance can be given as to the impact of any possible judicial decision or change to English law or any administrative practice thereof after the Issue Date.

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

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

Although application has been made for the Bonds to be admitted to listing on the Official List and to trading on the Market, there is no assurance that such application will be accepted or that an active trading market will develop. Illiquidity may have a severely adverse effect on the market value of Bonds.

Interest rate risks

Investment in the Bonds, which are fixed rate obligations, involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Bonds in sterling. 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 sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of euro 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 sterling would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Bonds and (3) the Investor's Currency equivalent market value of the Bonds.

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 Bonds.

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 “**EF**FSF”) and the European Financial Stability Mechanism (the “**EF**SM”) 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 Bonds.

Credit ratings may not reflect all risks

The Bonds have been rated BBB by S&P. The ratings assigned to the Bonds may not reflect the potential impact of all risks related to factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Any adverse change in an applicable credit rating could affect the trading price for the Bonds.

As the Temporary Global Bond and the Permanent Global Bond (together, the “Global Bonds”) are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

The Bonds will be represented by the Global Bonds and, except in certain limited circumstances described in the Permanent Global Bond, investors will not be entitled to receive definitive Bonds. The Global Bonds will be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Bonds. While the Bonds are represented by the Global Bonds, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Bonds by procuring that payments are made to the common depository for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Bond must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Bonds.

Holders of beneficial interests in the Global Bonds will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

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 Bonds are legal investments for it, (2) the Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Bonds. Financial

institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

Finance redemption of the Bonds following the occurrence of a Put Event (as defined in the Conditions)

Upon the occurrence of a Put Event, the Issuer may be required to redeem the Bonds at their principal amount plus accrued and unpaid interest and additional amounts, if any, to the date of the redemption. If any such Put Event were to occur, the Issuer may not have sufficient funds available at the time to redeem such Bonds. See “*Terms and Conditions – Redemption at the Option of Holders upon a Put Event*”.

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 7 under “*Additional Information*”.

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

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> |
|----------------------------------------------------------------------------|--------------------|
| <hr/> | |
| Revenue | |
| Rental income | 51.4 |
| Hotel revenue | 8.4 |
| Interest income from loans secured by real estate | 6.6 |
| | <hr/> 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 |
| | <hr/> 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) |
| | <hr/> (35.6) |
| Results from operating activities before financing income and costs | <hr/> 88.3 |
| Interest income from cash at bank | 1.3 |
| Finance costs | (9.2) |
| Net finance expense | <hr/> (7.9) |
| Profit before taxation | <hr/> 80.4 |
| Taxation | (1.9) |
| | <hr/> |

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 31 December 2014.

Consolidated balance sheet

as at 31 December 2014

| | <i>£m</i> |
|---------------------------------------------|----------------|
| Non-current assets | |
| Investment and development property | 1,218.3 |
| Loans secured by real estate | 211.0 |
| Property, plant and equipment | 59.7 |
| Derivative financial assets | 7.5 |
| | 1,496.5 |
| Current assets | |
| Inventories | 0.3 |
| Rent and other receivables | 48.2 |
| Cash and cash equivalents | 441.9 |
| | 490.4 |
| Total assets | 1,986.9 |
| Current liabilities | |
| Trade and other payables | (32.5) |
| Deferred income | (16.2) |
| | (48.7) |
| Non-current liabilities | |
| Trade and other payables | (2.4) |
| Mortgage borrowings | (545.9) |
| | (548.3) |
| Total liabilities | (597.0) |
| Net assets | 1,389.9 |
| Equity | |
| Stated capital | 1,314.9 |
| Foreign currency translation reserve | (0.4) |
| Revaluation reserve | 2.6 |
| Share-based payments reserve | 1.7 |
| Retained earnings | 71.1 |
| Equity attributable to owners of the Issuer | 1,389.9 |
| Non-controlling interests | - |
| Total equity | 1,389.9 |

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

| | <i>£m</i> |
|-------------------------------------------------------------------------------|------------------|
| Cash flows from operating activities | |
| Profit for the period | 78.5 |
| <i>Adjustments for:</i> | |
| 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) |
| Gain on sale of investment property | (0.4) |
| Net finance cost | 1.3 |
| Amortisation of lease incentive | (1.5) |
| Taxation | 1.9 |
| Depreciation | 0.7 |
| Provision for accounts receivable | 0.5 |
| Issue of shares to satisfy investment management fee | 4.2 |
| <i>Operating cash flows before movements in working capital</i> | 28.1 |
| (Increase) in inventories | (0.1) |
| (Increase) in rent and other receivables | (10.6) |
| Increase in deferred rental income and service charges | 16.2 |
| Increase in trade and other payables | 26.9 |
| <i>Cash generated from operations</i> | 60.5 |
| Interest received | 4.5 |
| Interest paid | (4.7) |
| Cash flows generated from operating activities | 60.3 |
| Investment activities | |
| Acquisition/improvement of investment and development property ^{1,2} | (905.6) |
| Deposits paid on investment and development property | (30.8) |
| Disposal of investment property | 0.4 |
| Purchase of property, plant and equipment | (0.1) |
| Acquisition of loans secured by real estate | (241.4) |
| Disposal of loans secured by real estate | 36.4 |
| Acquisition of business/subsidiary, net of cash acquired | (54.8) |
| Cash flows used in investing activities | (1,195.9) |
| Financing activities | |
| Proceeds from issue of shares ¹ | 1,282.4 |

| | |
|---------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Share issue costs | (39.5) |
| Proceeds from mortgage borrowings ² | 519.0 |
| Repayments of mortgage borrowings | (163.6) |
| Transaction costs related to loans and borrowings | (10.2) |
| Interest rate caps | (2.9) |
| Dividends paid | (7.4) |
| 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 |
| Notes | |
| 1. | On 28 February 2014, on admission to the London Stock Exchange, the Issuer issued 7,000,000 shares to KW Europe Investors Ltd (a related entity) and Welford Limited (an unrelated entity) in equal portions in consideration for the acquisition of the holding company of the Tiger Portfolio of investment properties. The fair value of the shares on issue was £70.0 million. Further details are set out in Note 29 to the Financial Statements. |
| 2. | On completion of the Opera acquisition and the Central Park acquisition, the Group assumed debt totalling £202.9 million. Further details are set out in Note 29 to the Financial Statements. |

Terms and Conditions of the Bonds

The following, except for paragraphs in italics, are the terms and conditions of the Bonds which (subject to amendment) will be endorsed on each Bond in definitive form (if issued).

The issue of the £300,000,000 3.95 per cent. bonds due 2022 (the “**Bonds**”, which expression shall, unless the context otherwise requires, include any further securities issued pursuant to Condition 15 and forming a single series with the Bonds) of Kennedy Wilson Europe Real Estate Plc (the “**Issuer**”) was authorised by a resolution of the Board of Directors of the Issuer passed on 11 June 2015. The Bonds are constituted by a Trust Deed (the “**Trust Deed**”) dated 30 June 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 holders of the Bonds (the “**Bondholders**”). 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 Bonds and the coupons relating to them (the “**Coupons**”). Copies of the Trust Deed, and of the Paying Agency Agreement (the “**Paying Agency Agreement**”) dated 30 June 2015 relating to the Bonds between the Issuer, the Trustee and the initial principal paying agent and the other paying agents named in it, are available for inspection and/or collection 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 principal paying agent for the time being (the “**Principal Paying Agent**”) and the other paying agents for the time being (the “**Paying Agents**”, which expression shall include the Principal Paying Agent). The Bondholders and the holders of the Coupons (whether or not attached to the relevant Bonds) (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 Paying Agency Agreement.

1 Form, Denomination and Title

- (a) **Form and denomination:** The Bonds are serially numbered and in bearer form in the denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000, each with Coupons attached on issue. No definitive Bonds will be issued with a denomination above £199,000. Bonds of one denomination may not be exchanged for Bonds of any other denomination.
- (b) **Title:** Title to the Bonds and Coupons passes by delivery. The holder of any Bond or Coupon will (except as otherwise required by law) 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 its theft or loss) and no person will be liable for so treating the holder.

2 Status

The Bonds and Coupons constitute direct, unconditional, unsubordinated and (subject to Condition 3) 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 Bonds and the Coupons shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

3 Negative Pledge

So long as any Bond 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 Bonds 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 Bondholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

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 9) 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 9) in respect of the Last Reporting Date (as defined in Condition 9); 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 subparagraph (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 subparagraph (b) on the date on which the Financial Statements for the financial period current (for the purpose of this subparagraph (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 subparagraph (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.

4 Interest

The Bonds bear interest from and including 30 June 2015 at the rate of 3.95 per cent. per annum, payable annually in arrear on 30 June in each year (each an “**Interest Payment Date**”). Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

Where interest is to be calculated in respect of a period which is shorter than an Interest Period (as defined below), the day-count fraction used will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).

In these Conditions, the period beginning on and including 30 June 2015 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 is called an “**Interest Period**”.

Interest in respect of any Bond shall be calculated per £1,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall be equal to the product of 3.95 per cent., the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest penny (half a penny being rounded upwards).

5 Redemption and Purchase

- (a) **Final redemption:** Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 30 June 2022. The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 5.
- (b) **Redemption for taxation reasons:** The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 16 (which notice shall be irrevocable), at their principal amount, (together with interest 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 7 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 25 June 2015, 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 Bonds then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(b), 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 Bondholders and the Couponholders.
- (c) **Redemption at the option of the Issuer:** Unless a Put Event Notice has been given pursuant to Condition 5(d), the Issuer may, at any time, on giving not more than 60 nor less than 30 days' irrevocable notice to the Bondholders in accordance with Condition 16 (which notice shall specify the date fixed for redemption (the "**Optional Redemption Date**")), redeem all or some of the Bonds (i) at their Make Whole Redemption Price (where such redemption occurs prior to 30 March 2022) or (ii) at their principal amount (where such redemption occurs on or after 30 March 2022), together in each case with interest accrued to (but excluding) the date fixed for redemption.

Any notice of redemption given under this Condition 5(c) will override any notice of redemption given (whether previously, on the same date or subsequently) under Condition 5(b).

In this Condition 5(c):

"**Make Whole Redemption Price**" means, in respect of each Bond, the higher of (a) the principal amount of such Bond and (b) the principal amount of such Bond 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 the Bonds (if the Bonds were to remain outstanding until their original maturity) on the Determination Date is equal to the Gross Redemption Yield at 11.00 a.m. (London time) on the Determination Date of the Reference Stock (or, where the Financial Adviser advises the Issuer that, for reasons of illiquidity or otherwise, such reference stock is not appropriate for such purpose, such other government stock as such Financial Adviser may recommend) plus a margin of 0.40 per cent;

"**Determination Date**" means the date which is the second business day in London prior to the Optional Redemption Date;

“**Gross Redemption Yield**” on the Bonds or any reference stock 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 on an annualised yield and rounded up (if necessary) to four decimal places); and

“**Reference Stock**” means the 4.00% United Kingdom Government Treasury Stock due March 2022.

(d) **Redemption at the option of Bondholders upon a Put Event:**

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

- (i) 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**”); and
- (ii) 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 Bonds carry:
 - A. 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
 - B. 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

- C. 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 Bonds 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

- (iii) 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.

If a Put Event occurs, the holder of each Bond will have the option (a “**Put Option**”) (unless prior to the giving of the relevant Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 5(b) or 5(c) above) to require the Issuer to redeem or, at the Issuer’s option, purchase (or procure the purchase of) that Bond on the Put Date (as defined below) at its principal amount together with interest accrued to (but excluding) the Put Date.

Promptly upon the Issuer becoming aware that a Put Event has occurred the Issuer shall, and at any time upon the Trustee receiving express written notice of such Put Event the Trustee may, and if so requested by the holders of at least one-quarter in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders, the Trustee shall, (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction) give notice (a “**Put Event Notice**”) to the Bondholders in accordance with Condition 16 specifying the nature of the Put Event and the procedure for exercising the Put Option.

To exercise the Put Option, the holder of a Bond must deliver such Bond to the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the “**Put Period**”) of 30 days after a Put Event Notice is given, 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 (a “**Put Notice**”). The Bond should be delivered together with all Coupons appertaining thereto maturing after the date which is seven days after the expiration of the Put Period (the “**Put Date**”), failing which the Paying Agent will require payment from or on behalf of the Bondholder of an amount equal to the face value of any missing such Coupon. Any amount so paid will be reimbursed to the Bondholder against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 11) at any time after such payment, but before the expiry of the period of five years from the date on which such Coupon would have become due, but not thereafter. The Paying Agent to which such Bond and Put Notice are delivered will issue to the Bondholder concerned a non-transferable receipt in respect of the Bond so delivered. Payment in respect of any Bond so delivered will be made, if the holder duly specified a bank account in the Put Notice to which payment is to be made, on the Put Date by transfer to that bank account and, in every other case, on or after the Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Put Notice, once given, shall be irrevocable. For the purposes of these Conditions, receipts issued pursuant to this Condition 5(d) shall be treated as if they were Bonds. The Issuer shall redeem or purchase (or procure the purchase of) the relevant Bonds on the Put Date unless previously redeemed (or purchased) and cancelled.

If 80 per cent. or more in principal amount of the Bonds then outstanding have been redeemed or purchased pursuant to this Condition 5(d), the Issuer may, on giving not less than 30 nor more than 60 days’ notice to the Bondholders (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 Bonds at their principal amount, together with interest 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 (ii) of the definition of "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 5(d) shall be construed accordingly.

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

- (e) **Notice of redemption and drawings:** All Bonds in respect of which any notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition. In the case of a partial redemption, the notice shall also contain the serial numbers of the Bonds 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.
- (f) **Purchase:** The Issuer and its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price (provided that they are purchased together with all unexpired Coupons relating to them). The Bonds 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 Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 12(a)).

- (g) **Cancellation:** All Bonds so redeemed or purchased and any unmatured Coupons attached to or surrendered with them will be cancelled and may not be re-issued or resold.

6 Payments

- (a) **Method of Payment:** Payments of principal, premium and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Bonds or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent. Payments of interest due in respect of any Bond other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Bond. Such payments will be made by sterling cheque drawn on, or by transfer to a Sterling account maintained by the payee with, a bank in a city in London.
- (b) **Payments subject to laws:** All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7. No commissions or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.
- (c) **Surrender of unmatured Coupons:** Each Bond should be presented for redemption together with all unmatured Coupons relating to it, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than 10 years after the Relevant Date (as defined in Condition 7) for the relevant payment of principal.
- (d) **Payments on business days:** A Bond or Coupon may only be presented for payment on a day which is a business day in the place of presentation (and, in the case of payment by transfer to a Sterling account, a business day in London). No further interest or other payment will be made as a consequence of the day on which the relevant Bond or Coupon may be presented for payment under this paragraph falling after the due date. In this Condition, “**business day**” means a day on which commercial banks and foreign exchange markets are open in the relevant city.
- (e) **Paying Agents:** The initial Paying Agents and their initial specified offices are listed below. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will maintain (i) a Principal Paying Agent, (ii) a Paying Agent having its specified office in at least one major European city approved by the Trustee and (iii) 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, any law implementing or complying with, or introduced in order to conform to, European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

7 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds 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 will result in receipt by the Bondholders and

the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond or Coupon presented for payment:

- (a) **Other connection:** by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond or Coupon by reason of his having some connection with Jersey other than the mere holding of the Bond or Coupon or
- (b) **Presentation more than 30 days after the Relevant Date:** 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 such Bond or Coupon for payment on the last day of such period of 30 days 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, such Directive or
- (d) **Payment by another Paying Agent:** by or on behalf of a Bondholder or a Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Bond or Coupon to another Paying Agent in a Member State of the European Union.

“**Relevant Date**” means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders. Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition or any undertaking given in addition to or substitution for it under the Trust Deed.

8 Events of Default

If any of the following events occurs and is continuing, the Trustee at its discretion may, and if so requested by holders of at least one-quarter in principal amount of the Bonds 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 Bonds are, and they shall immediately become, due and payable at their principal 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 Bonds 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 Bonds 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 8(c) unless:
 - (A) in the case of one or more events mentioned above in this Condition 8(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 8(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 3 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 8(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 8(c) which constitutes Non-Recourse Indebtedness and which is in an aggregate amount of at least £25,000,000 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 8(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 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 Bondholders, (ii) in the case of 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 8,

provided that:

- (i) in the case of Condition 8(b), the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Bondholders; and
- (ii) during the relevant Clean-Up Period, no Event of Default shall occur under Conditions 8(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 8(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 8:

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:
 - (a) in the case of an acquisition of a Clean-Up Asset, the date of such acquisition by any member of the Consolidated Group; and
 - (b) 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.

9 Issuer Covenants

- (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:** This Condition 9(d) shall not apply for so long as the Issuer's ordinary shares are listed on an EEA Regulated Market.

For so long as any Bonds are outstanding, 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.
- (d) **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 9(a), 9(b) and 9(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 Bondholders.

Any certificate addressed to the Trustee by two directors of the Issuer as to the amounts of any defined term or figure in Conditions 9(a), 9(b) and 9(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 Bondholders.

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 guaranties, 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 6-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 9(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.

10 Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 6 within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

11 Replacement of Bonds and Coupons

If any Bond or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Paying Agent in London subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such

replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Bonds or Coupons must be surrendered before replacements will be issued.

12 Meetings of Bondholders, Modification, Waiver and Substitution

- (a) **Meetings of Bondholders:** The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds, the dates on which interest is payable in respect of the Bonds or the covenants in respect of the Bonds (set out in Condition 9), (ii) to reduce or cancel the principal amount of, or interest on, or amounts payable on redemption of, the Bonds, (iii) to change the currency of payment of the Bonds or the Coupons, or (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will 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 principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

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 principal amount of the Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders 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 Bondholders.

- (b) **Modification:** The Trustee may agree, without the consent of the Bondholders or Couponholders, 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) 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 Bondholders. Any such modification shall be binding on the Bondholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Bondholders as soon as practicable.
- (c) **Waiver:** The Trustee may, without the consent of the Bondholders or Couponholders and without prejudice to its rights in respect of any subsequent breach, from time to time and at any time, if in its opinion the interests of the Bondholders will not be materially prejudiced thereby, waive or authorise, on such terms as seem expedient to it, any breach or proposed breach by the Issuer of the Trust Deed or the Conditions or determine that an Event of Default or Potential Event of Default (as defined in the Trust Deed) will not be treated as such provided that the Trustee will not do so in contravention of an express direction given by an Extraordinary Resolution or a request made pursuant to Condition 8. No such direction or request will affect a previous waiver, authorisation or determination. Any such waiver, authorisation or determination will be binding on the Bondholders and the Couponholders and, if the Trustee so requires, will be notified to the Bondholders 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 Bondholders or the Couponholders, to the substitution of certain other entities in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Bonds. In the case of such a substitution the Trustee may agree, without the consent of the Bondholders or Couponholders, to a change of the law governing the Bonds, the Coupons 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 Bondholders.
- (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 Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Bondholder 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 Bondholders or Couponholders.

13 Enforcement

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

15 Further Issues

The Issuer may from time to time without the consent of the Bondholders or Couponholders create and issue further securities either having the same terms and conditions as the Bonds 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 the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental

to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of securities of other series where the Trustee so decides.

16 Notices

Notices to Bondholders will be valid if published in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*) or, if in the opinion of the Trustee such publication shall not be practicable, in an English language newspaper of 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, on the first date on which publication is made. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Bondholders in accordance with this Condition.

17 Contracts (Rights of Third Parties) Act 1999

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

18 Governing Law

- (a) **Governing Law:** The Trust Deed, the Bonds and the Coupons 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 which may arise out of or in connection with the Bonds or the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Bonds or the Coupons (“**Proceedings**”) may be brought in such courts. Pursuant to the Trust Deed, the Issuer has 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 service of process in any Proceedings in England based on any of the Bonds or the Coupons.

Summary of Provisions relating to the Bonds while in Global Form

The Trust Deed, the Temporary Global Bond and the Permanent Global Bond contain provisions which apply to the Bonds while they are in global form, some of which modify the effect of the terms and conditions of the Bonds set out in this Prospectus. The following is a summary of certain of those provisions:

1 Exchange

The Temporary Global Bond is exchangeable in whole or in part (free of charge to the holder) for interests in the Permanent Global Bond on or after a date which is expected to be 10 August 2015, upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Bond. The Permanent Global Bond is exchangeable in whole but not in part (free of charge to the holder) for definitive Bonds if the Permanent Global Bond is held on behalf of Euroclear, Clearstream, Luxembourg or an alternative clearing system (a “**relevant Clearing System**”) and any 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. Thereupon, the holder may give notice to the Principal Paying Agent of its intention to exchange the Permanent Global Bond for definitive Bonds on or after the Exchange Date specified in the notice.

On or after the Exchange Date (as defined below) the holder of the Permanent Global Bond may surrender the Permanent Global Bond to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Bond, the Issuer shall deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Bonds (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Bond), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Trust Deed. On exchange of the Permanent Global Bond, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant definitive Bonds.

“**Exchange Date**” means a day falling not less than 60 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 Principal Paying Agent is located and, except in the case of a closure of the clearing system(s) as described above, in the cities in which the relevant Clearing System(s) are located.

2 Payments

No payment will be made on the Temporary Global Bond unless exchange for an interest in the Permanent Global Bond is improperly withheld or refused. Payments of principal and interest in respect of Bonds represented by the Permanent Global Bond will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Bonds, surrender of the Permanent Global Bond to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Bondholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the Permanent Global Bond, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Bonds. Condition 6(e)(iii) and Condition 7(d) will apply to the definitive Bonds only. For the purpose of any payments made in respect of a Permanent Global Bond, Condition 6(d) shall not apply, and all such payments shall be made on a day on which commercial banks and foreign exchange markets are open in the financial centre of the currency of the Bonds.

3 Notices

So long as the Bonds are represented by the Permanent Global Bond and the Permanent Global Bond is held on behalf of a relevant Clearing System, notices to Bondholders may be given by delivery of the relevant notice to that relevant Clearing System in substitution for publication as required by the Conditions. Any obligation that the Issuer (or the Principal Paying Agent on its behalf) may have to publish a notice to Bondholders shall have been met upon delivery of the relevant notice to the relevant Clearing System.

4 Prescription

Claims against the Issuer in respect of principal and interest on the Bonds while the Bonds are represented by the Permanent Global Bond 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.

5 Meetings

The holder of the Permanent Global Bond shall (unless the Permanent Global Bond represents only one Bond) be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Bondholders and, at any such meeting, as having one vote in respect of each £1,000 in principal amount of Bonds.

6 Purchase and Cancellation

Cancellation of any Bond required by the Conditions to be cancelled following its purchase will be effected by reduction in the principal amount of the Permanent Global Bond.

7 Trustee's Powers

In considering the interests of Bondholders while the Permanent Global Bond is held on behalf of a relevant Clearing System, the Trustee may have regard to any information provided to it by such relevant Clearing System or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Permanent Global Bond and may consider such interests as if such accountholders were the holder of the Permanent Global Bond.

8 Electronic Consent and Written Resolution

While any Permanent Global Bond is held on behalf of a relevant 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 principal amount of the Bonds 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 resolution (as defined in the Trust Deed) was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held, and shall be binding on all Bondholders and holders of Coupons 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 relevant Clearing System with entitlements to such Global Bond and/or, (b) where 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, 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 Bondholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall 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 amount of the Bonds 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.

9 Redemption at the option of the Issuer

The option of the Issuer provided for in Condition 5(c) shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by that Condition and Condition 5(e) except that the notice shall not be required to contain the serial numbers of Bonds drawn for redemption in the case of a partial redemption of Bonds and accordingly no drawing of Bonds for redemption shall be required. In such event, the standard procedures of the relevant Clearing System shall operate to determine which interests in the Permanent Global Bond are to be subject to such option.

10 Redemption at the option of Bondholders upon a Put Event

The option of the Bondholders provided for in Condition 5(d) may be exercised by the holder of the Permanent Global Bond giving notice to the Principal Paying Agent within the time limits relating to the deposit of Bonds with a Paying Agent set out in that Condition substantially in the form of the redemption notice available from any Paying Agent and stating the principal amount of Bonds in respect of which the option is exercised and at the same time presenting the Permanent Global Bond to the Principal Paying Agent for notation.

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. 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.

The Net Asset Value as at 31 March 2015 was £1,385.8 million. The EPRA NAV as at that date was £1,384.1 million.

As at 31 March 2015, the Investment Portfolio consisted of 13 Property Portfolios made up of 259 real estate assets and four portfolios of real estate loans secured by 32 assets. A description of the Investment Portfolio is set out under "*Information on the Investment Portfolio*".

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 through JerseyCo. Details of the subsidiaries of the Issuer are set out in note 31 to the Financial Statements, which are incorporated by reference in this Prospectus.

The Group believes that its current structure provides for a tax efficient method to invest in the UK, Irish, Spanish and other European real estate markets. In acquiring assets, the Group and the Investment Manager seek to minimise the income subject to local taxation through efficient acquisition structuring.

3. Investment Objectives and Target Returns

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 and, in particular, investments which on average are expected to generate a Total Return of 15%¹ (taking into account any leverage incurred in accordance with the gearing policy, as described in the investment policy in paragraph 5 below).

4. Strengths

The Group has the following key strengths:

The Group and the Investment Manager have access to the extensive international real estate experience of KW, which has a demonstrable track record both in Europe and globally

The KW Group has a long and successful track record of investing in and managing properties in the international real estate market. As at 31 December 2014, KW had over £11.6 billion (U.S.\$18.0 billion)² of real estate and real estate related Assets Under Management. In particular, the KW Group has developed significant expertise in the European real estate market and, as at 31 March 2015, had Assets Under Management in the UK, Ireland and Spain with a value of approximately £3.2 billion (U.S.\$4.7 billion). The Group believes that it benefits from the international expertise, reputation and resources of the KW Group, which helps the Investment Manager to identify, analyse and acquire attractive assets which fall within the Group's investment policy.

The Group has a significant relationship with KW in Europe that allows it to benefit from KW's extensive relationships in the European real estate market, KW's established local European platform and a right to priority on investment opportunities in Europe sourced by the KW Group that fall within the Group's investment policy

KW has established significant relationships in the European real estate market, including with commercial real estate lenders, REITs, property funds, private investors, government agencies, receivers, real estate brokers and key financial institutions. Historically, the majority of KW's existing investments in Europe have been sourced directly from its extensive relationships with banks and financial and real estate institutions active in the UK, Ireland and Spain, allowing KW to access off-market deal flow, as well as more widely marketed real estate transactions. The Group believes that these financial institutions in particular will continue to be active sellers in the Group's target markets in the short to medium term, thereby creating attractive investment opportunities for the Group.

The KW Group has a local presence in the European markets that the Group is currently targeting for investment, with existing offices in London, Dublin, Madrid and a recently established office in Jersey, each with a strong team of investment professionals. In addition, the KW Group has a time tested business model of accessing local markets through establishing new local asset management platforms or taking a position in existing local platforms.

The Group believes that its and the Investment Manager's relationship with KW globally and in Europe will continue to facilitate the growth of the Investment Portfolio. Further, the Group believes that the time, knowledge, skills, personnel and other resources invested by KW in the development of its European investment and asset management platforms, as well the Group's right to priority on investments sourced by KW in Europe, give the Group a competitive advantage.

KW's local presence provides specific "hands-on" market expertise both for sourcing investment opportunities and for providing on-going asset management services. Further, the KW Europe Investment Committee, which comprises senior personnel of the KW Group globally, provides the Investment Manager with valuable industry insight as well as access to the KW Group's network of relationships in Europe.

¹ **Potential investors should note that this is a target return for the Company's investments and not the Company itself.** This is a target only and not a profit forecast. There can be no assurance that the target will be met and it should not be taken as an indication of the Company's expected or actual future results. Potential investors should decide for themselves whether or not the Total Return for the Company's investments is reasonable or achievable in deciding whether to invest in the Bonds. "Total Return" does not account for expenses borne by the Company and/or other members of the Group including, without limitation, management and performance fees, taxes and organisational or transaction expenses, and should not therefore be regarded as an estimate of the Company's possible after-tax returns on its investments.

² Includes the Group's Investment Portfolio as at 31 March 2015.

The Group also believes that KW has established a reputation as a reliable and efficient counterparty as a result of having engaged with major European financial institutions. The Group believes that the Investment Manager's access to the KW Europe Group's investment sourcing and asset management capabilities, and KW's reputation and local presence in the Group's target markets, helps the Investment Manager execute deals efficiently and expeditiously.

Furthermore, the Group benefits from a right to priority on investment opportunities in respect of real estate assets or real estate loan opportunities which are within the parameters of the Group's investment policy in the UK, Ireland and Spain or any other territory in Europe and which are sourced by KW or any KW Associate, subject to specified exceptions. The right to priority on investment opportunities in Europe that fall within the Group's investment policy precludes KW or any KW Associate from pursuing such an opportunity unless the Independent Directors decide not to pursue the opportunity for the Group, subject to the exceptions described more fully in paragraph 11 below.

The Group has a high quality property portfolio with strong organic growth prospects and high reversion potential and is well positioned to take advantage of the structural opportunities in the European real estate market

The Group believes that it has a high quality property portfolio based on a number of different factors, including diversification, geography and asset class, tenant quality, lease maturity profile and occupancy levels. See "*Information on the Investment Portfolio*" for a discussion of each of these factors.

The Group's investment strategy includes acquiring loans which are secured on real estate assets, with a view to converting the 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. As at 31 March 2015, approximately 17% of the Group's direct real estate portfolio had been originated as loans. Reflecting these factors, the Group believes that its asset-via-loan strategy on its loan portfolio provides strong organic growth opportunities.

One of the Group's main focuses is to implement asset management initiatives that will grow income and create capital value across its Investment Portfolio. Since its IPO in February 2014 and through to 31 March 2015, the Group has undertaken 187 leasing transactions over 659,300 sq. ft. which have added £5.1 million to its annualised NOI. In the financial period ended 31 December 2014, the Group believes that approximately 60% of its revaluation gains were attributable to asset management initiatives implemented by it.

The Group also believes that structural opportunities exist to acquire high quality European real estate on attractive terms as a result of current and expected market conditions, including due to on-going loan portfolio disposals from European financial institutions, which the Group believes are likely to reach €1.0 trillion (U.S.\$1.4 trillion)³ in the short to medium term, and the divestment of European commercial real estate by distressed owners. The Group also believes that it is well placed to take advantage of these opportunities in its target markets. The KW Europe Group has identified a number of potential opportunities that would augment the Investment Portfolio. These further investment opportunities will be evaluated in accordance with the policies and procedures of the Group and will be subject to due diligence.

The Group benefits from KW's distinctive and wide-ranging investment philosophy

The Group has provided the Investment Manager with a broad investment mandate, which is consistent with KW's successful business model and gives the Investment Manager the flexibility to invest across the real estate markets in Europe, targeting a wide range of both debt and equity investment opportunities. The Group believes that allowing the Investment Manager to have wide discretion to invest in European real estate assets and real estate loans, with limited restrictions on investments across asset class, capital structure or nature of instrument, gives the Group a distinct advantage over competitors that have a more restrictive investment focus. Regardless of the asset class, capital structure or nature of instrument, the approach of the Investment Manager in evaluating investment opportunities is based on rigorous diligence and fundamental analysis of the investment. Given KW's successful business model of adopting a similar broad investment philosophy and its proven track record, the Group believes that the KW Europe Group, together with its team of multi-disciplinary professionals, has the requisite experience, relationships and execution capabilities to continue to successfully implement the Group's investment policy. In addition, reflecting the fact that the KW Group owned 16.2% of the Group's shares at the Latest Practicable Date,

³ Based on a conversion rate of €1.00: U.S.\$1.36452.

the Group believes that the interests of the Investment Manager, a wholly owned subsidiary of KW, and the KW executives, through the Carried Interest Partner, are closely aligned to those of the Group.

The Group has a conservative financial policy

The Group has a conservative financial policy as evidenced by each of the following factors:

- its strong liquidity position with balance sheet cash of £441.9 million at 31 December 2014 and £269 million at 31 March 2015, and a £225 million revolving credit facility;
- a debt maturity profile that extends from 2018 to 2023 with £117 million maturing in 2018, £545 million maturing in 2019, £71 million maturing in 2020 and £165 million maturing in 2023, assuming no drawings under the revolving credit facility (as at 31 March 2015) and ignoring the issue of the Bonds;
- a balanced mix of secured and unsecured debt, with secured debt comprising 100% of total debt at 31 March 2015;
- a cautious hedging policy that seeks to ensure that a significant proportion of the Group's debt is fixed rate or at capped floating rates of interest and to hedge the Group's net euro exposure (as borrowing secured debt in matching currency creates a natural hedge for all EU assets); and
- low leverage levels, with the Group's LTV ratio being 7.0% at 31 December 2014 and 29.2% at 31 March 2015.

The Issuer has a strong and majority independent Board with significant relevant experience, led by Charlotte Valeur

The Issuer has a highly experienced and majority independent Board, led by Charlotte Valeur. Board members, including William McMorrow and Mary Ricks, who have over 38 and 27 years' experience respectively in the real estate sector, have also held senior positions in a number of public companies and bring a wealth of property and finance sector experience to the Group.

5. Investment Policy

The Group aims to acquire, through the services of the Investment Manager, real estate assets and real estate loans in Europe, initially in the UK, Ireland and Spain, and thereafter in these jurisdictions as well as other European countries on an opportunistic basis, with the intention of creating value.

The Group will continue to invest in a diversified portfolio of commercial real estate assets (including office, retail, industrial, warehouse and distribution, leisure and recreational assets), and residential real estate assets (including multi-family, single-family and multi-tenanted assets). The Group may also consider investing in "mixed-use" real estate assets.

The Group will continue to invest in real estate loans. The Group may also invest in a mixed portfolio of real estate assets and/or real estate loans that may include other non-real estate related assets as part of the portfolio, provided that following the completion of the acquisition of any such non-real estate related assets, the Investment Manager will use its reasonable endeavours to dispose of such non-real estate related assets on commercially acceptable terms as soon as reasonably practicable.

In addition, the Group may originate real estate loans which are either floating or fixed rate and may also securitise pools of real estate loans. The Group may also invest in securities traded on a public exchange and in other public or private investment funds, in each case focused on the real estate sector.

The Group will invest its funds in these asset classes in the real estate sector where it sees an opportunity to create value. The Group intends that its portfolio will continue to comprise a mix of real estate assets and real estate loans, appropriately diversified by geography, real estate sector type, asset class, tenant exposure, tenure and location. The Investment Manager has been authorised by the Board to exercise its discretion in managing and diversifying the real estate asset classes identified above within the Group's portfolio and ensuring that the funds available to the Group for investment are invested in such real estate assets.

Whilst the majority of the Group's assets are expected to be wholly owned, the Group will retain the ability to pursue its investments through a variety of investment structures, including joint ventures, acquisitions of controlling interests or acquisitions of minority interests, if considered suitable.

Asset diversification

No single investment, or aggregate investments secured on a single property, will exceed 25% of the Issuer's most recently published NAV, calculated at the time of investment, excluding the Group's interests in the intermediate holding undertakings in the Group.

The aggregate value of real estate loans originated by the Group (excluding any loans made to Group entities and loans with equity characteristics) shall not exceed 10% of the Issuer's most recently published NAV, calculated at the time of origination of any such loan.

The Group may consider a limited number of property development opportunities, including land site acquisitions, as well as property redevelopment opportunities. At any point in time, the aggregate development and redevelopment costs incurred in respect of assets under development and/or redevelopment at that time will not exceed 15% of the Issuer's most recently published NAV. For the avoidance of doubt, renovation, restoration, fit-outs, internal reconfigurations, maintenance and engineering works and general up-keep of any existing and new investments by the Group will be classified as refurbishment activities undertaken by the Group and do not fall within the ambit of such development and redevelopment limits.

The Group will invest in real estate assets and real estate loans, including mixed portfolios of real estate assets and/or real estate loans that may include other non-real estate related assets, as set out above.

Where the Group invests in a mixed portfolio of real estate assets and/or real estate loans that includes other non-real estate related assets as part of the portfolio, the value of the non-real estate related assets in the portfolio being acquired, in combination with any other non-real estate related assets held by the Group at the time of the applicable investment as a result of similar acquisitions, shall not exceed 15% of the Issuer's most recently published NAV, calculated at the time of investment. The Investment Manager will use its reasonable endeavours to dispose of such non-real estate related assets on commercially acceptable terms as soon as reasonably practicable.

Gearing

The Group intends to continue to use gearing with a view to enhancing returns whilst maintaining prudent levels of interest cover and protecting its equity. The Investment Manager determines the appropriate level of borrowings on a deal specific basis and limits the lender's recourse only to assets of the entity making the acquisition in question, thereby ring-fencing risk. The Investment Manager does not impose a particular LTV ratio limit for each investment, but expects that, on an overall basis, the Group's LTV ratio will not exceed 50% at the time of borrowing (i.e. that the Group's aggregate borrowings will not exceed 50% of the aggregate market value of the Group's total assets (including cash)) and, in any event, the Group's LTV ratio will not exceed 65% at the time of borrowing. The Board may modify the Group's gearing policy from time to time taking into account then prevailing economic and market conditions, the fair value of the Group's assets, acquisition and active management opportunities or other factors the Board deems appropriate. No modification of the Group's gearing policy to allow the LTV ratio to exceed 65% may occur without prior Shareholder approval.

Hedging

The Group will not enter into derivative transactions for purely speculative purposes. However, the Group's investments will typically be made in the currency of the country where the underlying real estate assets are located. In the case of Ireland and Spain, this will largely be euro. The Group may implement measures designed to protect the investments against material movements in the exchange rate between Sterling, being the Group's reporting currency, and euro, being the currency in which such investments are made. The analysis as to whether such measures should be implemented will take into account periodic interest, principal distributions or dividends, as well as the expected date of realisation of the investment. The Group may bear a level of currency risk that could otherwise be hedged where it considers that bearing such risk is advisable. The Group will only enter into hedging contracts, such as currency swap agreements, futures contracts, options and forward currency exchange and other derivative contracts, when they are available in a timely manner and on terms acceptable to it. The Group reserves the right to terminate any hedging arrangement in its absolute discretion.

FCA investment restrictions

The Group currently complies with the investment restrictions set out below and will continue to do so for so long as they remain requirements of the FCA:

- the Group will not conduct any trading activity which is significant in the context of the Group as a whole (but this rule does not prevent the businesses forming part of the Investment Portfolio from conducting trading activities themselves);
- the Group will avoid cross-financing between businesses forming part of the Investment Portfolio;
- the Group will avoid the operation of common treasury functions as between any member of the Group and investee companies (for this purpose “investee companies” does not include intermediate holding companies in the Group);
- not more than 10%, in aggregate, of the value of the total assets of the Group will be invested in other UK-listed closed-ended investment funds, except for those which themselves have published investment policies to invest not more than 15% of their total assets in other UK-listed closed-ended investment funds; and
- the Group must, at all times, invest and manage its assets in a way that is consistent with its object of spreading investment risk and in accordance with the published investment policy.

6. 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.

7. 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 as at 31 December 2014 are set out in note 29 to the Financial Statements.

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.

8. 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. Against this backdrop of improving market sentiment and positive signals from leading indicators, commercial real estate investment activity has continued to increase, driven by strong cross-regional capital flows into the direct investment market and improved availability of debt. The Group believes that there is a favourable investment outlook for commercial real estate assets as the real estate market continues to recover. The Group continues to build a high quality real estate and real estate loan portfolio to capitalise on this upside potential. 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 intends to source 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. This is reflected in the Investment Portfolio of over £2.0 billion that the Group has built in the period of time since its IPO in February 2014. 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.

9. The Investment Portfolio

As at 31 March 2015, the Investment Portfolio comprised the following real estate assets and real estate loans:

- 13 Property Portfolios made up of 259 office, industrial, retail, residential, hotel and development real estate assets, of approximately 9.7 million⁴ sq. ft. in aggregate, located across the United Kingdom, Ireland and Spain; and
- four Loan Portfolios⁵ secured by 32 real estate assets located in the United Kingdom and Ireland.

In the period between 1 April 2015 and the date of the Prospectus, the Group has since acquired Puerta del Sol 9 (a 24,700 sq. ft. retail asset located in Plaza Puerta del Sol in Madrid, Spain), Pioneer Point, Ilford (a real estate loan secured by a residential asset, located in Ilford, with an aggregate unpaid principal balance of approximately £149 million at acquisition) and Postigo de San Martín 3, (a 41,676 sq. ft. residential building located in the Sol/Gran Vía area in Madrid city centre). The Group also disposed of one further asset, being Teeside Leisure Park, Stockton-on-Tees, an asset in the Jupiter portfolio.

Further information on the Investment Portfolio is included under “*Information on the Investment Portfolio*”.

10. 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, though it has not entered into any definitive agreements with respect to any of these investments.

In the event that 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.

11. 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

⁴ This figure excludes the hotel and development assets.

⁵ One of the Loan Portfolios is a minority interest of 16.67% in a syndicated loan secured by six real estate assets located in Northern Ireland and Scotland.

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, (as at 31 December 2014, the KW Europe Group had Assets Under Management in the UK, Ireland and Spain with a value of approximately £2.7 billion (U.S.\$4.2 billion)); (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.

12. Financial Information

The Issuer was incorporated on 23 December 2013. The Financial Statements are incorporated by reference in this 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.

13. 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. 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.

14. 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.

15. Recent Developments

Since 31 December 2014, the Group has made significant acquisitions of over £659.8 million, comprising:

- the Gatsby portfolio of 180 properties across the UK for £503.0 million, of which the acquisition of 171 properties with a purchase price of £480.7 million has completed and the completion of nine properties with a purchase price of £22.3 million remains subject to satisfaction of certain conditions. See also paragraph 4 under "*Information on the Investment Portfolio*";
- the loan portfolio secured by eight Park Inn hotels across the UK, for approximately £61.9 million;
- the loan portfolio secured against the freehold interest in the 294-unit Pioneer Point residential towers, Ilford (London Zone 4) for £68.5 million;
- Puerta del Sol 9, a high street property in the iconic Plaza Puerta del Sol in Madrid, for £21.6 million (€30.0 million); and
- Postigo de San Martín 3, a 41,676 sq. ft. residential building located in the Sol/Gran Via area in Madrid city centre for £4.8 million (€6.7 million).

In addition, Gardner House, a Dublin 2 office building, which was acquired for £34.0 million (€43.5 million) as a loan in November 2014 was converted to direct real estate in February 2015 without repayment by the Issuer of any additional amount.

Since 31 December 2014 to the date of this Prospectus, the Issuer has also completed disposals for an aggregate £23.85 million of sales proceeds, generating an average unlevered return on capital of 22.9% over a hold period of 9.6 months. In addition, some of the smaller loans in the Elliott Portfolio were partially repaid through the consensual disposals of the underlying properties for approximately £1.4 million, thereby reducing the underlying collateral in the Elliott Portfolio to 13 assets. The Issuer intends to make further property and loan disposals over the rest of 2015 and beyond.

In addition, in January 2015, the Group completed the Gatsby financing totalling £352.3 million of which £337.8 million is currently drawn against the 171 properties that have completed (see paragraph 6.11 under "*Additional Information*"), and in May 2015 a drawdown of £30.5 million was made by the Issuer under the Revolving Credit Facility.

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 over 450 employees across 25 offices in the United States, the UK, Ireland, Spain, Japan 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 31 March 2015, KW had approximately £12 billion (U.S. \$18 billion) of real estate and real estate-related Assets Under Management, totaling over 68 million sq. ft. of properties in the United States, Europe and Japan. This total includes ownership interests in 20,070 multi-family apartment units and 17.1 million sq. ft. of commercial properties. For the year ended 31 December 2014, KW and its equity partners acquired approximately £2.1 billion (U.S. \$3.2 billion) of real estate related investments, in which KW invested £386.8 million (U.S. \$600.7 million) of equity. For the three months ended 31 March 2015, KW and its equity partners acquired approximately £622.2 million (U.S. \$922.9 million) of real estate related investments, in which KW invested £24.7 million (U.S. \$36.7 million) of equity. As at 31 March 2015 and 31 December 2014, these acquisitions include £1.5 billion (U.S.\$2.4 billion) and £552.6 million (U.S.\$819.7 million), respectively, of real estate related investments acquired by the Group.

Track record in Europe

KW has identified the UK, Ireland and Spain as well as other European jurisdictions, including Italy, as markets with attractive growth characteristics and has established a successful European investment platform with strong sourcing capabilities and a proven 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 31 March 2015, KW Europe had grown to employ in excess of 75 investment professionals across London, Dublin, Madrid and Jersey. KW Europe has demonstrated strong sourcing capabilities and, since its inception in 2011 and in period through to 31 March 2015, has entered into 35 transactions with 17 financial institutions across the UK, Ireland and Spain. As at 31 March 2015, it had Assets Under Management in Europe with a value of approximately £3.2 billion (U.S.\$4.7 billion)⁶.

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 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.

⁶ Including the Group's Investment Portfolio as at 31 March 2015.

For example, after the acquisition of the real estate investment management platform of Bank of Ireland in June 2011, and as a result of its relationship with Bank of Ireland, KW Europe acquired a UK based loan portfolio from Bank of Ireland through direct negotiations for £1.1 billion in October 2011. The transaction was executed in a short time frame. The UK based loan portfolio originally consisted of 24 borrowers or groups of connected borrowers referred to as “**connections**” of 173 underlying assets, consisting of performing and non-performing loans. The loan collateral (by value) consisted primarily of office (39%), retail (26%), residential (25%) and industrial (9%) assets, with a loan to value ratio of 78% at the time of acquisition. KW Europe sold the loans of six connections in December 2011 resulting in a gain on such sale. A variety of asset management strategies have been utilised by KW Europe to sell, restructure or otherwise resolve the majority of the connections ahead of schedule and for a higher return than originally anticipated. As at 12 May 2014, KW Europe had fully resolved and exited from its investment in the portfolio.

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. For example, the purchase by KW Europe in June 2012 of a 210 unit, nine-story luxury apartment complex in Dublin, Ireland out of receivership for £33 million was made at a significant discount to its peak value. As at 31 March 2015, as part of its asset management strategy, KW Europe has successfully refurbished 135 units at an average cost of £7,700 (€10,600) per unit with a return on renovation capital of approximately 25.4%, and intends to renovate the remaining units over the next four years. Since the acquisition of the property by KW Europe, net effective rents have increased by 30%.

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 with an aggregate value of approximately £4.8 billion as at 31 March 2015 (including the investments owned by the Issuer). 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 over 15 years’ experience in the real estate industry. 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 with 24 years' experience in offshore and onshore administration and financial services. 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 replacement on the Investment Manager's board and the Investment Manager is in the process of searching for a suitable candidate.

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 McMorro, Chairman and Chief Executive Officer, KW

William McMorro serves as the chairman and chief executive officer of KW and was instrumental in launching KW's business in Europe. Mr McMorro has served as chairman and chief executive officer of KW and its predecessor since 1988. Mr McMorro is the architect of KW's expansion into real estate brokerage, property management and investment services. In addition to his real estate experience, Mr McMorro 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 McMorro received a Bachelor of Science in Business and an M.B.A. from the University of Southern California. Mr McMorro 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 over 28 years' experience in the financial services and investment industry. 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 such acquisition, Mr Collins had been responsible for the development of that business since 2003 and oversaw a growth in Assets Under Management from €250 million to over €2.7 billion during that period. 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 29 years' experience, particularly 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.

Joan Kramer, Managing Director, KW Europe

Joan Kramer is responsible for the origination and purchasing of commercial real estate loans in Europe for KW as a managing director of KW Europe, a role she has held since 2012. Ms Kramer was previously a managing director of KW Commercial Investment Group from 2010 to 2012. Ms Kramer has 30 years' experience in commercial real estate, including originating non-performing loan purchases, underwriting, workouts and real estate owned portfolio management. Ms Kramer was previously with Marathon Asset Management as a managing director in charge of all real estate origination and portfolio management in the western United States. Prior to joining Marathon Asset Management, Ms Kramer worked at Merrill Lynch Capital from 2002 to 2006 where she was a director and sales manager overseeing Merrill's real estate production offices in Los Angeles and San Francisco. From 1996 to 2002, Ms Kramer worked at GE Capital/Heller Financial, where she spent eight years in various real estate roles, including originating both

bridge and mezzanine loans as well as national and international purchases of distressed debt portfolios. Ms Kramer was also national portfolio manager for Heller Financial where she managed a national team. Ms Kramer is a Certified Public Accountant and received a Bachelor of Science in Accounting from Northern Illinois University.

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:

- (i) 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;
- (ii) 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;

- (iii) completion of a takeover or sale of the Issuer; or
- (iv) 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

As at 31 March 2015, the Group had 13 portfolios comprising 259 real estate assets (the “**Property Portfolios**”) and four portfolios of real estate loans (the “**Loan Portfolios**”) secured by 32 real estate assets, which together with the subsequently acquired assets referred to below form the Group’s investment portfolio (the “**Investment Portfolio**”). The Investment Portfolio is consistent with the investment strategy of the Group set out in paragraph 8 under “*Information on the Group*” and comprises the following assets:

Property Portfolios

- *Artemis Portfolio*: 25 office, industrial and retail real estate assets (following the disposal of Trident One, Manchester), let to tenants including DHL, Aon, Next, Mothercare, Speedo, Wincanton, Barclays Bank and Leeds Building Society, located across England and Scotland;
- *111 Buckingham Palace Road*: 227,000 sq. ft. Grade A office asset, let to tenants including Telegraph Media Group and Regus, located in the key strategic area of Victoria in London’s West End;
- *Vantage, Central Park*: 274 residential units and approximately 17,600 sq. ft. of commercial space, with planning permission for a further 166 residential units which are currently under construction and approximately 14,900 sq. ft. of ground floor and mezzanine commercial space, located in Sandyford – approximately 11 kilometres from Dublin city centre in an affluent catchment area of South Dublin;
- *Fairmont St Andrews Hotel*: a 209 room hotel with two 18 hole golf courses, located in St. Andrews, Scotland;
- *Gardner House*: 75,600 sq. ft. office asset, let to Gardner House Company (a company whose shareholders are partners of PWC), located on Wilton Place in Dublin City Centre;
- *Gatsby Portfolio*: 180 retail, office, industrial and leisure real estate assets, let to tenants including Travelodge Hotels, SNAX 24 and Musgrave Retail Partners, located across England, Scotland and Wales;
- *Jupiter Portfolio*: 19 office, industrial and retail real estate assets (following the disposal of Regent Centre, Newcastle and Cresta House, Luton), let to tenants including HSBC Bank, The Secretary of State for the Environment (the UK Government), TK Maxx, Chevron, Shell and ConocoPhillips, located across England and Scotland. In April 2015, the Group subsequently disposed of Teeside Leisure Park, Stockton on Tees;
- *The Liffey Trust Building*: 81 unit residential scheme, with 68 basement parking spaces, located in Dublin, Ireland;
- *Marshes Shopping Centre*: a shopping centre with 39 retail units, a food court and 1,530 space car park, located in Dundalk, Ireland;⁷
- *Opera Portfolio*: 13 office and retail real estate assets, let to tenants including Bank of Ireland, KPMG, Tesco and Marks & Spencer, located across Dublin, with one asset in Cork;
- *Portmarnock Hotel & Golf Links*: a 138 room seafront hotel and 18 hole golf course, located in Portmarnock, Dublin, Ireland;

⁷ The centre also includes two anchor units owned by Dunnes and Penney’s which do not form part of the assets acquired by the Group.

- *Santisima Trinidad 5*: 43,056 sq. ft. office building located in the Chamberi area, one of the prime residential areas in Madrid; and
- *Tiger Portfolio*: 13 office, industrial and retail real estate assets (following the disposal of Argyle St. and Union St., Glasgow), let to tenants including Deloitte, The Lottery Fund, Regis, Electrolux and Eddie Stobart Ltd, located across England and Scotland.

Subsequently acquired property assets

In May 2015, the Group acquired Puerta del Sol 9, a 24,700 sq. ft. retail asset located in Plaza Puerta del Sol in Madrid, Spain. The asset management strategy includes submitting a planning application to convert from residential to retail. On receipt of planning approval, a comprehensive refurbishment will be undertaken with the aim to market the asset to high-end retailers looking for flag-ship accommodation.

In June 2015, the Group acquired Postigo de San Martín 3, a 41,676 sq. ft. residential building located in the Sol/Gran Via area in Madrid city centre. The initial asset management strategy includes obtaining the required licences for conversion of the asset from residential to a hotel and sell the asset to a hotel operator.

Loan Portfolios

- *Avon Portfolio*: five real estate loans secured by five real estate assets, let to the UK Government, located in England, with an aggregate unpaid principal balance of approximately £111.1 million (as at 31 March 2015);
- *Corbo Portfolio*: a minority interest of 16.67% in one syndicated real estate loan secured by six real estate assets located in Northern Ireland and Scotland, with an aggregate unpaid principal balance of approximately £21.3 million (as at 31 March 2015);
- *Elliott Portfolio*: 11 real estate loans secured by a portfolio of 13 real estate assets (following the resolution of two loans reducing the collateral by four assets), comprising primarily office, industrial, retail and residential real estate assets with the majority located in Dublin, Ireland, with an aggregate unpaid principal balance of approximately €213.4 million (£155.2 million) (as at 31 March 2015); and
- *Park Inn Portfolio*: eight real estate loans secured by a portfolio of eight hotel assets, located across England, with one asset in Wales, with an aggregate unpaid principal balance of approximately £91.6 million (as at 31 March 2015).

Subsequently acquired loan assets

In addition, in May 2015 the Group also acquired Pioneer Point, Ilford, a real estate loan secured by a residential asset, located in Ilford, with an aggregate unpaid principal balance of approximately £149 million at acquisition.

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. As at 31 March 2015, approximately 17% (by market value) of the Group's direct real estate portfolio had been originated as loans.

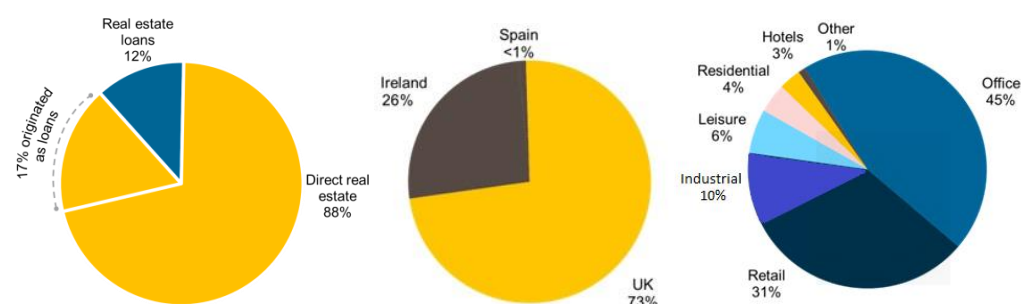
When acquiring Loan Portfolios, the Group due diligences the real estate assets underlying the loans being acquired in the same way it would treat a direct real estate asset acquisition. This process includes the identification of assets that do not fit the Group's hold strategy and these are typically divested following the acquisition.

The Assets via Loans strategy will be applied to the Park Inn and Pioneer Point loan portfolios as well as the three main collateral assets within the Elliott Portfolio (which represent over 90% of the total value of the underlying collateral of that portfolio).

2. Investment Portfolio

(a) Overview

As at 31 March 2015, the Investment Portfolio comprised 88% real estate assets and 12% real estate loans (calculated by market value), as illustrated by the chart below. As at 31 March 2015, the real estate assets contained in the Property Portfolios were located in the UK (approximately 74% by market value) and Ireland (approximately 26% by market value) and can be divided into seven asset classes, being office, retail, industrial, leisure, residential, hotels and other (development) in the percentages (calculated by market value) set out in the charts below.



Note: The geographic and sector analyses relates to direct real estate only and excludes any real estate loans.

As at 31 March 2015, the Property Portfolios comprised in aggregate 259 real estate assets totalling approximately 9.7 million⁸ sq. ft., with a market value of approximately £1.785 billion (excluding acquisition costs and expenses). The Loan Portfolios comprised four portfolios of real estate loans secured by, in aggregate, 32 real estate assets, with a market value of £235.1 million and an aggregate unpaid principal balance of approximately £379.2 million (as at 31 March 2015). As at 31 March 2015, the Group's Investment Portfolio generated NOI of approximately £131.4 million⁹.

The Group benefits from long unexpired lease terms across its leases, with a WAULT of 8.2 years to break and 9.5 years to expiry and the lease expiries are staggered across time, with more than 50% and 30% of the total gross annual rent being earned from leases with lease terms in excess of five years, and ten years and over, respectively.

Details of the Investment Portfolio as at 31 March 2015 are summarised as follows:

| Sector | Area ft ² | (m | No. assets | Portfolio value (£m) | NOI (£m) | Acq'n YOC (%) | WAULT (yrs) | Occup'y (%) ¹ |
|-----------------------|-------------------------|----|------------|-------------------------|------------|------------------|----------------|-----------------------------|
| Office | 2.7 | | 42 | 808 | 50 | 6.7 | 6.5 | 92.9 |
| Retail | 2.8 | | 137 | 552 | 37 | 6.7 | 10.2 | 96.4 |
| Industrial | 3.2 | | 34 | 172 | 12 | 7.5 | 5.9 | 99.2 |
| Leisure | 0.7 | | 40 | 115 | 8 | 6.7 | 13.3 | 95.3 |
| Residential | 0.3 | | 2 | 69 | 3 | 4.4 | – | 93.1 |
| Property Total | 9.7 | | 255 | 1,716 | 110 | 6.6 | 8.2 | 94.8 |
| Development | – | | 2 | 11 | – | – | – | – |
| Hotel | – | | 2 | 58 | 3 | 5.6 | – | – |

⁸ This figure excludes the hotel and development assets.

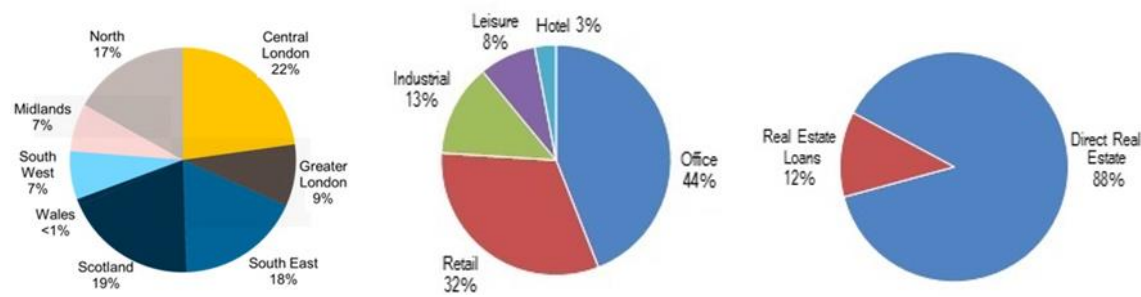
⁹ Net operating income calculated as at 31 March 2015, comprising the income receivable in the period including hotel EBITDA and loan portfolio interest income (after payment of direct property outgoing).

| | | | | | | | |
|-----------------------|------------|------------|--------------|------------|------------|------------|-------------|
| Real Estate Loans | – | 32 | 235 | 18 | 7.4 | – | – |
| Total/ average | 9.7 | 291 | 2,020 | 131 | 6.7 | 8.2 | 94.8 |

¹Occupancy by ERV

(b) The UK Investment Portfolio

The part of the Investment Portfolio located in the United Kingdom can further be split by geography, investment type and real estate asset class (calculated by market value) as at 31 March 2015 as follows:



Note: The geographic and sector analysis relates to UK direct real estate only and excludes any real estate loans.

As at 31 March 2015, the part of the Investment Portfolio located in the UK comprised 239 real estate assets covering an aggregate of approximately 8.3 million¹⁰ sq. ft. and three portfolios of real estate loans with an aggregate market value of approximately £177.8 million, secured by 19 real estate assets.¹¹

Central London

The Group's Central London property portfolio comprises eight properties with a total market value of £310 million as at 31 March 2015, representing 17% of the Group's Property Portfolio by market value at that date. The asset mix of the Central London portfolio is 87% office, 9% leisure and 4% retail measured by market value at 31 March 2015. At the same date, the portfolio had a WAULT of 6.3 years, an occupancy rate of 99% and an average rent of £34 per sq. ft..

Scotland

The Group's Scottish property portfolio comprises 13 properties with a total market value of £258 million as at 31 March 2015, representing 14% of the Group's Property Portfolio by market value at that date. The asset mix of the Scottish portfolio is 73% office (principally prime office assets in Aberdeen and Edinburgh), 14% hotel, 9% retail and 4% industrial measured by market value at 31 March 2015. At the same date, the portfolio had a WAULT of 7.1 years, an occupancy rate of 93.4% and an average rent of £29 per sq. ft..

South East

The Group's South East property portfolio comprises 74 properties with a total market value of £240 million as at 31 March 2015, representing 13% of the Group's Property Portfolio by market value at that date. The asset mix of the South East portfolio is 60% retail (of which, 38 properties were prime retail assets valued at £131 million), 18% industrial, 17% office and 5% leisure measured by market value at 31 March 2015. At the same date, the portfolio had a WAULT of 6.0 years, an occupancy rate of 98.4% and an average rent of £10 per sq. ft..

Greater London

The Group's Greater London property portfolio comprises 27 properties with a total market value of £115 million as at 31 March 2015, representing 6% of the Group's Property Portfolio by market value at that date. The asset mix of the Greater London portfolio is 61% retail, 19% industrial, 18% leisure and 2% office measured by market value at 31 March 2015. At the same date, the portfolio had a WAULT of 9.0 years, an occupancy rate of 97.6% and an average rent of £11 per sq. ft..

Other UK regions

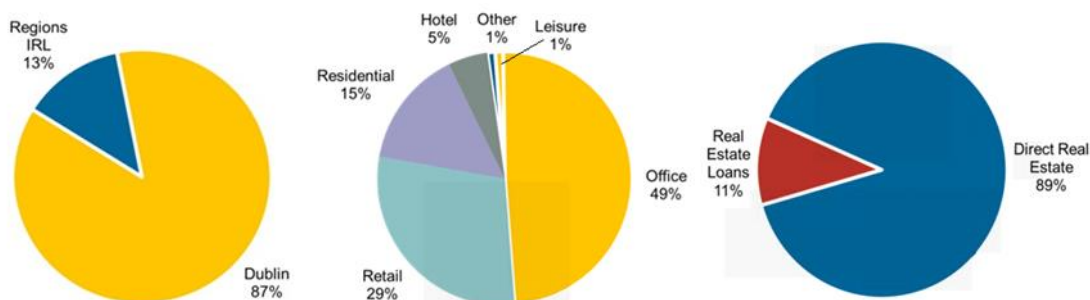
¹⁰ This figure excludes the hotel and development assets.

¹¹ One of the Loan Portfolios is a minority interest of 16.67% in a syndicated loan secured by six real estate assets located in Northern Ireland and Scotland.

The Group's property portfolio in the North of England, the English Midlands and the South West of England comprises 117 properties with a total market value of £403 million as at 31 March 2015, representing 23% of the Group's Property Portfolio by market value at that date. The asset mix of this portfolio is 43% retail, 24% industrial, 20% office and 13% leisure measured by market value at 31 March 2015. At the same date, the portfolio had a WAULT of 7.9 years, an occupancy rate of 94.8% and an average rent of £7.60 per sq. ft..

(c) **The Irish Investment Portfolio**

The part of the Investment Portfolio located in Ireland can further be split by geography, investment type and real estate asset class (calculated by market value) as at 31 March 2015 as follows:



Note: The geographic and sector analysis relates to Irish direct real estate only and excludes any real estate loans.

As at 31 March 2015, the part of the Investment Portfolio located in Ireland comprised 19 real estate assets covering an aggregate of approximately 1.4 million¹² sq. ft. and one portfolio of real estate loans with an aggregate value of approximately £57.3 million secured by 13 real estate assets.

3. Investment Portfolio - Top 20 Assets

The Group's Investment Portfolio exceeded £2 billion by market value as at 31 March 2015 and comprised 291 assets. The top 20 assets (by market value) in the Property Portfolio accounted for almost 50% of the total Investment Portfolio market value at 31 March 2015 and are summarised in the table below.

| Top twenty assets | Region | Sector | Market Value (£m) | NOI (£m) | YOC (%) | Area (sq. ft.) | WAULT (yrs) | Occupancy ¹ (%) |
|------------------------------------|----------------|-------------|-------------------|----------|---------|----------------|-------------|----------------------------|
| 111 Buckingham Palace Road | Central London | Office | 207.5 | 10.6 | 5.1% | 227,165 | 5.3 | 100% |
| 40/42 Mespil Road | Dublin | Office | 66.8 | 3.3 | 5.0% | 118,040 | 13.2 | 100% |
| Stillorgan Shopping Centre | Dublin | Retail | 63.9 | 4.1 | 6.4% | 145,376 | 6.3 | 99% |
| Seafield House | Scotland | Office | 62.0 | 5.1 | 7.4% | 203,077 | 1.8 | 100% |
| FriarsBridge Court, Blackfriars Rd | Central London | Office | 59.0 | 2.3 | 4.4% | 99,824 | 2.2 | 98% |
| Russell Court, St Stephen's Green | Dublin | Office | 58.0 | 3.6 | 6.4% | 139,256 | 10.2 | 100% |
| Vantage, Central Park | Dublin | Residential | 57.7 | 2.5 | 4.3% | 259,393 | - | 92% |
| Rubislaw House | Scotland | Office | 47.3 | 3.0 | 5.6% | 101,694 | 14.8 | 100% |
| South Bank House, Barrow | Dublin | Office | 37.5 | 2.1 | 5.8% | 62,150 | 15.9 | 100% |

¹² This figure excludes the hotel and development assets.

| Street | | | | | | | | | |
|-------------------------------------|-------------------|------------|----------------|--------------|-------------|------------------|------------|------------|--|
| Fairmont Hotel & Golf | Scotland | Hotel | 36.6 | 2.3 | 5.8% | - | - | - | |
| Marshes Shopping Centre | Regions IRL | Retail | 34.8 | 2.6 | 7.5% | 273,100 | 6.2 | 91% | |
| Gardner House, Wilton Place | Dublin | Office | 32.6 | 2.1 | 6.8% | 75,568 | 3.7 | 100% | |
| Argyle House, 3 Lady Lawson St | Scotland | Office | 32.1 | 1.9 | 6.5% | 220,402 | 18.1 | 100% | |
| Marathon House | Scotland | Office | 29.3 | 2.3 | 7.9% | 92,607 | 2.0 | 100% | |
| Pennine Centre | North | Office | 27.9 | 2.8 | 9.6% | 234,897 | 3.7 | 100% | |
| Midpoint, Middlewich | North | Industrial | 24.7 | 1.8 | 7.5% | 371,485 | 4.4 | 100% | |
| Travelodge Hotel, Grays Inn Road | Central London | Leisure | 23.2 | 1.2 | 5.0% | 65,010 | 22.7 | 100% | |
| M&S, Merchants Quay | Regions IRL | Retail | 22.7 | 1.2 | 5.2% | 78,690 | 72.2 | 100% | |
| Trident Retail & Leisure Park | North | Retail | 21.9 | 2.3 | 9.6% | 217,393 | 7.3 | 85% | |
| Portmarnock Hotel & Golf | Dublin | hotel | 21.5 | 1.2 | 5.1% | - | - | | |
| Total top twenty assets | | | 967.0 | 58.3 | 6.0% | 2,985,121 | 8.9 | 98% | |
| Remaining assets² | | | 1,053.2 | 73.1 | 7.3% | 6,716,039 | 7.6 | 91% | |
| Total Assets | | | 2,020.2 | 131.4 | 6.7% | 9,701,160 | 8.2 | 95% | |

Source: Issuer information as of 31 March 2015

¹ Occupancy by ERV

² Including Loan Portfolios

The summaries below in relation to five of the Group's top 20 assets are intended to illustrate the different asset management strategies applied by the Group.

111 Buckingham Palace Road

111 Buckingham Palace Road was acquired in November 2014 at a purchase price of £207.5 million, equating to a capital value of £913 per sq. ft.. The Group believes that there is a high reversion potential with this asset, which is the largest single asset acquired by the Group as at the date of this Prospectus. The current prime market rents in Victoria are in excess of £80 per sq. ft. compared to the current average rents in place at BPR of £47 per sq. ft.. As 89% of the current rental income is to be reviewed by 2017, the Group believes that it is well positioned to increase significantly the average rents at BPR. In order to fully capitalise on the regeneration of the Victoria area, the Group's business plan includes a comprehensive refurbishment and expansion of the reception area in advance of the up-coming rent reviews along with rolling fit-outs on vacated floors.

Gatsby Portfolio

The Gatsby Portfolio, comprising 180 mixed use real estate assets located across England, Scotland and Wales, was acquired in January 2015 with a purchase price of £503 million, equating to YOC of 6.9%. The portfolio has a mixture of assets with differing strategies including early sales, asset management and long-term holds. There are a number of high quality institutional assets, with strong tenant and investor demand, and good individual asset liquidity. The overall asset management strategy is to maintain the high level of occupancy and increase the passing rents through key lease events, including re-gears of existing leases, lease renewals, re-letting of vacant space, managing out lease breaks with appropriate incentives and capturing the rental upside through contractual rent reviews.

Jupiter Portfolio

The Jupiter Portfolio was acquired in May 2014 through an off-market opportunity to acquire a high quality mixed use portfolio from a CMBS loan in enforcement. The Group purchased the B-loan notes of the securitisation structure providing an indirect option, which it used, to buy the collateral underlying the loan. The portfolio comprised 21 properties located in England and Scotland of which seven are listed in the Group's top 20 assets above. The Jupiter Portfolio is a diversified portfolio with a number of high quality institutional assets, with strong tenant and investor demand, and good individual asset liquidity. There are a mixture of trading, asset management and long-term hold assets. One initiative currently ongoing is a feasibility study at Friars Bridge Court to consider refurbishment / redevelopment options with the aim of letting the refurbished / redeveloped asset at significantly improved rental values and terms.

Opera Portfolio

The Opera Portfolio was acquired by the Issuer in June 2014 for a purchase price of £305.2 million, equating to a YOC of 6.2% and comprises 13 office and retail assets located across Dublin, with one asset in Cork. While the majority of the portfolio is let on long-term leases, one significant asset management initiative currently underway includes the comprehensive refurbishment of Baggot Plaza, an office asset in Dublin 4. The original 91,600 sq. ft. 1970s building is being stripped back to frame and fully refurbished. Final planning permission has also been received for an additional space of approximately 37,700 sq. ft.. An agreement to lease the entire asset has recently been signed with the Governor of the Bank of Ireland for a 25 year term (with a tenant break option at year 20) at a headline rent of approximately £34.13¹³ (€47.50) per sq. ft.. Following the completion of this letting, the portfolio will be at 100% occupancy.

Gardner House

Gardner House, an office building in Dublin 2, was acquired in November 2014 by way of an off market loan purchase for a purchase price of £34.7 million, equating to a YOC of 6.9% (and equating to 6.8% on the cashless conversion of the loan to the asset). An example of the Group's Asset via Loan strategy, the consensual asset acquisition was completed in February 2015, within 90 days of the acquiring the loan. The property is currently let to Gardner House Company, a company whose shareholders are partners of PWC, until December 2018. Gardner House Company is not in occupation and has sub-let 94% of the asset to LinkedIn.

4. Property Portfolio – Top 20 Tenants

The Group's top 20 tenants (excluding loan portfolios and hotel and residential assets) accounted for gross rental income of £47.6 million, equal to 43% of the Group's total rental income as at 31 March 2015, with the top 10 tenants accounting for 28% of the Group's total rental income in the same period. The Group's top 20 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, government, leisure and retail. The Group's top 20 tenants have WAULTs based on current rent ranging from 0.2 years to 60.2 years, with 11 such tenants having WAULTs of less than 10 years and eight tenants having WAULTs between 10 and 25 years.

¹³ Converted to sterling at 31 May 2015.

5. Asset Management

Since the Issuer's IPO in February 2014 and up to 31 March 2015, the Group has made strong progress on its asset management business plans, despite the average hold period of the portfolio being only 6.9 months.

During the period described above, 187 leasing transactions have been undertaken over 659,300 sq. ft., adding a further £5.1 million to annualised NOI. New lettings during the period accounted for 315,000 sq ft. on average lease lengths of 9.1 years (9.7 years to expiry).

The table below shows details of the Group's asset management in the period from the Issuer's IPO in February 2014 up to 31 March 2015.

| | Re-gear | New lease | Total |
|-----------------------------|---------|-----------|--------------|
| No. of transactions | 42 | 145 | 187 |
| Area (000 ft ²) | 344.6 | 314.7 | 659.3 |
| NOI uplift (£m) | | | |
| Rental income | 1.3 | 2.8 | 4.1 |
| Hotel EBITDA | | | 0.3 |
| Loan income | | | 0.7 |
| Total NOI uplift | | | 5.1 |

The Group has limited exposure to capital expenditure requirements, as 93% 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, for example Plaza Puerta del Sol in Madrid (see "*Introduction – Property Portfolio-Subsequently acquired assets*" above) 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 (see "*Investment Portfolio – Top 20 Assets-Opera portfolio*" above). The Group's forecasted capital expenditure budget over the three years to end 2017 is approximately £134 million, of which approximately 81% relates to repositioning and refurbishment work across 10 assets and the 19% relates to development activity (such as planning applications, tenant incentives and maintenance).

6. Significant Acquisition since 31 December 2014

The Group acquired the Gatsby Portfolio of 180 properties located in England and Scotland in January 2015, of which the Group has completed the acquisition of 171 properties and the acquisition of nine properties remains subject to completion. The Group's asset management strategy in relation to the Gatsby portfolio is described in paragraph 3 above.

The Group, having been advised by the Investment Manager, believes that the Gatsby acquisition will create a platform for further growth consistent with the Group's investment strategy.

See paragraph 15 under "*Information on the Group*" for further information on the acquisition of the Gatsby portfolio and other acquisitions since 31 December 2014.

Directors, Corporate Governance and Administration

1. Directors

The Directors, all of whom are non-executive and, other than William McMorrow 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 McMorrow 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 McMorrow (date of birth: 15 April 1947)

William McMorrow'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 of approximately £2.0 billion 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 AIC Code and the Corporate Governance Code.

Since 28 February 2014, the Issuer has obtained membership to the AIC and complies with the principles of good governance contained in the AIC Code (which complements the Corporate Governance Code and provides a framework of best practice for listed investment companies), and in accordance with the AIC Code, save as described below, the Issuer complies with the Corporate Governance Code. Furthermore, the Issuer intends to become a member of EPRA, the real estate body responsible for formulating best practice for the European real estate sector in reporting and accounting.

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 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.

Unaudited Pro Forma Financial Information

ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION



KPMG

Chartered Accountants

Stokes Place
St. Stephen's Green
Dublin 2
Ireland

The Directors
Kennedy Wilson Europe Real Estate Plc
47 Esplanade
St. Helier
Jersey
JE1 0BD
Channel Islands

25 June 2015

Dear Sir or Madam,

Kennedy Wilson Europe Real Estate Plc (the "Issuer")

We report on the unaudited pro forma net asset statement set out under "*Unaudited Pro Forma Financial Information*" (the "**Unaudited Pro Forma Financial Information**").

The Unaudited Pro Forma Financial Information has been prepared on the basis described in the notes thereto, for illustrative purposes only, to provide information about how the acquisition of the Gatsby Portfolio might have affected the net assets presented on the basis of the accounting policies adopted by the Issuer in preparing its consolidated financial information for the period from incorporation on 23 December 2013 to 31 December 2014.

This report is required by paragraph 20.2 of Annex I of the Commission Regulation (EC) No. 809/2004 (the "**Prospectus Directive Regulation**") and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Issuer to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 20.2 of Annex I of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the Unaudited Pro Forma Financial Information and to report that opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in this Prospectus.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board of the United Kingdom and Ireland. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Issuer.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled on the bases stated and that such bases are consistent with the accounting policies of the Issuer.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the Unaudited Pro Forma Financial Information has been properly compiled on the bases stated; and
- such bases are consistent with the accounting policies of the Issuer.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of this Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

This declaration is included in the prospectus dated 25 June 2015 relating to the issue by the Issuer of its £300,000,000 3.95 per cent. Bonds due 2022 in compliance with paragraph 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully

KPMG

Chartered Accountants
Dublin, Ireland

UNAUDITED PRO FORMA FINANCIAL INFORMATION

Set out below is the unaudited pro forma net asset statement of the Group as at 31 December 2014.

The unaudited pro forma net asset statement has been prepared for the purpose of illustrating the effect of the acquisition of the Gatsby Portfolio on the Group's net assets as if those transactions had taken place on 31 December 2014. The unaudited pro forma net asset statement has been prepared for illustrative purposes only and, because by its nature it addresses a hypothetical situation, it does not reflect the Group's actual financial position or results.

The unaudited pro forma net asset statement has been compiled on the basis set out in the notes below and has been prepared in a manner consistent with the accounting policies adopted by the Issuer in preparing its consolidated financial statements for the period from incorporation on 23 December 2013 to 31 December 2014 which have been incorporated by reference in this Prospectus and in accordance with the requirements of paragraph 20.2 of Annex I of the Prospectus Directive Regulation and items 1 to 6 of Annex II of the Prospectus Directive Regulation.

The unaudited pro forma net asset statement is presented as at 31 December 2014 which has been chosen as the most recent date for which financial information is disclosed in this Prospectus.

| | ADJUSTMENTS | | |
|--------------------------------------|------------------------------------------------------|------------------------------------------------|--------------------------------------------------------|
| | <i>Historical net assets at 31 December 2014</i> | <i>Acquisition of the Gatsby Portfolio</i> | <i>Pro forma net assets as at 31 December 2014</i> |
| | <i>£m</i> | <i>£m</i> | <i>£m</i> |
| | <i>(Note 1)</i> | <i>(Note 2)</i> | <i>(Note 3)</i> |
| Non-current assets | | | |
| Investment and development property | 1,218.3 | 527.5 | 1,745.8 |
| Loans secured by real estate | 211.0 | - | 211.0 |
| Property, plant and equipment | 59.7 | - | 59.7 |
| Derivative financial assets | 7.5 | - | 7.5 |
| | <u>1,496.5</u> | <u>527.5</u> | <u>2,024.0</u> |
| Current assets | | | |
| Inventories | 0.3 | - | 0.3 |
| Rent and other receivables | 48.2 | (25.3) | 22.9 |
| Cash and cash equivalents | 441.9 | (151.9) | 290.0 |
| | <u>490.4</u> | <u>(177.2)</u> | <u>313.2</u> |
| Total assets | <u>1,986.9</u> | <u>350.3</u> | <u>2,337.2</u> |
| Current liabilities | | | |
| Trade and other payables | (32.5) | - | (32.5) |
| Deferred income | (16.2) | - | (16.2) |
| | <u>(48.7)</u> | <u>-</u> | <u>(48.7)</u> |
| Non-current liabilities | | | |
| Trade and other payables | (2.4) | - | (2.4) |
| Mortgage borrowings | (545.9) | (350.3) | (896.2) |
| | <u>(548.3)</u> | <u>(350.3)</u> | <u>(898.6)</u> |
| Total liabilities | <u>(597)</u> | <u>(350.3)</u> | <u>(947.3)</u> |
| Net Assets | <u>1,389.9</u> | <u>-</u> | <u>1,389.9</u> |
| Equity | | | |
| Stated capital | 1,314.9 | - | 1,314.9 |
| Foreign currency translation reserve | (0.4) | - | (0.4) |
| Revaluation reserve | 2.6 | - | 2.6 |

| | | | |
|---------------------------------------------|---------|---|---------|
| Share-based payments reserve | 1.7 | - | 1.7 |
| Retained earnings | 71.1 | - | 71.1 |
| Equity attributable to owners of the Issuer | 1,389.9 | - | 1,389.9 |
| Non-controlling interests | - | - | - |
| Total equity | 1,389.9 | - | 1,389.9 |

Notes:

1. The net assets of the Group have been extracted, without material adjustment, from the Financial Statements, which are incorporated by reference in this Prospectus.
2. This adjustment reflects the completion of the Group's acquisition of the Gatsby mixed use portfolio of 180 assets, as follows:
 - a. The payment of the total consideration in the amount of £503.0 million. This assumes the completion of the acquisition of all conditional assets. The acquisition of the first tranche of 163 assets completed on 31 January 2015, and a further tranche of eight assets completed on 24 March 2015. The remaining nine assets are expected to complete during the course of 2015.
 - b. The acquisition was funded through the use of existing cash resources in the amount of £125.4 million, together with the draw down of the senior debt in the amount of £352.3 million. Debt arrangement costs are £2.0 million, funded from existing cash resources.
 - c. Expenses associated with the acquisition of the Gatsby portfolio (including stamp duty and other acquisition related costs) total £24.5 million.
3. No adjustments have been made to reflect any trading or other transactions since 31 December 2014.

Use of Proceeds

The net proceeds of the issue of the Bonds, expected to amount to approximately £294,171,000, will be used for the repayment of certain debt and for general corporate purposes.

Taxation

Jersey Taxation

The following summary of the anticipated treatment of the Issuer and holders of Bonds (other than residents of Jersey) is based on Jersey taxation law and practice as they are understood to apply at the date of this 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 Bonds should consult their professional advisers on the implications of acquiring, buying, selling or otherwise disposing of the Bonds 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 Bonds may be paid by the Issuer without withholding or deduction for or on account of Jersey income tax and holders of Bonds (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 Bonds.

Stamp duty

In Jersey, no stamp duty is levied on the issue or transfer of the Bonds except that stamp duty is payable on Jersey grants of probate and letters of administration, which will generally be required to transfer the Bonds on the death of a holder of such Bonds where such Bonds 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 Bonds domiciled in Jersey, or situated in Jersey in respect of a holder of Bonds 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 Bonds are in registered form and the register is not maintained in Jersey such Bonds 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.

Jersey, along with other dependent and associated territories, will consider the effect of the Amending Directive on the taxation of savings income in the context of existing bilateral agreements and domestic law. It is not expected that this will result in changes to the treatment of payments by the Issuer.

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, European Union Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a 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 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. 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.

On 24 March 2014, the Council of the European Union adopted the Amending Directive, which amended and broadened the scope of the requirements described above. The Amending Directive requires 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 a Member State, or are made to (or secured for) an entity or a legal arrangement effectively managed in a Member State that is not subject to effective taxation, must be reported or subject to withholding. This approach may 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 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 proposal also provides that, if it proceeds, 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 Bonds 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 Prospectus, relating only to the United Kingdom withholding tax treatment of payments of principal and interest in respect of Bonds, 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. Prospective investors in the Bonds should consult their professional advisers on the implications of acquiring, buying, selling or otherwise disposing of the Bonds under the laws of any jurisdiction in which they may be liable to taxation.

Payments of interest on the Bonds 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 Bonds 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 Bonds are and remain so listed, interest on the Bonds 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 Bondholder, HMRC can issue a notice to the Company to pay interest to the Bondholder 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 securities (including the Bonds) and accounts, including in relation to issues of and other transactions in the Bonds, interest, payments treated as interest and other payments derived from the Bonds. This may include the value of the Bonds, amounts paid or credited with respect to the Bonds, and details of the holders or beneficial owners of the Bonds, of the persons for whom the Bonds are held, of the persons who exercise control over entities that are, or are treated as, holders of the Bond and of the persons to whom payments derived from the Bonds are or may be paid. Information may be obtained from a range of persons including the Issuer, 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 Bonds, persons who make, receive or are entitled to receive payments derived from the Bonds and persons by or through whom interest and payments treated as interest are paid or credited. Information obtained by HMRC may be provided to tax authorities in other jurisdictions in certain circumstances.

Subscription and Sale

Deutsche Bank AG, London Branch, J.P. Morgan Securities plc and Merrill Lynch International (the “**Joint Lead Managers**”) have, pursuant to a Subscription Agreement dated 25 June 2015 (the “**Subscription Agreement**”), jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay for the Bonds. The Issuer has agreed to pay to the Joint Lead Managers a combined management and underwriting commission. In addition, the Issuer has agreed to reimburse the Joint Lead Managers for certain of its expenses in connection with the issue of the Bonds. The Subscription Agreement entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer. The yield of the Bonds is 4.218 per cent. on an annual basis. The yield is calculated as at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

Certain of the Joint Lead Managers 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 Joint Lead Managers 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 Joint Lead Managers 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 Bonds. Any such short positions could adversely affect future trading prices of the Bonds. The Joint Lead Managers 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 Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the U.S. 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 Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the U.S. or its possessions or to a U.S. Person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder.

Each Joint Lead Manager has represented and agreed that, except as permitted by the Subscription Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Bonds, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (as defined in the Subscription Agreement) within the U.S. or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the U.S. or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Bonds within the U.S. by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

- (a) 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 Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

France

This 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 Bonds may not be, directly or indirectly, offered or sold to the public in France (“*offre au public de titres financiers*”), and neither this Prospectus nor any offering or marketing materials relating to the Bonds must be made available or distributed in any way that would constitute, directly or indirectly, an offer to the public in France.

The Bonds may only be offered or sold in France to qualified investors (“*investisseurs qualifiés*”) 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. 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 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 Bonds should be acting for their own account; and
- (iii) the direct and indirect distribution or sale to the public of the Bonds 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 Bonds has not been registered pursuant to Italian securities legislation and, accordingly, no Bonds may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Bonds 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 Bonds or distribution of copies of this Prospectus or any other document relating to the Bonds 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.

General

None of the Issuer, the Investment Manager, nor any Joint Lead Manager has made any representation that any action will be taken in any jurisdiction by the Joint Lead Managers, the Issuer or the Investment Manager that would permit a public offering of the Bonds, or possession or distribution of this Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Joint Lead Manager has agreed 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 Bonds or has in its possession or distributes this Prospectus (in preliminary, proof or final form) 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 Joint Lead Manager in any such jurisdiction as a result of any of the foregoing actions. The Issuer, the Investment Manager and the Joint Lead Managers have no responsibility for obtaining, and each Joint Lead Manager 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 Bonds 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 Joint Lead Manager has been authorised to make any representation or use any information in connection with the issue, subscription and sale of the Bonds other than as contained in, or which is consistent with, this Prospectus (in preliminary, proof or final form) or any amendment or supplement to it.

The offer and marketing (as such term is defined in Directive 2011/61/EU (the “**Directive**”)) of the Bonds is being conducted only to professional clients (as defined under Directive 2004/39/EC) in Belgium, Denmark, Czech Republic, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Poland, Portugal, Spain, Sweden and the United Kingdom (the “**Approved Jurisdictions**”) and is not being conducted in any other European Union member state. If a potential investor is not in an Approved Jurisdiction or otherwise is a person to whom the Bonds cannot be marketed in accordance with the Directive as implemented and interpreted in accordance with the laws of each European Union member state, it should not participate in the offering and the Bonds are not being offered or marketed to it.

The agreements of the Joint Lead Managers 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, on 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, on 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, on 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 and on 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.
- 2.3 The Issuer's share capital as at the Latest Practicable Date is 135,601,972 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 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 Prospectus:
- (a) 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;
 - (b) 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
 - (c) no share or loan capital of the Issuer is under option or has been agreed, conditionally or unconditionally, to be put under option.

3. Memorandum and Articles

- 3.1 The Issuer's Memorandum of Association does not restrict the objects of the Issuer.
- 3.2 The Articles contain (amongst other things) provisions to the following effect:

Voting rights

Subject to any provisions of the Articles and any special rights, restrictions or prohibitions as regards voting for the time being attached to any Ordinary Shares as may be specified in the terms of issue thereof, all Shareholders have the right to receive notice of and to attend and to vote at all general meetings of the Issuer. On a show of hands each holder of shares present in person and entitled to vote has one vote and upon a poll every Shareholder present in person or (including by proxy) and entitled to vote has one vote for each share held by him. A proxy cannot vote on a show of hands.

No Shareholder is entitled to vote at any general meeting if any call or other sum presently payable by him in respect of shares remains unpaid.

Pre-emption

There are no provisions under the Companies Law equivalent to section 561 of the UK Companies Act 2006 which confer pre-emption rights on existing shareholders in connection with the allotment of equity securities for cash or otherwise, but similar pre-emption rights (with certain exceptions) are contained within the Articles.

The Articles provide that, unless otherwise authorised by a special resolution (being two-thirds of the holder of the Shares of the class who are entitled to vote in person or proxy at a general meeting), the Issuer shall not allot equity securities (as defined in the Articles) on any terms unless (i) the Issuer has first made an offer to each person who holds shares in the Issuer to allot to him, on the same or more favourable terms, such proportion of those equity securities that is as nearly as practicable (fractions being disregarded) equal to the proportion of the total number of shares currently in issue which are held by such person; and (ii) the period, which shall not be less than 14 days, during which any offer referred to in (i) above may be accepted has expired or the Issuer has received notice of the acceptance or refusal of every offer made. A reference to the allotment of equity securities includes the grant of a right to subscribe for, or to convert any securities into, equity securities in the Issuer but does not include the allotment of any equity securities pursuant to such a right.

The pre-emption rights set out above shall not apply to: (i) a particular allotment of equity securities if these are, or are to be, wholly or partly paid up or allotted otherwise than in cash or are allotted in whole or in part otherwise than for cash; or (ii) the allotment of bonus shares in the Issuer; or (iii) the issue of securities in satisfaction wholly or in part, of the payment of a dividend in accordance with the Articles; or (iv) any allotment or issue of securities pursuant to the Investment Management Agreement.

The Issuer may otherwise disapply or modify pre-emption rights by special resolution.

Disclosure of interests in Ordinary Shares

The Board shall have power by notice in writing to require any Shareholder to disclose to the Issuer in writing (within 28 days from the date of service of the said notice in accordance with the Articles except where the Default Shares (as defined below) represent at least 0.25% of the number of Shares in issue of the class of Shares concerned in which case such deadline shall be 14 days), the identity of any person other than the Shareholder who has any interest (whether direct or indirect) in the Shares held by the Shareholder and the nature of such interest or who has been so interested at any time during the three years immediately preceding the date on which the notice is issued. For these purposes, a person shall be treated as having an interest in Shares if they have any interest in them whatsoever, including but not limited to any interest acquired by any person as a result of: (a) entering into a contract to acquire them; (b) not being the registered holder, being entitled to exercise, or control the exercise of, any right conferred by the holding of the Shares; (c) having the right to call for delivery of the Shares; or (d) having the right to acquire an interest in Shares or having the obligation to acquire such an interest.

The Board shall be required to exercise its powers to require any Shareholder to disclose the identity of any interested party if requisitioned to do so by Shareholders holding, at the date of requisition, not less than one-tenth of the total voting rights attaching to the Shares.

The Articles provide that if a Shareholder has been duly served with a notice given by the Board in accordance with the paragraph above and is in default after the prescribed deadline under the Articles for supplying to the Issuer the information thereby required then the Board may in its absolute discretion at any time thereafter serve a notice (a “**Direction Notice**”) on the Shareholder holding the Shares in relation to which the default has occurred (“**Default Shares**”) imposing restrictions on those Shares and any other Shares held by the Shareholder. The restrictions may prevent the Shareholder holding the Shares from being entitled to attend and vote at a general meeting (either in person or by proxy) or to exercise any other right conferred by membership in relation to meetings of the Issuer and, where the Default Shares represent at least 0.25% of the number of Shares in issue of the class of Shares concerned, the Direction Notice may additionally direct that in respect of the Default Shares (i) any dividend or distribution or the proceeds of any repurchase, redemption or repayment on the Default Shares or part thereof shall be retained by the Issuer without any liability to pay interest thereon when such money is finally paid to the Shareholder and such dividend or proceeds may be reduced by an amount equal to any taxes or other costs or expenses incurred by the Issuer or any other member of the Group resulting from such failure or default and (ii) no transfer other than an Approved Transfer (as defined below) of the Default Shares held by such Shareholder shall be registered unless (a) the Shareholder is not himself in default as regards supplying the information requested, and (b) when presented for registration the transfer is accompanied by a certificate by the Shareholder in a form satisfactory to the Board to the effect that after due and careful enquiry the Shareholder is satisfied that no person who is in default as regards supplying such information is interested in any of the Shares the subject of the transfer.

Subject to the Directors’ discretion to refuse a transfer of Shares, set out above, a transfer of shares is an “**Approved Transfer**” if but only if: (a) it is a transfer of shares to an offeror by way or in pursuance of acceptance of a public offer made to acquire all the issued shares in the capital of the Issuer not already owned by the offeror or connected person of the offeror in respect of the Issuer; or (b) the Board is satisfied that the transfer is made pursuant to a sale of the whole of the beneficial ownership of the Shares which are the subject of the transfer to a party unconnected with the Shareholder and with other persons appearing to be interested in such Shares; or (c) the transfer results from a sale made through a recognised investment exchange (as defined in FSMA) or any stock exchange outside the United Kingdom on which the Issuer’s shares are listed or normally traded.

The Articles further provide that any Shareholder who acquires an interest in the Issuer equal to or exceeding 5% of the number of Shares in issue of the class of Shares concerned (a “**Notifiable Interest**”)

shall notify the Issuer of such interest and having acquired a Notifiable Interest, a Shareholder shall notify the Issuer if he ceases to hold a Notifiable Interest or if such existing Notifiable Interest increases or decreases by a whole percentage point.

Redemption

Subject to the Companies Law, the Issuer may from time to time issue or convert any existing non-redeemable shares (whether issued or not) into shares which are to be redeemed or liable to be redeemed at the option of the Issuer or the holder thereof and on such terms and in such manner as may be determined by special resolution.

Dividends and other distributions

Subject to the Companies Law, the Issuer may by ordinary resolution declare dividends, but no dividend shall exceed the amount recommended by the Directors. Subject to any particular rights or limitations, all dividends shall be declared, apportioned and paid *pro rata* according to the amounts paid up on the shares in respect of which the dividend is paid (other than amounts paid up in advance of calls).

The Directors may pay such interim dividends (including any dividend payable at a fixed rate) as they think fit.

If the share capital of the Issuer is divided into different classes, the Directors may pay an interim dividend on shares which confer on the holder deferred or non-preferred rights as well as in respect of those shares which confer preferential rights with regard to dividend.

Any dividend or other monies payable in respect of a share may be paid (i) by cheque or warrant, (ii) by any direct debit, bank or other funds transfer system, or (iii) by any other method approved by the board of Directors and agreed (in such form as the Issuer thinks appropriate) by the holder or person entitled to payment including without limitation in respect of an uncertificated share by means of the relevant system (subject to the facilities and requirements of the relevant system).

The Directors may, with the sanction of an ordinary resolution of the Issuer in a general meeting, direct that payment of a dividend be satisfied wholly or in part by the distribution of specific assets and, in particular, of paid up shares or debentures of any other company instead of cash.

Any dividend unclaimed for a period of 10 years after it was declared shall be forfeited and cease to remain owing by the Issuer and thereafter shall belong to the Issuer absolutely.

Winding-up

Subject to any particular rights or limitations attached to any shares, on a winding-up of the Issuer the assets available for distribution among the Shareholders shall be applied first in repaying to the Shareholders the amount paid up on their shares respectively. Any surplus assets shall be distributed among the Shareholders in proportion to the amount which at the time of the commencement of the winding-up had been actually paid up on their said shares.

The liquidator (or where there is no liquidator, the Directors) may, with the sanction of a special resolution of the Issuer and any other sanction required by the Companies Law, divide the whole or any part of the assets of the Issuer in specie among the Shareholders, and the liquidator (or where there is no liquidator, the Directors) may for that purpose value any assets and determine how the division shall be carried out. No Shareholder shall be compelled to accept any assets upon which there is a liability.

Variation of share rights

If at any time the share capital of the Issuer is divided into different classes of shares, the special rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated, either whilst the Issuer is a going concern or during or in contemplation of its being wound up, either (i) with the consent in writing of the holders of two-thirds of the issued shares of that class or (ii) with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. Such resolution requires a majority of not less than two-thirds of Shareholders voting in person or by proxy. To every such separate general meeting all the provisions of the Articles relating to general meetings of the Issuer or to the proceedings thereat shall apply *mutatis mutandis* except that the necessary quorum at any such meeting shall be two persons holding or representing at least one-third in number of the issued shares of the class in question but so that if at any adjourned meeting of such holders a quorum as above defined is not present those holders who are present shall be a quorum.

Forfeiture of shares and liens

The Issuer shall have a first and paramount lien on every share (not being a fully paid share) for all monies (whether presently payable or not) called or payable at a fixed time in respect of that share. The Issuer's lien (if any) on a share shall extend to all dividends or other monies payable thereon or in respect thereof. The Issuer may sell in such manner as the Directors think fit any shares on which the Issuer has a lien but no sale shall be made unless the monies in respect of which such lien exists or some part thereof are or is presently payable nor until fourteen clear days have expired after a notice stating and demanding payment of the monies presently payable and giving notice of intention to sell in default shall have been served on the holder for the time being of the shares.

Where a call has been made on any share, and a Shareholder fails to pay the call or instalment, the Issuer may serve notice on that Shareholder requiring payment of the amount unpaid together with interest, costs, charges and expenses as a result of the non-payment. In the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited and such forfeiture shall include all dividends which shall have been declared on the forfeited shares and not actually paid before the forfeiture.

A forfeited or surrendered share shall become the property of the Issuer and may be sold, reallocated or otherwise disposed of either to the person who was before forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors think fit and at any time before a sale, re-allotment or other disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit.

A Shareholder whose shares have been forfeited or surrendered shall cease to be a Shareholder in respect of the forfeited or surrendered shares and shall, if the share is certificated, surrender to the Issuer for cancellation the certificate for the shares forfeited or surrendered. Notwithstanding the forfeiture or the surrender such Shareholder shall remain liable to pay to the Issuer all monies which at the date of forfeiture or surrender were presently payable by him in respect of those shares with interest thereon.

Changes in share capital

The Issuer may by special resolution alter its memorandum in any manner permitted by the Companies Law. Any new shares created on an increase or other alteration of share capital shall be issued upon such terms and conditions as the Issuer may by ordinary resolution determine. The Issuer may reduce its capital accounts in any way permitted by the Companies Law.

Capitalisation of profits

The Directors may with the authority of an ordinary resolution of the Issuer: (a) resolve that it is desirable to capitalise any undistributed profits of the Issuer (including profits carried and standing to any reserve or reserves) not required for paying any fixed dividends on any shares entitled to fixed preferential dividends

with or without further participation in profits or to capitalise any sum carried to reserve as a result of the sale or revaluation of the assets of the Issuer (other than goodwill) or any part thereof or to capitalise any sum standing to the credit of any capital or revenue reserve fund of the Issuer; (b) appropriate the profits or sum resolved to be capitalised to the Shareholders in the proportion in which such profits or sum would have been divisible amongst them had the same been applicable and had been applied in paying dividends and to apply such profits or sum on their behalf either in or towards paying up any amount for the time being unpaid on any shares held by such Shareholders respectively or in paying up in full either any unissued shares or debentures of the Issuer such shares or debentures to be allotted and distributed credited as fully paid up to and amongst such Shareholders in the proportions aforesaid or partly in one way and partly in the other provided that any unrealised profits may for the purposes of the foregoing only be applied in the paying up of unissued shares to be allotted to Shareholders credited as fully paid up; (c) make all appropriations and applications of the profits or sum resolved to be capitalised thereby and all allotments and issues of fully paid shares or debentures if any and generally shall do all acts and things required to give effect thereto with full power to the Directors to make such provision by the issue of certificates representing part of a shareholding or fractions of shares or by payments in cash or otherwise as they think fit in the case of shares or debentures becoming distributable in fractions; (d) authorise any person to enter on behalf of all the Shareholders entitled to the benefit of such appropriations and applications into an agreement with the Issuer providing for the allotment to them respectively credited as fully paid up of any further shares or debentures to which they may be entitled upon such capitalisation and any agreement made under such authority shall be effective and binding on all such Shareholders; and (e) where the Issuer capitalises any undistributed profits or reserves by applying them in or towards paying up issued shares in the Issuer which were not yet fully paid up or in paying up any previously unissued shares in the Issuer, the amount so applied shall, to the extent required by the Companies Law, be credited to the stated capital account in respect of the class of share concerned.

Provisions relating to the allotment and issue of shares

The unissued shares for the time being in the capital of the Issuer shall be at the disposal of the Directors who may (subject to the provisions of the Articles) allot, grant options over or otherwise dispose of them to such persons at such times and generally on such terms and conditions as they think fit.

Every Shareholder, on becoming the holder of any certificated share shall be entitled without payment upon becoming the holder of any certificated shares to one certificate for all the certificated shares of each class held by him.

Pursuant and subject to the Companies (Uncertificated Securities) (Jersey) Order 1999, as amended (the “**Order**”), the Board may permit title to some or all of the shares of any class to be evidenced otherwise than by a certificate and title to such shares to be transferred in accordance with the rules of a relevant system and may make arrangements for that class of shares to become a participating class. Shares which are uncertificated shares shall not be treated as forming a class which is separate from certificated shares with the same rights.

Commissions

The Issuer may pay commissions as permitted by the Companies Law. Subject to the provisions of the Companies Law any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other.

Redemption and repurchase of shares

Subject to the provisions of the Companies Law, the Issuer may from time to time issue or convert any existing non-redeemable shares (whether issued or not) into shares which are to be redeemed or are liable

to be redeemed at the option of the Issuer or at the option of the holder thereof and on such terms and in such manner as may be determined by special resolution.

Subject to the provisions of the Companies Law, the Issuer may purchase its own shares (including redeemable shares).

Transfers of shares

Save as provided under the Companies Law, all transfers of certificated shares shall be effected by transfer in writing in any usual or common form or in any other form approved by the Directors. An instrument of transfer in respect of any share shall be signed by or on behalf of the transferor and in the case of an unpaid or partly paid share by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered on the register of Shareholders of the Issuer in respect thereof.

The Directors may in their absolute discretion decline to register any transfer of any certificated share and without giving any reason for their decision. In addition, the Directors may refuse to register the transfer of any certificated share unless (a) the instrument of transfer is deposited at the registered office of the Issuer or such other place as the Directors may appoint, accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer; (b) the instrument of transfer is in respect of only one class of share; and (c) the instrument of transfer is in favour of not more than four transferees.

The registration of transfers of shares or of transfers of any class of shares may be suspended at such times and for such periods as the Directors may determine except that the Directors may not suspend the registration of transfers of any participating class without the consent of the operator of the relevant system.

Unless otherwise decided by the Directors in their sole discretion no fee shall be charged in respect of the registration of any instrument of transfer or other document relating to or affecting the title to any share.

Subject to such restrictions of the Articles as may be applicable, any Shareholder may transfer all or any of his uncertificated shares by means of a relevant system in such manner provided for and subject as provided in the Order and the rules of any relevant system provided that legal title to such shares shall not pass until such transfer is entered into the register and accordingly no provision of these Articles shall apply in respect of an uncertificated share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the share to be transferred.

For so long as any shareholder is an “**affiliate**” of the Issuer (as defined in Rule 405 under the Securities Act), unless it has received the Issuer’s prior consent, it may offer, resell, pledge or otherwise transfer its shares, and upon any transfer of shares will be deemed to have represented to the Issuer that it is transferring such shares, only (i) in an offshore transaction complying with the provisions of Regulation S to a person outside the United States and not known by the transferor to be a U.S. Person, by prearrangement or otherwise; or (ii) to the Issuer or a subsidiary thereof.

Restrictions relating to Non-Qualified Holders and information requests

The board of the Issuer may refuse to register a transfer of shares in the capital of the Issuer if the transfer is in favour of any person, as determined by the Directors, to whom a sale or transfer of shares, or whose direct, indirect or beneficial ownership of shares, would or might (i) cause the Issuer to be required to register as an “**investment company**” under the U.S. Investment Company Act (including because the holder of the shares is not a “**qualified purchaser**” as defined in the U.S. Investment Company Act) or to lose an exemption or status thereunder to which it might otherwise be entitled; (ii) cause the Issuer to be required to register under the U.S. Commodity Exchange Act; (iii) cause the Issuer to be required to register under the U.S. Exchange Act or any similar legislation; (iv) cause the Issuer not to be considered a “**foreign private issuer**” as such term is defined in rule 3b-4(c) under the U.S. Exchange Act; (v) result in

any shares being owned, directly or indirectly, by Benefit Plan Investors or Controlling Persons other than, in the case of Benefit Plan Investors, persons that acquire the shares on or prior to listing of the shares to the Official List and admission to trading on the main market of the London Stock Exchange with the written consent of the Issuer, and, in the case of Controlling Persons, persons that acquire the shares with the written consent of the Issuer; (vi) cause the assets of the Issuer to be considered “**plan assets**” under the Plan Asset Regulations; (vii) cause the Issuer to be a “**controlled foreign corporation**” for the purposes of the Code; (viii) result in withholding obligations on payments to such person in connection with FATCA or otherwise prevent the Issuer from qualifying as, or complying with any obligations or requirements imposed on, a “**Participating FFI**” within the meaning of U.S. Treasury Regulation Section 1.1471-1(b)(85) or a “**deemed-compliant FFI**” within the meaning of U.S. Treasury Regulation Section 1.1471-5(f); or (ix) cause the Issuer to be in violation of the U.S. Investment Company Act, the U.S. Exchange Act, the U.S. Commodity Exchange Act, ERISA, the Code or any applicable federal, state, local, non-US or other laws or regulations that are substantially similar to section 406 of ERISA or Section 4975 of the Code (any such person a “**Non-Qualified Holder**”).

In addition, if it comes to the notice of the Issuer that any shares are owned directly, indirectly or beneficially by any Non-Qualified Holder, the Board may, under the Articles, serve a notice upon such Non-Qualified Holder requiring such Non-Qualified Holder to transfer the shares to an eligible transferee within 14 days of such notice; and, if the obligation to transfer is not met, the Issuer may compulsorily transfer the shares, in a manner consistent with the restrictions set forth in the Articles.

The Directors may, by notice to a holder of shares, at any time request a holder to furnish a declaration, in a form satisfactory to the Directors, as to his place of residence, citizenship or domicile and any such information as may be reasonably required by the Directors to satisfy themselves that such person is not a Non-Qualified Holder or is otherwise qualified to hold shares in the Issuer, or any such information as the Directors determine is necessary or appropriate to permit the Issuer to satisfy applicable United States tax withholding, reporting or filing requirements arising with respect to the holder’s ownership interest in the Issuer under the Code or FATCA. Should a holder fail to furnish a declaration requested within 14 days of such request, the Directors shall have the right to treat such holder as a Non-Qualified Holder and to compulsorily transfer such holder’s shares, in a manner consistent with the restrictions set forth in the Articles.

Transmission of shares

In the case of the death of a Shareholder the survivor and the executors or administrators of the deceased shall be the only persons recognised by the Issuer as having any title to his interest in the shares.

Subject to any restrictions on the transfer and transmission of shares provided in the Articles, a person becoming entitled to a share by reason of the death, bankruptcy or incapacity of a Shareholder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the holder of the share except that he shall not before being registered as the holder of the share be entitled in respect of it to exercise any right in relation to meetings of the Issuer.

General meetings

Unless all of the shareholders of the Issuer agree in writing to dispense with the holding of annual general meetings, and any such agreement remains valid in accordance with the Companies Law, the Issuer must in each year hold a general meeting as its annual general meeting (“**AGM**”). Not more than 18 months can elapse between AGMs. An AGM must be convened on giving 14 clear days’ notice in writing to all Shareholders of the Issuer.

Other meetings can be convened by the Issuer from time to time, referred to as extraordinary general meetings. Again, 14 clear days’ written notice to all Shareholders of the Issuer to convene an extraordinary general meeting is required.

A meeting of the Issuer can be convened on shorter notice, in the case of an AGM with the agreement of all Shareholders who have the right to attend and vote at the meeting, and in the case of any other meeting by a majority in number of the Shareholders who have a right to attend and vote at such meeting being a majority together holding not less than 95% of the total voting rights of the Shareholders who have that right.

Subject to any restrictions imposed on any shares, all Shareholders shall have the right to receive notice of and to attend and to vote at all general meetings of the Issuer. Shareholders need not attend a meeting of the Issuer in person but can do so by way of validly appointed proxy.

No business shall be transacted at any general meeting except the adjournment of the meeting unless a quorum is present at the time when the meeting proceeds to business. Such quorum shall consist of not less than two Shareholders present in person, by proxy or by corporate representative but so that not less than two individuals will constitute the quorum, provided that if at any time all of the issued shares in the Issuer are held by one Shareholder such quorum shall consist of that Shareholder present in person, by proxy or by corporate representative.

At any general meeting a resolution put to the vote of the meeting shall be decided in the first instance on a show of hands unless before or on the declaration of the result of the show of hands a poll is demanded.

Subject to the provisions of the Companies Law, a poll may be demanded:

- by the chair;
- by at least two Shareholders having the right to vote on the resolution; or
- by a Shareholder or Shareholders representing not less than one tenth of the total voting rights of all the Shareholders having the right to vote on the resolution.

On a show of hands each holder of shares present in person (or in the case of a corporation by a representative) and entitled to vote shall have one vote and upon a poll every Shareholder present in person or by proxy/attorney and entitled to vote shall have one vote for each share held by him. A proxy cannot vote on a show of hands.

No Shareholder shall be entitled to vote at any general meeting if any call or other sum presently payable by him in respect of shares remains unpaid.

If a Shareholder is a body corporate, it can pass a resolution of its Directors or other governing body to authorise such person as it thinks fit to act as its representative at any meeting of the Issuer or class meeting of Shareholders.

A resolution in writing (including a special resolution but excluding a resolution removing an Auditor) signed by all Shareholders who would be entitled to receive notice of and to attend and vote at a general meeting at which such a resolution would be proposed or by their duly appointed attorneys shall be as valid and effectual as if it had been passed at a general meeting of the Issuer duly convened and held. Any such resolution may consist of several documents in the like form each signed by one or more of the Shareholders or their attorneys.

Class meetings

Save as otherwise provided in the Articles, all the provisions of the Articles and of the Companies Law relating to general meetings of the Issuer and to the proceedings thereat shall apply *mutatis mutandis* to every class meeting. A Director who is entitled to receive notice of general meetings of the Issuer in accordance with the Articles shall also be entitled, unless he has notified the secretary in writing of his contrary desire, to receive notice of all class meetings. At any class meeting the holders of shares of the relevant class shall on a poll have one vote in respect of each share of that class held by them.

Appointment and removal of Directors

The Issuer may by ordinary resolution determine the maximum and minimum number of Directors and unless and until otherwise stated, the minimum number of Directors shall be two. A majority of the directors must at all times (a) be tax resident in Jersey and (b) not be citizens of, or resident in, the United States. Each director shall immediately inform the Board and the Issuer of any change, potential or intended, to his residential or U.S. citizenship status for tax purposes or otherwise.

The Issuer may by ordinary resolution appoint and remove any natural person (other than one disqualified or ineligible by law or under the Articles) as a Director. The Board also has powers to appoint a natural person (other than one disqualified or ineligible by law or under the Articles) as a Director either to fill a casual vacancy or as an addition to the Board provided the appointment does not cause the number of Directors to exceed any maximum number fixed in accordance with the Articles. There is no shareholding qualification for officers or Directors.

There is no requirement to retire by rotation or to resign on attaining the age of 70 or any other age.

The office of a Director shall be vacated if the Director (a) resigns, (b) becomes bankrupt or makes any arrangement or composition with his creditors generally, (c) becomes of unsound mind, (d) is prohibited or ceases to be a Director under any provision of applicable law (e) becomes resident outside Jersey and this would cause a majority of Directors to not be resident in Jersey, (f) becomes resident in or a citizen of the United States and this would cause a majority of Directors to be resident in or citizens of the United States, or (g) is removed by ordinary resolution.

A Director may at his sole discretion and at any time and from time to time appoint any other Director or any other natural person (other than one disqualified or ineligible by law to act as a Director of any company) as an alternate Director to attend and vote in his place at any meetings of Directors at which he is not personally present provided that (a) no person who is tax resident outside Jersey may be appointed or continue to act as an alternate Director unless his appointer is also tax resident outside Jersey and (b) no alternate Director shall be a citizen of, or resident in, the United States unless his appointer is also a citizen of, or resident in, the United States, in each case for the duration of the appointment of that alternate Director.

Meetings of Directors

The Directors may meet together for the despatch of business adjourn and otherwise regulate their meetings as they think fit. No meetings shall be held in the United Kingdom and any decision reached or resolution passed by the Directors at any meeting which is held in the United Kingdom shall be invalid and of no effect. No resolution passed at a meeting held by telephone or other means of communication shall be valid if a majority of Directors participating in the communication is in the United Kingdom at the same time.

At meetings of the Board questions are determined by a majority of votes and in the case of an equality of votes the Chair of the Board shall not have a second or casting vote. A Promoter Director (as defined in the Articles) may not be appointed as Chair of the Board. Wherever two or more Directors hold office the quorum necessary for the transaction of the business of the Directors shall be two, provided that there shall be no quorum (a) unless a majority of the Directors present are tax resident in Jersey or (b) if a majority of Directors present are resident in, or citizens of, the United States.

If a Director is by any means in communication with one or more other Directors so that each Director participating in the communication can hear what is said by any other of them each Director so participating in the communication is deemed to be present at a meeting with the other Directors so participating notwithstanding that all the Directors so participating are not present together in the same place. No resolution passed at any such meeting shall be valid if a majority of Directors participating in the communication are in the United Kingdom at the same time.

If the number of present Directors is less than the number fixed as the quorum or required by the Companies Law or the majority of present Directors are not tax resident in Jersey or are resident in, or citizens of, the United States, the present Directors or Director may act only for the purpose of filling vacancies or of calling a general meeting of the Issuer.

Directors' interests

A Director who has, directly or indirectly, an interest in a transaction entered into or proposed to be entered into by the Issuer or by a subsidiary of the Issuer which to a material extent conflicts or may conflict with the interests of the Issuer and of which he is aware, must disclose to the Issuer the nature and extent of his interest.

Subject to the provisions of the Companies Law, a Director may hold any other office or place of profit under the Issuer (other than the office of auditor) in conjunction with his office of Director for such period and on such terms as to tenure of office, remuneration and otherwise as the Directors may determine.

Subject to the provisions of the Companies Law, and provided that he has disclosed to the Issuer the nature and extent of any of his material interests in accordance with the Articles, a Director, notwithstanding his office, (a) may be a party to or otherwise interested in any transaction or arrangement with the Issuer or in which the Issuer is otherwise interested, (b) may be a director or other officer of or employed by or a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Issuer or in which the Issuer is otherwise interested, (c) shall not by reason of his office be accountable to the Issuer for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit, and (d) may act by himself or his firm in a professional capacity for the Issuer and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

Notwithstanding that a Director has disclosed his interest in accordance with the Articles, a Director may attend but shall not vote on or count in the quorum of a meeting regarding such resolution relating to a transaction or arrangement with the Issuer in which he is interested. A Director shall not vote (or be counted in the quorum at a meeting) in respect of any resolution concerning the terms of his own appointment.

Powers of Directors

The Directors shall manage the business of the Issuer and may exercise all powers of the Issuer save those which are required to be exercised by the Issuer in general meeting. Such powers shall always be subject to the provisions of the Articles and the Companies Law and any regulations (being not inconsistent with the aforesaid) as may be prescribed by the Issuer in general meeting. No regulation made by the Issuer in any general meeting shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

The Directors may by power of attorney, mandate or otherwise appoint any person to be the agent of the Issuer for such purposes and on such conditions as they determine including authority for the agent to delegate all or any of his powers provided that the terms on which any such agent is appointed shall include terms that the appointee shall exercise any powers conferred upon him by these Articles outside the United Kingdom and in particular meetings at which such powers are exercised shall be held outside the United Kingdom and any decisions taken and directions given by him shall be taken and given outside the United Kingdom.

Delegation to committees

The Directors may delegate any of their powers to committees consisting of such Director(s) or such other persons as they think fit (provided that the majority of the members of the committee are tax resident in Jersey and not citizens of, or resident in, the United States). Any such committee shall in the exercise of the powers delegated conform to any regulations that may be imposed on it by the Directors.

The meetings and proceedings of any such committee shall be governed by the provisions of the Articles regulating the meetings and proceedings of the Directors, in particular, no meetings of any such committee shall be quorate unless a majority of the Directors participating therein are (i) tax resident in Jersey and (ii) not resident in, or citizens of, the United States.

Directors' fees and expenses

The Directors shall be entitled to such remuneration as the Directors may determine subject to any limitation as the Issuer may by ordinary resolution determine.

The Directors are entitled to be paid all travelling, hotel and other expenses properly and necessarily incurred in attending meetings of the Directors or Shareholders or otherwise in connection with the discharge of their duties.

Communication of documents and information

In the case of joint holders of a share all notices shall be given to one of the joint holders, and notice so given shall be sufficient notice to all the joint holders.

A notice may be given to any person either personally or by sending it by post to him at his registered address.

A notice may be given by the Issuer to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a Shareholder by sending or delivering it for the giving of notice to a Shareholder addressed to them by name at the address, if any, supplied for that purpose by the persons claiming to be so entitled. Until such an address has been supplied a notice may be given in any manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

Any notice to be given by the Issuer to a Director or to a Shareholder may be given in any manner agreed in advance by any such Director or Shareholder.

Indemnities

In so far as the Companies Law allows, every present or former officer of the Issuer (including a secretary) shall be indemnified out of the assets of the Issuer against any loss or liability incurred by him by reason of being or having been such an officer. Subject to the Companies Law and any terms agreed between the Issuer and the officer, in respect of a civil or criminal claim against such officer, the Issuer shall advance such funds as necessary in defence of the claim.

The Directors may without sanction of the Issuer in general meeting authorise the purchase or maintenance by the Issuer for any officer or former officer of the Issuer of any such insurance as is permitted by the Companies Law in respect of any liability which would otherwise attach to such officer or former officer.

Amendments of the Articles

The Articles may be amended by a special resolution of the Issuer.

4. 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 |
| ESPEBE 10, SL | Spain | 100 | Property investment 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 Middlewich 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 | Property investment 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 Seven 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 | Property investment 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 Thirteen Lux S.à r.l. | Luxembourg | 100 | Property investment 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 | Property investment company | 9A, boulevard Prince Henri, L – 1724, Luxembourg |
| 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 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 Trade Co Ltd (formerly named Bengal Ltd) | Jersey | 100 | Property investment company | 47 Esplanade, St Helier, Jersey, 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 |
| 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 |
| Scarlatti Ltd | 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

5. Directors' and Other Interests

5.1 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 McMorro | 80,916 | 0.06 |
| Mark McNicholas | – | – |
| Simon Radford | – | – |
| Mary Ricks | 80,916 | 0.06 |
| Charlotte Valeur | – | – |

Except as disclosed in this paragraph 5.1, 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 immediately following the issue of the Bonds.

- 5.2 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 | As at the Latest Practicable Date | |
|------------------------------------------------------|-----------------------------------|---------------------------|
| | Number of Ordinary Shares | % of Issued Share Capital |
| Wellington ⁽¹⁾ | 25,289,490 | 18.67 |
| KW | 21,963,631 | 16.20 |
| Quantum | 15,171,750 | 11.19 |
| Franklin Templeton Portfolio Advisory ⁽²⁾ | 10,243,000 | 7.56 |
| Marketfield | 7,967,076 | 5.88 |

(1) Held through various investment advisory clients of Wellington.

(2) 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%).

- 5.3 The Issuer is not aware of any person who directly or indirectly, jointly or severally, exercises control over the Issuer.
- 5.4 Save as set out in this paragraph 5.4, 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 McMorro 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).
- 5.5 No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Issuer.
- 5.6 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.
- 5.7 No employee of the Investment Manager has any service contract with the Issuer.
- 5.8 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.

5.9 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:

| Name | Current directorships/partnerships | Past directorships/partnerships |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 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 | 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 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 | 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 |

| Name | Current directorships/partnerships | Past directorships/partnerships |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| William McMorrow (continued) | 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 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 | 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 |
| | Mark McNicholas | Bizspace (2007) G Co Limited Bizspace (2007) N1 Limited Bizspace (2007) N2 Limited Bizspace (Bathgate) Limited Bizspace (Central) Limited Bizspace (Rochdale) Limited Cannon Street Holdings 3 Limited Gracechurch Property Limited HX Bugatti Property Investment Limited HX Regional U.K. Limited HXRUK (2003) Limited HXRUK (Davis House) Limited HXRUK (DP) Limited HXRUK (KP DEV) Limited HXRUK (KP) Limited HXRUK (Midlands) Limited HXRUK (NW) 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 (Bedford) Limited HXRUK II (Bugatti) 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 (Portsmouth) Limited |

| Name | Current directorships/partnerships | Past directorships/partnerships |
|----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mark McNicholas <i>(continued)</i> | HXRUK II (Rugby) Limited HXRUK II (Sittingbourne) Limited HXRUK II (South) Limited HXRUK II (Stratford) Limited HXRUK II (West Scotland) Limited HXRUK II (Whetstone) Limited HXRUK II Limited HXRUK III (2010) Limited HXRUK III LIMITED HXRUK (Coventry) 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 Snelsmore Investment Limited Snelsmore Limited Snelsmore Management 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 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 Henderson CLOF II Vanquish Limited Henderson Funds Management Vanquish (Jersey) Limited | Brevan Howard Investment Products Limited CCM Pharma Holdings Limited CCM Pharma Limited CCM Pharma Midco Limited Meinl International Power Limited OLK (Jersey) Limited PEIF II (Manager) Limited |
| Simon Radford <i>(continued)</i> | 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 | |

| Name | Current directorships/partnerships | Past directorships/partnerships |
|-----------------------------------------|------------------------------------------------|-----------------------------------------------|
| Mary Ricks | 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 | |
| | Resource Partners FP Limited | |
| | Resource Partners GP Limited | |
| | RREEF Infrastructure (GP) Limited | |
| | RREEF Pan-European Infrastructure Lux S.à r.l. | |
| | SPV Herkules II (GP) Limited | |
| | St James Edinburgh Limited | |
| | Fairways 340 Corp. | Downtown Grill Investors, LLC |
| | Glendora Partners Member, LLC | KW 300 California Executives, LLC |
| | K-W Properties | KW America Multifamily Executives LLC |
| | K-W Santiago, Inc. | KW Dillingham Aina Investors, LLC |
| | Kennedy-Wilson Capital | KW Executives Pacifica Partners, LLC |
| | Kennedy Wilson Europe Limited | KW Fifth and Madison Property Executives, LLC |
| | Kennedy-Wilson International | KW MDR Executives, LLC |
| | Kennedy Wilson Ireland Limited | KW Prospect Holdings Partnership |
| | Kennedy-Wilson Overseas Investments, Inc. | KW Summer House Manager, LLC |
| | Kennedy-Wilson Properties, Ltd. | KW Vista Executives, LLC |
| | Kennedy-Wilson Tech Ltd. | KW/WDC Portfolio Executives LLC |
| | Kennedy Wilson UK Limited | KWF Executives II, LLC |
| KW 1901 Corp. | Pacifica West Coast Partners, LLC | |
| 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 | | |
| Mary Ricks <i>(continued)</i> | KW Real Estate General Partner Limited | |
| | KW Real Estate I Limited | |
| | KW Real Estate III Limited | |
| | KW Real Estate IV Limited | |
| | 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 | |

5.10 Save as disclosed in this paragraph 5, at the date of this 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.

5.11 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.

5.12 The Issuer maintains directors' and officers' liability insurance on behalf of the Directors at the expense of the Issuer.

6. 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 Prospectus.

6.1 *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 Placing Agreement contained, among other things, the following provisions:

For their services under the Placing Agreement, the Banks were entitled to a fee, together with any VAT chargeable thereon, payable by the Issuer, as set out below:

- (a) a certain base commission based on the issue price of £10.06 per Ordinary Share multiplied by the aggregate number of Ordinary Shares sold; and
- (b) at the absolute discretion of the Issuer and the Investment Manager, a discretionary fee of a certain percentage of the aggregate gross proceeds of the offer under the Placing Agreement payable to the Banks,

save that no commissions under (a) and (b) above were payable in respect of any Ordinary Shares subscribed for by any member of the KW Group.

In addition, the Banks were entitled to be paid all costs, charges, fees and expenses of, in connection with or incidental to the services provided by them under the Placing Agreement.

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 this Prospectus.

The liability of the Issuer under the Placing Agreement is unlimited as to time and amount.

The Placing Agreement also contained certain customary warranties and indemnities given by the Issuer and the Investment Manager concerning the accuracy of the information in the offer documents and in relation to other matters relating to the Group and its business.

The Issuer undertook that it would not for a period of 180 days from the listing of the new Ordinary Shares issued under the Placing Agreement, without the prior written consent of the Banks, issue or grant

options over further shares of the Issuer or enter into any transaction that transfers the economic consequence of ownership of the shares of the Issuer.

The Placing Agreement is governed by English law.

6.2 **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 Initial Placing Agreement contained, among other things, the following provisions:

For their services in connection with the Initial Issue the IPO Joint Bookrunners (for themselves and on behalf of the other IPO Banks) were entitled to a fee, together with any VAT chargeable thereon, payable by the Issuer, as set out below:

- (i) a certain base fee equal to 3% of the value of the aggregate gross proceeds of the Initial Issue (including any proceeds received by the Issuer pursuant to any exercise of the overallotment option in relation to the Initial Issue), provided that:
 - (A) in respect of the aggregate gross proceeds of the Initial Issue receivable from any investors which the Issuer and Deutsche Bank and Merrill Lynch International, as joint global co-ordinators agreed were solely sourced by the Issuer or its affiliates, the base fee would be at a lower rate; and
 - (B) no fee was payable on the aggregate gross proceeds from the KW Subscription and any proceeds from any subscription by any director of KW Europe pursuant to the Initial Placing; and
- (ii) at the absolute discretion of the Issuer and the Investment Manager, a discretionary fee of a certain percentage of the aggregate gross proceeds of the Initial Issue (excluding, for the avoidance of doubt, the KW Subscription) payable to the IPO Joint Bookrunners, in such amount and proportions between the IPO Joint Bookrunners as determined by the Issuer and the Investment Manager in their absolute discretion.

In addition, the IPO Banks were entitled to be paid all costs, charges, fees and expenses of, in connection with or incidental to the Initial Issue and Initial Admission.

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 Issuer undertook that it would not for a period of 180 days from the date of Initial Admission, without the prior written consent of Deutsche Bank and Merrill Lynch International, as joint global co-ordinators (acting for themselves and on behalf of the other IPO Banks), directly or indirectly, offer, issue, lend, sell or contract to sell, issue options in respect of or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Ordinary Shares or enter into any swap or other agreement or any other transaction with the same economic effect as, or agree to do, any of the foregoing. For the avoidance of doubt, this lock-up restriction did not apply to any issue of Ordinary Shares by the Issuer pursuant to the Initial Issue, the issue of the Tiger Consideration Shares and any issue of Ordinary Shares pursuant to the Investment Management Agreement.

The Initial Placing Agreement is governed by English law.

6.3 *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.

6.4 *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*”.

6.5 *Jupiter Acquisition Agreement*

Pursuant to the Jupiter Acquisition Agreement, the Jupiter Buyers purchased 15 properties which are located in England (the “**Jupiter (England) Portfolio**”). The Jupiter Acquisition Agreement also provided for the purchase of a further leasehold property at Aspects Leisure Park, Bedford, (the “**Jupiter Bedford Property**”) conditional on obtaining landlord consent prior to a long-stop date of 22 December 2014. Completion of the sale and purchase of the Jupiter (England) Portfolio was conditional upon, amongst other things, simultaneous completion of the contract relating to the Jupiter (Scotland) Portfolio (as defined in paragraph 6.6 below).

The total consideration payable by the Jupiter Buyers under the Jupiter Acquisition Agreement was approximately £137.8 million which was apportioned between each of the properties comprising the Jupiter (England) Portfolio (such apportionments ranging from approximately £1.2 million to £45.3 million). In addition, the Jupiter Acquisition Agreement provided for a purchaser deposit of approximately £13.8 million (exclusive of VAT) (being 10% of the purchase price payable by the Jupiter Buyers, apportioned as 10% of the relevant purchase price for each of the properties in the Jupiter (England) Portfolio) to be paid and to be held by the Jupiter Receivers’ solicitors as stakeholder. The

deposit (plus any interest accrued) was credited against the purchase price on completion of the sale and purchase of the Jupiter (England) Portfolio.

Pursuant to the Jupiter Acquisition Agreement, the properties comprising the Jupiter (England) Portfolio were transferred with no title guarantee and no covenants as to title were given. Nevertheless, the Jupiter Buyers are deemed to purchase the Jupiter (England) Portfolio with full knowledge of title and condition of the Jupiter (England) Portfolio.

During the period until completion of the sale and purchase of the Jupiter (England) Portfolio, the Jupiter Sellers were required to manage the Jupiter (England) Portfolio in accordance with the principles of good estate management.

Completion of the sale and purchase of the Jupiter (England) Portfolio took place on 26 June 2014 and completion of the sale and purchase of the real estate asset located in Bedford took place on 15 August 2014.

The Jupiter Acquisition Agreement is governed by English law.

6.6 *Jupiter (Scotland) Acquisition Agreement*

Pursuant to the Jupiter (Scotland) Acquisition Agreement, the Jupiter (Scotland) Buyers purchased five properties which are located in Scotland (the “**Jupiter (Scotland) Portfolio**”).

The total consideration payable by the Jupiter (Scotland) Buyers under the Jupiter (Scotland) Acquisition Agreement was £158.2 million (exclusive of VAT) which was apportioned between each of the properties comprising the Jupiter (Scotland) Portfolio (such apportionments ranging from £1.0 million to £63.0 million). In addition, the Jupiter (Scotland) Acquisition Agreement provided for a purchaser deposit of £15.8 million (exclusive of VAT) (being 10% of the purchase price payable by the Jupiter (Scotland) Buyers, apportioned as 10% of the relevant purchase price for each of the properties in the Jupiter (Scotland) Portfolio) to be paid and to be held jointly by the solicitors of the Jupiter (Scotland) Sellers and the Jupiter (Scotland) Buyers as stakeholder. The deposit (plus any interest accrued) was credited against the purchase price on completion of the sale and purchase of the Jupiter (Scotland) Portfolio.

The Jupiter (Scotland) Portfolio is sold subject to all title matters and other conditions affecting the Jupiter (Scotland) Portfolio and the Jupiter (Scotland) Buyers are deemed to be satisfied with the same.

During the period until completion of the sale and purchase of the Jupiter (Scotland) Portfolio, the Jupiter (Scotland) Sellers were required to manage the Jupiter (Scotland) Portfolio in accordance with the principles of good estate management.

It was a condition of the Jupiter (Scotland) Acquisition Agreement that the Jupiter (Scotland) Sellers obtain the assignment of the facilities management agreement relating to Argyle House, Edinburgh together with notice of intention to assign such agreement.

Completion of the sale and purchase of the Jupiter (Scotland) Portfolio took place on 26 June 2014.

The Jupiter (Scotland) Acquisition Agreement is governed by Scots law.

6.7 *Jupiter Facility Agreement*

Pursuant to the Jupiter Facility Agreement, RBS agreed to make available to the Jupiter Facility Borrowers a term loan facility with a maximum aggregate principal amount of up to £184.0 million. The Jupiter Facility Guarantors have granted security in favour of Mount Street Mortgage Servicing Limited, as security agent.

The Jupiter Facility Agreement provides for mechanics which permit the Jupiter Facility Guarantors to borrow from creditors who subordinate such debt to any liabilities arising under the Jupiter Facility

Agreement and grant security in respect of such debt in favour of Mount Street Mortgage Servicing Limited as security agent.

The Jupiter Facility Agreement provides that each term loan drawn under the facility matures on the first interest payment date falling after the fifth anniversary of the date of the Jupiter Facility Agreement (being 24 September 2019), when all amounts then outstanding must be repaid.

Pursuant to the Jupiter Facility Agreement, the Jupiter Facility Borrowers shall repay the loan in full upon maturity, subject to other provisions of the agreement, including a requirement to repay in earlier instalments if interest cover is below a certain threshold. The Jupiter Facility Agreement provides for an interest rate comprising the applicable margin plus LIBOR and is payable quarterly. The Jupiter Facility Borrowers have certain cancellation and prepayment rights under the Jupiter Facility Agreement. There are also mandatory cancellation and prepayment events, which include a change of control provision.

Pursuant to the Jupiter Facility Agreement, each Jupiter Facility Guarantor makes certain customary representations and gives certain customary general and property-specific undertakings. In addition, Jupiter Holdco Ltd undertakes to comply with prescribed interest cover and loan to value ratio levels. The Jupiter Facility Agreement contains customary events of default, including, but not limited to, non-payment of amounts due, misrepresentation, cross-default, insolvency, insolvency proceedings, cessation of business, compulsory purchase and material adverse change.

The Jupiter Facility Agreement is governed by English law.

6.8 *Opera Acquisition Agreement*

On 9 May 2014, the Opera Buyer and the Opera Sellers entered into a conditional sale and purchase agreement, pursuant to which the Opera Sellers conditionally agreed to sell the Opera Shares to the Opera Buyer, free from all encumbrances and with the rights attaching to such shares on completion of the acquisition of the Opera Portfolio (the “**Opera Acquisition**”). At the date of the Opera Acquisition Agreement, KW held an equity interest of 25% in the Opera Shares, through its ownership of a 50% interest in a wholly-owned subsidiary of the Issuer, an Opera Seller.

The Opera Buyer agreed to pay total consideration of approximately €383.2 million (approximately £307.1 million), comprising approximately €187.4 million (approximately £150.2 million) of cash (the “**Opera Cash Consideration**”) and approximately €195.8 million (approximately £156.9 million) of assumed non-recourse debt as consideration for the transfer of the Opera Shares, with the Opera Cash Consideration being satisfied in cash by the Opera Buyer upon completion of the Opera Acquisition.

The Opera Cash Consideration was subject to certain adjustments being made to the net asset value of the Opera Target post completion of the Opera Acquisition. Following these adjustments, the final consideration agreed on 27 August 2014 was approximately €383.7 million (approximately £307.5 million), comprising approximately €187.9 million (approximately £150.6 million) of cash and approximately €195.8 million (approximately £156.9 million) of assumed non-recourse debt.

In the period between signing and completion of the Opera Acquisition Agreement, the Opera Sellers had undertaken to procure that the business of the Opera Target and its subsidiary undertakings be carried on in the ordinary course consistent with past practice.

The Opera Acquisition Agreement is governed by English law.

6.9 *Opera Facility Agreement*

On 22 July 2013, Bizet Limited, Triviata Limited, Scarlatti Limited and Nessun Limited, subsidiaries of Cavalli Limited at such time (now subsidiaries of the Opera Target) (the “**Opera Subsidiaries**”) including the Opera Target, the “**Opera Facility Borrowers**”), Cavalli Limited (now dissolved) and Bank of Ireland as mandated lead arranger, lender, agent and security trustee, entered into a facility agreement which was amended and restated by the parties on 5 December 2013 and to which the Opera Target

acceded as a borrower and obligor pursuant to an accession letter dated 5 December 2013 and which was further amended on 24 June 2014, 11 July 2014 and 17 December 2014 (the “**Opera Facility Agreement**”). The 17 December 2014 amendment and restatement is described in further detail below.

Until 5 December 2014 each of the Opera Subsidiaries held a property in the Opera Portfolio. On 5 December 2014 each Opera Subsidiary transferred its Opera Portfolio property together with its remaining business assets to the Opera Target (the “**Property and Asset Transfer**”). As consideration for the Property and Asset Transfer the Opera Target: (i) assumed the obligations of each Opera Subsidiary under the Opera Facility Agreement and related finance documents; (ii) settled in full the interest owing to it in respect of certain shareholder loans it had provided to the Opera Subsidiaries; and (iii) settled part of the debt owed by each Opera Subsidiary under such shareholder loans. Following the completion of the Property and Asset Transfer the Opera Target holds directly each of the properties in the Opera Portfolio and is the sole borrower under the Opera Facility Agreement.

On 17 December 2014, the Opera Facility Agreement was amended and restated (the “**17 December Amendment and Restatement**”) to allow for the Opera Target to acquire the property known as the Marshes Shopping Centre, the Ramparts, Dundalk, Co. Louth, and the business assets and liabilities associated with the Marshes Shopping Centre, from KW Investment Fund public limited company acting for and on behalf of its sub-fund KW Investment Fund V.

Pursuant to the terms of the Opera Facility Agreement (following the 17 December Amendment and Restatement) Bank of Ireland as lender has agreed to make available to the Opera Target a euro term loan facility with a maximum aggregate principal amount of up to €264.0 million (approximately £189.7 million) to apply towards the cost of the acquisition of the Cavalli Portfolio and certain associated fees, costs, expenses and taxes.

In accordance with the terms of the Opera Facility Agreement the Opera Target (in respect of its properties, assets and undertaking) and the Opera Buyer (in respect of its Opera Shares) have each granted security in favour of Bank of Ireland as security trustee.

The Opera Facility Agreement provides that the term loan facility matures on the fifth anniversary of the effective date of the 17 December Amendment and Restatement (which was the 17 December 2014), with the option to extend the termination date of the term loan facility to either the sixth or seventh anniversary of such effective date. An extension fee applies if the option to extend is taken. The facility is to be repaid in full on the termination date. The Opera Facility Agreement provides for an interest rate comprising EURIBOR plus an applicable margin and is payable quarterly.

The Opera Target has prepayment rights under the Opera Facility Agreement. There are also mandatory cancellation and prepayment events, which include a change of control of the Opera Target.

The Opera Target makes certain customary representations and gives certain customary general and property-specific undertakings under the Opera Facility Agreement. In addition, the Opera Target has undertaken to comply with prescribed interest cover and loan to value ratio levels, and to ensure that a prescribed minimum level of capital expenditure has been incurred over the 24 months period ending on the second anniversary of the first utilisation date, subject to any agreed reduction.

The Opera Facility Agreement contains customary events of default provisions, including, but not limited to, non-payment of amounts due, misrepresentation, cross-default, insolvency, insolvency proceedings, cessation of business, compulsory purchase, material adverse change and revenue notices.

The Opera Facility Agreement is governed by Irish law.

6.10 ***Gatsby Acquisition Agreement***

Pursuant to the Gatsby Acquisition Agreement, the Gatsby Buyer agreed to purchase 180 properties located across the United Kingdom (the “**Gatsby Portfolio**”). The total consideration payable to the

Gatsby Sellers by the Gatsby Buyer is approximately £503 million, which is apportioned between each of the properties comprising the Gatsby Portfolio.

The Gatsby Acquisition Agreement provides for a purchaser deposit of 5% of the purchase price payable by the Gatsby Buyer, apportioned as 5% of the relevant purchase price for each of the properties in the Gatsby Portfolio. The deposit (plus any interest accrued) will be credited against the purchase price on completion of the sale and purchase of the Gatsby Portfolio. The Gatsby Buyer is entitled to nominate the Gatsby Nominees to complete the purchase of individual properties.

Pursuant to the Gatsby Acquisition Agreement, the properties comprising the Gatsby Portfolio were transferred with no title guarantee and no covenants as to title were given. Nevertheless, the Gatsby Buyer and Gatsby Nominees are deemed to purchase the Gatsby Portfolio with full knowledge of title and condition of the Gatsby Portfolio. The Gatsby Buyer and the Gatsby Nominees have the benefit of title indemnity and search insurance policies in relation to the Gatsby Portfolio.

During the period until completion of the sale and purchase of the Gatsby Portfolio, the Gatsby Sellers were required to manage the Gatsby Portfolio in accordance with the principles of good estate management.

Completion of the sale and purchase of the majority of the Gatsby Portfolio took place on 30 January 2015, with a further 8 properties purchased on 25 March 2015. Completion of the sale and purchase of certain of the other properties within the Gatsby Portfolio, will occur upon certain conditions being satisfied. As at the date of this Prospectus, the completion of nine properties with a purchase price of approximately £22.3 million remains subject to the satisfaction of certain conditions.

The three Gatsby Acquisition Agreements for the properties in England and Wales are governed by English law. The two Gatsby Acquisition Agreements for the properties in Scotland are governed by Scots law.

6.11 ***Gatsby Facility Agreement***

Pursuant to the Gatsby Facility Agreement, Aviva Commercial Finance Limited agreed to make available to the Gatsby Facility Borrowers a term loan facility with a maximum aggregate principal amount of up to £352.3 million. The Gatsby Facility Borrowers have granted security in favour of Aviva Commercial Finance Limited.

The Gatsby Facility Agreement provides that the term loan facility is utilised by way of three tranches. The first tranche matures on the third anniversary of first utilisation, the second tranche matures on the fifth anniversary of first utilisation and the third tranche matures on the eighth anniversary of first utilisation. The first utilisation took place on 30 January 2015. The Gatsby Facility Agreement provides that the applicable interest rate for each tranche is payable quarterly.

The Gatsby Facility Borrower has prepayment rights under the Gatsby Facility Agreement. There are also mandatory cancellation and prepayment events, which include a change of control of the Issuer.

The Gatsby Facility Borrowers make certain customary representations and gives certain customary general and property-specific undertakings under the Gatsby Facility Agreement.

The Gatsby Facility Agreement contains customary events of default provisions, including, but not limited to, non-payment of amounts due, breach of financial covenants (subject to cure rights) misrepresentation, cross-default, insolvency, insolvency proceedings, cessation of business, compulsory purchase, material adverse change and revenue notices.

The Gatsby Facility Agreement is governed by English law.

6.12 ***BPR Acquisition Agreement***

On 10 November 2014, the BPR Buyer and the BPR Seller entered into a sale and purchase agreement, pursuant to which the BPR Seller agreed to sell all of the shares in the BPR Target to the BPR Buyer, free from all encumbrances and with the rights attaching to such shares on completion of the acquisition (the “**BPR Acquisition**”). Completion took place on the same date.

The BPR Buyer agreed to pay total consideration of £207.5 million (the “**BPR Cash Consideration**”) for the BPR Property. The BPR Cash Consideration was subject to certain adjustments being made based on the net asset value of the BPR Target as at the completion date (and calculated by reference to the balance sheet of the BPR Target). Following these adjustments, the consideration paid at completion was £206,045,968.

The BPR Seller provided various warranties in relation to the BPR Target, including a warranty confirming that the BPR Target was the legal and beneficial owner of the BPR Property and that the shares in the BPR Target would be transferred free from encumbrances. The BPR Buyer has the benefit of a warranty and indemnity insurance policy in respect of the breach of any of the warranties.

The BPR Acquisition Agreement is governed by English law.

7. **Financial Review**

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.

7.1 ***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.

7.2 ***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%.

7.3 *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%.

8. 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.

9. Related Party Transactions and Interests

Save as disclosed in 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).

10. City Code on Takeovers and Mergers

- 10.1 The City Code applies, among other things, to offers for public companies (other than open-ended investment companies) which have their registered offices in the United Kingdom, the Channel Islands or the Isle of Man if any of their securities are admitted to trading on a regulated market in the United Kingdom or any stock exchange in the Channel Islands or the Isle of Man. As a company incorporated in Jersey with shares admitted to trading on the main market of the London Stock Exchange, the Issuer is subject to the provisions of the City Code.

- 10.2 Under Rule 9 of the City Code, if:
- (a) a person acquires an interest in shares of the Issuer which, when taken together with shares already held by him or persons acting in concert with him, carry 30% or more of the voting rights in the Issuer; or
 - (b) a person who, together with persons acting in concert with him, is interested in not less than 30% and not more than 50% of the voting rights in the Issuer acquires additional interests in shares which increase the percentage of Ordinary Shares carrying voting rights in which that person is interested, the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Issuer at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquirer or its concert parties during the previous 12 months. A person and its concert parties would not be required to make a cash offer for the outstanding shares if he, together with persons acting in concert with him, is interested in more than 50% of the voting rights in the Issuer.

11. 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.

12. Consents

KPMG, has given and has not withdrawn its written consent to the inclusion in this Prospectus of its report on the unaudited pro forma financial information set out under "*Unaudited Pro forma Financial Information*" of this Prospectus and the references thereto in the form and context in which they appear and has authorised the contents of its report for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.

13. General

- 13.1 The address of the Investment Manager is 47 Esplanade, St Helier, Jersey, JE1 0BD, Channel Islands.
- 13.2 As at the date of this Prospectus, save for the Property Portfolios, the Group does not own any premises and does not lease any premises.
- 13.3 The Issuer does not provide any pension, retirement or similar benefits.

General Information

1. The listing of the Bonds on the Official List will be expressed as a percentage of their principal amount (exclusive of accrued interest). It is expected that listing of the Bonds on the Official List and admission of the Bonds to trading on the Market will be granted on or before 1 July 2015, subject only to the issue of a Temporary or Permanent Global Bond. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction. The Issuer estimates that the amount of expenses related to the admission to trading of the Bonds will be approximately £2,975.
2. The Issuer has obtained all necessary consents, approvals and authorisations in Jersey in connection with the issue and performance of the Bonds. The issue of the Bonds was authorised by a resolution of the Board passed on 11 June 2015.
3. Except as disclosed in paragraph 15 under “*Information on the Group*” on page 76 of this Prospectus, there has been no significant change in the financial or trading position of the Issuer or of the Group since 31 December 2014.
4. During the 12 months preceding the date of this Prospectus, there have been 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 Group’s financial position or profitability.
5. Each Bond and Coupon 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 Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records) with a Common Code of 111729255. The International Securities Identification Number (ISIN) for the Bonds is XS1117292554.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

7. Where information in this 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 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 Principal Paying Agent:
 - (a) the Trust Deed (which includes the form of the Global Bonds, the definitive Bonds and the Coupons);
 - (b) the Memorandum and Articles of Association of the Issuer;
 - (c) the Issuer’s 2014 annual report and accounts (which contains the Financial Statements); and
 - (d) a copy of this Prospectus together with any Supplement to this Prospectus or further Prospectus.

This 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.

Definitions and Glossary

The following definitions will apply throughout this Prospectus unless the context otherwise requires.

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| 111 Buckingham Palace Road | the real estate asset described in paragraph 1 under “ <i>Information on the Investment Portfolio</i>); |
| 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; |
| AIC Code | the AIC Code of Corporate Governance, as amended from time to time; |
| 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; |
| Artemis Portfolio | the retail real estate assets acquired by the Issuer. As described in paragraph 1 under “ <i>Information on the Investment Portfolio</i> ”; |
| 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; |
| Avon Portfolio | the loan portfolio acquired by the Avon Buyer pursuant to the terms of the Avon Acquisition Agreement, as described under “ <i>Information on the Investment Portfolio</i> ”; |
| 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; |
| Benefit Plan Investor | (a) an employee benefit plan (as defined in Section 3(3) of ERISA) subject to the provisions of Part 4 of Subtitle B of Title I of ERISA, (b) a plan to which Section 4975 of the Code applies or (c) any entity whose underlying assets include plan |

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| | assets by reason of an employee benefit plan's or a plan's investment in such entity; |
| Board or Directors | the directors of the Issuer as at the date of this Prospectus and whose names are set out under " <i>Directors, Corporate Governance and Administration</i> "; |
| BPR Acquisition Agreement | the acquisition agreement dated 10 November 2014 between the BPR Buyers and the BPR Sellers, as described in paragraph 6.12 under " <i>Additional Information</i> "; |
| BPR Buyer | KW UK Assets Holdco Ltd; |
| BPR Property | the leasehold property known as 111 Buckingham Palace Road, London; |
| BPR Seller | Kish Holdings Limited; |
| BPR Target | Kish One Limited; |
| Carried Interest Partner | KW Carried Interest Partner LP; |
| Cavalli Portfolio | the Opera Portfolio and the Marshes Shopping Centre; |
| CBRE | the CBRE Group, Inc. and its subsidiaries; |
| Central Park Acquisition Agreement | the acquisition agreement dated 9 May 2014 between the CP Buyer and the CP Seller; |
| certificated or certificated form | not in uncertificated form; |
| CIF Law | Collective Investment Funds (Jersey) Law 1988, as amended; |
| City Code | the City Code on Takeovers and Mergers of the United Kingdom; |
| CMBS | commercial mortgage-backed securities; |
| 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; |
| Controlling Person | any person (other than a Benefit Plan Investor) that has discretionary authority or Control with respect to the assets of the Issuer or that provides investment advice for a fee (direct or indirect) with respect to such assets or an "affiliate" (within the meaning of the Plan Asset Regulations) of such a person; |
| Corbo Portfolio | a minority interest of 16.67% in a syndicated real estate loan, as described in paragraph 1 under " <i>Information on the Investment Portfolio</i> "; |
| Corporate Governance Code | the UK Corporate Governance Code as published by the Financial Reporting Council; |
| CP Buyer | KW Investment Two Lux S.à r.l., a subsidiary of the Issuer; |
| CP Seller | KW EU Investors X, LLC, a member of the KW Group; |
| CREST | the facilities and procedures for the time being of the relevant system of which Euroclear has been approved as "Operator" |

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| | pursuant to the CREST Regulations; |
| CREST Regulations | the Companies (Uncertificated Securities) (Jersey) Order 1999; |
| 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 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; |
| Elliott Acquisition Agreement | the mortgage sale agreement dated 31 July 2014 between KW Investment Eight Lux S.à r.l. and Ulster Bank Ireland Limited; |
| Elliott Portfolio | the loan portfolio acquired by KW Investment Eight Lux S.à r.l. pursuant to the terms of the Elliott Acquisition Agreement, as described under “ <i>Information on the Investment Portfolio</i> ”; |
| 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); |
| ERISA | the U.S. Employee Retirement Income Security Act of 1974, as amended; |
| 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; |
| Fairmont St Andrews Hotel | the real estate asset described under “ <i>Information on the Investment Portfolio</i> ”; |
| FATCA | sections 1471 through 1474 of the U.S. Internal Revenue 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 |

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| | 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; |
| Gardner House | the real estate asset described under “ <i>Information on the Investment Portfolio</i> ”; |
| Gatsby Acquisition Agreement | together, the 5 acquisition agreements all dated 20 December 2014 between the Gatsby Buyer and the Gatsby Sellers, as described in paragraph 6.10 under “ <i>Additional Information</i> ”; |
| Gatsby Buyer | KW Gatsby Ltd; |
| Gatsby Facility Agreement | the £352.3 million term loan facility agreement dated 20 December 2014 between the Gatsby Facility Borrowers and Aviva Commercial Finance Limited, as described in paragraph 6.11 under “ <i>Additional Information</i> ”; |
| Gatsby Facility Borrowers | wholly owned subsidiaries of KW Gatsby Ltd.; |
| Gatsby Nominees | the various wholly owned subsidiaries of KW Gatsby Ltd; |
| Gatsby Portfolio | the portfolio of real estate assets acquired by the Gatsby Buyer pursuant to the terms of the Gatsby Acquisition Agreement, as described in paragraph 1 under “ <i>Information on the Investment Portfolio</i> ”; |
| Gatsby Sellers | various sellers (administrative receivers, LPA receivers and corporate vendors); |
| 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 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 |

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| | 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 6 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; |
| IPO Joint Bookrunners | Deutsche Bank, Merrill Lynch International and Davy; |
| J.P. Morgan Cazenove | J.P. Morgan Securities plc of 25 Bank Street, London E14 5JP, United Kingdom; |
| JerseyCo | KW UK Asset Holdco Ltd; |
| Jupiter Acquisition Agreement | the acquisition agreement dated 6 June 2014 between the Jupiter Buyers, the Jupiter Receivers and the Jupiter Sellers, described in paragraph 6 under “ <i>Additional Information</i> ”; |
| Jupiter Buyers | Jupiter TradeCo Ltd, Jupiter Trident Ltd, Jupiter Friars Ltd, Jupiter Showroom Ltd and Jupiter Pennine Ltd; |
| Jupiter Facility Agreement | the £184.0 million term loan facility agreement dated 24 September 2014 between Jupiter Holdco Ltd, the Jupiter Facility Borrowers, the Jupiter Facility Guarantors, RBS (as mandated lead arranger and lender) and Mount Street Mortgage Servicing Limited (as agent and security agent), as described in paragraph 6 under “ <i>Additional Information</i> ”; |
| Jupiter Facility Borrowers | Jupiter Argyle Ltd, Jupiter Friars Ltd, Jupiter Marathon Ltd, Jupiter Pennine Ltd, Jupiter Rubislaw Ltd, Jupiter Seafield Ltd, Jupiter Showroom Ltd, Jupiter Tradeco Ltd, Jupiter Trident Ltd; |
| Jupiter Facility Guarantors | the Jupiter Facility Borrowers and Jupiter Holdco Ltd; |

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| Jupiter Portfolio | the portfolio of real estate assets acquired by the Jupiter Buyers and the Jupiter (Scotland) Buyers pursuant to the terms of the Jupiter Acquisition Agreement and the Jupiter (Scotland) Acquisition Agreement, as described in paragraph 1 under “ <i>Information on the Investment Portfolio</i> ”; |
| Jupiter Receivers | Dudley Home-Turner and Simon Thomas; |
| Jupiter (Scotland) Acquisition Agreement | the acquisition agreement dated 6 June 2014 between the Jupiter (Scotland) Buyers and the Jupiter (Scotland) Sellers, as described under in paragraph 6 “ <i>Additional Information</i> ”; |
| Jupiter (Scotland) Buyers | Jupiter TradeCo Ltd, Jupiter Rubislaw Ltd, Jupiter Seafield Ltd, Jupiter Marathon Ltd and Jupiter Argyle Ltd; |
| Jupiter (Scotland) Seller | Mount Street Mortgage Servicing Limited; |
| Jupiter Sellers | Teeside (Stockton) Limited, Regent Centre Limited, Prospect House Limited, Pennine Centre Limited, Nidox Limited, Money Centre (Plymouth) Limited, Melton Enterprises Two Limited, Melton Enterprises One Limited, Friars Bridge Court Limited, Cresta House (Luton) Limited, Aspects Leisure Limited and Trident Retail Park Limited; |
| 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 |

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| | Prospectus, being 24 June 2015 (unless otherwise stated); |
| Liffey Trust Building | the real estate asset described in paragraph 1 under “ <i>Information on the Investment Portfolio</i> ”; |
| 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; |
| Loan Portfolios | the Avon Portfolio, the Corbo Portfolio, the Elliott Portfolio and the Park Inn Portfolio as described in paragraph 1 under “ <i>Information on the Investment Portfolio</i> ”; |
| 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> ”; |
| Marketfield | Marketfield Asset Management LLC; |
| Marshes Shopping Centre | the real estate asset described under “ <i>Information on the Investment Portfolio</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 |
| Opera Acquisition Agreement | the acquisition agreement dated 9 May 2014 between the Opera Buyer and the Opera Sellers as described in paragraph 6 under “ <i>Additional Information</i> ”; |
| Opera Buyer | KW Investment Three Lux S.à r.l., a wholly-owned subsidiary of the Issuer; |

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| Opera Facility Agreement | the €264 million facility agreement dated 22 July 2013, as amended and restated on 5 December 2013, as further amended on 31 January 2014, 24 June 2014 and 11 July 2014 and as amended and restated on 17 December 2014 between the Opera Target as borrower and Bank of Ireland as original lender, agent, arranger and security trustee, as described in paragraph 6 under “ <i>Additional Information</i> ”; |
| Opera Facility Borrowers | the Opera Target, Bizet Limited, Triviata Limited, Scarlatti Limited and Nessun Limited; |
| Opera Portfolio | the portfolio of real estate assets acquired by the Opera Buyer pursuant to the terms of the Opera Acquisition Agreement, as described in paragraph 1 under “ <i>Information on the Investment Portfolio</i> ”; |
| Opera Sellers | VF Opera, LLC and KWF Real Estate Venture XV, L.P.; |
| Opera Shares | the entire participating share capital issued by Cavalli Investments plc, in respect of its sub-fund Cavalli Real Estate Fund I; |
| Opera Target | Cavalli Investments plc, acting for and on behalf of its sub-fund Cavalli Real Estate Fund I; |
| 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; |
| Park Inn Portfolio | eight real estate loans secured by a portfolio of eight hotel assets, located across England, with one asset in Wales, as described under “ <i>Information on the Investment Portfolio</i> ” |
| 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 6 under “ <i>Additional Information</i> ”; |
| Plan Asset Regulations | U.S. Department of Labor regulation 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA); |
| Portmarnock Hotel & Golf Links | the real estate asset described under “ <i>Information on the Investment Portfolio</i> ”; |
| Property Portfolios | the Artemis Portfolio, 111 Buckingham Palace Road, Vantage, Central Park, the Fairmont St Andrews Hotel, Gardner House, the Gatsby Portfolio, the Jupiter Portfolio, the Liffey Trust Building, the Marshes Shopping Centre, the Opera Portfolio, the Portmarnock Hotel & Golf Links, Santisima Trinidad 5 and the Tiger Portfolio, each as described in paragraph 1 under “ <i>Information on the Investment Portfolio</i> ”; |
| Quantum | Quantum Strategic Partners Ltd; |

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| 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; |
| REIT | real estate investment trust; |
| 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; |
| Santísima Trinidad 5 | the real estate asset described under “Information on the Investment Portfolio”; |
| 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; |
| Tiger Portfolio | the real estate assets acquired by the Issuer pursuant to the Tiger Acquisition Agreement, as described in paragraph 1 under “ <i>Information on the Investment Portfolio</i> ”; |
| Total Return | as used throughout this 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; |

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| UK or United Kingdom | the United Kingdom of Great Britain and Northern Ireland; |
| uncertificated or in uncertificated form | recorded on the register of members as being held in uncertificated form in CREST and title to which may be transferred by means of CREST; |
| 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; |
| Vantage, Central Park | the property acquired by the CP Buyer pursuant to the terms of the Central Park Acquisition Agreement, as described under “ <i>Information on the Investment Portfolio</i> ”; |
| 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. |

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**Printed by Allen & Overy LLP
0111390-0000013 ICM:21958970.18**