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NEWS RELEASE

KENNEDY WILSON REPORTS FIRST QUARTER 2016 RESULTS

Record 1Q Adjusted EBITDA of \$71.8 million, a 34% increase
Multifamily - 11th consecutive quarter with over 8% NOI Growth

BEVERLY HILLS, Calif. (May 4, 2016) - [Kennedy-Wilson Holdings, Inc.](#) (NYSE: KW) today reported first quarter results for 1Q 2016:

	1Q	
	2016	2015
<i>(Amounts in millions, except per share data)</i>		
Adjusted EBITDA	\$ 71.8	\$ 53.7
Adjusted Net Income	38.3	30.5
GAAP Net (Loss) To Common Shareholders	(7.4)	(3.5)
Per Diluted Share	(0.07)	(0.05)

"Despite a weak global economic backdrop during the first quarter, we were able to achieve impressive results including record 1Q Adjusted EBITDA and Adjusted Net Income," said William McMorrow, chairman and CEO of Kennedy Wilson. "During the quarter, we made great strides in our value-add projects, many of which will be completed in the next 12 months, which bodes well for continued growth in our recurring income."

1Q Highlights

- **Multifamily Same Property Performance:** Revenues +9%; NOI +11%
- **Property Operating Income:** Kennedy Wilson's share of 1Q Property NOI grew by 18% to \$52 million from 1Q-2015.
- **Fund V:** The Company completed fundraising for Kennedy Wilson Fund V, a \$500 million private value-add fund targeting the Western U.S. Kennedy Wilson is the largest investor in the fund with a 12% interest. Fund V has a current portfolio of 11 investments with an aggregate purchase price of \$506 million, with \$315 million of undrawn commitments.
- **KWE:** Kennedy Wilson's ownership in KWE grew to 20.3% as of March 31, 2016 compared to 16.0% as of March 31, 2015; KWE annualized NOI grew 16% to £153 million (\$219 million) as of March 31, 2016 from £131 million (\$189 million) as of March 31, 2015.
- **Consolidated Liquidity:** Total consolidated liquidity (including KWE) grew to over \$1.6 billion at March 31, 2016 from \$1.5 billion at December 31, 2015, including approximately \$900 million of cash and \$750 million of unused lines of credit.

Investments business

For 1Q-2016, the Company's Investments segment reported the following results:

- **Investment Transactions:** The Company, together with its equity partners (including KWE), completed investment transactions of \$580 million:

(\$ in millions)	Aggregate Purchase / Sale Price	Cap Rate ⁽¹⁾	KW Ownership ⁽²⁾
1Q - 2016			
Acquisitions ⁽³⁾	\$ 221.8	5.4%	22.6%
Dispositions ⁽⁴⁾	358.0	5.0%	24.0%
Total	\$ 579.8		

*Please see footnotes at the end of the earnings release

Acquisitions:

- **Multifamily:** Kennedy Wilson and its equity partners acquired three multifamily properties totaling 810 units in the greater Seattle area for \$164 million. The Company has a weighted-average ownership of approximately 17% in these properties. The Company's multifamily portfolio in the Pacific Northwest now totals nearly 10,000 units.

Dispositions:

- The Company and its equity partners sold investments which generated gross proceeds of \$358 million, including \$221 million by KWE. Kennedy Wilson had a weighted-average interest of 24.0% in these properties and realized gains from sales of \$14.8 million during the quarter.
- **Same Property Results:** The three month change in same property multifamily units and commercial real estate are as follows:

	<u>1Q-2016 vs. 1Q-2015</u>			
	Same Property Units / Sq. Ft. (mm)	Occupancy	Revenue	NOI
Multifamily	16,503	(0.3)%	8.8%	10.9%
Commercial	5.0 million	1.8%	1.5%	1.1%

Investment Management and Real Estate Services Business

This segment earns fees primarily from its investment management business along with its real estate services activities. For 1Q-2016, the Company's Investment Management and Real Estate Services segment reported the following results:

(\$ amounts in millions)	<u>1Q</u>		
	2016	2015	% Change
Adjusted Fees ⁽¹⁾	\$ 30.0	\$ 27.1	11%
Adjusted EBITDA	12.9	12.8	1%

⁽¹⁾ Adjusted Fees earned from KWE were \$5.8 million and \$5.4 million for 1Q 2016 and 1Q 2015, respectively. See supplemental financial information for additional information.

Share Repurchase

On February 25, 2016, the Company announced a \$100 million share repurchase plan authorized by the Company's Board of Directors. During the period from February 25, 2016 to March 31, 2016, the Company repurchased \$5 million of common stock. Future purchases under the program may be made in the open

market, in privately negotiated transactions or otherwise, with the amount and timing of the repurchases depending on market conditions and subject to the Company's discretion.

Subsequent events

In April 2016, KWE issued €150 million (approximately \$170 million) of 3.25% senior unsecured bonds due 2025 under its Euro Medium Term Note Program. The bonds were issued at a yield of 3.04% and will mature on November 12, 2025.

Footnotes for table

- ⁽¹⁾ Cap rate includes only income-producing properties. For the three months ended March 31, 2016, \$29.1 million of acquisitions and \$36.2 million of dispositions, respectively, were non-income producing assets. Please see "common definitions" for a definition of cap rate.
- ⁽²⁾ Kennedy Wilson's ownership is shown on a weighted-average basis based upon the aggregate purchase/sale price of each investment and Kennedy Wilson's ownership in each investment at the time of acquisition/disposition. Kennedy Wilson ownership of KWE investment transactions is based upon Kennedy Wilson's 20.3% ownership of KWE as of March 31, 2016.
- ⁽³⁾ The three months ended March 31, 2016 includes \$40.5 million of acquisitions by KWE.
- ⁽⁴⁾ The three months ended March 31, 2016 includes \$221.1 million of dispositions by KWE.

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 May 5, 2016.

The direct dial-in number for the conference call is (866) 807-9684 for U.S. callers and (412) 317-5415 for international callers. To join the call, please reference Kennedy Wilson.

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

The webcast will be available at: <http://services.choruscall.com/links/kw160505mFFm7iAy>. 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 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 commercial properties located in the Western U.S., UK, Ireland, Spain, Italy and Japan. To complement our investment business, the Company also provides real estate services primarily to financial services clients. 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 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," "could," "may," "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, 2015, 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 (including KWE).
- “KWE” refers to Kennedy Wilson Europe Real Estate plc, a London Stock Exchange-listed company that we externally manage through a wholly-owned subsidiary. In our capacity as external manager of KWE, we are entitled to receive certain (i) management fees equal to 1% of KWE's adjusted net asset value (EPRA NAV), half of which are paid in cash and the remainder of which is paid in KWE shares; and (ii) performance fees, all of which are paid in KWE shares. In accordance with U.S. GAAP, the results of KWE are consolidated in our financial statements. We own an approximately 20.3% equity interest in KWE as of March 31, 2016, and throughout this release and supplemental financial information, we refer to our pro-rata ownership stake (based on our 20.3% equity interest or weighted-average ownership interest during the period, as applicable) in investments made and held directly by KWE and its subsidiaries.
- “Acquisition-related gains” consist of non-cash gains recognized by the Company or its consolidated subsidiaries upon a GAAP required fair value measurement due to a business combination. These gains are typically recognized when a loan is converted into consolidated real estate owned and the fair value of the underlying real estate at the time of conversion exceeds the basis in the previously held loan. These gains also arise when there is a change of control of an investment. The gain amount is based upon the fair value of the Company's or its consolidated subsidiaries' equity in the investment in excess of the carrying amount of the equity immediately preceding the change of control.
- “Adjusted EBITDA” represents Consolidated EBITDA, as defined below, adjusted to exclude share-based compensation expense and EBITDA attributable to noncontrolling interests.
- “Adjusted fees” refers to Kennedy Wilson's gross investment management, property services and research fees adjusted to include fees eliminated in consolidation and Kennedy Wilson's share of fees in unconsolidated service businesses.
- “Adjusted Net Asset Value” is calculated by KWE as net asset value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallize in a long-term investment property business model such as the fair value of financial derivatives and deferred taxes on property valuation surpluses.
- “Adjusted Net Income” represents Consolidated Adjusted Net Income as defined below, adjusted to exclude net income attributable to noncontrolling interests, before depreciation and amortization.
- “Assets under Management” (“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 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 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 AUM. The estimated value of development properties is included at estimated completion cost.
- “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. 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 Adjusted Net Income” represents net income before depreciation and amortization, our share of depreciation and amortization included in income from unconsolidated investments and share-based compensation expense.

- "Consolidated 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.
- "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, net hedge assets, unconsolidated investments, consolidated loans gross of accumulated depreciation and amortization, and net other assets.
- "Equity multiple" is calculated by dividing the amount of total distributions received by KW from an investment (including any gains, return of equity invested by KW and promoted interests) by the amount of total contributions invested by KW in such investment. This metric does not take into account management fees, organizational fees, or other similar expenses, all of which in the aggregate may be substantial and lower the overall return to KW. Equity multiples represent historical performance and are not a guarantee of the future performance of investments.
- "Equity partners" refers to non-wholly-owned subsidiaries that we consolidate in our financial statements under U.S. GAAP, including KWE, and third-party equity providers.
- "Investment account" refers to the consolidated investment account presented after noncontrolling interest on invested assets gross of accumulated depreciation and amortization.
- "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.
- "Noncontrolling interests" represents the portion of equity ownership in a consolidated subsidiary not attributable to Kennedy Wilson.
- "Property operating income" is a non-GAAP measure calculated by deducting Kennedy Wilson's share of rental and hotel operating expenses from rental and hotel revenues. Please refer to the Pro-Rata Statement of Operations in the Supplemental Financial Information for more information.
- "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, Consolidated EBITDA, Adjusted EBITDA, Consolidated Adjusted Net Income, Adjusted Net Income, Adjusted Net Income Per Basic Share 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, including annualized net operating income, are not an indicator of the actual net operating income that the Company will or expects to realize in any period.

KW-IR

Tables Follow

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

	March 31, 2016	December 31, 2015
Assets		
Cash and cash equivalents	\$ 180.9	\$ 182.6
Cash held by consolidated investments	717.2	549.0
Accounts receivable	68.3	54.7
Real estate and acquired in place lease values, net of accumulated depreciation and amortization	5,826.1	5,797.5
Loan purchases and originations	165.1	299.7
Unconsolidated investments	456.7	444.9
Other assets	244.1	267.2
Total assets	\$ 7,658.4	\$ 7,595.6
Liabilities		
Accounts payable	\$ 15.9	\$ 22.2
Accrued expenses and other liabilities	408.0	392.0
Investment debt	3,729.4	3,627.5
Senior notes payable	689.2	688.8
Line of credit	50.0	—
Total liabilities	4,892.5	4,730.5
Equity		
Cumulative preferred stock	—	—
Common stock	—	—
Additional paid-in capital	1,229.4	1,225.7
Accumulated deficit	(68.4)	(44.2)
Accumulated other comprehensive loss	(46.8)	(47.7)
Total Kennedy-Wilson Holdings, Inc. shareholders' equity	1,114.2	1,133.8
Noncontrolling interests	1,651.7	1,731.3
Total equity	2,765.9	2,865.1
Total liabilities and equity	\$ 7,658.4	\$ 7,595.6

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

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

	Three Months Ended March 31,	
	2016	2015
Revenue		
Rental	\$ 119.9	\$ 90.4
Hotel	29.1	23.4
Sale of real estate	1.9	2.1
Investment management, property services and research fees	19.1	16.4
Loan purchases, loan originations and other	2.1	5.4
Total revenue	172.1	137.7
Operating expenses		
Rental operating	31.0	24.6
Hotel operating	24.5	21.6
Cost of real estate sold	1.4	1.5
Commission and marketing	1.8	1.4
Compensation and related	45.7	26.2
General and administrative	10.1	9.5
Depreciation and amortization	48.3	36.6
Total operating expenses	162.8	121.4
Income from unconsolidated investments, net of depreciation and amortization	19.2	11.2
Operating income	28.5	27.5
Non-operating income (expense)		
Gain on sale of real estate	38.4	5.6
Acquisition-related gains	—	4.2
Acquisition-related expenses	(2.0)	(18.1)
Interest expense-investment	(32.5)	(19.4)
Interest expense-corporate	(12.1)	(13.0)
Other income	0.7	0.8
Income (loss) before provision for income taxes	21.0	(12.4)
(Provision for) benefit from income taxes	(0.5)	8.1
Net income (loss)	20.5	(4.3)
Net (income) loss attributable to noncontrolling interests	(27.4)	2.8
Preferred stock dividends and accretion of issuance costs	(0.5)	(2.0)
Net (loss) attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ (7.4)	\$ (3.5)
Basic earnings per share⁽¹⁾		
(Loss) per basic	\$ (0.07)	\$ (0.05)
Weighted average shares outstanding for basic	109,214,633	91,547,838
Diluted earnings per share⁽¹⁾		
(Loss) per diluted	\$ (0.07)	\$ (0.05)
Weighted average shares outstanding for diluted	109,214,633	91,547,838
Dividends declared per common share	\$ 0.14	\$ 0.12

⁽¹⁾ Includes impact of the Company allocating income and dividends per basic and diluted share to participating securities

Kennedy-Wilson Holdings, Inc.
Consolidated Adjusted Net Income and Adjusted Net Income
(Unaudited)
(Dollars in millions, except share amounts and per share data)

	Three Months Ended	
	March 31,	
	2016	2015
Net income (loss)	\$ 20.5	\$ (4.3)
Non-GAAP adjustments:		
Add back:		
Depreciation and amortization	48.3	36.6
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	5.2	8.8
Share-based compensation	17.5	7.3
Consolidated Adjusted Net Income	91.5	48.4
Less:		
Net income attributable to the noncontrolling interests, before depreciation and amortization ⁽¹⁾	(53.2)	(17.9)
Adjusted Net Income	\$ 38.3	\$ 30.5
Basic weighted average number of common shares outstanding	109,214,633	91,547,838
Basic Adjusted Net Income per share	\$ 0.35	\$ 0.33

⁽¹⁾ Includes \$25.9 million and \$20.7 million of depreciation and amortization for the three months ended March 31, 2016 and 2015, respectively.

Consolidated EBITDA and Adjusted EBITDA
(Unaudited)
(Dollars in millions)

	Three Months Ended	
	March 31,	
	2016	2015
Net income (loss)	\$ 20.5	\$ (4.3)
Non-GAAP adjustments:		
Add back:		
Interest expense-investment	32.5	19.4
Interest expense-corporate	12.1	13.0
Kennedy Wilson's share of interest expense included in unconsolidated investments	6.1	6.4
Depreciation and amortization	48.3	36.6
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	5.2	8.8
Provision for (benefit from) income taxes	0.5	(8.1)
Consolidated EBITDA	125.2	71.8
Add back (less):		
Share-based compensation	17.5	7.3
EBITDA attributable to noncontrolling interests ⁽¹⁾	(70.9)	(25.4)
Adjusted EBITDA	\$ 71.8	\$ 53.7

⁽¹⁾ Includes \$43.5 million and \$28.2 million of depreciation, amortization, taxes and interest for the three months ended March 31, 2016 and 2015, respectively.