KENNEDY WILSON

Kennedy Wilson Reports Second Quarter 2012 Earnir

BEVERLY HILLS, Calif.--(BUSINESS WIRE)--Aug. 6, 2012-- Kennedy-Wilson Holdings, Inc. **(NYSE: KW)** (“K
international real estate investment and services company, today reported a second quarter 2012 net
basic and diluted share) compared to a net loss attributable to common shareholders of $2.4 million (
loss attributable to common shareholders, adjusted for stock-based compensation expense, was $2.0
for the same period in 2011 (or $0.03 per basic share).

The Company's earnings before interest, taxes, depreciation and stock-based compensation expense (
compared to $17.5 million for the same period in 2011. Excluding the remeasurement gain of $6.3 mill
Company achieved a 69% increase in adjusted EBITDA for the three months ended June 30, 2012 as co

“The Company had many outstanding achievements in the second quarter including increases in cash
William McMorrow, chairman and CEO of Kennedy Wilson. “During the quarter, the Company and our
with attractive current returns that will significantly increase our recurring EBITDA. Additionally, our b
added $106 million of equity. Our experienced management team and strong liquidity, combined with
take advantage of our significant pipeline of opportunities in our core markets.”

Kennedy Wilson Recent Highlights

Operating metrics

- During the three months ended June 30, 2012, the Company achieved an adjusted EBITDA of $18. 2011. Excluding the remeasurement gain of $6.3 million recognized during the three months ende EBITDA for the three months ended June 30, 2012 as compared to the same period in 2011.
- During the six months ended June 30, 2012, the Company achieved an adjusted EBITDA of $38.0 r 2011. Excluding the remeasurement gain of $6.3 million recognized during the six months ended EBITDA for the six months ended June 30, 2012 as compared to the same period in 2011.

Investments business

Investment Account

- Our investment account (Kennedy Wilson's equity in real estate, joint ventures, loan investments, $582.8 million at December 31, 2011. This change was comprised of approximately $160.0 million approximately $116.6 million of cash distributed from investments.

Operating metrics

- During the three months ended June 30, 2012, our investments business achieved an EBITDA of $ in 2011. Excluding the remeasurement gain of $6.3 million recognized during the three months en adjusted EBITDA for the three months ended June 30, 2012 as compared to the same period in 20
- During the six months ended June 30, 2012, our investments business achieved an EBITDA of $34. 2011. Excluding the remeasurement gain of $6.3 million recognized during the six months ended EBITDA for the six months ended June 30, 2012 as compared to the same period in 2011.

Acquisition/disposition program

- During the six months ended June 30, 2012, the Company and its equity partners acquired appro invested $107.0 million of our equity in the investment vehicles that acquired these real estate rel equity partners are under contract to acquire approximately $514.0 million of real estate related i

together with our equity partners, have acquired or are under contract to acquire approximately $
the Company and its equity partners own or are under contract to own 14,114 apartment units an

- The composition of the $889.5 million of real estate related investments acquired by the Compan
is as follows:
    - During the six months ended June 30, 2012, we, along with our equity partners, acquired app
    The underlying assets are located primarily in the Western U.S. (70% in terms of our equity in
    include six multifamily properties with 1,801 units and eight commercial properties totaling
    the joint ventures that acquired these real estate assets.
    - During the six months ended June 30, 2012, we, along with our equity partners, acquired or
    discount of 14% to their principal balance. These loans are secured by 12 underlying propert
    rate of 10.6% per annum. We invested approximately $54.2 million of our equity in participat
    exit fees on our share of these loans.

- During the six months ended June 30, 2012, the Company and its equity partners sold four multif
million, which resulted in a total gain of $32.6 million, of which our share was $7.9 million.

Debt financing

- During the six months ended June 30, 2012, the Company and its equity partners completed appr
interest rate of 3.1% and a weighted average maturity of 7.9 years. During the six months ended J
approximately $731.2 million of property financings at an average interest rate of 3.5% and a weig

United Kingdom and Ireland

- In December 2011, we and our equity partners acquired a loan pool secured by real estate locate
billion. As of June 30, 2012, the unpaid principal balance was $1.4 billion due to loan resolutions
- On March 13, 2012, we announced a €250 million (approximately $325 million) capital commitme
secured by real estate in the United Kingdom and Ireland. Investments under this program requir
investment basis. In June 2012, we purchased our first investment within this platform, the histor
Google's European headquarters, for $50.0 million. We invested $15.8 million of our equity in the
- On May 2, 2012, we entered into a term sheet with a major European financial institution to creat
$2.5 billion) of performing, sub-performing and non-performing loans secured by commercial an
Kingdom and Ireland.

Japan

- Maintained 93% occupancy in 50 apartment buildings with over 2,400 units. Excluding one 86-uni
leased to individual tenants, our Japanese apartment portfolio maintained 96% occupancy.
- Since Fairfax became our partner in the Japanese apartment portfolio in September 2010, we hav
million.

Services business

- Management and leasing fees and commissions increased by 67% to $12.6 million for the three m
2011.

- During the three months ended June 30, 2012, our services business achieved an EBITDA of $3.6 r
2011.

- Management and leasing fees and commissions increased by 52% to $23.0 million for the six mon
2011.

- During the six months ended June 30, 2012, our services business achieved an EBITDA of $6.3 mil

Corporate financing

- In June 2012, we amended our existing revolving credit facility to, among other things, increase tl
to $100 million and extend the maturity to June 30, 2015. Existing and future loans under the ame

Subsequent events

- In July 2012, the Company issued 8.6 million shares of common stock primarily to institutional in
million was used to pay off the outstanding balance on our line of credit.

- In July 2012, the Company was awarded its first auction assignment from a European financial in:
Spain.

Supplemental Financial Information, Conference Call and Webcast Details

Supplemental financial information is available on the homepage of the Company's website: www.ker

The Company will hold a live conference call and webcast to discuss results on Tuesday, August 7 at 7:

The direct dial-in number for the conference call is (866) 356-4441 for U.S. and Canada callers and (617
27388075.

A replay of the call will be available for one week beginning two hours after the live call and can be acc
6888 for international callers. The access code for the replay is 84859872.

The webcast will be available at: http://www.media-server.com/m/acs/fc1436ce0e8d92f29cc55e87c5b
original webcast on the Company's investor relations web site for one year.

About Kennedy Wilson

Founded in 1977, Kennedy Wilson is an international real estate investment and services company hea
Ireland and Japan. The company offers a comprehensive array of real estate services including auctior
management. Through its fund management and separate account businesses, Kennedy Wilson is a st
and Japan. 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 h
meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21
Act"). These forward-looking statements are necessarily estimates reflecting the judgment of our seni
forecasts and projections and include comments that express our current opinions about trends and f
words such as "believe," "anticipate," "estimate," "intend," "could," "plan," "expect," "project" or the n
identify forward-looking statements. These statements are not guarantees of future performance, rely
which are outside of our control, and involve known and unknown risks and uncertainties that could c

results, to differ materially from any future results, performance or achievements, expressed or implie
may include these factors and the risks and uncertainties described elsewhere in this report and other
including the Item 1A. "Risk Factors" section of our Annual Report on Form 10-K for the year ended De
made in this report or elsewhere, should be considered in the context of the various disclosures made
factors discussed in our filings with the SEC. Except as required under the federal securities laws and t
obligation to update publicly any forward-looking statements, whether as a result of new information,

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 (pro forma Statements of Operation
Common Shareholders, Basic Adjusted Net Loss Attributable to Kennedy Wilson Common Shareholde
certain revenue and expense line items in our proforma consolidated statements of operations or inco
a GAAP statement. Such information is reconciled to its closest GAAP measure in accordance with the
Management believes that these non-GAAP financial measures are useful to both management and th
operating performance of the Company. Management also uses this information for operational plann
not and should not be considered a substitute for any GAAP measures. Additionally, non-GAAP financi
to similarly titled measures reported by other companies.

Tables Follow

Kennedy-Wilson Holdings, Inc. and Subsidiaries	
Consolidated Balance Sheets	
	J
Assets	
Cash and cash equivalents	$
Accounts receivable	
Accounts receivable — related parties	
Notes receivable	

Notes receivable — related parties	
Real estate, net	
Investments in joint ventures	
Investment in loan pool participations	
Marketable securities	
Other assets	
Goodwill	
Total assets	$
Liabilities	
Accounts payable	$
Accrued expenses and other liabilities	
Accrued salaries and benefits	
Deferred tax liability	
Senior notes payable	
Borrowings under line of credit	
Mortgage loans payable	
Junior subordinated debentures	
Total liabilities	
Equity	

Common stock	
Additional paid-in capital	
(Accumulated deficit) retained earnings	
Accumulated other comprehensive income	
Shares held in treasury at cost	
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

	Three months ended Ju	
		2012
Revenue		
Management and leasing fees	$	10,232,000
Commissions		2,401,000
Sale of real estate		—
Rental and other income		1,477,000
Total revenue		14,110,000

Operating expenses	
Commission and marketing expenses	1,340,000
Compensation and related expenses	10,294,000
Cost of real estate sold	—
General and administrative	4,888,000
Depreciation and amortization	977,000
Rental operating expenses	921,000
Total operating expenses	18,420,000
Equity in joint venture income	5,108,000
Interest income from loan pool participations and notes receivable	2,876,000
Operating income	3,674,000
Non-operating income (expense)	
Interest income	1,207,000
Remeasurement gain	—
Gain on sale of marketable securities	—
Realized foreign currency exchange gain (loss)	38,000
Interest expense	(7,054,000)
(Loss) income from continuing operation before benefit from (provision for) income taxes	(2,135,000)
Benefit from (provision for) income taxes	1,138,000
(Loss) income from continuing operations	(997,000)
Discontinued Operations	

Income from discontinued operations, net of income taxes		—
Loss from sale of real estate, net of income taxes		—
Net (loss) income		(997,000)
Net income attributable to the noncontrolling interests		(128,000)
Net (loss) income attributable to Kennedy-Wilson Holdings, Inc.		(1,125,000)
Preferred dividends and accretion of preferred stock issuance costs		(2,036,000)
Net loss attributable to Kennedy-Wilson Holdings, Inc. common shareholders	$	(3,161,000)
Basic and diluted loss per share attributable to Kennedy-Wilson Holdings, Inc. common shareholders		
Continuing operations	$	(0.06)
Discontinued operations, net of income taxes		—
Earning per share - basic and diluted (a)	$	(0.06)
Weighted average number of common shares outstanding		51,401,674
Dividends declared per common share	$	0.05

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

Kennedy-Wilson Holdings, Inc. and Subsidiaries

Pro Forma Consolidated Statements of Operations (Non-GAAP)

	Three Months Ended June 30,		
	2012		
		Pro Rata	
		Unconsolidated	Pro Forma
	Consolidated	Investments	Total
Revenue			
Management and leasing fees	$ 10,232,000	$ —	$ 10,232,000
Commissions	2,401,000	—	2,401,000
Sale of real estate	—	43,600,000	43,600,000
Rental and other income	1,477,000	16,123,000	17,600,000
Interest income	—	5,883,000	5,883,000
Total revenue	14,110,000	65,606,000	79,716,000
Operating expenses			
Commission and marketing expenses	1,340,000	—	1,340,000
Compensation and related expenses	10,294,000	100,000	10,394,000
Cost of real estate sold	—	38,200,000	38,200,000
General and administrative	4,888,000	200,000	5,088,000
Depreciation and amortization	977,000	4,000,000	4,977,000

Rental operating expenses	921,000	5,700,000	6,621,000
Total operating expenses	18,420,000	48,200,000	66,620,000
Equity in joint venture income	5,108,000	(5,108,000)	—
Interest income from loan pool participations and notes receivable	2,876,000	(2,876,000)	—
Operating income	3,674,000	9,422,000	13,096,000
Non-operating income (expense)			
Interest income	1,207,000	(1,207,000)	—
Carried interest on realized investment	—	500,000	500,000
Remeasurement gain	—	—	—
Realized foreign currency exchange gain	38,000	—	38,000
Interest expense	(7,054,000)	(7,715,000)	(14,769,000)
Other non-operating expenses	—	(1,000,000)	(1,000,000)
(Loss) income from continuing operation before benefit from (provision for) income taxes	(2,135,000)	—	(2,135,000)

Benefit from (provision for) income taxes	1,138,000	—	1,138,000
(Loss) from continuing operations	$ (997,000)	$ —	$ (997,000)

Kennedy-Wilson Holdings, Inc. and Subsidiaries

Pro Forma Consolidated Statements of Income (Non-GAAP)

	Six Months Ended June 30,			
	2012			**2**
		Pro Rata		
		Unconsolidated	**Pro Forma**	
	Consolidated	**Investments**	**Total**	**(**
Revenue				
Management and leasing fees	$ 18,973,000	$ —	$ 18,973,000	$
Commissions	4,020,000	—	4,020,000	
Sale of real estate	—	58,800,000	58,800,000	
Rental and other income	2,947,000	33,924,000	36,871,000	
Interest income	—	8,138,000	8,138,000	
Total revenue	25,940,000	100,862,000	126,802,000	

Operating expenses			
Commission and marketing expenses	2,305,000	—	2,305,000
Compensation and related expenses	19,294,000	500,000	19,794,000
Cost of real estate sold	—	50,100,000	50,100,000
General and administrative	8,557,000	300,000	8,857,000
Depreciation and amortization	1,914,000	7,900,000	9,814,000
Rental operating expenses	1,791,000	11,800,000	13,591,000
Total operating expenses	33,861,000	70,600,000	104,461,000
Equity in joint venture income	10,624,000	(10,624,000)	—
Interest income from loan pool participations and notes receivable	3,414,000	(3,414,000)	—
Operating income	6,117,000	16,111,000	22,341,000
Non-operating income (expense)			
Interest income	2,324,000	(2,324,000)	—

Carried interest on realized investment	—		2,400,000		2,400,000
Remeasurement gain	—		—		—
Gain on sale of marketable securities	2,931,000		—		2,931,000
Realized foreign currency exchange gain (loss)	(74,000)		—		(74,000)
Interest expense	(13,224,000)		(15,000,000)		(28,224,000)
Other non-operating expenses	—		(1,300,000)		(1,300,000)
(Loss) income from continuing operation before benefit from (provision for) income taxes	(1,926,000)		—		(1,926,000)
Benefit from (provision for) income taxes	2,621,000		—		2,621,000
Income from continuing operations	$ 695,000	$	—	$	695,000

Kennedy-Wilson Holdings, Inc. and Subsidiaries

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

	Three months ended J		
	2012		
Net loss attributable to Kennedy-Wilson Holdings, Inc. common shareholders	$	(3,161,000	)
Non-GAAP adjustments:			
Add back:			
Stock based compensation		1,207,000	
Adjusted Net Loss Attributable to Kennedy Wilson Holdings, Inc. Common Shareholders	$	(1,954,000	)
Basic weighted average number of common shares outstanding		51,401,674	
Basic Adjusted Net Loss Attributable to Kennedy Wilson Holdings, Inc. Common Shareholders Per Share	$	(0.04	)

Kennedy-Wilson Holdings, Inc. and Subsidiaries

EBITDA and Adjusted EBITDA

	Three months ende		
	2012		
Net (loss) income	$	(997,000	)
Non-GAAP adjustments:			
Add back:			

Interest expense		7,054,000
Kennedy Wilson's share of interest expense included in investment in joint ventures and loan pool participations		7,715,000
Depreciation and amortization		977,000
Kennedy Wilson's share of depreciation and amortization included in investment in joint ventures		4,000,000
(Benefit from) provision for income taxes		(1,138,000)
EBITDA		**17,611,000**
Stock-based compensation		1,207,000
Adjusted EBITDA	**$**	**18,818,000**

Source: Kennedy-Wilson Holdings, Inc.

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