

# Year-end results

For the year ended 31 December 2015

26 February 2016

# Agenda

Overview	Mary Ricks, CEO
Financial review	Fraser Kennedy, Head of Finance
Portfolio review	Peter Collins, COO
Summary	Mary Ricks, CEO
Q&A	

# Overview

Mary Ricks





# Completed redevelopment of Lochside Avenue

## Lochside Avenue, Edinburgh (Artemis portfolio)

**Before**



**After**



# KWE investment proposition

## Unlocking value of under-resourced real estate

### 1 Growing income through asset management

**+15.3%**

NOI growth on re-letting and lease renewals<sup>1</sup>

**+12.9%**

Ahead of valuers ERV on re-letting and renewals<sup>1</sup>

**£19.4m**

Target incremental NOI from selected asset management

### 2 Robust dividends underpinned by secure cashflows

**+37%**

Prospective 2016 dividend increase (48p vs 35p)

**96.0%**

2015 Occupancy

**7.3 / 9.2**

2015 WAULT (years) (first break) / (to expiry)

### 3 Creating value through asset management and selective investing

**+11.5%**

2015 valuation uplift (like-for-like)

**+23.1%**

Disposals ROC (to date)

**+5.8%**

Premium to BV on completed disposals

#### Notes

<sup>1</sup> Since IPO in February 2014 to 31 December 2015

# Highlights

## Financial

**14.6%** **1,175p**

Adjusted NAVPS growth  
(2015)

**4.1%**

NOI growth (like-for-like)  
(2015)

**2.9%**

Cost of debt  
(2015)

**£157.1m** **+11.5%**

Valuation uplift (like-for-like)  
(2015)

**35p** **+480%**

DPS paid  
(2015)

**47.9p** **+85%**

Adjusted earnings per share  
(2015)

## Net investments

**£262m** **17 mths**

Disposals  
(to date)

Hold period

**5.8%** **240bps**

Exit yield  
(to date)

Spread between  
YOC & exit yield

**£1,136m** **7.1%**

Acquisitions  
(2015)

YOC

# Operational achievements

## Portfolio

**£2,793m**

Portfolio value  
2014: £1,490m

**7.3%**

Under-rented portfolio  
(Based on 31 Dec 15 ERVs)

## AM transactions

**£7.6m +69%**

Incremental NOI from AM  
2014: £4.5m

**£161m**

Annualised NOI (£m)  
2014: £91m

**£211.8m +8.2%**

Total valuation uplift  
2014: £57.9m

**1.3m sq ft**

AM transactions area  
2014: 0.5m sq ft

**302**

Number of assets<sup>1</sup>  
2014: 111

**96.0% +5.1pp**

Occupancy  
2014: 90.9%

**233 +82%**

Number of AM transactions  
2014: 128

### Notes

<sup>1</sup> 2015: including 20 loan collateral assets; 2014: including 29 loan collateral assets

# Finance review

## Fraser Kennedy





# Strong NAV and earnings growth

Total accounting  
return

**+18.0%**

2014-15

Adjusted NAV  
per share growth

**+14.6%**

2014-15

Dividend return

**+3.4%**

2014-15

# Financial highlights

Income statement		2015	2014
Net operating income (£m)		130.1	50.7
Adjusted earnings <sup>1</sup> (£m)		65.0	23.1
Adjusted earnings <sup>1</sup> (p per share)	+84.9%	47.9	25.9
Dividends (p per share)		35.0	6.0

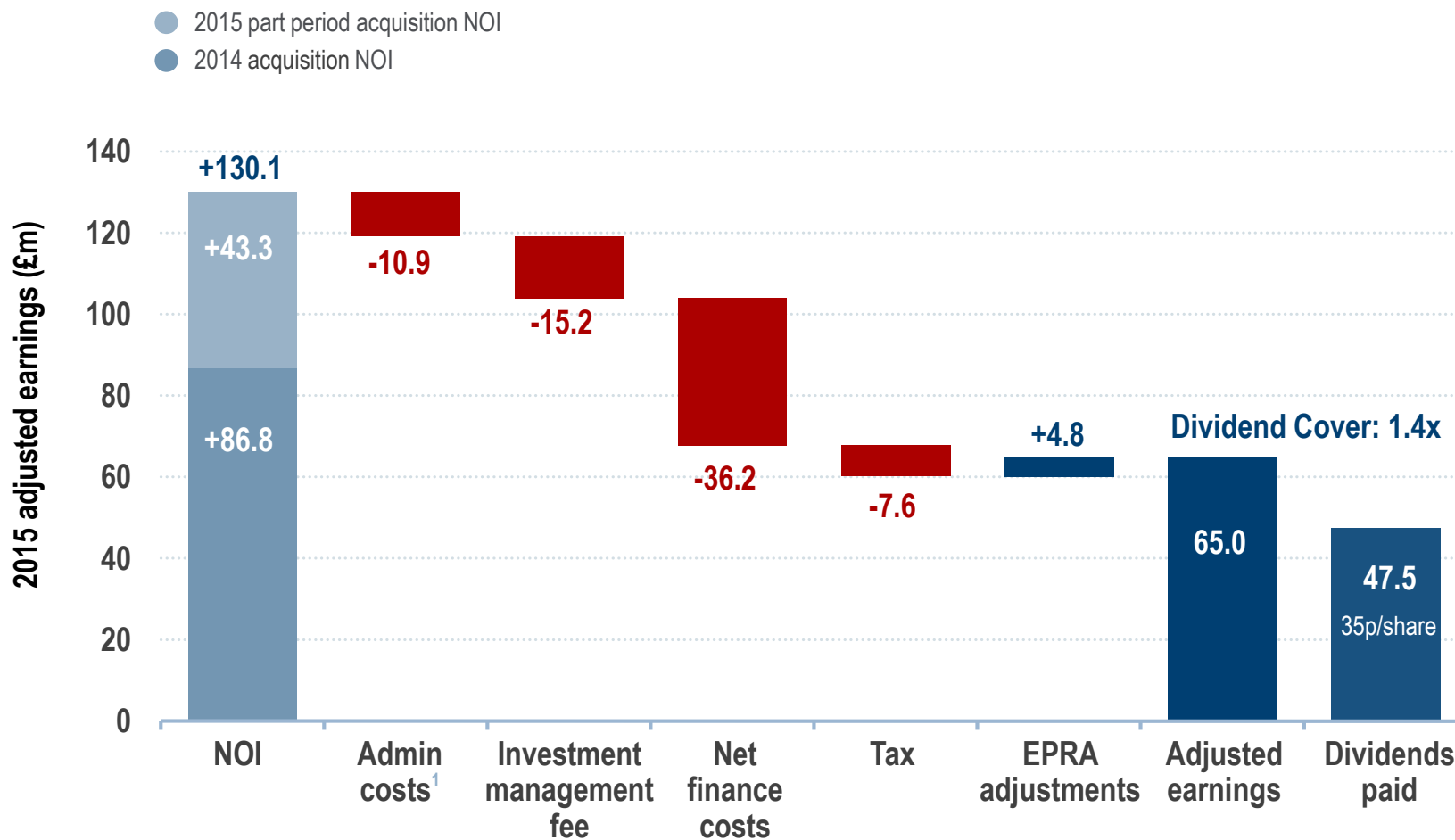
Balance sheet		2015	2014
Portfolio value (£m)		2,792.7	1,490.4
Cash (£m)		326.5	441.9
Secured debt (£m)		841.3	553.5
Unsecured debt (£m)		594.8	-
LTV (%)		39.7%	7.5%
Adjusted NAV <sup>2</sup> (p per share)	+14.6%	1,174.5	1,025.2

## Notes

<sup>1</sup> Adjusted earnings are defined as EPRA earnings adding back performance fee expense (capital in nature)

<sup>2</sup> Adjusted NAV is defined as EPRA NAV deducting performance fee (accounted for in share-based payments reserve)

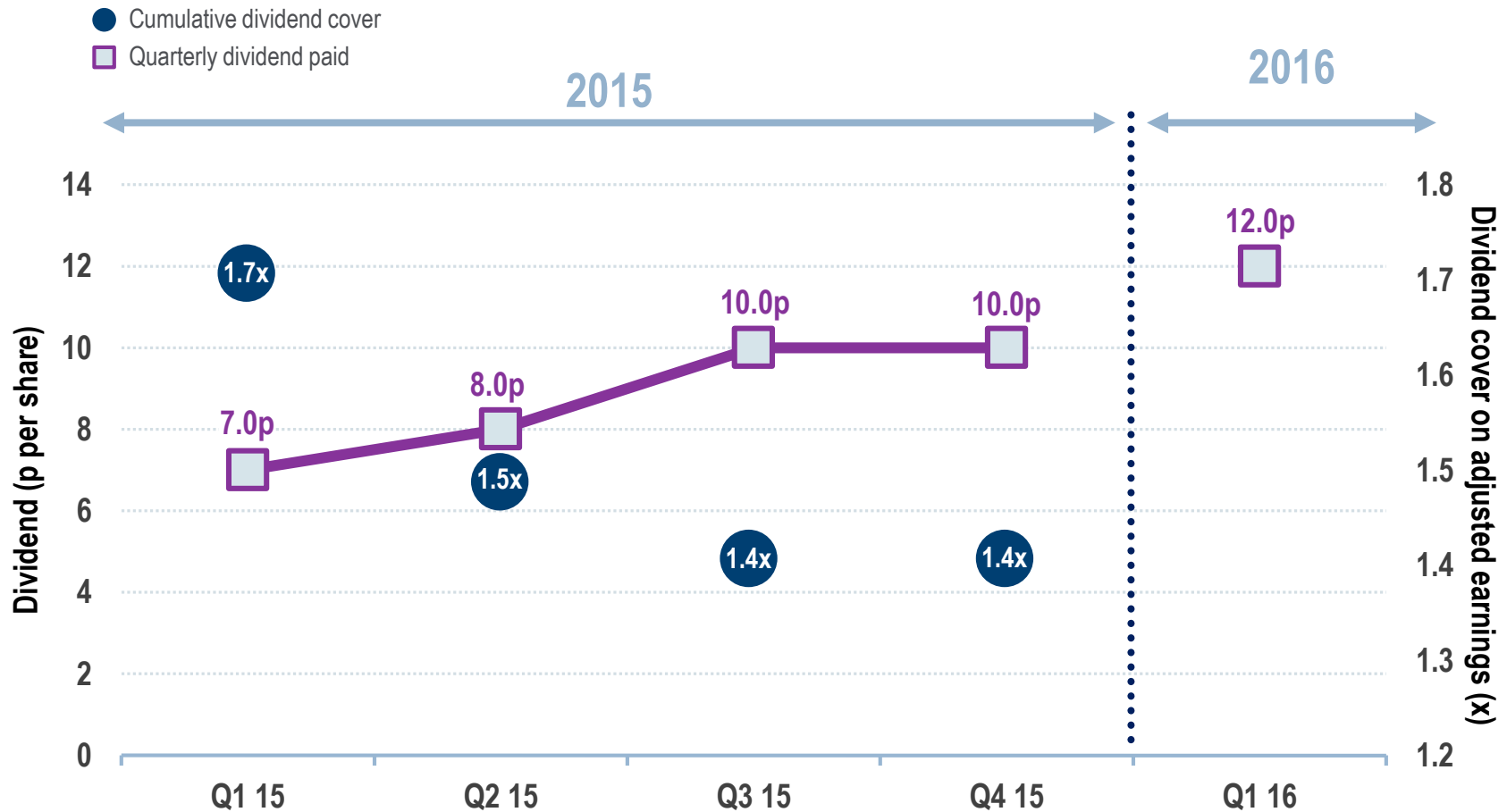
# Strong investment activity growing earnings



## Notes

<sup>1</sup> Admin costs include items such as administrator and adviser costs, expensed acquisition costs and legal fees

# 20% quarter-on-quarter dividend increase for Q1 2016





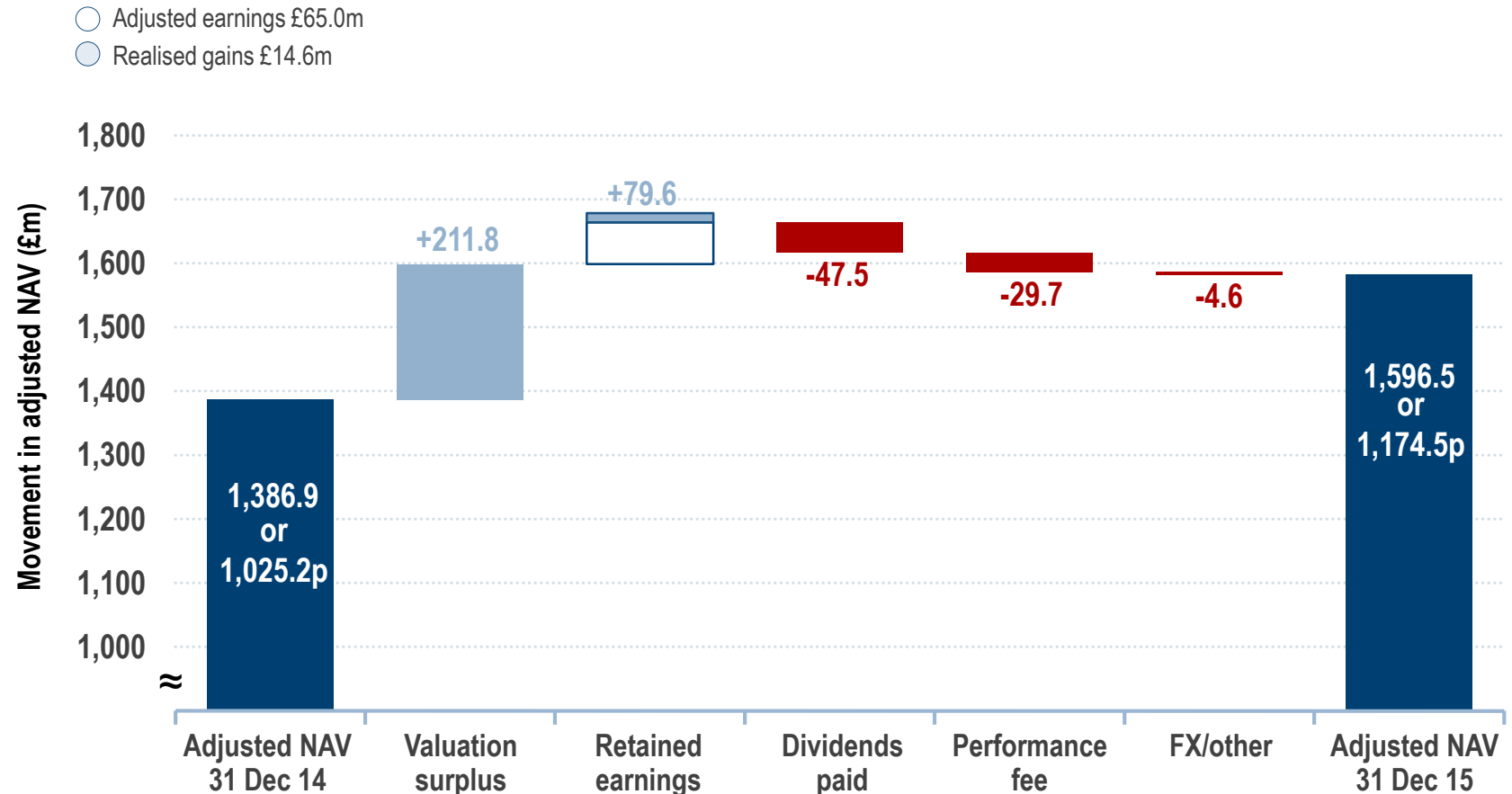
# Strong adjusted NAV per share growth driven by valuation uplift

Adjusted NAV  
per share growth

**+14.6%**

2014-15

# 14.6% adjusted NAV per share growth



# Valuation surplus components

LFL

£157m<sup>1</sup>

+11.5%

2015 acquisitions

£55m

+4.5% over 7 months

Total

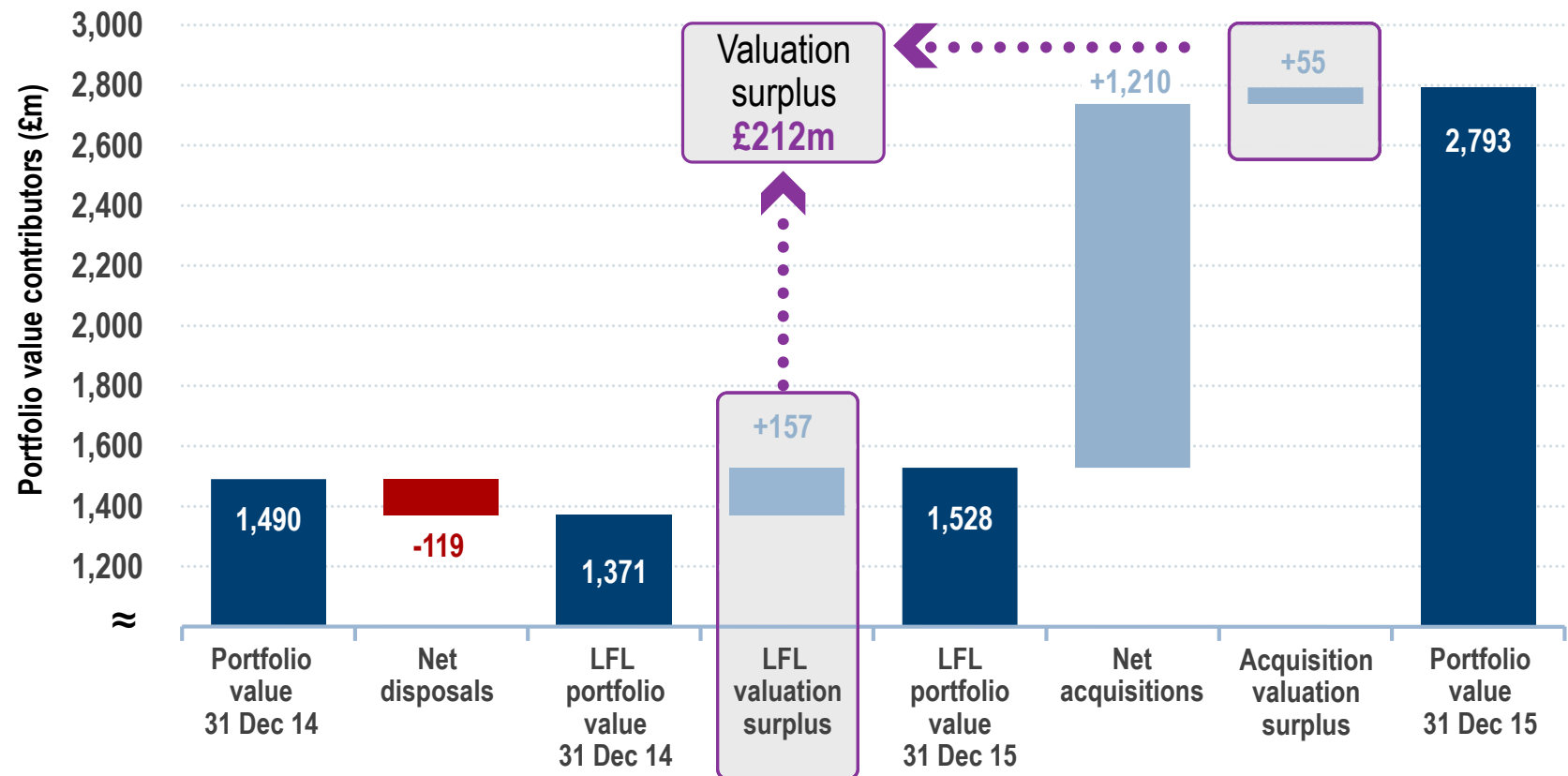
£212m

+8.2%

## Notes

<sup>1</sup> On constant currency basis

# Total valuation surplus +8.2% or £212m





# Long term fixed rate debt raised

Term to maturity  
**7.5 years**

Fixed debt  
**88%**

Total cost of debt  
**3.2%**

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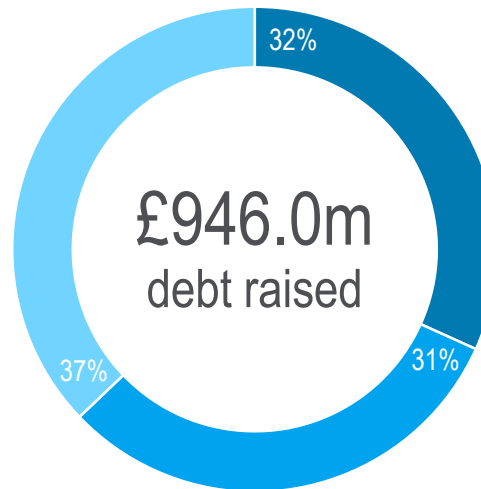
Debt raised in 2015

# Unsecured BBB bonds 41% of total debt

£351.2m

Secured debt

TTM<sup>1</sup>: 5.8 years  
No. of facilities: 4  
Wtd average cost: 2.96%



- UK unsecured bond
- Euro unsecured bond
- Secured debt

£300m

UK unsecured bond

TTM<sup>1</sup>: 7.0 years  
Maturity: 30 June 2022  
Total cost: 3.35%<sup>2</sup>

€400m (£294.8m)

Euro unsecured bond

TTM<sup>1</sup>: 10.0 years  
Maturity: 12 Nov 2025  
Total cost: 3.25%

## Notes

<sup>1</sup> TTM = term to maturity

<sup>2</sup> Post cross currency swap

# Ensuring an efficient capital structure

Term to maturity  
**5.9 years**

Dec 2015

Total cost of debt  
**2.9%**

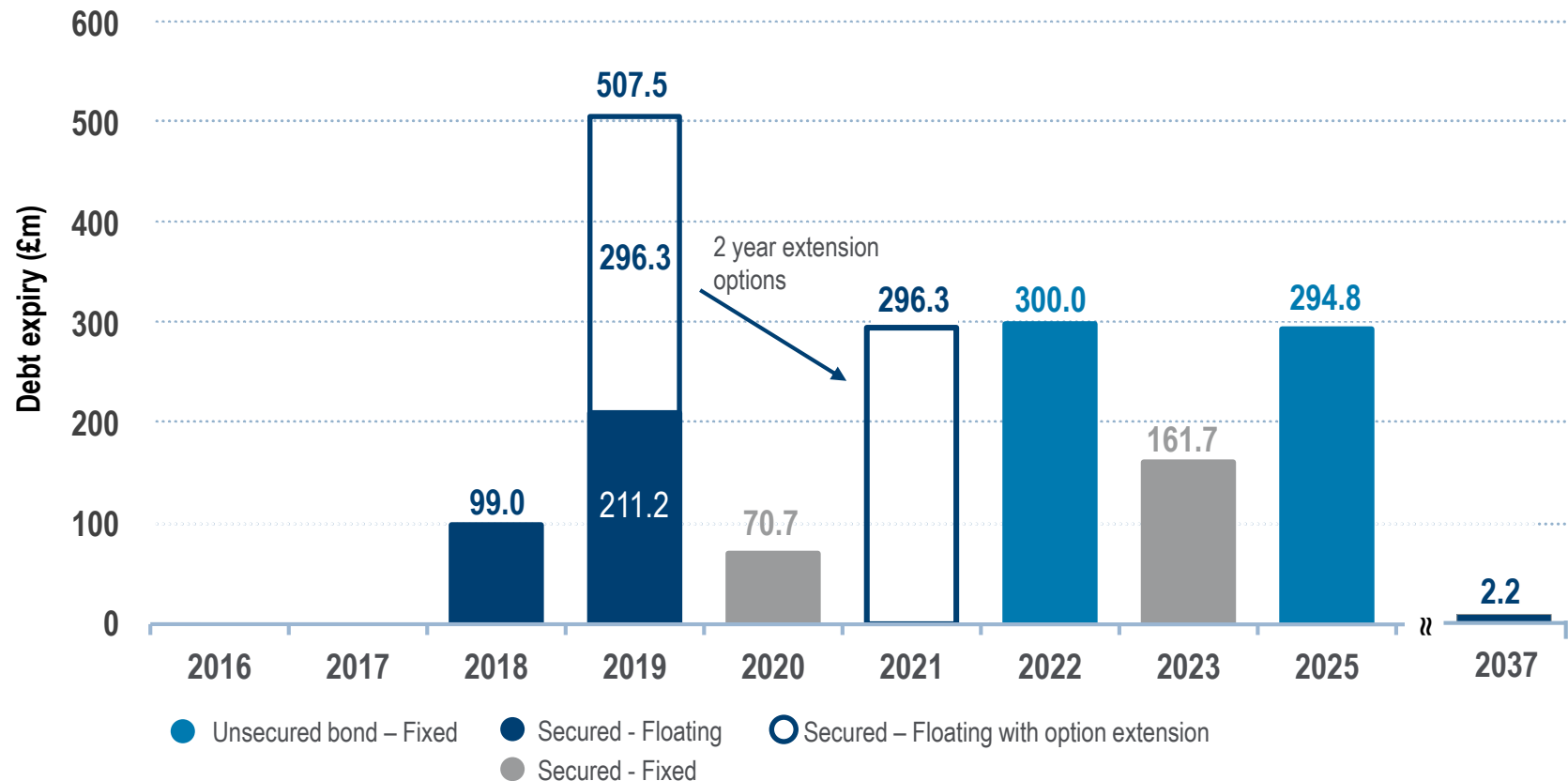
Dec 2015

LTV  
**39.7%**

Dec 2015

# Well staggered debt maturities

Facilities		£m	Margin	Total cost	Term (years)
Fixed	58%	829.5	Na	319bps	7.7
Floating	42%	606.6	209bps	245bps	3.6
<b>Total</b>	<b>100%</b>	<b>1,436.1</b>	<b>209bps</b>	<b>288bps</b>	<b>5.9</b>



Note: £225m RCF undrawn



# Efficient hedging programme

Fixed interest debt

85%

Dec 2015

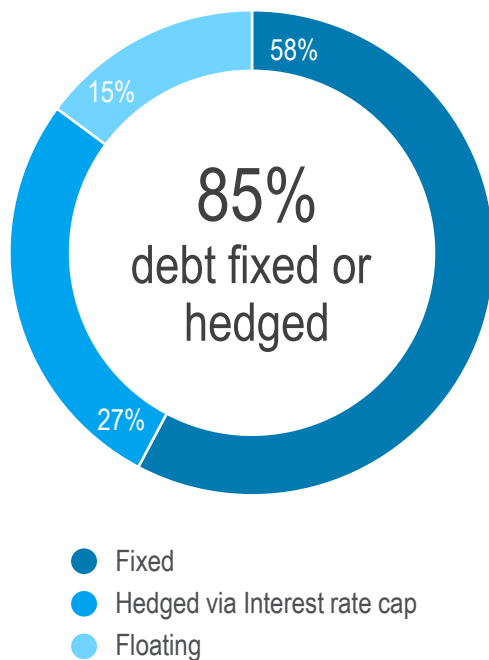
Euro balance sheet FX hedging

83%

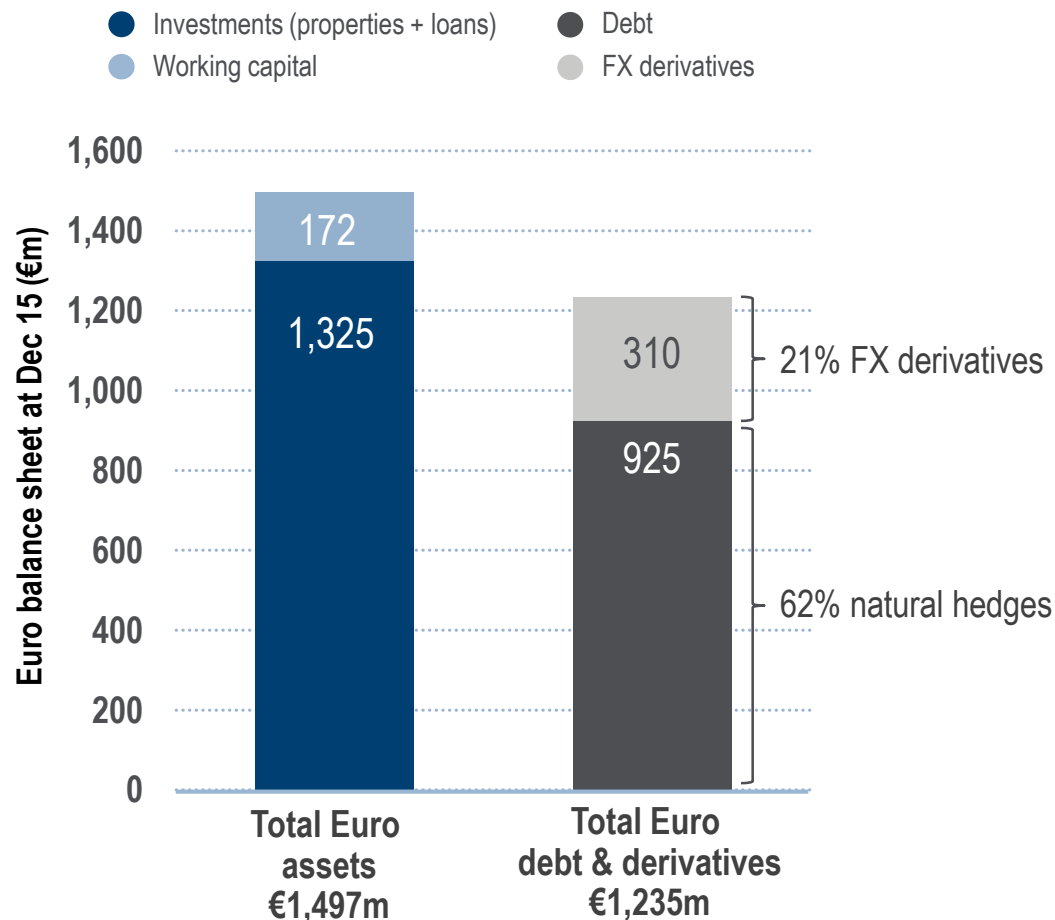
Dec 2015

# Hedging reduces volatility

## 85% fixed interest debt



## 83% Euro balance sheet FX hedging



# Pro forma financing capacity £672.2m

(£m)	31 Dec 2015	PPE disposals	Pro forma
Cash	326.5	120.7	447.2
Undrawn facilities	225.0		225.0
Financing capacity	551.5	120.7	672.2
Total drawn debt	1,436.1	(16.8)	1,419.3
Net debt	1,109.6	(137.5)	972.1
Portfolio value	2,792.7	(137.5)	2,655.2
LTV (%)	39.7		36.6

# Portfolio review

Peter Collins

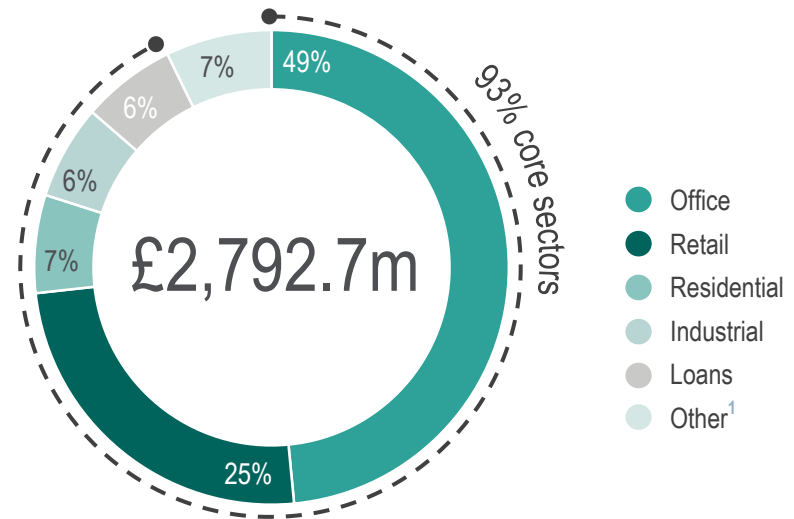
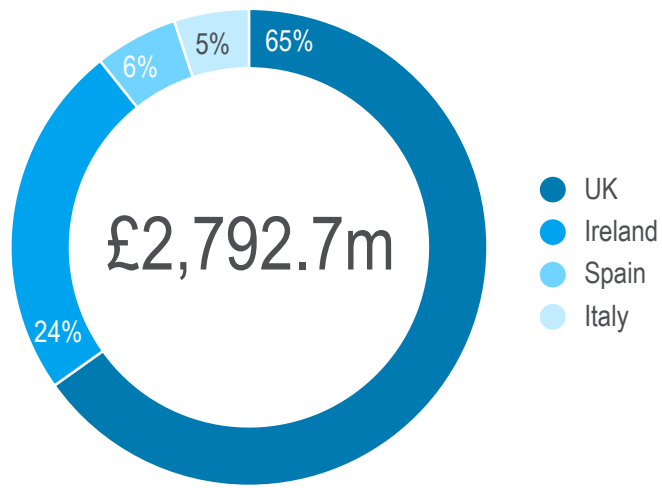




Four target markets

Four target sectors

# 93% of portfolio in our core sectors



## Notes

<sup>1</sup> Includes hotel and leisure assets

£2,792.7m portfolio

2015 acquisitions (direct real estate and loans)

£1,135.5m

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# Portfolio assembly in 2015: 7.1% YOC

## £1,135.5m acquisitions (net purchase price)



**Gatsby portfolio**  
UK: £498.1m



**Park Inn loans portfolio**  
UK: £61.9m



**9 Puerta del Sol**  
Madrid, Spain: £22.0m



**Pioneer Point loan**  
London, UK: £68.5m



**Postigo**  
Madrid, Spain



**South East office portfolio**  
UK: £211.0m



**Carrefour/Dia portfolio**,  
Spain: £60.7m



**Italian office portfolio**  
Italy: £136.7m



**Dublin office portfolio**  
Ireland: £18.4m



**La Moraleja Green SC**  
Spain: £52.7m

## AVL

(loans converted  
to direct  
real estate)



**Gardner House**, Dublin 2



**Times Building**, Dublin 2



**Lakeland**, Cavan, Ireland

# Secure cash flows

Diversified  
**c.550**

No. of tenants

Strong occupancy  
**96.0%**

Dec 2015

Long term cash flows  
**7.3 years**

WAULT (to first break)

# Secure income with upside

Top 10 tenants  
29% of total  
rent

Well staggered  
lease breaks  
and expiries

7%  
Under-rented  
portfolio

## Under-rented portfolio

	Total rent (£m)	Under/ (over) rented <sup>1</sup>
Office	77.9	11%
Retail	45.5	-2%
Industrial	11.8	6%
Residential	7.7	13%
Other <sup>2</sup>	8.3	18%
<b>TOTAL</b>	<b>151.2</b>	<b>7%</b>

### Notes

<sup>1</sup> Based on 31 Dec 2015 ERV's

<sup>2</sup> Excludes hotels and real estate loans

# NOI progression from asset management

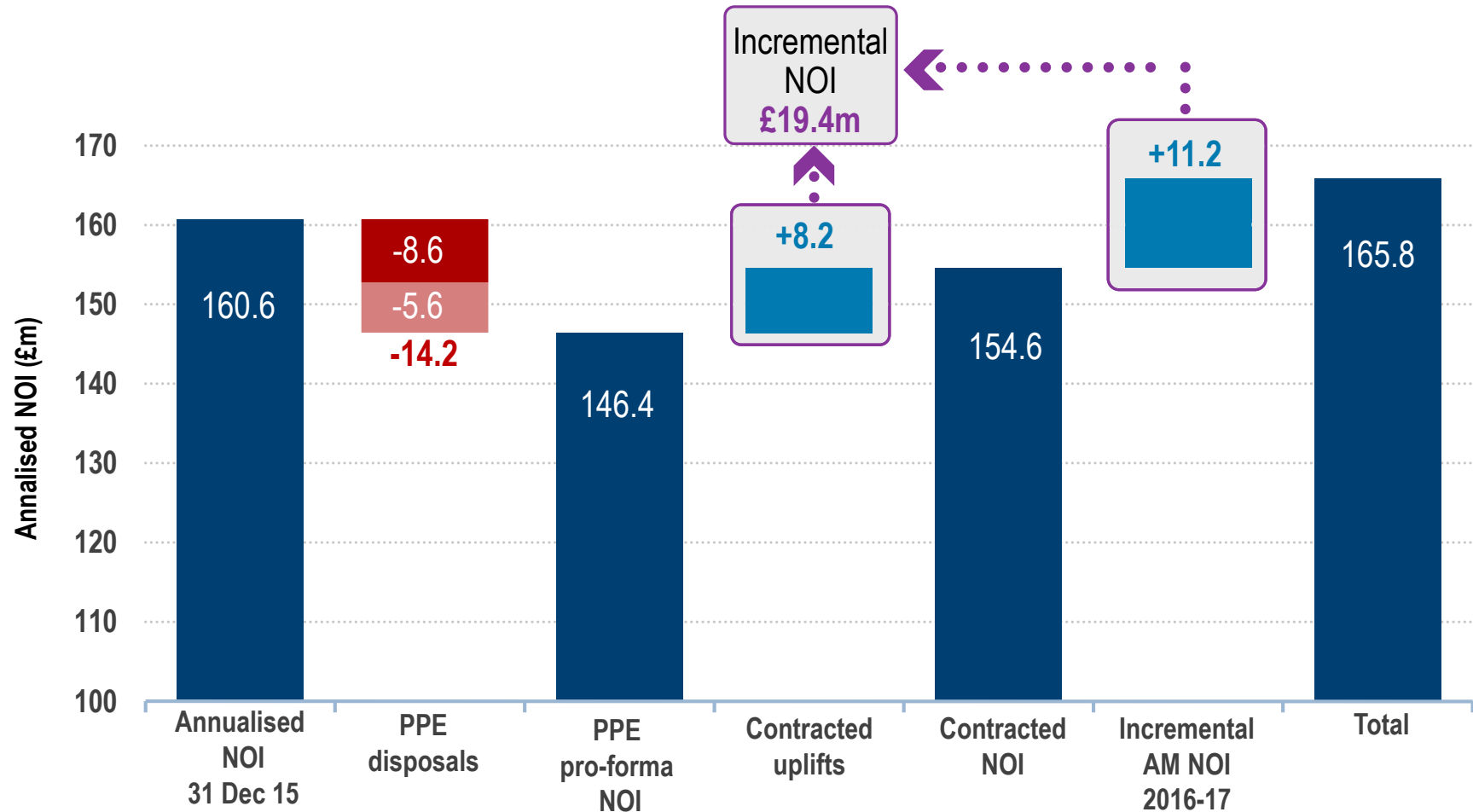
Target incremental NOI

£19.4m

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Over next 2 years

# Target incremental NOI



- Completed PPE disposals
- Planned PPE disposals to complete £300m programme



# Selected asset management NOI drivers

Target incremental NOI

£11.2m

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Over next 2 years

# Target incremental NOI



**Friars Bridge Court**



**BPR**

**+£11.2m**

AM activity 2016-17



**Block K**



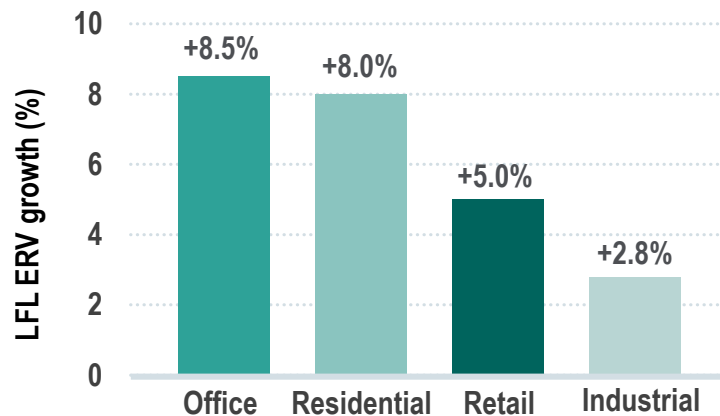
**Pioneer Point**

Dublin, Central London & South East  
delivered

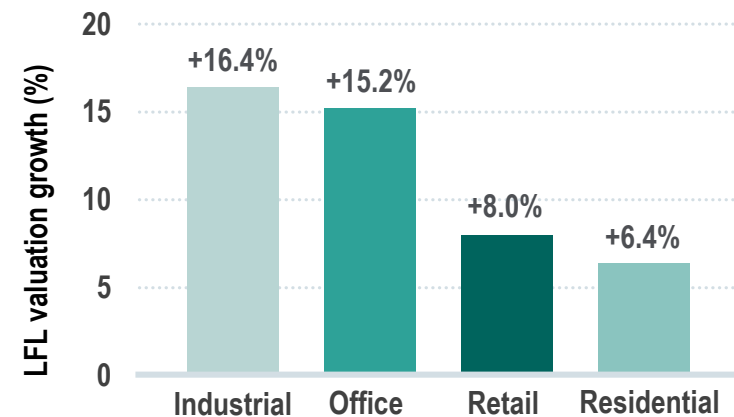
90% of LFL uplift

# Delivering like-for-like gains

## +6.9% LFL ERV growth



## +11.5% LFL valuation uplift



## OFFICE

# Significant reversion opportunity across office portfolio

Potential reversion

+11%, £8.8m

LFL valuation uplift

+15%

2014-15

# 90% of office portfolio in institutional markets

## UK

£842m 62%

Valuation

2,749

Area ('000 sq ft)

37

Assets



## IRELAND

£371m 27%

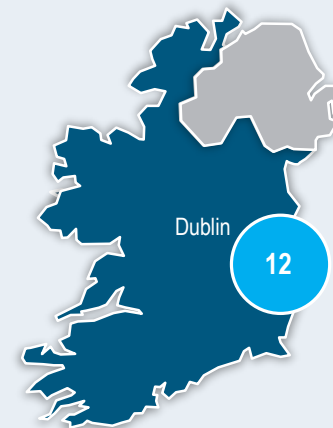
Valuation

568

Area ('000 sq ft)

12

Assets



## ITALY

£141m 11%

Valuation

1,068

Area ('000 sq ft)

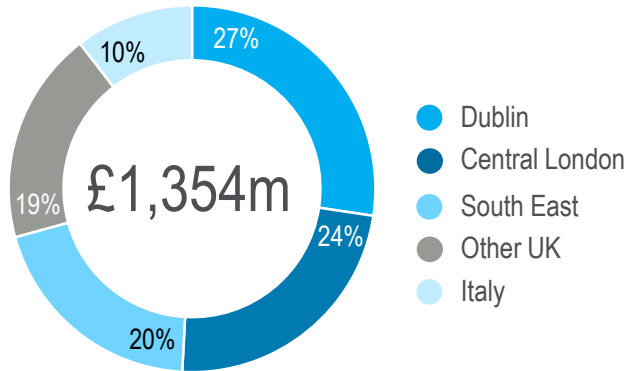
9

Assets



# KWE office portfolio summary

## 71% Dublin, C. London & SE



	Total
Passing rent (£m)	77.9
NOI (£m)	74.5
Portfolio valuation (£m)	1,353.9
Portfolio valuation (£psf)	294.4
Valuation uplift (£m)	138.7
Occupancy (%)	96.6
WAULT break (years)	5.9
WAULT expiry (years)	6.9

## 2015 office asset management wins

	Re-gear	New lease	Total
No. of transactions	8	17	25
Area (000 sq ft)	101.7	233.4	335.1
NOI uplift (£m)	0.1	6.0	6.1
Term (years)	+1.1	16.5	13.6



Via Carcani, 61, Rome

# Value add projects

**Baggot Plaza:** on time and budget  
with 100% pre-let to BOI

**€39.0m**

2015 valuation uplift

**8.6%**

Stabilised YOC

**€47.50 psf**

Passing rent

**€50.00 psf**

ERV Dec 15

**BPR:** significant reversions

**10.3%**

2015 Victoria rental  
growth

**70%**

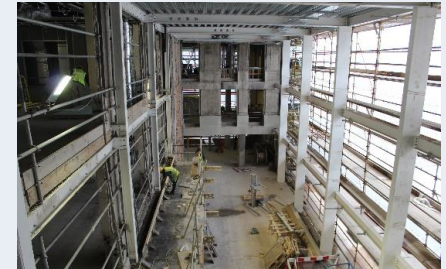
Rent roll  
reviewed in 2016

**£47.00 psf**

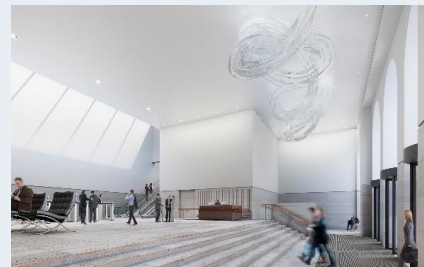
Passing rent

**£80.00 psf**

Prime Victoria rent



**Baggot Plaza, Dublin 4**



**BPR, Victoria, London**



## RETAIL

Diversified, high occupancy  
and secure income

Occupancy  
**94.6%**

Dec 2015

WAULT  
**9.1 years**

Dec 2015

LFL valuation uplift  
**+8%**

2014-15

# KWE retail portfolio by location

## UK

£399m 58%

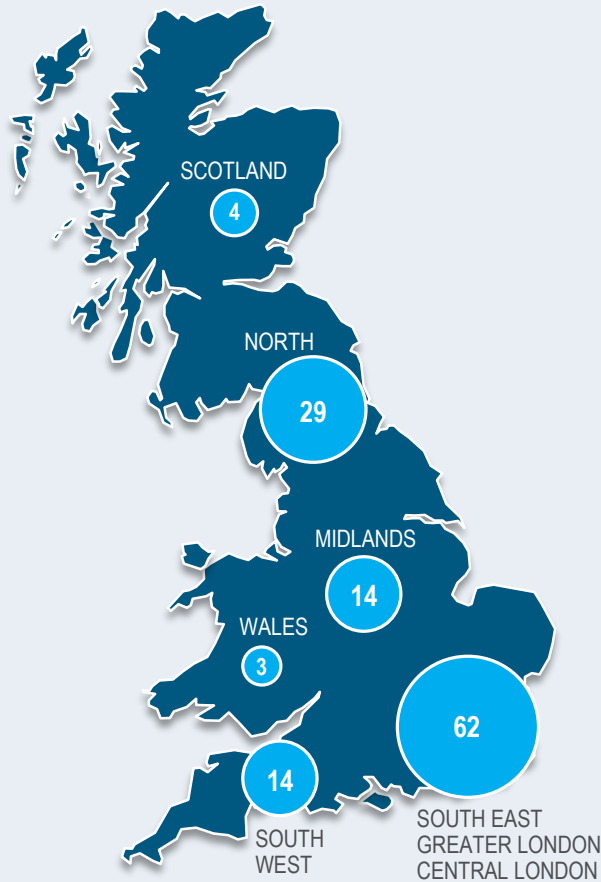
Valuation

2,200

Area ('000 sq ft)

126

Assets



## IRELAND

£148m 21%

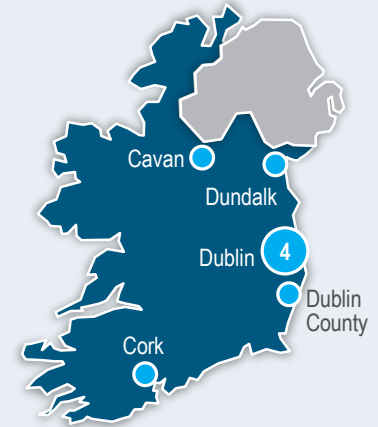
Valuation

451

Area ('000 sq ft)

8

Assets



## SPAIN

£145m 21%

Valuation

897

Area ('000 sq ft)

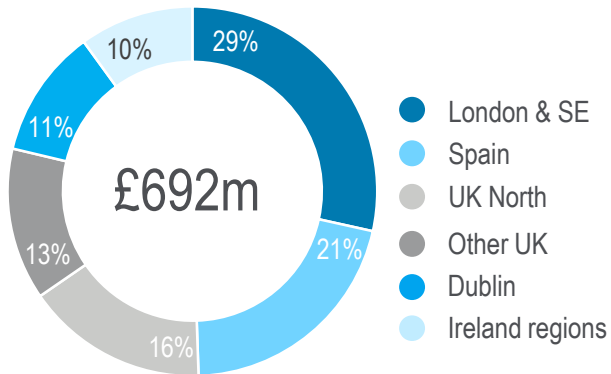
18

Assets



# KWE retail portfolio summary

## 61% London/SE, Dublin, Spain



	Total
Passing rent (£m)	45.5
NOI (£m)	43.9
Portfolio valuation (£m)	692.1
Portfolio valuation (£psf)	187.1
Valuation uplift (£m)	21.0
Occupancy (%)	94.6
WAULT break (years)	9.1
WAULT expiry (years)	12.4

## 2015 retail asset management wins

	Re-gear	New lease	Total
No. of transactions	21	28	49
Area (000 sq ft)	74.1	102.4	176.5
NOI uplift (£m)	(0.1)	0.6	0.5
Term (years)	+7.1	7.7	7.5



**Marshes shopping centre**  
Dundalk, Co Louth



**Carrefour**  
Barcelona

# La Moraleja Green shopping centre, Madrid

Significant value enhancing asset management opportunities

**€71m**

Real estate value

**6.3%**

Yield on cost

**80+**

Retailers

**80%**

Occupancy

**€4.5m**

NOI at purchase

**303,500**

Area (sq ft)

**1.8**

WAULT (years)

**3.5m**

Visitors p.a

**Post capex and leasing initiatives**

**7.0%**

Target yield on cost



## Key tenants



# Delivering on £300m of non-core disposals

Disposals since Jan 2015

£262m

Return on cost

23%

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Includes PPE disposals

# Sale of 50 assets completed

	No. of assets	Net sale proceeds (£m)	Premium to book value	Return on cost (%)	Hold period (months)
<b>Deals completed to date</b>					
<b>TOTAL</b>	<b>50</b>	<b>262</b>	<b>5.8%</b>	<b>23%</b>	<b>17</b>

## Pipeline and future disposal targets

(all figures are estimates)

Pipeline (to Jun 16)	75	
Future disposals (Jun 16 to Jun 17)	200	
<b>TOTAL</b>	<b>275</b>	<b>c.15%</b>

# Asset management achievements driving disposals

## Avon, UK loan portfolio (PPE)



**Fire control centres**

**£93.5m**      **£813**

Purchase price

£psf

### Achievements over 18 months

- Amended lease covenant
- Improved income security

**£100.3m**      **14.6%**

Sale proceeds

ROC

## Neal St, London (Artemis portfolio)



**Covent Garden, retail and office**

**£8.4m**      **£1,596**

Purchase price

£psf

### Achievements over 20 months

- 16% uplift at rent review
- Secured planning permission

**£14.8m**      **67.2%**

Sale proceeds

ROC

## Gatsby, 17 UK assets (PPE:6)



**Heartlands, Daventry office**

**£25.9m**      **£177**

Purchase price

£psf

### Achievements over 21 months

- Exit to special purchasers at 5.5% yield

**£32.4m**      **18.3%**

Sale proceeds

ROC



# Summary

Mary Ricks





# Great progress meeting our goals

## 2015 goals

- |   |   |   |                          |                                    |
|---|---|---|--------------------------|------------------------------------|
| 1 | Total return focused                    | ➤ | 18.0%                    | 35p/share                          |
|   |   |   | Total accounting return  | 2015 dividend paid                 |
| 2 | Efficient capital structure             | ➤ | 2.9%                     | £594.8m                            |
|   |   |   | Total cost of debt       | Unsecured BBB rated bonds          |
| 3 | Creating value through asset management | ➤ | 11.5%                    | €9.0m                              |
|   |   |   | LFL valuation surplus    | Baggot Plaza & Block K NOI to come |
| 4 | Recycle capital                         | ➤ | 23.1%                    | £262m                              |
|   |   |   | ROC on disposals to date | Disposals to date                  |

# 2016 delivering on our investment proposition

- 1 Income growth** ➤ **£19.4m**  
Target incremental NOI from selected asset management
- 2 Solid dividend** ➤ **48p/share +37%**  
2016 annualised dividend
- 3 Recycling capital** ➤ **£200m further sales**  
June 2016 – June 2017
- 4 Opportunistic investment** ➤ **Unlocking value of under-resourced real estate**

# Appendix

# Adjusted earnings

Adjusted EPS 47.9p, (Dec 14: 25.9p)

	Year to 31 Dec 2015		Period to 31 Dec 2014 <sup>1</sup>	
	(£m)	(p)	(£m)	(p)
<b>Profit for the period after taxation</b>	<b>259.0</b>	<b>191.0</b>	<b>78.5</b>	<b>88.0</b>
Net change in fair value	(213.1)	(157.2)	(55.3)	(62.0)
Fair value loss on interest caps	0.8	0.6	2.1	2.4
Time value of foreign exchange zero premium options	2.3	1.6	-	-
Gain on purchase of a business and acquisition related expenditure	1.7	1.3	(1.8)	(2.1)
Gain on sale and other gains	(15.4)	(11.3)	(0.4)	(0.4)
<b>EPRA EARNINGS</b>	<b>35.3</b>	<b>26.0</b>	<b>23.1</b>	<b>25.9</b>
Performance fee	29.7	21.9	-	-
<b>ADJUSTED EARNINGS</b>	<b>65.0</b>	<b>47.9</b>	<b>23.1</b>	<b>25.9</b>

## Notes

<sup>1</sup> Period from incorporation to 31 December 2014

# Summary balance sheet

## EPRA net assets

	31 Dec 2015 (£m)	31 Dec 2014 (£m)
Investment property <sup>1</sup>	2,613.5	1,279.3
Loans secured by real estate	179.2	211.1
<b>PORTFOLIO VALUE</b>	<b>2,792.7</b>	<b>1,490.4</b>
Cash and cash equivalents	326.5	441.9
Bank borrowings	(1,436.1)	(553.5)
<b>NET DEBT</b>	<b>(1,109.6)</b>	<b>(111.6)</b>
Other net assets	(53.9)	11.1
<b>IFRS NET ASSETS</b>	<b>1,629.2</b>	<b>1,389.9</b>
EPRA adjustments	(0.9)	(1.3)
<b>EPRA NET ASSETS</b>	<b>1,628.3</b>	<b>1,388.6</b>
Performance fee	(29.7)	-
Investment management fee	(2.1)	(1.7)
<b>ADJUSTED NAV</b>	<b>1,596.5</b>	<b>1,386.9</b>

### Notes

<sup>1</sup> Third party valuations (RICS Red Book) have been undertaken by CBRE on direct property assets (other than FIP which was completed by Colliers); loan portfolios have been fair valued by Duff & Phelps in each case at 31 December 2015

# December 2015 portfolio

## Top ten tenants

Tenant	Total rent (£m)	% of total rent
Italian Government	10.2	6.7
Telegraph Media Group	5.8	3.8
British Telecommunications Plc	4.8	3.2
Carrefour	3.8	2.5
UK Government	3.6	2.4
Bank of Ireland	3.4	2.3
KPMG	3.3	2.2
Conoco (UK) Ltd	3.0	2.0
Wincanton Ltd	2.8	1.9
HSBC Plc	2.8	1.9
<b>Top ten tenants</b>	<b>43.5</b>	<b>28.8</b>
<b>Remaining tenants</b>	<b>107.7</b>	<b>71.2</b>
<b>TOTAL</b>	<b>151.2</b>	<b>100.0</b>

## Top ten assets

Asset	UK/ Ireland	City	Sector	Area (sq ft)
Buckingham Palace Road	UK	London, SW1	Office	227k
40/42 Mespil Road	Ireland	Dublin 4	Office	118k
Russell Court	Ireland	Dublin 2	Office	139k
Pioneer Point Loan	UK	London, Ilford	PRS <sup>1</sup>	153k <sup>2</sup>
Friars Bridge Court	UK	London, SE1	Office	98k
Stillorgan Shopping Centre	Ireland	Co. Dublin	Retail	142k
Vantage, Central Park	Ireland	Dublin 18	PRS <sup>1</sup>	260k
Baggot Plaza	Ireland	Dublin 4	Dev't	129k
LMG	Spain	Madrid	Retail	304k
Leavesden Park	UK	Watford	Office	196k
<b>TOTAL</b>				<b>1,766k</b>

<sup>1</sup> Private rented sector residential

<sup>2</sup> Excludes area of vacant south tower

# December 2015 sector break down

## UK portfolio summary

Sector	Area (m sq ft)	No. of assets	Portfolio value <sup>1</sup> (£m)	NOI (£m)	EPRA NIY (%)	Acq'n YOC (%)	WAULT (years)	EPRA Occup'y (%)
Office	2.7	37	841.7	51.2	5.7%	7.1%	4.8	95.6%
Retail	2.2	126	399.3	26.9	6.4%	6.9%	8.6	97.4%
Industrial	2.8	33	179.4	11.6	6.1%	7.3%	5.8	98.0%
Leisure	0.6	30	133.6	7.8	5.5%	7.0%	12.2	98.0%
Residential	0.2	1	72.0	1.5	2.0%	2.9%	-	91.0%
<b>PROPERTY TOTAL</b>	<b>8.5</b>	<b>227</b>	<b>1,626.0</b>	<b>99.0</b>	<b>5.8%</b>	<b>6.8%</b>	<b>6.6</b>	<b>96.4%</b>
Development	-	-	-	-	-	-	-	-
Hotel	-	1	36.8	2.1	5.3%	5.8%	-	-
Loans	-	12	157.3	12.8	7.7%	8.3%	-	-
<b>TOTAL / AVERAGE</b>	<b>8.5</b>	<b>240</b>	<b>1,820.1</b>	<b>113.9</b>	<b>5.9%</b>	<b>6.9%</b>	<b>6.6</b>	<b>96.4%</b>

## IRELAND portfolio summary

Sector	Area (m sq ft)	No. of assets	Portfolio value <sup>1</sup> (£m)	NOI (£m)	EPRA NIY (%)	Acq'n YOC (%)	WAULT (years)	EPRA Occup'y (%)
Office	0.6	11	307.9	14.4	4.5%	5.6%	9.3	98.5%
Retail	0.5	8	147.4	9.3	6.0%	6.4%	15.4	98.7%
Industrial	-	-	-	-	-	-	-	-
Leisure	0.0	1	2.7	0.1	4.5%	6.9%	17.5	100.0%
Residential	0.3	2	78.4	3.9	4.8%	4.4%	-	92.3%
<b>PROPERTY TOTAL</b>	<b>1.4</b>	<b>22</b>	<b>536.5</b>	<b>27.7</b>	<b>4.9%</b>	<b>5.7%</b>	<b>11.7</b>	<b>97.4%</b>
Development <sup>2</sup>	-	2	92.6	-	-	-	-	-
Hotel	-	1	22.4	1.3	5.7%	5.1%	-	-
Loans	-	8	21.9	1.0	4.4%	5.0%	-	-
<b>TOTAL / AVERAGE</b>	<b>1.4</b>	<b>33</b>	<b>673.3</b>	<b>30.0</b>	<b>5.0%</b>	<b>5.6%</b>	<b>11.7</b>	<b>97.4%</b>

### Notes

<sup>1</sup> Third party valuations (RICS Red Book) have been undertaken by CBRE on direct property assets (other than FIP which was completed by Colliers); loan portfolios have been fair valued by Duff & Phelps in each case at 31 December 2015

<sup>2</sup> Includes three development sites in Spain and two in Ireland

# December 2015 sector break down (cont'd)

## SPAIN portfolio summary

Sector	Area (m sq ft)	No. of assets	Portfolio value <sup>1</sup> (£m)	NOI (£m)	EPRA NIY (%)	Acq'n YOC (%)	WAULT (years)	EPRA Occup'y (%)
Retail	0.9	17	117.1	7.7	6.3%	6.6%	3.6	84.4%
Development <sup>2</sup>	-	3	40.6	-	-	-	-	-
<b>TOTAL / AVERAGE</b>	<b>0.9</b>	<b>20</b>	<b>157.7</b>	<b>7.7</b>	<b>6.3%</b>	<b>6.6%</b>	<b>3.6</b>	<b>84.4%</b>

## ITALY portfolio summary

Sector	Area (m sq ft)	No. of assets	Portfolio value <sup>1</sup> (£m)	NOI (£m)	EPRA NIY (%)	Acq'n YOC (%)	WAULT (years)	EPRA Occup'y (%)
Office	1.1	9	141.6	8.9	6.0%	6.3%	6.9	100.0%
<b>TOTAL / AVERAGE</b>	<b>1.1</b>	<b>9</b>	<b>141.6</b>	<b>8.9</b>	<b>6.0%</b>	<b>6.3%</b>	<b>6.9</b>	<b>100.0%</b>

## TOTAL portfolio summary

Sector	Area (m sq ft)	No. of assets	Portfolio value <sup>1</sup> (£m)	NOI (£m)	EPRA NIY (%)	Acq'n YOC (%)	WAULT (years)	EPRA Occup'y (%)
Office	4.4	57	1,291.2	74.5	5.5%	6.6%	5.9	96.6%
Retail	3.5	151	663.8	43.9	6.3%	6.7%	9.1	94.6%
Industrial	2.8	33	179.4	11.6	6.1%	7.3%	5.8	98.0%
Leisure	0.6	31	136.3	7.9	5.5%	7.0%	12.3	98.1%
Residential	0.5	3	150.4	5.5	3.5%	3.6%	-	91.8%
<b>PROPERTY TOTAL</b>	<b>11.8</b>	<b>275</b>	<b>2,421.1</b>	<b>143.4</b>	<b>5.6%</b>	<b>6.5%</b>	<b>7.3</b>	<b>96.0%</b>
Development <sup>2</sup>	-	5	133.2	-	-	-	-	-
Hotel	-	2	59.2	3.4	5.4%	5.6%	-	-
Loans	-	20	179.2	13.8	7.3%	7.9%	-	-
<b>TOTAL / AVERAGE</b>	<b>11.8</b>	<b>302</b>	<b>2,792.7</b>	<b>160.6</b>	<b>5.7%</b>	<b>6.6%</b>	<b>7.3</b>	<b>96.0%</b>

### Notes

<sup>1</sup> Third party valuations (RICS Red Book) have been undertaken by CBRE on direct property assets (other than FIP which was completed by Colliers); loan portfolios have been fair valued by Duff & Phelps in each case at 31 December 2015



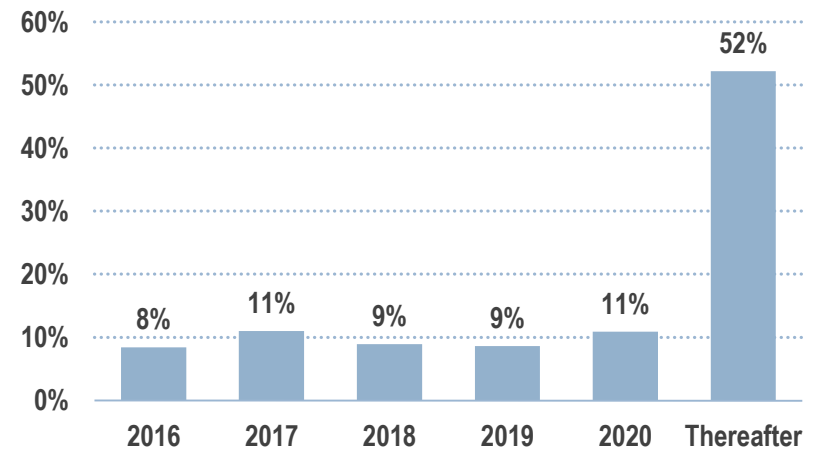
# Secure income with upside

## Under-rented portfolio

	Total rent (£m)	% of total rent	Under/ (over) rented <sup>1</sup>	WAULT break	WAULT expiry
Office	77.9	52%	11%	5.9	6.9
Retail	45.5	30%	-2%	9.1	12.4
Industrial	11.8	8%	6%	5.8	7.0
Residential	7.7	5%	13%	N/A	N/A
Leisure	8.3	5%	18%	12.3	16.1
<b>TOTAL</b>	<b>151.2</b>	<b>100%</b>	<b>7%</b>	<b>7.3</b>	<b>9.2</b>

<sup>1</sup> Based on 31 Dec 2015 ERV's

## Well staggered lease breaks and expiries



# 2015 portfolio assembly

## Gatsby portfolio UK

Purchase date	30 Jan
No. of assets	171
Purchase price (£m)	480.7
YOC (%)	6.9
Cap value (£ psf)	147
WAULT (years)	9.3
Occupancy (%)	98.2

## Park Inn loans portfolio UK

Purchase date	16 Feb
No. of collateral	8
Purchase price (£m)	61.9
YOC (%)	9.4
Cap value (£ psf)	na
WAULT (years)	na
Occupancy (%)	na

## 9 Puerta del Sol Madrid, Spain

Purchase date	13 May
No. of assets	1
Purchase price (£m)	21.5
YOC (%)	na
Cap value (£ psf)	870
WAULT (years)	na
Occupancy (%)	na

## Pioneer Point loan London, UK

Purchase date	18 May
No. of collateral	1
Purchase price (£m)	68.5
YOC (%)	na
Cap value (£ psf)	417
WAULT (years)	na
Occupancy (%)	na

## Postigo Madrid, Spain

Purchase date	11 Jun
No. of assets	1
YOC (%)	na
Cap value (£ psf)	130
WAULT (years)	na
Occupancy (%)	na

## South East office portfolio UK

Purchase date	28 Jul
No. of assets	9
Purchase price (£m)	211.0
YOC (%)	8.0
Cap value (£ psf)	257
WAULT (years)	5.0
Occupancy (%)	98.6

## Carrefour/Dia portfolio Spain

Purchase date	14 Aug
No. of assets	16
Purchase price (£m)	60.7
YOC (%)	6.9
Cap value (£ psf)	102
WAULT (years)	5.4
Occupancy (%)	100

## Dublin office portfolio Ireland

Purchase date	Various
No. of assets	4
Purchase price (£m)	18.4
YOC (%)	5.7
Cap value (£ psf)	255
WAULT (years)	4.1
Occupancy (%)	91.2

## La Moraleja shopping centre Spain

Purchase date	29 Dec
No. of assets	1
Purchase price (£m)	52.8
YOC (%)	6.3
Cap value (£ psf)	174
WAULT (years)	1.9
Occupancy (%)	72.6

## Italian office portfolio Italy

Purchase date	30 Dec
No. of assets	9
Purchase price (£m)	137
YOC (%)	6.3
Cap value (£ psf)	128
WAULT (years)	7.1
Occupancy (%)	100

## Loans converted to direct real estate

### Gardner House Dublin 2, Ireland

Conversion date	11 Feb
No. of assets	1
YOC (%)	6.9
Cap value (£ psf)	409
WAULT (years)	3.4
Occupancy (%)	100

### Times Building Dublin 2, Ireland

Conversion date	30 Jun
No. of assets	1
YOC (%)	5.4
Cap value (£ psf)	338
WAULT (years)	9.9
Occupancy (%)	90

### Lakeland RP Cavan, Ireland

Conversion date	22 Sep
No. of assets	1
YOC (%)	7.6
Cap value (£ psf)	93
WAULT (years)	10.4
Occupancy (%)	100

# Delivering our disposals target

£262m completed since Jan 15, ROC 23% in 17 months

	No. of assets	Area (000 sq ft)	Net sale proceeds (£m)	Premium to book value	Return on cost (%)	Hold period (months)
<b>Deals completed</b>						
Office	13	896	74	5%	44%	17
Retail	10	100	30	16%	39%	15
Industrial	1	407	16	3%	37%	21
Leisure	7	129	14	22%	16%	11
Loans	19	Na	128	3%	10%	18
<b>TOTAL</b>	<b>50</b>	<b>1,532</b>	<b>262</b>	<b>6%</b>	<b>23%</b>	<b>17</b>

# Key 2016 capex of £96m including £35m development

## Development schemes on budget and on time

Scheme name	Completed area (sq ft)	ERV (£m)	CTC <sup>1</sup> (£m)	Total Asset cost incl. Capex (£m)	Target profit on cost (%)	Target stabilised YOC (%)	PC timing <sup>2</sup>
Baggot Plaza	129,300	4.5	19.9	52.2	71.5	8.6	Q2-16
Block K, CP	+166 units	2.5	14.8	44.6	11.1	5.6	Q3-16
Development		7.0	34.7	96.8	43.7	7.2	
Refurbishment			61.4				
<b>TOTAL</b>			<b>96.1</b>				

Fairmont  
Pioneer Point  
Stillorgan  
BPR  
Seafield House  
Portmarnock

## £61m

CTC on 6 identified refurbishments in 2016

## £76m

Pipeline capex in next 3 years

## Completed £6.6m Lochside Avenue development

Completed on time and budget

## 35.9%

Profit on cost

## 11.5%

Stabilised YOC



**Baggot Plaza, Dublin 4**



**Block K, Dublin 18**



**Lochside, Edinburgh**

<sup>1</sup> Estimated cost to complete

<sup>2</sup> Projected completion date

# £61.4m of value enhancing refurbishments

Scheme name	Location	Sector	Current area (sq ft)	New area (sq ft)	CTC <sup>1</sup> (£m)	Description	PC timing <sup>2</sup>	Occ'y (%)
Pioneer Point	Ilford	PRS	294 units	294 units	21.6	Internal & external remedial works to units glazing, refurb tenant amenity space	Q1-17	56
Stillorgan SC	Co Dublin	Retail	142,100	153,195	14.2	Refurb canopy, external cladding & store extension	Q4-16	98
Fairmont Hotel & Golf Links, St Andrews	Scotland	Hotel	209 rooms	209 rooms	9.2	Refurb common areas and bedrooms	Q4-16	66
111 Buckingham Palace Road	London	Office	227,200	227,200	6.2	Refurb & extend reception	Q2-16	100
Seafeld House	Aberdeen	Office	202,500	202,500	5.7	Refurb, extend reception & upgrade existing façade	Q2-16	85
Portmarnock Hotel & Golf Links	Co Dublin	Hotel	138 rooms	135 rooms	4.5	Refurb common areas, bedrooms & improve sense of arrival	Q2-16	62
<b>TOTAL</b>					<b>61.4</b>			

<sup>1</sup> Estimated cost to complete

<sup>2</sup> Projected completion date

## PRS

# Strong foothold in PRS market in Dublin and London

UK PRS units purchased

294

2015

LFL valuation uplift

+6%

2014-15

# KWE PRS portfolio by location

## UK PRS

£72m 40%

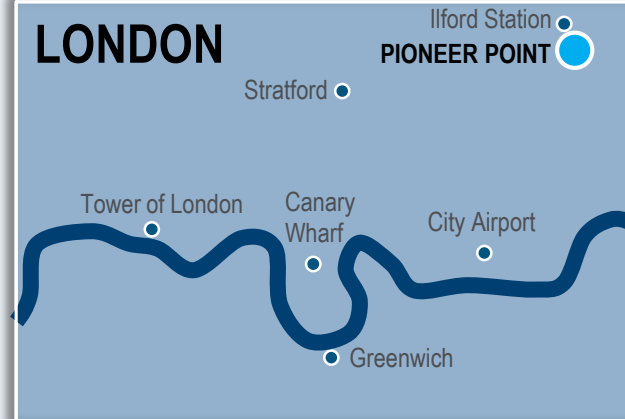
Valuation

294

Potential units



### LONDON



## IRELAND PRS

£108m 60%

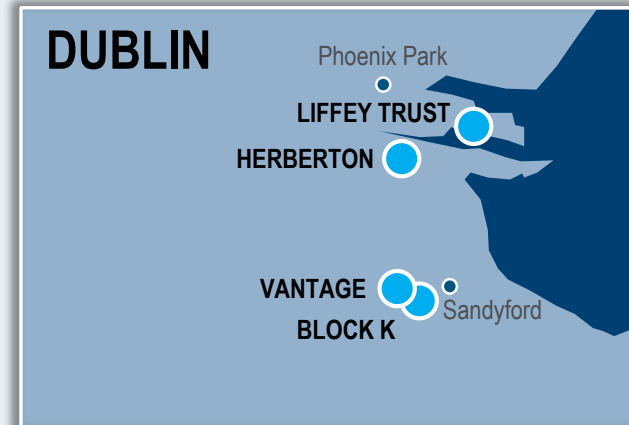
Valuation

659

Potential units

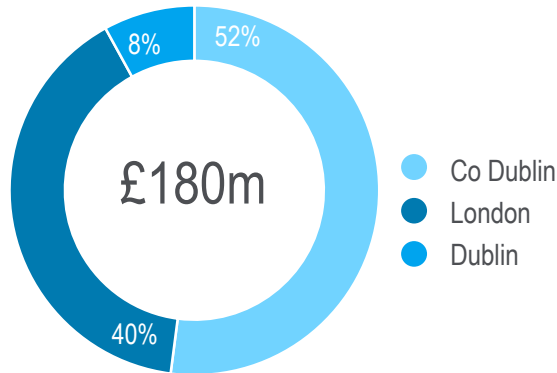


### DUBLIN



# KWE PRS portfolio summary

## 100% London, Dublin & Co Dublin



	Total
Dec-15 lettable units	516
No. of units once fully developed	953 <sup>1</sup>
NOI (£m)	5.5
Portfolio valuation (£m)	180.2
Valuation (£ per lettable unit)	221,000
Valuation uplift (£m)	8.6
Occupancy of lettable (%)	94.7

### Notes

<sup>1</sup> Including loan assets

## Stabilised PRS

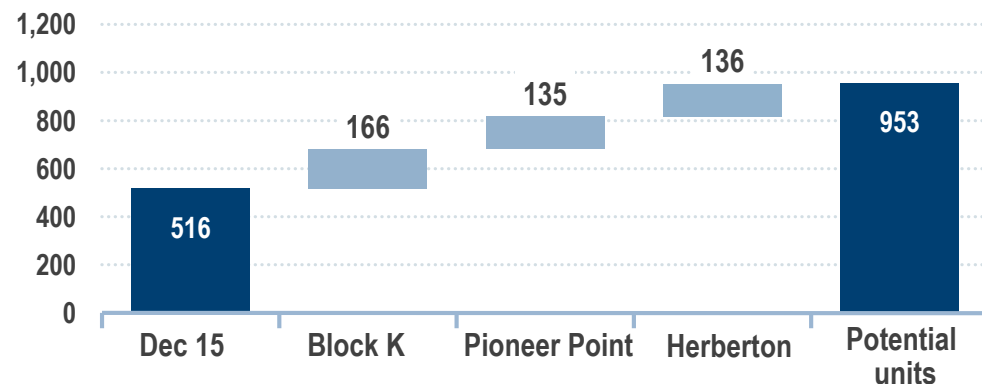


**Liffey Trust**  
Dublin 1



**Vantage, Central Park**  
Leopardstown, Co. Dublin

## PRS growing to 953 units





# New lettable units to drive PRS rent growth

## Block K: capitalise on Dublin rental market

10.5%

Rental growth last year  
for 2 bed in Vantage

5.6%

Target YOC

## Pioneer Point: add amenities & transform to PRS operation

2.3%

Current YOC

+3.2%

5.5%

Target YOC

Feb 2016  
took title

Obtain  
planning for  
amenity  
space

Complete  
asset  
management  
plan in  
Q1 2017



**Block K, Dublin 18**



**Pioneer Point, London**

## INDUSTRIAL

# Strong industrial capital growth

LFL valuation uplift

**+16%**

2014-15

# 87% located in institutional markets

## UK

£179m 100%

Valuation

2,775

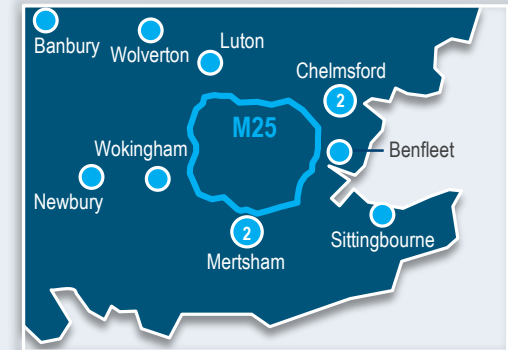
Area ('000 sq ft)

33

Assets



## SOUTH EAST

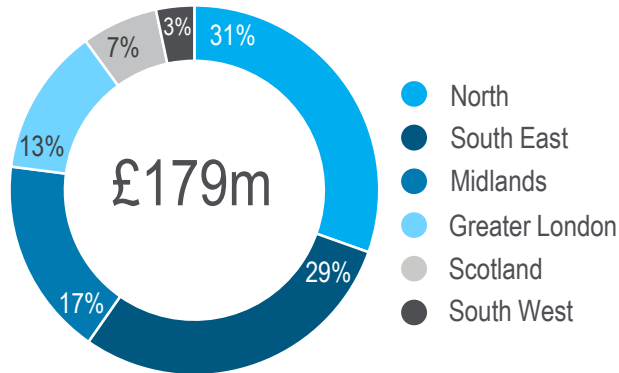


## LONDON



# KWE industrial portfolio summary

## 87% in institutional markets



	Total
Passing rent (£m)	11.8
NOI (£m)	11.6
Portfolio valuation (£m)	179.4
Portfolio valuation (£psf)	64.6
Valuation uplift (£m)	21.0
Occupancy (%)	98.0
WAULT break (years)	5.8
WAULT expiry (years)	7.0

## 2015 industrial asset management wins

	Re-gear	New lease	Total
No. of transactions	3	1	4
Area (000 sq ft)	456.2	10.1	466.4
NOI uplift (£m)	0.1	0.1	0.2
Term (years)	12.1	10.0	11.9



**Colossus 1**  
Wincanton, Glasgow



**Fishponds Industrial Estate**  
Wokingham

# Melton Enterprise Park, Hull

## Successful re-gear of challenging asset

Part of  
Jupiter  
portfolio  
June 14

**£2.7m**

Purchase price

**+247%**

Since acquisition

**£6.7m**

2015 valuation

Re-gear  
with strong  
covenant

**£357k**

Rent before  
re-gear

**+40%**

On re-gear

**£500k**

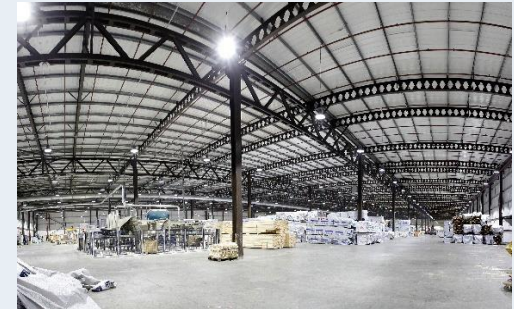
Rent after  
re-gear

**11.5 years**

Additional term certain  
for 4 months rent free

**£6.0m**

Investment  
by tenant



**Melton Enterprise Park  
Hull**

# Summary of Investment Management Agreement

## Base fee

**1% of EPRA NAV**

Paid quarterly in arrears

**50% in shares**

**50% in cash**

## Performance fee

**20% of total shareholder return above**

**10% hurdle rate**

Subject to annual high watermark

**100% in shares**

3-year lock-up, 1/3 each year

## Contract

**Minimum 3 years**

**Post 3 years, termination subject to:**

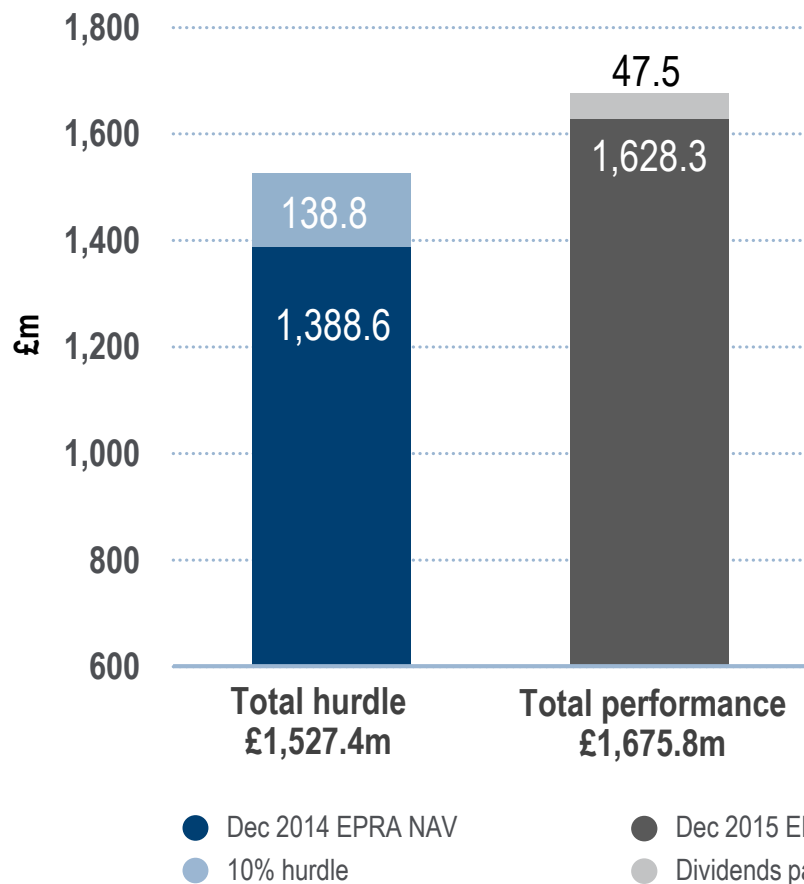
75% of independent shareholders voting to terminate

**On change of control of the investment manager, termination subject to:**

50% of independent shareholders voting to terminate, no fee payable

# Performance fee calculation

▲ £148.4m outperformance

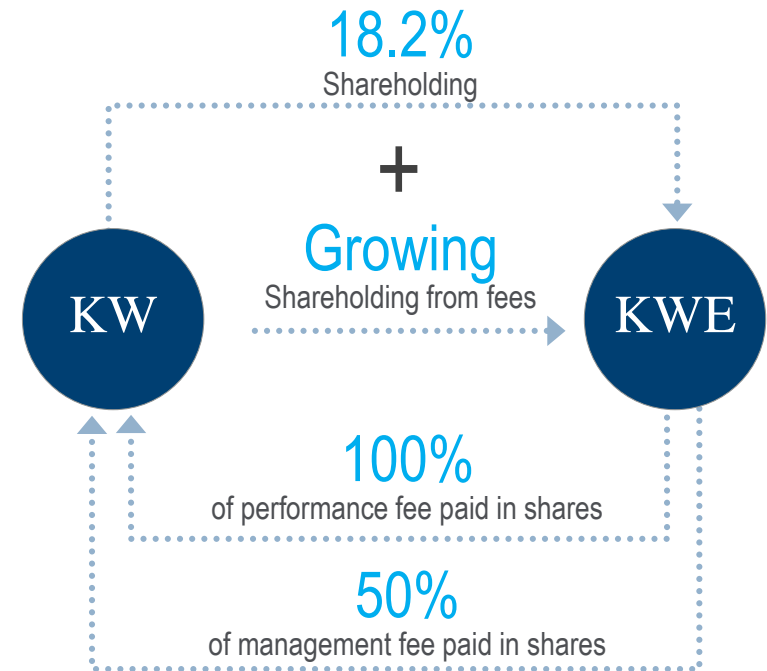


## Performance fee calculation (£m)

2014 EPRA NAV	1,388.6
Add: 10% hurdle	138.8
<b>TOTAL HURDLE (A)</b>	<b>1,527.4</b>
2015 EPRA NAV	1,628.3
Add: dividends	47.5
<b>TOTAL PERFORMANCE (B)</b>	<b>1,675.8</b>
<b>Outperformance (B-A)</b>	<b>148.4</b>
<b>TOTAL PERFORMANCE FEE PAYABLE (£m)</b>	<b>29.7</b>

# Shareholder alignment

- Single largest investment for KW<sup>1</sup> at £254.9m
- KW 18.2% owner
- Majority of fees paid in stock



## Notes

<sup>1</sup> KW: Kennedy-Wilson Holdings, Inc. (NYSE: KW)



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All property valuations in this presentation at 31 December 2015 have been undertaken by third party external valuers under RICS Red Book. CBRE have valued the direct property assets (other than FIP which was completed by Colliers) and the loan portfolios have been fair valued by Duff & Phelps, in each case at 31 December 2015. Unless stated otherwise, information presented "to date" is information as at 25 February 2016 or for the period from 1 January 2015 to 25 February 2016, and any PPE information presented under "PPE" is information for the period from 1 January 2016 to 25 February 2016.

Unless stated otherwise, where balance sheet amounts in this presentation are presented in both £ and €, the £ amount has been calculated based on an exchange rate of €1:£0.73701, which was the rate on 31 December 2015. Income Statement amounts were translated at the average rate for the year.