INTERFACE INC
Form 4/A
December 18, 2013

# FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

| | |
|---|---|
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(Print or Type Responses)

1. Name and Address of Reporting Person *
HENDRIX DANIEL T

(Last) (First) (Middle)

2859 PACES FERRY ROAD, OVERLOOK III, SUITE 2000

(Street)

ATLANTA, GA 30339

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
INTERFACE INC [TILE]

3. Date of Earliest Transaction (Month/Day/Year)
12/16/2013

4. If Amendment, Date Original Filed(Month/Day/Year)
12/17/2013

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chairman, President & CEO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1.Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Stock | 12/16/2013 | | S (1) | | 3,500 | D | $ 19.6785 (2) | 596,705 (3) | D | |
| Common Stock | | | | | | | | 50,072 | I | By trust |
| Common Stock | | | | | | | | 4,521 | I | By 401(k) plan |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (*e.g.*, puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | | 8. Price of Derivative Security (Instr. 5) | 9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | |

# Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---|---|---|---|
| | Director | 10% Owner | Officer | Other |
| HENDRIX DANIEL T<br>2859 PACES FERRY ROAD<br>OVERLOOK III, SUITE 2000<br>ATLANTA, GA 30339 | X | | Chairman, President & CEO | |

# Signatures

| | |
|---|---|
| /s/ David B. Foshee, Attorney in Fact | 12/18/2013 |
| **Signature of Reporting Person | Date |

# Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

**(1)** The sales were effected pursuant to a Rule 10b5-1(c) trading plan adopted by the reporting person on March 22, 2013.

**(2)** Reflects a weighted average sale price of $19.6785. The shares were sold in multiple transactions at prices ranging from $19.50 to $19.75 per share, inclusive. The reporting person will provide to Interface, Inc., and such security holder of Interface, Inc., or the Staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the range set forth herein.

**(3)** A substantial number of such shares are restricted shares subject to a risk of forfeiture under certain circumstances.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. e:9pt;">—

—

(0.2
)
Interest expense

(86.8
)

—

(39.3
)

(126.1
)
Other non-operating income

0.3

—

9.8

10.1

Provision for income taxes

—

—

(26.8
)

(26.8
)
Total non-operating income (loss)

178.1

—

(56.3
)

121.8

Net income (loss)

244.1

12.1

(89.9
)

166.3

Add back (less):

Interest expense

86.8

—

39.3

126.1

Kennedy Wilson's share of interest expense included in unconsolidated investments

11.2

—

—

11.2

Depreciation and amortization

107.1

0.1

—

107.2

Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments

6.6

—

—

6.6

Provision for income taxes

—

—

26.8

26.8

Fees eliminated in consolidation

(12.6
)

12.6

—

—

EBITDA attributable to noncontrolling interests[2]

(69.8
)

—

—

(69.8
)
Share-based compensation

—

—

18.7

18.7

Adjusted EBITDA[1]

$
373.4

$
24.8

$
(5.1
)

$
393.1

[1] See "Non-GAAP Measures and Certain Definitions" section for definitions and discussion of Adjusted EBITDA.
[2] 10.7 million of depreciation, amortization, taxes and interest were attributable to noncontrolling interest for the six months ended June 30, 2018.

56

Table of Contents

| | Six Months Ended June 30, 2017 | | | |
|---|---|---|---|---|
| (Dollars in millions) | Investments | Investment Management and Real Estate Services | Corporate | Total |
| Revenue | | | | |
| Rental | $248.1 | $ — | $ — | $248.1 |
| Hotel | 58.5 | — | — | 58.5 |
| Sale of real estate | 13.6 | — | — | 13.6 |
| Investment management, property services and research fees | — | 21.3 | — | 21.3 |
| Loans and other | 6.5 | — | — | 6.5 |
| Total Revenue | 326.7 | 21.3 | — | 348.0 |
| Operating expenses | | | | |
| Rental operating | 72.6 | — | — | 72.6 |
| Hotel operating | 47.2 | — | — | 47.2 |
| Cost of real estate sold | 10.3 | — | — | 10.3 |
| Commission and marketing | — | 3.7 | — | 3.7 |
| Compensation and related | 30.1 | 18.6 | 29.5 | 78.2 |
| General and administrative | 11.8 | 5.8 | 2.3 | 19.9 |
| Depreciation expense | 101.8 | — | — | 101.8 |
| Total operating expenses | 273.8 | 28.1 | 31.8 | 333.7 |
| Income from unconsolidated investments, net of depreciation and amortization | 34.2 | 5.6 | — | 39.8 |
| Operating income (loss) | 87.1 | (1.2) | (31.8) | 54.1 |
| Non-operating income (expense): | | | | |
| Gain on sale of real estate | 71.7 | — | — | 71.7 |
| Acquisition-related expenses | (1.2) | — | — | (1.2) |
| Interest expense | (69.9) | — | (32.2) | (102.1) |
| Other non-operating income | 0.5 | — | 4.4 | 4.9 |
| Provision for income taxes | (2.3) | — | (2.3) | (4.6) |
| Total non-operating loss | (1.2) | — | (30.1) | (31.3) |
| Net income (loss) | 85.9 | (1.2) | (61.9) | 22.8 |
| Add back (less): | | | | |
| Interest expense | 69.9 | — | 32.2 | 102.1 |
| Kennedy Wilson's share of interest expense included in unconsolidated investments | 11.2 | 0.3 | — | 11.5 |
| Depreciation and amortization | 101.8 | — | — | 101.8 |
| Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments | 6.9 | 1.8 | — | 8.7 |
| Provision for income taxes | 2.3 | — | 2.3 | 4.6 |
| Fees eliminated in consolidation | (14.6) | 14.6 | — | — |
| EBITDA attributable to noncontrolling interests[2] | (92.1) | — | — | (92.1) |
| Share-based compensation | — | — | 20.1 | 20.1 |
| Adjusted EBITDA[1] | $171.3 | $ 15.5 | $ (7.3) | $179.5 |

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

(2) 79.5 million of depreciation, amortization and interest were attributable for noncontrolling interests for the six months ended June 30, 2017.

GAAP net income to common shareholders was $107.2 million and $10.2 million for the six months ended June 30, 2018 and 2017, respectively. Adjusted EBITDA was $393.1 million and $179.5 million for the six months ended June 30, 2018 and 2017, respectively.

57

Table of Contents

On 12,447 same property multifamily units, total revenues increased 5.2%, net operating income increased 6.7%, and occupancy remained flat at 94.2% for the same period in 2017. On 11.9 million square feet of same property commercial real estate, total revenues and net operating income was flat, with occupancy decreasing to 97.8% from 97.5% from the same period in 2017.
A significant portion of our investments are in foreign currencies. We 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 applicable 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.

| | Six Months Ended June 30, 2018 | | | | | |
|---|---|---|---|---|---|---|
| (dollars in millions) | Investments | | Services | | Total | |
| Revenues | $3.3 | 1% | $(0.1) | —% | $3.2 | 1% |
| Net Income | 0.5 | 1% | (0.1) | —% | 0.4 | 1% |
| Adjusted EBITDA | 2.2 | 1% | (0.2) | —% | 2.0 | 1% |

| | Six Months Ended June 30, 2017 | | | | | |
|---|---|---|---|---|---|---|
| (dollars in millions) | Investments | | Services | | Total | |
| Revenues | $3.1 | 1% | $ — | % | $3.1 | 1% |
| Net Income | 0.2 | 2% | 0.2 | 2 % | 0.4 | 4% |
| Adjusted EBITDA | 0.6 | —% | 0.2 | —% | 0.8 | —% |

Revenues
Investments Segment Revenues
Rental income was $269.2 million for the six months ended June 30, 2018 as compared to $248.1 million for the same period in 2017. The $21.1 million increase is primarily due to improved operating performance in our multifamily portfolio and acquisitions subsequent to the second quarter of 2017.
Hotel income was $74.1 million for the six months ended June 30, 2018 as compared to $58.5 million for the same period in 2017. The $15.6 million increase is primarily due to us taking control of six Park Inns hotels located in the United Kingdom at the beginning of the year in which we hold a senior debt position. In the prior period these hotels were accounted for as loan purchases and originations. We have also had stronger performance in our other European hotels as we have completed value add initiatives that have driven ADRs higher as well as having more rooms available for rent.
Loan and other income was $1.1 million for the six months ended June 30, 2018 as compared to $6.5 million for the same period in 2017. The $5.4 million decrease is due to the consolidation of six Park Inns hotels as described above.
Sale of real estate was $42.2 million for the six months ended June 30, 2018 as compared to $13.6 million for the same period in 2017. During the six months ended June 30, 2018, we recognized sale of real estate on the deconsolidation of Clancy Phase 3 land parcel into the AXA Joint Venture and additional revenue on 200 Capital Dock, a 130,000 sq. ft. office building under development in Dublin, Ireland, due to the construction progression on the building. It is anticipated that the building will be completed in the third quarter of 2018. During the six months ended June 30, 2017, we recognized sales income on 200 Capital Dock and sold a condominium unit in Spain, which resulted in $13.6 million of sales proceeds.
Investment Management and Services Segment Revenues
Fees are earned on the following types of services provided:

- investment management, including acquisition, asset management, financing and disposition services;
- property services, including management of commercial real estate for third-party clients, fund investors, and investments held by Kennedy Wilson;
- 

research, including consulting practice and data and analytics for the residential real estate development and new home construction industry;

- auction and conventional sales, including 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, conversions and scattered properties; and

58

Table of Contents

- brokerage services, including innovative marketing programs tailored to client objectives for all types of investment-grade and income-producing real estate.

The following table shows Adjusted Fees for the six-month periods ended June 30, 2018 and 2017:

| | Six Months Ended June 30, | |
|---|---|---|
| (dollars in millions) | 2018 | 2017 |
| Investment management and real estate services fees | 22.4 | 21.3 |
| Non-GAAP adjustments: | | |
| Add back: | | |
| KW share of fees eliminated in consolidation(1) | 12.6 | 14.6 |
| Performance fees included in unconsolidated investments | 17.2 | 3.9 |
| Kennedy Wilson's share of fees in unconsolidated service businesses | — | 5.9 |
| Adjusted Fees(2) | $52.2 | $45.7 |

(1) The six months ended June 30, 2018 and 2017 include $12.3 million and $9.2 million, respectively, of fees recognized in net (income) loss attributable to noncontrolling interests relating to the portion of fees paid by noncontrolling interest holders in KWE and equity partner investments.
(2) See Non-GAAP Measures and Certain Definitions section for definitions and discussion of Adjusted Fees.

Investment management and real estate services fees were $22.4 million during the six months ended June 30, 2018 as compared to $21.3 million for the same period in 2017.
Fees earned from investments that were eliminated in consolidation totaled $12.6 million during the six months ended June 30, 2018 as compared to $14.6 million for the same period in 2017. In accordance with U.S. GAAP, these fees were excluded from total fees of $22.4 million and $21.3 million, respectively.
The table below shows a breakdown of Adjusted Fees from investment management and real estate related services for the six months ended June 30, 2018 and 2017:

| | Six Months Ended June 30, | |
|---|---|---|
| Fee Description | 2018 | 2017 |
| Investment Management - Base | $6.0 | $19.4 |
| Investment Management - Performance | 26.8 | 3.8 |
| Investment Management - Acquisition/ Disposition | 2.3 | 0.5 |
| Investment Management - Total | 35.1 | 23.7 |
| | | |
| Property Services | 9.0 | 16.4 |
| Research | 8.1 | 5.6 |
| Total Adjusted Fees(1) | $52.2 | $45.7 |

(1)See Non-GAAP Measures and Certain Definitions section for definitions and discussion of Adjusted Fees.
Investment management
Investment management generated adjusted fees of $35.1 million during the six months ended June 30, 2018 as compared to $23.7 million for the same period in 2017. The increase is due to performance fees earned on the sale of assets into the AXA Joint Venture, increase in underlying value of assets in Fund V and the sale of a portfolio of six multifamily assets in the Western United States. The increase in acquisition/disposition fees is due to disposition fees earned on AXA Joint Venture and the multifamily portfolio sale.
The decrease in management fees are due to us no longer receiving fees from KWE in the current period as we now own 100% of shares of KWE. In the prior period we received management fees relating to our management of KWE

for its shareholders. For the six months ended June 30, 2017 we earned $9.7 million of fees from KWE. With the formation of AXA Joint Venture and additional investments within Fund VI we currently expect investment management fees to increase in future periods.

Property Services

Real estate related services fees decreased to $9.0 million during the six months ended June 30, 2018 as compared to $16.4 million for the same period in 2017 due to the sale of our loan servicing platform in Spain during the fourth quarter of 2017 which

59

Table of Contents

generated $5.9 million of fees in the prior period. We also had a decrease in our remaining property service business due to fewer assets under management in our property management group and the timing of brokerage and auction sales commissions.

Research

Research increased to $8.1 million for the six months ended June 30, 2018 as compared to $5.6 million for the six months ended June 30, 2017. The increase is due to higher fees in Meyer's advisory business and more subscription sales associated with Zonda which led to increased fees of $1.0 million and $1.5 million, respectively.

Operating Expenses

Investments Segment Operating Expenses

Operating expenses for the six months ended June 30, 2018 increased to $340.4 million compared to $273.8 million for the same period in 2017. The increase is primarily attributable to the following:

During the six months ended June 30, 2018, we recognized cost of real estate sold on the deconsolidation of Clancy Phase 3 into the AXA Joint Venture and additional costs to complete on 200 Capital Dock due to the construction progression on the building and sold a residential development project and two condominium units in Spain, which resulted in $39.8 million of sale-related costs. During the six months ended June 30, 2017, we recognized a sale-related costs on 200 Capital Dock and sold a parcel of land, which resulted in $10.3 million in sale-related costs.

Additionally, rental operating expenses increased by $8.7 million, and depreciation and amortization increased by $5.3 million primarily due to acquisitions subsequent to the second quarter of 2017.

General operating expenses increased to $15.6 million for the six months ended June 30, 2018 as compared to $11.8 million for the six months ended June 30, 2017 due to higher tax consulting costs and travel related expenses.

Compensation expense for the six months ended June 30, 2018 were $36.4 million as compared to $30.1 million for the same period in 2017. The increase is due to the timing of the bonus accrual as well as severance payments to downsize our Japanese management business. This was offset by lower stock compensation expense.

Investment Management and Real Estate Services Segment Operating Expenses

Operating expenses for the six months ended June 30, 2018 decreased to $27.4 million as compared to $28.1 million for the same period in 2017.

Corporate Operating Expenses

Operating expenses for the six months ended June 30, 2018 were approximately $33.6 million as compared to $31.8 million for the same period in 2017. The change is due to increased compensation expense related to the timing of the bonus accrual.

Income from Unconsolidated Investments

Investments Segment Income from Unconsolidated Investments

The following table presents income from unconsolidated investments recognized by Kennedy Wilson during the six months ended June 30, 2018 and 2017:

| | Six Months Ended June 30, | |
|---|---|---|
| (Dollars in millions) | 2018 | 2017 |
| Equity in joint venture income | $7.2 | $15.7 |
| Equity in joint venture income - fair value | 12.5 | 20.2 |
| Equity in joint venture income - performance fees (included in adjusted fees) | 17.2 | 3.9 |
| Income from unconsolidated investments | $36.9 | $39.8 |

During the six months ended June 30, 2018, income from unconsolidated investments was $36.9 million as compared to $39.8 million for the same period in 2017. During the six months ended June 30, 2018, we had lower gains on sale relating to unconsolidated investments as compared to the prior period. Fair value income had comparable gains for VHH in both periods, the current period had a fair value write down on a residential project and the prior period had a fair value gain associated with the Kona Village project. The increase in performance fees was due to the strong performance of Fund V investments.

Non-operating Items

Gain on sale of real estate was $264.8 million for the six months ended June 30, 2018 compared to $71.7 million during the same period in 2017. The gains recognized during the six months ended June 30, 2018 relate to the deconsolidation of the investments that went into the AXA Joint Venture, the sale of a portfolio of multifamily properties in the Western United States and sales by KWE of non-core assets out of its United Kingdom commercial property portfolio. The gains recognized during the three months

60

Table of Contents

ended June 30, 2017 relate primarily to the sale of Rock Creek Landing, a 576-unit wholly-owned multifamily community in Kent, Washington, the sale of the multifamily component of The Rock, a 233-unit apartment complex in Manchester, England, and sales by KWE of non-core assets out of its United Kingdom commercial property portfolio.

Interest expense was $126.1 million for the six months ended June 30, 2018 as compared to $102.1 million for the same period in 2017. The increase is due to higher corporate debt outstanding relating to the term loan and senior notes issued in the first quarter of 2018, $5.2 million of prepayment fees and $2.1 million of accelerated amortization of loan fees on loans paid of early due to asset sales as well as acquisitions that had mortgage financing subsequent to the second quarter of 2017.

Other income was $10.1 million for the six months ended June 30, 2018 as compared to other income of $4.9 million for the same period in 2017. The income in the current period relates to realized gains on non-designated currency hedging derivative investments on the Euro. In the prior period the Company has £290.5 million of cash relating to the acquisition of KWE in an escrow account. Since this is held in a currency different than the Company's functional currency changes in foreign currency rates are recorded to other income. During the six months ended June 30, 2017, the Company recognized a currency fluctuation gain of $11.2 million which was offset by a loss of $6.8 million on associated currency hedging derivatives on this cash balance.

During the six months ended June 30, 2018, Kennedy Wilson generated pretax book income of $193.1 million related to its global operations and recorded a tax provision of $26.8 million or 13.9% of pretax book income. The difference between the U.S. federal rate of 21% and the Company's effective rate is primarily attributable to foreign real estate gains not subject to local taxation or not yet includable in U.S. taxes under SubPart F and income allocated to non-controlling interests which is not subject to corporate tax.

We had net income of $59.1 million attributable to noncontrolling interests during the six months ended June 30, 2018 compared to a net loss of $12.6 million during the six months ended June 30, 2017. The income attributable to noncontrolling interest in the current period was primarily due to allocation on the gain on sale of real estate on the AXA Joint Venture to our equity partners while the prior period related gains on sale of residential component of the Rock and non-core commercial assets at KWE.

Other Comprehensive Income

The two major components that drive the change in other comprehensive income are the change in foreign currency rates and the gains 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 six months ended June 30, 2018 and 2017.

| | Six Months Ended June 30, | |
|---|---|---|
| (Dollars in millions) | 2018 | 2017 |
| Net income attributable to Kennedy-Wilson Holdings, Inc. common shareholders | $107.2 | $10.2 |
| Unrealized foreign currency translation (loss) gain, net of noncontrolling interests and tax | (44.9) | 28.1 |
| Amounts reclassified out of accumulated other comprehensive loss during the period | 13.1 | — |
| Unrealized foreign currency derivative contract gains (loss), net of noncontrolling interests and tax | 22.2 | (13.4) |
| Unrealized (loss) gain on marketable securities | — | 0.1 |
| Comprehensive income attributable to Kennedy-Wilson Holdings, Inc. common shareholders | $97.6 | $25.0 |

Table of Contents

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 six months ended June 30, 2018 and 2017:

| (Dollars in millions) | Six Months Ended June 30, 2018 | 2017 |
|---|---|---|
| Realized foreign currency exchange gain - consolidated statements of operations | $0.3 | $11.2 |
| Realized foreign currency derivative contract gain (loss) - consolidated statements of operations | 9.9 | (6.8 ) |
| Statement of Operations - realized foreign currency exchange | $10.2 | $4.4 |

The main currencies that we have exposure to are the euro and pound sterling. The table below represents the change in rates over the six months ended June 30, 2018 and 2017 as compared to the U.S. Dollar:

| | Six Months Ended June 30, 2018 | 2017 |
|---|---|---|
| Euro | (2.6)% | 9.2% |
| GBP | (2.3)% | 6.0% |

Comprehensive income, net of taxes and noncontrolling interests, for the six months ended June 30, 2018 and 2017 was income of $97.6 million and $25.0 million, respectively.  Net income attributable to Kennedy-Wilson Holdings common shareholders was impacted by losses relating to unrealized foreign currency translation and the offsetting gains related to foreign currency derivative hedges during the current period are due to the weakening of the GBP and euro against the US dollar while the prior period the GBP and Euro strengthened against the dollar resulting in foreign currency translation gains and losses on foreign currency derivative hedges.

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

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 "Off Balance Sheet Arrangements" section 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, capital expenditures and, potentially, share repurchases and acquisitions. We 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, collections from loans, as well as availability on our current revolving lines of credit ($500.0 million undrawn as of June 30, 2018). As of June 30, 2018, we and our consolidated subsidiaries had approximately $947.1 million of potential liquidity, which includes approximately $500 million of availability under lines of credit and $447.1 million of cash. As of June 30, 2018 we have $79.2 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

62

Table of Contents

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

This section includes the developments or redevelopment projects that the Company is undergoing or considering and excludes residential investments. The scope of these projects may change. There is no certainty that the Company will develop or redevelop any or all of these potential projects. All dollar amounts are Kennedy Wilson's share.

| | | | | If Completed | | | | | Current KW | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Location | Type | Investment | Status | Est. Completion Date(1) | Commercial Sq. Ft. | MF Units / Hotel Rooms | KW Share Total Capitalization | | Est. Costs to Complete(2) | KW Est. Cash to Complete | |
| 2018-2019 | | | | | | | | | | | |
| Ireland | Mixed-Use | Capital Dock | Under Construction | 2018 | 240,000 | 190 | $ 131.6 | | $ 28.6 | 12.9 | (3) |
| WA and NV | Multifamily - Affordable | Vintage Housing Holdings | 4 Under Construction | 2018-2019 | — | 1,071 | 52.3 | (6) | 17.5 | — | (4) |
| Spain | Retail | Puerta del Sol | In Planning | 2019 | 37,000 | — | 64.8 | | 4.6 | 4.6 | |
| Nor Cal | Multifamily | Santa Rosa | In Design | 2019 | — | 120 | 30.0 | | 28.8 | 13.3 | |
| | | | | | 277,000 | 1,381 | 278.7 | | 79.5 | 30.8 | |
| 2020-2024 | | | | | | | | | | | |
| WA and NV | Multifamily - Affordable | Vintage Housing Holdings | 2 Under Construction | 2020 | — | 458 | 22.9 | (7) | 18.3 | — | (4) |
| WA and NV | Multifamily - Affordable | Vintage Housing Holdings | In Design | 2020 | — | 382 | 34.2 | (8) | 31.2 | — | |
| Ireland | Multifamily | Clancy Quay - Phase 3 | Under Construction | 2020 | 6,000 | 259 | 69.5 | | 45.7 | 11.5 | |
| Ireland | Office | Hanover Quay | Received Planning | 2020 | 68,000 | — | 44.3 | | 30.3 | 15.2 | (5) |
| Ireland | Office | Kildare | In Planning | 2021 | 64,000 | — | 54.9 | | 44.5 | 22.2 | (5) |
| Nor Cal | Office | 400/430 California | Under Construction | 2020 | 247,000 | — | 23.8 | | 7.5 | 7.5 | |
| Hawaii | Hotel | Kona Village Resort | Under Construction | 2021 | — | 150 | TBD | | TBD | TBD | |
| Total Development | | | | | 662,000 | 2,630 | $ 528.3 | | $ 257.0 | $ 87.2 | |

(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 June 30, 2018. Total remaining costs may be financed with third-party cash contributions, third-party tax credit equity (at Vintage Housing Holdings), proceeds from projected sales, and/or debt financing. These figures are budgeted costs and are subject to change. There is no guarantee that the Company will be able to secure the project-level debt financing that is assumed in the figures above. If the Company is unable to secure such financing, the amount of capital that the Company will have to invest to complete the projects above may significantly increase.

(3) Will be partially financed with the proceeds from the forward-funding sale agreement of 200 Capital Dock, which was executed with JPMorgan during 2Q-2017. We still have $35.0 million available under the project's $146.1 million

construction loan as of June 30, 2018.
(4) We anticipate these development projects to be financed with tax-exempt bonds and tax-credit equity.
(5) We anticipate being able to secure construction financing at a 50% leverage of KW Estimated Costs to Complete. These figures are budgeted costs and are subject to change.
(6) Excludes $85.4 million of tax-credit equity.
(7) Excludes $38.1 million of tax-credit equity.
(8) Excludes $35.1 million of tax-credit equity.

The estimated costs and amounts of cash to complete projects reflected in the table above represent management's current expectations. These estimates are subject to many uncertainties, and, accordingly, actual amounts may vary materially from these expectations.

Kennedy Wilson has a number of development, redevelopment and entitlement projects that are underway or in the planning stages. These initiatives may ultimately result in 2,630 multifamily units and 662,000 commercial rentable square feet, along with substantial upgrades to certain multifamily and commercial properties and hotels. If these projects were brought to completion the estimated share of the Company's total capital would be approximately $528.3 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

63

Table of Contents

of the investment. As of June 30, 2018, we expect to invest $257.0 million which would be comprised of $87.2 million of cash from us to develop to completion or complete the entitlement process on these projects. These figures are budgeted costs and are subject to change. 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.

We, along with our equity partners (the "Capital Dock JV"), are currently developing "Capital Dock," a prime waterfront property located in Dublin, Ireland, consisting of 370,000 square feet of commercial space across three buildings and 190 multifamily units across an additional three buildings. On May 12, 2017, the Capital Dock JV sold "200 Capital Dock," one of the three commercial buildings of the greater Capital Dock development consisting of 130,000 sq. ft. of office space. Concurrent with the transaction, the Capital Dock JV entered into a development agreement with the buyer to complete the construction of 200 Capital Dock on behalf of the buyer. With respect to 200 Capital Dock, the development agreement provides that upon certain events (including the insolvency of the Capital Dock JV and certain delivery deadlines not being met), the buyer may exercise a right to take over the construction of the project. In the event that the buyer exercises such right, the Capital Dock JV will receive a reduced amount of proceeds from the sales transaction. In December 2017, Indeed, one of the world's largest talent recruiting companies, signed the largest Dublin lease of this cycle to fully occupy the office space at Capital Dock.

The Capital Dock development is currently being funded with proceeds from the sale of 200 Capital Dock, equity from us and our equity partners as well as a construction loan that we have in place. We hold 42.5% ownership interest in the development and as of June 30, 2018 we have invested $53.0 million of equity in the project. During the six months ended June 30, 2018, we contributed a total of $9.2 million to the project. Additionally, we received a $22.7 million distribution relating to the construction loan that we entered into during the second quarter of 2017 ($111.0 million drawn down as of June 30, 2018).

We currently expect the estimated remaining cost to complete the development to be $28.6 million with additional equity from us of approximately $12.9 million. The remainder will be funded form our partners, undrawn proceeds from the construction loan and cash received from the sale of 200 Capital Dock. We expect to be finished by the end of 2018. This is a budgeted figure, however, and is subject to change (increase or decrease) due to a number of factors, including, that this project is being developed under a construction management contract with the general contractor and therefore could be called upon to contribute additional capital in the event that actual costs exceed budgeted costs (currently approximately 98% of the budgeted costs have been fixed under price-capped agreements between the general contractor and various subcontractors). We may decide to sell all or part of the remaining Capital Dock development before the development is complete. In addition to Capital Dock, we are concurrently building approximately 259 multifamily units in Dublin, Ireland.

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. The company intends to fund the share repurchase program primarily with proceeds from future sales of non-core assets. The company currently expects to complete the repurchase program within the next 18 months. 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 June 30, 2018, we had $106.7 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 $30 million to $50 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 June 30, 2018, we have unfulfilled capital commitments totaling $45.3 million to our unconsolidated investments.

Cash Flows

64

Table of Contents

The following table summarizes the cash provided by or used in our operating, investing and financing activities for the six months ended June 30, 2018 and 2017:

| | Six Months Ended June 30, | |
|---|---|---|
| (Dollars in millions) | 2018 | 2017 |
| Net cash provided by operating activities | $59.7 | $68.2 |
| Net cash provided by (used in) investing activities | 428.5 | (0.9) |
| Net cash (used in) provided by financing activities | (383.8) | 280.3 |

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. Substantially all cash flows provided by operations of $59.7 million and $68.2 million for the six months June 30, 2018 and 2017, respectively, are due to lease payments derived from our rental properties and operating distributions from our unconsolidated investments. 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 due to lower operating distributions from unconsolidated investments in the current period which was offset by the timing of when discretionary bonuses were paid. Typically bonuses are paid in the first quarter of the year and a portion of the 2017 bonus was paid during the fourth quarter of 2017.

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 $428.5 million for the six months ended June 30, 2018. Kennedy Wilson invested $347.8 million for additions to real estate in our Mountain States multifamily portfolio and a multifamily property in Cork, Ireland. We received $834.6 million from the sale of portfolio of six multifamily properties in the Western United States and non-core commercial assets in the United Kingdom. On our Capital Dock development we spent $16.4 million and received $38.8 million for reaching a completion milestone. We received $42.6 million in investing distributions on unconsolidated investments relating to resyndications at VHH and property sales. This offset by $125.6 million contributed to unconsolidated investments relating to our new AXA Joint Venture platform and to fund new investments and capital expenditures which included acquisitions in Fund VI. We also received $7.4 million from the liquidation of our marketable securities portfolio.

Net cash used in investing activities totaled $0.9 million for the six months ended June 30, 2017. We invested $284.9 million for additions to real estate. We collected $6.4 million on a loan secured by an office property in San Diego, CA during the first quarter. In addition to this sale, we received $243.0 million primarily from the sale of real estate from Rock Creek, the sale of the multifamily component of The Rock and non-core assets at KWE.

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 $383.8 million for the six months ended June 30, 2018. We received $246.6 million from a March 2018 offering of our 2024 Notes which was used, together with cash on hand to repay $325.0 million on our revolving credit facility (we have drawn $225.0 million over the course of the year) and $75.0 million on our term loan facility (as of June 30, 2018 the line of credit was undrawn). 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 $447.2 million from mortgage loans to finance and refinance consolidated property acquisitions. These were offset by repayment of $576.6 million of investment debt. The Company paid dividends of $57.5 million and repurchased $155.6 million worth of shares.

Net cash provided by financing activities totaled $280.3 million for the six months ended June 30, 2017. The Company drew $400.0 million on its line of credit during the first six months of 2017 and repaid $50.0 million on the line of credit (as of June 30, 2018 the line of credit was undrawn). The draw was used to fund an escrow account for the consideration payable by the Company in the KWE transaction. The Company received proceeds of $166.8 million from mortgage loans to finance and refinance consolidated property acquisitions. These were partially offset by repayment of $100.6 million of investment debt and distributions of $76.2 million to noncontrolling interest holders.

65

Table of Contents

Contractual Obligations and Commercial Commitments

At June 30, 2018, Kennedy Wilson's contractual cash obligations, including debt and operating leases, included the following:

| (Dollars in millions) | Payments Due by Period Total | Less than 1 year | 1-3 years | 4-5 years | After 5 years |
|---|---|---|---|---|---|
| Contractual Obligations[6] | | | | | |
| Borrowings:[1] [4] | | | | | |
| Mortgage Debt [2] [4] | $3,012.3 | $12.6 | $623.7 | $803.7 | $1,572.3 |
| Senior notes[3] [4] | 1,150.0 | — | — | — | 1,150.0 |
| Credit Facility [4] | 125.0 | — | 125.0 | — | — |
| KWE Unsecured bonds[4] [5] | 1,303.9 | — | — | 660.2 | 643.7 |
| Total borrowings | 5,591.2 | 12.6 | 748.7 | 1,463.9 | 3,366.0 |
| Operating leases | 8.5 | 1.7 | 5.2 | 1.6 | — |
| Total contractual cash obligations[7] | $5,599.7 | $14.3 | $753.9 | $1,465.5 | $3,366.0 |

[1] See Notes 8-10 of our Notes to Consolidated Financial Statements. Figures do not include scheduled interest payments. Assuming each debt obligation is held until maturity, we estimate that we will make the following interest payments: Less than 1 year - $105.8 million; 1-3 years - $601.6 million; 4-5 years - $325.8 million; After 5 years - $208.2 million. The interest payments on variable rate debt have been calculated using the interest rate in effect at June 30, 2018.

[2] Excludes $2.0 million of net unamortized debt premium on mortgage debt.

[3] Excludes $5.1 million of net unamortized debt discount on senior notes.

[4] Excludes $45.3 million of unamortized loan fees.

[5] Excludes $4.0 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 - $13.0 million; 1-3 years - $663.7 million; 4-5 years - $1,456.5 million; After 5 years - $3,276.7 million.

[7] Table above excludes $45.3 million unfulfilled capital commitments to our unconsolidated investments.

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. Prior to April 1, 2017, the issuer may also redeem up to 35% of the 2024 Notes from the proceeds of certain equity offerings. 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 three additional public offerings of $350 million, $250 million and $250 million, respectively, aggregate principal amounts of 5.875% Senior Notes, due 2024 (the "Additional Notes"). The Additional Notes have substantially identical terms as the 2024 Notes described above and are treated as a single series with the 2024 Notes under such 2024 Indenture. The Additional Notes were issued and sold at a public offering prices of 100.0% of their principal amount, plus accrued interest. The amount of the 2024 Notes included in the accompanying consolidated balance sheets was $1,144.9 million at June 30, 2018.

KWE Senior Notes Payable

66

Table of Contents

In June 2015, KWE completed its inaugural bond offering ("KWE Bonds") of approximately $396.1 million (based on June 30, 2018 rates) (£300 million) in 3.95% fixed-rate senior unsecured bonds due 2022. In September 2016, KWE completed an additional bond offering of approximately $264.1 million (based on June 30, 2018 rates) (£200 million) under the same indenture as the KWE Bonds mentioned above. The KWE Bonds have a carrying value of $660.2 million at June 30, 2018. 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.

In addition, during the fourth quarter of 2015, KWE established a £2.0 billion (approximately $2.6 billion based on June 30, 2018 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. During the fourth quarter of 2015 and second quarter of 2016, KWE drew down under its EMTN Programme, with the issuances of senior unsecured notes for an aggregate principal amount of approximately $642.6 million (€550 million) (the "KWE Notes"). The KWE Notes were issued at a discount and have a carrying value of $639.7 million, have an annual fixed coupon of 3.25% and mature in 2025. The KWE Notes rank pari passu with the KWE Bonds and are subject to the same restrictive covenants.

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

On October 3, 2017, 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 $125.0 million on the A&R Facility with $500.0 million available to be drawn under the revolving credit facility.

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

67

Table of Contents

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 June 30, 2018, the Company was in compliance with these covenants.

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. As of June 30, 2018, the balance sheet leverage ratio was 1.07 to 1.00.

Off-Balance Sheet Arrangements

We have provided guarantees associated with loans secured by consolidated assets. At June 30, 2018, the maximum potential amount of future payments (undiscounted) we could be required to make under the guarantees was approximately $53.4 million. The guarantees expire through 2025, 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 June 30, 2018, we have unfulfilled capital commitments totaling $45.3 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, 2017 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 and six months ended June 30, 2018 through 2014.

| | Three Months Ended June 30, | | | | | Six Months Ended June 30, | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (dollars in millions) | 2018 | 2017 | 2016 | 2015 | 2014 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Net income (loss) | $167.3 | $21.8 | $(2.2) | $29.9 | $63.7 | $166.3 | $22.8 | $18.2 | $25.6 | $113.6 |
| Non-GAAP Adjustments | | | | | | | | | | |
| Add back: | | | | | | | | | | |
| Interest expense | 67.2 | 52.1 | 45.8 | 38.0 | 25.8 | 126.1 | 102.1 | 90.4 | 70.4 | 41.6 |
| Kennedy Wilson's share of interest expense included in unconsolidated investments | 6.1 | 6.0 | 6.2 | 7.2 | 9.5 | 11.2 | 11.5 | 12.3 | 13.6 | 20.5 |
| Depreciation and amortization | 51.5 | 52.1 | 48.9 | 38.0 | 25.3 | 107.2 | 101.8 | 97.3 | 74.6 | 32.6 |
| Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments | 3.1 | 4.4 | 5.3 | 8.4 | 12.4 | 6.6 | 8.7 | 10.5 | 17.2 | 27.2 |
| Provision for (benefit from) from income taxes | 29.4 | 8.8 | (3.9) | 36.1 | 25.4 | 26.8 | 4.6 | (3.4) | 28.0 | 34.2 |
| Share-based compensation | 8.8 | 9.4 | 14.7 | 6.8 | 1.7 | 18.7 | 20.1 | 32.2 | 14.1 | 3.4 |
| EBITDA attributable to noncontrolling interests | (62.9) | (52.3) | (41.3) | (51.6) | (41.6) | (69.8) | (92.1) | (112.2) | (77.0) | (81.6) |
| Adjusted EBITDA | $270.5 | $102.3 | $73.5 | $112.8 | $122.2 | $393.1 | $179.5 | $145.3 | $166.5 | $191.5 |

68

Table of Contents

| (Dollars in millions) | Three Months Ended June 30, 2018 | 2017 | 2016 | 2015 | 2014 | Six Months Ended June 30, 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Net income (loss) | $167.3 | $21.8 | $(2.2) | $29.9 | $63.7 | $166.3 | $22.8 | $18.2 | $25.6 | $113.6 |
| Non-GAAP adjustments: | | | | | | | | | | |
| Add back: | | | | | | | | | | |
| Depreciation and amortization | 51.5 | 52.1 | 48.9 | 38.0 | 25.3 | 107.2 | 101.8 | 97.3 | 74.6 | 32.6 |
| Kennedy Wilson's share of depreciation and amortization included in unconsolidated investments | 3.1 | 4.4 | 5.3 | 8.4 | 12.4 | 6.6 | 8.7 | 10.5 | 17.2 | 27.2 |
| Share-based compensation | 8.8 | 9.4 | 14.7 | 6.8 | 1.7 | 18.7 | 20.1 | 32.2 | 14.1 | 3.4 |
| Net income attributable to the noncontrolling interests, before depreciation and amortization(1) | (59.8) | (36.7) | (23.3) | (20.1) | (38.9) | (64.7) | (59.7) | (76.5) | (38.0) | (78.3) |
| Adjusted Net Income(2) | $170.9 | $51.0 | $43.4 | $63.0 | $64.2 | $234.1 | $93.7 | $81.7 | $93.5 | $98.5 |

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

| (dollars in millions) | Three Months Ended June 30, 2018 | 2017 | 2016 | 2015 | 2014 | Six Months Ended June 30, 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Investment management, property services and research fees(1) | $12.3 | $10.3 | $10.8 | $15.5 | $39.0 | $22.4 | $21.3 | $26.2 | $31.9 | $52.1 |
| Non-GAAP adjustments: | | | | | | | | | | |
| Add back: | | | | | | | | | | |
| Fees eliminated in consolidation | 11.7 | 7.4 | 15.3 | 17.3 | 6.1 | 12.6 | 14.6 | 22.8 | 24.3 | 7.7 |
| Performance fees included in unconsolidated investments | 6.9 | (2.6) | 2.7 | — | — | 17.2 | 3.9 | 6.4 | — | — |
| Kennedy Wilson's share of fees in unconsolidated service businesses | — | 2.9 | 3.3 | 3.9 | 3.6 | — | 5.9 | 6.7 | 7.6 | 7.0 |
| Adjusted Fees | $30.9 | $18.0 | $32.1 | $36.7 | $48.7 | $52.2 | $45.7 | $62.1 | $63.8 | $66.8 |

(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. Previously, the Company had presented this analysis without adjusting for Kennedy Wilson's ownership interest.

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

69

Table of Contents

| (dollars in millions) | Three Months Ended June 30, 2018 Same Property Revenue | NOI | Three Months Ended June 30, 2017 Same Property Revenue | NOI |
|---|---|---|---|---|
| Operating Income | $16.7 | $16.7 | $12.9 | $12.9 |
| Less: Sale of real estate | (32.8) | (32.8) | (12.8) | (12.8) |
| Less: Investment management, property services and research fees | (12.3) | (12.3) | (10.3) | (10.3) |
| Less: Loans and other income | (0.5) | (0.5) | (4.5) | (4.5) |
| Add: Rental operating | 39.7 | — | 36.6 | — |
| Add: Hotel operating | 29.4 | — | 22.8 | — |
| Add: Cost of real estate sold | 31.4 | 31.4 | 9.6 | 9.6 |
| Add: Commission and marketing | 2.1 | 2.1 | 1.7 | 1.7 |
| Add: Compensation and related | 44.9 | 44.9 | 45.5 | 45.5 |
| Add: General and administrative | 13.5 | 13.5 | 10.0 | 10.0 |
| Add: Depreciation and amortization | 51.5 | 51.5 | 52.1 | 52.1 |
| Less: Income from unconsolidated investments | (11.0) | (11.0) | (10.8) | (10.8) |
| Property-Level (Consolidated) | $172.6 | $103.5 | $152.8 | $93.4 |
| Less: NCI adjustments (1) | (9.7) | (3.9) | (10.3) | (4.1) |
| Add: Unconsolidated investment adjustments (2) | 16.3 | 10.8 | 15.4 | 10.2 |
| Add: Straight-line and above/below market rents | (4.2) | (4.2) | (2.9) | (2.9) |
| Less: Reimbursement of recoverable operating expenses | (7.6) | — | (6.0) | — |
| Less: Properties bought and sold (3) | (25.6) | (10.0) | (17.9) | (9.5) |
| Less: Other properties excluded (4) | (13.0) | (7.5) | (10.1) | (4.7) |
| Other Reconciling Items (5) | (1.2) | (2.0) | (0.2) | (0.4) |
| Same Property | $127.6 | $86.7 | $120.8 | $82.0 |

| (dollars in millions) Same Property (Reported) | Three Months Ended June 30, 2018 Same Property Revenue | NOI | Three Months Ended June 30, 2017 Same Property Revenue | NOI |
|---|---|---|---|---|
| Commercial - Same Property | $47.1 | $42.9 | $45.2 | $41.3 |
| Multifamily Market Rate Portfolio - Same Property | 47.3 | 32.4 | 45.1 | 30.5 |
| Multifamily Affordable Portfolio - Same Property | 6.2 | 4.0 | 5.7 | 3.8 |
| Hotel - Same Property | 27.0 | 7.4 | 24.8 | 6.4 |
| Same Property | $127.6 | $86.7 | $120.8 | $82.0 |

(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 period.

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

70

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Explanation of Responses:

Table of Contents

| | Six months ended June 30, 2018 Same Property Revenue | NOI | Six months ended June 30, 2017 Same Property Revenue | NOI |
|---|---|---|---|---|
| Operating Income | $44.5 | $44.5 | $54.1 | $54.1 |
| Less: Sale of real estate | (42.2 ) | (42.2 ) | (13.6 ) | (13.6 ) |
| Less: Investment management, property services and research fees | (22.4 ) | (22.4 ) | (21.3 ) | (21.3 ) |
| Less: Loans and other income | (1.1 ) | (1.1 ) | (6.5 ) | (6.5 ) |
| Add: Rental operating | 81.3 | — | 72.6 | — |
| Add: Hotel operating | 60.2 | — | 47.2 | — |
| Add: Cost of real estate sold | 39.8 | 39.8 | 10.3 | 10.3 |
| Add: Commission and marketing | 3.5 | 3.5 | 3.7 | 3.7 |
| Add: Compensation and related | 84.5 | 84.5 | 78.2 | 78.2 |
| Add: General and administrative | 24.9 | 24.9 | 19.9 | 19.9 |
| Add: Depreciation and amortization | 107.2 | 107.2 | 101.8 | 101.8 |
| Less: Income from unconsolidated investments | (37.0 ) | (37.0 ) | (39.8 ) | (39.8 ) |
| Property-Level (Consolidated) | $343.2 | $201.7 | $306.6 | $186.8 |
| Less: NCI adjustments (1) | (26.1 ) | (12.3 ) | (23.5 ) | (9.9 ) |
| Add: Unconsolidated investment adjustments (2) | 30.2 | 20.5 | 28.6 | 17.8 |
| Add: Straight-line and above/below market rents | (8.8 ) | (8.8 ) | (5.7 ) | (5.7 ) |
| Less: Reimbursement of recoverable operating expenses | (17.2 ) | — | (13.2 ) | — |
| Less: Properties bought and sold (3) | (46.7 ) | (21.5 ) | (40.3 ) | (26.0 ) |
| Less: Other properties excluded (4) | (23.3 ) | (11.2 ) | (16.7 ) | (7.7 ) |
| Other Reconciling Items (5) | (7.7 ) | (2.5 ) | (2.5 ) | 2.6 |
| Same Property | $243.6 | $165.9 | $233.3 | $157.9 |

| Same Property (Reported) | Six months ended June 30, 2018 Same Property Revenue | NOI | Six months ended June 30, 2017 Same Property Revenue | NOI |
|---|---|---|---|---|
| Commercial - Same Property | $91.3 | $84.1 | $88.1 | $81.6 |
| Multifamily Market Rate Portfolio - Same Property | 91.6 | 63.0 | 87.1 | 58.9 |
| Multifamily Affordable Portfolio - Same Property | 12.2 | 8.2 | 11.4 | 7.7 |
| Hotel - Same Property | 48.5 | 10.6 | 46.7 | 9.7 |
| Same Property | $243.6 | $165.9 | $233.3 | $157.9 |

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

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

Interest Rate Risk

We have established an interest rate management policy, which attempts to minimize our overall cost of debt while taking into consideration the earnings implications associated with the volatility of short-term interest rates. As part of this policy, we have elected to maintain a combination of variable and fixed rate debt. As of June 30, 2018, 80% of our consolidated level debt is fixed rate, 11% is floating rate with interest caps and 9% is floating rate without interest caps.

71

Table of Contents

We hold variable rate debt on some of our consolidated properties that are subject to interest rate fluctuations. In order to mitigate some of the risk associated with increasing interest rates we have purchased interest rate caps that limit the amount that interest expense can increase with rate increases. However, some of our debt is uncapped and the mortgages that do have interest caps are subject to increased interest expense until rates hit the level of caps that have been purchased. If there was a 100 basis point increase or decrease, we would have a $7.6 million increase in interest expense or $3.3 million in interest expense savings during 2018 of our current consolidated mortgages. The weighted average strike price on caps and maturity of Kennedy Wilson's variable rate mortgages is 2.51% and approximately 3 years, respectively, as of June 30, 2018.

The table below represents contractual balances of our financial instruments at the expected maturity dates as well as the fair value as of June 30, 2018. The weighted average interest rate for the various assets and liabilities presented are actual as of June 30, 2018. We closely monitor the fluctuation in interest rates, and if rates were to increase significantly, we believe that we would be able to either hedge the change in the interest rate or refinance the loans with fixed interest rate debt. All instruments included in this analysis are non-trading.

| | Principal Maturing in: | | | | | | | Fair Value |
|---|---|---|---|---|---|---|---|---|
| (Dollars in millions) | 2018 | 2019 | 2020 | 2021 | 2022 | Thereafter | Total | As of June 30, 2018 |
| Interest rate sensitive assets | | | | | | | | |
| Cash and cash equivalents | $477.1 | $— | $— | $— | $— | $— | $477.1 | $477.1 |
| Average interest rate | 0.15% | —% | —% | —% | —% | —% | 0.15% | — |
| Fixed rate receivables | 28.4 | 0.5 | | — | — | — | 28.9 | 28.9 |
| Average interest rate [1] | 0.27% | 5.00% | | —% | —% | —% | 0.35% | — |
| Variable rate receivables | — | — | — | — | — | — | — | — |
| Average interest rate | —% | —% | —% | —% | —% | —% | | — |
| Total | $505.5 | $0.5 | $— | $— | $— | $— | $506.0 | $506.0 |
| Weighted average interest rate | 0.17% | 5.00% | | —% | —% | —% | 0.17% | |
| Interest rate sensitive liabilities | | | | | | | | |
| Variable rate borrowings | $— | $278.9 | $24.7 | $242.0 | $373.8 | $218.4 | $1,137.8 | $1,154.0 |
| Average interest rate | —% | 3.18% | 4.84% | 4.57% | 1.96% | 3.06% | 3.09% | — |
| Fixed rate borrowings | 21.1 | 4.3 | 111.9 | 45.8 | 673.2 | 3,596.4 | 4,452.7 | 4,405.0 |
| Average interest rate | 4.23% | 3.99% | 3.14% | 4.85% | 3.96% | 4.23% | 4.17% | — |
| Total | $21.1 | $283.2 | $136.6 | $287.8 | $1,047.0 | $3,814.8 | $5,590.5 | $5,559.0 |
| Weighted average interest rate | 4.23% | 3.19% | 3.45% | 4.62% | 3.25% | 4.16% | 3.95% | |

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

Currency Risk - Foreign Currencies

The financial statements of Kennedy Wilson's subsidiaries located outside the United States are measured using the local currency as this is their functional currency. The assets and liabilities of these subsidiaries are translated at the rates of exchange at the balance sheet date, and income and expenses are translated at the average monthly rate. The foreign currencies 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.

As a result of the KWE Transaction and as our business in Europe continues to grow, fluctuations in the Euro and GBP foreign exchange rates will have a greater impact on our business. 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 potential exposure from adverse changes in foreign exchange rates arising from our net investments in foreign operations, we may enter into currency derivative contracts such as foreign currency forward contracts and options to hedge all or portions of the net investments in our non-U.S. dollar denominated foreign operations. We continue to evaluate other strategies on how to handle foreign currency exposure and may enter into different types of derivative contracts in order to mitigate our foreign currency exposure.

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

Table of Contents

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 $3.0 million or decrease by $4.7 million. If rates moved 10% we would have an increase of $4.0 million and a decrease of $7.9 million.

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.

Table of Contents

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, 2017, 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, 2017, as supplemented by the risk factors disclosed in Item 1A of our report on Form 10-Q for the fiscal quarter ended June 30, 2018.
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] |
|---|---|---|---|---|
| January 1 - January 31, 2018 | 531,111 | $ 17.81 | 4,617,483 | $10,780,339 |
| February 1 - March 31, 2018[2] | 600,907 | 17.35 | 5,218,390 | 239,573,694 |
| April 1 - April 30, 2018 | 6,467,359 | 17.54 | 11,685,749 | 126,130,639 |
| May 1 - May 31, 2018 | 493,417 | 19.87 | 12,179,166 | 116,326,591 |
| June 1 - June 30, 2018 | 462,700 | 20.75 | 12,641,866 | 106,724,893 |
| Total | 8,555,494 | $ 17.85 | 12,641,866 | $106,724,893 |

(1) On February 25, 2016, our board of directors authorized us to repurchase up to $100 million of its common shares, from time to time, subject to market conditions. This program expired on February 25, 2018.
(2) 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.

In addition to the repurchases of the Company’s common stock made above, the Company also withheld shares with respect to the vesting of restricted stock that the Company granted to its employees. Shares that vested during the three months ended June 30, 2018 and 2017 were net-share settled such that the Company withheld shares with value equivalent to the employees’ minimum statutory obligation for the applicable income and other employment taxes, and remitted the cash to the appropriate taxing authorities. During the six months ended June 30, 2018 and 2017, total payments for the employees’ tax obligations to the taxing authorities were $6.8 million (380,768 shares withheld) and $34.0 million (1,460,251 shares withheld), respectively.

Item 3. Defaults upon Senior Securities
None.
Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

74

Table of Contents

| 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. |

Table of Contents

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: August 3, 2018 By: /S/ JUSTIN ENBODY

Justin Enbody
Chief Financial Officer
(Principal Financial Officer and Accounting Officer)

Table of Contents

Exhibit 31.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER

I, William J. McMorrow, certify that:

1. I have reviewed this report on Form 10-Q of Kennedy-Wilson Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ William J. McMorrow
William J. McMorrow
Chief Executive Officer and Chairman   Dated: August 3, 2018

Table of Contents

Exhibit 31.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER

I, Justin Enbody, certify that:

1. I have reviewed this report on Form 10-Q of Kennedy-Wilson Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Justin Enbody
Justin Enbody
Chief Financial Officer Dated: August 3, 2018

Table of Contents

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Kennedy-Wilson Holdings, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2018 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, William J. McMorrow, Chief Executive Officer and Chairman of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 3, 2018

/s/ William J. McMorrow
William J. McMorrow
Chief Executive Officer and Chairman

79

Table of Contents

Exhibit 32.2
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Kennedy-Wilson Holdings, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2018 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Justin Enbody, Chief Financial Officer of the Company, certify, pursuant to 18 U. S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 3, 2018

/s/ Justin Enbody
Justin Enbody
Chief Financial Officer