

Contact: Daven Bhavsar, CFA
 Director 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 2018 RESULTS

BEVERLY HILLS, Calif. (May 2, 2018) - [Kennedy-Wilson Holdings, Inc.](#) (NYSE: KW) today reported results for 1Q-2018:

(Amounts in millions, except per share data)	1Q	
	2018	2017
GAAP Results		
GAAP Net (Loss) Income to Common Shareholders	(\$2.4)	\$0.8
Per Diluted Share	(0.02)	—
Non-GAAP Results		
Adjusted EBITDA	\$122.6	\$77.3
Adjusted Net Income	63.2	42.7

*Please refer to pages 12-13 for a reconciliation of GAAP to Non-GAAP results

"We are pleased to report a strong first quarter of results driven by the full impact of the KWE acquisition as well as a strong increase in NOI across the portfolio," said William McMorrow, Chairman and CEO of Kennedy Wilson. "We are making great progress on our asset sale program and have simultaneously executed half of our recently announced \$250 million share repurchase, all resulting in a great start to 2018."

1Q Highlights

- **Financial Metrics:** Adjusted EBITDA increased by 59% and Adjusted Net Income increased by 48% over 1Q-17.
- **In-place Estimated Annual NOI:** Estimated Annual NOI from the stabilized portfolio increased by 5% to \$461 million from \$439 million at year-end 2017.
 - **Development and Unstabilized NOI:** \$7 million of Estimated Annual NOI was added to the stabilized portfolio through the lease up of The Chase, a 173,400 sq ft office property in Dublin, Ireland and Clancy Quay phase 2, totaling 163 multifamily units in Dublin, Ireland. An additional \$32 million of Estimated Annual NOI is expected to be in place by the end of 2019 through the completion of development and stabilization initiatives.
- **\$250 Million Share Repurchase Program:** On March 20, 2018, the Company's Board of Directors authorized a new \$250 million share repurchase plan. As of May 1, 2018, 7.0 million shares totaling \$124 million under its new plan were repurchased and cancelled. In total, the Company has repurchased

7.6 million shares totaling \$133 million in 2018 (including purchases under the previously approved plan). 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.

- **Strong Same Property Performance:** The 1Q change in same property results are as follows:

<u>1Q - 2018 vs 1Q - 2017</u>			
	<u>Occupancy</u>	<u>Revenue</u>	<u>NOI</u>
Multifamily - Market Rate	0.4%	5.9%	7.9%
Multifamily - Affordable	(0.4)%	4.6%	5.6%
Commercial	0.2%	2.5%	1.8%
Hotel	N/A	(1.0)%	1.0%
Total		3.2%	4.2%

- **Gains:** Pro-rata share of total gains in 1Q-2018 was \$41 million, an increase of \$17 million from 1Q-2017:
 - **Realized Gains:** Realized gains on sale of real estate totaled \$29 million, an increase of \$21 million from 1Q-2017.
 - **Fair Value Gains:** Fair value gains totaled \$12 million, a decrease of \$4 million from 1Q-2017.

\$468 Million in 1Q-2018 Investment Activity

- **Investment Transactions:** The Company, together with its equity partners, completed the following:

<i>(\$ in millions)</i>		Kennedy Wilson's Share				
	Gross					
Q1 - 2018	Aggregate Purchase /Sale Price	Income Producing	Non-income Producing	Total	Estimated Annual NOI	KW Cap Rate⁽¹⁾
Acquisitions	\$299.0	\$113.1	\$38.8	\$151.9	\$6.2	5.5%
Dispositions	169.0	121.2	11.5	132.7	6.2	5.1%
Total Transactions	\$468.0			\$284.6		

*Please see additional footnotes as the end of the earnings release.

Investment Management and Real Estate Services Business

For 1Q-2018, the Company's Investment Management and Real Estate Services segment reported the following results:

- **Adjusted Fees:** For the quarter, adjusted fees were \$23 million, a decrease of \$4 million from 1Q-2017. The decrease was due to a reduction in management fees (as a result of the acquisition of KWE) and the sale of the Company's investment in a loan servicing platform in Spain in 4Q-2017. This was offset by a \$4 million increase in performance fees on fund investments.

Balance Sheet and Liquidity

- **Bond Issuance:** The Company issued an additional \$250 million of its 5.875% senior unsecured notes due 2024. Simultaneous with the bond issuance, the Company entered into Euro cross-currency swap agreements totaling \$200 million effectively reducing the fixed annual cash interest cost to 3.831% per

year for five years. The bond proceeds were used to reduce the outstanding balance on the Company's credit facility.

- **Debt Profile:** As of March 31, 2018, Kennedy Wilson's debt had a weighted average interest rate of 3.8% and a weighted average remaining maturity of 5.8 years. 74% of the Company's debt (at share) is fixed and another 15% hedged against increases in interest rates. The Company has 89% of its debt maturing after 2020.
- **Liquidity:** As of March 31, 2018, liquidity totaled \$933 million, including cash of \$433 million and \$500 million of undrawn capacity on its revolving line of credit.

Foreign Currency Fluctuations and Hedging

For 1Q-2018, changes in foreign currency rates increased consolidated revenue and Adjusted EBITDA by 6% compared to foreign currency rates as of March 31, 2017. During the quarter, the net increase in shareholder's equity related to fluctuations in foreign currency and related hedges (in the GBP and EUR) was \$23 million compared to a net increase of \$5 million during 1Q-2017.

Subsequent Events

The Company purchased The Elysian, a 206-unit multifamily property in Ireland for \$108 million. Additionally, the Company and its equity partners sold three retail properties and one office property in the Western U.S., U.K. and Ireland, at an aggregate sales price of \$43 million. The Company had an average ownership interest of 92% in these properties. The Company received a total of approximately \$24 million in net proceeds from these transactions and expects to record a pre-tax gain on sale from these transactions of approximately \$7 million.

The Company and its equity partners are under binding contracts to purchase one multifamily property, an office property, and three multifamily development sites in the Western U.S. for \$116 million. The Company expects to have an average ownership of approximately 18% in these properties. The Company and its equity partners are also under separate binding contracts to sell six multifamily properties, one retail property, one office property, and one hotel in the Western U.S., U.K. and Italy, at an aggregate sales price of approximately \$527 million. The Company has an average ownership interest of 56% in these properties. The Company currently expects to receive a total of approximately \$196 million in net proceeds from these transactions and record a pre-tax gain on sale from these transactions of approximately \$100 million. There can be no assurance that the Company will complete such transactions under contract.

Subsequent to the quarter end, the Company drew \$100 million on its revolving credit facility. The Company currently expects to repay the full outstanding balance in Q2-18.

The Company's board of directors elected Ms. Sanaz Zaimi as a director of the Company, effective April 26, 2018. Ms. Zaimi currently serves as the Head of Global Fixed Income, Currencies and Commodities (FICC) Sales, within Bank of America Merrill Lynch ("BofAML") and is based in London.

New US GAAP Guidance for Revenue Recognition

Effective January 1, 2018, Kennedy Wilson adopted new GAAP guidance on revenue recognition and implemented a change in accounting principles related to performance allocations (commonly referred to as "performance fees" or "carried interest"). This resulted in no material change to Kennedy Wilson's GAAP or non-GAAP earnings. In connection with the adoption and change in accounting principle, the Company now accounts for performance allocations under the GAAP guidance for equity method investments, presents

performance allocations as a component of income from unconsolidated investments, and would present certain incentive fee arrangements, to the extent that we have them, separately in our results. All prior periods have been conformed for these changes.

Footnotes for investment transactions table

⁽¹⁾ KW Cap rate includes only stabilized income-producing properties. Please see "common definitions" for a definition of cap rate.

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 3. The direct dial-in number for the conference call is (844) 340-4761 for U.S. callers and (412) 717-9616 for international callers.

A replay of the call will be available for one week beginning two hours after the live call and can be accessed by (877) 344-7529 for U.S. callers and (412) 317-0088 for international callers. The passcode for the replay is 10113123.

The webcast will be available at: <https://services.choruscall.com/links/kw180503QTkCcn5z.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.

Tables Follow

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

	March 31, 2018	December 31, 2017
Assets		
Cash and cash equivalents	\$ 433.0	\$ 351.3
Accounts receivable	48.3	62.7
Loan purchases and originations	29.7	84.7
Real estate and acquired in place lease values, net of accumulated depreciation and amortization	6,665.6	6,443.7
Unconsolidated investments	544.1	519.3
Other assets	242.1	263.1
Total assets	\$ 7,962.8	\$ 7,724.8
Liabilities		
Accounts payable	\$ 23.6	\$ 19.5
Accrued expenses and other liabilities	481.2	465.9
Mortgage debt	3,272.9	3,156.6
KW unsecured debt	1,248.9	1,179.4
KWE unsecured bonds	1,369.5	1,325.9
Total liabilities	6,396.1	6,147.3
Equity		
Common stock	—	—
Additional paid-in capital	1,871.2	1,883.3
Accumulated deficit	(121.5)	(90.6)
Accumulated other comprehensive loss	(404.3)	(427.1)
Total Kennedy-Wilson Holdings, Inc. shareholders' equity	1,345.4	1,365.6
Noncontrolling interests	221.3	211.9
Total equity	1,566.7	1,577.5
Total liabilities and equity	\$ 7,962.8	\$ 7,724.8

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

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

	Three Months Ended March 31,	
	2018	2017
Revenue		
Rental	\$ 134.3	\$ 124.3
Hotel	36.3	29.5
Sale of real estate	9.4	0.8
Investment management, property services and research fees	10.1	11.0
Loan purchases, loan originations and other	0.6	2.1
Total revenue	190.7	167.7
Operating expenses		
Rental operating	41.6	36.0
Hotel operating	30.8	24.4
Cost of real estate sold	8.4	0.7
Commission and marketing	1.4	2.0
Compensation and related	39.6	32.7
General and administrative	11.4	10.0
Depreciation and amortization	55.7	49.7
Total operating expenses	188.9	155.5
Income from unconsolidated investments, net of depreciation and amortization	26.0	29.0
Operating income	27.8	41.2
Non-operating income (expense)		
Gain on sale of real estate	28.0	5.4
Acquisition-related expenses	—	(0.3)
Interest expense	(58.9)	(50.0)
Other (loss) income	(0.5)	0.5
Loss before benefit from income taxes	(3.6)	(3.2)
Benefit from income taxes	2.6	4.1
Net (loss) income	(1.0)	0.9
Net income attributable to noncontrolling interests	(1.4)	(0.1)
Net (loss) income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ (2.4)	\$ 0.8
Basic and diluted earnings per share⁽¹⁾		
(Loss) income per basic and diluted	\$ (0.02)	\$ —
Weighted average shares outstanding for basic and diluted	147,941,982	112,167,447
Dividends declared per common share	\$ 0.19	\$ 0.17

⁽¹⁾ 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.

	Three Months Ended	
	March 31,	
	2018	2017
Net (loss) income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ (2.4)	\$ 0.8
Non-GAAP adjustments:		
Add back (Kennedy Wilson's Share) ⁽¹⁾ :		
Interest expense	62.0	40.5
Depreciation and amortization	55.7	31.2
Benefit from income taxes	(2.6)	(5.9)
Share-based compensation	9.9	10.7
Adjusted EBITDA	\$ 122.6	\$ 77.3

⁽¹⁾ See Appendix for reconciliation of Kennedy Wilson's Share amounts.

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

	Three Months Ended	
	March 31,	
	2018	2017
Net (loss) income	\$ (1.0)	\$ 0.9
Non-GAAP adjustments:		
Add back:		
Interest expense	58.9	50.0
Kennedy Wilson's share of interest expense included in unconsolidated investments	5.1	5.5
Depreciation and amortization	55.7	49.7
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	3.5	4.3
Benefit from income taxes	(2.6)	(4.1)
Share-based compensation	9.9	10.7
EBITDA attributable to noncontrolling interests ⁽¹⁾	(6.9)	(39.7)
Adjusted EBITDA	\$ 122.6	\$ 77.3

⁽¹⁾ EBITDA attributable to noncontrolling interest includes \$3.5 million and \$22.8 million of depreciation and amortization, \$2.1 million and \$15.0 million of interest, and \$0.0 million and \$1.8 million of taxes, for the three months ended March 31, 2018 and 2017, 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,	
	2018	2017
Net (loss) income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ (2.4)	\$ 0.8
Non-GAAP adjustments:		
Add back (Kennedy Wilson's Share) ⁽¹⁾ :		
Depreciation and amortization	55.7	31.2
Share-based compensation	9.9	10.7
Adjusted Net Income	\$ 63.2	\$ 42.7
Weighted average shares outstanding for diluted	147,941,982	112,167,447

⁽¹⁾ 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,	
	2018	2017
Net (loss) income	\$ (1.0)	\$ 0.9
Non-GAAP adjustments:		
Add back (less):		
Depreciation and amortization	55.7	49.7
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	3.5	4.3
Share-based compensation	9.9	10.7
Net income attributable to the noncontrolling interests, before depreciation and amortization ⁽¹⁾	(4.9)	(22.9)
Adjusted Net Income	\$ 63.2	\$ 42.7
Weighted average shares outstanding for diluted	147,941,982	112,167,447

⁽¹⁾ Includes \$3.5 million and \$22.8 million of depreciation and amortization for the three months ended March 31, 2018 and 2017, 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, 2017, 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. The consolidated financial statements of the Company include the results of the Company's consolidated subsidiaries.
- "KWE" refers to Kennedy Wilson Europe Real Estate plc, which was a London Stock Exchange-listed company that we externally managed through a wholly-owned subsidiary. On October 20, 2017 we acquired KWE, which is now a wholly-owned subsidiary. Prior to the acquisition, we owned approximately 24% and in accordance with U.S. GAAP, the results of KWE were consolidated in our financial statements due to our role as asset manager.
- "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. 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 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.
- “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 often 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 2018, the NOI represents estimated Year 1 NOI from our original underwriting. Estimated year 1 NOI for properties purchased in 2018 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.

- "Gross Asset Value" refers to the gross carrying value of assets, before debt, depreciation and amortization, and net of noncontrolling interests.
- "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.
- "KW Cap Rate" represents the Cap Rate (as defined above) weighted by the Company's ownership interest in the underlying investments. Cap rates set forth in this presentation includes data only from income-producing properties. We calculate cap rates based on information that is supplied to us during the acquisition diligence process. This information is often 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.
- "Net operating income" or "NOI" is a non-GAAP measure representing the income produced by a property calculated by deducting operating expenses from operating 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.
- "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, including our approximate 24% ownership in KWE immediately prior to our acquisition of KWE. Please also refer to the pro-rata financial data in our supplemental financial information.
- "Property net operating income" or "Property NOI" is a non-GAAP measure calculated by deducting the Company's Pro-Rata share of rental and hotel operating 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.
- "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