

Kennedy-Wilson Holdings, Inc.  
Form 10-K  
February 27, 2017  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-K  
(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2016

OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number: 001-33824  
Kennedy-Wilson Holdings, Inc.  
(Exact Name of Registrant as Specified in Its Charter)  
Delaware 26-0508760  
(State or Other Jurisdiction of (I.R.S. Employer  
Incorporation or Organization) Identification No.)

151 S El Camino Dr 90212  
Beverly Hills, CA  
(Address of Principal Executive Offices) (Zip Code)  
(310) 887-6400  
(Registrant's telephone number, including area code)  
Securities registered pursuant to Section 12(b) of the Act:

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Title of Each Class	Name of Each Exchange on which Registered
Common Stock, \$.0001 par value	NYSE

Securities registered pursuant to Section 12(g) of the Act: None

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act:

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

Based on the last sale at the close of business on June 30, 2016, the aggregate market value of the registrant’s common stock held by non-affiliates of the registrant was approximately \$1,521,630,117.

The number of shares of common stock outstanding as of February 24, 2017 was 114,897,881.

**DOCUMENTS INCORPORATED BY REFERENCE**

Part III of this report incorporates certain information by reference from the registrant’s proxy statement for the annual meeting of stockholders to be held on or around June 15, 2017, which proxy statement will be filed no later than 120 days after the close of the registrant’s fiscal year ended December 31, 2016.

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**FORWARD-LOOKING STATEMENTS**

Statements made by us in this report and in other reports and statements released by us that are not historical facts constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These forward-looking statements are necessarily estimates reflecting the judgment of our senior management based on our current estimates, expectations, forecasts and projections and include comments that express our current opinions about trends and factors that may impact future operating results. Disclosures that use words such as “believe,” “may,” “anticipate,” “estimate,” “intend,” “could,” “plan,” “expect,” “project” or the negative of these, as well as similar expressions, are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance, rely on a number of assumptions concerning future events, many of which are outside of our control, and involve known and unknown risks and uncertainties that could cause our actual results, performance or achievement, or industry results, to differ materially from any future results, performance or achievements, expressed or implied by such forward-looking statements. Although we believe that our plans, intentions, expectations, strategies and prospects as reflected in or suggested by those forward-looking statements are reasonable, we do not guarantee that the transactions and events described will happen as described (or that they will happen at all). For a further discussion of these and other factors that could impact our future results, performance or transactions, please carefully read “Risk Factors” in Part I, Item 1A below in addition to the following factors:

- disruptions in general economic and business conditions, particularly in geographies where our business may be concentrated;
- volatility and disruption of the capital and credit markets, higher interest rates, higher loan costs, less desirable loan terms and a reduction in the availability of mortgage loans, all of which could increase costs and could limit our ability to acquire additional real estate assets;
- continued high levels of, or increases in, unemployment and general slowdowns in commercial activity;
- our leverage and ability to refinance existing indebtedness or incur additional indebtedness;
- an increase in our debt service obligations;
- our ability to generate a sufficient amount of cash to satisfy working capital requirements and to service our existing and future indebtedness;
- our ability to achieve improvements in operating efficiency;
- foreign currency fluctuations;
- performance of our foreign currency hedge instruments;
- adverse changes in the securities markets;
- our ability to retain our senior management and attract and retain qualified and experienced employees;
- our ability to retain major clients and renew related contracts;
- trends in use of large, full-service commercial real estate providers;
- changes in tax laws in the United States, Ireland, United Kingdom, Spain, Italy or Japan that reduce or eliminate deductions or other tax benefits we receive;
- our ability to repatriate investment funds in a tax-efficient manner;
- future acquisitions may not be available at favorable prices or upon advantageous terms and conditions; and
- costs relating to the acquisition of assets we may acquire could be higher than anticipated.

Any such forward-looking statements, whether made in this report or elsewhere, should be considered in the context of the various disclosures made by us about our businesses including, without limitation, the risk factors discussed in this Annual Report. Except as required under the federal securities laws and the rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”), we do not have any intention or obligation to update publicly any forward-looking statements, whether as a result of new information, future events, changes in assumptions, or otherwise. Please refer to “Non-GAAP Measures and Certain Definitions” for definitions of certain terms used throughout this report.

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PART I

Item 1. Business

Company 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 on multifamily and commercial properties located in the Western United States, United Kingdom, Ireland and to a lesser extent Spain, Italy and Japan. 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 39 million square feet of property globally, including 25,943 multifamily rental units. In addition to our core income producing real estate, we engage in development, redevelopment and value add initiatives through which we enhance cash flows or reposition asset to increase sale value. Additionally, our investment management and property services business ("IMRES") manages approximately \$17 billion of IMRES AUM, the majority of which we have an ownership interest in and the balance we manage for third parties.

We have over 500 employees in 25 offices throughout the United States, the United Kingdom, Ireland, Jersey, Spain, Italy and Japan and manage and work with approximately 6,000 operating associates.

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, investments sales or the sale of equity or debt securities) and typically financing them on a long-term basis

• Reposition assets to 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

• Continuously evaluate and selectively harvest asset and entity value through strategic realizations utilizing both the public and private markets

• Utilize our services businesses to meet client needs, strengthen relationships with financial institutions, and position us as a valuable resource and partner to these institutions for any future real estate opportunities

Since going public on November 13, 2009 through December 31, 2016, the annualized total rate of return (including dividends) of our common stock (NYSE: KW) was 12.4%, compared to the return of the S&P 500 index of 12.9%.

Past stock price performance is not necessarily indicative of future stock price performance.

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

(In millions, except per share amounts)

	Year Ended December 31,				
	2016	2015	2014	2013	2012
Statements of operations data and dividends:					
Revenue	\$703.4	\$603.7	\$398.6	\$123.1	\$66.9
Net income (loss) to Kennedy-Wilson Holdings Inc. common shareholders	2.8	71.1	13.8	(14.5 )	(3.9 )
Basic (loss) income per share	0.01	0.66	0.14	(0.21 )	(0.07 )
Dividends declared per share of common stock	0.56	0.48	0.36	0.28	0.20
Adjusted EBITDA <sup>(1)</sup>	349.9	371.2	317.8	159.1	97.4
Adjusted EBITDA annual (decrease) increase	(6 )%	17 %	100 %	63 %	%
Adjusted Fees <sup>(1)</sup>	108.9	158.2	121.0	72.4	55.7
Adjusted Fees annual increase (decrease)	(31 )%	31 %	67 %	30 %	%

As of December 31,

	2016	2015	2014	2013	2012
Balance sheet data:					