

Kennedy Wilson Reports First Quarter 2011 Earnings

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BEVERLY HILLS, Calif., May 09, 2011 (BUSINESS WIRE) -- Kennedy-Wilson Holdings, Inc. (**NYSE: KW**) ("KW") (a real estate investment and services company, today reported a first quarter 2011 net loss attributable to Kennedy-Wilson common shareholders adjusted for stock-based and merger-related compensation expense ("Net Loss") of \$3.1 million (or \$0.08 per basic and diluted share) compared to a loss of \$3.1 million (or \$0.08 per basic and diluted share) for the same period in 2010.

The Company's earnings before interest, taxes, depreciation and stock-based and merger-related compensation expense ("EBITDA") for the three month period ended March 31, 2011 were \$15.1 million compared to \$5.7 million for the same period in 2010.

1Q 2011 Highlights

Investments

- The Company's investment account (equity in real estate and loan investments) increased by \$20 million as of December 31, 2010.
- Kennedy Wilson's total assets topped \$500 million.

Improved Adjusted EBITDA Metrics

- During the three month period ended March 31, 2011, the Company achieved an Adjusted EBITDA of \$15.1 million compared to \$5.7 million for the same period in 2010.
- During the three month period ended March 31, 2011, KW Investments achieved an Adjusted EBITDA of \$10.1 million compared to \$4.1 million for the same period in 2010.
- During the three month period ended March 31, 2011, KW Services achieved an Adjusted EBITDA of \$5.0 million compared to \$1.6 million for the same period in 2010.

Robust Acquisition Program

- During the three month period ended March 31, 2011, the Company and its partners closed \$216 million of venture investments.

Significant Multifamily Platform

- Kennedy Wilson's current multifamily platform, owned directly and through joint ventures, consists of 286 units (excluding 286 units sold on May 6, 2011) within 78 apartment communities. The units are located in 19 states (19%).
- The Company's multifamily portfolio, which is 96% occupied, on a trailing 12-month basis produced an average net operating income of approximately \$1.5 billion, and Kennedy Wilson's equity interest in the portfolio is approximately 19%. Management believes that the constrained markets which will experience rent growth over the next several years.
- On May 6, 2011, Kennedy Wilson and its partners sold a 286-unit multifamily project in Anaheim, California.

Expansion of Service Business

- Management and leasing fees increased by 14% to \$5.0 million for the three month period ended March 31, 2011, driven primarily by higher asset management fees earned through the increased investment activity.

- Commissions increased by 44% to \$2.6 million for the three month period ended March 31, 2011 from \$1.8 million for the three month period ended March 31, 2010, primarily by increased acquisition fees generated by the Company's acquisition activities.

Accessed Debt Financing

- During the three month period ended March 31, 2011, the Company and its equity partners comp average interest rate of 2.71%.
- In April 2011, the Company completed the sale and issuance of \$250 million in aggregate principa

"Our first quarter performance reflects the continued growth of the company and in particular, the inc year," William McMorrow, chairman and CEO of Kennedy Wilson said. "The company is well capitalized

Conference Call and Webcast Details

The Company will hold a live conference call and webcast to discuss results at 7:00 a.m. Pacific Time/1 The direct dial-in number for the conference call is **(866) 804-6928** for U.S. and Canada callers and **(85 live call is **46550173**.**

A replay of the call will be available for one week beginning two hours after the live call and can be accessed by dialing **801-6888** for international callers. The access code for the replay is **66361055**.

The webcast will be available at: phx.corporate-ir.net/phoenix.zhtml?p=irol-eventDetails&c=217898& 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 an international real estate investment and services company headquartered in Japan. The company offers a comprehensive array of real estate services including auction, conventional mortgage, and fund management. Through its fund management and separate account businesses, Kennedy Wilson is a strategic investor in real estate. For more 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 the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section "Exchange Act"). These forward-looking statements are necessarily estimates reflecting the judgment expectations, forecasts and projections and include comments that express our current opinions about Disclosures that use words such as "believe," "anticipate," "estimate," "intend," "could," "plan," "expect expressions, are intended to identify forward-looking statements. These statements are not guarantee concerning future events, many of which are outside of our control, and involve known and unknown performance or achievement, or industry results, to differ materially from any future results, performance looking statements. These risks and uncertainties may include these factors and the risks and uncertainties the Securities and Exchange Commission (the "SEC"), including the Item 1A. "Risk Factors" section of our 31, 2010. Any such forward-looking statements, whether made in this report or elsewhere, should be considered about our businesses including, without limitation, the risk factors discussed in our filing with the SEC rules and regulations of the SEC, we do not have any intention or obligation to update publicly any for information, future events, changes in assumptions, or otherwise.

Non-GAAP Financial Information

In addition to the results reported in accordance with U.S. generally accepted accounting principles (GAAP), we have provided certain information, which includes non-GAAP financial measures (proforma statement of income).

and Adjusted EBITDA). Such information is reconciled to its closest GAAP measure in accordance with 1 data. Management believes that these non-GAAP financial measures are useful to both management a business and operating performance of the Company. Management also uses this information for ope financial measures are not and should not be considered a substitute for any GAAP measures. Addition Wilson may not be comparable to similarly titled measures reported by other companies.

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 (\$34,719,000 and \$34,687,000 carried at fair value as of March 31, 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

Deferred tax liability

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 March 31, 2011 and December 31, 2010, mandatorily convertible on May 19, 2015

6.452% Series B, 32,550 shares issued as of March 31, 2011 and December 31, 2010, mandatorily convertible on November 3, 2018

Common stock, \$0.0001 par value: 125,000,000 shares authorized, 41,294,596 and 41,177,658 shares issued and 40,180,056 and 41,179,906 shares outstanding as of March 31, 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, 1,114,540 and 1,111,690 held at March 31, 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.
Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)

Revenue

Management and leasing fees

Management and leasing fees--related party

Commissions

Commissions--related party

Sale of real estate

Rental and other income

Total revenue

Operating expenses

Commission and marketing expenses

Compensation and related expenses

Cost of real estate sold

General and administrative

Depreciation and amortization

Rental operating expense

Total operating expenses

Equity in joint venture income

Interest income from loan pool participations and notes receivable

Operating income (loss)

Non-operating income (expense)

Interest income

Interest income--related party

Interest expense

Income (loss) before (provision for) benefit from income taxes

(Provision for) benefit from income taxes

Net income (loss)

Net income attributable to the noncontrolling interests

Net income (loss) attributable to Kennedy-Wilson Holdings, Inc.

Preferred dividends and accretion of preferred stock issuance costs

Net loss attributable to Kennedy-Wilson Holdings, Inc. common shareholders

Other comprehensive loss, net of tax

Total comprehensive loss

Basic and diluted loss per share

Basic and diluted loss attributable to Kennedy-Wilson Holdings, Inc. common shareholders

Weighted average number of common shares outstanding

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

Three months ended March 31,

2011

2010

Pro Rata

Unconsolidated

Proforma

Consolidated

Investments

Total

Consolidated

Revenue

Management and leasing fees	\$ 5,011,000	\$ --	\$ 5,011,000	\$ 4,000,000
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Commissions	2,561,000	--	2,561,000	1,000,000
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Sales of real estate	417,000	6,126,000	6,543,000	3,000,000
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Rental and other income	738,000	18,482,000	19,220,000	€
Interest income	--	3,239,000	3,239,000	-
Total revenue	8,727,000	27,847,000	36,574,000	1
Operating expenses				
Commission and marketing expenses	638,000	--	638,000	7
Compensation and related expenses	7,832,000	--	7,832,000	9
Cost of real estate sold	397,000	4,732,000	5,129,000	2
General and administrative	2,813,000	--	2,813,000	1
Rental operating expense	411,000	5,856,000	6,267,000	2
Depreciation and amortization	434,000	3,725,000	4,159,000	2
Total operating expense	12,525,000	14,313,000	26,838,000	1
Equity in joint venture income	5,256,000	(5,256,000)	--	€
Income from loan pool participations and notes receivable	2,546,000	(2,546,000)	--	€

Operating income (loss)	4,004,000	5,732,000	9,736,000	(
Non-operating income (expense)				
Interest income	266,000	(266,000)	--	2
Interest expense	(1,529,000)	(5,466,000)	(6,995,000)	(
Income (loss) before (provision for) benefit from income taxes	2,741,000	--	2,741,000	(
Provision for income taxes	(663,000)	--	(663,000)	1
Net income (loss)	\$ 2,078,000	\$ --	\$ 2,078,000	\$ (

Kennedy-Wilson Holdings, Inc.
Adjusted Net Income
(Unaudited)

GAAP net loss attributable to Kennedy-Wilson Holdings, Inc. common shareholders

Basic shares outstanding

GAAP basic and diluted net income per share

GAAP net loss attributable to Kennedy-Wilson Holdings, Inc. common shareholders

Non-GAAP adjustments:

Plus: Merger-related and stock-based compensation expense

Adjusted Net Income

Basic shares outstanding

Basic non-GAAP Adjusted Net Income per share

Kennedy-Wilson Holdings, Inc.

Adjusted EBITDA

(Unaudited)

Net income (loss)

Add back:

Interest expense

Kennedy-Wilson's share of interest expense included in investment in joint ventures and loan pool participations

Depreciation and amortization

Kennedy-Wilson's share of depreciation and amortization included in investment in joint ventures

Income taxes

Merger-related compensation expense

Stock-based compensation expense

Adjusted EBITDA

SOURCE: Kennedy-Wilson Holdings, Inc.

Kennedy Wilson

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