

Contact: Daven Bhavsar, CFA
 Vice President of Investor Relations
 (310) 887-3431
 dbhavsar@kennedywilson.com
 www.kennedywilson.com

151 S. El Camino Drive
 Beverly Hills, CA 90212

NEWS RELEASE

KENNEDY WILSON REPORTS SECOND QUARTER 2020 RESULTS

BEVERLY HILLS, Calif. (August 5, 2020) - [Kennedy-Wilson Holdings, Inc.](#) (NYSE: KW) today reported results for 2Q-2020:

<i>(Amounts in millions, except per share data)</i>	<u>2Q</u>		<u>YTD</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>GAAP Results</u>				
GAAP Net (Loss) Income to Common Shareholders	(\$42.1)	\$50.8	(\$52.0)	\$45.5
Per Diluted Share	(0.30)	0.36	(0.37)	0.33
<u>Non-GAAP Results</u>				
Adjusted EBITDA	\$72.8	\$187.4	\$184.8	\$307.5
Adjusted Net Income	12.0	105.1	56.8	158.9

"While facing an uncertain environment stemming from the COVID-19 pandemic, I am very proud of the accomplishments our team made during the quarter, which included maintaining high levels of occupancy across our portfolio through robust leasing activity, collecting 97% of our multifamily and office rents, and preserving a strong financial position with \$1.1 billion in cash and availability on our credit line" said William McMorrow, Chairman and CEO of Kennedy Wilson. "While our asset sale activity was down significantly leading to lower gains in Q2, we demonstrated our ability to invest opportunistically and grow, as we have done throughout our history at KW during periods of market dislocation, with the launch of a new \$2 billion debt platform and the continuation of our development initiatives."

2Q Highlights

- **Strong Liquidity Position:** The Company continues to maintain a strong liquidity position with \$788 million⁽¹⁾ in cash and \$300 million available on its line of credit.
- **6% Growth in Fee-Bearing Capital:** The Company's Fee-Bearing Capital totaled \$3.5 billion as of June 30, 2020, a 6% increase from 1Q-20 and a 17% increase from YE-19. In addition, the Company has approximately \$2 billion in additional non-discretionary capital with certain strategic partners that is available for investment. If invested, these amounts will be added to the Company's Fee-Bearing Capital.
- **\$2 Billion Debt Platform:** The Company and its partner launched a \$2 billion debt platform that will pursue first mortgage loans secured by high-quality real estate in the Western U.S., Ireland and the U.K.

The Company completed its first two loan investments totaling \$90 million in the newly formed platform in 3Q-20, and currently has \$200 million of loan investments with signed non-binding term sheets.

• **2Q-20 Adjusted EBITDA of \$73 million (vs. \$187 million in 2Q-19):**

- KW's share of gains from the sale of real estate and change in fair value totaled \$9 million in 2Q-20, a decrease of \$93 million from 2Q-19.
- KW's share of property NOI and fees totaled \$94 million in 2Q-20 (vs. \$130 million in 2Q-19), a decrease of \$36 million, which includes a \$20 million decrease in promote income and acquisition/disposition fees and a \$9 million decrease in hotel NOI. The Shelbourne hotel was shutdown in March 2020 as a result of the COVID-19 pandemic. The hotel reopened on June 29, 2020.
- For 2Q-20 general and administrative and compensation and related expenses (excluding share-based compensation) decreased by \$14 million or 33% (vs. 2Q-19).

• **In-Place Estimated Annual NOI of \$405 Million; 81% of which is Multifamily and Office:**

- The multifamily portfolio totals 25,405 stabilized units, with a weighted-average physical occupancy of 94.5% (from 94.9% in 1Q-20). In 2Q, we completed 2,035 leases across our global market-rate multifamily portfolio.
- The office portfolio totals 10.3 million stabilized square feet with weighted-average physical occupancy of 95.0% (from 95.6% in 1Q-20). In 2Q, we completed 364,000 square feet of leasing activity, including renewals and extensions, across our global office portfolio.
- The Company's development and lease-up portfolio totals 4,585 units, 2.8 million commercial square feet, and one hotel. In 2Q, the Company completed development of Clancy Quay-phase 3 and the first phase of 38° North. The Company has a weighted-average ownership of 59% in its development and lease-up portfolio.

• **Same Property Performance¹:**

	<u>2Q - 2020 vs. 2Q - 2019</u>			<u>YTD - 2020 vs. YTD - 2019</u>		
	<u>Occupancy</u>	<u>Revenue</u>	<u>NOI</u>	<u>Occupancy</u>	<u>Revenue</u>	<u>NOI</u>
Multifamily - Market Rate	0.2%	1.4%	(0.8)%	0.3%	3.0%	1.9%
Multifamily - Affordable	(0.7)%	5.3%	8.4%	(0.3)%	4.8%	6.5%
Commercial	0.2%	(7.6)%	(8.2)%	—%	(5.1)%	(5.7)%
Total		(1.9)%	(3.7)%		—%	(1.4)%

¹ Excludes hotels, which were non-operating during 2Q-20 but have re-opened subsequently. The same property performance includes \$3.2 million of COVID-19 related charges which represents 4% of total Multifamily and Commercial 2Q-2020 same-property NOI.

Rent Collection Update

The following is a summary of KW's share of contractual cash rent collections for 2Q-20. Additionally, the Company's overall rent collections in July are trending in-line with 2Q-20:

<u>Asset Class</u>	<u>2Q-20 Rent Collections</u>	<u>% of Portfolio</u>
Multifamily	98%	57%
Office	96%	29%
Retail ⁽³⁾	54%	12%
Industrial ⁽³⁾	76%	2%
Total	92%	100%

2Q-20 Investment Activity

- **Capital Investment:** In 2Q-20, the Company invested \$29 million of cash, allocating 71% to capex and development initiatives, 27% to new investments, and 2% to share repurchases. For YTD-20, the Company invested \$124 million of cash, allocating 40% to capex and development initiatives, 39% to new investments, and 21% to share repurchases.
- **Acquisitions:** The Company completed \$179 million (\$12 million at KW share) of acquisitions in 2Q-20, which included the following transactions:
 - One loan investment for \$125 million, of which the Company's share was 5%.
 - Kennedy Wilson Fund VI acquired a six-building R&D/office portfolio in South San Jose for \$54 million. Kennedy Wilson has a 11% ownership interest in Fund VI.

Balance Sheet

- **\$1.1 billion in Cash and Lines of Credit:** As of June 30, 2020, Kennedy Wilson had total cash and cash equivalents of \$788 million⁽¹⁾ and \$300 million of capacity on its revolving line of credit.
- **Global Debt Profile:** Kennedy Wilson's share of debt had a weighted average interest rate of 3.7% per annum and a weighted average remaining maturity of 4.5 years, with only 3% maturing before 2022.
- **Share Repurchase Program⁽²⁾:** In 2Q-20, Kennedy Wilson repurchased 0.1 million shares at a weighted-average price of \$12.88 per share. Since the \$250 million share repurchase plan was authorized on March 20, 2018, the Company has repurchased and retired 11.5 million shares at a weighted-average price of \$18.43 per share, with \$38 million remaining as of June 30, 2020.

Footnotes

- ⁽¹⁾ Includes \$20.1 million of restricted cash and our share of cash held at unconsolidated joint-ventures. Approximately \$427 million of our share of cash is in foreign currencies of GBP and EUR.
- ⁽²⁾ Future purchases under the program may be made in the open market, in privately negotiated transactions, through the net settlement of the company's restricted stock grants or otherwise, with the amount and timing of the repurchases dependent on market conditions and subject to the Company's discretion.
- ⁽³⁾ The Company has \$6.8 million in 2Q 2020 rents outstanding for its retail and industrial portfolio, excluding amounts deferred.

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 Thursday, August 6. The direct dial-in number for the conference call is (844) 340-4761 for U.S. callers and (412) 717-9616 for international callers.

A replay of the call will be available for one week beginning one hour after the live call and can be accessed by (877) 344-7529 for U.S. callers and (412) 317-0088 for international callers. The passcode for the replay is 10145822.

The webcast will be available at: <https://services.choruscall.com/links/kw200806VjQJRuTu.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 leading 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. For further information on Kennedy Wilson, please visit www.kennedywilson.com.

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

	June 30, 2020	December 31, 2019
Assets		
Cash and cash equivalents	\$ 734.7	\$ 573.9
Accounts receivable	57.1	52.1
Real estate and acquired in place lease values (net of accumulated depreciation and amortization of \$751.6 and \$703.2)	4,729.9	5,080.2
Unconsolidated investments (including \$1,107.6 and \$1,107.4 at fair value)	1,276.1	1,334.6
Other assets	271.7	263.7
Total assets	\$ 7,069.5	\$ 7,304.5
Liabilities		
Accounts payable	\$ 11.3	\$ 20.4
Accrued expenses and other liabilities	457.0	518.0
Mortgage debt	2,450.3	2,641.0
KW unsecured debt	1,330.1	1,131.7
KWE unsecured bonds	1,231.7	1,274.2
Total liabilities	5,480.4	5,585.3
Equity		
Cumulative perpetual preferred stock	—	—
Common stock	—	—
Additional paid-in capital	2,041.5	2,049.7
(Accumulated deficit) retained earnings	(70.2)	46.2
Accumulated other comprehensive loss	(423.5)	(417.2)
Total Kennedy-Wilson Holdings, Inc. shareholders' equity	1,547.8	1,678.7
Noncontrolling interests	41.3	40.5
Total equity	1,589.1	1,719.2
Total liabilities and equity	\$ 7,069.5	\$ 7,304.5

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

(Dollars in millions, except share amounts and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenue				
Rental	\$ 98.9	\$ 112.0	\$ 206.6	\$ 227.8
Hotel	0.1	22.8	7.3	37.8
Sale of real estate	—	—	—	1.1
Investment management and property services fees	7.9	8.9	16.3	17.7
Total revenue	106.9	143.7	230.2	284.4
Expenses				
Rental	32.0	33.3	68.7	74.3
Hotel	2.2	15.7	8.2	30.3
Cost of real estate sold	—	—	—	1.2
Commission and marketing	0.9	0.7	1.6	1.7
Compensation and related (includes \$8.3, \$7.2, \$16.9 and \$17.6 of share-based compensation)	27.4	37.0	58.8	72.3
General and administrative	8.0	10.9	17.5	21.8
Depreciation and amortization	45.3	46.2	90.8	95.3
Total expenses	115.8	143.8	245.6	296.9
Income from unconsolidated investments, net of depreciation and amortization	19.2	5.9	30.1	47.6
(Loss) gain on sale of real estate, net	(0.5)	211.2	43.7	246.1
Transaction-related expenses	(0.3)	(1.1)	(0.5)	(1.9)
Interest expense	(51.7)	(55.7)	(100.5)	(111.0)
Other (loss) income	(0.1)	1.9	0.1	(0.6)
(Loss) income before benefit from (provision for) income taxes	(42.3)	162.1	(42.5)	167.7
Benefit from (provision for) income taxes	3.2	(20.9)	(2.5)	(24.9)
Net (loss) income	(39.1)	141.2	(45.0)	142.8
Net loss (income) attributable to noncontrolling interests	1.3	(90.4)	1.6	(97.3)
Preferred dividends	(4.3)	—	(8.6)	—
Net (loss) income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ (42.1)	\$ 50.8	\$ (52.0)	\$ 45.5
Basic (loss) earnings per share⁽¹⁾				
(Loss) income per basic	\$ (0.30)	\$ 0.36	\$ (0.37)	\$ 0.33
Weighted average shares outstanding for basic	140,219,177	139,623,658	140,214,960	139,395,574
Diluted (loss) earnings per share				
(Loss) income per diluted	\$ (0.30)	\$ 0.36	\$ (0.37)	\$ 0.33
Weighted average shares outstanding for diluted	140,219,177	140,377,218	140,214,960	140,547,023
Dividends declared per common share	\$ 0.22	\$ 0.21	\$ 0.44	\$ 0.42

⁽¹⁾ 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 net income attributable to Kennedy-Wilson Holdings, Inc. common shareholders to Adjusted EBITDA, using Kennedy Wilson's pro-rata share amounts for each adjustment item.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Net (loss) income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ (42.1)	\$ 50.8	\$ (52.0)	\$ 45.5
Non-GAAP adjustments:				
Add back (Kennedy Wilson's Share) ⁽¹⁾ :				
Interest expense	60.1	61.4	116.2	123.7
Depreciation and amortization	45.8	47.1	91.9	95.8
(Benefit from) provision for income taxes	(3.6)	20.9	3.2	24.9
Preferred dividends	4.3	—	8.6	—
Share-based compensation	8.3	7.2	16.9	17.6
Adjusted EBITDA	\$ 72.8	\$ 187.4	\$ 184.8	\$ 307.5

⁽¹⁾ See Appendix for reconciliation of Kennedy Wilson's Share amounts.

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Net (loss) income	\$ (39.1)	\$ 141.2	\$ (45.0)	\$ 142.8
Non-GAAP adjustments:				
Add back:				
Interest expense	51.7	55.7	100.5	111.0
Kennedy Wilson's share of interest expense included in unconsolidated investments	9.1	7.4	17.2	15.9
Depreciation and amortization	45.3	46.2	90.8	95.3
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	1.8	2.2	3.5	4.3
(Benefit from) provision for income taxes	(3.2)	20.9	2.5	24.9
Kennedy Wilson's share of taxes included in unconsolidated investments	—	—	1.1	—
Share-based compensation	8.3	7.2	16.9	17.6
EBITDA attributable to noncontrolling interests ⁽¹⁾	(1.1)	(93.4)	(2.7)	(104.3)
Adjusted EBITDA	\$ 72.8	\$ 187.4	\$ 184.8	\$ 307.5

⁽¹⁾ EBITDA attributable to noncontrolling interest includes \$1.3 million and \$1.3 million of depreciation and amortization, \$0.8 million and \$1.7 million of interest, and \$0.4 million and \$0.0 million of taxes, for the three months ended June 30, 2020 and 2019, respectively. EBITDA attributable to noncontrolling interest includes \$2.4 million and \$3.8 million of depreciation and amortization, \$1.5 million and \$3.2 million of interest, and \$0.4 million and \$0.0 million of taxes for the six months ended June 30, 2020 and 2019, respectively.

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

(Dollars in millions, except share data)

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Net (loss) income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ (42.1)	\$ 50.8	\$ (52.0)	\$ 45.5
Non-GAAP adjustments:				
Add back (Kennedy Wilson's Share) ⁽¹⁾ :				
Depreciation and amortization	45.8	47.1	91.9	95.8
Share-based compensation	8.3	7.2	16.9	17.6
Adjusted Net Income	\$ 12.0	\$ 105.1	\$ 56.8	\$ 158.9
Weighted average shares outstanding for diluted	140,219,177	140,377,218	140,214,960	140,547,023

⁽¹⁾ See Appendix for reconciliation of Kennedy Wilson's Share amounts.

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Net (loss) income	\$ (39.1)	\$ 141.2	\$ (45.0)	\$ 142.8
Non-GAAP adjustments:				
Add back (less):				
Depreciation and amortization	45.3	46.2	90.8	95.3
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	1.8	2.2	3.5	4.3
Share-based compensation	8.3	7.2	16.9	17.6
Preferred dividends	(4.3)	—	(8.6)	—
Net income attributable to the noncontrolling interests, before depreciation and amortization ⁽¹⁾	—	(91.7)	(0.8)	(101.1)
Adjusted Net Income	\$ 12.0	\$ 105.1	\$ 56.8	\$ 158.9
Weighted average shares outstanding for diluted	140,219,177	140,377,218	140,214,960	140,547,023

⁽¹⁾ Includes \$1.3 million and \$1.3 million of depreciation and amortization for the three months ended June 30, 2020 and 2019, respectively, and \$2.4 million and \$3.8 million of depreciation and amortization for the six months ended June 30, 2020 and 2019

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" sections of each our Annual Report on Form 10-K for the year ended December 31, 2019, and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, 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.
- "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. 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 Kennedy Wilson's share of fees eliminated in consolidation, Kennedy Wilson’s share of fees in unconsolidated service businesses and performance fees included in unconsolidated investments. 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 Income” represents net income before depreciation and amortization, our share of depreciation and amortization included in income from unconsolidated investments, share-based compensation, preferred dividends 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.
- “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 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 partners" refers to non-wholly-owned subsidiaries that we consolidate in our financial statements under U.S. GAAP and third-party equity providers.
- "Estimated Annual NOI" is a property-level non-GAAP measure representing the estimated annual 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 2020, the NOI represents estimated Year 1 NOI from our original underwriting. Estimated year 1 NOI for properties purchased in 2020 may not be indicative of the actual results for those properties. Estimated annual NOI is not an indicator of the actual annual net operating income that the Company will or expects to realize in any period. Please also see the definition of "Net operating income" below. The Company does not provide a reconciliation for estimated annual NOI to its most directly comparable forward-looking GAAP financial measure, because it is unable to provide a meaningful or accurate estimation of each of the component reconciling items, and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing and/or amount of various items that would impact estimated annual NOI, including, for example, the sale of real estate that have not yet occurred and other items and are out of the Company’s control. For the same reasons, the Company is unable to meaningfully address the probable significance of the unavailable information and believes that providing a reconciliation for estimated annual NOI would imply a degree of precision as to its forward-looking net operating income that would be confusing or misleading to investors.
- "Estimated Forward Yield on Cost” represents the Company’s estimate of future net operating income, assuming it has completed its planned value-add asset management initiatives, divided by the sum of the purchase price and additional capital expenditure costs that are expected to be incurred in accordance with the Company’s original underwriting at the time of acquisition. This information is 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. Estimated Forward Yield on Cost is based on management's current expectations and are based on assumptions that may prove to be inaccurate and involve known and unknown risks. For example, Estimated Forward Return on Cost is based in part on data made available to us during the course of our due diligence process in connection with asset acquisitions and assumes the timely and on-budget completion of our value-add initiatives, the timely leasing of all additional capacity and the absence of customer defaults or early lease terminations. Accordingly, the actual return on cost of an investment made by the Company may differ materially and adversely from the Estimated Forward Return on Cost figures set forth in this release, and we caution you not to place undue reliance on such figures. This information is not provided for development assets with no current income-producing component.

- "Fee-Bearing Capital" represents total third-party committed or invested capital that we manage in our joint-ventures and commingled funds that entitle us to earn fees, including without limitation, asset management fees, construction management fees, acquisition and disposition fees and/or promoted interest, if applicable.
- "Gross Asset Value" refers to the gross carrying value of assets, before debt, depreciation and amortization, and net of noncontrolling interests.
- "Internal Rate of Return" ("IRR") is based on cumulative contributions and distributions to Kennedy Wilson on each investment that has been sold and is the leveraged internal rate of return on equity invested in the investment. The IRR measures the return to Kennedy Wilson on each investment, expressed as a compound rate of interest over the entire investment period. This return does take into account carried interest, if applicable, but excludes management fees, organizational fees, or other similar expenses.
- "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.
- "Net operating income" or "NOI" is a non-GAAP measure representing the income produced by a property calculated by deducting certain property expenses from property 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. 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.
- "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. Please also refer to the pro-rata financial data in our supplemental financial information.
- "Property NOI" or "Property-level NOI" is a non-GAAP measure calculated by deducting the Company's Pro-Rata share of rental and hotel property expenses from the Company's Pro-Rata rental and hotel revenues. 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.

- "Return on Equity" is a ratio calculated by dividing the net cash distributions of an investment to Kennedy Wilson, after the cost of leverage, if applicable, by the total cash contributions by Kennedy Wilson over the lifetime of the investment.
- "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, Net Operating 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, and our estimated annual net operating income metrics, 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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