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# NEWS RELEASE

## KENNEDY WILSON REPORTS 4Q AND FULL YEAR 2016 RESULTS

**Kennedy Wilson increases dividend by 21% to \$0.17 per common share for first quarter 2017**

**BEVERLY HILLS, Calif. (February 23, 2017)** - [Kennedy-Wilson Holdings, Inc.](#) (NYSE: KW) today reported the following results for the fourth quarter and full year of 2016:

<i>(Amounts in millions, except per share data)</i>	<u>4Q</u>		<u>Full Year</u>	
	2016	2015	2016	2015
<b><u>GAAP Results</u></b>				
GAAP Net Income To Common Shareholders	\$ 14.4	\$ 28.5	\$ 2.8	\$ 71.1
Per Diluted Share	0.13	0.25	0.01	0.66
<b><u>Non-GAAP Results</u></b>				
Adjusted EBITDA	\$ 116.9	\$ 121.7	\$ 349.9	\$ 371.2
Adjusted Net Income	64.7	67.7	191.3	208.2

"During 2016 we continued to make great progress on increasing the recurring cash flow to the company through a variety of asset management and revenue generating capex initiatives, which allowed us to increase our annual dividend for the sixth consecutive year" said William McMorrow, chairman and CEO of Kennedy Wilson. "After a year where we returned a record amount of capital to our shareholders, we entered 2017 well positioned with strong liquidity and with 86% of our debt fixed or hedged against long term increases in interest rates."

### **4Q & Full Year Highlights**

- **Growth in Recurring NOI:** Kennedy Wilson's share of 4Q Property NOI grew by \$6 million or 10% to \$61 million from 4Q-2015. For the year, Kennedy Wilson's share of Property NOI grew by \$35 million or 17% to \$241 million.
- **Continued Strong Same Property Performance<sup>1</sup>:** The 4Q and FY change in same property multifamily and commercial real estate are as follows:

	<u>4Q - 2016 vs 4Q - 2015</u>			<u>FY - 2016 vs FY - 2015</u>		
	Occupancy	Revenue	NOI	Occupancy	Revenue	NOI
Multifamily	(1.0)%	8.6%	10.3%	(0.4)%	9.8%	12.1%
Commercial	1.7%	5.5%	5.7%	1.5%	5.0%	5.6%

- **Dividend Declaration:** Kennedy Wilson announced a 21% increase in the common dividend per share to \$0.17 per quarter or \$0.68 on an annualized basis. The dividend is payable on April 6, 2017 to common shareholders of record as of March 31, 2017.
- **Continued Investment in Revenue Generating Capex:** During 4Q-2016, the Company invested \$40 million into capex (including \$10 million related to Capital Dock, a prime waterfront 690,000 sq. ft. commercial and multifamily development in Dublin, Ireland) compared to \$30 million during 4Q-2015. For the year, the Company invested \$110 million into capex (vs. \$100 million in 2015).
- **Performance Fees & Gains:** The Company's financial metrics were impacted by a decrease in the Company's pro-rata share of total performance fees and gains of \$8 million in 4Q and \$55 million for the year:
  - **Performance Fees:** The Company had a decrease in performance fees of \$32 million in 4Q and FY-2016, primarily resulting from no KWE performance fees during 2016.
  - **Realized Gains:** The Company had an increase in realized gains on sale of real estate of \$19 million in 4Q-2016 (vs. 4Q-2015) and \$36 million in FY-2016 (vs. FY-2015).
  - **Acquisition-related and Fair Value Gains:** The Company had an increase in acquisition-related and fair value gains of \$5 million in 4Q-2016 (vs 4Q-2015) and a decrease of \$59 million in FY-2016 (vs FY-2015).

### Corporate Finance

- **Capital Return Program:** During 2016, Kennedy Wilson returned a record \$111 million, or approximately \$1.02 per common share outstanding, to common shareholders through a combination of stock repurchases (\$50 million in 2016) and common dividends (\$61 million in 2016).
- **Preferred Stock Conversion:** The Company issued an aggregate of 3,366,973 shares of Common Stock upon the early conversion of all outstanding shares of its 6.45% Series B mandatory convertible preferred stock owned by entities affiliated with Fairfax Financial Holdings Limited. The Company has no further remaining preferred stock outstanding.

### Investments Business

- **Investment Transactions:** The Company, together with its equity partners (including KWE), completed the following:

(\$ in millions)	Gross	Kennedy Wilson's Share					
		Aggregate Purchase/ Sale Price	Income Producing	Non-income Producing	Total	NOI	KW Cap Rate <sup>(1)</sup>
<b>4Q - 2016</b>							
Acquisitions <sup>(2)</sup>	\$341.3	\$160.1	\$2.1	\$162.2	\$ 7.8	4.9%	
Dispositions <sup>(3)</sup>	508.2	189.2	68.4	257.6	10.3	5.2%	
<b>Total Transactions</b>	<b>\$849.5</b>			<b>\$ 419.8</b>			
<b>FY - 2016</b>							
Acquisitions <sup>(2)</sup>	\$1,392.8	\$579.4	\$41.3	\$620.7	\$ 31.3	5.4%	
Dispositions <sup>(3)</sup>	1,694.9	412.9	118.8	531.7	21.0	5.1%	
<b>Total Transactions</b>	<b>\$3,087.7</b>			<b>\$1,152.4</b>			

\*Please see footnotes at the end of the earnings release

- **KWE:** Kennedy Wilson's ownership in KWE grew to 23.6% as of December 31, 2016, compared to 21.8% as of September 30, 2016 and 18.2% as of December 31, 2015. Kennedy Wilson received cash dividends of \$18 million during 2016, an increase of 50% from 2015.

### **Investment Management and Real Estate Services Business**

This segment earns fees primarily from its investment management business along with its real estate services activities. Adjusted Fees and Adjusted EBITDA were impacted in 2016 by a reduction in performance fees and promoted interests of \$32 million in both 4Q and FY. For 4Q-2016, the Company's Investment Management and Real Estate Services segment reported the following results:

(\$ amounts in millions)	<u>4Q</u>		<u>FY</u>	
	2016	2015	2016	2015
<b><u>GAAP Results</u></b>				
Investment Management, Property Services, and Research Fees	\$12.7	\$22.3	\$59.4	\$69.3
<b><u>Non-GAAP Results</u></b>				
Adjusted Fees <sup>(1)(2)</sup>	\$22.6	\$64.2	\$108.9	\$158.2
Adjusted EBITDA	10.2	36.9	49.7	82.8

Please see footnotes at the end of the earnings release.

### **Foreign Currency Fluctuations and Hedging**

For 4Q-2016 and FY-2016, changes in foreign currency rates reduced consolidated revenue by 5% and 4%, respectively and Adjusted EBITDA by 2% for both periods compared to foreign currency rates as of December 31, 2015. During the quarter and year, the net decrease in Kennedy Wilson's shareholder's equity related to fluctuations in foreign currency and related hedges (in the GBP, EUR and JPY) was \$10.0 million and \$24.6 million, respectively.

### Footnote for same property results table

<sup>(1)</sup> As defined in the "common definitions" section below.

### Footnotes for investment transactions table

<sup>(1)</sup> KW Cap rate includes only stabilized income-producing properties. Please see "common definitions" for a definition of cap rate.

<sup>(2)</sup> The three months ended and year ended December 31, 2016 includes \$14.5 million and \$264.5 million of acquisitions by KWE, respectively.

<sup>(3)</sup> The three months ended and year ended December 31, 2016 includes \$185.0 million and \$514.2 million of dispositions by KWE, respectively.

### Footnotes for IMRES performance table

<sup>(1)</sup> Adjusted Fees earned from KWE were \$4.9 million and \$37.1 million for the three months ended December 31, 2016 and 2015, respectively, and \$22.2 million and \$67.0 million for the year ended December 31, 2016 and 2015, respectively. Adjusted Fees includes accrued performance fees related to KWE of \$0 for each of the three months and year ended December 31, 2016 and \$30.9 million and \$43.7 million for the three months and year ended December 31, 2015, respectively. Adjusted Fees excludes non-controlling interest.

<sup>(2)</sup> Adjusted fees includes fees eliminated in consolidation of \$6.6 million and \$38.6 million for the three months ended December 31, 2016 and 2015, respectively, and \$36.9 million and \$75.0 million for the year ended December 31, 2016 and 2015, respectively.

### Conference Call and Webcast Details

Kennedy Wilson will hold a live conference call and webcast to discuss results at 7:00 a.m. PT/ 10:00 a.m. ET on Friday, February 24. The direct dial-in number for the conference call is (866) 807-9684 for U.S. callers and (412) 317-5415 for international callers.

A replay of the call will be available for one week beginning two hours after the live call and can be accessed by (888) 843-7419 for U.S. callers and (877) 344-7529 for international callers. The passcode for the replay is 10100531.

The webcast will be available at: <http://services.choruscall.com/links/kw170224UKDjYcab.html>. A replay of the webcast will be available one hour after the original webcast on the Company's investor relations web site for three months.

### 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 commercial properties located in the Western U.S., UK, Ireland, Spain, Italy and Japan. To complement our investment business, the Company also provides real estate services primarily to financial services clients. For further information on Kennedy Wilson, please visit [www.kennedywilson.com](http://www.kennedywilson.com).

## Forward-Looking Statements

Statements made by us in this report and in other reports and statements released by us that are not historical facts constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are necessarily estimates reflecting the judgment of our senior management based on our current estimates, expectations, forecasts and projections and include comments that express our current opinions about trends and factors that may impact future operating results. Disclosures that use words such as "believe," "anticipate," "estimate," "intend," "may," "could," "plan," "expect," "project" or the negative of these, as well as similar expressions, are intended to identify forward-looking statements. These statements are not guarantees of future performance, rely on a number of assumptions concerning future events, many of which are outside of our control, and involve known and unknown risks and uncertainties that could cause our actual results, performance or achievement, or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks and uncertainties may include the factors and the risks and uncertainties described elsewhere in this report and other filings with the Securities and Exchange Commission (the "SEC"), including the Item 1A. "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2016, as amended by our subsequent filings with the SEC. Any such forward-looking statements, whether made in this report or elsewhere, should be considered in the context of the various disclosures made by us about our businesses including, without limitation, the risk factors discussed in our filings with the SEC. Except as required under the federal securities laws and the rules and regulations of the SEC, we do not have any intention or obligation to update publicly any forward-looking statements, whether as a result of new information, future events, changes in assumptions, or otherwise.

## Common Definitions

- "KWH," "KW," "Kennedy Wilson," the "Company," "we," "our," or "us" refers to Kennedy-Wilson Holdings, Inc. and its wholly-owned subsidiaries. The consolidated financial statements of the Company include the results of the Company's consolidated subsidiaries (including KWE).
- "KWE" refers to Kennedy Wilson Europe Real Estate plc, a London Stock Exchange-listed company that we externally manage through a wholly-owned subsidiary. In our capacity as external manager of KWE, we are entitled to receive certain (i) management fees equal to 1% of KWE's adjusted net asset value (EPRA NAV), half of which are paid in cash and the remainder of which is paid in KWE shares; and (ii) performance fees, all of which are paid in KWE shares. In accordance with U.S. GAAP, the results of KWE are consolidated in our financial statements. We own an approximately 23.6% equity interest in KWE as of December 31, 2016, and throughout this release and supplemental financial information, we refer to our pro-rata ownership stake (based on our 23.6% equity interest or weighted-average ownership interest during the period, as applicable) in investments made and held directly by KWE and its subsidiaries.
- "Acquisition-related gains" consist of non-cash gains recognized by the Company or its consolidated subsidiaries upon a GAAP-required fair value measurement due to a business combination. These gains are typically recognized when a loan is converted into consolidated real estate owned and the fair value of the underlying real estate at the time of conversion exceeds the basis in the previously held loan. These gains also arise when there is a change of control of an investment. The gain amount is based upon the fair value of the Company's or its consolidated subsidiaries' equity in the investment in excess of the carrying amount of the equity immediately preceding the change of control.
- "Adjusted EBITDA" represents net income before interest expense, our share of interest expense included in income from investments in unconsolidated investments, depreciation and amortization, our share of depreciation and amortization included in income from unconsolidated investments, loss on early extinguishment of corporate debt and income taxes, share-based compensation expense for the Company and EBITDA attributable to noncontrolling interests.

Please also see the reconciliation to GAAP in the Company's supplemental financial information included in this release and also available at [www.kennedywilson.com](http://www.kennedywilson.com). Our management uses Adjusted EBITDA to analyze our business because it adjusts net income for items we believe do not accurately reflect the nature of our business going forward or that relate to non-cash compensation expense or noncontrolling interests. Such items may vary for different companies for reasons unrelated to overall operating performance. Additionally, we believe Adjusted EBITDA is useful to investors to assist them in getting a more accurate picture of our results from operations. However, Adjusted EBITDA is not a recognized measurement under GAAP and when analyzing our operating performance, readers should use Adjusted EBITDA in addition to, and not as an alternative for, net income as determined in accordance with GAAP. Because not all companies use identical calculations, our presentation of Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Furthermore, Adjusted EBITDA is not intended to be a measure of free cash flow for our management's discretionary use, as it does not remove all non-cash items (such as acquisition-related gains) or consider certain cash requirements such as tax and debt service payments. The amount shown for Adjusted EBITDA also differs from the amount calculated under similarly titled definitions in our debt instruments, which are further adjusted to reflect certain other cash and non-cash charges and are used to determine compliance with financial covenants and our ability to engage in certain activities, such as incurring additional debt and making certain restricted payments.

· "Adjusted fees" refers to Kennedy Wilson's gross investment management, property services and research fees adjusted to include fees eliminated in consolidation and Kennedy Wilson's share of fees in unconsolidated service businesses. Our management uses Adjusted fees to analyze our investment management and real estate services business because the measure removes required eliminations under GAAP for properties in which the Company provides services but also has an ownership interest. These eliminations understate the economic value of the investment management, property services and research fees and makes the Company comparable to other real estate companies that provide investment management and real estate services but do not have an ownership interest in the properties they manage. Our management believes that adjusting GAAP fees to reflect these amounts eliminated in consolidation presents a more holistic measure of the scope of our investment management and real estate services business.

· "Adjusted Net Asset Value" is calculated by KWE as net asset value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallize in a long-term investment property business model such as the fair value of financial derivatives and deferred taxes on property valuation surpluses.

· "Adjusted Net Income" represents net income before depreciation and amortization, our share of depreciation and amortization included in income from unconsolidated investments, share-based compensation and net income attributable to noncontrolling interests, before depreciation and amortization. Please also see the reconciliation to GAAP in the Company's supplemental financial information included in this release and also available at [www.kennedywilson.com](http://www.kennedywilson.com).

· "Cap rate" represents the net operating income of an investment for the year preceding its acquisition or disposition, as applicable, divided by the purchase or sale price, as applicable. Cap rates set forth in this presentation only includes data from income-producing properties. We calculate cap rates based on information that is supplied to us during the acquisition diligence process. This information is often not audited or reviewed by independent accountants and may be presented in a manner that is different from similar information included in our financial statements prepared in accordance with GAAP. In addition, cap rates represent historical performance and are not a guarantee of future NOI. Properties for which a cap rate is provided may not continue to perform at that cap rate.

· "Consolidated investment account" refers to the sum of Kennedy Wilson's equity in: cash held by consolidated investments, consolidated real estate and acquired in-place leases gross of accumulated depreciation and amortization, net hedge asset or liability, unconsolidated investments, consolidated loans, and net other assets.

· "Equity multiple" is calculated by dividing the amount of total distributions received by KW from an investment (including any gains, return of equity invested by KW and promoted interests) by the amount of total contributions invested by KW in such investment. This metric does not take into account management fees, organizational fees, or other similar expenses, all of which in the aggregate may be substantial and lower the overall return to KW. Equity multiples represent historical performance and are not a guarantee of the future performance of investments.

- "Equity partners" refers to non-wholly-owned subsidiaries that we consolidate in our financial statements under U.S. GAAP, including KWE, and third-party equity providers.
- "Estimated annualized NOI" is a property-level non-GAAP measure representing the estimated annualized net operating income from each property as of the date shown, inclusive of rent abatements (if applicable). The calculation excludes depreciation and amortization expense, and does not capture the changes in the value of our properties that result from use or market conditions, nor the level of capital expenditures, tenant improvements, and leasing commissions necessary to maintain the operating performance of our properties. Any of the enumerated items above could have a material effect on the performance of our properties. Also, where specifically noted, for properties purchased in 2016, the NOI represents estimated Year 1 NOI from our original underwriting. Estimated year 1 NOI for properties purchased in 2015 may not be indicative of the actual results for those properties. Estimated annualized NOI is not an indicator of the actual annual net operating income that the Company will or expects to realize in any period. Estimated annualized NOI for properties held by KWE are presented as reported by KWE. Please also see the definition of "Net operating income" below.
- "Investment account" refers to the consolidated investment account presented after noncontrolling interest on invested assets gross of accumulated depreciation and amortization.
- "Investment Management and Real Estate Services Assets under Management" ("IMRES AUM") generally refers to the properties and other assets with respect to which we provide (or participate in) oversight, investment management services and other advice, and which generally consist of real estate properties or loans, and investments in joint ventures. Our IMRES AUM is principally intended to reflect the extent of our presence in the real estate market, not the basis for determining our management fees. Our IMRES AUM consists of the total estimated fair value of the real estate properties and other real estate related assets either owned by third parties, wholly owned by us or held by joint ventures and other entities in which our sponsored funds or investment vehicles and client accounts have invested. Committed (but unfunded) capital from investors in our sponsored funds is not included in our IMRES AUM. The estimated value of development properties is included at estimated completion cost.
- "KW Cap Rate" represents the Cap Rate (as defined above) weighted by the Company's ownership interest in the underlying investments. Cap rates set forth in this presentation includes data only from income-producing properties. We calculate cap rates based on information that is supplied to us during the acquisition diligence process. This information is often not audited or reviewed by independent accountants and may be presented in a manner that is different from similar information included in our financial statements prepared in accordance with GAAP. In addition, cap rates represent historical performance and are not a guarantee of future NOI. Properties for which a cap rate is provided may not continue to perform at that cap rate.
- "Net operating income" or "NOI" is a non-GAAP measure representing the income produced by a property calculated by deducting operating expenses from operating revenues. Our management uses net operating income to assess and compare the performance of our properties and to estimate their fair value. Net operating income does not include the effects of depreciation or amortization or gains or losses from the sale of properties because the effects of those items do not necessarily represent the actual change in the value of our properties resulting from our value-add initiatives or changing market conditions. Our management believes that net operating income reflects the core revenues and costs of operating our properties and is better suited to evaluate trends in occupancy and lease rates.
- "Noncontrolling interests" represents the portion of equity ownership in a consolidated subsidiary not attributable to Kennedy Wilson.
- "Pro-Rata" represents Kennedy Wilson's share calculated by using our proportionate economic ownership of each asset in our portfolio, including our 23.6% ownership in KWE as of December 31, 2016. Please also refer to the pro-rata financial data in our supplemental financial information.
- "Property net operating income" or "Property NOI" is a non-GAAP measure calculated by deducting the Company's Pro-Rata share of rental and hotel operating expenses from the Company's Pro-Rata rental and hotel revenues.
- "Same property" refers to properties in which Kennedy Wilson has an ownership interest during the entire span of both periods being compared. The same property information presented throughout this report is shown on a

cash basis and excludes non-recurring expenses. This analysis excludes properties that are either under development or undergoing lease up as part of our asset management strategy.

Note about Non-GAAP and certain other financial information included in this presentation

In addition to the results reported in accordance with U.S. generally accepted accounting principles ("GAAP") included within this presentation, Kennedy Wilson has provided certain information, which includes non-GAAP financial measures (including Adjusted EBITDA, Adjusted Net Income, and Adjusted Fees, as defined above). Such information is reconciled to its closest GAAP measure in accordance with the rules of the SEC, and such reconciliations are included within this presentation. These measures may contain cash and non-cash acquisition-related gains and expenses and gains and losses from the sale of real-estate related investments. Consolidated non-GAAP measures discussed throughout this report contain income or losses attributable to non-controlling interests. Management believes that these non-GAAP financial measures are useful to both management and Kennedy Wilson's shareholders in their analysis of the business and operating performance of the Company. Management also uses this information for operational planning and decision-making purposes. Non-GAAP financial measures are not and should not be considered a substitute for any GAAP measures. Additionally, non-GAAP financial measures as presented by Kennedy Wilson may not be comparable to similarly titled measures reported by other companies. Annualized figures used throughout this release and supplemental financial information, including annualized net operating income, are not an indicator of the actual net operating income that the Company will or expects to realize in any period.

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*Tables Follow*

**Kennedy-Wilson Holdings, Inc.**  
**Consolidated Balance Sheets**  
**(Unaudited)**  
*(Dollars in millions)*

	December 31,	
	2016	2015
<b>Assets</b>		
Cash and cash equivalents	\$ 260.2	\$ 182.6
Cash held by consolidated investments	625.5	549.0
Accounts receivable	71.3	54.7
Real estate and acquired in place lease values, net of accumulated depreciation and amortization	5,814.2	5,797.5
Loan purchases and originations	87.7	299.7
Unconsolidated investments	560.1	444.9
Other assets	240.1	267.2
<b>Total assets</b>	<u>\$ 7,659.1</u>	<u>\$ 7,595.6</u>
<b>Liabilities</b>		
Accounts payable	\$ 11.2	\$ 22.2
Accrued expenses and other liabilities	412.1	392.0
Investment debt	3,956.1	3,627.5
Senior notes payable	936.6	688.8
<b>Total liabilities</b>	<u>5,316.0</u>	<u>4,730.5</u>
<b>Equity</b>		
Cumulative preferred stock	—	—
Common Stock	—	—
Additional paid-in capital	1,231.4	1,225.7
Accumulated deficit	(112.2)	(44.2)
Accumulated other comprehensive loss	(71.2)	(47.7)
<b>Total Kennedy-Wilson Holdings, Inc. shareholders' equity</b>	<u>1,048.0</u>	<u>1,133.8</u>
Noncontrolling interests	1,295.1	1,731.3
<b>Total equity</b>	<u>2,343.1</u>	<u>2,865.1</u>
<b>Total liabilities and equity</b>	<u>\$ 7,659.1</u>	<u>\$ 7,595.6</u>

**Kennedy-Wilson Holdings, Inc.**  
**Consolidated Statements of Operations**  
**(Unaudited)**

*(Dollars in millions, except per share data)*

	For the Three Months Ended		For the Year Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
<b>Revenue</b>				
Rental	\$ 122.8	\$ 109.5	\$ 485.9	\$ 404.8
Hotel	28.9	28.4	116.2	106.4
Sale of real estate	12.6	—	29.3	3.7
Investment management, property services, and research fees	12.7	22.3	59.4	69.3
Loan purchases, loan originations, and other	3.4	6.1	12.6	19.5
<b>Total revenue</b>	<u>180.4</u>	<u>166.3</u>	<u>703.4</u>	<u>603.7</u>
<b>Operating expenses</b>				
Rental operating	37.0	29.5	135.4	108.0
Hotel operating	24.4	23.8	96.3	89.9
Cost of real estate sold	9.0	—	22.1	2.6
Commission and marketing	2.0	2.9	8.0	7.3
Compensation and related	58.1	49.4	186.5	154.8
General and administrative	12.9	12.5	45.4	43.8
Depreciation and amortization	50.9	46.8	198.2	166.3
<b>Total operating expenses</b>	<u>194.3</u>	<u>164.9</u>	<u>691.9</u>	<u>572.7</u>
Income from unconsolidated investments	67.3	53.3	126.6	97.4
<b>Operating income</b>	<u>53.4</u>	<u>54.7</u>	<u>138.1</u>	<u>128.4</u>
<b>Non-operating income (expense)</b>				
Gain on sale of real estate	54.7	27.7	130.7	72.4
Acquisition-related gains	—	20.9	16.2	108.1
Acquisition-related expenses	(0.1)	(9.0)	(9.5)	(37.3)
Interest expense - investment	(34.5)	(30.9)	(137.4)	(108.8)
Interest expense - corporate	(15.4)	(11.4)	(54.2)	(46.9)
Loss on early extinguishment of corporate debt	—	(1.0)	—	(1.0)
Other (expense) income	(1.0)	(1.8)	6.6	(2.5)
<b>Income before provision for income taxes</b>	<u>57.1</u>	<u>49.2</u>	<u>90.5</u>	<u>112.4</u>
Provision for income taxes	(11.9)	(20.9)	(14.0)	(53.4)
<b>Net income</b>	<u>45.2</u>	<u>28.3</u>	<u>76.5</u>	<u>59.0</u>
Net (income) loss attributable to the noncontrolling interests	(29.6)	0.7	(70.9)	15.7
Preferred dividends and accretion of preferred stock issuance costs	(1.2)	(0.5)	(2.8)	(3.6)
<b>Net income attributable to Kennedy-Wilson Holdings, Inc. common shareholders</b>	<u>\$ 14.4</u>	<u>\$ 28.5</u>	<u>\$ 2.8</u>	<u>\$ 71.1</u>
<b>Basic earnings per share <sup>(1)</sup></b>				
Income per basic	\$ 0.13	\$ 0.25	\$ 0.01	\$ 0.66
Weighted average shares outstanding for basic	109,479,528	108,850,756	109,094,530	103,261,513
<b>Diluted earnings per share</b>				
Income per diluted	\$ 0.13	\$ 0.25	\$ 0.01	\$ 0.66
Weighted average shares outstanding for diluted	109,479,528	112,095,953	109,094,530	109,553,728
Dividends declared per common share	\$ 0.14	\$ 0.12	\$ 0.56	\$ 0.48

<sup>(1)</sup> Includes impact of the Company allocating income and dividends per basic and diluted share to participating securities

**Kennedy-Wilson Holdings, Inc.**  
**Adjusted EBITDA**  
**(Unaudited)**  
*(Dollars in millions)*

The table below reconciles Adjusted EBITDA to net income attributable to Kennedy-Wilson Holdings, Inc. common shareholders, using Kennedy Wilson's pro-rata share amounts for each adjustment item.

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
<b>Net income attributable to Kennedy-Wilson Holdings, Inc. common shareholders</b>	\$ 14.4	\$ 28.5	\$ 2.8	\$ 71.1
<b>Non-GAAP adjustments:</b>				
Add back (Kennedy Wilson's Share) <sup>(1)</sup> :				
Interest expense - investment	23.1	23.3	92.5	85.2
Interest expense - corporate	15.4	12.4	54.2	47.9
Depreciation and amortization	31.8	27.5	120.6	102.7
Provision for income taxes	13.7	18.3	11.9	29.9
Share-based compensation	17.3	11.2	65.1	30.8
Preferred stock dividends and accretion of issuance costs	1.2	0.5	2.8	3.6
<b>Adjusted EBITDA</b>	<b>\$ 116.9</b>	<b>\$ 121.7</b>	<b>\$ 349.9</b>	<b>\$ 371.2</b>

<sup>(1)</sup> See Appendix for reconciliation of Kennedy Wilson's Share amounts

The table below provides a detailed reconciliation of Adjusted EBITDA to net income.

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
<b>Net income</b>	\$ 45.2	\$ 28.3	\$ 76.5	\$ 59.0
<b>Non-GAAP adjustments:</b>				
Add back:				
Interest expense - investment	34.5	30.9	137.4	108.8
Interest expense - corporate	15.4	11.4	54.2	46.9
Loss on early extinguishment of corporate debt	—	1.0	—	1.0
Kennedy Wilson's share of interest expense included in unconsolidated investments	4.4	7.4	23.0	28.1
Depreciation and amortization	50.9	46.8	198.2	166.3
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	4.8	5.6	20.8	28.1
Provision for income taxes	11.9	20.9	14.0	53.4
Share-based compensation	17.3	11.2	65.1	30.8
EBITDA attributable to noncontrolling interests <sup>(1)</sup>	(67.5)	(41.8)	(239.3)	(151.2)
<b>Adjusted EBITDA</b>	<b>\$ 116.9</b>	<b>\$ 121.7</b>	<b>\$ 349.9</b>	<b>\$ 371.2</b>

<sup>(1)</sup> EBITDA attributable to noncontrolling interest includes \$23.9 million and \$24.9 million of depreciation and amortization, \$15.8 million and \$15.0 million of interest, and \$(1.8) million and \$2.6 million of taxes, for the three months ended December 31, 2016 and 2015, respectively. EBITDA attributable to noncontrolling interest includes \$98.4 million and \$91.7 million of depreciation and amortization, \$67.9 million and \$51.7 million of interest, and \$2.1 million and \$23.5 million of taxes, for the year ended December 31, 2016 and 2015, respectively.

**Kennedy-Wilson Holdings, Inc.**  
**Adjusted Net Income**  
**(Unaudited)**

*(Dollars in millions, except per share data)*

The table below reconciles Adjusted Net Income to net income attributable to Kennedy-Wilson Holdings, Inc. common shareholders, using Kennedy Wilson's pro-rata share amounts for each adjustment item.

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
<b>Net income attributable to Kennedy-Wilson Holdings, Inc. common shareholders</b>	\$ 14.4	\$ 28.5	\$ 2.8	\$ 71.1
<b>Non-GAAP adjustments:</b>				
Add back (Kennedy Wilson's Share) <sup>(1)</sup> :				
Depreciation and amortization	31.8	27.5	120.6	102.7
Share-based compensation	17.3	11.2	65.1	30.8
Preferred stock dividends and accretion of issuance costs	1.2	0.5	2.8	3.6
<b>Adjusted Net Income</b>	<b>\$ 64.7</b>	<b>\$ 67.7</b>	<b>\$ 191.3</b>	<b>\$ 208.2</b>

<sup>(1)</sup> See Appendix for reconciliation of Kennedy Wilson's Share amounts

The table below provides a detailed reconciliation of Adjusted Net Income to net income.

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
<b>Net income</b>	\$ 45.2	\$ 28.3	\$ 76.5	\$ 59.0
<b>Non-GAAP adjustments:</b>				
Add back:				
Depreciation and amortization	50.9	46.8	198.2	166.3
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	4.8	5.6	20.8	28.1
Share-based compensation	17.3	11.2	65.1	30.8
Net income attributable to the noncontrolling interests, before depreciation and amortization <sup>(1)</sup>	(53.5)	(24.2)	(169.3)	(76.0)
<b>Adjusted Net Income</b>	<b>\$ 64.7</b>	<b>\$ 67.7</b>	<b>\$ 191.3</b>	<b>\$ 208.2</b>

<sup>(1)</sup> Includes \$23.9 million and \$24.9 million of depreciation and amortization for the three months ended December 31, 2016 and 2015, respectively, and \$98.4 million and \$91.7 million for the year ended December 31, 2016 and 2015, respectively.