

## Kennedy Wilson Reports Fourth Quarter and Full Year 2014 Earnings

**Company achieves record Adjusted EBITDA for FY 2014 of \$317.8 million, a 100% annual increase**

**Kennedy Wilson increases dividend by 33% to \$0.12 per common share for first quarter 2015**

BEVERLY HILLS, Calif.--(BUSINESS WIRE)--Feb. 25, 2015-- Kennedy-Wilson Holdings, Inc. (**NYSE: KW**) ("Kennedy Wilson") today reported results for the fourth quarter and full year of 2014:

For the three months ended December 31, 2014:

- Adjusted EBITDA was \$56.7 million, a 15% increase from \$49.5 million for the same period in 2013.
- Adjusted Net Income was \$4.7 million or \$0.05 per basic share, which includes \$25.8 million or \$0.29 per basic share of loss on early extinguishment of corporate debt, compared to \$19.1 million or \$0.24 per basic share, for the same period in 2013. The loss on early extinguishment of corporate debt was a result of refinancing \$350.0 million of 8.75% senior notes due 2019 with \$350.0 million of 5.875% senior notes due 2024, lowering annual interest expense by \$10.1 million.
- GAAP net loss to common shareholders was \$30.8 million, or \$0.35 loss per basic and diluted share, which includes \$25.8 million or \$0.29 per basic and diluted share of loss on early extinguishment of corporate debt, compared to \$4.3 million, or \$0.05 loss per basic and diluted share, for the same period in 2013.

For the year ended December 31, 2014:

- Adjusted EBITDA was \$317.8 million, a 100% increase from \$159.1 million for 2013.
- Adjusted Net Income was \$133.7 million, or \$1.50 per basic share, which includes \$27.3 million or \$0.31 per basic share of loss on early extinguishment of corporate debt, compared to \$61.1 million or \$0.86 per basic share, for the same period in 2013.
- GAAP net income to common shareholders was \$13.8 million, or \$0.14 per basic and \$0.14 per diluted share, which includes \$27.3 million or \$0.31 per basic and \$0.30 per diluted share of loss on early extinguishment of corporate debt, compared to a loss of \$14.5 million, or \$0.21 per basic and diluted share, for the same period in 2013.

"We had a remarkable 2014; we achieved our highest annual Adjusted EBITDA to date, had our largest year of investment activity and raised \$2.2 billion on the London Stock Exchange for KWE," said William McMorrow, chairman and CEO of Kennedy Wilson. "With the refinancing of a portion of our corporate and investment debt in the fourth quarter, we have been able to significantly lower our average borrowing rate heading into 2015."

Kennedy Wilson also announced that it will pay a quarterly dividend of \$0.12 per share, a 33% increase from the previous quarter, to common shareholders of record as of March 31, 2015 with a payment date of April 8, 2015. The quarterly payment equates to an annual dividend of \$0.48 per common share.

#### **4Q Highlights**

- During the three months ended December 31, 2014, the Company and its equity partners completed approximately \$688.9 million of investment transactions. The Company invested \$110.1 million in \$587.7 million of acquisitions and received \$18.3 million from \$101.2 million of dispositions.
- Kennedy Wilson refinanced its \$350.0 million 8.75% senior notes due 2019 primarily with proceeds from its \$350.0 million of 5.875% senior notes due 2024. As a result of the prepayment of the 8.75% senior notes, the Company recorded a loss on early extinguishment of corporate debt of approximately \$25.8 million. The refinancing will lower interest expense by \$10.1 million per year.

#### **FY 2014 Highlights**

- During the year ended December 31, 2014, the Company and its equity partners completed approximately \$4.3 billion of investment transactions. The Company invested \$600.7 million in \$3.2 billion of acquisitions and received \$184.9 million from \$1.1 billion of dispositions.
- Kennedy Wilson launched the \$1.7 billion IPO and \$565 million follow-on offering of Kennedy Wilson Europe Real Estate Plc (LSE:KWE). KWE is the second largest real estate IPO in the LSE's history. As of December 31, 2014, Kennedy Wilson owns approximately 14.9% of the share capital in KWE and serves as KWE's external manager.
- The Company raised a record \$5.4 billion of equity and debt capital during 2014 for itself and its investment platforms.
- The Company and its equity partners completed new investment-level financings of \$1.4 billion (including \$100.2 million of assumed debt), with a weighted-average interest rate of 2.93% and a weighted-average maturity of 5.8 years. The Company and its equity partners also refinanced \$300 million in investment-level debt, with a resulting weighted-average interest rate of 3.27% and a weighted-average maturity of 5.9 years. The loan terms prior to

the refinancings were \$271.2 million of debt with a weighted-average interest rate of 4.57%, and a weighted-average maturity of 4.2 years.

- The Company increased the capacity under its unsecured line of credit from \$140 million to \$300 million. Additionally, KWE obtained an inaugural £225 million (approximately \$350 million) unsecured line of credit.

### ***Investments business***

For the three months ended December 31, 2014, the Company's Investments segment reported the following results:

- Adjusted EBITDA was \$48.3 million, a 4% increase from \$46.4 million for the same period in 2013.
- For same property multifamily units, total revenues increased 9%, net operating income increased 10% and occupancy remained flat at 95% from the same period in 2013.
- For same property commercial assets, total revenues increased 3%, net operating income increased 2% and occupancy increased 3% to 88% from the same period in 2013.
- In December 2014, the Company increased its ownership from approximately 42% to approximately 87% in a previously unconsolidated 750-unit apartment building in the Western U.S. As a result of gaining control of the asset, the Company was required to consolidate the assets and liabilities at fair value and recognized an acquisition-related gain of \$19.5 million of which \$3.7 million was allocated to our noncontrolling equity partners. During the fourth quarter of 2013, the Company recognized an acquisition-related gain of \$45.5 million of which \$22.6 million was allocated to our noncontrolling equity partners.

For the year ended December 31, 2014, the Company's Investments segment reported the following results:

- Adjusted EBITDA was \$278.5 million, a 97% increase from \$141.5 million for the same period in 2013.
- For same property multifamily units, total revenues increased 7%, net operating income increased 10% and occupancy remained flat at 95% from the same period in 2013.
- For same property commercial assets, total revenues increased 1%, net operating income increased 1% and occupancy increased 1% to 86% from the same period in 2013.
- The Company and its equity partners acquired approximately \$3.2 billion of real estate related investments (including \$2.4 billion acquired by KWE) in which the Company invested \$600.7 million of equity representing an approximate 23% weighted average

ownership stake. The Company's investments for the year were directed 69% to the United Kingdom and Ireland and 31% to the Western U.S.

- The Company and its equity partners sold 19 commercial properties, three multifamily properties, 10 condo units, and four residential investments which resulted in gross sales proceeds of \$1.1 billion. The Company's share of the net proceeds (after repayment of debt) was \$184.9 million including promoted interests (compared to \$105.2 million of net book value).
- As of December 31, 2014, the Company had an ownership interest in approximately 32.6 million square feet, which includes over 20,000 multifamily units, 14 million commercial rentable square feet, 177 residential units, 619 residential lots, and 975 hotel rooms.

### ***Services business***

For the three months ended December 31, 2014, the Company's Services segment reported the following results:

- Adjusted fees were \$31.1 million, a 99% increase from \$15.6 million for the same period in 2013.
- Adjusted EBITDA was \$11.5 million, a 80% increase from \$6.4 million for the same period in 2013.

For the year ended December 31, 2014, the Company's Services segment reported the following results:

- Adjusted fees were \$121.0 million, a 67% increase from \$72.4 million for the same period in 2013.
- Adjusted EBITDA was \$59.3 million, a 87% increase from \$31.7 million for the same period in 2013.

### ***Kennedy Wilson Europe Real Estate PLC (LSE: KWE)***

- During the fourth quarter, Kennedy Wilson Europe completed a follow-on offering of approximately \$565 million of ordinary shares. Kennedy Wilson acquired approximately \$75 million of KWE's ordinary shares in the offering. As of December 31, 2014, Kennedy Wilson owns approximately 20.2 million shares of KWE with a cost basis of \$333.8 million which represents approximately 14.9% of KWE's total share capital.
- Since its launch in February 2014 through December 31, 2014, KWE has acquired 82 direct real estate assets with approximately 6.6 million square feet and five loan portfolios totaling \$2.4 billion in purchase price, which KWE currently expects to produce

approximately \$141 million of annualized net operating income (net rental income for property portfolios, EBITDA for hotels and interest income for loan portfolios).

- In its capacity as external manager of KWE, KWH will receive management fees (50% of which are paid in KWE shares) equal to 1% of KWE's adjusted net asset value (reported by KWE to be \$2.1 billion at December 31, 2014) and certain performance fees. During 2014, KWH earned \$14.0 million in management fees and no performance fees.

### ***Subsequent events***

- Since December 31, 2014, the Company and its equity partners have completed total acquisitions of \$806.5 million (including \$764.3 million by KWE). In addition, the Company and its equity partners have \$631.7 million of investments under contract (including \$89.0 million by KWE). These investments total approximately nine million square feet, including 5,629 multifamily units.
- In January 2015, Kennedy Wilson entered into a purchase agreement with a wholly-owned subsidiary of Winthrop Realty Trust to acquire a 61.5% interest in Vintage Housing Holdings, LLC ("VHH") for approximately \$86 million. VHH owns certain interests in 30 multi-family properties totaling 5,485 units, which have been capitalized using tax credit financing. Upon the closing of the transaction, the property developer and current manager of VHH will own the remaining 38.5% of the equity interests and maintain its role as manager. Including the assumption of approximately \$328 million of property debt, along with third party equity interests and unrestricted cash, the Company's purchase values the 30 property portfolio at approximately \$486 million. The closing of the acquisition is expected to be consummated in the first half of 2015, subject to customary closing conditions.
- In February 2015, KWE closed the acquisition of 163 of 180 mixed-use properties located throughout the United Kingdom for a purchase price of approximately \$669 million. The closing of the balance of the portfolio under contract (17 properties for a total of approximately \$89 million) is scheduled to take place on a staggered basis during the next 12 months as various conditions under the purchase agreement are satisfied.

### **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, February 26.

The direct dial-in number for the conference call is (800) 447-0521 for U.S. callers and (847) 413-3238 for international callers. The confirmation number for the live call is 38886598#.

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 (630) 652-3042 for international callers. The

passcode for the replay is 38886598#.

The webcast will be available at: <http://edge.media-server.com/m/p/i9ssjbjf>. A replay of the webcast will be available two hours after the original webcast on the Company's investor relations web site for one year.

## About Kennedy Wilson

Founded in 1977, Kennedy Wilson is a vertically integrated global real estate investment and services company headquartered in Beverly Hills, CA, with 25 offices in the U.S., U.K., Ireland, Spain, Jersey and Japan. The company, on its own or with partners, invests opportunistically in a variety of real estate related investments, including multi-family, commercial, loan purchases and originations, residential, and hotels. Kennedy Wilson offers a comprehensive array of real estate services including investment management, property services, auction, conventional sales, brokerage and research. 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," "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 end December 31, 2013, 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,” “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 receive certain (i) management fees equal to 1% of KWE’s adjusted net asset value (EPRA NAV), half of which is paid in cash and the remainder of which is paid in KWE shares; and (ii) performance fees, all of which is paid in KWE shares. In accordance with U.S. GAAP, the results of KWE are consolidated in our financial statements. We own an approximately 14.9% equity interest in KWE and throughout this release and supplemental financial information, we refer to our pro-rata ownership stake (based on our 14.9% equity interest) in investments made and held directly by KWE and its subsidiaries.
- “Adjusted EBITDA” represents Consolidated EBITDA as defined below, adjusted to exclude share based compensation expense and EBITDA attributable to noncontrolling interests.
- “Adjusted fees” refers to Kennedy Wilson’s 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.
- “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 Consolidated Adjusted Net Income as defined below, adjusted to exclude net income attributable to noncontrolling interests, before depreciation and amortization.
- “Consolidated Adjusted Net Income” represents net income before depreciation and amortization, our share of depreciation and amortization included in income from unconsolidated investments and share based compensation expense.
- “Consolidated 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.

- “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, unconsolidated investments and consolidated loans gross of accumulated depreciation and amortization.
- “Equity partners” refers to subsidiaries that we consolidate in our financial statements under U.S. GAAP (other than wholly-owned subsidiaries), including KWE, and third-party equity providers.
- “Investment account” refers to the consolidated investment account presented after noncontrolling interest on invested assets gross of accumulated depreciation.
- “Same property” refers to properties in which Kennedy Wilson has an ownership interest during the entire span of both periods being compared.

#### Note about Non-GAAP 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, Consolidated EBITDA, Adjusted EBITDA, Consolidated Adjusted Net Income, Adjusted Net Income, Adjusted Net Income Per Basic Share and Adjusted Fees, as defined above). Such information is reconciled to its closest GAAP measure in accordance with the rules of the Securities and Exchange Commission, 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.

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## **Kennedy-Wilson Holdings, Inc.**

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### **Consolidated Balance Sheets**

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**(Unaudited)***(Dollars in millions)*

|                                                                                                  | <b>December 31,</b> |                   |
|--------------------------------------------------------------------------------------------------|---------------------|-------------------|
|                                                                                                  | <b>2014</b>         | <b>2013</b>       |
| <b>Assets</b>                                                                                    |                     |                   |
| Cash and cash equivalents                                                                        | \$ 174.6            | \$ 170.2          |
| Cash held by consolidated investments                                                            | 763.1               | 8.0               |
| Accounts receivable                                                                              | 55.6                | 16.6              |
| Real estate and acquired in place lease values, net of accumulated depreciation and amortization | 4,228.1             | 688.1             |
| Loans                                                                                            | 313.4               | 56.8              |
| Unconsolidated investments                                                                       | 492.2               | 786.1             |
| Other assets                                                                                     | 277.5               | 73.0              |
| <b>Total assets</b>                                                                              | <b>\$ 6,304.5</b>   | <b>\$ 1,798.8</b> |
| <b>Liabilities</b>                                                                               |                     |                   |
| Accounts payable, accrued expenses and other liabilities                                         | \$ 237.3            | \$ 129.1          |
| Investment debt                                                                                  | 2,195.9             | 401.8             |
| Senior notes payable                                                                             | 702.4               | 409.0             |
| Line of Credit                                                                                   | 125.0               | —                 |

|                                                                 |                   |                   |
|-----------------------------------------------------------------|-------------------|-------------------|
| Junior subordinated                                             | —                 | 40.0              |
| <b>Total liabilities</b>                                        | 3,260.6           | 979.9             |
| <b>Equity</b>                                                   |                   |                   |
| Cumulative preferred stock                                      | —                 | —                 |
| Common Stock                                                    | —                 | —                 |
| Additional paid-in capital                                      | \$ 991.3          | \$ 801.3          |
| Retained earnings (accumulated deficit)                         | (62.0 )           | (42.2 )           |
| Accumulated other comprehensive (loss) income                   | (28.2 )           | 9.2               |
| <b>Total Kennedy-Wilson Holdings, Inc. shareholders' equity</b> | 901.1             | 768.3             |
| Noncontrolling interests                                        | 2,142.8           | 50.6              |
| <b>Total equity</b>                                             | 3,043.9           | 818.9             |
| <b>Total liabilities and equity</b>                             | <b>\$ 6,304.5</b> | <b>\$ 1,798.8</b> |

## 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, |         |
|-------------------------------------------------------------|--------------|---------|--------------|---------|
|                                                             | 2014         | 2013    | 2014         | 2013    |
| <b>Revenue</b>                                              |              |         |              |         |
| Investment management, property services, and research fees | \$ 17.6      | \$ 14.0 | \$ 82.6      | \$ 68.1 |
| Rental and hotel                                            | 108.9        | 15.6    | 270.2        | 43.0    |
| Sale of real estate                                         | 9.4          | —       | 28.4         | 10.1    |
| Loans and other income                                      | 5.7          | 0.5     | 17.4         | 1.9     |
| <b>Total revenue</b>                                        | 141.6        | 30.1    | 398.6        | 123.1   |
| <b>Operating expenses</b>                                   |              |         |              |         |
| Commission and marketing expenses                           | 1.8          | 0.8     | 5.6          | 3.6     |
| Rental and hotel operating expense                          | 46.5         | 7.0     | 116.4        | 18.9    |
| Cost of real estate sold                                    | 6.1          | —       | 20.7         | 7.9     |
| Compensation and related expenses                           | 34.2         | 23.9    | 113.8        | 76.7    |
| General and administrative                                  | 13.8         | 6.9     | 42.1         | 24.6    |

|                                                                       |       |   |       |   |       |   |       |   |
|-----------------------------------------------------------------------|-------|---|-------|---|-------|---|-------|---|
| Depreciation and amortization                                         | 37.2  |   | 5.4   |   | 104.5 |   | 17.4  |   |
| <b>Total operating expenses</b>                                       | 139.6 |   | 44.0  |   | 403.1 |   | 149.1 |   |
| Income from unconsolidated investments                                | 8.3   |   | 11.3  |   | 54.2  |   | 41.4  |   |
| <b>Operating income (loss)</b>                                        | 10.3  |   | (2.6  | ) | 49.7  |   | 15.4  |   |
| <b>Non-operating income (expense)</b>                                 |       |   |       |   |       |   |       |   |
| Acquisition-related gains                                             | 18.9  |   | 45.5  |   | 218.1 |   | 56.6  |   |
| Acquisition-related expenses                                          | (2.8  | ) | (1.1  | ) | (19.7 | ) | (1.6  | ) |
| Interest expense - investment                                         | (16.1 | ) | (4.4  | ) | (46.3 | ) | (11.8 | ) |
| Interest expense - corporate debt                                     | (17.5 | ) | (10.2 | ) | (57.1 | ) | (39.9 | ) |
| Early extinguishment of corporate debt                                | (25.8 | ) | —     |   | (27.3 | ) | —     |   |
| Other income (expense)                                                | 4.1   |   | (2.3  | ) | 5.1   |   | (1.9  | ) |
| <b>(Loss) income before benefit from (provision for) income taxes</b> | (28.9 | ) | 24.9  |   | 122.5 |   | 16.8  |   |

|                                                                                                                         |            |            |            |            |
|-------------------------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|
| Benefit from<br>(provision for)<br>income taxes                                                                         | 8.4        | (4.3 )     | (32.4 )    | (2.9 )     |
| <b>Net (loss)<br/>income</b>                                                                                            | (20.5 )    | 20.6       | 90.1       | 13.9       |
| Net (income)<br>attributable to<br>the<br>noncontrolling<br>interests                                                   | (8.3 )     | (22.9 )    | (68.2 )    | (20.3 )    |
| Preferred stock<br>dividends and<br>accretion of<br>issuance costs                                                      | (2.0 )     | (2.0 )     | (8.1 )     | (8.1 )     |
| <b>Net (loss)<br/>income<br/>attributable to<br/>Kennedy-<br/>Wilson<br/>Holdings, Inc.<br/>common<br/>shareholders</b> | \$ (30.8 ) | \$ (4.3 )  | \$ 13.8    | \$ (14.5 ) |
| <b>Basic earnings<br/>per share</b>                                                                                     |            |            |            |            |
| (Loss) income<br>per basic                                                                                              | \$ (0.35 ) | \$ (0.05 ) | \$ 0.14    | \$ (0.21 ) |
| Weighted<br>average shares<br>outstanding for<br>basic                                                                  | 90,232,896 | 79,173,585 | 89,200,855 | 71,159,919 |
| <b>Diluted<br/>earnings per<br/>share</b>                                                                               |            |            |            |            |
| (Loss) income<br>per diluted                                                                                            | \$ (0.35 ) | \$ (0.05 ) | \$ 0.14    | \$ (0.21 ) |
| Weighted<br>average shares<br>outstanding for<br>diluted                                                                | 90,232,896 | 79,173,585 | 91,555,214 | 71,159,919 |

|                                     |         |         |         |         |
|-------------------------------------|---------|---------|---------|---------|
| Dividends declared per common share | \$ 0.09 | \$ 0.07 | \$ 0.36 | \$ 0.28 |
|-------------------------------------|---------|---------|---------|---------|

(a) EPS amounts may not add due to rounding.

## Kennedy-Wilson Holdings, Inc.

### Consolidated Adjusted Net Income and Adjusted Net Income

(Unaudited)

(Dollars in millions, except per share data)

|                   | Three Months Ended  |         | Year Ended          |         |
|-------------------|---------------------|---------|---------------------|---------|
|                   | December 31,        |         | December 31,        |         |
|                   | 2014 <sup>(1)</sup> | 2013    | 2014 <sup>(1)</sup> | 2013    |
| Net (loss) income | \$ (20.5 )          | \$ 20.6 | \$ 90.1             | \$ 13.9 |

### Non-GAAP adjustments:

Add back:

|                                                                                                |      |      |       |      |
|------------------------------------------------------------------------------------------------|------|------|-------|------|
| Depreciation and amortization                                                                  | 37.2 | 5.4  | 104.5 | 17.4 |
| Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments | 10.0 | 15.4 | 47.1  | 46.7 |

|                                                                                                              |            |            |            |            |
|--------------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|
| Share-based compensation                                                                                     | 7.1        | 2.0        | 15.8       | 7.5        |
| <b>Consolidated Adjusted Net Income</b>                                                                      | 33.8       | 43.4       | 257.5      | 85.5       |
| Less:                                                                                                        |            |            |            |            |
| Net income attributable to the noncontrolling interests, before depreciation and amortization <sup>(2)</sup> | (29.1 )    | (24.3 )    | (123.8 )   | (24.4 )    |
| <b>Adjusted Net Income</b>                                                                                   | \$ 4.7     | \$ 19.1    | \$ 133.7   | \$ 61.1    |
| Basic weighted average number of common shares outstanding                                                   | 90,232,896 | 79,173,585 | 89,200,855 | 71,159,919 |
| Basic Adjusted Net Income Per Share                                                                          | \$ 0.05    | \$ 0.24    | \$ 1.50    | \$ 0.86    |

<sup>(1)</sup> Net (loss) income for the three months ended and year ended December 31, 2014 includes a loss on early extinguishment of corporate debt of \$25.8 million and \$27.3 million, respectively.

<sup>(2)</sup> \$20.8 million and \$1.4 million of depreciation and amortization for the three months ended December 31, 2014 and 2013, respectively, and \$55.6 million and \$4.1 million for the years ended December 31, 2014 and 2013, respectively.

## Consolidated EBITDA and Adjusted EBITDA

(Unaudited)

(Dollars in millions)

|                                                                                                 | Three Months Ended |         | Year Ended   |         |
|-------------------------------------------------------------------------------------------------|--------------------|---------|--------------|---------|
|                                                                                                 | December 31,       |         | December 31, |         |
|                                                                                                 | 2014               | 2013    | 2014         | 2013    |
| Net (loss) income                                                                               | \$ (20.5 )         | \$ 20.6 | \$ 90.1      | \$ 13.9 |
| <b>Non-GAAP adjustments:</b>                                                                    |                    |         |              |         |
| Add back:                                                                                       |                    |         |              |         |
| Interest expense - investment                                                                   | 16.1               | 4.4     | 46.3         | 11.8    |
| Interest expense - corporate                                                                    | 17.5               | 10.2    | 57.1         | 39.9    |
| Early extinguishment of corporate debt                                                          | 25.8               | —       | 27.3         | —       |
| Kennedy Wilson's share of interest expense included in investment in unconsolidated investments | 7.0                | 11.6    | 35.5         | 45.0    |
| Depreciation and amortization                                                                   | 37.2               | 5.4     | 104.5        | 17.4    |



|                                                                                                |                |                |                 |                 |
|------------------------------------------------------------------------------------------------|----------------|----------------|-----------------|-----------------|
| Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments | 10.0           | 15.4           | 47.1            | 46.7            |
| (Benefit from) provision for income taxes                                                      | (8.4)          | 4.3            | 32.4            | 2.9             |
| <b>Consolidated EBITDA<sup>(1)</sup></b>                                                       | <b>84.7</b>    | <b>71.9</b>    | <b>440.3</b>    | <b>177.6</b>    |
| Share-based compensation                                                                       | 7.1            | 2.0            | 15.8            | 7.5             |
| EBITDA attributable to noncontrolling interests <sup>(2)</sup>                                 | (35.1)         | (24.4)         | (138.3)         | (26.0)          |
| <b>Adjusted EBITDA<sup>(1)</sup></b>                                                           | <b>\$ 56.7</b> | <b>\$ 49.5</b> | <b>\$ 317.8</b> | <b>\$ 159.1</b> |

<sup>(1)</sup> Prior to 2014, the Company reported an Adjusted EBITDA metric that was comparable to the Company's current Consolidated EBITDA metric, as it was calculated as Consolidated EBITDA, adjusted to solely exclude merger related expenses and share based compensation expense. Beginning in 2014, as noncontrolling interests became more significant on the Company's consolidated balance sheet, primarily due to the consolidation of KWE's results in the Company's financial statements, the Company determined that it was appropriate to supplement Consolidated EBITDA with a revised metric. Adjusted EBITDA shown above is calculated as Consolidated EBITDA, adjusted to exclude share based compensation expense and EBITDA attributable to noncontrolling interests. As set forth in the reconciliation table above, EBITDA attributable to noncontrolling interests for the three months ended December 31, 2014 and 2013 were \$35.1 million and \$24.4 million, respectively, and for the years ended December 31, 2014 and 2013 were \$138.3 million and \$26.0 million, respectively.

<sup>(2)</sup> \$26.8 million and \$1.5 million of depreciation, amortization, and interest for the three months ended December 31, 2014 and 2013, respectively, and \$70.1 million and \$5.7 million for the years ended December 31, 2014 and 2013, respectively.

Source: Kennedy-Wilson Holdings, Inc.

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