

# 2014 Results

for the period ended 31 December 2014

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

Expert local presence



### Wider KWE Team

Total employees: 74; Asset Management: 29; Investments: 11; Finance & Operations: 34



**Notes:**

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



# Agenda

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Overview

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Financials

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UK

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Ireland

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2015 Strategic objectives

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Q&A

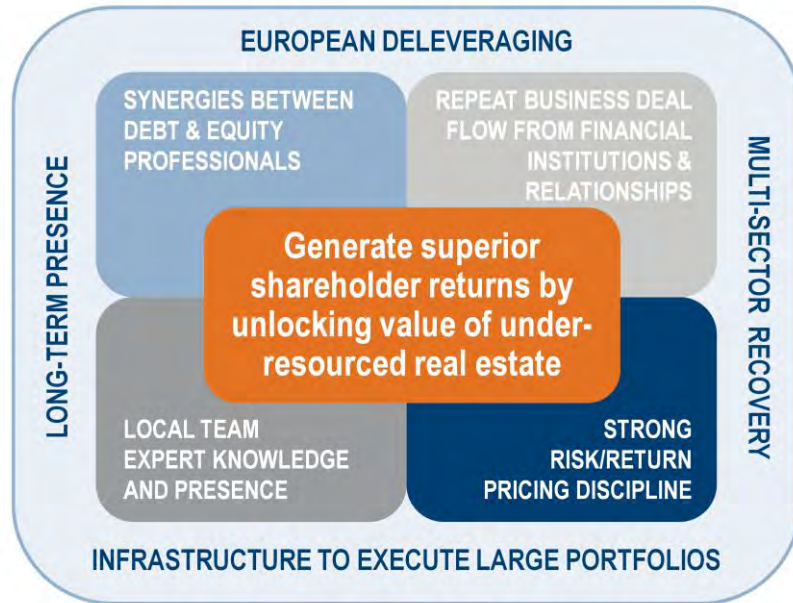
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# OVERVIEW



# Our strategy

Strong shareholder alignment through significant ownership stake



# Significant 2014 achievements

- Successfully raised £1.35bn<sup>1</sup>

- Attractive acquisition metrics

£170

CAPITAL VALUE PSF<sup>2</sup>

6.6%

YIELD ON COST<sup>3</sup>

7.7 years

WAULT<sup>4</sup>

- Accretive debt terms

£545.9m

DEBT OUTSTANDING

2.36%

AVG INTEREST RATE<sup>5</sup>

4.9 years

TERM TO MATURITY

- Intense pace of AM activity<sup>6</sup>

128

NO. OF LEASE  
TRANSACTIONS

532,400

AREA (SQ FT)

£4.5m

INCREMENTAL  
ANNUALISED NOI

## Notes:

<sup>1</sup> Includes £351m raised from secondary offering in October 2014

<sup>2</sup> Calculated on Commercial and Residential assets only and excludes Hotels, Loans and Development properties

<sup>3</sup> At the time of acquisition, based on actual purchaser's cost

<sup>4</sup> Weighted average term to maturity is based expiries to first break, WAULT to expiry 8.9 years; calculated on commercial assets and excludes hotels, residential and development properties

<sup>5</sup> Weighted average interest rate at 31 December 2014 using LIBOR and EURIBOR at that date; Variable interest rates have been hedged using interest rate caps which at 31 December 2014 covered 67% (£373m) of variable rate of debt, capping EURIBOR at 1.5% and LIBOR at 3%

<sup>6</sup>

	No. of lease transactions	Commercial area (sq ft)	Incremental annualised NOI (£m)
UK	38	510,900	3.5 <sup>A</sup>
Ireland	90 <sup>B</sup>	21,500	1.0 <sup>C</sup>
<b>Total</b>	<b>128</b>	<b>532,400</b>	<b>4.5</b>

<sup>A</sup> Includes £2.7m uplift in rental income, £0.3m uplift in hotel EBITDA and £0.5m uplift in loan income

<sup>B</sup> Includes 80 residential lettings

<sup>C</sup> Includes £0.5m uplift in rental income, £0.3m uplift in residential rents, £0.1m uplift in hotel EBITDA and £0.1m uplift in loan income

# Financial highlights<sup>1</sup>

Period ended 31 December 2014

**2p + 4p per share<sup>2</sup>**  
TOTAL DIVIDENDS PAID

**25.9p per share**  
EPRA EARNINGS

**1,021.8p per share**  
EPRA NET ASSETS

**£545.9m, 4.9 years, 2.36%**  
DEBT OUTSTANDING, TTM,<sup>6</sup> WAIR<sup>7</sup>

**£1,489.0m<sup>4</sup>**  
PORTFOLIO VALUE

**7.0%<sup>9</sup>**  
LOAN TO VALUE (LTV)

Today<sup>5</sup>

**7p per share**  
QUARTERLY DIVIDEND

**28p or 2.6%<sup>3</sup>**  
ANNUALISED

**£886.6m, 5.2 years, 2.58%**  
DEBT OUTSTANDING, TTM,<sup>6</sup> WAIR<sup>8</sup>

**£2,063.7m<sup>4,5</sup>**  
PORTFOLIO VALUE

**31.3%<sup>10</sup>**  
LOAN TO VALUE (LTV)

## Notes:

<sup>1</sup> GBP equivalent based on €/GBP exchange rate of 0.7825 as at 31 December 2014

<sup>2</sup> Dividends of 2p per share were paid on 29-Aug-14 over 100,225,215 shares (£2.0m) and 4p per share were paid on 28-Nov-14 over 135,283,293 shares (£5.4m)

<sup>3</sup> Dividend yield based on annualised dividend of 28p and share price of 1,094p as at 25-Feb-15

<sup>4</sup> Portfolio value based on valuation by external valuers, CBRE (for direct property portfolio) and Duff & Phelps (for loan portfolios), as at 31-Dec-14

<sup>5</sup> Pro forma post period acquisitions including the completion of the Aviva/Gatsby portfolio (30-Jan-15), the conversion of the Gardner House loan to direct real estate (11-Feb-15) and the completion of the Park Inn loan portfolio (16-Feb-15)

<sup>6</sup> Weighted average term to maturity of debt drawn

<sup>7</sup> Weighted average interest rate at 31 December 2014

<sup>8</sup> Weighted average interest rate at 25 February 2015

<sup>9</sup> LTV calculated as net debt over portfolio value (value of investment and development properties, loans secured by real estate and hotels).

<sup>10</sup> Pro forma post period end acquisitions gross debt = £886.6m, cash = £239.8 m and investment value = £2,063.7m



# Operational highlights<sup>1</sup>

Period ended 31 December 2014

Today<sup>2</sup>

£57.9m

VALUATION UPLIFT

£90.6m

ANNUALISED NOI

£133.4m

ANNUALISED NOI

6.6%

YIELD ON COST<sup>3</sup>

6.7%

YIELD ON COST<sup>3</sup>

90.9%

OCCUPANCY<sup>4</sup>

94.5%

OCCUPANCY<sup>5</sup>

7.7 years

WAULT<sup>6</sup>

8.2 years

WAULT<sup>7</sup>

## Notes:

<sup>1</sup> GBP equivalent based on €/GBP exchange rate of 0.7825 as at 31 December 2014

<sup>2</sup> As at 25-Feb-15, pro forma post period end acquisitions including the completion of the Aviva/Gatsby portfolio (30-Jan-15), the conversion of the Gardner House loan to direct real estate (11-Feb-15) and the completion of the Park Inn loan portfolio (16-Feb-15)

<sup>3</sup> Yield on cost based at acquisition using actual purchaser's cost

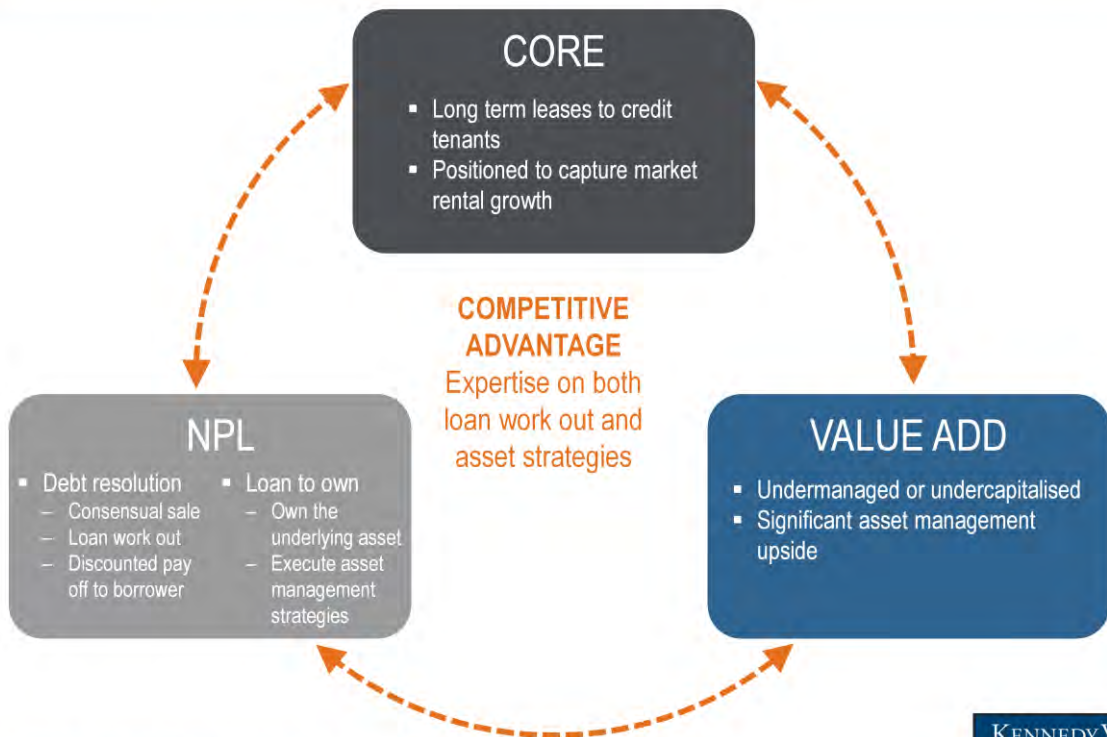
<sup>4</sup> EPRA Occupancy by ERV; occupancy by area is 89.6%

<sup>5</sup> Post period end pro forma EPRA Occupancy by ERV; occupancy by area is 94.8%

<sup>6</sup> Weighted average unexpired lease term to expiry 8.9 years

<sup>7</sup> Post period end pro forma weighted average unexpired lease term to expiry 9.5 years

# Portfolio approach: Unlocking value in under-resourced real estate



# Portfolio assembly<sup>1</sup>

## Investment programme delivered ahead of plan

- £1.5bn of acquisitions across 16 deals
- £0.5bn of debt financing across 3 deals
- 400bps between yield and cost of finance



10 | Kennedy Wilson Europe Real Estate Plc | 2014 Results to 31 December 2014

KENNEDY WILSON  
EUROPE REAL ESTATE PLC

### Notes:

<sup>1</sup> Based on transaction date of completion

<sup>2</sup> On 23 April 2014, KWE acquired the Fordgate Jupiter B-note for £36.5m; on 26 June 2014 KWE purchased the property portfolio for £296.3m and the B-note was repaid

<sup>3</sup> Joint venture, KWE economic interest £17.8m

<sup>4</sup> The acquisitions of Opera and Central Park were related party transactions and as such a shareholder vote was held at an EGM on 12 June 2014 where the transactions were approved by independent shareholders. Both transactions completed on 24 June 2014

<sup>5</sup> The Gardner House loan was acquired on 19 November 2014 for £34.7m; on 11 February 2015 the loan was transferred to direct real estate on a cashless basis. The stamp duty payable on the purchase of direct real estate was offset by the interest income received since acquisition

<sup>6</sup> Joint venture, KWE interest 90%

# Portfolio assembly (cont'd)

Good pace continues into 2015

£800m+ invested since secondary offering

→ STRONG PIPELINE VISIBILITY & SOURCING CAPABILITY  
AT THE TIME OF SECONDARY ISSUE

AVIVA/GATSBY  
PORTFOLIO (UK)



GARDNER HOUSE LOAN  
CONVERSION TO  
DIRECT PROPERTY (IE)<sup>1</sup>



JAN-15 → FEB-15

AVIVA PORTFOLIO  
FINANCING (UK)

PARK INN NPL  
PORTFOLIO  
(UK)



## PURCHASING METRICS

Name	Purch. price (£m)	Capital value (£ psf)	NOI (£m)	YOC <sup>3</sup> (%)	WAULT <sup>4</sup> (years)	Occupancy <sup>4</sup> (%)
111 BPR	207.5	913	10.6	5.1	5.6	100
ST5	4.0	-	-	-	-	-
Aviva/Gatsby portfolio	503.0	145	36.2	6.9	9.6	98
Gardner House	34.7	460	2.4	6.9	4.0	100
Park Inn NPL portfolio	61.9	na	5.8	9.3	na	na
<b>Total</b>	<b>811.1</b>	<b>198</b>	<b>55.0</b>	<b>6.6</b>	<b>8.5</b>	<b>99</b>

### Notes:

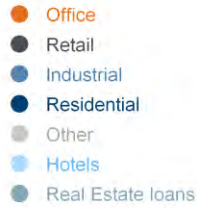
- <sup>1</sup> The Gardner House loan was acquired on 19 November 2014 for £34.7m; on 11 February 2015 the loan was transferred to direct real estate on a cashless basis. The stamp duty payable on the purchase of direct real estate was offset by the interest income received since acquisition
- <sup>2</sup> Yield on cost calculated using actual purchaser's cost
- <sup>3</sup> Weighted average unexpired lease term first break
- <sup>4</sup> Occupancy is calculated based on ERV, on area the occupancy is 98%



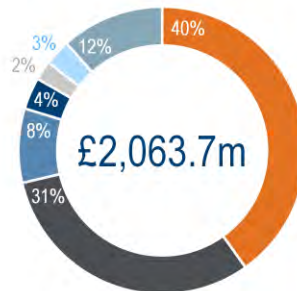
# KWE portfolio today<sup>1</sup>

60% of value across Dublin, London & the South East<sup>2</sup>

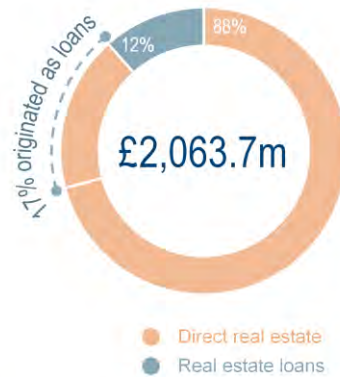
## Geographic spread



## Sector mix



## Asset mix



### Notes:

<sup>1</sup> As at 25-Feb-15 including post period end acquisitions

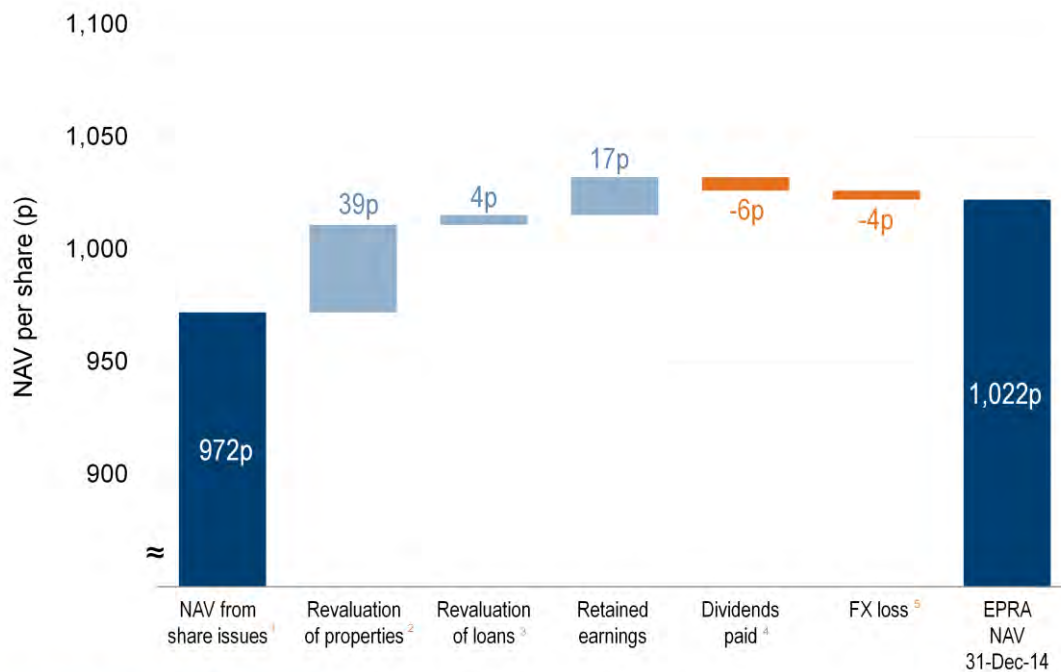
<sup>2</sup> Based on direct real estate portfolio of £1,823.6m, excluding loans



# FINANCIALS

# Contributors to EPRA NAV growth

As at 31 December 2014



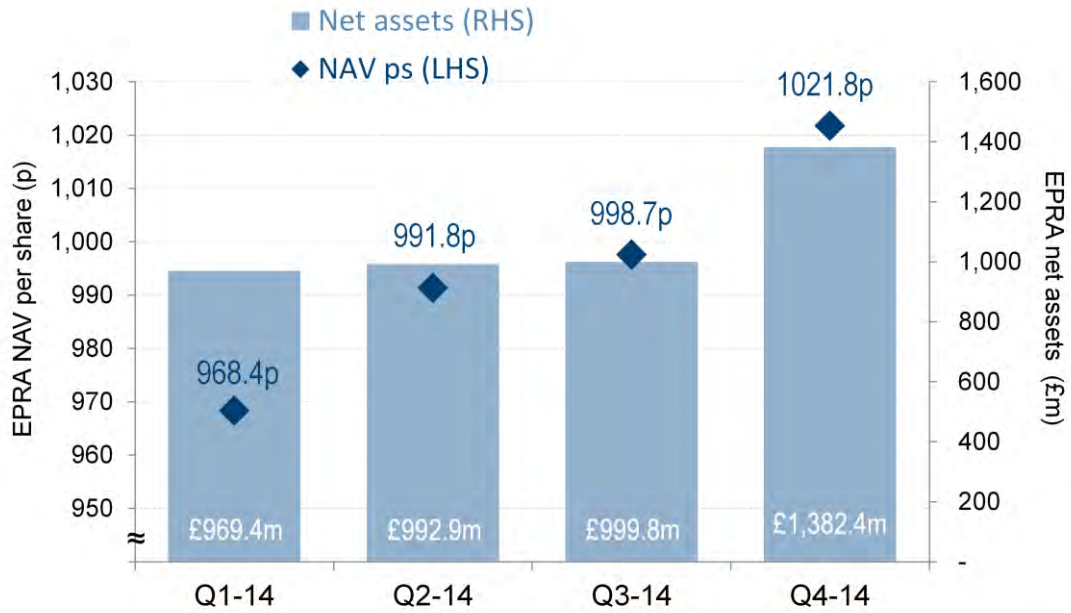
14 | Kennedy Wilson Europe Real Estate Plc | 2014 Results to 31 December 2014

## Notes:

- <sup>1</sup> Refer to slide 37 for details; represents the net equity proceeds from the IPO (Feb-14) and secondary offering (Oct-15) including shares issued to the Investment
- <sup>2</sup> Manager in respect of 50% of its fees
- <sup>3</sup> Net change in fair value of investment and development properties, land and buildings
- <sup>4</sup> Net change in fair value of loans secured by real estate  
Interim dividend of 2p was paid on 29-Aug-14 and a further interim dividend of 4p was paid on 6-Nov-14
- <sup>5</sup> Foreign currency translation reserve

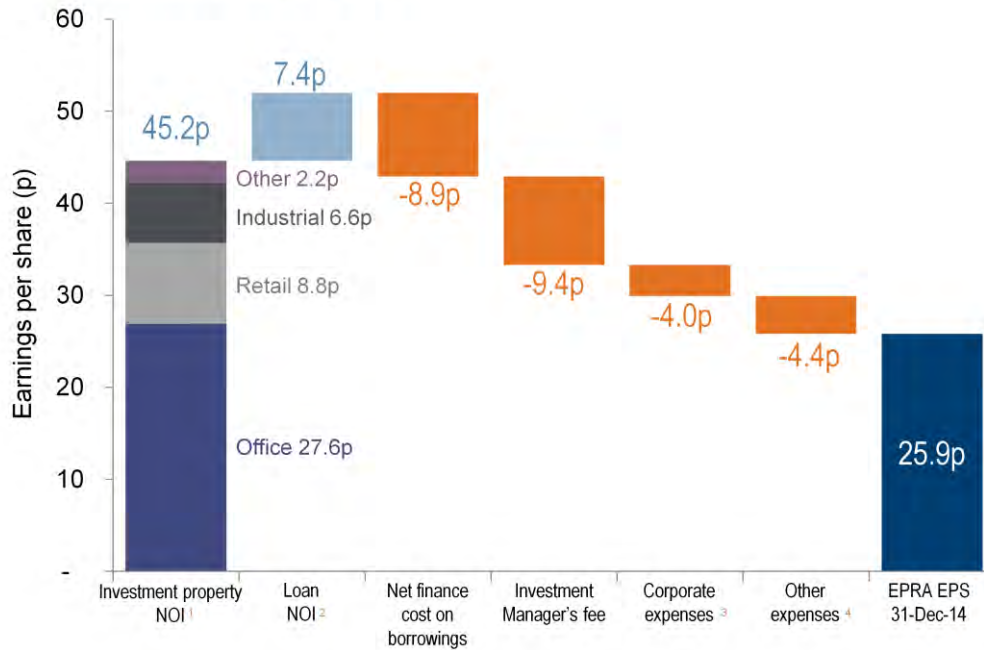
# EPRA NAV progression

## Quarterly EPRA NAV



# Components of EPRA EPS

Period to 31 December 2014

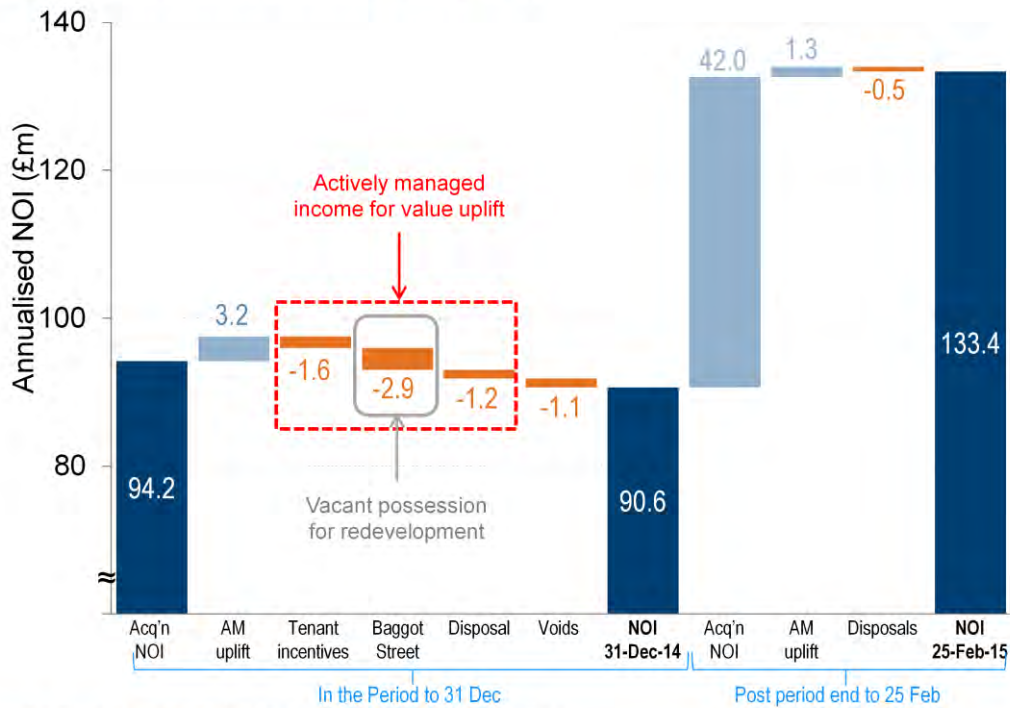


## Notes:

- <sup>1</sup> Investment and development property and hotel net operating income
- <sup>2</sup> Interest income from loans secured by real estate
- <sup>3</sup> Professional fees including audit, accounts, tax services and administrator and legal fees, etc
- <sup>4</sup> Acquisition related expenses and other corporate overheads

# NOI growth

## Annualised NOI movements since IPO

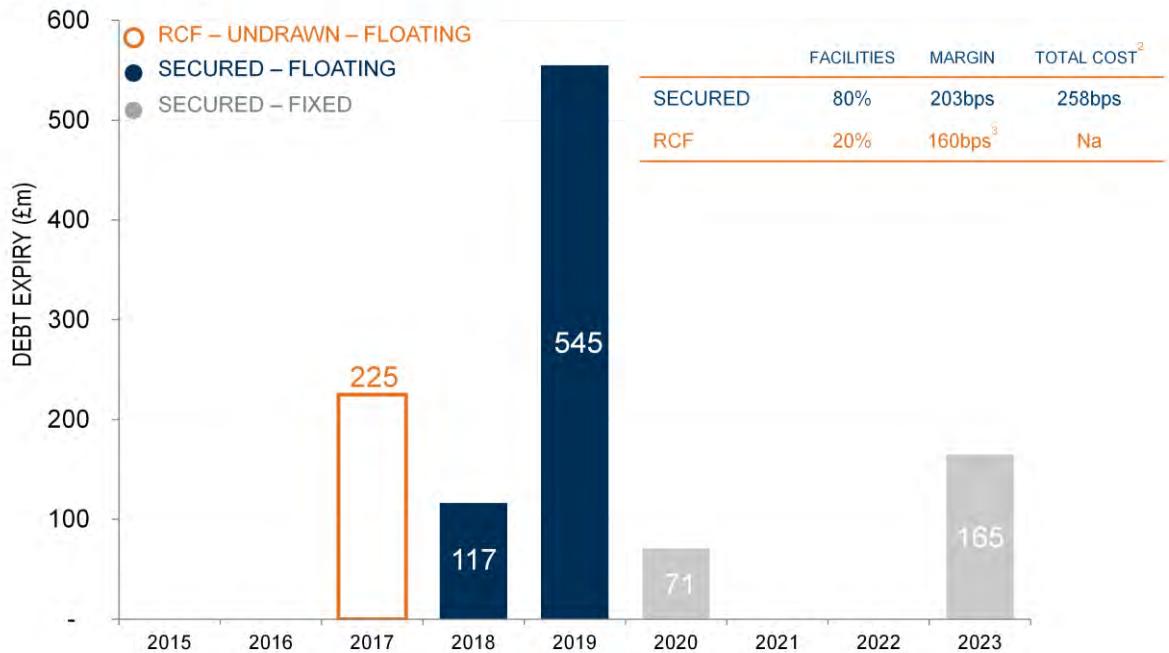


17 | Kennedy Wilson Europe Real Estate Plc | 2014 Results to 31 December 2014



# Debt profile<sup>1</sup>

Weighted average interest rate 2.6%<sup>2</sup>



18 | Kennedy Wilson Europe Real Estate Plc | 2014 Results to 31 December 2014

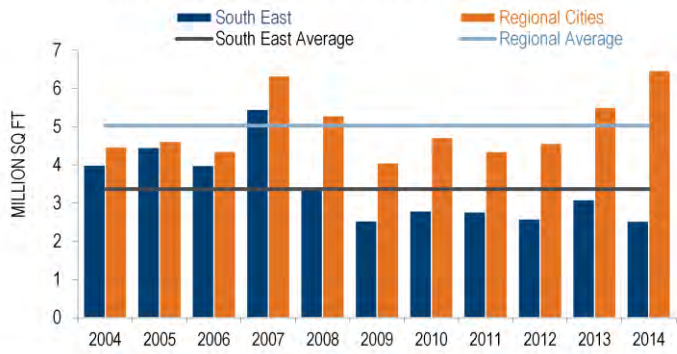
## Notes:

- <sup>1</sup> As at 25-Feb-15 including post period end acquisitions; Includes drawn and undrawn facilities. £897.4m of secured debt will be fully drawn on completion of the remaining conditional transfers of assets in the Aviva/Gatsby portfolio
- <sup>2</sup> Weighted average interest rate at 25 February 2015 using LIBOR and EURIBOR at the latest reset date as per the facility agreements  
Variable interest rates have been hedged using interest rate caps which at 25 February 2015 covered 72% (£647m) of total debt is either fixed or hedged capping EURIBOR at 1.5% and LIBOR at 3%
- <sup>3</sup> Margin ranges between 160 – 260bps, depending on financial covenants at the time of draw down

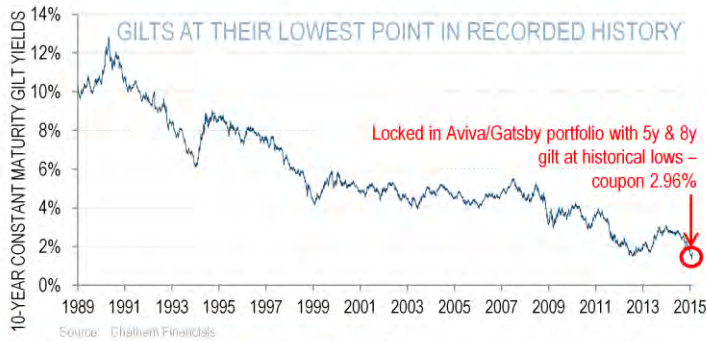
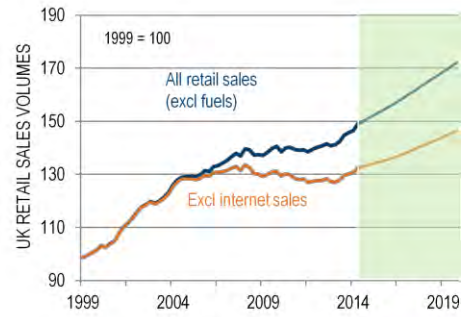
UK

# UK regional market rebounding

2004-14 SOUTH EAST & REGIONAL TAKE-UP



DEMAND STARTING TO RECOVER



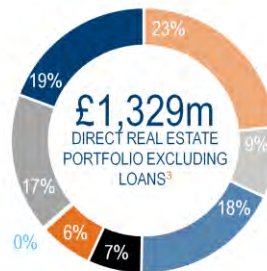
# KWE UK portfolio

At 31 December 2014



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

Today



● Office  
● Retail  
● Industrial  
● Other  
● Hotel  
● Real Estate Loans

## Notes:

<sup>1</sup> Based on UK direct real estate portfolio excluding loans; portfolio market value based on the independent valuation by CBRE as at 31-Dec-14

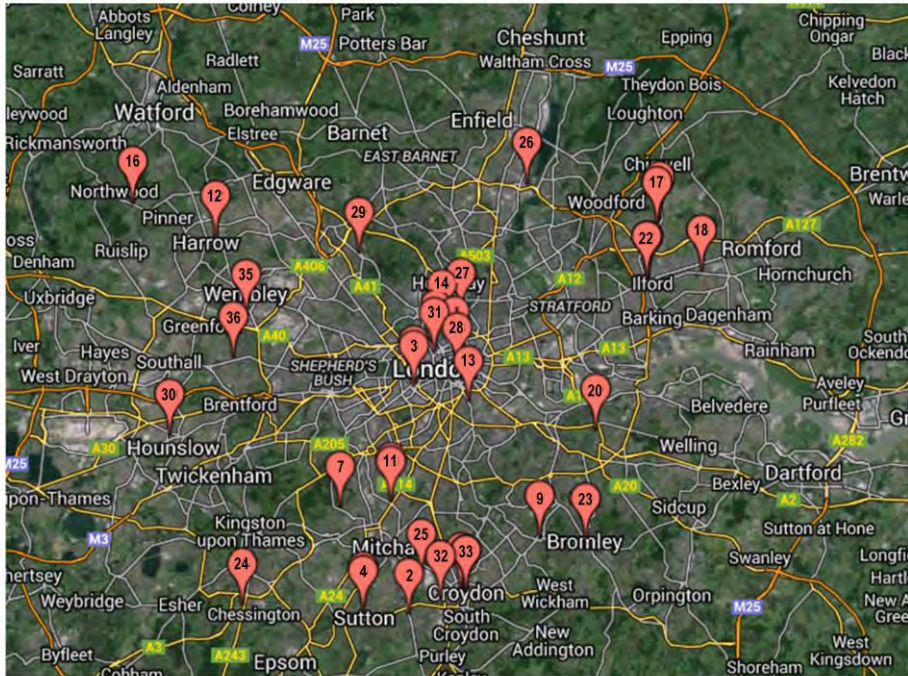
<sup>2</sup> Based on total UK portfolio including loans; portfolio market value based on the independent valuation by CBRE (for direct property portfolios) and Duff & Phelps (for loan portfolios) at 31-Dec-14

<sup>3</sup> Based on UK direct real estate portfolio excluding loans and post period end acquisitions added to the independent valuation by CBRE

<sup>4</sup> Based on total UK portfolio including loans and post period end acquisitions added to the independent valuation by CBRE and Duff & Phelps



# KWE UK: Greater London portfolio



## Notes:

- 1 11 Bolt Court, Fleet Street, London, EC4A
- 2 110 Manor Road, Wallington, SM6
- 3 111 Buckingham Palace Road, Victoria, London, SW1
- 4 112/116 High Street, Sutton, SM1
- 5 115-131 High Street, Barking, IG1
- 6 116 High Road, Ilford, IG1
- 7 120 Wimbledon Hill Road, London, SW19
- 8 13 Grosvenor Gardens, London, SW1W
- 9 145/151 High Street, Beckenham, BR3
- 10 170/180 High Street, Sutton, SM1
- 11 24 A-C Mitcham Road, London, SW17
- 12 273 Station Road, Harrow, HA1
- 13 330-334 Walworth Road, London, SE17
- 14 356-364 Grays Inn Road, London, WC1X
- 15 50/51 Great Russell St, London, WC1B
- 16 53-55 Joel Street, Northwood Hills, HA6
- 17 60 High Road, Ilford, IG1
- 18 713 Green Lane, Dagenham, RM8
- 19 North End, Croydon, CR0
- 20 79 Kidbrooke Park, London, SE3
- 21 9-19 Tooting High Street & 6-12 Totterdown Street, London, SW17
- 22 92/94 High Road, Ilford, IG1
- 23 156/160 High Street, Bromley, BR1
- 24 324 Hook Road, Chessington, KT9
- 25 Craig House, Uxbridge Road, West Ealing, W13
- 26 97-99 Beddington, Lane, Croydon, CR0
- 27 Eley Road, Angel Road Estate, London, N18
- 28 First Leisure Health Club, 27 Essex Road, N1
- 29 FriarsBridge Court, Blackfriars Road, London, SW1
- 30 36 Golders Green Road, London, NW11
- 31 Hounslow – Staines Road Retail Park, TW3
- 32 41/45 Neal Street, Covent Garden, London, WC2H
- 33 Mill Lane Trading Estate, Croydon, CR0
- 34 Norfolk House, Wellesley Road, Croydon, CR0
- 35 40 Athlon Road, London, HAO



# Asset management achievements

## Significant level of occupier engagement leading to income growth

Activity to 31 December 2014

	Re-gear	New lease	Total
No. of transactions	12	26	<b>38</b>
Area (000 sq ft)	252.5	258.4	<b>510.9</b>
NOI uplift (£m)			
Rental income	1.2	1.5	2.7
Hotel EBITDA			0.3
Loan income			0.5
Total NOI uplift			<b>3.5</b>

### Re-gear (office)



### RUBISLAW HOUSE, ABERDEEN (JUPITER PORTFOLIO)

- 101,700 sq ft building let entirely to Conoco Philips
- 15-year re-gear, no breaks, from Jan-15
- 5-yearly rent reviews, min 3% p.a. steps
- Re-based to market rent, uplift £1.1m +60%
- No tenant incentives

### New lease (industrial)



### LYDIARD FIELDS, SWINDON (TIGER PORTFOLIO)

- 66,900 sq ft let entirely to The Homebuilding Centre
- 15-year new lease, no breaks
- £5 psf + 5% minimum T/O, with 2% indexation
- Rental uplift £0.15m +50%
- No capital contribution
- 1 month rent free period

### Re-gear (retail)



### TRIDENT PARK, RUNCORN (JUPITER PORTFOLIO)

- TKMaxx re-gear
- Term certain increased by 9 years to 2025
- Rental uplift £0.55m +50%
- Capital contribution £0.35m
- No rent free period

# Case study: 111 Buckingham Palace Road

Acquired November 2014, 227k sq ft

- Acquisition for £207.5m; cap value £913 psf
- Current prime market rents in Victoria are £80 psf+ vs in place average rents at BPR £47 psf:
  - 89% of current rental income to be reviewed by 2017 with Telegraph (55% of income, 125k sq ft) up for review in Jun-16
  - 11% of income expiring within 22 months
- Refurbish comprehensively + expand new reception ahead of 2016 rent review
- Rolling fit-out on vacated floors
- Capitalising on Victoria regeneration

“ Horseferry House, SW1 rent review +15% ”  
(Jun-13)

“ Palmer Street, SW1 rent review +28% ”  
(Oct-14)

“ 16 Palace St, SW1 letting at £68.50 psf ”  
(Oct-14)

Telegraph's office



Existing reception



Proposed entrance



Proposed reception



# Case study: Aviva/Gatsby portfolio<sup>1</sup>

## → UNDER-RESOURCED SINCE FINANCIAL CRISIS

- £503m purchase
- 180 mixed use properties across the UK
- 3.5m sq ft
- NOI £36.2m
- YOC 6.9%
- WAULT 9.6 years
- Occupancy 98%
- Stapled debt 2.96%
- Day 1 cash-on-cash 14.6%

### Convenience, 9%



#### London & the SE

- 17 convenience stores let to Tesco, Sainsbury, M&S Simply Food, Waitrose and Budgens
- Significant competition for this format provides robust rental evidence

### High Street, 36%



#### London, Winchester, Chester & Edinburgh

- 47% of rents rebased from peak 2007/8 levels allowing for growth
- Low supply of new retail property and good evidence of increased consumer spending

### Norfolk House, 7%



#### Croydon, well connected South London transport

- Mixed use asset (hotel, office, retail)
- To benefit from Whitgift Centre £1bn regeneration
- Good connectivity with Central London & Gatwick Airport

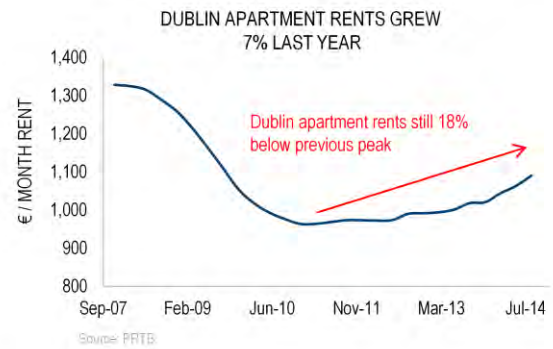
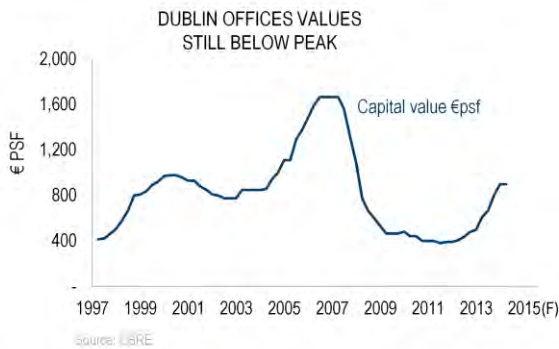
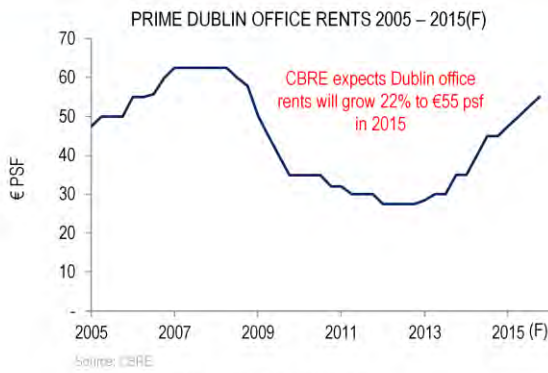
#### Notes:

<sup>1</sup> Completed on 30-Jan-15 163 properties with a value of £443.6 million and delayed conditional completion of 17 properties with a value of £59.4 million.

# IRELAND



# Irish economic recovery driving growth in key sectors







# Ireland: Case studies

## Baggot Street Redevelopment



Acquired June 2014

- 90,000 sq ft 1970s building to be stripped back to frame and fully refurbished
- Planning permission (under appeal) for additional 30,000 sq ft
- Expected delivery Q2-16

## Vantage Central Park



Acquired June 2014

- Prime rented apartment sector; Phase 1 (272 units) substantially complete; Phase 2 (166 units) at podium level
- Phase 1: 73 units refurbished; rents typically up 25%
- 31,000 sq ft of tenant amenities + commercial space; to completed Q2-15
- Phase 2: construction commenced Jan-15; completion in Q3 2016

## Elliot Portfolio 'loan to own'



Acquired September 2014

- Off-market loan portfolio purchase secured on 17 assets, 3 of which account for 90% of value
- KWE plans to take control of main assets in 2015 with remainder being sold
- Significant asset management wins already achieved such as lease up of 11,300 sq ft unit in Times Building

## Gardner House 'loan to own'



Acquired November 2014<sup>1</sup>

- Off-market loan purchase
- Attractive going-in yield of 6.7% for well located Dublin 2 office building (76,000 sq ft) let to PWC until Dec-18
- Completed consensual asset acquisition within 90 days of acquiring the loan
- Significant asset management opportunities

### Notes:

- <sup>1</sup> Acquired two NPLs on 19-Nov-14 and converted into direct real estate on 11-Feb-15

# Ireland: Development pipeline

	COMMITTED	PIPELINE DEVELOPMENTS
	<b>Block K, Central Park, Co. Dublin</b> (single asset purchase)	<b>Baggot Building, Dublin 2</b> (Opera portfolio)
		
Description	Rented apartments	Office
	Site	91,000 sq ft
	Onsite	Pre-construction
Opportunity	Build 166 resi units + 14,800 sq ft ground floor commercial space	Extend by 31,000 sq ft + comprehensively refurbish entire building
Timing <sup>1</sup>	Start date: Jan-15 Est PC: Q3-16	Start date: Q1-15 Est PC: Q2-16

## Notes:

- <sup>1</sup> Timing sets out earliest expected completion/delivery dates and is subject to planning approvals for Baggot Buildings

# STRATEGIC OBJECTIVES OVER 2015





# Strategic objectives over 2015

1. Focus on delivering total returns for shareholders where a dividend forms an important component
2. Ensure efficient capital structure within the total debt and equity capital stack
3. Execute on value and asset management initiatives including progressing with significant developments in Ireland
4. Recycle capital to actively manage the portfolio

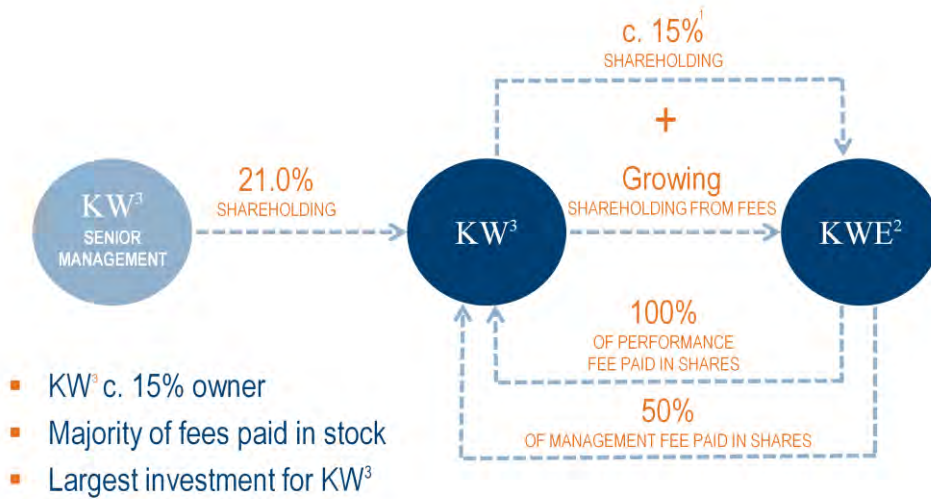
Unlocking value of under-resourced real estate



# QUESTIONS?

# APPENDIX

# Shareholder alignment



## Notes:

<sup>1</sup> 14.9% for KW as at 31 December 2014

<sup>2</sup> Kennedy Wilson Europe Real Estate Plc (LSE: KWE)

<sup>3</sup> Kennedy-Wilson Holdings, Inc. (NYSE: KW)

# Summary balance sheet

As at 31 December 2014

EPRA net assets	(£m)	NAV make up	(£m)	(p) <sup>2</sup>
Investment property <sup>1</sup>	1,278.0	Net equity raised	1,314.9	972.0
Loans secured by real estate	211.0	Revaluation surplus	57.9	42.8
<b>PORTFOLIO VALUE</b>	<b>1,489.0</b>	Retained profit	21.9	16.6
Cash and cash equivalents	441.9	Dividends paid	(7.4)	(6.0)
Bank borrowings	(545.9)	IM fee in shares	1.7	1.3
<b>NET DEBT</b>	<b>(104.0)</b>	FX loss	(6.6)	(4.9)
Other net assets	(2.6)	<b>EPRA NET ASSETS</b>	<b>1,382.4</b>	<b>1,021.8</b>
<b>EPRA NET ASSETS</b>	<b>1,382.4</b>			

**Notes:**

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

<sup>2</sup> Calculated as the £m amount divided by the number of shares outstanding at year end, except for dividends paid, which is calculated over actual number of shares paid

# Shares issued

At 31 December 2014

	Date	No. of shares (m)	Issue price (p)	Gross proceeds (£m)	Issue costs (£m)	Net proceeds (£m)	NAV per share (p)
IPO <sup>1</sup>	28-Feb-14	100.1	1,000	1,001.0	32.0	969.0	968
Secondary offering <sup>2</sup>	08-Oct-14	34.9	1,006	351.5	8.2	343.3	983
Issue of shares for IM fee <sup>3</sup>		0.3	1,056	2.6	nil	2.6	
<b>TOTAL</b>		<b>135.3</b>		<b>1,355.1</b>	<b>40.2</b>	<b>1,314.9</b>	<b>972</b>

## Notes:

<sup>1</sup> Includes green shoe

<sup>2</sup> Firm placing admission date 8 October 2014. Open offer admission date 23 October 2014

<sup>3</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



# Summary income statement

EPRA EPS 25.9p, up from 4.3p in June 2014

Period to 31 Dec 2014	(£m)	(p)
Basic and diluted EPS	78.5	88.0
Net change in fair value of:		
Investment properties	(49.3)	(55.3)
Loans secured by real estate	(6.0)	(6.7)
Hotels <sup>1</sup>	(1.8)	(2.1)
Loss on interest rate caps	2.1	2.4
Gain on sale of investment property	(0.4)	(0.4)
<b>EPRA earnings</b>	<b>23.1</b>	<b>25.9</b>

## Notes:

- <sup>1</sup> Gain on purchase of business

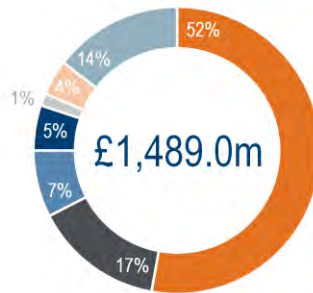
# KWE portfolio at 31 December

Geographic spread

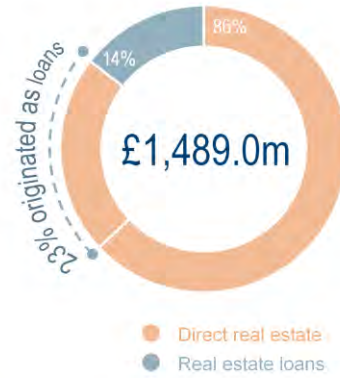


- Office
- Retail
- Industrial
- Residential
- Other
- Hotels
- Real Estate loans

Sector mix

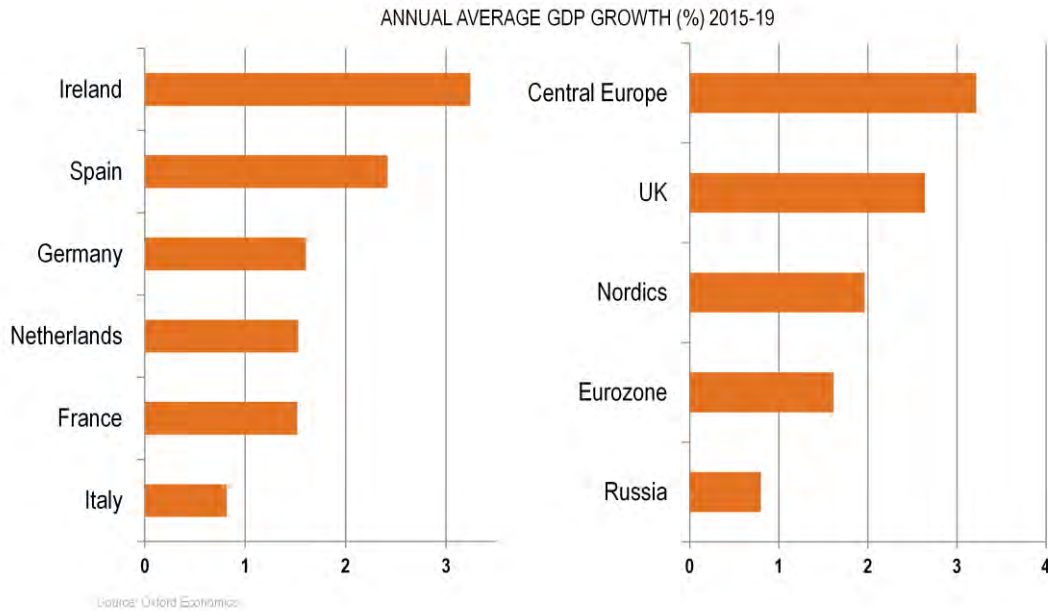


Asset mix



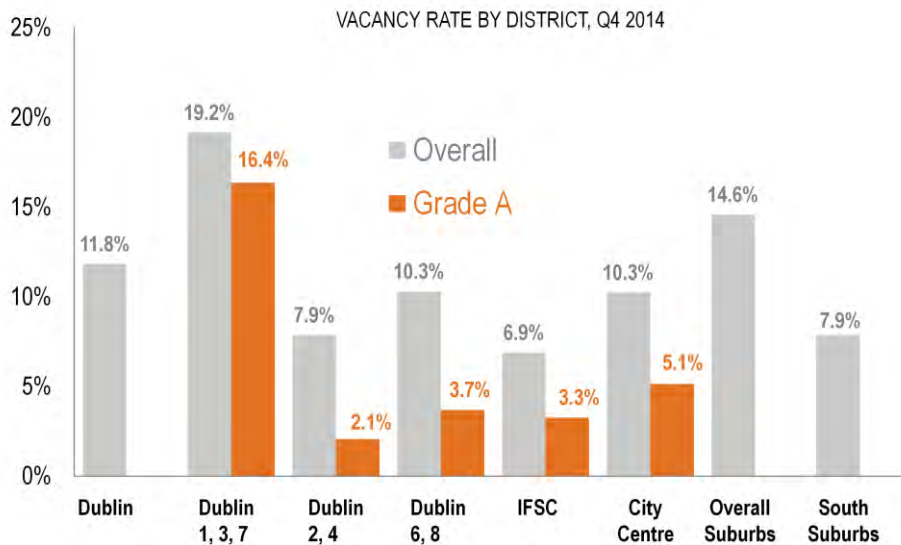
# Economic indicators improving

Economy in much better place than 12 months ago



# Ireland: office fundamentals remain strong

Office rents expected to grow 22% to €55 psf in 2015

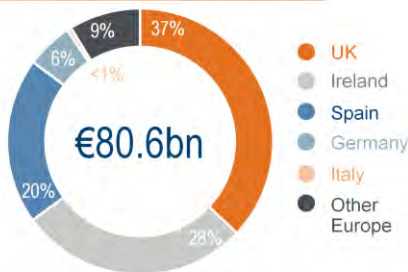


Source: CBRE

# European non-performing loan (NPL) market

€21.7bn of live sales, and predictions are for €60-70bn of volume in 2015

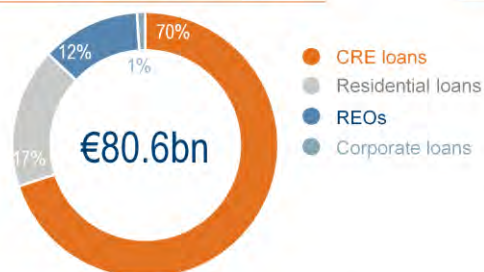
2014 sales by geography



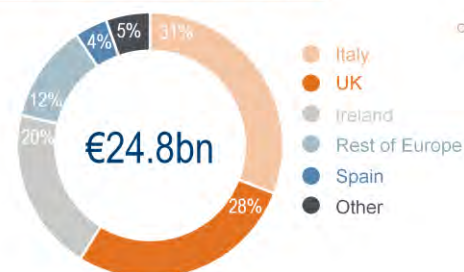
2015 live sales by geography



2014 sales by loan type



2015 planned sales by geography



- £24.8bn of planned sales
  - 83% in KWE target markets
- SAREB to be a big player in 2015, along with NAMA
- Pressure on other AMA's to increase disposals on the back of strong investor demand
- Secondary sales continue to feature
  - Attractive off market strategy for KWE
  - KWE's 'loan to own' strategy led to purchases of c. £390m
    - ✓ Jupiter
    - ✓ Elliot
    - ✓ Gardner House

Source: Cushman & Wakefield

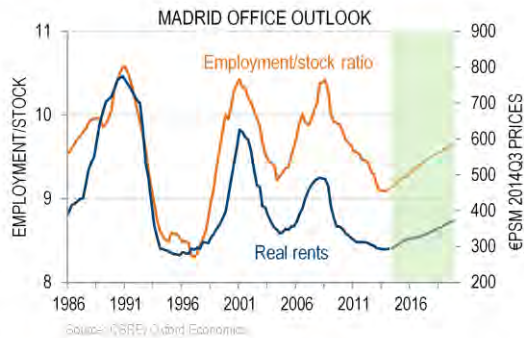
Source: Cushman & Wakefield



# Spain & Italy

## Spain

- Consensus forecast 2.0% and 2.1% GDP growth in 2015/16
  - Following in Ireland's footsteps as one of the fastest growing economies in 2015
  - GDP remains 6% below peak
  - Unemployment still very high but falling
- SAREB remains significant player
  - £52.5bn still left on its books at H1-15
  - Entering third year of operation



## Italy

- Positive reforms for real estate
  - New Italian REITs (SIIQ)
  - New Provisions on lease agreements
  - New rules on financing
  - Labour reforms
- New sources of capital from the Middle East and Asia
- Retail sector leading the recovery
- Growing risk appetite
  - Investment market coming back
- New supply to come from
  - Italy fund expiries
  - Italian government

