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INVESTMENT MEMORANDUM

KHK CAPITAL LIMITED

In relation to a loan note instrument of KHK Capital Limited constituting an initial principal amount of £25,000,000 fixed rate secured loan notes

IMPORTANT NOTICE

This document (the "**Investment Memorandum**") is produced in connection with an issue by KHK Capital Limited (Company no. 10482158) ("**KHK Capital**") of an initial principal amount of £25,000,000 fixed rate secured loan notes (the "**KHK 2025 Secured Loan Notes**").

The sole purpose of this Investment Memorandum is to provide information on KHK Capital and the KHK 2025 Secured Loan Notes to assist potential investors assess whether they wish to invest in the KHK 2025 Secured Loan Notes.

The information in this Investment Memorandum, which does not purport to be comprehensive, has been provided by KHK Capital and has not been independently verified. While this Investment Memorandum has been prepared in good faith, no representation, warranty, assurance or undertaking (express or implied) is or will be made, and no responsibility or liability is or will be accepted by KHK Capital or its officers, employees or agents in relation to the adequacy, accuracy, completeness or reasonableness of this Investment Memorandum. This Investment Memorandum shall not exclude any liability for, or remedy in respect of, fraudulent misrepresentation.

This Investment Memorandum is not an invitation for public subscription and should not be reproduced or circulated or used for any purpose other than assisting with the assessment of KHK Capital and the KHK 2025 Secured Loan Notes by persons to whom this document is delivered.

This Investment Memorandum is strictly private and confidential and KHK Capital is not being distributed by, nor has it been approved for the purposes of section 21 of the Financial Services and Markets Act 2000 by, a person authorized under the Financial Services and Markets Act 2000. This Investment Memorandum is for distribution only to, and is only directed at, persons who (i) are outside the United Kingdom or (ii) have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000

(Financial Promotion) Order 2005, as amended (the “**Financial Promotion Order**”)); (iii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any KHK 2025 Secured Loan Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). Accordingly, by accepting delivery of this Investment Memorandum, the recipient warrants and acknowledges that it is such a relevant person. Any KHK 2025 Secured Loan Notes will be available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such KHK 2025 Secured Loan Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents. No part of this Investment Memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without our prior written consent. KHK 2025 Secured Loan Notes will not be offered or sold to any person in the United Kingdom, except in circumstances which will not result in an offer of securities to the public in the United Kingdom within the meaning of Part VI of the Financial Services and Markets Act 2000.

EEA Retail Investors: The KHK 2025 Secured Loan Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available at any time to any retail investor (and, for the avoidance of doubt, this means any retail investor in the European Economic Area (“**EEA**”)). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “**Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the KHK 2025 Secured Loan Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the KHK 2025 Secured Loan Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK Retail Investors: The KHK 2025 Secured Loan Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available at any time to any retail investor (and, for the avoidance of doubt, this means any retail investor in the UK). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of EUWA (the “**UK Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of EUWA (as amended, the “**UK PRIIPs Regulation**”) for offering or selling the KHK 2025 Secured Loan Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the KHK 2025 Secured Loan Notes or otherwise making them available to any retail investor in the UK may be unlawful under the PRIIPs Regulation.

This Investment Memorandum must not be distributed or sent to or into the United States of America, Canada, Australia, Japan or the Republic of South Africa. The KHK 2025 Secured Loan Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and are subject to U.S. tax law requirements. The KHK 2025 Secured Loan Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons.

Recipients of this Investment Memorandum should be aware that an investment in KHK 2025 Secured Loan Notes is speculative and involves a degree of risk.

This Investment Memorandum is made available to you strictly on the basis of the confidentiality agreement that has already been signed and returned by you and constitutes Confidential Information for the purposes of that agreement, and accordingly this investment memorandum, and all confidential information provided, are returnable to KHK Capital in accordance with the terms of the confidentiality agreement. Any person in possession of this investment memorandum should familiarise themselves with the terms of the confidentiality agreement before reading, circulating or using this investment memorandum.

Applications must be made subject to terms and conditions of application set out in this investment memorandum and on the Application Form set out at Appendix 4 to this Investment Memorandum. You should return the Application Form with the appropriate remittance for the full amount payable on application.

If you have any queries in relation to the application process, then please contact KHK Capital on 020 7183 6726 or by email to office@khkcapital.co.uk. KHK Capital cannot provide advice on the merits of the issue of the KHK 2025 Secured Loan Notes nor give any financial, legal or tax advice.

Signed by:

FCD67233A74647E...
Steve Kent

Director

KHK Capital

06 February 2025

Signed by:

E73EE5DC089046B...
Scott Harris

Director

KHK Capital

06 February 2025

CONTENTS

OVERVIEW OF THE KHK 2025 SECURED LOAN NOTES 5

Who we are 5

KHK Capital’s Assurances..... 5

KEY PARTIES 7

EXISTING INDEBTEDNESS, SECURITY AND INTERCREDITOR ARRANGEMENTS OF KHK CAPITAL 8

The Senior Loan Agreement and guarantee 8

The Share Charge..... 8

The Intercreditor Agreement 9

The First Loan Note Instrument, the KHK Secured Bonds and the Second Loan Note Instrument 9

The Second Loan Note Instrument 9

RISK FACTORS AND OUR ASSURANCES 11

Risk Factors 11

TAXATION AND INVESTMENT CONSIDERATIONS 15

Legal investment considerations 15

Taxation 15

U.S. Foreign Account Tax Compliance Withholding 15

Information reporting obligations 15

KHK 2025 SECURED LOAN NOTE INSTRUMENT KEY TERMS 16

APPENDIX 1: LENDING CRITERIA 19

APPENDIX 2: OPERATIONAL POLICIES 23

APPENDIX 3: CAPITAL STRUCTURE 24

APPENDIX 4: PROCEDURE FOR APPLICATION UNDER THE INVESTMENT MEMORANDUM 25

ANNEX I (A): APPLICATION FORM - INDIVIDUAL 28

OVERVIEW OF THE KHK 2025 SECURED LOAN NOTES

Who we are

KHK Capital provides short-term, property-backed loans to property professionals and others for business purposes. KHK Capital is seeking to raise additional funds by offering fixed rate secured loan notes (the “**KHK 2025 Secured Loan Notes**”) to high-net-worth and sophisticated investors. The funds will be used to make onward loans, secured on UK property, to our property professional clients. KHK Capital also uses funds from senior bank creditors, from other loan notes, from issuances in the capital markets and from the shareholder-director’s equity.

KHK Capital’s three senior directors are also sole, equal owners of KHK Capital. They have decades of experience in investment banking, finance, and property development & management.

Headline Terms of the KHK 2025 Secured Loan Notes

Interest Rate: Set out in each certificate issued to a KHK 2025 Secured Loan Noteholder.

Term: Perpetual until notice given.

Minimum Term: 6 months.

Repayment:

- Repayable upon one month’s notice given by KHK Capital.
- Repayable upon three months’ notice given by a KHK 2025 Secured Loan Noteholder, but no earlier than six months from the date of issue
- Repayment at the option of the KHK 2025 Secured Noteholder subject to a quarterly limit of 20% of total outstanding issuance, with additional amounts at KHK Capital’s discretion.

Status: The KHK 2025 Secured Loan Notes when issued are secured obligations of KHK Capital which shall rank *pari passu* equally and rateably without discrimination or preference among themselves and shall also rank *pari passu* with the KHK 2020 Secured Loan Notes and the KHK Secured Bonds, but are subordinated to certain existing senior loan facilities of KHK Capital (see the Sections titled “**KEY PARTIES**” “**EXISTING INDEBTEDNESS, SECURITY AND INTERCREDITOR ARRANGEMENTS OF KHK CAPITAL**” and “**KHK 2025 SECURED LOAN INSTRUMENT KEY TERMS**” for definitions and further details).

Security Agent: automatic appointment of Truva Trust Corporation plc as Security Agent to hold the Borrower Security on behalf of noteholder

KHK Capital’s Assurances

- **Skin in the Game.** KHK Capital provides a substantial first loss cushion by funding at least 5% of the total lending with its own equity. This commitment demonstrates the willingness of the directors through their equity holding in KHK Capital* to share in the risks associated with each loan.
- **Professional Representation, solicitors:** Every loan will be completed by a solicitor carrying appropriate Professional Indemnity Insurance and recognised by the UK’s Solicitors Regulation Authority.
- **Professional Representation, valuers:** Every property over which security is granted in respect of a loan will be valued by an independent valuer carrying appropriate professional indemnity

insurance and recognised by the UK's Royal Institute of Chartered Surveyors (though rare exceptions will be made – where a formal valuation is not possible, we may rely on its own assessment of value, subject to director approval and more-conservative lending criteria).

- **Lending Criteria.** KHK Capital will adhere to the lending criteria set out in Appendix 1.
- **Governance & Transparency.** KHK Capital will follow the rules set out in Appendix 2.

*At least 5% of KHK Capital's balance sheet loan book will be financed by equity (or equivalent) which belongs only to: The directors; their immediate families; UK corporations whose ultimate beneficial owners are the directors or their immediate families.

KEY PARTIES

KHK Capital or Borrower	KHK Capital Limited (incorporated in England with registered number 10482158).
Trustee	Truva Trust Corporation PLC (incorporated in England with registered number 13327899);
Security Agent	Truva Trust Corporation PLC (incorporated in England with registered number 13327899)
Senior Lenders	Shawbrook Bank Limited (incorporated in England with registered number 00388466) and Hampshire Trust Bank PLC (incorporated in England with registered number 01311315).
Senior Security Agent	TMF Trustee Limited, (incorporated in England and Wales with registered number 03814168).
KHK Secured Bondholders	The holders of the GBP 75,000,000 9 per cent fixed rate medium term secured notes 2029 with ISIN CH1161139923 and the EUR 75,000,000 8 per cent fixed rate medium term secured notes 2029 with ISIN CH1161139915 under the GBP 2,000,000,000 Secured Medium Term Note Programme of MTN Funding plc, a company incorporated with limited liability in England and Wales with registered number 12474989 (the “ KHK Secured Bonds ”).
KHK 2020 Loan Noteholders	The holders of the loan notes constituted by a loan note instrument dated 24 February 2020 as described in this Investment Memorandum (the “ KHK 2020 Loan Notes ”). They may be secured or unsecured, depending on whether or not they have signed or acceded to the Security Agency Agreement.
KHK 2020 Secured Loan Noteholders	The KHK 2020 Loan Noteholders that have signed or acceded to the Security Agency Agreement.
KHK 2025 Secured Loan Noteholders	The holders of the KHK 2025 Secured Loan Notes constituted by a loan note instrument dated 20 December 2024 as amended and restated on 30 January 2025 (the “ Second Loan Note Instrument ”), which are the subject of this Investment Memorandum. The KHK 2025 Secured Loan Noteholders are automatically secured under the terms of the Second Loan Note Instrument.

EXISTING INDEBTEDNESS, SECURITY AND INTERCREDITOR ARRANGEMENTS OF KHK CAPITAL

The Senior Loan Agreement and guarantee

On 22 December 2020 a senior revolving senior facilities agreement (as amended and restated, the “**Senior Loan Agreement**”) was arranged for by Shawbrook Bank Limited (as lead arranger) in favour of KHK One Limited, a subsidiary of KHK Capital (the “**Subsidiary**”), and entered into between the Subsidiary as borrower, KHK Capital as parent, servicer and guarantor (the Subsidiary and KHK Capital being “**Obligors**”) and Shawbrook Bank Limited as mandated lead arranger, agent, security agent and original lender (each of the agent, arranger, security agent and lender being a “**Finance Party**”). In April 2022, in response to the successful growth of the KHK business, the facility granted under the Senior Loan Agreement was increased on multiple occasions and Hampshire Trust Bank plc was added as an additional arranger and lender (together with Shawbrook Bank Limited the “**Senior Lenders**”). After this syndication, the Senior Loan Agreement has been further increased in size, amended and varied. Shawbrook Bank Limited was replaced by TMF Global Services (UK) Limited as agent and TMF Trustee Limited as security agent (the “**Senior Security Agent**”) under the Senior Loan Agreement and Rockstead LLP was appointed as operational auditor of KHK for the purposes of monitoring compliance with the requirements of the Senior Loan Agreement.

Rockstead LLP produce quarterly audit reports which are made available to KHK Secured Bondholders, the KHK 2020 Loan Noteholders and the KHK 2025 Secured Loan Noteholders.

Under the Senior Loan Agreement, KHK Capital, as guarantor, has irrevocably agreed to:

- (a) guarantee to the finance parties involved in the lending, as defined in the Senior Loan Agreement (the “**Finance Parties**”) the performance by each other KHK entity involved in the borrowing, as defined in the Senior Loan Agreement (each, an “**Obligor**”) of all obligations under the Senior Loan Agreement or any other finance documents relating to the Senior Loan Agreement (the “**Finance Documents**”);
- (b) undertake to the Senior Lenders and each Finance Party that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, it shall immediately on demand pay that amount as if it was the principal obligor; and
- (c) agrees with each Finance Party that if any obligation guaranteed by it is, or becomes, unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs as a result of an Obligor not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due.

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

The Share Charge

On 22 December 2020, KHK Capital granted a share charge and assignment of specific contracts in favour of Shawbrook Limited as security agent (since replaced by TMF Trustee Limited as set out above) (as amended and restated, the “**Share Charge**”). The Share Charge was subsequently amended from time to time, and specifically to include Hampshire Trust Bank plc as a second lead arranger on 29 April 2022.

Under the Share Charge, the KHK Capital secured all its shares in the Subsidiary and any related rights by way of fixed charges and assignment in favour the Senior Security Agent to secure KHK Capital's group's obligations to the Senior Lenders under the Senior Loan Agreement. The security held by the Senior Security Agent to secure KHK Capital's group's obligations to the Senior Lenders under the Senior Loan Agreement is known as the **"Senior Security"**.

The Intercreditor Agreement

As intercreditor agreement was also put in place on 22 December 2022 between Shawbrook Bank Limited as agent, arranger, security agent, and senior lender, the Subsidiary and KHK Capital as Subordinated Creditor (as amended and restated, the **"Intercreditor Agreement"**). Pursuant to the Intercreditor Agreement, each of the parties agreed that the liabilities owed by KHK Capital and the Subsidiary to the agent, the arranger and each Senior Lender would rank first in right and priority of payment and any transaction security created in favour of the Senior Lenders (such as the Share Charge) shall rank first and secure the liabilities of the Senior Lenders only.

The First Loan Note Instrument, the KHK Secured Bonds and the Second Loan Note Instrument

After the execution of the Senior Loan Agreement with Shawbrook Bank Limited, on 24 February 2020, KHK Capital constituted a principal amount of GBP 25,000,000 fixed rate loan notes (the **"KHK 2020 Loan Notes"**) pursuant to a loan note instrument dated 20 February 2020 (the **"First Loan Note Instrument"**). Under the terms of the First Loan Note Instrument, the KHK 2020 Loan Notes were not secured.

On 19 August 2024, MTN Funding PLC issued the KHK Secured Bonds. The proceeds of the KHK Secured Bonds are to be used, less certain costs and expenses, to advance up to GBP 75,000,000 loan facilities and EUR 75,000,000 loan facilities to KHK Capital, (each such advance, a **"Borrower Loan"** and together, the **"Borrower Loans"**) under a GBP loan agreement and an EUR loan agreement respectively (each, a **"Facility Agreement"** and together, the **"Facility Agreements"**).

KHK Capital granted security to MTN Funding plc in respect of the Borrower Loans pursuant to an English law debenture dated 19 August 2024 in the form of fixed and floating charges over the property, undertaking and assets of KHK Capital (the **"Borrower Security"**). Further to a security agency agreement dated 17 September 2020 (the **"Security Agency Agreement"**), the Borrower Security was also shared (on a *pari passu* basis) with the KHK 2020 Loan Noteholders that signed or acceded to it, with Truva Trust Corporation plc appointed as Security Agent on their behalf. By virtue of signing or acceding to the Security Agency Agreement, the KHK 2020 Loan Noteholders agree that their rights to receive payment under the KHK 2020 Loan Notes are subordinated to the Senior Lenders as set out in the Intercreditor Agreement. The KHK 2020 Loan Noteholders that have signed or acceded to the Security Agency Agreement are secured, while accepting that their security is subordinated to the Senior Lenders, shall be referred to as the **"KHK 2020 Secured Loan Noteholders"** to distinguish them from any KHK 2020 Loan Noteholders that have not signed or acceded to the Security Agency Agreement, who will not share in the Borrower Security and will thus remain unsecured.

The Second Loan Note Instrument

The KHK 2025 Secured Loan Notes that are the subject of this Investment Memorandum were constituted under a loan instrument dated 20 December 2024 as amended and restated on 30 January 2025 (the **"Second Loan Note Instrument"**). The Second Loan Note Instrument includes provisions for the automatic appointment of Truva Trust Corporation plc as Security Agent to hold the Borrower Security on their behalf as well as on behalf of the KHK Secured Bondholders and the KHK 2020 Secured Loan Noteholders, subject to the terms of the Intercreditor Agreement, and generally exercise their rights under the Second Loan Note Instrument as instructed by them with no further accession required to any other document. By virtue of subscribing for KHK 2025 Secured Loan Notes, the KHK 2025 Secured Loan

Noteholders agree that their rights to receive payment under the KHK 2025 Secured Loan Notes are subordinated to the Senior Lenders as set out in the Intercreditor Agreement.

The rights to repayment of the KHK 2020 Secured Loan Noteholders and the KHK Secured Bondholders and the KHK 2025 Secured Loan Noteholders rank equally *pari passu* with each other, among themselves and they all share in the same Borrower Security. However, the Borrower Security and all the rights to repayment of the KHK 2020 Secured Loan Noteholders, the KHK Secured Bondholders and the KHK 2025 Secured Loan Noteholders are subordinated to the Senior Lenders pursuant to the Intercreditor Agreement.

RISK FACTORS AND OUR ASSURANCES

Risk Factors

- **General:** It is intended that KHK Capital will in securities and other financial assets with certain risk characteristics as described below and subject to the restrictions described below. There can be no assurance that KHK Capital's investments will be successful, and that the KHK 2025 Secured Loan Noteholders will receive the full amounts payable by KHK Capital under the KHK 2025 Secured Loan Notes or that they will receive any return on their investment in the KHK 2025 Secured Loan Notes. Prospective investors are therefore advised to review this entire Investment Memorandum carefully and should consider, among other things, the factors set out below before deciding whether to invest in the KHK 2025 Secured Loan Notes.
- **Suitability:** Prospective purchasers of KHK 2025 Secured Loan Notes should ensure that they understand the nature of the KHK 2025 Secured Loan Notes and the extent of their exposure to risk, that they have sufficient knowledge, experience and access to professional advisers to make their own legal, tax, accounting and financial evaluation of the merits and risks of investment in the KHK 2025 Secured Loan Notes and that they consider the suitability of the KHK 2025 Secured Loan Notes as an investment in the light of their own circumstances and financial condition.
- **Default Risk:** If the KHK Secured Bonds default before their Maturity Date, KHK Secured Bondholders may lose part or all of their capital investment, meaning they may receive less than the full amount invested.
- **Pari Passu Security:** The Trustee will hold the Borrower Security equally on trust for the KHK 2020 Secured Loan Noteholders, the KHK Secured Bondholders and the KHK 2025 Secured Loan Noteholders, which will rank *pari passu* with each other and among themselves. Prospective investors in the KHK 2025 Secured Loan Noteholders should be aware that, therefore, on enforcement, they will not just be sharing the proceeds of realisation of security among themselves, but also with the KHK 2020 Secured Loan Noteholders and the KHK Secured Bondholders, thus reducing the amounts available to them.
- **Security May be Declared Invalid:** If the Borrower Security (or in the interest of the KHK 2025 Loan Noteholders in the Borrower Security) was determined to be invalid or unperfected, the KHK 2025 Loan Noteholders would be unsecured creditors and would rank on a *pari passu* basis with other unsecured creditors (if any) of KHK Capital. This may delay or reduce investors' return on their Notes and investors may suffer a loss (including a total loss) on their investment.
- **Limited Recourse for KHK 2025 Loan Noteholders:** The KHK 2025 Loan Noteholders have no direct enforcement rights against KHK Capital in the event of default or other breaches under the Second Loan Note Instrument. Enforcement actions can only be initiated by the Security Agent on behalf of the KHK 2025 Loan Noteholders. This arrangement may delay or complicate the enforcement process, as it requires coordination and reliance on the Security Agent. Additionally, if the Security Agent fails to act promptly or effectively, the KHK 20204 Loan Noteholders may face prolonged uncertainty or reduced recoveries. The lack of direct recourse could also limit the KHK 2025 Loan Noteholders' ability to protect their interests or influence the outcome in a default scenario.
- **Potential Conflicts in Security Agent Instructions:** The Security Agent is required to act based on instructions from the KHK 2025 Secured Loan Noteholders by special resolution but is not

obliged to follow instructions that conflict with those of the Senior Security Agent under the Intercreditor Agreement or that may prejudice the rights of the KHK 2020 Loan Noteholders or the KHK Secured Bondholders, as determined solely by the Security Agent. This introduces a potential risk of conflicts between the various stakeholders and reliance on the Security Agent's sole discretion to resolve such conflicts. These circumstances could result in delays, disputes, or outcomes that may not align with the expectations or interests of the KHK 2025 Secured Loan Noteholders, reducing their control over the enforcement of their rights.

- **Subordinated Security:** The Borrower Security is subordinated to the Senior Security. Prospective investors in the KHK 2025 Secured Loan Notes should be aware that in the event of an enforcement, they will only be able to recover proceeds from KHK Capital to the extent that any liabilities to the Senior Lenders have been discharged, which means there may not be sufficient funds available to the KHK 2020 Secured Loan Noteholders, the KHK Secured Bondholders and the KHK 2025 Secured Loan Noteholders.
- **Early Redemption:** KHK Capital may, at its discretion and by providing not less than one month's written notice to the KHK 2025 Secured Loan Noteholders, redeem all or a portion of the KHK 2025 Secured Loan Notes prior to their maturity. While KHK Capital will pay the principal amount of the redeemed KHK 2025 Secured Loan Notes along with any accrued but unpaid interest (subject to deductions for any applicable taxes), such early redemption may occur at a time that is disadvantageous to KHK 2025 Secured Loan Noteholders. KHK 2025 Secured Loan Noteholders may not have the opportunity to reinvest the proceeds at a comparable rate of return. Additionally, any repayment will be subject to the priorities of payment set out in the Intercreditor Agreement, which may affect the timing and amount of payments received by the KHK 2025 Secured Loan Noteholders.
- **Risk of Capital Loss:** Unlike a bank deposit, the KHK 2025 Secured Loan Notes are not protected by the UK Financial Services Compensation Scheme (the "FSCS") or any other government savings or deposit protection scheme. As a result, the FSCS will not pay compensation to an investor in the KHK 2025 Secured Loan Notes upon the failure of KHK Capital. If KHK Capital goes out of business or becomes insolvent, the KHK 2025 Secured Loan Noteholders may lose all or part of their investment in the KHK 2025 Secured Loan Notes. If the KHK 2025 Secured Loan Notes have been sold or advised through a regulated financial intermediary, compensation may be available as a result of advice provided directly to the KHK 2025 Secured Loan Noteholders.
- **Regulatory Risk:** KHK Capital does not need to be (and is not) licensed or authorised under any current securities, commodities, insurance or banking laws of any jurisdiction and has not applied (and does not expect to apply) for any such licences or authorisations. There is no assurance, however, that regulatory authorities in one or more jurisdictions would not take a contrary view regarding the applicability of any such laws to KHK Capital. The taking of a contrary view by any such regulatory authority could have an adverse impact on KHK Capital or the KHK 2020 Secured Noteholders and the KHK 2025 Secured Loan Noteholders.
- **Limited Liquidity and Absence of an Established Secondary Market:** The KHK 2025 Secured Loan Notes are not traded in a clearing system and have no established secondary trading market at the time of issuance, which may significantly limit their liquidity. Without access to a formal clearing system or secondary market, the KHK 2025 Secured Loan Noteholders may face challenges in selling or transferring their KHK 2025 Secured Loan Notes in a timely manner or at a desirable price. Even if a secondary market develops, it may lack sufficient liquidity, making it

difficult for investors to sell their KHK 2025 Secured Loan Notes easily or at prices that provide a yield comparable to similar investments with established secondary markets.

This challenge is particularly pronounced for the KHK 2025 Secured Loan Notes that are sensitive to factors such as interest rates, currency risks, market appetite, or specific investment objectives. These KHK 2025 Secured Loan Notes may have limited secondary markets and greater price volatility than conventional debt securities. Furthermore, if an investor chooses to sell their KHK 2025 Secured Loan Notes in the open market or through other channels, such as over-the-counter, prior to maturity, the price received may differ significantly from the original investment or the amount due at maturity. Factors influencing the price include, but are not limited to, market demand, inflation, the period remaining to maturity, prevailing interest rates, and investor perceptions regarding the KHK 2025 Secured Loan Notes' objectives or strategies.

Additionally, the lack of clearing system trading may increase administrative burdens and transaction costs for transfers, further reducing the KHK 2025 Secured Loan Notes' attractiveness to potential buyers. Prospective investors should be prepared to hold the KHK 2025 Secured Loan Notes to maturity and account for potential challenges in managing liquidity within their investment portfolio.

- **Liquidity and Redemption Risk:** Prospective Investors should be aware that while the KHK 2025 Secured Loan Notes are repayable upon three months' notice by the KHK 2025 Secured Loan Noteholder, redemptions are subject to a quarterly limit of 20% of the total outstanding issuance. This means that in any given quarter, the KHK Capital is only obligated to redeem up to 20% of the aggregate principal amount of outstanding KHK 2024 Secured Loan Notes, with any additional redemptions being at the sole discretion of the KHK Capital.

As a result, KHK 2025 Secured Loan Noteholders seeking to redeem their investment may experience delays in receiving full repayment, particularly in periods of high redemption demand. In circumstances where redemption requests exceed the quarterly limit, KHK 2025 Secured Loan Noteholders may need to wait until subsequent quarters for repayment. The ability of the KHK Capital to meet redemption requests will also depend on its financial position, liquidity, and prevailing market conditions. There is no guarantee that additional amounts above the 20% limit will be redeemed at KHK Capital's discretion.

Accordingly, prospective investors in KHK 2025 Loan Notes should consider the potential illiquidity of their investment and the risk that they may not be able to access their capital as quickly as they may require. Prospective investors should ensure that they have sufficient alternative sources of liquidity before investing in the KHK 2025 Loan Notes.

- **Credit Risk:** The ability of KHK Capital to meet its payment obligations under the KHK 2025 Secured Loan Notes will be adversely affected by defaults in the underlying investments made by KHK Capital. KHK Capital is inherently exposed to risks arising from changes in credit quality and the recoverability of its underlying investments. Defaults by obligors of in the underlying investments made by KHK Capital may reduce the recoverability and value of KHK Capital's assets.
- **Foreign Exchange Rate Risk:** KHK Capital will pay in the pounds sterling (the "Specified Currency"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency equivalent yield on the KHK 2025 Secured Loan Notes, (ii) the Investor's Currency equivalent value of the principal payable on the KHK 2025 Secured Loan Notes and (iii) the Investor's Currency equivalent market

value of the KHK 2025 Secured Loan Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, KHK 2025 Secured Loan Noteholders may receive less interest or principal than expected, or no interest or principal.

- **Reinvestment Risk:** If KHK Capital is unable to meet its financial obligations the Security Agent may declare that the KHK 2025 Secured Loan Notes shall become immediately due and payable. Prospective investors should consider reinvestment risk in light of other investments available at that time.

TAXATION AND INVESTMENT CONSIDERATIONS

Legal investment considerations

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 (i) the KHK 2025 Secured Loan Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any KHK 2025 Secured Loan Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of KHK 2025 Secured Loan Notes under any applicable risk based capital or similar rules.

Taxation

Prospective investors and sellers of the KHK 2025 Secured Loan Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the KHK 2025 Secured Loan Notes are transferred or other jurisdictions. Potential investors are advised not to rely upon the description contained in the general description section of this Listing Particulars but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the KHK 2025 Secured Loan Notes. Only these advisors are in a position to duly consider the specific situation of the prospective investor. This investment consideration has to be read in connection with the taxation sections of this Investment Memorandum.

U.S. Foreign Account Tax Compliance Withholding

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. KHK Capital believes it is a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the KHK 2025 Secured Loan Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the KHK 2025 Secured Loan Notes, are uncertain and may be subject to change.

Information reporting obligations

Information relating to the KHK 2025 Secured Loan Notes, their holders and beneficial owners may be required to be provided to tax authorities in certain circumstances pursuant to domestic or international reporting and transparency regimes. This may include (but is not limited to) information relating to the value of the KHK 2025 Secured Loan Notes, amounts paid or credited with respect to the KHK 2025 Secured Loan Notes, details of the holders or beneficial owners of the KHK 2025 Secured Loan Notes and information and documents in connection with transactions relating to the KHK 2025 Secured Loan Notes. In certain circumstances, the information obtained by a tax authority may be provided to tax authorities in other countries. Some jurisdictions operate a withholding system in place of, or in addition to, such provision of information requirements.

KHK 2025 SECURED LOAN NOTE INSTRUMENT KEY TERMS

The following is a summary of the key terms of the loan note instrument constituting the KHK 2025 Secured Loan Notes (referred to as the “**Second Loan Note Instrument**” in the sections above to differentiate it from an earlier loan note instrument for a different series of loan notes, and which will be referred to as the “**Instrument**” in this section). This summary is not intended to be exhaustive and does not cover all the provisions of the Instrument constituting the KHK 2025 Secured Loan Notes. Prospective investors are advised to review the full terms of the Instrument.

Description: The KHK 2025 Secured Loan Notes shall be known as fixed rate secured loan notes and shall be issued in amounts of £1.00 by KHK Capital, subject to a minimum investment amount of £100,000.

Status: The KHK 2025 Secured Loan Notes when issued are secured obligations of KHK Capital which shall rank *pari passu* equally and rateably without discrimination or preference among themselves and shall also rank *pari passu* with the KHK 2020 Secured Loan Notes and the KHK Secured Bonds.

Interest Rate: Set out in each certificate issued to a KHK 2025 Secured Loan Noteholder.

- Until the KHK 2025 Secured Loan Notes are repaid in accordance with the provisions of the Instrument, interest shall accrue and be paid on the principal amount of the KHK 2025 Secured Loan Notes which are outstanding.
- Any payment of interest in respect of the KHK 2025 Secured Loan Notes constituted under the Instrument shall be subject to the provisions of the Intercreditor Agreement.
- **Term:** Perpetual.

Minimum Term: 6 months.

Repayment:

- Repayable upon one month’s notice given by KHK Capital.
- Repayable upon three months’ notice given by a KHK 2025 Secured Loan Noteholder, but no earlier than six months from the date of issue
- Repayment at the option of the KHK 2025 Secured Noteholder subject to a quarterly limit of 20% of total outstanding issuance, with additional amounts at KHK Capital’s discretion
- When the KHK 2025 Secured Loan Notes become payable, KHK Capital shall pay to the KHK 2025 Secured Loan Noteholders the full principal amount of the KHK 2025 Secured Loan Notes to be repaid together with any accrued interest on such notes (less any tax which KHK Capital is required by law to deduct or withhold from such payment) up to and including the date of payment.
- Where any payment to a KHK 2025 Secured Loan Noteholder, whether of principal, interest or otherwise, is due in accordance with the terms of the Instrument on a day that is not a Business Day, payment shall take place on the next succeeding Business Day. If that next succeeding Business Day is in the month following the month in which payment would otherwise be made, payment shall take place on the immediately preceding Business Day.
- Any repayment in respect of the KHK 2025 Secured Loan Notes is subject to the terms of the Intercreditor Agreement.

Intercreditor Agreement: The KHK 2025 Secured Loan Notes are subject to the terms of the Intercreditor Agreement. To the extent that any term conflicts with the terms of the Intercreditor Agreement, the terms of the Intercreditor Agreement shall prevail.

The Security Agent:

- **Appointment:** By subscribing for the KHK 2025 Secured Loan Notes, each KHK 2025 Loan Noteholder (in respect of itself and any successor(s) in title and assigns) appoints the Security Agent to exercise all the rights, powers and discretions which are specifically conferred on the KHK 2025 Loan Noteholders under the Instrument.
- **Junior Security Agent:** The KHK 2020 Secured Loan Noteholders, the KHK Secured Bondholders and the KHK 2025 Secured Loan Noteholders are subordinated to the Senior Lenders under the Intercreditor Agreement. The Security Agent shall act as Junior Security Agent on their behalf, including acting at the direction of the Senior Security Agent.
- **Instructions to the Security Agent:** The Security Agent is the agent of the KHK 2025 Secured Loan Noteholders under the Instrument. It can be directed to act by special resolution of the KHK 2025 Secured Loan Noteholders (an “**Instructing Group**”) provided that any instruction received must not conflict with an instruction received from the Senior Security Agent in accordance with the Intercreditor Agreement and/or must not prejudice the rights of the KHK 2020 Secured Loan Noteholders or the KHK Secured Bondholders. If it does not receive instructions, it is entitled to take no action and it is not obliged to actively seek instructions although it is entitled to do so. The Security Agent is not obliged to follow the instructions of an Instructing Group. The Security Agent shall not be liable to any person for any loss, costs, damages, expenses or inconvenience which may result from acting on the instructions of an Instructing Group.

Registration and transferability: KHK Capital shall recognize as absolute owner the registered holder of any KHK 2025 Secured Loan Notes. The KHK 2025 Secured Loan Notes are transferable by instrument in writing in amounts and multiples of £1.00.

Meetings of noteholders: KHK Capital may at any time and shall on the request in writing by any registered holder of the KHK 2025 Secured Loan Notes for the time being outstanding convene a meeting. Such a meeting may be held at such place (including a physical location or a virtual meeting platform enabling participation by conference call, video call, or other electronic means) as the KHK Capital shall determine. Participation in a meeting through electronic means shall constitute presence in person for the purposes of such meeting. At least 14 clear days’ notice specifying the place, day and hour of the meeting shall be given to the KHK 2025 Secured Loan Noteholders.

Special Resolution: a resolution passed at a meeting of the KHK 2025 Secured Loan Noteholders duly convened and held in accordance with the provisions of the Instrument and carried by a majority consisting of not less than 50.01% of the holders of KHK 2025 Secured Loan Notes by reference to their original principal amount who for the time being are entitled to receive notice of a meeting or a resolution in writing signed by the holders of at least 50.01% in nominal value of the KHK 2025 Secured Loan Notes for the time being outstanding who are for the time being entitled to receive notice of meetings in accordance with the provisions contained in the Instrument, which may be contained in one document or in several documents in like form each signed by one or more of the KHK 2025 Secured Loan Noteholders.

In addition to any other powers it may have, a meeting of the KHK 2025 Secured Loan Noteholders may, by Special Resolution:

- sanction any compromise or arrangement proposed to be made between KHK Capital and the the KHK 2025 Secured Loan Noteholders;
- sanction any abrogation, modification or compromise or any arrangement in respect of the rights of the the KHK 2025 Secured Loan Noteholders against KHK Capital or its property whether such rights shall arise under the Instrument or otherwise;
- sanction any scheme for the reconstruction of KHK Capital or for the amalgamation of KHK Capital with any other company;
- sanction any scheme or proposal for the sale or exchange of the KHK 2025 Secured Loan Noteholders for, or the conversion of the KHK 2025 Secured Loan Noteholders into, cash or shares, stock, debentures, debenture stock or other obligations or securities of KHK Capital or any other company formed or to be formed, and for the appointment of a person with power on behalf of the KHK 2025 Secured Loan Noteholders to execute an instrument of transfer of the KHK 2025 Secured Loan Noteholders held by them in favour of the person to or with whom the KHK 2025 Secured Loan Notes are to be sold or exchanged (as the case may be);
- assent to any modification or abrogation of the provisions contained in the Instrument that shall be proposed by KHK Capital and authorise KHK Capital to execute an instrument supplemental to the Instrument embodying any such modification or abrogation; and
- give any authority or sanction which under the provisions of the Instrument is required to be given by special resolution.

No resolution that would increase any obligation of KHK Capital under the Instrument or postpone the due date for payment of any principal or interest in respect of any Note without the consent of KHK Capital shall be effective.

A Special Resolution, passed at a meeting of the KHK 2025 Secured Loan Noteholders duly convened and held shall be binding on all the the KHK 2025 Secured Loan Noteholders whether or not present at such meeting and each of the the KHK 2025 Secured Loan Noteholders shall be bound to give effect to such special resolution accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances justify the passing of such Special Resolution.

APPENDIX 1: LENDING CRITERIA

Introduction

This Appendix sets out criteria applied by KHK Capital to assess property-backed loans which it originates.

Regulatory Compliance

KHK Capital does not offer regulated loans (as defined in Section 8 of the Consumer Credit Act 1974). KHK Capital will seek to ensure that none of our loans fall under regulatory protection.

Purpose & Exit Strategy

As a responsible lender, KHK Capital aims to understand a sensible commercial purpose for all loans, as well as a plausible plan for timely repayment.

Security, Valuation & LTV

KHK Capital obtains a written valuation report of any potential loan security. The valuation is conducted by an appropriate, valuer, recognised by RICS, with appropriate Professional Indemnity Insurance. The valuer will give a general report on the property including their opinion of the Open Market Value ("OMV") of the property. Where the borrower proposes to develop the property, the valuer will also offer an opinion of the Gross Development Value ("GDV") – the value of the property once development work is complete.

The total liability set out in the loan will never exceed 75% of the value of the security over either the OMV or GDV of the relevant property (75% "LTV").

LTV Limits – Detailed guidance

PRODUCT	MAX Loan to OMV	MAX Loan to GDV
Bridging Loan	75%	N/A
Development – Light Refurb	75%	75%
Development – Moderate Refurb	70%	70%
Development – Heavy Refurb	70%	65%

Bridging Loan: A loan where the total repair and development budget is less than or equal to 10% of the "OMV" value. For the avoidance of doubt, bridging loans include loans with no repair or development budget.

Development Loan: A loan where the total repair and development budget is more than 10% of the loan amount.

Light Refurbishment: Refurbishment budget or total build cost is less than or equal to 50% of "OMV" value.

Moderate Refurbishment: Refurbishment budget or total build cost is less than or equal to 100% of "OMV" value and does not qualify under Light Refurb above.

Heavy Refurbishment: Refurbishment budget or total build cost (inclusive of professional fees) is greater than or equal to 100% of “OMV” value and the property does not qualify under Light or Moderate Refurb above.

Loan to “OMV” Value: Initial loan amount at the origination date inclusive of rolled interest through maturity divided by the “OMV”.

Loan to “GDV” Value: Maximum loan amount inclusive of rolled interest through maturity (including the maximum amount permitted to be funded in respect of future drawdowns) divided by “GDV” appraised value.

Permitted Loan Terms

The following table describes the terms of eligible loans

Borrower	Either (i) UK legal resident(s) or (ii) limited companies (companies registered and trading in jurisdictions other than England and Wales are permitted with a local legal opinion). Borrowers and guarantors must be at least 18 years of age.
Lien	First, second or equitable charge on the primary collateral and a debenture if the borrower is a limited company.
Loan Type	Unregulated loans. Loans may be structured with either (i) a single advance at closing or (ii) an advance at closing with additional refurb drawdowns over time. Interest payments may be rolled, retained or serviced. Loan documents must be in a form approved by KHK Capital and closed by a solicitor approved by KHK Capital.
Term	Three months up to 24 months.
Permitted Collateral	One or more properties which meet the Property Requirements (as set out below).
Guarantor	If the borrower is a limited company, a full recourse guarantee by one or more individual(s) which in aggregate own at least 51% of the shares is required.
Interest Rate Type	Fixed Rate
Minimum Loan Size	£50,000
Maximum Loan Size	£5,000,000
Minimum Property Value	£100,000

Property Requirements

Only properties located in England & Wales will be considered eligible.

Eligible property types include the following:

- Residential properties

- Multi-unit residential properties or houses in multiple occupation (up to ten units/rooms, the property value must be at least £100,000; more than ten units/rooms the value must be at least the greater of £100,000 or £7,500 per unit)
- Mixed use properties (Residential space is more than 50% of the property square footage). The per unit value of the residential space must conform with the multi-unit limits above)
- Commercial property where the borrower has obtained or intends to obtain planning to convert the use to a permitted use as set forth above

The following property types are NOT eligible for financing:

- Shared ownership property
- Properties subject to agriculture or other planning restrictions, restrictions relating to sale or occupancy, notice of mineral extraction contaminated land or previous mining subsidence or landfill
- Properties being purchased under the Right to Buy Scheme or Housing Association Scheme
- Subject to a pre-emption clause
- Flying freeholds
- Working farms

Title Requirements

Prior to making a loan, a solicitor approved by KHK Capital must carry out in relation to the property all investigations, searches, and other actions customarily undertaken when lending to an individual or limited company on real estate collateral of this type.

The following title requirements are applicable to loans as reflected on the title report prepared by the solicitor:

- Good and marketable title free of any encumbrance.
- Freehold or leasehold properties are permitted (subject to a minimum of 70 years of unexpired term at the commencement of the mortgage).
- Each property must have adequate rights of access to public utilities and public rights of way.

Valuation

Accurate valuations are critical to the underwriting process. Lenders must obtain a current (within six months of closing) valuation report to determine the property value and the suitability of the property for mortgage purposes which meets the following guidelines:

- Valuations must include an “OMV” and, if the loan allows for future funding, a “GDV” sale value which is based upon the budget and scope of work, in each case based on an open market sale.
- Investment valuations are required for multi-unit residential and HMOs in each case with more than four tenants as well as for all mixed-use properties.

- Commercial property OMV valuations where the borrower intends to obtain planning consent to convert to residential must be based on the existing use.

Valuations must be ordered by the lender or by another licensed lending institution which is independent of the borrower from a MRICS surveyor. In no event are valuations ordered by borrowers/guarantors or provided by vendors selected by the borrower/guarantor acceptable.

Refurbishment Budget/Build Cost

If the loan is a Development Loan, the borrower must submit a budget for each property containing the scope and expected cost of the planned work to be done.

- The scope of the budget must be sufficient to enable the collateral to qualify for eligibility for a conventional refinancing, upon completion of the budgeted scope of work.
- The budgeted scope of work and total cost are consistent with the property condition as reflected in the interior property photos and valuation commentary and inspection.
- The total project cost provides the borrower a market-based profit margin assuming the property is sold at the property's "GDV" value (if available) or estimated sale price (otherwise).

Property Insurance Requirements

Each property must be insured by an index-linked building insurance policy with coverage for hazards as are customary in the area where each property is located, in an amount not less than the rebuilding cost of the property. All policies may only contain standard exclusions and customary excesses. For leasehold properties, the freeholders may already have adequate cover in force under the lease.

Exceptions

Certain exceptions may be made to the policies if signed off by a Director. These are as follows:

- Where there is ample equity in the property, KHK Capital may consider waiving a Personal Guarantee.
- Where there is ample equity in the property, KHK Capital may consider waiving a formal valuation and relying on KHK Capital's own assessment of the value.
- Minor defects or encumbrances with the title, or leases shorter than 70 years, may be accepted where risks are mitigated and/or appropriate insurance policies are in place.
- Any other exception which the Directors deem appropriate, in line with the aim of creating a portfolio of short-term property-backed loans on sensible terms, judged at Directors discretion.

APPENDIX 2: OPERATIONAL POLICIES

This Appendix contains specifically those operational policies created for the protection and satisfaction of KHK 2025 Secured Loan Noteholders. KHK Capital's full schedule of policies is available upon request.

1. Transparency

Important documents will be made available to KHK 2025 Secured Loan Noteholders upon request. These include:

- Details of all investments (some details may be redacted for Privacy & Data Protection)
- Annual Accounts and recent Management Accounts of KHK Capital

2. Expenses and profits

Most of the administrative costs of completing a loan are covered by the end Borrowers, who expect to pay lenders' legal, administrative and valuation costs. As a result, KHK Capital's costs can be well- contained

The three directors take regular stipends totalling £18k per month. The board may review this periodically. Directors' total stipends will not be increased in excess 1% of Assets Under Management nor in excess of 35% of Gross Profit.

The Directors (being also the shareholders) may also award themselves additional service payments, dividends or carry out share buy-backs at their discretion, subject always to maintaining an equity cushion of not less than 5% of total balance sheet loans.

3. Loan Delinquencies; Asset Impairment; Equity Shortfall

A loan will be considered Non-Performing if any due payment (whether interest, capital or fees) has not been received by the Borrower within 60 days of becoming due. As Loan Manager, KHK Capital will use its discretion to maximise recovery of Non-Performing Loans. This will normally involve the appointment of a receiver and the prompt sale of any property security, plus the pursuit of any additional securities (debentures and personal guarantees).

For the purposes of maintaining a proper equity cushion, a Non-Performing Loan will be treated as impaired if the total liability is in excess of 90% of the value of any property security. Pursuant to this, KHK Capital will use its judgement to revalue the security of a Non-Performing Loan and may request a refreshed valuation from an independent valuer. Impaired loans will then be treated as being worth no more than 90% of the property security value, and KHK Capital's equity requirement increased accordingly.

If KHK Capital's equity falls below 5% of KHK Capital's total balance sheet loans for any reason, the Directors will immediately cease any additional service payments, dividends and share buybacks. If the deficiency persists for more than 60 days, KHK Capital will inform all Loan Noteholders in writing as soon as reasonably possible. Should Loan Noteholders wish to redeem their Loan Note early on account of an equity deficiency, KHK Capital will waive any Minimum Term and require only the repayment notice period of three months.

APPENDIX 3: CAPITAL STRUCTURE

The KHK Capital Secured Loan Note will form part of a pool of funds which KHK Capital will use for property- backed lending. The pool of funds comprises the following:

1. Senior Funds provided by institutional lenders (banks and others) which will typically comprise 65-85% of the total lend.
2. At least 5% of the total lend will be funded by the Directors, either by way of their equity holding in KHK Capital* or otherwise.
3. The balance of the lend will be financed from the KHK Capital Secured Loan Note.

Example – Consider:

- A £100M pool of first-charge property loans.
- Average Loan-To-Value of 65%.
- Institutional funding of 75% of the loan book.

In this example,

- £75M of funds are provided by institutions, who will be senior creditors.
- At least £5M of funds are provided by the Directors.
- Up to £20M of funds are provided from the KHK Capital Secured Loan Note.
- The loans are secured in favour of KHK Capital by property valued at £154M.

*At least 5% of KHK Capital's balance sheet loan book will be financed by equity (or equivalent) which belongs only to: The Directors; their immediate families; UK corporations whose Ultimate Beneficial Owners are the Directors or their immediate families.

APPENDIX 4: PROCEDURE FOR APPLICATION UNDER THE INVESTMENT MEMORANDUM**1. GENERAL TERMS AND CONDITIONS**

1.1 Your participation in the subscription of the KHK 2025 Secured Loan Notes is conditional upon and subject to:

- (i) your completed application form (as set out in Annex I (A) or Annex I (B), the “**Application Form**”) being sent by email to office@khkcapital.co.uk together with payment by electronic transfer of immediately available funds to the designated account maintained by KHK Capital:-

Account Name	KHK Capital Limited
Bank	Santander
Sort Code	09-02-22
Account Number	11107356

- (ii) KHK Capital having accepted your application in whole or in part in multiples of £1.00 nominal amount of the KHK 2025 Secured Loan Notes or such other multiples as the Board agree, subject to a minimum investment amount of £100,000.

1.2 Upon receipt of your Application Form and your electronic transfer, your Application will be irrevocable and will not be capable of being terminated or rescinded by you.

1.3 You will be making your application on the terms and conditions contained in the investment memorandum of KHK Capital dated 6 February 2025 (the “**Investment Memorandum**”) and in the loan note instrument dated 20 December 2024 as amended and restated on 30 January 2025 (the “**Instrument**”). In particular, by making your application, you will be deemed to acknowledge and confirm:

- (i) that you are not relying on any information given or any representations, warranties, agreements or undertakings (express or implied), written or oral, or statements made at any time by KHK Capital in relation to KHK Capital other than as contained in the Investment Memorandum and the Instrument and that, accordingly, neither KHK Capital nor its directors, officers, agents, employees or advisers or any person acting on behalf of it shall have any responsibility for any such other information or representation;
- (ii) you are not relying on KHK Capital to advise whether or not the KHK 2025 Secured Loan Notes are a suitable investment for you;
- (iii) you are entitled to make your application and to be issued with KHK 2025 Secured Loan Notes in respect thereof under the laws of and rules of any governmental bodies located in any jurisdictions which apply to you;
- (iv) you are not entitled to be paid any commission in relation to your application;
- (v) you acknowledge that KHK Capital may, in its absolute discretion, reject in whole or in part or scale down your application;

- (vi) all certificates, documents, monies and cheques sent to you by or on behalf of KHK Capital or any documents and monies you send to KHK Capital are sent at your risk;
 - (vii) you and funds under your management are not engaged in money laundering;
 - (viii) you are making your application on your own behalf and for no other person;
 - (ix) KHK Capital, their representative members, directors, employees, agents and advisers will rely upon the truth and accuracy or the confirmations, acknowledgements and representations contained in the Investment Memorandum and the Application Form; and
 - (x) KHK Capital accepts no liability for any inaccuracies in your application or for any late or failed delivery of your Application Form.
- 1.4 Nothing in this document including the Instrument and Application Forms will restrict KHK Capital's liability for fraud.

2. THE APPLICATION PROCESS AND TIMETABLE

- 2.1 Subject to paragraph 2.2 below, your completed Application Form must be submitted by email to office@khkcapital.co.uk or by post with payment by electronic transfer of immediately available funds in accordance with paragraph 1.1(i) above. If your Application has been successful, we will send you a certificate ("**Loan Notes Certificate**") in respect of the KHK 2025 Secured Loan Notes that have been issued to you.
- 2.2 If your application is successful in respect of only some of the KHK 2025 Secured Loan Notes you applied for with the requisite payment, a cheque for the balance of the amount of your application (without interest) will be sent to you within 10 Business Days of allotment together with your KHK 2025 Secured Loan Notes Certificate.
- 2.3 KHK Capital does not accept liability for any inaccuracies in your application or for any late or failed delivery of your Application Form. Please note that the decision to accept your application, in whole or in part, is at the sole and unreserved discretion of KHK Capital. Therefore, KHK Capital may accept your application in respect of part only of the nominal amount of the KHK 2025 Secured Loan Notes applied for in your application (in which case the balance of the amount paid to you in respect of the KHK 2025 Secured Loan Notes which were not issued to you would be repaid to you without interest).

3. MONEY LAUNDERING REGULATIONS

- 3.1 It is a term of the Investment Memorandum and your subscription into KHK 2025 Secured Loan Notes that, to ensure compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, KHK Capital is entitled to require, at its absolute discretion, verification of the identity from any person lodging an Application Form for Loan Notes (the "**Applicant**") including, without limitation, from any Applicant who appears to KHK Capital to be acting on behalf of some other person. In this case, verification of the identity of any person on whose behalf the Applicant appears to be acting may be required.
- 3.2 Pending the provision of evidence satisfactory to KHK Capital as to the identity of the Applicant and/or any person on whose behalf the Applicant appears to be acting, KHK Capital may, in its absolute discretion, retain an Application Form lodged by an Applicant and/or not enter the

Applicant on the register of Loan Noteholders or issue any certificate in respect of the KHK 2025 Secured Loan Notes allotted to the Applicant.

- 3.3 Once KHK Capital has received payment and evidence satisfactory as to the identity of the Applicant and/or any person on whose behalf the Applicant appears to be acting, KHK Capital will issue a certificate specifying the number of KHK 2025 Secured Loan Notes allotted to the Applicant.
- 3.4 If, within a reasonable period of time following request for verification of identity and in any case no later than 12pm on the relevant date of allotment, KHK Capital has not received evidence of the identity of the Applicant satisfactory to it, KHK Capital may, at its absolute discretion, reject any such application in which event the remittance submitted in respect of that application will be returned to the Applicant (without prejudice to the rights of KHK Capital to undertake proceedings to cover any loss suffered by it as a result of the failure of the Applicant to produce satisfactory evidence of identity).

4. FURTHER TERMS AND CONDITIONS

Your attention is drawn to the terms and conditions set out on the reverse of the Application Form which forms part of this document and to the Application Form.

ANNEX I (A): APPLICATION FORM - INDIVIDUAL**KHK CAPITAL LIMITED**

PROPERTY FINANCING SECURED LOAN NOTE 2025
APPLICATION FORM – INDIVIDUAL

Unless the context otherwise requires, capitalised terms defined in the investment memorandum issued by KHK Capital in respect of the proposed issue of KHK 2025 Secured Loan Notes dated 6 February 2025 (the “**Investment Memorandum**”) shall bear the same meaning when used in this application form.

Before completing this form you must read the Investment Memorandum, the loan note instrument dated 20 December 2024 as amended and restated on 30 January 2025 (the “**Instrument**”). By completing and signing this application you agree to the confirmations listed below.

Section 1 – Applicant Details

Name	
Address	
Email	
Telephone	

Section 2 – Application and Amount Payable

Please state the amount you intend to invest, with no obligation.

I intend to make an electronic transfer of	£
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Please make your electronic transfer to:

Account Name	KHK Capital Limited
Bank	Santander
Sort Code	09-02-22
Account Number	11107356

Please do not make any transfer until invited to do so by KHK Capital. Upon successful completion of this application form, and due diligence including ID and address verification, KHK Capital will invite you to transfer funds.

Upon receipt of funds KHK Capital will issue a signed KHK 2025 Secured Loan Note certificate. Interest will begin accruing immediately, you will receive interest payments, and an account statement around the end of each month. If you opt for interest compounding, your account statement will show the interest crediting your KHK investment account each month.

Section 3 – Source of Funds

Please describe the source of funds for this investment e.g., savings from income, sale of property, inheritance.

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Section 4 – Interest Payments

Please complete your bank or building society account details to receive payments of your interest and repayment of your initial investment directly to your bank account.

Bank/Building Society Name	
Account Name	
Sort Code	
Account Number	

Section 5 - Signature

1. I warrant, represent and confirm that:

- (a) I am an individual resident in the United Kingdom and/or which is not prevented by the laws of its governing jurisdiction from applying for or holding loan notes;
- (b) I will comply with requests made by KHK Capital to verify my identity in accordance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended) (the “**MLR 2017**”)
- (c) I consent to KHK Capital communicating with, and sending or supplying documents (including the sending of certificates of deduction of tax) or information to me in electronic form to the email address given in Section 4 above;
- (d) I am a certified high net worth individual within the meaning of Article 48 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or a self-certified sophisticated investor within the meaning of Article 50A of such Order;

- (e) I have based my/our decision to invest in the KHK 2025 Secured Loan Notes solely on the information contained in the Investment Memorandum and Instrument received from KHK Capital;
 - (f) In making this application, I confirm that the application for the issue of the KHK 2025 Secured Loan Notes and my holding of KHK 2025 Secured Loan Notes (if any) issued to me are subject to the terms and conditions contained in this Application Form, the Investment Memorandum and the Instrument; and
 - (g) I am not a politically exposed person (PEP), as defined by as defined in the MLR 2017.
2. In making this Application, I confirm that the application for the issue of the KHK 2025 Secured Loan Notes and my holding of KHK 2025 Secured Loan Notes (if any) issued to me are subject to the terms and conditions contained in this Application Form, the Investment Memorandum and the Instrument.
3. In making this Application I confirm I am appointing Truva Trust Corporation as security trustee and security agent for the KHK 2025 Secured Loan Notes, as described in the Investment Memorandum, subject to the completion of KYC due diligence.
4. In making this application for KHK 2025 Secured Loan Notes, I confirm that any decision to accept my application (in whole or in part) is at the sole and unreserved discretion of KHK Capital.

By signing below, I confirm all of the representations, warranties, statements and confirmations in paragraphs 1-4 above and that I have read and agree to be bound by the terms and conditions of the KHK 2025 Secured Loan Notes.

Applicant Signature		Date	
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ANNEX I (B) APPLICATION FORM - CORPORATE



KHK CAPITAL LIMITED

PROPERTY FINANCING SECURED LOAN NOTE 2025
APPLICATION FORM - CORPORATE

Unless the context otherwise requires, capitalised terms defined in the investment memorandum issued by KHK Capital in respect of the proposed issue of KHK 2025 Secured Loan Notes dated 6 February 2025 (the “**Investment Memorandum**”) shall bear the same meaning when used in this application form.

Before completing this form you must read the Investment Memorandum, the loan note instrument dated 20 December 2024 as amended and restated on 30 January 2025 (the “**Instrument**”). By completing and signing this application you agree to the confirmations listed below.

Section 1 – Applicant Details

Name & Company Number	
Address	
Contact Person (Director)	
Email	
Telephone	

Section 2 – Application and Amount Payable

Please state the amount you intend to invest, with no obligation.

I/ We intend to make an electronic transfer of	£
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Please make your electronic transfer to:

Account Name	KHK Capital Limited
Bank	Santander
Sort Code	09-02-22
Account Number	11107356

Please do not make any transfer until invited to do so by KHK Capital. Upon successful completion of this application form, and due diligence including ID and address verification, KHK Capital will invite you to

transfer funds.

Upon receipt of funds KHK will issue a signed KHK 2025 Secured Loan Note certificate. Interest will begin accruing immediately, you will receive interest payments, and an account statement around the end of each month. If you opt for interest compounding, your account statement will show the interest crediting your KHK investment account each month.

Section 3 – Source of Funds

Please describe the source of funds for this investment e.g., savings from income, sale of property.

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Section 4 – Interest Payments

Please complete your bank or building society account details to receive payments of your interest and repayment of your initial investment directly to your bank account.

Bank/Building Society Name	
Account Name	
Sort Code	
Account Number	
Account Reference (if applicable)	

Section 5 - Signature

1. I/We warrant, represent and confirm that:

- (a) I am/we are a trust or company resident in the United Kingdom and/or which is not prevented by the laws of its governing jurisdiction or place of incorporation from applying for or holding loan notes;
- (b) I/we will comply with requests made by KHK Capital to verify my/our identity in the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended) (the “**MLR 2017**”);
- (c) I/we consent to KHK Capital communicating with, and sending or supplying documents (including the sending of certificates of deduction of tax) or information to me/us in electronic form or by website to the email address given in Section 4 above;

- (d) I/we are a body corporate, unincorporated association or partnership falling within Article 49(2) of the Financial Services & Markets Act 2000 (Financial Promotion) Order 2005;
 - (e) I/we have based my/our decision to invest in the KHK 2025 Secured Loan Notes solely on the information contained in the Investment Memorandum and Instrument received from KHK Capital;
 - (f) In making this application, I/we confirm that the application for the issue of the KHK 2025 Secured Loan Notes and my/our holding of KHK 2025 Secured Loan Notes (if any) issued to me/ us are subject to the terms and conditions contained in this Application Form, the Investment Memorandum and the Instrument; and
 - (g) I/we am/are not a politically exposed person (PEP), as defined in the MLR 2017.
2. In making this Application, I/we confirm that the application for the issue of the KHK 2025 Secured Loan Notes and my/our holding of KHK 2025 Secured Loan Notes (if any) issued to me/ us are subject to the terms and conditions contained in this Application Form, the Investment Memorandum and the Instrument.
 3. In making this Application I/we confirm we are appointing Truva Trust Corporation PLC as security agent for the KHK 2025 Secured Loan Notes, as described in the Investment Memorandum, subject to the completion of KYC due diligence.
 4. In making this Application for KHK 2025 Secured Loan Notes, I/we confirm that any decision to accept my/our application (in whole or in part) is at the sole and unreserved discretion of KHK Capital.

By signing below, I/we confirm all of the representations, warranties, statements and confirmations in paragraphs 1-4 above and that I/we have read and agree to be bound by the terms and conditions of the KHK 2025 Secured Loan Notes.

Applicant Signature		Date	/ /
Print Name			

Applicant Signature (Corporate application Second signatory, if applicable)		Date	/ /
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