

Kennedy Wilson Reports Second Quarter 2011 Earnings

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BEVERLY HILLS, Calif., Aug 08, 2011 (BUSINESS WIRE) --

Kennedy-Wilson Holdings, Inc. (**NYSE: KW**) ("Kennedy Wilson" or the "Company"), an international real estate company, reported its third quarter 2011 net loss attributable to common shareholders of \$2.4 million (or \$0.06 per basic and diluted share) and net loss attributable to common shareholders of \$8.5 million (or \$0.22 per basic and \$0.20 per diluted share) for the same period in 2010. The Company's earnings before interest, taxes, depreciation and stock-based and merger-related compensation of \$10.5 million (or \$0.27 per basic share) for the same period in 2010.

The Company's earnings before interest, taxes, depreciation and stock-based and merger-related compensation ended June 30, 2011 were \$17.5 million and \$32.6 million, respectively, compared to \$24.8 million and \$32.6 million, respectively, for the same period in 2010.

Investments

- The Company's quarter-end cash position was \$191 million and total assets on its balance sheet totaled \$363.7 million as of December 31, 2010.
- Kennedy Wilson's investment account (the Company's equity in real estate and loan investments) totaled \$363.7 million as of December 31, 2010.

Services

- The Company's Assets Under Management ("AUM") increased from approximately \$7 billion at December 31, 2010 to approximately \$7.5 billion as of June 30, 2011.
- Kennedy Wilson auctioned and conventionally sold approximately \$180 million of properties in Europe during the six months ended June 30, 2011.

Europe

- Kennedy Wilson Europe was established with offices in Dublin, Ireland and London, England, also with a real estate portfolio primarily located in Western Europe.
- In July, Kennedy Wilson acted as an advisor on the \$1.5 billion equity investment in the Bank of Ireland.

Adjusted EBITDA Metrics

- During the six months ended June 30, 2011, the Company achieved an Adjusted EBITDA of \$32.6 million, compared to \$24.8 million for the same period in 2010.
- During the six months ended June 30, 2011, Kennedy Wilson's investments segment achieved an Adjusted EBITDA of \$17.5 million, compared to \$17.5 million for the same period in 2010.
- During the six months ended June 30, 2011, Kennedy Wilson's services segment achieved an Adjusted EBITDA of \$15.1 million, compared to \$7.3 million for the same period in 2010.

Robust Acquisition Program

- During the six months ended June 30, 2011, the Company, through consolidated and joint venture investments, completed \$738 million of real estate acquisitions through direct and joint venture investments. The Company's total real estate acquisitions for the six months ended June 30, 2011 were \$738 million, compared to \$738 million for the same period in 2010.

Accessed Debt Financing and Capital Markets

- Since November 2009, the Company has raised approximately \$3.4 billion of corporate capital and debt through the issuance of new debt and equity.
- In April 2011, the Company completed the sale and issuance of \$250 million in aggregate principal amount of new debt.

Factors" section of our annual report on Form 10-K for the year ended December 31, 2010. Any such fo should be considered in the context of the various disclosures made by us about our businesses includ SEC. Except as required under the federal securities laws and the rules and regulations of the SEC, we looking statements, whether as a result of new information, future events, changes in assumptions, or Non-GAAP Financial Information

In addition to the results reported in accordance with U.S. generally accepted accounting principles (G certain information, which includes non-GAAP financial measures (proforma Statements of Income, Ac Shareholders, Basic Adjusted Net (Loss) Income Attributable to Kennedy Wilson Common Shareholder reconciled to its closest GAAP measure in accordance with the SEC rules and is included in the attache financial measures are useful to both management and the Company's shareholders in their analysis (Management also uses this information for operational planning and decision-making purposes. Non- substitute for any GAAP measures. Additionally, non-GAAP financial measures as presented by Kennec by other companies.

Tables Follow

Kennedy-Wilson Holdings, Inc. and Subsidiaries
Consolidated Balance Sheets

Assets

Cash and cash equivalents

Accounts receivable

Accounts receivable -- related parties

Notes receivable

Notes receivable -- related parties

Real estate, net

Investments in joint ventures (\$44,421,000 and \$34,687,000 carried at fair value as of June 30, 2011 and December 31, 2010)

Loan pool participations

Other assets

Goodwill

Total assets

Liabilities and equity

Liabilities

Accounts payable

Accrued expenses and other liabilities

Accrued salaries and benefits

Accrued and deferred tax liability

Senior notes payable

Notes payable

Borrowings under line of credit

Mortgage loans payable

Junior subordinated debentures

Total liabilities

Equity

Cumulative preferred stock, \$0.0001 par value: 1,000,000 shares authorized
\$1,000 per share liquidation preference,

6.00% Series A, 100,000 shares issued as of June 30, 2011 and
December 31, 2010, mandatorily convertible on May 19, 2015

6.46% Series B, 32,550 shares issued as of June 30, 2011 and
December 31, 2010, mandatorily convertible on November 3, 2018

Common stock, \$0.0001 par value: 125,000,000 shares authorized, 46,089,646 and 41,177,658 shares issued and 44,974,706 and 40,179,906 shares outstanding as of June 30, 2011 and December 31, 2010, respectively

Additional paid-in capital

Retained earnings

Accumulated other comprehensive income

Common stock held in treasury, at cost, \$0.0001 par value, 1,114,940 and 1,111,690 held at June 30, 2011 and December 31, 2010, respectively

Total Kennedy-Wilson Holdings, Inc. shareholders' equity

Noncontrolling interests

Total equity

Total liabilities and equity

Kennedy-Wilson Holdings, Inc. and Subsidiaries

**Consolidated Statements of Operations and Comprehensive (Loss) Income
(Unaudited)**

	Three months ended June 30,	
	2011	2010
Revenue		
Management and leasing fees	\$ 2,346,000	\$ 2,346,000
Management and leasing fees -- related party	2,600,000	2,600,000
Commissions	1,962,000	1,962,000
Commissions -- related party	647,000	647,000

Sale of real estate	--	.
Rental and other income	955,000	(
Total revenue	8,510,000	!
Operating expenses		
Commission and marketing expenses	736,000	!
Compensation and related expenses	8,257,000	.
Cost of real estate sold	--	.
General and administrative	3,040,000	:
Depreciation and amortization	463,000	:
Rental operating expenses	642,000	:
Total operating expenses	13,138,000	:
Equity in joint venture income (loss)	2,551,000	(
Interest income from loan pool participations and notes receivable	2,241,000	:
Operating income (loss)	164,000	(
Non-operating income (expense)		
Interest income	152,000	!
Interest income -- related party	249,000	:
Remeasurement gain	6,348,000	:
Gain on extinguishment of debt	--	:
Interest expense	(6,228,000) (
Income before provision for income taxes	685,000	:

Provision for income taxes	(172,000)	!
Net income	513,000	!
Net income attributable to the noncontrolling interests	(299,000)	!
Net income attributable to Kennedy-Wilson Holdings, Inc.	214,000	!
Preferred dividends and accretion of preferred stock issuance costs	(2,636,000)	!
Net (loss) income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	(2,422,000)	!
Other comprehensive loss, net of tax	1,094,000	!
Total comprehensive (loss) income	\$ (1,328,000)	!
Basic (loss) income per share		
Basic (loss) income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ (0.06)	!
Weighted average number of common shares outstanding	39,118,313	!
Diluted (loss) income per share		
Diluted (loss) income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ (0.06)	!
Weighted average number of common shares outstanding	39,118,313	!
Dividends declared per common share	\$ 0.04	!

Kennedy-Wilson Holdings, Inc. and Subsidiaries
Proforma Statements of Income
(Unaudited)

Three Months Ended June 30,

2011

	Consolidated	Pro Rata Unconsolidated Investments	Proforma Total
Revenue			
Management and leasing fees	\$ 4,946,000	\$ --	\$ 4,946,000
Commissions	2,609,000	--	2,609,000
Sale of real estate	--	25,009,000	25,009,000
Rental and other income	955,000	14,940,000	15,895,000
Interest income	--	3,140,000	3,140,000
Total revenue	8,510,000	43,089,000	51,599,000
Operating expenses			
Commission and marketing expenses	736,000	--	736,000
Compensation and related expenses	8,257,000	--	8,257,000
Cost of real estate sold	--	22,420,000	22,420,000
General and administrative	3,040,000	--	3,040,000
Depreciation and amortization	463,000	3,984,000	4,447,000

Rental operating expenses	642,000	6,649,000	7,291,000
Total operating expenses	13,138,000	33,053,000	46,191,000
Equity in joint venture income (loss)	2,551,000	(2,551,000)	--
Interest income from loan pool participations and notes receivable	2,241,000	(2,241,000)	--
Operating income (loss)	164,000	5,244,000	5,408,000
Non-operating income (expense)			
Interest income	401,000	(401,000)	--
Remeasurement gain	6,348,000	--	6,348,000
Gain on extinguishment of debt	--	--	--
Interest expense	(6,228,000)	(4,843,000)	(11,071,000)
Income before provision for income taxes	685,000	--	685,000
Provision for income taxes	(172,000)	--	(172,000)
Net income	\$ 513,000	\$ --	\$ 513,000

Kennedy-Wilson Holdings, Inc. and Subsidiaries
Proforma Statements of Income
(Unaudited)

Six Months Ended June 30,

2011

	Consolidated	Pro Rata Unconsolidated Investments	Proforma Total
Revenue			
Management and leasing fees	\$ 9,957,000	\$ --	\$ 9,957,000
Commissions	5,170,000	--	5,170,000
Sale of real estate	417,000	31,135,000	31,552,000
Rental and other income	1,693,000	33,422,000	35,115,000
Interest income	--	6,379,000	6,379,000
Total revenue	17,237,000	70,936,000	88,173,000
Operating expenses			
Commission and marketing expenses	1,373,000	--	1,373,000
Compensation and related expenses	16,089,000	--	16,089,000
Cost of real estate sold	397,000	27,152,000	27,549,000

General and administrative	5,853,000	--	5,853,000
Depreciation and amortization	897,000	7,709,000	8,606,000
Rental operating expenses	1,053,000	12,505,000	13,558,000
Total operating expenses	25,662,000	47,366,000	73,028,000
Equity in joint venture income (loss)	7,807,000	(7,807,000)	--
Interest income from loan pool participations and notes receivable	4,787,000	(4,787,000)	--
Operating income (loss)	4,169,000	10,976,000	15,145,000
Non-operating income (expense)			
Interest income	667,000	(667,000)	--
Remeasurement gain	6,348,000	--	6,348,000
Gain on extinguishment of debt	--	--	--
Interest expense	(7,757,000)	(10,309,000)	(18,066,000)
Income before provision for income taxes	3,427,000	--	3,427,000

Provision for income taxes	(835,000)	--	(835,000)
Net income	\$ 2,592,000	\$ --	\$ 2,592,000

Kennedy-Wilson Holdings, Inc. and Subsidiaries

Adjusted Net (Loss) Income Attributable to Kennedy Wilson Common Shareholders (Unaudited)

	Three months ended J
	2011
Net loss attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ (2,422,000)
Non-GAAP adjustments:	
Add back:	
Stock based compensation	1,298,000
Common stock issuance discount treated as preferred dividend	600,000
Merger-related compensation expense	--
Adjusted Net (Loss) Income Attributable to Kennedy Wilson Common Shareholders	\$ (524,000)
Basic weighted average number of common shares outstanding	39,118,313
Basic Adjusted Net (Loss) Income Attributable to Kennedy Wilson Common Shareholders Per Share	\$ (0.01)

Kennedy-Wilson Holdings, Inc. and Subsidiaries
EBITDA and Adjusted EBITDA
(Unaudited)

	Three months ended June 30,	
	2011	2010
Net income	\$ 513,000	\$
Add back:		
Interest expense	6,228,000	2,1
Kennedy-Wilson's share of interest expense included in investment in joint ventures and loan pool participations	4,843,000	2,3
Depreciation and amortization	463,000	296
Kennedy-Wilson's share of depreciation and amortization included in investment in joint ventures	3,984,000	2,2
Income taxes	172,000	5,9
EBITDA	16,203,000	22,
Merger-related compensation expense	--	--
Stock-based compensation	1,298,000	2,0
Adjusted EBITDA	\$ 17,501,000	\$

SOURCE: Kennedy-Wilson Holdings, Inc.
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