

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are resident in the United Kingdom (or, if you are a person outside the UK, from another appropriately qualified independent financial adviser in your jurisdiction).

If you have sold or otherwise transferred all your shares in the Company, please send this document, together with the accompanying documents, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold or transferred only part of your registered holding of Existing Ordinary Shares, you should retain this document and the accompanying documents and immediately consult with the stockbroker, bank or other agent through whom the sale or transfer was effected. The distribution of this document and/or any accompanying documents into a jurisdiction other than the United Kingdom may be restricted by law or regulation and therefore such documents should not be distributed, forwarded to or transmitted in or into the United States of America, Canada, Australia, Japan, the Republic of South Africa or New Zealand or into any other jurisdiction where to do so would breach any applicable law or regulation.

The Company and the Directors, whose names are set out on page 3, accept responsibility, both collectively and individually, for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

KCR Residential REIT plc

(incorporated and registered in England and Wales under company registration number 09080097)

Proposal to issue approximately £3,100,000 worth of Ordinary Shares

Notice of General Meeting

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 8 to 12 of this document and which recommends you vote in favour of the Resolutions.

Your attention is drawn to a notice convening a General Meeting of the Company to be held at 10.00 a.m. on 30 July 2018 at the offices of Fladgate LLP at 16 Great Queen Street, London WC2B 5DG as set out at the end of this document.

A Form of Proxy for use at the General Meeting is enclosed. To be valid, the Form of Proxy should be completed, signed and returned in accordance with the instructions printed on it to the Company's Registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR as soon as possible but in any event so as to arrive no later than 10.00 a.m. on 26 July 2018.

Completion and return of a Form of Proxy will not preclude shareholders from attending and voting at the General Meeting should they choose to do so. Further instructions relating to the Form of Proxy are set out in the Notice of General Meeting.

Arden Partners plc, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting as sole broker and bookrunner to the Company in connection with the Fundraising. Arden Partners plc will not be responsible to any person other than the Company for providing the protections afforded to clients of Arden Partners plc or for providing advice to any other person in connection with the Fundraising or any acquisition of shares in the Company. Arden Partners plc is not making any representation or warranty, express or implied, as to the contents of this Circular. Arden Partners plc has not authorised the contents of, or any part of, this Circular, and no liability whatsoever is accepted by Arden Partners plc for the accuracy of any information or opinions contained in this Circular or for the omission of any material information. Nothing in this document shall be effective to limit or exclude any liability for fraud or which otherwise, by law or regulation, cannot be so limited or excluded.

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DIRECTORS AND ADVISERS

Directors	Michael Davies (<i>Non-executive Chairman</i>) Dominic White (<i>Chief Executive</i>) James Cane (<i>Finance Director</i>) Timothy James (<i>Property Director</i>) Oliver Vaughan (<i>Non-executive Director</i>) each of the Company's registered office
Company Secretary	R Roberts
Registered office	82 St John Street London EC1M 4JN
Nominated Adviser and Broker	Arden Partners plc 125 Old Broad Street London EC2N 1AR
Legal advisers to the Company	Blake Morgan LLP 6 New Street Square London EC4A 3DJ Fladgate LLP 16 Great Queen Street London WC2B 5DG
Legal advisers to the Nominated Adviser and Broker	DAC Beachcroft LLP 100 Fetter Lane London EC4A 1BN
Registrar & Receiving Agent	Share Registrars Limited The Courtyard 17 West Street Farnham Surrey GU9 7DR

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of completed Forms of Proxy and receipt of electronic proxy appointments via the CREST system for the General Meeting	10.00 a.m. on 26 July 2018
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General Meeting	10.00 a.m. on 30 July 2018
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Admission of the New Ordinary Shares	8.00 a.m. on 31 July 2018
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Each of the times and dates above refer to London time and are subject to change by the Company. Any such change will be notified to Shareholders by an announcement on a Regulatory Information Service.

KEY STATISTICS

Number of Existing Restricted Preference Shares as at the date of this document and Admission	4,500,000
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Number of Existing Ordinary Shares	9,857,207
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Number of Conversion Shares	946,286
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Number of Arden Shares	400,000
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Number of Inland Allotment Shares	1,800,427
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Number of Placing Shares	330,714
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Number of Subscription Shares	957,143
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Issue Price	70 pence
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Percentage of the Enlarged Share Capital represented by the Fundraising Shares	9.01 per cent.
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Estimated gross proceeds of the Fundraising	£901,500
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Estimated net proceeds of the Fundraising	£739,225
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Enlarged Share Capital immediately following the allotment of the New Ordinary Shares	14,291,777
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DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

Admission	the admission of the New Ordinary Shares to trading on AIM
AIM	the AIM market, operated by the London Stock Exchange
AIM Rules	the AIM Rules for Companies (being the rules of the London Stock Exchange which set out the obligations and responsibilities of and in relation to companies whose shares are admitted to AIM, as published and occasionally amended by the London Stock Exchange)
Arden	Arden Partners Plc, registered in England with company number 04427253 the Company's nominated adviser and sole broker
Arden Allotment	the allotment to Arden of 400,000 new Ordinary Shares to be issued to Arden at the Issue Price in satisfaction of transaction fees and outstanding debt
Arden Shares	the 400,000 new Ordinary Shares to be issued to Arden at the Issue Price in respect of the Arden Allotment
Articles	the articles of association of the Company as at the date of this circular
Board or Directors	the directors of the Company
CA 2006	the Companies Act 2006
Company or KCR	KCR Residential REIT plc, incorporated in England and Wales with registered number 09080097 (formerly K&C REIT plc)
Conversion	the conversion of £650,000 of CLNs into the Conversion Shares and accrued but unpaid interest thereon (having deducted the tax due on such interest payment where required) at the Issue Price
Conversion Shares	the 946,286 new Ordinary Shares to be issued to Venaglass Limited, Kimono Investment Holdings Limited, John Vaughan and Consumer Refund Service Ltd, pursuant to the Conversion of £650,000 of CLNs and accrued but unpaid interest thereon (having deducted the tax due on such interest payment where required)
Convertible Loan Notes or CLNs	the secured convertible loan notes created by a loan note instrument dated 7 July 2017
CTA 2010	the UK Corporation Tax Act 2010
Enlarged Share Capital	the issued ordinary share capital of the Company following completion of the Fundraising, comprising the Existing Ordinary Shares and the New Ordinary Shares
Existing Ordinary Shares	the 9,857,207 Ordinary Shares in issue at the date of this circular
Existing Restricted Preference Shares	the 4,500,000 Restricted Preference Shares in issue at the date of this circular
FCA	the Financial Conduct Authority of the United Kingdom

Form of Proxy	the form of proxy for use by Shareholders in relation to the General Meeting
FSMA	the Financial Services and Markets Act 2000, as amended
Fundraising	the Placing and the Subscription
Fundraising Shares	the Placing Shares and the Subscription Shares
General Meeting	the general meeting of the Company to be held at 10.00 a.m. on 30 July 2018, or any adjournment thereof
Group	the Company and its subsidiaries and subsidiary undertakings from time to time
HMRC	HM Revenue & Customs
Inland Allotment	the allotment of the Inland Allotment Shares
Inland Allotment Shares	the 1,800,427 Ordinary Shares to be issued by the Company at the Issue Price to Poole Investments in satisfaction of all of the consideration due to Poole Investments pursuant to the Inland Commercial Share Purchase Agreement
Inland or Inland Homes	Inland Homes plc, incorporated in England and Wales with registered number 05482990
Inland Commercial	Inland Commercial Limited, incorporated in England and Wales with registered number 09534545, the SPV (which KCR has acquired from Inland pursuant to the Inland Commercial Share Purchase Agreement) which owns two recently built supermarket properties
Inland Commercial Share Purchase Agreement	the share purchase agreement dated 29 June 2018 and made between Inland (1), Poole Investments (2), and KCR (3)
Issue Price	70 pence per Ordinary Share
London Stock Exchange	London Stock Exchange plc
NAV or Net Asset Value	the net asset value of the Company as calculated in accordance with the Company's accounting practices
New Articles	the new articles of association of the Company proposed to be adopted by Resolution 3
New Ordinary Shares	the Fundraising Shares, the Conversion Shares, the Arden Shares and the Inland Allotment Shares
Notice	the notice of the General Meeting set out at the end of this circular
Ordinary Shares	ordinary shares of 10 pence each in the capital of the Company
Placing	the proposed conditional placing of the Placing Shares by or on behalf of the Company at the Issue Price
Placing Shares	330,714 new Ordinary Shares which are proposed to be issued pursuant to the Placing
Poole Investments	Poole Investments Limited, an indirect wholly owned subsidiary of Inland

Proposals	the Fundraising, the Conversion, the Arden Allotment, the Inland Allotment and the adoption of the New Articles
Registrar	Share Registrars Limited of The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR
REIT	Real Estate Investment Trust, being a company or group of companies to which Part 12 of CTA 2010 applies
REIT Regime	the UK taxation regime created and provided for by part 12 of CTA 2010
Resolutions	the resolutions to be proposed at the General Meeting, as set out in the Notice
Restricted Preference Shares	restricted preference shares of 10 pence each in the capital of the Company
Shareholder	a holder of Ordinary Shares
SPV	special purpose vehicle
Subscription	the proposed conditional subscription by certain existing Shareholders for the Subscription Shares at the Issue Price
Subscription Shares	957,143 new Ordinary Shares which are proposed to be subscribed for pursuant to the Subscription
Subsidiary	has the meaning given to it by section 1159 CA 2006

LETTER FROM THE CHAIRMAN OF

KCR Residential REIT plc

(incorporated and registered in England and Wales under company registration number 09080097)

Michael Davies (*Non-executive Chairman*)
Dominic White (*Chief Executive*)
James Cane (*Finance Director*)
Timothy James (*Property Director*)
Oliver Vaughan (*Non-executive Director*)

Registered office:
82 St John Street,
London EC1M 4JN

13 July 2018

Dear Shareholder,

Proposal to issue approximately £3,100,000 worth of Ordinary Shares Notice of General Meeting

1. INTRODUCTION

The Company has announced today its intention to issue approximately £3.1 million worth of shares by way of an issue of Ordinary Shares at (or credited as fully paid at) 70 pence per Ordinary Share. The Proposals comprise:

- the Fundraising (to raise £901,500, before expenses) comprising:
 - 330,714 Ordinary Shares (being the Placing Shares) to be issued by way of a placing of Ordinary Shares at the Issue Price; and
 - 957,143 Ordinary Shares (being the Subscription Shares) to be issued pursuant to subscriptions for Ordinary Shares at the Issue Price by certain of the existing Shareholders;
- the Inland Allotment, namely the allotment of the Inland Allotment Shares;
- the Conversion, namely the conversion of £650,000 of CLNs into the Conversion Shares and accrued but unpaid interest thereon (having deducted the tax due on such interest payment where required) at the Issue Price;
- the Arden Allotment, namely the allotment to Arden of 400,000 new Ordinary Shares to be issued to Arden at the Issue Price in satisfaction of transaction fees and outstanding debt; and
- the adoption of the New Articles.

The Proposals require the consent of Shareholders at the General Meeting. The purpose of this document is to set out the background to and reasons for these proposals and to give notice of the General Meeting.

The Issue Price (of 70 pence per Ordinary Share) represents an approximate 20.5 per cent. discount to the closing middle market price of 88 pence per Ordinary Share on 12 July 2018, the last business day before the publication of this document.

The Proposals are conditional, *inter alia*, on the passing of the Resolutions by the Shareholders at the General Meeting, which has been convened for 10.00 a.m. on 30 July 2018, notice of which is set out at the end of this Circular. If the Resolutions are passed, the Ordinary Shares are expected to be allotted immediately after the General Meeting, conditional on Admission, which is expected to occur at 8.00 a.m. on 31 July 2018. Should Shareholder approval not be obtained at the General Meeting, the Proposals will not proceed.

The purpose of this document is to explain the background to the Proposals, to set out the reasons why your Board believes that the Proposals are in the best interests of the Company and its Shareholders, and to seek your approval to the Resolutions at the General Meeting.

2. THE MARKET OPPORTUNITY

KCR's objective is to build a substantial residential property portfolio that generates capital growth and secure income flow for shareholders through the acquisition of residential property assets, in particular property SPVs with inherent historical capital gains.

The Company's management team has a track record of successfully sourcing, financing, improving, letting and managing properties to create sizeable rented property portfolios with attractive, sustainable and growing cash-flows. KCR aims to take advantage of the growing opportunity for REITs in the residential property market to build its portfolio, enhancing yield and increasing Net Asset Value through active asset, property and development management and thereby creating an increasing yield for Shareholders. The Directors believe that this strategy will allow the Company to provide Shareholders with an attractive level of dividend income in the medium term.

3. THE INLAND HOMES RELATIONSHIP

On 31 May 2018, the Company announced that it had entered into a strategic relationship with Inland Homes. Inland is a leading housebuilder and 'brownfield' regeneration specialist with a focus on the south and south-east of England, which is admitted to trading on AIM (TIDM: INL) with a market capitalisation of approximately £133 million (as at 12 July 2018, the last practicable date prior to the publication of this document).

KCR and Inland have identified an initial pipeline portfolio, on which KCR has right of first refusal, of up to £100 million comprising 422 units, for the Group to acquire from Inland in the short and medium term spread across the Midlands, South and South East of the UK. Inland has agreed that it will not dispose of assets within this portfolio without first affording KCR a three-month period to evaluate the investment opportunity and to seek to agree heads of terms with regard to that property or portfolio.

The strategic relationship is mutually advantageous for both parties, as KCR is given a right of first refusal over Inland's assets, which enables KCR to take full advantage of the large pipeline, thereby giving KCR increased visibility over, and an acceleration of the development of, its residential property portfolio.

Inland's interests will be aligned with the Company because it is taking a strategic shareholding in KCR. The Directors hope to be able to acquire further Inland assets in the future using a combination of cash and equity.

4. ACQUISITIONS FROM INLAND

On 2 July 2018, KCR announced that it had completed two acquisitions with Inland. These comprised the completion of an agreement for the lease of Block B, Chapel Riverside, Ocean Village, Southampton ("**Chapel Riverside B**"), and the acquisition of the entire share capital of Inland Commercial, an SPV, from Inland Homes.

Chapel Riverside B

Chapel Riverside B is a new-build apartment block consisting of 27 two-bedroom apartments and 28 dedicated car parking spaces. It forms part of Inland's major Chapel Riverside redevelopment project in Southampton, Hampshire, being undertaken in partnership with Southampton City Council. It is located on the waterfront in a prominent location on the west bank of the River Itchen, within walking distance of Ocean Village and the city centre. Chapel Riverside, B is being developed by Inland's construction arm, Inland Partnerships, and is scheduled for practical completion and hand over to KCR in August 2018.

At practical completion, KCR will be granted a 999-year long-leasehold interest at a peppercorn rent for a total consideration of £5.82 million. KCR estimates the rental value of Chapel Riverside B at £276,000 per annum, generating a projected gross annual yield on consideration of 4.74 per cent. The consideration is payable in tranches with the final payment due in October 2018.

Inland Commercial

Inland Commercial owns two recently built supermarket properties, one freehold and one long leasehold, that support major residential developments in the South East. The supermarkets are let on 15-year leases

to Co-op (from August 2016) and Sainsburys (from April 2017) and are located in Leighton Buzzard and West Drayton respectively. The rents are index-linked to the RPI and the leases are on effective full repairing and insuring terms.

The total consideration of £2.56 million includes £1.32 million of debt to Metro Bank plc already within Inland Commercial. The portfolio generates an annual income of £133,750 and delivers an annual yield on consideration of 5.2 per cent. The Inland Commercial Share Purchase Agreement provides that consideration for the shares in Inland Commercial will be settled in Ordinary Shares and/or cash in such combination to be determined by 31 July 2018. The Inland Allotment of 1,800,427 Ordinary Shares will satisfy all of the consideration to be paid under the Inland Commercial Share Purchase Agreement.

The Inland Allotment will occur upon Admission.

5. DETAILS OF THE FUNDRAISING AND USE OF PROCEEDS

The Company is proposing a fundraising of £901,500 (before expenses) by way of an issue of 1,287,857 Ordinary Shares at the Issue Price of 70 pence per Ordinary Share. The Fundraising comprises:

- 330,714 Ordinary Shares (being the Placing Shares) to be issued by way of a placing of Ordinary Shares at the Issue Price; and
- 957,143 Ordinary Shares (being the Subscription Shares) to be issued pursuant to subscriptions for Ordinary Shares at the Issue Price by certain of the existing Shareholders.

The Placing has not been underwritten.

Dominic White (the Company's chief executive) has conditionally agreed to subscribe £40,000 for 57,143 New Ordinary Shares as part of the Subscription, and Timothy James (the Company's Property Director) has conditionally agreed to subscribe £20,000 for 28,571 New Ordinary Shares as part of the Subscription. These subscriptions will increase Dominic White's holding of Ordinary Shares to 57,142 Ordinary Shares (representing approximately 0.40 per cent. of the Enlarged Share Capital) and will increase Timothy James' holding of Ordinary Shares to 504,492 Ordinary Shares (representing approximately 3.53 per cent. of the Enlarged Share Capital).

The net proceeds of the Fundraising, estimated to be £739,225, will be used to finance the acquisition of property assets from Inland and other third-party vendors, and for working capital purposes.

The Fundraising Shares to be issued under the Fundraising, the Conversion Shares, the Arden Shares and the Inland Allotment Shares will rank *pari passu* in all respects with the Existing Ordinary Shares and each other.

The Fundraising is conditional, *inter alia*, upon:

- the passing of the Resolutions at the General Meeting; and
- Admission.

If these conditions are not met, the Fundraising will not proceed and an announcement to that effect will be made via a Regulatory Information Service. If the Fundraising does not proceed, the Conversion and the Arden Allotment will also both not be completed.

6. THE CONVERSION

Four holders of Convertible Loan Notes have conditionally agreed to convert £650,000 of Convertible Loan Notes and accrued but unpaid interest thereon (having deducted the tax due on such interest payment where required) into 946,286 new Ordinary Shares credited as fully paid at the Issue Price. The Conversion is conditional on the Placing Shares being admitted to trading on AIM on or before 31 August 2018. Therefore, should Shareholder approval not be obtained at the General Meeting, the Conversion will not proceed.

The Conversion will reduce the Group's indebtedness by £650,000 (plus the accrued but unpaid interest thereon (having deducted the tax due on such interest payment where required)).

7. THE ARDEN ALLOTMENT

Arden and the Company have agreed that amounts owed by KCR to Arden in respect of outstanding debt and transaction fees should be satisfied in part by the allotment and issue to Arden of 400,000 Ordinary Shares credited as fully paid at the Issue Price.

The Arden Allotment is conditional on the Fundraising Shares being admitted to trading on AIM on or before 31 August 2018. Therefore, should Shareholder approval not be obtained at the General Meeting, the Arden Allotment will not proceed.

8. RELATED-PARTY TRANSACTIONS

Venaglass Limited, which at the date of this document holds 1,000,000 Existing Ordinary Shares (representing approximately 10.4 per cent. of the Existing Ordinary Shares), has conditionally agreed to convert £400,000 of Convertible Loan Notes and accrued but unpaid interest thereon into 582,857 Ordinary Shares at the Issue Price.

This conversion is deemed to be a related-party transaction for the purposes of Rule 13 of the AIM Rules (the “**Venaglass Related Party Transaction**”).

In addition, Consumer Refund Service Limited which at the date of this document holds 1,857,142 Existing Ordinary Shares (representing approximately 18.8 per cent. of the Existing Ordinary Shares), has conditionally agreed to convert £100,000 of Convertible Loan Notes and accrued but unpaid interest thereon into 145,714 Ordinary Shares at the Issue Price. Consumer Refund Service Limited has also conditionally agreed to subscribe for 357,143 Ordinary Shares at the Issue Price as part of the Subscription.

This conversion and subscription are deemed to be related-party transactions for the purposes of Rule 13 of the AIM Rules (the “**Consumer Refund Service Related Party Transactions**”).

The Directors consider, having consulted with the Company's Nominated Adviser, Arden Partners, that the terms of the Venaglass Related Party Transaction and the Consumer Refund Service Related Party Transactions are fair and reasonable in so far as the Company's shareholders are concerned.

9. RESTRICTED PREFERENCE SHARES

The Company has, to date, issued 4.5 million Restricted Preference Shares at nominal value of £0.10 each, and retains the ability to issue a further 1.5 million such shares. The Restricted Preference Shares were created to raise risk capital for the Company and as part of its overall incentive plan. The current holders of the Restricted Preference Shares are Directors or senior management of the Company (or companies controlled by them).

The Restricted Preference Shares have the rights and are subject to such conditions as set out in the Company's circular dated 27 January 2017.

These shares have now been in issue for a period, and therefore, following an internal review, the Directors propose five amendments to the terms of the Restricted Preference Shares:

1. the expiry date be extended from 30 June 2022 to 30 June 2027;
2. any unvested, fully paid Restricted Preference Shares in issue at 30 June 2027 will automatically vest and convert on 1 July 2027 into Ordinary Shares, with the conversion price being set at the average middle-market closing price of the Ordinary Shares over the five dealing days ending on 30 June 2027 (“**Market Value**”). A shareholder of Restricted Preference Shares would therefore be issued and allotted on 1 July 2027 with Ordinary Shares credited as fully paid at Market Value;
3. the “NAV per Share” performance milestone will become a “NAV per Share plus distributions paid” performance milestone, because REITs are required to pay out 90 per cent. of their rental profits, thus reducing NAV per share at every dividend payment;
4. in order to simplify the structure of the Restricted Preference Shares, following the achievement of any of the six milestones, the number of Restricted Preference Shares that will vest will be one-sixth of the total number of Restricted Preference Shares held (and not the current uneven vesting); and

5. the NAV per share element of each of the six milestones will be rebased to £0.77, £0.85, £0.93, £1.01, £1.09 and £1.17 respectively.

10. RESTRICTED PREFERENCE SHARE CONSENT AND GENERAL MEETING

In order to effect the changes noted above, and to issue the Fundraising Shares, the Company requires Shareholder consent in general meeting. Shareholders should note that if Resolutions 1 and 2 are not passed, the Fundraising cannot complete.

The holders of Restricted Preference Shares have, in accordance with article 5.1.2 of the Articles, unanimously consented in writing to the variation of the rights attaching to the Restricted Preference Shares, as set out in the New Articles. Such variation of rights is subject to the adoption of the New Articles by Resolution 3.

Set out at the end of this document is a notice convening the General Meeting at 10.00 a.m. on 30 July 2018 at the offices of Fladgate LLP, 16 Great Queen Street, London WC2B 5DG for the purposes of considering and, if thought fit, approving the Resolutions:

- Resolution 1 is an ordinary resolution pursuant to section 551 of CA 2006 to authorise the directors to allot the New Ordinary Shares;
- Resolution 2 is a special resolution pursuant to section 560 of CA 2006, to dis-apply pre-emption rights in respect of the issue of new Ordinary Shares in respect of the Fundraising and the Arden Allotment; and
- Resolution 3 is a special resolution to adopt the New Articles.

A copy of the New Articles will be available for inspection at the registered office of the Company during normal business hours on any weekday (weekends and public holidays excepted) from the date of this circular until 10.00 a.m. on 30 July 2018 and at the place of the General Meeting for 15 minutes prior to and during the General Meeting.

A form of proxy for the General Meeting is enclosed with this document and Shareholders are urged to complete and return the Form of Proxy in accordance with the instructions contained in the Notice, so as to arrive no later than 10.00 a.m. on 26 July 2018, being 48 hours before the time appointed for the holding of the General Meeting.

Completion and posting of a Form of Proxy will not prevent you from attending and voting in person at the General Meeting if you so wish.

11. RECOMMENDATION

The Directors believe that the Proposals are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the Resolutions. The Directors intend to vote in favour of the Resolutions in respect of their own beneficial holdings of, in aggregate, 745,732 Ordinary Shares representing approximately 7.57 per cent. of the Existing Ordinary Shares.

Yours faithfully

Michael Davies

Non-executive Chairman

KCR Residential REIT plc

(Incorporated in England and Wales with Registered Number 9080097)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of KCR Residential REIT plc (the “**Company**”) will be held at the offices of Fladgate LLP, 16 Great Queen Street, London WC2B 5DG on 30 July 2018 at 10.00 a.m. to pass the following resolutions.

Ordinary Resolution

1. That, in substitution for all existing authorities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities, the Directors be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (“**CA 2006**”) to exercise all or any of the powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into, shares of the Company (such shares and rights being together referred to as Relevant Securities), provided that this power shall be limited to:
 - 1.1 the allotment of Relevant Securities in connection with a rights issue, open offer or other offer of Relevant Securities open for acceptance for a period fixed by the Directors to holders of Relevant Securities on the register on a fixed record date where the Relevant Securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to their respective holdings of such Relevant Securities or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised body or any stock exchange in, any territory or by virtue of any other matter);
 - 1.2 the allotment of Relevant Securities up to an aggregate nominal value of £348,828.40 pursuant to a proposals announced by the Company on 12 July 2018 (the “**Proposals**”); and
 - 1.3 the allotment of Relevant Securities (otherwise than pursuant to paragraphs 1.1 or 1.2 above) up to an aggregate nominal value of £2,000,000 (being equal to approximately 140 per cent. of the issued share capital of the Company following the Proposals (assuming full subscription under the fundraising announced by the Company on 12 July 2018));

provided that such authority shall expire on the earlier of 31 December 2018 and the conclusion of the annual general meeting of the Company to be held in 2018, save that, in each of the sub-paragraphs above, the Company may before the relevant expiry date make an offer or agreement which would or might require Relevant Securities to be allotted after such expiry date and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred by this Resolution had not expired.

Special Resolutions

2. That, subject to and conditional upon Resolution 1 being passed as an ordinary resolution without amendment, in substitution for all existing powers but without prejudice to any allotment of equity securities (as defined in section 560 of the Companies Act 2006 (“**CA 2006**”)) already made or agreed to be made pursuant to such powers, the Directors be and are hereby empowered pursuant to section 570 of CA 2006 to allot equity securities for cash pursuant to the authority conferred upon them by Resolution 1 as if section 561 of CA 2006 did not apply to any such allotment, provided that this power shall be limited to:
 - 2.1 the allotment of equity securities in connection with a rights issue, open offer or other offer of equity securities open for acceptance for a period fixed by the Directors to holders of equity securities on the register on a fixed record date where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to their respective holdings of such equity securities or in accordance with the rights attached thereto

(but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised body or any stock exchange in, any territory or by virtue of any other matter); and

- 2.2 the allotment of up to an aggregate nominal value of £128,785.70 pursuant to the fundraising announced by the Company on 12 July 2018 (the “**Fundraising**”);
- 2.3 the allotment of up to an aggregate nominal value of £40,000.00 pursuant to the Arden Allotment (as defined in announcement of the Company made on 12 July 2018); and
- 2.4 the allotment of equity securities (otherwise than pursuant to paragraphs 2.1, 2.2 or 2.3 above) of up to an aggregate nominal value of £2,000,000 (being approximately 140 per cent. of the issued share capital of the Company following the completion of the proposals announced by the Company on 12 July 2018 (assuming that the Fundraising is fully subscribed)) to such persons at such times and generally on such terms and conditions as the Directors may determine (subject always to the articles of association of the Company);

provided that such authority shall expire on the earlier of 31 December 2018 and the conclusion of the annual general meeting of the Company to be held in 2018, save that, in each of the sub-paragraphs above, the Company may before the relevant expiry date make an offer or agreement which would or might require equity securities to be allotted after such expiry date and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred by this Resolution had not expired.

- 3. That the articles of association presented to the meeting and, for the purposes of identification, initialled by the Chairman, be adopted as the new articles of association of the Company in substitution for and to the exclusion of the existing articles of association of the Company.

13 July 2018

By Order of the Board:

Robert Roberts

Company Secretary

Registered office:

82 St John Street,
London EC1M 4JN

NOTES TO THE NOTICE OF GENERAL MEETING

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:
 - 10.00 a.m. on 26 July 2018; or,
 - if the General Meeting is adjourned, at 10.00 a.m. on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the General Meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the General Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the General Meeting to represent you. Details of how to appoint the Chairman of the General Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the General Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact Share Registrars Limited who will arrange for the appropriate documentation to be provided to you.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.

Appointment of proxy using hard copy proxy form

6. To appoint a proxy using the proxy form, the form must be:
 - completed and signed;
 - posted or delivered to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR; and
 - received by the Company no later than 10.00 a.m. on 26 July 2018.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the proxy form and would like to change the instructions using another proxy form, please contact Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

9. In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by the Company no later than 10.00 a.m. on 26 July 2018. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the General Meeting and voting in person. If you have appointed a proxy and attend the General Meeting in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

10. As at 6.00 p.m. on 12 July 2018, the Company's issued share capital comprised 9,857,207 Ordinary Shares of 10 pence each. Each Ordinary Share carries the right to one vote at a General Meeting of the Company and, therefore, the total number of voting rights in the Company as at 6.00 p.m. on 12 July 2018 was 9,857,207. The Restricted Preference Shares do not carry the right to vote at a general meeting of the Company.

Document available for inspection

11. A copy of the new articles of association proposed to be adopted by the Company will be available for inspection at the registered office of the Company during normal business hours on any weekday (weekends and public holidays excepted) from the date of this notice until the conclusion of the General Meeting, and at the place of the General Meeting from 15 minutes prior to and during the meeting.