

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)*

£200,000,000 3.95 per cent. Bonds due 2022

*(to be consolidated and form a single series with the £300,000,000 3.95 per cent. Bonds due 2022 issued by
Kennedy Wilson Europe Real Estate Plc on 30 June 2015)*

**Issue Price 101.929 per cent. (plus
81 days' accrued interest in
respect of the period from (and
including) 30 June 2016 to (but
excluding) the Issue Date (as
defined below))**

The £200,000,000 3.95 per cent. Bonds due 2022 (the "**Bonds**", which expression, when used in "*Terms and Conditions of the Bonds*" and, where the context so permits, in other sections of this Prospectus where the terms and conditions of the Bonds and the Original Bonds (as defined below) are described, includes the Original Bonds and, unless the context otherwise requires, any further bonds issued pursuant to "*Terms and Conditions of the Bonds – Further Issues*" will be issued by Kennedy Wilson Europe Real Estate Plc (the "**Issuer**") on 19 September 2016 (the "**Issue Date**"). The Bonds will, from the Temporary Global Bond Exchange Date (as defined below), be consolidated and form a single series with the existing £300,000,000 3.95 per cent. Bonds due 2022 (the "**Original Bonds**") of the Issuer issued on 30 June 2015. Upon such consolidation, the aggregate principal amount of the Original Bonds and the Bonds will be £500,000,000.

The Bonds will bear interest from and including 30 June 2016 at the rate of 3.95 per cent. per annum, payable annually in arrear on 30 June in each year (commencing on 30 June 2017). 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, S.A. ("**Clearstream, Luxembourg**") and Euroclear Bank SA/NV ("**Euroclear**") on or prior to the Issue Date. 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 31 October 2016 (the "**Temporary Global Bond Exchange Date**"), 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.

Potential investors should note that this Prospectus has been prepared solely for use in connection with the Bonds, and not for any other purpose. In particular, this Prospectus is not being, and may not be, used in connection with any offer or marketing of any units or shares of any entity. The offer and marketing 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 Directive 2011/61/EU (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, stabilisation may not necessarily occur. 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 cease 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, 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, Italian 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:

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

- (iii) the unaudited reviewed condensed consolidated interim financial statements for the period from 1 January 2016 to 30 June 2016 (the “**2016 Interim Financial Statements**” and, together with the Annual Financial Statements, the “**Financial Statements**”).

The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“**IFRS**”). The 2016 Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, “**Interim Financial Reporting**”, as adopted by the European Union (the “**EU**”).

The Issuer publishes its financial statements in Sterling.

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

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

Alternative Performance Measures

Certain alternative performance measures (as defined in the European Securities and Markets Authority Guidelines on Alternative Performance Measures) (“**Alternative Performance Measures**”) are included in this Prospectus. See paragraph 8 of “*Information on the Group*” for more information.

Currency Presentation

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

Information in respect of the Investment Portfolio

Unless expressly stated otherwise, all references to the market value of the Investment Portfolio (or any part of it) in this 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 30 June 2016. The Investment Portfolio held as at 30 June 2016 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 30 June 2016.

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

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

- (ii) The 2015 Annual Financial Statements, which have previously been published as part of the Issuer’s 2015 annual report and accounts and have been filed with the FCA, shall be incorporated in, and shall form part of, this Prospectus. The 2015 Annual Financial Statements comprise the information set out at the following pages of the Issuer’s 2015 annual report and accounts:

Independent Audit Report	Pages 82 to 84
Consolidated Income Statement	Page 85
Consolidated Statement of Comprehensive Income	Page 86
Consolidated Balance Sheet	Page 87
Consolidated Statement of Changes In Equity	Pages 88 to 89
Consolidated Cash Flow Statement	Pages 90 to 91
Notes to the Consolidated Financial Statements	Pages 92 to 144

- (iii) The information under the following headings in the Issuer’s 2015 annual report and accounts, which has previously been published as part of the Issuer’s 2015 annual report and accounts and has been filed with the FCA, shall be incorporated in, and shall form part of, this Prospectus:

Performance review - Investment activity	Pages 39 to 41
Performance review - Portfolio management	Pages 42 to 47
Finance review	Pages 48 to 53
Code compliance statement	Page 58
Additional Information - Portfolio statistics and EPRA disclosures	Pages 147 to 149

- (iv) The Issuer’s 2016 half year results announcement published on 5 August 2016 (the “**2016 Interim Half Year Announcement**”) (which includes the 2016 Interim Financial Statements), which has previously been published and has been filed with the FCA, shall be incorporated in, and shall form part of, this Prospectus.
- (v) The Issuer’s Memorandum of Association and the Issuer’s Articles of Association which have, in each case, previously been published and filed with the FCA, shall be incorporated in, and shall form part of, this Prospectus.
- (vi) The information under the following headings in the Base Prospectus relating to the Issuer’s £2,000,000,000 Euro Medium Term Note Programme dated 5 November 2015 (the “**Base Prospectus**”) which has previously been published and has been filed with the FCA, shall be incorporated in, and shall form part of, this Prospectus:

Risk Factors – Risks Relating to the Group	Pages 14 to 34
Risk Factors – Risks Relating to Regulation and Taxation	Pages 34 to 37
Information on the Group	Pages 108 to 114
Information on the Investment Manager (save for the information set out under paragraph 3 (<i>Board of the Investment Manager</i>) which is superseded by the information set out under paragraph 1 (<i>Board of the Investment Manager</i>) of “ <i>Information on the Group</i> ” in this Prospectus).	Pages 115 to 130
Information on the Investment Portfolio	Pages 131 to 132
Directors, Corporate Governance and Administration (save for the information set out under the heading ‘ <i>Corporate Governance for the Issuer</i> ’ in paragraph 2 (<i>Corporate Governance and Board Practices</i>) which is superseded by the information incorporated by reference under paragraph (iii) above).	Pages 133 to 138
Additional Information (save for the information set out under paragraphs 2.3, 2.6, 2.8 and 2.9 (<i>Share Capital of the Issuer</i>) paragraph 3 (<i>Subsidiary Undertakings</i>) paragraphs 4.1, 4.2, 4.3, 4.4, 4.8, 4.9 and 4.10 (<i>Directors’ and Other Interests</i>) and paragraph 8 (<i>Related Party Transactions and Interests</i>) which is superseded by the information contained in “ <i>Information on the Group</i> ” in this Prospectus and incorporated by reference under paragraph (vii) below).	Pages 149 to 172

For the purposes of this Prospectus, references to “Notes” in “*Risk Factors – Risks Relating to the Group*” and “*Risk Factors – Risks Relating to Regulation and Taxation*” shall be construed as being references to the Bonds.

- (vii) The information under the heading ‘Statements – Share Capital’ on page 2 of the supplement to the Base Prospectus dated 19 May 2016 which has previously been published and 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

Prospective investors should carefully consider the "Risks relating to the Group" which are incorporated by reference in this Prospectus. See "*Documents Incorporated by Reference*", paragraph (vi).

In addition:

The United Kingdom electorate's vote to leave the EU could adversely affect the Group

On 23 June 2016, the United Kingdom held a referendum to decide on the United Kingdom's membership of the EU. The United Kingdom electorate voted to leave the EU. The result of the referendum does not legally obligate the United Kingdom to exit the EU. Regardless of any eventual timing or terms of the United Kingdom's exit from the EU, the referendum has created significant political, social and macroeconomic uncertainty regarding the United Kingdom's and the EU's economic and political prospects. The negotiation of the United Kingdom's exit terms is likely to take a number of years. Until the terms and timing of the United Kingdom's exit from the EU are clearer, it is not possible to determine the impact that the referendum, the United Kingdom's departure from the EU and/or any related matters may have on the business of the Group. As such, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Bonds and/or the market value and/or the liquidity of the Bonds in the secondary market.

Risks relating to regulation and taxation

Prospective investors should carefully consider the "Risk relating to regulation and taxation" which are incorporated by reference in this Prospectus. See "*Documents Incorporated by Reference*", paragraph (vi).

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 (as defined in the Conditions) 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.

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 description of material market risks, including liquidity risk, interest rate risk, exchange rate risk and credit risk:

The secondary market generally and liquidity risks

Any pre-existing trading market for the Bonds may not be maintained. Additionally, any such market may not be very 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 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 continue. 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 "**EFSF**") and the European Financial Stability Mechanism (the "**EFSM**") to provide funding to Eurozone countries in financial difficulties that seek such support.

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

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 be read in conjunction with the financial review set out in the 2016 Interim Half Year Announcement, each of which is incorporated by reference into this Prospectus.

The financial information in this section has been extracted without material adjustment from the 2016 Interim Financial Statements and, as the case may be, the 2015 Annual Financial Statements. The accompanying notes found in the 2016 Interim Financial Statements and the 2015 Annual Financial Statements form an integral part of the relevant Financial Statements.

Consolidated Income Statement

The table below shows the Issuer's consolidated income statement for the six month period ended 30 June 2016 (unaudited), the six month period ended 30 June 2015 (unaudited), the year ended 31 December 2015 (audited) and for the period from incorporation on 23 December 2013 to 31 December 2014 (audited).

	Six month period ended 30 June 2016	Six month period ended 30 June 2015 ¹	Year ended 31 December 2015	For the period from incorporation on 23 December 2013 to 31 December 2014 ²
	Unaudited	Unaudited	Audited	Audited
	£m	£m	£m	£m
Revenue				
Rental income	93.6	64.7	138.8	51.4
Hotel revenue	8.7	8.6	20.0	8.4
Interest income from loans secured by real estate	3.5	6.6	13.4	6.6
	105.8	79.9	172.2	66.4
Property related expenses	(17.1)	(11.8)	(22.7)	(8.3)
Hotel cost of sales	(7.7)	(7.3)	(14.4)	(4.3)
	(24.8)	(19.1)	(37.1)	(12.6)
Gross profit	81.0	60.8	135.1	53.8
Net change in fair value of investment and development	45.1	112.6	208.0	49.3
Net change in fair value of loans secured by real estate	0.6	6.9	5.1	6.0
Gain on sale of investment property and loan collateral	0.2	5.5	14.6	0.4
Other gains	-	-	0.8	-
Gain on purchase of a business	-	-	-	1.8
	126.9	185.8	363.6	111.3
Expenses				
Administrative expenses	(8.3)	(8.9)	(15.9)	(14.6)
Investment management fee	(8.1)	(7.3)	(15.2)	(8.4)
Performance fee	-	(5.5)	(29.7)	-
	(16.4)	(21.7)	(60.8)	(23.0)
Results from operating activities before financing income and costs	110.5	164.1	302.8	88.3
Interest income from cash and cash equivalents	0.4	0.9	0.6	1.3
Finance costs	(29.3)	(12.5)	(36.8)	(9.2)
Net finance expense	(28.9)	(11.6)	(36.2)	(7.9)
Profit before taxation	81.6	152.5	266.6	80.4
Taxation	(2.9)	(3.2)	(7.6)	(1.9)
Profit for the period after taxation	78.7	149.3	259.0	78.5
Earnings per share (basic & diluted)	57.9p	110.2p	191.0p	88.0p

Footnote:

1. June 2015 comparative re-presented on a basis consistent with presentation adopted at 31 December 2015. Further information is set out in Note 40 to the consolidated financial statements included in the Annual Report and Accounts for the year ended 31 December 2015, and incorporated by reference herein.

2. December 2014 comparative re-presented on a basis consistent with presentation adopted at 31 December 2015. Further information is set out in Note 40 to the consolidated financial statements included in the Annual Report and Accounts for the year ended 31 December 2015, and incorporated by reference herein.

Consolidated Balance Sheet

The table below shows the Issuer's consolidated balance sheet as at 30 June 2016 (unaudited), 30 June 2015 (unaudited), 31 December 2015 (audited) and 31 December 2014 (audited).

	30 June 2016 Unaudited £m	30 June 2015 Unaudited £m	31 December 2015 Audited £m	31 December 2014 Audited £m
Non-current assets				
Investment and development property	2,761.0	1,880.6	2,500.2	1,218.3
Loans secured by real estate	81.9	277.1	179.2	211.0
Property, plant and equipment	69.0	58.7	59.2	59.7
Derivative financial assets	0.5	16.2	10.6	7.5
Deferred tax asset	1.9	-	1.5	-
	2,914.3	2,232.6	2,750.7	1,496.5
Current assets				
Inventories	0.3	0.3	0.3	0.3
Rent and other receivables	33.3	28.4	28.4	48.2
Assets held-for-sale	147.0	-	51.0	-
Cash and cash equivalents	459.0	470.3	326.5	441.9
	639.6	499.0	406.2	490.4
Total assets	3,553.9	2,731.6	3,156.9	1,986.9
Current liabilities				
Trade and other payables	(66.2)	(45.4)	(68.6)	(32.5)
Borrowings	(76.2)	-	(0.3)	-
Deferred income	(40.5)	(28.5)	(31.4)	(16.2)
	(182.9)	(73.9)	(100.3)	(48.7)
Non-current liabilities				
Trade and other payables	(3.3)	(1.0)	(3.3)	(2.4)
Deferred tax liability	(1.1)	-	-	-
Borrowings	(1,642.8)	(1,143.6)	(1,414.0)	(545.9)
Derivative financial liabilities	(44.2)	-	(10.1)	-
	(1,691.4)	(1,144.6)	(1,427.4)	(548.3)
Total liabilities	(1,874.3)	(1,218.5)	(1,527.7)	(597.0)
Net assets	1,679.6	1,513.1	1,629.2	1,389.9
Equity				
Stated capital	1,322.2	1,318.3	1,322.2	1,314.9
Foreign currency translation reserve	23.6	(16.6)	(8.7)	(0.4)
Revaluation reserve	2.9	3.7	1.3	2.6
Share-based payments reserve	2.2	7.6	31.8	1.7
Retained earnings	328.7	200.1	282.6	71.1
Equity attributable to owners of the Company	1,679.6	1,513.1	1,629.2	1,389.9
Non-controlling interests ¹	-	-	-	-
Total equity	1,679.6	1,513.1	1,629.2	1,389.9
Net asset value per share – basic and diluted (Pence)	1,235.6p	1,115.8p	1,198.5p	1,027.4p
EPRA net asset value per share – basic and diluted (Pence)²	1,235.4p	1,114.5p	1,197.8p	1,026.4p
Adjusted net asset value per share – basic and diluted (Pence)	1,233.8p	1,108.9p	1,174.5p	1,025.2p

Footnote:

1. Non-controlling interests relate to certain development properties in Spain. At this time, such amounts are not material.
2. 2014 comparative was re-presented in accordance with EPRA Best Practice Recommendations 2014.

Consolidated Cash Flow Statement

The table below shows the Issuer's consolidated cash flow statement for the six month period ended 30 June 2016 (unaudited), the six month period ended 30 June 2015 (unaudited), the year ended 31 December 2015 (audited) and the period from incorporation on 23 December 2013 to 31 December 2014 (audited).

	Six month period ended 30 June 2016 Unaudited £m	Six month period ended 30 June 2015 Unaudited £m	Year ended 31 December 2015 Audited £m	Period from incorporation on 23 December 2013 to 31 December 2014 Audited £m
Cash flows from operating activities				
Profit for the period	78.7	149.3	259.0	78.5
Adjustments for:				
Net change in fair value of investment and development property	(45.1)	(112.6)	(208.0)	(49.3)
Net change in fair value of loans secured by real estate	(0.6)	(6.9)	(5.1)	(6.0)
Other gains	-	-	(0.8)	-
Gain on purchase of a business	-	-	-	(1.8)
Gain on sale of loan collateral	(0.4)	(5.0)	(5.0)	-
Loss/(gain) on sale of investment property	0.2	(0.5)	(9.6)	(0.4)
Disposal of property, plant and equipment	0.2	0.2	0.2	-
Net finance cost	19.9	5.5	16.6	1.3
Amortisation of lease incentive	(1.2)	(1.0)	(1.6)	(1.5)
Amortisation of loan fees	1.8	0.7	3.4	-
Amortisation of bond discount	0.4	-	0.3	-
Taxation	2.9	3.2	7.6	1.9
Depreciation	1.3	1.3	2.2	0.7
Provision for impairment of accounts receivable	0.7	0.3	(0.3)	0.5
Performance fee	(29.7)	5.5	29.7	-
Investment management fee	-	3.4	5.6	4.2
Operating cash flows before movements in working capital	28.9	43.4	94.2	28.1
(Increase) in inventories	-	-	-	(0.1)
(Increase) in rent and other receivables	(6.1)	(9.7)	(11.9)	(10.6)
Increase in deferred rental income	9.1	12.3	13.9	16.2
(Decrease)/increase in trade and other payables	(3.8)	9.7	24.1	26.9
Cash generated from operations	28.3	55.7	120.3	60.5
Interest received	3.9	10.0	17.2	4.5
Interest paid	(21.0)	(8.4)	(21.1)	(4.7)
Derivative financial instruments	(0.2)	5.6	5.6	(2.9)
Tax paid	(5.4)	(1.4)	(1.4)	-
Cash flows (used by)/generated from operating activities	5.6	61.5	120.6	57.4
Investing activities				
Acquisition/improvement of investment and development property	(241.9)	(527.7)	(1,065.7)	(905.6)
Deposits paid on investment and development property	-	-	(1.7)	(30.8)
Disposal of investment property	62.0	24.2	95.7	0.4
Purchase of property, plant and equipment	(6.4)	(1.5)	(4.0)	(0.1)
Acquisition of loans secured by real estate	-	(130.5)	(130.4)	(241.4)
Disposal of loans secured by real estate	101.1	2.4	28.7	36.4
Acquisition of business/subsidiary, net of cash required	-	-	-	(54.8)
Cash flows used in investing activities	(85.2)	(633.1)	(1,077.4)	(1,195.9)

Consolidated Cash Flow Statement (continued)

	Six month period ended 30 June 2016 Unaudited £m	Six month period ended 30 June 2015 Unaudited £m	Year ended 31 December 2015 Audited £m	Period from incorporation on 23 December 2013 to 31 December 2014 Audited £m
Financing activities				
Proceeds from issue of shares	-	-	-	1,282.4
Share issue costs	-	-	-	(39.5)
Proceeds from borrowings	260.7	670.9	925.7	519.0
Repayments of borrowings	(38.0)	(47.2)	(50.6)	(163.6)
Transaction costs related to borrowings	(1.6)	(3.8)	(6.2)	(10.2)
Bond premium received	2.0	-	-	-
Interest received on drawdown	1.7	-	-	-
Dividends paid	(32.6)	(20.3)	(47.5)	(7.4)
Cash flows from financing activities	192.2	599.6	821.4	1,580.7
Net increase/(decrease) in cash and cash equivalents	112.6	28.0	(135.4)	442.2
Cash and cash equivalents at beginning of period	326.5	441.9	441.9	-
Foreign exchange movements	19.9	0.4	20.0	(0.3)
Cash and cash equivalents at the reporting date	459.0	470.3	326.5	441.9

Terms and Conditions of the Bonds

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

The £200,000,000 3.95 per cent. bonds due 2022 (the “**New Bonds**”) will, pursuant to Condition 15, upon exchange of the temporary global Bond initially representing the New Bonds on issue for interests in the permanent global Bond (on or after a date which is expected to be 31 October 2016, upon certification as to non-U.S. beneficial ownership), be consolidated and form a single series with the £300,000,000 3.95 per cent. bonds due 2022 (the “**Original Bonds**”) of Kennedy Wilson Europe Real Estate Plc (the “**Issuer**”). The term “**Bonds**” shall include the Original Bonds, the New Bonds and, unless the context otherwise requires, any further securities issued pursuant to Condition 15 and forming a single series with the Bonds. The Original Bonds were authorised by a resolution of the Board of Directors of the Issuer passed on 11 June 2015. The New Bonds were authorised by a resolution of the Board of Directors of the Issuer passed on 8 September 2016 and a further resolution of a committee of the Board of Directors of the Issuer passed on 13 September 2016. The New Bonds are constituted by a supplemental trust deed (the “**Supplemental Trust Deed**”) dated 19 September 2016 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**”). The Supplemental Trust Deed is supplemental to a trust deed (the “**Original Trust Deed**”) dated 30 June 2015 between the Issuer and the Trustee. The Supplemental Trust Deed and the Original Trust Deed are together referred to as the “**Trust Deed**”. 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 “**Original Paying Agency Agreement**”) dated 30 June 2015 relating to the Bonds as supplemented by the supplemental paying agency agreement dated 19 September 2016 (together with the Original Agency Agreement, the “**Agency Agreement**”) in each case made 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 Original Bonds bear interest from and including 30 June 2015 and the New Bonds bear interest from and including 30 June 2016, in each case, 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 Moodys, 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 unmatured 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 31 October 2016, 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

In addition to the information set out below in relation to the Group, please also refer to the information incorporated by reference on the Group in “*Documents Incorporated by Reference*”.

1 Board of the Investment Manager

The board of the Investment Manager comprises the following individuals:

Mary Ricks

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

Peter Collins

Peter Collins was appointed to the board of the Investment Manager on 4 August 2016. He has been involved in the financial services and investment industry since 1987. Mr Collins took up his role at the KW Europe Investment Committee when KW Europe acquired the business of Bank of Ireland Real Estate Investment Management in June 2011. Prior to this 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.

Andrew McNulty

Andrew McNulty has served as a senior director of the Investment Manager since 16 June 2014. Mr McNulty is a member of the Royal Institution of Chartered Surveyors and has been involved in the real estate industry since 1999. Prior to his joining the Investment Manager, Mr McNulty was an associate director at Crestbridge, a role he held since September 2009 and during which he was responsible for developing the real estate funds’ business. He has extensive experience in acting as a director on real estate client boards and regulated Jersey vehicles holding real estate assets. Prior to joining Crestbridge, Mr McNulty was a property fund manager at Schrodgers 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.

Mark Hodgson

Mark Hodgson was appointed to the board of the Investment Manager on 4 November 2015. Mr Hodgson is a Channel Islands fund director based in Jersey, with considerable experience in the administration of Channel Islands funds. Mr Hodgson has a broad fund expertise covering a wide range of differing asset classes, including real estate, infrastructure, hedge and private equity. He has over 25 years of financial services experience, with an extensive banking background. In particular, Mr Hodgson spent over 20 years with HSBC

where he gained in depth knowledge of credit, financial markets and complex lending structures. Prior to moving to Jersey, Mr Hodgson was Regional Director for HSBC Invoice Finance (UK) running their receivables finance business. Mr Hodgson moved to Jersey in 2006 to head up HSBC's Commercial Centre, having full operational responsibility for credit and lending within the jurisdiction. In 2008 he moved to Capita Fiduciary Group as Managing Director Offshore Registration (a regulated role) with responsibility for Jersey, Guernsey and the Isle of Man. Mr Hodgson also took on the responsibility as Managing Director of Capita Financial Administrators (Jersey) Limited (regulated role) together with directorship appointments of regulated and unregulated funds boards. Mr Hodgson has also served as Managing Director of Carne Global Financial Services (C.I.) Limited.

2 Subsidiary Undertakings

The Issuer is the holding company of the Group. As at the the latest practicable date prior to the publication of this Prospectus, being 14 September 2016 (unless otherwise stated) (the “**Latest Practicable Date**”), the Issuer comprises the Issuer and its subsidiaries named below.

<u>Name</u>	<u>Country of incorporation</u>	<u>Percentage of direct or indirect ownership interest</u>	<u>Principal activity</u>	<u>Registered office</u>
		(%)		
Alemina Investments, S.L.	Spain	90	Property investment company	Paseo de la Castellana 143 11 th Floor 28046 Madrid Spain
Bizet Ltd	Jersey	100	Dormant company	47 Esplanade, St Helier, Jersey, JE1 0BD
Cavalli Investments ICAV	Republic of Ireland	100	Property investment company	1st Floor, 33 Sir John Rogerson's Quay, Dublin 2, Ireland
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

Name	Country of incorporation	Percentage of direct or indirect ownership interest	Principal activity	Registered office
		(%)		
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	47 Esplanade, St Helier, Jersey,

Name	Country of incorporation	Percentage of direct or indirect ownership interest	Principal activity	Registered office
		(%)		
			company	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	Dormant 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 Dukes Park Limited	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
KW Gatsby Limited	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,

Name	Country of incorporation	Percentage of direct or indirect ownership interest	Principal activity	Registered office
		(%)		Luxembourg
KW Investment Eleven Lux S.à r.l.	Luxembourg	100	Dormant company	9A, boulevard Prince Henri, L – 1724, Luxembourg
KW Investment Five Lux S.à r.l.	Luxembourg	100	Dormant company	9A, boulevard Prince Henri, L – 1724, Luxembourg
KW Investment Four Lux S.à r.l.	Luxembourg	100	Holding company	9A, boulevard Prince Henri, L – 1724, Luxembourg
KW Investment Funds ICAV	Republic of Ireland	100	Property investment company	1st Floor, 33 Sir John Rogerson’s Quay, 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	Dormant company	9A, boulevard Prince Henri, L – 1724, Luxembourg
KW Investment Six Lux S.à r.l.	Luxembourg	100	Holding company	9A, boulevard Prince Henri, L – 1724, Luxembourg
KW Investment Ten Lux S.à r.l.	Luxembourg	100	Dormant company	9A, boulevard Prince Henri, L – 1724, Luxembourg
KW Investment Three Lux S.à r.l.	Luxembourg	100	Holding company	9A, boulevard Prince Henri, L – 1724, Luxembourg
KW Investment Twelve Lux S.à r.l.	Luxembourg	100	Dormant company	9A, boulevard Prince Henri, L – 1724, Luxembourg
KW Investment Two Lux S.à r.l.	Luxembourg	100	Holding company	9A, boulevard Prince Henri, L – 1724, Luxembourg
KW Italy Investments Holdco Limited*	Jersey	100	Holding company	47 Esplanade, St Helier, Jersey, JE1 0BD

Name	Country of incorporation	Percentage of direct or indirect ownership interest	Principal activity	Registered office
		(%)		
KW LMG Propco 1, S.L.	Spain	100	Property investment company	Paseo de la Castellana 143 11th Floor 28046 Madrid Spain
KW New Propco 1, S.L.	Spain	100	Dormant company	Paseo de la Castellana 143 11th Floor 28046 Madrid Spain
KW Niobe Ltd	Jersey	100	Dormant company	47 Esplanade, St Helier, Jersey, JE1 0BD
KW Office Limited	Jersey	100	Dormant company	47 Esplanade, St Helier, Jersey, JE1 0BD
KW Office SPV1 Ltd (formerly named KW Dionysus Ltd)	Jersey	100	Dormant company	47 Esplanade, St Helier, Jersey, JE1 0BD
KW Office SPV 2 Ltd (formerly named KW Agamemnon Ltd)	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
KW Office SPV 3 Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
KW Olimpia Holdco Limited	Jersey	100	Holding company	47 Esplanade, St Helier, Jersey, JE1 0BD
KW Pioneer Point Limited	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
KW Pioneer Point UK OpCo Limited	UK	100	Operating company	50 Grosvenor Hill, London, W1K 3QT
KW Portmarnock Ops Ltd	Republic of Ireland	100	Operating company	1st Floor, 33 Sir John Rogerson's Quay, 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

Name	Country of incorporation	Percentage of direct or indirect ownership interest	Principal activity	Registered office
		(%)		
KW Retail SPV 1 Ltd	Jersey	100	Dormant company	47 Esplanade, St Helier, Jersey, JE1 0BD
KW Retail SPV 2 Ltd (formerly named Crumbie Ltd)	Jersey	100	Dormant company	47 Esplanade, St Helier, Jersey, JE1 0BD
KW Retail Warehouse SPV 1 Ltd	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
KW Sol Propco, S.L.	Spain	100	Property investment company	Paseo de la Castellana 143 11 th Floor 28046 Madrid Spain
KW Sol Propco 2, S.L.	Spain	100	Property investment company	Paseo de la Castellana 143 11th Floor 28046 Madrid Spain
KW Spanish Holdco, S.L.	Spain	100	Holding company	Paseo de la Castellana 143 11 th Floor 28046 Madrid Spain
KW Towers Limited	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
KW Tradeco 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	Dormant company	47 Esplanade, St Helier, Jersey, JE1 0BD
KW Velazquez Propco 1, S.L.	Spain	100	Property investment company	Paseo de la Castellana 143 11 th Floor 28046 Madrid Spain
KW Velazquez Propco 2, S.L.	Spain	100	Property investment company	Paseo de la Castellana 143 11 th Floor 28046

Name	Country of incorporation	Percentage of direct or indirect ownership interest	Principal activity	Registered office
		(%)		Madrid Spain
Leterana Servicios Y Gestiones, S.L.	Spain	90	Property investment company	Paseo de la Castellana 143, 11th Floor, 28046, Madrid, Spain
Nessun Ltd	Jersey	100	Dormant company	47 Esplanade, St Helier, Jersey, JE1 0BD
Parque Comercial Guadalhorce, S.L.	Spain	100	Property investment company	Paseo de la Castellana 143 11 th Floor 28046 Madrid Spain
Scarlatti Ltd	Jersey	100	Dormant company	47 Esplanade, St Helier, Jersey, JE1 0BD
SEO Bartley Wood Limited	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
SEO Bracknell Limited	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
SEO Farnborough Limited	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
SEO Finance Limited	Jersey	100	Holding company	47 Esplanade, St Helier, Jersey, JE1 0BD
SEO Harlow Limited	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
SEO Langley Limited	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
SEO Maidenhead Limited	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
SEO Reading Limited	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
SEO Stockley Limited	Jersey	100	Property investment company	47 Esplanade, St Helier, Jersey, JE1 0BD
SEO Watford	Jersey	100	Property investment	47 Esplanade, St Helier, Jersey,

<u>Name</u>	<u>Country of incorporation</u>	<u>Percentage of direct or indirect ownership interest</u>	<u>Principal activity</u>	<u>Registered office</u>
Limited		(%)	company	JE1 0BD
St Andrews Bay Development Ltd	Scotland	100	Property investment and operating company	St Andrews Bay Golf Resort & Spa, St. Andrews, Fife, Scotland, KY16 8PN
Triviata Ltd	Jersey	100	Dormant company	47 Esplanade, St Helier, Jersey, JE1 0BD

3 Directors' shareholdings in the Issuer

The directors of the Issuer (the “**Directors**”) had the following shareholdings in the Issuer as at the Latest Practicable Date:

<i>Name</i>	<i>Shares held as at the Latest Practicable Date</i>	
	<i>Number of Shares</i>	<i>% of share capital</i>
William McMorrow ⁽¹⁾⁽²⁾	80,916	0.06
Mark McNicholas	–	–
Simon Radford	9,200	0.01
Mary Ricks ⁽¹⁾⁽²⁾	160,916	0.12
Charlotte Valeur	–	–

(1) In March 2016, William McMorrow and Mary Ricks were each granted an award of 119,233 restricted share units (representing 0.09 per cent. of the share capital). The restricted share units will vest, subject to continued service, in equal tranches over a period of three years, with the first vesting to occur in March 2017 and thereafter in March 2018 and March 2019. Each restricted share unit that vests shall represent the right to receive payment of one Share.

(2) Held through a nominee account.

Except as disclosed in this paragraph 3, the Issuer is not aware of interests of any Director, including any connected person of that Director, the existence of which is known to, or could with reasonable diligence be ascertained by, that Director whether or not held through another party, in the share capital of the Issuer, together with any options in respect of such capital as at the Latest Practicable Date.

Save as set out in this paragraph 3, 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 and other KW Associates, and William McMorrow is a director of the Issuer, KW Holdings 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 Associates and KW Holdings (where applicable).

4 Issuer shares

The Issuer’s share capital as at the Latest Practicable Date is 135,933,938 Ordinary Shares.

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 Shares	% of Issued Share Capital
KW	29,562,975	21.75
Quantum	15,981,750	11.76
Wellington ⁽¹⁾	10,561,049	7.77
Franklin Templeton Portfolio Advisory ⁽²⁾	9,211,726	6.78

(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%).

The Issuer is not aware of any person who directly or indirectly, jointly or severally, exercises control over the Issuer.

Save as disclosed in this Prospectus:

- (i) 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;
- (ii) 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
- (iii) no share or loan capital of the Issuer is under option or has been agreed, conditionally or unconditionally, to be put under option.

5 Directors Remuneration

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 and 2015, 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.

6 Directors Other Interests

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. Cell Series 1000 PC DW Catalyst Limited FSN Capital Holding Jersey Limited FSN Capital Holding III Limited FSN Capital GP IV Limited FSN Capital GP V Limited GFG Limited GGG Limited J.P. Morgan Convertibles Bond Income Fund Limited	3i Infrastructure Plc Brook Street Partners (Jersey) Limited Brook Street Partners Holding Limited Cell 2008-1 PC Cell 2008-2 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

NTR Plc
NTR Wind 1 LP

DREAM02 (II) Limited
DREAM02(III) GP Limited
DREAM02(IV) GP Limited
DREAM02(V) GP Limited
DREAM02(VI) GP Limited
DREAM02(VII) GP Limited
DREAM02(VIII) GP Limited
DREAM02(IX) GP Limited
DREAM02(X) GP Limited
DREAM02(XI) Limited
Ingenious Clean Energy Income Plc
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
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
Renewable Energy Generation Limited
TECREF GP Limited
Tyndaris European Real Estate Finance SA
VCM Ariel Fund Limited (Feeder)
VCM Ariel Fund LP (Master)
VCM Ariel General Partner Ltd

Mark McNicholas

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

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 (Coventry) Limited
HXRUK (Davis House) Limited
HXRUK (DP) Limited
HXRUK (KP) Limited
HXRUK (Midlands) Limited
HXRUK (NW) Limited
HXRUK (KP DEV) Limited
HXRUK (Silver 1) Limited
HXRUK (Silver 2) Limited
HXRUK (Silver Holdings) Limited
HXRUK 3 (2010) Salford Limited
HXRUK 3 (2010) Scotland Limited
HXRUK 3 (Silverburn 2) Limited
HXRUK 3 (Silverburn) Limited
HXRUK 3 (Waverley Gate) Limited
HXRUK II (Bugatti) Limited
HXRUK II (Portsmouth) Limited
HXRUK II (Sittingbourne) Limited
HXRUK II Limited
HXRUK II (Bedford) Limited
HXRUK II (Central) Limited
HXRUK II (CHC) Limited
HXRUK II (Cumbernauld) Limited
HXRUK II (Darlington) Limited
HXRUK II (Harpenden) Limited
HXRUK II (Manchester) Limited
HXRUK II (Midlands) Limited
HXRUK II (NI) Limited

Name	Current directorships/partnerships	Past directorships/partnerships
Mary Ricks	Fairways 340 Corp. Glendora Partners Member, LLC K-W Properties K-W Santiago, Inc. Kennedy-Wilson Capital Kennedy-Wilson International Kennedy-Wilson Overseas Investments, Inc. Kennedy-Wilson Properties, Ltd. Kennedy-Wilson Tech Ltd. KW 900 Fourth Property Executives, LLC KW BASGF II Executives, LLC KW Executive Loan Partners I LLC KW Fund II Executives, LLC KW Fund III Executives, LLC KW Hawaii Executives, LLC KW fment Management Ltd KWF Executives I, LLC KWF Executives III, LLC KWF Executives V, LLC KW Investment Management Ltd KWF Investors I, LLC KWF Investors II, LLC KWF Investors III, LLC KWF Investors V, LLC KWP Financial KWP Financial I SG KW Venture I Executives, LLC SG KW Venture I Manager, LLC Waseda Partners GK	HXRUK II (North East) Limited HXRUK II (North West) Limited HXRUK II (North) Limited HXRUK II (Rugby) Limited HXRUK II (South) Limited HXRUK II (Stratford) Limited HXRUK II (West Scotland) Limited HXRUK II (Whetstone) Limited HXRUK III (2010) Limited HXRUK III LIMITED Mulberry 3 Limited Mulberry Property Holdings Limited New Mulberry Limited Snelsmore Investment Limited Snelsmore Limited Snelsmore Management Limited Synergy Gracechurch Holdings Limited KW Executives Pacifica Partners, LLC KW Fifth and Madison Property Executives, LLC KW Summer House Manager, LLC KWF Executives II, LLC Pacifica West Coast Partners, LLC Kennedy Wilson Europe Limited Kennedy Wilson Ireland Limited Kennedy Wilson Espana, SL Kennedy Wilson UK Limited KW Europe Investors Ltd KW Green Street Limited 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 KWF Alliance Limited KWF Brooklawn Real Estate Limited KWF Sandford Real Estate Limited KWF SS Britton Limited KWF SS Real Estate Limited
Simon Radford	Atrium European Real Estate Limited Atrium European Real Estate Nominees Limited Atrium Treasury Services Limited Brevan Howard Capital Management Limited Herkules Private Equity II (GP-I) Limited Herkules Private Equity II (GP-II) Limited Herkules Private Equity III (GP-I) Limited Herkules Private Equity III (GP-II) Limited Herkules Private Equity IV (GP-I) Limited Herkules Private Equity IV (GP-II) Limited RREEF Infrastructure (GP) Limited RREEF Pan-European Infrastructure Lux S.à r.l. SPV Herkules II (GP) Limited	Amdipharm Mercury Debtco Limited Amdipharm Mercury Limited ASF VI GP 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 Investment Products 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

Name	Current directorships/partnerships	Past directorships/partnerships
William McMorrow	Fairways 340 Corp. Glendora Partners Member, LLC K-W Properties Kennedy-Wilson Advisers, Inc. Kennedy-Wilson Capital Kennedy-Wilson Holdings, Inc. Kennedy-Wilson, Inc. Kennedy-Wilson, Inc. Nevada Kennedy-Wilson International Kennedy-Wilson Japan KK Kennedy-Wilson Overseas Investments, Inc. Kennedy-Wilson Properties, Ltd. Kennedy-Wilson Property Equity, Inc. Kennedy-Wilson Property Equity II, Inc. Kennedy-Wilson Property Equity III, Inc. Kennedy-Wilson Property Services, Inc. Kennedy-Wilson Property Services II, Inc. Kennedy-Wilson Property Special Equity, Inc. Kennedy-Wilson Property Special Equity II, Inc. Kennedy-Wilson Tech Ltd. 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 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 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	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 Herkules Private Equity (GP-I) Limited Herkules Private Equity (GP-II) Limited Redtop Feeder General Partner Limited Redtop General Partner II Limited Redtop General Partner Limited PEIF II (Manager) Limited Resource Partners FP Limited Resource Partners GP Limited St James Edinburgh Limited Kennedy-Wilson Europe Limited Kennedy Wilson Ireland Limited KW 300 California Executives, LLC KW Alameda Executives, LLC KW Executives Pacifica Partners, LLC KW Fifth and Madison Property Executives, LLC KW NoHo Executives, LLC KW Pacifica Partners, LLC KW Paramount Investors LLC KW Summer House Manager, LLC KW SV Executives LLC KWF Executives II, LLC Pacifica West Coast Partners, LLC RCTW 75 Executives LLC SG KW Venture I Executives, LLC

Save as disclosed in this paragraph 6, at the date of this Prospectus:

- (i) none of the Directors has any convictions in relation to fraudulent offences for at least the previous five years;
- (ii) 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
- (iii) 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.

7 Related Party Transactions and Interests

Save as disclosed in note 18 to the 2016 Interim Financial Statements, note 31 to the 2015 Annual Financial Statements, note 29 to the 2014 Annual Financial Statements and save as disclosed in “paragraph 2.2 of “Additional Information” of the Base Prospectus which is incorporated by reference in this Prospectus, 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).

8 Alternative Performance Measures

The Issuer considers the following metrics (which are referred to in this Prospectus, the Issuer’s 2014 annual report and accounts (including the 2014 Annual Financial Statements), the Issuer’s 2015 annual report and accounts (including the 2015 Annual Financial Statements) and/or the 2016 Interim Half Year Announcement (including the 2016 Interim Financial Statements), as the case may be) to constitute Alternative Performance Measures.

Metric	Definition	Reconciliations (where relevant) and comparative information ¹	Rationale for inclusion
EPRA NAV	IFRS net asset value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to be crystallised in normal circumstances such as fair value of financial derivatives.	<p>The reconciliation as at 30 June 2016 and as at 31 December 2015 is presented in Note 8B to the 2016 Interim Financial Statements, incorporated by reference herein.</p> <p>The reconciliation as at 31 December 2015 and 31 December 2014 is presented in Note 16B to the 2015 Annual Financial Statements, incorporated by reference herein.</p>	The inclusion of this metric is suggested by the EPRA Best Practice Guidance and this is a metric which is commonly reported by investment property entities. Certain forms of remuneration paid by the Issuer to the Investment Manager are calculated by reference to the EPRA NAV per share (as defined below). Such remuneration is set out in Note 18 of the 2016 Interim Financial Statements.
EPRA NAV per share	EPRA NAV (as defined above) divided by the number of shares in issue at the relevant reporting date.	<p>The reconciliation as at 30 June 2016 and as at 31 December 2015 is presented in Note 8B to the 2016 Interim Financial Statements, incorporated by reference herein.</p> <p>The reconciliation as at 31 December 2015 and 31 December 2014 is presented in Note 16B to the 2015 Annual Financial Statements, incorporated by reference herein.</p>	The inclusion of this metric is suggested by the EPRA Best Practice Guidance and this is a metric which is commonly reported by investment property entities. Certain forms of remuneration paid by the Issuer to the Investment Manager are calculated by reference to the EPRA NAV per share. Such remuneration is set out in Note 18 of the 2016 Interim Financial Statements.
Adjusted NAV	EPRA NAV (as defined above) adjusted by deducting any management fee and performance fee accounted for in the share-based payment reserve.	<p>The reconciliation as at 30 June 2016 and as at 31 December 2015 is presented in Note 8B to the 2016 Interim Financial Statements, incorporated by reference herein.</p> <p>The reconciliation as at 31 December 2015 and 31 December 2014 is presented in Note 16B to the 2015 Annual Financial Statements, incorporated by reference herein.</p>	The Adjusted NAV is a metric to reflect the impact that the settlement of the management fee and/or performance fee paid to the Investment Manager would have had on the EPRA NAV, but for the required accounting treatment of such fee being included in the share-based payment reserve.
Adjusted NAV per share	Adjusted NAV (as defined above) divided by the number of shares in issue at the relevant reporting date.	The reconciliation as at 30 June 2016 and as at 31 December 2015 is presented in Note 8B to the 2016 Interim Financial Statements, incorporated by	The Adjusted NAV per share is a metric to provide investors with a per share metric after adjusting for the treatment of the management fee and performance fee paid

¹ Reconciliations are made by reference to the applicable Financial Statements, in each case as at, and for the period ending on, the date as of which the relevant Alternative Performance Measure is provided. Save in the case of “dividend cover” and “total accounting return”, comparative information for applicable prior periods is also provided in the relevant reconciliation referred to below.

Metric	Definition	Reconciliations (where relevant) and comparative information ¹	Rationale for inclusion
		reference herein.	to the Investment Manager.
		The reconciliation as at 31 December 2015 and 31 December 2014 is presented in Note 16B to the 2015 Annual Financial Statements, incorporated by reference herein.	
EPRA Earnings	Profit after taxation excluding investment and development property revaluations, gains or losses on disposal, changes in the fair value of financial instruments and associated close-out costs and related taxation.	The reconciliation for the six-month period ended 30 June 2016 and the year ended 31 December 2015 is presented in Note 8A to the 2016 Interim Financial Statements, incorporated by reference herein.	The inclusion of this metric is suggested by the EPRA Best Practice Guidance and this is a metric which is commonly reported by investment property entities.
		The reconciliation for the period from incorporation (23 December 2013) to 31 December 2014 and the year ended 31 December 2015 is presented in Note 16A to the 2015 Annual Financial Statements, incorporated by reference herein.	
EPRA Earnings per share	EPRA Earnings (as defined above) divided by the weighted average number of shares in issue in the relevant period.	The reconciliation for the six-month period ended 30 June 2016 and the year ended 31 December 2015 is presented in Note 8A to the 2016 Interim Financial Statements, incorporated by reference herein.	The inclusion of this metric is suggested by the EPRA Best Practice Guidance and this is a metric which is commonly reported by investment property entities.
		The reconciliation for the period from incorporation (23 December 2013) to 31 December 2014 and the year ended 31 December 2015 is presented in Note 16A to the 2015 Annual Financial Statements, incorporated by reference herein.	
Adjusted Earnings	EPRA Earnings (as defined above) adjusted by adding back the performance fee expense.	The reconciliation for the six-month period ended 30 June 2016 and the year ended 31 December 2015 is presented in Note 8A to the 2016 Interim Financial Statements, incorporated by reference herein.	The Adjusted Earnings is a metric to provide investors with information about the underlying profitability of the Group through the exclusion of an item which is capital in nature, and which is over and above those items specifically excluded for purposes of calculating EPRA Earnings (as defined above).
		The reconciliation for the period from incorporation.	

Metric	Definition	Reconciliations (where relevant) and comparative information ¹	Rationale for inclusion
		(23 December 2013) to 31 December 2014 and the year ended 31 December 2015 is presented in Note 16A to the 2015 Annual Financial Statements, incorporated by reference herein.	
Adjusted Earnings per share	Adjusted Earnings (as defined above) divided by the weighted average number of shares in issue in the relevant period.	The reconciliation for the six-month period ended 30 June 2016 and the year ended 31 December 2015 is presented in Note 8A to the 2016 Interim Financial Statements, incorporated by reference herein.	The Adjusted Earnings per share is a metric to provide investors with a per share metric after adjusting for items identified in Adjusted Earnings.
		The reconciliation for the period from incorporation (23 December 2013) to 31 December 2014 and the year ended 31 December 2015 is presented in Note 16A to the 2015 Annual Financial Statements, incorporated by reference herein.	
Loan to Value	Loan to value is the ratio of Net Debt (as defined below) to the portfolio value.	The reconciliation as at 30 June 2016 and as at 31 December 2015 is presented in Note 14C(iii)(c) to the 2016 Interim Financial Statements, incorporated by reference herein.	This metric provides information about the amount of leverage risk in the Group. Under the terms of certain financial covenants to which the Issuer is subject and the Issuer's investment policy, the loan to value ratio is subject to a maximum amount.
		The reconciliation as at 31 December 2015 and as at 31 December 2014 is presented in Note 27C(vi)(c) to the 2015 Annual Financial Statements, incorporated by reference herein.	
Net Debt	Net debt is gross debt less cash and cash equivalents.	The reconciliation as at 30 June 2016 and as at 31 December 2015 is presented in Note 14C(iii)(a) to the 2016 Interim Financial Statements, incorporated by reference herein.	This metric is included as it is a key component to the calculation of the Loan to Value metric (as defined above) and is commonly reported by real estate investment companies.
Dividend cover	Ratio of Adjusted Earnings (as defined above) to dividends paid.	Adjusted Earnings divided by dividends paid during the period.	This metric is included to give investors an indication of the number of times the Issuer is capable of paying

Metric	Definition	Reconciliations (where relevant) and comparative information ¹	Rationale for inclusion
		<p>See “Adjusted Earnings” above for the Adjusted Earnings reconciliation in the applicable Financial Statements.</p> <p>The comparative information as regards dividends paid for the six-month period ended 30 June 2016 and the year ended 31 December 2015 is presented in Note 16 to the 2016 Interim Financial Statements, incorporated by reference herein.</p> <p>The comparative information as regards dividends paid for the period from incorporation (23 December 2013) to 31 December 2014 and the year ended 31 December 2015 is presented in Note 29 to the 2015 Annual Financial Statements, incorporated by reference herein.</p>	<p>dividends from the profits earned during the relevant period.</p>
Total accounting return	<p>Percentage growth in Adjusted NAV per share (as defined above) plus dividend per share divided by opening Adjusted NAV per share.</p>	<p>Adjusted NAV per share plus dividend per share, divided by opening Adjusted NAV per share.</p> <p>See “Adjusted NAV per share” above for the “Adjusted NAV per share” reconciliation in the applicable Financial Statements.</p> <p>The comparative information as regards total accounting return as at 30 June 2016 and as at 30 June 2015 is presented in Table 6 of the Financial Review included in the 2016 Interim Half Year Announcement, incorporated by reference herein. Information on total accounting return as at 31 December 2015 is presented on page 49 of the Financial Review included in the Issuer’s 2015 annual report. No such metric was reported in 2014.</p> <p>The comparative information as regards dividend per share for the six-month period ended 30 June 2016</p>	<p>This metric is included to provide information about the total income and capital performance of the Issuer over a relevant period. It is commonly reported by real estate investment companies.</p>

Metric	Definition	Reconciliations (where relevant) and comparative information ¹	Rationale for inclusion
		<p>and the year ended 31 December 2015 is presented in Note 16 to the 2016 Interim Financial Statements, incorporated by reference herein.</p>	
		<p>The comparative information as regards dividend per share for the period from incorporation (23 December 2013) to 31 December 2014 and the year ended 31 December 2015 is presented in Note 29 to the 2015 Annual Financial Statements, incorporated by reference herein</p>	

Use of Proceeds

The net proceeds of the issue of the Bonds, expected to amount to approximately £205,011,151 (including accrued interest), will be used for the repayment of certain secured 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.

On 18 January 2016, the Minister for External Relations made the Taxation (Agreement with European Union Member States) (Suspension of Regulations) (Jersey) Order 2016, suspending the operation of the European Union Savings Tax Directive between Jersey and all contracting parties (apart from Austria) required as a result of the decision of the EU to repeal the EU Directive on taxation of savings income in the form of interest payments. If you are in any doubt as to your tax position you should consult your professional tax adviser.

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 interest (as that term is understood for United Kingdom tax purposes) 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 any other United Kingdom taxation implications of acquiring, holding or disposing of Bonds. The United Kingdom tax treatment of prospective Bondholders depends on their individual circumstances and may be subject to change in the future. 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 that interest does not have a United Kingdom source.

Even if the interest paid on the Bonds does have a United Kingdom source, those payments of interest 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 the interest paid on the Bonds does 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 Issuer 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).

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances. The issuance and subscription of the Bonds should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

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 15 September 2016 (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 3.572 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. 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; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

Switzerland

The Bonds may not be publicly offered, distributed, or advertised, directly or indirectly, in or from Switzerland. Neither this Prospectus, the preliminary prospectus nor any other offering or marketing material relating to the Bonds may be distributed or otherwise made available in Switzerland in any way that could constitute a public offering within the meaning of Articles 652a or 1156 of the Swiss Code of Obligations (the “**Code**”) or a distribution within the meaning of Article 3 of the Swiss Federal Act on Collective Investment Schemes (“**CISA**”). This Prospectus, the preliminary prospectus or any other offering or marketing material relating to the Bonds may only be made available in or from Switzerland to regulated financial intermediaries as defined in Article 10(3)(a) or (b) of the CISA, i.e. banks, securities dealers, fund management companies, asset managers of collective investment schemes, central banks and insurance companies. This Prospectus, the preliminary prospectus or any other offering or marketing material relating to the Bonds may not be copied, reproduced, distributed or passed on to third parties without the Joint Lead Managers’ prior written consent.

The Bonds will not be listed on the SIX Swiss Exchange (“**SIX**”) or any other stock exchange or regulated trading facility in Switzerland and neither this Prospectus nor the preliminary prospectus constitute a prospectus within the meaning of Articles 652a and 1156 of the Code or a listing prospectus within the meaning of Article 27 of the Listing Rules of the SIX, or the listing rules of any other stock exchange or regulated trading facility in Switzerland, and may not comply with the information standards required thereunder. The Bonds have not been approved by the Swiss Financial Market Supervisory Authority FINMA (“**FINMA**”) and investors in the Bonds will not benefit from protection under the CISA or supervision by FINMA.

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 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 Directive 2011/61/EU (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.

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 effective from or from around 20 September 2016, subject only to the issue of the Temporary 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 £4,200.

The Original Bonds have been admitted to the Official List and to trading on the Market, in each case effective as of 1 July 2015.

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 8 September 2016 and a further resolution of a committee of the Board passed on 13 September 2016.
3. There has been no significant change in the financial or trading position of the Issuer or of the Group since 30 June 2016.
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). Until exchange of the Temporary Global Bond for the Permanent Global Bond, the Bonds will have a temporary ISIN of XS1405775294 and a temporary Common Code of 140577529. Thereafter the ISIN for the Bonds will be XS1117292554 and the Common Code will be 111729255, each being the same as for the Original Bonds.

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 Original Trust Deed and the Supplemental 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 2015 annual report and accounts (which contains (i) the 2015 Annual Financial Statements and (ii) the Group's investment policy) and the Issuer's 2014 annual report and accounts (which contains the 2014 Annual Financial Statements);

- (d) the Issuer's 2016 Interim Half Year Announcement (which contains the 2016 Interim Financial Statements); and
- (e) a copy of this Prospectus (including any document incorporated by reference in this Prospectus other than those described above) together with any Supplement to this Prospectus or further Prospectus along with a copy of the prospectus relating to the Original Bonds.

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 Annual Financial Statements.

Definitions and Glossary

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

Adjusted Earnings	see paragraph 7 of “ <i>Information on the Group</i> ”;
Adjusted Earnings per share	see paragraph 7 of “ <i>Information on the Group</i> ”;
Adjusted NAV	see paragraph 7 of “ <i>Information on the Group</i> ”;
Adjusted NAV per share	see paragraph 7 of “ <i>Information on the Group</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;
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> ” in the Base Prospectus;
Articles of Association or Articles	the articles of association of the Issuer, in force from time to time;
Assets Under Management or AUM	the properties and other assets with respect to which KW provides (or participates in) oversight, investment management services and other advice, and which generally consist of real estate properties or loans, and investments in joint ventures. KW’s AUM consists of the total estimated fair value of the real estate properties and other assets owned by third parties, wholly owned by KW or held by joint ventures and other entities in which KW’s sponsored funds or investment vehicles and client accounts have invested;
Associate or KW Associate	each of KW’s subsidiary undertakings, affiliates, branches, associates, and parent undertakings (and subsidiaries of any such parent undertakings);
Auditor	KPMG;
Bank of Ireland	the Governor and the Company of the Bank of Ireland;
Banks	Deutsche Bank, Merrill Lynch International, J.P. Morgan Cazenove and Davy;
Board or Directors	the directors of the Issuer as at the date of this Prospectus and whose names are set out under “ <i>Directors, Corporate Governance and Administration</i> ” in the Base Prospectus;
Carried Interest Partner	KW Carried Interest Partner LP;
CBRE	the CBRE Group, Inc. and its subsidiaries;

CIF Law	Collective Investment Funds (Jersey) Law 1988, as amended;
City Code	the City Code on Takeovers and Mergers of the United Kingdom;
Code	the U.S. Internal Revenue Code of 1986;
Companies Law	Companies (Jersey) Law 1991, as amended;
Computershare or Registrar	Computershare Investor Services (Jersey) Limited;
Corporate Governance Code	the UK Corporate Governance Code as published by the Financial Reporting Council;
Davy	J&E Davy of Davy House, 49 Dawson Street, Dublin 2, Ireland;
Deutsche Bank	Deutsche Bank AG, London Branch of Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom;
Disclosure and Transparency Rules	the disclosure rules and the transparency rules of the FCA made under Part VI of FSMA;
Dividend cover	see paragraph 7 of “ <i>Information on the Group</i> ”;
EBITDA	earnings before interest, tax, depreciation and amortisation;
EEA	the European Economic Area;
EPRA	European Public Real Estate Association;
EPRA Earnings	see paragraph 7 of “ <i>Information on the Group</i> ”;
EPRA Earnings per share	see paragraph 7 of “ <i>Information on the Group</i> ”;
EPRA NAV	see paragraph 7 of “ <i>Information on the Group</i> ”;
EPRA NAV per share	see paragraph 7 of “ <i>Information on the Group</i> ”;
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, as further updated in the 2016 Interim Half Year Announcement;
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;
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;
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 McNicholas and Simon

	Radford;
Independent Shareholders	the shareholders of the Issuer other than any member of the KW Group;
Initial Admission	the admission of the Ordinary Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities on 28 February 2014;
Initial Issue	the issue of Ordinary Shares pursuant to the Initial Placing, the subscription by certain cornerstone investors who agreed to acquire Ordinary Shares, the KW Subscription and the issue of Ordinary Shares pursuant to the over-allotment option granted by the Issuer in connection with the Initial Issue;
Initial Placing	the placing of Ordinary Shares pursuant to the Initial Placing Agreement;
Initial Placing Agreement	the placing and sponsor agreement dated 25 February 2014 between the Issuer, the Directors, the Investment Manager, Merrill Lynch International, Davy and the Bank of Ireland, as described in paragraph 5 under " <i>Additional Information</i> " in the Base Prospectus;
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> " in the Base Prospectus;
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> " in the Base Prospectus;
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> " in the Base Prospectus, and such other real estate assets or real estate loans acquired by the Group from time to time;
IPO	initial public offering;
IPO Banks	Deutsche Bank, Merrill Lynch International, Davy and Bank of Ireland;
J.P. Morgan Cazenove	J.P. Morgan Securities plc of 25 Bank Street, London E14 5JP, United Kingdom;

JerseyCo	KW UK Asset Holdco Ltd;
KW or KW Group	KW Holdings, KW Europe Group and each of their respective subsidiaries, or any one or more of them, as the context may require;
KW Associate or Associate	each of KW’s subsidiary undertakings, affiliates, branches, associates, and parent undertakings (and subsidiaries of any such parent undertakings);
KW España	Kennedy Wilson España, SL;
KW Europe	Kennedy Wilson Europe Limited;
KW Europe Group	the Investment Manager and the Investment Advisers;
KW Europe Investment Committee	the investment committee of the KW Group in Europe, as described in paragraph 4 under “ <i>Information on the Investment Manager</i> ” in the Base Prospectus;
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 Prospectus, being 14 September 2016 (unless otherwise stated);
Listed Fund Guide	the Jersey Listed Fund Guide published by the JFSC, as amended from time to time;
Listing Rules	the listing rules made by the FCA under section 73A of FSMA;
LTV	loan to value;
LTV ratio or Loan to Value	see paragraph 7 of “ <i>Information on the Group</i> ”;
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> ” in the Base Prospectus;
Memorandum or Memorandum of Association	the memorandum of association of the Issuer;
Merrill Lynch International or	Merrill Lynch International of 2 King Edward Street, London

BofA Merrill Lynch	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;
Net Debt	see paragraph 7 of “ <i>Information on the Group</i> ”;
NOI	net operating income; the income receivable in the period including hotel EBITDA and loan portfolio interest income (after payment of direct property outgoings), as further updated in the 2016 Interim Half Year Announcement;
OECD	Organisation for Economic Cooperation and Development
Ordinary Shares or Shares	ordinary shares of no par value in the capital of the Issuer issued and designated as “Ordinary Shares” and having the rights, restrictions and entitlements set out in the Articles;
PERE	private equity real estate;
Performance Fee	the performance fee described in paragraph 5 under “ <i>Information on the Investment Manager</i> ” in the Base Prospectus;
Placing Agreement	the conditional agreement among the Issuer, the Investment Manager and the Banks dated 2 October 2014, as described in paragraph 5 under “ <i>Additional Information</i> ” in the Base Prospectus;
Quantum	Quantum Strategic Partners Ltd;
RBS	The Royal Bank of Scotland plc;
RCF or Revolving Credit Facility	the £225.0 million revolving credit facility agreement dated 29 August 2014 between the Issuer, certain of its wholly owned subsidiaries and Bank of America Merrill Lynch International Limited, as described in paragraph 6 under “ <i>Additional Information</i> ” in the Base Prospectus;
Registrar or Computershare	Computershare Investor Services (Jersey) Limited;
Registrar Agreement	the registrar agreement between the Issuer and the Registrar dated 13 February 2014;
RICS	Royal Institution of Chartered Surveyors;
RICS Red Book	RICS Valuation – Professional Standards (or, if it has been replaced, its equivalent) published by the Royal Institution of Chartered Surveyors;
RIS provider	a regulatory information services provider;
Shareholder	the registered holder of an Ordinary Share;
Shares or Ordinary Shares	ordinary shares of no par value in the capital of the Issuer issued and designated as “Ordinary Shares” and having the rights, restrictions and entitlements set out in the Articles;
sq. ft.	square feet or square foot, as applicable;

Termination Fee	an amount in cash equal to three years' Management Fee (calculated by reference to the prevailing EPRA NAV per Ordinary Share as at the date of termination) and a Performance Fee in cash calculated to the date of termination;
Tiger Acquisition Agreement	the acquisition agreement dated 25 February 2014 between the Issuer, KW Europe Investors and Welford Limited;
Tiger Consideration Shares	7,000,000 Ordinary Shares issued to KW Europe Investors and Welford Limited in equal proportion as consideration for the purchase by the Issuer of KWVF Tiger Limited, pursuant to the Tiger Acquisition Agreement;
Total accounting return	see paragraph 7 of " <i>Information on the Group</i> ";
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland;
U.S. Commodity Exchange Act	the U.S. Commodity Exchange Act of 1936, as amended;
U.S. Exchange Act	the U.S. Securities Exchange Act of 1934, as amended;
U.S. Investment Company Act	the U.S. Investment Company Act of 1940, as amended;
VAT	(A) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common systems of value added tax (EC Directive 2006/112); and (B) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (A) or imposed elsewhere;
WAULT	the weighted average period of unexpired lease term, or if an earlier period, to the next lease break, across the portfolio weighted by contracted rental income (including rent-frees). The calculation excludes Loan Portfolios, Hotel Assets, short-term lettings, residential leases and properties allocated as developments, as further updated in the 2016 Interim Half Year Announcement;
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, as further updated in the 2016 Interim Half Year Announcement.

Registered/Head Office of the Issuer

Kennedy Wilson Europe Real Estate Plc
47 Esplanade
St Helier, Jersey
JE1 0BD

Registered/Head Office of the Investment Manager

KW Investment Management Ltd
47 Esplanade
St Helier, Jersey
JE1 0BD

Global Co-ordinator and Joint Lead Manager

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP

Joint Lead Managers

Deutsche Bank AG, London Branch
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1 Great Winchester Street
London EC2N 2DB

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ

Auditors of the Issuer

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Chartered Accountants
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Dublin 2
Ireland

Trustee

Deutsche Trustee Company Limited
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1 Great Winchester Street
London EC2N 2DB

Principal Paying Agent

Deutsche Bank AG, London Branch
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London EC2N 2DB

Paying Agent

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