



# Q4 -17 Investor Update

(As of December 31, 2017)

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Statements made by us in this presentation 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. Some of the forward-looking statements may be identified by words like “believes”, “expects”, “anticipates”, “estimates”, “plans”, “intends”, “projects”, “indicates”, “could”, “may” and similar expressions. These statements are not guarantees of future performance and involve a number of risks, uncertainties and assumptions. Accordingly, actual results or the performance of Kennedy-Wilson Holdings, Inc. (the “Company”) or its subsidiaries may differ significantly, positively or negatively, from forward-looking statements made herein. Unanticipated events and circumstances are likely to occur. Factors that might cause such differences include, but are not limited to, the risks that the Company’s business strategy and plans may not receive the level of market acceptance anticipated; disruptions in general economic and business conditions, particularly in geographic areas where our business may be concentrated; the continued volatility and disruption of the capital and credit markets, higher interest rates, higher loan costs, less desirable loan terms, and a reduction in the availability of mortgage loans and mezzanine financing, all of which could increase costs and could limit our ability to acquire

additional real estate assets; continued high levels of, or increases in, unemployment and a general slowdown in commercial activity; our leverage and ability to refinance existing indebtedness or incur additional indebtedness; an increase in our debt service obligations; our ability to generate a sufficient amount of cash from operations to satisfy working capital requirements and to service our existing and future indebtedness; our ability to achieve improvements in operating efficiency; foreign currency fluctuations; adverse changes in the securities markets; our ability to retain our senior management and attract and retain qualified and experienced employees; our ability to attract new user and investor clients; our ability to retain major clients and renew related contracts; trends in the use of large, full-service commercial real estate providers; changes in tax laws in the United States, Europe or Japan that reduce or eliminate our deductions or other tax benefits; future acquisitions may not be available at favorable prices or with advantageous terms and conditions; and costs relating to the acquisition of assets we may acquire could be higher than anticipated. 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 U.S. Securities and Exchange Commission (“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, change in assumptions, or otherwise.

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# Strategic Review



## About Kennedy Wilson

We are 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., the U.K., and Ireland.



Office: 150 S. El Camino Blvd, Beverly Hills, CA



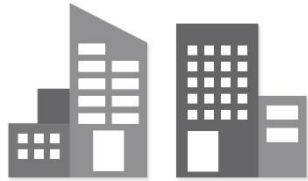
Multifamily: Pioneer Point, London, UK



Mixed-Use: Capital Dock, Dublin, Ireland

# KW overview

## KENNEDY WILSON (NYSE:KW) AT A GLANCE<sup>1</sup>



**\$7.0bn**  
Carrying value of  
real estate<sup>1</sup>

**\$1.0bn**  
Non-income producing  
and unstabilized assets



**\$439mm**  
Estimated Annual NOI<sup>2</sup>



**498**  
Total employees

**25**  
No. of offices



**4.5%**  
Dividend yield<sup>3</sup>

**\$0.19**  
Quarterly Dividend

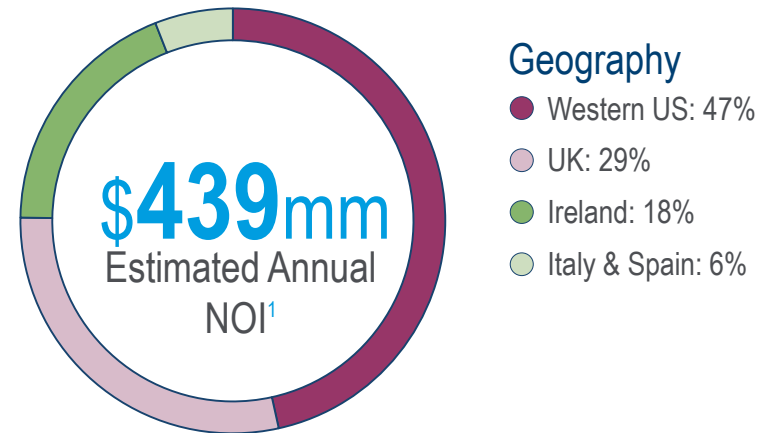
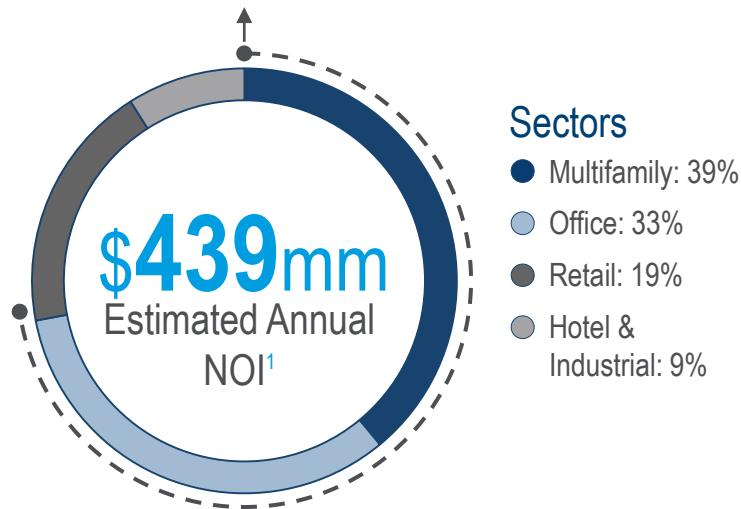
<sup>1</sup> Information shown at share as of December 31, 2017

<sup>2</sup> As defined in definitions section in the appendix

<sup>3</sup> Based on annual dividend of \$0.76 and share price of \$16.85 on 3/07/18

# Excellent scale across multifamily and office

## 72% Multifamily & Office



**360**

No. of assets

**27,161**

No. of multifamily units<sup>2</sup>

**18.8m**

Commercial Area (sq ft)<sup>3</sup>

**94.0%**

Occupancy<sup>4</sup>

<sup>1</sup> As defined in definitions section in the appendix

<sup>2</sup> Includes 581 unstabilized units and 2,715 units under development

<sup>3</sup> Includes 1.0m sq ft of unstabilized assets and 0.7m sq ft under development

<sup>4</sup> Stabilized multifamily and commercial assets and excludes unstabilized assets

# Two key investment segments

## Balance Sheet Portfolio



Office: 90 East  
Issaquah, WA, USA



Multifamily: Clancy Quay,  
Dublin, Ireland

## Investment Management Platform



Office: Corporate Campus East, Bellevue, WA, USA

- Permanent capital vehicle focused on maximizing property cash flow
- Targeting investments with accretive asset management opportunities
- Longer-term hold period

- Buy it, fix it, sell it
- Targeting opportunistic and value-add investments
- Shorter-term hold period
- Focus on raising third-party capital in U.S and Europe

## The Kennedy Wilson story

- 1 Global business is positioned to grow
- 2 Unrivalled long-term relationships with major institutions
- 3 Local investment and service expertise to accretively allocate capital
- 4 First-mover advantage from early entry in key target markets
- 5 30-year track record as global real estate investor and operator

## Near-term strategic priorities

- 1 Balance Sheet**  Strategically grow multifamily portfolio in the U.S., Ireland and the U.K.
- 2 Investment Management**  Raise \$1bn by YE-2018  
Expand capital raising to Europe
- 3 Development & Unstabilized**  Additional \$35mm of Estimated Annual NOI through projects completed by YE-2019
- 4 Asset Sales**  Generate \$500mm of additional cash by YE-2019
- 5 Reporting**  Enhanced disclosure in quarterly supplemental & investor outreach

# The KW investment proposition


- ✓ Growing recurring property cash flow
- ✓ Strong track record of fundraising
- ✓ Deep alignment of interest with both shareholders and investors
  - ▶ 13% insider stock ownership<sup>1</sup>
  - ▶ Significant co-investor in joint-ventures and funds
- ✓ Substantial liquidity of \$751mm to deploy across growth opportunities
- ✓ Focused on allocating capital to best risked-adjusted return markets and sectors


Since 2009, raised \$12bn of public and private equity to fund \$20bn of real estate acquisitions





<sup>1</sup>KW Board and senior management own 13% of shares outstanding


## Recent developments

- 1 Share Buyback** 

3/20 – New \$250M buyback announced  
4/3 - \$115M completed totalling 6.6M shares
- 2 Leasing** 

251,700 sq ft office lease with WeWork at 400 California  
52,900 sq ft office lease at The Chase, Dublin
- 3 Financing** 

\$250M add-on completed 2/22/18 maturing in 2024  
Swap agreement reduced cost to 3.88% for first 5 years
- 4 Asset Sales** 

Accelerating asset sale program expected to produce  
\$500M in cash proceeds
- 5 Reporting** 

Disclosed consolidated property list

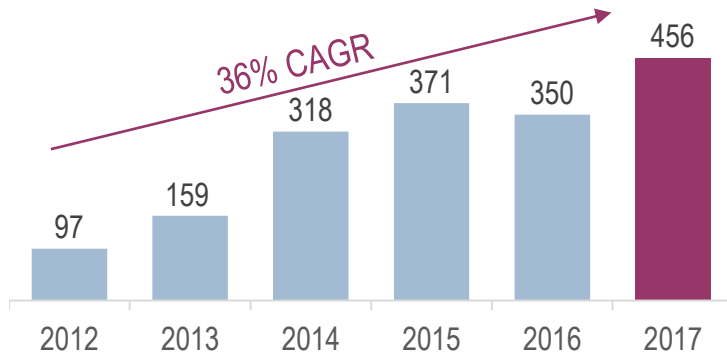


# Financial Performance Review

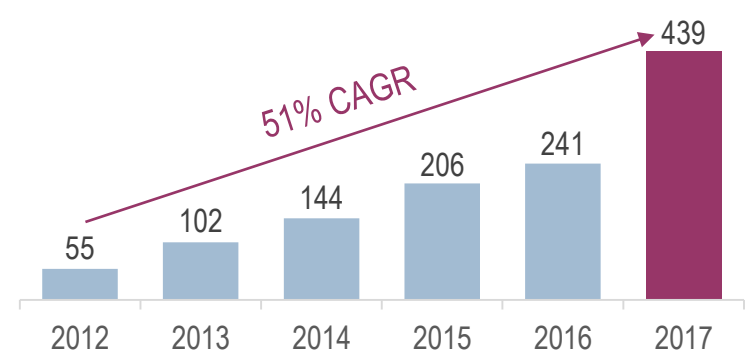
# Solid base with strong growth potential

## Strong NOI and dividend per share growth

### Adjusted EBITDA growth (\$mm)



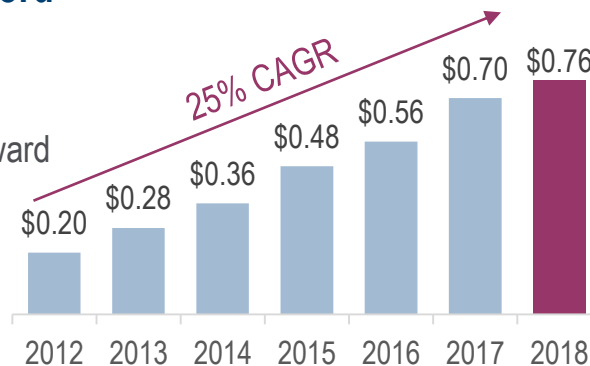
### Recurring property NOI growth (\$mm)



### Dividend track record

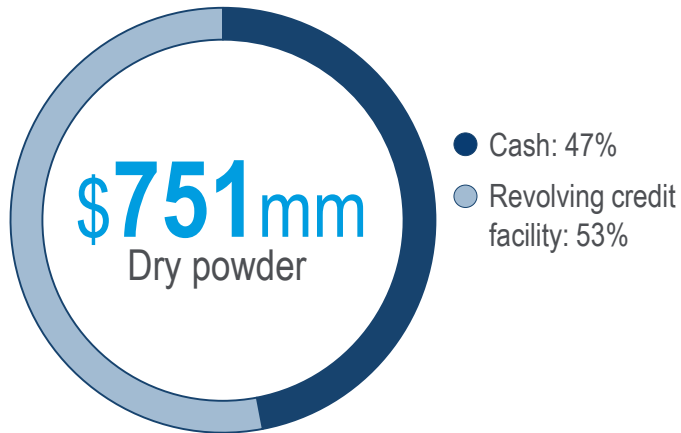
**\$0.76**

Annual DPS going forward

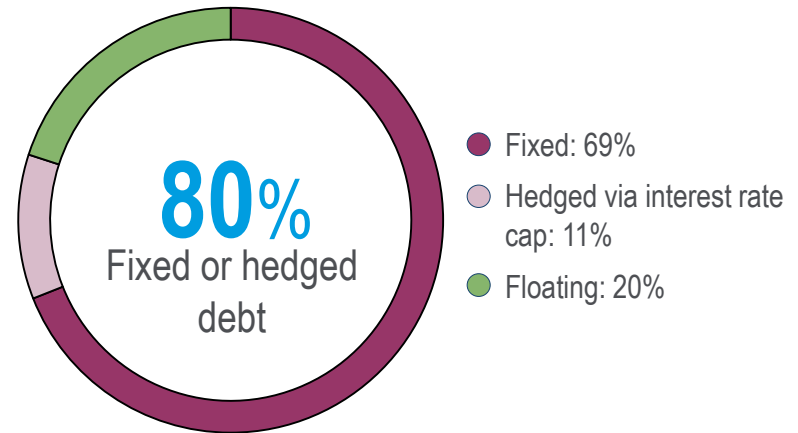


# Solid balanced sheet with good liquidity levels

## Ample liquidity (\$mm)



## Reduced floating rate risk

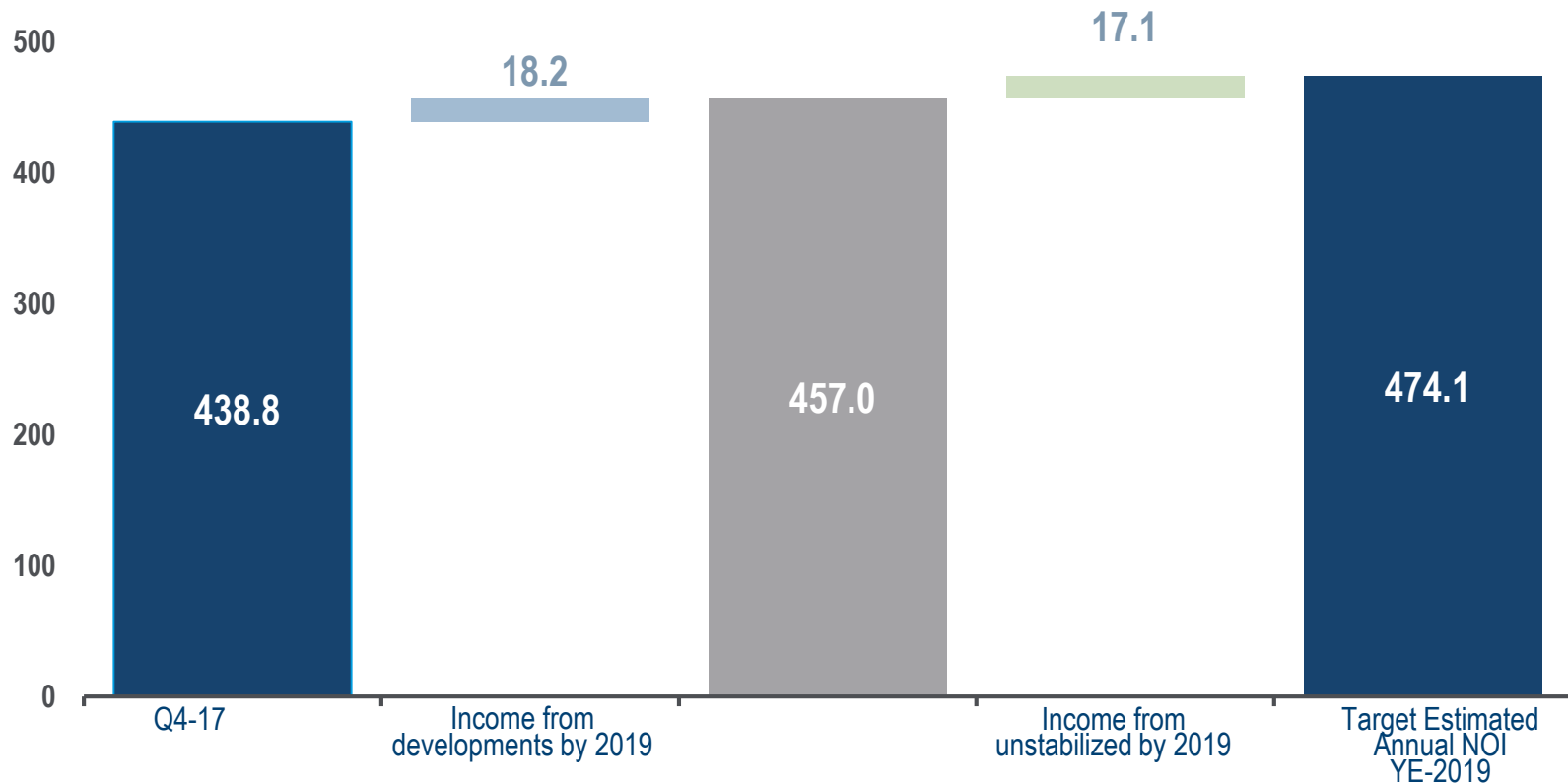


## Improved credit rating

- ✓ **BB+** S&P corporate rating upgraded two notches
- ✓ **3.8%** Weighted average cost of debt

- ✓ **\$2bn+** Of unencumbered assets
- ✓ **6.4yrs** Weighted average term to maturity

# Target incremental Estimated Annual NOI



# Components of Value

Below are key valuation metrics as of December 31, 2017.

Investments			Kennedy Wilson's Share	
Income Producing Assets		Description	Est. Annual NOI <sup>(1)(3)</sup>	
1	Multifamily	23,865 units	\$ 172.1	
2	Commercial	17.1 million sq. ft. of office, retail, and industrial	240.8	
3	Hotels	5 Hotels / 974 Hotel Rooms	25.9	
Unstabilized, Development, and Non-Income Producing Assets				
			KW Gross Asset Value	
4	Unstabilized: Multifamily and Commercial	581 multifamily units 1.0 million commercial sq. ft.	\$370.0	
5	Development – Commercial, Multifamily, and Hotel	2,715 multifamily units 0.7 million commercial sq. ft. One five-star resort	335.8	
6	Loans, Residential, and Other	25 investments, 13 unresolved loans	290.1	
Investment Management and Real Estate Services			Annual Adj. Fees <sup>(2)</sup>	Annual Adj. EBITDA <sup>(2)</sup>
7	Investment Management	Management and promote fees (excl. KWE)	\$ 29.3	\$18.6
8	Property Services	Fees and commissions	28.9	5.7
9	Meyers Research	Subscription revenue and consulting fees	<u>12.4</u>	<u>(4.6)</u>
	<b>Total Services</b>		<b>\$ 70.6</b>	<b>\$ 19.7</b>
Net Debt		Total		
9	KW Share of Debt	\$ 6,069.2		
10	KW Share of Cash	<u>(345.7)</u>		
	<b>Total Net Debt</b>	<b>\$ 5,723.5</b>		

(1), (2), (3): See definitions in appendix.

# Development opportunities



# +\$35 million of NOI by YE-2019

## Stabilizing

Pioneer Point, London



Northbank, Dublin 1



The Chase, Dublin 18



Clancy Quay Phase II, Dublin 8



## Work in progress

Moraleja Green, Madrid



Eastgate, Mill Creek, WA



Stillorgan, Co. Dublin



Capital Dock, Dublin 2



## In planning

9 Puerta del Sol, Madrid



University Glen, Los Angeles



Hanover Quay, Dublin 2



Clancy Quay Phase III, Dublin 8



## In design

Kona Village Resort, Kona, Hawaii



Santa Rosa, Santa Rosa, CA



Kildare Street, Dublin 2



Leisureplex, Co. Dublin



The scope of these projects are subject to change.

# Delivering Dublin's iconic mixed-use campus

346,000 sq ft office element 100% leased

**190**

Luxury multifamily units

**360,000**sq ft

Commercial space

JV partners

**FAIRFAX**  
FINANCIAL HOLDINGS LIMITED



Tenant Roster

**J.P.Morgan**

200 Capital Dock sold

**indeed**<sup>®</sup>

100 & 300 Capital Dock fully leased



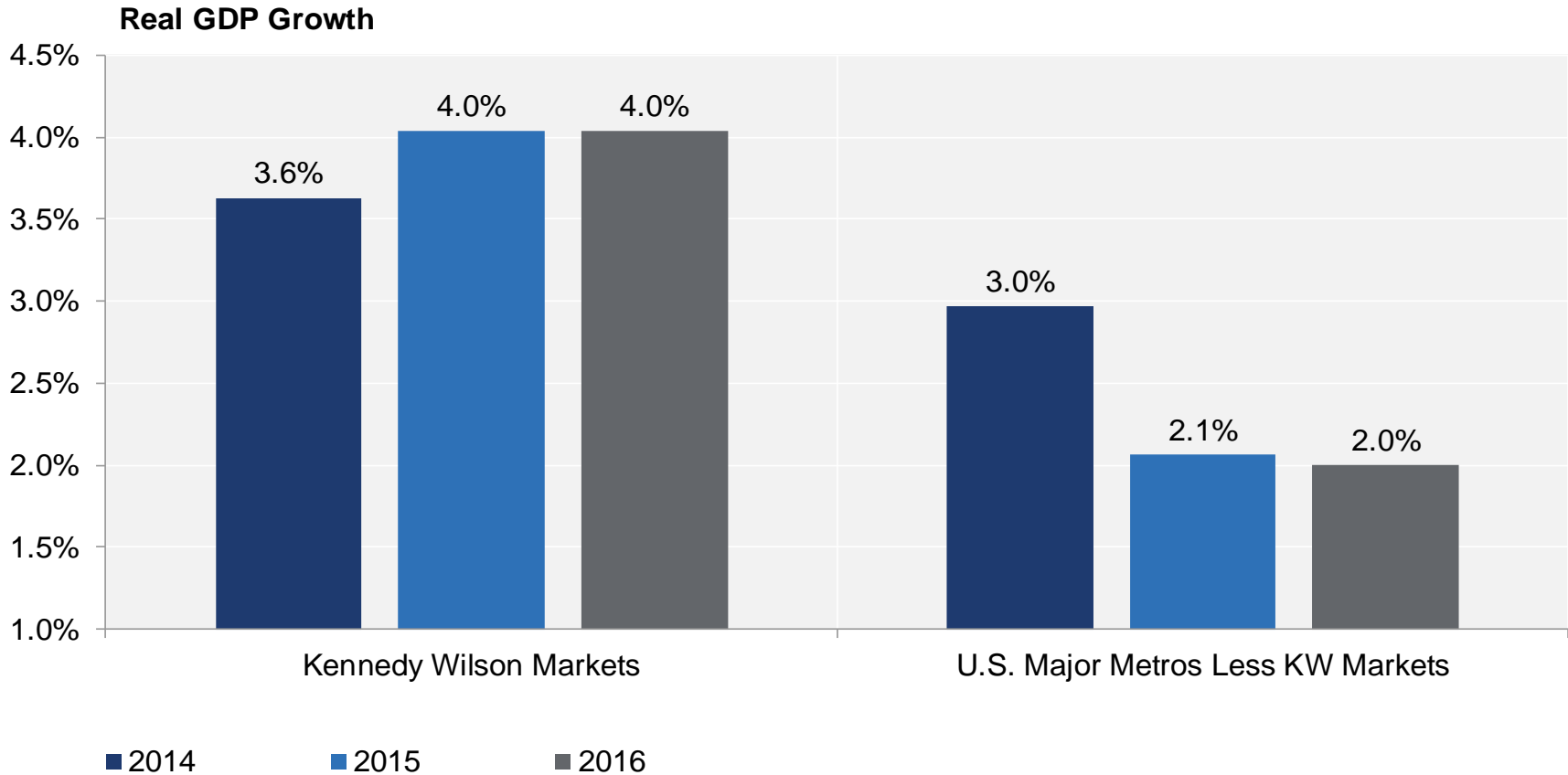


# Market Review

## Multifamily & Office

# KW Western US markets outpace other US metros

## Real gross metro product growth



Sources: U.S. Bureau of Economic Analysis; Moody's Analytics; CoStar Portfolio Strategy

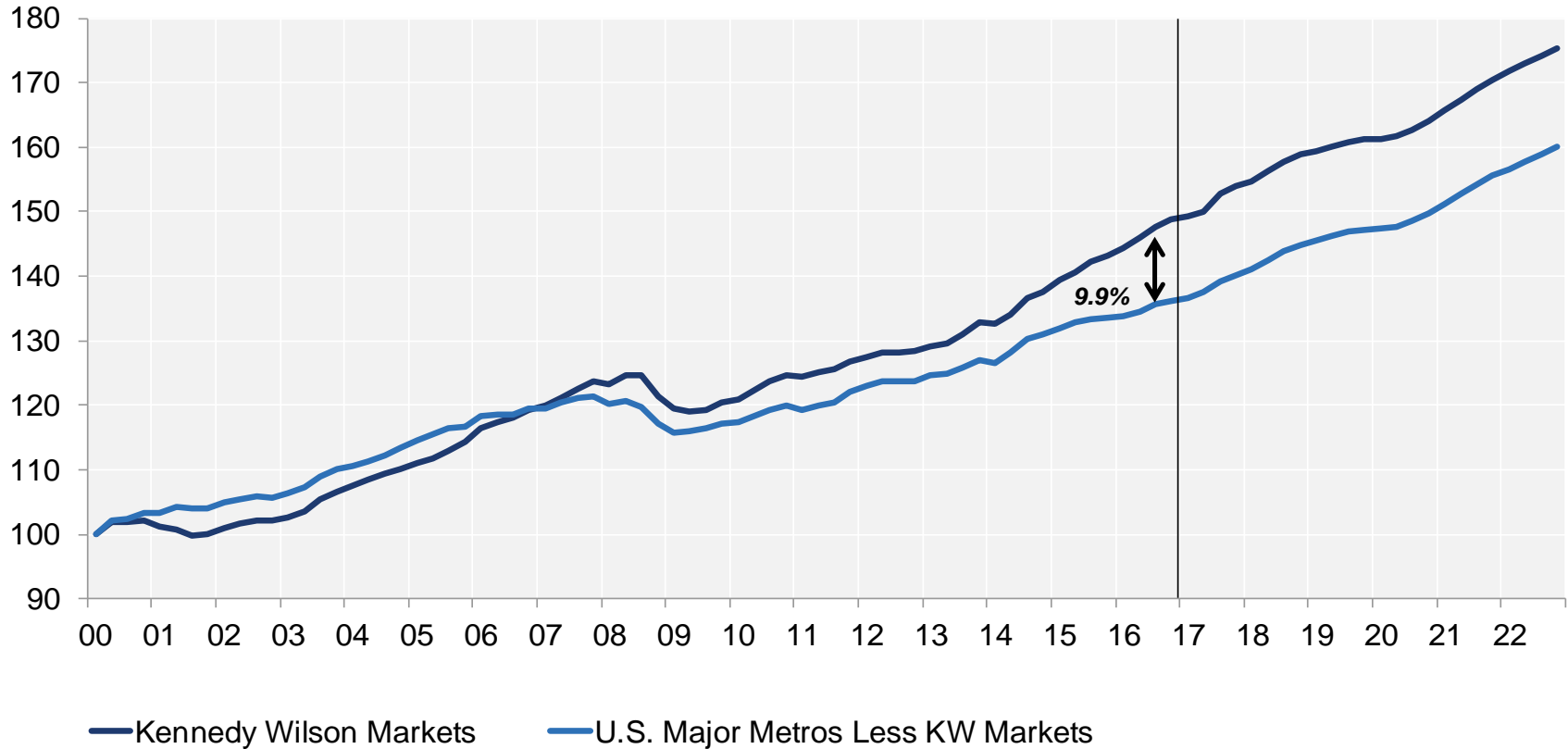
As of 17Q4

\*Kennedy Wilson Core Metros: Los Angeles, Portland, Salt Lake City, San Francisco, Seattle

# KW's strong track record vs peer markets forecast to continue

## Real gross metro product indices

Real GDP Index (2000=100)



Sources: U.S. Bureau of Economic Analysis; Moody's Analytics; CoStar Portfolio Strategy

As of 17Q4

\*Kennedy Wilson Core Metros: Los Angeles, Portland, Salt Lake City, San Francisco, Seattle

# Multifamily Portfolio: \$172.1mm of Estimated Annual NOI

## US

**\$152.7mm**

Estimated Annual NOI

Assets	Units
81 <sup>1</sup>	22,517 <sup>1</sup>

**\$76.1mm**

Pacific Northwest

Assets	Units
47	11,454

**\$31.6mm**

Northern California

Assets	Units
10	3,669

**\$24.2mm**

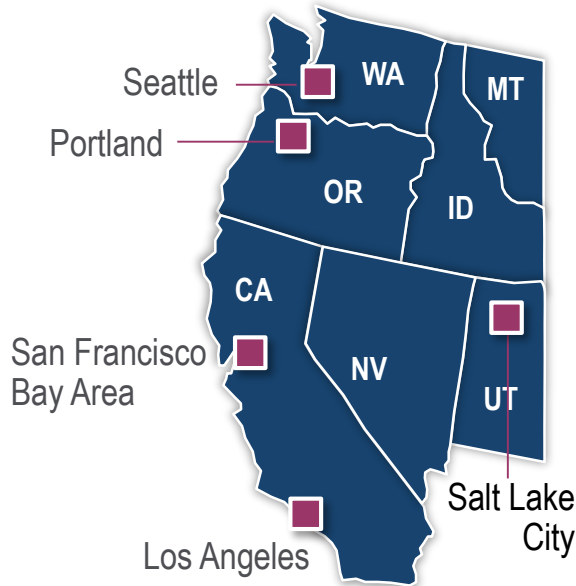
Southern California

Assets	Units
9	2,968

**\$20.8mm**

Mountain States

Assets	Units
15	4,426



## Ireland

**\$19.4mm**

Estimated Annual NOI

Assets	Units
6 <sup>2</sup>	1,300 <sup>2</sup>

**\$9.9mm**

Dublin

Assets	Units
5	858

**\$9.5mm**

County Dublin

Assets	Units
1	442



<sup>1</sup> Excludes 9 assets with 2,266 units under development

<sup>2</sup> Excludes 4 assets with 287 unstabilized units and 449 units under development

## Strong demand for multifamily underpinning NOI growth

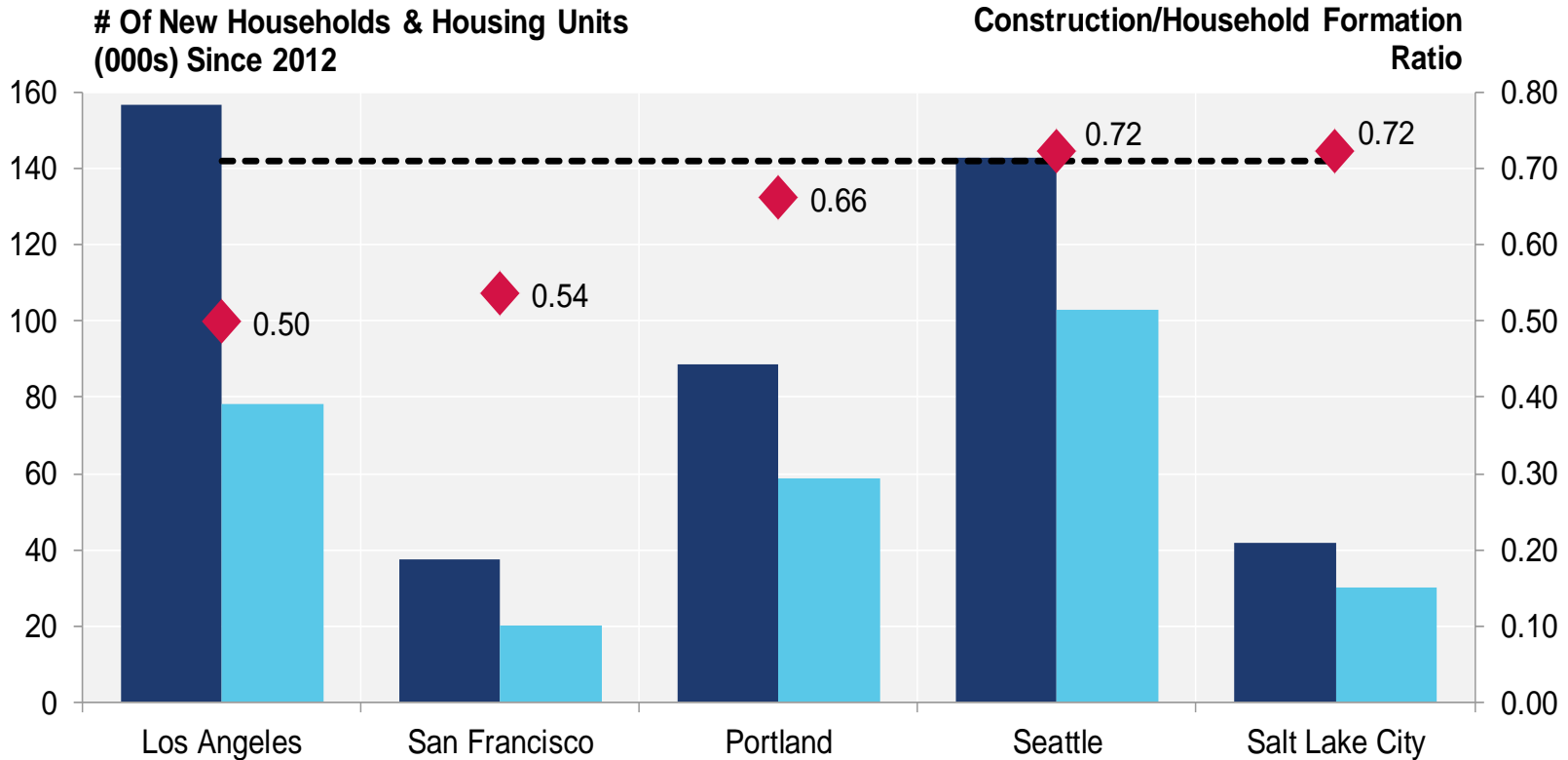
KW consistently beating peers on same-store basis

- ▶ Growing “Millennials” population with high propensity to rent
- ▶ Young adults choosing to marry and have children later in life
- ▶ Negative home ownership sentiment amplified by rising student debt levels
- ▶ Strong population growth in primary renter age cohorts

Same global trends impacting our current and future growth locations in greater Seattle, greater San Francisco, UK and Ireland

# Significant housing shortfall across KW's Western US markets

Contributing to multifamily demand



Households Formed 2012-17

Homes Built 2012-17

Ratio Of New Homes To New Households

U.S. Major Markets Less KW Markets

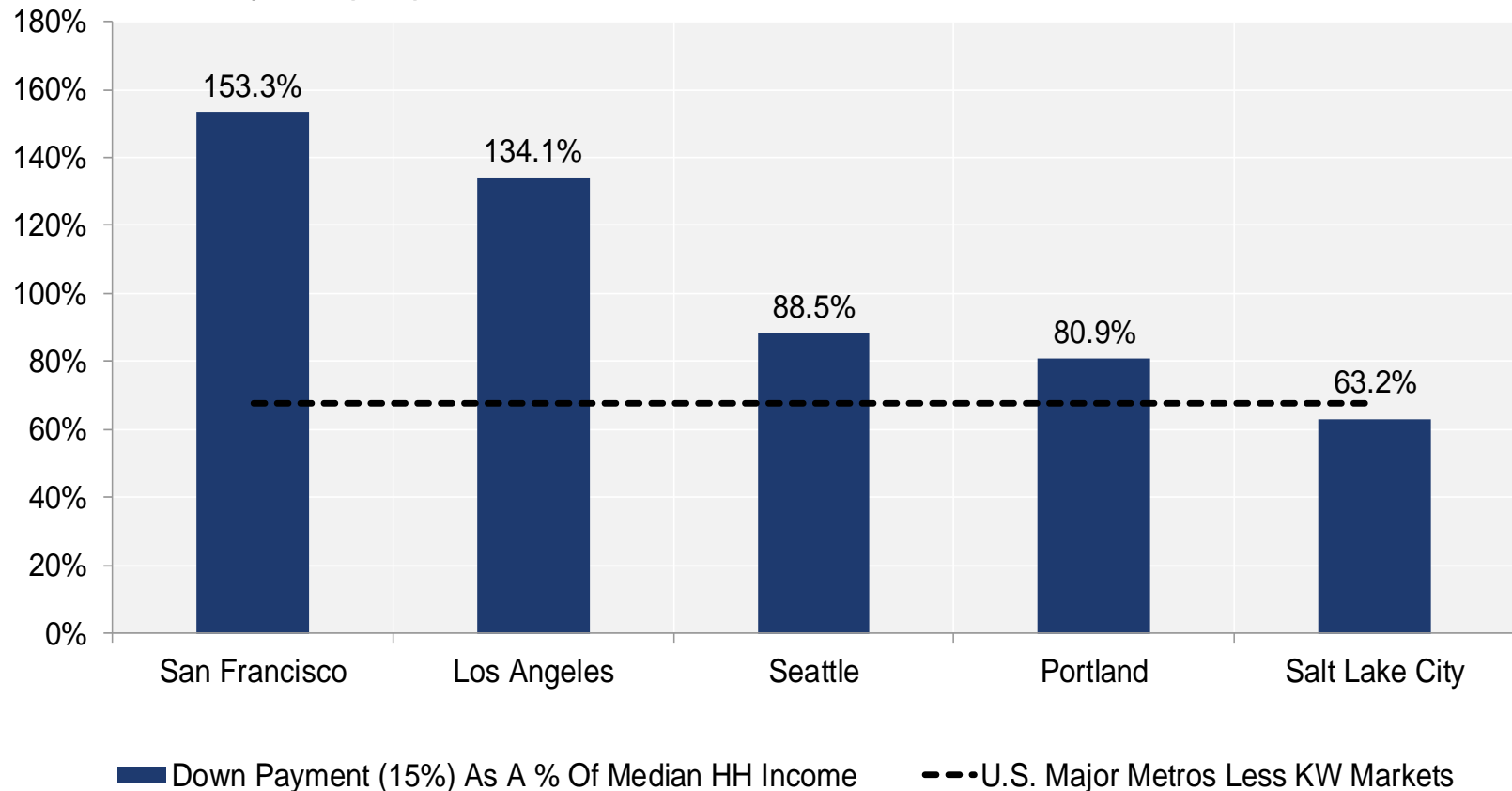
Sources: U.S. Census; Moody's Analytics; CoStar Portfolio Strategy

As of 17Q4

# Home ownership less affordable across KW western markets

Resulting in attractive multifamily dynamics

Down Payment (15%) As A % Of Median HH Income

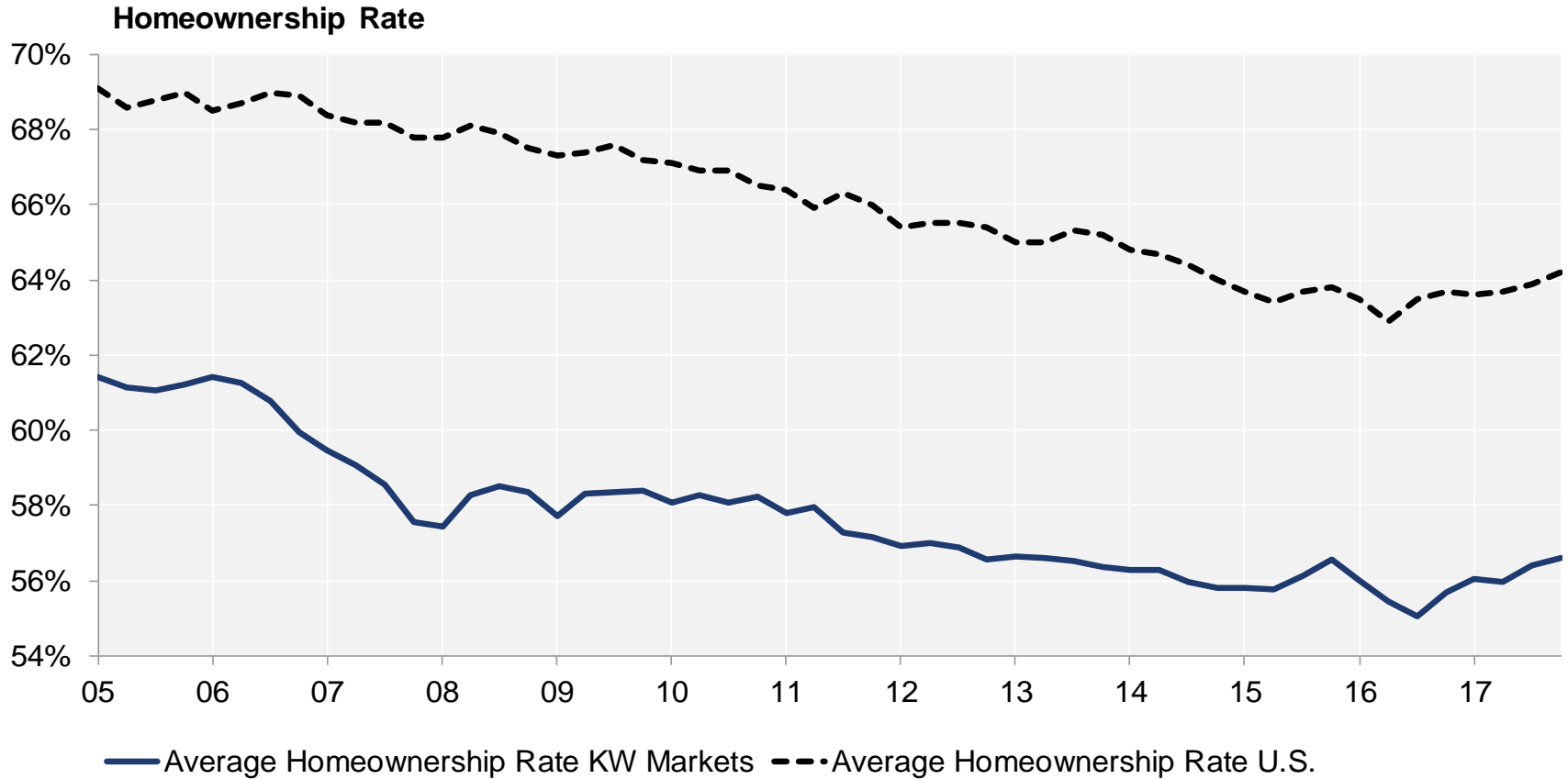


Sources: NAR; U.S. Census; CoStar Portfolio Strategy

As of 17Q4

# Home ownership less affordable across KW western markets

Resulting in attractive multifamily dynamics



Sources: U.S. Census Bureau Housing Vacancy Survey; CoStar Portfolio Strategy

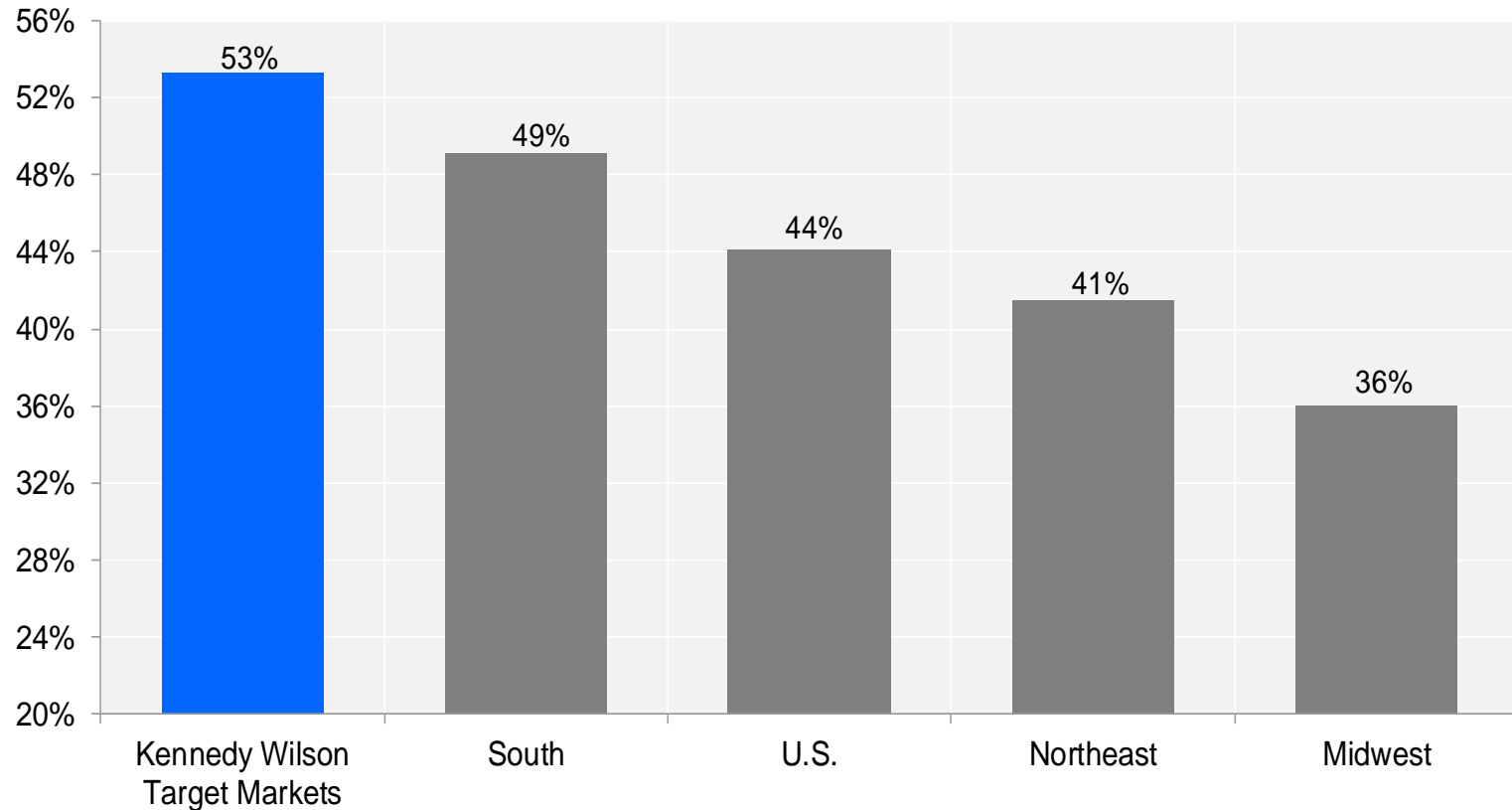
\*\*Salt Lake excluded due to limited data

\*Kennedy Wilson Core Metros: Los Angeles, Portland, Salt Lake City, San Francisco, Seattle

As of 17Q4

# Growth in high income renting households strongest in KW western US markets

**Growth In Households Aged 15-34, Earning Over \$100K  
(2010-2017Q4)**



Sources: Neustar; U.S. Census; CoStar Portfolio Strategy

As of 17Q4

# Our footprint in Washington

2006

First acquisition in WA

11,414

Apartments

(incl. 1,301 under development)

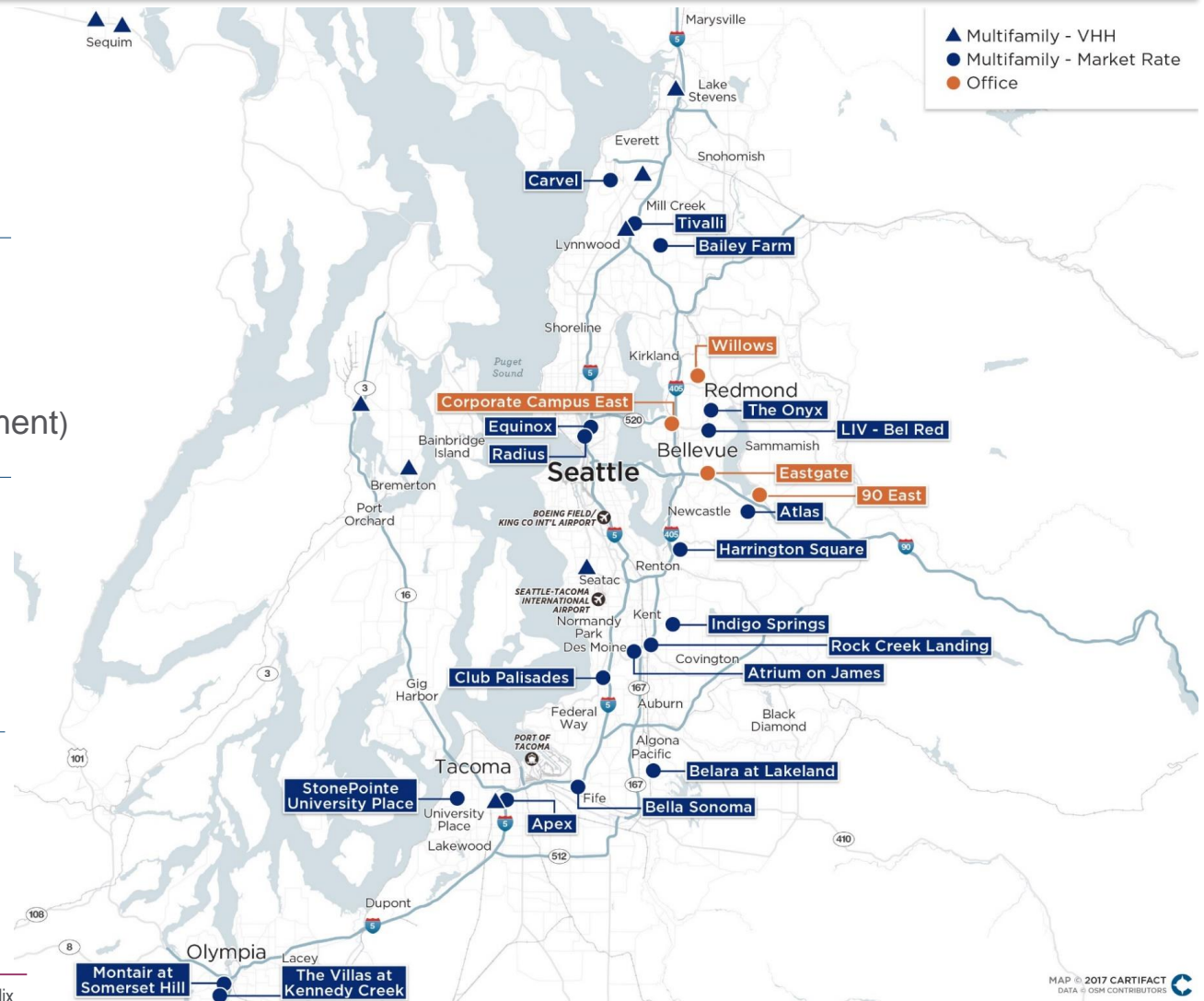
1.5 million

Office sq ft

\$ 78 million

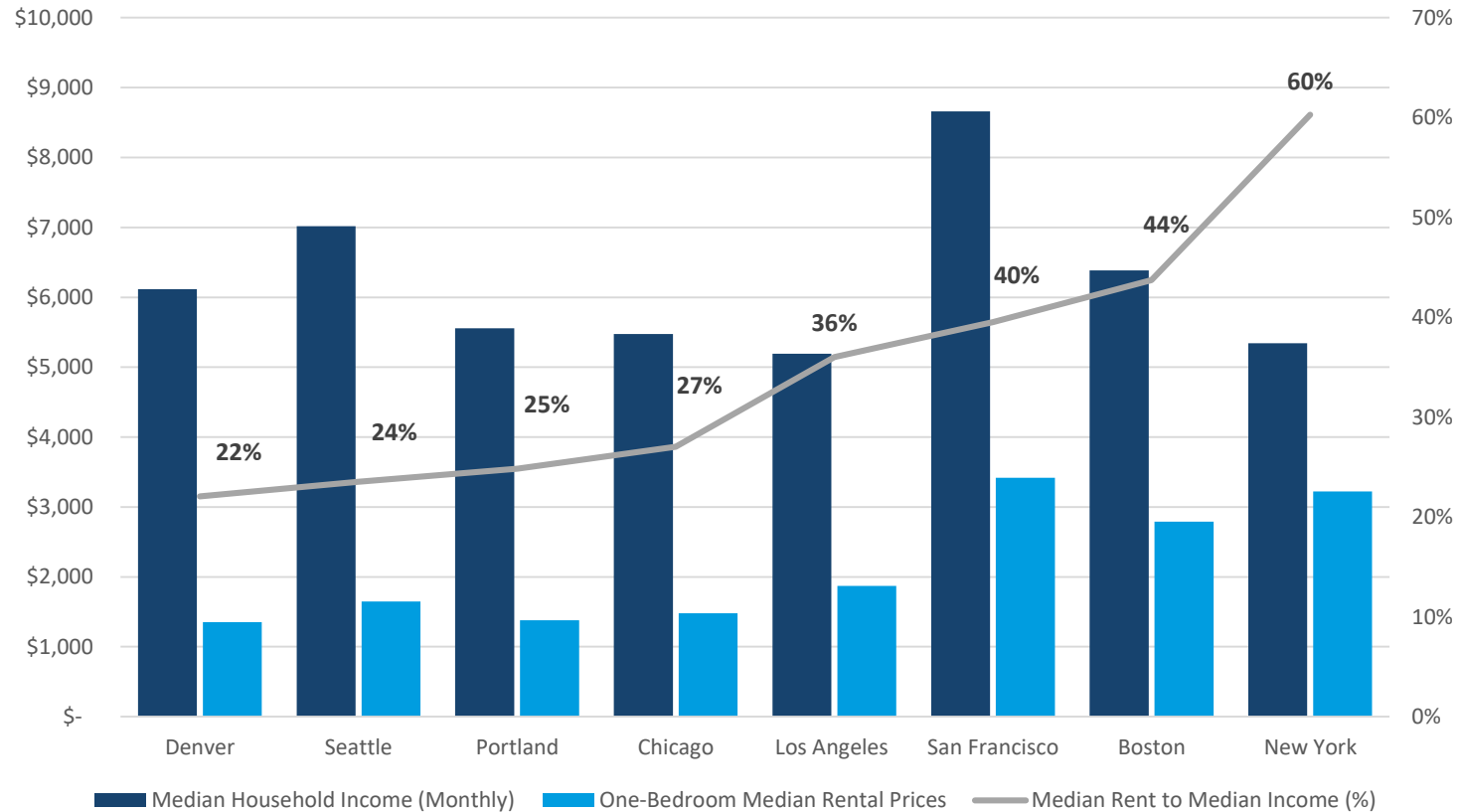
Estimated annual NOI<sup>1</sup>  
to KW

<sup>1</sup> As defined in definitions section in the appendix



# Seattle and Portland leading on renter affordability

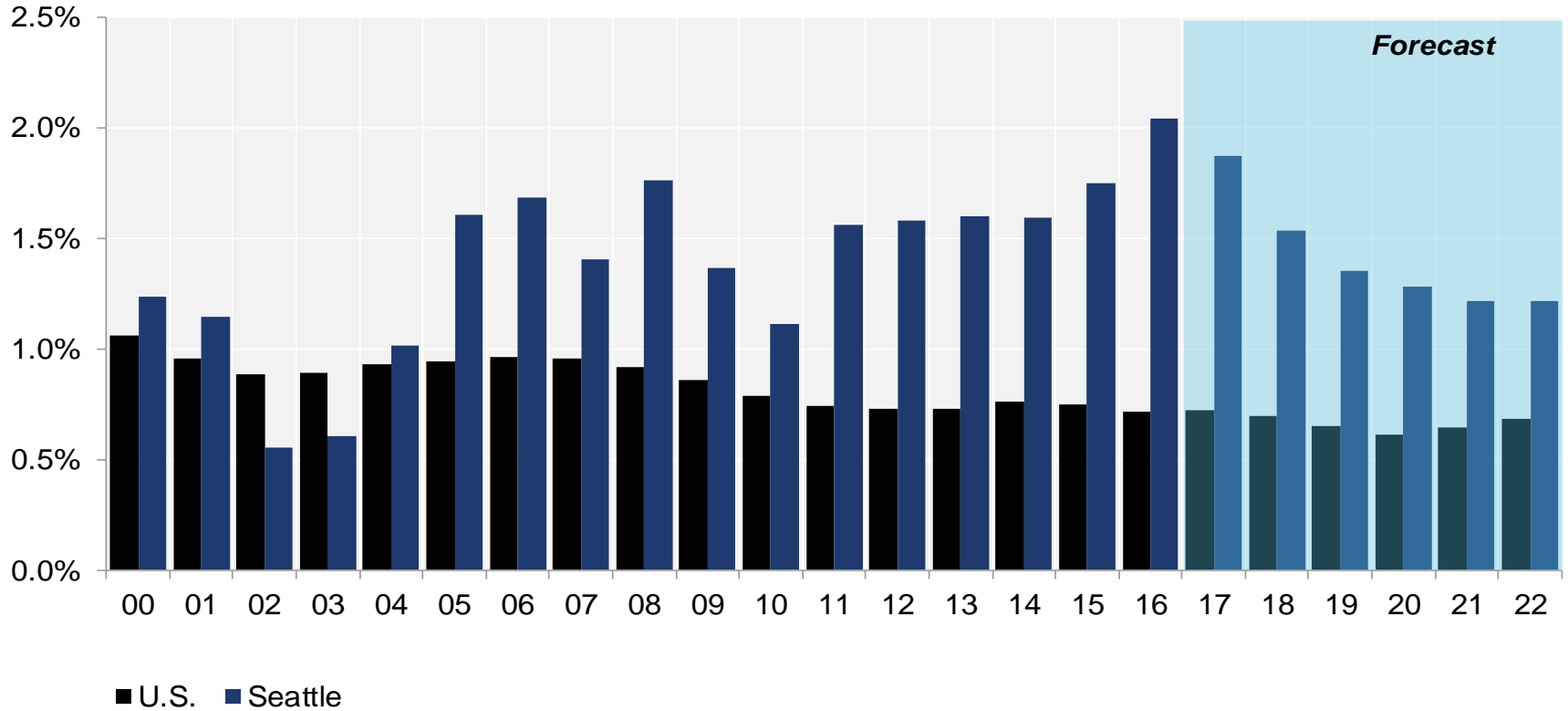
## Income to rent ratio of top 8 major US cities



Source: CBRE Investors, Moody's, ApartmentList.com

# Seattle Market Overview

## Annual Population Growth



Sources: U.S. Census; Moody's Analytics; CoStar Portfolio Strategy  
 \*Last historical data through 2016

As of 17Q4

# Office Portfolio: \$143.5mm of Estimated Annual NOI

## US

**\$36.5mm**

Estimated Annual NOI

Assets	Area (sq ft)
12 <sup>1</sup>	2.8m

**\$14.9mm**

Pacific Northwest

Assets	Area (sq ft)
4	1.4m

**\$0.8mm**

Northern California

Assets	Area (sq ft)
1	0.1m

**\$20.3mm**

Southern California

Assets	Area (sq ft)
6	1.0m

**\$0.5mm**

Mountain States

Assets	Area (sq ft)
1	0.3m



## Europe

**\$107.0mm**

Estimated Annual NOI

Assets	Area (sq ft)
45 <sup>2</sup>	4.4m

**\$31.2mm**

Ireland

Assets	Area (sq ft)
11	0.8m

**\$61.4mm**

UK

Assets	Area (sq ft)
25	2.5m

**\$14.4mm**

Italy

Assets	Area (sq ft)
9	1.1m



<sup>1</sup> Excludes 1 asset under development with 0.2 sq ft

<sup>2</sup> Excludes 6 unstabilized assets and 4 assets under development totaling 0.8m sq ft

# Strong office fundamentals and favorable UK & Irish lease structures

## UK & Irish leases



- ▶ Long-term with 5-year rent reviews
- ▶ Upward-only rent reviews in UK (and pre-2010 in Ireland)
- ▶ 'Fully repairing and insuring' (FRI) leases with minimal leakage from gross rents

## KW UK & Ireland office portfolio

**6.8yrs**

WAULT (to first break)

**59%**

Upward-only rent reviews or fixed uplifts

**11%**

Under-rented

**95%**

FRI leases

<sup>1</sup>Based on stabilized portfolio

# Ireland: KW a dominant presence in Dublin



# Ireland: growing market opportunity

## Market overview

- ▶ One of the fastest growing EU economies

**4.8%**

2017 GDP growth<sup>1</sup>

- ▶ Institutionalized market

**8%**

2007

**85%**

2017

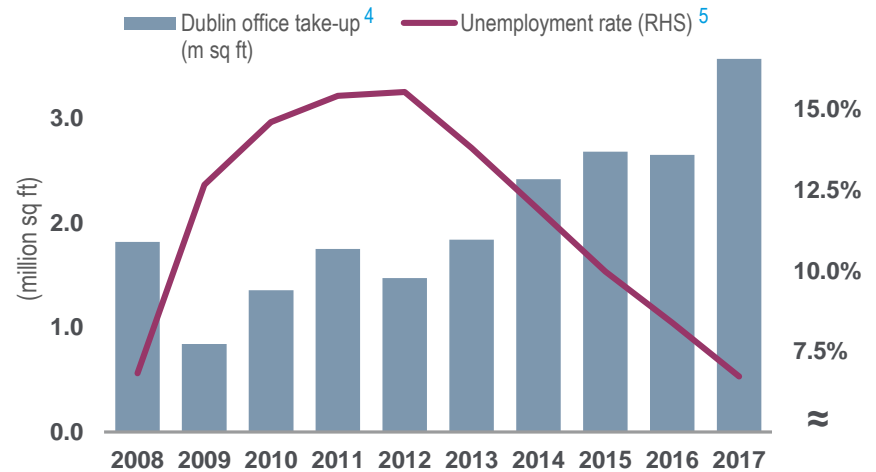
Of investment institutional<sup>2</sup>

- ▶ High foreign direct investment

**#1 ranked**

Country in the world for high value FDI<sup>3</sup>

## Record take-up combining with declining unemployment



**5.7%**

Office Vacancy D2/D4

**3.6m sq ft**

Office Absorption TTM

<sup>1</sup> European Commission

<sup>2</sup> Based on CBRE data and KW estimates

<sup>4</sup> CBRE research

<sup>3</sup> Global Locations Trends Report 2017, IBM

<sup>5</sup> Central Statistics Office (CSO)

# Robust European office fundamentals driving future growth

## Key European office markets for KW



London	Q4-17
Prime rents (£ psf)	105.00
Take-up (m sq ft)	13.2
Vacancy (%)	4.7



South East	Q4-17
Prime rents (£ psf)	39.00
Take-up (m sq ft)	2.4
Vacancy (%)	5.4

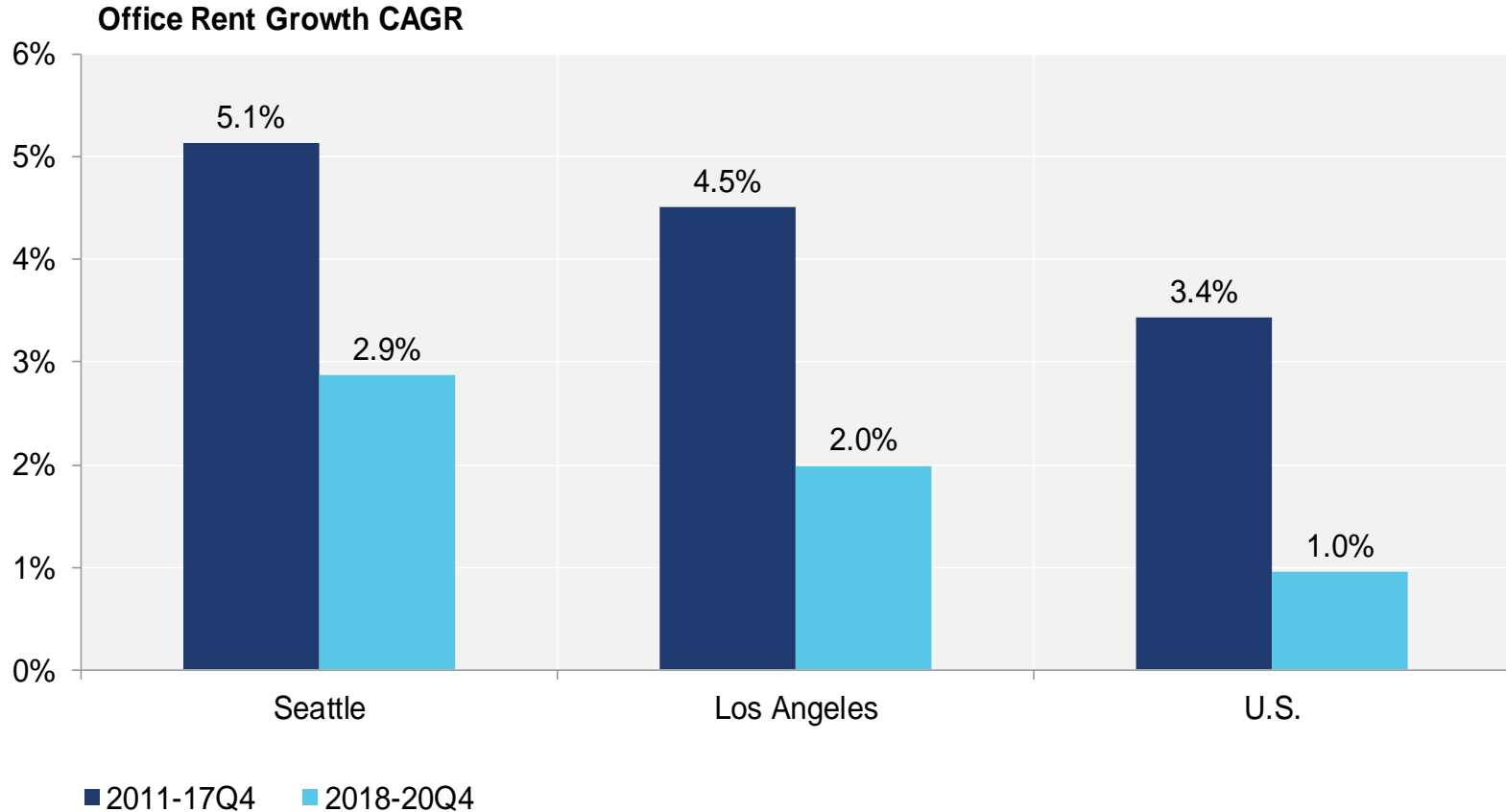


Dublin	Q4-17
Prime rents (€ psf)	65.00
Take-up (m sq ft)	3.6
Vacancy (%)	6.1

Source: CBRE

# Strong office market rental growth in Seattle & LA vs the rest of the US

Average annual office rental growth in core KW markets vs US



Source: CoStar Portfolio Strategy

As of 17Q4

# Appendix



## KW top 20 assets

### Accounts for 37% of Estimated Annual NOI

	Asset name	Location	Region	Sector	KW share of NOI (\$mm)	Commercial (000 sq ft)	Units /rooms	Acquisition date
1	Shelbourne	Dublin	Ireland	Hotel	16.6	-	265	Aug-14
2	111 BPR	London	UK	Office	15.3	224	-	Nov-14
3	Bella Vista	Richmond, CA	Northern California	Multifamily	14.1	-	1,008	May-11
4	90 East	Issaquah, WA	Pacific Northwest	Office	13.1	587	-	Jun-17
5	The Oaks	Thousand Oaks, CA	Southern California	Office	9.8	355	-	Sep-07
6	Vantage	Co. Dublin	Ireland	Multifamily	9.5	-	442	Mar-14
7	Club Palisades	Federal Way, WA	Pacific Northwest	Multifamily	7.8	-	750	Jan-11
8	Kirker Creek	Pittsburg, CA	Northern California	Multifamily	7.5	-	542	Jun-14
9	Baggot Plaza	Dublin	Ireland	Office	7.4	129	-	Jun-14
10	Towers	Manchester	UK	Office	7.1	280	-	May-16
11	Stillorgan	Co. Dublin	Ireland	Retail	6.6	143	-	Jun-14
12	Atlas	Issaquah, WA	Pacific Northwest	Multifamily	6.0	-	343	Nov-17
13	Russell Court	Dublin	Ireland	Office	5.8	139	-	Jun-14
14	Mission Hills	Camarillo, CA	Southern California	Multifamily	5.7	-	386	Aug-16
15	40-42 Mespil Rd	Dublin	Ireland	Office	5.4	118	-	Jun-14
16	Moraleja Green	Madrid	Spain	Retail	5.3	321	-	Dec-15
17	Leavesden Park	Watford	UK	Office	5.1	209	-	Jul-15
18	La Vista	Santa Maria, CA	Southern California	Multifamily	5.0	-	460	Dec-11
19	Belara	Auburn, WA	Pacific Northwest	Multifamily	4.9	-	430	Jul-16
20	Marshes	Dundalk	Ireland	Retail	4.7	285	-	Sep-14
					<b>162.7</b>	<b>2,790</b>	<b>4,626</b>	

Note: All assets listed above are wholly-owned by Kennedy Wilson

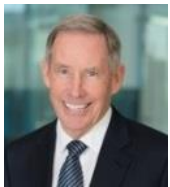
## Reconciliation of Net Income to Adjusted EBITDA

(\$ in millions)	2017	2016	2015	2014	2013	2012
Net income	\$ 138.0	\$ 76.5	\$ 59.0	\$ 90.1	\$ 13.9	\$ 6.7
Non-GAAP adjustments:						
Add back (less):						
Interest expense	217.7	191.6	155.7	103.4	51.7	28.6
Early extinguishment of corporate debt	-	-	1.0	27.3	-	-
Kennedy Wilson's share of interest expense included in unconsolidated investments	23.0	23.0	28.1	35.5	45.0	29.5
Depreciation and amortization	212.5	198.2	166.3	104.5	17.4	4.9
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	16.2	20.8	28.1	47.1	46.7	22.6
(Benefit from) provision for income taxes	(16.3)	14.0	53.4	32.4	2.9	(0.2)
Share-based compensation	38.4	65.1	30.8	15.8	7.5	8.1
EBITDA attributable to noncontrolling interests	(173.8)	(239.3)	(151.2)	(138.3)	(26.0)	(2.8)
<b>Adjusted EBITDA</b>	<b>\$ 455.7</b>	<b>\$ 349.9</b>	<b>\$ 371.2</b>	<b>\$ 317.8</b>	<b>\$ 159.1</b>	<b>\$ 97.4</b>

# Experienced leadership team with a strong track record

13% insider ownership

## US-based



**William J. McMorrow**  
Chairman & CEO



**Kent Y. Mouton**  
Executive Vice  
President & General  
Counsel



**Matt Windisch**  
Executive Vice  
President



**Justin Enbody**  
CFO



**In Ku Lee**  
SVP and Deputy  
General Counsel



**Regina Finnegan**  
Director of Global  
Risk Management



**Kurt Zech**  
President of Multifamily  
Investments



**Nick Colonna**  
President of  
Commercial  
Investments & Fund  
Management

## Europe-based



**Mary L. Ricks**  
President & CEO,  
KW Europe



**Fraser Kennedy**  
Head of Finance,  
KW Europe



**Peter Collins**  
COO,  
KW Europe



**Fiona D'Silva**  
Head of Origination,  
KW Europe



**Mike Pegler**  
Head of Asset  
Management,  
KW Europe



**Alison Rohan**  
Head of Ireland,  
KW Europe



**Gautam Doshi**  
Senior Director,  
KW Europe



**Padmini Singla**  
General Counsel,  
KW Europe

# Appendix

## DEFINITIONS:

**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.

**Estimated Annual NOI:** "Estimated annualized 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 2017, the NOI represents estimated Year 1 NOI from our original underwriting. Estimated year 1 NOI for properties purchased in 2017 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. Estimated annual NOI for properties held by KWE are presented as reported by KWE. 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, gains on sales of depreciable real estate and other items that have not yet occurred 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.

**Gross Asset Value:** Refers to the gross carrying value of assets, before debt, depreciation and amortization, and net of noncontrolling interests.

**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 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 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 AUM. The estimated value of development properties is included at estimated completion cost.

## FOOTNOTES (as referenced on slide 15):

(1) Please see above for a definition of Estimated Annual NOI and a description of its limitations. 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, gains on sales of depreciable real estate and other items that have not yet occurred 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.

(2) Pro forma adjustments include assumption of 100% ownership of KWE as of January 1, 2017, and elimination of all KWE-related fees during the period.

(3) Based on weighted-average ownership figures held by KW.