



KENNEDY WILSON

THIS WAY FORWARD

KENNEDY WILSON EUROPE
RESPONSIBILITY REPORT 2017

This is Kennedy Wilson Europe's first stand-alone Responsibility report. We are proud to share the progress we have made across our European portfolio and our key achievements to date, as well as set out our ambitious goals for the future.

We are committed to delivering value for all our stakeholders. Owing to the diversity of our portfolio, we have developed a targeted, asset level approach to Responsibility, which aims to deliver tangible environmental, social and economic results for the people and organisations we work with and the communities in which we operate.

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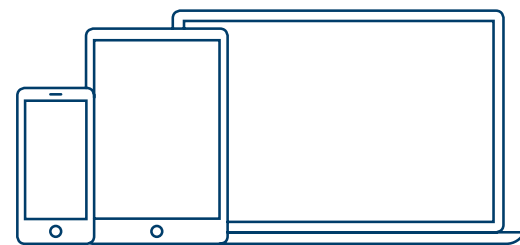
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FOR MORE INFORMATION



www.eu.kennedywilson.com

See website for further content

www.eu.kennedywilson.com/about-us/responsibility

WHO WE ARE

Kennedy Wilson Europe is part of the Kennedy Wilson group (NYSE:KW), a global real estate investment company. Kennedy Wilson Europe is responsible for owning, developing, operating and managing the European investments of the Kennedy Wilson group and its partners.

We are a bottom-up, value investor and operator of real estate in the UK, Ireland, Spain and Italy.

We have been active in Europe since 2011 and have undertaken more than £8 billion of acquisitions.

Kennedy Wilson's share of Estimated Annual NOI for the European portfolio was £173¹ million, at 31 December 2017.

Kennedy Wilson share of Estimated Annual NOI by geography

Kennedy Wilson share of Estimated Annual NOI by sector



■ UK: 54% ■ Ireland: 35% ■ Italy: 6% ■ Spain: 5% ■ PRS: 9% ■ Office: 46% ■ Retail: 30% ■ Hotels: 9% ■ Industrial: 6%

WHAT WE DO

We invest in target growth markets across Europe, including Dublin, London & the South East, Milan and Madrid with a primary focus on office, the Private Rented Sector (PRS) and retail.

We strategically acquire assets from vendors who are not core real estate operators and aim to unlock the inherent value of under-resourced real estate – namely properties that are under-managed or under-capitalised – to generate attractive returns for our stakeholders.

We are income-focused with optionality to grow NOI through strategic asset management and/or development. We aim to create institutional quality real estate from under-resourced assets.

¹ GBP/EUR 1.13 as at 31 December 2017

2017 RESPONSIBILITY HIGHLIGHTS

£16M

Investment into heritage sites¹

100%

UK coverage of buildings with EPC ratings

↓22%

Absolute carbon emissions reduction achieved to date



Community investments supporting local charities at Prologue Works Bristol, Fairmont St Andrews and Moraleja Green Madrid



Baggot Plaza Dublin awarded Gold certification for LEED Core and Shell rating system



Shelbourne Hotel Dublin achieved the Irish Georgian Society Architectural Conservation Award

Towers Business Park, Manchester
Landscaping surrounding Worthington House and Kingston House

“We are determined to play our part in the global effort to mitigate against the risks of climate change.”



INTRODUCTION

Kennedy Wilson Europe believes in doing its part in the global effort to mitigate against the risks of climate change. As a real estate operator and developer, we must take responsibility for our refurbishments and developments to ensure better environmental performance and an improvement of both the communities where we operate and those that we help create. Our Responsibility policy and programme aim to provide real and substantial economic, social and environmental returns for the long term.

In 2015, we developed an energy reduction strategy across the assets of our directly managed UK portfolio. In 2016, we adopted our Sustainability policy and programme for the entire European portfolio. Tremendous progress has been made with the programme now being fully deployed and I am pleased to report that we have achieved substantial energy reductions of 22% to date versus our baseline. The benefits being that less carbon is emitted into the atmosphere and delivering financial savings of c. £700,000, which we are often able to pass on to our tenants. In 2017, we broadened the nature of our Responsibility programme, focusing not only on energy reduction, but also looking at the wider impact we are having on our community. Over the year, we made community investments of over £120,000, often partnering with local charities and sponsoring events across a number of communities.

As we reflect on the importance of our past achievements to our business, there is still more to do. Regulations and practices differ across the European countries we operate in and we therefore have to adapt our approach so that our aims are aligned across our geographies, whilst maximising the sustainability opportunities our different assets present. We are well placed to continually improve on our existing successes and have set ambitious targets to 2020. This includes a cumulative carbon emissions reduction target of 33% versus our baseline. 'Optimising our resources', starting on page 30, talks through the detail.

Our first stand-alone Responsibility report reflects our commitment to managing sustainability opportunities and minimising our environmental impact. Going forward, we will be reporting regularly on our progress and performance and we invite our tenants, suppliers and investors to join us on this challenging yet exciting journey. Together we can continue to create better places to live, work and thrive.

PETER COLLINS
Chief Operating Officer, Europe

OUR RESPONSIBILITY PROGRAMME

We have designed our Responsibility programme to work in parallel with our business, being at the heart of our investment strategy and the way we manage our portfolio. As a bottom-up, value investor and operator, we source good quality real estate assets by strategically acquiring from vendors who are not core operators.

We deploy our active asset management, redevelopment and repositioning strategies to unlock the inherent value of the asset, which in turn delivers value for our residents, occupiers and their clients; ensuring both the property and its surroundings can thrive.

Our approach to Responsibility

Our bottom up business model has meant our approach to Responsibility has needed to be flexible, so that it can be applied effectively to a variety of asset types and jurisdictions, whilst focusing on energy consumption, related carbon emissions and climate change impact.

We have a determined, long term approach; developing bespoke solutions to implement our programme. We believe this realises the full potential of each asset.

Governing our Responsibility programme

Our approach is managed by the Responsibility Team, which is made up of individuals from across our key business areas. The Responsibility Team is tasked with ensuring that our policy and programme stay aligned with our evolving portfolio and that tangible and continuous progress is achieved against our targets. Our goal is to move beyond the simple compliance of relevant legislation and move towards gaining wider benefits by undertaking a holistic approach and incorporating innovation where available.

Our Responsibility priorities

In creating our Responsibility programme, we identified the relevant legislation, significant social trends and local environmental challenges that impact our portfolio value. We aimed to address these factors and realise commercial benefits across our portfolio. The programme reflects how we create long term value across our portfolio and this underpins our core business as a real estate operator with strong asset management and development credentials.

We have prioritised our Responsibility reporting around four key pillars to our stakeholders and business:



Leavesden Park, Watford
Highly considered communal spaces at the new ASOS Customer Care Centre

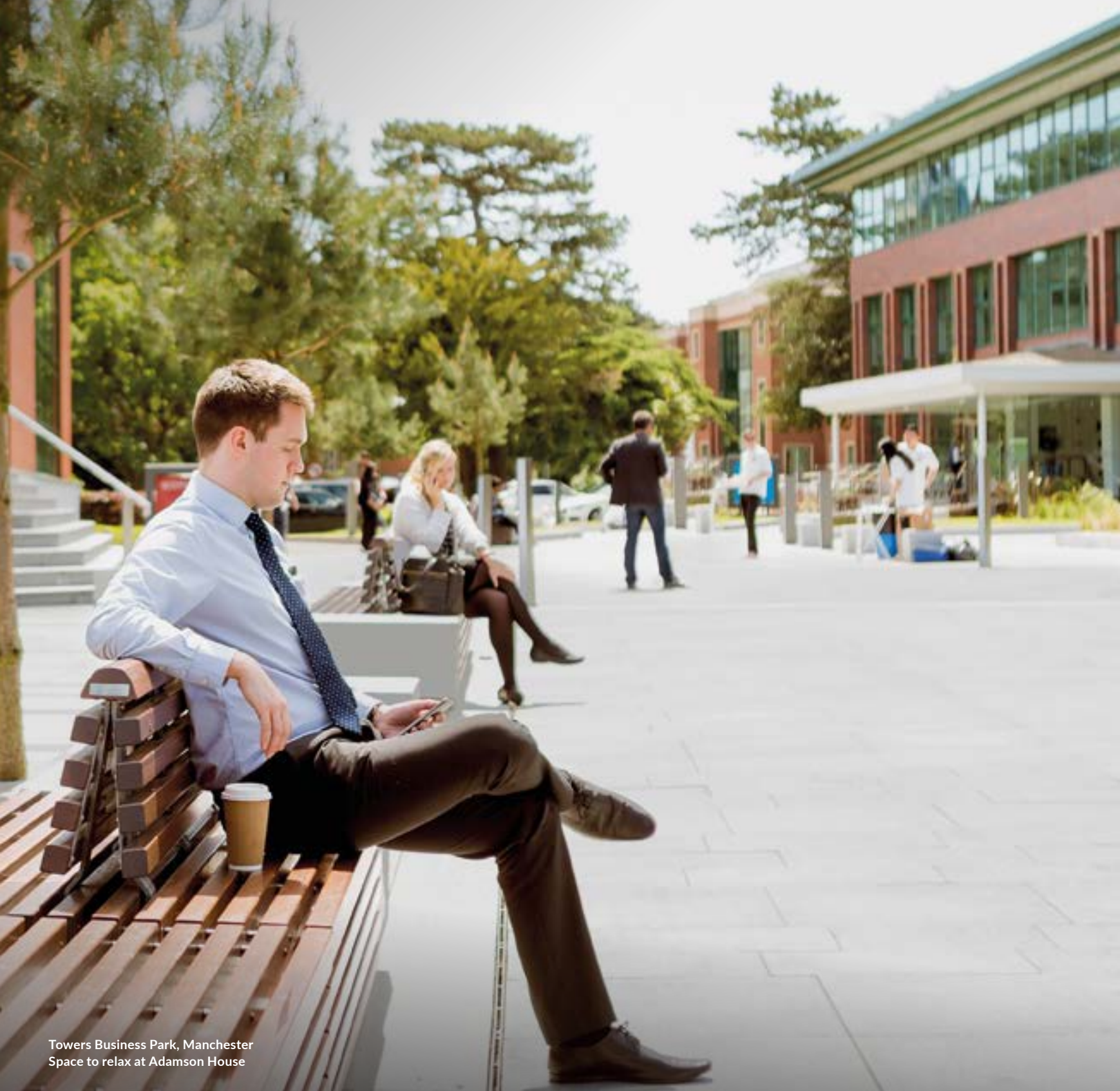


CREATING GREAT PLACES

We ultimately want our tenants to see our buildings as sustainable long-term locations and as places that can grow and adapt with their business. As technology blurs the distinctions between home and work, and the structural shift to online shopping accelerates, we aim to bridge the gap between home, workplace and community.

At Kennedy Wilson Europe we understand that simply supplying good office space is no longer enough. We embed within our design and delivery a much more holistic approach ensuring offices meet not only the work, but also the lifestyle needs of users. This means creating lively places which provide efficient work space and have a much wider wellness focus with space for social interaction, exercise and on site amenities. We go beyond good design and recognise the role estate management can play in creating a community spirit in the work place through active tenant programmes.

LIVE, WORK AND THRIVE



Towers Business Park, Manchester
Space to relax at Adamson House

Investing in great locations

We create great places by acquiring strategic assets in strong locations and investing to develop first class facilities for our tenants and residents. At **Prologue Works Bristol**, we have carried out a comprehensive refurbishment of the 1960s office building and delivered a modern, sustainable workplace design with employee wellness at its heart. With new best in class cycle parking facilities and electric vehicle charging points, the building has been designed to encourage and promote sustainable forms of transport, in a city that boasts an active cycling culture. An integral part of our launch event for the building was sponsoring the Bristol Grand Prix, now part of the HSBC UK GP Series, held every summer in Bristol City Centre, and their charity partner Bowel Cancer West.

Through repositioning or development works, we create bespoke solutions to improve properties inside and out. In 2014, we acquired **Baggot Plaza**, an under-managed 1970s office building in Dublin 4, that was structurally sound but functionally obsolete. We implemented a value-add asset management strategy which included redeveloping the asset and extending the floor plates. Although the planning permission at the time was to completely demolish the property and rebuild the site, we chose to retain the original frame of the building as well as certain elements of the fabric such as the building superstructure and the ground and lower ground car parks. This reduced the construction timeframe and avoided the deployment of a significant amount of concrete and steel which would have otherwise needed to be manufactured and transported to the site.

In addition, we adopted other measures aimed at integrating sustainability into the design, such as increasing the size of the windows to improve natural light and incorporating a vegetated green roof, providing a significant boost to local biodiversity. Through incorporating a variety of technologies such as high-efficiency low NOx gas-fired boilers and LED lighting, we achieved a 70% reduction in energy consumption and boosted the property's Building Emissions Rating from an F to a B.

Prior to completing the redevelopment in July 2016, Kennedy Wilson Europe agreed a pre-let with Bank of Ireland for a 25 year lease to occupy the entire building. In 2017, **Baggot Plaza** was awarded Gold certification for the LEED Core and Shell rating system.

Transforming buildings through design and management

Identifying and strengthening existing property characteristics are crucial to creating thriving places. This can mean enhancing and improving the heritage of assets where they boast significant historical features. At **111 Buckingham Palace Road London**, we preserved and enhanced the historic arches situated to the front of the reception as part of our wider refurbishment project at this central London office headquarters. The stunning new entrance has been transformed into a 'modern classic', the space is flooded with natural light from the six metre high entrance arches creating an open space for tenants and visitors to use at their leisure, as well as activating the street outside for the public to enjoy.

Finally, we know that great places are not just designed, they need to be proactively managed. We focus on implementing the right mix of tenants and amenities to create a sense of place and activation. At **Towers Business Park near Manchester**, we undertook a tenant survey shortly after acquiring the asset in 2016 and consequently have invested significantly in both tenant engagement initiatives and public realm improvements over the last 18 months. This has been well received by our blue-chip tenant roster on the park including John Lewis and British Airways.



Baggot Plaza, Dublin
New internal "street" area between the three blocks, giving users easy access to a secure external space



Prologue Works, Bristol
Tenant cycle team racing in the Bristol Grand Prix



Towers Business Park, Manchester
Residents meeting the Towers bees



“The event programme at Towers Business Park is really fantastic - there is always something going on if you want to get involved, or you can just enjoy the peace and quiet of the landscaped areas. I enjoyed a really great session with the bee keepers. It was very educational and engaging. We are all really looking forward to tasting the honey that will be made next year!”

Michael Quigley, Quality, Insight & Development Executive at British Airways



CASE STUDY:

TOWERS BUSINESS PARK

Towers Business Park (Towers) Manchester, is home to over 2,000 employees and comprises 10 high-quality suburban offices set in a beautiful landscaped environment. The park has proven to be highly successful as thoughtful design and investment have created thriving communities, resulting in the retention of esteemed tenants and a growing demand for space.

Active tenant programme

As part of our commitment to ensuring high tenant satisfaction we introduced a full calendar of tenant engagement events on the business park throughout 2017, including “Pedal your own smoothie” and the popular annual Christmas market and Easter egg hunt. Beehives were recently established on site to increase biodiversity levels, with over 40 tenants and employees attending ‘Meet the Bees’ sessions. During 2018, we hope to produce and sell 120 jars of honey with all proceeds going to Francis House. We have also made significant improvements to the public realm, investing in beanbags, ping pong tables and pétanque, as well as installing a temporary screen in the summer months to show sporting events.

Promoting health and wellbeing

To support the health and wellbeing of our tenants, we have introduced an extensive ‘Health and Wellbeing Events Programme’ with activities ranging from 5-a-side football tournaments to running clubs. We also hosted a number of boot camp sessions in 2017 to encourage active lifestyles on site. Over two months, more than 60 people attended these sessions, and owing to positive feedback and active demand for more sessions, we have made them a permanent feature. The boot camp will run in conjunction with the well anticipated opening of the new Kingston House tenant amenity centre, equipped with full gym facilities and yoga rooms.

In addition, we are embracing the multiple benefits that advanced technologies are bringing

to the property industry by increasing business efficiencies across the park and providing enhanced customer, tenant and employee experiences. For example, to respond to the high demand for access to the internet outside of the buildings, we have installed free Wi-Fi spots across the park which can be easily accessed by anyone on site.

To extend our commitment to the people connected to our buildings we have created a full programme of events for 2018 which aims to continue developing our positive relationships and partnerships with those who work at Towers and in the local community. Through these engaging events, we aim to bring together a diverse group of people who will find enjoyment and support from the places that we have built and manage.

Working with our charity partners

In 2016, Towers formed a partnership with local children’s hospice Francis House and has been committed to raising support for them ever since. In 2017, 12 selected employees from Towers ran in the Great Manchester 10k run to raise money for the hospice and 10 more took to the heights of the Bell Tower at Intu Trafford Centre to complete a sponsored 200 ft abseil. Various auctions were also held throughout 2017 which raised over £2,000. In total, Towers raised £7,500 for Francis House in 2017, and there is a full events programme in place for 2018 to ensure our commitment to our charity partner continues.



Towers has been committed to supporting Francis House Children’s Hospice since 2016



“ I feel very privileged to work at Baggot Plaza as I have the opportunity to work in an **exceptional building** located in a thriving and dynamic area of Dublin. The **high quality environment** that Kennedy Wilson have created through the redevelopment and design of the offices at Baggot Plaza **supports and motivates me** and my colleagues in the work we do, whilst providing **a place we are proud to work in.** ”

BERNARD HIGGINS, ENGINEERING AND ENERGY MANAGER AT BANK OF IRELAND

Moraleja Green, Madrid
Newly landscaped communal gardens



BUILDING COMMUNITIES

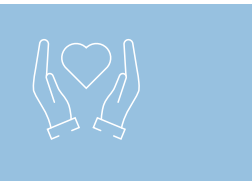
Beyond the workplace we want to ensure we contribute to building communities in the major cities in which we operate. We do this in two ways. Firstly, by designing and managing our PRS assets in a manner which facilitates and encourages resident interaction and community development. Secondly, by supporting our own staff's community work with a 'matching programme' and by sponsoring specific events at our assets as a means of giving back to the local communities.

We believe the success of the communities surrounding our assets is intrinsic to the financial success of our properties and as such we aim to build and strengthen local communities and create social value wherever possible.

Pioneer Point, Ilford, London
Resident summer party in the communal lounge



SUPPORTING COMMUNITIES TO PROSPER AND GROW



A PRS environment that offers more than just an apartment

In addition to providing high quality accommodation, our residential developments are multi-functional resident amenity spaces that include gyms, pod workstations, lounges, games rooms and cinemas. Through innovative design, we create an environment that benefits all individuals so a community can thrive. For example, at [Clancy Quay](#) we have organised a gym instructor to provide a number of group cardio classes to residents and we host regular events in the resident's lounge ranging from mother and baby groups to cooking demonstrations, as well as Christmas, Easter and summer parties.

Industry, which raised over €200,000 for charity. The main beneficiary was the Dublin Simon Community, which works to prevent and address homelessness across Dublin and other nearby towns. Owing to the success of the event, we are due to race again this August to raise even more money for Dublin Simon Community and other local charities.

We seek to actively engage with local stakeholders as part of our development programme and asset management activity, and as such we frequently support local governments and charities through community investments. In 2017, we made community investments of £123,358 across Europe, including a £10,000 donation to Scotland's Beatson Cancer Charity at an event hosted at our own [Fairmont St Andrews](#). Looking forward, we will continue to address important societal needs through targeted, local community investments, and are committed to creating strong communities within all our properties to ensure our tenants remain the most important feature of our buildings.

Supporting local communities

Kennedy Wilson Europe is committed to supporting the drive against homelessness and we want to play a key part in leading this movement. In 2017, we were proud to be one of the key organisers of the inaugural Dragons at the Docks charity boat race in Dublin, supported by the Irish Property

£120,000+

Community investments made in 2017



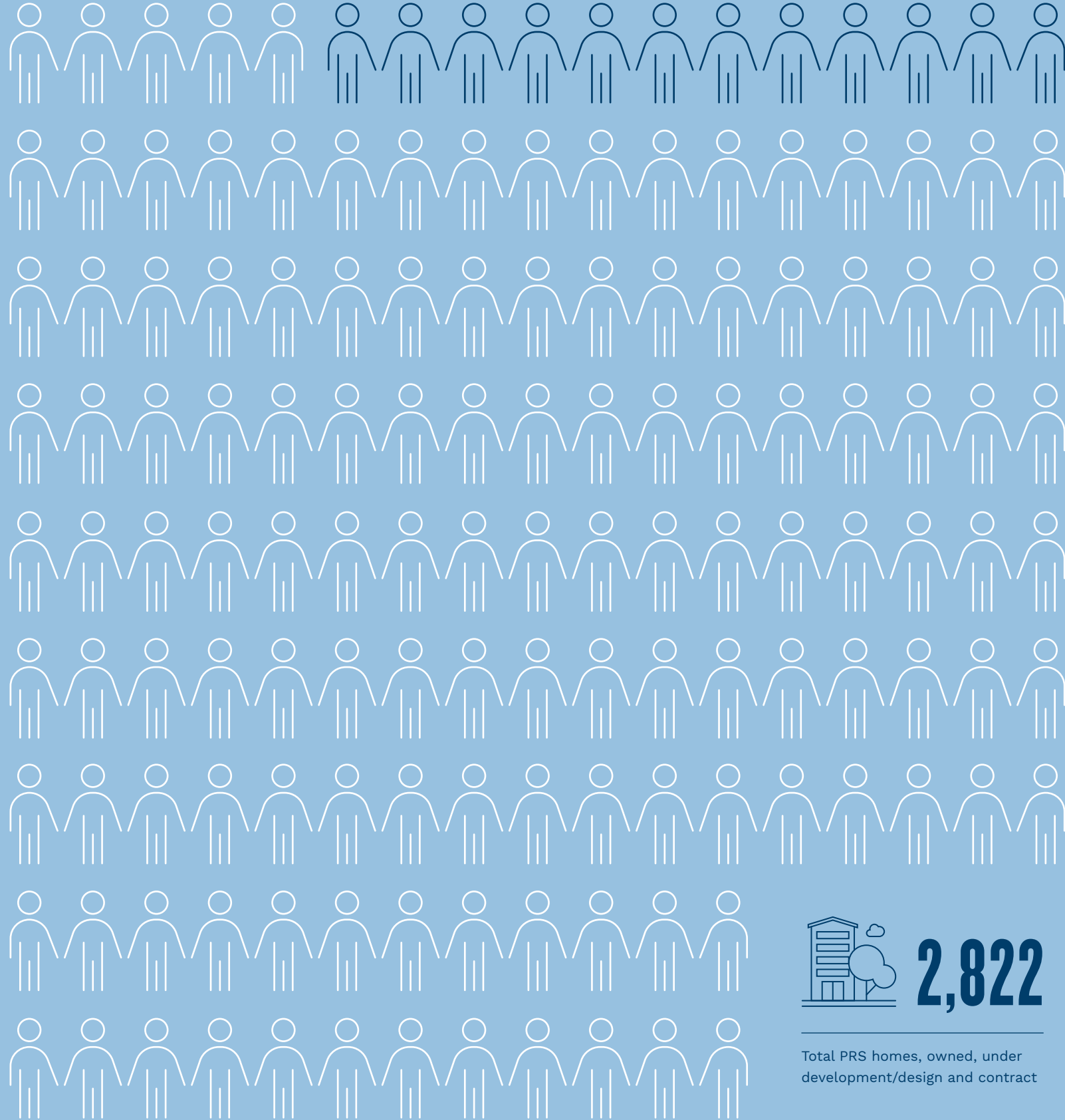
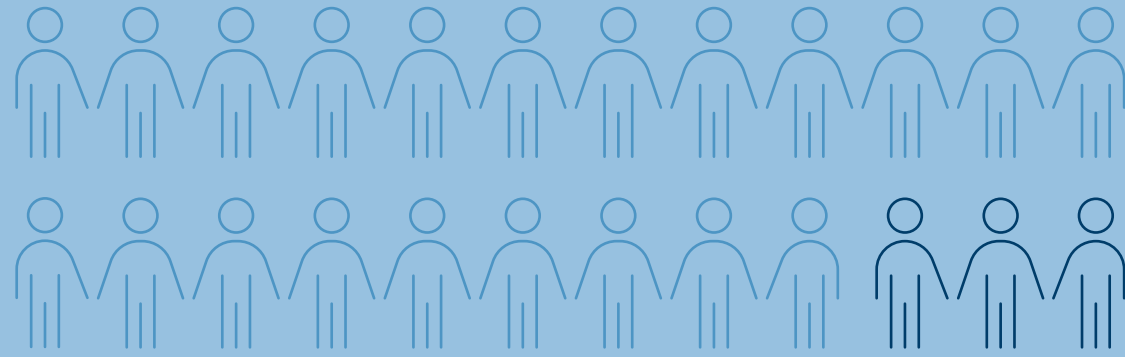
Pioneer Point, Ilford, London
Residents enjoying table football in the games room



Grand Canal Quay, Dublin
Kennedy Wilson Europe's Dragons at the Docks race team

2,087 LONDON
CORK
DUBLIN

PRS homes in the current portfolio
creating communities



2,822

Total PRS homes, owned, under
development/design and contract



CASE STUDY:

VANTAGE APARTMENTS, DUBLIN

One of our most prominent and highly successful developments in Dublin, Vantage embodies our belief that people are at the core of our business. The high quality apartments reflect the identified need for modern, rejuvenated homes with a sense of community and belonging at their core.

and professional management office, premium gym including a spin studio, cinema room, games room, lounge area, children's play area and a chef's kitchen. By hosting a full range of weekly events, from spin classes to games and movie nights, we have been successful in bringing our residents together through shared enjoyment in the facilities provided in our buildings.

Bringing tenants together

In 2014 we acquired Vantage in Central Park, Dublin 18, situated between Dundrum and Leopardstown. We had the vision of transforming the 272 PRS units and making 31,000 sq ft of largely vacant commercial parade into a larger, more vibrant space. We delivered this by building an additional 166 units and converting 13,000 sq ft of commercial space into exclusive tenant amenities. A significant investment totalling €58.5 million was made into the development of the new units, constructing four new penthouse units in the existing blocks and creating a premium tenant amenity suite. We enhanced the existing space at Vantage by embedding smart design into our planning. As a result, we have been able to provide our residents with a dedicated

A place called home

The premium offering at Vantage has been a great success and we have seen average occupancy rates of 97% across the 442 apartments within the scheme. We believe that vibrant and lively environments attract diverse groups of people, and at Vantage we have created a dynamic community within the development that continues to grow and strengthen. Additional on site provisions including 24 hour security, an on site manager and multi-use communal spaces, have created an environment where people feel safe to live, work and thrive - a place that they can truly call home.



Vantage, Dublin
Arts and crafts at the residents' Easter party



Vantage, Dublin
High specification resident gym



“ I love my apartment – it’s great to **feel part of a community** and have a sense of belonging, while still being able to get to my job easily and access **all the opportunities** offered by Dublin. ”

JABER ALENEZI, RESIDENT AT VANTAGE APARTMENTS

Clancy Quay, Dublin
The stunning residential restoration of The Stables block – originally constructed in 1860 for stabling horses with soldier accommodation above



ENHANCING OUR HERITAGE

As a real estate investor, operator and developer we understand the responsibility and opportunity which comes with working with heritage buildings in our key locations.

We operate in the centre of historic cities including London, Dublin and Madrid, which brings with it an opportunity to contribute to those city centres and broader society by regenerating older historic assets, to create compelling places to work and live.



Shelbourne Hotel, Dublin
Restored historic Georgian façade showcasing extensive repointed brickwork



Clancy Quay, Dublin
Tarrant House dates back to the late 1700s and has served a number of uses over the years, including officers' quarters, a hospital and a carriage house



Clancy Quay, Dublin
Tarrant House has now been converted to residential use while retaining its cultural heritage



£16M



Invested in redeveloping and refurbishing heritage buildings in 2017¹

Our business strategy focuses on unlocking the inherent value of under-resourced real estate which are often under-capitalised and under-managed. This includes reinvigorating assets by changing their historical use or updating them in line with modern standards. At our Clancy Quay development in Dublin we are restoring the former army barracks site into Ireland's largest PRS scheme. Within the scheme are numerous protected structures that were once the artillery stores, stables, soldiers' quarters, officers' mess, hospital and clothing stores of Clancy Barracks at Islandbridge, dating from c.1720 to 1902.

These remaining buildings, located within the Clancy Quay development, have undergone an extensive yet sensitive refurbishment and conversion into new residential use. When completed, the development will offer a range of public open spaces including a main landscaped garden where Cambridge Square once stood, the former parade ground of the Barracks.

At Shelbourne Hotel in Dublin city centre we have invested in modernising and conserving the heritage elements of this iconic historical hotel, bringing the total Kennedy Wilson Europe investment in redeveloping or refurbishing heritage buildings to over £40¹ million to date.

As urbanisation continues, we believe that creating and delivering quality places to live and work within heritage sites will become increasingly important; enhancing our heritage presents a unique opportunity to invest in the future.

PRESERVING OUR CULTURAL HISTORY

¹GBP/EUR 1.13 as at 31 December 2017

CASE STUDY:

SHELBOURNE HOTEL

Restoring, preserving and enhancing valuable heritage assets and architecturally stunning properties are key parts of how we do business at Kennedy Wilson Europe. Shelbourne Hotel is a timeless landmark in the heart of Dublin and one of our key heritage assets, celebrating nearly 200 years of history and tradition. The hotel is the largest 5 star hotel in Dublin and overlooks the city's grandest square, St. Stephen's Green. It is also located within a few minutes' walk from Dublin's most famous landmarks and shopping parade.

A hotel with history

Originally founded in 1824, the building has played a significant role in the literary, social, political, culinary and artistic traditions of Irish society for nearly two centuries. In 1922, the Irish constitution was drafted in the new Constitution Suite at Shelbourne Hotel and two of the original copies have been kept on site for visitors to see. The hotel is comprised of 265 rooms, 12 meeting rooms, 2 bars, a fine dining restaurant and a health club, which have all proved to be very popular with locals and tourists. We recognised the importance of this building to the people of Dublin and its historical significance within Ireland, and have committed to protecting its history whilst restoring the building for future generations.

Award-winning results

Following our acquisition of the hotel in 2014, we have rolled out a long term, value-add asset management programme with the aim of refurbishing the entire hotel whilst maintaining and protecting the building's original Georgian features. In 2015, we began carrying out significant refurbishments to the exterior façade whereby over 50 traditional craftsmen cleaned, repaired and repointed over 99,000 bricks, restored and repaired over 300 windows and 500 architectural details. In addition, we renovated all suites, adjoining corridors and the lobbies. Our second phase of the refurbishment project involved extensively renovating the main hotel staircase, a traditional Georgian feature which is central to the building. In 2017 we were awarded the Irish Georgian Society Conservation Award in recognition of our work to preserve and protect one of Dublin's most valued heritage buildings.

We aim to complete the full renovation project at Shelbourne Hotel by the end of 2019 and remain committed to preserving the hotel's ornate Georgian architecture to ensure it remains an iconic landmark in Dublin city centre.



Shelbourne Hotel, Dublin
The new 1824 Bar



Shelbourne Hotel, Dublin
The new Lord Mayor's Lounge



Shelbourne Hotel, Dublin
Guests arriving in 1880





“ Our refurbishment of Shelbourne Hotel demonstrates our **long-term commitment** to this iconic landmark building. The comprehensive renovation of the building’s exterior and interior involved working closely with conservation architects to map and **preserve the building’s unique features**. The newly renovated Lord Mayor’s Lounge, affectionately referred to as ‘Ireland’s living room’, has restored the **original look and feel of the space** and become a focal point for guests and visitors to the city.”

JP KAVANAGH, GENERAL MANAGER AT SHELBOURNE HOTEL

Pioneer Point, Ilford, London
Energy efficient lighting at the resident's reception



OPTIMISING OUR RESOURCES

In the context of rising energy costs and natural resource constraints, having resilient assets is valuable to our stakeholders. Our energy improvement programme needs to be asset enhancing and work in partnership with our tenants to pass on savings and share the benefits of our programme. Initially, we are focused on optimising the consumption of electricity and gas across the portfolio and we aim to add water and waste to this programme over time. We are committed to reducing the energy consumption across our managed portfolio in a meaningful way.



Kennedy Wilson Europe has reduced its absolute carbon emissions by 22%



By 2020, Kennedy Wilson Europe is targeting a 33% reduction in carbon emissions

HEALTHY ENVIRONMENTS FOR PRODUCTIVE BUSINESS



Comprehensive data leads to significant improvements

Kennedy Wilson Europe collects, analyses and presents data which reflects the energy consumption of its directly managed portfolio across Europe. This excludes single-tenant assets that are responsible for their own energy procurement. We believe that by focusing on our directly managed portfolio a clear understanding of the greenhouse gas emissions that we directly influence can be assessed and subsequently managed.

In 2015, we focused on developing robust systems to monitor the energy consumption of electricity and gas across the directly managed UK portfolio of Kennedy Wilson Europe Real Estate, which at the time was LSE-listed. In 2016, we broadened our approach by rolling out the programme across the entire directly managed European portfolio. Having two years of data collection was the first essential step to reducing our energy consumption.

Throughout 2017, we focused on implementing energy reduction and efficiency programmes at major energy users, where we can achieve the most significant results. These energy saving initiatives range from soft interventions such as supporting building managers or making direct operational changes, through to technical interventions such as installing new building management systems or upgrading lighting.

On the back of this success, we have set an ambitious target to reduce our European carbon emissions by 33% by 2020, versus our baseline¹. We have taken an asset level approach to building up our target, identifying seven 'focus sites' across our European portfolio that are large consumers of energy and where significant energy savings can be realised. These focus sites were responsible for 75% of the carbon emissions baseline and have ambitious asset level reduction targets, which we expect to be significant contributors to our carbon emissions reduction target by 2020.

In October 2017, Kennedy Wilson (NYSE:KW) acquired the remaining 76% of Kennedy Wilson Europe Real Estate (LSE: KWE) that it did not already own. KWE is now a 100%-owned subsidiary of KW and the combined European portfolios make up Kennedy Wilson Europe, which comprises of 46 directly

managed assets where we are actively monitoring and collecting energy consumption data. Going forward, to further reduce energy usage across this directly managed portfolio, we will embed monthly and quarterly reporting on energy usage at site level into our wider reporting framework. We will also engage regularly with building and asset managers to identify ongoing energy saving opportunities and track performance against site level targets. To date, we have begun implementing significant energy reduction programmes at four of our 'focus sites', as well as making direct operational changes across the wider portfolio, and are pleased to report that we have reduced our absolute carbon emissions by 22% up to 2017 versus our baseline, which equates to a total financial saving of c. £700,000².

Going beyond legislation

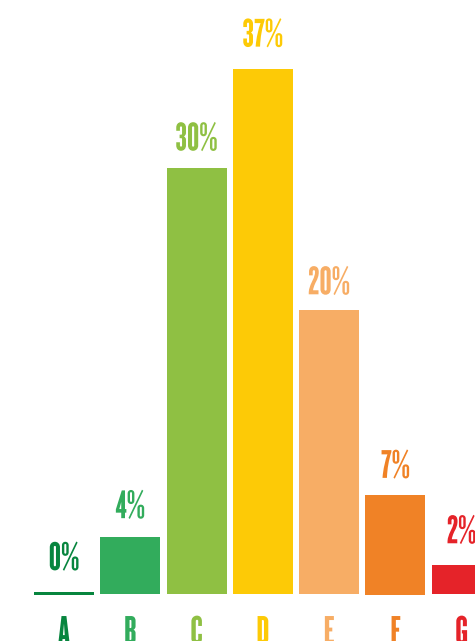
In March 2015 the UK Government introduced the Minimum Energy Efficiency Standards, aimed at preventing new lettings of properties in England and Wales with an Energy Performance Certificate ('EPC') rating of F or G. In preparation for these standards, which came into effect on 1 April 2018, alongside the changes to the Scottish EPC Regulations in September 2016, we achieved 100% coverage of EPCs across our UK portfolio during 2016 and 2017, and identified a watch list of at-risk assets (with EPC ratings of F or G).

A key part of the Kennedy Wilson investment strategy is to purchase under-managed real estate in strong locations, which can often lead to assets being acquired with lower EPC ratings. We have begun implementing a UK-wide remedial programme for those properties in our portfolio with lower EPC ratings to ensure compliance. This includes reviewing and improving the EPC by ensuring the appropriate investment is undertaken as part of our wider asset management plan. These initiatives are driven by the timing of the next lease event, our wider capex programme and whether it forms part of our non-core disposal programme.

We aim to go beyond compliance and set an EPC target for the UK portfolio in due course.

Kennedy Wilson Europe's UK portfolio EPC rating summary as at 31 December 2017:

100% coverage (EPC ratings by ERV³)



¹The baseline for our targets reflects the carbon emissions of the directly managed assets owned by Kennedy Wilson Europe Real Estate and stabilised by 30 June 2016. The energy consumption data used for the baseline is the first full year of normalised data since acquisition and/or stabilisation.

²Electricity consumption reduction of 8.8m kWh in 2017 versus our baseline, assumed rate of £0.10/kWh, equating to a total saving of £883,000; offset by increase in consumption of natural gas in 2017 versus our baseline, largely due to the installation of a CHP at Fairmont St Andrews, assumed rate of £0.03/kWh, totalling £197,000.

³Estimated Rental Value.



Leavesden Park, Watford
EPC rating improved to a B

EPC successes

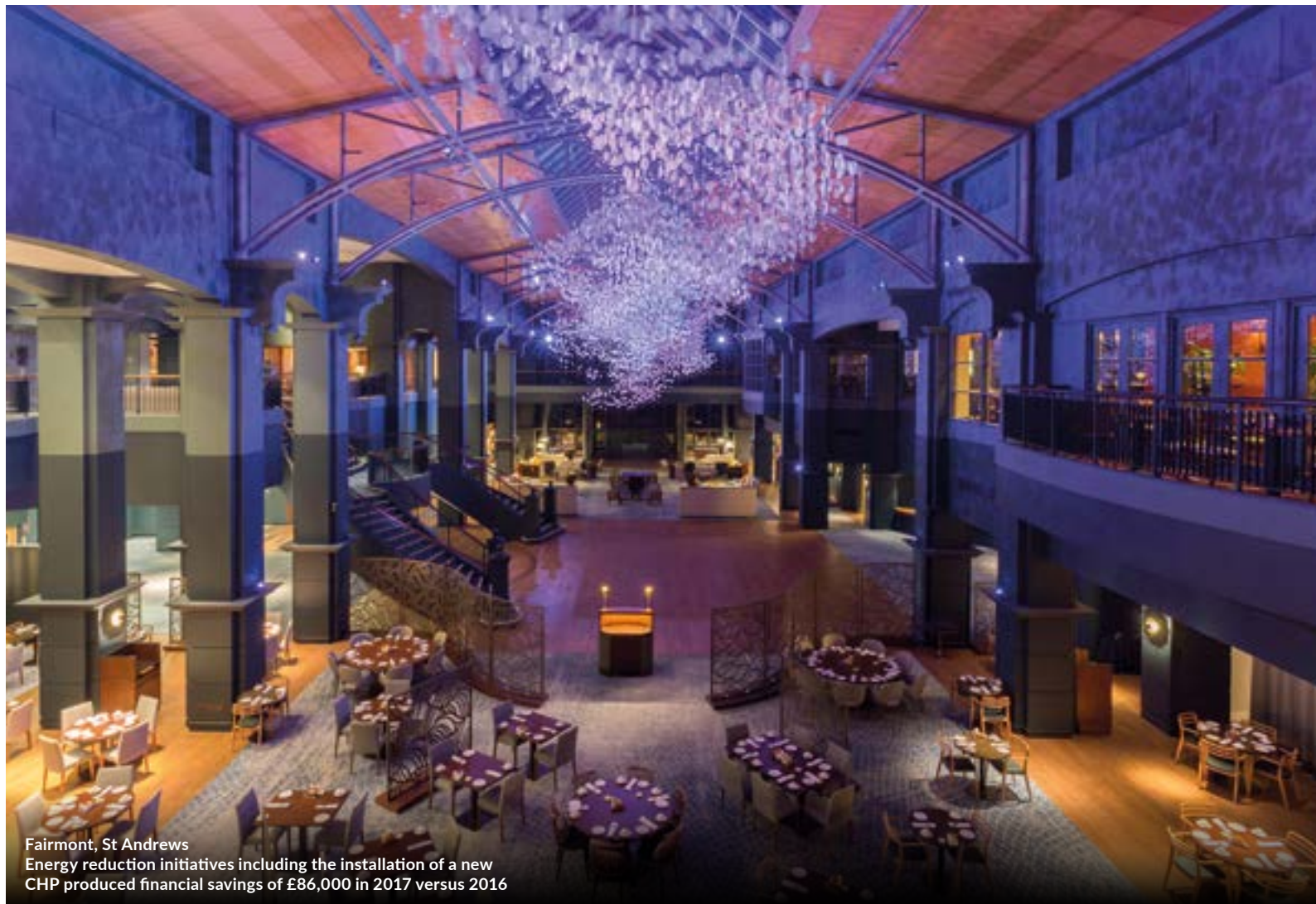
We seek to always improve a building's EPC rating alongside our asset management plans, when financially viable. This is in anticipation of EPC scoring getting progressively tighter as building regulations become more stringent over time. At **Leavesden Park** Watford we recently carried out an extensive refurbishment of the former BT headquarters, creating an energy efficient office building that caters to the needs of a thriving and forward thinking workforce. We have delivered a space that embraces digital technology and the agile ways of working that it affords. A new-build entrance and four-storey infill has increased the net internal area to better accommodate communal and wellbeing facilities without impacting an occupier's ability to grow in the same space. By installing new chillers, boilers, LED lights and chilled beams, as well as cleaning the building fabric and carrying out repairs to gaskets, we improved the EPC rating from a low C under 2008 regulations, to a B. We signed a 10-year lease with fashion retailer ASOS for the 75,000 sq ft office, which was the largest office letting in the South East in 2017.

At **Prologue Works** Bristol, we have completely refurbished the common parts of the office building and two of the eight floors, delivering an innovative office which realigns the workspace with the needs of modern occupiers. During the refurbishment works, we identified key measures to increase the EPC rating from an E to a B, which we incorporated into our project. The comprehensively refurbished floors offer market leading energy saving air conditioning, new fresh air circulation, improved natural lighting and new fully customisable LED light fittings. We also installed market leading internet connectivity and best in class building amenities to encourage and promote sustainable forms of transport, setting a new standard for a modern Bristol workspace.

A low carbon future

As part of our commitment to reducing our carbon emissions, in 2017 we centralised control of our energy procurement in the UK. This has provided us with an opportunity to actively procure renewable energy for our UK portfolio and to lower current costs. By the end of 2017, 14% of the electricity consumption across our whole portfolio came from renewable sources, and as at Q1 2018, 44% of the electricity we procure is UK REGO backed renewable generation, which is having a direct impact on carbon emissions. We are targeting 75% of our UK electricity to come from renewable sources by the end of 2018, and 100% by the end of 2019. This will equate to a carbon saving of c. 46 tonnes in 2020. It would take approximately 670,000¹ trees to absorb the amount of CO₂ that Kennedy Wilson Europe will save in 2020 by using renewable energy.

As we look forward, we are committed to implementing energy reduction measures at our remaining 'focus sites' as we continue to work towards our 2020 carbon emissions reduction target. We are also determined to widen our data collection programme to include water and waste consumption, which will allow us to increase the scope of our reporting framework and provide a more holistic overview of opportunities to optimise resources within our European portfolio and realise financial savings for our tenants.



Fairmont, St Andrews
Energy reduction initiatives including the installation of a new CHP produced financial savings of £86,000 in 2017 versus 2016



The number of equivalent trees needed to absorb the targeted CO₂ avoided in 2020 from using renewable energy.

¹ Kennedy Wilson Europe's total electricity consumption of 45.6 GWh as at 31 December 2017. Applying DEFRA 2020 carbon emission factors of 0.3229 kg/KWh equates to 14,721 tonnes of carbon. Assuming one tree absorbs 22kg of carbon per annum, this is equivalent to 669,000 trees.



Prologue Works, Bristol
EPC rating improved to a B

CASE STUDY:

MORALEJA GREEN

Moraleja Green shopping centre is located in the north of Madrid. The centre's strong catchment area attracts millions of visitors every year and benefits from an affluent and lively local population. Kennedy Wilson Europe acquired the under-managed shopping centre in 2016 and has implemented a multi-million euro capital investment programme that has seen improvements and upgrades made throughout the centre, as well as the introduction of a newly landscaped garden area. The refurbishment works focus on driving performance by enhancing the overall shopping experience and improving the retail offer, whilst increasing the energy efficiency of the property and strengthening the public realm. In 2017, we reduced our carbon emissions by 19% versus 2016 and we believe that the changes made will continue to reduce the environmental footprint of the centre and increase the social and economic opportunities that the site offers, benefiting our tenants and the local community.

A sustainable building, inside and outside

We have carried out our repositioning works at Moraleja Green while targeting a BREEAM In Use Very Good certification. In order to reduce energy consumption, we have installed LED lighting throughout the centre and upgraded to a new boiler and chiller system. We have also replaced the polycarbonate roof top glazing with a new system which includes solar irradiation, which reduces heat load of cooling and provides significant savings from the reduced chiller requirements. In 2018, we have committed to investigate the integration of all Building Management Systems on site which would further improve energy efficiencies at the centre, as well as installing two Tesla charging stations in the centre's underground car park. Due to the introduction of these energy reduction initiatives, the centre's primary energy consumption rating has improved from an E to a C, while maintaining our high B rating for carbon dioxide emissions.



Moraleja Green, Madrid
Family focused summer garden party



Moraleja Green, Madrid
New family facilities



Moraleja Green, Madrid
Fundal's 20th anniversary awards ceremony held in the newly landscaped garden

Moraleja Green's new garden area has been designed as a flexible and sustainable open space that tenants, visitors and the local community can enjoy. The landscaping features autochthonous plants and a drop irrigation system to reduce water consumption and reflect the local nature. Following the garden's opening last year, we have received positive feedback from our customers who are thrilled with the new space, and are pleased to report that the garden has been used on a frequent basis for both tenant and community events.

A hub for the community

Throughout the summer months we hosted concerts and parties which welcomed talented musicians and bands from the local community, together with new and exciting food and drink retailers which all our visitors could enjoy. Our School of Heroes event, hosted in November 2017, welcomed more than 500 children to the garden for a day's work experience. They participated in a variety of workshops and classes which encouraged them to become 'mini heroes' and experience life as a policeman, fireman or doctor. We also organised a variety of weekend workshops focused on food and eating healthily which attracted over 650 children to the centre and were well received by our family orientated customer base.

To create great places we must seek to optimise our resources and build strong communities and partnerships at our sites. Last Christmas, Moraleja Green proudly partnered with 'Fundación Querer', a Spanish charity in the local community that strives to improve the quality of life of children diagnosed

with autism. One of our long standing tenants, The Extreme Collection, was responsible for designing the campaign mascot, and we worked closely with them and the charity to raise awareness for 'Fundación Querer' over the festive period. We organised Christmas gift wrapping stalls in the centre which were well attended by national celebrities, and published various media campaigns supporting the charity which reached an audience of over 4 million people. To date we have raised and donated over €6,500 to Fundación Querer.

To further develop our partnership with the local community, we have established a long-term relationship with the region's sports foundation, 'Fundación Deporte Alcobendas' (Fundal). The foundation is committed to supporting underfunded sports clubs in the local area. Its current partners include Carrefour, Toyota and P&G, as well as numerous local businesses. Over the last two years, Moraleja Green has provided significant economic investments to Fundal, as well as hosting a variety of events and ceremonies for the foundation in the shopping centre. Most recently, Fundal celebrated its 20th anniversary and the official celebration event was proudly hosted by Moraleja Green in the new garden area. Over 200 sporting athletes from across eight different sports were presented with awards in recognition of their sporting achievements, watched by their friends, families and notable celebrities. Going forward, we are committed to working closely with Fundal and intend to strengthen Moraleja Green's partnerships with other organisations in the community.



“The redevelopment of **111 Buckingham Palace Road** has completely improved my working environment, **bringing character** to the place that I am proud to say that I work in. It is clear to me that Kennedy Wilson really cares for their tenants, and are invested in providing **efficient and dynamic places** for businesses, like The Telegraph.”

LORRIE DANNECKER, GROUP SERVICES DIRECTOR AT TELEGRAPH MEDIA GROUP

111 Buckingham Palace Road, London
Transformation of main reception, featuring the commissioned
'Murmurations' art installation fabricated from recycled plastic

PORTFOLIO ENERGY AND GHG EMISSIONS PERFORMANCE

The following table presents our portfolio environmental performance. The data aligns with the INREV Sustainability Guidelines indicator ESG-ENV 1.1 and is presented in line with the EPRA Sustainability Best Practice Recommendations (see Methodology below).



Impact area	Unit	EPRA Sustainability Best Practice Performance Measures				Absolute (Abs) measures (as the portfolio stood each year)						Like-for-like (LfL)						Absolute (Abs) measures (as the portfolio stood each year)						Like-for-like (LfL)																
						Total operational portfolio^						Total operational portfolio^						Office						Retail																
						2016	% Coverage	2017	% Coverage	Proportion of data estimated	% Change	2016	% Coverage	2017	% Coverage	Proportion of data estimated	% Change	2016	% Coverage	2017	% Coverage	Proportion of data estimated	% Change	2016	% Coverage	2017	% Coverage	Proportion of data estimated	% Change	2016	% Coverage	2017	% Coverage	Proportion of data estimated	% Change					
ENERGY	KWh	Elec-Abs, Elec-LfL	Electricity	Total landlord obtained	47,456,597	100%	42,770,689	100%	1%	-10%	33,577,259	100%	32,741,413	100%	1%	-2%	23,250,975	60%	22,257,007	100%	200,802	-4%	21,027,628	60%	17,775,115	100%	56,029	-15%	10,803,871	100%	9,430,895	100%	221,592	-13%	6,539,622	100%	9,430,895	100%	221,592	44%
		Fuels-Abs, Fuels-LfL	Fuels	Total landlord obtained	35,534,380	100%	46,026,786	100%	1%	30%	19,273,616	100%	21,418,472	100%	2%	11%	11,166,091	60%	15,314,353	100%	67,553	37%	8,339,725	60%	9,205,022	100%	45,802	10%	4,978,669	100%	4,523,179	100%	155,282	-9%	2,525,743	100%	4,523,179	100%	155,282	79%
	%	Elec-Abs, Elec-LfL	Electricity	for landlord obtained from renewable sources	0%	100%	14%	100%	1%	14%	-	-	-	-	-	0%	60%	11%	100%	0%	11%	-	-	-	-	-	0%	100%	38%	100%	0%	38%	-	-	-	-	-	-		
	KWh/ft²	-	Building energy intensity	Total landlord obtained fuels	234	100%	269	100%	1%	15%	-	-	-	-	-	25	60%	24	100%	0.4%	-3%	-	-	-	-	-	5	100%	4	100%	1%	-8%	-	-	-	-	-	-		
GREENHOUSE GAS EMISSIONS	tonnes CO₂e	GHG-Dir-Abs, GHG-Dir-LfL	Direct	Scope 1	6,538	100%	8,476	100%	1%	30%	3,546	100%	3,944	100%	1%	11%	2,055	60%	2,820	100%	0.3%	37%	1,534	60%	1,695	100%	0.3%	10%	916	100%	833	100%	2%	-9%	465	100%	833	100%	2.2%	79%
				Scope 2 (market based)	21,733	100%	17,599	100%	1%	-19%	15,854	100%	13,139	100%	1%	-17%	9,337	60%	8,098	100%	0.4%	-13%	8,212	60%	6,105	100%	0.1%	-26%	4,591	100%	2,656	100%	1%	-42%	2,888	100%	2,656	100%	1.4%	-8%
		GHG-Indir-Abs, GHG-Indir-LfL	Indirect	Scope 2 (location based)	19,554	100%	15,361	100%	1%	-21%	13,836	100%	11,746	100%	1%	-15%	9,581	60%	7,884	100%	0.4%	-18%	8,664	60%	6,268	100%	0.1%	-28%	4,452	100%	3,166	100%	1%	-29%	2,695	100%	3,166	100%	1.4%	18%
				Indirect	Scope 3	1,575	100%	1,322	100%	1%	-16%	1,090	100%	1,076	100%	1%	-1%	866	60%	648	100%	0.4%	-25%	784	60%	584	100%	0.1%	-25%	381	100%	310	100%	1%	-19%	243	100%	310	100%	1.4%
	CO₂e/ft²	-	Building emissions intensity	Scope 1 and 2	0.066	100%	0.065	100%	1%	-2%	-	-	-	-	-	0.008	60%	0.007	100%	0.4%	-18%	-	-	-	-	-	0.002	100%	0.001	100%	1%	-23%	-	-	-	-	-	-		

Impact area	Unit	EPRA Sustainability Best Practice Performance Measures				Absolute (Abs) measures (as the portfolio stood each year)						Like-for-like (LfL)						Absolute (Abs) measures (as the portfolio stood each year)						Like-for-like (LfL)																	
						Residential						Residential						Hotel						Hotel						Other						Other					
						2016	% Coverage	2017	% Coverage	Proportion of data estimated	% Change	2016	% Coverage	2017	% Coverage	Proportion of data estimated	% Change	2016	% Coverage	2017	% Coverage	Proportion of data estimated	% Change	2016	% Coverage	2017	% Coverage	Proportion of data estimated	% Change	2016	% Coverage	2017	% Coverage	Proportion of data estimated	% Change	2016	% Coverage	2017	% Coverage	Proportion of data estimated	% Change
ENERGY	KWh	Elec-Abs, Elec-LfL	Electricity	Total landlord obtained	3,401,263	100%	3,824,283	100%	181,519	12%	666,631	100%	662,248	100%	0	-1%	9,994,007	100%	7,245,983	100%	338,050	-27%	5,343,378	100%	4,873,155	100%	338,050	-9%	6,482	100%	12,521	100%	0%	93%	0	100%	0	100%	0%	0%	
		Fuels-Abs, Fuels-LfL	Fuels	Total landlord obtained	3,292,459	100%	2,667,927	100%	45,637	-19%	1,060,336	100%	1,056,995	100%	0	0%	16,097,162	100%	23,521,327	100%	453,974	46%	7,347,813	100%	6,633,276	100%	453,974	-10%	0	100%	0	100%	0%	-	0	100%	0	100%	0%	0%	
	%	Elec-Abs, Elec-LfL	Electricity	for landlord obtained from renewable sources	0%	100%	0%	100%	0%	-	-	-	-	-	0%	100%	0%	100%	0%	-	-	-	-	-	0%	100%	0%	100%	0%	0%	-	-	-	-	-	-					
	KWh/ft²	-	Building energy intensity	Total landlord obtained fuels	6	100%	5	100%	2%	-3%	-	-	-	-	-	199	100%	235	100%	1%	18%	-	-	-	-	-	-	100%	-	100%	0%	-	-	-	-	-	-				
GREENHOUSE GAS EMISSIONS	tonnes CO₂e	GHG-Dir-Abs, GHG-Dir-LfL	Direct	Scope 1	606	100%	491	100%	1%	-19%	195	100%	195	100%	0.0%	0%	2,962	100%	4,332	100%	1%	46%	1,352	100%	1,222	100%	3.2%	-10%	0	100%	0	100%	0%	-	0	100%	0	100%	0%	0%	
				Scope 2 (market based)	1,759	100%	2,059	100%	3%	17%	527	100%	524	100%	0.0%	-1%	6,043	100%	4,782	100%	2%	-21%	4,227	100%	3,855	100%	3.3%	-9%	3	100%	5	100%	0%	93%	0	100%	0	100%	0%	0%	
		GHG-Indir-Abs, GHG-Indir-LfL	Indirect	Scope 2 (location based)	1,401	100%	1,438	100%	3%	3%	275	100%	277	100%	0.0%	1%	4,118	100%	2,869	100%	2%	-30%	2,202	100%	2,035	100%	3.3%	-8%	3	100%	4	100%	0%	65%	0	100%	0	100%	0%	0%	
				Indirect	Scope 3	116	100%	126	100%	3%	9%	24	100%	22	100%	0.0%	-11%	213	100%	238	100%	2%	12%	39	100%	160	100%	3.3%	307%	0	100%	0	100%	0%	70%	0	100%	0	100%	0%	0%
	CO₂e/ft²	-	Building emissions intensity	Scope 1 and 2	0.002	100%	0.002	100%	2%	-4%	-	-	-	-	-	0.054	100%	0.055	100%	1%	2%	-	-	-	-	-	-	100%	-	100%	0%	-	-	-	-	-	-				

Methodology

We report on all properties for which we have management control and for which we are responsible for utilities consumption. As such, the coverage for all indicators is 100% of the applicable portfolio, with the exception of 2016 absolute data for our office portfolio which excludes The Times Building and Prospect House as these assets were sold and data is not available. • The 2017 absolute performance measures coverage includes 21 office assets, 13 retail assets, 6 residential assets (consisting of multiple units), 3 hotels, 2 leisure assets and 1 'other' asset (external lighting at Portlethen Retail Park, UK). It excludes indirectly managed assets and our own occupied offices. • Assets in our like-for-like data set were directly managed in both 2016 and 2017 and they include 10 office assets, 13 retail assets, 2 residential assets (consisting of multiple units) and 2 hotels. • Energy consumption includes electricity and fuels which we purchase as landlords. No fuels were procured from renewable sources, and no assets in our portfolio are supplied by District Heating & Cooling.

Scope 1 and 2 emissions were calculated using the applicable national emissions factors published by DEFRA for the UK and the IEA for Ireland and Spain. Scope 1 includes all natural gas consumption. Scope 2 includes all landlord purchased electricity consumption. Scope 3 emissions relate to transmission and distribution emissions for electricity. • The majority of estimations relate to filling in specific invoices which were not available at the time of reporting. Energy use has been collected through automatic meter reading (AMR) data (where possible), invoices or a mixture of both AMR and invoice data. Proportion is used where required to fill data gaps. • Intensity indicators are calculated using floor area (sq ft) for whole buildings. We are aware of the mismatch between numerator and denominator, as our consumption for energy relates to a mixture of common areas only and/or whole building consumption depending on individual assets. For example, at some residential assets energy consumption consumed in tenant areas is recouped through service charges.

- used where data is not applicable



Vantage, Dublin
Outdoor children's play area

About Kennedy Wilson Europe

Kennedy Wilson Europe has been active in Europe since 2011 and has undertaken acquisitions in excess of £8 billion. We are a bottom-up, value investor and operator of real estate. We are income-focused with optionality to grow our NOI through strategic asset management and/or development. We aim to create institutional quality real estate from under-resourced assets. We are invested in target European growth markets including Dublin, London & the South East, Milan and Madrid with a focus primarily across offices, PRS and retail.

Kennedy Wilson Europe is part of the Kennedy Wilson group (NYSE:KW). Kennedy Wilson Europe is responsible for owning, developing, operating and managing the European investments of the Kennedy Wilson group and its partners.

www.eu.kennedywilson.com

About Kennedy Wilson

Kennedy Wilson (NYSE:KW) is a global real estate investment company. We own, operate and invest in real estate both on our own and through our investment management platform. We focus on multifamily and office properties located in the Western U.S., UK and Ireland.

www.kennedywilson.com

Kennedy Wilson Europe offices

London
(Europe Corporate Headquarters)
50 Grosvenor Hill
London, England W1K 3QT
+44 (0) 20 7123 5700

Dublin
33 Sir John Rogerson's Quay
Dublin 2, Ireland

Luxembourg
21, rue Philippe II
Luxembourg L-2340

Madrid
C/ Fernando El Santo
17 3° Izq.
28010 Madrid, Spain

St. Helier
29 Broad Street
St. Helier, Jersey JE2 3RR
Channel Islands

Designed and produced by J2
+44 (0)20 7952 5010 | www.j2.net



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