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NEWS RELEASE

KENNEDY WILSON REPORTS THIRD QUARTER 2017 RESULTS

Kennedy Wilson increases quarterly dividend by 12% to \$0.19 per common share

BEVERLY HILLS, Calif. (November 2, 2017) - [Kennedy-Wilson Holdings, Inc.](#) (NYSE: KW) today reported results for 3Q-2017:

	<u>3Q</u>		<u>YTD</u>	
	2017	2016	2017	2016
<i>(Amounts in millions, except per share data)</i>				
<u>GAAP Results</u>				
GAAP Net (Loss) Income to Common Shareholders	(\$8.9)	(\$2.5)	\$1.3	(\$11.6)
Per Diluted Share	(0.08)	(0.03)	0.01	(0.12)
<u>Non-GAAP Results</u>				
Adjusted EBITDA	\$75.5	\$87.7	\$255.0	\$233.0
Adjusted Net Income	34.8	44.9	128.5	126.6

*See Subsequent Events section for pro-forma results of KWE merger.

"We are excited to have successfully completed our merger with KWE, which provides us with a stronger balance sheet, larger equity base, and approximately \$100 million in additional expected cash flow per year" said William McMorrow, chairman and CEO of Kennedy Wilson. "This increase in recurring cashflow combined with our previously announced asset sales puts us on track to produce record levels of Adjusted EBITDA and Adjusted Net Income in 2017."

3Q Highlights

- **Growth in Recurring Property NOI:** Kennedy Wilson's share of 3Q Property NOI grew by \$7 million, or 11%, to \$69 million from 3Q-2016.
- **Same Property Performance:** Kennedy Wilson's share of 3Q same property revenue and NOI grew by 6% across 18,635 multifamily units, 12.7 million sq. ft. of commercial, and 972 hotel rooms from 3Q-2016.
- **Decrease in Gains:** The Company's share of gains decreased by \$19 million from 3Q-2016 to \$22 million on lower transactional volume during the quarter.
- **Dividend Declaration:** Kennedy Wilson announced a 12% increase in the common dividend per share to \$0.19 per quarter, or \$0.76 on an annualized basis. The dividend is payable on January 4, 2018 to common shareholders of record as of December 29, 2017.

- **Investment Transactions:**

- **Acquisitions:** The Company's share of acquisitions was \$138 million, of which 90% were income producing investments in the Western U.S. expected to generate \$7 million in annual NOI.
- **Dispositions:** The Company's share of dispositions was \$72 million, of which 84% were non-income producing investments, with annual NOI of less than \$1 million.

Investments Business

- **Same Property Results:** The 3Q and YTD change in same property results are as follows (KW share):

	<u>3Q - 2017 vs 3Q - 2016</u>			<u>YTD - 2017 vs YTD - 2016</u>		
	Occupancy	Revenue	NOI	Occupancy	Revenue	NOI
Multifamily - Market Rate	(0.4)%	5.1%	5.7%	(0.2)%	5.9%	6.2%
Multifamily - Affordable	1.6%	4.0%	6.0%	(0.7)%	3.5%	5.6%
Commercial	(0.8)%	1.6%	0.5%	—%	0.4%	0.3%
Hotel	NA	13.9%	25.5%	NA	8.4%	19.1%
Weighted Average		6.3%	6.2%		5.0%	5.4%

- **Investment Transactions:** The Company, together with its equity partners (including KWE) completed the following investment transactions:

(\$ in millions)	Gross	Kennedy Wilson's Share				
	Aggregate Purchase/ Sale Price	Income Producing	Non - income Producing	Total	Annual NOI	KW Cap Rate ⁽¹⁾
Q3 - 2017						
Acquisitions ⁽²⁾	\$195.2	\$124.2	\$ 13.7	\$137.9	\$6.7	5.4%
Dispositions ⁽³⁾	272.7	11.8	59.8	71.6	0.8	6.8%
Total Transactions	\$467.9			\$209.5		
YTD - 2017						
Acquisitions ⁽²⁾	\$901.4	\$408.9	\$20.7	\$429.6	\$26.6	6.5%
Dispositions ⁽³⁾	1,270.6	264.5	143.2	407.7	14.7	5.4%
Total Transactions	\$2,172.0			\$837.3		

Please see footnotes at the end of the earnings release.

Investment Management and Real Estate Services Business

For 3Q-2017, the Company's Investment Management and Real Estate Services segment reported the following results:

(\$ amounts in millions)	<u>3Q</u>		<u>YTD</u>	
	2017	2016	2017	2016
<u>GAAP Results</u>				
Investment Management, Property Services, and Research Fees	\$16.1	\$14.1	\$41.3	\$46.7
<u>Non-GAAP Results</u>				
Adjusted Fees ⁽¹⁾⁽²⁾	\$26.7	\$24.2	\$72.3	\$86.3
Adjusted EBITDA	11.7	9.4	28.9	39.5

Please see footnotes at the end of the earnings release.

Foreign Currency Fluctuations and Hedging

For 3Q-2017, changes in foreign currency rates increased consolidated revenue by 2% and Adjusted EBITDA by 1% compared to foreign currency rates as of September 30, 2016. During the quarter, the net increase in shareholder's equity related to fluctuations in foreign currency and related hedges (in the GBP, EUR and JPY) was \$7.5 million compared to a net decrease of \$5.6 million during 3Q-2016.

Subsequent Events

As of September 30, 2017, Kennedy Wilson owned 23.8% of the outstanding share capital of KWE. On October 20, 2017, the Company closed its merger with KWE, creating a leading real estate investment and asset management platform. As a result of the transaction, KWE became a wholly owned subsidiary of KW. As part of the merger consideration, KW issued an additional 37.2 million shares with a market value of approximately \$726 million. The table below depicts Kennedy Wilson's actual and pro-forma results:

	<u>3Q - 2017</u>		<u>YTD - 2017</u>	
	As Reported	Pro-Forma ⁽¹⁾	As Reported	Pro-Forma ⁽²⁾
<i>(Amounts in millions, except per share data)</i>				
<u>GAAP Results</u>				
GAAP Net (Loss) Income to Common Shareholders	(\$8.9)	\$0.8	\$1.3	\$7.5
Per Diluted Share	(0.08)	—	0.01	0.05
<u>Non-GAAP Results</u>				
Adjusted EBITDA	\$75.5	\$121.7	\$255.0	\$374.9
Adjusted Net Income	34.8	66.2	128.5	197.7
Common stock shares outstanding as of period end	114.2	151.4	114.2	151.4

⁽¹⁾ Pro forma adjustments include assumption of 100% ownership of KWE as of July 1, 2017 and additional provision for income taxes relating to KWH's increased ownership in KWE.

⁽²⁾ Pro forma adjustments include assumption of 100% ownership of KWE as of January 1, 2017, additional provision for income taxes relating to KWH's increased ownership in KWE and additional interest expense on the Company's line of credit based on it having a \$350 million outstanding balance for the full year.

In October 2017, the Company closed a \$700 million unsecured credit facility comprised of a \$500 million revolving line of credit and \$200 million term loan facility that has an initial maturity date of March 31, 2021 with a one-year extension. At the time of closing, the revolving line of credit had an undrawn balance of \$300 million. Concurrent with the closing of this new facility, the Company terminated its previously existing \$475 million corporate unsecured revolving credit facility and KWE's existing £225 million revolving credit facility.

In October, the Company announced its election to redeem at par all \$55 million in aggregate principal amount of its 7.75% Senior Notes due 2042. The redemption date will be December 1, 2017.

Subsequent to the quarter, in separate transactions, Kennedy Wilson and its equity partners contracted to sell a 615-unit multifamily property in Northern California and a 75,600 sq. ft. office property in Dublin, Ireland, for an aggregate gross sale price of \$303 million. The Company expects these sales to close in 4Q-2017 and to generate for KW approximately \$175 million in cash proceeds, resulting in an estimated gain on sale of approximately \$124 million. The Company currently intends to utilize the proceeds from these transactions to purchase real estate assets in tax deferred exchanges and to reduce debt.

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.
- ⁽²⁾ There were no acquisitions by KWE during the three and nine months ended September 30, 2017.
- ⁽³⁾ The three and nine months ended September 30, 2017 includes \$41.4 million and \$119.7 million of dispositions by KWE, respectively.

Footnotes for IMRES performance table

- ⁽¹⁾ Adjusted Fees earned from KWE were \$5.2 million and \$5.7 million for the three months ended September 30, 2017 and 2016, respectively, and \$14.9 million and \$17.3 million for the nine months ended September 30, 2017 and 2016, respectively. Adjusted Fees includes no accrued performance fee related to KWE for the three and nine months ended September 30, 2017 and 2016, respectively. Adjusted Fees excludes non-controlling interest.
- ⁽²⁾ Adjusted Fees includes \$7.9 million and \$7.5 million for the three months ended September 30, 2017 and 2016, respectively, and \$22.5 million and \$30.3 million for the nine months ended September 30, 2017 and 2016, respectively, of fees eliminated in consolidation.

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 Friday, November 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: <http://services.choruscall.com/links/kw1711039wT3o7xb.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 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," "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, 2016, 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 23.8% equity interest in KWE as of September 30, 2017, and, unless indicated otherwise, throughout this release and supplemental financial information, we refer to our pro-rata ownership stake (based on our 23.8% equity interest or weighted-average ownership interest during the period, as applicable) in investments made and held directly by KWE and its subsidiaries. On October 20, 2017, we merged with KWE, and as a result of the merger, KWE became our wholly-owned subsidiary.
- "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 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 and Kennedy Wilson's share of fees in unconsolidated service businesses. 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 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.

- "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 2017, the NOI represents estimated Year 1 NOI from our original underwriting. Estimated year 1 NOI for properties purchased in 2017 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. Estimated annual NOI for properties held by KWE are presented as reported by KWE. 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 23.8% ownership in KWE as of September 30, 2017. 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

Tables Follow

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

	September 30, 2017	December 31, 2016
Assets		
Cash and cash equivalents	\$ 512.9	\$ 260.2
Cash held by consolidated investments	719.8	625.5
Accounts receivable	86.6	71.3
Real estate and acquired in place lease values, net of accumulated depreciation and amortization	6,320.8	5,814.2
Loan purchases and originations	85.4	87.7
Unconsolidated investments	507.8	555.6
Other assets	303.3	244.6
Total assets	\$ 8,536.6	\$ 7,659.1
Liabilities		
Accounts payable	\$ 20.4	\$ 11.2
Accrued expenses and other liabilities	493.0	412.1
Line of credit	350.0	—
Investment debt	4,340.8	3,956.1
Senior notes payable	938.1	936.6
Total liabilities	6,142.3	5,316.0
Equity		
Common stock	—	—
Additional paid-in capital	1,225.2	1,231.4
Accumulated deficit	(160.4)	(112.2)
Accumulated other comprehensive loss	(51.4)	(71.2)
Total Kennedy-Wilson Holdings, Inc. shareholders' equity	1,013.4	1,048.0
Noncontrolling interests	1,380.9	1,295.1
Total equity	2,394.3	2,343.1
Total liabilities and equity	\$ 8,536.6	\$ 7,659.1

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenue				
Rental	\$ 125.5	\$ 122.9	\$ 373.6	\$ 363.1
Hotel	37.3	31.4	95.8	87.3
Sale of real estate	89.8	2.5	103.4	16.7
Investment management, property services and research fees	16.1	14.1	41.3	46.7
Loan purchases, loan originations and other	8.5	3.4	15.0	9.2
Total revenue	277.2	174.3	629.1	523.0
Operating expenses				
Rental operating	38.0	34.6	110.5	98.4
Hotel operating	26.1	23.8	73.3	71.9
Cost of real estate sold	63.4	2.5	73.7	13.1
Commission and marketing	2.1	2.5	5.9	6.0
Compensation and related	35.4	42.2	113.5	128.4
General and administrative	10.8	10.5	30.7	32.5
Depreciation and amortization	55.4	50.0	157.2	147.3
Total operating expenses	231.2	166.1	564.8	497.6
Income from unconsolidated investments, net of depreciation and amortization	12.9	31.7	48.8	59.3
Operating income	58.9	39.9	113.1	84.7
Non-operating income (expense)				
Gain on sale of real estate	5.3	21.5	77.0	76.0
Acquisition-related gains	—	7.6	—	16.2
Acquisition-related expenses	(1.0)	(1.0)	(2.3)	(9.4)
Interest expense-investment	(37.9)	(36.8)	(107.8)	(102.9)
Interest expense-corporate	(18.9)	(14.5)	(51.1)	(38.8)
Other (loss) income	(0.3)	1.9	4.6	7.6
Income before benefit from (provision for) income taxes	6.1	18.6	33.5	33.4
Benefit from (provision for) income taxes	3.7	(5.5)	(0.9)	(2.1)
Net income	9.8	13.1	32.6	31.3
Net income attributable to noncontrolling interests	(18.7)	(15.1)	(31.3)	(41.3)
Preferred stock dividends and accretion of issuance costs	—	(0.5)	—	(1.6)
Net (loss) income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ (8.9)	\$ (2.5)	\$ 1.3	\$ (11.6)
Basic earnings per share⁽¹⁾				
Income (loss) per basic	\$ (0.08)	\$ (0.03)	\$ 0.01	\$ (0.12)
Weighted average shares outstanding for basic	111,966,716	108,634,228	111,955,924	108,966,540
Diluted earnings per share⁽¹⁾				
Income (loss) per diluted	\$ (0.08)	\$ (0.03)	\$ 0.01	\$ (0.12)
Weighted average shares outstanding for diluted	111,966,716	108,634,228	111,955,924	108,966,540
Dividends declared per common share	\$ 0.17	\$ 0.14	\$ 0.51	\$ 0.42

⁽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)

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 September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net (loss) income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ (8.9)	\$ (2.5)	\$ 1.3	\$ (11.6)
Non-GAAP adjustments:				
Add back (Kennedy Wilson's Share) ⁽¹⁾ :				
Interest expense - investment	27.2	24.7	78.6	69.4
Interest expense - corporate	18.9	14.5	51.1	38.8
Depreciation and amortization	34.4	31.3	97.8	88.8
Provision for (benefit from) income taxes	(5.4)	3.6	(3.2)	(1.8)
Share-based compensation	9.3	15.6	29.4	47.8
Preferred stock dividends and accretion of issuance costs	—	0.5	—	1.6
Adjusted EBITDA	\$ 75.5	\$ 87.7	\$ 255.0	\$ 233.0

⁽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 September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income (loss)	\$ 9.8	\$ 13.1	\$ 32.6	\$ 31.3
Non-GAAP adjustments:				
Add back:				
Interest expense-investment	37.9	36.8	107.8	102.9
Interest expense-corporate	18.9	14.5	51.1	38.8
Kennedy Wilson's share of interest expense included in unconsolidated investments	5.5	6.3	17.0	18.6
Depreciation and amortization	55.4	50.0	157.2	147.3
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	4.3	5.5	13.0	16.0
Provision for (benefit from) income taxes	(3.7)	5.5	0.9	2.1
Share-based compensation	9.3	15.6	29.4	47.8
EBITDA attributable to noncontrolling interests ⁽¹⁾	(61.9)	(59.6)	(154.0)	(171.8)
Adjusted EBITDA	\$ 75.5	\$ 87.7	\$ 255.0	\$ 233.0

⁽¹⁾ EBITDA attributable to noncontrolling interest includes \$25.3 million and \$24.2 million of depreciation and amortization, \$16.2 million and \$18.4 million of interest, and \$1.7 million and \$1.9 million of taxes, for the three months ended September 30, 2017 and 2016, respectively. EBITDA attributable to noncontrolling interest includes \$72.4 million and \$74.6 million of depreciation and amortization, \$46.2 million and \$52.0 million of interest, and \$4.1 million and \$3.9 million of taxes, for the nine months ended September 30, 2017 and 2016, respectively.

Kennedy-Wilson Holdings, Inc.
Adjusted Net Income
(Unaudited)
(Dollars in millions, except per 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 September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net (loss) income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ (8.9)	\$ (2.5)	\$ 1.3	\$ (11.6)
Non-GAAP adjustments:				
Add back (Kennedy Wilson's Share) ⁽¹⁾ :				
Depreciation and amortization	34.4	31.3	97.8	88.8
Share-based compensation	9.3	15.6	29.4	47.8
Preferred stock dividends and accretion of issuance costs	—	0.5	—	1.6
Adjusted Net Income	\$ 34.8	\$ 44.9	\$ 128.5	\$ 126.6

⁽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 September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income	\$ 9.8	\$ 13.1	\$ 32.6	\$ 31.3
Non-GAAP adjustments:				
Add back (less):				
Depreciation and amortization	55.4	50.0	157.2	147.3
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	4.3	5.5	13.0	16.0
Share-based compensation	9.3	15.6	29.4	47.8
Net income attributable to the noncontrolling interests, before depreciation and amortization ⁽¹⁾	(44.0)	(39.3)	(103.7)	(115.8)
Adjusted Net Income	\$ 34.8	\$ 44.9	\$ 128.5	\$ 126.6

⁽¹⁾ Includes \$25.3 million and \$24.2 million of depreciation and amortization for the three months ended September 30, 2017 and 2016, respectively, and \$72.4 million and \$74.6 million of depreciation and amortization for the nine months ended September 30, 2017 and 2016, respectively.

Kennedy-Wilson Holdings, Inc.
Pro Forma Adjusted EBITDA
(Unaudited)

(Dollars in millions, except per share data)

The tables below show Pro Forma Adjusted EBITDA at KWH's ownership amount, including a reconciliation to net income calculated in accordance with GAAP:

Three Months Ended September 30, 2017			
	KWH As Reported	Pro Forma Adjustments ⁽¹⁾	Pro Forma ⁽¹⁾
<i>(Dollars in millions)</i>			
Net (loss) income attributable to KWH common shareholders	\$ (8.9)	\$ 9.7	\$ 0.8
Non-GAAP adjustments:			
Interest expense - investment	27.2	14.1	41.3
Interest expense - corporate	18.9	—	18.9
Depreciation and amortization	34.4	21.7	56.1
Provision for income taxes	(5.4)	0.7	(4.7)
Share-based compensation	9.3	—	9.3
Adjusted EBITDA	\$ 75.5	\$ 46.2	\$ 121.7

⁽¹⁾ Pro forma adjustments include assumption of 100% ownership of KWE as of July 1, 2017 and additional provision for income taxes relating to KWH's increased ownership in KWE.

Nine Months Ended September 30, 2017			
	KWH As Reported	Pro Forma Adjustments ⁽²⁾	Pro Forma ⁽²⁾
<i>(Dollars in millions)</i>			
Net income attributable to KWH common shareholders	\$ 1.3	\$ 6.2	\$ 7.5
Non-GAAP adjustments:			
Interest expense - investment	78.6	40.7	119.3
Interest expense - corporate	51.1	6.5	57.6
Depreciation and amortization	97.8	63.0	160.8
Provision for income taxes	(3.2)	3.5	0.3
Share-based compensation	29.4	—	29.4
Adjusted EBITDA	\$ 255.0	\$ 119.9	\$ 374.9

⁽²⁾ Pro forma adjustments include assumption of 100% ownership of KWE as of January 1, 2017, additional provision for income taxes relating to KWH's increased ownership in KWE and additional interest expense on the Company's line of credit based on it having a \$350 million outstanding balance for the full year.

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

(Dollars in millions, except per share data)

The tables below show Pro Forma Adjusted Net Income at KWH's ownership amount, including a reconciliation to net income calculated in accordance with GAAP:

Three Months Ended September 30, 2017				
	KWH As Reported	Pro Forma Adjustments ⁽¹⁾	Pro Forma ⁽¹⁾	
<i>(Dollars in millions)</i>				
Net (loss) income attributable to KWH common shareholders	\$ (8.9)	\$ 9.7	\$ 0.8	
Non-GAAP adjustments:				
Depreciation and amortization	34.4	21.7	56.1	
Share-based compensation	9.3	—	9.3	
Adjusted Net Income	<u>\$ 34.8</u>	<u>\$ 31.4</u>	<u>\$ 66.2</u>	

⁽¹⁾ Pro forma adjustments include assumption of 100% ownership of KWE as of July 1, 2017 and additional provision for income taxes relating to KWH's increased ownership in KWE.

Nine Months Ended September 30, 2017				
	KWH As Reported	Pro Forma Adjustments ⁽²⁾	Pro Forma Consolidated ⁽²⁾	
<i>(Dollars in millions)</i>				
Net income attributable to KWH common shareholders	\$ 1.3	\$ 6.2	\$ 7.5	
Non-GAAP adjustments:				
Depreciation and amortization	97.8	63.0	160.8	
Share-based compensation	29.4	—	29.4	
Adjusted Net Income	<u>\$ 128.5</u>	<u>\$ 69.2</u>	<u>\$ 197.7</u>	

⁽²⁾ Pro forma adjustments include assumption of 100% ownership of KWE as of January 1, 2017, additional provision for income taxes relating to KWH's increased ownership in KWE and additional interest expense on the Company's line of credit based on it having a \$350 million outstanding balance for the full year.