

SUPPLEMENT DATED 15 AUGUST 2016

TO THE BASE PROSPECTUS DATED 5 NOVEMBER 2015



KENNEDY WILSON EUROPE REAL ESTATE PLC

(a public limited company incorporated in Jersey under the Companies (Jersey) Law 1991, as amended, with registered no. 114680)

£2,000,000,000 Euro Medium Term Note Programme

This third supplement (the “**Supplement**”) to the Base Prospectus (the “**Base Prospectus**”) dated 5 November 2015 (which, together with the first supplement to the Base Prospectus dated 22 March 2016 (the “**First Supplement**”) and the second supplement to the Base Prospectus dated 19 May 2016 (the “**Second Supplement**”), comprises a base prospectus) constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 and is prepared in connection with the £2,000,000,000 Euro Medium Term Note Programme established by Kennedy Wilson Europe Real Estate Plc (the “**Issuer**”). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus, the First Supplement and the Second Supplement and any other supplements to the Base Prospectus issued by the Issuer.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Purpose of the Supplement

The purpose of this Supplement is (a) to incorporate by reference into the Base Prospectus the Issuer’s 2016 half year results announcement published on 5 August 2016 (the “**2016 Interim Half Year Announcement**”), (b) to update the section titled “Risk Factors” set out on pages 14-42 of the Base Prospectus, (c) to update the section titled “Selected Historical Key Financial Information” set out on pages 45-49 of the Base Prospectus and (d) to update certain statements set out in the Base Prospectus.

Documents Incorporated by Reference

The 2016 Interim Half Year Announcement, which has previously been published and has been filed with the FCA, shall, by virtue of this Supplement, be incorporated in, and shall form part of, the Base Prospectus.

Copies of all documents incorporated by reference in the Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Issuing and Paying Agent as described on page 182 of the Base Prospectus. Copies of documents incorporated by reference in the Base Prospectus may also be viewed free of charge on the website of the Issuer at www.kennedywilson.eu and the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

If documents which are incorporated by reference themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference or attached to this Supplement. “**Prospectus Directive**” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measures in the Relevant Member State.

Risk Factors

The section titled “Risks Factors” on pages 14-42 of the Base Prospectus is updated to include the following paragraph immediately before the sub-heading titled “Risks relating to regulation and taxation” on page 34 of the Base Prospectus:

“The United Kingdom electorate’s vote to leave the EU could adversely affect the Group

On 23 June 2016, the United Kingdom held a referendum to decide on the United Kingdom’s membership of the EU. The United Kingdom electorate voted to leave the EU. The result of the referendum does not legally obligate the United Kingdom to exit the EU. Regardless of any eventual timing or terms of the United Kingdom’s exit from the EU, the referendum has created significant political, social and macroeconomic uncertainty regarding the United Kingdom’s and the EU’s economic and political prospects. The negotiation of the United Kingdom’s exit terms is likely to take a number of years. Until the terms and timing of the United Kingdom’s exit from the EU are clearer, it is not possible to determine the impact that the referendum, the United Kingdom’s departure from the EU and/or any related matters may have on the business of the Group. As such, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or the liquidity of the Notes in the secondary market.”.

Selected Historical Key Financial Information

The section titled “Selected Historical Key Financial Information” on pages 45-49 of the Base Prospectus is updated to include the tables set out in the Annex to this Supplement.

Statements

Directors’ and Other Interests

- (i) The Directors have the following shareholdings in the Issuer.

<i>Shares held as at 12 August 2016</i>		
<i>Name</i>	<i>Number of Shares</i>	<i>% of share capital</i>
William McMorrow ⁽¹⁾⁽²⁾	80,916	0.06
Mark McNicholas	–	–
Simon Radford	9,200	0.01
Mary Ricks ⁽¹⁾⁽²⁾	160,916	0.12
Charlotte Valeur	–	–

- (1) In March 2016, William McMorrow and Mary Ricks were each granted an award of 119,233 restricted share units (representing 0.09% of the share capital). The restricted share units will vest, subject to continued service, in equal tranches over a period of three years, with the first vesting to occur in March 2017 and thereafter in March 2018 and March 2019. Each restricted share unit that vests shall represent the right to receive payment of one Share.

- (2) Held through a nominee account.

Except as disclosed in this paragraph “*Statements – Directors’ and Other Interests*”, the Issuer is not aware of interests of any Director, including any connected person of that Director, the existence of which is known to, or could with reasonable diligence be ascertained by, that Director whether or not held through another party, in the share capital of the Issuer, together with any options in respect of such capital as at 8 August 2016.

- (ii) As at 12 August 2016, except as set out below, in so far as is known to the Issuer, no person is directly or indirectly interested in 5% or more of the Issuer’s capital or voting rights.

<i>As at 12 August 2016</i>			
Name	Number of Ordinary Shares	% of Issued Share Capital	
KW	29,562,975	21.75	
Quantum	15,981,750	11.76	
Wellington ⁽¹⁾	12,851,961	9.45	
Franklin Templeton Portfolio Advisory ⁽²⁾	9,149,257	6.73	
BlackRock, Inc.	6,997,001	5.14	

(1) Held through various investment advisory clients of Wellington.

(2) Held through various funds and accounts managed by Franklin Templeton Portfolio Advisory.

The Shareholders listed in the table above do not have different voting rights to other Shareholders. The Companies Law imposes no requirement on Shareholders to disclose holdings of 5% (or any greater limit) or more of any class of the share capital of the Issuer. However, the Disclosure and Transparency Rules provide that certain persons (including Shareholders) are obliged to notify the Issuer if the proportion of the Issuer’s voting rights which they own reaches, exceeds or falls below specific thresholds (the lowest of which is currently 5%).

No significant change

There has been no significant change in the financial or trading position of the Issuer or of the Group since 30 June 2016.

General Information

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, as supplemented by the First Supplement and the Second Supplement, the statements in (a) above will prevail.

Save as disclosed in this Supplement and the First Supplement and the Second Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

ANNEX

Selected Historical Key Financial Information

The following information has been extracted from, and should be read in conjunction with, the 2016 Interim Half Year Announcement which has, by virtue of this Supplement, been incorporated in, and shall form part of, the Base Prospectus.

The financial information in this section has been extracted without material adjustment from the 2016 Interim Half Year Announcement. The accompanying notes (found in the 2016 Interim Half Year Announcement) form an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Income Statement

The table below shows the Issuer's condensed consolidated income statement for the six month period ended 30 June 2016 (unaudited), the six month period ended 30 June 2015 (unaudited) and the year ended 31 December 2015 (audited).

		Six month period ended 30 June 2016	Six month period ended 30 June 2015 ¹	Year ended 31 December 2015
		Unaudited	Unaudited	Audited
	Notes	£m	£m	£m
Revenue				
Rental income		93.6	64.7	138.8
Hotel revenue		8.7	8.6	20.0
Interest income from loans secured by real estate		3.5	6.6	13.4
		105.8	79.9	172.2
Property related expenses		(17.1)	(11.8)	(22.7)
Hotel cost of sales		(7.7)	(7.3)	(14.4)
		(24.8)	(19.1)	(37.1)
Gross profit		81.0	60.8	135.1
Net change in fair value of investment and development property	9	45.1	112.6	208.0
Net change in fair value of loans secured by real estate	10	0.6	6.9	5.1
Gain on sale of investment property and loan collateral	17	0.2	5.5	14.6
Other gains		-	-	0.8
		126.9	185.8	363.6
Expenses				
Administrative expenses		(8.3)	(8.9)	(15.9)
Investment management fee	18A(i)	(8.1)	(7.3)	(15.2)
Performance fee	18A(ii)	-	(5.5)	(29.7)
		(16.4)	(21.7)	(60.8)
Results from operating activities before financing income and costs		110.5	164.1	302.8
Interest income from cash and cash equivalents		0.4	0.9	0.6
Finance costs		(29.3)	(12.5)	(36.8)
Net finance expense		(28.9)	(11.6)	(36.2)
Profit before taxation		81.6	152.5	266.6
Taxation	7	(2.9)	(3.2)	(7.6)
Profit for the period after taxation		78.7	149.3	259.0
Earnings per share (basic & diluted)	8A	57.9p	110.2p	191.0p

Footnote:

1. June 2015 comparative re-presented on a basis consistent with presentation adopted at 31 December 2015. Further information is set out in Note 40 to the consolidated financial statements included in the Annual Report and Accounts for the year ended 31 December 2015.

Condensed Consolidated Balance Sheet

The table below shows the Issuer's condensed consolidated balance sheet as at 30 June 2016 (unaudited), 30 June 2015 (unaudited) and 31 December 2015 (audited).

	Notes	30 June 2016 Unaudited £m	30 June 2015 Unaudited £m	31 December 2015 Audited £m
Non-current assets				
Investment and development property	9	2,761.0	1,880.6	2,500.2
Loans secured by real estate	10	81.9	277.1	179.2
Property, plant and equipment	11	69.0	58.7	59.2
Derivative financial assets	13	0.5	16.2	10.6
Deferred tax asset	7	1.9	-	1.5
		2,914.3	2,232.6	2,750.7
Current assets				
Inventories		0.3	0.3	0.3
Rent and other receivables		33.3	28.4	28.4
Assets held-for-sale	9, 20	147.0	-	51.0
Cash and cash equivalents		459.0	470.3	326.5
		639.6	499.0	406.2
Total assets		3,553.9	2,731.6	3,156.9
Current liabilities				
Trade and other payables		(66.2)	(45.4)	(68.6)
Borrowings	12	(76.2)	-	(0.3)
Deferred income		(40.5)	(28.5)	(31.4)
		(182.9)	(73.9)	(100.3)
Non-current liabilities				
Trade and other payables		(3.3)	(1.0)	(3.3)
Deferred tax liability	7	(1.1)	-	-
Borrowings	12	(1,642.8)	(1,143.6)	(1,414.0)
Derivative financial liabilities	13	(44.2)	-	(10.1)
		(1,691.4)	(1,144.6)	(1,427.4)
Total liabilities		(1,874.3)	(1,218.5)	(1,527.7)
Net assets		1,679.6	1,513.1	1,629.2
Equity				
Stated capital	15	1,322.2	1,318.3	1,322.2
Foreign currency translation reserve		23.6	(16.6)	(8.7)
Revaluation reserve		2.9	3.7	1.3
Share-based payments reserve		2.2	7.6	31.8
Retained earnings		328.7	200.1	282.6
Equity attributable to owners of the Company		1,679.6	1,513.1	1,629.2
Non-controlling interests		-	-	-
Total equity		1,679.6	1,513.1	1,629.2
Net asset value per share – basic and diluted (Pence)	8B	1,235.6p	1,115.8p	1,198.5p
EPRA net asset value per share – basic and diluted (Pence)	8B	1,235.4p	1,114.5p	1,197.8p
Adjusted net asset value per share – basic and diluted (Pence)	8B	1,233.8p	1,108.9p	1,174.5p

Condensed Consolidated Cash Flow Statement

The table below shows the Issuer's condensed consolidated cash flow statement for the six month period ended 30 June 2016 (unaudited), the six month period ended 30 June 2015 (unaudited) and the year ended 31 December 2015 (audited).

		Six month period ended 30 June 2016	Six month period ended 30 June 2015	Year ended 31 December 2015
	Notes	Unaudited £m	Unaudited £m	Audited £m
Cash flows from operating activities				
Profit for the period		78.7	149.3	259.0
Adjustments for:				
Net change in fair value of investment and development property	9	(45.1)	(112.6)	(208.0)
Net change in fair value of loans secured by real estate	10	(0.6)	(6.9)	(5.1)
Other gains		-	-	(0.8)
Gain on sale of loan collateral	17	(0.4)	(5.0)	(5.0)
Loss/(gain) on sale of investment property	17	0.2	(0.5)	(9.6)
Disposal of property, plant and equipment		0.2	0.2	0.2
Net finance cost		19.9	5.5	16.6
Amortisation of lease incentive		(1.2)	(1.0)	(1.6)
Amortisation of loan fees	12	1.8	0.7	3.4
Amortisation of bond discount	12	0.4	-	0.3
Taxation	7	2.9	3.2	7.6
Depreciation	11	1.3	1.3	2.2
Provision for impairment of accounts receivable		0.7	0.3	(0.3)
Performance fee	18A(ii)	(29.7)	5.5	29.7
Investment management fee		-	3.4	5.6
Operating cash flows before movements in working capital		28.9	43.4	94.2
(Increase) in rent and other receivables		(6.1)	(9.7)	(11.9)
Increase in deferred rental income		9.1	12.3	13.9
(Decrease) in trade and other payables		(3.8)	9.7	24.1
Cash generated from operations		28.3	55.7	120.3
Interest received		3.9	10.0	17.2
Interest paid		(21.0)	(8.4)	(21.1)
Derivative financial instruments		(0.2)	5.6	5.6
Tax paid		(5.4)	(1.4)	(1.4)
Cash flows (used by)/generated from operating activities		5.6	61.5	120.6
Investing activities				
Acquisition/improvement of investment and development property		(241.9)	(527.7)	(1,065.7)
Deposits paid on investment and development property		-	-	(1.7)
Disposal of investment property	17	62.0	24.2	95.7
Purchase of property, plant and equipment	11	(6.4)	(1.5)	(4.0)
Acquisition of loans secured by real estate		-	(130.5)	(130.4)
Disposal of loans secured by real estate		101.1	2.4	28.7
Cash flows used in investing activities		(85.2)	(633.1)	(1,077.4)

Condensed Consolidated Cash Flow Statement (continued)

		Six month period ended 30 June 2016 Unaudited £m	Six month period ended 30 June 2015 Unaudited £m	Year ended 31 December 2015 Audited £m
	Notes			
Financing activities				
Proceeds from borrowings	12	260.7	670.9	925.7
Repayments of borrowings	12	(38.0)	(47.2)	(50.6)
Transaction costs related to borrowings		(1.6)	(3.8)	(6.2)
Bond premium received	12	2.0	-	-
Interest received on drawdown		1.7	-	-
Dividends paid	16	(32.6)	(20.3)	(47.5)
Cash flows from financing activities		192.2	599.6	821.4
Net increase/(decrease) in cash and cash equivalents		112.6	28.0	(135.4)
Cash and cash equivalents at beginning of period		326.5	441.9	441.9
Foreign exchange movements		19.9	0.4	20.0
Cash and cash equivalents at the reporting date		459.0	470.3	326.5