

Kennedy-Wilson Holdings, Inc.
Form 10-Q
August 08, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2013

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 incorporation or organization)	(I.R.S. Employer Identification No.)
9701 Wilshire Blvd., Suite 700	
Beverly Hills, CA 90212	
(Address of principal executive offices)	
Registrant's telephone number, including area code:	
(310) 887-6400	

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 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). (Check one):

Large Accelerated Filer	Accelerated Filer	<input checked="" type="checkbox"/>
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Non-Accelerated Filer

Smaller Reporting Company

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

The number of shares of common stock outstanding as of August 2, 2013 was 73,977,460.

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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,” “anticipate,” “estimate,” “intend,” “could,” “plan,” “expect,” “project” or the negative of these, as well as similar expressions, are intended to identify forward-looking statements. These 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. These risks and uncertainties may include the risks and uncertainties described elsewhere in this report and other filings with the Securities and Exchange Commission (the “SEC”), including the Item 1A. “Risk Factors” section of our annual report on Form 10-K for the year ended December 31, 2012. 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 our filings with the SEC. Except as required under the federal securities laws and the rules and regulations of 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.

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FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

Kennedy-Wilson Holdings, Inc. and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

	June 30, 2013	December 31, 2012
Assets		
Cash and cash equivalents	\$ 139,651,000	\$ 120,855,000
Short-term investments	—	10,000,000
Accounts receivable	7,384,000	3,647,000
Accounts receivable — related parties	22,170,000	22,393,000
Notes receivable	12,840,000	136,607,000
Notes receivable — related parties	8,552,000	—
Real estate, net of accumulated depreciation of \$10,737,000 and \$7,412,000 at June 30, 2013 and December 31, 2012, respectively	488,435,000	289,449,000
Investments in joint ventures (\$73,968,000 and \$68,363,000 carried at fair value as of June 30, 2013 and December 31, 2012, respectively)	694,664,000	543,193,000
Investments in loan pool participations	68,719,000	95,601,000
Other assets	46,867,000	38,079,000
Goodwill	23,965,000	23,965,000
Total assets	\$ 1,513,247,000	\$ 1,283,789,000
Liabilities and equity		
Liabilities		
Accounts payable	\$ 2,051,000	\$ 1,762,000
Accrued expenses and other liabilities	37,788,000	29,417,000
Accrued salaries and benefits	11,349,000	24,981,000
Deferred tax liability	12,720,000	22,671,000
Senior notes payable	409,348,000	409,640,000
Mortgage loans payable	318,813,000	236,538,000
Borrowings under line of credit	30,000,000	—
Junior subordinated debentures	40,000,000	40,000,000
Total liabilities	862,069,000	765,009,000
Equity		
Cumulative preferred stock, \$0.0001 par value: 1,000,000 shares authorized \$1,000 per share liquidation preference: 6.00% Series A, 100,000 shares issued and outstanding as of June 30, 2013 and December 31, 2012, mandatorily convertible on May 19, 2015	—	—
6.45% Series B, 32,550 shares issued and outstanding as of June 30, 2013 and December 31, 2012, mandatorily convertible on November 3, 2018	—	—

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Common stock, \$0.0001 par value, 125,000,000 shares authorized, 73,975,960 and 64,789,646 shares issued and 73,975,960 and 63,772,598 shares	7,000	6,000
outstanding as of June 30, 2013 and December 31, 2012, respectively		
Additional paid-in capital	663,575,000	512,835,000
Accumulated deficit	(22,283,000) (5,910,000
Accumulated other comprehensive income	361,000	12,569,000
Common stock held in treasury, at cost, \$0.0001 par value, 1,017,048 shares held at December 31, 2012	—	(9,856,000
Total Kennedy-Wilson Holdings, Inc. shareholders' equity	641,660,000	509,644,000
Noncontrolling interests	9,518,000	9,136,000
Total equity	651,178,000	518,780,000
Total liabilities and equity	\$1,513,247,000	\$1,283,789,000
See accompanying notes to consolidated financial statements.		

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Kennedy-Wilson Holdings, Inc. and Subsidiaries
 Consolidated Statements of Operations
 (unaudited)

	Three Months Ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Revenue				
Management and leasing fees	\$4,754,000	\$4,101,000	\$9,463,000	\$7,257,000
Management and leasing fees — related party	9,356,000	6,131,000	17,313,000	11,716,000
Commissions	936,000	1,370,000	1,460,000	2,036,000
Commissions — related party	4,448,000	1,031,000	4,840,000	1,984,000
Sale of real estate				