

Kennedy Wilson Reports Fourth Quarter and Full Year 2011 Earnings

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Adjusted EBITDA of \$71 million for FY 2011 increased 22% from 2010

Company increases dividend by 25% to \$0.05 per common share for first quarter 2012

BEVERLY HILLS, Calif.--(BUSINESS WIRE)--Mar. 12, 2012-- Kennedy-Wilson Holdings, Inc. (**NYSE:KW**) ("KWH") today reported fourth quarter 2011 net income attributable to common shareholders of \$7.9 million (or \$0.19 per basic and diluted share) for the same period in 2010. Net income attributable to common shareholder of \$0.19 per basic share) compared to \$2.4 million (or \$0.06 per basic share) for the same period in 2010. Full year 2011 net loss attributable to common shareholders was \$2.4 million (or \$0.06 per basic and diluted share) compared to \$2.4 million (or \$0.06 per basic share) for the same period in 2010. Net income attributable to common shareholders for the full year 2011, adjusted for stock-based compensation expense (for 2010), was \$3.3 million (or \$0.08 per basic share) compared to \$3.3 million (or \$0.08 per basic share) for the same period in 2010. The Company's earnings before interest, taxes, depreciation and amortization and stock-based and non-stock-based compensation expense for the full year 2011 was \$29.6 million as compared to \$14.3 million for the same period in 2010. The Company's adjusted EBITDA for the full year 2011 was \$71 million as compared to \$58.4 million for the same period in 2010.

"2011 was a remarkable year for Kennedy Wilson, particularly because in addition to our strong acquisition of McMorrow, chairman and CEO of Kennedy Wilson. "We remain focused on growing the book equity of the company. The company also announced that it will pay a dividend of \$0.05 per share, a 25% increase from the previous dividend of \$0.04 per share, payable on March 15, 2012. The quarterly payment equates to an annual dividend of \$0.20 per common share.

Kennedy Wilson Recent Highlights

Balance sheet

- Our book net worth increased by 37% to \$410 million at December 31, 2011 from \$300 million as of December 31, 2010.
- Our investment account (Kennedy Wilson's equity in real estate, loan investments, and marketable securities) increased by 171% to \$116 million as of December 31, 2011 from \$35 million as of December 31, 2010.
- We increased our year-end cash position by 147% to \$116 million as of December 31, 2011 from \$35 million as of December 31, 2010.

Operating metrics

- We achieved an Adjusted EBITDA of \$71 million for FY 2011: our best year in history versus an Adjusted EBITDA of \$58.4 million for FY 2010.
- Our services segment Adjusted EBITDA for FY 2011 increased by 171% to \$26 million from \$9 million for FY 2010.
- Our investments segment Adjusted EBITDA for FY 2011 decreased by 6% to \$53 million from \$56 million for FY 2010.

Capital markets

- We completed our first public debt offering, issuing \$250 million of senior notes.
- We completed two stock offerings, raising gross proceeds of approximately \$127 million.
- We refinanced \$838 million of property level debt at an average rate of 3.5% and average maturity of 3.5 years.

Acquisition program

- In 2011, we closed \$3.1 billion of real estate and real estate related debt acquisitions through direct acquisitions (including \$1.5 billion of real estate related debt acquisitions and \$536 million of multifamily acquisitions).
- We, along with equity partners, acquired the largest apartment building by units on the West Coast in the current cycle (the "West Coast Apartment Building").
- We, along with equity partners, acquired the largest loan portfolio in Europe in the current cycle (the "European Loan Portfolio").

- We, along with equity partners, acquired the largest multi-tenant office portfolio in Los Angeles (f

Service business

- Our management and leasing fees increased by 27% to \$27 million for FY 2011 from \$21 million fo
- Our commissions increased by 156% to \$30 million for FY 2011 from \$12 million for FY 2010.
- Our assets under the Company's management ("AUM") totaled approximately \$11.8 billion as of D year.
- We achieved approximately \$215 million of sales via auction and conventional sales in 2011: 13 bi Carolina, and Utah; nine scattered auctions in California, Washington, and Oregon; and six conver

United Kingdom and Ireland

- In June 2011, Kennedy Wilson established offices in Dublin, Ireland and London, England. Today,
- Secured a contract to manage assets, located primarily in Western Europe, with an estimated valu
- Sourced and acted as an advisor on the \$1.5 billion equity investment in the Bank of Ireland.
- Acquired, with our equity partners, a UK-based loan portfolio with \$2.2 billion in unpaid principal

Japan

- Maintained 95% occupancy in 50 apartment buildings with over 2,400 units.
- Refinanced more than \$186 million of property level debt at a weighted average interest rate of 2.
- The portfolio has distributed over \$36 million to the Company and our partners since September

Conference Call and Webcast Details

The company will hold a live conference call and webcast to discuss results on Tuesday, March 13 at 7: The direct dial-in number for the conference call is **(800) 561-2731** for U.S. and Canada callers and **(61** A replay of the call will be available for one week beginning two hours after the live call and can be acc The access code for the replay is **82943135**.

The webcast will be available at: www.media-server.com/m/acs/d20214f5ab116d6b1edeb316d90db7c 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 comprehensive array of real estate services including auction, conventional sales, property services ar Kennedy Wilson is a strategic investor of real estate investments in the U.S., Europe and Japan. For fur Forward-Looking Statements

Statements made by us in this report and in other reports and statements released by us that are not f Securities Act of 1933, as amended (the "Securities Act") and Section 21 of the Securities Exchange Act estimates reflecting the judgment of our senior management based on our current estimates, expecta trends and factors that may impact future operating results. Disclosures that use words such as "belie well as similar expressions, are intended to identify forward-looking statements. These statements are many of which are outside of our control, and involve known and unknown risks and uncertainties tha

from any future results, performance or achievements, expressed or implied by such forward-looking information described elsewhere in this report and other filings with the Securities and Exchange Commission (the "SEC") ended December 31, 2010 and December 31, 2011 (to be filed on or before March 15, 2012). Any such forward-looking information in the context of the various disclosures made by us about our businesses including, without limitation, the risks and the rules and regulations of the SEC, we do not have any intention or obligation to update publicly our assumptions, or otherwise.

Non-GAAP Financial Information

In addition to the results reported in accordance with U.S. generally accepted accounting principles (GAAP), we include non-GAAP financial measures (pro forma Statements of Income, Adjusted Net Income Attributable to Common Shareholders Per Share, EBITDA and Adjusted EBITDA). Such information is reconciled to GAAP supplemental data. Management believes that these non-GAAP financial measures are useful to both investors and management of the Company. Management also uses this information for operational planning and decision-making and does not substitute for any GAAP measures. Additionally, non-GAAP financial measures as presented by Kennecott. AUM generally refers to the properties and other assets with respect to which we provide (or participate in) real estate properties or loans, and investments in joint ventures. Our AUM is intended principally to represent the management fees. Our material assets under management consist of the total estimated fair value of the properties, joint ventures and other entities in which our sponsored funds or investment vehicles and client accounts are included in this component of our AUM. The estimated value of development properties is included at

Kennedy-Wilson Holdings, Inc. and Subsidiaries

Consolidated Balance Sheets

(unaudited)

Assets

Cash and cash equivalents

Accounts receivable

Accounts receivable - related parties

Notes receivable

Notes receivable - related parties

Real estate, net

Investments in joint ventures

Loan pool participations

Marketable securities

Other assets

Goodwill

Total assets

Liabilities and equity

Liabilities

Accounts payable

Accrued expenses and other liabilities

Accrued salaries and benefits

Deferred tax liability

Senior notes payable

Notes payable

Borrowings under line of credit

Mortgage loans payable

Junior subordinated debentures

Total liabilities

Equity

Common stock

Additional paid-in capital

Retained earnings

Accumulated other comprehensive income

Common stock held in treasury

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

(Unaudited)

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Revenue	
Management and leasing fees	2,9
Management and leasing fees-related party	6,3
Commissions	93,8
Commissions-related party	20,1
Sale of real estate	-
Sale of real estate-related party	-
Rental and other income	1,7
Total revenue	32,8
Operating expenses	
Commission and marketing expenses	95,1
Compensation and related expenses	16,1
Merger-related compensation and related expenses	-
Cost of real estate sold	-
Cost of real estate sold-related party	-
General and administrative	5,2
Merger-related general and administrative	-
Depreciation and amortization	97,1
Rental operating expense	1,0
Total operating expenses	24,5
Equity in joint venture income	5,3

Interest income from loan pool participations and notes receivable	2,0
Operating income	15,
Non-operating income (expense)	
Interest income	21,
Interest income-related party	1,0
Remeasurement gain	-
Gain on early extinguishment of mortgage debt	-
Loss on early extinguishment of corporate debt	-
Interest expense	(6,
Income from continuing operations before (provision for) benefit from income taxes	9,6
(Provision for) benefit from income taxes	(14
Income from continuing operations	9,4
Income from discontinued operations, net of income taxes	8,0
Gain from sale of real estate, net of income taxes	33,
Net income	9,8
Net income attributable to the noncontrolling interests	16,
Net income attributable to Kennedy-Wilson Holdings, Inc.	9,9
Preferred stock dividends and accretion of issuance costs	(2,
Net income (loss) attributable to Kennedy-Wilson Holdings, Inc. common shareholders	7,9
Basic earnings per share	

Income (loss) per basic - continuing operations	\$
Income (loss) per basic - discontinued	\$
Earnings per share - basic ^(a)	\$
Weighted average shares for basic	47
Diluted earnings per share	
Income (loss) per diluted - continuing operations	\$
Income (loss) per basic - discontinued	\$
Earnings per share - diluted ^(a)	\$
Weighted average shares for diluted	58
Dividends per share	0.0

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

Kennedy-Wilson Holdings, Inc. and Subsidiaries

Proforma Statement of Income

(Unaudited)

For the Year Ended

December 31, 2011

Consolidated

Pro Rata
Unconsolidated
Investments

Proforma

Revenue			
Management and leasing fees	\$ 27,116,000	\$ -	\$ 27,116,000
Commissions	29,960,000	-	29,960,000
Sale of real estate	417,000	39,804,000	40,221,000
Rental and other income	5,140,000	54,760,000	59,900,000
Interest income	-	12,492,000	12,492,000
Total revenue	62,633,000	107,056,000	169,689,000
Operating expenses			
Commission and marketing expenses	3,965,000	-	3,965,000
Compensation and related expenses	41,129,000	700,000	41,829,000
Merger-related compensation and related expenses	-	-	-
Cost of real estate sold	397,000	33,400,000	33,797,000
General and administrative	14,455,000	1,300,000	15,755,000
Depreciation and amortization	2,798,000	13,900,000	16,698,000
Rental operating expenses	3,308,000	20,900,000	24,208,000

Total operating expenses	66,052,000	70,200,000	136,252,000
Equity in joint venture income	12,507,000	(12,507,000)	-
Interest income from loan pool participations and notes receivable	7,886,000	(7,886,000)	-
Operating income	16,974,000	16,463,000	33,437,000
Non-operating income (expense)			
Interest income	2,306,000	(2,306,000)	-
Remeasurement gain	6,348,000	5,800,000	12,148,000
Fair value gain	-	4,296,000	4,296,000
Gain on extinguishment of debt	-	1,100,000	1,100,000
Loss on extinguishment of debt	-	-	-
Interest expense	(20,507,000)	(23,453,000)	(43,960,000)
Other non-operating expenses	-	(1,900,000)	(1,900,000)
Income before benefit from (provision for) income taxes	5,121,000	-	5,121,000

Benefit from (provision for) income taxes	2,014,000	-	2,014,000
Income from continuing operations	7,135,000	-	7,135,000
Income from discontinued operations, net of income taxes	8,000	-	8,000
Gain from sale of real estate	335,000	-	335,000
Net income	\$ 7,478,000	\$ -	\$ 7,478,

Kennedy-Wilson Holdings, Inc. and Subsidiaries

Adjusted Net Income Attributable to Kennedy Wilson Common Shareholders

(Unaudited)

Three Months En

December 31,

2011

Net income (loss) attributable to Kennedy-Wilson Holdings, Inc. common shareholders	7,890,000
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Non-GAAP adjustments:

Add back:

Stock based compensation	1,294,000
Common stock issuance discount treated as preferred dividend	-
Merger-related compensation expense	-
Adjusted Net Income Attributable to Kennedy Wilson Common Shareholders	\$ 9,184,000
Basic Adjusted Net Income Attributable to Kennedy Wilson Common Shareholders Per Share	\$ 0.19
Basic weighted average number of common shares outstanding	47,412,858

Kennedy-Wilson Holdings, Inc. and Subsidiaries

EBITDA and Adjusted EBITDA (Non-GAAP)

(Unaudited)

Three Months

December 31, 2011

2011

Net income	9,763,000
Add back:	
Interest expense	6,634,000

Kennedy-Wilson's share of interest expense included in investment in joint ventures and loan pool participations	8,472,000
Depreciation and amortization	970,000
Kennedy-Wilson's share of depreciation and amortization included in investment in joint ventures	2,342,000
Loss on early extinguishment of corporate debt	-
Income taxes	148,000
EBITDA	28,329,000
Merger-related compensation expense	-
Stock-based compensation	1,294,000
Adjusted EBITDA	\$ 29,623,

Source: Kennedy-Wilson Holdings, Inc.
Kennedy Wilson
Christina Cha
Director of Corporate Communication
310-887-6294
ccha@kennedywilson.com
<http://www.kennedywilson.com>