



KENNEDY WILSON

ANNUAL
REPORT
2020

An aerial photograph of the Hamilton Landing office campus in Novato, California, taken at sunset. The image shows several large, modern office buildings with white roofs and blue accents, surrounded by parking lots and landscaped areas with trees. In the background, there is a large body of water (San Francisco Bay) and a distant shoreline with hills.

Hamilton Landing

NOVATO, CALIFORNIA

406,000
Square-Foot
Office Campus

KENNEDY WILSON

Kennedy Wilson grew out of a small office in Santa Monica, California built on trust and a people-first attitude. Relationships are still at the heart of our global real estate investment company as we have grown to \$18B of assets under management. It is those relationships and mutual trust that enable us to empower the communities we activate and to design high-quality places for people to live, create and flourish.

Today, we are a leading global real estate investment company. We own, operate, and invest in real estate through our balance sheet and through our investment management platform with a focus on multifamily and office properties located in the Western U.S., U.K. and Ireland.

**On the Cover: Clancy Quay
Dublin, Ireland
865 Multifamily Units**

See page 77 for certain definitions and reconciliations of non-GAAP measures to the most directly comparable GAAP measures. Information shown as of December 31, 2020, except where indicated.



Sunset North
BELLEVUE, WASHINGTON

464,000
Square-Foot
Office Campus

DEAR FELLOW SHAREHOLDERS

At Kennedy Wilson, we have successfully navigated several economic cycles and periods of uncertainty throughout our 33-year history, however, 2020 was a year like no other. With a shift to remote work in March, our ability to adapt and succeed was a direct result of our outstanding team of people who have worked together for decades as well as our high-quality properties in diverse geographic markets. The circumstances of 2020 narrowed our focus to our core businesses and led us to identify new opportunities while continuing the completion of our development pipeline. In my opinion, the Kennedy Wilson team did a remarkable job of facing every challenge in 2020.

We have discovered through these cycles that there is no substitute for having the same group of driven people on the field. Our hardworking Kennedy Wilson team leaned in together with a renewed commitment to communication and sharing best practices globally in 2020. I am so proud of our team of highly confident, but humble people who have a strong willingness to face challenges in lockstep with one another and with respect for each other.

William J. McMorrow
Chairman and
Chief Executive Officer

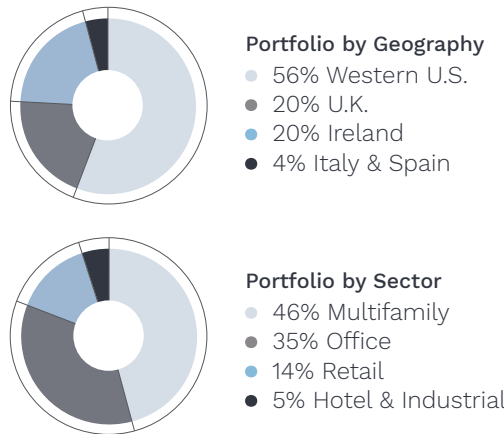


From our senior leadership team to the thousands of people at the property level and those working behind the scenes, we all made a quick pivot at the beginning of the year and did not skip a beat. We maintained smooth operations, including steady occupancies and strong rent collections across our multifamily and office portfolios, and focused on building our investment management business and fee-bearing capital. We ended the year with record quarterly earnings in the fourth quarter.

There was no way of predicting exactly what 2020 had in store for us, but in recent years, we felt it was prudent to begin preparing for volatility. We entered 2020 with more capital on hand than any other period in our history and we ended the year in a very strong financial position, with \$1 billion of cash and over \$4 billion of purchasing power in our various strategic partnership platforms. In 2020, we also extended our \$500 million unsecured revolving credit facility from a global group of nine banks led by Bank of America and J.P. Morgan and limited our debt maturities in the next several years, further strengthening our liquidity position.

We relied on our deep industry relationships and our global reputation to launch new partnerships in 2020, secure accretive financing, and gain preferred access to investment opportunities. We completed another \$2.3 billion of gross investment transactions during the year. Over the past 11 years, we have closed \$25 billion in asset acquisitions, many of which were sourced off-market as a result of our track record of performance and the long-term relationships our teams have built in our key geographic investment markets.

We closed out 2020 with \$394 million in Estimated Annual NOI from our stabilized assets and \$3.9 billion in fee-bearing capital across a globally diversified, high-quality portfolio that includes 30,000 multifamily units



and 22 million square feet of commercial space and hotels. Since going public, we have significantly grown our consolidated assets from \$336 million to approximately \$7.5 billion and our adjusted EBITDA from \$37 million in 2009 to \$608 million in 2020.

We built on our history of creating sustainable long-term value for our shareholders in 2020. We continued to streamline the business, lower our overall cost structure through interest rate savings and reduced payroll and G&A expenses, while taking significant steps to increase our future NOI with property acquisitions and completing key development projects. Between the sale of our third-party property services and brokerage division in 2020 and the sale of our property research business in 2018, our employee headcount has decreased by 60% while compensation and G&A expenses decreased by over \$30 million in the last two years.

As a result of Kennedy Wilson's performance, we returned \$1.31 per share to shareholders through common dividends and share repurchases in 2020, an increase from \$1.00 in 2019, equating to \$185 million in total. We also expanded our share buyback program from \$250 million to \$500 million.

Looking ahead, we are focused on the following key initiatives that will continue our growth trajectory and increase value across our global portfolio:

Driving NOI Growth

Our goal is to meaningfully grow our recurring cash flow through new acquisitions and organic NOI growth, and to make further progress on our development pipeline and lease-up projects.

Hands-On Asset Management – We are focused on increasing property NOI with the implementation of our value-add asset management program that included deploying \$140 million for capital improvements in 2020. We maintained strong occupancies of 94% in our office portfolio and 95% across our multifamily portfolio in 2020, which I attribute in large part to the expansion of our virtual leasing platform and the digital resident portals we now offer in our multifamily properties across the globe. We also collected 96% of our global rents in 2020, a testament to the product we are delivering, the strength of the employment markets in these regions as well as the relationships and creativity of our on-the-ground property management teams.

Developing and Stabilizing Assets – Completing our \$3 billion development pipeline and lease-up portfolio totaling 4,400 multifamily units and 2.6 million square feet of commercial space is a major priority in the next three years as we aim to add \$109 million of Estimated Annual NOI during that time period. We are building on the success of several significant developments completed in 2020 including the final phase of Clancy Quay in Dublin, which is now the largest multifamily community in Ireland at 865 units. Two of our commercial developments in Dublin are also nearing completion, including 20 Kildare Street, which sits adjacent to the Shelbourne Hotel, and Hanover Quay, just steps away from Capital Dock, which will add over 130,000 square feet of new space and have the potential to significantly drive NOI in the near term.

In the U.S., we completed the first phase of development at 38° North in Santa Rosa, California this year, and hit significant construction milestones at the 277-unit The Clara and 234-unit Rosewood multifamily communities in Boise, Idaho, where Kennedy Wilson is now the largest owner of traditional multifamily property. The newly delivered units in Santa Rosa and Boise are leasing up well ahead of business plans, driven by continued population and employment growth in these markets. Particularly in the Mountain States, where Kennedy Wilson has been an early investor, we see a desire by both employers and individuals to seek out housing affordability, a friendly business environment, better infrastructure, and access to the outdoors. These trends that existed for

years leading up to the pandemic were accelerated over the last year as portions of the two largest segments of the population, Baby Boomers and Millennials, sought a higher quality of life in these more affordable regions.

Within our Vintage Housing senior and affordable multifamily housing joint venture, we are on track to grow the platform from 8,000 units today to approximately 10,000 stabilized units over the next three years with minimal equity required from Kennedy Wilson. We have received all of our initial investment back since we originally acquired a 61% interest in Vintage Housing's 5,500 unit portfolio in 2015.

Acquiring High-Quality Real Estate – With travel restricted significantly through 2020, our local, boots-on-the-ground approach to investing in our key markets paid off, particularly with generating our own market intelligence and conducting due diligence. In 2020, we acquired \$442 million of real estate assets, with 74% in the U.S. and 26% in Europe.

Looking ahead, we are targeting property acquisitions in our main target markets – Western U.S., Ireland and the U.K. – where we continue to see favorable long-term structural and economic drivers of demand for multifamily and office investment, including job growth, population growth and great university systems.

We also continue to upgrade the quality of our portfolio by selling non-core assets and investments where we have completed our business plan and then recycle capital into newer, higher-quality assets with better return potential. In 2020, we sold \$1.2 billion of assets, generating \$794 million of cash to Kennedy Wilson and \$326 million in gains on sale. The sale of Club Palisades in December was a good example of our strategy of recycling proceeds into new opportunities with higher potential for NOI growth. We will be using the nearly \$83 million of cash from the sale of the aging community in Federal Way, Washington to recycle into newer multifamily properties across the Mountain States as well as our new development pipeline, where we are projecting to stabilize properties at cap rates well above the rates we can achieve through acquisition.

Maintaining High Levels of Liquidity and Managing Debt – We ended 2020 with the best access to capital in the history of our company and have doubled our cash position since 2018. As of year-end, our liquidity stood at \$1 billion in cash, with \$300 million available on our line of credit and over \$4 billion of purchasing power across our investment platforms. We have less than 2% of our debt maturing in 2021. As I laid out in last year's letter, low global interest rates strengthened our ability to generate interest expense savings through 2020. We took advantage of strength in the bond market and completed a \$1.2 billion unsecured bond offering across two separate tranches, with \$600 million maturing in



265

Room, 5 Star
Luxury Hotel

The Shelbourne

DUBLIN, IRELAND



2029 at 4.75% and \$600 million maturing in 2031 at 5%. This transaction allowed us to fully retire our \$1.15 billion 5.875% 2024 unsecured bonds early and led to approximately \$10 million of interest savings annually while also significantly extending our duration. We have also repaid £280 million (\$390 million) of our £500 million KWE sterling-denominated debt maturing in 2022, further reducing our unsecured debt profile.

Growing our Investment Management Platform

We continued to build on our proven investment management track record in 2020, growing our business with the launch of new partnerships and the creation of entirely new platforms. We increased our fee-bearing capital by 30% to \$3.9 billion, which has now more than doubled since 2018, with a robust pipeline of \$2.2 billion of additional non-discretionary fee-bearing capital to be deployed.

In May, as our team saw a significant pocket of opportunity starting with loan investments secured by high-quality real estate across the Western U.S., we launched a \$2 billion debt platform alongside our long-term partners and, just nine months later, the platform crossed \$1 billion in loans. Since then, we have seen a steady uptick in debt related opportunities and a solid volume of high-quality sponsors showing an appetite for the more nimble, creative approach we are able to offer through Kennedy Wilson's debt platform. We are in a unique position as we have an ownership interest in \$18 billion of assets globally, and

therefore are able to see industry and financing trends across multiple asset classes in real time. We continue to leverage our unique relationship network and monitor transaction activity in our core U.S. markets to uncover new debt investment opportunities.

We also seized on the growing opportunity in the urban logistics market, where we have been an active player for the past decade and launched a \$1 billion platform focused on last-mile urban distribution center investments in Europe alongside Singaporean sovereign wealth fund GIC. Our goal is to build on our track record of raising capital from some of the world's largest pension plans, sovereign wealth funds and insurance companies to grow our fee-bearing capital.

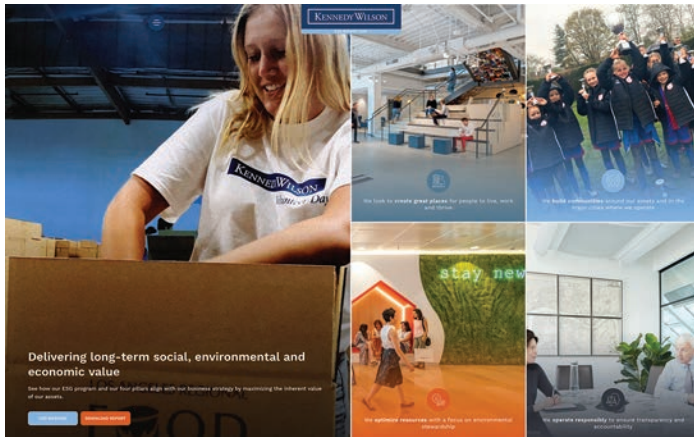
ESG Updates

The far reaching human and economic challenges caused by the pandemic underscored the importance of environmental, social and governance initiatives by companies, and Kennedy Wilson continues to make progress in growing our own ESG program. Giving back to the communities where we do business has always been a core part of our corporate character and that commitment to doing good, through ESG initiatives and operating our business responsibly, was reflected in a recent recognition by Newsweek, which listed Kennedy Wilson as one of the most responsible companies in America in 2021.

It is a direct result of our success that Kennedy Wilson is able to give back to others in such a significant way. In 2020, our commitment didn't waiver, and our support included:

- helping veterans and families of those who have served through the Navy SEAL Foundation and the C4 Foundation;
- providing meals to the Downtown Women's Center to help feed women experiencing homelessness in Los Angeles;
- purchasing medical equipment that will lead to faster diagnoses at Our Lady's Children's Hospital in Ireland;
- expanding access to education through organizations like With Your Shield and the Neighborhood Academic Initiative at USC and Bringing Hope to the Family in Uganda;
- launching a new partnership with Daylight, the recipient of a City of Los Angeles HHH Innovation Challenge award, which will deliver nearly 100 new units of housing for individuals experiencing homelessness in Los Angeles over the next two years.

Embracing diversity and a variety of viewpoints has been a longstanding part of our culture at Kennedy Wilson, and over the past 33 years we have been consistent in our belief that inclusion ultimately drives innovation and performance. I am proud to report that our senior management team consists of 46% women, as well as team members from a variety of backgrounds. We aim to build on our initiatives to



For more details on our ESG initiatives, visit esg.kennedywilson.com

provide advancement opportunities for women and people of diverse backgrounds and I am grateful for the leadership of Kennedy Wilson President Mary Ricks and her contributions to these efforts through her oversight of our ESG Committee as well as Kennedy Wilson Women, which is focused on advancing women in real estate and finance while deepening our industry's talent pool.

We also continue to expand our social impact investing arm through our partnership with Vintage Housing, which provides affordable rental housing for income-qualified families and active seniors. We are on pace

298

Affordable Units

Southside by Vintage

SEATTLE, WASHINGTON



to deliver an additional 2,000 affordable units to the existing 8,000-unit portfolio by 2023, deploying services and environmentally sustainable initiatives to provide high-quality homes that enrich their surrounding communities. We are proud to provide seed capital to Langdon Park Capital, a newly launched institutional real estate investment company led by veteran J.P. Morgan finance executive and former NFL player Malcolm Johnson, that will address the chronic undersupply of high-quality real estate in diverse communities throughout the country. Our support for Malcolm and the Langdon Park Capital team reflects our shared values, our emphasis on investing alongside good people and our deep desire to help create value and solutions that make our communities stronger.

It is with profound sadness that I share the recent passing of Kennedy Wilson Board Member and my dear friend of over 40 years, John Taylor. John was a legend in the financial institution accounting world and throughout his impressive career he provided professional accounting and auditing services to countless commercial banks, savings and loans, mortgage banks, mutual funds, trust companies, real estate investment trusts, business development companies and finance companies. Prior to his retirement in 2011, John served as a senior audit partner in KPMG LLP's financial services practice group, where he worked for 38 years. He was the lead audit engagement partner on nearly all of KPMG's significant public banking and finance clients in Southern California, and

through it all was uniquely focused on sharing his talents with others. His contributions made a significant impact on Kennedy Wilson's success and the success of other companies, but more importantly, he impacted the lives of so many individuals through the mentorship he provided. We will remember John for his kindness, the calmness he always exuded, and his perpetual smile. We will miss him every day.

Lastly, I want to express my gratitude to all of our Kennedy Wilson teammates for their commitment to our success, our board members for their leadership and counsel, our shareholders, lenders, and our partners for the capital support we need to grow our business. As we turn the page on a unique year, we are optimistic about 2021 and looking forward to another great year of accomplishments at Kennedy Wilson.

William J. McMorrow
Chairman and Chief Executive Officer



The Grange
Dublin, Ireland
274 Multifamily Units

Multifamily

Kennedy Wilson pursues multifamily acquisition opportunities where we can unlock value through a myriad of strategies, including institutional management, asset rehabilitation, repositioning and creative recapitalization. We focus primarily on apartments in supply-constrained, infill markets. We currently hold investments in more than 30,000 multifamily units located throughout the Western U.S. (primarily Seattle, Salt Lake City, Boise, Greater Los Angeles and the San Francisco Bay Area) and Dublin, Ireland.

30,000
Multifamily Units



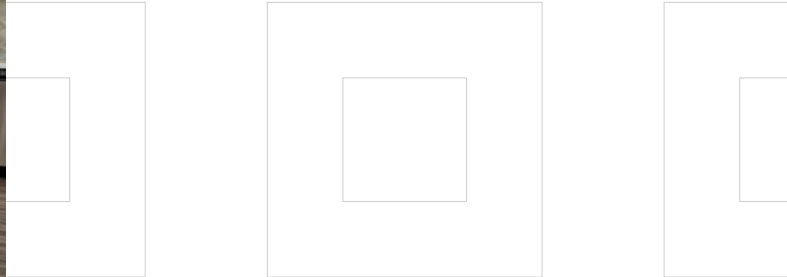


Rosewood Premier
Boise, Idaho
66 Multifamily Units

Clancy Quay
Dublin, Ireland
865 Multifamily Units



Steamboat by Vintage
Reno, Nevada
360 Affordable Units



The Clara
Boise, Idaho
277 Units
Multifamily Development

10 Hanover Quay
Dublin, Ireland
69,000 Square-Foot
Commercial Development



Commercial

We source, acquire, and finance various types of commercial real estate including office, industrial, and retail assets. After acquisition, the properties are generally repositioned to enhance market value. Assets are either sold as part of property-specific investment strategies designed to deliver above-market returns to our clients and shareholders or held if producing above average returns. Kennedy Wilson owns interests in 161 commercial properties located primarily in the Western U.S., United Kingdom and Ireland.

161
Commercial
Properties

22M
Square Feet



Kona Village
Kailua-Kona, Hawaii
150-Key Iconic Hotel Redevelopment



20 Kildare Street
Dublin, Ireland
64,000 Square-Foot
Commercial Development

Coopers Cross Development
Dublin, Ireland
394,000 Commercial Square Feet
472 Multifamily Units



Mixed-Use

Kennedy Wilson's mixed-use projects focus on place making by integrating high-quality housing and offices with best-in-class amenities and public spaces to bring underutilized sites to life. Our projects are located in close range of city centers, with easy access to public transportation and within markets experiencing long-term structural and economic drivers of demand, including job growth, population growth and strong university systems that generate a talented pool of workers.



The Art of Coffee
Dublin, Ireland



BrewDog
Dublin, Ireland



Capital Dock
Dublin, Ireland
243,000 Commercial Square Feet
190 Multifamily Units





Stockley Park
Heathrow, United Kingdom
54,000 Square-Foot Office Campus

KENNEDY WILSON

Financial Report 2020

Financial Report

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Business

Company Overview

Kennedy Wilson is a global real estate investment company. We own, operate and develop real estate with the objective of maximizing earnings over the long run for ourselves and our equity partners. We focus primarily on multifamily and office properties located in the Western United States, United Kingdom, and Ireland. As of December 31, 2020, we have 202 employees in 12 offices primarily located throughout the United States, the United Kingdom, Ireland and Spain. As of December 31, 2020, our Real Estate Assets under Management (“AUM”) are at \$17.6 billion. The real estate that we hold in our global portfolio consists primarily of (51%) multifamily apartments and (49%) commercial properties based on Consolidated NOI and JV NOI. Geographically, we focus on the (58%) Western United States, the (21%) United Kingdom and (17%) Ireland (including 4% in other).

Our investment activities involve ownership of 10,350 multifamily units, 8.6 million square feet of commercial space and one hotel that are consolidated on our financial statements with revenues of \$417.8 million and, consolidated net operating income (“Consolidated Portfolio NOI”) of \$262.3 million during the year ended December 31, 2020 and AUM of \$7.2 billion. Our ownership interests in such consolidated properties make up our Consolidated Portfolio (“Consolidated Portfolio”) business segment as discussed in detail throughout this report.

In addition to investing our shareholder’s capital, we invest capital on behalf of our partners in real estate and real estate related assets through our Co-investment Portfolio (“Co-investments Portfolio”). This fee-bearing capital represents total third-party committed or invested capital that we manage in our joint ventures and commingled funds that entitle us to earn fees, including without limitation, asset management fees, construction management fees, acquisition and disposition fees and/or promoted interest, if applicable. As of December 31, 2020, our fee-bearing

capital was \$3.9 billion and we recognized \$22.5 million in recurring investment management fees and \$2.6 million of performance fees from equity partners in these vehicles during the year ended December 31, 2020. We generally invest our own capital alongside our equity partners in these joint ventures and commingled funds that we manage. As of December 31, 2020, we held ownership interests in 9,509 market rate multifamily units, 9,982 affordable rate multifamily units, 13.3 million square feet of commercial space, two hotels and \$795.8 million of real estate debt (of which our share was \$95.1 million), all of which are held through joint ventures and three commingled funds that we manage (which are represented as unconsolidated investments on our financial statements). For the year ended December 31, 2020, these joint ventures and commingled funds that we manage generated revenues and JV NOI of \$162.2 million and \$102.5 million, respectively, and had an AUM of \$10.4 billion as of December 31, 2020. In our Co-investments Portfolio 88% of our carrying value is accounted for at fair value. Our interests in such joint ventures and commingled funds and the fees that we earn from such vehicles make up our Co-investments Portfolio segment as discussed in detail throughout this report.

In addition to our income-producing real estate, we also engage in development, redevelopment and value add initiatives through which we enhance cash flows or reposition assets to increase value. Our total share of development project costs with respect to these investments are estimated at \$696.0 million over the next four years. These costs are generally financed by cash from our balance sheet, capital provided by partners (if applicable), cash flow from the investment and construction loans. Cost overrun risks are reduced by detailed architectural plans, guaranteed price contracts and supervision by expert Company executives and personnel. When completed, the construction loans are generally replaced by long-term mortgage financing. See additional detail in the section titled Development and Redevelopment below.

Investment Approach

The following is our investment approach:

- Identify countries and markets with an attractive investment landscape
 - Establish operating platforms in our target markets
 - Develop local intelligence and create long-lasting relationships, primarily with financial institutions
 - Leverage relationships and local knowledge to drive proprietary investment opportunities with a focus on off-market transactions that we expect will result in above average cash flows and returns over the long term
- Acquire high quality assets, either on our own or with strategic partners
 - Reposition assets to enhance cash flows post-acquisition
 - Explore development opportunities on underutilized portions of assets, or acquire development assets that fit within our overall investment strategy
 - Continuously evaluate and selectively harvest asset and entity value through strategic realizations using both the public and private markets

During the last five years, occupancy, NOI, Adjusted EBITDA and fee-bearing capital of the Company was as follows (at share):

	Year Ended December 31,				
(\$ in millions, except fee bearing capital which \$ in billions)	2020	2019	2018	2017	2016
Multifamily Occupancy	95.2%	94.4%	94.7%	93.8%	93.8%
% change	0.8%	(0.3)%	1.0%	—%	—%
Commercial Occupancy	93.4%	93.3%	94.2%	94.2%	91.6%
% change	0.1%	(1.0)%	—%	2.8%	—%
Consolidated NOI ⁽¹⁾	262.3	305.2	368.3	242.0	189.4
% change	(14.1)%	(17.1)%	52.2%	27.8%	—%
JV NOI ⁽¹⁾	102.5	77.8	55.3	48.1	51.1
% change	31.7%	40.7%	15.0%	(5.9)%	—%
Adjusted EBITDA ⁽¹⁾	608.0	728.1	712.7	455.7	349.9
% change	(16.5)%	2.2%	56.4%	30.2%	—%
Fee-bearing capital ⁽²⁾	3.9	3.0	2.2	1.8	1.6
% change	30.0%	36.4%	22.2%	12.5%	—%

⁽¹⁾ Please refer to "Certain Non-GAAP Measures and Reconciliations" for a reconciliation of certain non-GAAP items to U.S. GAAP.

⁽²⁾ Amounts in fee-bearing capital exclude \$1.4 billion as of December 31, 2016 relating to KWE prior to it being wholly-owned.

The table below highlights some of the Company's performance metrics over the past five years:

	Year Ended December 31,				
(In millions, except per share amounts)	2020	2019	2018	2017	2016
Statements of income data and dividends:					
Revenue	\$ 450.9	\$ 569.7	\$ 773.5	\$ 801.8	\$ 690.4
Net income to Kennedy-Wilson Holdings Inc. common shareholders ⁽¹⁾	92.9	224.1	150.0	100.5	2.8
Basic income per share	0.66	1.60	1.04	0.83	0.01
Dividends declared per share of common stock	0.88	0.85	0.78	0.70	0.56
Adjusted EBITDA ⁽²⁾	608.0	728.1	712.7	455.7	349.9
Adjusted EBITDA annual increase (decrease)	(16)%	2%	56%	30%	
Adjusted Net Income ⁽²⁾	306.9	442.5	397.0	242.5	191.3
Adjusted Net Income annual increase (decrease)	(31)%	11%	64%	27%	

	As of December 31,				
	2020	2019	2018	2017	2016
Balance sheet data:					
Cash and cash equivalents	\$ 965.1	\$ 573.9	\$ 488.0	\$ 351.3	\$ 885.7
Total assets	7,329.0	7,304.5	7,381.8	7,724.8	7,656.6
Mortgage debt	2,589.8	2,641.0	2,950.3	3,156.6	2,770.4
KW unsecured debt	1,332.2	1,131.7	1,202.0	1,179.4	934.1
KWE unsecured bonds	1,172.5	1,274.2	1,260.5	1,325.9	1,185.7
Kennedy Wilson equity	1,644.5	1,678.7	1,246.7	1,365.6	1,048.0
Noncontrolling interests	28.2	40.5	184.5	211.9	1,295.1
Total equity	1,672.7	1,719.2	1,431.2	1,577.5	2,343.1
Common shares outstanding	141.4	151.6	143.2	151.6	115.7

⁽¹⁾ GAAP Net Income to Common Shareholders for the year ended December 31, 2017, includes a one-time tax benefit of \$44.8 million that was recorded in the quarter ended December 31, 2017, or \$0.38 per share.

⁽²⁾ See Non-GAAP Measures and Certain Definitions and "Management's Discussion and Analysis of Financial Condition and Results of Operations-Non-GAAP measures" for a description of adjusted EBITDA and adjusted net income and a reconciliation of these metrics to net income as reported under GAAP.

Business Segments

Our operations are defined by two business segments: our consolidated investment portfolio (the “Consolidated Portfolio”) and our co-investment portfolio (the “Co-Investment Portfolio”)

- Our Consolidated Portfolio consists of the investments in real estate and real estate-related assets that we have made and consolidate on our balance sheet. We typically wholly-own the assets in our Consolidated Portfolio.
- Our Co-investment Portfolio consists of (i) the co-investments in real estate and real estate-related assets, including loans secured by real estate, that we have made through the commingled funds and joint ventures that we manage; and (ii) the fees (including, without limitation, asset management fees, construction management fees and performance fees) that we earn on our fee bearing capital. We typically have a 5–50% ownership interest in the assets in our Co-investment Portfolio. We have a weighted average ownership of 39% as of December 31, 2020.

In addition to our two primary business segments our Corporate segment includes, among other things, our corporate overhead and our property services group (prior to the sale of the group in October 2020).

Segment Presentation

We evaluate our reportable segments in accordance with the guidance of ASC Topic 280, *Segment Reporting*. We had historically presented Investments and Services as our two main operating segments. As we have expanded on our separate account and commingled fund platforms, we determined that the segment presentation detailed herein is more indicative to how the business is being run and evaluated by the chief operating decision makers. For additional detail with respect to the impact of this change see Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations, and Note 16 of the Company’s audited financial statement for the year ended December 31, 2020.

Consolidated Portfolio

Our Consolidated Portfolio is a permanent capital vehicle focused on maximizing property cash flow. These assets are primarily wholly-owned and tend to have longer hold periods and we target investments with accretive asset management opportunities. We typically focus on office and multifamily assets in the Western United States and commercial assets in the United Kingdom and Ireland within this segment.

The non-GAAP table below represents a summarized balance sheet of our Consolidated Portfolio as of December 31, 2020 and December 31, 2019. This table does not include amounts from our corporate segment such as corporate cash and the KWH Senior Notes.

	December 31, 2020	December 31, 2019
(\$ in millions)		
Cash ⁽¹⁾	\$ 733.2	\$ 338.8
Real estate	4,720.5	5,080.2
Accounts receivable and other assets	146.5	198.3
Total Assets	\$ 5,600.2	\$ 5,617.3
Accounts payable	28.9	18.4
Accrued expenses	184.5	210.3
Mortgage debt	2,589.8	2,641.0
KWE bonds	1,172.5	1,274.2
Total Liabilities	3,975.7	4,143.9
Equity	\$ 1,624.5	\$ 1,473.4

⁽¹⁾ Excludes \$231.9 million and \$235.1 million as of December 31, 2020 and December 31, 2019 of corporate non-property level cash.

Co-Investments Portfolio

We utilize different platforms in the Co-investment Portfolio segment depending on the asset and risk return profiles.

The table below represents the carrying value of balance sheet of our Co-Investment Portfolio at our share of the underlying investments as of December 31, 2020 and December 31, 2019. The Co-Investment Portfolio consists of our unconsolidated investments as well as our loan investments which are included within other assets on our consolidated financials.

	December 31, 2020	December 31, 2019
(\$ in millions)		
Cash	\$ 77.3	\$ 60.7
Real estate	2,654.4	2,461.5
Loans	107.1	13.4
Accounts receivable and other assets	205.0	222.1
Total Assets	\$ 3,043.8	\$ 2,757.7
Accounts payable and accrued expenses	64.6	85.6
Mortgage debt	1,582.8	1,337.5
Total Liabilities	1,647.4	1,423.1
Equity	\$ 1,396.4	\$ 1,334.6

Commingled funds—We currently have three closed end funds that we manage and through which we receive investment management fees. We focus on sourcing investors in the U.S., Europe and Middle East and target investments in the U.S. and Europe with respect to our commingled funds. Each of our funds have, among other things, defined investment guidelines, investment hold periods and target returns. Currently our U.S. based funds focus on value-add properties that have an expected hold period of 5 to 7 years. Our European fund focuses on value add commercial properties in the United Kingdom and Ireland that also have expected hold periods of 5 to 7 years. As of December 31, 2020, our weighted average ownership interest in the commingled funds that we manage was 12%.

Separate accounts—We have several equity partners whereby we act as the general partner and receive investment management fees including acquisition, disposition, financing, construction management, performance and other fees. In addition to acting as the asset manager and general partner of those joint ventures, we are also a co-investor in these properties. Our separate account platforms have defined investment parameters such as asset types, leverage and return profiles and expected hold periods. As of December 31, 2020, our weighted average ownership interest in the various joint ventures that we manage was 45%.

VHH—Through our Vintage Housing Holdings (“VHH”) partnership we acquire and develop income and age restricted properties. See a detailed discussion of this business in the Multifamily section below.

Investment Types

The following are the product types we invest in through our Consolidated Portfolio and Co-Investment Portfolio segments:

Multifamily

We pursue multifamily acquisition opportunities where we can unlock value through a myriad of strategies, including institutional management, asset rehabilitation, repositioning and recapitalization. We focus primarily on apartments in supply-constrained, infill markets.

As of December 31, 2020, we hold investments in 116 assets that include 10,350 consolidated multifamily apartment units and 9,509 units within our market rate Co-Investment Portfolio and 9,982 affordable units in our VHH platform. Our largest Western United States multifamily regions are the Pacific Northwest, primarily the greater Seattle area and Portland, and the Mountain States region, which includes Utah, Idaho, Montana, Colorado and Nevada. The remainder of the Western United States portfolio is located in Northern and Southern California. In Ireland we focus on Dublin city center and the suburbs of the city.

Our asset management strategy entails installing strong property management teams to drive leasing activity and upkeep of the properties. We also add amenities designed to promote health and wellness, celebrate local and cultural events and enhance the lives of residents living in our communities. We also incorporate spaces for rest and socialization across our global multifamily portfolio, including clubhouses, fitness centers, business suites, outdoor play areas, pools and dog parks.

Multifamily—Affordable Housing

Through our VHH platform we also focus on affordable units based on income or age restrictions. With homes reserved for residents that make 50%–60% of the area’s median income, VHH provides an affordable long-term solution for qualifying working families and active senior citizens, coupled with modern amenities that are a hallmark of our traditional multifamily portfolio. Fundamental to our success is a shared commitment to delivering quality affordable homes and building communities that enrich residents’ lives, including providing programs such as social support groups, after-school programs, transportation assistance, computer training, and wellness classes.

VHH typically utilizes tax-exempt bond financing and the sale of federal tax credits to help finance its investments. We are entitled to 50% of the operating cash flows from the VHH partnership in addition to any investing distributions we receive from federal tax credits or refinancing activity at the property level. We invested the time to understand Vintage Housing’s culture and business model and saw them as a natural partner as we expanded into this growing sector.

When we acquired VHH in 2015, the portfolio consisted of 5,485 units. As of December 31, 2020, the VHH portfolio includes 8,017 stabilized rental units with another 1,965 units currently under stabilization, development or undergoing entitlements in the Western United States. We acquired our ownership interest in VHH in 2015 for approximately \$80.0 million. As of December 31, 2020 we have contributed an additional \$87.9 million into VHH and have received \$202.1 million in cash distributions. VHH is an unconsolidated investment that we account for using the fair value option which had a carrying value of \$142.9 million as of December 31,

2020. We have recorded \$130.8 million worth of fair value gains on our investment in VHH including \$11.5 million during the year ended December 31, 2020.

Commercial

Our investment approach for office acquisition criteria differs across our various investment platforms. For our Consolidated Portfolio we look to invest in large high quality properties with high replacement costs. In our separate account portfolios our partners have certain characteristics whether it be location, financing (unencumbered properties) or hold period. The commingled funds typically look for opportunities that have a value-add component that can benefit from our asset management expertise. We do not typically own high-rise buildings in city centers and we instead look to invest in mid-to-low rise buildings in areas adjacent to city centers and suburban markets. After acquisition, the properties are generally repositioned to enhance market value.

Our retail portfolio has different characteristics based on the geographic markets wherein the properties are located. In Europe, we have a mixture of high street retail, suburban shopping centers and leisure assets which are mainly located in the United Kingdom as well as Dublin and Madrid. In our Western United States retail portfolio, we invest in shopping centers that are generally grocery anchored.

Our industrial portfolio consists mainly of distribution centers located in the United Kingdom.

As of December 31, 2020, we hold investments in 161 commercial properties, totaling over 21.9 million square feet, predominately in the United Kingdom and Ireland with additional investments in the Pacific Northwest, Southern California, Spain and Italy. Our Consolidated portfolio consisted of 8.6 million square feet while our Co-Investment portfolio consists of 13.3 million square feet.

Development and redevelopment

We have a number of development, redevelopment and entitlement projects that are underway or in the planning stages. Unlike the residential projects that are held for sale and described in the *Residential and Other* section below, these initiatives

may ultimately result in income-producing assets. As of December 31, 2020, we are actively developing 1,529 multifamily units, 0.6 million commercial rentable square feet and 150 hotel rooms. If these projects are brought to completion, the Company’s estimated share of the total capitalization of these projects would be approximately \$1.1 billion (approximately 36% of which has already been funded), which we expect would be funded through our existing equity, third party equity, project sales, tax credit financing and secured debt financing. This represents total capital over the life of the projects and is not a representation of peak capital and does not take into account any distributions over the course of the investment. We and our equity partners are under no obligation to complete these projects and may dispose of any such assets after adding value through the entitlement process. Please also see the section titled “*Liquidity and Capital Resources—Development and redevelopment*” in the Management’s Discussion and Analysis of Financial Condition and Results of Operations for additional detail on these investments.

Real Estate Debt

In the second quarter of 2020, we formed a \$2 billion platform (“KW/FF debt platform”) with Fairfax Financial Holdings Limited (“Fairfax”) that pursues first mortgage loans secured by high-quality real estate in the Western U.S., Ireland and the United Kingdom. In our role as asset manager, we will earn customary management and performance fees. We will also invest alongside Fairfax in these loans with an ownership interest between 10% to 25%. We currently expect that these investments will all be made without the use of any leverage. Since its inception to December 31, 2020, we closed on \$497.0 million of loans in the platform, our share of which is \$73.1 million.

In addition to the KW/FF debt platform we acquire performing and non-performing loans and/or originate loans secured by real estate on our own or with other partners. As of December 31, 2020, we held interests in 16 loans with an average interest rate of 6.4% per annum and a carrying value of \$95.1 million located in the Western United States and are primarily invested through our Co-investment Portfolio consisting of loans within the KW/FF debt platform and with other partners.

In addition to interest income we earn on loans we also earn customary asset management fees from our partners for managing loan investments.

Our current loan portfolio including the KW/FF debt platform is focused on performing loans. However, if market conditions deteriorate, we expect more opportunities to arise in acquiring loan portfolios at a discount from their contractual balance due as a result of deteriorated credit quality of the borrower or market conditions. Such loans are underwritten by us based on the value of the underlying real estate collateral. Due to the discounted purchase price for such loans, we seek, and are generally able to, accomplish near term realization of the loan in a cash settlement or by obtaining title to the property. Accordingly, the credit quality of the borrower is not of substantial importance to our evaluation of the risk of recovery from such investments.

Hotel

We acquire hotels in certain opportunistic situations in which we are able to purchase at a discount to replacement cost or can implement our value-add investment approach. As of December 31, 2020, we owned one consolidated operating hotel with 265 hotel rooms located in Dublin, Ireland. Additionally, in our Co-investment Portfolio, we have a five-star resort development that will contain 150 rooms in Kona, Hawaii and a hotel property in Hawaii that consists of 72 rooms which is owned in one of our commingled funds.

Residential and Other

In certain cases, we may pursue for-sale housing acquisition opportunities, including land for entitlements, finished lots, urban infill housing sites and partially finished and finished housing projects. On certain income-producing acquisitions, there are adjacent land parcels for which we may pursue entitlement activities or, in some cases, development or re-development opportunities.

This group also includes our investment in liquid non-real estate investments which include investment funds that hold marketable securities and private equity investments.

As of December 31, 2020, we hold 20 investments which are primarily comprised of 239 residential units/lots and 3,881 acres located in Hawaii and the Western United States. As of December 31, 2020, these investments had a Gross Asset Value of \$293.5 million and the Company had a weighted average ownership in such of investments of 72%. These investments are in various stages of completion, ranging from securing the proper entitlements on land positions to sales of units/lots.

Fair Value Investments

As of December 31, 2020, \$1.1 billion or 88% of our investments in unconsolidated investments (16% of total assets) are held at estimated fair value. As of December 31, 2020, there were cumulative fair value gains of \$262.6 million which comprises 23% of the \$1.1 billion carrying value of fair value unconsolidated investments that are currently held. Our investment in VHH is our largest unconsolidated investment held at estimated fair value and was held at \$142.9 million and \$142.8 million as of December 31, 2020 and 2019, respectively. Fair value changes consist of changes in the underlying value of properties and associated mortgage debt as well as foreign currency fluctuations (net of any hedges) for non-dollar denominated investments. During the year ended December 31, 2020, we recognized \$49.9 million of fair value gains and performance fees on unconsolidated investments.

In determining these estimated fair market values, we use discounted cash flow models that estimate future cash flows (including terminal values) and discount those cash flows back to the current period. The accuracy of estimating fair value for investments cannot be determined with precision and cannot be substantiated by comparison to quoted prices in active markets and may not be realized in a current sale or immediate settlement of the asset or liability. Additionally, there are inherent uncertainties in any fair value measurement technique, and changes in the underlying assumptions used, including capitalization rates, discount rates, liquidity risks, and estimates of future cash flows could significantly affect the fair value measurement amounts. As such, below are ranges of the key metrics included in determining these estimated values.

	Estimated Rates Used For	
	Capitalization Rates	Discount Rates
Multifamily	3.80%–5.75%	5.75%–8.15%
Office	4.00%–7.00%	5.00%–9.00%
Retail	5.00%–8.75%	7.50%–11.25%
Hotel	6.00%	7.50%–8.25%
Residential	N/A	12.00%

In valuing indebtedness, the Company considers significant inputs such as the term of the debt, value of collateral, market loan-to-value ratios, market interest rates and spreads, and credit quality of investment entities. The credit spreads used by Kennedy Wilson for these types of investments range from 0.37% to 4.90%.

There is no active secondary market for our development projects and no readily available market value given the uncertainty of the amount and timing of future cash flows. Accordingly, our determination of fair value of our development projects requires judgment and extensive use of estimates. Therefore, we typically use investment cost as the estimated fair value until future cash flows become more predictable. Additionally, the fair value of our development projects may differ significantly from the values that would have been used had a market existed for such investments and may differ materially from the values that we may ultimately realize. If we were required to liquidate an investment in a forced or liquidation sale, we could realize significantly less than the value at which we have recorded it. In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized or incurred on these investments to be different than the unrealized gains or losses reflected in the currently assigned valuations.

We continue to assess the impact of the COVID-19 pandemic and its impact on the fair value of investments. Valuations of our assets that are reported at fair value and the markets in which they operate, to date, have not been significantly impacted by the COVID-19 pandemic as there has been little disruption to projected cash flows or market driven inputs on the underlying properties. As a result of the

rapid development, fluidity and uncertainty surrounding this situation, we expect that information with respect to fair value measurement may change, potentially significantly, going forward and may not be indicative of the actual impact of the COVID-19 pandemic on its business, operations, cash flows and financial condition for the year ended December 31, 2020 and future periods.

Value Creation

Our differentiated and unique approach to investing is the cornerstone of how we create value for our shareholders. Our investment philosophy is based on three core fundamentals:

- Leverage our global footprint and complementary investment and investment management businesses to identify attractive investment markets across the world.
- Selectively invest in opportunities across many real estate product types with a goal of maximizing cash flow and risk-adjusted return on capital.
- Actively manage assets and finance our assets in a manner designed to generate stable, predictable and growing cash flows for shareholders and clients.

Kennedy Wilson is able to create value for its shareholders in the following ways:

- We are able to identify and acquire attractive real estate assets across many markets, in part due to the significant proprietary deal flow driven from an established global network of industry relationships, particularly with financial institutions. This can create value by allowing us to maintain and develop a large pipeline of attractive opportunities.
- Our operating expertise allows us to focus on opportunistic investments where we believe we can increase the value of assets and cash flows and include transactions with distressed real estate owners or lenders seeking liquidity, or purchases of under-managed or under-leased assets, and repositioning opportunities.

- We have been able to create place-making areas in our investment locations where we are able to make multiple investments in a particular city either through direct investments or development initiatives that further drives interest in the area.
- Many times, these investments are acquired at a discount to replacement cost or recent comparative sales, thereby offering opportunities to achieve above average total returns. In many cases, this may lead to significant additional returns, such as a promoted interest (where we have partners), based on the performance of the assets.
- Our long-lasting and deep relationships with financial institutions allow us to refinance loans to reduce interest rates and/or increase borrowings due to property appreciation and thereby obtain cash flow to use for new investments. We generally implement this strategy after our value-add initiatives have been executed, thus allowing us to maintain moderate levels of leverage.
- We have been able to attract third party capital due to our ability to generate above-market returns for our partners, diversity of geographic markets and investment product types as well as our flexibility in structuring deals through funds, separate accounts and equity partner arrangements.
- We understand that real estate is cyclical. Our management team employs a multi-cyclical approach that has resulted in our AUM being globally diversified across many sectors of real estate while maintaining a healthy liquidity position and adequate access to capital.

Competitive Strengths

We have a unique platform from which to execute our investment and investment management strategy. The combination of an investment and investment management platforms provides several competitive strengths when compared to other real estate buyers and asset managers operating stand-alone or investment-focused firms and may allow us to generate superior risk-adjusted returns. Our investment strategy focuses on investments that offer significant appreciation potential through intensive asset management, leasing, repositioning, redevelopment

and the opportunistic use of capital. We differentiate ourselves from other firms in the industry with our full service, investment-oriented structure.

Our competitive strengths include:

- *Transaction experience:* Our senior management team has an average of 25 years of real estate experience and has been working and investing together on average for over 10 years. Members of the senior management team have collectively acquired, developed and managed in excess of \$30 billion of real estate investments in the United States, the United Kingdom, Ireland, Spain, Italy and Japan throughout various economic cycles, both at our Company and throughout their careers.
- *Extensive relationship and sourcing network:* We leverage our relationships in order to source off-market deals. In addition, the senior management team and our acquisition team have transacted deals in nearly every major metropolitan market on the West Coast of the United States, as well as in the United Kingdom, Ireland, Spain, Italy and Japan. Their local presence and reputation in these markets have enabled them to cultivate key relationships with major holders of property inventory, in particularly financial institutions, throughout the real estate community.
- *Structuring expertise and speed of execution:* Prior acquisitions completed by us have taken a variety of forms, including direct property investments, joint ventures, exchanges involving stock or operating partnership units, participating loans and investments in performing and non-performing mortgages at various capital stack positions with the objective of long-term ownership. We believe we have developed a reputation of being able to quickly execute, as well as originate and creatively structure acquisitions, dispositions and financing transactions.
- *Strategic partnerships:* Through our relationships and transaction experience we have been able to establish various strategic partnerships with a variety of different companies and institutions in which we are highly collaborative and

aligned with our partners in the deals. Coupled with our ability to structure acquisitions in a variety of ways that fit the needs of our strategic partners we have been able to access various forms of capital due to our experience and versatility.

- *Vertically integrated platform for operational enhancement:* We have 202 employees in 12 offices throughout the United States, the United Kingdom, Ireland, Spain and Jersey. We have a hands-on approach to real estate investing and possess the local expertise in property and asset management, leasing, construction management, development and investment sales, which we believe enable us to invest successfully in selected submarkets.
- *Calculated risk taking:* We underwrite our investments based upon a thorough examination of property economics and a critical understanding of market dynamics and risk management strategies. We conduct an in-depth sensitivity analysis on each of our acquisitions. This analysis applies various economic scenarios that include changes to rental rates, absorption periods, operating expenses, interest rates, exit values and holding periods. We use this analysis to develop our disciplined acquisition strategies.
- *Management's alignment with shareholders:* As of December 31, 2020, our directors and executive officers and their respective affiliates owned an aggregate of approximately 13% of the outstanding shares of our common stock. Due to management team's ownership interest in the Company its interests are in alignment with common shareholders of the Company and gives us an owner's mentality on the investments we own and manage.

The real estate business is cyclical. Real estate cycles are generally impacted by many factors, including availability of equity and debt capital, borrowing cost, rent levels, and asset values. Our strategy has resulted in a strong track record of creating both asset and entity value for the benefit of our shareholders and partners over these various real estate cycles.

Environmental, Social and Governance (ESG)

Kennedy Wilson's approach to ESG aligns with our business strategy by maximizing the inherent value of our assets and delivering long-term social, environmental and economic value across our portfolio and to our key stakeholders. Globally, we create offices and homes that provide space for social interaction and exercise, as well as tenant engagement programs to create healthy environments for employees and residents who live and work in our buildings. We aim to strengthen the communities around us by providing public spaces and amenities, protecting heritage aspects of our buildings and supporting local philanthropic initiatives through the Kennedy Wilson Charitable Foundation, which awarded approximately \$2 million in grants and gifts in 2020. Recognizing the need for affordable, high-quality housing across the West Coast, Kennedy Wilson is delivering 10,000 affordable units for residents that make 50%–60% of the area's median income through a joint venture with VHH.

We take a building-by-building approach to optimizing resources, first through measuring usage, identifying cost-efficient initiatives and then upgrading systems within our broader asset management programs. In 2020, we reached our goal of 33% carbon emissions reduction in our Europe portfolio vs. baseline, and our utility measurement program continues to expand with our directly managed U.S. commercial and multifamily portfolio now included in our global monitoring system. Kennedy Wilson is a member of the U.S. Green Building Council and commits to targeting sustainability certifications under LEED for our major remodel and ground-up commercial development projects globally, as well as BREEAM, NZEB, fitwel and WELL Building Standard certifications for our large-scale mixed-use projects in Ireland and the U.K.

We operate responsibly to ensure business-wide transparency and accountability, with a focus on empowering people and providing a healthy work environment for our employees. In addition to providing significant employee benefits and training opportunities, we strive to maintain a diverse corporate culture that includes people who represent different viewpoints and historical perspective. As a result of our efforts, Kennedy Wilson earned recognition as one of the Most Responsible Companies in America by Newsweek in 2020.

Industry Overview

Key Investment Markets

Western United States

In 2020, the onset of the COVID-19 pandemic created unprecedented economic challenges. As the economy was forced to lockdown, GDP decreased by 31.4% in Q2 on an annualized basis. In turn, transactions in the US real estate market fell sharply, with volumes decreasing by 68% according to Real Capital Analytics. In March, congress passed a \$2.2 trillion economic stimulus package that helped stabilize the economy. The year ended with the election of a new President and renewed optimism that COVID-19 vaccines would soon be made available and would help to control the global pandemic. GDP is currently expected to rebound in 2021 but will depend on if the COVID-19 pandemic can be resolved through widespread vaccination.

As a result of the pandemic and the ability of individuals to work from home, vacancy rates in higher cost Class A apartments were impacted more significantly than suburban Class B communities. The desire of renters to leave high cost urban apartments to more affordable suburban options has resulted in continued population growth into areas such as the Mountain States and out of large western U.S. coastal cities. The suburban markets are expected to continue to perform strongly in 2021 due to a number of factors, including the continuing ability to work remotely and the desire for more space. According to CBRE, investment volume in multifamily is expected to increase in 2021, supported by the continuation of low yields. Kennedy Wilson's U.S. multifamily portfolio is largely comprised of garden style communities with approximately 90% of our portfolio located in suburban markets. The Company has shifted its market-rate portfolio to the Mountain states, which now is the largest market-rate region by unit count and primarily consists of its assets in Utah, Idaho, and Nevada.

A large impact of pandemic was the shift for many U.S. office occupiers to remote working. Companies are expected to begin returning to the office in 2021 after vaccines have been made widely available to the general public. The usage of office is expected to continue to be re-evaluated as a result of the pandemic. Many companies

have discussed incorporating more flexible space, additional amenity offerings and a lower density configuration, while also potentially adopting a hybrid work style. Kennedy Wilson's U.S. office portfolio is primarily located in Southern California and the Greater Seattle market. The majority of the U.S. office is owned with partners through the Company's co-investment segment.

Housing affordability has reached crisis levels across much of the Western U.S., with rapidly growing cities, such as Seattle, facing a dearth of affordable housing options. This not only impacts the delivery of vital public services as workers are priced out of local areas, it also puts stress on the social fabric of cities and neighborhoods.

Hawaii

The Hawaiian economy was significantly impacted by the COVID-19. Travel to Hawaii by visitors in 3Q-20 decreased by over 97%, and estimates for the year totaled 2.7 million visitors to Hawaii in 2020, a decrease of 73.7% compared to 2019. The Hawaiian economy is expected to rebound in 2021, as tourism to the island should improve with over 6 million visitors expected in 2021.

United Kingdom

The U.K. economy showed increased resilience in the second half of 2020, despite a challenging landscape that began the year with the withdrawal from the European Union, followed by the impacts of the COVID-19 global pandemic resulting in two national lockdowns. A contraction of only 2.6% during the second lockdown in November compared to 20% during the first lockdown in April and a steady and stronger than expected growth in output between these two periods. GDP contracted by 9.9% overall in 2020. Despite the economic contraction, the U.K. unemployment rate is expected to finish the year at 5.2%, an increase of only 1.3% compared to the end of last year, owing to strong government interventions. Fiscal policy remains supportive with an extension of the furlough program, helping to reduce job losses.

The impact of COVID-19 was felt across U.K. investment volumes, which finished 2020 at £42 billion, down 21% compared to 2019. The year finished with almost 40%

of total investment volumes (£16.5 billion) invested in Q4. Offices remained supported by a transparent investment environment and strong foreign investments into the U.K., making up 55% of the total investment volume.

South East office investment volumes reached £1.9 billion in 2020, which saw a flurry of investment deals complete in Q4. Although this is 12% less than in 2019, market performance in the South East compares well to the average decrease across the UK. Vacancy of 6.8% remains below the 10-year average of 7.3%, with new and grade A vacancies sitting at 5.2%. The industrial and logistics sectors remained the strongest performers, establishing 2020 as a record year with total investment volumes reaching £8 billion, with fourth quarter investment volumes up 2.5 times on the previous quarter and contributing to more than half of total transactions for the year. The occupier market reflected strong demand-supply dynamics with absorption totaling a record-high 43 million square feet in 2020, well ahead of the 10-year average. Demand remained led by online retailers, representing 31% of all space taken up in 2020 and closely followed by third party logistics at 29% with online retail sales further supported by the U.K.-wide lockdowns. Solid market fundamentals underpin the expectation for industrial occupational demand to continue to be resilient in 2021.

The U.K. retail sector was under significant pressure in 2020 with the closure of non-essential retail stores during lockdowns putting severe stress on retailers' revenues and weakening occupation demand as further high-profile retailers went bankrupt during 2020 and rent pressure was particularly felt across secondary and tertiary shopping centers. Stronger performers include supermarkets, home ware and DIY retailers, that were able to keep their stores open throughout the U.K. lockdown periods.

Ireland

Ireland's economy saw the only positive GDP growth across the EU at 3.0% in 2020 and the IMF is forecasting Ireland to have the highest GDP growth of any major European economy.

Investment volumes reached €3.6 billion for 2020, a resilient figure given the fallout from COVID-19 and an impressive 25% higher than the 10-year average of €2.9 billion.

Demonstrating Ireland's position as an attractive global real estate market, over 75% of investments were from institutional investors, and 48% of the volume came from European buyers. Multifamily accounted for 48% of total investments followed by offices at 37%.

Dublin office absorption was about 1.7 million square feet in 2020 with the significant impact of COVID-19 demonstrated as 69% of absorption occurred in the first quarter. Given the increased occupier demand for space, prime headline south suburbs rents remained stable at €29.50 per square foot compared to a slight softening of prime headline city center office rents.

The Irish multifamily sector remains firmly in demand, with strong fundamentals underpinning institutional demand and for the first-time multifamily investment volumes eclipsed commercial office. Kennedy Wilson is forecast to be the second largest institutional owner with 16% market share in a market with more than 15,500 multifamily units. Prime yields remained steady at 3.75% through 2020 as rent collection and occupancy remained strong.

It is expected that the increase in household savings during 2020 may help support a more rapid bounce back in retail sales activity in 2021.

Following a very active year in 2019, transactional activity in the Irish hotel property market was severely curtailed in 2020 because of COVID-19, which imposed travel restrictions, forcing hotels to pivot their focus on domestic leisure guests.

Competition

We compete with a range of global, national and local real estate firms, individual investors and other corporations, both private and public. Our investment business competes with real estate investment partnerships, real estate investments trusts, private equity firms and other investment companies and regional investors and developers. We believe that our relationships with the sellers and our ability to close an investment transaction in a short time period at competitive pricing provide us a competitive advantage.

Foreign Currency

Approximately 46% of our investment account is invested through our foreign platforms in their local currencies. Investment level debt is generally incurred in local currencies and we consider our equity investment as the appropriate exposure to evaluate for balance sheet hedging purposes. We typically do not hedge future operations or cash flows of operations in foreign exchanges rates which may have a significant impact on the results of our operations. In order to manage the effect of these fluctuations, we generally hedge our book equity exposure to foreign currencies through currency forward contracts and options.

We wholly-own Kennedy Wilson Europe Real Estate Limited ("KWE") which is domiciled in the United Kingdom and has GBP as its functional currency. KWE has investments in assets that have functional currencies of GBP and euros. Kennedy-Wilson Holdings, Inc. does not have a direct interest in the euro denominated investments but has indirect ownership through its interest in KWE. We cannot directly hedge the foreign currency movements in these euro denominated assets but hedge foreign currency movements in euro assets at the KWE level through GBP/EUR hedging instruments. We then can hedge the USD/GBP foreign currency exposure through our direct interest in KWE.

Within KWE we utilize three types of contracts to hedge our GBP/EUR exposure: foreign forward currency contracts, a cross currency swap on the KWE Bonds (swapped GBP to EUR) and the KWE Euro Medium Term Notes ("KWE Notes"). The KWE Notes were issued in euros and held by KWE but we have elected to treat the foreign currency movements as a net investment hedge on our euro denominated investments in KWE. The foreign currency movements on these hedge items above are recorded to unrealized foreign currency derivative contract gains/losses within other comprehensive income for GBP/EUR movements. However, when we translate our investment in KWE from USD/GBP the foreign currency movements on these items go through unrealized foreign currency translation gains/losses within other comprehensive income.

Please refer to Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operation for a discussion regarding foreign currency and currency derivative instruments.

Transaction-Based Results

A significant portion of our cash flow is tied to transaction activity which can affect an investor’s ability to compare our financial condition and results of operations on a quarter-by-quarter basis or to easily evaluate the breadth of our operation. Historically, this variability has caused our revenue, net income and cash flows to be tied to transaction activity, which is not necessarily concentrated in any one quarter.

Employees

As of December 31, 2020, we have 202 employees in 12 offices throughout the United States, the United Kingdom, Ireland, Spain and Jersey. We believe that we have been able to attract and maintain high quality employees. There are no employees subject to collective bargaining agreements. In addition, we believe we have a good relationship with our employees.

Available Information

Information about us is available on our website (<http://www.kennedywilson.com>) (this website address is not intended to function as a hyperlink, and the information contained in, or accessible from, our website is not intended to be a part of this filing). We make available on our website, free of charge, copies of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements on Schedule 14A and amendments to those reports and other statements filed or furnished pursuant to Section 13(a), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after filing or submitting such material electronically or otherwise furnishing it to the SEC. In addition, we have previously filed registration statements and other documents with the SEC. Any document we file is available at the SEC’s internet address at <http://www.sec.gov> (this website address is not intended to function as a hyperlink, and the information contained in, or accessible from, the SEC’s website is not intended to be a part of this filing).

The following tables summarize our selected historical consolidated financial information. This information was derived from our audited financial statements for each of the years ended December 31, 2020, 2019, 2018, 2017 and 2016. This information is only a summary. You should read this information together in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the financial statements and related notes included elsewhere in this document.

(In millions, except per share amounts)

	2020	2019	2018	2017	2016
Statements of income data and dividends:					
Revenue	\$ 450.9	\$ 569.7	\$ 773.5	\$ 801.8	\$ 690.4
Net income to Kennedy-Wilson Holdings Inc. common shareholders ⁽¹⁾	92.9	224.1	150.0	100.5	2.8
Basic income per share	0.66	1.60	1.04	0.83	0.01
Dividends declared per share of common stock	0.88	0.85	0.78	0.70	0.56
Adjusted EBITDA ⁽²⁾	608.0	728.1	712.7	455.7	349.9
Adjusted EBITDA annual increase (decrease)	(16)%	2%	56%	30%	
Adjusted Net Income ⁽²⁾	306.9	442.5	397.0	242.5	191.3
Adjusted Net Income annual increase (decrease)	(31)%	11%	64%	27%	

As of December 31,

	2020	2019	2018	2017	2016
Balance sheet data:					
Cash and cash equivalents	\$ 965.1	\$ 573.9	\$ 488.0	\$ 351.3	\$ 885.7
Total assets	7,329.0	7,304.5	7,381.8	7,724.8	7,656.6
Mortgage debt	2,589.8	2,641.0	2,950.3	3,156.6	2,770.4
KW unsecured debt	1,332.2	1,131.7	1,202.0	1,179.4	934.1
KWE unsecured bonds	1,172.5	1,274.2	1,260.5	1,325.9	1,185.7
Kennedy Wilson equity	1,644.5	1,678.7	1,246.7	1,365.6	1,048.0
Noncontrolling interests	28.2	40.5	184.5	211.9	1,295.1
Total equity	1,672.7	1,719.2	1,431.2	1,577.5	2,343.1
Common shares outstanding	141.4	151.6	143.2	151.6	115.7

⁽¹⁾ GAAP Net Income to Common Shareholders for the year ended December 31, 2017, includes a one-time tax benefit of \$44.8 million that was recorded in the quarter ended December 31, 2017, or \$0.38 per share.

⁽²⁾ See Non-GAAP Measures and Certain Definitions and "Management's Discussion and Analysis of Financial Condition and Results of Operations-Non-GAAP measures" for a description of Adjusted EBITDA and Adjusted Net Income and a reconciliation of these metrics to net income as reported under GAAP.

Selected Financial Data *(continued)*

Real Estate Assets Under Management (AUM)

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.

The table below details the changes in the Company’s AUM for the twelve months ended December 31, 2020:

<i>(in millions)</i>	December 31, 2019	Increases	Decreases	December 31, 2020
AUM	\$ 18,144.0	\$ 3,071.6	\$ (3,646.3)	\$ 17,569.3

AUM decreased 3% to approximately \$17.6 billion as of December 31, 2020. The decrease is primarily due our sale of the Property Services group at the beginning of the fourth quarter 2020 which managed AUM of \$2.5 billion. The increase in AUM for the year was driven by new acquisitions primarily through our new debt platform and within our commingled funds as well as increases in values of underlying assets. In addition to the sale of the Property Services group we also had decreases due to our sale of assets within our Consolidated Portfolio.

Foreign currency and currency derivative instruments

Please refer to Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operation for a discussion regarding foreign currency and currency derivative instruments.

Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the financial statements and related notes and the other financial information appearing elsewhere in this report. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. See the section titled “Forward-Looking Statements” for more information. Actual results could differ materially from those anticipated in the forward looking statements as a result of many factors, including those discussed in the section titled “Risk Factors” in our 10-K filing with the SEC.

Unless specifically noted otherwise, as used throughout this Management’s Discussion and Analysis section, “we,” “our,” “us,” “the Company” or “Kennedy Wilson” refers to Kennedy-Wilson Holdings, Inc. and its wholly-owned subsidiaries. “Equity partners” refers to the subsidiaries that we consolidate in our financial statements under U.S. GAAP (other than wholly-owned subsidiaries) and third-party equity providers. Please refer to “Non-GAAP Measures and Certain Definitions” for definitions of certain terms used throughout this report.

Overview

Kennedy Wilson is a global real estate investment company. We own, operate and develop real estate with the objective of maximizing earnings over the long run for ourselves and our equity partners. We focus primarily on multifamily and office properties located in the Western United States, United Kingdom, and Ireland. As of December 31, 2020, we have 202 employees in 12 offices primarily located throughout the United States, the United Kingdom, Ireland and Spain. As of December 31, 2020, our AUM stood at \$17.6 billion. The real estate that we hold in our global portfolio consists primarily of (51%) multifamily apartments and (49%) commercial offices based on Consolidated NOI and JV NOI. Geographically, we focus on the (58%) Western United States, the (21%) United Kingdom and (17%) Ireland (including 4% in other).

COVID-19 Impact and Business Update

The following discussion is intended to provide shareholders with certain information regarding the Company’s operations and the impact of the COVID-19 pandemic on our business and management’s efforts to respond to the same.

The pandemic commenced during the first quarter of 2020 and the duration and magnitude of it still remain uncertain at this time. Unless otherwise specified, the statistical and other information regarding our portfolio and tenants are estimates based on information available to us as of February 18, 2021. As a result of the rapid development, fluidity and uncertainty surrounding this situation, we expect that such statistical and other information may change, potentially significantly, going forward and may not be indicative of the actual impact of the COVID-19 pandemic on our business, operations, cash flows and financial condition for 2021 and future periods.

Health and Safety of our Employees and Tenants

Our primary objective during the COVID-19 pandemic has been to protect the health and safety of our employees as well as the tenants and service providers across our portfolio. We have started to open our offices in jurisdictions where applicable laws permit us to do so. Even with the reopening of certain offices, to date, we have not made it mandatory for employees to return to the office if they can perform their jobs from home. Prior to reopening any office, we have strictly followed applicable laws in preparing and maintaining the space to be as safe as possible and providing an environment that encourages the following of social distancing guidelines, including, without limitation, staggering employees’ schedules to ensure ample space is available between work spaces and occupied offices. In jurisdictions where applicable laws have not permitted us to reopen our offices, our employees continue to work remotely. We will continue to monitor and follow local laws and guidance to assess our ability to reopen or keep open our offices across the globe. Our IT infrastructure and communications are robust and we are focused on maintaining business continuity, while doing our share to support each community where we do business. The daily operations of our business are not materially directly dependent on a supply chain or production chain that may be disrupted due to the pandemic.

Impact to the Global Economy and Jurisdictions We Invest in

As a result of the unprecedented measures taken across the globe, the disruption and impact of the COVID-19 pandemic to the global economy and financial markets has been significant. We continue to closely monitor changes in applicable laws and COVID-19 guidance provided by local, state and federal regulators, or their equivalents, in the jurisdictions in which we operate. Nearly all the markets in which we operate continue to enforce some form of restriction on the operations of businesses due to the COVID-19 pandemic. These precautions led to the shutdown of nonessential services, which led to closures of stores in our retail portfolio and limited business operations of some of our office tenants. In addition, this caused us to close The Shelbourne hotel in Dublin, Ireland from March 15, 2020 to June 29, 2020. On October 21, 2020, due to a spike in new cases, Ireland implemented new lockdown measures that closed non-essential businesses and limited travel from home to a distance of five kilometers for several weeks. Although Ireland eased restrictions in December, it has since implemented another national lockdown effective January 1, 2021 that remains in effect through at least March 5, 2021. Although the Shelbourne has remained open since June 30, 2020, we have experienced and continue to expect significantly limited activity at the property. Additionally, in early January 2021, the United Kingdom also implemented a national lockdown that closes non-essential businesses as cases have continued to rise there as well.

The continued and long-lasting economic impact of the COVID-19 pandemic may lead to some of our multifamily tenants having difficulty in making rental payments on time, or at all. The Department of Labor reported that as of the end January 2021, the unemployment rate was 6.3%, with 14.8 million people reporting they had been unable to work because their employer closed or lost business due to the pandemic. Although the unemployment number has come down from its peak in April and May 2020, many sectors of the economy still remain at a virtual standstill. The Bureau of Economic Analysis (“BEA”) reported that the U.S. Gross Domestic Product (“GDP”) shrank 4.8% in the first quarter 2020 and 34.3% in the second quarter of 2020. Coming off the second quarter 2020, which was the worst quarter in history for GDP

growth, the U.S. economy grew at its fastest pace ever in the third quarter 2020 and continued to grow in the fourth quarter, however we expect continued uncertainty going forward as the COVID-19 pandemic continues to effect the global economy.

Liquidity

Kennedy Wilson has a strong financial and capital position to withstand the potential near-term cash flow impact caused by the COVID-19 pandemic. As of December 31, 2020, we had \$965.1 million (\$640.3 million of which is in foreign currencies of GBP or EUR) of cash on our consolidated balance sheet. We also currently have \$300 million available to draw on our unsecured revolving credit facility.

As of December 31, 2020, we have 4.1 weighted average years to maturity on our debt obligations. We have limited debt maturities over 2021, which total \$123.7 million which are secured by non-recourse property-level financings and represent only 2% of our total outstanding debt obligations. Subsequent to December 31, 2020, we also closed the offering of \$500 million aggregate principal amount of 4.750% senior notes due 2029 (the “2029 Notes”) and \$500 million aggregate principal amount of 5.000% senior notes due 2031 (the “2031 Notes,” and together with the 2029 Notes, the “Notes”). We intend to use the proceeds from the offering of the Notes to repurchase (through a previously announced tender offer) or redeem \$1 billion aggregate principal amount of our outstanding 5.875% senior notes due 2024 (the “2024 Notes”).

Investment portfolio and Fourth Quarter 2020 and 2021 Rent Collections

As of February 18, 2021, we have collected a total of 95% of our share of rents for the quarter ended December 31, 2020 from our properties in our global investment portfolio. As of February 18, 2021, our share of rent collections for the month of January 2021 has been materially in line with rent collection levels that we achieved in prior periods. Such collection rates may not be indicative of collections in any future period. As of December 31, 2020, 86% of our share of the total rents that we collect are generated from our global multifamily and office properties. During the year ended

December 31, 2020, we identified \$15.0 million of receivables and other lease-related assets that are no longer probable of being collected. Accordingly, the Company will account for these leases on a cash basis and recognize rental income to the extent the Company receives cash from the tenants. Of the \$15.0 million identified, \$13.5 million related to our Consolidated portfolio and was recorded as a reduction of rental income and \$1.5 million related to our share of rental income on our Co-Investments portfolio investments and was recorded as a reduction of income from unconsolidated investments.

Global Multifamily Property Portfolio Rents and Leasing Updates

As of February 18, 2021, we have collected a total of 98% of our share of rents for the year ended December 31, 2020 from our properties in our global multifamily property portfolio. January 2021 rental collections have been in line with prior periods. We have benefited from certain of our tenants taking advantage of the various legislation passed in the United States and other jurisdictions where we hold multifamily assets. Our multifamily tenants typically pay through direct debit transactions, and tenants within our affordable unit portfolio generally receive some assistance from various government programs, which helps enhance our collection efforts. As the COVID-19 pandemic continues, however, some of our multifamily tenants may have difficulty in making rental payments on time, or at all.

Since the onset of the COVID-19 pandemic our multifamily group has rolled out initiatives and achieved the following accomplishments:

- Placed greater emphasis on virtual leasing during 2020.
- Virtual paperless leasing capabilities are in place across our global multifamily property portfolio. Improved the virtual tour experience with updated video and 360-degree imagery as well as video tours of available units.
- Occupancy and in-place rents has increased slightly to 95.2% and \$1,684 per unit at December 31, 2020 from 94.4% and \$1,675 per unit December 31, 2019.

Global Commercial Property Portfolio Rents and Leasing Update

As of February 18, 2021, we have collected 98% of our share of rents for the year ended December 31, 2020 from properties in our global office property portfolio and 80% of our share of rents for the year ended December 31, 2020 from the properties in our global retail property portfolio. January 2021 rental collections have been in line with prior periods. As of December 31, 2020, 12% of the total rents that we collect are generated from our global retail portfolio and 30% are generated from our global office portfolio.

We also have a small number of investments in assets located in Spain and Italy that sit in our global commercial property portfolio. All of our Italian properties are fully occupied by government agencies and have paid rent through the end of January 2021. As of February 18, 2021, we have collected 56% of our share of rents for the year ended December 31, 2020 at our Spanish retail properties. January 2021 rental collections have been in line with prior periods. The Spanish portfolio comprises 2% of our global portfolio monthly rental collections.

Since the onset of the COVID-19 pandemic our commercial group has rolled out initiatives and achieved the following accomplishments:

- Similar to our multifamily portfolio we are utilizing virtual leasing technology for our commercial portfolio. During year ended December 31, 2020, we closed on approximately 227 leasing deals across 2.6 million sq. ft.
- In the Western United States, we closed 84 leasing deals across 1.1 million sq. ft.
- In United Kingdom and Ireland, we closed 143 leasing deals across 1.5 million sq. ft.

Global Development and Hotel Update

In our development and redevelopment portfolio we have experienced delays, but we currently do not expect material cost increases as we have fixed-rate construction contracts on projects that are currently under construction and for projects that

Management's Discussion and Analysis of Financial Condition and Results of Operations *(continued)*

are in early phases we have not had to halt activities as we are mainly in the pre-construction phase and are able to continue progress on projects. Ireland is currently in a nationwide lockdown that started on January 8, 2021 with an expected reopening date of March 5, 2021, which has halted construction during the lockdown. We expect that this will push out our timeline on development projects by four months but we believe that any associated costs can be covered within our existing contingency plans on the assumption that there are no further lockdowns. We have three properties that consist of 0.1 million square feet of office space and 277 market rate multifamily units that should complete construction by the end of 2021. We also have five properties consisting of 0.3 million square feet of commercial space and 576 market rate multifamily units that are unstabilized and undergoing lease up that we expect will be stabilized by the end of 2021. Our VHH portfolio also has 932 units that we expect will finish construction or complete lease up by the end of 2021. Please refer to *Development and Redevelopment* in the Liquidity and Capital Resources section for a more detailed discussion regarding our development initiatives.

The COVID-19 pandemic continues to significantly impact the hospitality industry due to travel restrictions and stay-at-home or similar directives resulting in cancellations and significantly reduced travel around the world. We voluntarily closed the Shelbourne hotel on March 15, 2020 and reopened the hotel on June 29, 2020 when we were permitted to do so under applicable laws and guidelines. On October 21, 2020, due to a spike in new cases Ireland has moved to a six week lockdown that closed non-essential businesses and limits travel from home to a distance of five kilometers. As discussed above Ireland will be in lockdown for the majority of the first quarter of 2021. The

Shelbourne will remain open during this period but we expect significantly limited activity at the property. Revenues at the Shelbourne hotel for the year ended December 31, 2020 were down 63% and Consolidated NOI was down approximately \$14 million compared to the prior year due to the hotel closure during the reporting period.

Investment Activity

Investment activity may be diminished until a majority of people have been vaccinated or there has been a significant reduction in the number of COVID-19 cases. This slowdown in investment transactions may impact our ability to sell properties in the future and our ability to generate cash and gains from the sale of real estate. Despite historically low transactions in the second and third quarter of 2020, we had an active fourth quarter 2020 during which the majority of our 2020 asset sales were completed, as evidenced by the sale of Baggot Plaza, a wholly-owned office property in Dublin, Ireland, Club Palisades, a wholly-owned multifamily property in the state of Washington and the contributions of 18 previously wholly-owned industrial properties located in the United Kingdom to a newly created joint venture with sovereign wealth fund (which the Company will hold a 20% ownership interest in and act as a general partner). These asset dispositions generated a total gain on sale of \$287.0 million. In addition to these asset dispositions, in October 2020, we acquired off-market three multifamily properties totaling 880-units in the mountain states region of the Western U.S. for \$198 million. We have also seen a strong response to our new debt platform and expect deal activity to continue in 2021.

Results of Operations

The following tables summarize the Company's revenue, expenses, other income (expenses) and net income (loss) and calculate EBITDA and Adjusted EBITDA by segment for the years ended December 31, 2020, 2019 and 2018 and is intended to be helpful in understanding the year over year explanations following the tables:

	Year Ended December 31, 2020			
<i>(Dollars in millions)</i>	Consolidated	Co-Investments	Corporate	Total
Revenue				
Rental	\$ 403.9	\$ —	\$ —	\$ 403.9
Hotel	13.9	—	—	13.9
Investment management, property services and research fees	—	22.5	10.6	33.1
Total revenue	417.8	22.5	10.6	450.9
Expenses				
Rental	135.7	—	—	135.7
Hotel	13.8	—	—	13.8
Commission and marketing	—	—	2.8	2.8
Compensation and related	59.7	21.0	63.7	144.4
General and administrative	20.6	5.9	8.1	34.6
Depreciation and amortization	179.6	—	—	179.6
Total expenses	409.4	26.9	74.6	510.9
Income from unconsolidated investments, net of depreciation and amortization	—	81.0	—	81.0
Gain on sale of real estate, net	338.0	—	—	338.0
Acquisition-related expenses	(0.9)	—	—	(0.9)
Interest expense	(141.7)	—	(69.5)	(211.2)
Other income	(0.6)	—	5.1	4.5
Provision for income taxes	(18.4)	—	(25.2)	(43.6)
Net income (loss)	184.8	76.6	(153.6)	107.8
Net income attributable to the noncontrolling interests	2.3	—	—	2.3
Preferred dividends and accretion of preferred stock issuance costs	—	—	(17.2)	(17.2)
Net income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	187.1	76.6	(170.8)	92.9
Add back (less):				
Interest expense	141.7	—	69.5	211.2
Kennedy Wilson's share of interest expense included in unconsolidated investments	—	33.0	—	33.0
Depreciation and amortization	179.6	—	—	179.6
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	—	6.9	—	6.9
Provision for income taxes	18.4	—	25.2	43.6
Kennedy Wilson's share of taxes included in unconsolidated investments	—	1.1	—	1.1
Fees eliminated in consolidation	(1.1)	1.1	—	—
Share-based compensation	—	—	32.3	32.3
Preferred dividends and accretion of preferred stock issuance costs	—	—	17.2	17.2
EBITDA add backs attributable to noncontrolling interests ⁽²⁾	(9.8)	—	—	(9.8)
Adjusted EBITDA⁽¹⁾	\$ 515.9	\$ 118.7	\$ (26.6)	\$ 608.0

⁽¹⁾ See "Non-GAAP Measures and Certain Definitions" for definitions and discussion of Adjusted EBITDA.

Management’s Discussion and Analysis of Financial Condition and Results of Operations *(continued)*

	Year Ended December 31, 2019			
<i>(Dollars in millions)</i>	Consolidated	Co-Investments	Corporate	Total
Revenue				
Rental	\$ 447.4	\$ —	\$ —	\$ 447.4
Hotel	80.5	—	—	80.5
Sale of real estate	1.1	—	—	1.1
Investment management, property services and research fees	—	24.9	15.8	40.7
Total revenue	529.0	24.9	15.8	569.7
Expenses				
Rental	152.9	—	—	152.9
Hotel	60.1	—	—	60.1
Cost of real estate sold	1.2	—	—	1.2
Commission and marketing	—	—	3.8	3.8
Compensation and related	71.0	15.1	65.7	151.8
General and administrative	26.3	5.6	10.5	42.4
Depreciation and amortization	187.6	—	—	187.6
Total expenses	499.1	20.7	80.0	599.8
Income from unconsolidated investments, net of depreciation and amortization	—	179.7	—	179.7
Gain on sale of real estate, net	434.4	—	—	434.4
Acquisition-related expenses	(6.8)	—	—	(6.8)
Interest expense	(145.6)	—	(69.5)	(215.1)
Other income (expenses)	2.8	—	(2.4)	0.4
Provision for income taxes	(14.5)	—	(26.9)	(41.4)
Net income (loss)	300.2	183.9	(163.0)	321.1
Net income attributable to the noncontrolling interests	(94.4)	—	—	(94.4)
Preferred dividends and accretion of preferred stock issuance costs	—	—	(2.6)	(2.6)
Net income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	205.8	183.9	(165.6)	224.1
Add back (less):				
Interest expense	145.6	—	69.5	215.1
Kennedy Wilson's share of interest expense included in unconsolidated investments	—	32.1	—	32.1
Depreciation and amortization	187.6	—	—	187.6
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	—	8.2	—	8.2
Provision for income taxes	14.5	—	26.9	41.4
Fees eliminated in consolidation	(18.1)	18.1	—	—
Share-based compensation	—	—	30.2	30.2
Preferred dividends and accretion of preferred stock issuance costs	—	—	2.6	2.6
EBITDA add backs attributable to noncontrolling interests ⁽²⁾	(13.2)	—	—	(13.2)
Adjusted EBITDA⁽¹⁾	\$ 522.2	\$ 242.3	\$ (36.4)	\$ 728.1

⁽¹⁾ See “Non-GAAP Measures and Certain Definitions” for definitions and discussion of Adjusted EBITDA.

	Year Ended December 31, 2018			
<i>(Dollars in millions)</i>	Consolidated	Co-Investments	Corporate	Total
Revenue				
Rental	\$ 514.6	\$ —	\$ —	\$ 514.6
Hotel	155.7	—	—	155.7
Sale of real estate	56.8	—	—	56.8
Investment management, property services and research fees	—	15.4	29.9	45.3
Total revenue	727.1	15.4	29.9	772.4
Expenses				
Rental	160.8	—	—	160.8
Hotel	121.5	—	—	121.5
Cost of real estate sold	52.5	—	—	52.5
Commission and marketing	—	—	5.9	5.9
Compensation and related	64.7	20.5	83.6	168.8
General and administrative	28.1	7.5	15.2	50.8
Depreciation and amortization	206.1	—	—	206.1
Total expenses	633.7	28.0	104.7	766.4
Income from unconsolidated investments, net of depreciation and amortization	—	78.7	—	78.7
Gain on sale of real estate, net	371.8	—	—	371.8
Gain on sale of business	—	—	40.4	40.4
Acquisition-related expenses	(1.7)	—	—	(1.7)
Interest expense	(161.0)	—	(77.2)	(238.2)
Other (expenses) income	0.7	—	12.4	13.1
(Provision for) benefit from income taxes	(14.0)	—	(44.0)	(58.0)
Net income (loss)	289.2	66.1	(143.2)	212.1
Net income attributable to the noncontrolling interests	(62.1)	—	—	(62.1)
Net income (loss) attributable to Kennedy-Wilson Holdings, Inc. common shareholders	227.1	66.1	(143.2)	150.0
Add back (less):				
Interest expense	161.0	—	77.2	238.2
Kennedy Wilson's share of interest expense included in unconsolidated investments	—	26.0	—	26.0
Depreciation and amortization	206.1	—	—	206.1
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	—	13.2	—	13.2
Provision for (benefit from) income taxes	14.0	—	44.0	58.0
Fees eliminated in consolidation	(13.6)	13.6	—	—
Share-based compensation	—	—	37.1	37.1
EBITDA add backs attributable to noncontrolling interests ⁽²⁾	(15.9)	—	—	(15.9)
Adjusted EBITDA⁽¹⁾	\$ 578.7	\$ 118.9	\$ 15.1	\$ 712.7

⁽¹⁾ See “Non-GAAP Measures and Certain Definitions” for definitions and discussion of Adjusted EBITDA.

*Kennedy Wilson Consolidated Financial Results: Year Ended December 31, 2020
Compared to the Year Ended December 31, 2019*

Financial Highlights

GAAP net income to common shareholders was \$92.9 million and \$224.1 million for the year ended December 31, 2020 and 2019, respectively.

Adjusted EBITDA was \$608.0 million for the year ended December 31, 2020, a 16% decrease from \$728.1 million for 2019, primarily due to lower gains on sale of real estate in our Consolidated and Co-Investment portfolios and lower fair value gains on our commingled funds and VHH. We were a net seller of assets and during the year ended December 31, 2020 and 2019, our share of net sales of assets were \$741.6 million and \$115.5 million, respectively. NOI from our properties was down in 2020 primarily due to a significant decrease to our hotel business as a result of COVID-related shutdowns and closures. The impact from lower gains on sales of real estate and NOI was partially offset by reductions in compensation and general and administrative expenses due to a lower headcount as a result of the sale of our Property Services group in the beginning of the fourth quarter 2020. We also had lower travel and office related expenses and lower discretionary compensation. With proceeds from asset sales, we have funded development and redevelopment initiatives that, once complete, we expect will increase the NOI we receive from our properties (see “*Liquidity and Capital Resources—Development and Redevelopment*”).

Operational Highlights

Same store property highlights for the year ended December 31, 2020 include:

- For our 14,728 same property multifamily units for the year ended December 31, 2020 as compared to the prior period:
 - occupancy increased 1% to 95%
 - net operating income decreased 1%
 - total revenues increased 1%

- For 11.2 million square feet of same property commercial real estate for the year ended December 31, 2020 as compared to the prior period:
 - occupancy remained flat at 96% from the same period in 2019
 - net operating income decreased 7.5%
 - total revenues decreased 6.7%
- Investment Transactions
 - acquired \$1.1 billion of assets (our share of which was \$242.0 million) and sold \$1.2 billion of assets (our share of which was \$983.6 million)
- Significant Transactions

Consolidated Asset Sales; New Separate Account

In 2020, among other sales, the Company sold Pioneer Point, a wholly-owned multifamily property in the United Kingdom, Baggot Plaza, a wholly-owned office property in Ireland, Club Palisades, a wholly-owned multifamily property in the state of Washington and contributed 18 previously wholly-owned industrial properties located in the United Kingdom to a newly-created joint venture with a sovereign wealth fund (the “Industrial JV”). These transactions generated cash proceeds of \$649.3 million to the Company and a total gain of \$307.1 million. The proceeds from these sales were and will be used to fund development projects and new acquisitions. Please see “*Liquidity and Capital Resources—Development and Redevelopment*” for additional details with respect to these projects.

The Company will continue to hold a 20% ownership interest in the assets contributed to the joint venture through its ownership interests in the Industrial JV. The Industrial JV will target urban logistics properties in the United Kingdom, with the potential to expand into Ireland and Spain. As the Company does not control the Industrial JV, the assets are no longer consolidated and its investment in the Industrial JV is accounted for under the equity method. The Company elected the fair value option and going forward the investments are accounted for as fair value unconsolidated investments with operating activity included within income from unconsolidated investments.

AXA Joint Venture and Related Transactions

During the second quarter of 2018, the Company and AXA Investment Managers—Real Assets (“AXA”) entered into a joint venture agreement targeting multifamily assets in Ireland. The AXA joint venture commenced with AXA investing in a 50% ownership stake in 1,173 multifamily units across three assets in Dublin, Ireland previously held by the Company and a different equity partner (held in 50/50 joint ventures) and was initially consolidated in the Company’s financial statements. The Company continues to hold a 50% ownership interest in these assets through its ownership in this new joint venture with AXA. As the Company does not control the joint venture with AXA, the assets are no longer consolidated and its investment with AXA is accounted for under the equity method. The investments are accounted for as fair value unconsolidated investments with operating activity included within income from unconsolidated investments.

During the third quarter of 2018, the Company sold an additional 411 multifamily units across two assets in Dublin, Ireland and one in Cork, Ireland into the joint venture with AXA that were both previously wholly owned by the Company. The joint venture has also made investments in 274 units in Dublin and acquired two development sites on which it expects to build an estimated 684 additional units (collectively with the transactions described in the paragraph above the “2018 AXA Transactions”).

During the second quarter of 2019, AXA invested in a 50% ownership stake in the State Street office building, Capital Dock office buildings and Capital Dock residential tower in Dublin, Ireland that was previously held by the Company and different equity partners. These investments were previously consolidated in the Company’s consolidated financial statements.

During the fourth quarter of 2019, the Company sold 468 multifamily units across three assets in Dublin, Ireland into the joint venture with AXA that were previously wholly owned by the Company (collectively with the transactions described in the paragraph directly above the “2019 AXA Transactions” and with the 2018 AXA Transactions “AXA Transactions”).

The table below summarizes the impact AXA Transactions had on our consolidated financial statements during the year ended December 31, 2019 and 2018:

<i>(Dollars in millions)</i>	Gross Gain on Sale of Real Estate	Noncontrolling Interests	Net Gain on Sale of Real Estate
2018	\$ 169.5	\$ (66.8)	\$ 102.7
2019	317.8	(105.4)	212.4
Total	\$ 487.3	\$ (172.2)	\$ 315.1

In addition to the net gain on sale of real estate we earned \$12.4 million and \$9.4 million of performance fees for the year ended December 31, 2019 and 2018 which were recorded through net income attributable to noncontrolling interests. We also had \$2.1 million and \$1.5 million on acquisition and disposition fees recorded to investment management fees for the year ended December 31, 2019 and 2018.

For the year ended December 31, 2020 and 2019 we recognized \$47.3 million and \$25.3 million of fair value gains on assets held within the AXA joint venture including \$4.9 million and \$4.3 million of performance fees, respectively. Gains were due to property and foreign exchange appreciation offset by fair value losses on debt.

The deconsolidation of the assets above has led to a decrease in total assets and total liabilities as we have gone from showing 100% of the gross balance sheet items to our net investment through unconsolidated investments. Prior to deconsolidation these assets had an asset value of \$1.0 billion and as of December 31, 2019 they have an unconsolidated investment balance of \$401.7 million.

There were no significant transactions completed by the AXA joint venture during the year ended December 31, 2020.

Issuance of Preferred Stock

In October 2019, the Company announced the issuance of a \$300 million perpetual preferred equity investment in Kennedy Wilson by affiliates of Eldridge Industries (collectively, “Eldridge”). Under the terms of the agreement, Eldridge purchased \$300 million in convertible perpetual preferred stock carrying a 5.75% annual dividend rate,

Management’s Discussion and Analysis of Financial Condition and Results of Operations *(continued)*

with an initial conversion price of \$25.00 per share, representing a premium of 15% to the daily volume weighted average price per share of Kennedy Wilson’s common stock over the 20 trading days ending, and including, October 16, 2019. The preferred stock is callable by Kennedy Wilson on and after October 15, 2024.

Sale of Kennedy-Wilson Properties, LTD. (“KWP Sale”)

On October 2, 2020, we sold KWP, a wholly owned subsidiary operating in the third-party real estate services industry, including property management, commercial brokerage (leasing and sale), facilities management and lease administration, to an entity controlled by certain members of KWP’s management (the “Purchaser”). As part of the transaction, 110 employees and 25 independent contractors that were employed by KWP are now employed by the Purchaser.

Foreign Exchange—Results of Operations

A significant portion of our investments are in foreign currencies. We typically do not hedge future operations or cash flows so changes in foreign currency rates will have an impact on our results of operations. We have included the table below to illustrate the impact these fluctuations have had on our revenues, net income and Adjusted EBITDA by applying the relevant exchange rates for the prior period. Please refer to the section titled “Currency Risk—Foreign Currencies” in Item 3 for a discussion of risks relating to foreign currency and our hedging strategy and the “Other Comprehensive Income” section below for a discussion of the balance sheet impact of foreign currency movements on our results of operations.

Year Ended December 31, 2020						
	Consolidated		Co-Investment		Total	
Revenues	\$ (5.5)	(1)%	\$ 0.1	—%	\$ (5.4)	(1)%
Net Income	(0.8)	(1)%	1.5	2%	0.7	1%
Adjusted EBITDA	(5.8)	(1)%	1.6	—%	(4.2)	(1)%

Year Ended December 31, 2019						
	Consolidated		Co-Investment		Total	
Revenues	\$ (0.1)	—%	\$ (0.1)	—%	\$ (0.2)	—%
Net Income	(0.7)	—%	(0.2)	—%	(0.9)	—%
Adjusted EBITDA	(0.5)	—%	(0.5)	—%	(1.0)	—%

Consolidated Portfolio Segment

Revenues

Rental income was \$403.9 million for the year ended December 31, 2020 as compared to \$447.4 million for 2019. The \$43.5 million decrease is primarily due to selling a 50% equity interest of certain previously consolidated properties to the AXA joint venture in the second and fourth quarters of 2019. The assets sold include the State Street office building, Capital Dock office and residential buildings and the Central Park multifamily properties which caused these investments to move from our Consolidated Portfolio to our Co-Investment Portfolio. As the assets are now treated as unconsolidated investments (with our ownership percentage remaining the same with respect to certain assets and our ownership percentage dropping with respect to certain assets), our share of rental revenues is part of income from unconsolidated investments in the current period and is no longer treated as consolidated rental revenue. The income that we receive from the 50% of the ownership interests in these assets that we hold after these transactions with AXA moved from being recognized as rental income to income from unconsolidated investments during the year ended December 31, 2020. Additionally, as a result of the COVID-19 pandemic, we recognized a \$13.5 million reduction to rental income for the year ended December 31, 2020 as we assessed the full collection of certain rents as no longer probable. We had no comparable activity in the prior period.

Hotel income was \$13.9 million for the year ended December 31, 2020 as compared to \$80.5 million for 2019. The \$66.6 million decrease is primarily due to the sale of two consolidated hotels during the fourth quarter of 2019 (\$32.9 million decrease)

and the decline in hotel income due to operations being significantly reduced or halted at the Shelbourne hotel (\$33.7 million decrease) as a result of the COVID pandemic during the year ended December 31, 2020.

Expenses

Rental expenses decreased to \$135.7 million for the year ended December 31, 2020 as compared to \$152.9 million for the year ended December 31, 2019. The decrease is due to the sale of assets into the AXA joint venture as discussed above. As the assets are now treated as unconsolidated investments (with our ownership percentage remaining the same with respect to certain assets and our ownership percentage dropping with respect to certain assets), our share of rental expenses is part of income from unconsolidated investments in the current period and is no longer treated as consolidated rental expense. Additional decreases in rental expenses were recognized year-over-year as a result of certain one-time non-capitalizable repair and maintenance expenses that we recognized during the year ended December 31, 2019 to prepare an office property in the United Kingdom for a new tenant. We recognized additional decreases as a result of a reduction in property taxes during the year ended December 31, 2020 due to a property tax refund on an office property in the United Kingdom.

Hotel expenses decreased to \$13.8 million for the year ended December 31, 2020 as compared to \$60.1 million for the year ended December 31, 2019 primarily due to the sale of two consolidated hotels during the fourth quarter of 2019 (\$26.3 million decrease) and the reduced activity at the Shelbourne hotel (\$20.0 million) during the year ended December 31, 2020.

Compensation expense decreased to \$59.7 million for the year ended December 31, 2020 as compared to \$71.0 million for the year ended December 31, 2019 primarily due to lower discretionary compensation expense.

General and administrative expenses decreased to \$20.6 million for year ended December 31, 2020 as compared to \$26.3 million for the year ended December 31, 2019 due to a substantial overall decrease in general and administrative expenses across the board, including travel and office expenses due to the COVID-19 pandemic.

Depreciation and amortization decreased by \$8.0 million primarily due to sale of assets into the AXA joint venture and sales of assets in the prior period.

Other

Gains on sale of real estate, net were \$338.0 million for the year ended December 31, 2020 as compared to \$434.4 million in the prior period. The gains recognized during the year ended December 31, 2020 primarily relate to the sale of UK industrial portfolio to the Industrial JV, the Club Palisades multifamily property in the Western United States, Baggot Plaza in Dublin, Ireland, Pioneer Point a multifamily property in the United Kingdom and certain other non-core assets in Europe. Included in the gains on sale of real estate, net for December 31, 2020 is an impairment loss of \$15.6 million on five retail properties in the United Kingdom and a residential property in the Western United States. For the year ended December 31, 2019, the activity relates to the deconsolidation of the investments that went into the AXA joint venture (as described above), the sale of the Ritz Carlton Hotel in Lake Tahoe and smaller, non-core retail assets in the Western United States and non-core commercial properties in the United Kingdom.

Interest expense was \$211.2 million for the year ended December 31, 2020 as compared to \$215.1 million for the year ended December 31, 2019. The decrease is due to lower consolidated property level debt balances resulting from the sale of assets into the AXA joint venture and sales of assets in the current and prior period. These decreases were offset by \$9.3 million in prepayment penalties associated with the KWE tender offer completed in 2020, early repayment of mortgages on

Management’s Discussion and Analysis of Financial Condition and Results of Operations
 (continued)

assets as part of the UK Industrial portfolio sale and the refinance of a mortgage on a multifamily property in the Western United States.

Transaction-related expenses were \$0.9 million for the year ended December 31, 2020 as compared to \$6.8 million for the same period in 2019. The decrease is due to expenses incurred in 2019 investigating potential transactions that ultimately were not consummated.

We had net income of \$2.3 million attributable to noncontrolling interests during the year ended December 31, 2020 compared to net income of \$94.4 million attributable to noncontrolling interests during the year ended December 31, 2019. The decrease in income attributable to noncontrolling interest is due to allocation of gains in 2019 associated with the sale of Ritz Carlton, Lake Tahoe hotel and the AXA joint venture to our equity partners.

Co-Investment Portfolio Segment

Investment Management

On our Co-Investment Portfolio assets, we receive asset management fees for managing assets on behalf of our partners. During the year ended December 31, 2020, fees recorded through revenues were \$22.5 million as compared to \$24.9 million for the same period in 2019. During the year ended December 31, 2020 we had higher base management fees as a result of having more assets under management in our Co-Investment platform mainly from the AXA joint venture. However, this was offset by \$6.4 million of acquisition related fees that we received from equity partners in the prior period with no comparable activity in the current period. These fees are recorded as a component of investment management, property services and research fees. Performance fees are recorded as part of income from unconsolidated investments and discussed below.

Expenses increased to \$26.9 million for the year ended December 31, 2020 as compared to \$20.7 million primarily due to severance costs and costs associated with our fund management business including certain discretionary compensation.

Co-investment operations

In addition to our management of investments in the Co-Investment Portfolio, we have ownership interests in the properties. The table below represents a breakout of the amounts within income from unconsolidated investments which represents our share of underlying property investments in the Co-Investment Portfolio assets and any performance fees relating to our management of these properties for the year ended December 31, 2020 and the year ended December 31, 2019:

	Year Ended December 31,	
	2020	2019
Revenue		
Rental	\$ 148.1	\$ 114.7
Sale of real estate	11.5	26.7
Performance fees	2.6	36.2
Total revenue	162.2	177.6
Expn ses		
Rental	45.6	36.9
Cost of real estate sold	13.3	23.9
Depreciation and amortization	6.9	8.2
Total expenses	65.8	69.0
(Loss) gain on sale of real estate, net	(11.5)	53.5
Interest expense	(33.1)	(32.1)
Other loss	(13.7)	(9.3)
Fair Value/other adjustments	43.9	57.7
Provision for income taxes	(1.0)	—
Income from unconsolidated investments	\$ 81.0	\$ 178.4

Our share of JV NOI (rental income net of rental operating expenses) increased in the current period due to the sale of interests in previously consolidated properties into unconsolidated partnerships resulting in moving the recognition of income from these assets from our Consolidated portfolio to our Co-Investment portfolio as described above. In addition, during the year ended December 31, 2020, we received a surrender premium, which is a breakage fee we received from a tenant in the United Kingdom related to the early extinguishment of its lease and we

experienced an increase in NOI in our VHH portfolio. Increases in JV NOI were offset by an impairment loss recorded in the third quarter of 2020 included in the table above within loss on sale of real estate of \$6.7 million relating to a property in a retail portfolio in the United Kingdom that was subsequently sold during the year. We had an additional impairment loss of \$4.2 million in the fourth quarter 2020 on this portfolio that brought the carrying value of this joint venture to zero. During the year ended December 31, 2019, we had gains on sale of real estate of \$53.5 million primarily relating to the sale of two multifamily properties in the Western United States which was offset by an impairment of \$10.3 million on a residential development in the Western United States that was subsequently sold in the first quarter of 2020.

During the year ended December 31, 2020 we had fair value gains on VHH primarily relating to conversions of development projects to operating properties as construction work was completed and lease up of the properties commenced. We also had fair value gains associated with the completion of Clancy Quay Phase 3 which is currently undergoing lease up and net foreign exchange gains relating to the strengthening of the euro against the U.S. dollar on our euro denominated fair value investments.

During the year ended December 31, 2019, we had higher fair value gains on VHH due to resyndications and improved property performance on the underlying investments within VHH.

During the year ended December 31, 2020, we recorded a net \$2.6 million increase in the accrual for performance fees. This was mainly due to increased values in the AXA joint venture primarily due to the completion of Clancy Quay Phase 3 as further discussed above and a portfolio of office buildings we manage in the Seattle area. These increases were offset by reductions in accrued performance fees associated Fund V and VI due to lack of transactional activity for the period. During the year ended December 31, 2019, we had approximately \$18 million of performance fee income accruals in Fund V and VI from increases in fair value and realized gains. We

also had approximately \$12 million in promote fees from a portfolio of multifamily assets held at fair value in a Las Vegas held in a separate account platform that sold in the fourth quarter of 2019.

Corporate

Real estate related services fees decreased to \$10.0 million during the year ended December 31, 2020 as compared to \$16.5 million for December 31, 2019, primarily due to the sale of KWP at the beginning of the fourth quarter as discussed above.

Expenses for the year ended December 31, 2020 were approximately \$74.6 million as compared to \$80.0 million for the year ended December 31, 2019. Compensation and related expenses decreased by \$5.4 million due to the sale of KWP and lower discretionary compensation.

Interest expense was \$69.5 million for the year ended December 31, 2020 which was flat to the same period in 2019.

Our provision for income taxes and effective tax rate for 2020 was \$43.6 million and 28.8% as compared to \$41.4 million and a 11.4% effective tax rate in 2019. The increase in the effective tax rate for fiscal 2020 is primarily due to non-deductible executive compensation as a percentage of pretax income being higher, a reduction in income allocable to non-controlling interests and an increase in valuation allowances on deferred tax assets. During the year ended December 31, 2020, valuation allowances were recorded against certain UK and Spanish subsidiaries’ tax loss carryforwards as their ability to generate future income has been negatively impacted by the COVID-19 pandemic.

Preferred dividends and accretion on preferred stock issuance costs were \$17.2 million for the year ended December 31, 2020 as compared to the same period in 2019. The increase is due to the Company issued 300,000 shares of its 5.75% Series A Cumulative Perpetual Convertible Preferred Stock, par value \$0.0001 per share (the “Preferred Stock”), for gross proceeds of \$300 million during the fourth quarter of 2019.

Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Other Comprehensive Income

The two major components that drive the change in other comprehensive income are the changes in foreign currency rates and the gains or loss of any associated foreign currency hedges. Please refer to the section titled “Currency Risk—Foreign Currencies” in Item 3 for a discussion of our risks relating to foreign currency and our hedging strategy. Below is a table that details the activity for the years ended December 31, 2020 and 2019.

	Year Ended December 31,	
(Dollars in millions)	2020	2019
Net income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ 92.9	\$ 224.1
Unrealized foreign currency translation gain (loss), net of noncontrolling interests and tax	65.8	(23.9)
Amounts reclassified out of accumulated other comprehensive loss during the period	0.8	10.4
Unrealized foreign currency derivative contract (loss) gain, net of noncontrolling interests and tax	(37.8)	38.7
Unrealized loss in interest rate swaps	(5.2)	(0.7)
Comprehensive income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ 116.5	\$ 248.6

Included within the net income attributable to Kennedy-Wilson Holdings, Inc. common shareholders are realized foreign exchange amounts relating to translation of cash amounts held in different functional currencies of the subsidiary that holds it and realized gains and losses on derivative investments that are not treated as net investment hedges. The table below represents the amount of foreign exchange movements recorded to the statement of income for the year ended December 31, 2020 and 2019:

	Year Ended December 31,	
(Dollars in millions)	2020	2019
Realized foreign currency exchange loss—consolidated statements of income	\$ —	\$ (0.2)
Realized foreign currency derivative contract gain (loss)—consolidated statements of income	—	—
Statement of Operations—realized foreign currency exchange	\$ —	\$ (0.2)

The main currencies that the Company has exposure to are the euro and pound sterling. The table below represents the change in rates over the year ended December 31, 2020 and 2019 as compared to the U.S. Dollar:

	Year Ended December 31,	
	2020	2019
Euro	9.0%	(2.0)%
GBP	3.0%	4.0%

Comprehensive income, net of taxes and noncontrolling interests, for the year ended December 31, 2020 and 2019 was \$116.5 million and \$248.6 million, respectively. The Company experienced net unrealized gains on foreign currency through other comprehensive income for the period due to the weakening of the U.S. dollar against the Euro and GBP. Unrealized hedge losses were driven by hedges that KWE holds on its euro denominated investments which were offset by hedges that the Company has on its GBP denominated investments. The unrealized hedge losses on KWE primarily related to cross currency swap and KWE Notes due to the euro strengthening against the GBP. See *Foreign Currency* in Item 1. Business section for more detail on the foreign currency impact of these instruments.

The Company entered into interest rate swap contracts to swap some of its variable rate mortgage loans to fixed rate terms. The Company recognized \$4.2 million of interest expense savings that were recorded to the statement of operations relating to interest savings on interest rate swaps and forward point amortization on hedge contracts.

Amounts reclassified out of accumulated other comprehensive income are for amounts associated with the AXA joint venture that are moved out of other comprehensive income and recognized on the consolidated statements of income.

Kennedy Wilson Consolidated Financial Results: Year Ended December 31, 2019 Compared to the Year Ended December 31, 2018

Financial Highlights

GAAP net income to common shareholders was \$224.1 million and \$150.0 million for the year ended December 31, 2019 and 2018, respectively.

Adjusted EBITDA was \$728.1 million, a 2% increase from \$712.7 million for 2018, due primarily to higher realized gains on the sale of consolidated and unconsolidated real estate investments and higher fair value gains and performance fees. These were offset by a gain on the sale of our Meyers Research business during the year ended December 31, 2018. Also we were a net seller of assets during the years ended December 31, 2019 and 2018 and during the year ended December 31, 2019 and 2018, our share of net asset sales of assets were \$115.5 million and \$348.4 million, respectively. We also had foreign currency exchange losses and some disruption to our hotel business due to value-add capital expenditures all of which contributed to a decrease in NOI from our properties. This was partially offset by increases in rental income and NOI at our same store operating properties as described below as we executed our asset management initiatives. With proceeds from asset sales, we have funded development and redevelopment initiatives that, once complete, we expect will increase the NOI we receive from our properties (see “Liquidity and Capital Resources—Development and Redevelopment”).

Operational Highlights

Same property highlights for the year ended December 31, 2019 include:

- For our 13,387 same property multifamily units for the year ended December 31, 2019 as compared to the prior period:
- occupancy remained at 94% from 2018.

- net operating income increased 7%
- total revenues increased 5%
- For 11.2 million square feet of same property commercial real estate for the year ended December 31, 2019 as compared to the prior period:
 - occupancy decreased 0.1% to 96.9% from the same period in 2018
 - net operating income decreased 3.7%
 - total revenues decreased 3.6%
- Investment Transactions
 - acquired \$1.9 billion of assets (our share of which was \$624.6 million) and sold \$1.4 billion of assets (our share of which was \$740.1 million)
- Significant Transactions
 - **Meyers Research Sale**
In December 2018, we sold Meyers Research for \$48.0 million and recognized a gain on sale of business of \$40.4 million. We used part of the proceeds from such sale to reinvest \$15.0 million for an 11% ownership interest in a new partnership between Meyers Research and another premiere residential real estate construction service company. We no longer control Meyers Research and treat the investment as an unconsolidated investment.

Please also see the description of certain other significant transactions described in “Kennedy Wilson Consolidated Financial Results: Year Ended December 31, 2020 Compared to the Year Ended December 31, 2019” that may be applicable in the discussion of the periods described in this section.

Foreign Exchange—Results of Operations

A significant portion of our investments are in foreign currencies. We do not hedge future operations or cash flows and therefore changes in foreign currency rates will have an impact on our results of operations. We have included the table below to illustrate the impact these fluctuations have had on our revenues, net income and Adjusted EBITDA by applying the applicable exchange rates for the prior period.

Management’s Discussion and Analysis of Financial Condition and Results of Operations
 (continued)

Please refer to the section titled “Currency Risk—Foreign Currencies” in Item 3 for a discussion of risks relating to foreign currency and our hedging strategy and the section titled «Other Comprehensive Income” below for a discussion of the balance sheet impact of foreign currency movements on our results of operations.

Year Ended December 31, 2019						
	Consolidated		Co-Investment		Total	
Revenues	\$ (0.1)	—%	\$ (0.1)	—%	\$ (0.2)	—%
Net Income	(0.7)	—%	(0.2)	—%	(0.9)	—%
Adjusted EBITDA	(0.5)	—%	(0.5)	—%	(1.0)	—%

Year Ended December 31, 2018						
	Consolidated		Co-Investment		Total	
Revenues	\$ (5.7)	(1)%	\$ (0.1)	—%	\$ (5.8)	(1)%
Net Income	(4.5)	(3)%	0.5	—%	(4.0)	(3)%
Adjusted EBITDA	(7.2)	(1)%	0.3	—%	(6.9)	(1)%

Consolidated Portfolio Segment

Revenues

Rental income was \$447.4 million for the year ended December 31, 2019 as compared to \$514.6 million for 2018. The \$67.2 million decrease is primarily due to the AXA Transactions described above. As the assets are now treated as unconsolidated investments (with our ownership percentage remaining the same with respect to certain assets and our ownership percentage dropping with respect to certain assets), our share of rental revenues is part of income from unconsolidated investments in the current period and is no longer treated as consolidated rental revenue. We have also been a net seller of assets during the current and prior periods which has led to a decrease in rental income.

Hotel income was \$80.5 million for the year ended December 31, 2019 as compared to \$155.7 million for 2018. The \$75.2 million decrease is primarily due to the sale of the Ritz Carlton, Lake Tahoe hotel during the first quarter of 2019 and the sale of

the Portmarnock and Fairmont St Andrews during the fourth quarter of 2019. We also sold six Park Inn hotels located in the United Kingdom during the fourth quarter of 2018 and an extensive value add renovation of the lobby and reception at the Shelbourne hotel led to lower occupancy rates at the hotel during the first quarter of 2019.

There was minimal activity for the sale of real estate for the year ended December 31, 2019 as compared to \$56.8 million for the same period in 2018. During the year ended December 31, 2018, we recognized the sale of real estate of 200 Capital Dock, a 130,000 sq. ft. office building under development in Dublin, Ireland, as a result of the construction progress on the building. The 200 Capital Dock project was accounted under percentage of completion and therefore variation in periods is due to the project achieving different milestones in its development timeline. We completed the construction of the building during the first quarter of 2019.

Expenses

Rental expenses decreased to \$152.9 million for the year ended December 31, 2019 as compared to \$160.8 million for the year ended December 31, 2018. The decrease is primarily due to the AXA Transactions. As the assets are now treated as unconsolidated investments (with our ownership percentage remaining the same with respect to certain assets and our ownership percentage dropping with respect to certain assets), our share of rental expenses is part of income from unconsolidated investments in the current period and is no longer treated as consolidated rental expense. We have also been a net seller of assets during the current and prior period which has led to a decrease in rental expense.

Hotel expenses decreased to \$60.1 million for the year ended December 31, 2019 as compared to \$121.5 million for the year ended December 31, 2018 primarily due to the sale of the Ritz Carlton, Lake Tahoe hotel during the first quarter of 2019 and the sale of the Portmarnock and Fairmont St Andrews during the fourth quarter of 2019. We also sold six Park Inn hotels located in the United Kingdom during the fourth quarter of 2018.

During the year ended December 31, 2019, we recognized minimal additional costs to complete 200 Capital Dock. During the year ended December 31, 2018, we recognized \$52.5 million in sale-related costs on 200 Capital Dock.

Compensation expense increased to \$71.0 million for the year ended December 31, 2019 as compared to \$64.7 million for the year ended December 31, 2018 primarily due to one-time incentive payments during the prior period.

General expenses decreased to \$26.3 million for year ended December 31, 2019 as compared to \$28.1 million for the year ended December 31, 2018 due to higher travel-related expenses and charitable contributions in our European businesses in the prior year.

Depreciation and amortization decreased by \$18.5 million primarily due to the AXA Transactions and the Company being a net seller of assets in 2018 and 2019.

Other

Gains on sale of real estate, net were \$434.4 million for the year ended December 31, 2019 as compared to \$371.8 million in the prior period. The gains recognized during the year ended December 31, 2019 primarily relates to the 2019 AXA Transactions, the sale of the Ritz Carlton Hotel, Lake Tahoe and smaller, non-core retail assets in the Western United States and non-core commercial properties in the United Kingdom. Gains on sale of real estate in 2018 primarily to the 2018 AXA Transactions and the ordinary course sales of certain multifamily and office assets located in the Western United States, Ireland, United Kingdom and Italy. Such gains were offset by an impairment loss on a vacated office building in the United Kingdom which was subsequently sold during the year ended December 31, 2018.

Interest expense was \$215.1 million for the year ended December 31, 2019 as compared to \$238.2 million for the year ended December 31, 2018. The decrease is due to the AXA Transactions, the net sale of properties which were encumbered by mortgage debt and increased capitalized interest relating to our development properties.

Transaction-related expenses were \$6.8 million for the year ended December 31, 2019 as compared to \$1.7 million for the same period in 2018. The increase is due to expenses incurred investigating potential transactions that ultimately were not consummated.

We had net income of \$94.4 million attributable to noncontrolling interests during the year ended December 31, 2019 compared to net income of \$62.1 million attributable to noncontrolling interests during the year ended December 31, 2018. The increase in income attributable to noncontrolling interest is due to the allocation of gains associated with the sale of Ritz Carlton, Lake Tahoe hotel and the 2019 AXA Transactions to our equity partners.

Co-Investment Portfolio Segment

Investment Management

On our Co-Investment Portfolio assets, we receive asset management fees for managing assets on behalf of our partners. During the year ended December 31, 2019, we had fees recorded through revenues of \$24.9 million which was an increase from fees of \$15.4 million for the same period in 2018. During the year ended December 31, 2019 we had higher base management fees as a result of having more assets under management in our Co-Investment platform mainly from the AXA joint venture and higher acquisition related fees that we received from equity partners compared to the prior period. These fees are recorded as a component of investment management, property services and research fees. Performance fees are recorded as part of income from unconsolidated investments and discussed below.

Expenses decreased to \$20.7 million for the year ended December 31, 2019 as compared to \$28.0 million primarily due to lower discretionary compensation expense.

Co-investment operations

In addition to our management of investment in the Co-Investment Portfolio we also hold have ownership interests in the properties. The table below represents

Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

a breakout of the amounts within income from unconsolidated investments which represents our share of underlying property investments in the Co-Investment Portfolio assets and any performance fees relating to our management of these properties for the year ended December 31, 2019 and the year ended December 31, 2018:

	Year Ended December 31,	
	2019	2018
Revenue		
Rental	\$ 114.7	\$ 96.4
Sale of real estate	26.7	19.2
Performance fees	36.2	27.5
Total revenue	177.6	143.1
Expenses		
Rental	36.9	41.1
Cost of real estate sold	23.9	18.6
Depreciation and amortization	8.2	13.4
Total expenses	69.0	73.1
(Loss) gain on sale of real estate, net	53.5	23.0
Interest expense	(32.1)	(26.0)
Other loss	(9.3)	0.9
Fair Value/other adjustments	57.7	9.2
Income from unconsolidated investments	\$ 178.4	\$ 77.1

Our share of JV NOI (rental income net of rental operating expenses) increased in the current period due to the sale of interests in previously consolidated properties resulting in moving the recognition of income from these assets from our Consolidated Portfolio to our Co-Investment Portfolio as described above. During the year ended December 31, 2019, we had gains on sale of real estate of \$53.5 million primarily relating to the sale of two multifamily properties in the Western United States which was offset by an impairment of \$10.3 million on a residential development in the Western United States that was subsequently sold in the first quarter of 2021. During the year ended December 31, 2019, we had higher fair value

gains on VHH due to resyndications and improved property performance on the underlying investments within VHH.

For the year ended December 31, 2018, income from unconsolidated investments was primarily related to operating distributions. During the year ended December 31, 2018, the Company recognized fair value gains primarily to resyndications under our VHH partnership and improved property performance by its fair value option investments and investments held within the commingled funds managed by the Company.

During the year ended December 31, 2019, we recorded a \$36.2 million increase in the accrual for performance fees relating to our commingled funds. In the year ended December 31, 2019, we also recorded an increase in the accrual for performance fees related to the increase in the underlying fair value of assets held by Fund V, Fund VI and the AXA Joint Venture. We also had approximately \$12 million in promote fees from a portfolio of multifamily assets held at fair value in a Las Vegas held in a separate account platform that sold in the fourth quarter of 2019. During the year ended December 31, 2018 we recorded performance fees relating to Fund V.

Corporate

Real estate related services fees decreased slightly to \$16.5 million during the year ended December 31, 2019 as compared to \$16.9 million for December 31, 2018, primarily due to lower property management fees from fewer assets under management. We sold Meyers Research in the fourth quarter of 2018 which resulted in the loss of research fees. During the year ended December 31, 2018 we earned \$15.1 million of research fees.

Expenses for the year ended December 31, 2019 decreased to \$80.0 million as compared to \$104.7 million for the year ended December 31, 2018 primarily due to lower compensation and general and administrative expenses as a result of the sale of the Meyers Research, which reduced our employee headcount by 140 people period-over-period.

Interest expense was \$69.5 million for the year ended December 31, 2019 as compared to \$77.2 million for the same period in 2019. The decrease is due to the prior period having a higher corporate debt balance due to the term loan still being outstanding.

Gain on sale of business of \$40.4 million during year ended December 31, 2018 is related to our sale of Meyers Research.

Other expense was \$0.4 million for year ended December 31, 2019 as compared to other income of \$13.1 million for the same period in 2018. The income during the year ended December 31, 2018 relates to realized gains on non-designated currency hedging derivative investments on the Euro.

Our provision for income taxes and effective tax rate for 2019 was \$41.4 million and 11.4% as compared to an income tax expense of \$58.0 million and a 21.5% effective tax rate in 2018. The decrease in income tax expense is primarily as a result of higher income attributable to non-controlling interests in non-taxable entities, which is not subject to corporate tax, a tax benefit relating to remeasurement of our net U.S. deferred tax liability to a lower state effective tax rate and lower tax gains on sales of real estate by KWE.

Preferred dividends and accretion on preferred stock issuance costs were \$2.6 million for the year ended December 31, 2019 with no comparable activity for the prior period. The Company issued 300,000 shares of its 5.75% Series A Cumulative Perpetual Convertible Preferred Stock, par value \$0.0001 per share (the “Preferred Stock”), for gross proceeds of \$300 million during the fourth quarter of 2019.

Other Comprehensive Income

The two major components that drive the change in other comprehensive income are the changes in foreign currency rates and the gains or loss of any associated foreign currency hedges. Please refer to the section titled “Currency Risk—Foreign Currencies” in Item 3 for a discussion of our risks relating to foreign currency and our hedging

strategy. Below is a table that details the activity for the year ended December 31, 2019 and 2018.

	Year Ended December 31,	
(Dollars in millions)	2019	2018
Net income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ 224.1	\$ 150.0
Unrealized foreign currency translation (loss) gain, net of noncontrolling interests and tax	(23.9)	(65.9)
Amounts reclassified out of accumulated other comprehensive loss during the period	10.4	13.2
Unrealized foreign currency derivative contract gain (loss), net of noncontrolling interests and tax	38.7	38.3
Unrealized (loss) gain on marketable securities	(0.7)	—
Comprehensive income attributable to Kennedy-Wilson Holdings, Inc. common shareholders⁽¹⁾	\$ 248.6	\$ 135.6

Included within the net income attributable to Kennedy-Wilson Holdings, Inc. common shareholders are realized foreign exchange amounts relating to translation of cash amounts held in different functional currencies of the subsidiary that holds it and realized gains and losses on derivative investments that are not treated as net investment hedges. The table below represents the amount of foreign exchange movements recorded to the statement of income for the year ended December 31, 2019 and 2018:

	Year Ended December 31,	
(Dollars in millions)	2019	2018
Realized foreign currency exchange (loss) gain—consolidated statements of income	\$ (0.2)	\$ (1.1)
Realized foreign currency derivative contract gain (loss)—consolidated statements of income	—	12.7
Statement of Operations—realized foreign currency exchange	\$ (0.2)	\$ 11.6

Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

The main currencies that the Company has exposure to are the euro and pound sterling. The table below represents the change in rates over the year ended December 31, 2019 and 2018 as compared to the U.S. Dollar:

	Year Ended December 31,	
	2019	2018
Euro	(2.0)%	(5.0)%
GBP	4.0%	(6.0)%

Comprehensive income, net of taxes and noncontrolling interests, for year ended December 31, 2019 and 2018 was income of \$248.6 million and \$135.6 million, respectively. The Company experienced net unrealized losses on foreign currency through other comprehensive income for the period due to the strengthening of the U.S. dollar against the Euro offset by U.S. dollar weakening against GBP. Unrealized hedge gains were driven by hedges that KWE holds on its euro denominated investments which were offset by hedges that the Company has on its GBP denominated investments. The unrealized hedge gains on KWE primarily related to cross currency swap and KWE Notes due to the euro weakening against the GBP which led to unrealized gains of \$56.0 million. The translation of the cross currency swap and KWE Notes from GBP to U.S. dollars resulted in an unrealized \$12.4 million foreign currency translation loss. See Foreign Currency in Item 1. Business section for more detail on the foreign currency impact of these instruments.

The Company entered into interest rate swap contracts to swap some of its variable rate mortgage loans to fixed rate terms. The Company recognized \$5.8 million of interest expense savings that were recorded to the statement of operations relating to interest savings on interest rate swaps and forward point amortization on hedge contracts.

Amounts reclassified out of accumulated other comprehensive income are for amounts associated with the AXA joint venture that are moved out of other comprehensive income and recognized on the consolidated statements of income.

Liquidity and Capital Resources

Our liquidity and capital resources requirements include acquisitions of real estate and real estate related assets, funding development projects, capital expenditures for consolidated real estate and unconsolidated investments, working capital needs, interest and principal payments on our debt and dividends to our common and preferred shareholders. We finance these activities with internally generated funds through general operations including rental income, asset sales, borrowings under our revolving line of credit, sales of equity and debt securities and cash out refinancings to the extent they are available and fit within our overall portfolio leverage strategy. Our investments in real estate are typically financed with equity from our balance sheet, third party equity and mortgage loans secured by that real estate. These mortgage loans are generally nonrecourse in that, in the event of default, recourse will be limited to the mortgaged property serving as collateral, subject to limited customary exceptions. In some cases, we guarantee a portion of the loan related to a consolidated property or an unconsolidated investment, usually until some condition, such as completion of construction or leasing or certain net operating income criteria, has been met. We do not expect these guarantees to materially affect liquidity or capital resources. Please refer to the section titled “Off Balance Sheet Arrangements” for further information.

Our short-term liquidity requirements primarily consist of operating expenses and other expenditures associated with our properties, dividend payments to our common and preferred shareholders, interest on our unsecured corporate debt, development, redevelopment and capital expenditures and, potentially, share repurchases and acquisitions. We currently expect to meet our short-term liquidity requirements through our existing cash and cash equivalents plus capital generated from our investments, sales of real estate as well as availability on our current revolving lines of credit. As of December 31, 2020, we and our consolidated subsidiaries had approximately \$965.1 million (\$640.3 million of which is in foreign currencies of GBP or EUR) of consolidated cash (as shown on our consolidated balance sheet), our share of cash held at unconsolidated Co-Investment Portfolio assets of \$77.3 million and had \$300.0 million of availability under lines of credit. As of December 31, 2020, we

have \$101.7 million of restricted cash, which is included in cash and cash equivalents, that primarily relates to lender reserves associated with consolidated mortgages that we hold on properties. These reserves typically relate to interest, tax, insurance and future capital expenditures at the properties.

Additionally, we are subject to withholding taxes to the extent we repatriate cash from certain of our foreign subsidiaries. Under the KWE Bonds and KWE Notes covenants, we have to maintain certain interest coverage and leverage ratios to remain in compliance (see “Indebtedness and Related Covenants” for more detail on KWE Bonds and KWE Notes). Due to these covenants, we evaluate the tax and covenant implications before we distribute cash, which could impact the availability of funds at the corporate level. During the second quarter of 2020, we contributed \$56.4 million to KWE which holds the KWE Bonds and KWE Notes in order ensure that we maintain headroom on certain covenants associated with the KWE Bonds and KWE Notes. This amount is included within the \$640.3 million of foreign cash mentioned above and is allowed to be used by KWE and other wholly-owned foreign subsidiaries within KWE for certain permitted investments.

As discussed throughout this report, COVID-19 pandemic could potentially have a significant impact on our liquidity and capital resources depending on the duration for which the pandemic lasts and its effect on the global economy. Despite these uncertainties we believe we have sufficient liquidity to support our business operations during the currently foreseeable term of the COVID-19 pandemic through:

- Consolidated cash of \$965.1 million as of December 31, 2020
- \$300.0 million available under our revolving credit facility as of December 31, 2020
- Minimal debt maturities in 2021, which currently are \$123.7 million for our consolidated debt obligations and our share of debt maturities within our Co-Investment portfolio representing less than 2% of our total debt obligations
- Rent collections of 96% across our global investment portfolio for the year ended December 31, 2020 rents as of February 18, 2021

- Subsequent to December 31, 2020 we refinanced \$1 billion worth of our 2024 Notes with \$500.0 million 2029 Notes and \$500.0 million 2031 Notes and lowered interest rate from 5.875% to 4.875%. We also repaid \$100.0 million on our revolving credit facility and now have \$400.0 million available to draw.

Our need to raise funds from time to time to meet our capital requirements will depend on many factors, including the success and pace of the implementation of our strategy for strategic and accretive growth where appropriate. Additionally, we may opportunistically seek to raise capital (equity or debt) when we believe market conditions are favorable and when consistent with our growth and financing strategies. We may also seek third party financing to the extent that we engage in additional strategic investments, including capital necessary to execute potential development or redevelopment strategies or acquisition of real estate, note portfolios, or other real estate related companies or real estate related securities. Similarly, as we recently did with our 2024 Notes, we may from time to time seek to refinance our existing indebtedness opportunistically in order to reduce our overall cost of debt capital or optimize the maturity schedule of our outstanding indebtedness, or for other strategic reasons. Please also see the section titled “COVID-19 Impact” above and Part I. Item 1A Risk Factors in our 10K filing with the SEC.

Development and redevelopment

Kennedy Wilson has a number of market rate development, redevelopment and entitlement projects that are underway or are in the planning stages. These initiatives, if completed, will result in market-rate income producing assets. As of December 31, 2020 we have 1,529 multifamily units, 0.6 million commercial rentable square feet and 150 hotel rooms we are actively developing. If these projects were brought to completion the estimated share of the Company’s total cost would be approximately \$1.1 billion, which we expect would be funded through our existing equity, third party equity, project sales and secured debt financing. This represents total capital over the life of the projects and is not a representation of peak equity and does not take into account any distributions over the course of the investment. As of December 31, 2020, we have incurred \$395.0 million of costs to date and expect to spend an

Management’s Discussion and Analysis of Financial Condition and Results of Operations *(continued)*

additional \$696.0 million to develop to completion or complete the entitlement process on these projects. Of the \$696.0 million of remaining costs to complete we currently expect \$334.0 million of it to be funded through cash from us over the life of the projects. When development projects are completed they typically move into our unstabilized bucket as they undergo lease up post-completion. Clancy Quay Phase 3, which was completed in the second quarter of 2020, is now included as part of our unstabilized portfolio and is expected to be stabilized during 2021.

In addition to the market rate development and redevelopment projects described above, we have 1,965 affordable and/or age-restricted multifamily units within our VHH platform that we are currently developing or in the process of stabilizing. We expect to have no cash equity basis in these projects at completion due to the use of property level debt and proceeds from the sale of tax credits. If these projects are

brought to completion we expect to receive \$21.9 million in cash from paid developer fees and proceeds from the sale of tax credits.

The figures described in the two preceding paragraphs and in the table below are budgeted costs and are subject to change. There is no certainty that the Company will develop or redevelop any or all of these potential projects and the Company and its equity partners are under no obligation to complete these projects and may dispose of any such assets after adding value through the entitlement process. As these are budgeted figures and are subject to change (increase or decrease) due to a number of factors (some of which are beyond our control), including, that these projects are being developed under construction management contracts with the general contractors and therefore we and our equity partners could be called upon to contribute additional capital in the event that actual costs exceed budgeted costs.

The scope of these projects may also change. The estimated costs and amounts of cash to complete projects reflected in the table below represent management's current expectations and the total costs incurred to date include the land costs of these projects.

The table below describes the market rate development or redevelopment projects that the Company is undergoing or considering, and excludes the affordable and/or age-restricted multifamily units that it is developing in its VHH platform and its residential investments.

					If Completed			Current	
				Est. Completion Date ⁽¹⁾	Commercial Sq. Ft.	MF Units / Hotel Rooms	KW Est. Total Cost ⁽⁴⁾	KW Costs Incurred ⁽⁴⁾	KW Est. Costs to Complete ⁽²⁾
Location	Type	Investment	Status						
Ireland ⁽³⁾	Office	Kildare ⁽⁵⁾	Under Construction	2021	64,000	—	\$ 65	\$ 35	\$ 30
Ireland ⁽³⁾	Office	Hanover Quay ⁽⁵⁾	Under Construction	2021	69,000	—	40	32	8
ID	Multifamily	The Clara ⁽⁵⁾	Under Construction	2021	—	277	47	37	10
ID	Multifamily	RiverPointe ⁽⁵⁾	Under Construction	2022	—	89	23	5	18
Nor California	Multifamily	Santa Rosa Phase II ⁽⁵⁾	Planning Received	2023	—	172	65	5	60
Ireland ⁽³⁾	Multifamily	Coopers Cross ⁽⁶⁾	Under Construction	2023	394,000	—	179	58	121
Ireland ⁽³⁾	Office	Coopers Cross ⁽⁶⁾	Under Construction	2023	—	472	131	64	67
Ireland ⁽³⁾	Multifamily	Grange ⁽⁶⁾	Planning Received	2023	7,000	287	73	24	49
Ireland ⁽³⁾	Mixed-Use	Leisureplex ⁽⁵⁾	Planning Received	2023	20,000	232	132	25	107
Hawaii	Hotel	Kona Village Resort ⁽⁶⁾	Under Construction	2023	—	150	336	110	226
Total					554,000	1,679	\$ 1,091	\$ 395	\$ 696

⁽¹⁾ The actual completion date for projects is subject to several factors, many of which are not within our control. Accordingly, the projects identified may not be completed when expected, or at all.

⁽²⁾ Figures shown in this column are an estimate of our remaining costs to develop to completion or to complete the entitlement process, as applicable, as of December 31, 2020. Total remaining costs may be financed with third-party cash contributions, proceeds from projected sales, and/or debt financing. We expect to fund \$334 million of our share of remaining costs to complete with cash over the life of these projects. These figures are budgeted costs and are subject to change. There is no guarantee that we will be able to secure the project-level debt financing that is assumed in the figures above. If we are unable to secure such financing, the amount of capital we will have to invest to complete the projects above may significantly increase. Our cost to complete differs from our share total capitalization as the latter includes costs that have already been incurred to date while the former relates to future estimated costs.

⁽³⁾ Estimated foreign exchange rates are €0.82 = \$1 USD and £0.73 = \$1 USD, related to NOI.

⁽⁴⁾ Includes land costs.

⁽⁵⁾ Included in Consolidated Portfolio Segment.

⁽⁶⁾ Included in Co-Investment Portfolio Segment.

Management’s Discussion and Analysis of Financial Condition and Results of Operations *(continued)*

Unstabilized and Value Add Capital Expenditure Programs

We currently have 13 assets that comprise 1.3 million commercial square feet and 576 multifamily units that are currently unstabilized and are undergoing various stages of lease-up, value-add or development. In order to stabilize these assets we project our share of costs to complete to be \$38.9 million. The cost to complete this work and the time frame described is subject to many uncertainties that are beyond our control, and the actual costs may be significantly higher than the estimates shown below.

The table below describes assets that are currently unstabilized:

Property	Location	Type	KW Ownership %	# of Assets	Commercial Sq. Ft.	MF Units	Leased %	KW Est. Costs to Complete ⁽¹⁾
2021								
Old School	United Kingdom ⁽²⁾	Office	100%	1	21,000	—	67%	\$ 0.5
Capital Dock	Ireland ⁽²⁾	Mixed-Use	50%	1	27,000	190	54	3.1
Clancy Quay—Phase 3	Ireland ⁽²⁾	Multifamily	50%	1	7,000	266	38	1.8
38° North	Northern California	Multifamily	91%	1	—	120	73	1.8
400/430 California	Northern California	Office	10%	1	263,000	—	88	2.1
2021 Subtotal				5	318,000	576	80%	\$ 9.3
2022								
Stockley Park	United Kingdom ⁽²⁾	Office	100%	1	54,000	—	—	0.2
Maidenhead	United Kingdom ⁽²⁾	Office	100%	1	65,000	—	—	0.1
The Oaks	Southern California	Office	100%	1	357,000	—	64	11.3
Various	United Kingdom ⁽²⁾	Retail	100%	3	184,000	—	—	3.3
Various	United Kingdom ⁽²⁾	Office	100%	2	281,000	—	34	14.7
2022 Subtotal				8	941,000	—	34%	29.6
Total Lease-Up				13	1,259,000	576	49%	\$ 38.9

Note: The table above excludes fund assets and one asset expected to sell, totaling 0.6 million commercial sq. ft., and KW Gross Asset Value of \$81.4 million.

⁽¹⁾ Figures shown in this column are an estimate of KW’s remaining costs to develop to completion or to complete the entitlement process, as applicable, as of December 31, 2020. Total remaining costs may be financed with third-party cash contributions, proceeds from projected sales, and/or debt financing. These figures are budgeted costs and are subject to change. There is no guarantee that the Company will be able to secure the project-level debt financing that is assumed in the figures above. If the Company is unable to secure such financing, the amount of capital that the Company will have to invest to complete the projects above may significantly increase.

⁽²⁾ Estimated foreign exchange rates are €0.82 = \$1 USD and £0.73 = \$1 USD, related to NOI.

In addition to our development, redevelopment and stabilization initiatives, we regularly implement a value-add approach to our consolidated and unconsolidated investments, which includes rehabbing properties and adding or updating property amenities. The capital required to implement these value-add initiatives is typically funded with capital calls, refinancing or supplemental financings at the property level. We are not required to make these investments, but they are a key driver in our ability to increase net operating income at our properties post acquisition.

Liquidating Residential Development Projects

We have liquidating residential development projects primarily in Hawaii and the Western United States where we and our equity partners are developing single family homes and condos that will be sold. We expect to incur approximately \$375.8 million in construction costs over the life of these projects, which will be funded by cash from us, cash received from selling the homes and condos, third party equity or debt financing.

Share Repurchase Plan

On March 20, 2018, our Board of Directors approved the repurchase of up to \$250 million of the Company’s common stock. On November 3, 2020, the Company’s board of directors authorized an expansion of its existing \$250 million share repurchase plan to \$500 million. Repurchases 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 repurchases dependent on market conditions and subject to the company’s discretion. The program does not obligate the Company to repurchase any specific number of shares and, subject to compliance with applicable laws, may be suspended or terminated at any time without prior notice. As of December 31, 2020, we had \$256.7 million remaining under the plan for stock repurchases. Please see the section titled “Purchases of Equity Securities by the Company” in Part II of this annual report on Form 10-K for additional information.

Cash Flows

The following table summarizes the cash provided by or used in our operating, investing and financing activities for the years ended December 31, 2020, 2019 and 2018:

	Year ended December 31,		
(Dollars in millions)	2020	2019	2018
Net cash (used in) provided by operating activities	\$ (12.6)	\$ (19.5)	\$ 93.1
Net cash provided by investing activities	590.8	182.3	593.1
Net cash used in financing activities	(206.6)	(85.8)	(528.8)

Operating

Our cash flows from operating activities are primarily dependent upon operations from consolidated properties, the operating distributions and fees from our Co-Investment Platform, general and administrative costs, compensation and interest expense payments. For the years ended December 31, 2020, 2019 and 2018, substantially all of the cash flows used by operations of \$12.6 million and \$19.5 million and cash flow from operations \$93.1 million, respectively, were generated from rental collections from consolidated assets and operating distributions from Co-Investments. The fluctuations in cash flow from operations has been driven by the timing and amounts of discretionary compensation.

We have experienced a decline in cash flows from rental properties as we have been a net seller of consolidated assets and used those proceeds to fund development initiatives and value add capital expenditures which has also led to a temporary decrease in operating cash flows. At the same time, we have been growing our third party fee bearing capital which has shifted to more assets in our Co-Investment portfolio. Going forward with the completion of construction, stabilization of development assets and greater fee bearing capital we should have increases in our cash flow from operations.

Management’s Discussion and Analysis of Financial Condition and Results of Operations
 (continued)

Investing

Our cash flows from investing activities are generally comprised of cash used to fund property acquisitions, investments in unconsolidated investments, capital expenditures, purchases of loans secured by real estate, as well as cash received from property sales and return of capital from our co-investments.

Net cash provided by investing activities totaled \$590.8 million for the year ended December 31, 2020. During the current period we spent \$70.1 million on acquisitions of consolidated real estate and \$194.1 million on capital expenditures on consolidated assets, as well as continued investments in our development properties and value add properties. We received \$827.8 million from the sale of industrial assets in the United Kingdom to the Industrial JV, Baggot Plaza in Dublin, Club Palisades multifamily property in the Western United States and non-core assets in Europe. Issuance of new loan investments were \$88.6 million during the year ended December 31, 2020 as our debt platform has grown during the year. We had \$34.1 million of collections on loans primarily from the sale of a loan in Dublin secured by a multifamily property. We received \$177.5 million in investing distributions from our co-investments primarily from the sale of an additional 30% interest of three multifamily properties to AXA as part of our separate account platform. We also contributed \$111.6 million to unconsolidated investments that were primarily used to fund our share of capital calls on our commingled funds and investments undergoing development. The settlement of foreign currency derivatives netted \$15.5 million during the year ended December 31, 2020.

Net cash provided by investing activities totaled \$182.3 million for the year ended December 31, 2019. During the year ended December 31, 2019, we spent \$210.9 million on acquisitions of consolidated real estate and \$191.1 million on capital expenditures on consolidated assets, our development properties and value add properties. We received \$701.0 million from the sale of Ritz Carlton Lake Tahoe, Fairmont and Portmarnock hotels and non-core retail and commercial properties in the Western United States and United Kingdom. We also contributed \$266.0

million to unconsolidated investments which mainly related to multifamily and office properties in the Western United States and United Kingdom and capital calls associated with development projects in Dublin, Ireland. We received \$115.0 million from distributions on unconsolidated investments from sales of multifamily assets in Western United States and refinancings and resyndications within our VHH portfolio.

Net cash provided by investing activities totaled \$593.1 million for the year ended December 31, 2018. During the year ended December 31, 2018, we had \$571.8 million of purchases and additions to real estate primarily for additions to real estate in our Mountain States multifamily portfolio and a multifamily property in Cork, Ireland and \$396.1 million contributions to unconsolidated investments which mainly related to our new AXA joint venture platform and to fund new investments and capital expenditures which included acquisitions in Fund VI. The cash used in the aforementioned investing activities was offset by receipt of \$1,386.1 million, mainly from sales of multifamily properties in the Western United States (which were then tax deferred and exchanged into higher quality multifamily properties in the Western United States), non-core commercial properties in the United Kingdom, Ireland and Italy as well as assets into the AXA joint venture platform. On our Capital Dock development, we spent \$29.1 million and received \$81.0 million for reaching completion milestones. We received \$63.7 million in investing distributions on unconsolidated investments primarily relating to resyndications in our VHH portfolio and property sales. The sale of our research subsidiary, Meyers Research, generated \$43.4 million in proceeds. We also received \$7.4 million from the liquidation of our marketable securities portfolio.

Financing

Our net cash related to financing activities is generally impacted by capital-raising activities net of dividends and distributions paid to common and preferred shareholders and noncontrolling interests as well as financing activities for consolidated real estate investments. Net cash used in financing activities totaled

\$206.6 million for the year ended December 31, 2020. We received proceeds of \$296.4 million from mortgage loans to finance property acquisitions and to refinance existing investments, which were offset by the repayment of \$487.1 million of investment debt mainly driven by repayment of mortgages on sold consolidated properties. During the year ended December 31, 2020, we borrowed \$200.0 million on our credit facility. Distributions of \$18.9 million were paid to noncontrolling interest holders primarily as a result of asset sales and cash received from financings. During the year ended December 31, 2020, we paid \$126.1 million of dividends to our common stockholders and \$13.6 million of dividends to our preferred shareholders. We also returned \$57.4 million to shareholders through share repurchases as part of our share repurchase plan discussed above.

Net cash used in financing activities totaled \$85.8 million for the year ended December 31, 2019. We received proceeds of \$295.2 million from the issuance of Preferred Stock and \$488.6 million from mortgage loans to finance and refinance consolidated property acquisitions, which were offset by the repayment of \$391.4 million of investment debt mainly driven by repayment of mortgages on sold consolidated properties. During the year ended December 31, 2019, we borrowed \$125.0 million on our credit facility and repaid \$200.0 million (as of December 31, 2019 our credit facility is undrawn). Distributions of \$264.0 million were paid to noncontrolling interest holders primarily as a result of asset sales and cash received from financings. During the year ended December 31, 2019, we paid \$114.9 million of dividends to our common stockholders and \$2.6 million of dividends to our preferred shareholders. We also returned \$20.7 million to shareholders through share repurchases as part of our share repurchase plan discussed above.

Net cash used in financing activities totaled \$528.8 million for the year ended December 31, 2018. We received proceeds of \$246.6 million from the issuance of additional 2024 Notes and \$725.0 million from mortgage loans to finance and refinance consolidated property acquisitions, which were offset by the repayment of \$866.8 million of investment debt mainly driven by repayment of mortgages on sold

consolidated properties. During the year ended December 31, 2018, we borrowed \$225.0 million on our credit facility and repaid \$450.0 million (as of December 31, 2018 our credit facility is undrawn). Distributions of \$116.0 million were paid to noncontrolling interest holders primarily as a result of asset sales and cash received from financings. During the year December 31, 2018, we paid dividends to our common stockholders of \$111.2 million which is an increase over prior periods due to an increase in share count as part of the KWE Transaction as well as an increase in the dividend per share amount as compared to prior periods. We also returned \$177.9 million to shareholders through share repurchases as part of our share repurchase plan discussed above.

Contractual Obligations and Commercial Commitments

At December 31, 2020, Kennedy Wilson’s contractual cash obligations, including debt, lines of credit, operating leases and ground leases included the following:

	Payments due by period				
		Less than			After 5
(Dollars in millions)	Total	1 year	1–3 years	4–5 years	years
Contractual obligations					
Borrowings: ⁽¹⁾⁽⁴⁾					
Mortgage debt ⁽²⁾⁽⁴⁾	\$ 2,597.8	\$ 47.4	\$ 965.9	\$ 900.9	\$ 683.6
Senior notes ⁽³⁾⁽⁴⁾	1,150.0	—	1,150.0	—	—
KWE unsecured bonds ⁽⁴⁾⁽⁵⁾	1,176.9	—	504.8	672.1	—
Total borrowings	5,124.7	47.4	2,820.7	1,573.0	683.6
Operating leases	3.5	1.3	1.9	0.3	—
Ground leases ⁽⁶⁾	24.8	0.2	0.4	0.4	23.8
Total contractual cash obligations⁽⁷⁾	\$ 5,153.0	\$ 48.9	\$ 2,823.0	\$ 1,573.7	\$ 707.4

⁽¹⁾ See Notes 7–9 of our Notes to Consolidated Financial Statements. Figures do not include scheduled interest payments. Assuming each debt obligation is held until maturity, we estimate that we will make the following interest payments: Less than 1 year—\$192.9 million; 1–3 years—\$447.4 million; 4–5 years—\$110.5 million; After 5 years—\$39.8 million. The interest payments on variable rate debt have been calculated at the interest rate in effect as of December 31, 2020.

⁽²⁾ Excludes \$4.5 million net unamortized debt premium on mortgage debt.

⁽³⁾ Excludes \$3.1 million unamortized debt discount on senior notes.

⁽⁴⁾ Excludes \$29.2 million of unamortized loan fees.

⁽⁵⁾ Excludes \$2.8 million net unamortized discount on KWE unsecured bonds.

⁽⁶⁾ Kennedy Wilson’s share of contractual obligations, (excluding amounts that are attributable to noncontrolling interests), including debt, lines of credit, operating leases and ground leases, consisted of the following: Less than 1 year—\$46.2 million; 1–3 years—\$2,800.2 million; 4–5 years—\$1,536.7 million; After 5 years—\$695.0 million.

⁽⁷⁾ Table above excludes \$97.4 million unfulfilled capital commitments to our unconsolidated investments.

⁽⁸⁾ Ground leases on consolidated assets. Amounts are undiscounted and have leases that expire as far out as 2258.

Indebtedness and Related Covenants

The following describes certain indebtedness and related covenants.

Senior Notes Payable

In March 2014, Kennedy-Wilson, Inc. (“KWI”), completed a public offering of \$300.0 million aggregate principal amount of 5.875% Senior Notes due 2024 (the “2024 Notes”), for approximately \$290.7 million, net of discount and estimated offering expenses. The 2024 Notes were issued pursuant to an indenture dated as of March 25, 2014, by and among Kennedy-Wilson, Inc., as issuer, and Wilmington Trust National Association, as trustee, as supplemented by a supplemental indenture, dated as of March 25, 2014, by and between Kennedy-Wilson, Inc. as issuer, Kennedy-Wilson Holdings, Inc., as parent guarantor, certain subsidiaries of the issuer, as subsidiary guarantors, and Wilmington Trust National Association, as trustee (the indenture, as so supplemented, the “2024 Indenture”). The issuer’s obligations under the 2024 Notes are fully and unconditionally guaranteed by Kennedy-Wilson Holdings, Inc. and the subsidiary guarantors. At any time prior to April 1, 2019, the issuer may redeem the 2024 Notes, in whole or in part, at a redemption price equal to 100% of their principal amount, plus an applicable “make-whole” premium and accrued and unpaid interest, if any, to the redemption date. At any time and from time to time on or after April 1, 2019, the issuer may redeem the 2024 Notes, in whole or in part, at the redemption price specified in the 2024 Indenture, plus accrued and

unpaid interest, if any, to the redemption date. Interest on the 2024 Notes accrues at a rate of 5.875% per annum and is payable semi-annually in arrears on April 1 and October 1 of each year, commencing on October 1, 2014. The 2024 Notes will mature on April 1, 2024. In November 2014, August 2016 and March 2018, we completed additional public offerings of \$350 million, \$250 million and \$250 million, respectively, aggregate principal amounts of 5.875% Senior Notes, due 2024 (the “Additional Notes”). The Additional Notes have substantially identical terms as the 2024 Notes described above, and are treated as a single series with the 2024 Notes under such 2024 Indenture. The Additional Notes were issued and sold at public offering prices of 100.0% in November 2014, 100.0% in August 2016 and 98.625% in March 2018 of their principal amount, plus accrued interest. The amount of the 2024 Notes included in the accompanying consolidated balance sheets was \$1.1 billion at December 31, 2020. Subsequent to December 31, 2020, the Company repurchased a total of approximately \$577 million of the 2024 Notes through a tender offer using a portion of the proceeds from the 2029 Notes and 2031 Notes as described below. The Company announced that it would redeem an additional \$373 million of the 2024 Notes with the remaining proceeds from the 2029 Notes and 2031 Notes and cash on its balance sheet.

In February 2021, KWI, completed a public offering of \$500.0 million aggregate principal amount of its 4.750% Senior Notes due 2029 (the “2029 Notes”) and \$500.0 million aggregate principal amount of its 5.000% Senior Notes due 2031 (the “2031 Notes,” and together with the 2029 Notes, the “Notes,” and together with the 2024 Notes and the 2029 Notes, the “KWI Notes”). The Notes were issued pursuant to a base indenture, dated as of March 25, 2014, between KWI and the Trustee, as supplemented by a supplemental indenture for each series of Notes (each, a “Supplemental Indenture,” and each Supplemental Indenture, together with the Base Indenture, an “Indenture”), dated as of February 11, 2021, among KWI, the guarantors (including Kennedy-Wilson Holdings, Inc.) and the Trustee. KWI’s obligations under the Notes are fully and unconditionally guaranteed by Kennedy-Wilson Holdings, Inc., and the subsidiary guarantors. At any time prior to March 1, 2024 (in the case of

the 2029 Notes) or March 1, 2026 (in the case of the 2031 Notes), KWI may redeem the Notes of either series, in whole or in part, at a redemption price equal to 100% of their principal amount, plus an applicable “make-whole” premium and accrued and unpaid interest, if any, to the redemption date. At any time and from time to time on or after March 1, 2024 (in the case of the 2029 Notes) or March 1, 2026 (in the case of the 2031 Notes), KWI may redeem the Notes of either series, in whole or in part, at redemption prices specified in the applicable Indenture, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. Interest on the Notes accrues at a rate of 4.750% per annum (in the case of the 2029 Notes) or 5.000% (in the case of the 2031 Notes) and is payable semi-annually in arrears on March 1 and September 1 of each year commencing on September 1, 2021. The Notes will mature on March 1, 2029 (in the case of the 2029 Notes) or March 1, 2031 (in the case of the 2031 Notes), unless earlier redeemed or repurchased. In connection with the issuance of the Notes, the Company announced that it intends to use the proceeds from the Notes to repurchase or redeem a total of \$1 billion aggregate principal amount of the 2024 Notes.

KWE Senior Notes Payable

KWE has bonds outstanding (“KWE Bonds”) of approximately \$504.7 million (based on December 31, 2020 rates) (£369.8 million) in 3.95% fixed-rate senior unsecured bonds due 2022. KWE effectively reduced the interest rate to 3.35% as a result of it entering into swap arrangements to convert 50% of the proceeds into Euros. On October 7, 2020, KWE launched a cash tender offer to repurchase a portion of the outstanding balance of the KWE Bonds (the “Tender Offer”). KWE purchased £130.2 million (\$177.7 million based on December 31, 2020 rates) in aggregate nominal amount of the KWE Bonds, or 26.04% of the £500.0 million aggregate nominal amount of the KWE Bonds outstanding in Tender Offer. The purchase price for the KWE Bonds validly tendered and accepted for purchase pursuant to the Tender Offer was a price equal to 101% of the nominal amount of the relevant KWE Bonds, plus accrued and unpaid interest to, but not including, October 22, 2020. The total Tender Offer consideration was £133.1 million, including accrued and unpaid interest and was settled on October 22, 2020.

KWE also established a £2.0 billion (approximately \$2.7 billion based on December 31, 2020 rates) Euro Medium Term Note Programme (“EMTN”). Under the EMTN Programme, KWE may issue, from time to time, up to £2.0 billion of various types of debt securities in certain markets and currencies. KWE has drawn down under its EMTN Programme, with issuances of senior unsecured notes for an aggregate principal amount of approximately \$672.4 million (based on December 31, 2020 rates) (€550 million) (the “KWE Notes”). The KWE Notes were issued at a discount and have a carrying value of \$669.7 million, have an annual fixed coupon of 3.25%, and mature in 2025. The KWE Notes rank pari passu with the KWE Bonds, and are subject to the same restrictive covenants.

Borrowings Under Line of Credit

Kennedy-Wilson, Inc. (the “Borrower”), a wholly-owned subsidiary of Kennedy-Wilson Holdings, Inc. (the “Company”), KWH and certain subsidiaries of the Company (the “Subsidiary Guarantors”) on March 25, 2020 extended its existing \$500 million revolving line of credit (“Second A&R Facility”). Loans under the Second A&R Facility bear interest at a rate equal to LIBOR plus between 1.75% and 2.50%, depending on the consolidated leverage ratio as of the applicable measurement date. The Second A&R Facility has a maturity date of March 25, 2024. Subject to certain conditions precedent and at Kennedy-Wilson, Inc.’s (the “Borrower”) option, the maturity date of the Second A&R Facility may be extended by one year.

The Company has \$200.0 million outstanding on the A&R Facility on December 31, 2020 with \$300.0 million available to be drawn under the revolving credit facility. Subsequent to December 31, 2020, the Company repaid \$100.0 million on our revolving credit facility and now have \$400.0 million available to draw.

Debt Covenants

The Second A&R Facility and the indentures governing the KWI Notes contain numerous restrictive covenants that, among other things, limit Kennedy Wilson’s and certain of its subsidiaries’ ability to incur additional indebtedness, pay dividends or make distributions to stockholders, repurchase capital stock or debt, make

investments, sell assets or subsidiary stock, create or permit liens on assets, engage in transactions with affiliates, enter into sale/leaseback transactions, issue subsidiary equity and enter into consolidations or mergers. The Second A&R Revolving Facility requires Kennedy Wilson to maintain a minimum tangible net worth and a specified amount of cash and cash equivalents.

The Second A&R Facility has certain covenants as defined within its Second Amended and Restated Credit Agreement, dated as of March 25, 2020 (the “Credit Agreement”) that, among other things, limit the Company and certain of its subsidiaries’ ability to incur additional indebtedness, repurchase capital stock or debt, sell assets or subsidiary stock, create or permit liens, engage in transactions with affiliates, enter into sale/leaseback transactions, issue subsidiary equity and enter into consolidations or mergers. The Credit Agreement requires the Company to maintain (i) a maximum consolidated leverage ratio (as defined in the Credit Agreement) of not greater than 65%, measured as of the last day of each fiscal quarter, (ii) a minimum fixed charge coverage ratio (as defined in the Credit Agreement) of not less than 1.70 to 1.00, measured as of the last day of each fiscal quarter for the period of four full fiscal quarters then ended, (iii) a minimum consolidated tangible net worth equal to or greater than the sum of \$1,700,000,000 plus an amount equal to fifty percent (50%) of net equity proceeds received by the Company after the date of the most recent financial statements that are available as of the March 25, 2020, measured as of the last day of each fiscal quarter, (iv) a maximum recourse leverage ratio (as defined in the Credit Agreement) of not greater than an amount equal to consolidated tangible net worth as of the measurement date multiplied by 1.5, measured as of the last day of each fiscal quarter, (v) a maximum secured recourse leverage ratio (as defined in the Credit Agreement) of not greater than an amount equal to 3.5% of consolidated total asset value (as defined in the Credit Agreement) and \$299,000,000, (vi) a maximum adjusted secured leverage ratio (as defined in the Credit Agreement) of not greater than 55%, measured as of the last day of each fiscal quarter, and (vii) liquidity (as defined in the Credit Agreement) of at least \$75.0 million. As of December 31, 2020, the Company was in compliance with these covenants. The obligations of the

Borrower pursuant to the Credit Agreement are guaranteed by the Company and certain wholly-owned subsidiaries of the Company.

The indentures governing the KWI Notes limit the ability of Kennedy Wilson and its restricted subsidiaries to incur additional indebtedness if, on the date of such incurrence and after giving effect to the new indebtedness, the maximum balance sheet leverage ratio (as defined in the indenture) is greater than 1.50 to 1.00. This ratio is measured at the time of incurrence of additional indebtedness. As of December 31, 2020, the Company was in compliance with these covenants.

The KWE Bonds and KWE Notes require KWE to maintain (i) consolidated net indebtedness (as defined in the trust deed for the notes) of no more than 60% of the total asset value; (ii) consolidated secured indebtedness (less cash and cash equivalents) of no more than 50% of total asset value; (iii) an interest coverage ratio of at least 1.5 to 1.0, and (iv) unencumbered assets of no less than 125% of the unsecured indebtedness (less cash & cash equivalents). The covenants associated with KWE Bonds and KWE Notes are not an obligation of KWH and these amounts are presented as a component of our investment debt as it is an unsecured obligation relating to an underlying investment of ours. During the second quarter of 2020, we contributed \$56.4 million to KWE which holds the KWE Bonds and KWE Notes in order ensure that we maintain headroom on covenants associated with the KWE Bonds and KWE Notes. This amount is included within the \$640.3 million of foreign cash and is allowed to be used by KWE and other wholly-owned foreign subsidiaries within KWE for certain permitted investments. As of December 31, 2020, the Company was in compliance with these covenants.

In addition, loan agreements that govern the Company’s property-level non-recourse financings that are secured by its properties may contain operational and financial covenants, including but not limited to, debt yield related covenants and debt service coverage ratio covenants and, with respect to mortgages secured by certain properties in Europe, loan-to-value ratio covenants. Property-level non-recourse financings with such loan-to-value covenants require that the underlying properties are valued on a periodic basis (at least annually). The failure by the Company to comply with such

covenants and/or secure waivers from lenders could result in defaults under these instruments. In addition, if the Company defaults under a mortgage loan and/or such loan is accelerated by the lender, it may automatically be in default under any of its property and corporate unsecured loans that contain cross-default and/or cross-acceleration provisions. Please also see the section titled “COVID-19 Impact” above and Part I. Item 1A Risk Factors in our 10K filing with the SEC. As of December 31, 2020, the Company received waivers on certain debt covenants in loan agreements governing a total of \$266.9 million or 10% of our consolidated mortgage balance. These mortgages are secured by certain retail and hospitality assets in the United Kingdom and Ireland. All of these loans are non-recourse to the Company and the waivers are through March 31, 2021 and beyond and typically cover interest coverage and loan-to-value covenants. The Company expects to be in compliance with these covenants subsequent to December 31, 2020, or will seek additional waivers and/or extensions as, and if needed. In the event the Company is required to seek such additional waivers and/or extensions, the Company is currently confident that it will be able to secure the same. We also received covenant waivers on \$169.8 million of mortgages within our Co-Investment portfolio (our share of which is \$58.0 million and our equity in the properties securing the mortgage is \$14.3 million). The Company is current on all payments (principal and interest) for its property-level mortgages including the loans discussed above.

As of December 31, 2020, the Company was in compliance with or had received waivers on property-level mortgages on all covenant calculations after taking into consideration the waivers discussed above.

Off-Balance Sheet Arrangements

Guarantees

We have provided guarantees associated with loans secured by consolidated assets. At December 31, 2020, the maximum potential amount of future payments (undiscounted) we could be required to make under the guarantees was approximately \$22.5 million at December 31, 2020. The guarantees expire through 2025 and our

performance under the guarantees would be required to the extent there is a shortfall in liquidation between the principal amount of the loan and the net sale proceeds of the applicable properties. If we were to become obligated to perform on these guarantees, it could have an adverse effect on our financial condition.

As of December 31, 2020, we have unfulfilled capital commitments totaling \$97.4 million to our unconsolidated investments. In addition to the unfunded capital commitments on its joint venture investments, the Company has \$155.9 million of equity commitments relating on consolidated and unconsolidated development projects. As we identify investment opportunities in the future, we may be called upon to contribute additional capital to unconsolidated investments in satisfaction of our capital commitment obligations.

Non-Recourse Carve Out Guarantees

Most of our real estate properties within our equity partnerships are encumbered by traditional non-recourse debt obligations. In connection with most of these loans, however, we entered into certain “non-recourse carve out” guarantees, which provide for the loans to become partially or fully recourse against us if certain triggering events occur. Although these events are different for each guarantee, some of the common events include:

- the special purpose property-owning subsidiary’s filing a voluntary petition for bankruptcy;
- the special purpose property-owning subsidiary’s failure to maintain its status as a special purpose entity; and
- subject to certain conditions, the special purpose property-owning subsidiary’s failure to obtain lender’s written consent prior to any subordinate financing or other voluntary lien encumbering the associated property.

In the event that any of these triggering events occur and the loans become partially or fully recourse against us, our business, financial condition, results of operations and common stock price could be materially adversely affected.

Management’s Discussion and Analysis of Financial Condition and Results of Operations *(continued)*

In addition, other items that are customarily recourse to a non-recourse carve out guarantor include, but are not limited to, the payment of real property taxes, liens which are senior to the mortgage loan and outstanding security deposits.

Impact of Inflation and Changing Prices

Inflation has not had a significant impact on the results of operations of our company in recent years.

Our exposure to market risk from changing prices consists primarily of fluctuations in rental rates of commercial and multifamily properties, market interest rates on investment mortgages and debt obligations and real estate property values. Rental rate increases are dependent upon market conditions and the competitive environments in the respective locations of the properties. To the extent that we engage in development activities, we may have exposure to changing prices in materials or cost of labor. The revenues of the investment management operations with respect to rental properties are highly dependent upon the aggregate rents of the properties managed, which are affected by rental rates and building occupancy rates. Employee compensation is the principal cost element of investment management.

Qualitative and Quantitative Disclosures about Market Risk

Our primary market risk exposure relates to changes in interest rates in connection with our short-term borrowings, some of which bear interest at variable rates based on the lender’s base rate, prime rate, EURIBOR, GBP LIBOR, or LIBOR plus an applicable borrowing margin. These borrowings do not give rise to a significant interest rate risk because they have short maturities. However, the amount of income or loss we recognize for unconsolidated joint ventures or consolidated interest expense from property level debt may be impacted by changes in interest rates. Our exposure to market risk also consists of foreign currency exchange rate fluctuations related to our international operations.

Interest Rate Risk

We have established an interest rate management policy, which attempts to minimize our overall cost of debt while taking into consideration the earnings implications associated with the volatility of short-term interest rates. As part of this policy, we have elected to maintain a combination of variable and fixed rate debt. As of December 31, 2020, 83% of our consolidated debt is fixed rate, 6% is floating rate with interest caps and 11% is floating rate without interest caps.

We hold variable rate debt on some of our consolidated properties that are subject to interest rate fluctuations. In order to mitigate some of the risk associated with increasing interest rates we have purchased interest rate caps that limit the amount that interest expense can increase with rate increases. However, some of our debt is uncapped and the mortgages that do have interest caps are subject to increased interest expense until rates hit the level of caps that have been purchased. If there was a 100-basis point increase or decrease, we would have a \$22.4 million increase in interest expense or \$2.8 million in interest expense savings during 2020 on our current consolidated mortgages. The weighted average strike price on caps and maturity of Kennedy Wilson’s variable rate mortgages is 1.66% and approximately 2.3 years, respectively, as of December 31, 2020.

The table below represents contractual balances of our financial instruments at the expected maturity dates as well as the fair value as of December 31, 2020. The weighted average interest rate for the various assets and liabilities presented are actual as of December 31, 2020. We closely monitor the fluctuation in interest rates, and if rates were to increase significantly, we believe that we would be able to either hedge the change in the interest rate or refinance the loans with fixed interest rate debt. All instruments included in this analysis are non-trading.

	Principal Maturing in:							Fair Value
	2021	2022	2023	2024	2025	Thereafter	Total	December 31, 2020
(Dollars in millions)								
Interest rate sensitive assets								
Cash equivalents	\$ 965.1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 965.1	\$ 965.1
Average interest rate	0.01%	—%	—%	—%	—%	—%	0.01%	—
Fixed rate receivables	9.8	—	8.3	1.0	8.8	4.9	32.8	32.8
Average interest rate ⁽¹⁾	5.00%	—%	6.19%	5.00%	—%	6.25%	6.28%	—
Variable rate receivables	21.8	7.4	44.4	—	—	0.8	74.4	74.4
Average interest rate	3.94%	7.45%	7.34%	—%	—%	—%	6.33%	—
Total	\$ 996.7	\$ 7.4	\$ 52.7	\$ 1.0	\$ 8.8	\$ 5.7	\$ 1,072.3	\$ 1,072.3
Weighted average interest rate ⁽¹⁾	0.12%	7.45%	6.22%	5.00%	—%	5.37%	1.74%	
Interest rate sensitive liabilities								
Variable rate borrowings	\$ 220.5	\$ 303.1	\$ 162.0	\$ 43.1	\$ 77.8	\$ 89.2	\$ 895.7	\$ 813.3
Average interest rate	4.95%	1.95%	2.98%	3.02%	3.14%	1.73%	3.01%	—
Fixed rate borrowings	15.7	518.1	257.6	1,305.2	1,216.1	916.3	4,229.0	4,096.0
Average interest rate	4.29%	3.97%	3.11%	5.63%	3.43%	3.80%	4.24%	—
Total	\$ 236.2	\$ 821.2	\$ 419.6	\$ 1,348.3	\$ 1,293.9	\$ 1,005.5	\$ 5,124.7	\$ 4,909.3
Weighted average interest rate	4.91%	3.22%	3.06%	5.55%	3.42%	3.61%	4.03%	

⁽¹⁾ Interest rate sensitive assets’ weighted average interest rates are exclusive of non-performing receivables.

Currency Risk—Foreign Currencies

The financial statements of Kennedy Wilson’s subsidiaries located outside the United States are measured using the local currency as this is their functional currency. The assets and liabilities of these subsidiaries are translated at the rates of exchange at the balance sheet date and income and expenses are translated at the average monthly rate. The foreign currencies include the euro and the British pound sterling. Cumulative translation adjustments, to the extent not included in cumulative net income, are included in the consolidated statement of equity as a component of accumulated other comprehensive income. Currency translation gains and losses and currency derivative gains and losses will remain in other comprehensive income unless and until the Company substantially liquidates underlying investments.

Approximately 46% of our investment account is invested through our foreign platforms in their local currencies. Investment level debt is generally incurred in local currencies and therefore we consider our equity investment as the appropriate exposure to evaluate for hedging purposes. Additionally, the costs to operate these businesses, such as compensation, overhead and interest expense are incurred in local currencies. We typically do not hedge future operations or cash flows of operations denominated in foreign currencies, which may have a significant impact on the results of our operations for both the investment and services segments. In order to manage the effect of these fluctuations, we generally hedge our book equity exposure to foreign currencies through currency forward contracts and options. As of December 31, 2020 we have hedged 95% of the gross asset carrying value of our euro denominated investments and 87% of the gross asset carrying value of our GBP denominated investments.

Our service businesses typically do not require much capital, so foreign currency translation and derivative activity primarily relates to the investments segment as that has greater balance sheet exposure to foreign currency fluctuations.

If there was a 5% increase or decrease in foreign exchange rates on the currencies we invest to the U.S. Dollar our net asset value would increase by \$17.1 million or decrease by \$17.2 million. If rates moved 10% we would have an increase of \$34.1 million and a decrease of \$34.5 million.

Financial Measures and Descriptions.

Revenue

Rental—rental income is comprised of rental revenue earned by our consolidated real estate investments.

Hotel—hotel income is comprised of hotel revenue earned by our consolidated hotels.

Sale of real estate—sales of real estate consists of gross sales proceeds received on the sale of consolidated real estate that is not defined as a business by U.S. GAAP.

Investment Management, Property Services and Research Fees—Investment management, property services, and research fees are primarily comprised of base asset management fees, and acquisition fees generated by our investment management division. Property management fees, leasing fees and sales commissions generated by our property services division until its sale in the fourth quarter of 2020 and consulting fees generated by Meyers Research until the Company’s sale of Meyers Research in the fourth quarter of 2018. Fees earned from consolidated investments are eliminated in consolidation with the amount relating to our equity partners being recognized through income attributable to noncontrolling interests.

Expenses

Rental—rental expenses consists of the expenses of our consolidated real estate investments, including items such as property taxes, insurance, maintenance and repairs, utilities, supplies, salaries and management fees.

Hotel—hotel expenses consists of expenses of our consolidated hotel investments, including items such as property taxes, insurance, maintenance and repairs, utilities, supplies, salaries and management fees.

Commission and marketing—commission and marketing expenses includes fees paid to third party sales and leasing agents as well as business development costs necessary to generate revenues.

Compensation and related—compensation and related expenses include: (a) employee compensation, comprising of salary, bonus, employer payroll taxes and benefits paid on behalf of employees and (b) share-based compensation associated with the grants of share-based awards.

General and administrative—general and administrative expenses represent administrative costs necessary to run Kennedy Wilson’s businesses and include things such as occupancy and equipment expenses, professional fees, public company costs, travel and related expenses, and communications and information services.

Depreciation and amortization—depreciation and amortization is comprised of depreciation expense which is recognized ratably over the useful life of an asset and amortization expense which primarily consist of the amortization of assets allocated to the value of in-place leases upon acquisition of a consolidated real estate asset.

Income from unconsolidated investments—Income from unconsolidated investments consists of the Company’s share of income or loss earned on investments in which the Company can exercise significant influence but does not have control. Income from unconsolidated investments includes income from ordinary course operations of the underlying investment, gains on sale, fair value gains and losses and performance-based fees.

Transaction-related expenses—Transaction-related expenses consists of the costs incurred and the write off of any costs associated with acquisitions which did not materialize.

Gain on sale of real estate, net—Gain on sale of real estate, net relates to the amount received over the carrying value of assets sold that met the definition of a business under U.S. GAAP.

Interest expense—Interest expense represents interest costs associated with our senior notes payable, revolving credit facility, mortgages on our consolidated real estate, and unsecured debt held by KWE.

Other income (expense)—Other income (expense) includes the realized foreign currency exchange income or loss relating to the settlement of foreign transactions during the year which arise due to changes in currency exchange rates, realized gains or losses related to the settlement of derivative instruments, the gain or loss on the sale of marketable securities, and interest income on bank deposits.

Income taxes—The Company’s services business operates globally as corporate entities subject to federal, state, and local income taxes and the investment business operates through various partnership structures to acquire wholly-owned or jointly-owned investments in multifamily, commercial, residential and development properties. The Company’s distributive share of income from its partnership investments will be subject to federal, state, and local taxes and the related tax provision attributable to the Company’s share of the income tax is reflected in the consolidated financial statements.

Noncontrolling Interests—Noncontrolling interests represents income or loss attributable to equity partners for their ownership in investments which the Company controls. Income or loss is attributed to noncontrolling interest partners based on their respective ownership interest in an investment.

Accumulated other comprehensive income—Accumulated other comprehensive income represents the Company’s share of foreign currency movement on translating Kennedy Wilson’s foreign subsidiaries from their functional currency into the Company’s reporting currency. These amounts are offset by Kennedy Wilson’s effective portion of currency related hedge instruments.

Foreign Currency

As of December 31, 2020, approximately 46% of our investment account is invested through our foreign platforms in their local currencies. Investment level debt is generally incurred in local currencies and therefore we consider the carrying value of our equity investment as the appropriate exposure to evaluate for hedging purposes. Fluctuations in foreign exchange rates may have a significant impact on the results of our operations. In order to manage the effect of these fluctuations, we generally hedge our book equity exposure to foreign currencies through currency forward contracts and options. Please see the section titled “Qualitative and Quantitative Disclosures About Market Risk—Currency Risk—Foreign Currencies” for a detailed discussion with respect to foreign currency.

Non-GAAP Measures and Certain 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 Limited (formerly known as 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.

“Adjusted EBITDA” represents net income before interest expense, loss on early extinguishment of debt, 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, provision for (benefit from) income taxes, our share of taxes included in unconsolidated investments, share-based compensation expense for the Company and EBITDA attributable to noncontrolling interests. Please also see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP measures” for a reconciliation of Adjusted EBITDA to net income as reported under

Management’s Discussion and Analysis of Financial Condition and Results of Operations *(continued)*

GAAP. 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 non-cash acquisition-related gains or expenses) 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 Net Income” represents net income before depreciation and amortization, our share of depreciation and amortization included in income from unconsolidated investments, share-based compensation, preferred dividends and accretion of preferred stock issuance costs and net income attributable to noncontrolling interests, before depreciation and amortization. Please also see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Certain Non-GAAP Measures and Reconciliations” for a reconciliation of Adjusted Net Income to net income as reported under GAAP.

“Consolidated Portfolio NOI” refers to the NOI that is generated from the properties that we have an ownership interest in and are held in our Consolidated Properties business segment. Please also see “Management’s Discussion and Analysis of

Financial Condition and Results of Operations—Certain Non-GAAP Measures and Reconciliations” for a reconciliation of Consolidated Portfolio NOI to net income as reported under GAAP.

“Equity partners” refers to non-wholly-owned subsidiaries that we consolidate in our financial statements under U.S. GAAP and third-party equity providers.

“Fee Bearing Capital” represents total third-party committed or invested capital that we manage in our joint-ventures and commingled funds that entitle us to earn fees, including without limitation, asset management fees, construction management fees, acquisition and disposition fees and/or promoted interest, if applicable.

“Gross Asset Value” refers to the gross carrying value of assets, before debt, depreciation and amortization, and net of noncontrolling interests.

“Real Estate 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.

“Co-Investment Portfolio NOI” refers to the NOI that is generated from the properties that we have an ownership interest in and are held in our Co-investment Properties business segment. Please also see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Certain Non-GAAP Measures and Reconciliations” for a reconciliation of Co-Investment Portfolio NOI to net income as reported under GAAP.

“Net operating income” or “ NOI” is a non-GAAP measure representing the income produced by a property calculated by deducting certain property expenses from property revenues. Our management uses net operating income to assess and compare the performance of our properties and to estimate their fair value. Net operating income does not include the effects of depreciation or amortization or gains or losses from the sale of properties because the effects of those items do not necessarily represent the actual change in the value of our properties resulting from our value-add initiatives or changing market conditions. Our management believes that net operating income reflects the core revenues and costs of operating our properties and is better suited to evaluate trends in occupancy and lease rates.

“Noncontrolling interests” represents the portion of equity ownership in a consolidated subsidiary not attributable to Kennedy Wilson.

	Years Ended December 31,				
<i>(Dollars in millions)</i>	2020	2019	2018	2017	2016
Net income	\$ 107.8	\$ 321.1	\$ 212.1	\$ 138.0	\$ 76.5
Non-GAAP adjustments:					
Add back:					
Interest expense	211.2	215.1	238.2	217.7	191.6
Kennedy Wilson’s share of interest expense included in investment in unconsolidated investments	33.0	32.1	26.0	23.0	23.0
Depreciation and amortization	179.6	187.6	206.1	212.5	198.2
Kennedy Wilson’s share of depreciation and amortization included in unconsolidated investments	6.9	8.2	13.2	16.2	20.8
Provision for (benefit from) income taxes	43.6	41.4	58.0	(16.3)	14.0
Kennedy Wilson’s share of taxes included in unconsolidated investments	1.1	—	—	—	—
Share-based compensation	32.3	30.2	37.1	38.4	65.1
EBITDA attributable to noncontrolling interests ⁽¹⁾	(7.5)	(107.6)	(78.0)	(173.8)	(239.3)
Adjusted EBITDA⁽²⁾	\$ 608.0	\$ 728.1	\$ 712.7	\$ 455.7	\$ 349.9

^{(1) (2)} See “Non-GAAP Measures and Certain Definitions” for definitions and discussion of Adjusted EBITDA.

“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.

We use certain non-GAAP measures to analyze our business, including Adjusted EBITDA and Adjusted Net Income. We use these metrics for evaluating the success of our company and believe that they enhance the understanding of our operating results. A reconciliation of net income to Adjusted EBITDA and Adjusted Net Income is presented below:

Management’s Discussion and Analysis of Financial Condition and Results of Operations *(continued)*

	Years Ended December 31,				
(Dollars in millions)	2020	2019	2018	2017	2016
Net income	\$ 107.8	\$ 321.1	\$ 212.1	\$ 138.0	\$ 76.5
Non-GAAP adjustments:					
Add back:					
Depreciation and amortization	179.6	187.6	206.1	212.5	198.2
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	6.9	8.2	13.2	16.2	20.8
Share-based compensation	32.3	30.2	37.1	38.4	65.1
Net income attributable to the noncontrolling interests, before depreciation and amortization ⁽¹⁾	(2.5)	(102.0)	(71.5)	(117.8)	(169.3)
Preferred dividends and accretion of preferred stock issuance costs	(17.2)	(2.6)	—	—	—
One-time tax remeasurement ⁽³⁾	—	—	—	(44.8)	—
Adjusted Net Income ⁽²⁾	\$ 306.9	\$ 442.5	\$ 397.0	\$ 242.5	\$ 191.3

^{(1) (2)} See “Non-GAAP Measures and Certain Definitions” for definitions and discussion of Adjusted Net Income.

⁽³⁾ Recorded as a result of US federal tax legislation, commonly referred to as the “Tax Cuts and Jobs Act”, signed into law on December 22, 2017.

Net Operating Income

	Years Ended December 31,					
	2020		2019		2018	
	Consolidated Portfolio	Co-Investment Portfolio	Consolidated Portfolio	Co-Investment Portfolio	Consolidated Portfolio	Co-Investment Portfolio
Net income	\$ 107.8	\$ 81.0	\$ 321.1	\$ 179.7	\$ 212.1	\$ 78.7
Less: Provision for income taxes	43.6	1.0	41.4	—	58.0	—
Less: Income from unconsolidated investments	(81.0)	—	(179.7)	—	(78.7)	—
Less: Gain on sale of real estate, net	(338.0)	11.5	(434.4)	(53.5)	(371.8)	(23.0)
Less: Gain on sale of business	—	—	—	—	(40.4)	—
Add: Interest expense	211.2	33.1	215.1	32.1	238.2	26.0
Add: Transaction-related expenses	0.9	—	6.8	—	1.7	—
Less: Other (loss) income	(4.5)	13.7	(0.4)	8.0	(13.1)	(2.5)
Less: Sale of real estate	—	(11.5)	(1.1)	(26.7)	(56.8)	(19.2)
Less: Investment management and property services	(33.1)	(2.6)	(40.7)	(36.2)	(45.3)	(27.5)
Add: Cost of real estate sold	—	13.3	1.2	23.9	52.5	18.6
Add: Commission and marketing	2.8	—	3.8	—	5.9	—
Add: Compensation and related	144.4	—	151.8	—	168.8	—
Add: General and administrative	34.6	—	42.4	—	50.8	—

	Years Ended December 31,					
	2020		2019		2018	
	Consolidated Portfolio	Co-Investment Portfolio	Consolidated Portfolio	Co-Investment Portfolio	Consolidated Portfolio	Co-Investment Portfolio
Add: Depreciation	179.6	6.9	187.6	8.2	206.1	13.4
Less: Fair value adjustments	—	(43.9)	—	(57.7)	—	(9.2)
Less: NCI adjustments	(6.0)	—	(9.7)	—	(19.7)	—
Net Operating Income	\$ 262.3	\$ 102.5	\$ 305.2	\$ 77.8	\$ 368.3	\$ 55.3

	Years Ended December 31,			
	2017		2016	
	Consolidated Portfolio	Co-Investment Portfolio	Consolidated Portfolio	Co-Investment Portfolio
Net income	\$ 138.0	\$ 77.8	\$ 76.5	\$ 126.6
Less: (Benefit from) provision for income taxes	(16.3)	—	14.0	—
Less: Income from unconsolidated investments	(77.8)	—	(126.6)	—
Less: Gain on sale of real estate, net	(226.7)	(10.5)	(130.7)	(59.6)
Add: Interest expense	217.7	23.2	191.6	22.9
Add: Transaction-related expenses	4.4	—	(6.7)	(0.4)
Less: Other (loss) income	(23.5)	(5.6)	(19.2)	3.4
Less: Sale of real estate	(111.5)	(108.2)	(29.3)	(48.8)
Less: Investment management and property services	(42.9)	(17.3)	(59.4)	(12.5)
Add: Cost of real estate sold	80.2	77.4	22.1	38.8
Add: Commission and marketing	7.2	—	8.0	—
Add: Compensation and related	177.2	0.9	186.5	0.9
Add: General and administrative	42.2	2.6	45.4	3.6
Add: Depreciation	212.5	16.1	198.2	20.8
Less: Fair value adjustments	—	(8.3)	—	(44.6)
Less: NCI adjustments	(138.7)	—	(181.0)	—
Net Operating Income	\$ 242.0	\$ 48.1	\$ 189.4	\$ 51.1

Management’s Discussion and Analysis of Financial Condition and Results of Operations *(continued)*

Same property analysis

The same property analysis reflects, and is weighted by, Kennedy Wilson's ownership in each underlying property. Previously, the Company had presented this analysis without adjusting for Kennedy Wilson's ownership interest.

The table below is a reconciliation of Non-GAAP measures included within the Company's same property analysis, to their most comparable GAAP measures.

	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Same Property		Same Property	
	Revenue	NOI	Revenue	NOI
Net Income	\$ 107.8	\$ 107.8	\$ 321.1	\$ 321.1
Less: Provision for income taxes	43.6	43.6	41.4	41.4
Less: Income from unconsolidated investments	(81.0)	(81.0)	(179.7)	(179.7)
Less: Gain on sale of real estate, net	(338.0)	(338.0)	(434.4)	(434.4)
Add: Acquisition-related expenses	0.9	0.9	6.8	6.8
Add: Interest expense	211.2	211.2	215.1	215.1
Less: Other income	(4.5)	(4.5)	(0.4)	(0.4)
Less: Sale of real estate	—	—	(1.1)	(1.1)
Less: Investment management, property services and research fees	(33.1)	(33.1)	(40.7)	(40.7)
Add: Rental expenses	135.7	—	152.9	—
Add: Hotel expenses	13.8	—	60.1	—
Add: Cost of real estate sold	—	—	1.2	1.2
Add: Commission and marketing	2.8	2.8	3.8	3.8
Add: Compensation and related	144.4	144.4	151.8	151.8
Add: General and administrative	34.6	34.6	42.4	42.4
Add: Depreciation and amortization	179.6	179.6	187.6	187.6
Less: NCI adjustments ⁽¹⁾	(5.4)	(1.2)	(14.7)	(4.4)
Add: Unconsolidated investment adjustments ⁽²⁾	100.9	74.1	99.5	73.1
Add: Straight-line and above/below market rents	(10.5)	(10.5)	(4.6)	(4.6)
Less: Reimbursement of recoverable operating expenses	(24.5)	—	(24.4)	—
Less: Properties bought and sold ⁽³⁾	(56.8)	(39.9)	(108.1)	(59.3)
Less: Other properties excluded ⁽⁴⁾	(29.6)	(4.9)	(72.9)	(23.7)
Other Reconciling Items ⁽⁵⁾	8.7	9.6	6.6	10.7
Same Prop rty	\$ 400.6	\$ 295.5	\$ 409.3	\$ 306.7

	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Same Property		Same Property	
	Revenue	NOI	Revenue	NOI
Same Prop rty (Rep rted)				
Commercial—Same Property	\$ 149.3	\$ 128.9	\$ 160.0	\$ 139.4
Multifamily Market Rate Portfolio—Same Property	221.6	145.9	220.4	147.4
Multifamily Affordable Portfolio—Same Property	29.7	20.7	28.9	19.9
Same Prop rty	\$ 400.6	\$ 295.5	\$ 409.3	\$ 306.7

⁽¹⁾ Represents rental revenue and rental expenses and hotel revenue and hotel expenses attributable to non-controlling interests.

⁽²⁾ Represents the Company's share of unconsolidated investment rental revenues and rental expenses, as applicable, which are within the applicable same property population.

⁽³⁾ Represents properties excluded from the same property population that were purchased or sold during the applicable period.

⁽⁴⁾ Represents properties excluded from the same property population that were not during the applicable period.

⁽⁵⁾ Represents other properties excluded from the same property population that were not classified as either a commercial or multifamily property within the Company's portfolio. Also includes immaterial adjustments for foreign exchange rates, changes in ownership percentages, and certain non-recurring income and expenses.

Critical Accounting Policies

A critical accounting policy is one that involves an estimate or assumption that is subjective and requires judgment on the part of management about the effect of a matter that is inherently uncertain and is material to an entity’s financial condition and results of operations. Estimates are prepared using management’s best judgment, after considering past and current economic conditions and expectations for the future. Changes in estimates could affect our financial position and specific items in our results of operations that are used by stockholders, potential investors, industry analysts and lenders in their evaluation of our performance. Of the significant accounting policies discussed in Note 2 to the Consolidated Financial Statements, those presented below have been identified by us as meeting the criteria to be considered critical accounting policies. Refer to Note 2 for more information on these critical accounting policies.

Performance fees—Performance fees or carried interest are allocated to the general partner, special limited partner or asset manager of Kennedy Wilson's real estate funds and fair value option unconsolidated investments based on the cumulative performance of the fund and are subject to preferred return thresholds of the limited

partners and participants. At the end of each reporting period, Kennedy Wilson calculates the performance fee that would be due as if the fair value of the underlying investments were realized as of such date, irrespective of whether such amounts have been realized. As the fair value of underlying investments varies between reporting periods, it is necessary to make adjustments to amounts recorded as performance fees to reflect either (a) positive performance resulting in an increase in the performance fee allocated to the general partner or asset manager or (b) negative performance that would cause the amount due to Kennedy Wilson to be less than the amount previously recognized, resulting in a negative adjustment to performance fees allocated to the general partner or asset manager.

Real Estate Acquisitions—The purchase price of acquired properties is recorded to land, buildings and building improvements and intangible lease value (value of above-market and below-market leases, acquired in-place lease values, and tenant relationships, if any). The ownership of the other interest holders in consolidated subsidiaries is reflected as noncontrolling interests. Real estate is recorded based on cumulative costs incurred and allocated based on relative fair value.

The valuations of real estate are based on management estimates of the real estate assets using income and market approaches. The indebtedness securing the real estate is valued, in part, based on third party valuations and management estimates also using an income approach.

The indebtedness securing the real estate are valued, in part, based on third party valuations and management estimates also using an income approach. The use of different assumptions to value the acquired properties and intangible assets and assumed liabilities could affect the future revenues and expenses we recognize over the estimated remaining useful life or lease term.

Fair Value Investments—Kennedy Wilson records its investments in certain commingled funds it manages and sponsors (the “Funds”) that are investment companies under the Investment Companies ASC Subtopic 946-10, based upon the net assets that would be allocated to its interests in the Funds assuming the Funds were to liquidate their investments at fair value as of the reporting date. Thus, the Funds reflect their investments at fair value, with unrealized gains and losses resulting from changes in

fair value reflected in their earnings. Kennedy Wilson has retained the specialized accounting for the Funds as discussed in ASC Subtopic 323-10 in recording its equity in joint venture income from the Funds.

Additionally, Kennedy Wilson elected the fair value option for 29 investments in unconsolidated investment entities. Due to the nature of these investments, Kennedy Wilson elected to record these investments at fair value in order to report the value in the underlying investments in the results of our current operations.

The use of different assumptions to fair value these investments could have material impact on the consolidated statements of income.

Recently Issued Accounting Pronouncements

See Note 2 to the Consolidated Financial Statements.

To the Shareholders and Board of Directors
Kennedy-Wilson Holdings, Inc.:

Opinion on the Consolidated Financial Statements—We have audited the accompanying consolidated balance sheets of Kennedy-Wilson Holdings, Inc. and subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes and financial statement schedule III—Real Estate and Accumulated Depreciation (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 26, 2021 expressed an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting.

Basis for Opinion—These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter—The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgment. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of the fair value of certain unconsolidated investments and commingled funds—As discussed in Notes 2 and 5 to the consolidated financial statements, the Company elected to record certain unconsolidated investments using the fair value option to more accurately reflect the timing of the value created in the underlying investments and report those changes in current operations. Additionally, the Company records its investments in its managed commingled funds (the “Funds”) based upon the net assets

that would be allocated to its interests in the Funds, assuming the Funds were to liquidate their investments at fair value as of the reporting date. As of December 31, 2020, these investments had a fair value of \$1,136.5 million.

We identified the evaluation of the fair value of certain unconsolidated investments and commingled funds as a critical audit matter. A high degree of subjectivity was required in applying and evaluating results from procedures over the respective discounted cash flow models used to calculate the fair value of the underlying real estate investments. Specifically, the respective discounted cash flow models were sensitive to changes in certain key assumptions, including discount and terminal capitalization rates, which have a significant effect on the determination of fair value of these investments.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of

certain internal controls over the Company’s fair value process for unconsolidated investments and commingled funds, including controls related to the development of the discount rate and terminal capitalization rate assumptions. For a selection of the Company’s investments, we involved valuation professionals with specialized skills and knowledge who assisted in comparing the discount rate and terminal capitalization rate used by the Company to independently developed ranges using market information obtained from third-party real estate publications or to rates observed in similar investments in the current period.

/s/ KPMG LLP

We have served as the Company’s auditor since 2002.

Los Angeles, California
February 26, 2021

To the Shareholders and Board of Directors
Kennedy-Wilson Holdings, Inc.:

Opinion on Internal Control Over Financial Reporting—We have audited Kennedy-Wilson Holdings, Inc. and subsidiaries’ (the Company) internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes and financial statement schedule III—Real Estate and Accumulated Depreciation (collectively, the consolidated financial statements), and our report dated February 26, 2021 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion—The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in

all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting—A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Los Angeles, California
February 26, 2021

Consolidated Balance Sheets

(Dollars in millions)

	December 31,	
	2020	2019
Assets		
Cash and cash equivalents	\$ 965.1	\$ 573.9
Accounts receivable (including \$12.6 and \$11.2 of related party)	47.9	52.1
Real estate and acquired in place lease values (net of accumulated depreciation and amortization of \$815.0 and \$703.2)	4,720.5	5,080.2
Unconsolidated investments (including \$1,136.5 and \$1,099.3 at fair value)	1,289.3	1,326.5
Other assets	306.2	271.8
Total assets⁽¹⁾	\$ 7,329.0	\$ 7,304.5
Liabilities		
Accounts payable	\$ 30.1	\$ 20.4
Accrued expenses and other liabilities	531.7	518.0
Mortgage debt	2,589.8	2,641.0
KW unsecured debt	1,332.2	1,131.7
KWE unsecured bonds	1,172.5	1,274.2
Total liabilities⁽¹⁾	5,656.3	5,585.3
Equity		
Series A cumulative preferred stock, \$0.0001 par value, \$1,000 per share liquidation preference, 1,000,000 shares authorized, 300,000 shares outstanding as of December 31, 2020 and December 31, 2019	295.2	295.2
Common Stock, \$0.0001 par value, 200,000,000 authorized, 141,365,323 and 142,283,109 shares issued outstanding as of December 31, 2020 and December 31, 2019	—	—
Additional paid-in capital	1,725.2	1,754.5
Retained earnings	17.7	46.2
Accumulated other comprehensive loss	(393.6)	(417.2)
Total Kennedy-Wilson Holdings, Inc. shareholders' equity	1,644.5	1,678.7
Noncontrolling interests	28.2	40.5
Total equity	1,672.7	1,719.2
Total liabilities and equity	\$ 7,329.0	\$ 7,304.5

⁽¹⁾ The assets and liabilities as of December 31, 2020 include \$166.0 million (including cash held by consolidated investments of \$9.1 million and real estate and acquired in place lease values, net of accumulated depreciation and amortization of \$150.0 million) and \$107.7 million (including investment debt of \$97.5 million), respectively, from consolidated variable interest entities ("VIEs"). The assets and liabilities as of December 31, 2019 include \$267.5 million (including cash held by consolidated investments of \$10.3 million and real estate and acquired in place lease values, net of accumulated depreciation and amortization of \$243.5 million) and \$219.7 million (including investment debt of \$206.0 million), respectively, from VIEs. These assets can only be used to settle obligations of the consolidated VIEs, and the liabilities do not have recourse to the Company.

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

(Dollars in millions, except per share data)

	Year ended December 31,		
	2020	2019	2018
Revenue			
Rental	\$ 403.9	\$ 447.4	\$ 514.6
Hotel	13.9	80.5	155.7
Sale of real estate	—	1.1	56.8
Investment management, property services, and research fees (includes \$22.7, \$26.1, and \$15.3 of related party fees, respectively)	33.1	40.7	45.3
Total revenue	450.9	569.7	772.4
Exp nses			
Rental	135.7	152.9	160.8
Hotel	13.8	60.1	121.5
Cost of real estate sold	—	1.2	52.5
Commission and marketing	2.8	3.8	5.9
Compensation and related (includes \$32.3, \$30.2, and \$37.1 of share-based compensation)	144.4	151.8	168.8
General and administrative	34.6	42.4	50.8
Depreciation and amortization	179.6	187.6	206.1
Total expenses	510.9	599.8	766.4
Income from unconsolidated investments, net of depreciation and amortization	81.0	179.7	78.7
Gain on sale of real estate, net	338.0	434.4	371.8
Gain on sale of business	—	—	40.4
Transaction-related expenses	(0.9)	(6.8)	(1.7)
Interest expense	(211.2)	(215.1)	(238.2)
Other income	4.5	0.4	13.1
Income before provision for income taxes	151.4	362.5	270.1
Provision for income taxes	(43.6)	(41.4)	(58.0)
Net income	107.8	321.1	212.1
Net loss (income) attributable to the noncontrolling interests	2.3	(94.4)	(62.1)
Preferred dividends and accretion of preferred stock issuance costs	(17.2)	(2.6)	—
Net income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ 92.9	\$ 224.1	\$ 150.0
Basic Earnings p r share			
Income per basic	\$ 0.66	\$ 1.60	\$ 1.04
Weighted average shares outstanding for basic	139,741,411	139,729,573	142,895,472
Diluted Earnings per share			
Income per diluted	\$ 0.66	\$ 1.58	\$ 1.04
Weighted average shares outstanding for diluted	140,347,365	141,501,323	144,753,421
Dividends declared per common share	\$ 0.88	\$ 0.85	\$ 0.78

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

	Year ended December 31,		
	2020	2019	2018
Net income	\$ 107.8	\$ 321.1	\$ 212.1
Other comprehensive income, net of tax:			
Unrealized foreign currency translation gain (loss)	66.5	(13.3)	(62.6)
Amounts reclassified out of AOCI during the year	0.8	10.4	13.2
Unrealized currency derivative contracts (loss) gain	(37.8)	38.7	38.3
Unrealized losses on interest rate swaps	(5.3)	(0.7)	—
Total other comprehensive income (loss) for the year	24.2	35.1	(11.1)
Comprehensive income	132.0	356.2	201.0
Comprehensive income (loss) attributable to noncontrolling interests	1.7	(105.0)	(65.4)
Comprehensive income attributable to Kennedy-Wilson Holdings, Inc.	<u>\$ 133.7</u>	<u>\$ 251.2</u>	<u>\$ 135.6</u>

See accompanying notes to consolidated financial statements.

Consolidated Statements of Equity

	Year Ended December 31, 2020								
	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
	Shares	Amount	Shares	Amount					
Balance, December 31, 2019	300,000	\$ 295.2	142,283,109	\$ —	\$ 1,754.5	\$ 46.2	\$ (417.2)	\$ 40.5	\$ 1,719.2
Shares forfeited	—	—	(62,710)	—	—	—	—	—	—
Restricted stock grants (RSG)	—	—	2,543,551	—	—	—	—	—	—
Shares retired due to RSG Vesting	—	—	(571,983)	—	(11.6)	—	—	—	(11.6)
Shares retired due to common stock repurchase program	—	—	(2,826,644)	—	(50.0)	4.2	—	—	(45.8)
Stock based compensation	—	—	—	—	32.3	—	—	—	32.3
Other comprehensive income (loss):									
Unrealized foreign currency translation gains, net of tax	—	—	—	—	—	—	66.1	0.6	66.7
Unrealized foreign currency derivative contract losses, net of tax	—	—	—	—	—	—	(37.8)	—	(37.8)
Unrealized loss on interest rate swaps, net of tax	—	—	—	—	—	—	(4.7)	—	(4.7)
Common stock dividends	—	—	—	—	—	(125.6)	—	—	(125.6)
Preferred stock dividends	—	—	—	—	—	(17.2)	—	—	(17.2)
Net income	—	—	—	—	—	110.1	—	(2.3)	107.8
Contributions from noncontrolling interests	—	—	—	—	—	—	—	4.5	4.5
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(18.9)	(18.9)
KW Europe II deconsolidation	—	—	—	—	—	—	—	3.8	3.8
Balance, December 31, 2020	300,000	\$ 295.2	141,365,323	\$ —	\$ 1,725.2	\$ 17.7	\$ (393.6)	\$ 28.2	\$ 1,672.7

See accompanying notes to consolidated financial statements.

Consolidated Statements of Equity (continued)

(Dollars in millions, except share amounts)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other	Noncontrolling Interests	Total
	Shares	Amount	Shares	Amount			Comprehensive Loss		
Balance, December 31, 2018	—	\$ —	143,205,394	\$ —	\$ 1,744.6	\$ (56.4)	\$ (441.5)	\$ 184.5	\$ 1,431.2
Cumulative preferred stock	300,000	295.2	—	—	—	—	—	—	295.2
Restricted stock grants (RSG)	—	—	64,458	—	—	—	—	—	—
Shares retired due to RSG Vesting	—	—	(764,909)	—	(16.4)	—	—	—	(16.4)
Shares retired due to common stock repurchase program	—	—	(221,834)	—	(3.9)	(0.4)	—	—	(4.3)
Stock based compensation	—	—	—	—	30.2	—	—	—	30.2
Other comprehensive (loss) income:									
Unrealized foreign currency translation loss, net of tax	—	—	—	—	—	—	(4.3)	10.6	6.3
Unrealized foreign currency derivative contract gain, net of tax	—	—	—	—	—	—	29.3	—	29.3
Unrealized losses on interest rate swaps	—	—	—	—	—	—	(0.7)	—	(0.7)
Common stock dividends	—	—	—	—	—	(121.1)	—	—	(121.1)
Preferred stock dividends	—	—	—	—	—	(2.6)	—	—	(2.6)
Net income	—	—	—	—	—	226.7	—	94.4	321.1
Contributions from noncontrolling interests	—	—	—	—	—	—	—	15.0	15.0
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(264.0)	(264.0)
Balance, December 31, 2019	300,000	\$ 295.2	142,283,109	\$ —	\$ 1,754.5	\$ 46.2	\$ (417.2)	\$ 40.5	\$ 1,719.2

See accompanying notes to consolidated financial statements.

(Dollars in millions, except share amounts)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
	Shares	Amount	Shares	Amount					
Balance, December 31, 2017	—	\$ —	151,561,284	\$ —	\$ 1,883.3	\$ (90.6)	\$ (427.1)	\$ 211.9	\$ 1,577.5
Shares forfeited	—	—	(30,100)	—	—	—	—	—	—
Restricted stock grants (RSG)	—	—	1,524,383	—	—	—	—	—	—
Shares retired due to RSG Vesting	—	—	(486,032)	—	(8.8)	—	—	—	(8.8)
Shares retired due to common stock repurchase program	—	—	(9,364,141)	—	(167.0)	(2.1)	—	—	(169.1)
Stock based compensation	—	—	—	—	37.1	—	—	—	37.1
Other comprehensive (loss) income:									
Unrealized foreign currency translation losses, net of tax	—	—	—	—	—	—	(47.5)	3.3	(44.2)
Unrealized foreign currency derivative contract gain, net of tax	—	—	—	—	—	—	33.2	—	33.2
Unrealized losses on marketable securities	—	—	—	—	—	—	(0.1)	—	(0.1)
Common stock dividends	—	—	—	—	—	(113.7)	—	—	(113.7)
Net income	—	—	—	—	—	150.0	—	62.1	212.1
Contributions from noncontrolling interests	—	—	—	—	—	—	—	23.2	23.2
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(116.0)	(116.0)
Balance, December 31, 2018	—	\$ —	143,205,394	\$ —	\$ 1,744.6	\$ (56.4)	\$ (441.5)	\$ 184.5	\$ 1,431.2

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(Dollars in millions)

	Year ended December 31,		
	2020	2019	2018
Cash flows from operating activities:			
Net income	\$ 107.8	\$ 321.1	\$ 212.1
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Gain from sale of real estate, net	(338.0)	(434.3)	(376.1)
Gain on sale of a business	—	—	(40.4)
Depreciation and amortization	179.6	187.6	206.1
Above/below and straight-line rent amortization	(10.2)	(4.6)	(14.6)
Provision for deferred income taxes	27.2	26.7	39.3
Amortization of loan fees	0.8	9.3	13.5
Amortization of discount and accretion of premium on senior notes payable	8.5	1.6	1.7
Unrealized net gains on derivatives	(5.4)	(5.9)	(11.7)
Income from unconsolidated investments	(81.0)	(179.7)	(78.7)
Accretion of interest income on loans	(0.9)	(0.1)	(0.6)
Stock compensation expense	32.3	30.2	37.1
Deferred compensation	6.4	3.8	—
Operating distributions from unconsolidated investments	59.7	74.1	61.4
Operating distributions from loans	0.7	—	0.6
Change in assets and liabilities:			
Accounts receivable	4.5	1.0	1.9
Other assets	—	(25.8)	(0.6)
Accrued expenses and other liabilities	(4.6)	(24.5)	42.1
Net cash (used in) provided by operating activities	(12.6)	(19.5)	93.1
Cash flows from investing activities:			
Issuance of loans	(88.6)	(2.7)	(2.2)
Proceeds from collection of loans	34.1	0.6	5.8
Net proceeds from sale of consolidated real estate	827.8	701.0	1,386.1
Net proceeds from sale of a business	—	—	43.4
Purchases of consolidated real estate	(70.1)	(210.9)	(355.8)
Capital expenditures to real estate	(194.1)	(191.1)	(216.0)
Nonrefundable escrow deposits	—	—	(5.0)
Investment in marketable securities	(12.1)	—	(0.2)
Proceeds from sale of marketable securities	10.2	—	7.4
Investing distributions from unconsolidated investments	177.5	115.0	63.7
Contributions to unconsolidated investments	(111.6)	(266.0)	(396.1)
Proceeds from settlement of foreign currency derivative contracts	15.5	33.4	10.7

(Dollars in millions)

	Year ended December 31,		
	2020	2019	2018
Purchases of foreign currency derivative contracts	—	—	(0.6)
Additions to development project asset	—	(1.2)	(29.1)
Proceeds from sale of development project asset	2.2	4.2	81.0
Net cash provided by investing activities	590.8	182.3	593.1
Cash flow from financing activities:			
Borrowings under senior notes payable	—	—	246.6
Borrowings under line of credit/term loan	200.0	125.0	225.0
Repayment of line of credit/term loan	—	(200.0)	(450.0)
Borrowings under mortgage debt	296.4	488.6	725.0
Repayment of mortgage debt	(487.1)	(391.4)	(866.8)
Payment of loan fees	(5.6)	(4.8)	(9.5)
Repurchase of common stock	(57.4)	(20.7)	(177.9)
Issuance of preferred stock	—	295.2	—
Common stock dividends paid	(126.1)	(114.9)	(111.2)
Preferred stock dividends paid	(13.6)	(2.6)	—
KWE closing dividend	—	—	(17.2)
Borrowings (repayment) of shareholder loans to noncontrolling interests	1.2	(11.2)	—
Contributions from noncontrolling interests	4.5	15.0	23.2
Distributions to noncontrolling interests	(18.9)	(264.0)	(116.0)
Net cash used in financing activities	(206.6)	(85.8)	(528.8)
Effect of currency exchange rate changes on cash and cash equivalents	19.6	8.9	(20.7)
Net change in cash and cash equivalents	391.2	85.9	136.7
Cash and cash equivalents, beginning of year	573.9	488.0	351.3
Cash and cash equivalents, end of year	\$ 965.1	\$ 573.9	\$ 488.0

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows (continued)

Supplemental cash flow information:

	Year ended December 31,		
<i>(Dollars in millions)</i>	2020	2019	2018
Cash paid for:			
Interest ⁽¹⁾⁽²⁾	\$ 209.7	\$ 211.1	\$ 225.3
Income taxes	12.6	20.6	6.6

- ⁽¹⁾ \$4.3 million, \$3.5 million, and \$6.9 million attributable to non-controlling interests for the years ended December 31, 2020, 2019, and 2018.
- ⁽²⁾ Excludes \$3.4 million, \$3.8 million, and \$3.9 million of capitalized interest during the for the years ended December 31, 2020, 2019 and 2018.

As of December 31, 2020, 2019, and 2018 we have \$101.7 million, \$54.5 million, and \$88.0 million, respectively, of restricted cash, which is included in cash and cash equivalents, that primarily relates to lender reserves associated with consolidated mortgages that we hold on properties as well as escrow deposits associated with acquisitions and dispositions. These reserves typically relate to interest, tax, insurance and future capital expenditures at the properties.

Supplemental disclosure of non-cash investing and financing activities:

During the year ended December 31, 2020, the Company deconsolidated its interest in KW Real Estate II (“KW Europe Fund II”) that were previously consolidated in the Company’s financial statements. The portion of the Company’s share of real estate, mortgage loan and other balance sheet items were removed from the consolidated balance sheet. These items along with an increase of \$7.8 million to unconsolidated investments were all recorded as non-cash activities.

During the year ended December 31, 2020, the Company sold its interest in a development project in the Western United States to its equity partner. The Company received cash, a loan receivable and three parcels of land valued at \$16.5 million

that the Company now wholly owns. The parcels of land were treated as a non-cash increase to the real estate balance.

Due to the adoption of ASU 2016-02 on January 1, 2019, the Company recorded a right of use asset and a corresponding lease liability of \$13.6 million, which was recorded as a component of other assets and accrued expenses, respectively, in the accompanying consolidated balance sheets.

During the year ended December 31, 2019, the Company deconsolidated its interests in the State Street office building, Capital Dock office buildings and Capital Dock residential tower in Dublin, Ireland that were previously consolidated in the Company’s financial statements. The portion of the Company’s share of real estate, mortgage loan and other balance sheet items were removed from the consolidated balance sheet. These items along with an increase of \$125.5 million to unconsolidated investments were all recorded as non-cash activity.

During the year ended December 31, 2019, the Company sold a 20% interest across three assets in Dublin, Ireland comprising 468 multifamily units into the joint venture with AXA that were previously wholly owned by the Company. As the Company no longer controlled the assets it deconsolidated its interests in these assets. The portion of the Company’s share of real estate, mortgage loan and other balance sheet items were removed from the consolidated balance sheet. The Company has approximately \$23 million as part of cash flows received from investing activity relating to the 20% interest it sold. The remaining 80% of these items along with an increase of \$92.2 million to unconsolidated investments were all recorded as non-cash activity.

During the year ended December 31, 2018, the Company gained control over a pool of loans secured by six hotels located in the United Kingdom that were previously accounted for as loan purchases. The assets and liabilities of these properties were consolidated in the Company’s financial statements at fair value. The hotels were subsequently sold during the fourth quarter of 2018.

Notes to Consolidated Financial Statements

December 31, 2020, 2019 and 2018

NOTE 1—ORGANIZATION

Kennedy-Wilson Holdings, Inc. (“KWH,” NYSE: KW), a Delaware corporation and its wholly owned and consolidated subsidiaries (collectively the “Company” or “Kennedy Wilson”), is a global real estate investment company. The Company owns, operates, and invests in real estate both on its own and through its investment management platform. The Company focuses on multifamily and office properties in the Western United States, United Kingdom and Ireland.

NOTE 2—BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION—The consolidated financial statements include the accounts of Kennedy Wilson and voting interest entities which it controls. All intercompany balances and transactions have been eliminated in consolidation. In addition, Kennedy Wilson evaluates its relationships with other entities to identify whether they are variable interest entities (“VIE”) as defined by Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Subtopic 810, *Consolidation* and to assess whether it is the primary beneficiary of such entities. In determining whether Kennedy Wilson is the primary beneficiary of a VIE, qualitative and quantitative factors are considered, including, but not limited to: the amount and characteristics of Kennedy Wilson’s investment; the obligation or likelihood for Kennedy Wilson to provide financial support; Kennedy Wilson’s ability to control or significantly influence key decisions for the VIE; and the similarity with and significance to the business activities of Kennedy Wilson.

The Company determines the appropriate accounting method with respect to all investments that are not VIEs based on the control-based framework (controlled entities are consolidated) provided by the consolidations guidance in ASC Subtopic 810. The Company accounts for joint ventures where it is deemed that the Company does not have control through the equity method of accounting while joint ventures that the Company controls are consolidated in Kennedy Wilson’s financial statements.

USE OF ESTIMATES—The preparation of the accompanying consolidated financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosure about contingent assets and liabilities, and reported amounts of revenues and expenses. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates will be reflected in the financial statements in future periods.

REVENUE RECOGNITION—Revenue consists of rental and hotel income, management fees (including performance fees), leasing and commission fees, and sales of real estate. ASC Topic 606, *Revenue from Contracts with Customers*, is a five step model to recognize revenue from customer contracts. The model identifies the contract, any separate performance obligations in the contract, determines the transaction price, allocates the transaction price and recognizes revenue when the performance obligations are satisfied. Management has concluded that, with the exception of performance fees, the nature of the Company’s revenue streams is such that the requirements are generally satisfied at the time that the fee becomes receivable.

Rental income from operating leases is generally recognized on a straight-line basis over the terms of the leases in accordance with ASC Topic 842, *Leases*. Refer to section COVID-19 Lease Modification Accounting Relief below for the impact of rent deferrals and other lease concessions to lessees on the Company’s rental income amounts. Hotel income is earned when rooms are occupied or goods and services have been delivered or rendered. Sales of real estate are recognized when title to the real property passes to the buyer and there is no continuing involvement in the real property.

Management fees are primarily comprised of investment management and property services fees. Investment management fees are earned from limited partners of funds, co-investments, or separate accounts and are generally based on a fixed percentage of committed capital or net asset value. Property services fees are earned for managing the operations of real estate assets and are generally based on a fixed percentage of the revenues generated from the respective real estate assets. The Company sold its property services group ("Property Services") at the beginning of the fourth quarter 2020 with the sale of KWP (as further discussed in Note 10—Related Party Transactions) and will have minimal property services fees going forward. The Company provides investment management and property services on investments it also has an ownership interest in. Fees earned on consolidated properties are eliminated in consolidation and fees on unconsolidated investments are eliminated for the portion that relate to the Company's ownership interest.

Commissions primarily consist of acquisition and disposition fees, auction and consulting fees and, prior to the sale of Property Services, also consisted of real estate sales commissions, and leasing commissions. Acquisition and disposition fees are earned for identifying and closing investments on behalf of investors and are based on a fixed percentage of the acquisition or disposition price, as applicable. Acquisition and disposition fees are recognized upon the successful completion of an acquisition or disposition after all required services have been performed. In the case of auction and real estate sales commissions, the revenue is generally recognized when escrow closes. In accordance with the guidelines established for Reporting Revenue Gross as a Principal versus Net as an Agent in the ASC Topic 606, Kennedy Wilson records commission revenues and expenses on a gross basis. Of the criteria listed in ASC Topic 606, Kennedy Wilson is the primary obligor in the transaction, does not have inventory risk, performs all or part of the service, has credit risk, and has wide latitude in establishing the price of services rendered and discretion in selection of agents and determination of service specifications. Leasing fees that are payable upon tenant occupancy, payment of rent or other events beyond Kennedy Wilson's control are recognized upon the occurrence of such events.

Sales of real estate are recognized when title to the real property passes to the buyer and there is no continuing involvement in the real property. ASC Subtopic 610-20, *Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets*, was also adopted effective January 1, 2018. Management concluded that the new standard did not have a significant impact on the amount, timing or classification of real estate sales in the financial statements or related disclosures. This conclusion was based on the Company's current business mix and general approach to sales of real estate which are generally completed without seller financing or continuing involvement that would indicate that a performance obligation is not met at the time the transaction closes. With the adoption of ASC Subtopic 610-20, the Company recognizes the entire gain attributed to contributions of real estate properties to unconsolidated entities.

Interest income from investments in performing loans which Kennedy Wilson originates or acquires are recognized at the stated interest rate plus any amortization of premiums/discounts or fees earned on the loans. Interest income from investments in loans acquired at a discount are recognized using the effective interest method. When a loan or loans are acquired with deteriorated credit quality primarily for the rewards of collateral ownership, such loans are accounted for as loans until Kennedy Wilson is in possession of the collateral. However, accrual of income is not recorded during the conversion period under ASC Subtopic 310-30-25, *Receivables—Loans and Debt Securities Acquired with Deteriorated Credit Quality*. Income is recognized to the extent that cash is received from the loan.

REAL ESTATE ACQUISITIONS—The purchase price of acquired properties is recorded to land, buildings and building improvements and intangible lease value (value of above-market and below-market leases, acquired in-place lease values, and tenant relationships, if any). The ownership of the other interest holders in consolidated subsidiaries is reflected as noncontrolling interests. Real estate is recorded based on cumulative costs incurred and allocated based on relative fair value.

The valuations of real estate are based on management estimates of the real estate assets using income and market approaches. The indebtedness securing the real estate is valued, in part, based on third party valuations and management estimates also using an income approach.

UNCONSOLIDATED INVESTMENTS—Kennedy Wilson has a number of joint venture interests that were formed to acquire, manage, and/or sell real estate. Investments in unconsolidated investments are accounted for under the equity method of accounting as Kennedy Wilson can exercise significant influence, but does not have the ability to control the unconsolidated investment. An investment in an unconsolidated investment is recorded at its initial investment and is increased or decreased by Kennedy Wilson's share of income or loss, plus additional contributions and less distributions. A decline in the value of an unconsolidated investment that is other than temporary is recognized when evidence indicates that such a decline has occurred in accordance with ASC Topic 323, *Investments—Equity Method and Joint Ventures*.

Kennedy Wilson records its investments in certain commingled funds it manages and sponsors (the "Funds") that are investment companies under the ASC Topic 946, *Financial Services—Investment Companies*, based upon the net assets that would be allocated to its interests in the Funds assuming the Funds were to liquidate their investments at fair value as of the reporting date. Thus, the Funds reflect their investments at fair value, with unrealized gains and losses resulting from changes in fair value reflected in their earnings.

Additionally, Kennedy Wilson elected the fair value option for 29 investments in unconsolidated investment entities ("FV Option" investments). Due to the nature of these investments, Kennedy Wilson elected to record these investments at fair value in order to report the change in value in the underlying investments in the results of our current operations.

Performance fees or carried interest are allocated to the general partner, special limited partner or asset manager of Kennedy Wilson's real estate funds based on the cumulative performance of the fund and are subject to preferred return thresholds of the limited partners. At the end of each reporting period, Kennedy Wilson

calculates the performance fee that would be due as if the fair value of the underlying investments were realized as of such date, irrespective of whether such amounts have been realized. As the fair value of underlying investments varies between reporting periods, it is necessary to make adjustments to amounts recorded as performance fees to reflect either (a) positive performance resulting in an increase in the performance fee allocated to the general partner or asset manager or (b) negative performance that would cause the amount due to Kennedy Wilson to be less than the amount previously recognized as revenue, resulting in a negative adjustment to performance fees allocated to the general partner or asset manager.

The Company has concluded that performance fees to the Company, based on cumulative fund performance to-date, represent carried interests. For equity method investments, these fees are included as a component of the income reported from the underlying equity method investee and for equity method investments where the fair value option has been elected, these fees are included in the determination of fair value under Topic 820, *Fair Value Measurement*.

FAIR VALUE MEASUREMENTS—Kennedy Wilson accounts for fair value measurements of financial assets and financial liabilities and for fair value measurements of non-financial items that are recognized or disclosed at fair value in the financial statements on a recurring basis under the provisions of ASC Topic 820. ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When estimating fair value in the absence of an orderly transaction between market participants, valuations of real estate are based on management estimates of the real estate assets using income and market approaches. The indebtedness securing the real estate and the investments in debt securities are valued, in part, based on third party valuations and management estimates also using an income approach. The use of different market assumptions or estimation methodologies may have a material impact on the estimated fair value amounts. See Note 5 for further discussion of the estimation uncertainty related to COVID-19.

Notes to Consolidated Financial Statements *(continued)*
December 31, 2020, 2019 and 2018

FAIR VALUE OF FINANCIAL INSTRUMENTS—The estimated fair value of financial instruments is determined using available market information and appropriate valuation methodologies. Considerable judgment, is necessary, however, to interpret market data and develop the related estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that could be realized upon disposition of the financial instruments. The use of different market assumptions or estimation methodologies may have a material impact on the estimated fair value amounts.

DISTRIBUTIONS FROM UNCONSOLIDATED INVESTMENTS—The Company utilizes the nature of distributions approach and distributions are reported under operating cash flow unless the facts and circumstances of a specific distribution clearly indicate that it is a return of capital (e.g., a liquidating dividend or distribution of the proceeds from unconsolidated investments' sale of assets), in which case it is reported as an investing activity. This enables Kennedy Wilson to look to the nature and source of the distribution received and classify it appropriately between operating and investing activities on the statement of cash flows based upon the source.

FOREIGN CURRENCIES—The financial statements of Kennedy Wilson's subsidiaries located outside the United States are measured using the local currency as this is their functional currency. The assets and liabilities of these subsidiaries are translated at the rates of exchange at the balance sheet date, and income and expenses are translated at the average monthly rate. The foreign currencies include the euro and the British pound sterling. Cumulative translation adjustments, to the extent not included in cumulative net income, are included in the consolidated statement of equity as a component of accumulated other comprehensive income.

Investment level debt is generally incurred in local currencies. Fluctuations in foreign exchanges rates may have a significant impact on the results of the Company's operations. In order to manage the effect of these fluctuations, the Company enters into hedging transactions, in the form of currency derivative contracts, that are designed to reduce its book equity exposure to foreign currencies. KWE has also entered into currency derivative contracts to manage its exposure to euro to British

pound currency fluctuations. See Note 5 for a complete discussion on currency derivative contracts.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES—Kennedy Wilson has derivatives to reduce its exposure to foreign currencies. All derivative instruments are recognized as either assets or liabilities in the balance sheet at their respective fair values. For derivatives designated in hedging relationships, changes in fair value of cash flow hedges or net investment hedges are recognized in accumulated other comprehensive income, to the extent the derivative is effective at offsetting the changes in the item being hedged until the hedged item affects earnings.

Fluctuations in foreign exchanges rates may have a significant impact on the Company's results of operations. In order to manage the potential exposure from adverse changes in foreign exchange rates arising from the Company's net investments in foreign operations, the Company may enter into currency derivative contracts to hedge all or portions of the net investments in the Company's non-U.S. dollar denominated foreign operations.

GOODWILL—Goodwill results from the difference between the purchase price and the fair value of net assets acquired based upon the purchase method of accounting for business combinations. In accordance with ASC Subtopic 350-20, *Accounting for Goodwill*, goodwill is reviewed for impairment on an annual basis. The Company performs its annual review of impairment at year end and when a triggering event occurs between annual year end reviews. As a result of the evaluation performed as described above, Kennedy Wilson has determined that there was no impairment of goodwill as of December 31, 2020, 2019 and 2018.

CASH AND CASH EQUIVALENTS—Cash and cash equivalents consist of cash and all highly liquid investments purchased with maturities of three months or less. Cash and cash equivalents are invested in institutions insured by government agencies. Certain accounts contain balances in excess of the insured limits. Kennedy Wilson's operations and financial position are affected by fluctuations in currency exchange rates between the euro and British pound sterling against the U.S. Dollar. As of December 31, 2020,

2019, and 2018 we have \$101.7 million, \$54.5 million, and \$88.0 million, respectively, of restricted cash, which is included in cash and cash equivalents, that primarily relates to lender reserves associated with consolidated mortgages that we hold on properties as well as escrow deposits associated with acquisitions and dispositions. These reserves typically relate to interest, tax, insurance and future capital expenditures at the properties.

LONG-LIVED ASSETS—Kennedy Wilson reviews its long-lived assets (excluding goodwill) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with ASC Subtopic 360-10, *Impairment of Long-Lived Assets*. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized in gain on sale of real estate, net in the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are presented separately in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of the assets to be disposed of are classified as held for sale and would be presented separately in the appropriate asset and liability sections of the balance sheet.

ACCOUNTS RECEIVABLE—Accounts receivable are recorded at the contractual amount as determined by the underlying agreements and do not bear interest. The Company recognizes revenue to the extent that amounts are probable that substantially all rental income will be collected. See COVID-19 Lease Modification Accounting Relief below for discussion of bad debt expense recorded for the year ended December 31, 2020. For the year ended December 31, 2020 the Company had \$15.0 million of bad debt expense recorded as a reduction in rental revenue in accordance with ASC 842. For the year ended December 31, 2019 the Company had an immaterial amount of bad debt expense recorded to rental income.

CONCENTRATION OF CREDIT RISK—Financial instruments that subject Kennedy Wilson to credit risk consist primarily of accounts and notes receivable, cash equivalents and derivative instruments. Credit risk is generally diversified due to the large number of entities composing Kennedy Wilson's customer base and their geographic dispersion throughout the United States, the United Kingdom, Ireland, Spain and Italy. Kennedy Wilson performs ongoing credit evaluations of its customers and debtors.

EARNINGS PER SHARE—Basic earnings per share is computed based upon the weighted average number of shares of common stock outstanding during the periods presented. Diluted earnings per share is computed based upon the weighted average number of shares of common stock and potentially dilutive securities outstanding during the periods presented. The dilutive impact of potentially dilutive securities including convertible securities, and unvested stock which were outstanding during the period. Unvested stock are calculated by the "treasury stock" method and the convertible securities under the "if converted" method.

COMPREHENSIVE INCOME (LOSS)—Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss). In the accompanying consolidated balance sheets, accumulated other comprehensive income consists of foreign currency translation adjustments and unrealized gains (losses) on interest rate swaps and derivative instruments.

REPURCHASE OF EQUITY INSTRUMENTS—Upon the decision to retire repurchased equity instruments, Kennedy Wilson records the retirement as a reduction to additional paid in capital for the amount that shares were initially issued at with the excess paid going to retained earnings.

SHARE-BASED PAYMENT ARRANGEMENTS—Kennedy Wilson accounts for its share-based payment arrangements under the provisions of ASC Subtopic 718-10, *Share-Based Payments*. Compensation cost for employee service received in exchange for an award of equity instruments is based on the grant-date fair value of the share-based award that is ultimately settled in equity of Kennedy Wilson. The cost of employee services is recognized over the period during which an employee provides

Notes to Consolidated Financial Statements *(continued)*
December 31, 2020, 2019 and 2018

service in exchange for the share-based payment award. Share-based payment arrangements with only services conditions that vest ratably over the requisite service period are recognized on the straight-line basis and performance awards that vest ratably are recognized on a tranche by tranche basis over the performance period.

INCOME TAXES—Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. In accordance with accounting for uncertainty in ASC Subtopic 740-10, *Income Taxes*, Kennedy Wilson recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

Kennedy Wilson records interest related to unrecognized tax benefits in interest expense and penalties in general and administrative expenses.

NONCONTROLLING INTERESTS—Noncontrolling interests are reported within equity as a separate component of Kennedy Wilson’s equity in accordance with ASC Subtopic 810-10. Revenues, expenses, gains, losses, net income or loss, and other comprehensive income are reported in the Consolidated Statements of Income at the consolidated amounts and net income and comprehensive income attributable to noncontrolling interests are separately stated.

RECENT ACCOUNTING PRONOUNCEMENTS

COVID-19 LEASE MODIFICATION ACCOUNTING RELIEF—Due to the business disruptions and challenges severely affecting the global economy caused by the

COVID-19 pandemic, many lessors may be required to provide rent deferrals and other lease concessions to lessees. While the lease modification guidance in ASC Topic 842 addresses routine changes to lease terms resulting from negotiations between the lessee and the lessor, this guidance did not contemplate concessions being so rapidly executed to address the sudden liquidity constraints of some lessees arising from the COVID-19 pandemic and restrictions intended to prevent its spread.

In April 2020, the FASB staff issued a question and answer document (the “Lease Modification Q&A”) focused on the application of lease accounting guidance to lease concessions provided as a result of the COVID-19 pandemic. Under existing lease guidance, on a lease by lease basis the Company would have to determine, if a lease concession was the result of a new arrangement reached with the tenant (treated within the lease modification accounting framework) or if a lease concession was under the enforceable rights and obligations within the existing lease agreement (precluded from applying the lease modification accounting framework). The Lease Modification Q&A allows the Company, if certain criteria have been met, to bypass the lease by lease analysis, and instead elect to either apply the lease modification accounting framework or not, with such election applied consistently to leases with similar characteristics and similar circumstances. The Company had no significant deterioration to its rental collections during the year ended December 31, 2020. During the year ended December 31, 2020, the Company identified \$15.0 million of receivables and other lease-related assets that are no longer probable of collection. Accordingly, the Company will account for these leases on a cash basis and recognize rental income to the extent the Company receives cash from the tenants. Of the \$15.0 million identified, \$13.5 million was related to the Company’s Consolidated portfolio and recorded as a reduction of rental income and \$1.5 million was related to the Company’s share of Co-Investments portfolio and recorded as a reduction of income from unconsolidated investments. The Company has received some requests for lease modifications and has granted some deferrals but the amount that may no longer be probable of collection over the lease term generally has not changed so there has been minimal impact to rental revenues from lease modifications. The Company will continue to evaluate the extent of lease concessions granted to tenants

as a result of the COVID-19 pandemic in future periods and the elections made by the Company at the time of entering into such concessions.

Effective January 1, 2019, the Company adopted ASU 2016-02, *Leases (Topic 842)*, and other related follow-on ASUs issued in connection with ASC Topic 842, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The effects of adoption discussed below were not considered material to the Company’s consolidated financial statements.

Lessees

- On January 1, 2019, due to the adoption of ASU 2016-02 the Company has recorded a right of use asset and a corresponding lease liability of \$13.6 million, which is recorded as a component of other assets, net and accrued expenses, respectively, in the accompanying consolidated balance sheets. The average remaining lease term is 95 years and the weighted average discount rate is 2.9% as of December 31, 2020.

Lessors

- The Company elected the practical expedient to not separate rental recovery revenue from the associated rental revenue as the timing and pattern of transfer are the same for operating leases. Accordingly, the Company accounts and presents for rental revenue and rental recovery revenue as a single component.

Consistent with the transition guidance under ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, all prior period disclosures remain in accordance with ASC Topic 840.

In January 2017, the FASB issued ASU 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which requires an entity to no longer perform a hypothetical purchase price allocation to measure goodwill impairment. Instead, impairment will be measured using the difference between the carrying

amount and the fair value of the reporting unit. The Company adopted this standard on January 1, 2020 and the adoption of this standard did not have a material impact on the Company’s consolidated financial statements.

In August 2017, the FASB issued ASU 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*, which changes the recognition and presentation requirements of hedge accounting, including: eliminating the requirement to separately measure and report hedge ineffectiveness, and presenting all items that affect earnings in the same income statement line item as the hedged item. The ASU also provides new alternatives for (a) applying hedge accounting to additional hedging strategies, (b) measuring the hedged item in fair value hedges of interest rate risk, (c) reducing the cost and complexity of applying hedge accounting by easing the requirements for effectiveness testing, hedge documentation and application of the critical terms match method, and (d) reducing the risk of material error correction if a company applies the shortcut method inappropriately. The Company adopted this standard on January 1, 2019 and the adoption of this standard did not have a material impact on the Company’s consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02, *Income Statement—Reporting Comprehensive Income (Topic 220)—Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, which allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act. The Company adopted this standard on January 1, 2019 and the adoption of this standard did not have a material impact on the Company’s consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements on fair value measurements in ASC Topic 820, including: the removal of valuation processes for Level 3 fair value measurements. The ASU also adds new requirements including (a) the changes in unrealized gains and losses for the period included in other comprehensive income for recurring level 3 fair value measurements

Notes to Consolidated Financial Statements *(continued)*
 December 31, 2020, 2019 and 2018

and (b) the range and weighted average of significant unobservable inputs used to develop level 3 fair value measurements. The Company adopted this standard on January 1, 2020 and the adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In June 2016, the FASB updated ASC Topic 326, *Financial Instruments—Credit Losses* with ASU 2016-13, *Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). ASU 2016-13 enhances the methodology of measuring expected credit losses to include the use of forward-looking information to better inform credit loss estimates. This ASU is effective for all entities for annual and interim periods in fiscal years beginning after December 15, 2019. In addition, in November 2018 the FASB issued ASU 2018-19, which clarifies that receivables arising from operating leases are not within the scope of the credit losses standard, but rather, should be accounted for in accordance with ASC Topic 842. The Company adopted this standard on January 1, 2020 and the adoption of this standard did not have a material impact on Kennedy Wilson's consolidated financial statements. During the course of 2020 the Company has launched a debt platform originating and acquiring performing loans. As of December 31, 2020 the Company has \$107.1 million of investments in loan originations and acquisitions. Since the Company has no history of having issues with loans being uncollectible and current loans are performing and backed by credit worthy borrowers the Company does not expect significant credit losses but will monitor and evaluate loans in accordance with ASU 2016-13.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848)*, which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts, hedging

relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The ASU was effective upon issuance on a prospective basis beginning January 1, 2020 and may be elected over time as reference rate reform activities occur. The Company is currently evaluating the impact of adopting ASU 2020-04 on its consolidated financial statements as the Company has not had any reference rate reform activities occur through December 31, 2020.

In December 2019, the FASB issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes (Topic 740)*, removes certain exceptions to the general principles in Topic 740 related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The new guidance also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. This ASU is effective for the Company for all interim and annual periods beginning January 1, 2021, with early adoption permitted. The Company early adopted ASU 2019-12 beginning January 1, 2020 on a prospective basis. The adoption of this standard did not have an impact on the Company's condensed consolidated financial statements and related disclosures.

The FASB did not issue any other ASUs during the year ended December 31, 2020 that the Company expects to be applicable and have a material impact on the Company's financial position or results of operations.

RECLASSIFICATIONS—Certain balances included in prior year's financial statements have been reclassified to conform to the current year's presentation.

NOTE 3—REAL ESTATE AND ACQUIRED IN PLACE LEASE VALUE

The following table summarizes the Company's investment in consolidated real estate properties at December 31, 2020 and 2019:

<i>(Dollars in millions)</i>	<i>December 31,</i>	
	2020	2019
Land	\$ 1,225.1	\$ 1,330.6
Buildings	3,436.0	3,630.4
Building improvements	546.6	469.5
Acquired in-place lease values	327.8	352.9
	5,535.5	5,783.4
Less accumulated depreciation and amortization	(815.0)	(703.2)
Real estate and acquired in place lease values, net of accumulated depreciation and amortization	\$ 4,720.5	\$ 5,080.2

Real property, including land, buildings, and building improvements, are included in real estate and are generally stated at cost. Buildings and building improvements are

During the year ended December 31, 2020, Kennedy Wilson acquired the following consolidated properties:

<i>(Dollars in millions)</i>		<i>Purchase Price Allocation at Acquisition⁽¹⁾</i>				
Location	Description	Land	Building	Acquired in-place lease values ⁽²⁾	Investment debt	KWH Shareholders' Equity
Western U.S.	One multifamily property	\$ 13.4	\$ 53.6	\$ 0.5	\$ 38.7	\$ 106.3
United Kingdom	One industrial property	—	40.2	—	—	40.2
Ireland	One commercial property	—	1.3	—	—	1.3
		\$ 13.4	\$ 95.1	\$ 0.5	\$ 38.7	\$ 147.8

⁽¹⁾ Excludes net other assets.

⁽²⁾ Above- and below-market leases are included in other assets, net and accrued expenses and other liabilities, respectively, on the accompanying consolidated balance sheets.

depreciated on the straight-line method over their estimated lives not to exceed 40 years. Acquired in-place lease values are recorded at their estimated fair value and depreciated over their respective weighted-average lease term which was 7.5 years at December 31, 2020.

Depreciation and amortization expense on buildings, building improvements and acquired in-place lease values for the years ended December 31, 2020, 2019 and 2018 was \$165.7 million, \$173.4 million and \$190.3 million, respectively.

Consolidated Acquisitions

The purchase of property is recorded to land, buildings, building improvements, and intangible lease value (including the value of above-market and below-market leases, acquired in-place lease values, and tenant relationships, if any) based on their respective estimated relative fair values. The purchase price generally approximates the fair value of the properties as acquisitions are generally transacted with third-party willing sellers.

Notes to Consolidated Financial Statements (continued)
December 31, 2020, 2019 and 2018

During the year ended December 31, 2019, Kennedy Wilson acquired the following consolidated properties:

(Dollars in millions)		Purchase Price Allocation at Acquisition ⁽¹⁾				
Location	Description	Land	Building	Acquired in-place lease values ⁽²⁾	Investment debt	KWH Shareholders' Equity
Western U.S.	One multifamily property and one commercial property	\$ 39.9	\$ 123.0	\$ 37.2	\$ 112.2	\$ 87.9
United Kingdom	One commercial property and one industrial property	29.0	39.2	2.9	58.6	12.5
Ireland	One commercial property	7.2	31.7	3.4	44.0	(1.7)
		\$ 76.1	\$ 193.9	\$ 43.5	\$ 214.8	\$ 98.7

⁽¹⁾ Excludes net other assets.
⁽²⁾ Above- and below-market leases are included in other assets, net and accrued expenses and other liabilities, respectively, on the accompanying consolidated balance sheets.

Gains on Real Estate, Net
During the years ended December 31, 2020, 2019 and 2018, Kennedy Wilson recognized the following net gains on sale of real estate. Included in the net gains for December 31, 2020 is an impairment loss of \$15.6 million on five retail properties in the United Kingdom and a residential property in the Western United States. Included in the net gains for December 31, 2018 is an \$1.8 million impairment loss on a vacated office building in the United Kingdom which was subsequently sold. During the year ended December 31, 2019 there were no impairments on consolidated properties.

(Dollars in millions)		Gain on sale of real estate		
Year ended December 31,	Description	Consolidated ⁽¹⁾	NCI	Net of NCI
2020	20 industrial properties (including the deconsolidation of previously consolidated real estate as discussed below), 19 retail properties, three office properties and one multifamily property in United Kingdom, two multifamily properties and two office properties in Ireland, one retail property in Spain, and one multifamily property in Western United States	\$ 353.6	\$ —	\$ 353.6
2019	11 commercial properties and one hotel in the United Kingdom, one hotel in Ireland, 10 Spanish retail properties, five retail properties, one hotel, and one multifamily property in the Western United States, and the deconsolidation of previously consolidated real estate as discussed below	434.9	116.7	318.2
2018	26 commercial properties in United Kingdom, three commercial properties in Ireland, two commercials properties in Italy, six multifamily properties in Ireland, three multifamily properties in Western United States, and one residential property in Ireland, and one residential property in Western United States	369.6	70.6	299.0

⁽¹⁾ Includes sale of real estate and cost of real estate sold, which are presented net in the table above.

Deconsolidation of Previously Consolidated Real Estate
Under ASC Subtopic 610-20, due to the transactions resulting in the deconsolidation for the Company's interest in the new joint ventures representing a noncontrolling interest of certain assets, the Company recognized (i) \$126.3 million through gain on sale of real estate, net during the year ended December 31, 2020, (ii) a gain of \$317.8 million through gain on sale of real estate, net, of which the Company's share, net of noncontrolling interest, was \$212.4 million during the year ended December 31, 2019, and (iii) a gain of \$169.5 million through gain on sale of real estate, net, of which the Company's share, net of noncontrolling interest, was \$102.7 million during the year ended December 31, 2018.

Leases
The Company leases its operating properties to customers under agreements that are classified as operating leases. The total minimum lease payments provided for under the leases are recognized on a straight-line basis over the lease term. The majority of the Company's rental expenses, including common area maintenance, real estate taxes and insurance, are recovered from the Company's tenants. The Company records amounts reimbursed by customers in the period that the applicable expenses are incurred, which is generally ratably throughout the term of the lease. The reimbursements are recognized in rental income in the consolidated statements of operations as the Company is the primary obligor with respect to purchasing and selecting goods and services from third-party vendors and bearing the associated credit risk.

The following table summarizes the minimum lease payments due from the Company's tenants on leases with lease periods greater than one year at December 31, 2020:

(Dollars in millions)	Minimum Rental Revenues ⁽¹⁾
2021	\$ 167.9
2022	156.7
2023	127.8
2024	105.2
2025	87.9
Thereafter	355.3
Total	\$ 1,000.8

⁽¹⁾ These amounts do not reflect future rental revenues from the renewal or replacement of existing leases, rental increases that are not fixed and exclude reimbursements of rental expenses.

NOTE 4—UNCONSOLIDATED INVESTMENTS
Kennedy Wilson has a number of joint venture interests including commingled funds and separate accounts, generally ranging from 5% to 50%, that were formed to acquire, manage, develop, service and/or sell real estate. Kennedy Wilson has significant influence over these entities, but not control. Accordingly, these investments are accounted for under the equity method.

Notes to Consolidated Financial Statements *(continued)*
December 31, 2020, 2019 and 2018

Joint Venture and Fund Holdings—The following table details Kennedy Wilson’s investments in joint ventures by investment type and geographic location as of December 31, 2020:

<i>(Dollars in millions)</i>	Multifamily	Commercial	Hotel	Funds	Residential and	Total
					Other	
Western U.S.	\$ 226.2	\$ 83.0	\$ 86.3	\$ 118.1	\$ 180.8	\$ 694.4
Ireland	389.7	129.7	—	3.7	—	523.1
United Kingdom	—	56.4	—	15.4	—	71.8
Total	\$ 615.9	\$ 269.1	\$ 86.3	\$ 137.2	\$ 180.8	\$ 1,289.3

The following table details the Kennedy Wilson’s investments in joint ventures by investment type and geographic location as of December 31, 2019:

<i>(Dollars in millions)</i>	Multifamily	Commercial	Hotel	Funds	Residential and	Total
					Other	
Western U.S.	\$ 230.5	\$ 78.1	\$ 72.8	\$ 139.6	\$ 238.7	\$ 759.7
Ireland	378.7	139.4	—	—	—	518.1
United Kingdom	—	48.7	—	—	—	48.7
Total	\$ 609.2	\$ 266.2	\$ 72.8	\$ 139.6	\$ 238.7	\$ 1,326.5

During the year ended December 31, 2020, the change in unconsolidated investments primarily relates to \$111.6 million of cash contributions to unconsolidated investments, \$237.2 million of distributions from unconsolidated investments, \$81.0 million of income from unconsolidated investments (including \$47.2 million of fair

value gains), a \$16.4 million non-cash distribution related to the sale of a residential project in which the Company received three parcels of land that are wholly-owned and a \$24.4 million increase related to other items which primarily related to foreign exchange movements.

As of December 31, 2020 and December 31, 2019, \$1,136.5 million and \$1,099.3 million of unconsolidated investments were accounted for at fair value. See Note 5 for more detail.

Contributions to Joint Ventures—During the year ended December 31, 2020, Kennedy Wilson contributed \$111.6 million to joint ventures, primarily to fund investments and existing development projects in Ireland and the Western United States. In addition, on December 18, 2020, the Company and a sovereign wealth fund entered into a joint venture agreement targeting urban logistics properties in the UK, with the potential to expand into Ireland and Spain (“Industrial JV”). The Industrial JV commenced with Industrial JV investing in an 80% ownership stake in 18 industrial assets located throughout the United Kingdom. The Company previously wholly-owned the assets and continues to hold an interest in these assets subsequent to their sale to the Industrial JV through its retained 20% ownership interest in the joint venture. As the Company does not control the Industrial JV, the assets are no longer consolidated and the Industrial JV is accounted for under the equity method. The Company elected the fair value option and going forward the investments are accounted for as fair value unconsolidated investments with operating activity included within income from unconsolidated investments.

Distributions from Joint Ventures—The following table details cash distributions by investment type and geographic location for the year ended December 31, 2020:

<i>(Dollars in millions)</i>	Multifamily		Commercial		Funds		Residential and Other		Total	
	Operating	Investing	Operating	Investing	Operating	Investing	Operating	Investing	Operating	Investing
Western U.S.	\$ 25.8	\$ 28.7	\$ 6.4	\$ 2.6	\$ 6.7	\$ 13.3	\$ —	\$ 33.3	\$ 38.9	\$ 77.9
Ireland	8.5	2.5	12.2	96.0	0.1	—	—	—	20.8	98.5
United Kingdom	—	—	—	1.1	—	—	—	—	—	1.1
Total	\$ 34.3	\$ 31.2	\$ 18.6	\$ 99.7	\$ 6.8	\$ 13.3	\$ —	\$ 33.3	\$ 59.7	\$ 177.5

Investing distributions resulted primarily from the sales of two multifamily properties in Ireland and a residential project in the Western United States.

Income from Unconsolidated Investments—The following table presents income from unconsolidated investments recognized by Kennedy Wilson during the years ended December 31, 2020, 2019 and 2018:

<i>(Dollars in millions)</i>	<i>Year Ended December 31,</i>		
	2020	2019	2018
Income from unconsolidated investments—operating performance	\$ 43.4	\$ 35.5	\$ 18.8
Income from unconsolidated investments—realized gains	—	53.5	22.1
Income from unconsolidated investments—fair value	47.2	64.7	10.4
Income from unconsolidated investments—performance fees	2.7	36.3	27.4
Income from unconsolidated investments—realized losses and impairment	(12.3)	(10.3)	—
	\$ 81.0	\$ 179.7	\$ 78.7

Operating performance is related to the underlying performance from unconsolidated investments. Realized gains are related to asset sales. Fair value gains and performance fees are primarily related to conversions and resyndications under the Company’s VHH partnership, asset sales, cap rate compression, net foreign exchange movements and improved property performance by the Company’s FV Option investments and investments held within the Funds managed by the Company. Quarterly the Company evaluates the carrying value of its historical cost based

investments and to the extent the carrying value is in excess of its fair value an impairment loss is recorded. Realized losses and impairment are related to asset sales on non-core retail assets in the United Kingdom in the current year and a residential development project in the Western United States in the prior year.

Vintage Housing Holdings (“VHH”)—As of December 31, 2020 and 2019, the carrying value of the Company’s investment in VHH was \$142.9 million and \$142.8 million, respectively. The total equity income recognized from the Company’s investment in VHH was \$22.8 million, \$50.0 million and \$27.3 million for the years ended December 31, 2020, 2019 and 2018. respectively. Current period fair value gains were offset by distributions associated with operating properties and investing distributions associated with return of capital from mortgage financing or sale of interests to equity partners on development projects. Fair value gains in the current period are due to the conversion of development projects to stabilized operating properties and resyndications in which VHH dissolves an existing partnership and recapitalizes into a new partnership with tax exempt bonds and tax credits that are sold to a new tax credit partner and, in many cases, yields cash back to VHH. Upon resyndication, VHH retains a GP interest in the partnership and receives various future streams of cash flows including: development fees, asset management fees, other GP management fees and distributions from operations. Prior period fair value gains are due to improved property performance, cap rate compression as a result of declines in borrowing rates and conversions.

Notes to Consolidated Financial Statements *(continued)*
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Changes in Control—During the year ended December 31, 2020, the Company deconsolidated its investment KW Europe Fund II as the Company no longer held a controlling financial interest in it. As of December 31, 2020, the carrying value of the Company’s investment in KW Europe Fund II was \$19.1 million.

Refer to the description of the Industrial JV above for a discussion of the change in control transaction that occurred during the year ended December 31, 2020. As of December 31, 2020, the carrying value of the Company’s investment in the Industrial JV was \$19.0 million.

In 2018, AXA Investment Managers—Real Assets (“AXA”) and the Company established a joint venture platform (“AXA Joint Venture”) targeting multifamily and office assets in Ireland. As of December 31, 2020, the AXA Joint Venture consists of 2,536 multifamily units and 0.4 million square feet of office space across 13 assets in Dublin, Ireland. These assets were previously wholly owned by the Company or were held with a different equity partner (held in 50/50 joint ventures) that were previously consolidated in the Company’s financial statements. As the Company does not control the AXA Joint Venture, the assets are no longer consolidated and its investment with AXA is accounted for under the equity method. The Company has elected the fair value option on its interest in the joint venture and records the investment at fair value. The Company continues to hold a 50% ownership interest in the assets discussed above through its ownership in the AXA Joint Venture. As of December 31,

2020 and 2019, the carrying value of the Company’s investment in the AXA Joint Venture was \$507.5 million and \$479.4 million, respectively.

Meyers Research Sale—In December 2018, Kennedy Wilson sold Meyers Research for \$48.0 million and recognized a gain on sale of business of \$40.4 million. Kennedy Wilson used part of the proceeds from such sale to reinvest \$15.0 million for an 11% ownership interest in a new partnership between Meyers Research and another premiere residential real estate construction service company (“Meyers JV”). The Meyers JV has continued to build out and further develop its Zonda platform which focuses on real time housing related data. Kennedy Wilson no longer controls Meyers JV and treats the investment as an unconsolidated investment. As of December 31, 2020, the carrying value of the Company’s investment in Meyers JV was \$19.0 million. The fair value increase has been driven by improvements in Meyers JV’s operating results.

Capital Commitments—As of December 31, 2020, Kennedy Wilson had unfulfilled capital commitments totaling \$97.4 million to four of its unconsolidated joint ventures, including \$77.2 million relating to three closed-end funds managed by Kennedy Wilson, under the respective operating agreements. In addition to the unfunded capital commitments, the Company has \$155.9 million of equity commitments on development projects. The Company may be called upon to contribute additional capital to joint ventures in satisfaction of such capital commitment obligations.

NOTE 5—FAIR VALUE MEASUREMENTS AND THE FAIR VALUE OPTION

The following table presents fair value measurements (including items that are required to be measured at fair value and items for which the fair value option has been elected) as of December 31, 2020:

<i>(Dollars in millions)</i>	Level 1	Level 2	Level 3	Total
Unconsolidated investments	\$ —	\$ —	\$ 1,136.5	\$ 1,136.5
Net currency derivative contracts	—	(64.0)	—	(64.0)
Total	\$ —	\$ (64.0)	\$ 1,136.5	\$ 1,072.5

The following table presents fair value measurements (including items that are required to be measured at fair value and items for which the fair value option has been elected) as of December 31, 2019:

<i>(Dollars in millions)</i>	Level 1	Level 2	Level 3	Total
Unconsolidated investments	\$ —	\$ —	\$ 1,099.3	\$ 1,099.3
Net currency derivative contracts	—	(34.7)	—	(34.7)
Total	\$ —	\$ (34.7)	\$ 1,099.3	\$ 1,064.6

Unconsolidated Investments—Kennedy Wilson elected to use the FV Option for 29 unconsolidated investments to more accurately reflect the timing of the value created in the underlying investments and report those changes in current operations. Kennedy Wilson’s investment balance in the FV Option investments was \$999.2 million and \$959.7 million at December 31, 2020 and 2019, respectively, which are included in unconsolidated investments in the accompanying balance sheets.

Additionally, Kennedy Wilson records its investments in its managed commingled funds (the “Funds”) based upon the net assets that would be allocated to its interests in the Funds, assuming the Funds were to liquidate their investments at fair value as of the reporting date. The Company’s investment balance in the Funds was \$137.3 million and \$139.6 million at December 31, 2020 and 2019, respectively, which is

included in unconsolidated investments in the accompanying consolidated balance sheets.

In estimating fair value of real estate held by the Funds and the 29 FV Option investments, the Company considers significant unobservable inputs to be the capitalization and discount rates.

The following table summarizes the Company’s investments in unconsolidated investments held at fair value by type:

<i>(Dollars in millions)</i>	December 31, 2020	December 31, 2019
FV Option	\$ 999.2	\$ 959.7
Funds	137.3	139.6
Total	\$ 1,136.5	\$ 1,099.3

The following table presents changes in Level 3 investments, investments in investment companies and investments in joint ventures that elected the fair value option, for the years ended December 31:

<i>(Dollars in millions)</i>	2020	2019	2018
Beginning balance	\$ 1,099.3	\$ 662.2	\$ 380.7
Unrealized and realized gains	109.8	161.1	87.7
Unrealized and realized losses	(13.5)	(26.9)	(33.1)
Contributions	109.2	191.2	335.9
Distributions	(189.7)	(104.1)	(76.3)
Foreign Exchange	24.5	(3.4)	(4.0)
Non-cash contributions (distributions), net	(3.1)	219.2	(28.7)
Ending Balance	\$ 1,136.5	\$ 1,099.3	\$ 662.2

The change in unrealized and realized gains and losses are included in income from unconsolidated investments in the accompanying consolidated statements of income.

Notes to Consolidated Financial Statements *(continued)*
December 31, 2020, 2019 and 2018

The change in unrealized gains and losses on Level 3 investments during 2020 and 2019 for investments still held as of December 31, 2020 and 2019 were gains of \$27.4 million and \$64.9 million, respectively.

In determining estimated fair market values, the Company utilizes discounted cash flow models that estimate future cash flows (including terminal values) and discount those cash flows back to the current period. The accuracy of estimating fair value for investments cannot be determined with precision and cannot be substantiated by comparison to quoted prices in active markets and may not be realized in a current sale or immediate settlement of the asset or liability. Additionally, there are inherent uncertainties in any fair value measurement technique, and changes in the underlying assumptions used, including capitalization rates, discount rates, liquidity risks, and estimates of future cash flows could significantly affect the fair value measurement amounts. The table below describes the range of inputs used as of December 31, 2020 for real estate assets:

	<i>Estimated Rates Used For</i>	
	Capitalization Rates	Discount Rates
Multifamily	3.80%–5.75%	5.75%–8.15%
Office	4.00%–7.00%	5.00%–9.00%
Retail	5.00%–8.75%	7.50%–11.25%
Hotel	6.00%	7.50%–8.25%
Residential	N/A	12.00%

In valuing indebtedness, Kennedy Wilson considers significant inputs to be the term of the debt, value of collateral, market loan-to-value ratios, market interest rates and spreads, and credit quality of investment entities. The credit spreads used by Kennedy Wilson for these types of investments range from 0.37% to 4.90%.

There is no active secondary market for the Company’s development projects and no readily available market value given the uncertainty of the amount and timing of future cash flows. Accordingly, determination of fair value of its development projects requires judgment and extensive use of estimates. Therefore, the Company

typically uses investment cost as the estimated fair value until future cash flows become more predictable. Additionally, the fair value of its development projects may differ significantly from the values that would have been used had a market existed for such investments and may differ materially from the values that the Company may ultimately realize. If the Company were required to liquidate an investment in a forced or liquidation sale, it could realize significantly less than the value at which the Company has recorded it. In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the unrealized gains or losses reflected in the currently assigned valuations.

The Company assessed the impact of the COVID-19 pandemic and its impact on the fair value of investments. Valuations of its assets that are reported at fair value and the markets in which they operate, to date, have not been significantly impacted by the COVID-19 pandemic. As a result of the rapid development, fluidity and uncertainty surrounding this situation, the Company expects that information with respect to fair value measurement may change, potentially significantly, going forward and may not be indicative of the actual impact of the COVID-19 pandemic on its business, operations, cash flows and financial condition for the year ended December 31, 2020 and future periods.

Currency derivative contracts—Kennedy Wilson uses foreign currency derivative contracts such as forward contracts and options to manage its foreign currency risk exposure against the effects of a portion of its certain non-U.S. dollar denominated currency net investments. Foreign currency options are valued using a variant of the Black-Scholes model tailored for currency derivatives and the foreign currency forward contracts are valued based on the difference between the contract rate and the forward rate at maturity of the underlying currency applied to the notional value in the underlying currency discounted at a market rate for similar risks. Although the Company has determined that the majority of the inputs used to value its currency derivative contracts fall within Level 2 of the fair value hierarchy, the counterparty risk adjustments associated with the currency derivative contracts utilize Level 3 inputs. However, as of December 31, 2020, Kennedy Wilson assessed the significance

of the impact of the counterparty valuation adjustments on the overall valuation of its derivative positions and determined that the counterparty valuation adjustments are not significant to the overall valuation of its derivative. As a result, we have determined that our derivative valuation in its entirety be classified in Level 2 of the fair value hierarchy.

Changes in fair value are recorded in other comprehensive income in the accompanying consolidated statements of comprehensive income as the portion of the currency forward and option contracts used to hedge currency exposure of its

The table below details the currency forward contracts and currency option contracts Kennedy Wilson had as of December 31, 2020:

(Dollars in millions)

<i>December 31, 2020</i>					<i>Year Ended December 31, 2020</i>			
Currency Hedged	Underlying Currency	Notional	Hedge Asset	Hedge Liability	Change in Unrealized Gains (Losses)	Realized Gains (Losses)	Interest Expense	Cash Received (Paid)
<i>Outstanding</i>								
EUR	USD	€ 232.5	\$ 1.4	\$ 17.3	\$ (1.1)	\$ (22.0)	\$ 3.4	\$ —
EUR ⁽¹⁾	GBP	€ 212.6	—	34.7	(3.7)	—	—	—
EUR ⁽¹⁾⁽²⁾	GBP	—	—	—	35.1	—	—	—
GBP	USD	£ 410.0	10.6	23.9	(12.9)	—	4.4	—
<i>Total Outstanding Settled</i>					17.4	(22.0)	7.8	—
EUR	USD	—	—	—	0.4	4.7	0.6	13.6
EUR	GBP	—	—	—	(4.0)	—	—	(17.1)
GBP	USD	—	—	—	18.4	—	0.9	18.9
<i>Total Settled</i>					14.8	4.7	1.5	15.4
<i>Total</i>			\$ 12.0	\$ 75.9	\$ 32.2 ⁽³⁾	\$ (17.3)	\$ 9.3	\$ 15.4

⁽¹⁾ Hedge is held by KWE on its wholly-owned subsidiaries.

⁽²⁾ Relates to KWE’s Euro Medium Term Note. See discussion in Note 9.

⁽³⁾ Excludes deferred tax benefit of \$0.2 million.

The gains and (losses) recognized through other comprehensive income (loss) will remain in accumulated other comprehensive income (loss) until the underlying investments they were hedging are substantially liquidated by Kennedy Wilson.

Notes to Consolidated Financial Statements *(continued)*
December 31, 2020, 2019 and 2018

Interest Rate Swaps—During the years ended December 31, 2020 and 2019, the Company entered into \$138.4 million notional of interest rate swaps on some variable rate property-level mortgage loans. During the year ended December 31, 2020, the Company had additional interest rate expense relating to difference in variable rate and fixed interest rates of \$1.2 million and had interest rate savings of \$0.2 million during the year ended December 31, 2019. The changes in fair value on these contracts were a loss of \$6.9 million and \$0.7 million for the years ended December 31, 2020 and 2019 and are recorded to other comprehensive loss. During the year ended December 31, 2020, due to the sale of a consolidated multifamily property which had an interest rate swap designated on one of its variable rate mortgages a loss of \$0.7 million that had been recorded to other comprehensive income was reclassified to the income statement and reduced the gain on sale of real estate associated with the property.

Fair Value of Financial Instruments—The carrying amounts of cash and cash equivalents, accounts receivable including related party receivables, accounts payable, accrued expenses and other liabilities approximate fair value due to their short-term

maturities. The carrying value of loans (excluding related party loans as they are presumed not to be an arm's length transaction) approximates fair value as the terms are similar to loans with similar characteristics available in the market.

Debt liabilities are accounted for at face value plus net unamortized debt premiums. Debt assumed in an asset acquisition, or business combination, is recorded at fair value on the date of acquisition. The fair value as of December 31, 2020 and 2019 for mortgages, KW unsecured debt, and KWE unsecured bonds were estimated to be approximately \$4.9 billion and \$5.2 billion, respectively, based on a comparison of the yield that would be required in a current transaction, taking into consideration the risk of the underlying collateral and the Company's credit risk to the current yield of a similar security, compared to their carrying value of \$5.1 billion and \$5.0 billion as of December 31, 2020 and 2019, respectively. The inputs used to value mortgages, KW unsecured debt, and KWE unsecured bonds are based on observable inputs for similar assets and quoted prices in markets that are not active and are therefore determined to be level 2 inputs.

NOTE 6—OTHER ASSETS

Other assets consist of the following:

	December 31,	
<i>(Dollars in millions)</i>	2020	2019
Loan purchases and originations	\$ 107.1	\$ 37.5
Straight line rent receivable	51.6	47.3
Deferred taxes, net	22.1	24.4
Goodwill	23.9	23.9
Furniture and equipment net of accumulated depreciation of \$27.2 and \$21.9 at December 31, 2020 and December 31, 2019, respectively	22.3	23.7
Other, net of accumulated amortization of \$2.1 and \$2.0 at December 31, 2020 and 2019, respectively	19.0	16.5
Above-market leases, net of accumulated amortization of \$58.3 and \$51.0 at December 31, 2020 and 2019, respectively	15.0	26.1
Hedge assets	12.0	32.6
Prepaid expenses	11.8	14.3
Right of use asset, net	11.2	13.6
Leasing commissions, net of accumulated amortization of \$7.4 and \$4.7 at December 31, 2020 and 2019, respectively	10.2	11.9
Other Assets	\$ 306.2	\$ 271.8

Depreciation and amortization expense related to the above depreciable assets were \$13.6 million, \$14.2 million, and \$15.8 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Loan Purchases and Originations—The Company has various loans bearing interest at rates ranging from 2.74% to 13.00%, and maturities ranging from 2021 to 2030. Loans have been evaluated for credit losses as of December 31, 2020 and the Company has determined that no credit losses are apparent. The Company's loan positions are predominantly senior mortgage loans, but it also holds real-estate mezzanine and similar loans.

Right of use asset, net—The Company, as a lessee, has three office leases and four ground leases, which qualify as operating leases, with remaining lease terms of 5 to 239 years. The payments associated with office space leases have been discounted using the Company's incremental borrowing rate which is based on collateralized interest rates in the market and risk profile of the associated lease. For ground leases the rate implicit in the lease was used to determine the right of use asset.

Notes to Consolidated Financial Statements *(continued)*
December 31, 2020, 2019 and 2018

The following table summarizes the fixed, future minimum rental payments, excluding variable costs, which are discounted to calculate the right of use asset and related lease liability for its operating leases in which we are the lessee:

<i>(Dollars in millions)</i>	Minimum Rental Payments
2021	\$ 1.5
2022	1.5
2023	0.8
2024	0.5
2025	0.4
Thereafter	32.4
Total undiscounted rental payments	37.1
Less imputed interest	(25.9)
Total lease liabilities	\$ 11.2

NOTE 7—MORTGAGE DEBT

The following table details mortgage debt secured by Kennedy Wilson’s consolidated properties as of December 31, 2020 and 2019:

<i>(Dollars in millions)</i>		Carrying amount of mortgage debt as of December 31, ⁽¹⁾	
Mortgage Debt by Product Type	Region	2020	2019
Multifamily ⁽¹⁾	Western U.S.	\$ 1,345.5	\$ 1,324.7
Commercial ⁽¹⁾	United Kingdom	429.6	514.5
Commercial	Western U.S.	375.2	405.4
Commercial ⁽¹⁾	Ireland	320.5	289.6
Hotel	Ireland	88.0	80.8
Commercial	Spain	43.6	40.3
Mortgage debt (excluding loan fees) ⁽¹⁾		2,602.4	2,655.3
Unamortized loan fees		(12.6)	(14.3)
Total Mortgage Debt		\$ 2,589.8	\$ 2,641.0

⁽¹⁾ The mortgage debt payable balances include unamortized debt premiums (discounts). Debt premiums (discounts) represent the difference between the fair value of debt and the principal value of debt assumed in

various acquisitions and are amortized into interest expense over the remaining term of the related debt in a manner that approximates the effective interest method. The net unamortized loan premium as of December 31, 2020 and 2019 was \$4.5 million and \$4.0 million, respectively.

The mortgage debt had a weighted average interest rate of 3.31% and 3.41% per annum as of December 31, 2020 and 2019, respectively. As of December 31, 2020, 73% of Kennedy Wilson’s property level debt was fixed rate, 13% was floating rate with interest caps and 14% was floating rate without interest caps, compared to 76% fixed rate, 14% floating rate with interest caps and 10% floating rate without interest caps, as of December 31, 2019.

Mortgage Loan Transactions and Maturities—During the year ended December 31, 2020, one acquisition was partially financed with mortgages, four existing mortgages were refinanced, and five existing investments that closed with all equity were subsequently partially financed with mortgage loans. See Note 4 for more detail on the acquisitions and the investment debt associated with them.

The aggregate maturities of mortgage loans subsequent to December 31, 2020 are as follows:

<i>(Dollars in millions)</i>	Aggregate Maturities
2021 ⁽¹⁾	\$ 47.5
2022	330.9
2023	428.8
2024	206.1
2025	547.2
Thereafter	1,037.4
	2,597.9
Unamortized debt premium	4.5
Unamortized loan fees	(12.6)
Total Mortgage Debt	\$ 2,589.8

⁽¹⁾ The Company expects to repay the amounts maturing in the next twelve months with new mortgage loans, cash generated from operations, existing cash balances, proceeds from dispositions of real estate investments, or as necessary, with borrowings on our A&R Facility.

As of December 31, 2020, the Company received waivers on certain debt covenants in loan agreements governing a total of \$266.9 million or 10% of our consolidated mortgage balance. These mortgages are secured by certain retail and hospitality assets in the United Kingdom and Ireland. All of these loans are non-recourse to the Company and the waivers are through April 30, 2021 and beyond and typically cover interest coverage and loan-to-value covenants. The Company expects to be in compliance with these covenants subsequent to December 31, 2020, or will seek additional waivers and/or extensions as, and if needed. In the event the Company is required to seek such additional waivers and/or extensions, the Company is currently confident that it will be able to obtain them. The Company is current on all payments (principal and interest) for its consolidated mortgages including the loans discussed above.

As of December 31, 2020, the Company was in compliance with or had received waivers on all financial mortgage debt covenants.

NOTE 8—KW UNSECURED DEBT

The following table details KW unsecured debt as of December 31, 2020 and 2019:

<i>(Dollars in millions)</i>	<i>December 31,</i>	
	2020	2019
Credit Facility	\$ 200.0	\$ —
Senior Notes ⁽¹⁾	1,146.9	1,146.1
KW Unsecured Debt	1,346.9	1,146.1
Unamortized loan fees	(14.7)	(14.4)
Total KW Unsecured Debt	\$ 1,332.2	\$ 1,131.7

⁽¹⁾ The senior notes balances include unamortized debt discounts. Debt discounts represent the difference between the fair value of debt and the principal value of debt assumed in various acquisitions and are amortized into interest expense over the remaining term of the related debt in a manner that approximates the effective interest method. The unamortized debt discount as of December 31, 2020 and 2019 was \$3.1 million and \$3.9 million, respectively.

Borrowings Under Credit Facilities—The Company, through a wholly-owned subsidiary, has a \$700 million unsecured revolving credit and term loan facility (the “A&R Facility”). The A&R Facility is comprised of a \$500 million revolving line of credit and a \$200 million term loan facility. On March 25, 2020, the Company extended its existing \$500 million revolving line of credit (“Second A&R Facility”). Loans under the Second A&R Facility bear interest at a rate equal to LIBOR plus between 1.75% and 2.50%, depending on the consolidated leverage ratio as of the applicable measurement date. The Second A&R Facility has a maturity date of March 25, 2024. Subject to certain conditions precedent and at Kennedy-Wilson, Inc.’s (the “Borrower”) option, the maturity date of the Second A&R Facility may be extended by one year.

The Second A&R Facility has certain covenants as defined within its Second Amended and Restated Credit Agreement, dated as of March 25, 2020 (the “Credit Agreement”) that, among other things, limit the Company and certain of its subsidiaries’ ability to incur additional indebtedness, repurchase capital stock or debt, sell assets or subsidiary stock, create or permit liens, engage in transactions with affiliates, enter into sale/leaseback transactions, issue subsidiary equity and enter into consolidations or mergers. The Credit Agreement requires the Company to maintain (i) a maximum consolidated leverage ratio (as defined in the Credit Agreement) of not greater than 65%, measured as of the last day of each fiscal quarter, (ii) a minimum fixed charge coverage ratio (as defined in the Credit Agreement) of not less than 1.70 to 1.00, measured as of the last day of each fiscal quarter for the period of four full fiscal quarters then ended, (iii) a minimum consolidated tangible net worth equal to or greater than the sum of \$1,700,000,000 plus an amount equal to fifty percent (50%) of net equity proceeds received by the Company after the date of the most recent financial statements that are available as of the March 25, 2020, measured as of the last day of each fiscal quarter, (iv) a maximum recourse leverage ratio (as defined in the Credit Agreement) of not greater than an amount equal to consolidated tangible net worth as of the measurement date multiplied by 1.5, measured as of the last day of each fiscal quarter, (v) a maximum secured recourse leverage ratio (as defined in the Credit Agreement) of not greater than an amount equal to 3.5% of consolidated total

Notes to Consolidated Financial Statements *(continued)*
December 31, 2020, 2019 and 2018

asset value (as defined in the Credit Agreement) and \$299,000,000, (vi) a maximum adjusted secured leverage ratio (as defined in the Credit Agreement) of not greater than 55%, measured as of the last day of each fiscal quarter, and (vii) liquidity (as defined in the Credit Agreement) of at least \$75.0 million.

As of December 31, 2020, the Company was in compliance with all financial covenant calculations. The obligations of the Borrower pursuant to the Credit Agreement are guaranteed by the Company and certain wholly-owned subsidiaries of the Company.

As of December 31, 2020, the Company had \$200.0 million outstanding balance on the Second A&R Facility with \$300.0 million available to be drawn under the revolving credit facility. Subsequent to December 31, 2020, the Company repaid \$100.0 million of the \$200.0 million outstanding balance on the Second A&R Facility.

The average outstanding borrowings under credit facilities was \$146.4 million during the year ended December 31, 2020.

2024 Notes—Kennedy Wilson, Inc., (the “Issuer”) has \$1.2 billion of 5.875% senior notes due 2024 (the “2024 Notes”). The indentures governing the 2024 Notes contain various restrictive covenants, including, among others, limitations on the Company’s ability and the ability of certain of the Company’s subsidiaries to incur or guarantee additional indebtedness, make restricted payments, pay dividends or make any other distributions from restricted subsidiaries, redeem or repurchase capital stock, sell assets or subsidiary stocks, engage in transactions with affiliates, create or permit liens on assets, enter into sale/leaseback transactions, and enter into consolidations or mergers. The indentures governing the 2024 Notes limit the ability of Kennedy Wilson and its restricted subsidiaries to incur additional indebtedness if, on the date of such incurrence and after giving effect to the new indebtedness, the maximum balance sheet leverage ratio (as defined in the indenture) is greater than 1.50 to 1.00. This ratio is measured at the time of incurrence of additional indebtedness. See Note 17 for the guarantor and non-guarantor financial statements.

Subsequent to December 31, 2020, the Company issued \$1.0 billion in aggregate principal of senior notes due in 2029 and 2031 and plans to redeem \$1.0 billion

aggregate principal amount of 2024 Notes through a tender offer and redemption under the indentures governing the 2024 Notes. See Note 19 for more detail.

As of December 31, 2020, the Company was in compliance with all financial covenants.

NOTE 9—KWE UNSECURED BONDS

The following table details the KWE unsecured bonds as of December 31, 2020 and 2019:

	December 31,	
<i>(Dollars in millions)</i>	2020	2019
KWE Bonds	\$ 504.7	\$ 662.9
KWE Euro Medium Term Note Programme	669.7	614.7
KWE Unsecured Bonds (excluding loan fees) ⁽¹⁾	1,174.4	1,277.6
Unamortized loan fees	(1.9)	(3.4)
Total KWE Unsecured Bonds	\$1,172.5	\$1,274.2

⁽¹⁾ The KWE unsecured bonds balances include unamortized debt premiums (discounts). Debt premiums (discounts) represent the difference between the fair value of debt and the principal value of debt assumed in various acquisitions and are amortized into interest expense over the remaining term of the related debt in a manner that approximates the effective interest method. The net unamortized loan premium (discount) as of December 31, 2020 and 2019 was \$(2.8) million and \$(3.1) million, respectively.

KWE has £500 million of 3.95% fixed-rate senior unsecured bonds due 2022 that have a carrying value of \$504.7 million and \$662.9 million as of December 31, 2020 and 2019, respectively. KWE effectively reduced the interest rate to 3.35% as a result of entering into swap agreements to convert 50% of the proceeds into Euros. On October 7, 2020, KWE launched a cash tender offer for part of its £500 million of the KWE Bonds (the “Tender Offer”). KWE purchased £130.2 million (\$177.7 million based on December 31, 2020 rates) in aggregate nominal amount of the KWE Bonds, or 26.04% of the £500.0 million aggregate nominal amount of the KWE Bonds outstanding in Tender Offer. The purchase price for the KWE Bonds validly tendered and accepted for purchase pursuant to the Tender Offer was a price equal to 101%

of the nominal amount of the relevant KWE Bonds, plus accrued and unpaid interest to, but not including, October 22, 2020. The total Tender Offer consideration was £133.1 million, including accrued and unpaid interest and was settled on October 22, 2020. The Company recognized \$2.3 million of interest expense due to the premium paid and the accelerated amortization of portion of unamortized loan fees associated with the Tender Offer.

In addition, KWE has a £2.0 billion (approximately \$2.7 billion based on December 31, 2020 rates) Euro Medium Term Note (“EMTN”) Programme. Under the EMTN Programme, KWE may issue, from time to time, up to £2.0 billion of various types of debt securities in certain markets and currencies. KWE issued senior unsecured notes for an aggregate principal amount of approximately \$672.4 million (based on December 31, 2020 rates) (€550 million) (the “KWE Notes”). The KWE Notes were issued at a discount with an annual fixed coupon of 3.25%, and mature in 2025. As KWE invests proceeds from the KWE Notes to fund equity investments in new euro denominated assets, KWE designates the KWE Notes as net investment hedges under ASC Topic 815. Subsequent fluctuations in foreign currency rates that impact the carrying value of the KWE Notes are recorded to accumulated other comprehensive income. During the year ended December 31, 2020, Kennedy Wilson recognized a gain of \$35.1 million in accumulated other comprehensive income due to the weakening of the euro against the GBP during the period. The KWE Notes rank pari passu with the KWE Bonds, and are subject to the same restrictive covenants.

The trust deed that governs the bonds contain various restrictive covenants for KWE, including, among others, limitations on KWE’s and its material subsidiaries’ ability to provide certain negative pledges. The trust deed limits the ability of KWE and its subsidiaries to incur additional indebtedness if, on the date of such incurrence and after giving effect to the incurrence of the new indebtedness, (1) KWE’s consolidated net indebtedness (as defined in the trust deed) would exceed 60% of KWE’s total assets (as calculated pursuant to the terms of the trust deed); and (2) KWE’s consolidated secured indebtedness (as defined in the trust deed) would exceed 50% of KWE’s total assets (as calculated pursuant to the terms of the trust deed). The trust deed also requires KWE, as of each reporting date, to maintain an interest coverage

ratio (as defined in the trust deed) of at least 1.50 to 1.00 and have unencumbered assets of no less than 125% of its unsecured indebtedness (as defined in the trust deed).

As of December 31, 2020, KWE was in compliance with these financial covenants.

NOTE 10—RELATED PARTY TRANSACTIONS

Related party revenue is fees and other income received from investments in which we have an ownership interest, excluding amounts eliminated in consolidation discussed below. Kennedy Wilson earned related party fees of \$22.7 million, \$26.1 million and \$15.3 million for the periods ended December 31, 2020, 2019 and 2018, respectively.

The Company provides asset and property management and other property related services on properties in which it also has an ownership interest. Fees earned on consolidated properties are eliminated in consolidation and fees on unconsolidated investments are eliminated for the portion that relate to the Company’s ownership interest. During the years ended December 31, 2020, 2019 and 2018 fees of \$1.1 million, \$18.1 million and \$13.6 million were eliminated in consolidation.

On October 2, 2020, the Company completed the sale of Kennedy-Wilson Properties, Ltd. (“KWP”), a wholly-owned subsidiary of the Company operating in the third-party real estate services industry, including, property management, commercial brokerage (leasing and sale), facilities management and lease administration, to an entity controlled by certain members of KWP management (the “Purchaser”). As part of the transaction and in exchange for an annual fee, the Company will provide certain services to KWP, including the use of certain office space and information technology related services, in addition to a license to use its trademark in connection with the operation of its business for a period of two years, with a two-year extension option exercisable by the Purchaser subject to certain conditions being met. The Company also provided financing to the Purchaser in connection with its purchase of KWP as well as a three-year line of credit. As of the closing date, the Purchaser will employ the approximately 110 employees and 25 independent contractors previously employed by KWP.

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NOTE 11—INCOME TAXES

The table below represents a geographical breakdown of book income before the provision for income taxes:

	Year ended December 31,		
<i>(Dollars in millions)</i>	2020	2019	2018
Domestic	\$ (37.0)	\$ 249.5	\$ 156.5
Foreign	188.4	113.0	113.6
Total	\$ 151.4	\$ 362.5	\$ 270.1

The U.S. and foreign components of provision for income taxes consisted of the following components. However, it is not reflective of the cash tax results of the Company.

A reconciliation of the statutory federal income tax rate of 21% with Kennedy Wilson’s effective income tax rate is as follows:

	Year ended December 31,		
<i>(Dollars in millions)</i>	2020	2019	2018
Tax computed at the statutory rate	\$ 31.8	\$ 76.1	\$ 56.7
Tax deduction in excess of book compensation from restricted stock vesting	0.1	0.3	1.8
Domestic permanent differences, primarily disallowed executive compensation	7.2	6.1	3.8
Foreign permanent differences, primarily non-deductible depreciation, amortization and interest expenses in the United Kingdom	2.0	1.3	1.4
Effect of foreign tax operations on U.S. taxes, net of foreign tax credits and valuation allowance	(3.7)	(16.8)	1.1
Noncontrolling interests	(0.9)	(22.2)	(15.1)
State income taxes, net of federal benefit	2.9	—	8.0
Other	4.2	(3.4)	0.3
Provision for income taxes	\$ 43.6	\$ 41.4	\$ 58.0

	Year ended December 31,		
<i>(Dollars in millions)</i>	2020	2019	2018
Federal			
Current	\$ —	\$ —	\$ —
Deferred	23.3	31.2	33.4
	23.3	31.2	33.4
State			
Current	1.5	0.3	—
Deferred	0.4	(4.6)	10.6
	1.9	(4.3)	10.6
Foreign			
Current	14.9	14.4	18.4
Deferred	3.5	0.1	(4.4)
	18.4	14.5	14.0
Total	\$ 43.6	\$ 41.4	\$ 58.0

Cumulative tax effects of temporary differences are shown below at December 31, 2020 and 2019:

	Year ended December 31,	
<i>(Dollars in millions)</i>	2020	2019
Deferred tax assets:		
Foreign currency translation	\$ 3.7	\$ 4.9
Net operating loss carryforward and credits	137.1	138.6
Investment basis difference	91.2	96.2
Stock option expense	3.0	1.3
Hedging transactions	13.4	7.2
Lease liability	0.1	—
Accrued reserves	0.6	—
Total deferred tax assets	249.1	248.2
Valuation allowance	(204.4)	(209.2)
Net deferred tax assets	44.7	39.0
Deferred tax liabilities:		
Investment basis and reserve differences	159.5	145.7
Depreciation and amortization	20.0	2.8
Right of use asset	0.1	—
Prepaid expenses and other	2.8	2.4
Capitalized interest	1.3	1.3
Total deferred tax liabilities	183.7	152.2
Deferred tax liability, net	\$ (139.0)	\$ (113.2)

The United Kingdom enacted Finance Act 2019, which introduced a new capital gain tax for non-UK resident investors who dispose of UK real estate. The new capital gain tax law became effective April 6, 2019. Beginning on this date, non-UK resident investors are subject to UK tax on gains arising from the direct and indirect dispositions of UK real estate held for investment purposes. Transitional provisions allow rebasing of UK real estate values to fair market value as of April 5, 2019 (“UK Basis Step-Up”), because only gains arising from property value increases after such date is subject to tax. The step-up led to a higher tax basis relative to the carrying value of the UK real estate, thus resulting in a UK deferred tax asset of \$107.0 million. The realizability of this deferred tax asset is dependent on future disposition of real estate at a fair market value in excess of appraised value as of April 5, 2019. Given uncertainties surrounding Brexit and its potential impact on future real estate values,

the Company concluded that the U.K. deferred tax asset did not meet the more likely than not threshold of being realizable and therefore, a full valuation allowance is necessary. During fiscal 2020, the valuation allowance on the UK Basis Step-Up decreased to \$97.8 million due to a reduction in UK deferred tax assets arising from the sale of certain UK properties.

During March 2018, Kennedy Wilson elected to treat KWE as a partnership for U.S. tax purposes retroactive to December 29, 2017. Due to unrealized foreign exchange losses not yet deductible for tax purposes and the consideration paid to acquire the non-controlling interests in KWE exceeding the book carrying value of the non-controlling interests in KWE, the Company’s tax basis in KWE exceeded its book carrying value at December 29, 2017, and every period thereafter. Prior to the election to treat KWE as a

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partnership, KWE was taxed as a controlled foreign corporation. As a controlled foreign corporation, the Company was precluded from recognizing a deferred tax asset for its tax basis in excess of book carrying value for its investment in KWE as the excess tax basis from the investment was not expected to reverse in the foreseeable future. However, as a result of the conversion of KWE to a partnership for U.S. tax purposes, the Company was required to record a deferred tax asset for its investment in KWE. As of December 31, 2018, the Company recorded a \$98.3 million deferred tax asset related to its excess tax basis over book carrying value for its investment in KWE. As a significant portion of the excess tax basis would only reverse upon a strengthening of foreign currencies or upon a disposition of KWE, the Company determined that a valuation allowance of \$98.3 million was required for the tax basis that was in excess of the Company's carrying value for its investment in KWE as it did not meet the more likely than not recognition threshold. During the years ended December 31, 2020 and 2019, a portion of the excess tax basis over book basis in KWE reversed as a result of lower tax gains on sales of real estate. As of December 31, 2020, Kennedy Wilson's excess tax basis in KWE and the related valuation allowance is \$66.5 million and \$66.5 million, respectively.

As of December 31, 2020, Kennedy Wilson had federal, California and other state net operating losses of \$2.3 million and \$96.5 million, and \$9.3 million respectively. All of the federal net operating losses relate to tax years after December 31, 2017. The post-2017 federal net operating losses do not expire but in taxable years beginning after December 31, 2020 are only eligible to offset 80% of taxable income. California net operating losses begin to expire in 2034. As of December 31, 2020, Kennedy Wilson had \$245.5 million of foreign net operating loss carryforwards, which have no expiration date. The Company has foreign tax credit carryforwards of \$67.2 million, which begin to expire in 2023.

The Company's valuation allowance on deferred tax assets decreased by \$4.8 million in 2020 and increased by \$78.1 million in 2019. The decrease in the valuation allowance during 2020 principally relates to a decrease in the deferred tax asset related to the KWE partnership investment due to lower tax gains on the sales of real estate in 2020. The increase in the 2019 valuation allowance principally relates to a valuation allowance recorded against the deferred tax asset established for the U.K. Basis Step Up.

During July 2019, the IRS initiated an income tax examination of the Company's federal consolidated tax return for the period ended December 31, 2017. Items requested by the IRS thus far are standard schedules utilized and produced during the normal course of tax return preparation. As of December 31, 2020, the Company is not aware of specific tax position under the scrutiny of the IRS. There were no gross unrecognized tax benefits at December 31, 2020 and 2019. Management has considered the likelihood and significance of possible penalties associated with Kennedy Wilson's current and intended filing positions and has determined, based on its assessment, that such penalties, if any, would not be significant.

Kennedy Wilson's federal and state income tax returns remain open to examination for the years 2017 through 2019 and 2016 through 2019, respectively. However, due to the existence of prior year loss carryovers, the IRS may examine any tax years for which the carryovers are used to offset future taxable income. Our foreign subsidiaries' tax returns remain open to examination for the years 2016 through 2019. The Spanish loss carryovers may be subject to tax examination for a period of 10 years from the period in which such losses were generated.

NOTE 12—COMMITMENTS AND CONTINGENCIES

Future minimum lease payments under scheduled operating and ground leases that have initial or remaining noncancelable terms in excess of one year are as follows:

<i>(Dollars in millions)</i>	
Year ending December 31,	
2021	\$ 1.5
2022	1.5
2023	0.8
2024	0.5
2025	0.4
Thereafter	32.4
Total minimum payments	\$ 37.1

Rental expense was \$1.0 million, \$1.4 million, and \$4.1 million for the years ended December 31, 2020, 2019 and 2018, respectively, and is included in general and administrative expense in the accompanying consolidated statements of income.

CAPITAL COMMITMENTS—As of December 31, 2020 and 2019, the Company has unfunded capital commitments of \$97.4 million and \$109.2 million to its joint ventures under the respective operating agreements. In addition to the unfunded capital commitments on its joint venture investments, the Company has \$155.9 million of equity commitments relating on consolidated and unconsolidated development projects. The Company may be called upon to contribute additional capital to joint ventures in satisfaction of the Company's capital commitment obligations.

LITIGATION—Kennedy Wilson is currently a defendant in certain routine litigation arising in the ordinary course of business. It is the opinion of management and legal counsel that the outcome of these actions will not have a material effect on the financial statements taken as a whole.

NOTE 13—STOCK COMPENSATION PLANS

In July 2014, Kennedy Wilson adopted and its shareholders approved the Amended and Restated 2009 Equity Participation Plan (the "First Amended and Restated Plan") under which an additional 6.0 million shares of common stock were reserved for issuance pursuant to grants of restricted stock and other awards to officers, employees, non-employee directors and consultants. During the years ended December 31, 2016, 2015 and 2014, 1.0 million, 1.7 million and 3.3 million, respectively, of restricted common stock were granted under the First Amended and Restated Plan. The terms of the awards granted under the First Amended and Restated Plan were set by the Company's compensation committee at its discretion. The shares of restricted common stock granted under the First Amended and Restated Plan have vested or will vest, as applicable, ratably over a three, four or five-year period based on the achievement of certain performance targets. The performance periods that will be measured for these awards are the Company's fiscal years ending from December 31, 2014 through December 31, 2020. The shares of

restricted common stock which were granted with a three-year vesting period have a three-year sale restriction period upon vesting. Due to the lack of marketability of these shares with the three-year sale restriction period upon vesting, a 15% discount was applied to the grant price these shares when computing stock compensation expense. From inception of the plan through December 31, 2020, 5,949,100 shares vested and 136,400 have been forfeited. As of December 31, 2020, all the compensation costs for the First Amended and Restated Plan have been recognized.

In June 2017, Kennedy Wilson adopted and its shareholders approved the Second Amended and Restated 2009 Equity Participation Plan (the "Second Amended and Restated Plan") under which an additional 3.3 million shares of common stock were reserved for issuance pursuant to grants of restricted stock and other awards to officers, employees, non-employee directors and consultants. The Second Amended and Restated Plan also allows for share recycling on net settled restricted stock awards, restricted stock unit awards, performance unit awards and performance share awards. During the years ended December 31, 2020, 2019 and 2018, the compensation committee of the board of directors approved the total grant of 2.0 million shares of performance-based restricted shares of Company common stock, 1.9 million performance-based restricted stock units and 1.4 million shares of performance-based restricted shares of Company common stock or performance-based restricted stock units covering Company common stock, respectively, subject to vesting based on the Company's total shareholder return (the "TSR restricted awards"), performance-based restricted shares of Company common stock or performance-based restricted stock units covering Company common stock subject to vesting based on the Company's return on equity (the "ROE awards"), and time-based restricted shares of Company common stock or time-based restricted stock units covering Company common stock (the "time-based awards") (collectively, the "awards"), under the Second Amended and Restated Plan. Up to 100% of the TSR awards will be eligible to vest based on the Company's total shareholder return relative to the MSCI World Real Estate Index during a three-year performance period (subject to continued employment through the vesting date), with the actual number of shares subject to such TSR awards that vest and cease to be subject to restrictions

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with respect to the performance period determined by multiplying (i) the total number of shares subject to the TSR award by (ii) the applicable vesting percentage (which is determined based on the level of the Company's relative total shareholder return attained during the performance period). Up to one-third of the ROE awards will be eligible to vest with respect to each Company fiscal year of the performance period (each, a "performance year") to the extent that the Company satisfies the return on equity goals for such performance year (subject to continued employment through the vesting date). One-third of the time-based awards will vest on each of the first three anniversaries of the grant date, subject to continued employment through the vesting date. Stock-based compensation expense is based on the fair values on the date of grant for the ROE awards and time-based awards. Certain ROE awards and time-based awards were granted with a three-year sale restriction period upon vesting. Due to the lack of marketability of these shares with the three-year sale restriction period upon vesting, a 12.5% discount was applied to the grant price of these shares when computing stock compensation expense. The fair value of the TSR awards are estimated using a Monte Carlo simulation. From inception of the plan through December 31, 2020, 2,171,163 shares have vested and 77,710 shares have been forfeited. As of December 31, 2020, there was \$31.0 of unrecognized compensation cost for the Second Amended and Restated Plan related to unvested shares which will vest over the next three years.

Upon vesting, the restricted stock granted to employees discussed directly above is net share-settled to cover the withholding tax. Shares that vested during the years ended December 31, 2020, 2019 and 2018 were net-share settled such that the Company withheld shares with values equivalent to the employees' minimum statutory obligations for the applicable income and other employment taxes, and remitted the cash to the appropriate taxing authorities. The total shares withheld during the years ended December 31, 2020, 2019 and 2018 were 571,983 shares, 764,909 shares, and 486,032 shares respectively, and were valued based on the Company's closing stock price on the respective vesting dates. During the years ended December 31, 2020, 2019 and 2018, total payments for the employees' tax obligations to the taxing authorities were \$11.6 million, \$16.4 million, and \$8.8 million

respectively. These figures are reflected as a financing activity on the accompanying consolidated statements of cash flows.

During the years ended December 31, 2020, 2019 and 2018, Kennedy Wilson recognized \$32.3 million, \$30.2 million, and \$37.1 million of compensation expense related to the vesting of restricted common stock and is included in compensation and related expense in the accompanying consolidated statements of income.

The following table sets forth activity under the Amended and Restated Plan, the First Amended and Restated Plan, and the Second Amended and Restated Plan for the Company's fiscal years ending December 31, 2020, 2019 and 2018:

	Shares
Nonvested at December 31, 2018	3,916,948
Granted	64,458
Vested	(1,729,046)
Forfeited	—
Nonvested at December 31, 2019	2,252,360
Granted	2,543,551
Vested	(1,279,433)
Forfeited	(62,710)
Nonvested at December 31, 2020	3,453,768

NOTE 14—EQUITY

Preferred Stock—In October 2019, the Company announced the issuance of a \$300 million perpetual preferred equity investment in Kennedy Wilson by affiliates of Eldridge Industries (collectively, "Eldridge"). Under the terms of the agreement, Eldridge purchased \$300 million in convertible perpetual preferred stock carrying a 5.75% annual dividend rate, with an initial conversion price of \$25.00 per share, representing a premium of 15% to the daily volume weighted average price per share of Kennedy Wilson's common stock over the 20 trading days ending, and including, October 16, 2019. The preferred stock is callable by Kennedy Wilson on and after October 15, 2024. The convertible perpetual preferred stock is treated as permanent equity in accordance with ASC Topic 480, *Distinguishing Liabilities from Equity*.

Common Stock Repurchase Program—On March 20, 2018, the Company announced that its board of directors authorized a \$250.0 million stock repurchase program. Repurchases 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 repurchases dependent on market conditions and subject to the Company's discretion. On November 4, 2020, the Company's board of directors authorized an expansion of its existing \$250 million share repurchase plan to \$500 million.

During the year ended December 31, 2020, Kennedy Wilson repurchased and retired 2,826,644 shares for \$45.8 million. During the year ended December 31, 2019, Kennedy Wilson repurchased and retired 221,834 shares for \$4.3 million under the previous stock repurchase program.

Dividend Distributions—Kennedy Wilson declared and paid the following cash dividends on its common stock:

	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Declared	Paid	Declared	Paid
Preferred Stock	\$ 17.2	\$ 13.6	\$ 2.6	\$ 2.6
Common Stock ⁽¹⁾	125.6	126.1	121.1	114.9

⁽¹⁾ The difference between declared and paid is the amount accrued on the consolidated balance sheets.

Taxability of Dividends—Earnings and profits, which determine the taxability of distributions to stockholders, may differ from income reported for financial reporting purposes due to the differences for federal income tax purposes in the treatment of revenue recognition, compensation expense, derivative investments and the basis of depreciable assets and estimated useful lives used to compute depreciation.

The Company's dividends related to its common stock will be classified for U.S. federal income tax purposes as follows:

Record Date	Payment Date	Distributions Per Share	Ordinary Dividends	Return of Capital
12/27/2019	1/2/2020	\$ 0.2200	\$ 0.0597	\$ 0.1603
3/31/2020	4/7/2020	0.2200	0.0597	0.1603
6/30/2020	7/9/2020	0.2200	0.0597	0.1603
9/30/2020	10/8/2020	0.2200	0.0597	0.1603
Totals		\$ 0.8800	\$ 0.2388	\$ 0.6412

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Accumulated Other Comprehensive Income (Loss)—The following table summarizes the changes in each component of accumulated other comprehensive income (loss) (“AOCI”), net of taxes:

<i>(Dollars in millions)</i>	Foreign Currency Translation	Foreign Currency Derivative Contracts	Interest Rate Swaps	Total Accumulated Other Comprehensive Income ⁽¹⁾
Balance at December 31, 2019	\$ (98.3)	\$ 40.4	\$ (0.7)	\$ (58.6)
Unrealized (losses) gains, arising during the period	67.6	(38.0)	(6.9)	22.7
Taxes on unrealized (losses) gains, arising during the period	(1.2)	0.2	1.7	0.7
Amounts reclassified out of AOCI during the period, gross	0.3	—	0.7	1.0
Amounts reclassified out of AOCI during the period, taxes	—	—	(0.2)	(0.2)
Noncontrolling interest	(0.6)	—	—	(0.6)
Balance (of Kennedy Wilson's share) at December 31, 2020	\$ (32.2)	\$ 2.6	\$ (5.4)	\$ (35.0)

⁽¹⁾ Includes \$358.4 million of inception to date accumulated other comprehensive losses associated with noncontrolling interest holders of KWE that the Company was required to record as part of the KWE Transaction in October 2017.

The local currencies for our interests in foreign operations include the euro and the British pound sterling. The related amounts on our balance sheets are translated into U.S. dollars at the exchange rates at the respective financial statement date, while amounts on our statements of income are translated at the average exchange rates during the respective period. Unrealized losses on foreign currency translation is a result of the weakening of the euro and British pound sterling against the U.S. dollar during the year ended December 31, 2020.

In order to manage currency fluctuations, Kennedy Wilson entered into currency derivative contracts to manage its exposure to currency fluctuations between its functional currency (U.S. dollar) and the functional currency (Euro and GBP) of certain of its wholly-owned and consolidated subsidiaries. See Note 5 for a more detailed discussion of Kennedy Wilson’s currency derivative contracts.

NOTE 15—EARNINGS PER SHARE

In accordance with ASC Topic 260-10-45, *Earnings Per Share*, the Company uses the two-class method to calculate earnings per share. Basic earnings per share is calculated based on dividends declared (“distributed earnings”) and the rights of common shares and participating securities in any undistributed earnings, which

represents net income remaining after deduction of dividends declared during the period. Participating securities, which include unvested restricted stock, are included in the computation of earnings per share pursuant to the two-class method. The undistributed earnings are allocated to all outstanding common shares and participating securities based on the relative percentage of each security to the total number of outstanding securities. Basic earnings per common share and participating securities represent the summation of the distributed and undistributed earnings per common share and participating security divided by the total weighted average number of common shares outstanding and the total weighted average number of participating securities outstanding during the respective periods. We only present the earnings per share attributable to the common shareholders.

Net losses, after deducting the dividends to participating securities, are allocated in full to the common shares since the participating security holders do not have an obligation to share in the losses, based on the contractual rights and obligations of the participating securities. The following is a summary of the elements used in calculating basic and diluted income per share for the years ended December 31, 2020, 2019 and 2018:

The following table sets forth the computation of basic and diluted earnings per share:

	<i>Year ended December 31,</i>		
<i>(Dollars in millions, except share amounts and per share data)</i>	2020	2019	2018
Net income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ 92.9	\$ 224.1	\$ 150.0
Net income and dividends allocated to participating securities	—	(0.3)	(0.9)
Net income attributable to Kennedy-Wilson Holdings, Inc. common shareholders, net of allocation to participating securities	92.9	223.8	149.1
Dividends declared on common shares	(125.6)	(121.1)	(113.0)
Undistributed earnings attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ (32.7)	\$ 102.7	\$ 36.1
Distributed earnings per share	\$ 0.88	\$ 0.85	\$ 0.78
Undistributed earnings per share	(0.22)	0.75	0.26
Income per share—basic	0.66	1.60	1.04
Income per share—diluted	\$ 0.66	\$ 1.58	\$ 1.04
Weighted-average shares outstanding for basic	139,741,411	139,729,573	142,895,472
Weighted average shares outstanding for diluted	140,347,365	141,501,323	144,753,421
Dividends declared per common share	\$ 0.88	\$ 0.85	\$ 0.78

There was a total of 13,236,896, 13,133,785 and 0 during the years ended December 31, 2020, 2019 and 2018 potentially dilutive securities were not included in the diluted weighted average shares as they were anti-dilutive, respectively. Potentially anti-dilutive securities include preferred stock and unvested restricted stock grants.

NOTE 16—SEGMENT INFORMATION

Segment Presentation

The Company evaluates its reportable segments in accordance with the guidance of ASC Topic 280, *Segment Reporting*. Kennedy Wilson historically presented Investments and Services as its two main operating segments. As the Company has expanded on its separate account and commingled fund platforms, it determined that the segment

presentation detailed below is more indicative of how the business is being run and evaluated by the chief operating decision makers. Unconsolidated investments that had historically been part of the Investments segment and are now included in the Co-Investment Portfolio segment. The Investment Management and Property Services businesses were historically included in the Services segment. The Investment Management business is now presented in the Co-Investment Portfolio segment. This combines the equity the Company invests as well as the fees it earns from its partners on co-investments into one segment to provide a better understanding and evaluation of the total performance of these investments by the Company’s chief decision makers. As the Company has grown its Consolidated Portfolio and Co-Investment Portfolio, the Property Services has had a less significant impact on the Company’s results and thus Property Services is now presented in Corporate. With the sale of KWP in the fourth quarter of 2020, the Property Services is no longer part of the Company’s results.

Notes to Consolidated Financial Statements *(continued)*
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Segments

The Company's operations are defined by two business segments: its Consolidated investment portfolio (the "Consolidated Portfolio") and its Co-Investment Portfolio:

- Consolidated Portfolio consists of the investments that the Company has made in real estate and real estate-related assets and consolidates on its balance sheet. The Company typically wholly-owns the assets in its Consolidated Portfolio.
- Co-Investment Portfolio consists of (i) the co-investments that the Company has made in real estate and real estate-related assets, including loans secured by real estate, through the commingled funds and joint ventures that it manages; and (ii) the fees (including, without limitation, asset management fees, construction management fees and performance fees) that it earns on its fee bearing capital. The Company typically owns a 5–50% ownership interest in the assets in its Co-investment Portfolio.

In addition to the Company's two primary business segments the Company's Corporate segment includes, among other things, corporate overhead and Property Services for all periods prior to its sale in the fourth quarter 2020.

Consolidated Portfolio

Consolidated Portfolio is a permanent capital vehicle focused on maximizing property cash flow. These assets are primarily wholly-owned and tend to have longer hold periods and the Company targets investments with accretive asset management

opportunities. The Company typically focuses on office and multifamily assets in the Western United States and commercial assets in the United Kingdom and Ireland within this segment.

Co-Investment Portfolio

Co-investment Portfolio segment consists of investments the Company makes with partners in which it receives (i) fees for managing its partners equity and (ii) rental income from its co-investments in these assets. The Company utilizes different platforms in the Co-investment Portfolio segment depending on the asset and risk return profiles.

During the year ended December 31, 2020, the Company deconsolidated its investment in KW Europe Fund II as the Company no longer held a controlling financial interest in it. Amounts for KW Europe Fund II are in the Consolidated Portfolio segment in the prior period and in the Co-Investment Portfolio segment for the current period.

No single third-party client accounted for 10% or more of Kennedy Wilson's revenue during any period presented in these financial statements.

The following tables summarize the income and expense activity by segment for the years ended December 31, 2020, 2019 and 2018 and total assets as of December 31, 2020 and 2019.

	Year Ended December 31, 2020			
(Dollars in millions)	Consolidated	Co-Investments	Corporate	Total
Revenue				
Rental	\$ 403.9	\$ —	\$ —	\$ 403.9
Hotel	13.9	—	—	13.9
Investment management, property services and research fees	—	22.5	10.6	33.1
Total revenue	417.8	22.5	10.6	450.9
Expenses				
Rental	135.7	—	—	135.7
Hotel	13.8	—	—	13.8
Commission and marketing	—	—	2.8	2.8
Compensation and related	59.7	21.0	63.7	144.4
General and administrative	20.6	5.9	8.1	34.6
Depreciation and amortization	179.6	—	—	179.6
Total expenses	409.4	26.9	74.6	510.9
Income from unconsolidated investments, net of depreciation and amortization	—	81.0	—	81.0
Gain on sale of real estate, net	338.0	—	—	338.0
Transaction-related expenses	(0.9)	—	—	(0.9)
Interest expense	(141.7)	—	(69.5)	(211.2)
Other (loss) income	(0.6)	—	5.1	4.5
Provision for income taxes	(18.4)	—	(25.2)	(43.6)
Net income (loss)	184.8	76.6	(153.6)	107.8
Net loss attributable to noncontrolling interests	2.3	—	—	2.3
Preferred dividends and accretion of preferred stock issuance costs	—	—	(17.2)	(17.2)
Net income (loss) attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ 187.1	\$ 76.6	\$ (170.8)	\$ 92.9

Notes to Consolidated Financial Statements *(continued)*
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	Year Ended December 31, 2019			
<i>(Dollars in millions)</i>	Consolidated	Co-Investments	Corporate	Total
Revenue				
Rental	\$ 447.4	\$ —	\$ —	\$ 447.4
Hotel	80.5	—	—	80.5
Sale of real estate	1.1	—	—	1.1
Investment management, property services and research fees	—	24.9	15.8	40.7
Total revenue	529.0	24.9	15.8	569.7
Expenses				
Rental	152.9	—	—	152.9
Hotel	60.1	—	—	60.1
Cost of real estate sold	1.2	—	—	1.2
Commission and marketing	—	—	3.8	3.8
Compensation and related	71.0	15.1	65.7	151.8
General and administrative	26.3	5.6	10.5	42.4
Depreciation and amortization	187.6	—	—	187.6
Total expenses	499.1	20.7	80.0	599.8
Income from unconsolidated investments, net of depreciation and amortization	—	179.7	—	179.7
Gain on sale of real estate, net	434.4	—	—	434.4
Transaction-related expenses	(6.8)	—	—	(6.8)
Interest expense	(145.6)	—	(69.5)	(215.1)
Other income	2.8	—	(2.4)	0.4
Provision for from income taxes	(14.5)	—	(26.9)	(41.4)
Net income (loss)	300.2	183.9	(163.0)	321.1
Net income attributable to noncontrolling interests	(94.4)	—	—	(94.4)
Preferred dividends and accretion of preferred stock issuance costs	—	—	(2.6)	(2.6)
Net income (loss) attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ 205.8	\$ 183.9	\$ (165.6)	\$ 224.1

	Year Ended December 31, 2018			
<i>(Dollars in millions)</i>	Consolidated	Co-Investments	Corporate	Total
Revenue				
Rental	\$ 514.6	\$ —	\$ —	\$ 514.6
Hotel	155.7	—	—	155.7
Sale of real estate	56.8	—	—	56.8
Investment management, property services and research fees	—	15.4	29.9	45.3
Total revenue	727.1	15.4	29.9	772.4
Expenses				
Rental	160.8	—	—	160.8
Hotel	121.5	—	—	121.5
Cost of real estate sold	52.5	—	—	52.5
Commission and marketing	—	—	5.9	5.9
Compensation and related	64.7	20.5	83.6	168.8
General and administrative	28.1	7.5	15.2	50.8
Depreciation and amortization	206.1	—	—	206.1
Total expenses	633.7	28.0	104.7	766.4
Income from unconsolidated investments, net of depreciation and amortization	—	78.7	—	78.7
Gain on sale of real estate, net	371.8	—	—	371.8
Gain on sale of business	—	—	40.4	40.4
Transaction-related expenses	(1.7)	—	—	(1.7)
Interest expense	(161.0)	—	(77.2)	(238.2)
Other income	0.7	—	12.4	13.1
Provision for income taxes	(14.0)	—	(44.0)	(58.0)
Net income (loss)	289.2	66.1	(143.2)	212.1
Net income attributable to noncontrolling interests	(62.1)	—	—	(62.1)
Net income (loss) attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ 227.1	\$ 66.1	\$ (143.2)	\$ 150.0

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	December 31,	
<i>(Dollars in millions)</i>	2020	2019
Assets		
Consolidated	\$ 5,562.4	\$ 5,679.7
Co-investment	1,396.4	1,326.5
Corporate	370.2	298.3
Total assets	\$ 7,329.0	\$ 7,304.5

	December 31,		
<i>(Dollars in millions)</i>	2020	2019	2018
Investments for long lived assets			
Investments	\$ (264.2)	\$ (402.0)	\$ (571.8)

Geographic Information

The revenue shown in the table below is allocated based upon the region in which services are performed.

	Year Ended December 31,		
<i>(Dollars in millions)</i>	2020	2019	2018
United States	\$ 274.2	\$ 275.7	\$ 327.7
Europe	176.7	294.0	444.7
Total revenue	\$ 450.9	\$ 569.7	\$ 772.4

NOTE 17—GUARANTOR AND NON-GUARANTOR FINANCIAL STATEMENTS

The following consolidating financial information and condensed consolidating financial information includes:

(1) Condensed consolidating balance sheets as of December 31, 2020 and 2019, respectively; consolidating statements of income and comprehensive (loss) income for the years ended December 31, 2020, 2019 and 2018, respectively; and condensed consolidating statements of cash flows for the years ended December 31, 2020, 2019 and 2018, respectively, of (a) Kennedy-Wilson Holdings, Inc. on an unconsolidated basis as the parent (and guarantor), (b) Kennedy-Wilson, Inc., as the subsidiary issuer, (c) the guarantor subsidiaries, (d) the non-guarantor subsidiaries and (e) Kennedy-Wilson Holdings, Inc. on a consolidated basis; and

(2) Elimination entries necessary to consolidate Kennedy-Wilson Holdings, Inc., as the parent guarantor, with Kennedy-Wilson, Inc. and its guarantor and non-guarantor subsidiaries

Kennedy Wilson owns 100% of all of the guarantor subsidiaries, and, as a result, in accordance with Rule 3-10(d) of Regulation S-X promulgated by the SEC, no separate financial statements are required for these subsidiaries as of December 31, 2020 or 2019 and for the years ended December 31, 2020, 2019 or 2018.

	Condensed Consolidating Balance Sheet as of December 31, 2020					
<i>(Dollars in millions)</i>	Parent	Kennedy- Wilson, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Elimination	Consolidated Total
Assets						
Cash and cash equivalents	\$ —	\$ 105.5	\$ 174.5	\$ 685.1	\$ —	\$ 965.1
Accounts receivable	—	0.2	15.5	32.2	—	47.9
Real estate and acquired in place lease values, net of accumulated depreciation and amortization	—	—	2,009.7	2,710.8	—	4,720.5
Unconsolidated investments	—	15.1	459.4	814.8	—	1,289.3
Investments in and advances to consolidated subsidiaries	1,686.5	3,173.4	1,768.4	—	(6,628.3)	—
Other assets	—	10.3	69.3	226.6	—	306.2
Total assets	\$ 1,686.5	\$ 3,304.5	\$ 4,496.8	\$ 4,469.5	\$ (6,628.3)	\$ 7,329.0
Liabilities						
Accounts Payable	—	0.2	1.9	28.0	—	30.1
Accrued expenses and other liabilities	42.0	285.6	49.6	154.5	—	531.7
Mortgage debt	—	—	1,271.9	1,317.9	—	2,589.8
KW unsecured debt	—	1,332.2	—	—	—	1,332.2
KWE unsecured bonds	—	—	—	1,172.5	—	1,172.5
Total liabilities	42.0	1,618.0	1,323.4	2,672.9	—	5,656.3
Equity						
Kennedy-Wilson Holdings, Inc. shareholders' equity	1,644.5	1,686.5	3,173.4	1,768.4	(6,628.3)	1,644.5
Noncontrolling interests	—	—	—	28.2	—	28.2
Total equity	1,644.5	1,686.5	3,173.4	1,796.6	(6,628.3)	1,672.7
Total liabilities and equity	\$ 1,686.5	\$ 3,304.5	\$ 4,496.8	\$ 4,469.5	\$ (6,628.3)	\$ 7,329.0

Notes to Consolidated Financial Statements *(continued)*
December 31, 2020, 2019 and 2018

Condensed Consolidating Balance Sheet as of December 31, 2019						
(Dollars in millions)	Parent	Kennedy- Wilson, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Elimination	Consolidated Total
Assets						
Cash and cash equivalents	\$ 30.8	\$ 6.4	\$ 102.7	\$ 434.0	\$ —	\$ 573.9
Accounts receivable	—	—	13.9	38.2	—	52.1
Real estate and acquired in place lease values, net of accumulated depreciation and amortization	—	—	2,052.3	3,027.9	—	5,080.2
Unconsolidated investments	—	18.2	526.0	782.3	—	1,326.5
Investments in and advances to consolidated subsidiaries	1,682.3	3,037.5	1,660.5	—	(6,380.3)	—
Other assets	—	—	61.1	210.7	—	271.8
Total assets	\$ 1,713.1	\$ 3,062.1	\$ 4,416.5	\$ 4,493.1	\$ (6,380.3)	\$ 7,304.5
Liabilities						
Accounts Payable	\$ —	\$ 0.9	\$ 3.4	\$ 16.1	\$ —	\$ 20.4
Accrued expenses and other liabilities	34.4	247.2	59.7	176.7	—	518.0
Mortgage debt	—	—	1,315.9	1,325.1	—	2,641.0
KW unsecured debt	—	1,131.7	—	—	—	1,131.7
KWE unsecured bonds	—	—	—	1,274.2	—	1,274.2
Total liabilities	34.4	1,379.8	1,379.0	2,792.1	—	5,585.3
Equity						
Kennedy-Wilson Holdings, Inc. shareholders' equity	1,678.7	1,682.3	3,037.5	1,660.5	(6,380.3)	1,678.7
Noncontrolling interests	—	—	—	40.5	—	40.5
Total equity	1,678.7	1,682.3	3,037.5	1,701.0	(6,380.3)	1,719.2
Total liabilities and equity	\$ 1,713.1	\$ 3,062.1	\$ 4,416.5	\$ 4,493.1	\$ (6,380.3)	\$ 7,304.5

Consolidating Statement of Income For the Year Ended December 31, 2020						
(Dollars in millions)	Parent	Kennedy- Wilson, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Elimination	Consolidated Total
Revenue						
Rental	\$ —	\$ —	\$ 190.1	\$ 213.8	\$ —	\$ 403.9
Hotel	—	—	—	13.9	—	13.9
Investment management, property services, and research fees	—	—	28.5	4.6	—	33.1
Total revenue	—	—	218.6	232.3	—	450.9
Exp nses						
Rental	—	—	72.5	63.2	—	135.7
Hotel	—	—	—	13.8	—	13.8
Commission and marketing	—	—	2.8	—	—	2.8
Compensation and related	33.5	68.0	37.4	5.5	—	144.4
General and administrative	—	17.2	11.2	6.2	—	34.6
Depreciation and amortization	—	1.5	79.9	98.2	—	179.6
Total exp nses	33.5	86.7	203.8	186.9	—	510.9
Income from unconsolidated investments, net of depreciation and amortization	—	0.6	(0.6)	81.0	—	81.0
Income from consolidated subsidiaries	141.3	320.1	294.0	—	(755.4)	—
Gain on sale of real estate, net	—	—	65.9	272.1	—	338.0
Transaction-related expenses	—	(0.2)	(0.3)	(0.4)	—	(0.9)
Interest expense	—	(69.5)	(52.3)	(89.4)	—	(211.2)
Other income	—	2.2	(0.7)	3.0	—	4.5
Income before provision from income taxes	107.8	166.5	320.8	311.7	(755.4)	151.4
Provision for income taxes	—	(25.2)	(0.7)	(17.7)	—	(43.6)
Net income	107.8	141.3	320.1	294.0	(755.4)	107.8
Net loss attributable to the noncontrolling interests	—	—	—	2.3	—	2.3
Preferred dividends and accretion of preferred stock issuance costs	(17.2)	—	—	—	—	(17.2)
Net income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ 90.6	\$ 141.3	\$ 320.1	\$ 296.3	\$ (755.4)	\$ 92.9

Notes to Consolidated Financial Statements *(continued)*

December 31, 2020, 2019 and 2018

	Consolidating Statement of Income For the Year Ended December 31, 2019					
<i>(Dollars in millions)</i>	Parent	Kennedy- Wilson, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Elimination	Consolidated Total
Revenue						
Rental	\$ —	\$ —	\$ 173.6	\$ 273.8	\$ —	\$ 447.4
Hotel	—	—	—	80.5	—	80.5
Sale of real estate	—	—	—	1.1	—	1.1
Investment management, property services, and research fees	—	0.8	36.6	3.3	—	40.7
Total revenue	—	0.8	210.2	358.7	—	569.7
Expenses						
Rental	—	—	64.3	88.6	—	152.9
Hotel	—	—	—	60.1	—	60.1
Cost of real estate sold	—	—	—	1.2	—	1.2
Commission and marketing	—	—	3.8	—	—	3.8
Compensation and related	31.8	75.0	39.2	5.8	—	151.8
General and administrative	—	19.8	15.9	6.7	—	42.4
Depreciation and amortization	—	1.1	62.5	124.0	—	187.6
Total expenses	31.8	95.9	185.7	286.4	—	599.8
Income from unconsolidated investments	—	0.1	83.3	96.3	—	179.7
Income from consolidated subsidiaries	352.8	547.7	479.8	—	(1,380.3)	—
Gain on sale of real estate, net	—	—	8.2	426.2	—	434.4
Transaction-related expenses	—	(3.1)	(0.2)	(3.5)	—	(6.8)
Interest expense	—	(69.5)	(49.2)	(96.4)	—	(215.1)
Other income (loss)	0.1	(0.3)	0.2	0.4	—	0.4
Income before (provision for) benefit from income taxes	321.1	379.8	546.6	495.3	(1,380.3)	362.5
(Provision for) benefit from income taxes	—	(26.9)	1.1	(15.6)	—	(41.4)
Net income	321.1	352.9	547.7	479.7	(1,380.3)	321.1
Net income attributable to the noncontrolling interests	—	—	—	(94.4)	—	(94.4)
Preferred dividends and accretion of preferred stock issuance costs	(2.6)	—	—	—	—	(2.6)
Net income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ 318.5	\$ 352.9	\$ 547.7	\$ 385.3	\$ (1,380.3)	\$ 224.1

	Consolidating Statement of Income For the Year Ended December 31, 2018					
<i>(Dollars in millions)</i>	Parent	Kennedy- Wilson, Inc.	Guarantor Subsidiaries ⁽¹⁾	Non-guarantor Subsidiaries	Elimination	Consolidated Total
Revenue						
Rental	\$ —	\$ —	\$ 168.4	\$ 346.2	\$ —	\$ 514.6
Hotel	—	—	—	155.7	—	155.7
Sale of real estate	—	—	—	56.8	—	56.8
Investment management, property services, and research fees	—	—	41.9	3.4	—	45.3
Total revenue	—	—	210.3	562.1	—	772.4
Expenses						
Rental	—	—	62.3	98.5	—	160.8
Hotel	—	—	—	121.5	—	121.5
Cost of real estate sold	—	—	—	52.5	—	52.5
Commission and marketing	—	—	5.9	—	—	5.9
Compensation and related	37.1	71.3	55.1	5.3	—	168.8
General and administrative	—	20.3	21.2	9.3	—	50.8
Depreciation and amortization	—	1.3	56.9	147.9	—	206.1
Total expenses	37.1	92.9	201.4	435.0	—	766.4
Income from unconsolidated investments	—	(1.3)	60.3	19.7	—	78.7
Income from consolidated subsidiaries	249.2	451.3	332.7	—	(1,033.2)	—
Gain on sale of real estate, net	—	—	61.4	310.4	—	371.8
Gain on sale of business	—	—	40.4	—	—	40.4
Transaction-related expenses	—	(0.1)	(1.1)	(0.5)	—	(1.7)
Interest expense	—	(77.1)	(52.8)	(108.3)	—	(238.2)
Other income (loss)	—	13.3	0.1	(0.3)	—	13.1
Income (loss) before (provision for) benefit from income taxes	212.1	293.2	449.9	348.1	(1,033.2)	270.1
(Provision for) benefit from income taxes	—	(44.0)	1.4	(15.4)	—	(58.0)
Net income	212.1	249.2	451.3	332.7	(1,033.2)	212.1
Net income attributable to the noncontrolling interests	—	—	—	(62.1)	—	(62.1)
Net income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ 212.1	\$ 249.2	\$ 451.3	\$ 270.6	\$ (1,033.2)	\$ 150.0

Notes to Consolidated Financial Statements *(continued)*
December 31, 2020, 2019 and 2018

Consolidated Statement of Comprehensive Income For The Year Ended December 31, 2020						
<i>(Dollars in millions)</i>	Parent	Kennedy- Wilson, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Elimination	Consolidated Total
Net income	\$ 107.8	\$ 141.3	\$ 320.1	\$ 294.0	\$ (755.4)	\$ 107.8
Other comprehensive income (loss), net of tax:						
Unrealized foreign currency translation gain (loss)	66.5	66.5	(3.5)	65.0	(128.0)	66.5
Amounts reclassified from accumulated other comprehensive income	0.8	0.8	—	0.2	(1.0)	0.8
Unrealized forward contract forward currency (loss) gain	(37.8)	(37.8)	5.0	(42.8)	75.6	(37.8)
Unrealized loss on interest rate swaps	(5.3)	(5.3)	—	—	5.3	(5.3)
Total other comprehensive income for the period	\$ 24.2	\$ 24.2	\$ 1.5	\$ 22.4	\$ (48.1)	\$ 24.2
Comprehensive income	\$ 132.0	\$ 165.5	\$ 321.6	\$ 316.4	\$ (803.5)	\$ 132.0
Comprehensive income attributable to noncontrolling interests	—	—	—	1.7	—	1.7
Comprehensive income attributable to Kennedy-Wilson Holdings, Inc.	\$ 132.0	\$ 165.5	\$ 321.6	\$ 318.1	\$ (803.5)	\$ 133.7

Consolidated Statement of Comprehensive Income For The Year Ended December 31, 2019						
<i>(Dollars in millions)</i>	Parent	Kennedy- Wilson, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Elimination	Consolidated Total
Net income	\$ 321.1	\$ 352.9	\$ 547.7	\$ 479.7	\$ (1,380.3)	\$ 321.1
Other comprehensive (loss) income, net of tax:						
Unrealized foreign currency translation loss	(13.3)	(13.3)	16.1	(4.7)	1.9	(13.3)
Amounts reclassified from accumulated other comprehensive income	10.4	10.4	—	10.4	(20.8)	10.4
Unrealized forward contract forward currency gain (loss)	38.7	38.7	(15.4)	54.1	(77.4)	38.7
Unrealized loss on interest rate swaps	(0.7)	(0.7)	—	—	0.7	(0.7)
Total other comprehensive income for the period	35.1	35.1	0.7	59.8	(95.6)	35.1
Comprehensive income	\$ 356.2	\$ 388.0	\$ 548.4	\$ 539.5	\$ (1,475.9)	\$ 356.2
Comprehensive income attributable to noncontrolling interests	—	—	—	(105.0)	—	(105.0)
Comprehensive income attributable to Kennedy-Wilson Holdings, Inc.	\$ 356.2	\$ 388.0	\$ 548.4	\$ 434.5	\$ (1,475.9)	\$ 251.2

Consolidated Statement of Comprehensive Income For The Year Ended December 31, 2018						
<i>(Dollars in millions)</i>	Parent	Kennedy- Wilson, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Elimination	Consolidated Total
Net income	\$ 212.1	\$ 249.2	\$ 451.3	\$ 332.7	\$ (1,033.2)	\$ 212.1
Other comprehensive loss, net of tax:						
Unrealized foreign currency translation loss	(62.6)	(62.6)	(45.7)	(61.6)	169.9	(62.6)
Amounts reclassified from accumulated other comprehensive income	13.2	13.2	—	18.3	(31.5)	13.2
Unrealized forward contract forward currency gain (loss)	38.3	38.3	46.1	(7.8)	(76.6)	38.3
Total other comprehensive loss for the period	(11.1)	(11.1)	0.4	(51.1)	61.8	(11.1)
Comprehensive income	\$ 201.0	\$ 238.1	\$ 451.7	\$ 281.6	\$ (971.4)	\$ 201.0
Comprehensive income attributable to noncontrolling interests	—	—	—	(65.4)	—	(65.4)
Comprehensive income attributable to Kennedy-Wilson Holdings, Inc.	\$ 210.0	\$ 238.1	\$ 451.7	\$ 216.2	\$ (971.4)	\$ 135.6

Notes to Consolidated Financial Statements *(continued)*

December 31, 2020, 2019 and 2018

	Condensed Consolidating Statements of Cash Flows For the Year Ended December 31, 2020				
<i>(Dollars in millions)</i>	Parent	Kennedy- Wilson, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Consolidated Total
Net cash provided by (used in) operating activities	\$ 3.4	\$ (136.9)	\$ 14.4	\$ 106.5	\$ (12.6)
Cash flows from investing activities:					
Proceeds from collection of loans	—	—	—	34.1	34.1
Issuance of loans	—	(7.6)	—	(81.0)	(88.6)
Investment in marketable securities	—	(12.1)	—	—	(12.1)
Proceeds from sale of marketable securities	—	10.2	—	—	10.2
Net proceeds from sale of consolidated real estate	—	—	167.5	660.3	827.8
Purchases of consolidated real estate	—	—	(28.0)	(42.1)	(70.1)
Capital expenditures to real estate	—	—	(59.1)	(135.0)	(194.1)
Investing distributions from unconsolidated investments	—	4.0	44.1	129.4	177.5
Contributions to unconsolidated investments	—	(0.1)	(19.2)	(92.3)	(111.6)
Proceeds from settlement of foreign currency derivative contracts	—	—	15.5	—	15.5
Proceeds from development project asset	—	—	—	2.2	2.2
Distributions from (investments in) consolidated subsidiaries, net	162.9	45.9	2.7	(211.5)	—
Net cash (used in) provided by investing activities	162.9	40.3	123.5	264.1	590.8
Cash flow from financing activities:					
Borrowings under line of credit/term loan	—	200.0	—	—	200.0
Borrowings under mortgage debt	—	—	84.0	212.4	296.4
Repayment of mortgage debt	—	—	(149.3)	(337.8)	(487.1)
Payment of loan fees	—	(4.3)	(0.8)	(0.5)	(5.6)
Borrowings (repayment) of shareholder loans to noncontrolling interests	—	—	—	1.2	1.2
Repurchase of common stock	(57.4)	—	—	—	(57.4)
Common stock dividends paid	(126.1)	—	—	—	(126.1)
Preferred stock dividends paid	(13.6)	—	—	—	(13.6)
Contributions from noncontrolling interests	—	—	—	4.5	4.5
Distributions to noncontrolling interests	—	—	—	(18.9)	(18.9)
Net cash (used in) provided by financing activities	(197.1)	195.7	(66.1)	(139.1)	(206.6)
Effect of currency exchange rate changes on cash and cash equivalents	—	—	—	19.6	19.6
Net change in cash and cash equivalents	(30.8)	99.1	71.8	251.1	391.2
Cash and cash equivalents, beginning of year	30.8	6.4	102.7	434.0	573.9
Cash and cash equivalents, end of year	\$ —	\$ 105.5	\$ 174.5	\$ 685.1	\$ 965.1

	Condensed Consolidating Statements of Cash Flows For the Year Ended December 31, 2019				
<i>(Dollars in millions)</i>	Parent	Kennedy- Wilson, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Consolidated Total
Net cash (used in) provided by operating activities	\$ (3.7)	\$ (130.4)	\$ 24.1	\$ 90.5	\$ (19.5)
Cash flows from investing activities:					
Issuance of loans	—	—	(2.3)	(0.4)	(2.7)
Collections of loans	—	—	0.6	—	0.6
Net proceeds from sale of real estate	—	—	27.6	673.4	701.0
Purchases of and additions to real estate	—	—	(97.5)	(113.4)	(210.9)
Capital expenditures to real estate	—	—	(59.8)	(131.3)	(191.1)
Investing distributions from unconsolidated investments	—	0.8	80.6	33.6	115.0
Contributions to unconsolidated investments	—	(1.7)	(153.9)	(110.4)	(266.0)
Proceeds from settlement of foreign currency derivative contracts	—	—	33.4	—	33.4
Additions to development project asset	—	—	—	(1.2)	(1.2)
Proceeds from development project asset	—	—	—	4.2	4.2
(Investments in) distributions from consolidated subsidiaries, net	(122.5)	210.8	160.3	(248.6)	—
Net cash (used in) provided by investing activities	(122.5)	209.9	(11.0)	105.9	182.3
Cash flow from financing activities:					
Borrowings under line of credit/term loan	—	125.0	—	—	125.0
Repayment of line of credit/term loan	—	(200.0)	—	—	(200.0)
Borrowings under mortgage debt	—	—	3.5	485.1	488.6
Repayment of mortgage debt	—	—	(15.0)	(376.4)	(391.4)
Payment of loan fees	—	—	(0.8)	(4.0)	(4.8)
Repayment of shareholder loans to noncontrolling interests	—	—	—	(11.2)	(11.2)
Repurchase of common stock	(20.7)	—	—	—	(20.7)
Issuance of preferred stock	295.2	—	—	—	295.2
Common stock dividends paid	(114.9)	—	—	—	(114.9)
Preferred stock dividends paid	(2.6)	—	—	—	(2.6)
Contributions from noncontrolling interests	—	—	—	15.0	15.0
Distributions to noncontrolling interests	—	—	—	(264.0)	(264.0)
Net cash provided by (used in) financing activities	157.0	(75.0)	(12.3)	(155.5)	(85.8)
Effect of currency exchange rate changes on cash and cash equivalents	—	—	—	8.9	8.9
Net change in cash and cash equivalents	30.8	4.5	0.8	49.8	85.9
Cash and cash equivalents, beginning of year	—	1.9	101.9	384.2	488.0
Cash and cash equivalents, end of year	\$ 30.8	\$ 6.4	\$ 102.7	\$ 434.0	\$ 573.9

Notes to Consolidated Financial Statements *(continued)*
December 31, 2020, 2019 and 2018

Condensed Consolidating Statements of Cash Flows For The Year Ended December 31, 2018					
	Parent	Kennedy- Wilson, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Consolidated Total
<i>(Dollars in millions)</i>	\$ (1.2)	\$ (133.7)	\$ 66.3	\$ 161.7	\$ 93.1
Net cash (used in) provided by operating activities:					
Cash flows from investing activities:					
Additions to loans	—	—	(0.9)	(1.3)	(2.2)
Collections of loans	—	—	5.8	—	5.8
Nonrefundable escrow deposits	—	(5.0)	—	—	(5.0)
Net proceeds from sale of real estate	—	—	161.2	1,224.9	1,386.1
Net proceeds from sale of a business	—	—	43.4	—	43.4
Purchases of and additions to real estate	—	—	(242.3)	(113.5)	(355.8)
Capital expenditures to real estate	—	—	(27.9)	(188.1)	(216.0)
Investment in marketable securities	—	(0.2)	—	—	(0.2)
Proceeds from sale of marketable securities	—	—	7.4	—	7.4
Investing distributions from unconsolidated investments	—	—	25.9	37.8	63.7
Contributions to unconsolidated investments	—	(1.2)	(92.9)	(302.0)	(396.1)
Proceeds from settlement of foreign currency derivative contracts	—	10.7	—	—	10.7
Purchases of foreign currency derivative contracts	—	(0.6)	—	—	(0.6)
Additions to development project asset	—	—	—	(29.1)	(29.1)
Proceeds from development project asset	—	—	—	81.0	81.0
Distributions from (investments in) consolidated subsidiaries, net	290.3	81.4	55.8	(427.5)	—
Net cash (used in) provided by investing activities	290.3	85.1	(64.5)	282.2	593.1
Cash flow from financing activities:					
Borrowings under senior notes payable	—	246.6	—	—	246.6
Borrowings under lines of credit/term loan	—	225.0	—	—	225.0
Repayment of lines of credit/term loan	—	(450.0)	—	—	(450.0)
Borrowings under mortgage debt	—	—	325.3	399.7	725.0
Repayment of mortgage debt	—	—	(278.1)	(588.7)	(866.8)
Debt issue costs	—	(4.5)	(2.0)	(3.0)	(9.5)
Repurchase of common stock	(177.9)	—	—	—	(177.9)
Dividends paid	(111.2)	—	—	—	(111.2)
KWE closing dividend	—	—	—	(17.2)	(17.2)
Contributions from noncontrolling interests	—	—	—	23.2	23.2
Distributions to noncontrolling interests	—	—	—	(116.0)	(116.0)
Net cash provided by (used in) financing activities	(289.1)	17.1	45.2	(302.0)	(528.8)
Effect of currency exchange rate changes on cash and cash equivalents	—	—	—	(20.7)	(20.7)
Net change in cash and cash equivalents	—	(31.5)	47.0	121.2	136.7
Cash and cash equivalents, beginning of year	—	33.4	54.9	263.0	351.3
Cash and cash equivalents, end of year	\$ —	\$ 1.9	\$ 101.9	\$ 384.2	\$ 488.0

NOTE 18—UNAUDITED QUARTERLY INFORMATION

Year ended December 31, 2020				
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
<i>(Dollars in millions, except earnings per share amounts)</i>				
Revenues	\$ 106.5	\$ 114.2	\$ 106.9	\$ 123.3
Expenses	149.0	116.3	115.8	129.8
Other income (expenses) ⁽¹⁾	268.9	(30.4)	(33.4)	6.3
Income (loss) before provision for income taxes	226.4	(32.5)	(42.3)	(0.2)
(Provision for) benefit from income taxes	(53.9)	12.8	3.2	(5.7)
Net income (loss)	172.5	(19.7)	(39.1)	(5.9)
Net income (loss) attributable to noncontrolling interests	1.8	(1.1)	1.3	0.3
Preferred dividends and accretion of preferred stock issuance costs	\$ (4.3)	\$ (4.3)	\$ (4.3)	\$ (4.3)
Net income (loss) attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ 170.0	\$ (25.1)	\$ (42.1)	\$ (9.9)
Basic earnings (loss) per share	\$ 1.23	\$ (0.18)	\$ (0.30)	\$ (0.07)
Diluted earnings (loss) per share	\$ 1.21	\$ (0.18)	\$ (0.30)	\$ (0.07)

⁽¹⁾ The fourth quarter of 2020 includes \$287.0 million of gain on sale of real estate, net relating to the sale of Baggot Plaza, Club Palisades and the sale of assets to the Industrial JV.

Year ended December 31, 2019				
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
<i>(Dollars in millions, except earnings per share amounts)</i>				
Revenues	\$ 142.3	\$ 143.0	\$ 143.7	\$ 140.7
Expenses	155.0	147.9	143.8	153.1
Other income ⁽¹⁾	177.9	34.5	162.2	18.0
Income before provision for income taxes	165.2	29.6	162.1	5.6
Provision for income taxes	(6.3)	(10.2)	(20.9)	(4.0)
Net income	158.9	19.4	141.2	1.6
Net loss (income) attributable to noncontrolling interests	1.6	1.3	(90.4)	(6.9)
Preferred dividends and accretion of preferred stock issuance costs	\$ (2.6)	\$ —	\$ —	\$ —
Net income (loss) attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ 157.9	\$ 20.7	\$ 50.8	\$ (5.3)
Basic earnings (loss) per share	\$ 1.13	\$ 0.15	\$ 0.36	\$ (0.04)
Diluted earnings (loss) per share	\$ 1.12	\$ 0.15	\$ 0.36	\$ (0.04)

⁽¹⁾ The fourth quarter of 2019 includes \$112.4 million of gain on sale of real estate, net relating to two assets that the Company sold a 20% interest and are now deconsolidated and treated as unconsolidated investments.

Notes to Consolidated Financial Statements *(continued)*
December 31, 2020, 2019 and 2018

NOTE 19—SUBSEQUENT EVENTS

On February 11, 2021, Kennedy-Wilson, Inc., issued \$500.0 million aggregate principal amount of 4.750% senior notes due 2029 (the “2029 notes”) and \$500.0 million aggregate principal amount of 5.000% senior notes due 2031 (the “2031 notes” and, together with the 2029 notes, the “notes”). The notes will be senior, unsecured obligations of Kennedy Wilson and will be guaranteed by Kennedy-Wilson Holdings, Inc. and certain subsidiaries of Kennedy Wilson. The net proceeds from the issuance and sale of the notes was approximately \$987.5 million, after deducting underwriting discounts and commissions and estimated offering expenses.

The notes accrue interest at a rate of 4.750% (in the case of the 2029 notes) and 5.000% (in the case of the 2031 notes) per annum, payable semi-annually in arrears on March 1 and September 1 of each year, beginning on September 1, 2021. The notes will mature on March 1, 2029 (in the case of the 2029 notes) and March 1, 2031 (in the case of the 2031 notes), in each case unless earlier repurchased or redeemed. At any time prior to March 1, 2024 (in the case of the 2029 notes) or March 1, 2026 (in the case of the 2031 notes), Kennedy Wilson may redeem the notes of the applicable series, in whole or in part, at a redemption price equal to 100% of their principal amount, plus an applicable “make-whole” premium and accrued and unpaid interest, if any, to the redemption date. At any time and from time to time on or after March 1, 2024 (in the case of the 2029 notes) or March 1, 2026 (in the case of the 2031 notes), Kennedy Wilson may redeem the notes of the applicable series, in whole or in part, at specified redemption prices set forth in the indenture governing the notes of

the applicable series, plus accrued and unpaid interest, if any, to the redemption date. In addition, prior to March 1, 2024, Kennedy Wilson may redeem up to 40% of the notes of either series from the proceeds of certain equity offerings. No sinking fund will be provided for the notes. Upon the occurrence of certain change of control or termination of trading events, holders of the notes may require Kennedy Wilson to repurchase their notes for cash equal to 101% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the applicable repurchase date.

On January 27, 2021 the Company announced a tender offer for up to \$1.0 billion aggregate principal amount of outstanding 2024 Notes. On February 9, 2021, \$576.5 million aggregate principal amount of the 2024 Notes had been validly tendered and not validly withdrawn. Kennedy Wilson intends to redeem an aggregate principal amount of 2024 notes that will cause the total principal amount of 2024 notes purchased in the tender offer or redeemed to be at least \$1.0 billion. With the tender premium, intention to redeem remaining 2024 Notes up to \$1.0 billion and the write off of previously capitalized loan fees associated with the 2024 Notes the Company will recognize approximately \$30 million of interest expense in 2021 associated with bond refinancing transactions in the event that the Company purchases and redeems a total of \$1.0 billion of the 2024 Notes.

On February 17, 2021 the Company repaid \$100.0 million on its revolving line of credit and currently has an outstanding balance of \$100.0 million and has \$400.0 million available to draw.

Kennedy-Wilson Holdings, Inc.
Schedule III—Real Estate and Accumulated Depreciation
December 31, 2020

(Dollars in millions)			Initial Cost		Costs Capitalized Subsequent to Acquisition	Gross Balance at December 31, 2020 ⁽¹⁾						
Description	Region	Encumbrances	Land	Building & Improvements	Improvements	Land	Building & Improvements	Total ⁽²⁾	Accumulated Depreciation	Depreciable Life in Years	Date of Construction	Date Acquired ⁽³⁾
Commercial												
Office	Southern California	\$ 35.0	\$ 11.2	\$ 18.5	\$ 34.6	\$ 11.5	\$ 54.1	\$ 65.6	\$ (7.5)	39 years	1955/1981/ 1982	2013
Retail	Mountain States	1.2	0.5	1.2	0.4	0.5	1.6	2.1	(0.3)	39 years	1981	2013
Retail	Mountain States	10.0	2.1	2.9	1.8	1.8	4.7	6.5	(0.6)	39 years	1958/1974- 1976/1985/ 1989/2006	2013
Retail	Mountain States	4.2	2.6	5.6	1.2	2.6	6.8	9.4	(1.1)	39 years	1980/1983	2013
Retail	Southern California	27.0	9.1	14.0	11.9	9.1	25.9	35.0	(3.5)	39 years	1985	2014
Commercial portfolio	United Kingdom	—	16.8	24.2	13.3	3.1	47.8	50.9	(7.8)	39 years	Various	2014
Commercial portfolio	United Kingdom	100.1	78.5	289.0	33.8	56.7	259.7	316.4	(46.5)	39 years	Various	2014
Office	Ireland	—	2.0	4.4	—	1.5	6.1	7.6	(1.0)	39 years	Various	2014
Office	Ireland	86.0	8.2	102.6	—	7.3	92.1	99.4	(15.0)	39 years	2003	2014
Retail	Ireland	106.4	59.8	83.1	27.8	53.7	102.4	156.1	(12.4)	39 years	1966/2005	2014
Office	Ireland	83.8	20.4	73.8	5.8	18.3	72.0	90.3	(13.1)	39 years	1980	2014
Office	United Kingdom	—	85.3	232.0	25.3	83.6	225.5	309.1	(46.0)	39 years	2003	2014
Retail	United Kingdom	72.5	6.2	109.5	7.2	5.1	97.3	102.4	(16.1)	39 years	2010	2014
Office	Southern California	22.5	37.8	60.6	17.7	37.8	78.3	116.1	(12.0)	39 years	1982	2015
Office	Southern California	28.8	11.6	36.5	4.6	11.6	41.1	52.7	(7.8)	39 years	1968	2015
Office	Southern California	35.0	20.7	47.9	25.9	20.7	53.6	74.3	(8.4)	39 years	1982	2015
Commercial portfolio	United Kingdom	187.1	128.4	216.4	8.0	107.0	187.5	294.5	(27.9)	39 years	Various	2015
Office portfolio	United Kingdom	—	28.1	58.6	22.4	31.5	66.2	97.7	(6.9)	39 years	Various	2015
Retail portfolio	Spain	—	1.8	5.0	—	1.9	5.5	7.4	(0.7)	39 years	Various	2015
Retail	Spain	43.6	27.1	46.2	13.9	32.4	69.2	101.6	(8.6)	39 years	1995	2015
Office portfolio	Italy	—	26.3	74.8	0.7	35.4	101.0	136.4	(12.6)	39 years	Various	2015
Retail	Mountain States	6.7	2.6	9.5	3.9	2.6	13.4	16.0	(1.2)	39 years	1961	2016
Office building	Ireland	—	2.0	11.9	0.2	2.2	13.4	15.6	(1.5)	39 years	2007	2016
Retail	Mountain States	27.5	9.0	29.9	1.1	9.0	31.0	40.0	(3.4)	39 years	1984/2008	2016
Office portfolio	United Kingdom	69.9	32.1	70.4	2.0	30.2	68.3	98.5	(8.2)	39 years	Various	2016
Office	Ireland	—	4.2	64.0	2.0	4.5	69.9	74.4	(8.1)	39 years	2009	2016
Retail	Mountain States	3.7	1.2	5.4	0.5	1.2	5.9	7.1	(0.6)	39 years	1995/1996	2016
Retail	Pacific Northwest	5.3	2.3	8.1	1.5	2.2	9.2	11.4	(0.7)	39 years	1956	2017
Office	Pacific Northwest	77.0	30.6	106.0	3.2	30.6	109.2	139.8	(9.8)	39 years	1999/2001	2017

Kennedy-Wilson Holdings, Inc.
Schedule III—Real Estate and Accumulated Depreciation *(continued)*
December 31, 2020

(Dollars in millions)		Initial Cost		Costs Capitalized Subsequent to Acquisition		Gross Balance at December 31, 2020 ⁽¹⁾						
Description	Region	Encumbrances	Land	Building & Improvements	Improvements	Land	Building & Improvements	Total ⁽²⁾	Accumulated Depreciation	Depreciable Life in Years	Date of Construction	Date Acquired ⁽³⁾
Retail	Mountain States	12.0	4.1	12.2	0.2	4.1	12.9	17.0	(1.1)	39 years	1967/1983	2017
Office	Ireland	—	4.9	18.5	7.9	5.0	27.1	32.1	(1.7)	39 years	1841	2017
Office	Ireland	26.2	11.0	—	43.3	11.5	43.3	54.8	—	39 years	1840/2000	2017
Office	Southern California	17.8	27.4	6.9	5.7	27.4	12.6	40.0	(0.3)	39 years	1956	2018
Office	Northern California	61.4	23.5	57.3	0.3	23.5	57.6	81.1	(1.7)	39 years	2000	2019
Industrial	United Kingdom	—	—	41.3	—	—	41.3	41.3	—	39 years	2006/2007	2020
Multifamily												
450-unit asset	Mountain States	44.1	18.4	43.0	7.8	18.4	52.1	70.5	(13.7)	39 years	1974	2013
178-unit asset	Northern California	31.4	12.3	18.5	9.4	12.3	28.9	41.2	(10.5)	39 years	1975	2012
217-unit asset	Pacific Northwest	22.2	2.6	41.4	3.9	2.5	43.0	45.5	(10.7)	39 years	2011	2012
366-unit asset	Mountain States	52.6	9.1	36.3	11.3	9.1	47.6	56.7	(15.8)	39 years	2000	2012
203-unit asset	Pacific Northwest	19.5	2.6	23.8	2.7	2.6	27.2	29.8	(5.9)	39 years	2005	2014
542-unit asset	Northern California	89.2	38.3	57.5	10.8	38.3	68.9	107.2	(16.1)	39 years	1987	2014
324-unit asset	Mountain States	24.8	3.2	28.6	7.5	3.2	36.0	39.2	(8.6)	39 years	1996	2014
280-unit asset	Pacific Northwest	36.6	6.0	40.3	2.7	6.0	43.0	49.0	(7.8)	39 years	2004/2006	2014
Condo	Pacific Northwest	—	—	0.2	—	—	1.0	1.0	(0.1)	39 years	2005	2014
208-unit asset	Southern California	37.3	9.3	37.3	5.7	9.3	43.0	52.3	(8.5)	39 years	2004	2015
1,008-unit asset	Northern California	175.0	62.3	152.5	21.1	62.3	173.6	235.9	(31.3)	39 years	1988	2015
460-unit asset	Southern California	46.7	13.2	53.0	5.1	13.2	58.1	71.3	(9.9)	39 years	1988	2015
204-unit asset	Mountain States	14.3	2.0	17.6	3.0	2.0	20.6	22.6	(3.2)	39 years	1999	2016
168-unit asset	Mountain States	10.9	1.8	13.1	2.7	1.8	15.7	17.5	(2.6)	39 years	1992	2016
430-unit asset	Pacific Northwest	62.6	12.8	67.4	4.0	12.8	71.3	84.1	(9.1)	39 years	2006	2016
386-unit asset	Southern California	66.0	—	81.4	8.3	—	89.8	89.8	(11.6)	39 years	2002	2016
157-unit asset	Southern California	42.9	14.5	46.0	1.3	14.5	47.3	61.8	(5.6)	39 years	2013	2016
Land	Southern California	—	0.6	—	—	3.8	—	3.8	—	39 years	N/A	2018
408-unit asset	Pacific Northwest	60.4	9.3	83.3	4.1	9.3	87.4	96.7	(10.4)	39 years	1998	2016
300-unit asset	Mountain States	39.0	4.8	29.2	4.8	4.8	34.1	38.9	(3.6)	39 years	1995	2017
210-unit asset	Pacific Northwest	29.0	11.0	46.7	0.9	11.0	47.6	58.6	(4.2)	39 years	2007	2017
Land	Mountain States	—	0.2	—	—	4.6	—	4.6	—	39 years	N/A	2018
200-unit asset	Mountain States	20.7	1.4	25.9	0.8	1.4	26.7	28.1	(2.4)	39 years	2012	2017
264-unit asset	Pacific Northwest	25.2	6.4	44.9	4.3	6.4	49.2	55.6	(4.7)	39 years	1997	2017
343-unit asset	Pacific Northwest	84.0	26.8	107.4	—	26.8	107.9	134.7	(8.6)	39 years	2016	2017

(Dollars in millions)		Initial Cost		Costs Capitalized Subsequent to Acquisition		Gross Balance at December 31, 2020 ⁽¹⁾						
Description	Region	Encumbrances	Land	Building & Improvements	Improvements	Land	Building & Improvements	Total ⁽²⁾	Accumulated Depreciation	Depreciable Life in Years	Date of Construction	Date Acquired ⁽³⁾
179-unit asset	Pacific Northwest	33.0	11.9	47.4	0.2	11.9	48.8	60.7	(4.0)	39 years	2013	2017
88-unit asset	Mountain States	8.6	2.6	10.4	1.0	2.6	11.6	14.2	(1.2)	39 years	1988	2018
492-unit asset	Mountain States	59.2	15.8	63.2	5.2	15.9	68.5	84.4	(6.0)	39 years	1985	2018
Land	Mountain States	8.0	0.8	—	—	0.7	9.2	9.9	—	39 years	N/A	2018
Land	Mountain States	—	2.1	—	—	4.3	—	4.3	—	39 years	N/A	2018
293-unit asset	Mountain States	19.9	7.2	28.8	0.7	7.2	29.5	36.7	(1.9)	39 years	1995	2018
188-unit asset	Mountain States	13.5	4.9	19.7	6.0	4.9	25.7	30.6	(2.0)	39 years	1985	2018
Land	Mountain States	20.5	5.7	—	0.2	1.9	34.7	36.6	(0.2)	39 years	N/A	2018
222-unit asset	Mountain States	28.8	9.6	38.6	1.4	9.6	39.9	49.5	(2.3)	39 years	1996	2018
Land	Mountain States	26.9	4.0	—	—	50.0	—	50.0	—	39 years	N/A	2019
Land	Mountain States	—	—	—	—	—	2.3	2.3	—	39 years	N/A	2019
360-unit asset	Mountain States	52.7	16.4	65.7	0.2	16.4	66.0	82.4	(1.8)	39 years	2015	2019
260-unit asset	Mountain States	40.1	13.4	53.6	—	13.4	53.7	67.1	(0.2)	39 years	2014	2020
Hotel												
Hotel	Ireland	88.0	54.0	114.3	37.9	50.8	148.1	198.9	(31.2)	39 years	1824/2005	2014
Development												
Retail	Spain	—	—	34.7	11.9	—	49.0	49.0	—	N/A	N/A	2015
Office	Ireland	18.1	0.5	3.4	23.4	0.6	34.1	34.7	—	N/A	Various	2015
Retail	Spain	—	—	13.9	—	—	15.1	15.1	—	N/A	N/A	2017
Retail	Ireland	—	17.2	—	6.8	18.6	6.8	25.4	—	N/A	N/A	2017
Land	United Kingdom	—	4.2	—	0.1	4.1	0.5	4.6	—	N/A	N/A	2018
Office	Ireland	—	—	1.3	—	—	1.3	1.3	—	N/A	N/A	2020
2700 acres	Hawaii	—	31.7	3.8	0.7	32.2	4.3	36.5	(2.0)	N/A	1912	2010
3 Lots	Hawaii	—	16.5	—	—	16.5	—	16.5	—	N/A	N/A	2020
Grand Total		\$ 2,602.4	\$ 1,226.8	\$ 3,542.3	\$ 546.0	\$ 1,225.1	\$ 3,982.6	\$ 5,207.7	\$ (551.8)			

⁽¹⁾ The tax basis of all the properties in aggregate totaled \$4,620.9 million.

⁽²⁾ Excludes acquired in place lease values.

⁽³⁾ For assets that were consolidated the date acquired represents when the asset was presented as real estate not when initially acquired by Kennedy Wilson.

Kennedy-Wilson Holdings, Inc.
Schedule III—Real Estate and Accumulated Depreciation *(continued)*
December 31, 2020

Changes in real estate for the years ended December 31, 2020, 2019 and 2018 were as follows:

	For the year ended December 31,		
<i>(Dollars in millions)</i>	2020	2019	2018
Balance at the beginning of period	\$ 5,430.5	\$ 5,981.7	\$ 6,578.6
Additions during the period:			
Other acquisitions	183.0	176.2	210.3
Improvements	108.4	270.0	355.1
Foreign currency	129.9	26.7	(191.7)
Deductions during the period:			
Cost of real estate sold	(644.1)	(1,024.1)	(970.6)
Balance at close of period	\$ 5,207.7	\$ 5,430.5	\$ 5,981.7

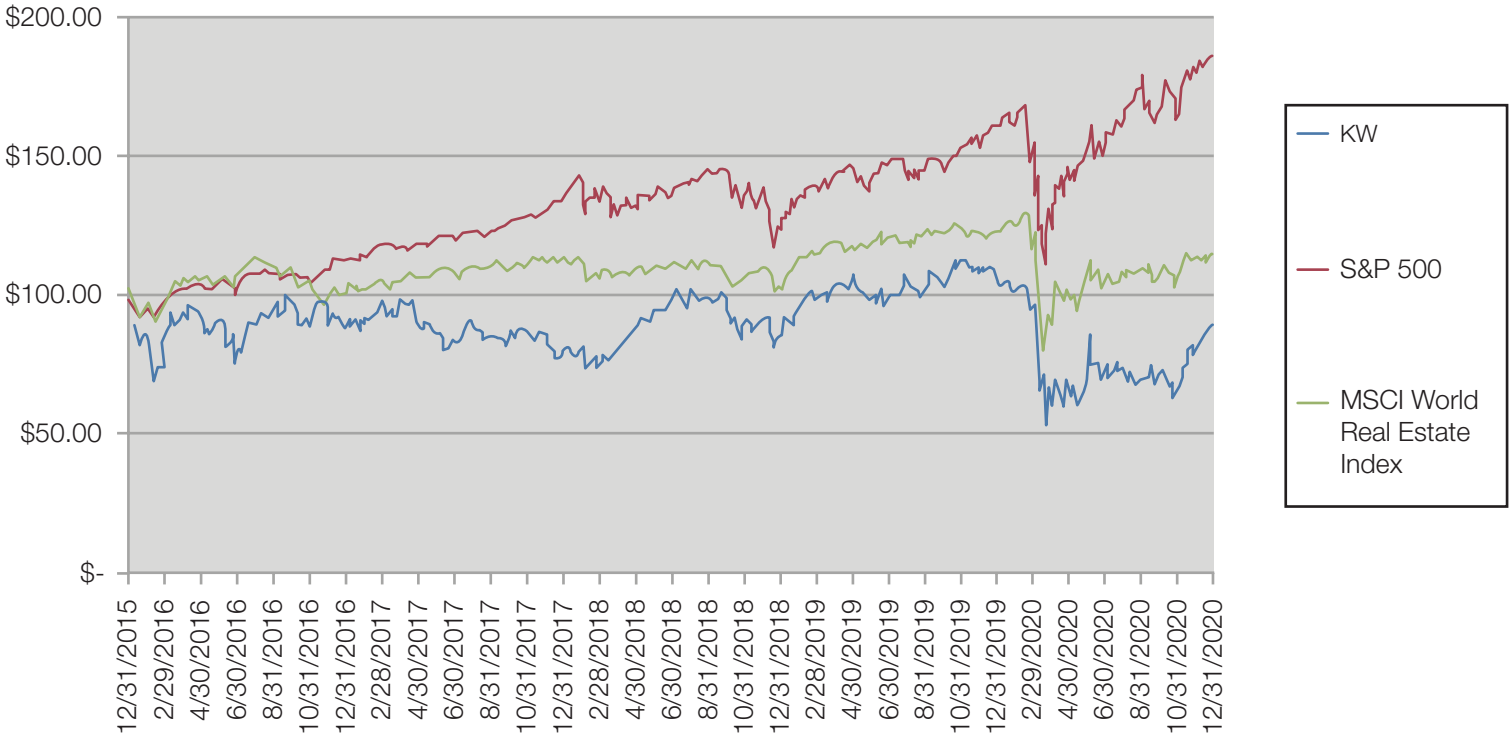
Changes in accumulated depreciation for the years ended December 31, 2020, 2019 and 2018 were as follows:

	For the year ended December 31,		
<i>(Dollars in millions)</i>	2020	2019	2018
Balance at the beginning of period	\$ 466.8	\$ 406.5	\$ 344.0
Additions during the period:			
Depreciation expense	121.5	110.2	110.8
Deductions during the period:			
Dispositions	(54.5)	(49.0)	(36.0)
Foreign currency	18.0	(0.9)	(12.3)
Balance at close of period	\$ 551.8	\$ 466.8	\$ 406.5

See accompanying report of independent registered public accounting firm.

Performance Graph

The graph below compares the cumulative total return of our common stock from December 31, 2015 through December 31, 2020, with the comparable cumulative return of companies comprising the S&P 500 Index and the MSCI World Real Estate Index. The graph plots the growth in value of an initial investment of \$100 in each of our common stock, the S&P 500 Index, and the MSCI World Real Estate Index for the five-year period ended December 31, 2020, and assumes reinvestment of all dividends, if any, paid on the securities. The stock price performance shown on the graph is not necessarily indicative of future price performance.



Kennedy Wilson uses the MSCI World Real Estate Index, which includes international real estate companies as a comparable benchmark. The information under this caption, “Performance Graph,” is deemed not to be incorporated by reference into any filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that such filing specifically states otherwise.

Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Stock Price Information

Our common stock trades on the NYSE under the symbol “KW.”

Holders

As of February 22, 2021, we had approximately 102 holders of record of our common stock.

Dividends

We declared and paid quarterly dividends of \$0.22 per share each quarters of 2020.

We declared and paid quarterly dividends of \$0.21 per share for the first three quarters of 2019 and \$0.22 per share for the fourth quarter of 2019.

Recent Sales of Unregistered Securities

None

Equity Compensation Plan Information

See Item 12—“Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.”

Purchases of Equity Securities by the Company

Months	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan ⁽¹⁾	Maximum Amount that May Yet be Purchased Under the Plan ⁽¹⁾
October 1—October 31, 2020	338,700	\$ 14.96	17,835,941	\$ 12,746,918
November 1—November 30, 2020	216,867	15.71	18,052,808	259,339,673
December 1—December 31, 2020	156,992	16.82	18,209,800	256,698,458
Total	712,559	\$ 15.60	18,209,800	\$ 256,698,458

⁽¹⁾ On March 20, 2018, our board of directors authorized us to repurchase up to \$250 million of our common shares, from time to time, subject to market conditions. On November 4, 2020, our board of directors authorized us to repurchase an additional \$250 million of our common shares, from time to time, subject to market conditions.

During the year ended December 31, 2020, the Company repurchased and retired a total of 3.4 million shares of its common stock at a weighted average price of \$16.88.

In addition to the repurchases of the Company’s common stock made above, the Company also withheld shares with respect to the vesting of restricted stock that the Company made to its employees. Shares that vested during the year ended December 31, 2020 and 2019 were net-share settled such that the Company withheld shares with value equivalent to the employees’ minimum statutory obligation for the applicable income and other employment taxes and remitted the cash to the appropriate taxing authorities. During the year ended December 31, 2020 and 2019, total payments for the employees’ tax obligations to the taxing authorities were \$11.6 million (571,983 shares withheld) and \$16.4 million (764,909 shares withheld), 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 (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). 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 results. Disclosures that use words such as “believe,” “may,” “anticipate,” “estimate,” “intend,” “could,” “plan,” “expect,” “project” or the negative of these, as well as similar expressions, are intended to identify forward-looking statements.

Forward-looking 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. Although we believe that our plans, intentions, expectations, strategies and prospects as reflected in or suggested by those forward-looking statements are reasonable, we do not guarantee that the transactions and

events described will happen as described (or that they will happen at all). In addition, this report contains information and statistics regarding, among other things, the industry, markets, submarkets and sectors in which we operate. We obtained this information and these statistics from various third-party sources and our own internal estimates. We believe that these sources and estimates are reliable but have not independently verified them and cannot guarantee their accuracy or completeness.

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 Part I, Item 1A of this Report in our 10-K filing with the SEC. Except as required under the federal securities laws and the rules and regulations of the U.S. Securities and Exchange Commission (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. Please refer to “Non-GAAP Measures and Certain Definitions” in Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations for definitions of certain terms used throughout this report.

CORPORATE INFORMATION

Board Of Directors

William J. McMorrow
Chairman and Chief Executive Officer

Todd Boehly
Co-Founder, Chairman, Chief Executive Officer
and Controlling Member
Eldridge Industries, LLC

Richard Boucher
Former Group CEO
Bank of Ireland

Trevor Bowen
Former Director
Principle Management Limited

Norman Creighton
Retired President and Chief Executive Officer
Imperial Bank (Now Comerica)

Cathy Hendrickson
Retired President and Chief Executive Officer
Bay Cities National Bank (Now Opus Bank)

David A. Minella
Managing Member
Minella Capital Management LLC

Kent Y. Mouton
Executive Vice President and
General Counsel

Mary L. Ricks
President

Sanaz Zaimi
Head of Global FICC Sales
Bank of America Merrill Lynch

Stanley Zax
Retired Chairman
Zenith National Insurance Corporation

Executive Officers

William J. McMorrow
Chairman and Chief Executive Officer

Justin Enbody
Chief Financial Officer

Mary L. Ricks
President

Matt Windisch
Executive Vice President

Kent Y. Mouton
Executive Vice President and
General Counsel

In Ku Lee
Senior Vice President and
Deputy General Counsel

Corporate Headquarters

151 South El Camino Drive
Beverly Hills, CA 90212
+1 (310) 887-6400

Annual Meeting

Beverly Wilshire
9500 Wilshire Blvd.
Beverly Hills, CA 90212
9 a.m., Thursday, June 10, 2021

Stock Listing

New York Stock Exchange
Symbol "KW"

Transfer Agent

Continental Stock Transfer
1 State Street - SC-1
New York, NY 10004
+1 (212) 509-4000

Independent Auditors

KPMG LLP

Legal Counsel

Latham & Watkins LLP

Investor Information

A copy of our Annual Report on Form 10-K,
as filed with the SEC, will be furnished to
shareholders and interested investors free
of charge upon written request to us at
151 South El Camino Drive, Beverly Hills, CA
90212, Attention: Investor Relations



For more information

For more information on Kennedy Wilson, please
visit our website at www.kennedywilson.com

Certain of the matters discussed herein are discussed more fully in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K. We filed our Annual Report on Form 10-K for the year ended December 31, 2020, with the SEC on February 26, 2021, which, in the section titled "Risk Factors," contains a detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from any forward-looking statements contained herein.

OUR LOCATIONS

U.S.

Bellevue
3055 112th Ave. NE, Suite 125
Bellevue, WA 98004

Beverly Hills
(Global Corporate Headquarters)
151. S. El Camino Drive
Beverly Hills, CA 90212

Boise
365 N. Whitewater Park Blvd.
Boise, ID 83702

Denver
6200 S. Quebec St.
Englewood, CO 80111

Portland
2270 NW Savier St.
Portland, OR 97210

Salt Lake City
1496 Spring Lane
Holladay, UT 84117

San Francisco
505 Montgomery St., Suite 1102
2nd Floor
San Francisco, CA 94111

Europe

Dublin
94 St Stephen's Green
Dublin 2
Ireland

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50 Grosvenor Hill
London, W1K 3QT
United Kingdom

Luxembourg
21, rue Philippe II
Luxembourg L-2340

Madrid
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17 3º Izq.
28010 Madrid, Spain

St. Helier
29 Broad Street
St. Helier, Jersey JE2 3RR
Channel Islands



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