



# Half-year results

For the period ended 30 June 2015

# The KWE<sup>1</sup> team

Expert local presence

**Mary Ricks**  
CEO

**UK**  
44 PEOPLE

**Fiona D'Silva**  
Head of Origination

**Peter Hewetson**  
Head of UK Direct  
Real Estate

**Joan Kramer**  
Head of Debt

**Mike Pegler<sup>2</sup>**  
Head of Asset  
Management, UK/Spain

**Ireland**  
38 PEOPLE

**Peter Collins**  
COO,  
Head of Ireland

**Stefan Foster**  
Head of Acquisitions,  
Ireland

**Alison Rohan**  
Head of Asset  
Management, Ireland

**Peter McKenna**  
Head of Development,  
Europe

**Spain**  
3 PEOPLE

**Cristina Perez**  
Head of Spain

**Fraser Kennedy<sup>3</sup>**  
Head of Finance,  
Europe

**Vern Power**  
Finance & Accounting

**Gautam Doshi**  
Financial Analysis &  
Deal Execution

**Juliana Weiss Dalton**  
Head of Investor Relations

## Wider KWE Team

Total employees: 85; Asset Management: 32; Investments: 12; Finance & Operations: 41

### Notes:

<sup>1</sup> Kennedy Wilson Europe Real Estate Plc (LSE: KWE)

<sup>2</sup> To join 1 October 2015

<sup>3</sup> To join 17 August 2015

# Agenda

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**Overview**

Mary Ricks

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**Financial and Operational Highlights**

Mary Ricks

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**Asset management**

Peter Collins

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**UK**

Peter Hewetson

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**Ireland**

Peter Collins

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**Spain**

Mary Ricks

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**Recap**

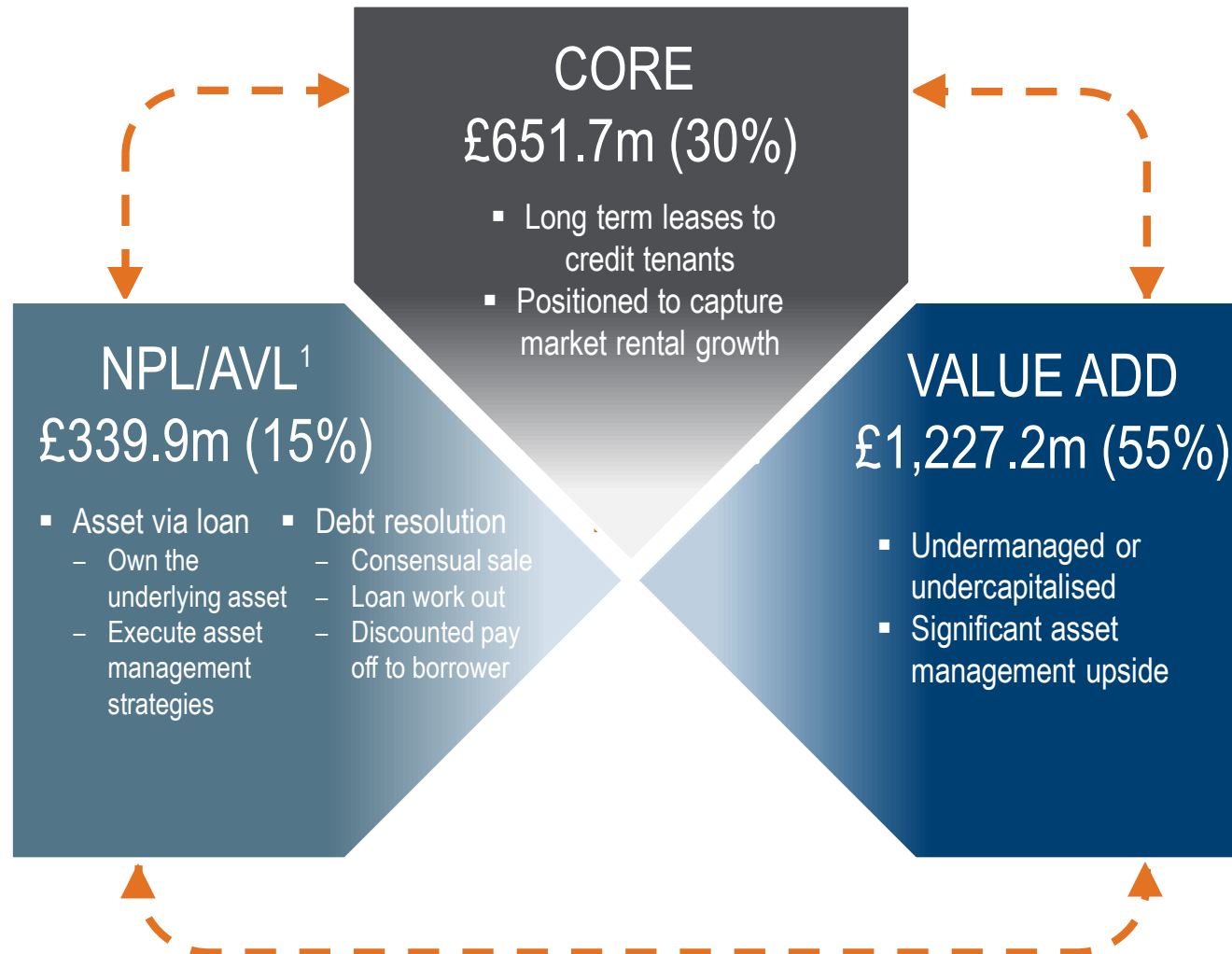
Mary Ricks

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**Q&A**

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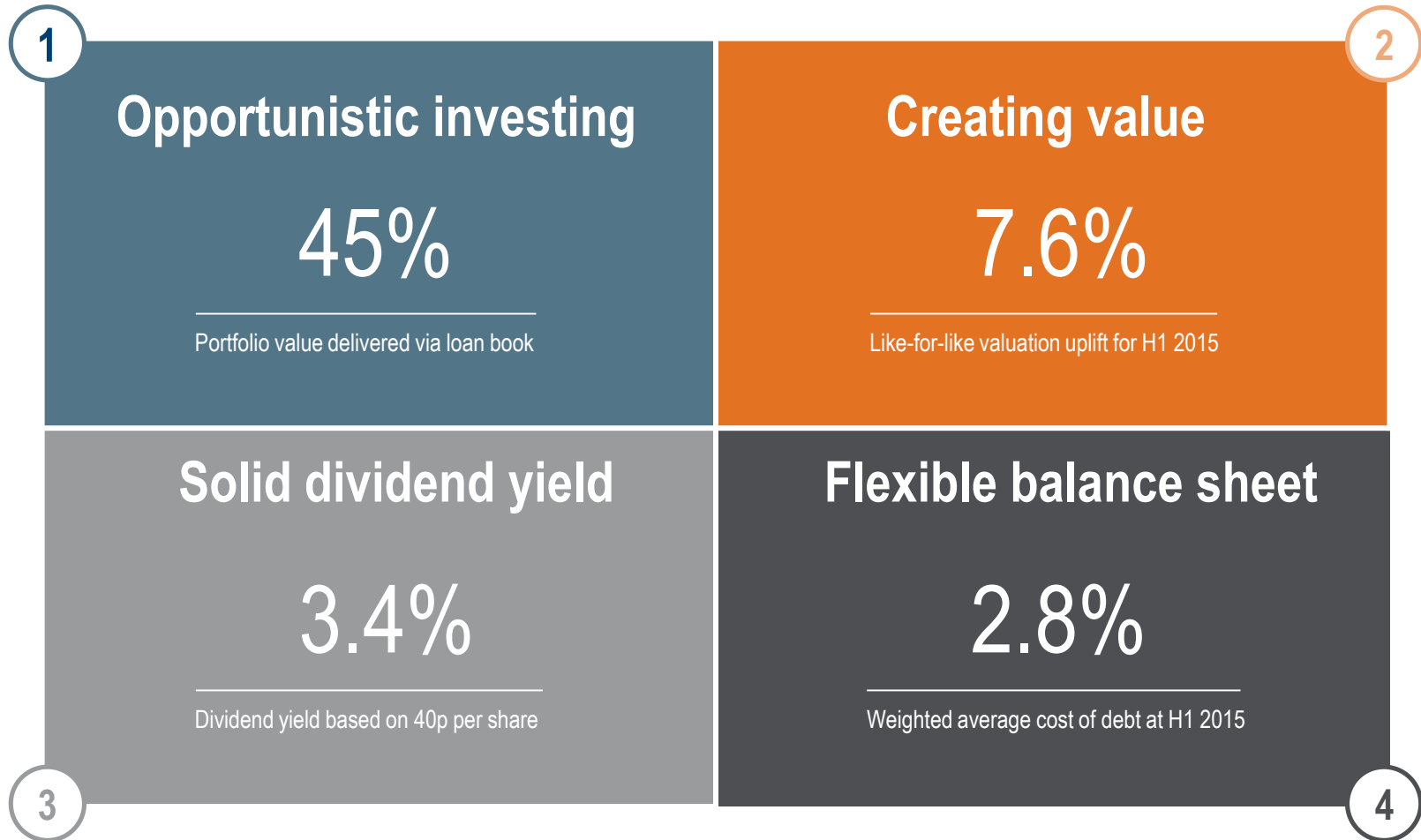
# USP: Expertise across asset strategies

**Notes:**

<sup>1</sup> NPL = Non-performing loan; AVL = Asset via loan

# KWE investment proposition

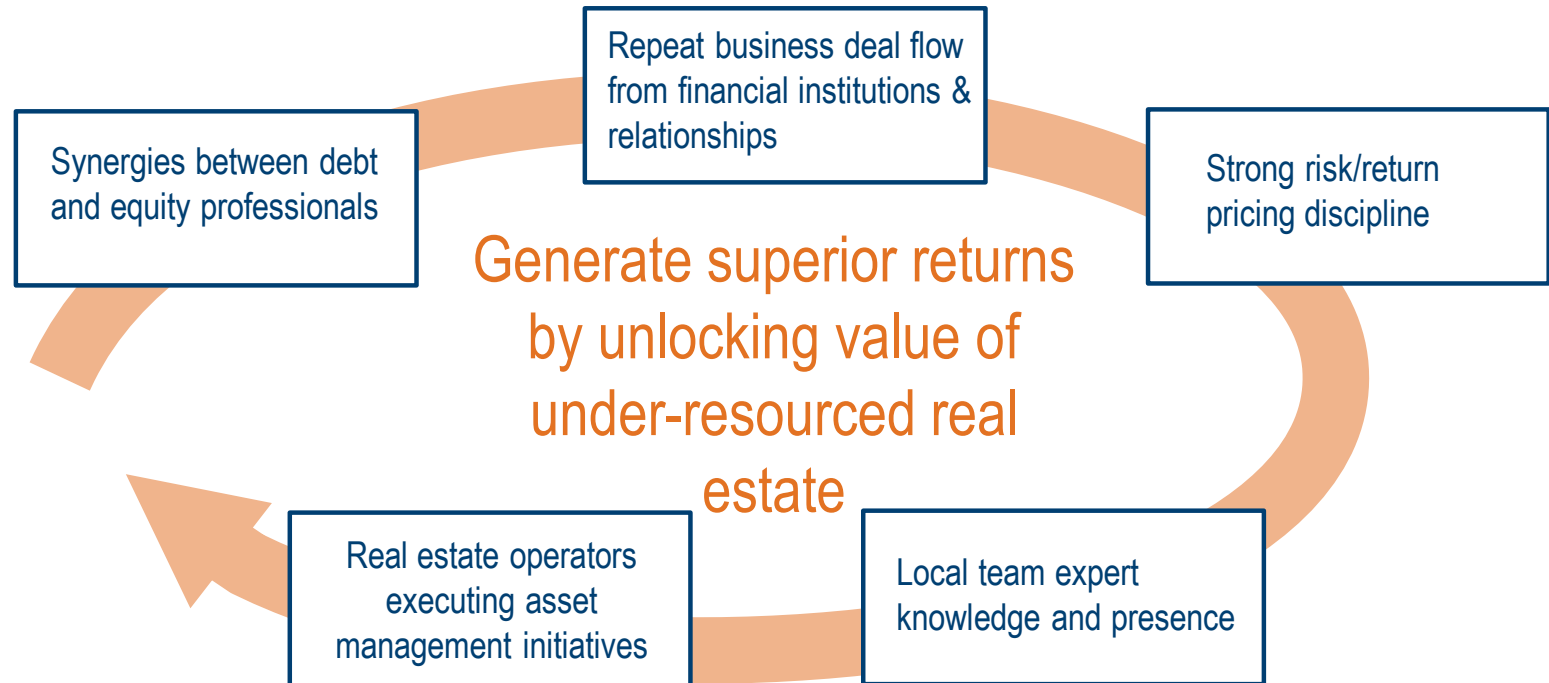
Unlocking value of under-resourced real estate





# The KWE model

## How we create value



# FINANCIAL AND OPERATIONAL HIGHLIGHTS

# H1 2015 achievements

- |  |   |   |   |
|--|---|---|---|
| ■ Intense pace of AM activity                                  | 105<br>NO. OF LEASE<br>TRANSACTIONS             | 408,100<br>AREA (SQ FT)                       | £5.0m<br>INCREMENTAL<br>ANNUALISED NOI          |
| ■ Strong NAV progression                                       | £104.5m <sup>1</sup><br>LFL VALUATION<br>UPLIFT | +7.6% <sup>1</sup><br>LFL VALUATION<br>UPLIFT | 1,114.5p<br>EPRA NAV<br>per share               |
| ■ £638.6m of acquisitions                                      | £228.4m<br>POST PERIOD<br>ACQUISITIONS          | £867.0m<br>YTD<br>ACQUISITIONS                | 7.4%<br>YTD YOC <sup>2</sup> ON<br>ACQUISITIONS |
| ■ Successfully raised £300m BBB rated unsecured corporate bond |   |   |   |

## Notes:

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

<sup>2</sup> Excluding Pioneer Point, UK, Puerta del Sol and Postigo, Spain that are not income producing



# Financial performance: Strong NAV and dividend progression

EPRA NAV  
per share growth

**+9.1%**

Six months to H1 2015

Quarterly DPS  
growth

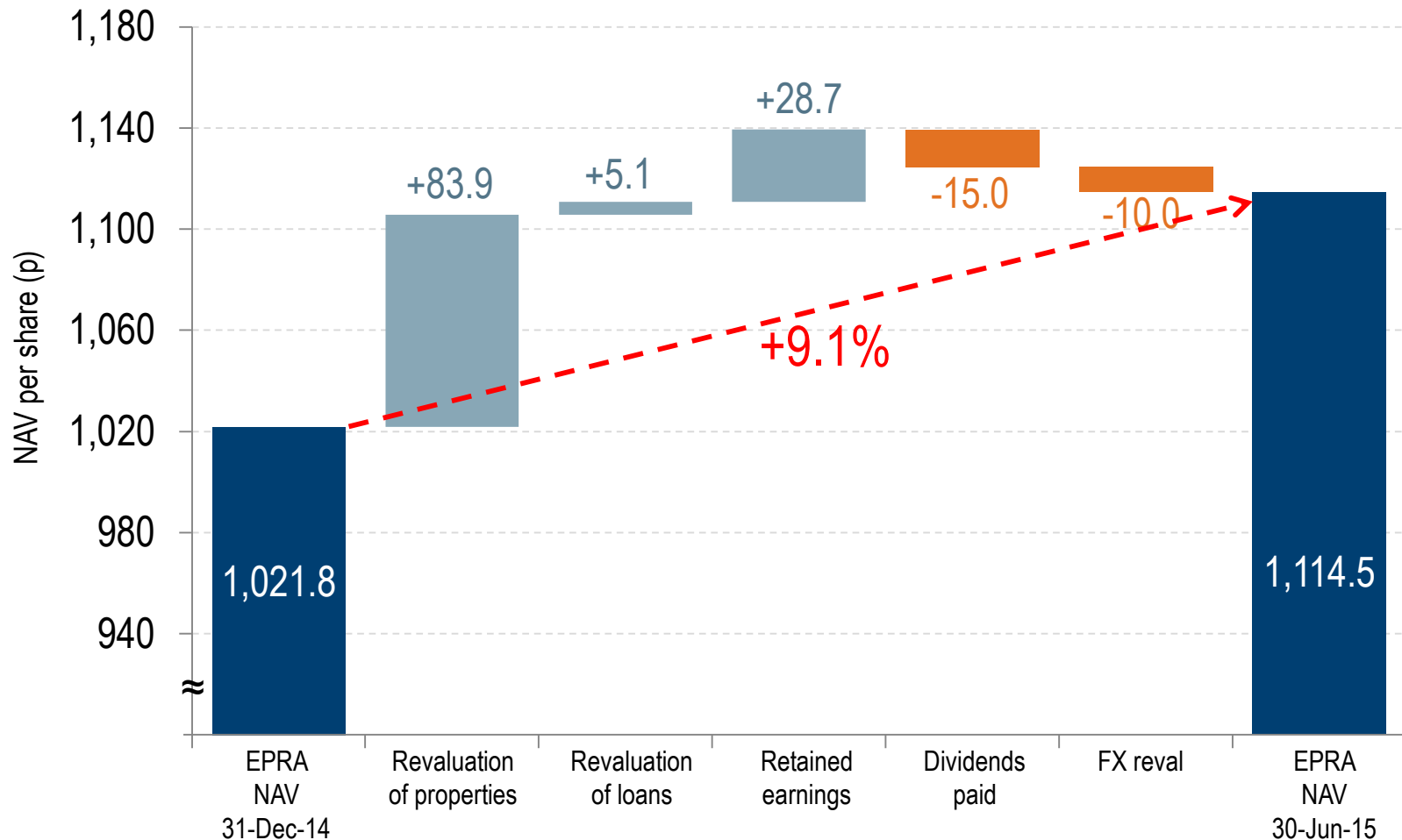
**+25%**

Q2 2015 to Q3 2015 paid

# Financial highlights to 30 June

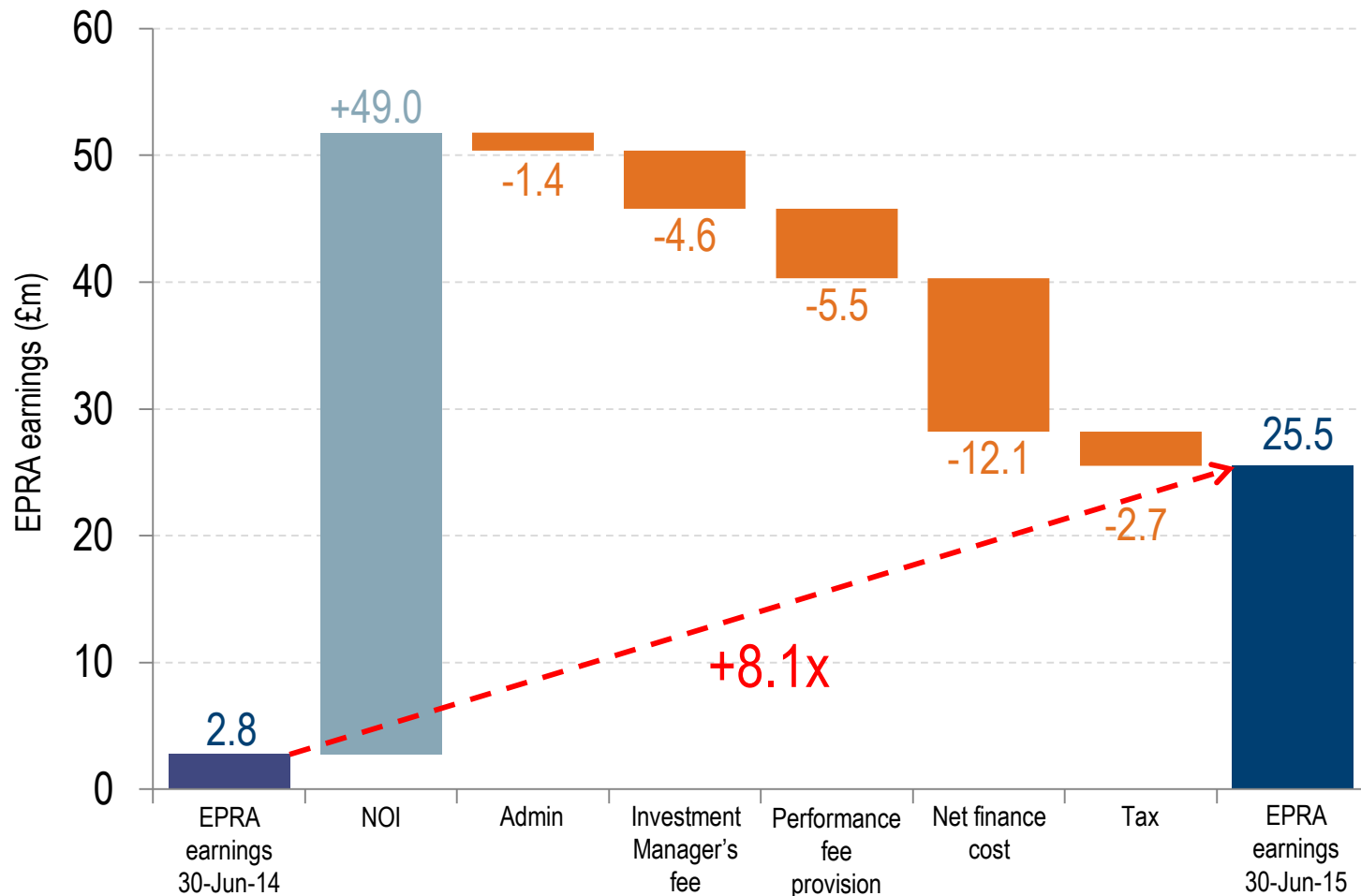
		H1 2015	H1 2014
EPRA EARNINGS (£m)		25.5	2.8
EPRA EARNINGS (p per share)		18.9	4.3
DPS (p per share)		15.0	-
		H1 2015	FY 2014
EPRA NET ASSETS (p per share)	+9.1%	1,114.5	1,021.8
NET DEBT (£m)		689.5	111.6
DEBT OUTSTANDING (£m)		1,159.8	553.5
LTV (%)		31.1%	7.5%

# Movement in EPRA NAV per share (p)



# Strong investment activity growing earnings

Movement in EPRA earnings for the 12 months to H1 2015



Staggered  
debt  
maturities

5.3 years

Term to maturity at H1 2015

Pro forma  
financing  
capacity

£481.1m

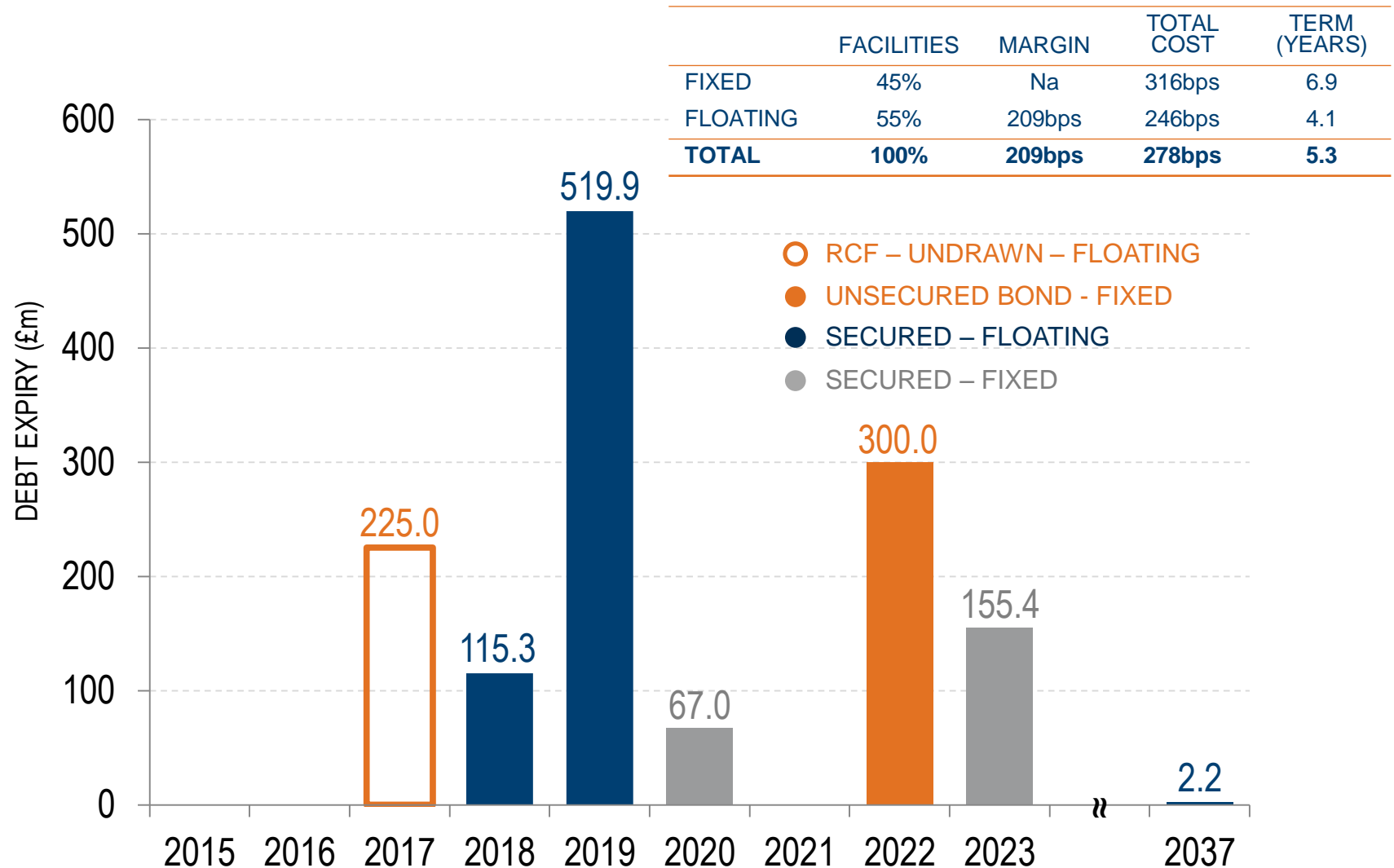
Including post period end acquisitions

Pro forma  
LTV

37.3%

Including post period end acquisitions

# Debt profile



# Operational performance: Solid NOI and valuation growth

LFL NOI  
growth

**+3.2%**

Six months to H1 2015

LFL valuation  
uplift

**+7.6%**

Six months to H1 2015



# Operational highlights to 30 June

		H1 2015	FY 2014
TOTAL NO. OF PROPERTIES	+151	279	111
LFL PORTFOLIO VALUE (£m)	+7.6%	1,480.3	1,375.8
TOTAL PORTFOLIO VALUE (£m)	+49%	2,218.8	1,490.4 <sup>2</sup>
ANNUALISED NOI (£m)	+44%	130.9	90.6
OCCUPANCY (% by ERV)	+3.3pp	96.8	93.5 <sup>1</sup>
WAULT (years to break)	+0.4yrs	8.1	7.7

## Notes:

<sup>1</sup> Occupancy at 31 December 2014 has been restated from 90.9% to exclude Baggot Plaza as a development asset

<sup>2</sup> Adjusted FY 2014 number for straight line adjustment of £1.4m

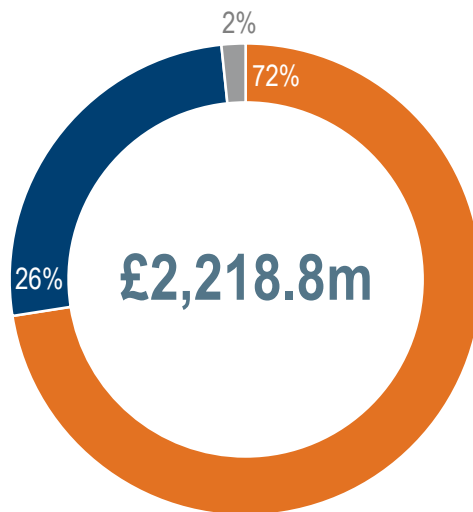
# Portfolio weighting to UK

Including post period end acquisitions

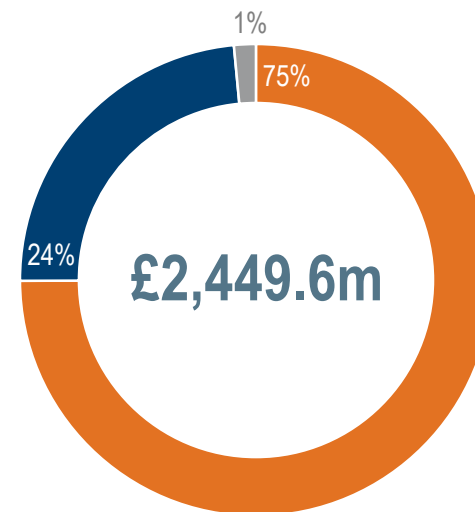
75%

# KWE portfolio, 72% weighted to UK

At H1 2015



Pro forma PPE<sup>1</sup> acquisitions



**Notes:**

<sup>1</sup> PPE = Post period end acquisitions, including £18.2m across 5 Gatsby assets and the South East office portfolio for £212.6m

# Investing across the capital stack

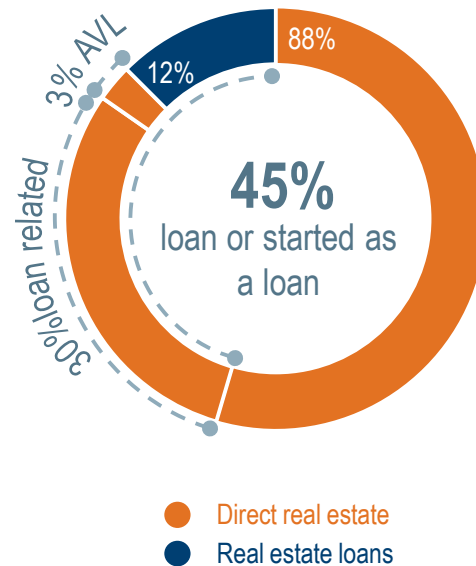
Portfolio in loans or started as loans

45%    £1,008.7m

# Track record of converting loans to direct real estate

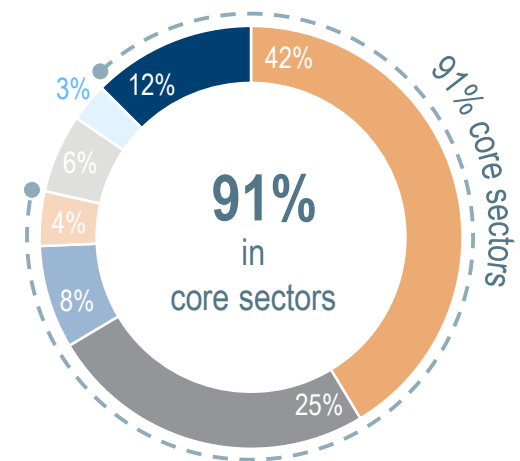
H1 2015 portfolio value £2,218.8m

Asset mix

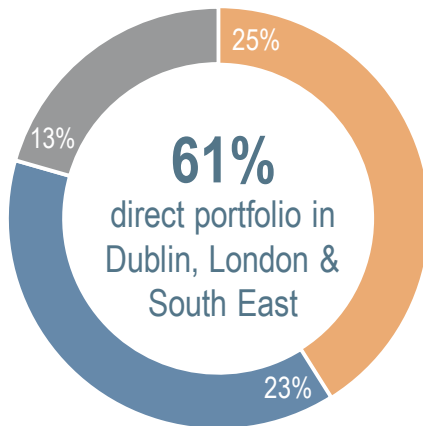


- Office
- Retail
- Industrial
- Residential
- Leisure
- Hotel
- Real Estate loans

Sector mix



Geographic spread



# H1 2015 investment activity

Across direct real estate, loans and AVL conversions

£694.3m

# H1 2015 portfolio assembly

## £638.6m of acquisitions

Gatsby portfolio,  
UK



Purch price (£m)  
Direct real estate

480.7

Park Inn loans portfolio,  
UK



Purch price (£m)  
Loans

61.9

9 Puerta del Sol,  
Madrid, Spain



Purch price (£m)  
Direct real estate

22.0

Pioneer Point loan,  
London, UK



Purch price (£m)  
Loans

68.5

Postigo,  
Madrid, Spain



Purch price (£m)  
Direct real estate

5.5

## £55.7m AVL (loans converted to direct real estate)

Gardner House,  
Dublin 2, Ireland



Conv. price (£m)  
AVL

30.9

Times Building  
Dublin 2, Ireland



Conv. price (£m)  
AVL

24.8



# ASSET MANAGEMENT



# Valuation surplus components

LFL

£104.5m

+7.6%

H1 acquisitions

£16.1m

+2.2%

Total

£120.6m<sup>1</sup>

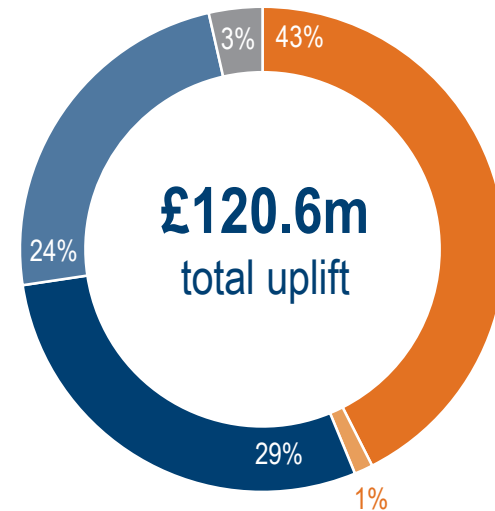
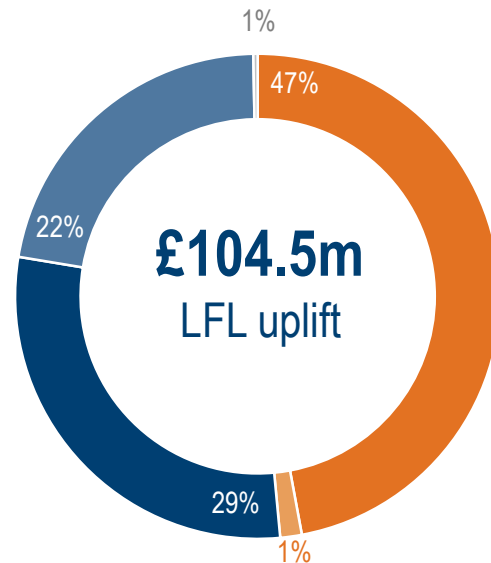
+5.6%

**Notes:**

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

# Dublin & Central London 76% contributors (LFL)

Dublin 47%; Central London 29% (LFL)



Office & developments largest contributors with 68% of total uplift

# Office and development 68% contributors

## Top Contributors

### UK

Buckingham Palace Road, London

Friars Bridge Court, London

Imperial House, Birmingham

### Ireland

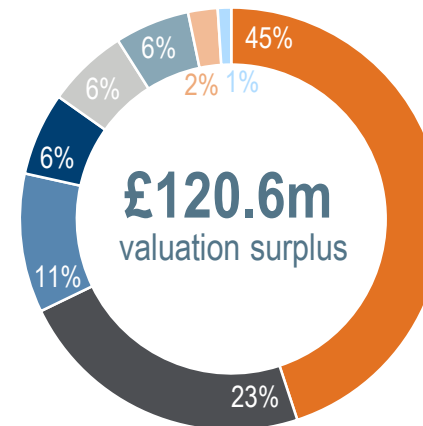
Baggot Plaza, Dublin 4

Mespil Road, Dublin 4

Southbank, Dublin 4

Russell Court, Dublin 2

## Sector mix contributions



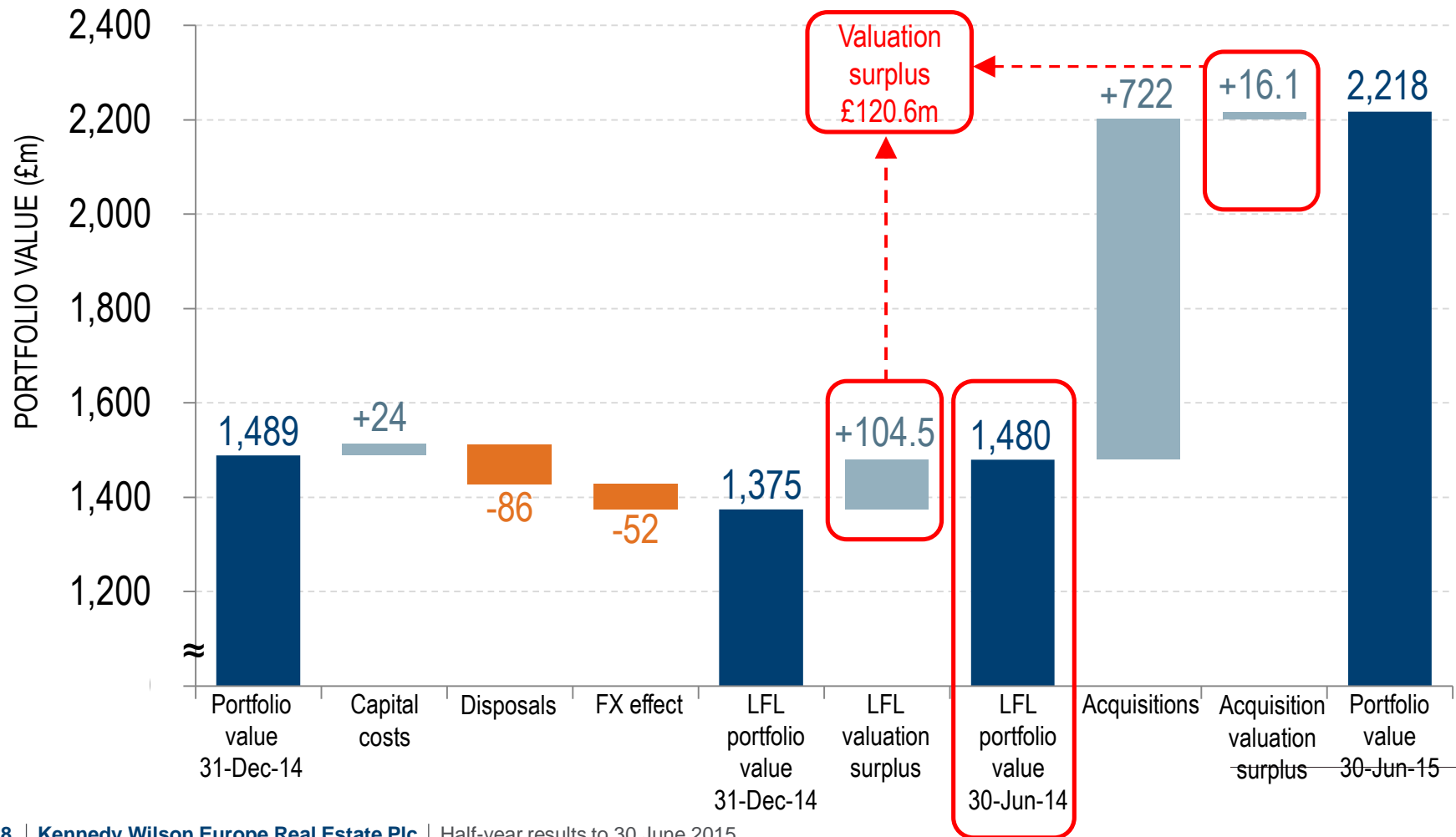
- Office
- Development
- Industrial
- Retail
- Leisure
- Real Estate loans
- Residential
- Hotel

# Portfolio movement of £729m (+49%)



# Portfolio value contributors

Like-for-like portfolio value £1,480.3m



# LFL NOI growth

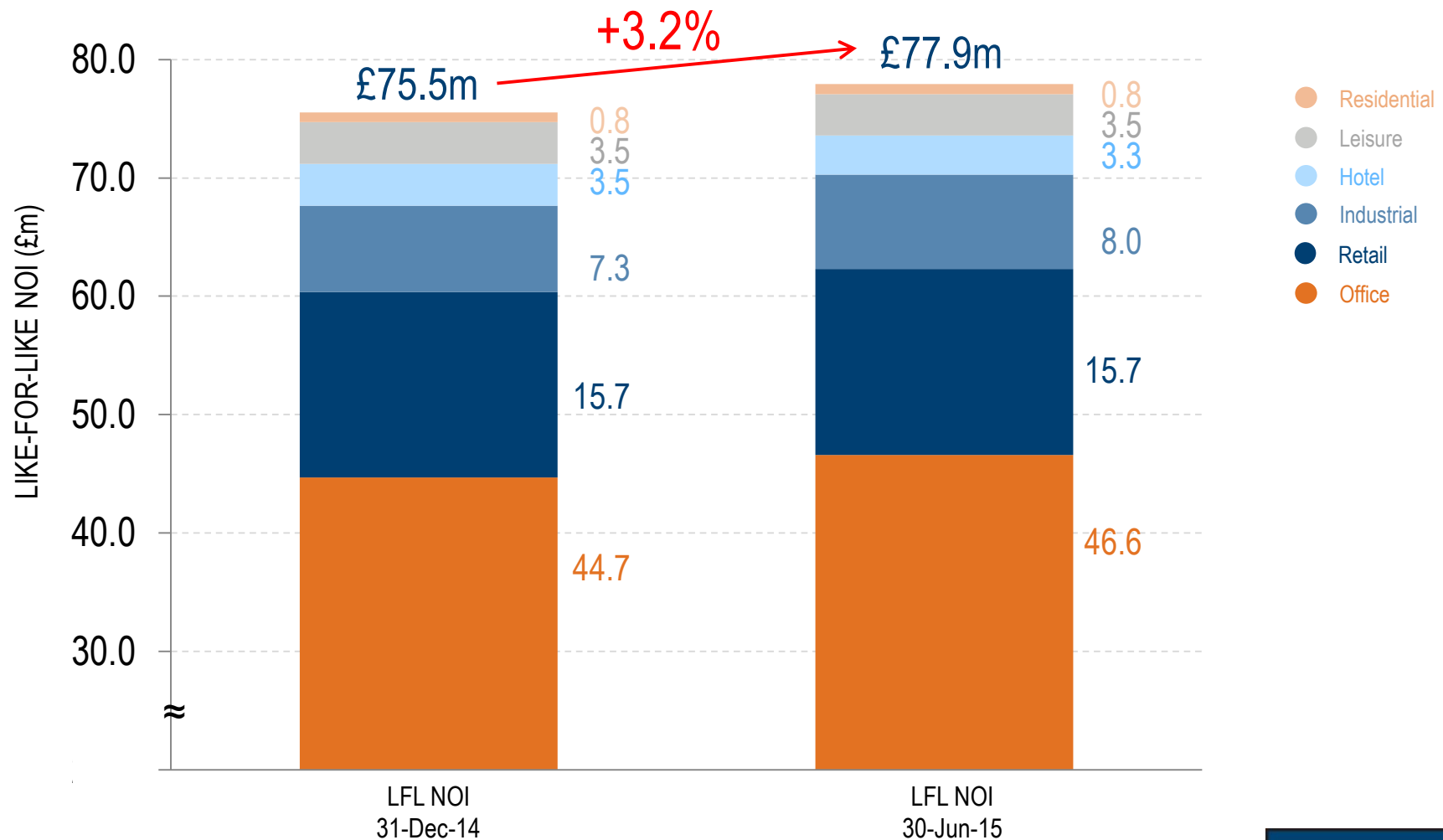
+3.2%

For 6 months to H1 2015

£2.4m

# Office & industrial largest growth contributors

## LFL NOI growth



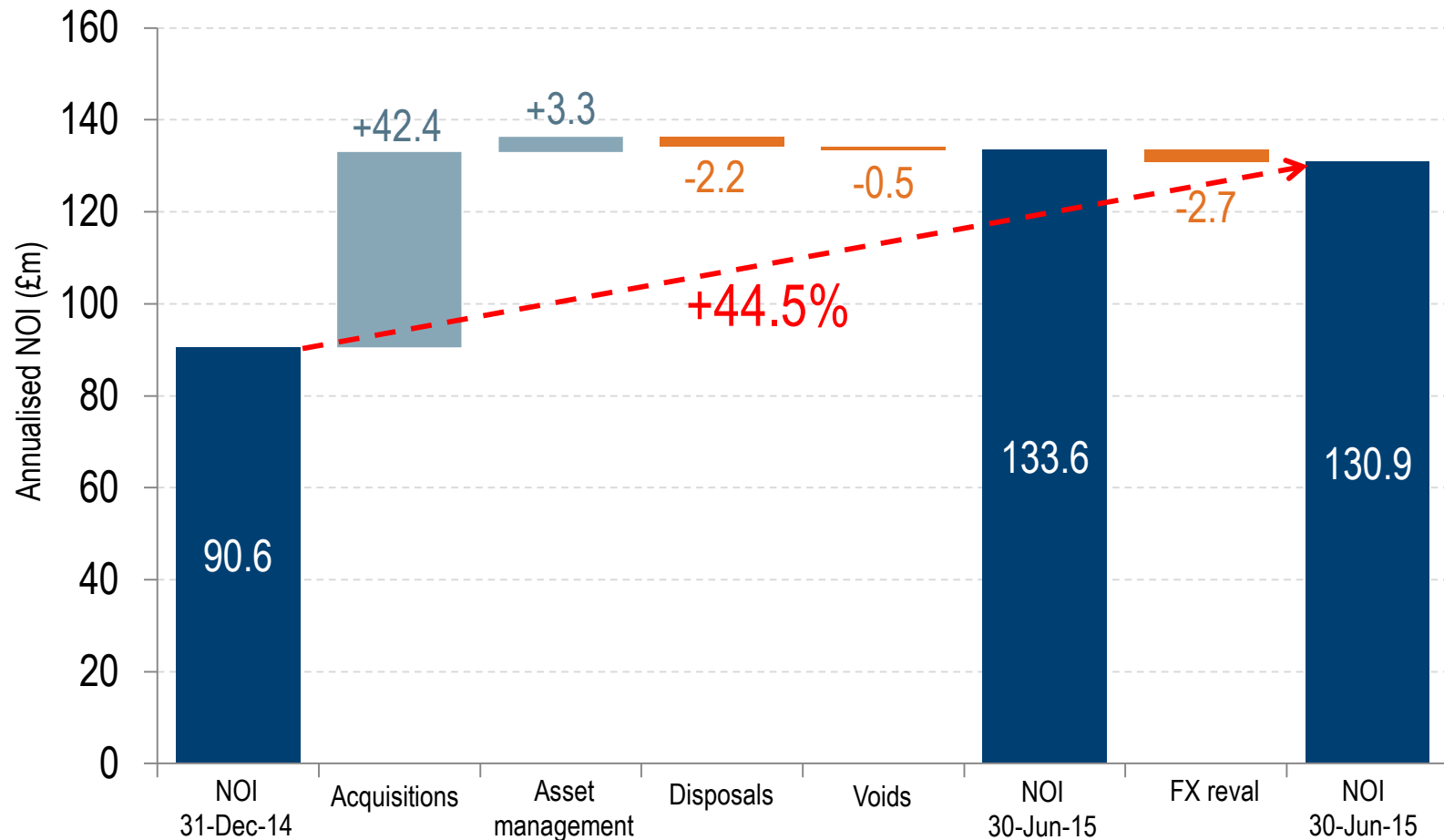
# Material annualised NOI growth +44.5%

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For 6 months to H1 2015

# Solid NOI growth of 47% pre FX

Annualised NOI movements for H1 2015 (£m)

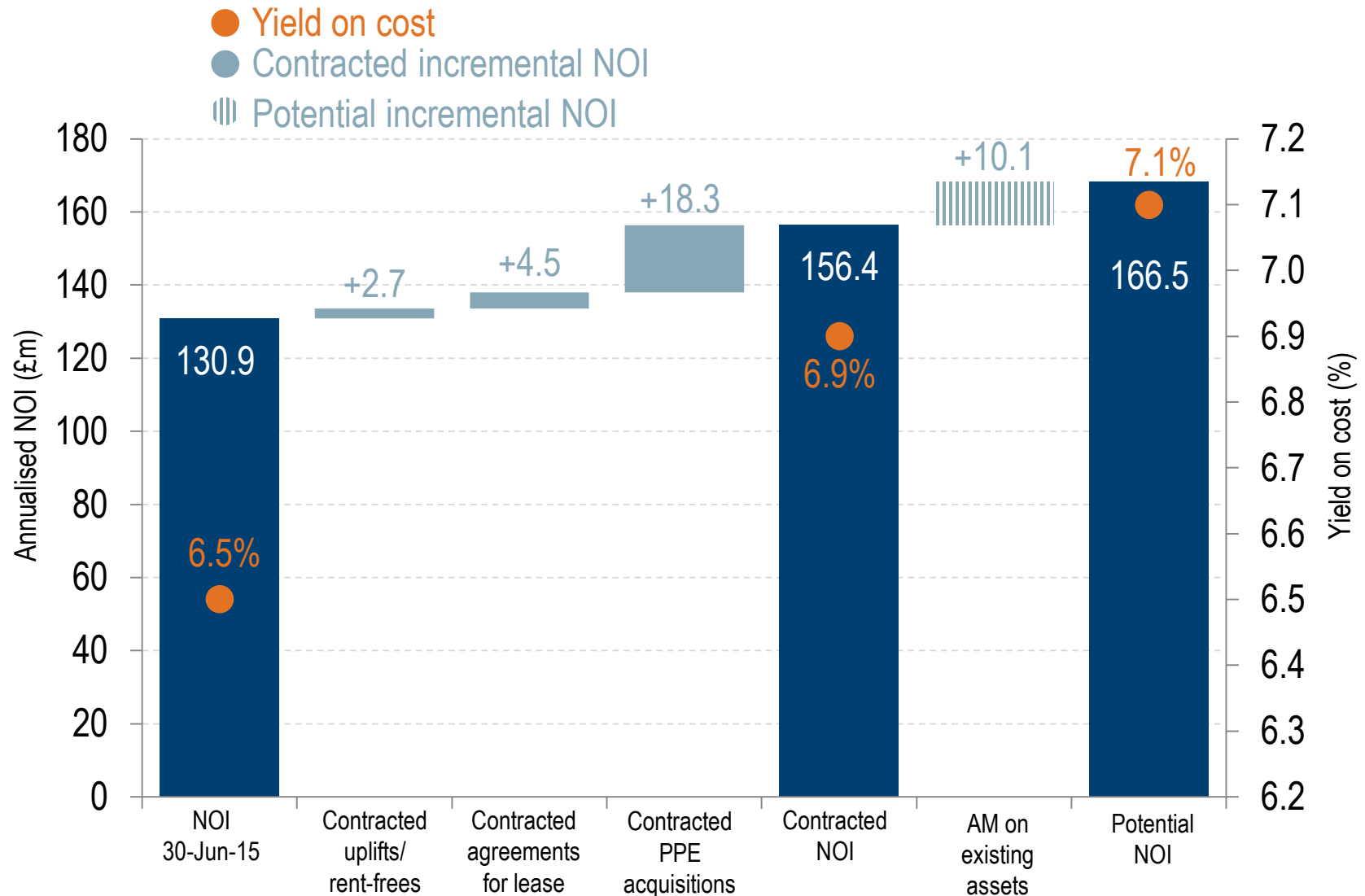


# Contracted NOI uplift

+19.5%   £25.5m   YOC 6.9%

Over next 24 months

# 27.2% NOI growth over the next two years





# £115m capex programme

## Development delivering solid income

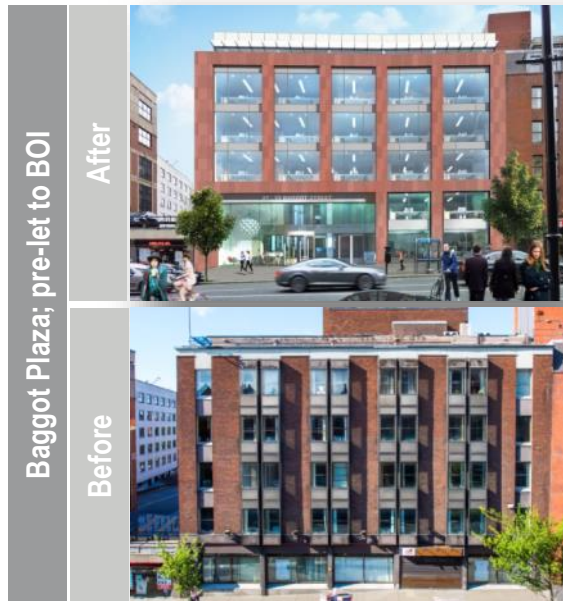
### 7.5%

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Stabilised yield on cost

# Total capex of £115m of which £67.8m development

Scheme name	Location	Sector	Current area (sq ft)	New area (sq ft)	ERV (£m)	CTC <sup>1</sup> (£m)	Total Asset cost incl. Capex (£m)	POC (%)	Stabilised YOC (%)	PC timing	Pre-let status (by ERV)
<b>Baggot Plaza</b>	Dublin 4	Office	91,600	129,300	4.4	28.0	50.5	67.1	8.6	Q2-16	100%
<b>Block K, CP</b>	Dublin 18	PRS	New build	166 units	2.3	24.2	41.9	10.2	5.5	Q3-16	-
<b>Oracle House</b>	Edinburgh	Office	39,700	40,000	0.8	1.4	6.5	56.1	11.7	Q3-15	0%
<b>Total</b>			<b>131,300</b>	<b>169,300</b> <b>+166 units</b>	<b>7.5</b>	<b>53.6</b>	<b>98.9</b>	<b>42.3</b>	<b>7.5</b>		<b>85.1%</b>



## Notes:

<sup>1</sup> CTC of £53.6m and cost to date of £14.2m

# Capital recycling

Disposal pipeline over the next 12 months

c. £300m

# Future disposal pipeline c. £300m

£32.3m completed in H1, ROC 25.8% in only 10 months

	No. of assets	Area (m sq ft)	Sale proceeds (£m)	Sale value (£ psf)	ROC (%)	Hold period (months)	WAULT (years)	EPRA Occup'y (%)
<b>DEALS COMPLETED</b>								
DIRECT REAL ESTATE	7	0.6	24.2	40	26.5	9.9	1.4	47.9
LOANS (COLLATERAL)	9	Na	8.1	Na	23.9	11.2	Na	Na
<b>TOTAL</b>	<b>16</b>	<b>0.6</b>	<b>32.3</b>	<b>40</b>	<b>25.8</b>	<b>10.2</b>	<b>1.4</b>	<b>47.9</b>

## PIPELINE DISPOSAL TARGETS (ALL FIGURES ARE APPROXIMATES)

<b>TOTAL</b>	<b>41</b>	<b>1.25</b>	<b>303.8</b>	<b>243.8</b>	<b>c.15</b>	<b>16.4</b>	<b>8.0</b>	<b>94.5</b>
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UK

# Multi-let industrial portfolio

**£142.5m**  
 Purchase price

**£175.1m**  
 Value Jun-15

**+23%**

**£10.7m**  
 NOI at purchase

**£12.0m**  
 NOI Jun-15

**+12%**

**95.3%**  
 Occupancy  
 at purchase

**99.5%**  
 Occupancy  
 Jun-15

**+4.2pp**

**12.7 yrs**  
 WAULT  
 on new leases

**4.3 yrs**  
 increase on  
 term certain of re-gears

Fishponds Industrial Estate,  
Wokingham



Colossus 1, Wincanton,  
Glasgow



# Gatsby high street retail (HSR) portfolio

Secure income with growth

**£257m**

HSR portfolio  
purchase price Jan-15

**107**

No. of assets

**99%**

Occupancy  
by ERV

**9.3**

WAULT (years)

**13.5%**

Day 1  
cash-on-cash

**98%**

national & regional  
multiples, by income

**54%**

income subject to  
UORR<sup>1</sup> 2016-2020

**33%**

income to expire  
2016-2020

Lush, Princes Street,  
Edinburgh



Tesco, Wimbledon Village  
London



Links, Eastgate Street,  
Chester



Clintons & H. Samuel  
High Street, Cheltenham



## Notes:

<sup>1</sup> Upward only rent reviews



# Pioneer Point, Ilford, London (NPL)

Add amenities & transform to PRS (Private rented sector) operation

**£68.5m**

Loan purchase price  
May-15

**294**

No. of unbroken units  
in London zone 4

**£149m**

UPB of loan

**54%+**  
discount

**£130m**

Replacement cost

**47%**  
discount

**2.9%**

Current YOC



**5.5%**

Target YOC

**Take  
title in  
2015**

**Lease up  
south tower  
over 2016**





# PRS amenity packages

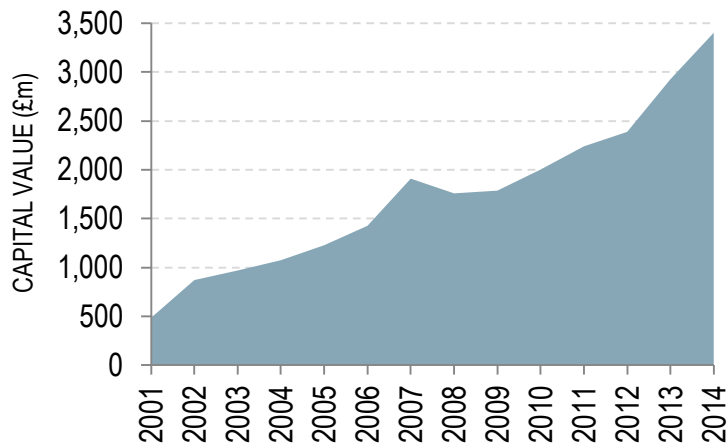
Example from Vantage, Central Park, Dublin 18



# PRS market

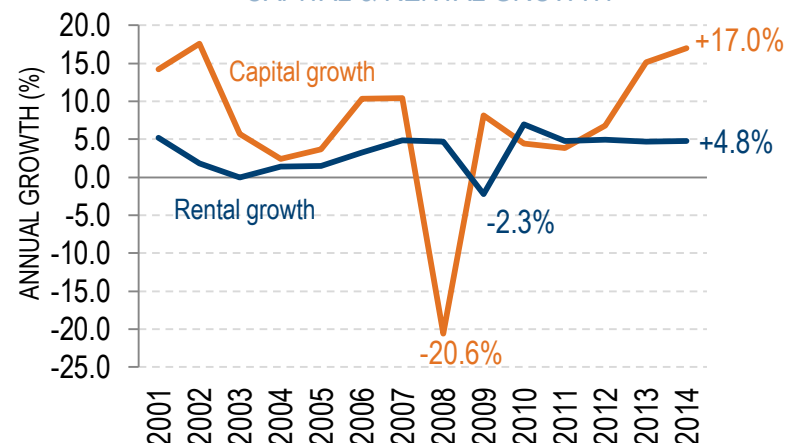
## Strong fundamentals

LONDON & SOUTH EAST PRS MARKET SIZE

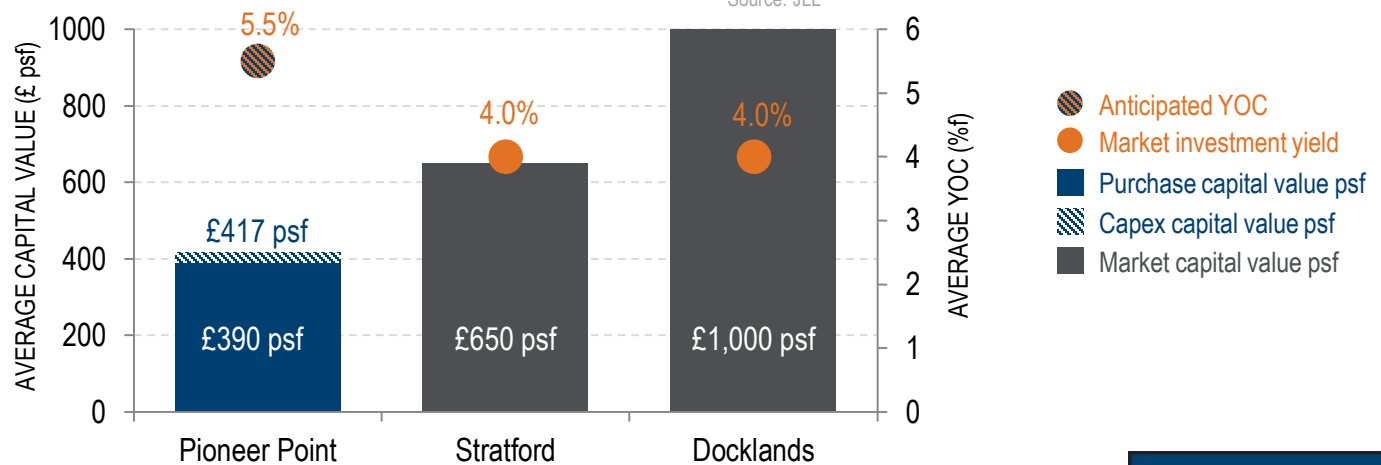


Source: JLL

OUTER LONDON PRIVATE RENTED SECTOR  
CAPITAL & RENTAL GROWTH



Source: JLL



Source: KWE, JLL

# Buckingham Palace Road, Victoria, London

## Reception refurbishment & rent review

**£207.5m**

Purchase price  
Nov-14

**£2,000+ psf** **54%+**  
Prime cap value  
Mayfair **discount**

**£913 psf**

Cap value  
at purchase

**£1,393 psf** **34%**  
Prime cap value  
Victoria **discount**

**£998 psf**

Cap value  
Jun-15

**+9.3%**  
to H1 2015

**£47 psf**

Passing rent  
Jun-15

**1.3%**

Victoria  
vacancy

New reception CGI





# South east office portfolio: £211m, YOC 8.0%

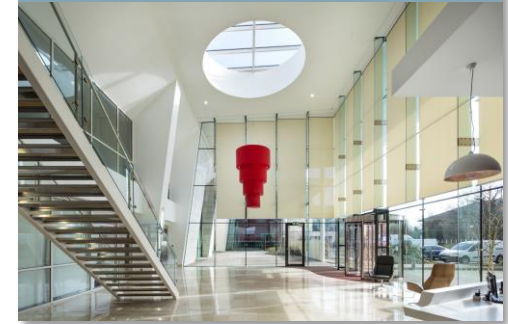
## Post period end acquisition



Leavesden Park, Watford  
(BT Plc)



Bartley Wood, Hook  
(Multi-let)



Thames House, Bracknell  
(Cable & Wireless)



**£259 psf**  
Capital value

**98.3%**  
Occupancy

**814,700**  
Area (sq ft)

**£17.0m**  
NOI at purchase

**5.0**  
WAULT (years)

**14**  
No. of tenants

# IRELAND

# Dublin focused portfolio

92% in core sectors

89%

Value of Irish  
portfolio in Dublin

€543 psf

Capital value

97.5%

Occupancy  
by ERV (%)

12.7

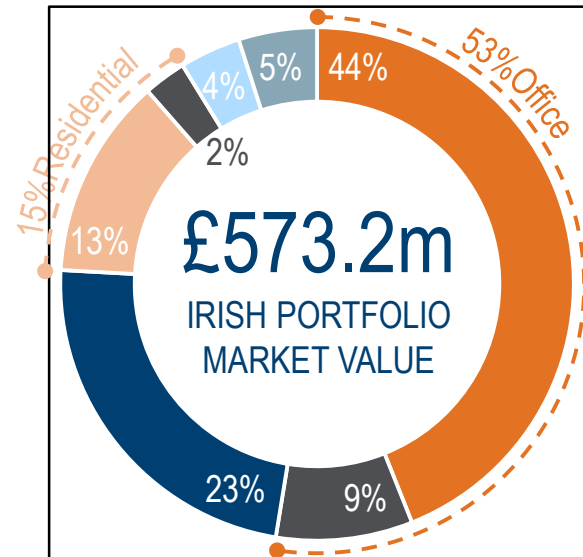
WAULT (years)

1.2m

Portfolio  
area (sq ft)

0.3m

Development  
area (sq ft)



- Office
- Development
  - Office: Baggot Plaza
  - Residential: Block K, CP
- Retail
- Residential
- Hotel
- Real Estate loans

**Notes:**

- <sup>1</sup> Excludes Portmarnock Hotel & Golf Links
- <sup>2</sup> By market value at 30 June 2015

# 15% ERV growth<sup>1</sup> across Dublin office portfolio

8

No. of Dublin  
CBD offices

604,400

Area  
(sq ft)

€36 psf<sup>1</sup>

Passing rent  
(average)

€39 psf<sup>1</sup>

ERV  
(average)

29%  
discount  
to prime  
market  
(€55 psf)

€739 psf<sup>1</sup>

Capital value  
(average)

€1,052 psf

Capital value  
(prime average)

30%  
discount  
to prime

40/42 Mespil Road, Dublin 4  
BOI HQ



Russell Court, Dublin 2  
KPMG HQ



South Bank House, Dublin 4  
Mason Hayes & Curran HQ



Times Building, Dublin 2  
Irish Aviation Authority HQ



Gardner House, Dublin 2  
LinkedIn HQ



Warehouse, Dublin 4  
Multi tenant



## Notes:

<sup>1</sup> Excludes Baggot Plaza development

# Baggot Plaza: delivering excellent returns

8.6%

Stabilised YOC

BOI

100% pre-let

67.1%

POC

20 yrs

Term (to break)

€550 psf

Capital value

€47.50 psf

Rent

## Key issues

1

Capacity to redevelop/  
refurbish building

ACQUISITION

2

Knock down  
or redevelop

DEVELOPMENT  
STRATEGY

3

Speculative  
or pre-let

DEVELOPMENT  
STRATEGY

4

Equalise rents across  
the three buildings

DESIGN

5

HQ or  
multi-tenanted

DESIGN / AM

6

Environmental  
rating

DESIGN

7

Minimise build time for  
mid-2016 delivery

CONSTRUCTION

8

Lease structure vs  
headline rent

AM

Building plan



Atrium



Atrium





# SPAIN

# Case study: 9 Puerta del Sol, Madrid

Acquired from court receivers in May 2015

- Acquisition for €30.0m
- Landmark location akin to Piccadilly Circus (London) and Times Square (NY)
  - Plaza recently benefited from opening of Apple's largest flagship store at 1 Puerta del Sol
  - 24,700 sq ft over six stories
  - Requires significant refurbishment
- Business plan:
  - Submit planning consent to convert to retail use over 2015
  - Comprehensive refurbishment of c. €10m
  - Market unit to retailers looking for flagship accommodation
  - Create institutional product
- Retail activity in the Sol/Preciados area:
  - One of the few areas in Spain not directly affected by the crisis
  - High occupancy and stable prices since 2007/08
  - Preciados being the most expensive retail street in Spain, with significant recent rental comps (Footlocker – 6 Preciados)
  - Canalejas project (including Four Seasons hotel) should imply a significant uplift/consolidation for the Sol/Preciados area



# Residential / hotel conversions

JV agreement was closed with specialized local partner Renta Corporación for conversion of office or old residential buildings into new residential/hotel assets – two deals closed (equity split : 90% Kennedy Wilson – 10% Renta Corporación):

## 5 Santísima Trinidad - residential

- Acquisition price of €5.3m and total investment of approximately €10.4m
- Office to residential conversion in the prime residential Chamberi area in Madrid
- 23 high-end units will be sold, distributed over 43,056 sq ft in seven stories (28 parking units)
- 2-year business plan, including previous tenants' eviction, refurbishment works and commercialization
- Benefit from residential prices recovery already being observed in Madrid prime areas



## 3 Póstigo de San Martín – hotel / residential / touristic apartments

- Acquisition price of €7.5m and total investment of approximately €10.0m
- A few meters away from Callao square (Sol / Gran Vía area), one of the most touristic areas in Madrid
- 41,676 sq ft distributed over six stories, including two commercial units in the GF
- Business plan implies re-selling the asset in 7-months time to a hotel-operator for hotel conversion
- Other business plans (conversion to residential or touristic apartments) are still being considered
- Ideal location for any of the considered business plans, given street location

Very strong pipeline for this kind of conversions being currently analyzed together with Renta Corporación – main focus will continue being Madrid and Barcelona

# Strategic objectives over 2015

## Progress since February

Focus on delivering total returns for shareholders where a dividend forms an important component

1

### 40p/share

Annual sustainable dividend

### 10.4%

NAV + dividend return in H1

Ensure efficient capital structure within the total debt and equity capital stack

2

### £300m

Unsecured BBB rated bond

### £348.9m<sup>1</sup>

Gatsby secured debt

Execute on value and asset management initiatives including significant development in Ireland

3

### 7.6%

LFL valuation surplus in H1

**BAGGOT PLAZA:**

Under construction

**BLOCK K, CP:**

Floor 9 of 16 complete

Recycle capital to actively manage the portfolio

4

### 26%

ROC on H1 disposals

### £300m

Disposal target

#### Notes:

<sup>1</sup> Includes £11.2m drawn against post period acquisition of 5 Gatsby assets

# Appendix

# Summary balance sheet

EPRA net assets	30 Jun 2015 (£m)	31 Dec 2014 (£m)
Investment property <sup>1</sup>	1,941.7	1,278.0
Loans secured by real estate	277.1	211.1
<b>PORTFOLIO VALUE</b>	<b>2,218.8</b>	<b>1,489.1</b>
Cash and cash equivalents	470.3	441.9
Bank borrowings	(1,159.8)	(553.5)
<b>NET DEBT</b>	<b>(689.5)</b>	<b>(111.6)</b>
Other net assets	(18.0)	4.9
<b>EPRA NET ASSETS</b>	<b>1,511.3</b>	<b>1,382.4</b>

## Notes:

<sup>1</sup> Including hotels, under property, plant and equipment

# Summary income statement

EPRA EPS 18.9p, (Jun-14: 4.3p)

	Period to 30 June 2015		Period to 30 June 2014	
	(£m)	(p)	(£m)	(p)
Basic and diluted EPS	149.3	110.2	24.2	37.6
Net change in fair value of:				
Investment properties	(112.6)	(83.1)	(21.1)	(32.8)
Loans secured by real estate	(6.9)	(5.1)	(0.2)	(0.3)
Gain on sale of investment property	(5.5)	(4.0)	(0.1)	(0.2)
Amounts written off on acquisitions	1.2	0.9	-	-
<b>EPRA earnings</b>	<b>25.5</b>	<b>18.9</b>	<b>2.8</b>	<b>4.3</b>

# Shares issued

As at 30 Jun 2015

	Date	No. of shares (m)	Issue price (p)	Gross proceeds (£m)	Issue costs (£m)	Net proceeds (£m)	NAV per share (p)
Opening Balance	31-Dec-14	135.3		1,355.1	40.2	1,314.9	972
Issue of shares to satisfy AM fee Q4-14 <sup>1</sup>	25-Feb-15	0.2	1,057	1.7	nil	1.7	1,057
Issue of shares to satisfy AM fee Q1-15 <sup>1</sup>	07-May-15	0.1	1,115	1.7	nil	1.7	1,115
<b>TOTAL</b>		<b>135.6</b>		<b>1,358.6</b>	<b>40.2</b>	<b>1,318.3</b>	<b>972</b>

**Notes:**

<sup>1</sup> Shares are issued to the investment manager to satisfy 50% of the quarterly Investment Manager fee. Issue price is based on the average share price 20 days prior to the date of issue



# Access to new source of permanent funding

Significant milestone: achieving BBB rating from S&P

**£300m**

**Senior unsecured bond**

TTM<sup>1</sup>: 7 years

Maturity: 30 June 2022

Coupon: 3.95%

3.35%

Effective coupon reduced  
by swapping 50% of net  
proceeds to Euros

**£859.8m**

**Secured borrowings**

TTM<sup>1</sup>: 4.8 years

No. of facilities: 8

Wtd. Avg. Cost: 2.58%

**£1,159.8m**

**Total borrowings**

TTM<sup>1</sup>: 5.3 years

No. of facilities: 10

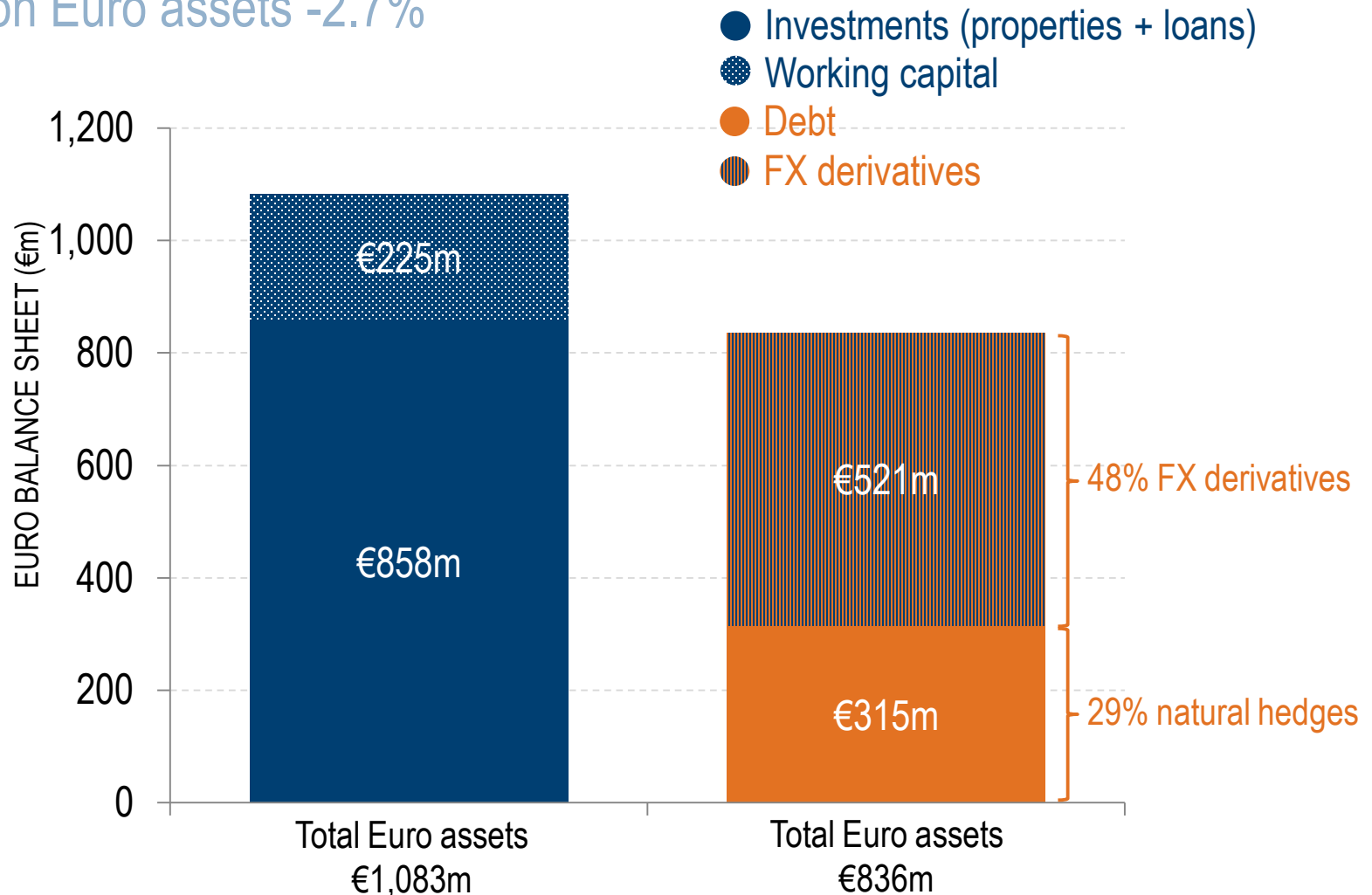
Wtd. Avg. Cost : 2.78%

**Notes:**

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

# 77% balance sheet hedging

Impact on Euro assets -2.7%



# Pro forma financing capacity £481.1m

Excluding FCF and disposals

(£m)	30 June 2015	Post period end acquisitions	Pro forma
CASH	470.3	(214.2)	256.1
UNDRAWN FACILITIES	225.0		225.0
FINANCING CAPACITY	695.3	(214.2)	481.1
TOTAL DRAWN DEBT	1,159.8	11.2	1,171.0
NET DEBT	689.5	225.4	914.9
PORTFOLIO VALUE	2,218.8	230.8	2,449.6
LTV (%)	31.1		37.3

# 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	2.1	35	616.0	39.2	6.0	6.8	5.3	96.2
Retail	2.2	127	401.5	26.9	6.3	6.8	8.7	97.3
Industrial	3.0	32	175.1	12.0	6.5	7.5	5.6	99.3
Leisure	0.6	34	131.0	8.7	6.2	6.9	12.2	97.1
Residential	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Property Total</b>	<b>7.9</b>	<b>228</b>	<b>1,323.6</b>	<b>86.7</b>	<b>6.2</b>	<b>6.9</b>	<b>7.1</b>	<b>97.0</b>
Development	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0
Hotel	0.0	1	36.7	1.9	4.8	5.8	0.0	0.0
Loans	0.0	18	248.9	15.7	5.9	6.6	0.0	0.0
<b>Total/average</b>	<b>7.9</b>	<b>247</b>	<b>1,609.3</b>	<b>104.3</b>	<b>6.1</b>	<b>6.8</b>	<b>7.1</b>	<b>97.0</b>

## Irish 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	0.5	7	252.3	12.6	4.8	5.7	10.4	98.9
Retail	0.4	7	130.9	8.0	5.9	6.3	16.3	96.3
Industrial	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0
Leisure	0.0	1	2.6	0.1	4.5	6.9	18.0	100.0
Residential	0.3	2	72.6	3.2	4.2	4.4	0.0	89.5
<b>Property Total</b>	<b>1.2</b>	<b>17</b>	<b>458.4</b>	<b>24.0</b>	<b>5.0</b>	<b>5.7</b>	<b>12.6</b>	<b>96.3</b>
Development <sup>2</sup>	0.0	2	64.5	0.0	0.0	8.9	0.0	0.0
Hotel	0.0	1	22.0	1.3	5.5	5.1	0.0	0.0
Loans	0.0	9	28.3	1.4	4.9	5.6	0.0	0.0
<b>Total/average</b>	<b>1.2</b>	<b>29</b>	<b>573.2</b>	<b>26.7</b>	<b>4.5</b>	<b>5.9</b>	<b>12.7</b>	<b>96.3</b>

### Notes:

<sup>1</sup> Portfolio value is based on third party valuations (RICS Red Book) which have been undertaken by CBRE on direct property assets (other than Puerta del Sol and Postigo san Martin); loan portfolios have been fair-valued by Duff & Phelps in each case at 30 June 15

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

# Sector break down (cont'd)

## 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	2.6	42	868.3	51.8	5.7	6.5	6.5	96.8
Retail	2.5	134	532.4	34.9	6.2	6.7	10.4	97.1
Industrial	3.0	32	175.1	12.0	6.5	7.5	5.6	99.3
Leisure	0.6	35	133.7	8.8	6.2	6.9	12.3	97.1
Residential	0.3	2	72.6	3.2	4.2	4.4	0.0	89.5
<b>Property Total</b>	<b>9.1</b>	<b>245</b>	<b>1,782.1</b>	<b>110.7</b>	<b>5.9</b>	<b>6.6</b>	<b>8.1</b>	<b>96.8</b>
Development <sup>2</sup>	0.0	5	100.9	0.0	0.0	4.1	0.0	0.0
Hotel	0.0	2	58.7	3.1	5.1	5.6	0.0	0.0
Loans	0.0	27	277.1	17.1	5.8	6.5	0.0	0.0
<b>Total/average</b>	<b>9.1</b>	<b>279</b>	<b>2,218.8</b>	<b>130.9</b>	<b>5.6</b>	<b>6.5</b>	<b>8.1</b>	<b>96.8</b>

### Notes:

<sup>1</sup> Portfolio value is based on third party valuations (RICS Red Book) which have been undertaken by CBRE on direct property assets (other than Puerta del Sol and Postigo san Martin); loan portfolios have been fair-valued by Duff & Phelps in each case at 30 June 15

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

# Total portfolio

## Top ten tenants

Tenant	Annualised NOI (£m)	% of annualised NOI
Telegraph Media Group	5.8	5.2
Bank of Ireland	3.3	3.0
KPMG	3.2	2.9
Conoco (UK) Ltd	3.0	2.7
Wincanton Ltd	2.8	2.6
HSBC Plc	2.8	2.5
Secretary of State for the Environment	2.6	2.3
Chevron North Sea Ltd	2.6	2.3
Marathon International Petroleum	2.3	2.1
Mason Hayes & Curran	2.3	2.1
<b>Top ten tenants</b>	<b>30.6</b>	<b>27.8</b>
Remaining tenants	79.7	72.2
<b>Total</b>	<b>110.3</b>	<b>100.0</b>

### Notes:

<sup>1</sup> Excludes loans secured by real estate assets

<sup>2</sup> Value is based on valuation by external valuers CBRE (for direct property portfolio) and Duff & Phelps (for loan portfolio) at 31-Dec-14 adjusted for acquisitions and disposals in the quarter

<sup>3</sup> Private rented sector residential

## Top ten assets<sup>1</sup>

Asset	UK/Ireland	City	Sector	Value <sup>2</sup> (£m)	Area (sq ft)
Buckingham Palace Road	UK	London, SW1	Office	226.8	227k
40/42 Mespil Road	Ireland	Dublin 4	Office	72.2	118k
Friars Bridge Court	UK	London, SE1	Office	69.4	100k
Russell Court	Ireland	Dublin 2	Office	65.1	139k
Stillorgan Shopping Centre	Ireland	Co. Dublin	Retail	62.8	143k
Vantage, Central Park	Ireland	Dublin 18	PRS <sup>3</sup>	59.9	259k
Seafeld House	UK	Aberdeen	Office	56.3	203k
Baggot Plaza	Ireland	Dublin 4	Dev't	49.1	0
Rubislaw House	UK	Aberdeen	Office	44.9	102k
South Bank House	Ireland	Dublin 4	Office	40.3	62k
<b>Total</b>				<b>746.7</b>	<b>1,353</b>

# H1 2015 portfolio assembly

## £648.5m of acquisitions

Gatsby portfolio,  
UK



Purchase date	30-Jan
No. of assets	171
Purch 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
Purch 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
Purch 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
Purch 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
Purch price (£m)	5.4
YOC (%)	na
Cap value (£ psf)	130
WAULT (years)	na
Occupancy (%)	na

## £62.8m of loans converted to direct real estate

Gardner House,  
Dublin 2, Ireland



Conversion date	11-Feb
No. of assets	1
Purch price (£m)	34.1
YOC (%)	6.9
Cap value (£ psf)	452
WAULT (years)	3.4
Occupancy (%)	100

Times Building  
Dublin 2, Ireland



Conversion date	30-Jun
No. of assets	1
Purch price (£m)	28.7
YOC (%)	5.9
Cap value (£ psf)	390
WAULT (years)	9.9
Occupancy (%)	90

# £46.5m of value enhancing refurbishments

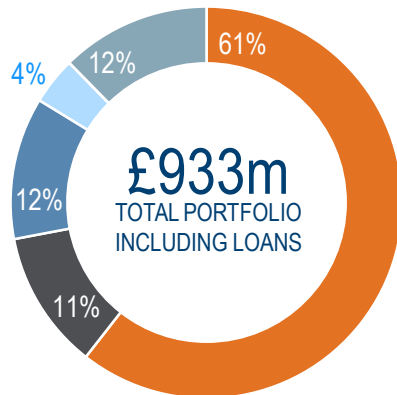
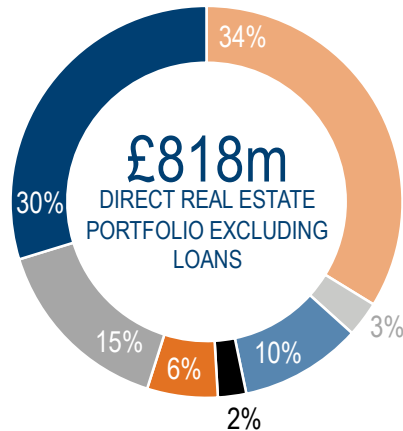
£43.9m cost to complete

Scheme name	Location	Sector	Current area (sq ft)	New area (sq ft)	CTC (£m)	Stabilised YOC (%)	Description	PC timing	Occ'y (%)
Stillorgan SC	Co Dublin	Retail	143,200	143,200	9.1	6.0-6.5	Refurb canopy & external cladding	Q4-16	98
Fairmont, St Andrews	Scotland	Hotel	209 rooms	209 rooms	8.2	7.0-7.5	Refurb common areas and bedrooms	Q4-16	62
Pioneer Point	Ilford	PRS	294 units	294 units	6.9	5.0-5.5	Tenant amenities	Q4-16	56
111 Buckingham Palace Road	London	Office	227,200	227,200	6.9	6.5-7.0	Refurb & extend reception	Q2-16	100
Seafield House	Aberdeen	Office	202,500	202,500	6.8	7.0-7.5	Refurb, extend reception & upgrade existing façade	Q1-16	100
Portmarnock & Golf	Co Dublin	Hotel	138 rooms	138 rooms	6.0	7.5-8.0	Refurb common areas and bedrooms	Q4-18	62
Total					43.9	6.5 – 7.0			



# KWE UK portfolio

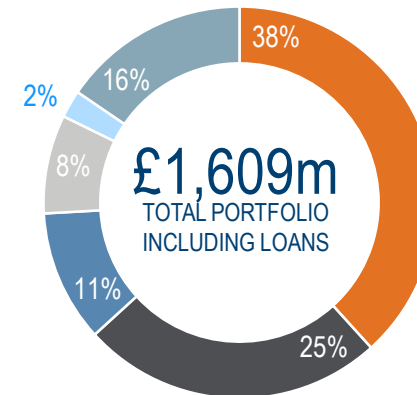
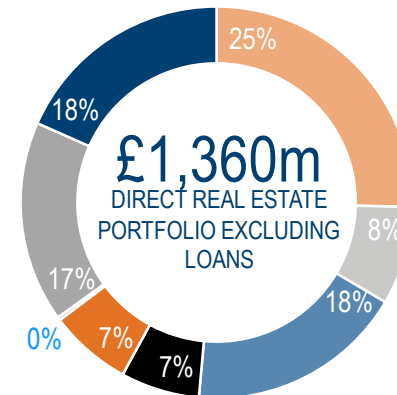
At 31 December 2014



- Central London
- Greater London
- South East
- South West
- Midlands
- Wales
- North
- Scotland

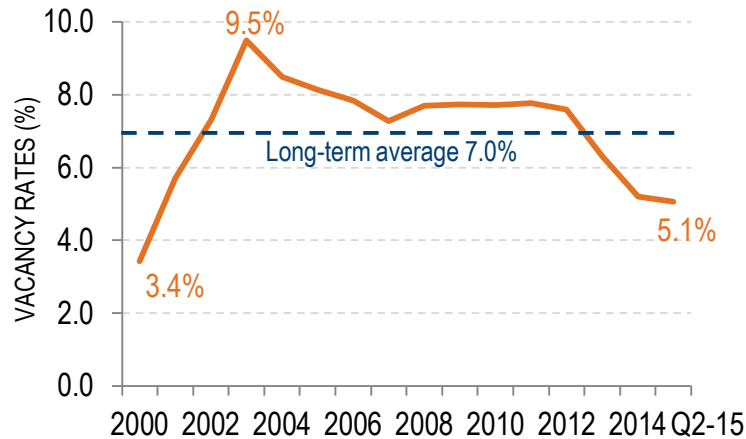
- Office
- Retail
- Industrial
- Leisure
- Hotel
- Real Estate Loans

At 30 June 2015



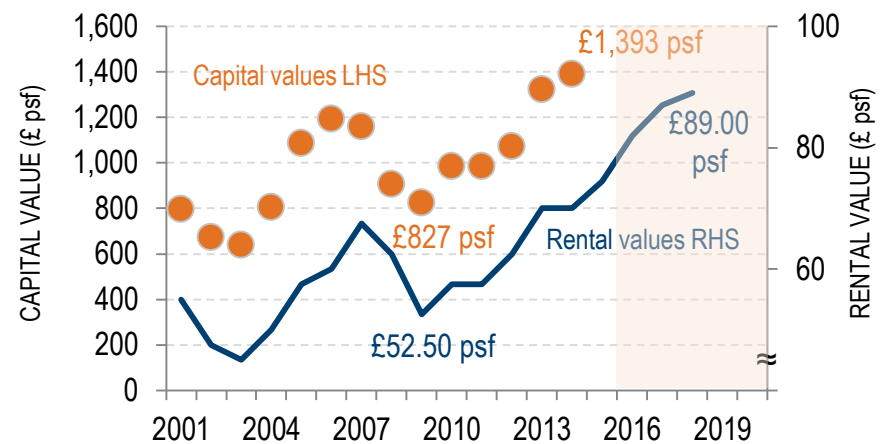
# UK regional property market fundamentals improving

## SOUTH EAST OFFICE VACANCY RATE BELOW LONG-TERM AVERAGE



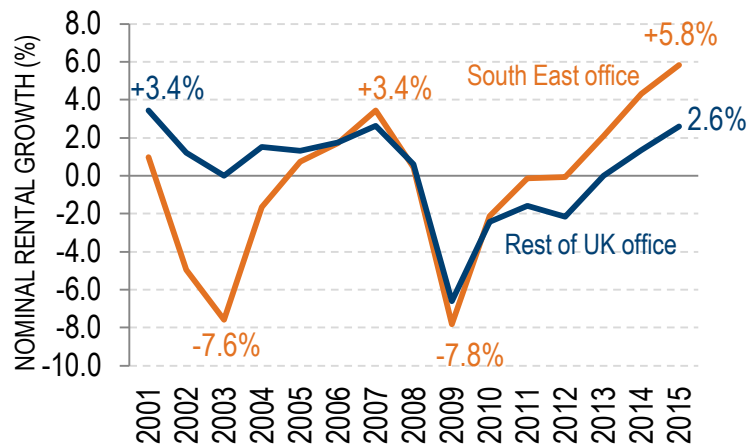
Source: CBRE

## VICTORIA OFFICE CAPITAL VALUES & RENTALS CONTINUE TO RISE



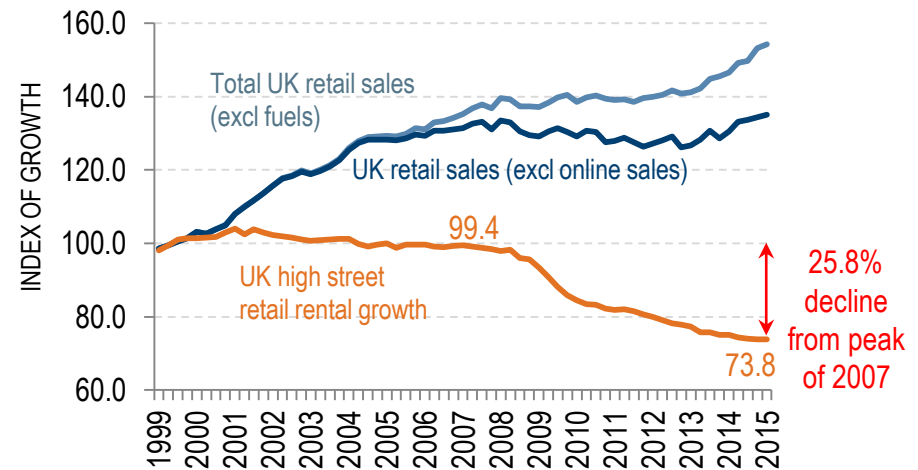
Source: CBRE

## OFFICE RENTAL GROWTH PICKING UP PACE SOUTH EAST & REST OF UK



Source: CBRE

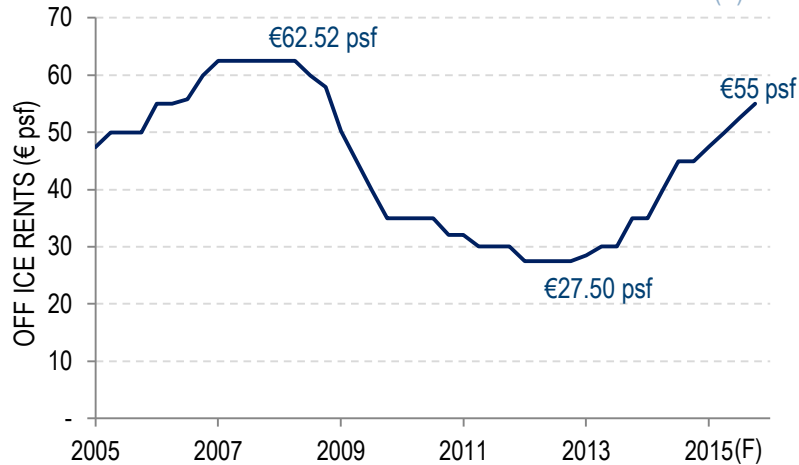
## UK RETAIL SALES VS HIGH STREET RETAIL RENTAL GROWTH



Source: CBRE

# Irish economic recovery gains pace

PRIME DUBLIN OFFICE RENTS 2005 – 2015(F)



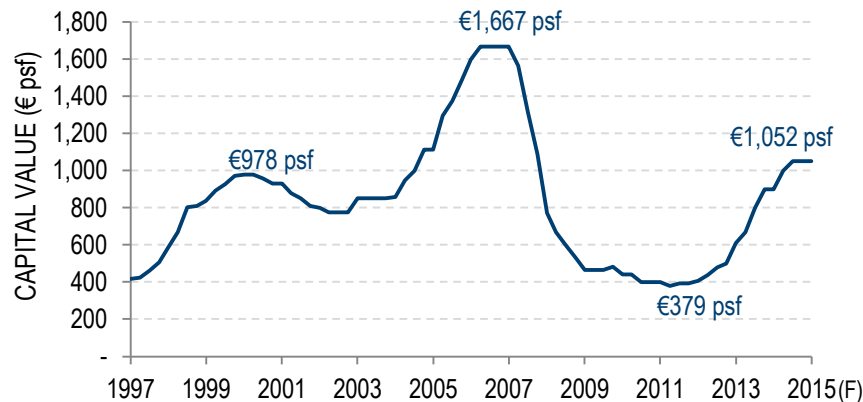
Source: CBRE

12 CONSECUTIVE MONTHS OF RETAIL SALES IMPROVEMENTS



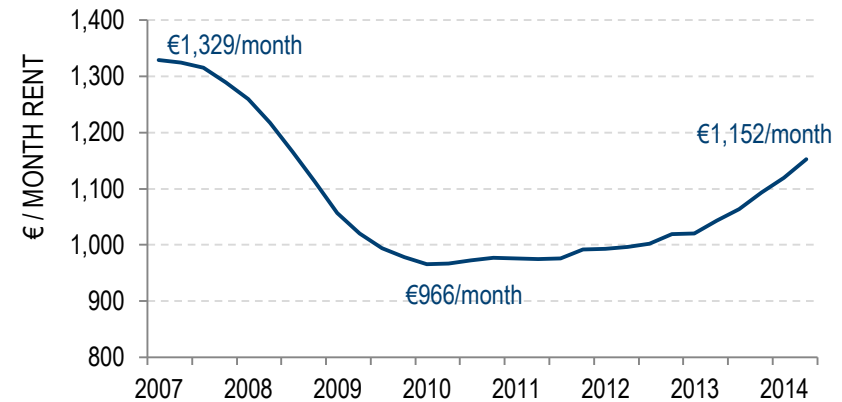
Source: CSO

DUBLIN OFFICES VALUES STILL BELOW PEAK



Source: CBRE

DUBLIN APARTMENT RENTS GREW 5% IN SIX MONTHS TO Q1 2015



Source: PRTB

# Spain recovery emerging

26.3%

Peak unemp.  
Mar-13



22.5%

Unemployment  
Jun-15

€1.5bn

Stimulus from tax  
reduction

+2.3%

Retail sales<sup>1</sup>

Rising

Occupier interest



3.3%

Gov't GDP growth  
expectation

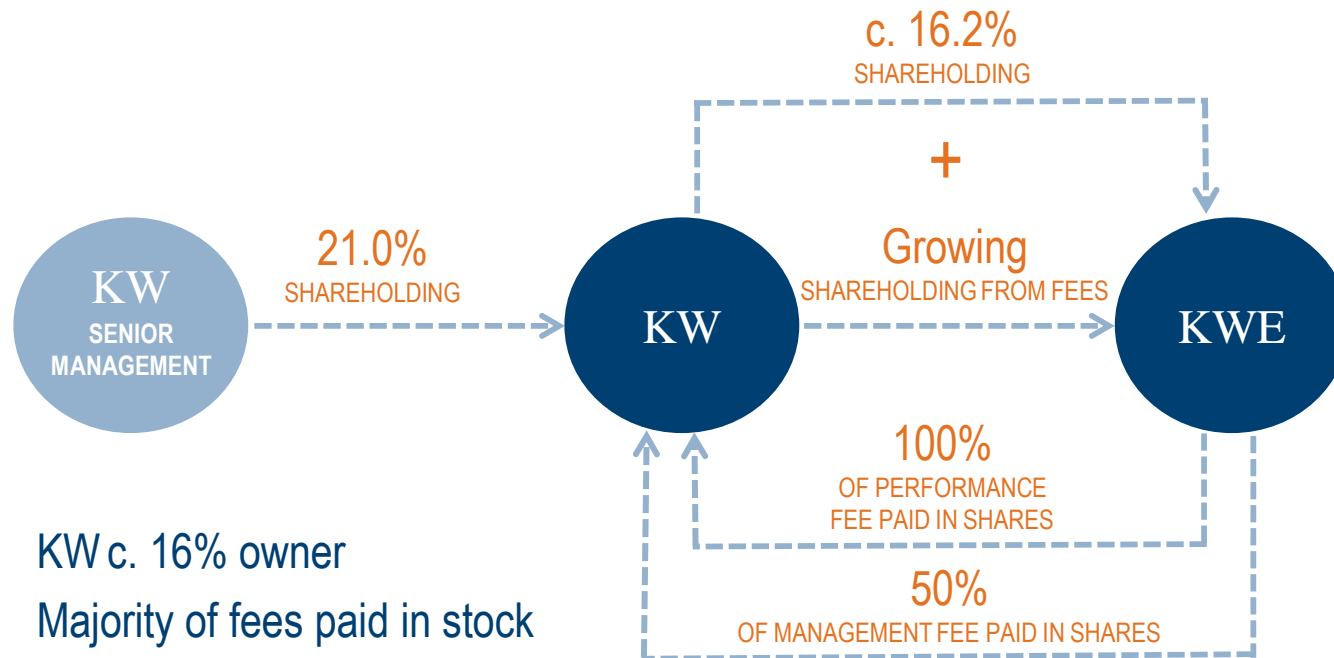


Revised  
upwards

## Notes:

<sup>1</sup> Annualised, seasonally adjusted

# Shareholder alignment



- KW c. 16% owner
- Majority of fees paid in stock
- Largest investment for KW

# Summary of Investment Management Agreement

	Annual fee	Payment
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 vesting, 1/3 each year
<ul style="list-style-type: none"> <li>Contract</li> </ul>	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: 75% of independent shareholders voting to terminate, no fee payable	

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