

SUPPLEMENT DATED 19 MAY 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 second supplement (the “**Supplement**”) to the Base Prospectus (the “**Base Prospectus**”) dated 5 November 2015 (which, together with the Supplement to the Base Prospectus dated 22 March 2016 (the “**First 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 and the First 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 certain sections from the Issuer’s Q1-16 Business Update dated 5 May 2016 (the “**Q1-16 Business Update**”) and (b) to update certain statements set out in the Base Prospectus.

Documents Incorporated by Reference

The information under the following headings in the Q1-16 Business Update, 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:

Investments	Pages 2 to 3
Portfolio management	Pages 3 to 6
Financial position	Page 6
Fees - Investment Management fee	Page 7
Appendix at 31 March 2016	Pages 9 to 11

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.

Any non-incorporated parts of a document referred to in this Supplement are either deemed not relevant for an investor or are otherwise covered elsewhere in this Supplement.

Statements

Share Capital

By special resolution of the Issuer, passed on 27 April 2016, the Issuer was granted Shareholder authority (subject to the Listing Rules and all other applicable legislation and regulations) to make market purchases of up to 20,376,497 Ordinary Shares. This authority will expire at the conclusion of the next annual general meeting of the Issuer to be held in 2017, or, if earlier, at the close of business on 30 June 2017.

By special resolution of the Issuer, passed on 27 April 2016, the Issuer disapplied and excluded the pre-emption rights set out in the Articles in relation to the issue of up to 13,593,393 of Ordinary Shares for cash. This disapplication and exclusion will expire at the conclusion of the next annual general meeting of the Issuer to be held in 2017, or, if earlier, at the close of business on 30 June 2017.

Directors' and Other Interests

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

<i>Shares held as at 18 May 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	—	—
Mary Ricks ⁽¹⁾⁽²⁾	140,916	0.10
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 per cent. of the share capital) in satisfaction of the performance fee for the year ended 31 December 2015. 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 18 May 2016.

- (ii) As at 18 May 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 18 May 2016</i>		
Name	Number of Ordinary Shares	% of Issued Share Capital
KW	28,050,731	20.64
Wellington ⁽¹⁾	20,350,113	14.97
Quantum	15,981,750	11.75
Franklin Templeton Portfolio Advisory ⁽²⁾	9,181,601	6.75
(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

Save as disclosed in the information from the Q1-16 Business Update which shall, by virtue of this Supplement, be incorporated in, and shall form part of, the Base Prospectus, there has been no significant change in the financial or trading position of the Issuer or of the Group since 31 December 2015.

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, the statements in (a) above will prevail.

Save as disclosed in this Supplement and the First 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.