

Kennedy Wilson Reports Record Third Quarter Results

Q3 Adjusted EBITDA of \$83.0 million, a 19% increase

Multifamily NOI growth exceeds 8% for ninth consecutive quarter

BEVERLY HILLS, Calif.--(BUSINESS WIRE)--Nov. 4, 2015--Kennedy-Wilson Holdings, Inc. (**NYSE: KW**) today reported record third quarter results for Q3 2015.

For the three months ended September 30, 2015:

- Adjusted EBITDA was \$83.0 million, a 19% increase from \$69.5 million in Q3 2014.
- Adjusted Net Income was \$47.0 million or \$0.44 per basic share compared to \$30.5 million or \$0.34 per basic share for the same period in 2014.
- GAAP net income to common shareholders was \$14.9 million or \$0.13 per basic and diluted share compared to a net loss of \$2.2 million or \$0.03 loss per basic and diluted share in Q3 2014.

For the nine months ended September 30, 2015:

- Adjusted EBITDA was \$249.5 million compared to \$261.0 million for the same period in 2014, which includes acquisition-related gains to the Company of \$75.5 million and \$122.2 million for the first nine months of 2015 and 2014, respectively.
- Adjusted Net Income was \$140.5 million or \$1.39 per basic share compared to \$129.0 million or \$1.45 per basic share for the same period in 2014.
- GAAP net income to common shareholders was \$42.6 million or \$0.40 per basic and diluted share compared to \$44.6 million or \$0.47 per basic and diluted share for the same period in 2014.

"During the third quarter, we continued to increase the existing recurring income streams throughout our business" said William McMorrow, chairman and CEO of Kennedy Wilson. "At the same time, we were able to acquire strategic investments and to sell certain non-core assets and resolve several significant loan portfolios."

3Q Highlights

- The Company and its equity partners (including KWE) completed \$721.5 million of acquisitions during the third quarter, resulting in year-to-date total acquisitions by the Company and its equity partners of approximately \$2.7 billion. The acquisitions for the quarter were directed 85% to the UK, Ireland, and Spain and 15% to the Western U.S.
- The Company and its equity partners resolved two loan pools and disposed of 11 real estate investments which resulted in an equity multiple of 1.6x and a profit of approximately \$22 million to Kennedy Wilson over the life of the investments.
- The Company and its equity partners invested \$52.8 million (including \$19.3 million by Kennedy Wilson) into 22 investments under-going value-add, development, and re-development initiatives.
- The Company acquired the interests of its partners in two unconsolidated investments resulting in acquisition-related gains of \$27.4 million.
- Across the Company's same property portfolio, revenues grew 8.4% for multifamily and 3.9% for commercial while net operating income grew 11.5% and 7.1%, respectively. The Company has now produced nine consecutive quarters of multifamily net operating income growth in excess of 8%.
- As a result of refinancing and paying off certain unsecured debt in the second half of 2014 as well as the conversion of \$100 million of preferred stock in May 2015, the Company reduced its corporate interest expense and preferred dividends by over \$5 million in Q3 2015 compared to Q3 2014.

Investments business

For the three and nine months ended September 30, 2015, the Company's Investments segment reported the following results:

- The Company, together with its equity partners (including KWE), completed investment transactions of approximately \$1.2 billion in Q3 2015 and \$4.1 billion year-to-date through September 30, 2015:

<i>(\$ in millions)</i>	Aggregate Purchase/Sale Price	Cap Rate⁽¹⁾ (2)	KW Ownership	KW Equity Basis (at acquisition/disposition)
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Three Months ended September 30, 2015

Acquisitions ⁽⁴⁾	\$ 721.5	7.3%	19.2%	\$100.4
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Dispositions ⁽⁵⁾	467.2	6.0%	27.0%	32.9
Total	\$ 1,188.7			

Nine months ended September 30, 2015

Acquisitions ⁽⁴⁾	\$ 2,697.9	7.2%	29.4%	\$404.1
Dispositions ⁽⁵⁾	1,414.3	4.8%	35.4%	139.7
Total	\$ 4,112.2			

*Please see footnotes at the end of the earnings release

- The Company continued to drive growth in same property revenue and net operating income across the portfolio. The three and nine month change in same property multifamily units and commercial real estate are as follows:

Three Months ended September 30, 2015	Occupancy	Revenue	NOI
Multifamily	0.2%	8.4%	11.5%
Commercial	1.2%	3.9%	7.1%

Nine months ended September 30, 2015

Multifamily	—%	7.8%	10.8%
Commercial	1.8%	2.1%	3.9%

Services business

For the three months ended September 30, 2015, the Company's Services segment reported the following results:

- Adjusted Fees were \$30.2 million compared to \$22.2 million for the same period in 2014.
- Adjusted EBITDA was \$13.0 million, compared to \$8.7 million for the same period in 2014.

For the nine months ended September 30, 2015, the Company's Services segment reported the following results:

- Adjusted Fees were \$94.0 million, compared to \$89.1 million for the same period in 2014.
- Adjusted EBITDA was \$45.9 million, compared to \$47.0 million for the same period in 2014.

Kennedy Wilson Europe Real Estate Plc (LSE: KWE)

- As of September 30, 2015, Kennedy Wilson owns approximately 24.0 million shares of KWE, representing 17.7% of KWE's outstanding shares, with a market value at that date of \$413.5 million. For the three and nine months ended September 30, 2015, Kennedy Wilson has earned the following fees and dividends from KWE:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Management Fees ⁽¹⁾	\$ 5.8	\$ 4.1	\$ 17.1	\$ 8.7
Performance Fees ⁽¹⁾	4.2	—	12.8	—
Dividends ⁽²⁾	3.6	0.4	8.5	0.4
Total	\$ 13.6	\$ 4.5	\$ 38.4	\$ 9.1

⁽¹⁾ The majority of these fees are recognized in non-controlling interest. Management fees are paid 50% in cash and 50% in KWE shares. Performance fees are earned and accrued for during 2015 and if ultimately achieved will be paid 100% in KWE shares in 2016.

⁽²⁾ Dividends are received in cash but are fully eliminated in the consolidated financial statements of the Company.

Impact of fluctuations in foreign currencies on our operations

- Due to our investments denominated in foreign currencies, the impact of exchange rates on Adjusted EBITDA were -1% for the three months ended September 30, 2015, and -2% for the nine months ended September 30, 2015.

- (1) Cap rate includes only income-producing properties. For the three and nine months ended September 30, 2015, \$4.3 million and \$219.5 million of acquisitions and \$330.3 million and \$392.3 million of dispositions, respectively, were non-income producing assets. Please see "common definitions" for a definition of cap rate.
- (2) Cap rate and Kennedy Wilson's ownership are shown on a weighted-average basis.
- (3) Please see "common definitions" for a definition of equity multiple.
- (4) The three and nine months ended September 30, 2015, includes \$450.9 million and \$1.4 billion of acquisitions by KWE. For the three and nine months ended September 30, 2015, Kennedy Wilson's equity basis in KWE acquisitions totaled \$80.8 million and \$168.6 million and were calculated based on Kennedy Wilson's 17.7% ownership in KWE. The amounts were funded through purchases of KWE stock in current and prior periods. Kennedy Wilson acquired \$38.1 million and \$67.7 million of KWE stock during the three and nine months ended September 30, 2015.
- (5) The three and nine months ended September 30, 2015, includes \$100.2 million and \$142.4 million of dispositions by KWE.

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 November 5, 2015.

The direct dial-in number for the conference call is (866) 807-9684 for U.S. callers and (412) 317-5415 for international callers. To join the call, please reference Kennedy Wilson.

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 10074672.

The webcast will be available at: <http://edge.media-server.com/m/p/e87fohy2>. 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.

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," "may," "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, 2014, as amended by our subsequent filings with the SEC. Any such forward-looking statements, whether made in this report or elsewhere, should be considered in the context of the various disclosures made by us about our businesses including, without limitation, the risk factors discussed in our filings with the SEC. Except as required under the federal securities laws and the rules and regulations of the SEC, we do not have any intention or obligation to update publicly any forward-looking statements, whether as a result of new information, future events, changes in assumptions, or otherwise.

Common Definitions

- "KWH," "KW," "Kennedy Wilson," the "Company," "we," "our," or "us" refers to Kennedy-Wilson Holdings, Inc. and its wholly-owned subsidiaries. The consolidated financial statements of the Company include the results of the Company's consolidated subsidiaries (including KWE).
- "KWE" refers to Kennedy Wilson Europe Real Estate plc, a London Stock Exchange-listed company that we externally manage through a wholly-owned subsidiary. In our capacity as external manager of KWE, we are entitled to receive certain (i) management fees equal to 1% of

KWE's adjusted net asset value (EPRA NAV), half of which are paid in cash and the remainder of which is paid are KWE shares; and (ii) performance fees, all of which are paid in KWE shares. In accordance with U.S. GAAP, the results of KWE are consolidated in our financial statements. We own an approximately 17.7% equity interest in KWE, and throughout this release and supplemental financial information, we refer to our pro-rata ownership stake (based on our 17.7% equity interest or weighted-average ownership interest during the period, as applicable) in investments made and held directly by KWE and its subsidiaries.

- "Acquisition-related gains" consist of non-cash gains recognized by the Company or its consolidated subsidiaries upon a GAAP required fair value measurement due to a business combination. These gains are typically recognized when a loan is converted into consolidated real estate owned and the fair value of the underlying real estate exceeds the basis in the previously held loan. These gains also arise when there is a change of control of an investment. The gain amount is based upon the fair value of the Company's or its consolidated subsidiaries' equity in the investment in excess of the carrying amount of the equity directly preceding the change of control.
- "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.
- "Cap rate" represents the net operating income of an investment of the year preceding its acquisition or disposition divided by the purchase or sale price. Cap rates set forth in this presentation only includes data from income-producing properties. 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 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, net hedge assets, unconsolidated investments, consolidated loans gross of accumulated depreciation and amortization, and net other assets.
- "Equity multiple" is calculated by dividing the amount of total distributions received by KW from an investment (including any gains, return of equity invested by KW and promoted interests) by the amount of total contributions invested by KW in such investment. This metric does not take into account management fees, organizational fees, or other similar expenses, all of which in the aggregate may be substantial and lower the overall return to KW. Equity multiples represent historical performance and are not a guarantee of the performance of future investments.
- "Equity partners" refers to non-wholly-owned subsidiaries that we consolidate in our financial statements under U.S. GAAP, including KWE, and third-party equity providers.
- "Investment account" refers to the consolidated investment account presented after noncontrolling interest on invested assets gross of accumulated depreciation and amortization.
- "Net operating income" or "NOI" is a non-GAAP measure representing the income produced by a property calculated by deducting operating expenses from operating revenues.
- "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 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, 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 SEC, and such reconciliations are included within this presentation. These measures may contain cash and non-cash acquisition-related gains and expenses and gains and losses from the sale of real-estate related investments. Consolidated non-GAAP measures discussed throughout this report contain income or losses attributable to non-controlling interests. Management believes that these non-GAAP financial

measures are useful to both management and Kennedy Wilson's shareholders in their analysis of the business and operating performance of the Company. Management also uses this information for operational planning and decision-making purposes. Non-GAAP financial measures are not and should not be considered a substitute for any GAAP measures. Additionally, non-GAAP financial measures as presented by Kennedy Wilson may not be comparable to similarly titled measures reported by other companies. Annualized figures used throughout this release and supplemental financial information, including annualized net operating income, are not an indicator of the actual net operating income that the Company will or expects to realize in any period.

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

	September 30, 2015	December 31, 2014
Assets		
Cash and cash equivalents	\$ 153.8	\$ 174.6
Cash held by consolidated investments	387.8	763.1
Accounts receivable	56.2	55.6
Loan purchases and originations	421.3	313.4
Real estate and acquired in place lease values, net of accumulated depreciation and amortization	5,463.5	4,228.1
Unconsolidated investments	499.6	492.2
Other assets	310.5	305.1
Total assets	\$ 7,292.7	\$ 6,332.1
Liabilities		

Accounts payable	19.9	11.7
Accrued expenses and other liabilities	348.9	253.2
Investment debt	3,296.6	2,195.9
Senior notes payable	702.5	702.4
Line of credit	—	125.0
Total liabilities	4,367.9	3,288.2
Equity		
Cumulative preferred stock	—	—
Common stock	—	—
Additional paid-in capital	1,214.4	991.3
Retained earnings (accumulated deficit)	(58.9)	(62.0)
Accumulated other comprehensive loss	(36.4)	(28.2)
Total Kennedy-Wilson Holdings, Inc. shareholders' equity	1,119.1	901.1
Noncontrolling interests	1,805.7	2,142.8
Total equity	2,924.8	3,043.9
Total liabilities and equity	\$ 7,292.7	\$ 6,332.1

Kennedy-Wilson Holdings, Inc.

Consolidated Statements of Operations

(Unaudited)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenue				
Investment management, property services and research fees	\$ 15.1	\$ 12.9	\$ 47.0	\$ 65.0
Rental	106.6	70.6	295.3	124.4
Hotel	31.3	22.9	78.0	36.9
Sale of real estate	1.6	1.6	3.7	19.0
Loan purchases, loan originations and other	4.6	5.7	13.4	11.7
Total revenue	159.2	113.7	437.4	257.0
Operating expenses				
Commission and marketing	1.2	2.0	4.4	3.8
Rental operating	29.4	20.9	78.5	37.8
Hotel operating	22.7	16.9	66.1	32.1
Cost of real estate sold	1.1	1.1	2.6	14.6
Compensation and related	35.2	26.8	105.4	79.6
General and administrative	10.0	11.8	31.3	28.3

Depreciation and amortization	44.9		34.7		119.5		67.3	
Total operating expenses	144.5		114.2		407.8		263.5	
Income from unconsolidated investments, net of depreciation and amortization	15.9		12.1		44.1		45.9	
Operating income	30.6		11.6		73.7		39.4	
Non-operating income (expense)								
Gain on sale of real estate	4.6		—		44.7		—	
Acquisition-related gains	29.9		28.9		87.2		199.2	
Acquisition-related expenses	(8.2	)	(5.3	)	(28.3	)	(16.9	)
Interest expense-investment	(31.3	)	(13.8	)	(77.9	)	(30.2	)
Interest expense-corporate	(11.7	)	(15.9	)	(35.5	)	(41.1	)
Other income	(4.3	)	(1.9	)	(0.7	)	1.0	
Income before provision for income taxes	9.6		3.6		63.2		151.4	
Provision for income taxes	(4.5	)	(6.6	)	(32.5	)	(40.8	)
Net income (loss)	5.1		(3.0	)	30.7		110.6	

Net loss (income) attributable to noncontrolling interests	10.3	2.8	15.0	(59.9)
Preferred stock dividends and accretion of issuance costs	(0.5)	(2.0)	(3.1)	(6.1)
Net income (loss) attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ 14.9	\$ (2.2)	\$ 42.6	\$ 44.6
Basic earnings per share⁽¹⁾				
Income (loss) per basic	\$ 0.13	\$ (0.03)	\$ 0.40	\$ 0.47
Weighted average shares outstanding for basic	107,433,124	89,267,838	101,361,606	88,854,215
Diluted earnings per share⁽¹⁾				
Income (loss) per diluted	\$ 0.13	\$ (0.03)	\$ 0.40	\$ 0.47
Weighted average shares outstanding for diluted	107,433,124	89,267,838	105,517,172	90,169,008
Dividends declared per common share	\$ 0.12	\$ 0.09	\$ 0.36	\$ 0.27

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

Kennedy-Wilson Holdings, Inc.**Consolidated Adjusted Net Income and Adjusted Net Income****(Unaudited)***(Dollars in millions, except share amounts and per share data)*

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Net income (loss)	\$ 5.1	\$ (3.0)	\$ 30.7	\$ 110.6
Non-GAAP adjustments:				
Add back:				
Depreciation and amortization	44.9	34.7	119.5	67.3
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	5.3	9.9	22.5	37.1
Share-based compensation	5.5	5.3	19.6	8.7
Consolidated Adjusted Net Income	60.8	46.9	192.3	223.7
Less:				

Net income attributable to the noncontrolling interests, before depreciation and amortization ⁽¹⁾	(13.8)	(16.4)	(51.8)	(94.7)
Adjusted Net Income	\$ 47.0	\$ 30.5	\$ 140.5	\$ 129.0
Basic weighted average number of common shares outstanding	107,433,124	89,267,838	101,361,606	88,854,215
Basic Adjusted Net Income per share	\$ 0.44	\$ 0.34	\$ 1.39	\$ 1.45

⁽¹⁾ \$24.2 million and \$19.2 million of depreciation and amortization for the three months ended September 30, 2015 and 2014, respectively, and \$66.8 million and \$34.8 million of depreciation and amortization for the nine months ended September 30, 2015 and 2014, respectively.

Consolidated EBITDA and Adjusted EBITDA

(Unaudited)

(Dollars in millions)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Net income (loss)	\$ 5.1	\$ (3.0)	\$ 30.7	\$ 110.6
Non-GAAP adjustments:				
Add back:				

Interest expense-investment	31.3	13.8	77.9	30.2
Interest expense-corporate	11.7	14.4	35.5	39.6
Early extinguishment of corporate debt	—	1.5	—	1.5
Kennedy Wilson's share of interest expense included in unconsolidated investments	7.1	7.9	20.7	28.4
Depreciation and amortization	44.9	34.7	119.5	67.3
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	5.3	9.9	22.5	37.1
Provision for income taxes	4.5	6.6	32.5	40.8
Consolidated EBITDA	109.9	85.8	339.3	355.5
Add back (less):				
Share-based compensation	5.5	5.3	19.6	8.7
EBITDA attributable to noncontrolling interests ⁽¹⁾	(32.4)	(21.6)	(109.4)	(103.2)
Adjusted EBITDA	\$ 83.0	\$ 69.5	\$ 249.5	\$ 261.0

⁽¹⁾ \$42.8 million and \$24.4 million of depreciation, amortization, taxes and interest for the three months ended September 30, 2015 and 2014, respectively, and \$124.4 million and \$43.3 million of depreciation, amortization, taxes and interest for the nine months ended September 30, 2015 and 2014, respectively.

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Kennedy-Wilson Holdings, Inc.

Daven Bhavsar

Director of Investor Relations

(310) 887-3431

dbhavsar@kennedywilson.com

www.kennedywilson.com