

KENNEDY WILSON

2021

ANNUAL REPORT



111 Buckingham Palace Road
London, UK



379



GLOBAL INVESTMENTS

35,400
Multifamily Units

24M
Commercial Square Feet

On the Cover:
The Bristol at Southport / Renton, WA

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 \$22B 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., UK and Ireland.

See page 65 for certain definitions and reconciliations of non-GAAP measures to the most directly comparable GAAP measures. Information shown as of December 31, 2021, except where indicated.



William J. McMorrow
Chairman and Chief Executive Officer

DEAR FELLOW SHAREHOLDERS,

As I begin to discuss Kennedy Wilson's achievements in 2021, during which we generated the best year of financial results in our history, I would like to take a moment to reflect on how far our business has evolved over the past three decades. We have grown from a company of 11 people operating out of a single office in Santa Monica into a global real estate owner and operator with 220 employees across 12 offices and over 4,000 people managing Kennedy Wilson properties or working on our construction projects. Over this period, we have built an exceptional team and a diverse, high-quality real estate portfolio across the Western U.S. and Europe, primarily in Ireland and the UK, that has positioned us as a leading real estate investor in our target markets.

Two important concepts have defined our track record of investing and managing our business since 1988. First, is our emphasis on continually challenging and developing our talented team of people by providing opportunities for personal growth and career success, and fostering a culture that emphasizes giving back to make a positive impact in the lives of others. As a result, many on our team have been at Kennedy Wilson for a long period of time and have worked closely with one another to overcome challenges and create new opportunities for our business and for the communities where we invest. Second, is our focus on maintaining a long-term perspective, which is a key strategy when investing in growing markets.

The validation of these two ideas was never more evident than in 2021 as our global team adapted to changing market conditions in lockstep with one another and produced record results across all our key financial metrics, including earnings per share of \$2.24 (239% increase year-over-year), assets under management of \$22 billion (23% increase year-over-year), and Adjusted EBITDA of \$928 million (53% increase year-over-year). The achievement of these record results in turn produced a total shareholder return of over 39%.

One Embassy Gardens / London, UK

156,000
Sq Ft Office





Dovetail
Meridian, ID



Whitewater Park
Boise, ID



Reedhouse Clubhouse
Boise, ID



The Oxbow
Bozeman, MT

Relationships – both inside and outside the company – are the foundation of our business. Our teamwork is centered around our approach to global communication, which improved significantly as we implemented new technology and adapted to the unprecedented challenges of recent years. We have combined these new systems with our in-office presence to create an environment of sharing asset management best practices and delivering real time market information across our global teams.

“On the acquisition front, we have built a reputation for standing by our word and for certainty and speed of execution, which often places us on a shortlist for off-market acquisition opportunities.”

Looking outside the company, we have developed an extensive network of global relationships with owners, investors, brokers, lenders, and other real estate professionals across both the equity and debt space over the past three decades. We maintain a local presence with strong community ties, and our on-the-ground teams give us an inside track on opportunities. On the acquisition front, we have built a reputation for standing by our word and for certainty and speed of execution, which often places us on a shortlist for off-market acquisition opportunities. As a result, we completed a record \$5.9 billion in transactions in 2021, contributing to a total \$44 billion of transactions since we went public in 2009. We grew our portfolio to \$22 billion in assets under



The Lofts at Ten Mile
Meridian, ID

Mountain West Multifamily (above and opposite)

Kennedy Wilson continues to grow its multifamily footprint across the Mountain West, where we anticipate continued growth in population and employment as individuals and employers seek relative housing affordability, lower taxes, a friendlier business environment, better infrastructure, and access to the outdoors. As an early investor in the region, Kennedy Wilson is now the largest owner of conventional multifamily properties in the Boise Metro Area.

\$22B

AUM

\$928M

2021 ADJUSTED EBITDA

\$2.24

2021 EARNINGS PER SHARE

management in 2021, including 24 million square feet of commercial space and 35,400 multifamily units, which increased 19% from 29,800 units at the beginning of the year.

Kennedy Wilson invested over \$1 billion of its own capital in 2021, with approximately \$200 million spent on value-add capital expenditures on existing properties and our development projects, and approximately \$800 million on new investments. We ended the year in a strong financial position, with \$950 million in cash and available lines of credit. In addition, approximately 88% of our debt, at both the corporate and property level, either has fixed interest rates or is hedged against rising interest rates.

We took advantage of the low interest rate environment in 2021 to refinance our existing unsecured debt maturing in 2022 and 2024 by completing, at very favorable interest rates, a total of \$1.8 billion in unsecured borrowings spread out over three equal tranches expiring in 2029, 2030, and 2031. As a result of the execution of our plan, the weighted average interest rate of our debt (both corporate and property level) is 3.5% with 6.1 years to maturity. In addition, during the first quarter of 2022, we closed a \$300 million preferred equity investment from our long-time strategic partner, Fairfax Financial, which has further strengthened our financial position. In conjunction with this investment, Fairfax increased its commitment to our debt platform by \$3 billion, driving total global debt platform commitments to \$6 billion.



Coopers Cross / Dublin, Ireland

395,000

Sq Ft Commercial

471

Multifamily Units



Leighton Buzzard
Bedfordshire, UK



Beddington Lane
Croydon, UK



Vasona Tech Park
Campbell, CA



Denver Flex Portfolio
Denver, CO

Our long-term strategy is centered on two key initiatives that will continue our growth trajectory and increase value across our global portfolio. First, we are focused on **growing NOI** from our property portfolio, located primarily in the Western United States, Ireland and the UK. Second, we continue to **grow our fee-bearing capital** and our investment management business by expanding our relationships with our well-capitalized strategic partners.

Driving NOI Growth

We ended 2021 with \$434 million in Estimated Annual NOI (10% increase year-over-year) from our stabilized assets, and we are taking steps to increase our future NOI by acquiring new properties and completing key development projects, the majority of which will be finished by the end of 2024.

Growing NOI Organically

At most properties we acquire, there is an opportunity for us to immediately deploy various value-add asset management strategies to drive NOI growth. For example, within our multifamily portfolio, which represents our largest asset class, we completed approximately 1,000 unit interior renovations and various other enhancements during 2021, including new fitness centers, leasing centers, pools, and dog parks. These value-add strategies, along with owning real estate in growing markets, resulted in strong U.S. same-property revenue growth of 5% and NOI growth of 6% in 2021, including over 11% NOI growth from our Mountain West portfolio, our largest apartment region. We also saw a strong recovery in occupancy in our Dublin multifamily portfolio, which improved to 96% and resulted in 9% NOI growth in the fourth quarter of 2021.



Melton Enterprise Park
Hull, UK

Industrial and Flex/R&D (above and opposite)

Logistics assets in Europe and Flex/R&D office space in the U.S. continue to be growth drivers for Kennedy Wilson's global investment management business. Industrial demand, driven by the rise in e-commerce, supports Kennedy Wilson's expanding portfolio of logistics properties in proximity to transit centers across the UK and Ireland. In the Western U.S., Flex/R&D space has proven to be suited to evolving tenant needs, with low-density layouts and separate entrances, and the return of contract manufacturing within the military, technology, and medical industries continues to drive low vacancies.

Developing and Stabilizing Properties

Nearly ten years ago, we decided to start building new developments with a focus on land adjacent to properties we already owned with a proven income stream, located in growing markets with young and expanding populations, exceptional education institutions, a talented local workforce, and companies that are creating new and meaningful job opportunities. Since then, we have developed a dedicated construction management team at Kennedy Wilson to oversee this growing part of our business. As uncertainty took hold of the market in 2020, we made a key decision to continue progressing our development initiatives so we would be in the position to bring new, finished properties to the market as the global economy recovered. Our construction management team and general contractors implemented rigorous safety protocols to keep our projects moving forward and our sites open, as allowed by local regulations, and we purchased and held materials to continue to build.

Fast forward to today, and we are making progress towards completing approximately \$3 billion in development, with multiple properties completing and stabilizing each year, including \$300 million of development in 2022, \$1.7 billion in 2023, \$465 million in 2024, and the remainder in 2025 and beyond. Our development and lease-up portfolio totals over 5,100 multifamily units and 2.9 million commercial square feet and is expected to add approximately \$105 million of Estimated Annual NOI to Kennedy Wilson. We are optimistic about this portfolio as we are delivering brand new product with ESG credentials that we expect to stabilize at cap rates well above a 6% unlevered yield.

Our development and leasing accomplishments in 2021 included stabilizing the best-in-class Capital Dock apartment community in Dublin, which is currently 95% leased; completing the development of two multifamily communities within our Vintage portfolio; nearing construction completion and launching the lease-up of the 65,000 square-foot 20 Kildare Street office development in Dublin; and

95.4%
MULTIFAMILY PORTFOLIO
OCCUPANCY

92.3%
OFFICE PORTFOLIO
OCCUPANCY

136 El Camino / Beverly Hills, CA

30,000
Sq Ft Office





Buckingham Palace Road
London, UK



Forum
Whiteley, UK



94 St Stephen's Green
Dublin, Ireland



Ten Hanover Quay
Dublin, Ireland

completing the development of Ten Hanover Quay, a Grade-A, 69,000 square-foot office warehouse in Dublin that was built to LEED and WELL Gold credentials and is now fully leased to a top fintech occupier for 15 years, with 12 years term certain.

“The completion of Ten Hanover Quay is the culmination of our 10-year journey at Capital Dock in Dublin, Ireland. The new lease brings total gross NOI at the Capital Dock campus to over \$24 million.”

The completion of Ten Hanover Quay is the culmination of our 10-year journey at Capital Dock in Dublin, Ireland. In 2012, Kennedy Wilson acquired a loan (later converted to equity) secured by the State Street Bank building and the adjacent three-acre development site. We proceeded to steer a complex project through zoning, master planning, entitlement, design, procurement, and construction to deliver an award-winning, 1 million square-foot project spanning seven buildings and 1.5 acres of public space. Capital Dock is now home to hundreds of new residents and has attracted an impressive line-up of tenants, including Indeed and JP Morgan, and delivered a stabilized yield on cost across the project of over 7%. The new lease at Ten Hanover Quay brings total gross NOI at the Capital Dock campus to over \$24 million. Our construction managers and asset management teams have done an exceptional job of building and leasing these sizable properties on time and on budget.



Waverleygate
Edinburgh, Scotland



20 Kildare Street
Dublin, Ireland

European Office Acquisitions and Development (above and opposite)

In 2021, Kennedy Wilson continued to selectively acquire office assets with a focus on UK properties with a strong, secure cash flow and a high growth potential, which reflects a view that at current pricing levels, there is attractive value for assets located in major employment hubs with high-quality educational institutions. Kennedy Wilson's office development projects in Dublin continue to stabilize at a 6% unlevered yield, compared to market cap rates today that are approximately 200 basis points lower.

Acquiring High-Quality Real Estate

Our path towards building a global portfolio of high-quality real estate began nearly 20 years ago as we started diversifying away from a sole concentration on one market – California. Since then, we have invested in almost every great west coast city in the U.S. while expanding into Europe in 2010.

In the U.S., our balance sheet acquisitions in 2021 included multifamily communities in the Mountain West and the Pacific Northwest, as we continue to target high-quality suburban multifamily assets in growing markets. In many cases, we immediately implement a value-add asset management program to further support NOI growth.

Our U.S. multifamily properties performed at a high level throughout the pandemic. Occupancies remained strong and we saw double-digit NOI growth across each of our target markets in the fourth quarter, largely driven by significant growth in our Mountain West and Pacific Northwest portfolios. The assets we own in these markets continue to benefit from renters seeking housing that is affordable relative to higher cost states, such as California. We are also able to provide renters larger units and an outdoor-oriented lifestyle, while employers are driven to these areas for the educated workforces, friendly business environments, and strong local infrastructure.

Within our Vintage Housing senior and affordable multifamily housing joint venture, we currently have approximately 9,000 stabilized units and are on track to grow the platform to more than 11,000 stabilized units over the next three years. This represents over 100% growth since we originally acquired our interest in Vintage Housing's 5,500-unit portfolio in 2015. We are extremely proud of this venture and the talented leadership team at Vintage, which continues to create much-needed, high-quality, newly built affordable residential communities for qualifying families and seniors across our U.S. markets.

In Europe, our 2021 acquisition activity focused primarily on office assets in the UK and last-mile industrial assets. We anticipate strong fundamentals for our largely suburban office portfolio, based on the demand for low-rise, single-entry buildings with a variety of tenant amenities and ESG credentials located in markets with a highly educated local population.

Our extraordinary global asset management team drives the success of our growing portfolio. We completed approximately 1.9 million square feet of leasing across our commercial portfolio and collected nearly

The Clara / Eagle, ID

277 Multifamily Units



Clancy Quay / Dublin, Ireland

864 Multifamily Units



100% of rents in our primary asset classes over the past two years. Our teams have maintained high occupancies across our global portfolio of 94.5%, which we anticipate to remain strong based on continued multifamily rental demand in our target markets and the uptick in the need for commercial space as employees return to the office.

Growing Our Investment Management Business

Our investment management business totaled \$5 billion in fee-bearing capital as of year-end, an increase of 178% in the last four years. Our growth has been primarily driven by the launch of new platforms and partnerships aimed at capitalizing on what we are seeing in the market today.

“Our European logistics platform grew by 236% in 2021 to \$1.1 billion in assets under management, including 56 core-plus and value-add urban logistics and industrial properties across the UK, Ireland, and Spain.”

First, we launched our debt origination platform in May 2020 with an initial \$2 billion commitment from Fairfax Financial, which has partnered with Kennedy Wilson on \$8 billion in acquisitions since we began our relationship in 2010. We reached our target by year-end 2021, as we successfully originated loans with institutional borrowers on high-quality multifamily and office properties located in the Western United States. We expanded our debt platform into Europe in 2021, and increased commitments from our strategic partners have now driven total commitments in the debt platform to \$6 billion. Our ability to approach lending from the lens of an owner/operator is a strategic advantage for us, and we look forward to the continued growth of our debt platform in 2022.

Second, we recently launched a European logistics platform to address the need for last-mile logistics assets due to the continued rise in e-commerce demand. Including investments made through our fund, our European logistics platform grew by 236% in 2021 to \$1.1 billion in assets under management, including 56 core-plus and value-add urban logistics and industrial properties across the UK, Ireland, and Spain. Earlier this year, we announced an expansion of the platform alongside our global investment partner, and we are targeting total assets of up to \$2.5 billion, including a 20% ownership interest by Kennedy Wilson.



Assembling hygiene kits with The People Concern



Kennedy Wilson supports Navy SEAL families through involvement with the C4 Foundation

ESG Efforts

Kennedy Wilson's ESG program reflects our collective commitment to sustainability, minimizing our environmental impact, and doing our part to enhance the communities where we operate across our global business. Visit our ESG microsite to learn about our growing program: esg.kennedywilson.com.



Cleaning the beach in Los Angeles with Heal the Bay



Southside by Vintage Seattle, WA



Supporting diversity in the workplace with the Kennedy Wilson Women speaker series

We are in a great position to continue growing our investment management platform and continue strengthening our relationships with our strategic partners. In the first quarter of 2022, we obtained another \$3.3 billion of commitments across our debt and logistics platforms, driving total additional fee-bearing capital to over \$4 billion that is ready to be deployed. This positions us well to meaningfully expand our investment management platform in 2022 and beyond.

Thank You

I can confidently say that Kennedy Wilson has evolved into a much stronger company in recent years, with many ways for us to grow our business and make a positive impact on our people and the communities where we invest. I am proud of our long-standing dedication to ESG, our many accomplishments, and our plans to further integrate ESG into our business, as detailed in our annual ESG report and our microsite at esg.kennedywilson.com. I am grateful for the dedicated leadership of the Board of Directors, which is an extraordinary group of individuals. Thank you to our shareholders, lenders, and strategic partners for your ongoing support and counsel. Lastly, to our Kennedy Wilson team, from Mary Ricks and myself, thank you for all your hard work and sacrifices of time that have enabled us to grow and prosper in these challenging times. From our executive team to our acquisition, asset management, and construction management groups and all of those behind the scenes who seamlessly manage our finance and accounting, IT, legal, human resources, insurance risk management, and communications needs and make the business run so smoothly, I am extremely proud of what we accomplished together in 2021.

With gratitude,

William J. McMorrow
Chairman and Chief Executive Officer

The Grange / Dublin, Ireland

274
Multifamily Units



KENNEDY WILSON

2021
ANNUAL REPORT

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, 2021, we have 220 employees in 12 offices primarily located throughout the United States, the United Kingdom, Ireland and Spain. As of December 31, 2021, we had \$21.6 billion in Real Estate Assets under Management (“AUM”). The real estate that we hold in our global portfolio consists primarily of multifamily apartments (55%) and commercial properties (45%) based on Consolidated NOI and JV NOI. Geographically, we focus on the Western United States (60%), the United Kingdom (18%) and Ireland (19%).

Our investment activities in our Consolidated Portfolio (as defined below) involve ownership of multifamily units, office, retail and industrial space and one hotel. 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, 2021, our fee-bearing capital was \$5.0 billion and we recognized \$35.3 million in recurring investment management fees and \$117.9 million of performance allocations (allocated amounts to us on co-investments we managed based on the cumulative performance of the underlying investment) during the year ended December 31, 2021. We generally invest our own capital alongside our equity partners in these joint ventures and commingled funds that we manage.

As of December 31, 2021, the following key metrics of our Consolidated and Co-investments Portfolio are as follows:

	Consolidated	Co-Investments
Multifamily units–market rate	10,460	14,180
Multifamily units–affordable	–	10,725
Office feet square feet (millions)	4.9	7.1
Retail and industrial square feet (millions)	3.4	8.5
Hotels	1	1
Real estate debt–100% (billions)	\$ –	\$ 1.7
Real estate debt–KW Share (millions)	\$ –	\$ 135.2
Revenues (millions)	\$ 407.6	\$ 217.1
NOI (millions)	\$ 255.8	\$ 124.4
AUM (billions)	\$ 9.7	\$ 11.9

In our Co-investments Portfolio, 92% 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 \$669.0 million over the next three years. These costs are generally financed by cash from our balance sheet, capital provided by

Business (continued)

partners (if applicable), cash flow from 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

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

	Year Ended December 31,				
(\$ in millions, except fee bearing capital which \$ in billions)	2021	2020	2019	2018	2017
Revenue	\$ 453.6	\$ 450.9	\$ 569.7	\$ 773.5	\$ 801.8
Net income to Kennedy-Wilson Holdings Inc. common shareholders	313.2	92.9	224.1	150.0	100.5
Basic income per share	2.26	0.66	1.60	1.04	0.83
Dividends declared per share of common stock	0.90	0.88	0.85	0.78	0.70
Adjusted EBITDA ⁽¹⁾	927.9	608.0	728.1	712.7	455.7
% change	52.6%	(16.5)%	2.2%	56.4%	—%
Adjusted Net Income ⁽²⁾	509.0	306.9	442.5	397.0	242.5
Adjusted Net Income annual increase (decrease)	65.9%	(31.3)%	11.5%	63.7%	—%
Multifamily Occupancy	95.4%	95.2%	94.4%	94.7%	93.8%
% change	0.2%	0.8%	(0.3)%	1.0%	—%
Commercial Occupancy	94.3%	93.4%	93.3%	94.2%	94.2%
% change	1.0%	0.1%	(1.0)%	—%	—%
Consolidated NOI ⁽¹⁾	255.8	262.3	305.2	368.3	242.0
% change	(2.5)%	(14.1)%	(17.1)%	52.2%	—%
JV NOI ⁽¹⁾	124.4	102.5	77.8	55.3	48.1
% change	21.4%	31.7%	40.7%	15.0%	—%
Fee-bearing capital	5.0	3.9	3.0	2.2	1.8
% change	28.2%	30.0%	36.4%	22.2%	—%

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

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

	As of December 31,				
(In millions)	2021	2020	2019	2018	2017
Balance sheet data:					
Cash and cash equivalents	\$ 524.8	\$ 965.1	\$ 573.9	\$ 488.0	\$ 351.3
Total assets	7,876.5	7,329.0	7,304.5	7,381.8	7,724.8
Mortgage debt	2,959.8	2,589.8	2,641.0	2,950.3	3,156.6
KW unsecured debt	1,852.3	1,332.2	1,131.7	1,202.0	1,179.4
KWE unsecured bonds	622.8	1,172.5	1,274.2	1,260.5	1,325.9
Kennedy Wilson equity	1,777.6	1,644.5	1,678.7	1,246.7	1,365.6
Noncontrolling interests	26.3	28.2	40.5	184.5	211.9
Total equity	1,803.9	1,672.7	1,719.2	1,431.2	1,577.5
Common shares outstanding	138.0	141.4	151.6	143.2	151.6

The following table shows the historical U.S. federal income tax treatment of the Company's common stock dividend for the years ended December 31, 2021 through 2017:

	December 31,				
	2021	2020	2019	2018	2017
Taxable Dividend	—%	27.14%	10.53%	23.43%	—%
Non-Taxable Return of Capital	100.00%	72.86%	89.47%	76.57%	100.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

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; (ii) fees (including, without limitation, asset management fees and construction management fees); and (iii) performance allocations that we earn on our fee bearing capital. We typically have a 5% to 50% ownership interest in the assets in our Co-investment Portfolio. We have a weighted average ownership of 39% as of December 31, 2021.

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

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.

Business (continued)

The non-GAAP table below represents a summarized balance sheet of our Consolidated Portfolio which is held at historical depreciated cost as of December 31, 2021 and 2020. This table does not include amounts from our corporate segment such as corporate cash and the KWH Senior Notes.

(\$ in millions)	December 31, 2021	December 31, 2020
Cash ⁽¹⁾	\$ 362.3	\$ 733.2
Real estate	5,059.8	4,720.5
Accounts receivable and other assets	111.7	146.5
Total Assets	\$ 5,533.8	\$ 5,600.2
Accounts payable	17.4	28.9
Accrued expenses	126.8	184.5
Mortgage debt	2,959.8	2,589.8
KWE bonds	622.8	1,172.5
Total Liabilities	3,726.8	3,975.7
Equity	\$ 1,807.0	\$ 1,624.5

⁽¹⁾ Excludes \$162.5 million and \$236.4 million as of December 31, 2021 and December 31, 2020 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 our Co-Investment Portfolio balance sheet which is primarily at fair value, at our share of the underlying investments as of December 31, 2021 and December 31, 2020. The Co-Investment Portfolio consists of our unconsolidated investments as well as our loan purchases and originations.

(\$ in millions)	December 31, 2021	December 31, 2020
Cash	\$ 103.7	\$ 77.3
Real estate	3,667.9	2,654.4
Loans	143.4	107.1
Accounts receivable and other assets	311.9	205.0
Total Assets	\$ 4,226.9	\$ 3,043.8
Accounts payable and accrued expenses	87.1	64.6
Mortgage debt	2,061.9	1,582.8
Total Liabilities	2,149.0	1,647.4
Equity	\$ 2,077.9	\$ 1,396.4

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 and other fees. We also can earn performance allocations if investments exceed certain return hurdles. In addition to acting as the asset manager and general partner of those joint ventures, we are also a co-investor in these investments. Our separate account platforms have defined investment parameters such as asset types, leverage and return profiles and expected hold periods. As of December 31, 2021, our weighted average ownership interest in the various joint ventures that we manage was 44%.

Commingled funds

We currently have three closed end funds that we manage and through which we receive investment management fees and potentially performance allocations. 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, Ireland and Spain that also have expected hold periods of 5 to 7 years. As of December 31, 2021, our weighted average ownership interest in the commingled funds that we manage was 12%.

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, 2021, we held investments in 138 multifamily assets that include 10,460 consolidated multifamily apartment units and 14,180 units within our market rate Co-Investment Portfolio and 10,725 affordable units in our VHH platform. Our largest Western United States multifamily regions are the Mountain West region, which includes Utah, Idaho, Montana, Colorado, Arizona, New Mexico and Nevada and the Pacific Northwest, primarily the greater Seattle area and Portland, Oregon. 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 is to install strong property management teams to drive leasing activity and upkeep of the properties. To complement this strategy, we seek to 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. Lastly, we utilize real-time market data and artificial intelligence based applications to ensure we are attaining current market rents.

Multifamily—Affordable Housing

Through our VHH platform we focus on affordable units based on income or age restrictions. With homes reserved for residents that make 50% to 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.

When we acquired VHH in 2015, the portfolio consisted of 5,485 units. As of December 31, 2021, the VHH portfolio includes 8,595 stabilized rental units with another 2,130 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, 2021 we have contributed an additional \$101.2 million into VHH and have received \$240.7 million in cash distributions. VHH is an unconsolidated investment that we account for using the fair value option which had a carrying value of \$157.9 million as of December 31, 2021. We have recorded \$160.1 million worth of fair value gains on our investment in VHH including \$29.3 million during the year ended December 31, 2021.

Commercial

Our investment approach for office acquisitions 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 that factor into our investment decision, including, without limitation, location, financing (unencumbered properties) or hold periods. In our commingled funds that we manage, we 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 industrial portfolio consists mainly of distribution centers located in the United Kingdom, Ireland, Spain and Mountain West regions.

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.

As of December 31, 2021, we hold investments in 66 office properties totaling over 12.0 million square feet and 124 retail and industrial properties totaling 11.9 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 held over 4.9 million square feet of office space and 3.4 million square feet of retail and industrial space. Our Co-Investment portfolio has 7.1 million square feet of office space and 8.5 million square feet of retail and industrial space.

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, 2021, we are actively developing 2,279 multifamily units, 0.5 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 \$1.2 billion (approximately 46% 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 Investment

We have a global real estate debt investment platform with multiple partners. In July 2021, we announced the expansion of our debt platform to over \$3 billion, including the launch of a new European partnership with a global institutional investor to target loans secured by high-quality real estate in the United Kingdom and Europe. Our global debt platform, which includes capital partners across insurance and sovereign wealth, targets loans, across the entire real estate debt capital structure, secured by high-quality real estate located in the United States, United Kingdom and Europe. In our role as asset manager, we earn customary fees under our platform. The current investments in these platforms have been made without the use of any leverage.

As of December 31, 2021, we held interests in 30 loans with an average interest rate of 6.9% per annum and an unpaid principal balance ("UPB") of \$1.7 billion (of which our share was a UPB of \$135.2 million) located in the Western United States and the United Kingdom and are primarily invested through our Co-investment Portfolio. Some of our loans contain additional funding commitments that will increase our loan balances if they are utilized. All of the loans in our global debt platform are performing in line with expectations and making payments as contractually agreed. In addition to interest income (which includes origination, exit and extension fees), we also earn customary asset management fees from our partners for managing these loan investments.

Our current loan portfolio is focused on performing loans. However, if market conditions deteriorate, we expect more opportunities to arise in acquiring loan portfolios at a discount to their contractual balance due as a result of deteriorated credit quality of the borrower. 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, 2021, 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 consist of 150 rooms in Kona, Hawaii.

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 product type 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, 2021, we held 19 investments primarily comprised of 223 residential units/lots and 3,778 acres of land located in Hawaii and the Western United States. As of December 31, 2021, these investments had a Gross Asset Value of \$276.7 million and the Company had a weighted average ownership in such of investments of 76%. 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, 2021, \$1.8 billion or 92% of our investments in unconsolidated investments (23% of total assets) were held at estimated fair value. As of December 31, 2021, there were cumulative fair value gains of \$588.3 million which comprises 33% of the \$1.8 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 \$157.9 million and \$142.9 million as of December 31, 2021 and 2020, 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, 2021, we recognized \$331.4 million of fair value gains and performance allocations 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

	Terminal Capitalization Rates	Discount Rates
Multifamily	3.70% – 5.25%	5.35% – 7.40%
Office	4.00% – 7.75%	5.10% – 9.25%
Industrial	3.50% – 7.40%	4.40% – 8.40%
Retail	5.00% – 7.00%	7.50% – 9.00%
Hotel	6.00%	8.25%
Residential	N/A	N/A

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 0.25% 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.

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 carried 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 (generally after we implement our value-add initiatives) to reduce interest rates and/or increase borrowings due to property appreciation and thereby obtain cash flow to use for new investments.
- 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 platform 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 220 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, 2021, our directors and executive officers and their respective affiliates owned an aggregate of approximately 15% 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.

Industry Overview

Key Investment Markets

Western United States

In 2021, the U.S. economy experienced a broad economic recovery from the effects felt in 2020 due to the onset of the COVID-19 pandemic. GDP accelerated at a 6.9% annualized pace in the fourth quarter of 2021, and national unemployment improved to 3.9% from 6.7% at the beginning of the year. The real estate transaction market in the U.S. recovered sharply, with transactions reaching a record annual total according to Real Capital Analytics. The US equity markets also experienced a very strong year, supported by stimulus packages, vaccine rollouts, and accommodative Fed policy.

The multifamily sector experienced a strong rebound in 2021, with occupancy and rent levels recovering to above pre-pandemic levels. The pandemic created new domestic migration patterns, which drove many renters to lower cost, more affordable suburban cities throughout the U.S. and outside of city centers. Suburban markets are expected to continue to perform strongly in 2022 due to a number of factors, including the continuing ability to work remotely and renters' desire for more space. According to CBRE, investment volume in multifamily is expected to increase in 2022, supported by liquid multifamily debt markets and an expected resurgence in foreign capital targeting multifamily assets. Kennedy Wilson's U.S. multifamily portfolio is largely comprised of garden style communities with approximately 88% of our portfolio located in suburban markets. In addition to our meaningful portfolio in the surrounding Seattle region, 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.

The outlook for office continued to be impacted by COVID variants and the ability for workers to return to the office in 2021. Office demand ended 2021 on a high note, with net absorption recorded in Q4 of 2021, its first month of positive net absorption since the onset of the pandemic. It is expected that demand for office will continue to improve in 2022, supported by the creation of an estimated 1 million new office-using jobs. Hybrid working arrangements continues to an important factor for many occupiers, as many occupiers focus on energy-efficient workplaces that offer a variety of amenities, new desirable technology, and flexible configurations. 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.

Hawaii

The Hawaiian economy continued to rebound from the impacts of COVID-19. There were an estimated 6.8 million visitors to Hawaii in 2021, an increase of 153% from 2020. The luxury real estate market in Hawaii grew at an unprecedented pace in 2021, with total sales and transactions seeing triple digit growth. The outlook for the continued recovery of the Hawaiian economy in 2022 remains positive, as pent-up travel demand is expected to bring almost 9 million visitors in 2022.

United Kingdom

The U.K. economy showed increased recovery in 2021, despite the continued challenges of withdrawal from the European Union and impact of the COVID-19 global pandemic which resulted in a strict national lockdown during the first half of the year followed by easing of restrictions. The U.K.'s gross domestic product ("GDP") surpassed its February 2020, pre-pandemic level for the first time in November 2021 by 0.7% and saw an annual rise of 7.3% for 2021. Positive signs can also be seen in the U.K. unemployment rate which decreased by 0.4 percentage points quarter-on-quarter to 4.1% as

of quarter ended December 31, 2021, just 0.1 percentage points higher than pre-pandemic levels. The labor market has tightened following the end of the U.K. government's furlough program, with a record high of 1.2 million job vacancies in the three months ended December 2021 due to strong demand for labor and limited supply.

U.K. real estate investment volumes finished the year strong with £60 billion invested in 2021, 6% higher than the ten-year average. Foreign and domestic investment were evenly split for the year with domestic investment making up 51% of total investment volume.

Central London office absorption was 9.1 million square feet for 2021, representing an increase of 63% when compared to 2020, though still below the 10-year average by 24%. The creative industries sector was the most active over 2021, accounting for 21% of absorption, followed by banking and finance at 19%. Investment volumes saw a strong end to the year with a total of £3.7 billion invested, across 53 transactions in the fourth quarter of 2021. Capital transactions for the full year totaled £10 billion, significantly higher than the 2020 total of £7.6 billion, with foreign investment making up 62% of the total capital invested.

Southeast office investment volumes reached £4.3 billion in 2021, a 26% increase on the five-year annual average of £3.42 billion. Vacancy of 6.8% at the end of 2021 remains unchanged from the end of 2020 and still below the 10-year average of 7.0%, with new and grade A vacancies sitting at 4.5%.

The industrial and logistics sectors remained the strongest performers, with total investment volumes for 2021 reaching £10.4 billion, breaking the previously established record set in 2020. The occupier market reflected strong demand-supply dynamics with absorption totaling a record-high 55.1 million square feet in 2021, an increase in the long-term annual average by 86%. Whilst online retailers accounted for 35% of take-up third-party logistics, automotive, manufacturing and High Street retail companies all increased the amount of space taken in 2021, demonstrating a wider breadth of demand when compared to recent averages.

The U.K. retail sector saw positive momentum towards recovery in 2021. Outside of restrictions, footfall continued to improve, with retail parks outperforming as a result of their differentiated convenience and purpose-driven tenant mix and yields for prime shopping centers remained stable at 7.75%.

Ireland

Ireland's economy had the strongest GDP growth across the EU at 16.1% in 2021 and the Organisation for Economic Co-operation and Development is forecasting Ireland to have the highest GDP growth of any major European economy over the next two years.

As of December 31, 2021, Industrial Development Agency total Foreign Direct Investment ("FDI") employment stands at 275,384 with more than 29,000 new jobs created throughout 2021 which is the highest level of Irish employment creation through FDI ever in a single year despite the continued impact of COVID-19.

Real estate investment volumes reached approximately €5.5 billion for 2021, almost doubling the 10-year average of €2.9 billion, a strong figure given the impact of COVID-19 and associated government restrictions during the first half of the year. Demonstrating Ireland's position as an attractive global real estate market, 67% of investments were from institutional investors, and foreign investors accounted for 68% of the volume.

Dublin office absorption was more than 1.65 million square feet in 2021 with 85% occurring in the second half of the year demonstrating a renewed level of employer confidence in the future of physical offices. Prime headline city center rents remained stable at €57.50 per square foot but are expected to increase over 2022 due to more deal activity.

The Irish multifamily sector remains the dominant investment sector accounting for 41% of all transactions in 2021. Due to a scarcity of core operational assets, forward funded deals accounted for most of the transactions in the market. Prime yields remain stable at 3.60%, as rent collection and occupancy remained strong. As a result of increasing investor interest, PRS yields are expected to be further tightened in 2022.

The retail investment sector is still recovering from the impact of the pandemic, as transactional liquidity improves and more assets are trading. Additionally, online sales volume fell to 4% of total volume from a high of 16% in 2020, signaling a potential return to in-store retail shopping.

Despite the continued impact of the pandemic on the hospitality sector through the first half of 2021, the Irish hotel property market saw higher than expected volume of sales from a diverse group of buyers and transaction types with €383 million spent in 2021. Further improvement is expected with the sale of individual properties as well as some hotel portfolios in 2022. October was an important milestone in the Dublin hotel market as it was the first month in which occupancy surpassed 50% since the first quarter of 2020 and the rate is expected to rise in 2022 as international travel to Dublin is expected to strengthen.

Environmental, Social and Governance (ESG)

Kennedy Wilson's approach to ESG aligns with its business strategy to maximize the inherent value of our assets and by striving to deliver long-term social, environmental, and economic value across our portfolio and to our key stakeholders. We aim to integrate ESG factors into key business processes, underpinned by a measure, manage, and monitor approach framed by our four ESG pillars most relevant to our business: Optimizing Resources, Creating Great Places, Building Communities and Operating Responsibly. Details of this framework can be found on our corporate website (<https://www.kennedywilson.com/corporate-responsibility>) (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).

Our Global ESG Committee ("Committee") oversees the Company's ESG responsibilities and commitments, including Kennedy Wilson's ambition to have a positive impact across its business, communities, and stakeholders. The Committee is responsible for formulating and implementing procedures, including setting appropriate global ESG priorities that align across target markets. We focus on the following principles:

- Comply with relevant ESG related laws and regulations, material to our business
- Improve our measure, manage, and monitor programs relating to energy and carbon, water, and waste
- Deliver green buildings and programs emphasizing wellness and communities, through our development and asset management expertise and campus ownership of office and multifamily properties
- Integrate ESG factors into decision-making across the firm, including key investment processes and by ensuring appropriate resources are provided to deliver on our commitments
- Promote equality, diversity and inclusion by providing healthy environments for our employees, stakeholders and building users

Business (continued)

It is our intention to manage ESG factors, both opportunities and risks, at the corporate, fund, partnership and individual asset level, with the goal of integrating procedures across all stages of our investment process.

We have in place a robust governance framework. Our policies can be viewed on our corporate website (<https://www.kennedywilson.com/corporate-responsibility>) (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) and cover guidelines and rules regarding anti-discrimination, anti-harassment, non-retaliation, human trafficking and slavery, fraud prevention, data security and data privacy.

Human Capital Management

Company Overview and Values

We operate as a non-bureaucratic, teamwork-oriented, and nimble organization. We promote an entrepreneurial culture, and at our core, we are powered by a team of focused, high-performance people who thrive on excellence in the workplace and a shared desire to make an impact.

Workplace Diversity

We strive to maintain a diverse corporate culture, celebrating and promoting equality across gender, socio-economic backgrounds, education, and ethnicity. This allows for better representation of different viewpoints, historical perspective and can bring fresh ideas to all levels of the Company. Women hold 27% of the board of director positions. In 2021, we launched the Kennedy Wilson Woman speaker series as a first step in a broader program to advance women in real estate and finance and deepen our industry's talent pool.

Training and Development

Kennedy Wilson would not exist without our most important asset: our people. We strive to maintain a culture that fosters collaboration and innovation, and we take great pride in building and maintaining a driven, results-oriented workforce. Our talent development program includes access to formal and informal mentorships, tuition reimbursement, where we are supporting employees who are seeking advanced certificates in areas of specialty that pertain to their role at Kennedy Wilson, and "Lunch and Learn" sessions. These alongside our regular global senior management calls continue to develop our managers to become more effective leaders. A dynamic internship and internal transfer program also helps promote personal development and improves leadership skills across all departments.

Through our annual summer internship program, we continue to find ways to better support our equality, diversity, and inclusion aspirations by building a diverse pipeline of talented individuals in the real estate industry with the intention to introduce our business to those who may not have considered a career in real estate.

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 44% 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 exchange 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 have utilized three types of contracts to hedge our GBP/EUR exposure: foreign forward currency contracts, a cross currency swap (until its settlement in September 2021) 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, 2021, we have 220 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).

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" and elsewhere in this report.

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, 2021, we have 220 employees in 12 offices primarily located throughout the United States, the United Kingdom, Ireland and Spain. As of December 31, 2021, our AUM stood at \$21.6 billion. The real estate that we hold in our global portfolio consists primarily of multifamily apartments (55%) and commercial (45%) based on Consolidated NOI and JV NOI. Geographically, we focus on the Western United States (60%), the United Kingdom (18%) and Ireland (19%).

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 16, 2022. 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 2022 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 reopened all of our offices across the globe. Prior to reopening any office, we 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, adopting hybrid office and remote working schedules and staggering employees' schedules to ensure ample space is available between work spaces and occupied offices. We will continue to monitor and follow local laws and guidance to assess our ability to keep our offices open 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.

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

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 and/or special procedures on the operations of businesses and international travel due to the COVID-19 pandemic. Although the United States, United Kingdom, Ireland and Spain have eased certain restrictions and have generally started to allow industries to open and operate, there are still measures and restrictions in place that may increase or decrease in response to the impact of the COVID-19 pandemic. Additionally, 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.

In addition, substantial inflationary pressures could have a negative impact on certain real estate assets, including, without limitation, development projects that do not have guaranteed, or fixed price contracts and real estate assets with long-term leases that do not provide for short-term rent increases. However, we continue to seek investments in markets where we see opportunities for stronger relative growth, including multifamily assets with leases that have an initial term of 12 months or less, and continue to work to manage cost overrun risks for our development and redevelopment projects with detailed architectural plans, guaranteed, or fixed price contracts and close supervision by expert Company executives and personnel. Please refer to *Development and Redevelopment* in the Liquidity and Capital Resources section for a more detailed discussion regarding our development initiatives.

Liquidity

Kennedy Wilson has a strong financial and capital position to help withstand the potential near-term cash flow impact caused by the COVID-19 pandemic. As of December 31, 2021, we had \$524.8 million (\$327.3 million of which is in foreign currencies of GBP or EUR) of cash on our consolidated balance sheet and have \$425.0 million available to draw on our unsecured revolving credit facility.

As of December 31, 2021, we have 6.1 weighted average years to maturity on our debt obligations. We have limited debt maturities over 2022, which total \$197.3 million which are secured by non-recourse property-level financings and represent only 2% of our total outstanding debt obligations. During the year ended December 31, 2021, we closed the following bond offerings: (i) \$600 million aggregate principal amount of 4.750% senior notes due 2029 (the "2029 Notes"), (ii) \$600 million aggregate principal amount of 4.750% senior notes due 2030 (the "2030 Notes") and (iii) \$600 million aggregate principal amount of 5.000% senior notes due 2031 (the "2031 Notes," and together with the 2029 Notes and 2030 Notes, the "Notes"). During the year ended December 31, 2021, we used the proceeds from these offerings, in addition to cash on hand, to fully redeem our existing 5.875% Senior Notes due 2024 (the "2024 Notes"), repay \$438.5 million on our revolving line of credit and fully repay the KWE Bonds due 2022 ("KWE Bonds"). As discussed in further detail in "*Liquidity and Capital Resources*," 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.

Investment portfolio and 2021 Rent Collections

Our investment portfolio is diverse both geographically and by product type. In the United States, our portfolio is focused in the western part of the country. In Europe, our portfolio is primarily located in Dublin, Ireland and the United Kingdom.

As of February 16, 2022, we have collected a total of 97% of our share of rents for the year ended December 31, 2021 from our properties in our global investment portfolio. Such collection rates may not be indicative of collections in any future period. As of December 31, 2021, 87% 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, 2021, we identified \$14.3 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 \$14.3 million identified, \$12.9 million related to our Consolidated portfolio and was recorded as a reduction of rental income and \$1.4 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. We have, however, received \$11.7 million in cash collections relating to previously uncollectible amounts during the year ended December 31, 2021, which we have recorded to rental income. Cash collections are from asset management teams working to collect outstanding receivables from tenants and the receipt of rental relief amounts from various government programs. We intend to continue to work with our tenants and utilize programs available to us to make further cash collections on previously reserved receivables. In addition to the \$11.7 million we have collected above we have submitted \$2.3 million of claims to rental relief programs that have not yet been approved and have \$0.4 million that have been approved for payment but not yet been received. We will record additional rental income when we receive cash from these claims.

Global Multifamily Property Portfolio Rents and Leasing Updates

As of February 16, 2022, we have collected a total of 98% of our share of rents for the year ended December 31, 2021 from our properties in our global multifamily property portfolio. We have benefited from certain of our tenants participating in rent relief or assistance programs available pursuant to certain 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.

Global Commercial Property Portfolio Rents and Leasing Update

As of February 16, 2022, we have collected 99% of our share of rents for the year ended December 31, 2021 from properties in our global office property portfolio, 85% of year ended December 31, 2021 rents from the properties in our global retail property portfolio and 98% of rents from our global industrial property portfolio. As of December 31, 2021, 11% of the total rents that we collect are generated from our global retail portfolio, 30% are generated from our global office portfolio and 1% from our global industrial portfolio.

Global Development and Hotel Update

In our development and redevelopment portfolio we have experienced delays on isolated projects, but we currently do not expect significant cost increases as we have guaranteed, or fixed-rate construction contracts on most of our projects that are currently under construction and for projects that are in early phases we have not had to halt activities because we are mainly in the pre-construction phase and are

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

able to continue progress on projects. Ireland incurred two construction impact lockdowns, the first occurred during the second quarter of 2020 and lasted for six weeks the second lasted for the entirety of the first quarter of 2021, with phased reopening beginning on April 12, 2021. Construction activity was halted during these lockdowns. We expect that this will push out our timeline on development projects, which we were on site, by four to five months but we believe that any associated costs can be covered within our existing contingency plans on the assumption that there are no further extended national lockdowns. We have 65,000 square feet of office space and 89 multifamily units that we currently expect construction to be completed by the end of 2022. We also have three properties consisting of 188,000 square feet of commercial space that are undergoing lease up that we currently expect will be stabilized by the end of 2022. Our VHH portfolio also has 1,147 units that we expect will finish construction or complete lease up by the end of 2022. Please refer to *Development and Redevelopment* in the Liquidity and Capital Resources section for a more detailed discussion regarding our development initiatives.

The hospitality industry continues to be significantly impacted due to various travel restrictions in response to the COVID-19 pandemic. 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. Subsequent to the reopening, Ireland experienced multiple lockdowns and was in lockdown for the majority of the first half of 2021. The Shelbourne continues to remain open but we expect continued limited activity at the property due to travel restrictions, as a result of the ongoing COVID-19 pandemic, among other factors. As restrictions have started to be lifted we have seen revenues at The Shelbourne Hotel for the year ended December 31, 2021 increase of 23% as compared to the year ended December 31, 2020 and Consolidated NOI is up due to increased revenues as well as a focus on controlling expenses in the current period.

Results of Operations

The following tables summarize our results of operations by segment for the years ended December 31, 2021 and 2020 and is intended to be helpful in understanding the year over year explanations following the tables.

Our results of operations for 2019 and 2020 compared to 2019 can be found under Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, which is incorporated by reference herein to our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, filed with the SEC on February 26, 2021, and is available on the SEC's website at www.sec.gov and our Investor Relations website at www.ir.kennedywilson.com.

Statement of Income Presentation

As the Co-Investment business has grown, the Company is updating the presentation of related items in the statements of income for all periods presented as this presentation reflects the prominence of this core part of our business and more closely represents how management evaluates results during an accounting period. The income from unconsolidated investments caption has been expanded to show principal co-investments and performance allocations. Principal co-investments consists of unrealized and realized gains on our Co-Investments including any fair value adjustments as the Company's share of net income and losses from Co-Investments. Performance allocations relate to special allocations to co-investments the Company manages based on the cumulative performance of the fund or investment and are subject to preferred return thresholds of its limited partners. These captions have been moved above expenses as the Co-Investments business is a significant part of the Company's business. As the Company has compensation expense and general and administrative expenses relating to the management of this business presenting these amounts before Expenses also provides a better

understanding of the nature of those expenses. Based on the foregoing, we have concluded this change in presentation is justified by the circumstances thereby supporting presentation in a different position and in a different manner from our historical presentation.

The Company has reported significant gains on sale of real estate, net in each period presented. Previously, gains on sale of real estate were presented after expenses. These gains contribute to the Company's compensation and related expenses and accordingly presentation of this significant, recurring component that is directly correlated to expenses should, in management's view, precede those expenses on the statements of income. Furthermore, the Company accounts for gains on sale of real estate under ASC Subtopic 610-20, *Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets* and we have determined that the updated presentation complies with that standard.

	Year Ended December 31, 2021			
(Dollars in millions)	Consolidated	Co-Investments	Corporate	Total
Revenue				
Rental	\$ 390.5	\$ —	\$ —	\$ 390.5
Hotel	17.1	—	—	17.1
Investment management fees	—	35.3	—	35.3
Property services fees	—	—	2.1	2.1
Loans and other	—	8.6	—	8.6
Total revenue	407.6	43.9	2.1	453.6
Income from unconsolidated investments				
Principal co-investments	—	271.1	—	271.1
Performance allocations	—	117.9	—	117.9
Income from unconsolidated investments	—	389.0	—	389.0
Gain on sale of real estate, net	412.7	—	—	412.7
Expenses				
Rental	132.7	—	—	132.7
Hotel	12.7	—	—	12.7
Compensation and related	60.4	40.4	33.1	133.9
Share-based compensation	—	—	28.7	28.7
Performance allocation compensation	—	42.0	—	42.0
General and administrative	18.5	8.5	6.3	33.3
Depreciation and amortization	166.3	—	—	166.3
Total expenses	390.6	90.9	68.1	549.6
Interest expense	(119.1)	—	(73.3)	(192.4)
Loss on early extinguishment of debt	(19.2)	—	(26.5)	(45.7)
Other loss	(4.7)	—	(0.3)	(5.0)
Provision for income taxes	(23.0)	—	(103.2)	(126.2)
Net income (loss)	263.7	342.0	(269.3)	336.4
Net income attributable to the noncontrolling interests	(6.0)	—	—	(6.0)
Preferred dividends and accretion of preferred stock issuance costs	—	—	(17.2)	(17.2)
Net income (loss) attributable to Kennedy-Wilson Holdings, Inc. common shareholders	257.7	342.0	(286.5)	313.2
Add back (less):				
Interest expense	119.1	—	73.3	192.4
Loss on early extinguishment of debt	19.2	—	26.5	45.7
Kennedy Wilson's share of interest expense included in unconsolidated investments	—	40.2	—	40.2
Depreciation and amortization	166.3	—	—	166.3
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	—	5.3	—	5.3
Provision for income taxes	23.0	—	103.2	126.2
Fees eliminated in consolidation	(0.5)	0.5	—	—
Share-based compensation	—	—	28.7	28.7
Preferred dividends and accretion of preferred stock issuance costs	—	—	17.2	17.2
EBITDA adjustments attributable to noncontrolling interests ⁽²⁾	(7.3)	—	—	(7.3)
Adjusted EBITDA⁽¹⁾	\$ 577.5	\$ 388.0	\$ (37.6)	\$ 927.9

⁽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, 2020

(Dollars in millions)	Consolidated	Co-Investments	Corporate	Total
Revenue				
Rental	\$ 403.9	\$ —	\$ —	\$ 403.9
Hotel	13.9	—	—	13.9
Investment management fees	—	22.5	—	22.5
Property services fees	—	—	10.6	10.6
Loans and other	—	3.1	—	3.1
Total revenue	417.8	25.6	10.6	454.0
Income from unconsolidated investments				
Principal co-investments	—	78.3	—	78.3
Performance allocations	—	2.7	—	2.7
Income from unconsolidated investments	—	81.0	—	81.0
Gain on sale of real estate, net	338.0	—	—	338.0
Expenses				
Rental	135.7	—	—	135.7
Hotel	13.8	—	—	13.8
Compensation and related	59.7	20.8	31.4	111.9
Share-based compensation	—	—	32.3	32.3
Performance allocation compensation	—	0.2	—	0.2
General and administrative	20.6	5.9	8.1	34.6
Depreciation and amortization	179.6	—	—	179.6
Total expenses	409.4	26.9	71.8	508.1
Interest expense	(132.4)	—	(69.5)	(201.9)
Loss on early extinguishment of debt	(9.3)	—	—	(9.3)
Other loss	(1.4)	—	(0.9)	(2.3)
Provision for income taxes	(18.4)	—	(25.2)	(43.6)
Net income (loss)	184.9	79.7	(156.8)	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 (loss) attributable to Kennedy-Wilson Holdings, Inc. common shareholders	187.2	79.7	(174.0)	92.9
Add back (less):				
Interest expense	132.4	—	69.5	201.9
Loss on early extinguishment of debt	9.3	—	—	9.3
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 adjustments attributable to noncontrolling interests ⁽²⁾	(9.8)	—	—	(9.8)
Adjusted EBITDA⁽¹⁾	\$ 516.0	\$ 121.8	\$ (29.8)	\$ 608.0

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

Kennedy Wilson Consolidated Financial Results: Year Ended December 31, 2021 Compared to the Year Ended December 31, 2020

Financial Highlights

GAAP net income to common shareholders was \$313.2 million and \$92.9 million for the years ended December 31, 2021 and 2020, respectively.

Adjusted EBITDA was \$927.9 million for the year ended December 31, 2021, a 51% increase from \$608.0 million for 2020. The increase in GAAP net income to common shareholders and Adjusted EBITDA is due to higher gains on sale of real estate and fair value increases on our Co-Investment assets offset by losses on early extinguishment of debt during the year ended December 31, 2021 as compared to the prior period.

Operational Highlights

Same store property highlights for the year ended December 31, 2021 include:

- For our 12,770 same property multifamily units for the year ended December 31, 2021 as compared to the prior period:
 - occupancy increased 1% to 95%
 - net operating income increased 5%
 - total revenues increased 4%
- For our 4.1 million square feet of same property office real estate for the year ended December 31, 2021 as compared to the prior period:
 - occupancy remained flat at 95% from the same period in 2020
 - net operating income increased 6%
 - total revenues increased 6%
- Investment Transactions
 - acquired \$2.9 billion of assets (our share of which was \$1.4 billion) and sold \$1.5 billion of assets (our share of which was \$811.9 million)
 - originated \$1.2 billion of loans (our share of which was \$94.3 million) and had \$253.1 million of loans that were repaid (our share of which was \$35.1 million)
- Significant Transactions
 - We recorded significant fair value gains and performance allocation accruals (aggregate of \$331.4 million) in the current period primarily due to the increase in value of our United States multifamily portfolio and European industrial portfolio. We have recently observed material rental rate increases for new leases and renewals in our US multifamily portfolio which has increased the NOI at the properties. We have also observed (both from recent transactions that we have entered into and third party transactional market data) significant cap rate compression of US multifamily assets and industrial assets in our markets which also contributed to the fair value gains that we recorded during the period.
 - On June 25, 2021, the Company and a global institutional investor partner launched a new joint venture with respect to core-plus multifamily properties located in the Western United States (the "JV"). The JV commenced with the partner purchasing a 49% ownership stake in nine multifamily assets (2,809 units) previously wholly-owned by us and valued at approximately \$800 million (the "MF seed portfolio"). The sale of the 49% ownership interest in the seed portfolio to its partner generated cash to the Company of \$167 million. We do not control the

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

JV, which led to the deconsolidation of our retained 51% interest resulting in a gain on sale of real estate in accordance with U.S. GAAP of \$332.0 million. The gain is due to the sale of the 49% interest to our partner and the recording of our retained 51% interest in the remaining unconsolidated investments at the fair value established by the transaction. We earn customary asset management fees from our equity partner and will treat our retained interest as a fair value unconsolidated investment going forward.

- During the year ended December 31, 2021, we also sold Friars Bridge Court a wholly-owned office property in the United Kingdom for a gain on sale of real estate of \$73.9 million.
- We issued \$1.8 billion in new senior notes and retired previous outstanding senior notes and KWE Bonds and repaid \$438.5 million on our revolving line of credit. These transactions extended the weighted average maturity of our debt to 6.1 years and lowered our weighted average interest expense to 3.5% from 4.1 years and 3.7% at December 31, 2020. We recognized a loss of \$42.8 million due to the extinguishment of the 2024 Notes and KWE Bonds during the year ended December 31, 2021.

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, 2021

	Consolidated		Co-Investment		Total	
Revenues	\$ 0.8	—%	\$ (0.4)	—%	\$ 0.4	—%
Net Income	(0.1)	—%	(2.4)	(1)%	(2.5)	(1)%
Adjusted EBITDA	1.0	—%	(3.0)	—%	(2.0)	—%

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)%

Rental income was \$390.5 million for the year ended December 31, 2021 as compared to \$403.9 million for 2020. The \$13.4 million decrease is primarily due to the deconsolidation of the MF seed portfolio in the second quarter 2021 which led to a \$26.3 million decrease in rental income. We still own 51% of the MF seed portfolio but rental income amounts are now in principal co-investments within income from unconsolidated investments. We also had a \$7.7 million write-off of lease related assets related to the termination of a lease at Friars Bridge Court prior to its sale as discussed above. These decreases were offset by multifamily acquisitions in the Mountain States and office acquisitions in the United Kingdom completed during the period. Additionally, we had a \$12.9 million reduction to rental income for the year ended December 31, 2021 as we assessed the full collection of these rents as improbable. In the previous year, we had a \$13.5 million reduction to rental income relating to improbable rent collections. Both periods were driven by the impact of COVID-19 pandemic. The reduction was offset by the cash collection of \$11.7 million we received during the year ended December 31, 2021 on previously reserved receivables which increased rental income with no comparable activity in the prior

period. The cash collections were primarily from governmental assistance programs for multifamily properties and collections of past due receivables at retail properties. We had 11% growth in rental income for our same store properties in the fourth quarter 2021 and expect this trend to continue into 2022 as tenants trade out apartments as COVID-19 restrictions and concerns start to abate.

Hotel income was \$17.1 million for the year ended December 31, 2021 as compared to \$13.9 million for 2020. The \$3.2 million increase is primarily due to improved operations of the Shelbourne Hotel during the year ended December 31, 2021 as Ireland COVID restrictions have eased.

Gain on sale of real estate, net was \$412.7 million for the year ended December 31, 2021 as compared to \$338.0 million in the prior period. The gains recognized during the year ended December 31, 2021 relates to the sale of a 49% interest in and resulting deconsolidation of the assets that made up the MF seed portfolio and the sale of Friars Bridge Court, an office building in the United Kingdom. For the year ended December 31, 2020, gains on sale of real estate, net primarily relate to the sale of certain consolidated UK industrial assets to the European 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, 2021 is an impairment loss of \$20.9 million on two retail properties in the United Kingdom and a residential property in the Western United States. For the year ended December 31, 2020 an impairment loss of \$15.6 million on five retail properties in the United Kingdom and a residential property in the Western United States was recorded in gains on the sale of real estate, net.

Rental expenses decreased to \$132.7 million for the year ended December 31, 2021 as compared to \$135.7 million for the year ended December 31, 2020. The decrease is due to the Company being a net seller of assets in the prior period which has led to a decrease in assets in the Consolidated portfolio and lower rental expenses.

Hotel expenses decreased to \$12.7 million for the year ended December 31, 2021 as compared to \$13.8 million for the year ended December 31, 2020 primarily due to a focus on controlling costs in the current period due to periods of limited operations at The Shelbourne Hotel.

Compensation expense increased to \$60.4 million for the year ended December 31, 2021 as compared to \$59.7 million for the year ended December 31, 2020 primarily due to higher discretionary compensation expense.

General and administrative expenses decreased to \$18.5 million for year the ended December 31, 2021 as compared to \$20.6 million for the year ended December 31, 2020 due to there being fewer transactions in the Consolidated portfolio, resulting in lower overhead costs.

Depreciation and amortization decreased by \$13.3 million. The decrease is primarily due to the Company being a net seller of consolidated assets in the prior year as discussed above. This decrease was offset by a \$2.5 million increase relating to the write off of leasing commissions to depreciation expense from the termination of a lease with a tenant at Friars Bridge Court.

Interest expense was \$192.4 million for the year ended December 31, 2021 as compared to \$201.9 million for the year ended December 31, 2020. The decrease is due to the decrease in consolidated property level debt resulting from the sale of assets and the payoff of the KWE Bonds.

Loss on early extinguishment of debt was \$19.2 million for the year ended December 31, 2021 as compared to \$9.3 million in the same period in 2020. We incurred a \$16.3 million loss associated with the redemption of the KWE Bonds and the remainder related to prepayment penalties on the refinance

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of three multifamily property level mortgages. We also incurred a loss associated with the partial tender offer and subsequent redemption of the total balance of the 2024 Notes during the year ended December 31, 2021 as explained in the description of the "Corporate" segment below. For the year ended December 31, 2020 we had loan prepayments on the sale of assets of \$9.3 million.

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, 2021, fees recorded through revenues were \$35.3 million as compared to \$22.5 million for the same period in 2020. During the year ended December 31, 2021 we had higher base management fees as a result of having more assets under management in our Co-Investment portfolio mainly from bringing in additional investors into our Europe Fund, new assets under management in our Europe Industrial JV and MF seed portfolio separate accounts and additional assets under management in our global real estate debt platform. Performance allocations are recorded as part of income from unconsolidated investments and discussed below.

Loans and other income increased to \$8.6 million for the year ended December 31, 2021 as compared to \$3.1 million for the same period in 2020. These amounts represent interest income on our share of loans within our global real estate debt platform and the increase is due to the growth of the platform over the last year.

Expenses increased to \$90.9 million for the year ended December 31, 2021 as compared to \$26.9 million primarily due to accrued performance allocation compensation to employees relating to an increase in performance allocations on Co-Investments and higher discretionary compensation expenses.

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 allocations relating to our management of these properties for the year ended December 31, 2021 and the year ended December 31, 2020:

	Year Ended December 31,	
	2021	2020
Revenue		
Rental	\$ 177.6	\$ 148.1
Sale of real estate	39.5	11.5
Total revenue	217.1	159.6
Fair Value/other adjustments	210.6	43.9
Loss on sale of real estate, net	(3.1)	(11.5)
Performance allocations	117.9	2.6
Expenses		
Rental	53.2	45.6
Cost of real estate sold	36.8	13.3
Depreciation and amortization	5.6	6.9
Total expenses	95.6	65.8
Interest expense	(40.0)	(33.1)
Other loss	(17.9)	(13.7)
Provision for income taxes	—	(1.0)
Income from unconsolidated investments	\$ 389.0	\$ 81.0

Our share of JV NOI (rental income net of rental operating expenses) increased in the current period due to new acquisitions as well as 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. 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 2020, we took 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, 2021, we had higher fair values primarily from increases in NOI as a result of significant increases in market rents and cap rate compression in our market rate fair value multifamily assets in the Western United States and industrial assets in Europe. The cap rate compression was supported by recent transactions entered into by the Company, appraisals, as well as third party transactional and market data. NOI increases and cap rate compression both led to the increase in fair values. We also had fair value gains due to resyndications and cap rate compression in our VHH portfolio and fair value increases in our retained unconsolidated investment interest in the Zonda business from Meyers Research after our sale of that business in 2018.

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, 2021, we recorded a net \$117.9 million increase in the accrual for performance allocations relating to our commingled funds and separate account investments. The increase in the accrual is due to higher fair values on market rate multifamily properties as discussed above and European Industrial JV assets in commingled funds and separate account investments that we manage. We had \$9.6 million of realized promote collected during the year ended December 31, 2021 from a separate account that held office properties in the Seattle area that fully disposed of all its assets in the third quarter 2021. During the year ended December 31, 2020, we recorded a net \$2.6 million increase in the accrual for performance allocations. 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 allocations associated Fund V and VI due to lack of transactional activity for the period.

Corporate

Property services fees decreased to \$2.1 million during the year ended December 31, 2021 as compared to \$10.6 million for December 31, 2020, due to the sale of the Property Services group in October 2020. The Company still maintains its estate sales and marketing business which generates certain real estate related services activity.

Expenses for the year ended December 31, 2021 were approximately \$68.1 million as compared to \$71.8 million for the year ended December 31, 2020 the decrease is due to lower general and administration expenses from the sale of the Property Services group in the prior period and lower

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

share-based compensation expense in the current period. This amount includes any accrued amounts for grants made to our non-named executive officer employees under our Deferred Compensation Plan as discussed in this report.

Interest expense was \$73.3 million for the year ended December 31, 2021 as compared to \$69.5 million for the same period in 2020. The increase is due to higher corporate debt balances for the year ended December 31, 2021 primarily from the 2030 Notes issuance which a portion of was used to repay the KWE Notes. Interest expense associated with the KWE Notes was part of the Consolidated segment which had lower interest expense for the year ended December 31, 2021.

The \$26.5 million loss on the early extinguishment of debt is due to the extinguishment of the 2024 Notes and resulting premium and write off of capitalized debt costs and debt discount with no comparable activity in the prior period.

Our provision for income taxes was \$126.2 million for the year ended December 31, 2021 as compared to an income tax provision of \$43.6 million for the year ended December 31, 2020. The increase in income tax expense is primarily attributable to a \$311.1 million increase in worldwide pre-tax book income in 2021 as compared to the same period in the prior year. Our effective tax rate for December 31, 2021 was 27.3% as compared to an effective tax rate of 28.8% in 2020. The effective tax rate for 2021 exceeds the statutory tax rate due to non-deductible executive compensation, certain foreign taxes which are not creditable in the United States, and disallowed interest deductions in the United Kingdom. The effective tax rate for 2020 exceeds the statutory tax rate due to non-deductible executive compensation, an increased in valuation allowances against deferred tax assets, and disallowed interest deductions in the United Kingdom.

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, 2021 and 2020.

(Dollars in millions)	Year Ended December 31,	
	2021	2020
Net income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ 313.2	\$ 92.9
Unrealized foreign currency translation (loss) gain, net of noncontrolling interests and tax	(57.5)	65.8
Amounts reclassified out of accumulated other comprehensive loss during the period	2.2	0.8
Unrealized foreign currency derivative contract gain (loss), net of noncontrolling interests and tax	56.2	(37.8)
Unrealized gain (loss) on interest rate swaps	3.2	(5.2)
Comprehensive income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ 317.3	\$ 116.5

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, 2021 and 2020 as compared to the U.S. Dollar:

	Year Ended December 31,	
	2021	2020
Euro	(6.9)%	9.0%
GBP	(1.1)%	3.0%

Comprehensive income, net of taxes and noncontrolling interests, for the year ended December 31, 2021 and 2020 was \$317.3 million and \$116.5 million, respectively. The Company experienced net unrealized losses on foreign currency through other comprehensive income for the period due to EUR

and GBP weakening against the U.S. Dollar. Unrealized hedge gains were driven by hedges that KWE holds on its euro denominated investments and hedges that the Company has on its GBP denominated investments. The Company also has interest rate swap contracts to swap some of its variable rate loans to fixed rate terms which resulted in unrealized gains on interest rate swaps from the reversal of prior losses as the contracts get closer to their maturity date.

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 (common and preferred) 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, and sales of real estate as well as availability on our current revolving lines of credit. As of December 31, 2021, we and our consolidated subsidiaries had approximately \$524.8 million (\$327.3 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 was \$103.7 million and we had \$425.0 million of availability under lines of credit. As of December 31, 2021, we have \$24.2 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 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 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.

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

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

strategic investments, including in order to raise capital necessary to execute potential development or redevelopment strategies or acquire real estate, note portfolios, or other real estate related companies or real estate related securities. Similarly, 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*.

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, 2021 we have 2,279 multifamily units, 0.5 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 \$1.2 billion, which we expect would be funded through our existing equity, third party equity, project sales and secured debt financing. As of December 31, 2021, we have incurred \$550.0 million of costs to date and expect to spend an additional \$669.0 million to develop to completion or complete the entitlement process on these projects. Of the \$669.0 million of remaining costs to complete we currently expect \$285.0 million of it to be funded through cash from us over the life of the projects. 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. When development projects are completed they typically move into our unstabilized category as they undergo lease up post-completion.

In addition to the market rate development and redevelopment projects described above, we have 2,130 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 \$24.6 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. 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 (\$ in millions).

Location	Type	Investment	Status	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⁾
Ireland ⁽³⁾	Office	Kildare ⁽⁵⁾	Under Construction	2022	65,000	—	\$ 63	\$ 53	\$ 10
Mountain West	Multifamily	RiverPointe ⁽⁵⁾	Under Construction	2022	—	89	23	12	11
Nor California	Multifamily	38 ^o North Phase II ⁽⁵⁾	Under Construction	2023	—	172	73	7	66
Mountain West	Multifamily	Dovetail ⁽⁵⁾	Under Construction	2023	—	240	56	10	46
Mountain West	Multifamily	Oxbow	Under Construction	2023	—	268	41	6	35
Ireland ⁽³⁾	Office	Coopers Cross ⁽⁶⁾	Under Construction	2023	395,000	—	168	77	91
Ireland ⁽³⁾	Multifamily	Coopers Cross ⁽⁶⁾	Under Construction	2023	—	471	125	91	34
Ireland ⁽³⁾	Multifamily	Grange ⁽⁶⁾	Under Construction	2023	7,000	287	70	36	34
Hawaii	Hotel	Kona Village Resort ⁽⁶⁾	Under Construction	2023	—	150	342	210	132
Pacific Northwest	Multifamily	Two10	Under Construction	2023	—	210	60	7	53
Ireland ⁽³⁾	Mixed-Use	The Cornerstone (formerly "Leisureplex") ⁽⁵⁾	Under Construction	2024	20,000	232	71	21	50
So. California	Multifamily	University Glen Phase II ⁽⁵⁾	Planning Received	2024	—	310	109	2	107
Mountain West	Multifamily	Bend	In Planning	TBD	—	TBD	TBD	18	TBD
Total					487,000	2,429	1,201	\$ 550	\$ 669

⁽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, 2021. Total remaining costs may be financed with third-party cash contributions, proceeds from projected sales, and/or debt financing. We expect to fund \$285 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 €0.88 = \$1 USD and £0.74 = \$1 USD, related to NOI.

⁽⁴⁾ Includes land costs.

⁽⁵⁾ Included in Consolidated Portfolio Segment

⁽⁶⁾ Included in Co-Investment Portfolio Segment

Unstabilized and Value Add Capital Expenditure Programs

We currently have eight assets that comprise 0.9 million commercial square feet 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 \$44.1 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.

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The table below describes assets that are currently unstabilized (\$ in millions):

Property	Location	Type	KW Ownership	# of Assets	Commercial Sq. Ft.	Leased %	KW Est. Costs to Complete ⁽¹⁾
2022							
Hanover Quay	Ireland ⁽²⁾	Office	60%	1	69,000	—%	\$ 2.5
Stockley Park	United Kingdom ⁽²⁾	Office	100%	1	54,000	—	0.2
Maidenhead	United Kingdom ⁽²⁾	Office	100%	1	65,000	—	0.1
2022 Subtotal				3	188,000	—%	2.8
2023							
The Oaks	Southern California	Office	100%	1	357,000	59%	10.9
136 El Camino	Southern California	Office	100%	1	30,000	—	8.9
Hamilton Landing H7	Northern California	Office	100%	1	61,000	—	5.8
Various	United Kingdom ⁽²⁾	Office	100%	2	281,000	34	15.7
2023 Subtotal				5	729,000	42%	41.3
Total Lease-Up				8	917,000	33%	\$ 44.1

Note: The table above excludes minority-interest investments and four wholly-owned assets expected to sell, totaling 333 units, 1.4 million commercial sq. ft., and KW Gross Asset Value of \$131.9 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, 2021. 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 €0.88 = \$1 USD and £0.74 = \$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.

Other Items

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, 2021, we had \$176.0 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.

The Company maintains a deferred compensation program for certain employees of the Company (the "Deferred Compensation Program"). The named executive officers of the Company are not participants of the Deferred Compensation Program. The compensation committee of the Company's board of directors approves an amount annually to be allocated to certain employees of the Company in the United States and in Europe. The amount allocated to each employee vests ratably over a three-year vesting period, subject to continued employment with the Company. Prior to 2022, half of the allocated amount was tied specifically to the performance and value of the Company's common stock at the

time of each vesting ("Bonus Units"). Beginning 2022, the entire amount allocated to each employee consisted of Bonus Units. Under the Deferred Compensation Program, at the time of each vesting, the employees receive an amount equal to either the dividend yield of the Company's common stock or the actual amount of dividends paid on the Company common stock (in the case of Bonus Units) during the immediately preceding year on the amount that is subject to such vesting. During the years ended December 31, 2021, 2020 and 2019 the Company recognized \$11.7 million, \$6.4 million and \$3.6 million, respectively, under the Deferred Cash Bonus Program.

The Company also maintains a performance allocation sharing program for certain employees of the Company (the "Performance Allocation Sharing Program"). The named executive officers of the Company are not participants of the Performance Allocation Sharing Program. The compensation committee of the Company's board of directors approved, reserved and authorized executive management to issue up to thirty-five percent (35%) of any performance allocations earned by certain commingled funds and separate account investments to be allocated to certain non-NEO employees of the Company. Sixty percent of the award to each employee vest ratably over four years and the remaining forty percent vest upon the consummation of a liquidity event of the investment whereby the Company actually receives cash performance allocations from its partner. The full performance allocation earned by the Company will be recorded to income from unconsolidated investments and the amount allocated to employees is recorded as performance allocation compensation.

The Company also recently implemented a global employee co-investment program (the "Co-Investment Program"). The named executive officers are not participants of the Co-Investment Program. Under the Co-Investment Program, certain employees are provided the opportunity to invest alongside the Company in its investments (in all future investments and certain recently acquired transactions). The amount of funds that the employees, as a group, can invest in the Company's investments is capped at 1.5% of the Company's equity. Participants in the Co-Investment Program will make commitments to the program every year. Generally (with limited exceptions), participants in the Co-Investment Program will invest in every investment made by the Company (investments that such employee has an active role in acquiring and managing) in the applicable year.

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, 2021, 2020 and 2019:

(Dollars in millions)	Year ended December 31,		
	2021	2020	2019
Net cash used in operating activities	\$ (30.3)	\$ (12.6)	\$ (19.5)
Net cash (used in) provided by investing activities	(1,038.0)	590.8	182.3
Net cash provided by (used in) financing activities	632.0	(206.6)	(85.8)

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, 2021, 2020 and 2019, cash flows used by operations were \$30.3 million, \$12.6 million and \$19.5 million, respectively.

The increase in cash used in operations was primarily due to premiums paid on the early redemption of 2024 Notes and KWE Bonds, additional interest expense associated with higher corporate loan balances and a \$19.0 million surrender premium we paid to terminate a lease at Friars Bridge Court in

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order to secure a new tenant for the building prior to its sale and the payment of discretionary bonuses. These were offset by higher operating distributions from our Co-Investment portfolio.

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.

Year Ended December 31, 2021

Net cash used in investing activities totaled \$1,038.0 million for the year ended December 31, 2021. We received \$486.4 million primarily from the sale of the MF seed portfolio and Friars Bridge Court an office building in the United Kingdom. We received \$82.8 million in investing distributions from our co-investments primarily from the sale of assets within our comingled funds, refinancing and resyndications with our VHH portfolio and a partial redemption of a hedge fund investment. Our share of new loans issued as part of our debt platform were \$83.4 million and we received \$58.1 million of proceeds from the sale of a portion of existing loans to equity partners and repayments on loans issued. During the current period we acquired \$1,131.8 million of consolidated real estate assets including Embassy Gardens an office building in London and multifamily properties in Pacific Northwest and Mountain West region. We spent \$139.2 million on capital expenditures on consolidated assets, as well as continued investments in our development properties and value add on our operating properties. We also contributed \$280.8 million to unconsolidated investments that were primarily used to fund our share of capital calls on Kona Village and new acquisitions made within our European Industrial JV platform and commingled funds. The settlement of foreign currency derivatives was \$30.1 million during the year ended December 31, 2021 primarily due to the cross currency swap on the KWE Bonds.

Year Ended December 31, 2020

Net cash provided by investing activities totaled \$590.8 million for the year ended December 31, 2020. During the year ended December 31, 2020, 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 European Industrial JV, Baggot Plaza in Dublin, Club Palisades, a 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. 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.

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.

Year Ended December 31, 2021

Net cash provided by financing activities totaled \$632.0 million for the year ended December 31, 2021. The Company received proceeds of \$1,804.3 million from the issuance of 2029 notes, 2030 notes and 2031 notes and repaid \$1,150.0 million of the 2024 notes. We drew \$314.3 million on our revolving line

of credit and repaid \$438.5 million on our revolving line of credit during the year ended December 31, 2021. We incurred \$35.6 million of debt issuance costs associated with the issuance of the 2029 notes, 2030 notes and 2031 notes. Kennedy Wilson received proceeds of \$1,144.9 million from mortgage loans to finance and refinance consolidated property acquisitions. These proceeds were offset by the repayment of \$268.2 million of mortgage debt and \$504.4 million on our KWE Bonds. During the year ended December 31, 2021, we paid common dividends of \$123.5 million and preferred dividends of \$17.2 million and we repurchased \$83.2 million of our common stock under our share repurchase plan.

Year Ended December 31, 2020

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.

Contractual Obligations and Commercial Commitments

At December 31, 2021, Kennedy Wilson's contractual cash obligations, including debt, lines of credit, operating leases and ground leases included the following:

(Dollars in millions)	Payments due by period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Contractual obligations					
Borrowings: ⁽¹⁾⁽⁴⁾					
Mortgage debt ⁽²⁾	\$ 2,974.9	\$ 17.4	\$ 1,371.0	\$ 725.9	\$ 860.6
Senior notes ⁽³⁾	1,800.0	—	—	—	1,800.0
Credit facility	75.0	—	75.0	—	—
KWE unsecured bonds ⁽⁵⁾	626.2	—	626.2	—	—
Total borrowings⁽⁴⁾	5,476.1	17.4	2,072.2	725.9	2,660.6
Operating leases	2.3	1.3	0.9	0.1	—
Ground leases ⁽⁶⁾	33.2	0.3	0.5	0.5	31.9
Total contractual cash obligations⁽⁶⁾⁽⁷⁾	\$ 5,511.6	\$ 19.0	\$ 2,073.6	\$ 726.5	\$ 2,692.5

⁽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 - \$113.6 million; 1-3 years - \$287.0 million; 4-5 years - \$83.9 million; After 5 years - \$67.2 million. The interest payments on variable rate debt have been calculated at the interest rate in effect as of December 31, 2021.

⁽²⁾ Excludes \$2.5 million net unamortized debt premium on mortgage debt.

⁽³⁾ Excludes \$3.9 million unamortized debt discount on senior notes.

⁽⁴⁾ Excludes \$45.8 million of unamortized loan fees.

⁽⁵⁾ Excludes \$2.1 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 - \$18.2 million; 1-3 years - \$2,024.2 million; 4-5 years - \$722.2 million; After 5 years - \$2,655.2 million.

⁽⁷⁾ Table above excludes \$113.7 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.

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Indebtedness and Related Covenants

The following describes certain indebtedness and related covenants.

Senior Notes Payable

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 "initial notes"). On March 15, 2021, Kennedy-Wilson, Inc. issued an additional \$100 million aggregate principal of the 2029 notes and an additional \$100 million of the 2031 notes. These additional notes were issued as "additional notes" under the indentures pursuant to which Kennedy Wilson previously issued 2029 notes and the 2031 notes. On August 23, 2021, Kennedy-Wilson, Inc. issued \$600.0 million aggregate principal amount of 4.750% senior notes due 2030 (the "2030 notes" and, together with the 2029 notes, the 2031 notes and the additional notes, the "notes"). The notes are senior, unsecured obligations of Kennedy Wilson and are guaranteed by Kennedy-Wilson Holdings, Inc. and certain subsidiaries of Kennedy Wilson.

The notes accrue interest at a rate of 4.750% (in the case of the 2029 notes), 4.750% (in the case of the 2030 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 for the 2029 notes and 2031 notes and March 1, 2022 for the 2030 notes. The notes will mature on March 1, 2029 (in the case of the 2029 notes), February 1, 2030 (in case of 2030 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), September 1, 2024 (in the case of the 2030 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), September 1, 2024 (in the case of the 2030 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 (for 2029 notes and 2031 notes) and September 1, 2024 (for 2030 notes), 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. The total amount of the 2029 notes, 2030 notes and 2031 notes included in the Company's consolidated balance sheets was \$1.8 billion at December 31, 2021.

KWE Senior Notes Payable

KWE has \$625.4 million (based on December 31, 2021 rates) (€550 million) (the "KWE Notes"). The KWE Notes were issued at a discount and have a carrying value of \$624.1 million, have an annual fixed coupon of 3.25%, and mature in 2025.

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 \$75.0 million outstanding on the A&R Facility on December 31, 2021 with \$425.0 million available to be drawn under the revolving credit facility.

Debt Covenants

The Second A&R Facility and the indentures governing the 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, engage in transactions with affiliates, enter into sale/leaseback transactions, issue subsidiary equity and enter into consolidations or mergers. The Second A&R Facility requires Kennedy Wilson to maintain a minimum consolidated 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, 2021, 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.

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

The indentures governing the notes limit Kennedy-Wilson, Inc.'s ability to incur additional indebtedness if, on the date of such incurrence and after giving effect to the new indebtedness, Kennedy-Wilson, Inc.'s 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.

The 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 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. As of December 31, 2021, 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 Part I. Item 1A *Risk Factors*. As of December 31, 2021, the Company received waivers on certain debt covenants on a loan agreement governing a total of \$71.9 million or 2% of our consolidated mortgage balance. The mortgage is secured by a retail shopping center in the United Kingdom. The loan is non-recourse to the Company and the waiver is through February 28, 2022 and covers interest coverage and loan-to-value covenants. The Company expects to be in compliance with these covenants subsequent to December 31, 2021, 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. The Company is current on all payments (principal and interest) for its property-level mortgages including the loans discussed above.

As of December 31, 2021, 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, 2021, the maximum potential amount of future payments (undiscounted) we could be required to make under the guarantees was approximately \$186.0 million at December 31, 2021. The guarantees expire through 2031 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, 2021, we have unfulfilled capital commitments totaling \$113.7 million to our unconsolidated investments and \$21.6 million to our loan portfolio. In addition to the unfunded capital commitments on its joint venture investments, the Company has \$140.3 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.

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.

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

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, 2021, 79% of our consolidated debt is fixed rate, 12% is floating rate with interest caps and 9% 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 \$7.4 million increase in interest expense or negligible interest expense savings during 2021 on our current consolidated mortgages. The weighted average strike price on caps and maturity of Kennedy Wilson's variable rate mortgages is 1.65% and approximately 2.2 years, respectively, as of December 31, 2021.

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, 2021. The weighted average interest rate for the various assets and liabilities presented are actual as of December 31, 2021. 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 December 31, 2021
	2022	2023	2024	2025	2026	Thereafter	Total	
<i>(Dollars in millions)</i>								
Interest rate sensitive assets								
Cash equivalents	\$524.0	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 524.0	\$ 524.0
Average interest rate	—%	—%	—%	—%	—%	—%	—%	—
Fixed rate receivables	6.9	6.9	—	8.8	—	6.1	28.7	28.7
Average interest rate ⁽¹⁾	—%	6.72%	—%	6.87%	—%	6.49%	0.88%	—
Variable rate receivables	17.1	41.0	31.5	11.2	—	0.8	101.6	101.6
Average interest rate	4.61%	8.23%	6.57%	6.90%	—%	4.84%	31.15%	—
Total	\$548.0	\$ 47.9	\$ 31.5	\$ 20.0	\$ —	\$ 6.9	\$ 654.3	\$ 654.3
Weighted average interest rate ⁽¹⁾	0.17%	8.01%	6.57%	6.89%	—%	6.30%		
Interest rate sensitive liabilities								
Variable rate borrowings	\$289.8	\$ 98.6	\$350.7	\$ 69.1	\$234.1	\$ 118.3	\$1,160.6	\$ 1,123.3
Average interest rate	2.03%	2.96%	2.91%	2.38%	1.05%	2.01%	2.20%	—
Fixed rate borrowings	6.3	189.3	79.9	1,109.4	243.5	2,683.5	4,311.9	4,401.9
Average interest rate	4.76%	2.97%	3.93%	3.41%	3.55%	4.41%	3.77%	—
Total	\$296.1	\$287.9	\$430.6	\$1,178.5	\$477.6	\$ 2,801.8	\$5,472.5	\$ 5,525.2
Weighted average interest rate	2.09%	2.96%	3.10%	3.35%	2.32%	4.31%	3.44%	

⁽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 44% 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 Consolidated and Co-Invest 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, 2021 we have hedged 89% 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 investment management 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 \$26.1 million or decrease by \$26.3 million. If rates moved 10% we would have an increase of \$52.0 million and a decrease of \$52.6 million.

Financial Measures and Descriptions.

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.

Investment Management Fees—Investment management fees are primarily comprised of base asset management fees, and acquisition fees generated by our investment management division. 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.

Property Services—Property services fees are primarily comprised of property management fees, leasing fees and sales commissions generated by our property services division until its sale in the fourth quarter of 2020. 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.

Loans and other income—Interest income earned on consolidated loans

Income from unconsolidated investments—principal co-investments—Income from unconsolidated investments—principal co-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 or loss from ordinary course operations of the underlying investment, gains or losses, on sale, fair value gains and losses

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

Income from unconsolidated investments—performance allocations—Performance allocations relate to allocations to the general partner, special limited partner or asset manager of Kennedy Wilson's co-investments it manages based on the cumulative performance of the fund and are subject to preferred return thresholds of the limited partners.

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.

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.

Compensation and related—employee compensation, comprising of salary, bonus, employer payroll taxes and benefits paid on behalf of employees

Share-based compensation—compensation associated with the grants of share-based awards.

Performance allocation compensation—compensation associated with up to thirty-five percent (35%) of any performance allocation earned by certain commingled funds and separate account investments to be allocated to certain non-NEO employees of the Company.

General and administrative—general and administrative expenses represent administrative costs necessary to run Kennedy Wilson's businesses and include items 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.

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 (loss)—Other income (loss) 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, interest income on bank deposits, commission expenses on property services and transaction related expenses related to unsuccessful deals.

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.

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.

"Adjusted EBITDA" represents net income before interest expense, loss on early extinguishment of debt, our share of interest expense included in unconsolidated investments, depreciation and amortization, our share of depreciation and amortization included in investments in unconsolidated investments, provision for (benefit from) income taxes, our share of taxes include in unconsolidated investments, share-based compensation 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 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 unconsolidated investments, share-based compensation, net income attributable to noncontrolling interests, before depreciation and amortization, preferred dividends and accretion of preferred stock issuance costs and one-time tax remeasurement. 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

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

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 performance allocations, 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.

"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:

	Years Ended December 31,				
(Dollars in millions)	2021	2020	2019	2018	2017
Net income	\$ 336.4	\$ 107.8	\$ 321.1	\$ 212.1	\$ 138.0
Non-GAAP adjustments:					
Add back:					
Interest expense	192.4	201.9	214.2	238.2	217.7
Loss on early extinguishment of debt	45.7	9.3	0.9	—	—
Kennedy Wilson's share of interest expense included in investment in unconsolidated investments	40.2	33.0	32.1	26.0	23.0
Depreciation and amortization	166.3	179.6	187.6	206.1	212.5
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	5.3	6.9	8.2	13.2	16.2
Provision for (benefit from) income taxes	126.2	43.6	41.4	58.0	(16.3)
Kennedy Wilson's share of taxes included in unconsolidated investments	—	1.1	—	—	—
Share-based compensation	28.7	32.3	30.2	37.1	38.4
EBITDA attributable to noncontrolling interests ⁽¹⁾	(13.3)	(7.5)	(107.6)	(78.0)	(173.8)
Adjusted EBITDA⁽²⁾	\$ 927.9	\$ 608.0	\$ 728.1	\$ 712.7	\$ 455.7

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

	Years Ended December 31,				
(Dollars in millions)	2021	2020	2019	2018	2017
Net income	\$ 336.4	\$ 107.8	\$ 321.1	\$ 212.1	\$ 138.0
Non-GAAP adjustments:					
Add back:					
Depreciation and amortization	166.3	179.6	187.6	206.1	212.5
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	5.3	6.9	8.2	13.2	16.2
Share-based compensation	28.7	32.3	30.2	37.1	38.4
Net income attributable to the noncontrolling interests, before depreciation and amortization ⁽¹⁾	(10.5)	(2.5)	(102.0)	(71.5)	(117.8)
Preferred dividends and accretion of preferred stock issuance costs	(17.2)	(17.2)	(2.6)	—	—
One-time tax remeasurement ⁽³⁾	—	—	—	—	(44.8)
Adjusted Net Income⁽²⁾	\$ 509.0	\$ 306.9	\$ 442.5	\$ 397.0	\$ 242.5

^{(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.

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

Net Operating Income

Years Ended December 31,

	2021		2020		2019	
	Consolidated Portfolio	Co-Investment Portfolio	Consolidated Portfolio	Co-Investment Portfolio	Consolidated Portfolio	Co-Investment Portfolio
Net income	\$ 336.4	\$ 389.0	\$ 107.8	\$ 81.0	\$ 321.1	\$ 179.7
Add: Provision for income taxes	126.2	—	43.6	1.0	41.4	—
Less: Income from unconsolidated investments	(389.0)	—	(81.0)	—	(179.7)	—
Less: (Gain) loss on sale of real estate, net	(412.7)	3.1	(338.0)	11.5	(434.4)	(53.5)
Add: Interest expense	192.4	40.0	201.9	33.1	214.2	32.1
Add: Loss on extinguishment	45.7	—	9.3	—	0.9	—
Less: Other loss	5.0	17.9	2.3	13.7	10.6	8.0
Less: Sale of real estate	—	(39.5)	—	(11.5)	—	(26.7)
Less: Interest income	(8.6)	—	(3.1)	—	(0.3)	—
Less: Investment management and property services	(37.4)	(117.9)	(33.1)	(2.6)	(40.6)	(36.2)
Add: Cost of real estate sold	—	36.8	—	13.3	—	23.9
Add: Compensation and related	133.9	—	111.9	—	121.5	—
Add: Share-based compensation	28.7	—	32.3	—	30.1	—
Add: Performance allocation expense	42.0	—	0.2	—	0.1	—
Add: General and administrative	33.3	—	34.6	—	42.4	—
Add: Depreciation	166.3	5.6	179.6	6.9	187.6	8.2
Less: Fair value adjustments	—	(210.6)	—	(43.9)	—	(57.7)
Less: NCI adjustments	(6.4)	—	(6.0)	—	(9.7)	—
Net Operating Income	\$ 255.8	\$ 124.4	\$ 262.3	\$ 102.5	\$ 305.2	\$ 77.8

Years Ended December 31,

	2018		2017	
	Consolidated Portfolio	Co-Investment Portfolio	Consolidated Portfolio	Co-Investment Portfolio
Net income	\$ 212.1	\$ 78.7	\$ 138.0	\$ 77.8
Less: Provision for (benefit from) income taxes	58.0	—	(16.3)	—
Less: Income from unconsolidated investments	(78.7)	—	(77.8)	—
Less: Gain on sale of real estate, net	(371.8)	(23.0)	(226.7)	(10.5)
Less: Gain on sale of business	(40.4)	—	—	—
Add: Interest expense	238.2	26.0	217.7	23.2
Less: Other loss	(8.7)	(2.5)	(28.0)	(5.6)
Less: Sale of real estate	—	(19.2)	—	(108.2)
Less: Interest income	(1.1)	—	(15.2)	—
Less: Investment management and property services	(45.3)	(27.5)	(42.9)	(17.3)
Add: Cost of real estate sold	—	18.6	—	77.4
Add: Compensation and related	131.7	—	138.8	0.9
Add: Share-based compensation	37.1	—	38.4	—
Add: Performance allocation expense	—	—	—	—
Add: General and administrative	50.8	—	42.2	2.6
Add: Depreciation	206.1	13.4	212.5	16.1
Less: Fair value adjustments	—	(9.2)	—	(8.3)
Less: NCI adjustments	(19.7)	—	(138.7)	—
Net Operating Income	\$ 368.3	\$ 55.3	\$ 242.0	\$ 48.1

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, 2021		Year Ended December 31, 2020	
	Same Property		Same Property	
	Revenue	NOI	Revenue	NOI
Net Income	\$ 336.4	\$ 336.4	\$ 107.8	\$ 107.8
Less: Provision for income taxes	126.2	126.2	43.6	43.6
Less: Income from unconsolidated investments	(389.0)	(389.0)	(81.0)	(81.0)
Less: Gain on sale of real estate, net	(412.7)	(412.7)	(338.0)	(338.0)
Add: Interest expense	192.4	192.4	201.9	201.9
Add: Loss on early extinguishment of debt	45.7	45.7	9.3	9.3
Less: Other income	5.0	5.0	2.3	2.3
Less: Investment management fees	(35.3)	(35.3)	(22.5)	(22.5)
Less: Property services fees	(2.1)	(2.1)	(10.6)	(10.6)
Less: Loans and other	(8.6)	(8.6)	(3.1)	(3.1)
Add: Rental expenses	132.7	—	135.7	—
Add: Hotel expenses	12.7	—	13.8	—
Add: Compensation and related	133.9	133.9	111.9	111.9
Add: Share based compensation	28.7	28.7	32.3	32.3
Add: Performance allocation compensation	42.0	42.0	0.2	0.2
Add: General and administrative	33.3	33.3	34.6	34.6
Add: Depreciation and amortization	166.3	166.3	179.6	179.6
Less: NCI adjustments ⁽¹⁾	(9.3)	(5.2)	(6.3)	(3.2)
Add: Unconsolidated investment adjustments ⁽²⁾	157.7	113.3	152.4	109.2
Add: Straight-line and above/below market rents	6.8	6.8	(10.5)	(10.5)
Less: Reimbursement of recoverable operating expenses	(22.7)	—	(24.5)	—
Less: Properties bought and sold ⁽³⁾	(60.5)	(40.9)	(94.5)	(65.6)
Less: Other properties excluded ⁽⁴⁾	(47.9)	(19.9)	(30.2)	(5.5)
Other Reconciling Items ⁽⁵⁾	(8.0)	(3.4)	(1.4)	3.0
Same Property	\$ 423.7	\$ 312.9	\$ 402.8	\$ 295.7

Year Ended December 31, 2021

Year Ended December 31, 2020

	Same Property		Same Property	
	Revenue	NOI	Revenue	NOI
Same Property (Reported)				
Commercial-Same Property	\$ 176.3	\$ 148.8	\$ 165.5	\$ 138.7
Multifamily Market Rate Portfolio-Same Property	209.5	137.7	200.7	131.5
Multifamily Affordable Portfolio-Same Property	37.9	26.4	36.6	25.5
Same Property	\$ 423.7	\$ 312.9	\$ 402.8	\$ 295.7

⁽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 stabilized during the applicable periods.

⁽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.

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

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 Allocations

Performance allocations 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 allocation 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 allocations to reflect either (a) positive performance resulting in an increase in the performance allocations 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 allocations 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 47 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.

Report of Independent Registered Public Accounting Firm

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, 2021 and 2020, 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, 2021, 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, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2021, 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, 2021, 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 25, 2022 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 judgments. 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, 2021, these investments had a fair value of \$1,794.8 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 25, 2022

Report of Independent Registered Public Accounting Firm (continued)

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, 2021, 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, 2021, 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, 2021 and 2020, 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, 2021, and the related notes and financial statement schedule III – Real Estate and Accumulated Depreciation (collectively, the consolidated financial statements), and our report dated February 25, 2022 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 25, 2022

Kennedy-Wilson Holdings, Inc. Consolidated Balance Sheets

	December 31,	
	2021	2020
<i>(Dollars in millions)</i>		
Assets		
Cash and cash equivalents	\$ 524.8	\$ 965.1
Accounts receivable, net (including \$14.2 and \$12.6 of related party)	36.1	47.9
Real estate and acquired in place lease values (net of accumulated depreciation and amortization of \$838.1 and \$815.0)	5,059.8	4,720.5
Unconsolidated investments (including \$1,794.8 and \$1,136.5 at fair value)	1,947.6	1,289.3
Other assets	177.9	199.1
Loan purchases and originations	130.3	107.1
Total assets⁽¹⁾	\$ 7,876.5	\$ 7,329.0
Liabilities		
Accounts payable	\$ 18.6	\$ 30.1
Accrued expenses and other liabilities	619.1	531.7
Mortgage debt	2,959.8	2,589.8
KW unsecured debt	1,852.3	1,332.2
KWE unsecured bonds	622.8	1,172.5
Total liabilities⁽¹⁾	6,072.6	5,656.3
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, 2021 and December 31, 2020	295.2	295.2
Common Stock, \$0.0001 par value, 200,000,000 authorized, 137,955,479 and 141,365,323 shares issued outstanding as of December 31, 2021 and December 31, 2020	—	—
Additional paid-in capital	1,679.6	1,725.2
Retained earnings	192.4	17.7
Accumulated other comprehensive loss	(389.6)	(393.6)
Total Kennedy-Wilson Holdings, Inc. shareholders' equity	1,777.6	1,644.5
Noncontrolling interests	26.3	28.2
Total equity	1,803.9	1,672.7
Total liabilities and equity	\$ 7,876.5	\$ 7,329.0

⁽¹⁾ The assets and liabilities as of December 31, 2021 include \$189.6 million (including cash held by consolidated investments of \$11.5 million and real estate and acquired in place lease values, net of accumulated depreciation and amortization of \$152.8 million) and \$129.2 million (including investment debt of \$103.3 million), respectively, from consolidated variable interest entities ("VIEs"). 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 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.

Kennedy-Wilson Holdings, Inc. Consolidated Statements of Income

	Year ended December 31,		
	2021	2020	2019
<i>(Dollars in millions, except per share data)</i>			
Revenue			
Rental	\$ 390.5	\$ 403.9	\$ 447.4
Hotel	17.1	13.9	80.5
Investment management fees (includes \$35.3, \$22.5, and \$24.9 of related party fees, respectively)	35.3	22.5	24.9
Property service fees (includes \$0.0, \$0.3, and \$0.7 of related party fees, respectively)	2.1	10.6	15.7
Loans and other	8.6	3.1	0.3
Total revenue	453.6	454.0	568.8
Income from unconsolidated investments			
Principal co-investments	271.1	78.3	143.4
Performance allocations	117.9	2.7	36.3
Total income from unconsolidated investments	389.0	81.0	179.7
Gain on sale of real estate, net	412.7	338.0	434.4
Expenses			
Rental	132.7	135.7	152.9
Hotel	12.7	13.8	60.1
Compensation and related	133.9	111.9	121.5
Share-based compensation	28.7	32.3	30.1
Performance allocation compensation	42.0	0.2	0.1
General and administrative	33.3	34.6	42.4
Depreciation and amortization	166.3	179.6	187.6
Total expenses	549.6	508.1	594.7
Interest expense	(192.4)	(201.9)	(214.2)
Loss on early extinguishment of debt	(45.7)	(9.3)	(0.9)
Other loss	(5.0)	(2.3)	(10.6)
Income before provision for income taxes	462.6	151.4	362.5
Provision for income taxes	(126.2)	(43.6)	(41.4)
Net income	336.4	107.8	321.1
Net (income) loss attributable to the noncontrolling interests	(6.0)	2.3	(94.4)
Preferred dividends	(17.2)	(17.2)	(2.6)
Net income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ 313.2	\$ 92.9	\$ 224.1
Basic Earnings per share			
Income per basic	\$ 2.26	\$ 0.66	\$ 1.60
Weighted average shares outstanding for basic	138,552,058	139,741,411	139,729,573
Diluted Earnings per share			
Income per diluted	\$ 2.24	\$ 0.66	\$ 1.58
Weighted average shares outstanding for diluted	140,132,435	140,347,365	141,501,323
Dividends declared per common share	\$ 0.90	\$ 0.88	\$ 0.85

See accompanying notes to consolidated financial statements.

Kennedy-Wilson Holdings, Inc. Consolidated Statements of Comprehensive Income

	Year ended December 31,		
	2021	2020	2019
<i>(Dollars in millions)</i>			
Net income	\$ 336.4	\$ 107.8	\$ 321.1
Other comprehensive (loss) income, net of tax:			
Unrealized foreign currency translation (loss) gain	(58.3)	66.5	(13.3)
Amounts reclassified out of AOCI during the year	2.2	0.8	10.4
Unrealized currency derivative contracts gain (loss)	56.2	(37.8)	38.7
Unrealized gain (loss) on interest rate swaps	3.2	(5.3)	(0.7)
Total other comprehensive income for the year	3.3	24.2	35.1
Comprehensive income	339.7	132.0	356.2
Comprehensive (income) loss attributable to noncontrolling interests	(5.2)	1.7	(105.0)
Comprehensive income attributable to Kennedy-Wilson Holdings, Inc.	\$ 334.5	\$ 133.7	\$ 251.2

See accompanying notes to consolidated financial statements.

Kennedy-Wilson Holdings, Inc. Consolidated Statements of Equity

	Year Ended December 31, 2021									
	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total	
	Shares	Amount	Shares	Amount						
<i>(Dollars in millions, except share amounts)</i>										
Balance, December 31, 2020	300,000	\$ 295.2	141,365,323	\$ —	\$ 1,725.2	\$ 17.7	\$ (393.6)	\$ 28.2	\$ 1,672.7	
Shares forfeited	—	—	(237,588)	—	—	—	—	—	—	
Restricted stock grants (RSG)	—	—	619,945	—	—	—	—	—	—	
Shares retired due to RSG	—	—	(967,536)	—	(20.5)	—	—	—	(20.5)	
Shares retired due to common stock repurchase program	—	—	(2,824,665)	—	(50.0)	(12.7)	—	—	(62.7)	
Stock based compensation	—	—	—	—	28.7	—	—	—	28.7	
Other comprehensive (loss) income:										
Unrealized foreign currency translation loss, net of tax	—	—	—	—	—	—	(55.8)	(0.8)	(56.6)	
Unrealized foreign currency derivative contract gain, net of tax	—	—	—	—	—	—	56.1	—	56.1	
Unrealized gain on interest rate swaps, net of tax	—	—	—	—	—	—	3.7	—	3.7	
Common stock dividends	—	—	—	—	—	(125.8)	—	—	(125.8)	
Preferred stock dividends	—	—	—	—	—	(17.2)	—	—	(17.2)	
Net income	—	—	—	—	—	330.4	—	6.0	336.4	
Contributions from noncontrolling interests	—	—	—	—	—	—	—	7.8	7.8	
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(18.7)	(18.7)	
Incentive allocations to noncontrolling interests	—	—	—	—	(3.8)	—	—	3.8	—	
Balance, December 31, 2021	300,000	\$ 295.2	137,955,479	\$ —	\$ 1,679.6	\$ 192.4	\$ (389.6)	\$ 26.3	\$ 1,803.9	

See accompanying notes to consolidated financial statements.

Kennedy-Wilson Holdings, Inc.

Consolidated Statements of Equity

(Dollars in millions, except share amounts)

Year Ended December 31, 2020

	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings	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	—	—	2,543,551	—	—	—	—	—	—
Shares retired due to RSG	—	—	(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 gain, net of tax	—	—	—	—	—	—	66.1	0.6	66.7
Unrealized foreign currency derivative contract loss, 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)
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.

(Dollars in millions, except share amounts)

Year Ended December 31, 2019

	Preferred Stock		Common Stock		Additional Paid-in Capital	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
	Shares	Amount	Shares	Amount					
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	—	—	64,458	—	—	—	—	—	—
Shares retired due to RSG	—	—	(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 income (loss):									
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 loss on interest rate swaps	—	—	—	—	—	—	(0.7)	—	(0.7)
Common stock dividends	—	—	—	—	—	(121.1)	—	—	(121.1)
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.

Kennedy-Wilson Holdings, Inc.

Consolidated Statements of Cash Flows

(Dollars in millions)

Year ended December 31,

	2021	2020	2019
Cash flows from operating activities:			
Net income	\$ 336.4	\$ 107.8	\$ 321.1
Adjustments to reconcile net income to net cash used in operating activities:			
Gain on sale of real estate, net	(412.7)	(338.0)	(434.3)
Depreciation and amortization	166.3	179.6	187.6
Above/below and straight-line rent amortization	6.8	(10.2)	(4.6)
Uncollectible lease income	12.9	13.5	—
Provision for deferred income taxes	112.2	27.2	26.7
Amortization of loan fees	16.2	0.8	9.3
Amortization of discount and accretion of premium on senior notes payable	2.4	8.5	1.6
Unrealized net gain on derivatives	(4.6)	(5.4)	(5.9)
Income from unconsolidated investments	(389.0)	(81.0)	(179.7)
Accretion of interest income on loans	(0.5)	(0.9)	(0.1)
Stock compensation expense	28.7	32.3	30.2
Deferred compensation	56.3	6.4	3.8
Operating distributions from unconsolidated investments	82.2	59.7	74.1
Operating distributions from loans	—	0.7	—
Change in assets and liabilities:			
Accounts receivable	(0.5)	(9.0)	1.0
Other assets	(18.8)	—	(25.8)
Accrued expenses and other liabilities	(24.6)	(4.6)	(24.5)
Net cash used in operating activities	(30.3)	(12.6)	(19.5)
Cash flows from investing activities:			
Issuance of loans	(83.4)	(88.6)	(2.7)
Proceeds from collection of loans	58.1	34.1	0.6
Net proceeds from sale of consolidated real estate	486.4	827.8	701.0
Purchases of consolidated real estate	(1,131.8)	(70.1)	(210.9)
Capital expenditures to real estate	(139.2)	(194.1)	(191.1)
Investment in marketable securities	—	(12.1)	—
Proceeds from sale of marketable securities	—	10.2	—
Investing distributions from unconsolidated investments	82.8	177.5	115.0
Contributions to unconsolidated investments	(280.8)	(111.6)	(266.0)
Proceeds from settlement of foreign currency derivative contracts	(30.1)	15.5	33.4
Additions to development project asset	—	—	(1.2)
Proceeds from sale of development project asset	—	2.2	4.2
Net cash (used in) provided by investing activities	(1,038.0)	590.8	182.3
Cash flow from financing activities:			
Borrowings under senior notes payable	1,804.3	—	—
Repayment of senior notes payable	(1,150.0)	—	—
Borrowings under line of credit/term loan	314.3	200.0	125.0
Repayment of line of credit/term loan	(438.5)	—	(200.0)
Borrowings under mortgage debt	1,144.9	296.4	488.6
Repayment of mortgage debt	(268.2)	(487.1)	(391.4)
Repayment of KWE Bonds	(504.4)	—	—
Payment of loan fees	(35.6)	(5.6)	(4.8)
Repurchase of common stock	(83.2)	(57.4)	(20.7)
Issuance of preferred stock	—	—	295.2
Common stock dividends paid	(123.5)	(126.1)	(114.9)
Preferred stock dividends paid	(17.2)	(13.6)	(2.6)
Borrowings (repayment) of shareholder loans to noncontrolling interests	—	1.2	(11.2)
Contributions from noncontrolling interests	7.8	4.5	15.0
Distributions to noncontrolling interests	(18.7)	(18.9)	(264.0)
Net cash provided by (used in) financing activities	632.0	(206.6)	(85.8)
Effect of currency exchange rate changes on cash and cash equivalents	(4.0)	19.6	8.9
Net change in cash and cash equivalents	(440.3)	391.2	85.9
Cash and cash equivalents, beginning of year	965.1	573.9	488.0
Cash and cash equivalents, end of year	\$ 524.8	\$ 965.1	\$ 573.9

See accompanying notes to consolidated financial statements.

Supplemental cash flow information:

(Dollars in millions)

Year ended December 31,

	2021	2020	2019
Cash paid for:			
Interest ⁽¹⁾⁽²⁾	\$ 183.7	\$ 209.7	\$ 211.1
Income taxes	16.5	12.6	20.6

⁽¹⁾ \$4.1 million, \$4.3 million, and \$3.5 million attributable to non-controlling interests for the years ended December 31, 2021, 2020, and 2019.

⁽²⁾ Excludes \$3.2 million, \$3.4 million, and \$3.8 million of capitalized interest during the for the years ended December 31, 2021, 2020 and 2018.

As of December 31, 2021, 2020, and 2019 we have \$24.2 million, \$101.7 million, and \$54.5 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:

The noncontrolling 51% interest that the Company retained in the MF seed portfolio (see gain on sale of real estate in footnote 3 for further description of the transaction) was treated as a non-cash activity with the remaining share of real estate, mortgage loan and other balance sheet items being removed from the consolidated balance sheet resulting in an increase of \$178.8 million to unconsolidated investments.

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 due to additional investors coming into the fund and the Company no longer controlling it. 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 for the Company's retained share of the fund 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 due to the Company bringing in another equity partner and no longer controlling the properties. 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 for the Company's retained interest in the properties were all recorded as non-cash activity.

Kennedy-Wilson Holdings, Inc. Consolidated Statements of Cash Flows (continued)

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 these investments 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. 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. The Company subsequently sold an additional 30% interest in these assets during the year ended December 31, 2020. As the assets were already deconsolidated the sale of this additional interest was treated as a cash activity and reduced the Company's unconsolidated investments balance.

Kennedy-Wilson Holdings, Inc. and Subsidiaries Notes to Consolidated Financial Statements December 31, 2021, 2020 and 2019

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 consolidation 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.

Statement of Income Presentation

As the Co-Investment business has grown, the Company is updating the presentation of related items in the statements of income for all periods presented as this presentation reflects the prominence of this core part of our business and more closely represents how management evaluates results during an accounting period. The income from unconsolidated investments caption has been expanded to show principal co-investments and performance allocations. Principal co-investments consists of unrealized and realized gains on the Company's Co-Investments including any fair value adjustments and the Company's share of net income and losses from Co-Investments. Performance allocations relate to special allocations to co-investments the Company manages based on the cumulative performance of the fund or investment and are subject to preferred return thresholds of its limited partners. These captions have been moved above expenses as the Co-Investments business is a significant part of the Company's business. As the Company has compensation expense and general and administrative expenses relating to the management of this business, presenting these amounts before Expenses also provides a better understanding of the nature of those expenses. Based on the foregoing, the Company has concluded this change in presentation is justified by the circumstances thereby supporting presentation in a different position and in a different manner from its historical presentation.

The Company has reported significant gains on sale of real estate, net in each period presented. Previously, gains on sale of real estate were presented after expenses. These gains contribute to the Company's compensation and related expenses and accordingly presentation of this significant,

Kennedy-Wilson Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2021, 2020 and 2019 (continued)

recurring component that is directly correlated to expenses should, in management's view, precede those expenses on the statements of income. Furthermore, the Company accounts for gains on sale of real estate under ASC Subtopic 610-20, *Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets* and we have determined that the updated presentation complies with that standard.

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, leasing and commission fees, loan interest income 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 allocations, 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.

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 from its auction sales and marketing business. 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.

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.

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. Under ASC Subtopic 610-20, the Company recognizes the entire gain attributed to contributions of real estate properties to unconsolidated entities.

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 elected the fair value option for 47 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.

Kennedy-Wilson Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2021, 2020 and 2019 (continued)

Additionally, 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.

Performance allocations 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 allocation 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 allocation to reflect either (a) positive performance resulting in an increase in the performance allocation 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 income from unconsolidated investments, resulting in a negative adjustment to performance allocations to the general partner or asset manager. As of December 31, 2021, the Company has \$169.7 million of accrued performance allocations recorded to unconsolidated investments that are subject to future adjustments based on the underlying performance of investments. During the year ended December 31, 2021, the Company collected \$9.6 million of previously accrued performance allocations.

The Company has concluded that performance allocations to the Company, based on cumulative performance to-date, represent carried interests. For equity method investments, these allocations 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 allocations are included in the determination of fair value under ASC Topic 820, *Fair Value Measurement*.

Performance allocation compensation is recognized in the same period that the related performance allocations are recognized and can be reversed during periods when there is a reversal of performance allocations that were previously recognized.

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.

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 exchange 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 exchange 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 Intangibles—Goodwill and Other*, 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, 2021, 2020 and 2019.

Kennedy-Wilson Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2021, 2020 and 2019 (continued)

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, 2021, 2020, and 2019 we have \$24.2 million, \$101.7 million, and \$54.5 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 Property, Plant and Equipment*. 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.

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, *Compensation—Stock Compensation*. 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 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

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December 31, 2021, 2020 and 2019 (continued)

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, 2021. The Company has received some requests for lease modifications and has granted some deferrals but the amount 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.

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 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 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 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, 2021 the Company has \$130.3 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 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. The Company will evaluate its debt and derivative contracts that may become eligible for modification relief and may apply the elections prospectively as needed.

The FASB did not issue any other ASUs during the year ended December 31, 2021 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, 2021 and 2020:

	December 31,	
(Dollars in millions)	2021	2020
Land	\$ 1,277.6	\$ 1,225.1
Buildings	3,744.1	3,436.0
Building improvements	545.6	546.6
Acquired in-place lease values	330.6	327.8
	5,897.9	5,535.5
Less accumulated depreciation and amortization	(838.1)	(815.0)
Real estate and acquired in place lease values, net of accumulated depreciation and amortization	\$ 5,059.8	\$ 4,720.5

Real property, including land, buildings, and building improvements, are included in real estate and are generally stated at cost. Buildings and building improvements are 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 6.9 years at December 31, 2021.

Depreciation and amortization expense on buildings, building improvements and acquired in-place lease values for the years ended December 31, 2021, 2020 and 2019 was \$151.3 million, \$165.7 million and \$173.4 million, respectively.

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December 31, 2021, 2020 and 2019 (continued)

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 after arms-length negotiations.

During the year ended December 31, 2021, Kennedy Wilson acquired the following consolidated properties:

(Dollars in millions)

Location	Description	Purchase Price Allocation at Acquisition ⁽¹⁾				
		Land	Building	Acquired in-place lease values ⁽²⁾	Investment debt	KWH Shareholders' Equity
Western U.S.	Ten multifamily properties	\$ 166.1	\$ 610.9	\$ 2.3	\$ 469.1	\$ 310.2
United Kingdom	Two commercial properties	95.9	231.3	22.3	—	349.5
		\$ 262.0	\$ 842.2	\$ 24.6	\$ 469.1	\$ 659.7

⁽¹⁾ Excludes net other assets.

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

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

(Dollars in millions)

Location	Description	Purchase Price Allocation at Acquisition ⁽¹⁾				
		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 and accrued expenses and other liabilities, respectively, on the accompanying consolidated balance sheets.

Gains on Sale of Real Estate, Net

During the years ended December 31, 2021, 2020 and 2019, Kennedy Wilson recognized the following net gains on sale of real estate. Included in the net gains for December 31, 2021 is an impairment loss of \$20.9 million on two retail properties in the United Kingdom and an additional impairment on a residential property in the Western United States. Included in the net gains for December 31, 2020 is an \$15.6 million impairment loss on five retail properties in the United Kingdom and a residential property in the Western United States. 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
2021	Primarily due to the sale of a 49% equity interest in nine multifamily properties in Western United States that were previously wholly-owned and controlled by the Company and the sale of a wholly-owned office property in the United Kingdom	\$ 433.6	\$ —	\$ 433.6
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

⁽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 certain transactions resulting in the deconsolidation of the Company's interest in investments previously consolidated in the Company's financial statements, the Company recognized (i) \$332.0 million through gain on sale of real estate, net during the year ended December 31, 2021, (ii) a gain of \$126.3 million through gain on sale of real estate, net, during the year ended December 31, 2020, and (iii) 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.

Due to the sale and deconsolidation of the assets that make up the MF seed portfolio, the Company recognized a \$332.0 million gain on sale of real estate asset and generated \$166.4 million of cash proceeds for the Company. The gain is due to the sale of the 49% interest to the Company's partner and the recording of the Company's retained 51% interest in unconsolidated investments at the fair value established by the transaction. The MF seed portfolio and subsequent investments within the separate account are accounted for at fair value as the Company has elected to account for this investment under the fair value adoption.

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 ("European Industrial JV"). The European Industrial JV commenced with 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 European Industrial JV through its retained 20% ownership interest in the joint venture. As the Company does not control the European Industrial JV, the assets are no longer consolidated and the European 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. The Company recognized a \$126.3 million gain from the sale and deconsolidation.

During the second quarter of 2019, AXA Investment Managers—Real Assets ("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

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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. The Company recognized a gross gain of \$317.8 million in gain on sale of real estate and \$105.4 million which was allocated to noncontrolling interests for a net gain of \$212.4 million.

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, 2021:

(Dollars in millions)	Minimum	
	Rental Revenues ⁽¹⁾	
2022	\$	154.7
2023		135.4
2024		111.8
2025		95.7
2026		78.3
Thereafter		239.0
Total	\$	814.9

⁽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.

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, 2021:

(Dollars in millions)	Multifamily	Commercial	Hotel	Funds	Residential and Other	Total
Western U.S.	\$ 592.1	\$ 81.0	\$ 131.0	\$ 189.2	\$ 179.6	\$ 1,172.9
Ireland	389.5	141.1	—	3.1	—	533.7
United Kingdom	—	169.3	—	42.9	28.8	241.0
Total	\$ 981.6	\$ 391.4	\$ 131.0	\$ 235.2	\$ 208.4	\$ 1,947.6

The following table details the Kennedy Wilson's investments in joint ventures by investment type and geographic location as of December 31, 2020:

(Dollars in millions)	Multifamily	Commercial	Hotel	Funds	Residential and Other	Total
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

During the year ended December 31, 2021, the change in unconsolidated investments primarily relates to \$280.8 million of cash contributions to unconsolidated investments, \$165.0 million of distributions from unconsolidated investments, \$178.8 million associated with the deconsolidation of the MF seed portfolio as discussed in Note 3, \$389.0 million of income from unconsolidated investments (including \$213.5 million of fair value gains), and a \$32.2 million decrease related to other items which primarily related to foreign exchange movements.

As of December 31, 2021 and December 31, 2020, \$1,794.8 million and \$1,136.5 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, 2021, Kennedy Wilson contributed \$280.8 million to joint ventures, primarily to fund new acquisitions in the Company's European Industrial JV separate account and capital calls with respect to the Kona Village hotel development.

Distributions from Joint Ventures

The following table details cash distributions by investment type and geographic location for the year ended December 31, 2021:

(Dollars in millions)	Multifamily		Commercial		Funds		Residential and Other		Total	
	Operating	Investing	Operating	Investing	Operating	Investing	Operating	Investing	Operating	Investing
Western U.S.	\$ 29.7	\$ 22.5	\$ 9.4	\$ 9.6	\$ 24.1	\$ 5.3	\$ —	\$ 22.1	\$ 63.2	\$ 59.5
Ireland	5.7	23.2	10.0	—	—	—	—	—	15.7	23.2
United Kingdom	—	—	3.3	—	—	—	—	0.1	3.3	0.1
Total	\$ 35.4	\$ 45.7	\$ 22.7	\$ 9.6	\$ 24.1	\$ 5.3	\$ —	\$ 22.2	\$ 82.2	\$ 82.8

Investing distributions resulted primarily from the sales of one multifamily property and two office properties in Fund VI, refinancing and buyouts from limited partners in the VHH portfolio, and a partial redemption of a non-core hedge fund investment. Operating distributions resulted from operating cash flow generated by the joint venture investments that have been distributed to the Company.

Income from Unconsolidated Investments

The following table presents income from unconsolidated investments recognized by Kennedy Wilson during the years ended December 31, 2021, 2020 and 2019:

(Dollars in millions)	Year Ended December 31,		
	2021	2020	2019
Income from unconsolidated investments—operating performance	\$ 60.7	\$ 43.4	\$ 35.5
Income from unconsolidated investments—realized gains cost basis investments	—	—	53.5
Income from unconsolidated investments—unrealized and realized fair value gains	213.5	47.2	64.7
Income from unconsolidated investments—realized losses and impairment	(3.1)	(12.3)	(10.3)
Principal co-investments	271.1	78.3	143.4
Income from unconsolidated investments—performance allocation	117.9	2.7	36.3
	\$ 389.0	\$ 81.0	\$ 179.7

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December 31, 2021, 2020 and 2019 (continued)

Operating performance is related to the ongoing performance from unconsolidated investments. Realized gains are related to completed asset sales. Fair value gains primarily relate to market rate multifamily investments in the Company's Western United States portfolio and was due to increases in NOI and cap rate compression. The cap rate compression was supported by recent transactions entered into by the Company, third-party appraisals, as well as third party transactional and market data. Additionally, the fair value of the Company's investment in Zonda (retained interest from the Meyers disposition in 2018) increased due to favorable operating activity. We also saw fair value increases related to the Company's European logistics portfolio, as a result of cap rate compression on industrial assets in the United Kingdom, resyndications at the Company's VHH partnership and exchange movements on Euro denominated unconsolidated investments carried at fair value. Income from performance allocations primarily relates to increase in the Company's unrealized performance allocations related to higher fair values on market rate multifamily properties and European Industrial assets as discussed above.

The Company evaluates on a quarterly basis 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 during the year ended December 31, 2021 and 2020. During the year ended December 31, 2019 an impairment was recognized on a residential development project in the Western United States.

Vintage Housing Holdings ("VHH")

As of December 31, 2021 and 2020, the carrying value of the Company's investment in VHH was \$157.9 million and \$142.9 million, respectively. The total equity income recognized from the Company's investment in VHH was \$41.4 million, \$22.8 million and \$50.0 million for the years ended December 31, 2021, 2020 and 2019, respectively. Distributions in the current period primarily relate to the refund of advances on two development projects in which VHH provides cash for the construction costs in advance, and other partners subsequently pay their share of the costs back to VHH. Fair value gains in the current period primarily relate to 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 primarily relate to cap rate compression.

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 interest in it. As of December 31, 2021, the carrying value of the Company's investment in KW Europe Fund II was \$46.0 million.

Refer to the description of the European 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, 2021, the carrying value of the Company's investment in the European Industrial JV was \$117.4 million.

Capital Commitments

As of December 31, 2021, Kennedy Wilson had unfulfilled capital commitments totaling \$113.7 million to eight of its unconsolidated joint ventures, including \$39.0 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 \$140.3 million of equity commitments on various development projects. The Company may be called upon to contribute additional capital to joint ventures in satisfaction of such capital commitment obligations.

Summarized financial data

The MF seed portfolio had \$92.1 million of income from unconsolidated investments which consisted of \$73.3 million of fair value gains, \$15.7 million of performance allocations and \$3.2 million relating to the Company's ownership in the underlying operations of the properties in the portfolio. The income from the MF seed portfolio was significant component and as such the MF seed portfolio is considered a significant subsidiary for the year ended December 31, 2021. Summarized financial information is provided below. As the investment was new during the year, only results for the current period are shown below. As these assets were previously consolidated by the Company amounts for prior periods are reflected as part of consolidation operations in the prior periods.

<i>(Dollars in millions)</i>	December 31, 2021
Cash	\$ 10.6
Accounts receivable	2.4
Real estate	943.5
Other	3.3
Total assets	\$ 959.8
Liabilities	
Accounts payable and accrued expenses	\$ 4.4
Debt	458.9
Total liabilities	463.3
Equity	
Kennedy Wilson—investment in unconsolidated investments	268.9
Partner	227.6
Total equity	496.5
Total liabilities and equity	\$ 959.8

<i>(Dollars in millions)</i>	<i>Year Ended</i>
	December 31, 2021
Rental income	\$ 31.6
Unrealized fair value gains	145.6
Rental expenses	(10.2)
Interest expense	(8.2)
Other expense	(9.0)
Net income	149.8
Income attributable to partner	(57.7)
Income from unconsolidated investments	\$ 92.1

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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, 2021:

<i>(Dollars in millions)</i>	Level 1	Level 2	Level 3	Total
Unconsolidated investments	\$ —	\$ —	\$ 1,794.8	\$ 1,794.8
Net currency derivative contracts	—	8.5	—	8.5
Total	\$ —	\$ 8.5	\$ 1,794.8	\$ 1,803.3

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

Unconsolidated Investments

Kennedy Wilson elected to use the FV Option for 47 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 \$1,568.5 million and \$999.2 million at December 31, 2021 and 2020, 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 \$226.3 million and \$137.3 million at December 31, 2021 and 2020, 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 47 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, 2021	December 31, 2020
FV Option	\$ 1,568.5	\$ 999.2
Funds	226.3	137.3
Total	\$ 1,794.8	\$ 1,136.5

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>	2021	2020	2019
Beginning balance	\$ 1,136.5	\$ 1,099.3	\$ 662.2
Unrealized and realized gains, including performance allocations	390.0	109.8	161.1
Unrealized and realized losses	(5.0)	(13.5)	(26.9)
Contributions	273.8	109.2	191.2
Distributions	(144.3)	(189.7)	(104.1)
Foreign Exchange	(28.4)	24.5	(3.4)
Other	172.2	(3.1)	219.2
Ending Balance	\$ 1,794.8	\$ 1,136.5	\$ 1,099.3

The Other balance for the year ended December 31, 2021 above includes \$178.8 million related to the deconsolidation of nine multifamily assets in the MF seed portfolio during the period. For the year ended December 31, 2019 the Other balance includes \$125.5 million from the deconsolidation of State Street and Capital Dock and \$92.2 million from the deconsolidation of three assets in Dublin, Ireland comprising 468 multifamily units. As the increase in unconsolidated investments was due to a non-cash movement the amounts are reflected in Other above. See notes to cash flow statement and note 3 for further discussion regarding the sale.

The change in unrealized gains and losses on Level 3 investments during 2021 and 2020 for investments still held as of December 31, 2021 and 2020 were gains of \$195.3 million and \$27.4 million, respectively. The change in unrealized and realized gains and losses are included in principal co-investments within income from unconsolidated investments in the accompanying consolidated statements of income.

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 terminal 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, 2021 for real estate assets:

	<i>Estimated Rates Used For</i>	
	Terminal Capitalization Rates	Discount Rates
Multifamily	3.70% – 5.25%	5.35% – 7.40%
Office	4.00% – 7.75%	5.10% – 9.25%
Industrial	3.50% – 7.40%	4.40% – 8.40%
Retail	5.00% – 7.00%	7.50% – 9.00%
Hotel	6.00%	8.25%
Residential	N/A	N/A

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 0.25% 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, its 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 ready 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 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 on these investments to be different than the unrealized gains or losses reflected in the currently assigned valuations.

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The Company assessed the impact of the COVID-19 pandemic and its ongoing 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 there has been little disruption to projected cash flows or market driven inputs on the underlying properties as a result of COVID-19. 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, 2021 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 a portion of 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, 2021, 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 certain consolidated subsidiaries qualifies as a net investment hedge under ASC Topic 815, *Derivatives and Hedging*. On investments in which the Company has elected the fair value option changes in fair value are recorded to income from unconsolidated investments to offset fair value changes of the currency in which foreign fair value investments are invested.

The fair value of the derivative instruments held as of December 31, 2021 and 2020 are reported in other assets for hedge assets and included in accrued expenses and other liabilities for hedge liabilities on the accompanying consolidated balance sheet. See Note 14 for a complete discussion on other comprehensive income including currency forward and option contracts and foreign currency translations.

The table below details the currency forward contracts and currency option contracts Kennedy Wilson had as of December 31, 2021:

		(Dollars in millions)		December 31, 2021		Year Ended December 31, 2021			
Currency Hedged	Underlying Currency	Notional	Hedge Asset	Hedge Liability	Change in Unrealized Gains	Realized Gains	Interest Expense	Cash Paid	
Outstanding									
EUR	USD	€ 232.5	\$ 9.4	\$ 5.7	\$ 0.5	\$ 15.0	\$ 3.9	\$ —	
EUR ⁽¹⁾	GBP	€ 40.0	—	—	—	—	—	—	
EUR ⁽¹⁾⁽²⁾	GBP	€ —	—	—	40.3	—	—	—	
GBP	USD	£ 535.0	15.1	10.3	10.2	—	4.5	—	
Total Outstanding			24.5	16.0	51.0	15.0	8.4	—	
Settled									
EUR	GBP	—	—	—	6.7	—	—	(27.9)	
GBP	USD	—	—	—	1.3	—	—	(2.2)	
Total Settled			—	—	8.0	—	—	(30.1)	
Total			\$ 24.5	\$ 16.0	\$ 59.0 ⁽³⁾	\$ 15.0	\$ 8.4	\$ (30.1)	

⁽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 expense of \$2.9 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.

Interest Rate Swaps

During the years ended December 31, 2021 and 2020, 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, 2021 and 2020, the Company had additional interest rate expense relating to difference in variable rate and fixed interest rates of \$0.9 million and \$1.2 million. The changes in fair value on these contracts was a gain of \$4.2 million and a loss of \$6.9 million for the years ended December 31, 2021 and 2020 and are recorded to other comprehensive loss. During the year end December 31, 2021 the Company sold interests in properties held in the MF seed portfolio that had mortgages with interest rate swaps. Due to the sale and deconsolidation of its interests, the Company recognized \$0.8 million to gain on sale of real estate for amounts that had previously been recognized to other comprehensive income. During the year ended December 31, 2020, 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 due to the sale of a consolidated multifamily property which had an interest rate swap designated on one of its variable rate mortgages

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, 2021 and 2020 for mortgages, KW unsecured debt, and KWE unsecured

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bonds were estimated to be approximately \$5.5 billion and \$4.9 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 \$5.4 billion and \$5.1 billion as of December 31, 2021 and 2020, 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:

(Dollars in millions)	December 31,	
	2021	2020
Straight line rent receivable	\$ 44.3	\$ 51.6
Hedge assets	24.5	12.0
Goodwill	23.9	23.9
Furniture and equipment net of accumulated depreciation of \$27.4 and \$27.2 at December 31, 2021 and December 31, 2020, respectively	17.6	22.3
Other, net of accumulated amortization of \$— and \$2.1 at December 31, 2021 and 2020, respectively	15.3	19.0
Prepaid expenses	13.3	11.8
Deferred taxes, net	12.6	22.1
Right of use asset, net	10.0	11.2
Above-market leases, net of accumulated amortization of \$60.4 and \$58.3 at December 31, 2021 and 2020, respectively	8.4	15.0
Leasing commissions, net of accumulated amortization of \$9.7 and \$7.4 at December 31, 2021 and 2020, respectively	8.0	10.2
Other Assets	\$ 177.9	\$ 199.1

Depreciation and amortization expense related to the above depreciable assets were \$14.5 million, \$13.6 million, and \$14.2 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Right of use asset, net

The Company, as a lessee, has three office leases and three ground leases, which qualify as operating leases, with remaining lease terms of 2 to 237 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.

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:

(Dollars in millions)	Minimum	
	Rental Payments	
2022	\$	1.5
2023		0.8
2024		0.5
2025		0.3
2026		0.2
Thereafter		31.9
Total undiscounted rental payments		35.2
Less imputed interest		(25.2)
Total lease liabilities	\$	10.0

Rental expense was \$0.7 million, \$1.0 million, and \$1.4 million for the years ended December 31, 2021, 2020 and 2019, respectively, and is included in general and administrative expense in the accompanying consolidated statements of income.

NOTE 7—MORTGAGE DEBT

The following table details mortgage debt secured by Kennedy Wilson's consolidated properties as of December 31, 2021 and 2020:

(Dollars in millions)	Region	Carrying amount of mortgage debt as of December 31, ⁽¹⁾	
		2021	2020
Mortgage Debt by Product Type			
Multifamily ⁽¹⁾	Western U.S.	\$ 1,493.1	\$ 1,345.5
Commercial ⁽¹⁾	United Kingdom	683.8	429.6
Commercial	Western U.S.	351.0	375.2
Commercial ⁽¹⁾	Ireland	327.3	320.5
Hotel	Ireland	82.0	88.0
Commercial	Spain	40.4	43.6
Mortgage debt (excluding loan fees) ⁽¹⁾		2,977.6	2,602.4
Unamortized loan fees		(17.8)	(12.6)
Total Mortgage Debt		\$ 2,959.8	\$ 2,589.8

⁽¹⁾ The mortgage debt payable balances include unamortized debt premiums. Debt premiums 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, 2021 and 2020 was \$2.5 million and \$4.5 million, respectively.

The mortgage debt had a weighted average interest rate of 3.11% and 3.31% per annum as of December 31, 2021 and 2020, respectively. As of December 31, 2021, 78% of Kennedy Wilson's property level debt was fixed rate, 13% was floating rate with interest caps and 9% was floating rate without interest caps, compared to 73% fixed rate, 13% floating rate with interest caps and 14% floating rate without interest caps, as of December 31, 2020.

Mortgage Loan Transactions and Maturities

During the year ended December 31, 2021, eight acquisitions were partially financed with mortgages, six existing mortgages were refinanced, and two 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, 2021 are as follows:

(Dollars in millions)	Aggregate Maturities
2022 ⁽¹⁾	\$ 17.4
2023	374.8
2024	513.9
2025	482.4
2026	478.2
Thereafter	1,108.4
	2,975.1
Unamortized debt premium	2.5
Unamortized loan fees	(17.8)
Total Mortgage Debt	\$ 2,959.8

⁽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.

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As of December 31, 2021, the Company received waivers on certain debt covenants on a loan agreement governing a total of \$71.9 million or 2% of our consolidated mortgage balance. The mortgage is secured by a retail shopping center in the United Kingdom. This loan is non-recourse to the Company and the waivers are through February 28, 2022 and typically cover interest coverage and loan-to-value covenants. The Company expects to be in compliance with these covenants subsequent to December 31, 2021, 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, 2021, 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, 2021 and 2020:

(Dollars in millions)	December 31,	
	2021	2020
Credit Facility	\$ 75.0	\$ 200.0
Senior Notes ⁽¹⁾	1,803.9	1,146.9
KW Unsecured Debt	1,878.9	1,346.9
Unamortized loan fees	(26.6)	(14.7)
Total KW Unsecured Debt	\$ 1,852.3	\$ 1,332.2

⁽¹⁾ The senior notes 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 unamortized debt premium as of December 31, 2021 was \$3.9 million and a debt discount of \$3.1 million as of December 31, 2020.

Borrowings Under Credit Facilities

The Company, through a wholly-owned subsidiary, has a \$500 million unsecured revolving credit and term loan facility (the "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 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, 2021, 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, 2021, the Company had \$75.0 million outstanding on the Second A&R Facility with \$425.0 million available to be drawn.

The average outstanding borrowings under credit facilities was \$72.3 million during the year ended December 31, 2021.

Senior Notes

On February 11, 2021, Kennedy-Wilson, Inc., as issuer, 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 "initial notes"). On March 15, 2021, Kennedy-Wilson, Inc. issued an additional \$100 million aggregate principal of the 2029 notes and an additional \$100 million of the 2031 notes. These additional notes were issued as "additional notes" under the indentures pursuant to which Kennedy Wilson previously issued 2029 notes and the 2031 notes. On August 23, 2021, Kennedy-Wilson, Inc. issued \$600.0 million aggregate principal amount of 4.750% senior notes due 2030 (the "2030 notes" and, together with the 2029 notes and the 2031 notes, the "notes"). The notes are senior, unsecured obligations of Kennedy Wilson and are guaranteed by Kennedy-Wilson Holdings, Inc. and certain subsidiaries of Kennedy Wilson.

The notes accrue interest at a rate of 4.750% (in the case of the 2029 notes), 4.750% (in the case of the 2030 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 for the 2029 notes and 2031 notes and March 1, 2022 for the 2030 notes. The notes will mature on March 1, 2029 (in the case of the 2029 notes), February 1, 2030 (in case of 2030 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), September 1, 2024 (in the case of the 2030 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), September 1, 2024 (in the case of the 2030 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 (for 2029 notes and 2031 notes) and September 1, 2024 (for 2030 notes), 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

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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.

As of December 31, 2020, Kennedy Wilson, Inc. had \$1.2 billion of 5.875% Senior Notes due 2024 (the "2024 notes"). 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, \$576.9 million aggregate principal amount of the 2024 notes were tendered. As a result of the tender offer the Company recognized \$14.8 million of loss on early extinguishment of debt due to the tender premium and the proportionate write off of capitalized loan fees and debt discount associated with the bonds retired as part of the tender offer. On April 1, 2021 the Company redeemed the remaining \$573.1 million of the 2024 notes using cash on hand from the proceeds of the 2029 notes and 2031 notes. As a result of the redemption the Company recognized an additional \$11.7 million of loss on early extinguishment of debt during the year ended December 31, 2021

The indenture governing the 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, enter into sale/leaseback transactions, and enter into consolidations or mergers. The indenture governing the 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, subject to certain exceptions. As of December 31, 2021, the maximum balance sheet leverage ratio was 1.19 to 1.00. See Note 14 for the guarantor and non-guarantor financial statements.

As of December 31, 2021, 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, 2021 and 2020:

(Dollars in millions)	December 31,	
	2021	2020
KWE Bonds	\$ —	\$ 504.7
KWE Euro Medium Term Note Programme	624.1	669.7
KWE Unsecured Bonds (excluding loan fees) ⁽¹⁾	624.1	1,174.4
Unamortized loan fees	(1.3)	(1.9)
Total KWE Unsecured Bonds	\$ 622.8	\$ 1,172.5

⁽¹⁾ The KWE unsecured bonds balances include unamortized debt discounts. Debt discounts represent the difference between the fair value of debt at issuance and the principal value of debt 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 discount as of December 31, 2021 and 2020 was \$2.1 million and \$2.8 million, respectively.

KWE had £500 million of 3.95% fixed-rate senior unsecured bonds due 2022 (the "KWE Bonds") that had a carrying value of \$504.7 million as of December 31, 2020. 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 April 26, 2021, KWE completed the redemption of £150.0 million in aggregate nominal amount of the KWE Bonds outstanding which resulted in a \$9.3 million loss on early extinguishment of debt due to a make whole premium paid as part of redemption and proportionate write off of loan fees. On October 11, 2021, KWE redeemed the remainder of the KWE Bonds and resulted in a \$7.1 million

loss on early extinguishment of debt due to a make whole premium paid as part of redemption and proportionate write off of loan fees. KWE also settled the swap arrangement discussed above on the KWE Bonds during the year ended December 31, 2021.

In addition, KWE issued senior unsecured notes for an aggregate principal amount of approximately \$625.4 million (based on December 31, 2021 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, 2021, Kennedy Wilson recognized a gain of \$40.3 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, 2021, 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 \$35.3 million, \$22.8 million and \$25.6 million for the periods ended December 31, 2021, 2020 and 2019, 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, 2021, 2020 and 2019 fees of \$0.8 million, \$1.1 million and \$18.1 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 (loss) before the provision for income taxes:

(Dollars in millions)	Year ended December 31,		
	2021	2020	2019
Domestic	\$ 447.6	\$ (37.0)	\$ 249.5
Foreign	14.9	188.4	113.0
Total	\$ 462.5	\$ 151.4	\$ 362.5

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.

(Dollars in millions)	Year ended December 31,		
	2021	2020	2019
Federal			
Current	\$ —	\$ —	\$ —
Deferred	94.4	23.3	31.2
	94.4	23.3	31.2
State			
Current	(0.2)	1.5	0.3
Deferred	9.1	0.4	(4.6)
	8.9	1.9	(4.3)
Foreign			
Current	14.2	14.9	14.4
Deferred	8.7	3.5	0.1
	22.9	18.4	14.5
Total	\$ 126.2	\$ 43.6	\$ 41.4

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

(Dollars in millions)	Year ended December 31,		
	2021	2020	2019
Tax computed at the statutory rate	\$ 97.1	\$ 31.8	\$ 76.1
Tax deduction in excess of book compensation from restricted stock vesting	—	0.1	0.3
Domestic permanent differences, primarily disallowed executive compensation	8.1	7.2	6.1
Foreign permanent differences, primarily non-deductible depreciation, amortization and interest expenses in the United Kingdom	8.2	2.0	1.3
Effect of foreign operations, net of foreign tax credit	7.4	(3.7)	(16.8)
Noncontrolling interests	(2.6)	(0.9)	(22.2)
State income taxes, net of federal benefit	7.0	2.9	—
Other	1.0	4.2	(3.4)
Provision for income taxes	\$ 126.2	\$ 43.6	\$ 41.4

Cumulative tax effects of temporary differences are shown below at December 31, 2021 and 2020:

(Dollars in millions)	Year ended December 31,	
	2021	2020
Deferred tax assets:		
Foreign currency translation	\$ 2.7	\$ 3.7
Net operating loss carryforward and credits	172.4	137.1
Investment basis difference	96.8	91.2
Stock option expense	2.2	3.0
Hedging transactions	7.8	13.4
Lease liability	0.1	0.1
Accrued reserves	11.1	0.6
Total deferred tax assets	293.1	249.1
Valuation allowance	(257.1)	(204.4)
Net deferred tax assets	36.0	44.7
Deferred tax liabilities:		
Investment basis and reserve differences	285.4	159.5
Depreciation and amortization	3.9	20.0
Right of use asset	0.1	0.1
Prepaid expenses and other	2.2	2.8
Capitalized interest	1.3	1.3
Total deferred tax liabilities	292.9	183.7
Deferred tax liability, net	\$ (256.9)	\$ (139.0)

In December 2017, the Tax Cuts and Jobs Act ("the "TCJA") was enacted and was effective January 1, 2018. The U.S. Treasury has issued various final and proposed regulatory packages supplementing the TCJA provisions since 2018. In January 2022, the Internal Revenue Service published new and final regulations for U.S. foreign tax credits that will be effective for future periods. The Company is currently assessing the impact of these regulations.

During 2019, the United Kingdom enacted a Finance Act, 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 on 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 allowed for rebasing of UK real estate values to fair market value as of April 5, 2019 ("UK Basis Step-Up"). Accordingly, only gains arising from property value increases after April 5, 2019 are 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. Therefore, a full valuation allowance was recorded against the UK deferred tax asset. During fiscal 2021, the valuation allowance on the UK Basis Step-Up increased to \$134.0 million due to remeasuring the deferred tax asset from UK tax rate of 19% to the new enacted tax rate of 25%. The new tax rate of 25% becomes effective on April 1, 2023, which is when the Company expects the deferred tax asset and related valuation allowance to unwind.

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

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Notes to Consolidated Financial Statements

December 31, 2021, 2020 and 2019 (continued)

treat KWE as a 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. During year ended December 31, 2021, our excess tax basis over book basis in KWE increased due to book impairment losses that are not currently deductible for tax. As of December 31, 2021, Kennedy Wilson's excess tax basis in KWE and the related valuation allowance is \$71.7 million and \$71.5 million, respectively.

As of December 31, 2021, Kennedy Wilson had federal, California and other state net operating losses of \$89.7 million, \$108.2 million, and \$14.3 million respectively. Of the \$89.7 million of federal net operating loss carryforwards, \$30.0 million was generated during 2017, and the remaining balance was generated after December 31, 2017. The post-2017 federal net operating losses do not expire. However, such losses are only eligible to offset 80% of taxable income in a given year. California net operating losses begin to expire in 2034. As of December 31, 2021, Kennedy Wilson had \$205.7 million of foreign net operating loss carryforwards, which have no expiration date. The Company has foreign tax credit carryforwards of \$78.0 million, of which \$0.5 million begin to expire in 2023.

The Company's valuation allowance on deferred tax assets increased by \$52.7 million in 2021 and decreased by \$4.8 million in 2020. The increase in the valuation allowance during 2021 principally relates to remeasuring the UK Basis Step Up deferred tax asset from 19% to 25%. The decrease in the 2020 valuation allowance principally relates to a decrease in the deferred tax asset related to the KWE partnership as a result of lower tax gains on the sale of real estate in 2020.

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. During 2021, the 2017 federal income tax examination was closed with no adjustments. In June 2021, the Company received a notification of a general tax inquiry being conducted by the Spanish tax authorities for several of its Spanish entities for tax years 2016 and 2017. As a result of the Spanish tax inquiry, management has reassessed the Company's prior Spanish tax filing positions and the need to accrue additional taxes. Based on this reassessment, the Company believes that no additional Spanish tax accruals are required.

Kennedy Wilson's federal and state income tax returns remain open to examination for the years 2018 through 2020 and 2016 through 2020, 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 2017 through 2020. 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

CAPITAL COMMITMENTS—As of December 31, 2021 and 2020, the Company has unfunded capital commitments of \$113.7 million and \$97.4 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 \$140.3 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 AND OTHER RELATED PLANS

The Company maintains a shareholder-approved equity participation plan (the "Second Amended and Restated Plan") under which shares of common stock are 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. Named Executive Officers ("NEO") participate in the Second Amended and Restated Plan. During the years ended December 31, 2021, 2020 and 2019, the compensation committee of the board of directors approved the total grant of 2.4 million shares of performance-based restricted stock units and 0.1 million shares of performance-based restricted shares of Company common stock, 2.0 million of performance-based restricted shares and 1.9 million shares of performance-based restricted stock units 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 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

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December 31, 2021, 2020 and 2019 (continued)

Carlo simulation. As of December 31, 2021, there was \$29.2 million 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, 2021, 2020 and 2019 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, 2021, 2020 and 2019 were 967,536 shares, 571,983 shares, and 764,909 shares respectively, and were valued based on the Company's closing stock price on the respective vesting dates. During the years ended December 31, 2021, 2020 and 2019, total payments for the employees' tax obligations to the taxing authorities were \$20.5 million, \$11.6 million, and \$16.4 million respectively. These figures are reflected as a financing activity on the accompanying consolidated statements of cash flows.

During the years ended December 31, 2021, 2020 and 2019, Kennedy Wilson recognized \$28.7 million, \$32.3 million, and \$30.2 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, 2021, 2020 and 2019:

	Shares
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
Granted	619,945
Vested	(2,522,019)
Forfeited	(237,588)
Nonvested at December 31, 2021	1,314,106

Non-NEO Deferred Compensation Program and Performance Allocation Sharing Program

The Company maintains a deferred compensation program for certain employees of the Company (the "Deferred Compensation Program"). The named executive officers of the Company are not participants of the Deferred Compensation Program. The compensation committee of the Company's board of directors approves an amount annually to be allocated to certain employees of the Company in the United States and in Europe. The amount allocated to each employee vests ratably over a three-year vesting period, subject to continued employment with the Company. Prior to 2022, half of the allocated amount was tied specifically to the performance and value of the Company's common stock at the time of each vesting ("Bonus Units"). Beginning 2022, the entire amount allocated to each employee consisted of Bonus Units. Under the Deferred Compensation Program, at the time of each vesting, the employees receive an amount equal to either the dividend yield of the Company's common stock or the actual amount of dividends paid on the Company common stock (in the case of Bonus Units) during the immediately preceding year on the amount that is subject to such vesting. During the years ended December 31, 2021, 2020 and 2019 the Company recognized \$11.8 million, \$6.4 million and \$3.6 million, respectively, under the Deferred Cash Bonus Program.

The Company also maintains a performance allocation sharing program for certain employees of the Company (the "Performance Allocation Sharing Program"). The named executive officers of the Company are not participants of the Performance Allocation Sharing Program. The compensation committee of the Company's board of directors approved, reserved and authorized executive management to issue up to thirty-five percent (35%) of any performance allocation earned by certain commingled funds and separate account investments to be allocated to certain non-NEO employees of the Company. sixty percent of the award to each employee vests ratably over four years and the remaining forty percent vests upon the consummation of a liquidity event of the investment whereby the Company actually receives cash performance allocations from its partner. The full performance allocation earned by the Company will be recorded to income from unconsolidated investments and the amount allocated to employees is recorded as performance allocation expense. During the years ended December 31, 2021, 2020 and 2019 the Company recognized \$42.0 million, \$0.2 million and \$0.1 million, respectively, of performance allocation compensation to employees.

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, 2021, Kennedy Wilson repurchased and retired 2,824,665 shares for \$62.7 million. During the year ended December 31, 2020, Kennedy Wilson repurchased and retired 2,826,644 shares for \$45.8 million under the previous stock repurchase program.

Dividend Distributions

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

(Dollars in millions)	Year Ended December 31, 2021		Year Ended December 31, 2020	
	Declared	Paid	Declared	Paid
Preferred Stock	\$ 17.2	\$ 17.2	\$ 17.2	\$ 13.6
Common Stock⁽¹⁾	125.8	123.5	125.6	126.1

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

Kennedy-Wilson Holdings, Inc. and Subsidiaries

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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
12/31/2020	1/7/2021	\$ 0.2200	\$ —	\$ 0.2200
3/31/2021	4/8/2021	0.2200	—	0.2200
6/30/2021	7/8/2021	0.2200	—	0.2200
9/30/2021	10/7/2021	0.2200	—	0.2200
	Totals	\$ 0.8800	\$ —	\$ 0.8800

Accumulated Other Comprehensive Income (Loss)

The following table summarizes the changes in each component of accumulated other comprehensive loss ("AOCI"), net of taxes:

	Foreign Currency Translation	Foreign Currency Derivative Contracts	Interest Rate Swaps	Total Accumulated Other Comprehensive Loss ⁽¹⁾
<i>(Dollars in millions)</i>				
Balance at December 31, 2020	\$ (32.2)	\$ 2.6	\$ (5.4)	\$ (35.0)
Unrealized (losses) gains, arising during the period	(58.9)	59.1	4.2	4.4
Taxes on unrealized (losses) gains, arising during the period	0.6	(2.9)	(1.0)	(3.3)
Amounts reclassified out of AOCI during the period, gross	3.3	(0.2)	0.8	3.9
Amounts reclassified out of AOCI during the period, taxes	(1.6)	0.1	(0.2)	(1.7)
Noncontrolling interest	0.8	—	—	0.8
Balance at December 31, 2021	\$ (88.0)	\$ 58.7	\$ (1.6)	\$ (30.9)

⁽¹⁾ Excludes \$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, 2021.

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

Basic earnings per share is computed by dividing net income (loss) attributable to Kennedy-Wilson Holdings, Inc. common stockholders by the weighted average number of common shares outstanding. Diluted earnings per share is computed after adjusting the numerator and denominator of the basic earnings per share computation for the effects of all potentially dilutive common shares. The dilutive effect of non-vested stock issued under share-based compensation plans is computed using the treasury stock method. The dilutive effect of the cumulative preferred stock is computed using the if-converted method.

The following is a summary of the elements used in calculating basic and diluted income per share for the years ended December 31, 2021, 2020 and 2019:

	Year ended December 31,		
<i>(Dollars in millions, except share amounts and per share data)</i>	2021	2020	2019
Net income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ 313.2	\$ 92.9	\$ 224.1
Weighted-average shares outstanding for basic	138,552,058	139,741,411	139,729,573
Income per share—basic	\$ 2.26	\$ 0.66	\$ 1.60
Weighted average shares outstanding for diluted	140,132,435	140,347,365	141,501,323
Income per share—diluted	\$ 2.24	\$ 0.66	\$ 1.58

There was a total of 13,572,590, 13,236,896 and 13,133,785 during the years ended December 31, 2021, 2020 and 2019 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.

Kennedy-Wilson Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2021, 2020 and 2019 (continued)

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 and construction management fees); and (iii) performance allocations that it earns on its fee bearing capital. The Company typically owns a 5% to 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) the fees (including, without limitation, asset management fees and construction management fees); (ii) performance allocations that it earns on its fee bearing capital; and (iii) and its ownership interest in the underlying operations of its co-investments. The Company utilizes different platforms in the Co-investment Portfolio segment depending on the asset and risk return profiles.

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, 2021, 2020 and 2019 and total assets as of December 31, 2021 and 2020.

(Dollars in millions)	Year Ended December 31, 2021			
	Consolidated	Co-Investments	Corporate	Total
Revenue				
Rental	\$ 390.5	\$ —	\$ —	\$ 390.5
Hotel	17.1	—	—	17.1
Investment management fees	—	35.3	—	35.3
Property services fees	—	—	2.1	2.1
Loans and other	—	8.6	—	8.6
Total revenue	407.6	43.9	2.1	453.6
Income from unconsolidated investments				
Principal co-investments	—	271.1	—	271.1
Performance allocations	—	117.9	—	117.9
Income from unconsolidated investments	—	389.0	—	389.0
Gain on sale of real estate, net	412.7	—	—	412.7
Expenses				
Rental	132.7	—	—	132.7
Hotel	12.7	—	—	12.7
Compensation and related	60.4	40.4	33.1	133.9
Share-based compensation	—	—	28.7	28.7
Performance allocation compensation	—	42.0	—	42.0
General and administrative	18.5	8.5	6.3	33.3
Depreciation and amortization	166.3	—	—	166.3
Total expenses	390.6	90.9	68.1	549.6
Interest expense	(119.1)	—	(73.3)	(192.4)
Loss on early extinguishment of debt	(19.2)	—	(26.5)	(45.7)
Other loss	(4.7)	—	(0.3)	(5.0)
Provision for income taxes	(23.0)	—	(103.2)	(126.2)
Net income (loss)	263.7	342.0	(269.3)	336.4
Net income attributable to noncontrolling interests	(6.0)	—	—	(6.0)
Preferred dividends and accretion of preferred stock issuance costs	—	—	(17.2)	(17.2)
Net income (loss) attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ 257.7	\$ 342.0	\$ (286.5)	\$ 313.2

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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 fees	—	22.5	—	22.5
Property services fees	—	—	10.6	10.6
Loans and other	—	3.1	—	3.1
Total revenue	417.8	25.6	10.6	454.0
Income from unconsolidated investments				
Principal co-investments	—	78.3	—	78.3
Performance allocations	—	2.7	—	2.7
Income from unconsolidated investments	—	81.0	—	81.0
Gain on sale of real estate, net	338.0	—	—	338.0
Expenses				
Rental	135.7	—	—	135.7
Hotel	13.8	—	—	13.8
Compensation and related	59.7	20.8	31.4	111.9
Share-based compensation	—	—	32.3	32.3
Performance allocation compensation	—	0.2	—	0.2
General and administrative	20.6	5.9	8.1	34.6
Depreciation and amortization	179.6	—	—	179.6
Total expenses	409.4	26.9	71.8	508.1
Interest expense	(132.4)	—	(69.5)	(201.9)
Loss on extinguishment of debt	(9.3)	—	—	(9.3)
Other loss	(1.4)	—	(0.9)	(2.3)
Provision for from income taxes	(18.4)	—	(25.2)	(43.6)
Net income (loss)	184.9	79.7	(156.8)	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	\$ 187.2	\$ 79.7	\$ (174.0)	\$ 92.9

Year Ended December 31, 2019

(Dollars in millions)	Consolidated	Co-Investments	Corporate	Total
Revenue				
Rental	\$ 447.4	\$ —	\$ —	\$ 447.4
Hotel	80.5	—	—	80.5
Investment management fees	—	24.9	—	24.9
Property services fees	—	—	15.7	15.7
Loans and other	—	0.3	—	0.3
Total revenue	527.9	25.2	15.7	568.8
Income from unconsolidated investments				
Principal co-investments	—	143.4	—	143.4
Performance allocations	—	36.3	—	36.3
Income from unconsolidated investments	—	179.7	—	179.7
Gain on sale of real estate, net	434.4	—	—	434.4
Expenses				
Rental	152.9	—	—	152.9
Hotel	60.1	—	—	60.1
Compensation and related	71.0	15.0	35.5	121.5
Share-based compensation	—	—	30.1	30.1
Performance allocation compensation	—	0.1	—	0.1
General and administrative	26.3	5.6	10.5	42.4
Depreciation and amortization	187.6	—	—	187.6
Total expenses	497.9	20.7	76.1	594.7
Interest expense	(144.7)	—	(69.5)	(214.2)
Loss on extinguishment of debt	(0.9)	—	—	(0.9)
Other loss	(4.3)	—	(6.3)	(10.6)
Provision for income taxes	(14.5)	—	(26.9)	(41.4)
Net income (loss)	300.0	184.2	(163.1)	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	\$ 205.6	\$ 184.2	\$ (165.7)	\$ 224.1

December 31,

(Dollars in millions)	2021	2020
Assets		
Consolidated	\$ 5,473.9	\$ 5,562.4
Co-investment	2,077.9	1,396.4
Corporate	324.7	370.2
Total assets	\$ 7,876.5	\$ 7,329.0

December 31,

(Dollars in millions)	2021	2020	2019
Expenditures for long lived assets			
Investments	\$ (1,271.0)	\$ (264.2)	\$ (402.0)

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Geographic Information

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

(Dollars in millions)	Year Ended December 31,		
	2021	2020	2019
United States	\$ 278.1	\$ 277.3	\$ 274.8
Europe	175.5	176.7	294.0
Total revenue	\$ 453.6	\$ 454.0	\$ 568.8

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, 2021 and 2020, respectively; consolidating statements of income for the years ended December 31, 2021, 2020 and 2019, 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, 2021 or 2020 and for the years ended December 31, 2021, 2020 or 2019.

Condensed Consolidating Balance Sheet
as of December 31, 2021

(Dollars in millions)	Parent	Kennedy-Wilson, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Elimination	Consolidated Total
Assets						
Cash and cash equivalents	\$ —	\$ 116.4	\$ 69.1	\$ 339.3	\$ —	\$ 524.8
Accounts receivable	—	—	16.0	20.1	—	36.1
Real estate and acquired in place lease values, net of accumulated depreciation and amortization, net	—	—	1,729.1	3,330.7	—	5,059.8
Unconsolidated investments	—	14.8	618.0	1,314.8	—	1,947.6
Investments in and advances to consolidated subsidiaries	1,821.9	3,859.2	2,488.1	—	(8,169.2)	—
Other assets	—	65.9	51.6	60.4	—	177.9
Loan purchases and originations	—	6.1	61.5	62.7	—	130.3
Total assets	\$ 1,821.9	\$ 4,062.4	\$ 5,033.4	\$ 5,128.0	\$ (8,169.2)	\$ 7,876.5
Liabilities						
Accounts payable	—	1.0	4.0	13.6	—	18.6
Accrued expenses and other liabilities	44.3	387.2	78.0	109.6	—	619.1
Mortgage debt	—	—	1,092.2	1,867.6	—	2,959.8
KW unsecured debt	—	1,852.3	—	—	—	1,852.3
KWE unsecured bonds	—	—	—	622.8	—	622.8
Total liabilities	44.3	2,240.5	1,174.2	2,613.6	—	6,072.6
Equity						
Kennedy-Wilson Holdings, Inc. shareholders' equity	1,777.6	1,821.9	3,859.2	2,488.1	(8,169.2)	1,777.6
Noncontrolling interests	—	—	—	26.3	—	26.3
Total equity	1,777.6	1,821.9	3,859.2	2,514.4	(8,169.2)	1,803.9
Total liabilities and equity	\$ 1,821.9	\$ 4,062.4	\$ 5,033.4	\$ 5,128.0	\$ (8,169.2)	\$ 7,876.5

Kennedy-Wilson Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2021, 2020 and 2019 (continued)

Condensed Consolidating Balance Sheet
as of December 31, 2020

(Dollars in millions)	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, net	—	—	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	—	0.9	69.3	128.9	—	199.1
Loan purchases and originations	—	9.4	—	97.7	—	107.1
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

Consolidating Statement Of Income
For The Year Ended December 31, 2021

(Dollars in millions)	Parent	Kennedy- Wilson, Inc.	Guarantor Subsidiaries	Non- guarantor Subsidiaries	Elimination	Consolidated Total
Total revenue						
Total revenue	\$ —	\$ 0.3	\$ 208.8	\$ 244.5	\$ —	\$ 453.6
Total income from unconsolidated investments	—	3.2	99.0	286.8	—	389.0
Gain on sale of real estate, net	—	(1.7)	129.6	284.8	—	412.7
Total expenses						
Total expenses	31.8	108.1	214.8	194.9	—	549.6
Income from consolidated subsidiaries	368.2	676.8	508.7	—	(1,553.7)	—
Interest expense	—	(73.3)	(43.3)	(75.8)	—	(192.4)
Loss on early extinguishment of debt	—	(26.5)	(0.6)	(18.6)	—	(45.7)
Other income (loss)	—	0.7	(1.2)	(4.5)	—	(5.0)
Income before provision from income taxes	336.4	471.4	686.2	522.3	(1,553.7)	462.6
Provision for income taxes	—	(103.2)	(9.4)	(13.6)	—	(126.2)
Net income	336.4	368.2	676.8	508.7	(1,553.7)	336.4
Net income attributable to the noncontrolling interests	—	—	—	(6.0)	—	(6.0)
Preferred dividends	(17.2)	—	—	—	—	(17.2)
Net income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$319.2	\$ 368.2	\$ 676.8	\$ 502.7	\$ (1,553.7)	\$ 313.2

Kennedy-Wilson Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2021, 2020 and 2019 (continued)

Consolidating Statement Of 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
Total revenues	\$ —	\$ —	\$ 218.6	\$ 235.4	\$ —	\$ 454.0
Income from unconsolidated investments	—	0.6	(0.6)	81.0	—	81.0
Gain on sale of real estate, net	—	—	65.9	272.1	—	338.0
Total expenses	33.5	86.7	201.0	186.9	—	508.1
Income from consolidated subsidiaries	141.3	320.1	294.0	—	(755.4)	—
Interest expense	—	(69.5)	(48.6)	(83.8)	—	(201.9)
Loss on early extinguishment of debt	—	—	(3.7)	(5.6)	—	(9.3)
Other income (loss)	—	2.0	(3.8)	(0.5)	—	(2.3)
Income before provision for 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

Consolidating Statement Of Income
For The Year Ended December 31, 2019

<i>(Dollars in millions)</i>	Parent	Kennedy- Wilson, Inc.	Guarantor Subsidiaries ⁽¹⁾	Non- guarantor Subsidiaries	Elimination	Consolidated Total
Revenue						
Total revenue	\$ —	\$ 0.8	\$ 210.1	\$ 357.9	\$ —	\$ 568.8
Income from unconsolidated investments	—	0.1	83.3	96.3	—	179.7
Gain on sale of real estate, net	—	—	8.2	426.2	—	434.4
Total expenses	31.8	95.9	181.8	285.2	—	594.7
Income from consolidated subsidiaries	352.8	547.7	479.8	—	(1,380.3)	—
Interest expense	—	(69.5)	(49.1)	(95.6)	—	(214.2)
Loss on early extinguishment of debt	—	—	(0.1)	(0.8)	—	(0.9)
Other income (loss)	0.1	(3.4)	(3.8)	(3.5)	—	(10.6)
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

Kennedy-Wilson Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2021, 2020 and 2019 (continued)

NOTE 18—SUBSEQUENT EVENTS

Subsequent to December 31, 2021, the Company has drawn an additional \$175.0 million on its revolving line of credit. The Company has \$250.0 million still available to draw on its revolving line of credit.

On February 23, 2022, the Company announced that it entered into an agreement for a \$300 million preferred investment in Kennedy Wilson by affiliates of Fairfax Financial Holdings (collectively, “Fairfax”). Under the terms of the agreement, Fairfax is purchasing \$300 million in perpetual preferred stock carrying a 4.75% annual dividend rate and is callable by Kennedy Wilson at any time. Additionally, Fairfax acquired 7-year warrants for approximately 13.0 million common shares with an initial strike price of \$23.00 per share, based on Kennedy Wilson’s closing price on February 9, 2022 and representing a premium of 2% to the daily volume weighted average price per share of Kennedy Wilson’s common stock over the past 20 trading days. The Company expects to use the proceeds to pay off in full its line of credit balance and to fund its development pipeline.

Kennedy-Wilson Holdings, Inc. Schedule III—Real Estate and Accumulated Depreciation December 31, 2021

Description	Region	Encumbrances	Land	Initial Cost		Land Improvements	Building & Improvements	Gross Balance at December 31, 2021 ⁽¹⁾		Total ⁽²⁾	Accumulated Depreciation	Depreciable Life in Years	Date of Construction	Date Acquired ⁽³⁾
				Building & Improvements	Land			Building & Improvements	Land					
Commercial														
Office	Southern California	\$ 35.0	\$ 11.2	\$ 18.5	\$ 34.9	\$ 11.3	\$ 54.3	\$ 65.6	\$ (8.9)	39 years	1955/1981/1982	2013		
Retail	Mountain West	1.2	0.5	1.2	0.5	0.5	1.7	2.2	(0.3)	39 years	1981	2013		
Retail	Mountain West	3.8	2.6	5.6	1.2	2.6	6.8	9.4	(1.4)	39 years	1980/1983	2013		
Retail	Southern California	27.0	9.1	14.0	12.9	9.1	26.9	36.0	(4.2)	39 years	1985	2014		
Commercial portfolio	United Kingdom	—	16.8	24.2	13.4	3.1	47.6	50.7	(9.3)	39 years	Various	2014		
Commercial portfolio	United Kingdom	33.8	47.9	249.0	12.0	31.9	204.1	236.0	(46.9)	39 years	Various	2014		
Office	Ireland	76.1	8.2	102.6	—	6.8	85.8	92.6	(16.1)	39 years	2003	2014		
Retail	Ireland	86.0	59.8	83.1	25.7	50.0	95.3	145.3	(14.1)	39 years	1966/2005	2014		
Office	Ireland	65.5	20.4	73.8	5.7	17.0	67.4	84.4	(14.1)	39 years	1980	2014		
Office	United Kingdom	194.3	85.3	232.0	26.1	82.9	224.6	307.5	(54.7)	39 years	2003	2014		
Retail	United Kingdom	71.9	6.2	109.5	7.2	5.1	96.6	101.7	(18.6)	39 years	2010	2014		
Office	Southern California	22.5	37.8	60.6	20.3	37.8	80.9	118.7	(15.1)	39 years	1982	2015		
Office	Southern California	28.8	11.6	36.5	4.8	11.6	41.3	52.9	(9.0)	39 years	1968	2015		
Office	Southern California	35.0	20.7	47.9	26.1	20.7	53.8	74.5	(10.2)	39 years	1982	2015		
Commercial portfolio	United Kingdom	185.5	121.7	205.5	11.4	98.3	164.7	263.0	(30.5)	39 years	Various	2015		
Office portfolio	United Kingdom	—	28.1	58.6	22.1	31.2	65.5	96.7	(8.8)	39 years	Various	2015		
Retail portfolio	Spain	—	0.2	0.5	—	0.2	0.4	0.6	(0.1)	39 years	Various	2015		
Retail	Spain	40.4	27.1	46.2	13.3	30.2	64.8	95.0	(8.8)	39 years	1995	2015		
Office portfolio	Italy	—	26.3	74.8	0.6	32.9	94.2	127.1	(14.1)	39 years	Various	2015		
Retail	Mountain West	6.3	2.6	9.5	4.1	2.6	13.5	16.1	(1.5)	39 years	1961	2016		
Office building	Ireland	—	2.0	11.9	0.2	2.0	12.5	14.5	(1.8)	39 years	2007	2016		
Retail	Mountain West	26.8	9.0	29.9	1.3	9.0	31.2	40.2	(4.2)	39 years	1984/2008	2016		
Office portfolio	United Kingdom	66.4	32.1	70.4	4.3	30.0	70.0	100.0	(10.3)	39 years	Various	2016		
Office	Ireland	39.8	4.2	64.0	1.9	4.2	65.1	69.3	(9.2)	39 years	2009	2016		
Retail	Mountain West	3.6	1.2	5.4	0.5	1.2	5.9	7.1	(0.8)	39 years	1995/1996	2016		
Retail	Pacific Northwest	5.1	2.3	8.1	1.8	2.2	9.5	11.7	(1.0)	39 years	1956	2017		
Office	Pacific Northwest	77.0	30.6	106.0	3.3	30.6	109.2	139.8	(12.6)	39 years	1999/2001	2017		
Office	Ireland	—	4.9	18.5	8.8	4.7	26.6	31.3	(2.2)	39 years	1841	2017		

Kennedy-Wilson Holdings, Inc. Schedule III—Real Estate and Accumulated Depreciation December 31, 2021 (continued)

Office	Ireland	32.3	11.0	—	52.8	10.6	52.8	63.4	—	39 years	1840/2000	2017
Office	Southern California	17.8	27.4	6.8	16.9	27.4	23.7	51.1	(0.3)	39 years	1956	2018
Office	Northern California	61.1	23.5	57.3	2.1	23.5	59.5	83.0	(3.2)	39 years	2000	2019
Office	United Kingdom	132.1	71.2	177.9	—	69.3	173.4	242.7	(2.2)	39 years	2019	2021
Office	United Kingdom	—	25.4	54.8	—	25.3	54.8	80.1	(0.1)	39 years	2001/2007	2021
Multifamily												
178-unit asset	Northern California	31.4	12.3	18.5	10.4	12.3	29.9	42.2	(11.9)	39 years	1975	2012
366-unit asset	Mountain West	51.5	9.1	36.3	12.5	9.1	48.8	57.9	(18.7)	39 years	2000	2012
208-unit asset	Southern California	36.6	9.3	37.3	5.9	9.3	43.6	52.9	(10.6)	39 years	2004	2015
1,008-unit asset	Northern California	175.0	62.3	152.5	22.7	62.3	175.1	237.4	(38.6)	39 years	1988	2015
460-unit asset	Southern California	46.7	13.2	53.0	6.2	13.2	59.2	72.4	(12.3)	39 years	1988	2015
204-unit asset	Mountain West	14.3	2.0	17.6	3.5	2.0	21.1	23.1	(4.2)	39 years	1999	2016
168-unit asset	Mountain West	10.9	1.8	13.1	3.1	1.8	16.1	17.9	(3.4)	39 years	1992	2016
430-unit asset	Pacific Northwest	62.2	12.8	67.4	4.6	12.8	71.9	84.7	(11.5)	39 years	2006	2016
386-unit asset	Southern California	66.0	—	81.4	8.8	—	90.3	90.3	(14.7)	39 years	2002	2016
Land	Southern California	—	0.6	—	—	7.1	—	7.1	—	39 years	N/A	2018
300-unit asset	Mountain West	39.0	4.8	29.2	5.6	4.8	34.8	39.6	(5.0)	39 years	1995	2017
210-unit asset	Pacific Northwest	29.0	11.0	46.7	0.9	11.0	47.7	58.7	(5.6)	39 years	2007	2017
200-unit asset	Mountain West	20.7	1.4	25.9	0.9	1.4	26.9	28.3	(3.2)	39 years	2012	2017
Land	Mountain West	—	0.2	—	—	7.4	—	7.4	—	39 years	N/A	2018
264-unit asset	Pacific Northwest	24.7	6.4	44.9	4.7	6.4	49.6	56.0	(6.4)	39 years	1997	2017
343-unit asset	Pacific Northwest	84.0	26.8	107.4	—	26.8	108.0	134.8	(11.5)	39 years	2016	2017
179-unit asset	Pacific Northwest	33.1	11.9	47.4	1.5	11.9	49.0	60.9	(5.3)	39 years	2013	2017
88-unit asset	Mountain West	8.6	2.6	10.4	1.5	2.6	11.9	14.5	(1.6)	39 years	1988	2018
492-unit asset	Mountain West	59.1	15.8	63.2	6.4	15.9	69.6	85.5	(8.5)	39 years	1985	2018
66-unit asset	Mountain West	8.0	0.8	—	—	0.7	9.2	9.9	(0.3)	39 years	2021	2018
Land	Mountain West	3.0	2.1	—	—	16.5	—	16.5	—	39 years	N/A	2018
293-unit asset	Mountain West	19.9	7.2	28.8	0.9	7.2	29.7	36.9	(2.8)	39 years	1995	2018
188-unit asset	Mountain West	13.5	4.9	19.7	6.5	4.9	26.7	31.6	(3.4)	39 years	1985	2018
120-unit asset	Mountain West	32.3	5.7	—	0.4	1.9	38.0	39.9	(1.2)	39 years	2021	2018
277-unit asset	Mountain West	62.2	4.0	—	6.6	2.7	55.0	57.7	(0.6)	39 years	2021	2019
10-unit asset	Mountain West	—	—	—	—	—	2.3	2.3	(0.1)	39 years	2021	2019
360-unit asset	Mountain West	52.6	16.4	65.7	0.5	16.4	66.2	82.6	(3.5)	39 years	2015	2019
260-unit asset	Mountain West	39.7	13.4	53.6	1.4	13.4	55.1	68.5	(1.7)	39 years	2014	2020

Kennedy-Wilson Holdings, Inc. Schedule III—Real Estate and Accumulated Depreciation December 31, 2021 (continued)

280-unit asset	Mountain West	39.6	13.3	53.2	—	13.3	53.2	66.5	(0.9)	39 years	2019	2021
Land	Mountain West	—	—	—	—	0.2	—	0.2	—	39 years	N/A	2021
344-unit asset	Mountain West	39.2	13.0	52.1	0.2	13.0	52.3	65.3	(0.7)	39 years	1985	2021
Land	Mountain West	—	4.6	—	—	11.4	—	11.4	—	39 years	N/A	2021
240-unit asset	Mountain West	40.2	11.1	44.3	0.7	11.1	44.9	56.0	(0.6)	39 years	2020	2021
160-unit asset	Mountain West	13.8	4.5	17.9	—	4.5	18.0	22.5	(0.2)	39 years	1990/1998	2021
332-unit asset	Mountain West	76.2	26.7	106.9	—	26.7	106.9	133.6	(0.7)	39 years	2002	2021
383-unit asset	Pacific Northwest	115.0	38.3	153.0	—	38.3	153.1	191.4	(1.0)	39 years	2002/2008	2021
164-unit asset	Pacific Northwest	43.0	14.8	59.2	—	14.8	59.1	73.9	(0.4)	39 years	2020	2021
528-unit asset	Mountain West	102.0	31.1	124.4	—	31.1	124.4	155.5	—	39 years	1989/1990	2021
Land	Mountain West	—	8.0	—	—	8.0	—	8.0	—	39 years	N/A	2021
Hotel												
Hotel	Ireland	82.0	54.0	114.3	35.0	47.3	137.6	184.9	(36.1)	39 years	1824/2005	2014
Development												
Retail	Spain	—	—	34.7	13.7	—	47.8	47.8	—	N/A	N/A	2015
Office	Ireland	27.5	0.5	3.4	43.4	0.5	53.3	53.8	—	N/A	Various	2015
Retail	Spain	—	—	13.9	—	—	14.1	14.1	—	N/A	N/A	2017
Land	United Kingdom	—	4.2	—	0.1	4.0	0.5	4.5	—	N/A	N/A	2018
Office	Ireland	—	1.3	0.1	0.1	1.2	0.1	1.3	—	N/A	N/A	2020
2700 acres	Hawaii	—	31.7	3.8	0.7	28.1	4.3	32.4	(2.2)	N/A	1912	2010
3 Lots	Hawaii	—	16.5	—	—	16.5	—	16.5	—	N/A	N/A	2020
Grand Total		\$2,977.6	\$1,321.3	\$3,865.8	\$545.6	\$1,277.6	\$4,289.7	\$5,567.3	\$(564.0)			

⁽¹⁾ The tax basis of all the properties in aggregate totaled \$4,720.5 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

December 31, 2021 (continued)

Changes in real estate for the years ended December 31, 2021, 2020 and 2019 were as follows:

(Dollars in millions)	For the year ended December 31,		
	2021	2020	2019
Balance at the beginning of period	\$ 5,207.7	\$ 5,430.5	\$ 5,981.7
Additions during the period:			
Other acquisitions	137.3	183.0	176.2
Improvements	1,110.4	108.4	270.0
Foreign currency	(91.8)	129.9	26.7
Deductions during the period:			
Cost of real estate sold	(796.3)	(644.1)	(1,024.1)
Balance at close of period	\$ 5,567.3	\$ 5,207.7	\$ 5,430.5

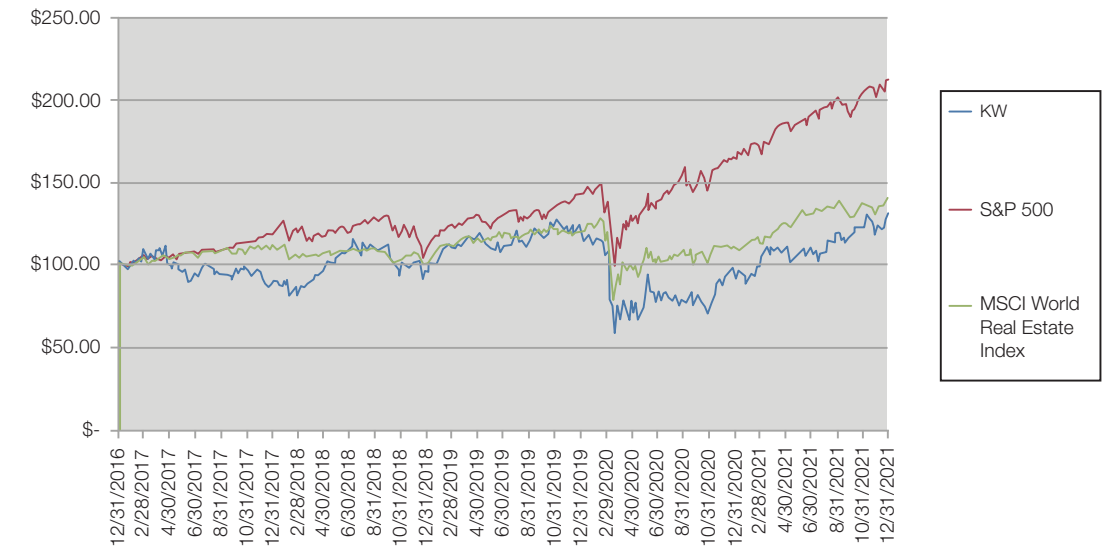
Changes in accumulated depreciation for the years ended December 31, 2021, 2020 and 2019 were as follows:

(Dollars in millions)	For the year ended December 31,		
	2021	2020	2019
Balance at the beginning of period	\$ 551.8	\$ 466.8	\$ 406.5
Additions during the period:			
Depreciation expense	30.9	121.5	110.2
Deductions during the period:			
Dispositions	(11.1)	(54.5)	(49.0)
Foreign currency	(7.6)	18.0	(0.9)
Balance at close of period	\$ 564.0	\$ 551.8	\$ 466.8

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, 2016 through December 31, 2021, 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, 2021, 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 18, 2022, we had approximately 86 holders of record of our common stock.

Dividends

We declared and paid quarterly dividends of \$0.22 per share for the first three quarters of 2021 and \$0.24 per share for the fourth quarter of 2021. We declared and paid quarterly dividends of \$0.22 per share each quarters of 2020.

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, 2021	610,265	\$22.20	20,964,502	\$199,830,469
November 1-November 30, 2021	472,897	23.15	21,437,399	188,882,633
December 1-December 31, 2021	564,602	22.78	22,002,001	176,019,980
Total	1,647,764	\$22.67	22,002,001	\$176,019,980

⁽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, 2021, the Company repurchased and retired a total of 2.8 million shares of its common stock at a weighted average price of \$22.20.

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, 2021 and 2020 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, 2021 and 2020, total payments for the employees' tax obligations to the taxing authorities were \$20.5 million (967,536 shares withheld) and \$11.6 million (571,983 shares withheld), respectively.

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, 2021:

(in millions)	December 31, 2020	Increases	Decreases	December 31, 2021
AUM	\$ 17,569.3	\$ 6,681.3	\$ 2,681.4	\$ 21,569.2

AUM increased 23% to approximately \$21.6 billion as of December 31, 2021. The increase is primarily due acquisitions and fair value increases on our Western U.S. multifamily properties and European industrial assets. These were offset by dispositions of non core retail assets and foreign exchange translation losses primarily on Euro denominated assets.

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.

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. 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
Former 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 9, 2022

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

KW
LISTED
NYSE

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, 2021, with the SEC on February 25, 2022, 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
8101 E. Prentice Ave., Suite 275
Greenwood Village, 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

London
50 Grosvenor Hill
London, W1K 3QT
United Kingdom

Luxembourg
21, rue Philippe II
Luxembourg L-2340

Madrid
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