METLIFE INC
Form FWP
August 08, 2012

Filed pursuant to Rule 433

August 8, 2012

Relating to

Preliminary Prospectus Supplement dated August 8, 2012 to

Prospectus dated November 30, 2010

Registration Statement No. 333-170876

MetLife, Inc.

$750,000,000 4.125% Senior Notes due 2042

Final Term Sheet

August 8, 2012

Issuer:	MetLife, Inc. (Issuer)
Securities:	4.125% Senior Notes due 2042
Aggregate Principal Amount:	$750,000,000
Price to the Public:	99.369% of principal amount plus accrued interest, if any, from August 13, 2012
Gross Underwriting Discount:	0.875%
Proceeds to Issuer Before Expenses:	$738,705,000
Maturity Date:	August 13, 2042
Pricing Date:	August 8, 2012
Settlement Date:	August 13, 2012
Interest Payment Dates:	Semi-annually on February 13 and August 13 of each year
First Interest Payment Date:	February 13, 2013

Anticipated Ratings*:	A3 (Moody s) / A- (S&P) / A- (Fitch)
Coupon:	4.125%
Benchmark Treasury:	UST 3.125% due February 15, 2042
Spread to Benchmark Treasury:	T + 142 bps
Benchmark Treasury Price and Yield:	$107-23+; 2.742%
Yield to Maturity:	4.162%
Denominations:	$2,000 and integral multiples of $1,000 in excess thereof
Ranking:	Senior Unsecured
Redemption:	The Senior Notes will be redeemable at MetLife, Inc. s option, in whole or in part, at any time and from time to time at a redemption price equal to the greater of 100% of the principal amount to be redeemed plus accrued and unpaid interest to, but excluding, the date fixed for redemption and the Make-Whole Redemption Amount calculated as described in the preliminary prospectus supplement at the rate of T + 25 bps.
CUSIP/ISIN:	59156R BD9 / US59156RBD98
Joint Book-Running Managers:	Barclays Capital Inc. Citigroup Global Markets Inc. UBS Securities LLC

* **Note: A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.**

The Issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the Issuer has filed with the SEC for more complete information about the Issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC

Web site at www.sec.gov. Alternatively, the Issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling Barclays Capital Inc. toll free at (888) 603-5847, Citigroup Global Markets Inc. toll free at (877) 858-5407 or UBS Securities LLC toll free at (877) 827-6444, extension 561-3884.

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(Dollars in millions)

Investments

Investment Management and Real Estate Services

Corporate

Total
Revenue

Rental

$
115.8

$
—

$
—

$
115.8

Hotel

15.0

—

—

15.0

Sale of real estate

1.1

—

—

1.1

Investment management, property services and research fees

—

8.8

—

8.8

Total revenue

131.9

8.8

—

140.7

Expenses

Rental

41.0

—

—

41.0

Hotel

14.6

—

—

14.6

Cost of real estate sold

1.2

—

—

1.2

Commission and marketing

—

1.0

—

1.0

Compensation and related

15.1

5.1

15.1

35.3

General and administrative

7.5

1.7

1.7

10.9

Depreciation and amortization

49.1

—

—

49.1

Total expenses

128.5

7.8

16.8

153.1

Income from unconsolidated investments, net of depreciation and amortization

39.5

2.2

—

41.7

Gain on sale of real estate, net

34.9

—

—

34.9

Acquisition-related expenses

(0.8
)

—

—

(0.8
)
Interest expense

(37.1
)

—

(18.2
)

(55.3
)
Other income

0.5

—

(3.0
)

(2.5
)
Provision for income taxes

(2.1
)

—

(1.9
)

(4.0
)
Net income (loss)

38.3

3.2

(39.9
)

1.6

Net (income) attributable to noncontrolling interests

(6.9

)

—

—

(6.9
)
Net income (loss) attributable to Kennedy-Wilson Holdings, Inc. common shareholders

$
31.4

$
3.2

$
(39.9
)

$
(5.3
)

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Kennedy-Wilson Holdings, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

	Three Months Ended March 31, 2018			
(Dollars in millions)	Investments	Investment Management and Real Estate Services	Corporate	Total
Revenue				
Rental	$134.3	$ —	$ —	$134.3
Hotel	36.3	—	—	36.3
Sale of real estate	9.4	—	—	9.4
Investment management, property services and research fees	—	10.1	—	10.1
Total revenue	180.0	10.1	—	190.1
Expenses				
Rental	41.6	—	—	41.6
Hotel	30.8	—	—	30.8
Cost of real estate sold	8.4	—	—	8.4
Commission and marketing	—	1.4	—	1.4
Compensation and related	16.2	8.8	14.6	39.6
General and administrative	7.2	2.9	1.3	11.4
Depreciation and amortization	55.7	—	—	55.7
Total expenses	159.9	13.1	15.9	188.9
Income from unconsolidated investments, net of depreciation and amortization	15.7	10.3	—	26.0
Gain on sale of real estate, net	28.0	—	—	28.0
Interest expense	(38.9)	—	(20.0)	(58.9)
Other income	0.6	—	(0.5)	0.1
Provision for income taxes	0.6	—	2.0	2.6
Net income (loss)	26.1	7.3	(34.4)	(1.0)
Net (income) attributable to noncontrolling interests	(1.4)	—	—	(1.4)
Net income (loss) attributable to Kennedy-Wilson Holdings, Inc. common shareholders	$24.7	$ 7.3	$ (34.4)	$(2.4)

(Dollars in millions)	March 31, 2019	December 31, 2018
Total assets		
Investments	$6,965.8	$7,155.0
Investment management and real estate services	51.9	64.3
Corporate	221.9	162.5
Total assets	$7,239.6	$7,381.8

NOTE 13—INCOME TAXES

The Company derives a significant portion of its income from the rental income and sale of real property. As a result, a substantial portion of the Company's foreign earnings is subject to U.S. taxation under certain provisions of the Internal Revenue Code of 1986, as amended, applicable to controlled foreign corporations. In determining the quarterly provisions for income taxes, the Company calculates income tax expense based on actual year-to-date income and statutory tax rates. The year-to-date income tax expense reflects the impact of foreign operations, income allocated to noncontrolling interests which is generally not subject to corporate tax as they are generally structured as partnerships, as well as the Company's tax adjustments associated with uncertain tax positions.

During the three months ended March 31, 2019, Kennedy Wilson generated pretax book income of $5.6 million related to its global operations and recorded a tax expense of $4.0 million or 71.4% of pretax book income. The effective rate for the

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quarter is above the US statutory rate principally as a result of non-deductible executive compensation, non-deductible foreign depreciation and losses in foreign jurisdictions where the tax benefit rate is below the US statutory rate.

During the three months ended March 31, 2018, Kennedy Wilson generated pretax book loss of $3.6 million related to its global operations and recorded a tax benefit of $2.6 million. The difference between the U.S. federal rate of 21% and the Company's effective rate is primarily attributable to non-taxable gains from sale of real estate and non-deductible depreciation in certain foreign jurisdictions and U.S. foreign tax credit benefit for local taxes incurred by foreign subsidiaries.

Kennedy Wilson has elected to treat KWE as a partnership for U.S. tax purposes effective as of 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 March 31, 2019. Due to the conversion of KWE to a partnership for U.S. tax purposes, the Company was required to record a 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 was appropriate for substantially all of the tax basis that was in excess of the Company’s carrying value for its investment in KWE. As of March 31, 2019, the Company has recorded a deferred tax asset of $95.4 million and an offsetting valuation allowance of $95.1 million related to its investment in KWE.

The TCJA was signed into law on December 22, 2017. The Company completed its analysis and recorded the financial statement impact of TCJA as of December 31, 2018. However, the new legislation is unclear in many respects and could be subject to potential amendments and technical corrections, as well as interpretations and implementing regulations by the U.S. Treasury Department and the U.S. Internal Revenue Service (the "IRS"), any of which could lessen or increase certain adverse impacts of the legislation. In addition, it is still unclear how many of the new U.S. federal income tax changes will affect state and local taxation, which often uses federal taxable income as a starting point for computing state and local tax liabilities. Should the IRS, Treasury Department or state taxing authorities issue further guidance or interpretation of relevant aspects of the TJCJA or other tax law, we may record additional adjustments.

Kennedy-Wilson Holdings, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

NOTE 14—GUARANTOR AND NON-GUARANTOR FINANCIAL STATEMENTS

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

(1) Condensed consolidating balance sheets as of March 31, 2019 and December 31, 2018; consolidating statements of operations for the three months ended March 31, 2019 and 2018; consolidating statements of comprehensive income for the three months ended March 31, 2019 and 2018; and condensed consolidating statements of cash flows for the three months ended March 31, 2019 and 2018, of (a) Kennedy-Wilson Holdings, Inc., as the parent, (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, 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 and for the three months ended March 31, 2019 or 2018.

Kennedy-Wilson Holdings, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

CONDENSED CONSOLIDATING BALANCE SHEET
AS OF MARCH 31, 2019
(Dollars in millions)

	Parent	Kennedy-Wilson, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Elimination	Consolidated Total
Assets						
Cash and cash equivalents	$—	$ 36.1	$ 117.0	$ 289.8	$—	$ 442.9
Accounts receivable	—	—	9.0	34.5	—	43.5
Real estate and acquired in place lease values, net of accumulated depreciation and amortization	—	—	1,866.6	3,695.3	—	5,561.9
Unconsolidated investments	—	18.6	435.3	453.4	—	907.3
Investments in and advances to consolidated subsidiaries	1,260.9	2,575.2	1,357.7	—	(5,193.8)	—
Other assets	—	5.0	61.1	217.9	—	284.0
Total assets	$1,260.9	$ 2,634.9	$ 3,846.7	$ 4,690.9	$(5,193.8)	$ 7,239.6
Liabilities and equity						
Liabilities						
Accounts payable	$—	$ 0.6	$ 2.1	$ 15.7	$—	$ 18.4
Accrued expenses and other liabilities	30.4	170.1	57.1	207.3	—	464.9
Mortgage debt	—	—	1,212.3	1,776.5	—	2,988.8
KW unsecured debt	—	1,203.3	—	—	—	1,203.3
KWE unsecured bonds	—	—	—	1,262.0	—	1,262.0
Total liabilities	30.4	1,374.0	1,271.5	3,261.5	—	5,937.4
Equity						
Kennedy-Wilson Holdings, Inc. shareholders' equity	1,230.5	1,260.9	2,575.2	1,357.7	(5,193.8)	1,230.5
Noncontrolling interests	—	—	—	71.7	—	71.7
Total equity	1,230.5	1,260.9	2,575.2	1,429.4	(5,193.8)	1,302.2
Total liabilities and equity	$1,260.9	$ 2,634.9	$ 3,846.7	$ 4,690.9	$(5,193.8)	$ 7,239.6

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Kennedy-Wilson Holdings, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

CONDENSED CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2018
(Dollars in millions)

	Parent	Kennedy-Wilson, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Elimination	Consolidated Total
Assets						
Cash and cash equivalents	$—	$ 1.9	$ 101.9	$ 384.2	$—	$ 488.0
Accounts receivable	—	0.8	4.4	51.4	—	56.6
Real estate and acquired in place lease values, net of accumulated depreciation and amortization	—	—	1,870.6	3,831.9	—	5,702.5
Unconsolidated investments	—	19.2	433.4	407.3	—	859.9
Investments in and advances to consolidated subsidiaries	1,276.9	2,652.7	1,458.3	—	(5,387.9)	—
Other assets	—	0.9	68.6	205.3	—	274.8
Total assets	$1,276.9	$ 2,675.5	$ 3,937.2	$ 4,880.1	$(5,387.9)	$ 7,381.8
Liabilities						
Accounts payable	$—	$ 0.7	$ 1.9	$ 21.5	$—	24.1
Accrued expense and other liabilities	30.2	195.9	70.0	217.6	—	513.7
Mortgage debt	—	—	1,212.6	1,737.7	—	2,950.3
KW unsecured debt	—	1,202.0	—	—	—	1,202.0
KWE unsecured bonds	—	—	—	1,260.5	—	1,260.5
Total liabilities	30.2	1,398.6	1,284.5	3,237.3	—	5,950.6
Equity						
Kennedy-Wilson Holdings, Inc. shareholders' equity	1,246.7	1,276.9	2,652.7	1,458.3	(5,387.9)	1,246.7
Noncontrolling interests	—	—	—	184.5	—	184.5
Total equity	1,246.7	1,276.9	2,652.7	1,642.8	(5,387.9)	1,431.2
Total liabilities and equity	$1,276.9	$ 2,675.5	$ 3,937.2	$ 4,880.1	$(5,387.9)	$ 7,381.8

Kennedy-Wilson Holdings, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(Dollars in millions)

	Parent	Kennedy-Wilson, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Elimination	Consolidated Total
Revenue						
Rental	$ —	$ —	$ 42.3	$ 73.5	$ —	$ 115.8
Hotel	—	—	—	15.0	—	15.0
Sale of real estate	—	—	—	1.1	—	1.1
Investment management, property services and research fees	—	—	8.2	0.6	—	8.8
Total revenue	—	—	50.5	90.2	—	140.7
Expenses						
Rental	—	—	15.2	25.8	—	41.0
Hotel	—	—	—	14.6	—	14.6
Cost of real estate sold	—	—	—	1.2	—	1.2
Commission and marketing	—	—	1.0	—	—	1.0
Compensation and related	10.4	13.8	9.7	1.4	—	35.3
General and administrative	—	5.0	4.3	1.6	—	10.9
Depreciation and amortization	—	0.3	15.1	33.7	—	49.1
Total expenses	10.4	19.1	45.3	78.3	—	153.1
Income from unconsolidated subsidiaries	—	0.2	0.8	40.7	—	41.7
Income from consolidated subsidiaries	12.0	50.7	56.0	—	(118.7)	—
Gain on sale of real estate, net	—	—	—	34.9	—	34.9
Acquisition-related expenses	—	—	(0.1)	(0.7)	—	(0.8)
Interest expense	—	(18.2)	(12.1)	(25.0)	—	(55.3)
Other income (loss)	—	0.3	0.1	(2.9)	—	(2.5)
Income (loss) before benefit from (provision for) income taxes	1.6	13.9	49.9	58.9	(118.7)	5.6
Benefit from (provision for) income taxes	—	(1.9)	0.8	(2.9)	—	(4.0)
Net income (loss)	1.6	12.0	50.7	56.0	(118.7)	1.6
Net income attributable to the noncontrolling interests	—	—	—	(6.9)	—	(6.9)
Net income (loss) attributable to Kennedy-Wilson Holdings, Inc. common shareholders	$ 1.6	$ 12.0	$ 50.7	$ 49.1	$ (118.7)	$ (5.3)

Kennedy-Wilson Holdings, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2018
(Dollars in millions)

	Parent	Kennedy-Wilson, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Elimination	Consolidated Total
Revenue						
Rental	$—	$ —	$ 42.7	$ 91.6	$ —	$ 134.3
Hotel	—	—	—	36.3	—	36.3
Sale of real estate	—	—	—	9.4	—	9.4
Investment management, property services and research fees	—	—	9.4	0.7	—	10.1
Total revenue	—	—	52.1	138.0	—	190.1
Expenses						
Rental	—	—	13.5	28.1	—	41.6
Hotel	—	—	—	30.8	—	30.8
Cost of real estate sold	—	—	—	8.4	—	8.4
Commission and marketing	—	—	1.4	—	—	1.4
Compensation and related	9.9	13.6	14.8	1.3	—	39.6
General and administrative	—	3.9	5.0	2.5	—	11.4
Depreciation and amortization	—	0.4	14.8	40.5	—	55.7
Total expenses	9.9	17.9	49.5	111.6	—	188.9
Income from unconsolidated investments	—	(0.9)	16.2	10.7	—	26.0
Income from consolidated subsidiaries	8.9	45.9	37.5	—	(92.3)	—
Gain on sale of real estate, net	—	—	—	28.0	—	28.0
Interest expense	—	(20.0)	(11.5)	(27.4)	—	(58.9)
Other income	—	(0.2)	—	0.3	—	0.1
Income before provision for income taxes	(1.0)	6.9	44.8	38.0	(92.3)	(3.6)
Provision for income taxes	—	2.0	1.1	(0.5)	—	2.6
Net income (loss)	(1.0)	8.9	45.9	37.5	(92.3)	(1.0)
Net Income attributable to the noncontrolling interests	—	—	—	(1.4)	—	(1.4)
Net income (loss) attributable to Kennedy-Wilson Holdings, Inc. common shareholders	$(1.0)	$ 8.9	$ 45.9	$ 36.1	$ (92.3)	$ (2.4)

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Kennedy-Wilson Holdings, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(Dollars in millions)

	Parent	Kennedy-Wilson, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Elimination	Consolidated Total
Net income	$1.6	$ 12.0	$ 50.7	$ 56.0	$ (118.7)	$ 1.6
Other comprehensive income, net of tax:						
Unrealized foreign currency translation gain	(18.3)	(18.3)	7.9	(18.3)	28.7	(18.3)
Amounts reclassified out of AOCI during the period	—	—	—	—	—	—
Unrealized currency derivative contracts loss	32.9	32.9	(8.0)	40.9	(65.8)	32.9
Total other comprehensive (loss) income for the period	$14.6	$ 14.6	$ (0.1)	$ 22.6	$ (37.1)	$ 14.6
Comprehensive income	$16.2	$ 26.6	$ 50.6	$ 78.6	$ (155.8)	$ 16.2
Comprehensive income attributable to noncontrolling interests	—	—	—	(4.6)	—	(4.6)
Comprehensive income (loss) attributable to Kennedy-Wilson Holdings, Inc.	$16.2	$ 26.6	$ 50.6	$ 74.0	$ (155.8)	$ 11.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2018
(Dollars in millions)

	Parent	Kennedy-Wilson, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Elimination	Consolidated Total
Net income (loss)	$(1.0)	$ 8.9	$ 45.9	$ 37.5	$ (92.3)	$ (1.0)
Other comprehensive income (loss), net of tax:						
Unrealized foreign currency translation gain	35.4	35.4	18.4	35.3	(89.1)	35.4
Amounts reclassified from accumulated other comprehensive income	(0.1)	(0.1)	—	—	0.1	(0.1)
Unrealized currency derivative contracts loss	(7.4)	(7.4)	(18.2)	10.8	14.8	(7.4)
Total other comprehensive income for the period	$27.9	$ 27.9	$ 0.2	$ 46.1	$ (74.2)	$ 27.9
Comprehensive income	$26.9	$ 36.8	$ 46.1	$ 83.6	$ (166.5)	$ 26.9
Comprehensive income attributable to noncontrolling interests	—	—	—	(6.5)	—	(6.5)
Comprehensive income attributable to Kennedy-Wilson Holdings, Inc.	$26.9	$ 36.8	$ 46.1	$ 77.1	$ (166.5)	$ 20.4

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Kennedy-Wilson Holdings, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(Dollars in millions)

	Parent	Kennedy-Wilson, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Consolidated Total
Net cash (used in) provided by operating activities	$ 0.2	$ (61.6)	$ (1.4)	$ 37.7	$ (25.1)
Cash flows from investing activities:					
Additions to loans	—	—	(0.4)	—	(0.4)
Collections of loans	—	—		—	—
Net proceeds from sale of real estate	—	—	—	177.3	177.3
Purchases of consolidated real estate	—	—	—	—	—
Capital expenditures to real estate	—	—	(10.3)	(46.6)	(56.9)
Distributions from unconsolidated investments	—	0.8	1.7	3.1	5.6
Contributions to unconsolidated investments	—	(0.4)	(14.2)	(5.7)	(20.3)
Additions to development project assets	—	—	—	(1.2)	(1.2)
Proceeds from development project assets	—	—	—	1.7	1.7
Non refundable escrow deposits	—	(5.0)	—	—	(5.0)
Distributions from (investments in) consolidated subsidiaries, net	38.0	100.4	40.0	(178.4)	—
Net cash provided by (used in) investing activities	38.0	95.8	16.8	(49.8)	100.8
Cash flows from financing activities:					
Borrowings under senior notes payable	—	—	—	—	—
Borrowings under line of credit	—	—	—	—	—
Repayment of line of credit	—		—	—	—
Borrowings under investment debt	—	—	—	296.9	296.9
Repayment of investment debt	—	—	(0.3)	(251.1)	(251.4)
Repayment of term loan	—		—	—	—
Debt issue costs	—	—	—	(2.1)	(2.1)
Repurchase and retirement of common stock	(7.9)	—	—	—	(7.9)
Dividends paid	(30.3)	—	—	—	(30.3)
KWE closing dividend	—	—	—		—
Repayment of shareholder loans to noncontrolling interests	—	—	—	(10.7)	(10.7)
Contributions from noncontrolling interests, excluding KWE	—	—	—	5.3	5.3
Distributions to noncontrolling interests	—	—	—	(122.7)	(122.7)
Net cash (used in) financing activities	(38.2)	—	(0.3)	(84.4)	(122.9)
Effect of currency exchange rate changes on cash and cash equivalents	—	—	—	2.1	2.1
Net change in cash and cash equivalents	—	34.2	15.1	(94.4)	(45.1)
Cash and cash equivalents, beginning of period	—	1.9	101.9	384.2	488.0
Cash and cash equivalents, end of period	$ —	$ 36.1	$ 117.0	$ 289.8	$ 442.9

Kennedy-Wilson Holdings, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2018
(Dollars in millions)

	Parent	Kennedy-Wilson, Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Consolidated Total
Net cash (used in) provided by operating activities	$ 0.5	$ (12.9)	$ 11.9	$ 49.3	$ 48.8
Cash flows from investing activities:					
Collections of loans	—	—	4.5	—	4.5
Net proceeds from sale of real estate	—	—	—	113.9	113.9
Purchase of consolidated real estate	—	—	(127.1)	(4.1)	(131.2)
Capital expenditures to real estate	—	—	(5.0)	(54.0)	(59.0)
Additions to nonrefundable escrow deposits	—	—	—	(10.4)	(10.4)
Proceeds from settlement of foreign derivative contracts	—	(4.2)	—	—	(4.2)
Purchases of foreign derivative contracts	—	—	—	—	—
Investment in marketable securities	—	(0.2)	—	—	(0.2)
Proceeds from sale of marketable securities	—	—	7.2	—	7.2
Distributions from unconsolidated investments	—	—	5.1	8.0	13.1
Contributions to unconsolidated investments	—	—	(9.8)	(9.0)	(18.8)
Additions to development project assets	—	—	—	(8.4)	(8.4)
Proceeds from development project assets	—	—	—	38.9	38.9
Distributions from (investments in) consolidated subsidiaries, net	50.8	(39.5)	12.1	(23.4)	—
Net cash provided by (used in) investing activities	50.8	(43.9)	(113.0)	51.5	(54.6)
Cash flows from financing activities:					
Borrowing under senior notes payable	—	246.6	—	—	246.6
Borrowings under line of credit	—	75.0	—	—	75.0
Repayment of lines of credit	—	(175.0)	—	—	(175.0)
Repayment of term loan	—	(75.0)	—	—	(75.0)
Borrowings under investment debt	—	—	83.7	14.3	98.0
Repayment of investment debt	—	—	(1.1)	(28.1)	(29.2)
Debt issue costs	—	(3.8)	(0.8)	—	(4.6)
KWE closing dividend	—	—	—	(17.2)	(17.2)
Repurchase and retirement of common stock	(22.0)	—	—	—	(22.0)
Dividends paid	(29.3)	—	—	—	(29.3)
Contributions from noncontrolling interests, excluding KWE	—	—	—	13.0	13.0
Distributions to noncontrolling interests	—	—	—	(1.2)	(1.2)
Net cash (used in) provided by financing activities	(51.3)	67.8	81.8	(19.2)	79.1
Effect of currency exchange rate changes on cash and cash equivalents	—	—	—	8.4	8.4
Net change in cash and cash equivalents	—	11.0	(19.3)	90.0	81.7
Cash and cash equivalents, beginning of period	—	33.4	54.8	263.1	351.3
Cash and cash equivalents, end of period	$ —	$ 44.4	$ 35.5	$ 353.1	$ 433.0

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Kennedy-Wilson Holdings, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

NOTE 15—SUBSEQUENT EVENTS

The Company evaluated subsequent events through the date these financial statements were issued. The Company concluded that no subsequent events have occurred that would require disclosure in the consolidated financial statements.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
The following discussion and analysis of our financial condition and results of operations contains forward-looking statements within the meaning of the federal securities laws. See the discussion under the heading "Forward-looking Statements" 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 third-party equity providers and non-wholly-owned subsidiaries that we consolidate in our financial statements under U.S. GAAP. Please refer to "Non-GAAP Measures and Certain Definitions" for definitions of certain terms used throughout this Management's Discussion and Analysis Section.

Overview

Kennedy Wilson is a global real estate investment company. We own, operate and invest in real estate both on our own and through our investment management platform. We focus primarily on multifamily and office properties located in the Western United States, United Kingdom and Ireland. To complement our investment business, the Company also provides real estate services primarily to financial services clients.

Our value is primarily derived from our ownership in income producing real estate assets. We have an ownership interest in approximately 53 million square feet of property globally, including 28,546 multifamily rental units.

At March 31, 2019, we and our equity partners held a real estate and real estate related investment portfolio with assets at a book value of approximately $11.1 billion. For the three months ended March 31, 2019, these assets generated total revenues of approximately $233.0 million. The Company has an average ownership interest across all of its investments of approximately 59% as of March 31, 2019. In addition to our income producing real estate, we engage in development, and redevelopment and value add initiatives through which we enhance cashflows or reposition assets to increase disposal value.

We have 344 employees in 17 offices throughout the United States, the United Kingdom, Ireland and Spain.

The following is our business model:

- 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, utilizing cash from our balance sheet (funded by cash flows from operations, refinancing of current investments, investment sales or the sale of equity or debt securities) and typically financing them on a long-term basis
- Reposition assets and enhance cash flows post-acquisition
- Explore development opportunities on underutilized portions of assets, primarily excess land with little or no basis that is adjacent to income producing properties 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
- Use our services businesses to meet client needs, strengthen relationships with financial institutions, and position ourselves as a valuable resource and partner to these institutions for any future real estate opportunities

Business Segments

Our operations are defined by two core business units: KW Investments and KW Investment Management and Real Estate Services (IMRES).

- KW Investments invests our capital in real estate-related assets utilizing a mixture of wholly-owned investments and investments made with equity partners.
- IMRES encompasses our fee generating businesses which is comprised of our investment management platform and the property services platform. These businesses offer a comprehensive line of real estate services for the full lifecycle of real estate ownership to clients that include financial institutions, institutional investors, insurance companies, developers, builders and government agencies.

Our segments have a symbiotic relationship and work closely together. IMRES plays a critical role in supporting our investment strategy by providing local market intelligence and real-time data for evaluating investments, generating proprietary transaction flow and creating value through efficient implementation of asset management or repositioning strategies. KW Investments enables clients to benefit from the capabilities of IMRES.

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KW Investments

We invest our capital in real estate assets and loans secured by real estate either on our own or through our investment management platform. When we have partners, we are typically the general partner in the arrangement with a promoted interest in the profits of our investments beyond our ownership percentage. We have an average ownership interest across all investments of approximately 59% as of March 31, 2019. Our equity partners include financial institutions, foundations, endowments, high net worth individuals and other institutional investors.

The following are product types we invest in through the KW Investments segment:

Multifamily

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

As of March 31, 2019, we hold investments in 28,546 multifamily apartment units across 108 assets primarily located in the Western United States, Ireland and United Kingdom. Based on our share of net operating income, 36% is located in the Pacific Northwest primarily in suburbs of Seattle and Portland. The rest of the Western United States portfolio is in Northern and Southern California and the Mountain States region of Utah, Idaho and Nevada.

Through our Vintage Housing Holdings ("VHH") partnership we acquire and develop income and age restricted properties. The VHH portfolio includes over 6,900 rental units with approximately another 2,500 units currently under development or undergoing entitlements in the Western United States, which we currently expect to be completed by the end of 2021. VHH typically utilizes tax-exempt bond financing and the sale of federal tax credits to help finance its investments.

Commercial

We pursue office investment opportunities that typically have a value-add component that can benefit from our asset management expertise. After acquisition, the properties are generally repositioned to enhance market value.

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

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

As of March 31, 2019, we hold investments in 192 commercial properties, totaling over 19.5 million square feet, predominately in the United Kingdom and Ireland with additional investments in Italy and Spain, the Pacific Northwest and Southern California.

Hotel

We acquire hotels in certain opportunistic situations where we are able to purchase at a discount to replacement value or can implement our value-add investment approach. As of March 31, 2019, we own 5 hotels with 829 hotel rooms located in Ireland, the United Kingdom and Hawaii.

Residential, Loan 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 to which we assign little or no basis and for which we may pursue entitlement activities or, in some cases, development or re-development opportunities.

We seek to acquire and/or originate loans secured by real estate. Our acquisitions and originations include individual notes on all real estate property types as well as portfolios of loans purchased from financial institutions, corporations and government agencies. We deliver value through loan resolutions, discounted payoffs, and sales. We also convert certain loans into a direct ownership in the underlying real estate collateral.

Our loan investment portfolio is generally countercyclical to our other real estate investment businesses. When market conditions deteriorate there are more opportunities in acquiring loan portfolios. Our portfolio is principally related

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to loans acquired at a discount from their contractual balance due as a result of deteriorated credit quality of the borrower or market conditions. Such loans are underwritten by us based on the value of the underlying real estate collateral. Due to the discounted purchase price, 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 the investment.

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

As of March 31, 2019, we hold 19 investments which are primarily comprised of 325 residential units/lots and 4,000 acres located in Hawaii and the Western United States. As of March 31, 2019, these investments had a gross asset value of $271.1 million and the Company had a weighted average ownership in such investments of 59%. These investments are in various stages of completion, ranging from securing the proper entitlements on land positions to sales of units/lots.

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 section directly above, these initiatives may ultimately result in income-producing assets (4,088 multifamily units and 0.8 million commercial rentable square feet). If these projects are brought to completion, the Company's estimated share of the total capitalization of these projects would be approximately $981.0 million (approximately 30% 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" for additional detail on these investments.

KW Investment Management and Real Estate Services (IMRES)

IMRES includes both our investment management platform and to a lesser extent our third-party services business and offers a comprehensive line of real estate services for the full lifecycle of real estate ownership to clients that include financial institutions, institutional investors, insurance companies, developers, builders and government agencies. IMRES has four main lines of business: investment management, property services, brokerage, and auction and conventional sales. These four business lines generate revenue for us through fees and commissions.

We manage approximately $16.8 billion of IMRES AUM, the majority of which we have an ownership interest in and the balance we manage for third parties (please see definition of IMRES AUM in the section titled "Non-GAAP Measures and Certain Definitions"). With 17 offices throughout the United States, the United Kingdom, Ireland, Jersey and Spain, we have the capabilities and resources to provide property services to real estate owners as well as the experience, as a real estate investor, to understand client concerns. The managers of IMRES have an extensive track record in their respective lines of business and in the real estate community as a whole. Their knowledge and relationships are an excellent driver of business through the services business as well as on the investment front. Additionally, IMRES plays a critical role in supporting our investment strategy by providing local market intelligence and real-time data for evaluating investments, generating proprietary transaction flow and creating value through efficient implementation of asset management or repositioning strategies.

Investment Management

Our investment management platform utilizes a number of different investment vehicles for which we provide acquisition, asset management, financing, and other investment-related services, and typically includes a co-investment from us. We usually provide investment management services on our consolidated investment portfolio as well as investments with strategic partners many of whom have separate account agreements with us. Through our fund management business we have two active closed end funds seeking to generate attractive, risk adjusted returns. As of March 31, 2019, the Company manages a total of $2.3 billion in fee-bearing capital.

Commingled funds
We currently have two closed end funds that we manage and receive investment management fees. We focus on sourcing investors in the U.S., Europe and Middle East and investments in U.S and Europe with respect to our commingled funds.

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Separate accounts
We have a few equity partners that have separate account agreements with us. As part of the agreement we act as the general partner and receive investment management fees including potential acquisition, disposition, financing, construction management, performance and other fees.
Property Services
This division manages or provides advice with respect to office, retail and residential real estate for third-party clients, fund investors, and investments held by the Company. In addition to earning property management fees, consulting fees, lease commissions, construction management fees, disposition fees, and accounting fees, the property services group gives us insight into local markets and potential acquisitions.
Brokerage
Our brokerage division represents tenants and landlords on every aspect of site selection, negotiation and occupancy. The division also specializes in innovative marketing programs tailored to client objectives for all types of investment grade and income producing real estate. The division's property marketing programs combine proven techniques with its detailed market knowledge to create optimum results.

Auction and Conventional Sales
Kennedy Wilson was founded in 1977 as a real estate auction business and has since grown into a global real estate company. The auction and conventional sales division provides innovative marketing and sales strategies for all types of commercial and residential real estate, including single family homes, mixed-use developments, estate homes, multifamily dwellings, new home projects, and conversions. Generally, the division's auction sales business is countercyclical to the traditional sales real estate market and has been a bellwether for us in forecasting market conditions.

Selected Financial Data
In order to help the user of the financial statements understand our growth, we have included certain five-year selected financial data. The following table shows selected financial items for the three months ended March 31, 2019 dating back to 2015.

	Three Months Ended March 31,				
(Dollars in millions, except per share amounts)	2019	2018	2017	2016	2015
GAAP					
Revenues	$140.7	$190.1	$165.6	$170.0	$132.3
Net (loss) income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	(5.3)	(2.4)	0.8	14.9	(2.2)
Basic (loss) income per share of common stock	(0.04)	(0.02)	—	0.13	(0.03)
Diluted (loss) income per share of common stock	(0.04)	(0.02)	—	0.13	(0.03)
Dividends declared per share of common stock	0.21	0.19	0.17	0.14	0.12
Non-GAAP[(1)]					
Adjusted EBITDA	120.2	122.6	77.3	71.8	53.7
Adjusted EBITDA percentage change	(2)%	59%	8%	34%	—%
Adjusted Net Income	53.9	63.2	42.7	38.3	30.5
Adjusted Net Income percentage change	(15)%	48%	11%	26%	—%
Adjusted Fees	14.7	21.1	27.6	30.0	27.1
Adjusted Fees percentage change	(30)%	(24)%	(8)%	11%	—%

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

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The following tables show selected financial items as of March 31, 2019 and as of December 31, 2018 through 2015:

	March 31,	December 31,			
(in millions)	2019	2018	2017	2016	2015
Cash and cash equivalents	$442.9	$488.0	$351.3	$885.7	$731.6
Total assets	7,239.6	7,381.8	7,734.5	7,635.4	7,658.2
Mortgage debt	2,988.8	2,950.3	3,156.6	2,770.4	2,772.5
KW unsecured debt	1,203.3	1,202.0	1,179.4	934.1	688.8
KWE unsecured bonds	1,262.0	1,260.5	1,325.9	1,185.7	855.0
Kennedy Wilson equity	1,230.5	1,246.7	1,365.6	1,048.0	1,133.8
Noncontrolling interests	71.7	184.5	211.9	1,295.1	1,731.3
Total equity	1,302.2	1,431.2	1,577.5	2,343.1	2,865.1
Common shares outstanding	142.8	143.2	151.6	115.7	114.5

Investment Management and Real Estate Services Assets under Management (IMRES AUM)

IMRES AUM generally refers to the properties and other assets with respect to which we provide (or participate in) oversight, investment management services and other advice, and which generally consist of real estate properties or loans and investments in joint ventures. Our IMRES AUM is principally intended to reflect the extent of our presence in the real estate market, not the basis for determining our management fees. Our IMRES AUM consists of the total estimated fair value of the real estate properties and other real estate related assets either owned by third parties, wholly owned by us or held by joint ventures and other entities in which our sponsored funds or investment vehicles and client accounts have invested. Committed (but unfunded) capital from investors in our sponsored funds is not included in our IMRES AUM. The estimated value of development properties is included at estimated completion cost.

The table below details the changes our IMRES AUM for the three months ended March 31, 2019:

(in millions)	December 31, 2018	Increases	Decreases	March 31, 2019
IMRES AUM	$ 16,308.6	$1,017.4	$(497.0)	$16,829.0

IMRES AUM increased 3% to approximately $17 billion as of March 31, 2019. The increase is due to appreciation in the value of its investments. This is offset by decreases due to dispositions of commercial and multifamily assets, funding of capital commitments and pay downs of investment debt.

Foreign Currency and Currency Derivative Instruments

Please refer to item 3. Quantitative and Qualitative Disclosures About Market Risk for our discussion regarding foreign currency and currency derivative instruments.

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Results of Operations

Kennedy Wilson Consolidated Financial Results: Three Months Ended March 31, 2019 Compared to the Three Months Ended March 31, 2018

(Dollars in millions)	Three Months Ended March 31, 2019 Investments	Investment Management and Real Estate Services	Corporate	Total
Revenue				
Rental	$115.8	$ —	$ —	$115.8
Hotel	15.0	—	—	15.0
Sale of real estate	1.1	—	—	1.1
Investment management, property services and research fees	—	8.8	—	8.8
Total revenue	131.9	8.8	—	140.7
Expenses				
Rental	41.0	—	—	41.0
Hotel	14.6	—	—	14.6
Cost of real estate sold	1.2	—	—	1.2
Commission and marketing	—	1.0	—	1.0
Compensation and related	15.1	5.1	15.1	35.3
General and administrative	7.5	1.7	1.7	10.9
Depreciation and amortization	49.1	—	—	49.1
Total expenses	128.5	7.8	16.8	153.1
Income from unconsolidated investments, net of depreciation and amortization	39.5	2.2	—	41.7
Gain on sale of real estate, net	34.9	—	—	34.9
Acquisition-related expenses	(0.8)	—	—	(0.8)
Interest expense	(37.1)	—	(18.2)	(55.3)
Other non-operating income (expense)	0.5	—	(3.0)	(2.5)
Provision for income taxes	(2.1)	—	(1.9)	(4.0)
Net income (loss)	38.3	3.2	(39.9)	1.6
Net (income) attributable to the noncontrolling interests	(6.9)	—	—	(6.9)
Net income (loss) attributable to Kennedy-Wilson Holdings, Inc. common shareholders	31.4	3.2	(39.9)	(5.3)
Add back (less):				
Interest expense	37.1	—	18.2	55.3
Kennedy Wilson's share of interest expense included in unconsolidated investments	8.5	—	—	8.5
Depreciation and amortization	49.1	—	—	49.1
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	2.1	—	—	2.1
Provision for income taxes	2.1	—	1.9	4.0
Fees eliminated in consolidation	(3.7)	3.7	—	—
EBITDA add backs attributable to noncontrolling interests	(3.9)	—	—	(3.9)
Share-based compensation	—	—	10.4	10.4
Adjusted EBITDA(1)	$122.7	$ 6.9	$ (9.4)	$120.2

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

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(Dollars in millions)	Three Months Ended March 31, 2018 Investments	Investment Management and Real Estate Services	Corporate	Total
Revenue				
Rental	$134.3	$ —	$ —	$134.3
Hotel	36.3	—	—	36.3
Sale of real estate	9.4	—	—	9.4
Investment management, property services and research fees	—	10.1	—	10.1
Total revenue	180.0	10.1	—	190.1
Expenses				
Rental	41.6	—	—	41.6
Hotel	30.8	—	—	30.8
Cost of real estate sold	8.4	—	—	8.4
Commission and marketing	—	1.4	—	1.4
Compensation and related	16.2	8.8	14.6	39.6
General and administrative	7.2	2.9	1.3	11.4
Depreciation expense	55.7	—	—	55.7
Total expenses	159.9	13.1	15.9	188.9
Income from unconsolidated investments, net of depreciation and amortization	15.7	10.3	—	26.0
Gain on sale of real estate, net	28.0	—	—	28.0
Acquisition-related expenses	—	—	—	—
Interest expense	(38.9)	—	(20.0)	(58.9)
Other non-operating income (expense)	0.6	—	(0.5)	0.1
Benefit from income taxes	0.6	—	2.0	2.6
Net income (loss)	26.1	7.3	(34.4)	(1.0)
Net (income) attributable to the noncontrolling interests	(1.4)	—	—	(1.4)
Net income (loss) attributable to Kennedy-Wilson Holdings, Inc. common shareholders	24.7	7.3	(34.4)	(2.4)
Add back (less):				
Interest expense	38.9	—	20.0	58.9
Kennedy Wilson's share of interest expense included in unconsolidated investments	5.1	—	—	5.1
Depreciation and amortization	55.7	—	—	55.7
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	3.5	—	—	3.5
Benefit from income taxes	(0.6)	—	(2.0)	(2.6)
Fees eliminated in consolidation	(2.8)	2.8	—	—
EBITDA add backs attributable to noncontrolling interests	(5.5)	—	—	(5.5)
Share-based compensation	—	—	9.9	9.9
Adjusted EBITDA[1]	$119.0	$ 10.1	$ (6.5)	$122.6

[1] See "Non-GAAP Measures and Certain Definitions" section for definitions and discussion of Adjusted EBITDA

GAAP net loss to common shareholders was $5.3 million and $2.4 million for the three months ended March 31, 2019 and 2018, respectively. Adjusted EBITDA was $120.2 million and $122.6 million for the three months ended

March 31, 2019 and 2018, respectively. During the prior year and in the first quarter 2019, we have been a net seller of assets, had foreign currency exchange losses, and experienced a large vacancy at a Western United States office property and some disruption to our hotel business due to value-add capital expenditures all of which has led to a decrease in NOI from our properties. This was partially offset in the first quarter 2019 by increases in rental income and NOI at our same store operating properties (as described in the

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following paragraph) as we execute on our asset management initiatives. With proceeds from asset sales we have funded development and redevelopment initiatives that, if completed, we expect will significantly increase the NOI we receive from our properties (see "Liquidity and Capital Resources - Development and Redevelopment"). In the first quarter 2019, we had an increase of $14 million from sale of real estate and fair value gains as compared to the three months ended March 31, 2018. This was offset by a decrease of $5 million in promotes in the current period as compared to the prior period. We have also been focused on raising fee bearing capital in the United States and Europe through closed end funds and separate accounts and expect investment management fees to increase as we raise additional capital. During first quarter 2019, we raised an additional $200 million of fee bearing capital, offset by $80 million returned to our investors.

On our 14,583 same property multifamily units, total revenues increased 5.5%, net operating income increased 7.1%, and occupancy increased slightly to 94.1% from 93.3% in the same period in 2018. On 12.3 million square feet of same property commercial real estate, total revenues and net operating income both increased 3.9%, with occupancy increasing to 97.1% from 96.8% from the same period in 2018.

A significant portion of our investments located outside of the United States and denominated 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 Currency Risk - Foreign Currencies section 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.

	Three Months Ended March 31, 2019					
(dollars in millions)	Investments		Services		Total	
Revenues	$1.3	1 %	$—	— %	$1.3	1 %
Net Income (loss)	(0.3)	(6)%	(0.1)	(1)%	(0.4)	(7)%
Adjusted EBITDA	0.5	— %	—	— %	0.5	— %

	Three Months Ended March 31, 2018					
(dollars in millions)	Investments		Services		Total	
Revenues	$2.9	2 %	$—	— %	$2.9	2 %
Net Income (loss)	0.7	32%	(0.1)	(3)%	0.6	29%
Adjusted EBITDA	2.2	2 %	—	— %	2.2	2 %

Revenues

Investments Segment Revenues

Rental income was $115.8 million for the three months ended March 31, 2019 as compared to $134.3 million for the same period in 2018. The $18.5 million decrease is primarily due to the deconsolidation of Irish multifamily assets that were sold into the AXA Joint Venture. As the assets are now treated as unconsolidated investments, our share of rental revenues is part of income from unconsolidated investments in the current period and are no longer treated as rental income. We have also been a net seller of assets which has led to a decrease in rental income.

Hotel income was $15.0 million for the three months ended March 31, 2019 as compared to $36.3 million for the same period in 2018. The $21.3 million decrease is primarily due to the sale of the Ritz Carlton, Lake Tahoe hotel during the three months ended March 31, 2019, the sale of six Park Inn hotels located in the United Kingdom during the fourth quarter of 2018 and an extensive value add renovation of the lobby and reception at the Shelbourne hotel which led to the hotel being under occupied during first quarter 2019.

Sale of real estate was $1.1 million for the three months ended March 31, 2019 as compared to $9.4 million for the same period in 2018. During the three months ended March 31, 2019 and 2018, we recognized sale of real estate on 200 Capital Dock, a 130,000 sq. ft. office building under development in Dublin, Ireland, due to the construction progression on the building. The 200 Capital Dock project was accounted under the percentage of completion method, and variations in periods was due to the project achieving different milestones in its development timeline. As of

March 31, 2019 we have completed construction of the building.
Investment Management and Services Segment Revenues
Fees are earned on the following types of services provided:

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- Investment management, including acquisition, asset management, construction management, financing and disposition services;
- Property services, including management of commercial real estate for third-party clients, commingled fund investors, and investments held by Kennedy Wilson;
- Auction and conventional sales, including marketing and sales strategies for all types of commercial and residential real estate, including single family homes, mixed-use developments, estate homes, multifamily dwellings, new home projects, conversions and scattered properties;
- Brokerage services, including innovative marketing programs tailored to client objectives for all types of investment-grade and income-producing real estate; and
- Research, including consulting practice and data and analytics for the residential real estate development and new home construction industry (until the Company's sale of Meyers Research in the fourth quarter of 2018).

The following table shows Adjusted Fees for the three-month periods ended March 31, 2019 and 2018:

	Three Months Ended March 31,	
(dollars in millions)	2019	2018
Investment management and real estate services fees	$8.8	$10.1
Non-GAAP adjustments:		
Add back:		
KW share of fees eliminated in consolidation[1]	3.7	0.7
Performance fees included in unconsolidated investments	2.2	10.3
Adjusted Fees[2]	$14.7	$21.1

[1] The three months ended March 31, 2019 and 2018 include $3.4 million and $1.2 million, respectively, of fees recognized in net (income) loss attributable to noncontrolling interests relating to portion of fees paid by noncontrolling interest holders.
[2] See Non-GAAP Measures and Certain Definitions section for definitions and discussion of Adjusted Fees.

Investment management and real estate services fees were $8.8 million during the three months ended March 31, 2019 as compared to $10.1 million for the same period in 2018. See explanation below.
Fees earned from investments that were eliminated in consolidation totaled $3.7 million during the three months ended March 31, 2019 as compared to $0.7 million for the same period in 2018. See explanation below.
The table below shows a breakdown of Adjusted Fees from investment management and real estate related services for the three months ended March 31, 2019 and 2018:

	Three Months Ended March 31,	
(dollars in millions)	2019	2018
Fee Description		
Investment Management - Base	$3.7	$3.1
Investment Management - Performance	5.6	10.3
Investment Management - Acquisition/ Disposition	1.0	—
Investment Management - Total	10.3	13.4
Property Services	4.4	3.8
Research	—	3.9

Total Adjusted Fees[1]	$14.7	$21.1

[1]See Non-GAAP Measures and Certain Definitions section for definitions and discussion of Adjusted Fees.

Investment management

Investment management generated adjusted fees of $10.3 million during the three months ended March 31, 2019 as compared to $13.4 million for the same period in 2018. The increase of $0.6 million in base management fees period-over-period, is due to fees earned on the AXA Joint Venture which was established during the second quarter of 2018.

During the three months ended March 31, 2019, we received performance fees from the sale of the Ritz Carlton, Lake Tahoe hotel and the sale of a multifamily property in the Western United States. We also recorded an increase in the accrual for

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performance fees related to the increase in the underlying fair value of assets held by Fund V. During the three months ended March 31, 2018 Fund V had a higher accrual for performance fees as compared to first quarter of 2019 due to sale of a multifamily portfolio that closed in the beginning of 2018.
Acquisition/disposition fees relate to two separate acquisitions for a partner in a separate account arrangement.
Property Services
Real estate related services fees increased to $4.4 million during the three months ended March 31, 2019 as compared to $3.8 million for the same period in 2018 due to higher leasing commissions earned.
Research
We sold Meyers Research in the fourth quarter of 2018 which resulted in the loss of research fees. During the three months ended March 31, 2018 we had earned $3.9 million of fees.
Expenses
Investments Segment Expenses
Rental expenses were flat for the three months ended March 31, 2019 as compared to the three months ended March 31, 2018. Although rental income decreased during the three months ended March 31, 2019 as compared to the prior period, rental expenses remained consistent primarily due to one-time dilapidations expenditures in Europe. In the United Kingdom, as tenants vacate office space they are required to return their office space to the same condition as they received it. In many instances, instead of doing the work, the tenant will make a payment to the lessor. Under U.S. GAAP, these payments are required to be recorded to rental income over the life of the lease or when they meet the revenue recognition requirements (which are typically near the end of the lease as the lessor does not know if the tenant will do the work themselves or make a payment). As we complete refurbishment of the space, expenditures are recorded to rental expenses. We recorded dilapidations payments of $2.2 million in 2018 and have been incurring the expenditures to refurbish the vacant space in the current year and incurring rental expenses during the current year.
Hotel expenses decreased to $14.6 million for the three months ended March 31, 2019 as compared to $30.8 million for the three months ended March 31, 2018 due to the sale of Park Inns hotels in the fourth quarter of 2018 and the Ritz Carlton, Lake Tahoe hotel during the first quarter of 2019.
During the three months ended March 31, 2019, we recognized additional costs to complete on 200 Capital Dock, due to the construction progression on the building that resulted in $1.2 million of sale-related costs. During the three months ended March 31, 2018, we recognized sale-related costs of $8.4 million.
Compensation expense for the three months ended March 31, 2019 decreased to $15.1 million as compared to $16.2 million for the three months ended March 31, 2018 due to lower discretionary bonuses.
Depreciation and amortization decreased to $49.1 million during the three months ended March 31, 2019 as compared to $55.7 million for the three months ended March 31, 2018 primarily due to the deconsolidation of multifamily assets in connection with our previous partner's sale of its interests and our contribution of our interests to the AXA Joint Venture and the Company being a net seller in 2018 and the first quarter of 2019.
Investment Management and Real Estate Services Segment Expenses
Expenses for the three months ended March 31, 2019 decreased to $7.8 million for the three months ended March 31, 2019 as compared to $13.1 million for the three months ended March 31, 2018 primarily due to lower compensation and general and administrative expenses from the sale of the Meyers Research which reduced our headcount by 140 people period over period.
Corporate Expenses
Expenses for the three months ended March 31, 2019 increased to $16.8 million for the three months ended March 31, 2019 as compared to $15.9 million due to an increase in long-term deferred compensation.
Income from Unconsolidated Investments
The following table presents income from unconsolidated investments recognized by Kennedy Wilson during the three months ended March 31, 2019 and 2018:

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	Three Months Ended March 31,	
(Dollars in millions)	2019	2018
Operating performance, net of depreciation of $2.1 and $3.5	$8.8	$2.7
Realized gains	2.4	0.3
Fair value	28.3	12.7
Performance fees (included in adjusted fees)	2.2	10.3
Total income from unconsolidated investments	$41.7	$26.0

During the three months ended March 31, 2019, income from unconsolidated investments was $41.7 million as compared to $26.0 million for the same period in 2018. The increase in operating performance is due to the deconsolidation of multifamily assets in Dublin into the AXA Joint Venture and are now accounted for as unconsolidated investments. The realized gain relates to the sale of a multifamily property in the Western United States.

In addition to the above, during the three months ended March 31, 2019, the Company recognized fair value gains and performance fees of $28.3 million and $2.2 million, respectively, related primarily to cap rate compression, asset sales, and improved property performance by its FV Option investments and investments held within the funds managed by the Company. The largest gain in the period was a $20.0 million fair value gain on our VHH portfolio. These gains were partially offset by foreign exchange fair value losses on multifamily and development joint ventures in Ireland.

Income from unconsolidated investments during the three months ended March 31, 2018 primarily relates to operating distributions. During the three months ended March 31, 2018, the Company recognized fair value gains and performance fees of $12.7 million and $10.3 million, respectively, related primarily to resyndications under our VHH partnership, asset sales, and improved property performance by its FV Option investments and investments held within the funds managed by the Company.

Gain on sale of real estate, net was $34.9 million for the three months ended March 31, 2019 compared to $28.0 million during the same period in 2018. The gains recognized during the three months ended March 31, 2019 relate to the sale of the Ritz Carlton Hotel, Lake Tahoe and smaller, non-core retail assets in the Western United States and non-core commercial properties in the United Kingdom. The gains recognized during the three months ended March 31, 2018 relate primarily to the sales of non-core assets out of our United Kingdom commercial property portfolio.

Interest expense was $55.3 million for the three months ended March 31, 2019 as compared to $58.9 million for the same period in 2018. The decrease is due to the deconsolidation of multifamily assets into the AXA Joint Venture, the net sale of properties which were encumbered by mortgage debt and increased capitalized interest relating to our development properties.

Other expense was $2.5 million for the three months ended March 31, 2019 as compared to other income of $0.1 million for the same period in 2018. The expense during the three months ended March 31, 2019 relates to transactional foreign currency exchange losses relating to the weakening of the Euro during the period.

During the three months ended March 31, 2019, Kennedy Wilson generated pretax book income of $5.6 million related to its global operations and recorded a tax provision of $4.0 million or 71.4% of pretax book income. The effective rate for the quarter is above the US statutory rate principally as a result of non-deductible executive compensation, non-deductible foreign depreciation in the United Kingdom and losses in foreign jurisdictions where the tax benefit rate is below the US statutory rate.

Acquisition-related expenses were $0.8 million for the three months ended March 31, 2019 with no comparable activity in the prior period. The increase is due to expenses associated with costs that were incurred investigating potential transactions that ultimately were not consummated.

We had net income of $6.9 million attributable to noncontrolling interests during the three months ended March 31, 2019 compared to a net income of $1.4 million during the three months ended March 31, 2018. The increase in income attributable to noncontrolling interest is due to allocation of gains associated with the sale of Ritz Carlton, Lake Tahoe hotel.

Other Comprehensive Income

The two major components that drive the change in other comprehensive income are the change in foreign currency rates and the gain or loss of any associated foreign currency hedges. Please refer to the Currency Risk - Foreign Currencies section 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 three months ended March 31, 2019 and 2018.

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(Dollars in millions)	Three Months Ended March 31, 2019	2018
Net loss attributable to Kennedy-Wilson Holdings, Inc. common shareholders	$(5.3)	$(2.4)
Unrealized foreign currency translation (loss) gain, net of noncontrolling interests and tax	(16.0)	30.3
Amounts reclassified out of accumulated other comprehensive loss during the period	—	(0.1)
Unrealized foreign currency derivative contract gain (loss), net of noncontrolling interests and tax	32.9	(7.4)
Comprehensive income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	$11.6	$20.4

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

(Dollars in millions)	Three Months Ended March 31, 2019	2018
Realized foreign currency exchange (loss) gain - consolidated statements of operations	$(3.1)	$0.1
Realized foreign currency derivative contract loss - consolidated statements of operations	—	(0.3)
Statement of Operations - realized foreign currency exchange	$(3.1)	$(0.2)

The main currencies that we have exposure to are the euro and pound sterling. The table below represents the change in rates over the three months ended March 31, 2019 and 2018 as compared to the U.S. Dollar:

	Three Months Ended March 31, 2019	2018
Euro	(2.1)%	2.7%
GBP	2.2 %	3.7%

Comprehensive income, net of taxes and noncontrolling interests, for the three months ended March 31, 2019 and 2018 was income of $11.6 million and $20.4 million, respectively. The Company experienced net unrealized gains on foreign currency through other comprehensive income for the period due to the strengthening of the GBP against both U.S. dollar and the Euro. This was offset by the weakening of the Euro against the U.S. Dollar. Unrealized hedge gains were driven by hedges that KWE holds on its euro denominated investments which includes the $26.4 million gain on the KWE Notes as discussed in Note 9.

Liquidity and Capital Resources

Our liquidity and capital resources requirements include acquisitions of real estate and real estate related assets, capital expenditures for consolidated real estate and unconsolidated investments and working capital needs. We finance these activities with internally generated funds, borrowings under our revolving lines of credit, sales of equity and debt securities and cash out refinancings to the extent they are available and fit within our overall portfolio leverage strategy. Our investments in real estate are typically financed with equity from our balance sheet, third party equity and mortgage loans secured primarily 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. Historically, we have not required significant capital resources to support our IMRES business.

Our short-term liquidity requirements primarily consist of operating expenses and other expenditures associated with our properties, dividend payments to our shareholders, 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 IMRES business, sales of real estate as well as availability on our current revolving lines of credit ($500.0 million undrawn as of March 31, 2019). As of March 31, 2019, we and our consolidated subsidiaries had approximately $943.0 million of potential liquidity, which includes approximately $500.0 million of availability under lines of

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credit and $442.9 million of cash. As of March 31, 2019 we have $36.2 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.

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 strategy. In addition, we may seek third party financing to the extent that we engage in additional strategic investments, including capital necessary to execute potential development or redevelopment strategies or acquisition of real estate, note portfolios, or other real estate related companies or real estate related securities. Similarly, 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.

Development and Redevelopment

Kennedy Wilson has a number of market rate development, redevelopment and entitlement projects that are underway or in the planning stages. Unlike its residential projects that are held for sale, these initiatives may ultimately result in market-rate income producing assets (1,557 multifamily units and 0.8 million commercial rentable square feet), along with substantial upgrades to certain multifamily and commercial properties and hotels that are already producing income for the Company. If these projects were brought to completion, the estimated share of the Company's total cost would be approximately $981.0 million, which we expect would be funded through our existing equity, third party equity, project sales and secured debt financing. This represents total capital over the life of the projects and is not a representation of peak equity and does not take into account any distributions over the course of the investment. As of March 31, 2019, we have incurred $279.0 million of costs to date and expect to spend an additional $702.0 million to develop to completion or complete the entitlement process on these projects. Of the $702.0 million of remaining costs to complete we currently expect $342 million of it to be funded through cash from us over the life of the projects.

In addition to the market rate development and redevelopment projects described above we have 2,531 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 $27.9 million in cash from paid developer fees and proceeds from the sale of tax credits.

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

The 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. The scope of these projects may 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. All dollar amounts are Kennedy Wilson's share.

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				If Completed				Current	
Location	Type	Investment	Status	Est. Completion Date(1)	Commercial Sq. Ft.	MF Units / Hotel Rooms	KW Est. Total Cost(5)	KW Costs Incurred(4)(5)	KW Est. Costs to Complete(2)
2020-2021									
Spain(3)	Retail	Puerta del Sol	In Planning	2020	37,000	—	$ 64	$ 60	$ 4
Nor Cal	Multifamily	Santa Rosa	Under Construction	2020	—	120	35	5	30
Mountain States	Multifamily	Rosewood/RiverPointe 2	In Design	2020	—	161	32	3	29
Ireland(3)	Multifamily	Clancy Quay - Phase 3	Under Construction	2020	6,000	259	55	26	29
Ireland(3)	Office	Hanover Quay	Received Planning	2020	69,000	—	37	9	28
Ireland(3)	Office	Kildare	Received Planning	2021	64,000	—	53	10	43
	2020-2021 Total				176,000	540	$ 276	$ 113	$ 163
2022-2023									
Nor Cal	Office	400/430 California	Under Construction	2022	247,000	—	$ 21	$ 15	$ 6
Ireland(3)	Mixed-Use	Leisureplex	In Design	2022	19,000	180	101	19	82
Ireland(3)	Multifamily	Grange	In Design	2022	—	235	53	7	46
Ireland(3)	Mixed-Use	City Block 3	In Design	2022	375,000	452	248	69	179
Hawaii	Hotel	Kona Village Resort	Under Construction	2022	—	150	282	56	226
	2022-2023 Total				641,000	1,017	$ 705	$ 166	$ 539
	Total				817,000	1,557	$ 981	$ 279	$ 702

(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 KW's remaining costs to develop to completion or to complete the entitlement process, as applicable, as of March 31, 2019. Total remaining costs may be financed with third-party cash contributions, proceeds from projected sales, and/or debt financing. Kennedy Wilson expects to fund $342 million of its share of remaining costs to complete with cash. 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. KW cost to complete differs from KW 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 €0.89 = $1 USD and £0.77 = $1 USD, related to NOI.

(4) Excludes $64 million of costs incurred on three assets totaling 0.1 million commercial sq.ft. where scope of projects are still being explored.

(5) Includes land costs.

Share Repurchase Plan

On March 20, 2018, our Board of Directors approved the repurchase of up to $250 million of the Company’s common stock. 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 March 31, 2019, we had $76.8 million remaining under the current plan for stock repurchases.

Consolidated and Unconsolidated Investment Portfolio

In addition to our development and redevelopment 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. We typically invest $50 million to $100 million a year to fund capital expenditures for our consolidated and unconsolidated investment portfolio.

Under our current joint venture strategy, we generally contribute property expertise and a fully funded initial cash contribution, with commitments to provide additional funding. As of March 31, 2019, we have unfulfilled capital commitments totaling $97.6 million to our unconsolidated investments.

Cash Flows

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

	Three Months Ended March 31,	
(Dollars in millions)	2019	2018
Net cash (used in) provided by operating activities	$(25.1)	$48.8
Net cash provided by (used in) investing activities	100.8	(54.6)
Net cash (used in) provided by financing activities	(122.9)	79.1

Operating

Our cash flows from operating activities are primarily dependent upon operations from consolidated properties, the operating distributions from our unconsolidated investments, revenues from our IMRES business net of operating expenses and other general and administrative costs. We had cash flows used in operations of $25.1 million and cash flows provided by operations of $48.8 million for the three months March 31, 2019 and 2018, respectively. Cash inflows from operations are from consolidated rental properties and unconsolidated investments. We have experienced a decline in cash flows from rental properties as we have been a net seller of assets in the first quarter of 2019 and 2018 and used those proceeds to fund development initiatives and value add capital expenditures which has also led to a temporary decrease in operating cash flows. These amounts are partially offset from the payment of annual discretionary compensation during both periods and interest expense to fund our investment business. The decrease in cash flow from operations is primarily due to the timing of when discretionary bonuses were paid. Typically bonuses are paid in the first quarter of the following year and a significant portion of the 2017 bonus was paid during the fourth quarter of 2017 which led to an increase in cash flow from operations during the three months ended March 31, 2018.

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 unconsolidated investments. Net cash provided by investing activities totaled $100.8 million for the three months ended March 31, 2019. We received $177.3 million from the sale of Ritz Carlton Lake Tahoe hotel and non-core retail properties in the Western United States. We spent $56.9 million on capital expenditures on consolidated assets, our development properties and value add additions to our operating properties. We also contributed $20.3 million to unconsolidated investments which were primarily with respect to certain office properties in the Western United States and capital calls associated with development projects in Dublin, Ireland.

Net cash used in investing activities totaled $54.6 million for the three months ended March 31, 2018. Kennedy Wilson invested $190.2 million for additions to real estate in our Mountain States multifamily portfolio and paid a $10.4 million deposit on a multifamily property in Ireland. We received $113.9 million from the sale of non-core commercial assets in the United Kingdom. On our Capital Dock development, we spent $8.4 million and received $38.9 million for reaching a completion milestone. We received $13.1 million in investing distributions on unconsolidated investments relating to resyndications at VHH and property sales. This offset by $18.8 million contributed to unconsolidated investments to fund new investments and capital expenditures. We also received $7.2 million from the liquidation of our marketable securities portfolio.

Financing

Our net cash related to financing activities are generally impacted by capital-raising activities net of dividends and distributions paid to common shareholders and noncontrolling interests as well as financing activities for consolidated real estate investments. Net cash used in financing activities totaled $122.9 million for the three months ended March 31, 2019. Kennedy Wilson received proceeds of $296.9 million from mortgage loans to finance and refinance consolidated property acquisitions. These were offset by repayment of $251.4 million of mortgage debt. Proceeds received and payments on investment debt was primarily due to the refinancing of the construction loan at Capital Dock into a five-year loan bearing interest at 1.56%. We paid $122.7 million in distributions to noncontrolling interests due to the sale of the Ritz Carlton hotel in Lake Tahoe and distribution relating to excess proceeds on Capital Dock refinancing. We also repaid $10.7 million in shareholder loans to noncontrolling interest holders in Capital Dock with the proceeds from the refinance. The Company paid dividends of $30.3 million and repurchased $7.9 million of the Company's common stock.

Net cash provided by financing activities totaled $79.1 million for the three months ended March 31, 2018. We received $246.6 million from an offering of our 2024 Notes which was used to repay $175.0 million on our revolving credit facility (we had drawn $75.0 million prior to this repayment) and $75.0 million on our term loan facility. We paid $17.2 million to shareholders of KWE relating to dividends on shares that were declared on shares that were outstanding prior to the KWE transaction but were not paid until the current period. Kennedy Wilson received proceeds of $98.0 million from mortgage loans to finance and refinance consolidated property acquisitions. These were partially offset by repayment of $29.2 million of investment debt.

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The Company paid dividends of $29.3 million and repurchased $22.0 million worth of shares during the three months ended March 31, 2018.

Contractual Obligations and Commercial Commitments

At March 31, 2019, Kennedy Wilson's contractual cash obligations, including debt, operating leases and ground leases, included the following:

	Payments Due by Period				
(Dollars in millions)	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Contractual Obligations[6]					
Borrowings:[1] [4]					
Mortgage Debt [2] [4]	$3,007.8	$67.8	$516.5	$866.0	$1,557.5
Senior notes[3] [4]	1,150.0	—	—	1,150.0	—
Credit Facility [4]	75.0	—	75.0	—	—
KWE Unsecured bonds[4] [5]	1,269.3	—	651.8	—	617.5
Total borrowings	5,502.1	67.8	1,243.3	2,016.0	2,175.0
Operating leases	6.2	1.5	4.0	0.6	0.1
Ground leases[8]	47.8	0.4	1.4	0.9	45.1
Total contractual cash obligations[7]	$5,556.1	$69.7	$1,248.7	$2,017.5	$2,220.2

[1] 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 - $150.7 million; 1-3 years - $590.7 million; 4-5 years - $270.9 million; After 5 years - $160.6 million. The interest payments on variable rate debt have been calculated using the interest rate in effect at March 31, 2019.

[2] Excludes $1.8 million of net unamortized debt premium on mortgage debt.

[3] Excludes $4.5 million of net unamortized debt discount on senior notes.

[4] Excludes $42.2 million of unamortized loan fees.

[5] Excludes $3.5 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 and operating leases, consisted of the following: Less than 1 year - $67.4 million; 1-3 years - $1,238.5 million; 4-5 years - $1,677.9 million; After 5 years - $2,038.3 million.

[7] Table above excludes $97.6 million unfulfilled capital commitments to our unconsolidated investments.

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

Indebtedness and Related Covenants

The following describes KWH's corporate indebtedness and related covenants.

Senior Notes Payable

In March 2014, Kennedy-Wilson, Inc., completed a public offering of $300.0 million aggregate principal amount of 5.875% Senior Notes due 2024 (the “2024 Notes”), for approximately $290.7 million, net of discount and estimated offering expenses. The 2024 Notes were issued pursuant to an indenture dated as of March 25, 2014, by and among Kennedy-Wilson, Inc., as issuer, and Wilmington Trust National Association, as trustee, as supplemented by a supplemental indenture, dated as of March 25, 2014, by and between Kennedy-Wilson, Inc. as issuer, Kennedy-Wilson Holdings, Inc., as parent guarantor, certain subsidiaries of the issuer, as subsidiary guarantors, and Wilmington Trust National Association, as trustee (the indenture, as so supplemented, the “2024 Indenture”). The issuer's obligations under the 2024 Notes are fully and unconditionally guaranteed by Kennedy-Wilson Holdings, Inc. and the subsidiary guarantors. At any time prior to April 1, 2019, the issuer may redeem the 2024 Notes, in whole or in part, at a redemption price equal to 100% of their principal amount, plus an applicable “make-whole” premium and accrued and unpaid interest, if any, to the redemption date. At any time and from time to time on or after April 1, 2019, the issuer may redeem the 2024 Notes, in whole or in part, at the redemption price specified in the 2024 Indenture, plus accrued and unpaid interest, if any, to the redemption date. Interest on the 2024 Notes accrues at a rate of 5.875% per annum and is payable semi-annually in arrears on April 1 and October 1 of each year, commencing on October 1, 2014. The 2024 Notes will mature on April 1, 2024. In November 2014, August 2016 and March 2018, we completed additional public offerings of $350 million, $250 million and $250 million, respectively, aggregate principal amounts of 5.875% Senior Notes, due 2024 (the “Additional Notes”). The Additional Notes have substantially identical terms as the 2024 Notes described above, and are treated as a single series with

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the 2024 Notes under such 2024 Indenture. The Additional Notes were issued and sold at public offering prices of 100.0% in November 2014, 100.0% in August 2016 and 98.625% in March 2018 of their principal amount, plus accrued interest. The amount of the 2024 Notes included in the accompanying consolidated balance sheets was $1.1 billion at March 31, 2019.

KWE Senior Notes Payable

KWE has bonds outstanding ("KWE Bonds") of approximately $651.5 million (based on March 31, 2019 rates) (£500 million) in 3.95% fixed-rate senior unsecured bonds due 2022. KWE effectively reduced the interest rate to 3.35% as a result of it entering into swap arrangements to convert 50% of the proceeds into Euros.

KWE also established a £2.0 billion (approximately $2.6 billion based on March 31, 2019 rates) Euro Medium Term Note Programme ("EMTN"). Under the EMTN Programme, KWE may issue, from time to time, up to £2.0 billion of various types of debt securities in certain markets and currencies. KWE has drawn down under its EMTN Programme, with issuances of senior unsecured notes for an aggregate principal amount of approximately $617.0 million (based on March 31, 2019 rates) (€550 million) (the "KWE Notes"). The KWE Notes were issued at a discount and have a carrying value of $614.6 million, have an annual fixed coupon of 3.25% and mature in 2025. The KWE Notes rank pari passu with the KWE Bonds and are subject to the same restrictive covenants.

The KWE Bonds and KWE Notes require KWE to maintain (i) consolidated net indebtedness (as defined in the trust deed for the notes) of no more than 60% of the total asset value; (ii) consolidated secured indebtedness (less cash and cash equivalents) of no more than 50% of total asset value; (iii) an interest coverage ratio of at least 1.5 to 1.0, and (iv) unencumbered assets of no less than 125% of the unsecured indebtedness (less cash & cash equivalents). The covenants associated with KWE Bonds and KWE Notes are not an obligation of KWH and these amounts are presented as a component of our investment debt as it is an unsecured obligation relating to an underlying investment of ours.

Borrowings Under Line of Credit

Kennedy-Wilson, Inc. (the “Borrower”), a wholly-owned subsidiary of Kennedy-Wilson Holdings, Company, KWH and certain subsidiaries of the Company (the “Subsidiary Guarantors”) entered into an Escrow Agreement with a syndicate of lenders (the “Lenders”), Bank of America, N.A. ("BofA"), as administrative agent and Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill"), JPMorgan Chase Bank, N.A. ("JPM") and U.S. Bank National Association, as joint lead arrangers and joint bookrunners, pursuant to which the parties delivered executed signature pages to a $700 million unsecured revolving credit and term loan facility (the “A&R Facility”), which amended and restated the Borrower’s existing revolving credit facility. The A&R Facility is comprised of a $500 million revolving line of credit and a $200 million term loan facility. Loans under the revolving line of credit bear interest at a rate equal to LIBOR plus between 1.75% and 2.75%, depending on the consolidated leverage ratio as of the applicable measurement date. Loans under the term loan facility bear interest at a rate equal to LIBOR plus between 1.65% and 2.65%, depending on the consolidated leverage ratio as of the applicable measurement date. The A&R Facility has a maturity date of March 31, 2021. Subject to certain conditions precedent and at the Borrower’s option, the maturity date of the A&R Facility may be extended by one year.

The Company has an outstanding balance of $75.0 million on the A&R Facility with $500.0 million available to be drawn under the revolving credit facility as of March 31, 2019.

Debt Covenants

The A&R Facility and the indentures governing the 2024 Notes contain numerous restrictive covenants that, among other things, limit Kennedy Wilson's and certain of its subsidiaries' ability to incur additional indebtedness, pay dividends or make distributions to stockholders, repurchase capital stock or debt, make investments, sell assets or subsidiary stock, create or permit liens on assets, engage in transactions with affiliates, enter into sale/leaseback transactions, issue subsidiary equity and enter into consolidations or mergers. The A&R Revolving Facility requires Kennedy Wilson to maintain a minimum tangible net worth and a specified amount of cash and cash equivalents.

The A&R Facility has certain covenants as defined within its Amended and Restated Credit Agreement, Dated as of October 20, 2017 (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 on assets, 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 $1,066,775,300 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 Closing Date, 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 $300,351,000, (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 March 31, 2019, the Company was in compliance with all 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.

The indentures governing the 2024 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.

In addition, loan agreements governing the mortgages that are secured by our properties may contain operational and financial covenants, including but not limited to, debt service coverage ratio covenants and, with respect to mortgages secured by certain properties in Europe, loan-to-value ratio covenants. Mortgages with such loan-to-value covenants require that the underlying properties are valued on a periodic basis (at least annually).

Off-Balance Sheet Arrangements

We have provided guarantees associated with loans secured by consolidated assets. At March 31, 2019, the maximum potential amount of future payments (undiscounted) we could be required to make under the guarantees was approximately $26.5 million. The guarantees expire through 2021, and our performance under the guarantees would be required to the extent there is a shortfall upon 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 March 31, 2019, we have unfulfilled capital commitments totaling $97.6 million to our unconsolidated investments. 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.

Please refer to our Annual Report on Form 10-K for the year ended December 31, 2018 for discussion of our non-recourse carve-out guarantees arrangements, as there have been no material changes to that disclosure.

Certain Non-GAAP Measures and Reconciliations

The table below is a reconciliation of Non-GAAP measures to their most comparable GAAP measures, for amounts relating to the three months ended March 31, 2019 dated back through 2015.

	Three Months Ended March 31,				
(dollars in millions)	2019	2018	2017	2016	2015
Net (loss) income attributable to Kennedy-Wilson Holdings, Inc. common shareholders	$(5.3)	$(2.4)	$0.8	$(7.4)	$(3.5)
Non-GAAP Adjustments					
Add back:					
Interest expense	55.3	58.9	50.0	44.6	32.4
Kennedy Wilson's share of interest expense included in unconsolidated investments	8.5	5.1	5.5	6.1	6.4
Depreciation and amortization	49.1	55.7	49.7	48.3	36.6
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	2.1	3.5	4.3	5.2	8.8
Provision for (benefit from) from income taxes	4.0	(2.6)	(4.1)	0.5	(8.1)
Share-based compensation	10.4	9.9	10.7	17.5	7.3
EBITDA add backs attributable to noncontrolling interests	(3.9)	(5.5)	(39.6)	(43.0)	(26.2)

Adjusted EBITDA	$120.2	$122.6	$77.3	$71.8	$53.7

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(Dollars in millions)	Three Months Ended March 31, 2019	2018	2017	2016	2015
Net income (loss)	$1.6	$(1.0)	$0.9	$20.5	$(4.3)
Non-GAAP adjustments:					
Add back:					
Depreciation and amortization	49.1	55.7	49.7	48.3	36.6
Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments	2.1	3.5	4.3	5.2	8.8
Share-based compensation	10.4	9.9	10.7	17.5	7.3
Net income attributable to the noncontrolling interests, before depreciation and amortization[1]	(9.3)	(4.9)	(22.9)	(53.2)	(17.9)
Adjusted Net Income[2]	$53.9	$63.2	$42.7	$38.3	$30.5

[1] [2] See "Non-GAAP Measures and Certain Definitions" for definitions and discussion of Adjusted Net Income.

(dollars in millions)	Three Months Ended March 31, 2019	2018	2017	2016	2015
Investment management, property services and research fees[1]	$8.8	$10.1	$11.0	$12.6	$10.6
Non-GAAP adjustments:					
Add back:					
Fees eliminated in consolidation	3.7	0.7	7.2	7.5	7.0
Performance fees included in unconsolidated investments	2.2	10.3	6.5	6.5	5.8
Kennedy Wilson's share of fees in unconsolidated service businesses	—	—	2.9	3.4	3.7
Adjusted Fees	$14.7	$21.1	$27.6	$30.0	$27.1

[1] Amounts previously presented as Management and leasing fees and commissions on prior period statement of operations. Amounts above represent total of fees and commissions from prior periods.

Same property analysis

The same property analysis reflects, and is weighted by, Kennedy Wilson's ownership in each underlying property. The table below is a reconciliation of Non-GAAP measures included within the Company's same property analysis, to their most comparable GAAP measures.

	Three Months Ended March 31, 2019 Same Property Revenue	NOI	Three Months Ended March 31, 2018 Same Property Revenue	NOI
Net Income (loss)	$1.6	$1.6	$(1.0)	$(1.0)
Less: Benefit from (provision for) income taxes	4.0	4.0	(2.6)	(2.6)
Less: Income from unconsolidated investments	(41.7)	(41.7)	(26.0)	(26.0)
Less: Gain on sale of real estate, net	(34.9)	(34.9)	(28.0)	(28.0)
Add: Acquisition-related expenses	0.8	0.8	—	—
Add: Interest expense	55.3	55.3	58.9	58.9
Less: Other income (loss)	2.5	2.5	(0.1)	(0.1)
Less: Sale of real estate	(1.1)	(1.1)	(9.4)	(9.4)
Less: Investment management, property services and research fees	(8.8)	(8.8)	(10.1)	(10.1)
Add: Rental expenses	41.0	—	41.6	—
Add: Hotel expenses	14.6	—	30.8	—
Add: Cost of real estate sold	1.2	1.2	8.4	8.4
Add: Commission and marketing	1.0	1.0	1.4	1.4
Add: Compensation and related	35.3	35.3	39.6	39.6

Add: General and administrative	10.9	10.9	11.4	11.4
Add: Depreciation and amortization	49.1	49.1	55.7	55.7
Less: NCI adjustments [1]	(4.7)	(1.9)	(13.9)	(6.8)
Add: Unconsolidated investment adjustments [2]	19.2	13.3	18.5	12.8
Add: Straight-line and above/below market rents	(2.0)	(2.0)	(4.6)	(4.6)
Less: Reimbursement of recoverable operating expenses	(7.2)	—	(9.6)	—
Less: Properties bought and sold [3]	(7.8)	(1.4)	(33.5)	(16.9)
Less: Other properties excluded [4]	(8.5)	(0.1)	(6.4)	(3.7)
Other Reconciling Items [5]	(0.4)	(1.0)	(5.3)	—
Same Property	$119.4	$82.1	$115.8	$79.0

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Same Property (Reported)	Three Months Ended March 31, 2019 Same Property Revenue	NOI	Three Months Ended March 31, 2018 Same Property Revenue	NOI
Commercial - Same Property	$46.0	$41.1	$44.1	$39.5
Multifamily Market Rate Portfolio - Same Property	54.4	36.6	51.7	34.0
Multifamily Affordable Portfolio - Same Property	6.2	4.3	5.9	4.1
Hotel - Same Property	12.8	0.1	14.1	1.4
Same Property	$119.4	$82.1	$115.8	$79.0

(1) Represents rental revenue and operating expenses and hotel revenue and operating expenses attributable to non-controlling interests.
(2) Represents the Company’s share of unconsolidated investment rental revenues and net operating income, 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our primary market risk exposure relates to: changes in interest rates in connection with our short-term borrowings and fluctuations in foreign currency exchange rates in connection with our foreign operations.

Interest Rate Risk

We have established an interest rate management policy, which attempts to minimize our overall cost of debt while taking into consideration the earnings implications associated with the volatility of short-term interest rates. As part of this policy, we have elected to maintain a combination of variable and fixed rate debt. As of March 31, 2019, 82% of our consolidated level debt is fixed rate, 7% is floating rate with interest caps and 11% is floating rate without interest caps. As such, fluctuations in interest rates may impact our floating rate debt (and floating rate debt with interest caps to a lesser extent) and cause our consolidated interest expense and income from unconsolidated investments to fluctuate. Typically, these fluctuations do not give rise to a significant long-term interest rate risk because they have generally short maturities.

We hold variable rate debt on some of our consolidated and unconsolidated properties that are subject to interest rate fluctuations. These variable rates generally are based on the lender’s base rate, prime rate, EURIBOR, GBP LIBOR, or LIBOR plus an applicable borrowing margin. Additionally, 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 $7.3 million increase in interest expense or $4.7 million in interest expense savings during 2019 on our current consolidated mortgages. The weighted average strike price on caps and maturity of Kennedy Wilson’s variable rate mortgages is 3.18% and approximately 2.3 years, respectively, as of March 31, 2019.

The table below represents contractual balances of our financial instruments at the expected maturity dates as well as the fair value as of March 31, 2019. The weighted average interest rate for the various assets and liabilities presented are actual as of March 31, 2019. 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.

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(Dollars in millions)	Principal Maturing in: 2019	2020	2021	2022	2023	Thereafter	Total	Fair Value As of March 31, 2019
Interest rate sensitive assets								
Cash and cash equivalents	$442.9	$—	$—	$—	$—	$—	$442.9	$442.9
Average interest rate	0.49 %	— %	— %	— %	— %	— %	0.49 %	—
Fixed rate receivables	27.2	—	0.5	—	—	—	27.7	27.7
Average interest rate [1]	5.00 %	— %	5.00 %	— %	— %	— %	5.00 %	—
Variable rate receivables	—	—	—	—	—	—	—	—
Average interest rate	— %	— %	— %	— %	— %	— %	— %	—
Total	$470.1	$—	$0.5	$—	$—	$—	$470.6	$470.6
Weighted average interest rate	0.57 %	— %	5.00 %	— %	— %	— %	0.58 %	
Interest rate sensitive liabilities								
Variable rate borrowings	$54.0	$—	$163.3	$259.9	$25.4	$473.0	$975.6	$1,065.9
Average interest rate	2.65 %	— %	4.98 %	1.98 %	5.39 %	2.26 %	2.74 %	—
Fixed rate borrowings	7.8	99.5	36.3	664.3	351.3	3,367.3	4,526.5	4,463.7
Average interest rate	4.35 %	3.04 %	4.53 %	3.96 %	3.26 %	4.32 %	4.16 %	—
Total	$61.8	$99.5	$199.6	$924.2	$376.7	$3,840.3	$5,502.1	$5,529.6
Weighted average interest rate	2.86 %	3.04 %	4.89 %	3.40 %	3.40 %	4.07 %	3.91 %	

[1] Interest rate sensitive assets' weighted average interest rates are exclusive of non-performing receivables.

Currency Risk - Foreign Currencies

A significant portion of our business is located outside the United States. As such, we have foreign currency fluctuation risk with respect to those investments and business units. In certain instances, we utilize foreign currency hedging derivatives to mitigate the impact of this risk on our equity.

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 primarily 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 45% 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. 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 March 31, 2019, we executed hedge transactions relating to 77% of the gross asset carrying value of our euro denominated investments and 88% of the gross asset carrying value of our GBP denominated investments.

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

We typically have not hedged the impact foreign currency fluctuations may have on our future operations or cash flows. The costs to operate these businesses, such as compensation, overhead and interest expense are incurred in local currencies. As we are not currently hedging our current operations there will be foreign currency impact on our results of operations for both the investment and services segments.

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 $11.5 million or decrease by $10.8 million, respectively. If rates increase or decrease by 10% we would have an increase of $23.0 million and a decrease of $20.7 million.

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Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of the principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the record period covered by this report, our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

Changes in Internal Controls over Financial Reporting

There was no change in our internal control over financial reporting during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II
OTHER INFORMATION

Item 1. Legal Proceedings
We may be involved in various legal proceedings arising in the ordinary course of business, none of which are currently material to our business and our financial statements taken as a whole. From time to time, our real estate management division is named in “slip and fall” type litigation relating to buildings we manage. Our standard management agreement contains an indemnity provision whereby the building owner indemnifies and agrees to defend our real estate management division against such claims. In such cases, we are defended by the building owner’s liability insurer.
Item 1A. Risk Factors

The discussion of our business and operations in this Quarterly Report on Form 10-Q should be read together with the risk factors contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC, which describe various risks and uncertainties to which we are or may become subject. There were no material changes from the risk factors disclosed in Item 1A of our report on Form 10-K for the fiscal year ended December 31, 2018, as supplemented by the risk factors disclosed in Item 1A of our report on Form 10-Q for the fiscal quarter ended March 31, 2019.
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

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)]
Jan 1 - Jan 31, 2019	239,315	$ 18.47	14,063,745	$80,295,329
February 1 - February 28, 2019	—	$ —	14,063,745	$80,295,329
March 1 - March 31, 2019	163,224	$ 21.37	14,226,969	$76,807,232
Total	402,539		14,226,969	$76,807,232

[(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. 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.
Item 3. Defaults upon Senior Securities
None.
Item 4. Mine Safety Disclosures
Not applicable.
Item 5. Other Information
None.
Item 6. Exhibits

Exhibit No.	Description
31.1	Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 of the Chief Executive Officer.
31.2	Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 of the Chief Financial Officer.

32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of the Chief Executive Officer.
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of the Chief Financial Officer.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

KENNEDY-WILSON
HOLDINGS, INC.

Dated: May 2, 2019 By: /S/ JUSTIN ENBODY
Justin Enbody
Chief Financial Officer
(Principal Financial Officer
and Accounting Officer)