

Contact: Daven Bhavsar, CFA  
 Vice President of Investor Relations  
 (310) 887-3431  
 dbhavsar@kennedywilson.com  
 www.kennedywilson.com

151 S. El Camino Drive  
 Beverly Hills, CA 90212

# NEWS RELEASE

## KENNEDY WILSON REPORTS FIRST QUARTER 2019 RESULTS

BEVERLY HILLS, Calif. (May 1, 2019) - [Kennedy-Wilson Holdings, Inc.](#) (NYSE: KW) today reported results for 1Q-2019:

<i>(Amounts in millions, except per share data)</i>	<u>1Q</u>	
	2019	2018
<b><u>GAAP Results</u></b>		
GAAP Net Loss to Common Shareholders	(\$5.3)	(\$2.4)
Per Diluted Share	(0.04)	(0.02)
<b><u>Non-GAAP Results</u></b>		
Adjusted EBITDA	\$120.2	\$122.6
Adjusted Net Income	53.9	63.2

“In Q1, we saw strong same-property trends and continued to execute on our strategic initiatives, with a focus on progressing our development pipeline and growing our fee-bearing capital,” said William McMorrow, Chairman and CEO of Kennedy Wilson. “We remain focused on our strategic asset recycling plan, which includes the sale of non-core assets and the re-investment of capital into capex and development initiatives, aimed at growing our long-term cash flow.”

### **1Q Highlights**

- **Same Property Performance: NOI up 3% Driven by Multifamily Portfolio**
  - Excluding hotels, revenue and NOI grew by 5%. Hotel performance was impacted by the Shelbourne Hotel that underwent significant lobby and reception renovations in 1Q-19.

	<u>1Q - 2019 vs 1Q - 2018</u>		
	Occupancy	Revenue	NOI
Multifamily - Market Rate	0.9%	5.5%	7.1%
Multifamily - Affordable	(0.3)%	4.7%	5.7%
Commercial	0.3%	3.9%	3.6%
Hotel	N/A	(9.4)%	n/m
<b>Total</b>		<b>3.1%</b>	<b>3.5%</b>

- **1Q-19 Adjusted EBITDA of \$120 million (vs. \$123 million in 1Q-18):**
  - KW's share of property NOI totaled \$89 million in 1Q-19 (vs. \$104 million in 1Q-18). The decrease is primarily due to the sale of assets from 2Q-18 through 1Q-19, resulting in an \$11 million decrease of property NOI.
  - KW's share of gains, including the sale of real estate and fair-value gains, totaled \$54 million in 1Q-19, an increase of \$14 million from 1Q-18.
  - Promotes totaled \$6 million in 1Q-19, a decrease of \$5 million from 1Q-18.
  - For 1Q-19, changes in foreign currency rates decreased Adjusted EBITDA by \$4 million (or 3%) compared to foreign currency rates as of 1Q-18.
- **Consolidated Rental/Hotel Revenue:** Consolidated rental and hotel revenue was \$131 million in 1Q-19, down \$40 million from 1Q-18. The decrease was due to asset sales (\$30 million), the deconsolidation of Irish multifamily assets that were sold into the AXA Joint Venture in 3Q-18, which are now accounted for as unconsolidated investments (\$6 million), and a negative impact from the change in foreign currency rates (\$4 million).
- **In-Place Estimated Annual NOI of \$405 Million; Targeting an Additional \$100 Million from Development and Leasing by 2023:**
  - Estimated Annual NOI from the Company's stabilized portfolio decreased by \$2 million to \$405 million from \$407 million at year-end 2018 primarily driven by the net sale of assets during 1Q-19.
  - Targeting an additional \$32 million of Estimated Annual NOI to be in place by the end of 2020, and an incremental \$72-78 million to be in place by the end of 2023, through the expected completion of development and stabilization initiatives.
- **Fee-Bearing Capital Growth:** The Company raised an additional \$200 million in Fee-Bearing Capital through joint-venture asset acquisitions offset by a decrease of \$80 million due to asset dispositions. Fee-Bearing Capital was \$2.3 billion as of March 31, 2019.

### **1Q-19 Investment Activity**

- **Capital Recycling:** Invested \$78 million of capital, allocating 71% to capex and development, 19% to new investments, and 10% to share repurchases.
- **Acquisitions:** Completed \$249 million of acquisitions, of which the Company's share was \$16 million.
- **Dispositions:** Completed \$323 million of dispositions, of which the Company's share was \$145 million, generating \$93 million of cash to KW and produced a weighted-average IRR of 20% to KW. Key dispositions in the quarter included:
  - **Ritz-Carlton, Lake Tahoe Sale:** The Company and its equity partner sold the 170-room Ritz-Carlton, Lake Tahoe hotel for \$120 million. Over the life of the investment, KW earned a cash profit of \$37 million, including \$12 million of gains and promotes in 1Q-19.
  - **Mountain States Retail Sales:** The Company sold three non-core retail properties in the Mountain States for \$53 million. KW had a 95% ownership in these properties, and recognized a gain on sale of \$11 million.

## **Balance Sheet and Liquidity**

- **Liquidity:** Liquidity totaled \$943 million, including cash of \$443 million<sup>(1)</sup> and \$500 million of capacity on the Company's undrawn revolving line of credit.
- **1.56% Capital Dock Refinance:** Completed a €261 million (\$293 million) refinance of the construction loan on Capital Dock, of which the Company's share was €111 million (\$124 million). The five-year floating-rate interest-only loan bears an effective interest rate 1.56%.
- **Global Debt Profile:** Kennedy Wilson's debt had a weighted average interest rate of 3.9% and a weighted average remaining maturity of 5.6 years, with 81% of total debt (at share) fixed and another 11% hedged against increases in interest rates. 45% of the Company's debt is either Euro or Sterling denominated and 55% is U.S. dollar denominated.
- **Share Repurchase Program<sup>(2)</sup>:** Repurchased and retired 0.4 million shares for \$7.9 million at a weighted-average price of \$19.66. As of March 31, 2019, the Company had \$77 million remaining available under its \$250 million share repurchase plan.

## Footnotes

- <sup>(1)</sup> Includes \$36.2 million of restricted cash, which is included in cash and cash equivalents.
- <sup>(2)</sup> Future purchases under the program may be made in the open market, in privately negotiated transactions, through the net settlement of the company's restricted stock grants or otherwise, with the amount and timing of the repurchases dependent on market conditions and subject to the Company's discretion.

## 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 Thursday, May 2. The direct dial-in number for the conference call is (800) 479-1004 for U.S. callers and (786) 789-4772 for international callers.

A replay of the call will be available for one week beginning one hour after the live call and can be accessed by (888) 203-1112 for U.S. callers and +1 (719) 457-0820 for international callers. The passcode for the replay is 9282106.

The webcast will be available at: <https://services.choruscall.com/links/kw1905023gs5x7Bd.html>. A replay of the webcast will be available one hour after the original webcast on the Company's investor relations web site for three months.

## About Kennedy Wilson

Kennedy Wilson (NYSE:KW) is a leading global real estate investment company. We own, operate, and invest in real estate both on our own and through our investment management platform. We focus on multifamily and office properties located in the Western U.S., UK, and Ireland. For further information on Kennedy Wilson, please visit [www.kennedywilson.com](http://www.kennedywilson.com).

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

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 442.9	\$ 488.0
Accounts receivable	43.5	56.6
Real estate and acquired in place lease values, net of accumulated depreciation and amortization	5,561.9	5,702.5
Unconsolidated investments (including \$710.0 and \$662.2 at fair value)	907.3	859.9
Other assets	284.0	274.8
<b>Total assets</b>	<b>\$ 7,239.6</b>	<b>\$ 7,381.8</b>
<b>Liabilities</b>		
Accounts payable	\$ 18.4	\$ 24.1
Accrued expenses and other liabilities	464.9	513.7
Mortgage debt	2,988.8	2,950.3
KW unsecured debt	1,203.3	1,202.0
KWE unsecured bonds	1,262.0	1,260.5
<b>Total liabilities</b>	<b>5,937.4</b>	<b>5,950.6</b>
<b>Equity</b>		
Common stock	—	—
Additional paid-in capital	1,747.2	1,744.6
Accumulated deficit	(92.1)	(56.4)
Accumulated other comprehensive loss	(424.6)	(441.5)
<b>Total Kennedy-Wilson Holdings, Inc. shareholders' equity</b>	<b>1,230.5</b>	<b>1,246.7</b>
Noncontrolling interests	71.7	184.5
<b>Total equity</b>	<b>1,302.2</b>	<b>1,431.2</b>
<b>Total liabilities and equity</b>	<b>\$ 7,239.6</b>	<b>\$ 7,381.8</b>

**Kennedy-Wilson Holdings, Inc.**  
**Consolidated Statements of Operations**  
**(Unaudited)**

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

	<b>Three Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Revenue</b>		
Rental	\$ 115.8	\$ 134.3
Hotel	15.0	36.3
Sale of real estate	1.1	9.4
Investment management, property services and research fees	8.8	10.1
<b>Total revenue</b>	<b>140.7</b>	<b>190.1</b>
<b>Expenses</b>		
Rental operating	41.0	41.6
Hotel operating	14.6	30.8
Cost of real estate sold	1.2	8.4
Commission and marketing	1.0	1.4
Compensation and related (includes \$10.4 and \$9.9 of share-based compensation)	35.3	39.6
General and administrative	10.9	11.4
Depreciation and amortization	49.1	55.7
<b>Total expenses</b>	<b>153.1</b>	<b>188.9</b>
Income from unconsolidated investments, net of depreciation and amortization	41.7	26.0
Gain on sale of real estate, net	34.9	28.0
Acquisition-related expenses	(0.8)	—
Interest expense	(55.3)	(58.9)
Other (loss) income	(2.5)	0.1
<b>Income before (provision for) benefit from income taxes</b>	<b>5.6</b>	<b>(3.6)</b>
(Provision for) benefit from income taxes	(4.0)	2.6
<b>Net income (loss)</b>	<b>1.6</b>	<b>(1.0)</b>
Net (income) attributable to noncontrolling interests	(6.9)	(1.4)
<b>Net loss attributable to Kennedy-Wilson Holdings, Inc. common shareholders</b>	<b>\$ (5.3)</b>	<b>\$ (2.4)</b>
<b>Basic and diluted loss per share<sup>(1)</sup></b>		
Loss per share	\$ (0.04)	\$ (0.02)
Weighted average shares outstanding	139,756,358	147,941,982
<b>Dividends declared per common share</b>	<b>\$ 0.21</b>	<b>\$ 0.19</b>

<sup>(1)</sup> Includes impact of the Company allocating income and dividends per basic and diluted share to participating securities.

**Kennedy-Wilson Holdings, Inc.**  
**Adjusted EBITDA**  
**(Unaudited)**  
*(Dollars in millions)*

The table below reconciles Adjusted EBITDA to net income attributable to Kennedy-Wilson Holdings, Inc. common shareholders, using Kennedy Wilson's pro-rata share amounts for each adjustment item.

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Net loss attributable to Kennedy-Wilson Holdings, Inc. common shareholders</b>	\$ (5.3)	\$ (2.4)
<b>Non-GAAP adjustments:</b>		
Add back (Kennedy Wilson's Share) <sup>(1)</sup> :		
Interest expense	62.3	62.0
Depreciation and amortization	48.8	55.7
Provision for (benefit from) income taxes	4.0	(2.6)
Share-based compensation	10.4	9.9
<b>Adjusted EBITDA</b>	<b>\$ 120.2</b>	<b>\$ 122.6</b>

<sup>(1)</sup> See Appendix for reconciliation of Kennedy Wilson's Share amounts.

The table below provides a detailed reconciliation of Adjusted EBITDA to net income.

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Net loss attributable to Kennedy-Wilson Holdings, Inc. common shareholders</b>	\$ (5.3)	\$ (2.4)
<b>Non-GAAP adjustments:</b>		
Add back:		
Interest expense	55.3	58.9
Kennedy Wilson's share of interest expense included in unconsolidated investments	8.5	5.1
Depreciation and amortization	49.1	55.7
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	2.1	3.5
Provision for (benefit from) income taxes	4.0	(2.6)
Share-based compensation	10.4	9.9
EBITDA add backs attributable to noncontrolling interests <sup>(1)</sup>	(3.9)	(5.5)
<b>Adjusted EBITDA</b>	<b>\$ 120.2</b>	<b>\$ 122.6</b>

<sup>(1)</sup> EBITDA attributable to noncontrolling interest includes \$2.4 million and \$3.5 million of depreciation and amortization, \$1.5 million and \$2.1 million of interest for the three months ended March 31, 2019 and 2018, respectively.

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

*(Dollars in millions, except share data)*

The table below reconciles Adjusted Net Income to net income attributable to Kennedy-Wilson Holdings, Inc. common shareholders, using Kennedy Wilson's pro-rata share amounts for each adjustment item.

	Three Months Ended	
	March 31,	
	2019	2018
<b>Net loss attributable to Kennedy-Wilson Holdings, Inc. common shareholders</b>	\$ (5.3)	\$ (2.4)
<b>Non-GAAP adjustments:</b>		
Add back (Kennedy Wilson's Share) <sup>(1)</sup> :		
Depreciation and amortization	48.8	55.7
Share-based compensation	10.4	9.9
<b>Adjusted Net Income</b>	<b>\$ 53.9</b>	<b>\$ 63.2</b>
<b>Weighted average shares outstanding for diluted</b>	<b>139,756,358</b>	<b>147,941,982</b>

<sup>(1)</sup> See Appendix for reconciliation of Kennedy Wilson's Share amounts.

The table below provides a detailed reconciliation of Adjusted Net Income to net income.

	Three Months Ended	
	March 31,	
	2019	2018
<b>Net income (loss)</b>	\$ 1.6	\$ (1.0)
<b>Non-GAAP adjustments:</b>		
Add back (less):		
Depreciation and amortization	49.1	55.7
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	2.1	3.5
Share-based compensation	10.4	9.9
Net income attributable to the noncontrolling interests, before depreciation and amortization <sup>(1)</sup>	(9.3)	(4.9)
<b>Adjusted Net Income</b>	<b>\$ 53.9</b>	<b>\$ 63.2</b>
<b>Weighted average shares outstanding for diluted</b>	<b>139,756,358</b>	<b>147,941,982</b>

<sup>(1)</sup> Includes \$2.4 million and \$3.5 million of depreciation and amortization for the three months ended March 31, 2019 and 2018, respectively.

## 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," "may," "could," "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 ended December 31, 2018, 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.
- "Adjusted 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, share-based compensation expense for the Company and EBITDA attributable to noncontrolling interests.

Please also see the reconciliation to GAAP in the Company's supplemental financial information included in this release and also available at [www.kennedywilson.com](http://www.kennedywilson.com). Our management uses Adjusted EBITDA to analyze our business because it adjusts net income for items we believe do not accurately reflect the nature of our business going forward or that relate to non-cash compensation expense or noncontrolling interests. Such items may vary for different companies for reasons unrelated to overall operating performance. Additionally, we believe Adjusted EBITDA is useful to investors to assist them in getting a more accurate picture of our results from operations. However, Adjusted EBITDA is not a recognized measurement under GAAP and when analyzing our operating performance, readers should use Adjusted EBITDA in addition to, and not as an alternative for, net income as determined in accordance with GAAP. Because not all companies use identical calculations, our presentation of Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Furthermore, Adjusted EBITDA is not intended to be a measure of free cash flow for our management's discretionary use, as it does not remove all non-cash items (such as acquisition-related gains) or consider certain cash requirements such as tax and debt service payments. The amount shown for Adjusted EBITDA also differs from the amount calculated under similarly titled definitions in our debt instruments, which are further adjusted to reflect certain other cash and non-cash charges and are used to determine compliance with financial covenants and our ability to engage in certain activities, such as incurring additional debt and making certain restricted payments.

- "Adjusted Fees" refers to Kennedy Wilson's gross investment management, property services and research fees adjusted to include Kennedy Wilson's share of fees eliminated in consolidation, Kennedy Wilson's share of fees

in unconsolidated service businesses and performance fees included in unconsolidated investments. Effective January 1, 2018, we adopted new GAAP guidance on revenue recognition and implemented a change in accounting principles related to performance allocations, which resulted in us now accounting for performance allocations (commonly referred to as “performance fees” or “carried interest”) under the GAAP guidance for equity method investments and presenting performance allocations as a component of income from unconsolidated investments. Our management uses Adjusted fees to analyze our investment management and real estate services business because the measure removes required eliminations under GAAP for properties in which the Company provides services but also has an ownership interest. These eliminations understate the economic value of the investment management, property services and research fees and makes the Company comparable to other real estate companies that provide investment management and real estate services but do not have an ownership interest in the properties they manage. Our management believes that adjusting GAAP fees to reflect these amounts eliminated in consolidation presents a more holistic measure of the scope of our investment management and real estate services business.

- “Adjusted Net Income” represents net income before depreciation and amortization, our share of depreciation and amortization included in income from unconsolidated investments, share-based compensation and net income attributable to noncontrolling interests, before depreciation and amortization. Please also see the reconciliation to GAAP in the Company’s supplemental financial information included in this release and also available at [www.kennedywilson.com](http://www.kennedywilson.com).
- “Cap rate” represents the net operating income of an investment for the year preceding its acquisition or disposition, as applicable, divided by the purchase or sale price, as applicable. Cap rates set forth in this presentation only includes data from income-producing properties. We calculate cap rates based on information that is supplied to us during the acquisition diligence process. This information is not audited or reviewed by independent accountants and may be presented in a manner that is different from similar information included in our financial statements prepared in accordance with GAAP. In addition, 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 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 gross of accumulated depreciation and amortization, net hedge asset or liability, unconsolidated investments, consolidated loans, and net other assets.
- “Equity partners” refers to non-wholly-owned subsidiaries that we consolidate in our financial statements under U.S. GAAP and third-party equity providers.
- “Estimated Annual NOI” is a property-level non-GAAP measure representing the estimated annual net operating income from each property as of the date shown, inclusive of rent abatements (if applicable). The calculation excludes depreciation and amortization expense, and does not capture the changes in the value of our properties that result from use or market conditions, nor the level of capital expenditures, tenant improvements, and leasing commissions necessary to maintain the operating performance of our properties. Any of the enumerated items above could have a material effect on the performance of our properties. Also, where specifically noted, for properties purchased in 2019, the NOI represents estimated Year 1 NOI from our original underwriting. Estimated year 1 NOI for properties purchased in 2019 may not be indicative of the actual results for those properties. Estimated annual NOI is not an indicator of the actual annual net operating income that the Company will or expects to realize in any period. Please also see the definition of “Net operating income” below. The Company does not provide a reconciliation for estimated annual NOI to its most directly comparable forward-looking GAAP financial measure, because it is unable to provide a meaningful or accurate estimation of each of the component reconciling items, and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing and/or amount of various items that would impact estimated annual NOI, including, for example, gains on sales of depreciable real estate and other items that have not yet occurred and are out of the Company’s control. For the same reasons, the Company is unable to meaningfully address the probable significance of the unavailable information and believes that providing a reconciliation for estimated annual NOI would imply a degree of precision as to its forward-looking net operating income that would be confusing or misleading to investors.

- "Estimated Forward Yield on Cost" represents the Company's estimate of future net operating income, assuming it has completed its planned value-add asset management initiatives, divided by the sum of the purchase price and additional capital expenditure costs that are expected to be incurred in accordance with the Company's original underwriting at the time of acquisition. This information is not audited or reviewed by independent accountants and may be presented in a manner that is different from similar information included in our financial statements prepared in accordance with GAAP. Estimated Forward Return on Cost is based on management's current expectations and are based on assumptions that may prove to be inaccurate and involve known and unknown risks. For example, Estimated Forward Return on Cost is based in part on data made available to us during the course of our due diligence process in connection with asset acquisitions and assumes the timely and on-budget completion of our value-add initiatives, the timely leasing of all additional capacity and the absence of customer defaults or early lease terminations. Accordingly, the actual return on cost of an investment made by the Company may differ materially and adversely from the Estimated Forward Return on Cost figures set forth in this release, and we caution you not to place undue reliance on such figures. This information is not provided for development assets with no current income-producing component.
- "Fee-Bearing Capital" represents total third-party committed or invested capital that we manage in our joint-ventures and commingled funds that entitle us to earn fees, including without limitation, asset management fees, construction management fees, acquisition and disposition fees and/or promoted interest, if applicable.
- "Gross Asset Value" refers to the gross carrying value of assets, before debt, depreciation and amortization, and net of noncontrolling interests.
- "Internal Rate of Return" ("IRR") is based on cumulative contributions and distributions to Kennedy Wilson on each investment that has been sold and is the leveraged internal rate of return on equity invested in the investment. The IRR measures the return to Kennedy Wilson on each investment, expressed as a compound rate of interest over the entire investment period. This return does take into account carried interest, if applicable, but excludes management fees, organizational fees, or other similar expenses.
- "Investment account" refers to the consolidated investment account presented after noncontrolling interest on invested assets gross of accumulated depreciation and amortization.
- "Investment Management and Real Estate Services Assets under Management" ("IMRES AUM") generally refers to the properties and other assets with respect to which we provide (or participate in) oversight, investment management services and other advice, and which generally consist of real estate properties or loans, and investments in joint ventures. Our IMRES AUM is principally intended to reflect the extent of our presence in the real estate market, not the basis for determining our management fees. Our IMRES AUM consists of the total estimated fair value of the real estate properties and other real estate related assets either owned by third parties, wholly owned by us or held by joint ventures and other entities in which our sponsored funds or investment vehicles and client accounts have invested. Committed (but unfunded) capital from investors in our sponsored funds is not included in our IMRES AUM. The estimated value of development properties is included at estimated completion cost.
- "Net operating income" or "NOI" is a non-GAAP measure representing the income produced by a property calculated by deducting certain property expenses from property revenues. Our management uses net operating income to assess and compare the performance of our properties and to estimate their fair value. Net operating income does not include the effects of depreciation or amortization or gains or losses from the sale of properties because the effects of those items do not necessarily represent the actual change in the value of our properties resulting from our value-add initiatives or changing market conditions. Our management believes that net operating income reflects the core revenues and costs of operating our properties and is better suited to evaluate trends in occupancy and lease rates. Please also see the reconciliation to GAAP in the Company's supplemental financial information included in this release and also available at [www.kennedywilson.com](http://www.kennedywilson.com).
- "Noncontrolling interests" represents the portion of equity ownership in a consolidated subsidiary not attributable to Kennedy Wilson.
- "Pro-Rata" represents Kennedy Wilson's share calculated by using our proportionate economic ownership of each asset in our portfolio. Please also refer to the pro-rata financial data in our supplemental financial information.

- "Property NOI" or "Property-level NOI" is a non-GAAP measure calculated by deducting the Company's Pro-Rata share of rental and hotel property expenses from the Company's Pro-Rata rental and hotel revenues. Please also see the reconciliation to GAAP in the Company's supplemental financial information included in this release and also available at [www.kennedywilson.com](http://www.kennedywilson.com).
- "Return on Equity" is a ratio calculated by dividing the net cash distributions of an investment to Kennedy Wilson, after the cost of leverage, if applicable, by the total cash contributions by Kennedy Wilson over the lifetime of the investment.
- "Same property" refers to properties in which Kennedy Wilson has an ownership interest during the entire span of both periods being compared. The same property information presented throughout this report is shown on a cash basis and excludes non-recurring expenses. This analysis excludes properties that are either under development or undergoing lease up as part of our asset management strategy.

#### 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 Adjusted EBITDA, Adjusted Net Income, Net Operating Income, 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, and our estimated annual net operating income metrics, are not an indicator of the actual net operating income that the Company will or expects to realize in any period.

KW-IR