

Kennedy-Wilson Holdings, Inc.  
Form DEF 14A  
April 27, 2018

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**  
**SCHEDULE 14A INFORMATION**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant      Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**KENNEDY-WILSON HOLDINGS, INC.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required

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- (1) Title of each class of securities to which transaction applies:
  
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- (1) Amount Previously Paid:
  
- (2) Form, Schedule or Registration Statement No.:
  
- (3) Filing Party:
  
- (4) Date Filed:

April 27, 2018

**Dear Fellow Stockholder,**

I cordially invite you to attend the 2018 annual meeting of stockholders of Kennedy-Wilson Holdings, Inc., to be held on Thursday, June 14, 2018, at 9:00 a.m. Pacific Time, at the Beverly Wilshire Hotel, 9500 Wilshire Boulevard, Beverly Hills, California.

The proxy statement, with the accompanying formal notice of the meeting, describes the matters expected to be acted upon at the meeting. We ask that you review these materials carefully.

We hope you will be able to attend the meeting. However, whether or not you are personally present, your vote is extremely important to us and our business. We are pleased to offer multiple options for voting your shares. You may vote via the Internet, by mail, by telephone or in person as described in the accompanying proxy statement.

Thank you for your continued support of Kennedy Wilson, and I look forward to seeing you at the annual meeting.

All the very best,

**William J. McMorrow**

**Chairman and Chief Executive Officer**

**KENNEDY-WILSON HOLDINGS, INC.**

**151 S. El Camino Drive**

**Beverly Hills, California 90212**

**(310) 887-6400**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

TO THE STOCKHOLDERS OF KENNEDY-WILSON HOLDINGS, INC.:

The Annual Meeting of the Stockholders of Kennedy-Wilson Holdings, Inc., a Delaware corporation (the Company), will be held on June 14, 2018, at 9:00 a.m. Pacific Time (the Annual Meeting), at the Beverly Wilshire Hotel, 9500 Wilshire Boulevard, Beverly Hills, California for the following purposes:

1. To elect three (3) directors to the Board of Directors of the Company to serve for a three-year term and until their successors are duly elected and qualified;
2. To vote on an advisory, nonbinding proposal to approve the compensation of the Company's named executive officers;
3. To ratify the appointment of KPMG LLP as our independent registered accounting firm for the 2018 fiscal year; and
4. To transact any other business as may properly be presented at the Annual Meeting or any adjournment or postponement thereof.

Stockholders of record of the Company's common stock at the close of business on April 27, 2018 are entitled to notice of, and to vote at, the Annual Meeting or any adjournment or postponement thereof. A list of the stockholders entitled to vote at the meeting may be examined at the Company's office at 151 S. El Camino Drive, Beverly Hills, California during the 10-day period preceding the Annual Meeting.

All stockholders are cordially invited to attend the meeting. Whether or not you expect to attend, you are respectfully requested by the Board of Directors to vote your shares online or sign, date and return the enclosed proxy promptly, or otherwise follow the instructions contained in this proxy statement. Stockholders who execute proxies retain the right to revoke them at any time prior to the voting thereof. If you received this proxy statement in the mail, a return envelope is enclosed for your convenience.

This year, we are pleased to use the rules of the Securities and Exchange Commission, or SEC, that allow us to furnish our proxy materials over the Internet. As a result, we are mailing our stockholders a Notice of Internet Availability instead of paper copies of our Proxy Statement and 2017 Annual Report. The Notice of Internet Availability contains instructions on how to access these documents via the Internet. The Notice of Internet Availability also contains instructions on how you can receive a paper copy of our proxy materials, including this proxy statement, our 2017

Annual Report and a proxy card. Stockholders who request paper copies of proxy materials will receive them by mail. This process will conserve natural resources and reduce the costs of printing and distributing our proxy materials to our stockholders.

**By Order of the Board of Directors,**

**In Ku Lee**

**Senior Vice President, Deputy General Counsel and Secretary**

**Dated: April 27, 2018**

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on June 14, 2018.**

Full copies of the proxy statement, the proxy card and the annual report are available on the Internet at [ir.kennedywilson.com](http://ir.kennedywilson.com). If you wish to receive a printed copy of the proxy materials, please follow the instructions set forth in the Notice of Internet Availability. Additional copies may be requested by calling or sending a letter to the Secretary of the Company, c/o Kennedy-Wilson Holdings, Inc., at 151 S. El Camino Drive, Beverly Hills, California 90212 or (310) 887-6400.

**PROXY STATEMENT**

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**PROXY SUMMARY**

**Proposal Roadmap**

The following proposals will be voted on at the Annual Meeting of the Stockholders:

Proposal	Board Recommendation	For More Information
<b>Proposal No. 1: Election of Directors</b>		
<p>To elect three (3) directors to the Board of Directors of the Company to serve for a three-year term and until their respective successors are duly elected and qualified</p>	<p><b>For each director</b></p>	<p><b>Page 5</b></p>
<b>Proposal No. 2: Say-on-Pay Vote</b>		
<p>To approve, on a non-binding advisory basis, the compensation of the Company's named executive officers</p>	<p><b>For</b></p>	<p><b>Page 53</b></p>
<b>Proposal No. 3: Ratification of Appointment of Independent Registered Public Accounting Firm</b>		
<p>To ratify the appointment of KPMG LLP as the Company's independent registered accounting firm for the 2018 fiscal year</p>	<p><b>For</b></p>	<p><b>Page 55</b></p>



## 2017 Business Highlights

2017 was a transformative year for Kennedy Wilson. We successfully executed our core business plan and completed the acquisition of Kennedy Wilson Europe ( KWE ), resulting in **record levels** of GAAP EPS, Adjusted Net Income and Adjusted EBITDA. 2017 performance highlights include (percent change figures below are year-over-year comparisons):

**\$98 Million**

increase in GAAP Net Income to Common Stockholders

**30%**

increase in adjusted EBITDA\*

to **\$455.7 million**

**27%**

increase in adjusted net income\*

to **\$242.5 million**

**12%**

increase in common dividend per share

to **\$0.76** per annum

**\$3.2 Billion**

of investment transactions completed by KW and its equity partners

**\$751 Million**

in year-end liquidity, including \$351 million of cash and \$400 million of undrawn capacity on a revolving line of credit

**\$104 Million**

returned to stockholders through common dividends and share repurchases

### Appointed Three Additional Directors and Lead Independent Director

KW welcomed Mary Ricks, John Taylor and Sanaz Zaimi to its Board of Directors (see pages 6 - 10 for their bios) and the Board of Directors appointed David Minella as the Lead Independent Director

### KWE Transaction

On October 20, 2017, we successfully completed the acquisition of Kennedy Wilson Europe Real Estate Plc ( KWE ). This transaction represented a complex **\$4billion** cross-border transaction in which the Company acquired the remaining 76% of KWE to increase its ownership to 100%.

\*See Appendix A for or a definition of adjusted EBITDA and adjusted net income and a reconciliation of those measures to their most comparable GAAP measure.

## Executive Compensation Highlights

The Compensation Committee is committed to evaluating and making changes to our executive compensation and corporate governance practices based on its continual review of current market practices and governance trends, amongst other factors. Based on discussions with stockholders and in an effort to create additional value for our stockholders, the Company made significant changes to our 2018 executive compensation program. Included in this evaluation was the recasting of our peer group as a result of the acquisition of KWE to better reflect the global and unique business that we operate, the introduction of a formulaic cash bonus program that is tied to multiple operating and financial metrics and the continued grants of performance-based restricted stock, including a hurdle based on total shareholder return (TSR), to ensure long-term alignment with our stockholders and to continue to motivate our high caliber executive team. The Compensation Committee considered recommendations from the Chairman and CEO in developing our 2018 compensation program. The Compensation Committee's independent compensation consultant also provided advice and analysis on the structure and level of executive compensation. As noted throughout this proxy statement, our senior management team developed the 2018 business plan metrics and targets to support our corporate priorities. Final decisions on the design of our 2018 compensation program, however, as well as total compensation for each executive officer, were made by the Compensation Committee.

Among other things, the changes in our 2018 compensation will result in a rebalance (subject to any discretionary grants of equity to our named executive officers during 2018) of (i) our CEO's compensation pay mix to 40% cash and 60% stock, excluding other compensation (as compared to 60% cash and 40% stock in 2017) and (ii) our other NEO's compensation pay mix to 40% cash and 60% stock, excluding other compensation (as compared to 70% cash and 30% stock in 2017). Please also see page 22 for a table illustrating the comparison of compensation amounts for 2018 and 2017.

In addition to the changes made during the first quarter of 2018, we have made a number of compensation and governance enhancements in recent years, including:

Eliminated the cash bonus pool based on Adjusted EBITDA and adopted a formulaic cash bonus program tied to multiple operating and financial metrics

Appointed two additional independent directors and lead independent director

Adopted a majority voting standard in uncontested director elections

Modified the performance-based restricted stock award to be based on more rigorous and challenging hurdles, including a new relative TSR metric

Changed to an annual Say on Pay vote proposal beginning in 2017

Implemented caps on cash bonus payouts and incorporated a ROE modifier into the bonus pool

Reduced the bonus pool funding percentage

Adopted a mandatory three-year post-vesting holding period on all NEO restricted stock awards (other than TSR awards)

Eliminated dividends on unearned restricted stock awards

Eliminated the retesting or catch-up features from all restricted stock awards

Adopted anti-hedging and anti-pledging policies

Adopted robust stock ownership guidelines including 10 times base salary for the CEO

## PROXY STATEMENT

This Proxy Statement is being made available to stockholders of Kennedy-Wilson Holdings, Inc. ( *we*, *us*, *our*, *Kennedy Wilson* or the *Company* ) on or about May 8, 2018, and is furnished in connection with the solicitation of proxies by the Board of Directors of Kennedy Wilson for use at the 2018 annual meeting of stockholders (the *Annual Meeting* ) of Kennedy Wilson to be held on Thursday, June 14, 2018 at 9:00 a.m. Pacific Time, at the Beverly Wilshire Hotel, 9500 Wilshire Boulevard, Beverly Hills, California, and at any adjournments or postponements thereof.

### QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

#### Who can vote?

You can vote your shares of common stock if our records show that you owned the shares as of the close of business on April 27, 2018 (the *Record Date* ). Persons who are not stockholders of record as of the close of business on the Record Date will not be allowed to vote at the Annual Meeting. As of the close of business on the Record Date, a total of 145,361,992 shares of common stock are entitled to vote at the Annual Meeting.

Each share of common stock is entitled to one (1) vote on matters presented at the Annual Meeting. Holders of common stock are not entitled to cumulate their votes for the election of directors.

#### What am I voting on?

Proposal No. 1: To elect three (3) directors to the Board of Directors of the Company to serve for a three-year term and until their successors are duly elected and qualified.

Proposal No. 2: To vote on a non-binding advisory proposal to approve the compensation of the Company's named executive officers.

Proposal No. 3: To ratify the appointment of KPMG LLP as the Company's independent registered accounting firm for the 2018 fiscal year.

#### Why are you making these materials available over the Internet rather than mailing them?

Under the notice and access rules of the SEC, we are furnishing proxy materials to our stockholders on the Internet rather than mailing printed copies of those materials to each stockholder. This will help us conserve natural resources and save postage, printing and processing costs. If you received a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of our proxy materials unless you specifically request one. Instead, the Notice of Internet Availability will instruct you on how to (1) access and review our proxy materials on the Internet and (2) access your proxy card to vote on the Internet. We anticipate that we will mail the Notice of Internet Availability to our stockholders on or about May 8, 2018.

Our proxy materials are available online at <http://www.cstproxy.com/kennedywilson/2018>.



**How can I have printed copies of the proxy materials mailed to me?**

Instructions for requesting a paper copy of the proxy materials are set forth on the Notice of Internet Availability of Proxy Materials. Alternatively, you may request a paper copy by calling or sending a letter to the Secretary of the Company, c/o Kennedy-Wilson Holdings, Inc., at 151 S. El Camino Drive, Beverly Hills, California 90212 or (310) 887-6400.

**How do I vote by proxy?**

If you hold shares directly as a holder of record, you may direct how your shares are voted without attending the Annual Meeting:

electronically over the Internet by following the procedures described in the Notice of Internet Availability; or

by requesting, completing and submitting a properly signed paper proxy card, as described in the Notice of Internet Availability.

If you are a beneficial owner of shares held in street name, you may vote by proxy via the Internet by following the instructions provided by your brokerage firm, bank, broker-dealer or other similar organization that holds your shares.

**What is the difference between a Holder of Record and a Beneficial Owner of Shares Held in Street Name?**

*Holder of Record.* If your shares are registered directly in your name with the Company's transfer agent, Continental Stock Transfer & Trust Co. ( *Continental* ), you are considered the holder (or stockholder) of record with respect to those shares. As a holder of record, you should have received this proxy statement, our Annual Report, and a proxy card from the Company via Continental.

*Beneficial Owner of Shares in Street Name.* If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization acting as a nominee, then you are the beneficial owner of shares held in street name. The organization holding your account is considered the holder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct that organization on how to vote the shares held in your account. Accordingly, you should have received the Notice of Internet Availability and a vote instruction form from that organization.

**If I am a stockholder of record, how do I cast my vote in person?**

If you are a stockholder of record, you may vote in person at the Annual Meeting. We will give you a ballot when you arrive. If you do not wish to vote in person, you may vote via the Internet or by proxy, as described above.

**If I hold my shares in street name, how do I cast my vote in person?**

Many of our stockholders who hold their shares in street name through a nominee have the option to submit their proxies or voting instructions to their nominee electronically by telephone or the Internet. These stockholders should review and follow the voting instructions forwarded to them by their nominee.

You also may vote your shares at the Annual Meeting if you attend in person. If you hold your shares in street name and wish to vote in person at the Annual Meeting, you must obtain a legal proxy from your nominee.

**What if other matters come up at the Annual Meeting?**

The matters described in this proxy statement are the only matters we know of that will be voted on at the Annual Meeting. If other matters are properly presented at the meeting, the proxy holders will vote your shares as they see fit.

**Can I change or revoke my vote after I return my proxy card?**

Yes. You can revoke your proxy at any time before it is exercised at the Annual Meeting in any of three ways:

by submitting written notice revoking your proxy card to the Secretary of the Company;

by submitting another proxy that is later dated and, if by mail, that is properly signed; or

by voting in person at the Annual Meeting.

**Is any special documentation required to vote in person at the Annual Meeting?**

Although we encourage you to vote electronically over the Internet, or alternatively, by requesting, completing and submitting a properly signed paper proxy card, you can attend the Annual Meeting and vote your shares in person.

Each stockholder and proxy will be asked to present a valid government-issued photo identification, such as a driver's license or passport, before being admitted. If you hold your shares in street name and wish to vote in person at the Annual Meeting, you must obtain a legal proxy from your nominee.

**How are votes counted?**

We will hold the Annual Meeting if holders representing a majority of the shares of common stock issued and outstanding and entitled to vote at the Annual Meeting either submit a proxy or attend the meeting. If you submit a proxy, your shares will be counted to determine whether we have a quorum even if you abstain or fail to vote on any of the proposals listed on the proxy card.

The election of directors under Proposal 1 will be by the affirmative vote of a majority of the votes cast in person or by proxy at the Annual Meeting. Abstentions, broker non-votes and withheld votes will each be counted as present for purposes of determining the presence of a quorum but will not have any effect on the outcome of the proposal.

Proposal 2 will be approved upon the affirmative vote of a majority of the votes cast at the Annual Meeting. Abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum but will not have any effect on the outcome of the proposal.

Proposal 3 will be approved upon the affirmative vote of a majority of the votes cast at the Annual Meeting. Abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum but will not have any effect on the outcome of the proposal.

Broker non-votes occur when a beneficial owner of shares held in street name does not give instructions to the broker or nominee holding the shares as to how to vote on matters deemed non-routine. Brokers holding shares of common stock in street name who do not receive timely instructions from the beneficial owners of those shares are entitled to vote only on routine proposals. The ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for 2018 (Proposal No. 3) is considered routine under applicable rules. A broker or other nominee may generally vote on routine matters, and therefore no broker non-votes are expected to exist in connection with Proposal No. 3. The election of directors (Proposal No. 1) and the advisory (non-binding) vote to approve the compensation of the Company's named executive officers for 2017 (Proposal No. 2) are considered non-routine matters under applicable rules. A broker or other nominee cannot vote without instructions on non-routine

matters, and therefore, there may be broker non-votes on Proposal Nos. 1 and 2.

**Who pays for this proxy solicitation?**

We do. In addition to sending you these materials, some of our employees may contact you by telephone, by mail, by fax, by email or in person. None of these employees will receive any extra compensation for doing this. We may reimburse brokerage firms and other custodians for their reasonable out-of-pocket costs in forwarding these proxy materials to stockholders.

**PROPOSAL 1**

**ELECTION OF DIRECTORS**

**Required Vote**

The affirmative vote of a majority of shares cast and present in person or represented by proxy at the meeting is required to elect each of the directors standing for election at the Annual Meeting.

**Recommendation**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF THE THREE NOMINEES FOR DIRECTOR SET FORTH HEREIN.**

The Company has a classified Board of Directors which is divided into three classes, with each class elected for a term of three years. Each class of the Board of Directors is set forth below:

William J. McMorrow, Kent Mouton and Norman Creighton in the class to stand for election in 2018;

Cathy Hendrickson, John Taylor and Stanley R. Zax in the class to stand for election in 2019; and

David Minella, Mary Ricks, Jerry Solomon and Sanaz Zaimi in the class to stand for election in 2020.

Following the recommendation of the Nominating Committee, our Board of Directors has nominated William J. McMorrow, Kent Mouton and Norman Creighton for election at the Annual Meeting. The enclosed proxy will be voted in favor of these individuals unless other instructions are given. If elected, the nominees will serve as directors until the Company's Annual Meeting in the year 2021, and until their successors are elected and qualified. If any nominee declines to serve or becomes unavailable for any reason, or if a vacancy occurs before the election (although management knows of no reason to anticipate that this will occur), the proxies may be voted for such substitute nominees as the Board of Directors may designate.

## Directors and Executive Officers

Set forth below is the name, age (as of April 20, 2018) and title of each director, director nominee and executive officer of the Company followed by a summary of each director's, director nominee's and executive officer's background and principal occupations. Unless specifically noted or the context provides otherwise, as used throughout this section, we, our, us or the Company refer to Kennedy-Wilson, Inc. prior to, and Kennedy-Wilson Holdings, subsequent to, the closing of the merger between Prospect Acquisition Corp. and Kennedy-Wilson, Inc., which was consummated on November 13, 2009.

Name	Age	Position
William J. McMorrow	71	Chairman and Chief Executive Officer
Justin Enbody	37	Chief Financial Officer
Mary Ricks	53	Director, President and CEO, Kennedy Wilson Europe
Matt Windisch	38	Executive Vice President
Kent Mouton	64	Director and Executive VP, General Counsel
In Ku Lee	37	Senior Vice President, Deputy GC and Secretary
Norman Creighton <sup>(1)</sup>	82	Director
Cathy Hendrickson <sup>(2)</sup>	71	Director
David A. Minella <sup>(1)</sup>	65	Director
Jerry R. Solomon	67	Director
John R. Taylor <sup>(3)</sup>	67	Director
Sanaz Zaimi	48	Director
Stanley R. Zax	80	Director

(1) Serves on the Audit Committee, Nominating Committee and Compensation Committee.

(2) Serves on the Nominating Committee and Compensation Committee.

(3) Serves on the Audit Committee.

**William J. McMorrow Chairman and Chief Executive Officer.** Mr. McMorrow is Chairman and Chief Executive Officer of the Company. He has held this position since 1988 when he joined the Company. Mr. McMorrow is the architect of the Company's expansion into real estate related investments and services. In addition to his real estate experience, Mr. McMorrow has more than 17 years of banking experience. Prior to joining the Company, he was the Executive Vice President and Chairman of the Credit Policy Committee at Imperial Bancorp and also has held senior positions with a variety of financial services companies, including eight years as a Senior Vice President of Fidelity Bank. From 2014 to 2017, Mr. McMorrow also served on the board of directors of Kennedy Wilson Europe Real Estate plc (LSE: KWE), a company that was previously externally managed by a subsidiary of the Company. Mr. McMorrow is a Trustee of the University of Southern California, a member of the Executive Board of the USC Lusk Center for Real Estate and a member of the board of directors of the Navy Seal Foundation. In 2012, Mr. McMorrow was selected as one of Southern California's Real Estate Icons by the Real Estate Forum Magazine. In 2014, Mr. McMorrow received City of Hope's Spirit of Life Award at the Los Angeles Real Estate and Construction Industries Council's 2014 Celebration. In 2015, Mr. McMorrow was honored by the Ireland Chamber of Commerce in the United States with the Sir Michael Smurfit Business Achievement Award for his years of leadership and his contributions to Ireland and in May 2017 he was the recipient of the Ellis Island Medal of Honor. In 2018, Mr. McMorrow was selected to receive the Asa V. Call Alumni Achievement Award, the highest alumni honor at the

University of Southern California. Mr. McMorrow is involved in numerous charities, including the Navy Seal Foundation, the Rape Treatment Center, and Loyola High School. He received a B.S. in Business and an M.B.A. from the University of Southern California. Mr. McMorrow was selected to serve as a member of our board of directors because of his significant achievements with, and intimate knowledge of, the Company and his extensive experience in real estate and banking.

**Justin Enbody Chief Financial Officer.** Mr. Enbody is Chief Financial Officer of the Company. He has held this position since 2012. He is responsible for all aspects of finance and administration for the Company, including strategic planning, accounting, tax, information technology, financial reporting and elements of risk management. He also serves on the Company's investment committee, which evaluates and approves all of the Company's investments. Mr. Enbody joined the Company in September 2009 and was the Company's Controller before becoming Chief Financial Officer. Prior to joining the Company, Mr. Enbody was a vice president with RAFS Inc., an independent financial consulting company which he joined in 2004. Prior to RAFS Inc., Mr. Enbody was a senior associate with KPMG LLP. Mr. Enbody received his Bachelor of Arts from the University of California at Santa Barbara.

**Mary Ricks President and CEO, Kennedy Wilson Europe.** Ms. Ricks is President and Chief Executive Officer of Kennedy Wilson Europe, a business she helped establish in 2011. She also serves on the Company's investment committee and is on our board of directors, since 2018. Ms. Ricks joined Kennedy Wilson in 1990 and from 2002 she headed the Company's commercial investment group as well as ran its operations in Australia and Japan. From 2014 to 2017, Ms. Ricks served on the board of directors of Kennedy Wilson Europe Real Estate Plc, an LSE-listed real estate company that was previously externally managed by a subsidiary of Kennedy Wilson. In 2014 she was selected by PERE as Industry Figure of the Year for Europe and in 2018 she was named by Bisnow as one of the most influential women in real estate across the UK. Ms. Ricks has been named by the L.A. Business Journal as one of the top women in commercial real estate and was featured on the covers of Forum Magazine and Real Estate California recognizing women at the top of the field. Ms. Ricks is a founding board member of the Richard S. Ziman Centre for Real Estate at UCLA; she is also an advisory board member for MetroBank in London. She received a B.A. in Sociology from UCLA. Ms. Ricks was selected to serve as member of our board of directors because of her extensive experience in real estate in the United States and Europe.

**Matt Windisch Executive Vice President.** Mr. Windisch is Executive Vice President of the Company. He has held this position since 2012. Mr. Windisch joined the Company in 2006 and oversees the company's public capital markets activities, business in Japan, retail investment platform and the research subsidiary. In addition, Mr. Windisch spearheads the Company's corporate and transaction capital raising, strategic planning and acquisitions analysis. He is also responsible for maintaining the company's key investor and banking relationships. Prior to joining the Company, he was an associate at JP Morgan Chase, where he held positions in investment banking, strategy and risk management. Mr. Windisch received a B.B.A. in Finance and Accounting from Emory University and an M.B.A. from UCLA's Anderson School of Management.

**Kent Mouton Director and Executive Vice President, General Counsel.** Mr. Mouton is General Counsel of the Company and also serves on our board of directors. He has held the General Counsel position since 2011 when he joined the Company. As General Counsel, Mr. Mouton oversees all legal affairs of the Company and participates in corporate compliance and risk management oversight. Mr. Mouton also has served as a director of the Company since 1995 and currently serves on the Company's investment committee. Prior to joining the Company, Mr. Mouton was a co-owner and managing partner of Kulik, Gottesman, Mouton & Siegel LLP, a real estate, business and entertainment law firm in Los Angeles. His practice included negotiating, structuring and documenting transactions in commercial real estate acquisitions and dispositions, financing, joint ventures and syndications, leasing and development and general corporate matters. Mr. Mouton is a member of the bar associations of the State of California and was an adjunct professor of real estate law at UCLA Extension for 27 years. In 2012, the Los Angeles Daily Journal named Mr. Mouton as one of the top 30 real estate lawyers in the State of California. Mr. Mouton graduated from the University of California, Los Angeles with a Bachelor of Arts degree in Economics (Summa Cum Laude, Phi Beta Kappa and Dean's List) and received his law degree from the University of California, Los Angeles. Mr. Mouton was selected to serve as a member of our board of directors because of his experience and knowledge relating to the legal and financial aspects of real estate investments and his significant experience in public and private company advisory and governance activities.

***In Ku Lee Senior Vice President, Deputy General Counsel and Secretary.*** Mr. Lee is Senior Vice President, Deputy General Counsel and Secretary of the Company. He has held this position since 2013 when he joined the Company.

Mr. Lee heads all of the Company's public company regulatory and corporate governance matters and currently serves as the Chief Compliance Officer of KW Investment Adviser, LLC. Mr. Lee is also responsible for all legal aspects of the Company's corporate and transaction capital raising, including public and private offerings of equity and debt. Prior to joining Kennedy Wilson, Mr. Lee served as global corporate counsel at SK Telecom / SK Planet from 2011 to 2013, where he was the lead counsel on multiple cross-border transactions. Prior to such position, Mr. Lee was a senior associate at Latham & Watkins LLP. Mr. Lee is a member of the bar associations of the State of California and Los Angeles County. Mr. Lee received his B.A. in Economics from Occidental College and his J.D. from Cornell Law School.

**Norman Creighton Director.** Mr. Creighton has served as a director of the Company since 2004. From 1975 to 2001, Mr. Creighton was employed with Imperial Bank, serving as its President and Chief Executive Officer from 1983 to 2001. During Mr. Creighton's tenure with Imperial Bank, its assets increased from approximately \$200 million in 1975 to approximately \$7 billion in 2001. Prior to Imperial Bank, Mr. Creighton served as Regional Vice President for Southern Arizona of Great Western Bank from 1971 to 1974. From 1958 to 1971, Mr. Creighton was employed with Arizona Bank, including as Manager of the Tucson Headquarters. Mr. Creighton also served as a member of the board of directors of Square 1 Bank from 2004 to 2015. Mr. Creighton holds a B.S. in banking and finance from the University of Montana. Mr. Creighton was selected to serve as a member of our board of directors because of his extensive experience and knowledge of business, accounting and the banking industry.

**Cathy Hendrickson Director.** Ms. Hendrickson has served as a director of the Company since 2004. Ms. Hendrickson has 44 years of experience in commercial banking. From 1993 to 2010, Ms. Hendrickson served as President and Chief Executive Officer of Bay Cities National Bank. Ms. Hendrickson concurrently served as President and Chief Executive Officer of Peninsula Banking Group, Inc. and sat on the boards of Bay Cities National Bank, Peninsula Banking Group, and Community First Financial Group, Inc. Ms. Hendrickson holds a B.S. in business administration with an emphasis in finance from the University of California, Berkeley. Ms. Hendrickson was selected to serve as a member of our board of directors because of her extensive experience as a high level executive in the banking and financial industries.

**David A. Minella Director.** Mr. Minella is currently the Managing Member of Minella Capital Management, a financial services holding company investing in and developing joint venture arrangements in the asset management industry. From 2011 to 2014, Mr. Minella served as the Chief Executive Officer of Aligned Asset Managers, LLC, or Aligned, a financial services holding company. Aligned's first acquisition was a majority interest in The Townsend Group, a real asset manager and consultant. Mr. Minella served as Prospect Acquisition Corp's Chairman and Chief Executive Officer from its inception in July 2007 through November 2009 and has served as a director of the Company since November 2007. Between 1997 and March 2007, Mr. Minella served as the Chief Executive Officer and director of Value Asset Management LLC, or VAM, a strategic investment management holding company. At VAM, Mr. Minella was responsible for its overall business strategy, acquisitions and financial results, and under his leadership, VAM acquired a controlling interest in five separate investment management firms. From 1995 to 1997, Mr. Minella was the President and Chief Executive Officer of the asset management division of Liechtenstein Global Trust, or LGT, a wealth and asset management firm, where he was responsible for the overall business strategy and financial results. Mr. Minella originally joined LGT in 1987 as the head of its United States subsidiaries, GT Capital Management and GT Global. Mr. Minella is a member of the Executive Council at Bunker Hill Capital Management, a private equity firm in Boston, Massachusetts, the former Chairman of the board of directors of MDT Advisers LLC and a former board member of the Investment Company Institute. Mr. Minella received a B.S. in accounting from Bentley College. Mr. Minella was selected to serve as a member of our board of directors because of his significant financial industry experience, particularly relating to investment strategies and asset management.

**Jerry R. Solomon Director.** Mr. Solomon has served as a director of the Company since 2001. Mr. Solomon started his career in the tax department of JK Lasser & Company, or JK Lasser, that later became Touche Ross & Company. After leaving JK Lasser, Mr. Solomon joined a large local CPA firm in the Los Angeles area where he became the

partner in charge of the comprehensive business services department as well as the administrative partner in charge of seven partners and

80 staff members. In 1988, Mr. Solomon formed Solomon & Company CPAs Inc. that later merged with Harold G. Winnett and the firm was renamed Solomon, Winnett & Rosenfield Certified Public Accountants, Inc. In 2014, Mr. Solomon left the firm of Solomon, Winnett & Rosenfield and started an independent practice specializing in both the real estate and service industries. He consults with high net worth individuals and families in tax and transactional planning. Mr. Solomon received his B.S. Degree in accounting and an M.B.A. from University of California, Berkeley. Mr. Solomon was selected to serve as a member of our board of directors because of his significant experience in the public accounting profession, particularly in the real estate and services industries, and with public and private company advisory and governance activities.

**John R. Taylor Director.** Mr. Taylor has served as a director of the Company since 2018. Beginning in 1973, Mr. Taylor has had extensive experience in providing professional accounting and auditing services to the financial services industry, which includes numerous commercial banks, savings and loans, mortgage banks, mutual funds, trust companies, real estate investment trusts, business development companies and finance companies. Prior to his retirement in 2011, Mr. Taylor served as a senior audit partner in KPMG LLP's financial services practice group based in Los Angeles, CA. Mr. Taylor practiced in such group at KPMG for a total of 38 years. During his practice, Mr. Taylor served as the lead audit engagement partner on nearly all of KPMG's significant Southern California publicly held banking and finance clients. Mr. Taylor currently serves on the board of directors of Hope Bancorp, Inc. and its subsidiary Bank of Hope, where he serves on the risk committee and as the chairman of the audit committee. From 2011 to 2017, Mr. Taylor also served on Hope Bancorp's nominations and corporate governance committee and from 2016 to 2017 served on its executive committee. From 2013 to 2014, Mr. Taylor also served on the board of directors of PennyMac Financial Services, Inc., where he served on the audit committee. Mr. Taylor also serves on the board of the USC-Verdugo Hills Hospital Foundation. Mr. Taylor received his B.S. Degree in Business Accounting from the University of Southern California. Mr. Taylor was selected to serve as a member of our board of directors because of his significant experience in the public accounting profession, particularly in the financial and real estate industries.

**Sanaz Zaimi Director.** Ms. Zaimi has served as a director of the Company since 2018. Ms. Zaimi currently serves as the Head of Global Fixed Income, Currencies and Commodities (FICC) Sales, within Bank of America Merrill Lynch (BofAML) and is based in London. She joined BofAML in 2010 from Goldman Sachs, where she was a partner and previously held positions at Deutsche Bank and Smith Barney. Ms. Zaimi has extensive industry knowledge, with over two decades of experience in financial markets. Ms. Zaimi served as an Executive Director on the Board of Merrill Lynch International (MLI). She also served as a founder member of the industry's FICC Market Standards Board (FMSB) until May 2017. Ms. Zaimi currently sits on a number of BofAML's senior executive committees globally, including the Operating Committee at Bank of America, the Global Banking and Markets (GBAM) Management Committee, the GBAM Global Reputation Risk Committee and the firm's Global Environment, Social and Governance (ESG) Committee. She actively promotes BofAML's commitment to diversity and inclusion and personally supports a number of philanthropic organizations focusing on women and children. Ms. Zaimi holds a degree in Economy and Finance and a Masters of Philosophy in Finance from Paris-Sorbonne University. Ms. Zaimi was selected to serve as a member of our board of directors because of her significant experience in business transactions in Europe and her deep understanding of the global capital markets.

**Stanley R. Zax Director.** Mr. Zax has served as a director of the Company since 2010. Mr. Zax was the Chairman and CEO of Zenith National Insurance Corp., or Zenith, a company engaged in insurance and reinsurance, from 1977 to 2012. Zenith was acquired by Fairfax Financial Holdings Limited in 2010. Mr. Zax also served as a director of 1st Century Bank, Los Angeles and the Prostate Cancer Foundation until 2016 and The Center for The Study of the Presidency and Congress in Washington, D.C until 2017. Mr. Zax started his career in 1961 as an associate and later a partner with the Chicago law firm Friedman, Mulligan, Dillon & Uris and subsequently joined Hilton Hotels, where he served as Vice President, General Counsel, Director and Secretary. His association with the insurance industry started in 1973, when he served as President and Chief Executive of Great American Insurance Company. He also served as a director of Wynn Resorts Ltd., a holding company of Wynn Las Vegas, and Wynn Macao from October

2002 to May 8, 2007, and as chairman of its audit committee. He served as a Non-Executive Director of Advent Capital (Holdings) Plc, London, England from 1999 to November 10, 2005. Mr. Zax earned a

JD in 1961 and a BBA in 1958 from the University of Michigan at Ann Arbor. Mr. Zax was selected to serve as a member of our Board of Directors because of his extensive experience relating to the management and operations of public companies.

### Director Compensation

In 2017, each non-employee director received an annual retainer fee of \$50,000. The chairpersons of the audit committee, compensation committee and nominating committee received additional annual retainer fees of \$20,000, \$10,000 and \$10,000, respectively. During 2017, each non-employee director also received an annual equity award in the form of 8,000 shares of restricted stock that vest over a three-year period, subject to continued service as a non-employee director through the applicable vesting date.

The following table provides compensation information for the fiscal year ended December 31, 2017 for each non-employee member of our Board of Directors:

Name <sup>(1)</sup>	Fees Earned or Paid in		Option Awards	All Other Compensation <sup>(3)</sup>	Total
	Cash	Stock Awards <sup>(2)</sup>			
Norman Creighton	\$ 80,000	\$ 154,000	\$	\$ 8,750	\$ 242,750
Cathy Hendrickson	60,000	154,000		8,750	222,750
David Minella	50,000	154,000		8,750	212,750
Jerry Solomon	50,000	154,000		8,750	212,750
Stanley Zax	50,000	154,000		8,750	212,750

(1) Messrs. McMorrow and Mouton did not receive any director fees during 2017.

(2) The amounts in this column reflect the aggregate grant date fair value of an award of 8,000 shares of restricted stock granted to each of our non-employee directors in 2017, computed in accordance with ASC Topic 718. Information regarding the valuation assumptions that are used to calculate these values is included in Note 14 of the Company's financial statements for the fiscal year ended December 31, 2017 contained in the Company's annual report on Form 10-K. The aggregate number of shares of restricted stock outstanding at December 31, 2017 for each of our non-employee directors is set forth in the table below. Each award of restricted stock held by our non-employee directors will vest either: (i) with respect to 20% of the restricted shares on each of the first through fifth anniversaries of the date of grant, subject to accelerated vesting in the event of a change in control (as defined in the Second Amended and Restated 2009 Equity Participation Plan), or the director's ceasing to serve on the Board by reason of death or disability; or (ii) with respect to 33% of the restricted shares on each of the first through third anniversaries of the date of grant, subject to accelerated vesting in the event of a change in control (as defined in the Second Amended and Restated 2009 Equity Participation Plan), or the director's ceasing to serve on the Board by reason of death or disability.

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Mr. Creighton	32,000
Ms. Hendrickson	32,000
Mr. Minella	32,000
Mr. Solomon	32,000
Mr. Zax	32,000

(3) Reflects payments of dividends on unvested shares of restricted stock to each non-employee director.

## CORPORATE GOVERNANCE AND BOARD MATTERS

### Director Independence

Our common stock is listed on the New York Stock Exchange (the NYSE ). A majority of the members of our Board of Directors must be independent under Section 303A.01 of the listing standards of the NYSE. Section 303A.02 of the NYSE listing standards provides that no director can qualify as independent unless the Board of Directors affirmatively determines that the director has no material relationship with the listed company. Our Board of Directors has adopted the following standards in determining whether or not a director has a material relationship with the Company and these standards are contained in our Corporate Governance Guidelines which can be found on our website at [www.kennedywilson.com](http://www.kennedywilson.com) and will be made available in print free of charge to any stockholder who requests it:

No director who is an employee or a former employee of the Company can be independent until three years after termination of such employment.

No director who is, or in the past three years has been, affiliated with or employed by the Company's present or former independent auditor can be independent until three years after the end of the affiliation, employment or auditing relationship.

No director can be independent if he or she is, or in the past three years has been, part of an interlocking directorship in which an executive officer of the Company serves on the compensation committee of another company that employs the director.

No director can be independent if he or she is receiving, or in the last three years has received, more than \$120,000 during any 12-month period in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).

Directors with immediate family members in the foregoing categories are subject to the same three-year restriction.

No director can be independent if he or she is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

Based on these independence standards and all of the relevant facts and circumstances, our Board of Directors determined that none of the following directors had any material relationship with the Company and, thus, are independent under Section 303A.02 of the listing standards of NYSE: Norman Creighton, Cathy Hendrickson, David Minella, Jerry Solomon, John Taylor, Sanaz Zaimi and Stanley R. Zax. In accordance with NYSE rules, a majority of our Board of Directors is independent.

In recommending to our Board of Directors that each non-employee director be found independent, our Nominating Committee reviewed and considered the following relationship over the past three fiscal years:

Ms. Zaimi is the Head of Global Fixed Income, Currencies and Commodities Sales at Bank of America Merrill Lynch ( BAML ), which provides credit and other commercial banking services to the Company. BAML also served as a financial adviser to the Company in connection with its acquisition of Kennedy Wilson Europe Real Estate plc in 2017.

All matters relating to the abovementioned relationship fall within the standards set forth in our Corporate Governance Guidelines, including the monetary thresholds set forth in the guidelines. This matter is more fully discussed below under *Certain Relationships and Related Transactions*.

## **Board Leadership Structure and Role in Risk Oversight**

The Board of Directors is responsible for risk oversight of the Company. Risks facing the Company include competitive, economic, operational, financial, accounting, liquidity, tax, regulatory, foreign country, safety, employment, political and other risks. Risks are reported to the Board of Directors through the Company's executive officers, who are responsible for the identification, assessment and management of the Company's risks. The Board of Directors regularly discusses the risks reported by the Company's executive officers and reviews with management strategies and actions to mitigate the risks and the status and effectiveness of such strategies and actions.

Our Chief Executive Officer also serves as Chairman of our Board of Directors. Our Board of Directors believes that our Chief Executive Officer is best situated to serve as Chairman because he is the director that is most familiar with our business and industry, possesses detailed and in-depth knowledge of the issues, opportunities and challenges facing us and is therefore best positioned to develop agendas that ensure that the Board's time and attention are focused on the most important matters. Our independent directors bring experience, oversight and expertise from outside the Company and industry, while our Chief Executive Officer brings Company-specific experience and expertise. Our Board of Directors believes that the combined role of Chairman and Chief Executive Officer facilitates information flow between management and the Board, which we believe is critical to effective governance. Our Board of Directors appointed David Minella as our lead independent director, effective as of April 26, 2018. As discussed below, Mr. Minella will serve as the chair of all executive sessions of our non-management directors.

To efficiently oversee the Company's risks, the committees of the Board of Directors are tasked with oversight responsibility for particular areas of risk. For example, the Audit Committee oversees management of risks related to accounting, auditing and financial reporting and maintaining effective internal controls for financial reporting. The Compensation Committee oversees risks related to the Company's executive compensation policies and practices. The Nominating Committee oversees risks related to the effectiveness of the Board of Directors.

## **Meetings of the Board of Directors**

In 2017, the Board of Directors held twelve meetings. It is our policy to invite our directors and director nominees to attend our Annual Meetings. Seven members of our Board of Directors attended our 2017 Annual Meeting.

## **Board Committees**

Our Board of Directors has an Audit Committee, a Compensation Committee and a Nominating Committee.

### ***Audit Committee***

The Audit Committee operates under a written charter. The Audit Committee charter can be found on our website at [www.kennedywilson.com](http://www.kennedywilson.com) and will be made available in print free of charge to any stockholder who requests it.

The Audit Committee charter states that the responsibilities of the Audit Committee shall include, among other things, to assist the Board of Directors in monitoring (i) the integrity of the annual, quarterly and other financial statements of the Company, (ii) the independent auditor's qualifications and independence, (iii) the performance of the Company's internal audit function and independent auditor and (iv) the compliance by the Company with legal and regulatory requirements. The Audit Committee also reviews and approves all related-party transactions (defined as transactions with an executive officer, director, beneficial owner of more than 5% of our outstanding common stock, or any of such persons' immediate family members in which the amount involved exceeds \$120,000, and in which any such persons had or will have a direct or indirect material interest) and prepares the report required by the rules of the Securities and Exchange Commission, or the SEC, to be included in the Company's annual proxy statement.



Pursuant to its charter, the Audit Committee meets at least quarterly. The Audit Committee met six times during 2017. The Company does not limit the number of audit committees of other Companies on which its Audit Committee members can serve.

The members of the Audit Committee during 2017 were Norman Creighton (chairman), Cathy Hendrickson and David Minella. As of February 2018, the members of the Audit Committee are John Taylor (chairman), Norman Creighton and David Minella. Each of the above-listed Audit Committee members is considered independent under Section 303A.02 of the listing standards of the NYSE, as determined by our Board of Directors.

Our Board of Directors has determined that we have two audit committee financial experts, as defined in the Securities Exchange Act of 1934, as amended (the Exchange Act), serving on our Audit Committee. John Taylor and Norman Creighton are audit committee financial experts and are independent members of our Board of Directors.

### ***Compensation Committee***

The members of the Compensation Committee are Norman Creighton (chairman), Cathy Hendrickson and David Minella. The Compensation Committee met nine times during 2017. Each of the current members of the Compensation Committee is considered independent under Section 303A.02 of the listing standards of the NYSE, as determined by our Board of Directors. The Compensation Committee operates under a written charter. The Compensation Committee charter can be found on our website at [www.kennedywilson.com](http://www.kennedywilson.com) and will be made available in print free of charge to any stockholder who requests it.

The Compensation Committee has overall responsibility for evaluating and approving the Company's compensation plans, policies and programs. The Compensation Committee evaluates the performance of the Chief Executive Officer and other executive officers and, based on such evaluation, reviews and approves the compensation of the Chief Executive Officer and other executive officers. The Compensation Committee may consult with the Chief Executive Officer regarding the amount or form of the compensation for the other executive officers. The Compensation Committee may also form and delegate certain responsibilities to subcommittees. The Compensation Committee also reviews and recommends to the full Board of Directors compensation of directors. The Compensation Committee administers our Second Amended and Restated 2009 Equity Participation Plan.

### ***Nominating Committee***

The members of the Nominating Committee are Cathy Hendrickson (chairperson), Norman Creighton and David Minella. Each of the current members of the Nominating Committee is considered independent under Section 303A.02 of the listing standards of the NYSE, as determined by our Board of Directors. The Nominating Committee met one time during 2017. The Nominating Committee operates under a written charter. The Nominating Committee charter can be found on our website at [www.kennedywilson.com](http://www.kennedywilson.com) and will be made available in print free of charge to any stockholder who requests it.

The purpose of the Nominating Committee is to, among other things, discharge the responsibilities of our Board of Directors relating to the appropriate size, functioning and needs of our Board of Directors, including, but not limited to, recruitment and retention of high quality board members and the composition and structure of committees of the Board of Directors.

The Nominating Committee will consider director candidates recommended by security holders based upon the policies set forth in the Nominating Committee charter. Stockholders who wish to recommend to the Nominating Committee a candidate for election should send a letter to Kennedy-Wilson Holdings, Inc., 151 S. El Camino Blvd., Beverly Hills, CA 90212, ATTN: Nominating Committee. The letter must set forth certain biographical information regarding the nominees as specified in



the Nominating Committee charter. Recommendations by security holders must be received no later than thirty (30) days after the end of the Company's fiscal year.

Candidates will be reviewed in the context of the current composition of the Board of Directors, the operating requirements of the Company and the long-term interests of the Company's stockholders. Although there are no specific minimum qualifications or any specific qualities or skills that the Nominating Committee believes that the potential nominees must have, the Nominating Committee considers and evaluates each candidate based upon an assessment of certain criteria as set forth in the Nominating Committee charter. Although diversity may be a consideration in the nomination process, the Nominating Committee does not have a formal policy with regard to the consideration of diversity in identifying director nominees.

The Nominating Committee does not have a formal procedure for identifying or evaluating director nominees except as set forth in the Nominating Committee charter. A potential director nominee recommended by a security holder will not be evaluated any differently than any other potential nominee. Although it has not done so in the past, the Nominating Committee may retain search firms to assist in identifying suitable director candidates.

### **Executive Sessions**

Under the NYSE listing company manual, our non-management directors are required to hold regular executive sessions. The chairperson of the executive sessions is David Minella. Interested parties may communicate directly with the presiding director of the executive session or with the non-management directors as a group, by directing such written communication to the Secretary of the Company, c/o Kennedy-Wilson Holdings, Inc., 151 S. El Camino Blvd., Beverly Hills, CA 90212.

### **Process for Sending Communications to the Board of Directors**

The Board of Directors maintains a process for stockholders to communicate with the Board of Directors. Stockholders wishing to communicate with the Board of Directors or any individual director must mail a communication addressed to the Secretary of the Company, c/o Kennedy-Wilson Holdings, Inc., 151 S. El Camino Blvd., Beverly Hills, CA 90212. Any such communication must state the number of shares of common stock beneficially owned by the stockholder making the communication. All of such communications will be forwarded to the full Board of Directors or to any individual director or directors to whom communication is directed unless the communication is clearly of a marketing nature or is inappropriate, in which case we have the authority to discard the communication or take appropriate legal action regarding the communication.

### **Code of Ethics**

Our Board of Directors has adopted a code of ethics that applies to our directors, officers and employees. A copy of the code of ethics can be found on our website at [www.kennedywilson.com](http://www.kennedywilson.com) and will be made available in print free of charge to any stockholder who requests it.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our officers, directors and persons who own more than 10% of a registered class of our equity securities to file reports of ownership and changes in ownership with the SEC. Based solely upon our review of the Forms 3 and 4 and amendments thereto furnished to us during the fiscal year ended December 31, 2017, and Forms 5 and amendments thereto furnished to us with respect to the fiscal year ended December 31, 2016, we believe that, during the fiscal year ended December 31, 2017, all Section 16(a) filing requirements applicable to our officers, directors and greater than 10% beneficial owners were met in a timely manner other than as described herein. Mr. Taylor joined our Board of Directors on February 5, 2018 and filed a Form 3 on March 20, 2018.



## EXECUTIVE COMPENSATION

The following discussion sets forth certain information regarding our executive compensation. Unless specifically noted or the context provides otherwise, as used throughout this section, we, our, us or the Company and disclosures relating to executive compensation refer to Kennedy-Wilson Holdings, Inc. and its subsidiaries.

### Compensation Discussion and Analysis

The Compensation Discussion and Analysis section of this proxy statement describes the objectives and features of our executive compensation program with respect to those executive officers who constitute our named executive officers ( NEOs ) for fiscal year 2017, as determined under applicable SEC rules. For the fiscal year ended December 31, 2017, our NEOs and their titles were as follows:

Named Executive Officer	Title
William J. McMorrow	Chairman and Chief Executive Officer
Mary Ricks	President and CEO, Kennedy Wilson Europe
Justin Enbody	Chief Financial Officer
Kent Mouton	Executive Vice President, General Counsel
Matt Windisch	Executive Vice President

The Compensation Discussion and Analysis includes the following sections:

- 1 ***Executive Summary*** Summarizes the changes made to 2018 compensation program, our unique business model and the evolution of our compensation structure over the past four years
- 2 ***Executive Compensation Philosophy and Review Process*** Outlines our compensation philosophy and the objectives and roles of each of the compensation committee and Chief Executive Officer ( CEO ) in determining the compensation for our executives
- 3 ***Fiscal Year 2017 Compensation*** Discusses and analyzes the performance factors and specific compensation decisions for fiscal year 2017
- 4 ***Elements of Compensation*** Provides a more detailed description of each element of our executive compensation program
- 5 ***Tax, Accounting and Other Considerations*** Outlines the various tax, accounting and other factors that are considered by the Compensation Committee with respect to our executive compensation program

**1** *Executive Summary***Recent Changes to Our Compensation**

The Compensation Committee is committed to evaluating and making changes to our executive compensation and corporate governance practices based on its continual review of current market practices and governance trends, amongst other factors. Based on discussions with stockholders and in an effort to create additional value for our stockholders, the Company made significant changes to our 2018 executive compensation program. Included in this evaluation was the recasting of our peer group as a result of the acquisition of KWE to better reflect the global and unique business that we operate, the introduction of a formulaic cash bonus program that is tied to multiple operating and financial metrics and the continued grants of performance-based restricted stock, including a hurdle based on total shareholder return (TSR), to ensure long-term alignment with our stockholders and to continue to motivate our high caliber executive team. The Compensation Committee considered recommendations from the Chairman and CEO in developing our 2018 compensation program. The Compensation Committee's independent compensation consultant also provided advice and analysis on the structure and level of executive compensation. As noted throughout this proxy statement, our senior management team developed the 2018 business plan metrics and targets to support our corporate priorities. Final decisions on the design of our 2018 compensation program, however, as well as total compensation for each executive officer, were made by the Compensation Committee.

Among other things, the changes in our 2018 compensation will result in a rebalance (subject to any discretionary grants of equity to our named executive officers during 2018) of (i) our CEO's compensation pay mix to 40% cash and 60% stock, excluding other compensation (as compared to 60% cash and 40% stock in 2017) and (ii) our other NEO's compensation pay mix to 40% cash and 60% stock, excluding other compensation (as compared to 70% cash and 30% stock in 2017). Please also see page 22 for a table illustrating the comparison of compensation amounts for 2018 and 2017.

**Our Distinctive Public Company Real Estate Business Model**

Kennedy Wilson is a global real estate investment company with a unique and global business model that is not directly comparable to most other publicly-traded real estate companies. We own, operate and invest in real estate both on our own and through our investment management platform, with approximately \$16 billion of investment management and real estate services (IMRES) assets under management. To complement our investment business, we also provide real estate services primarily to financial services clients.

Two Key Investment Segments	
Balance Sheet Portfolio	Investment Management Platform
<p>Permanent capital vehicle focused on maximizing property cash flow</p> <p>Targeting investments with accretive asset management opportunities</p> <p>Longer-term hold period</p>	<p>Buy it, fix it, sell it</p> <p>Targeting opportunistic and value-add investments</p> <p>Shorter-term hold period</p> <p>Focus on raising third-party capital in U.S. and Europe</p>

We are a global company that owns and develops multifamily and commercial properties primarily located in the Western U.S., the U.K. and Ireland. As of December 31, 2017, we have an ownership interest in approximately 53 million square feet of property globally, including 27,161 multifamily rental units.

**Portfolio Overview:**

## Our Competitors

Our Company is not directly comparable to most publicly-traded real estate companies, which generally operate less complicated business models, and is more comparable to private equity companies, investment banks and sophisticated family offices with large real estate portfolios.

Kennedy-Wilson Holdings, Inc.	Traditional Publicly-Traded	
	Real Estate Company Business Model	Private Equity Real Estate Firms

Source and use strategic third-party capital to operate a fund and separate account business to invest in opportunistic and value-add investments  
 Operate on a global scale  
 Invest in a diverse array of property types  
 Engage in significant development and redevelopment activity

In this respect, our true and closest competitors are not traditional real estate operating companies and REITs. Instead, we directly compete with private equity real estate companies, investment banks and sophisticated family offices, among others, in terms of deal sourcing, accessing third-party capital and the **recruitment of talent**. Many of these companies operate as privately-held companies or have a real estate platform that is one operating segment where compensation information is not publicly disclosed and not available to directly compare the compensation of our NEOs to that of our closest competitors.

## Evolution of Our Compensation Program

Our Compensation Committee, in consultation with its independent compensation consultant FTI Consulting, Inc., has sought to create a compensation program that (i) provides long-term incentive compensation that is strongly aligned with the long-term interests of our stockholders; (ii) provides our executive officers with long-term incentive compensation and annual cash bonuses that are subject to the attainment of Company performance goals; and (iii) pays our executive officers competitive levels of compensation to retain and motivate our high caliber executive officer team. In our efforts to accomplish these objectives, we have considered the following key factors:

The executive officers and our independent directors own approximately 14.6% (as of April 27, 2018) of the Company's stock, ensuring alignment with the Company's stockholders; and

We directly compete with private equity companies, investment banks and sophisticated family offices with large real estate portfolios, among others, where the compensation structures provide for a more levered risk-reward model than typically used by public companies.

We are committed to evaluating and making changes to our compensation and corporate governance practices based on our continual review of the factors above. Based on discussions with stockholders, along with our ongoing evaluation of best practices, we have made a number of compensation and governance enhancements in recent years, including:

Eliminated the cash bonus pool based on Adjusted EBITDA and adopted a formulaic cash bonus program tied to multiple operating and financial metrics

Appointed two additional independent directors and lead independent director

Adopted a majority voting standard in uncontested director elections

Modified the performance-based restricted stock award to be based on more rigorous and challenging hurdles, including a new relative TSR metric

Changed to an annual Say on Pay vote proposal beginning in 2017

Implemented caps on cash bonus payouts and incorporated a ROE modifier into the bonus pool

Reduced the bonus pool funding percentage

Adopted a mandatory three-year post-vesting holding period on all NEO restricted stock awards (other than TSR awards)

Eliminated dividends on unearned restricted stock awards

Eliminated the retesting or catch-up features from all restricted stock awards

Adopted anti-hedging and anti-pledging policies

Adopted robust stock ownership guidelines including 10 times base salary for the CEO

**Implementation of a New Formulaic 2018 Cash Bonus Program**

Beginning in 2018, the Company eliminated the bonus pool based on Adjusted EBITDA and replaced it with a more traditional formulaic bonus program tied to the achievement of corporate performance goals (80%) and individual/discretionary review (20%) more consistent with prevailing market practices.

The following table shows the metrics and weightings for the 2018 cash bonus program for all of our NEOs:

<b>2018 Performance Metrics</b>	<b>Weighting</b>	<b>Rationale for Inclusion</b>
GAAP Net Income + KW Share of D&A / Shares Outstanding	40%	Encourages focus on profitability using a per share earnings measure
Cash Generated from Asset Sales	25%	Motivates management to execute capital recycling plan to sell lower return assets and redeploy capital into higher return opportunities
In-place NOI Added from Unstabilized / Development Assets	15%	Motivates management to complete and lease-up unstabilized assets and development projects that generate additional cash flow
Subjective/Individual Performance	20%	Represents indicators of the executive's success in fulfilling his or her responsibilities to the Company and in executing the Company's strategic plan

The Compensation Committee set the following range of performance goals for each of the metrics above: GAAP Net Income plus KW Share of D&A per share of \$1.30 to \$1.90, Cash Generated from Asset Sales of \$300 million to \$500 million and In-place NOI Added from Unstabilized/Development Assets of \$10 million to \$15 million.

The following table shows the threshold, target and maximum incentive cash bonus opportunities (denominated as a percentage of base salary) that are available to each NEO in 2018. Whether any of the threshold, target or maximum bonus levels are attained will be determined by the Compensation Committee based on the achievement of the criteria described above.

<b>Named Executive Officer</b>	<b>Threshold</b>	<b>Target</b>	<b>Maximum</b>
William J. McMorrow	100%	200%	300%
Mary Ricks	100%	200%	300%
Justin Enbody	82.5%	165%	250%
Kent Mouton	57.5%	115%	175%
Matt Windisch	100%	200%	300%

***Performance-Based Equity Compensation; Inclusion of TSR-based Restricted Stock Grants in our Equity Grant Program***

For the NEOs and other key employees, we redesigned the equity program in 2017 to (i) provide for a range of vesting performance levels instead of all-or-nothing, (ii) add more rigor into the performance hurdles, (iii) provide further alignment with stockholder interests by using a relative TSR measure, and (iv) ensure the retention of management in all market cycles. The new program balances each of these objectives by incorporating the following equity vehicles:

Relative TSR Performance Stock Award	ROE Stock Award	Retentive Restricted Stock Award
At-risk equity incentive designed to enhance the pay-for-performance structure and stockholder alignment, while motivating and rewarding senior management for superior relative TSR performance	At-risk equity incentive designed to enhance the pay-for-performance structure, while motivating and rewarding senior management for the achievement of rigorous ROE goals	Structured to retain executives while subjecting recipients to the same market fluctuations as stockholders, thereby motivating management to create long-term value through long-term vesting and holding requirements

The key terms of each of these equity vehicles are as follows (please see pages 32-35 for additional details on the terms of these awards and the percentages reflected below):

Below is a summary of 2018 target compensation as compared to approved 2017 compensation amounts<sup>(1)</sup>:

NEO	Year	Cash Bonuses @		Stock Awards @ Target <sup>(1)(2)</sup>	Total Direct Compensation <sup>(2)(3)</sup>
		Salary	Target		
Mr. McMorrow	Target 2018	\$1,500,000	\$3,000,000	\$6,500,000	\$11,000,000
Chairman and CEO	Approved 2017	\$1,500,000	\$10,000,000	\$7,939,000	\$19,439,000
	<i>%Change</i>	-	<i>(70%)</i>	<i>(18%)</i>	<i>(43%)</i>
	Ms. Ricks	Target 2018	\$1,000,000	\$2,000,000	\$5,400,000
President and CEO,  Kennedy-Wilson Europe	Approved 2017	\$1,000,000	\$8,000,000	\$5,031,000	\$14,031,000
	<i>%Change</i>	-	<i>(75%)</i>	<i>7%</i>	<i>(40%)</i>
	Mr. Enbody	Target 2018	\$600,000	\$990,000	\$2,200,000
Chief Financial Officer	Approved 2017	\$600,000	\$3,500,000	\$1,289,250	\$5,389,250
	<i>%Change</i>	-	<i>(72%)</i>	<i>71%</i>	<i>(30%)</i>
	Mr. Mouton	Target 2018	\$800,000	\$920,000	\$2,300,000
General Counsel and  Director	Approved 2017	\$800,000	\$3,500,000	\$1,289,250	\$5,589,250
	<i>%Change</i>	-	<i>(74%)</i>	<i>78%</i>	<i>(28%)</i>

Mr. Windisch	Target 2018	\$600,000	\$1,200,000	\$2,750,000	\$4,550,000
Executive Vice	Approved 2017	\$600,000	\$4,000,000	\$1,719,000	\$6,319,000
President	<i>%Change</i>	-	<i>(70%)</i>	<i>60%</i>	<i>(28%)</i>

(1) The above table excludes any discretionary equity awards granted to the named executive officers during 2018.

(2) Represents restricted shares at target value and excludes any accounting discounts.

(3) Excludes other compensation, which includes life insurance premiums and dividends on stock awards.

**2** *Executive Compensation Objectives and Review Process*

Our Company's compensation program objectives are as follows:

<i>Pay Competitively</i>	<i>Pay-for-Performance</i>	<i>Alignment with Stockholders</i>
Pay our executive officers a competitive level of compensation that best reflects individual performance, overall role and responsibility, and our performance and the performance of our business units	Provide our executive officers with long-term incentive compensation and annual bonuses that are subject to the attainment of Company performance goals	Provide long-term incentive compensation that is strongly aligned with the long-term interests of our stockholders and encourages retention by paying a significant portion of compensation to our executive officers in equity

A significant portion of our NEOs' compensation is at-risk subject to the Company's achievement of pre-established performance goals. Consistent with this focus, our compensation program provides our executive officers with long-term incentive compensation and annual bonuses that are subject to the attainment of Company performance goals. We encourage our executives to take a long-term approach by compensating them in restricted equity that vests over a period of three years if the Company meets or exceeds return on equity and TSR goals, subject to continued employment and additional post-vesting holding periods.

**Role of the Compensation Committee**

Our Compensation Committee determines the compensation for all of the NEOs employing the following process.

It receives input as necessary and appropriate from Company management, including the Chief Executive Officer, other than with respect to his own compensation, and the Compensation Committee's compensation consultant, as discussed below.

Our Chief Executive Officer makes recommendations to the Compensation Committee on the compensation of executive officers who report to him based on his assessment of the achievement of the Company's strategic plans, the executive's individual performance and a variety of other factors (such as compensation history, tenure, responsibilities, market data and retention concerns).

The Compensation Committee considers these recommendations together with the input of our independent compensation consultant.

All final decisions affecting NEO compensation, executive compensation philosophy, policies and plan designs are made by the Compensation Committee.

**Role of the Compensation Consultants**

The Compensation Committee has retained an independent compensation consultant to advise it in connection with its responsibilities. During 2017, the Compensation Committee retained FTI Consulting to provide peer group compensation data and market practices and advice with respect to the compensation, annual bonus program and restricted stock awards applicable to executive officers and employment agreements. Additionally, in 2017, FTI Consulting was engaged by the Company to perform public relations advisory services unrelated to executive compensation. The Company paid \$264,415 and \$139,000

in 2017 to FTI Consulting for executive compensation advisory services and public relations advisory services, respectively. FTI reports to the Compensation Committee any such services and fees annually, in connection with its retention, and upon the reasonable request of the Compensation Committee. The Compensation Committee has determined that FTI Consulting is independent and that there was no conflict of interest between the Company and FTI Consulting during 2017. In reaching these conclusions, the Compensation Committee considered the factors set forth in Rule 10C-1(b) of the Securities Exchange Act of 1934, as amended, and the NYSE listing standards.

### **Use of Peer Group Data**

The Compensation Committee, with the assistance of FTI Consulting, selected the Company's current peer group in 2017. Our company dynamics combined with our size, global reach, and development and strategic capital platforms put us in a unique category, making peer group selection that much more challenging. In selecting the Company's peer group, the Compensation Committee applied the following methodology: (i) no fewer than 8 peer comparisons in order to have enough information to calculate meaningful statistical data; and (ii) a holistic review of publicly traded companies to create a composite of diverse companies that on a blended basis reflects the Company's unique business model and are most appropriate in comparison.

The companies that make up the Company's peer group were selected using the following criteria:

select companies with appropriate size comparison in terms of assets under management and total enterprise value. The assets managed in our investment management and services platform are not captured in our consolidated balance sheet, thus assets under management is the most applicable measure in assessing the size and scope of peer companies

select asset managers with real estate portfolios and real estate companies with strategic capital platforms that invest in real estate through funds

select real estate investment trusts with similarly skilled executive management teams and a multi-faceted business model

select real estate companies that participate in real estate development

select companies that operate in multiple domestic and international markets and invest in multiple asset types

select companies headquartered in California with whom the Company more directly competes for talent

The Compensation Committee reviewed real estate operating companies, REITs and publicly-traded private equity firms compared to the criteria listed above. The Compensation Committee selected the following 8 publicly traded companies for the Company's peer group (in alphabetical order) that met at least three of these criteria. The majority of these peer companies share some, but not all, aspects of our business model, further demonstrating our uniqueness.



Company	Size <sup>(1)</sup>	Developer	Global	Strategic Capital <sup>(2)</sup>	California-Based
Kennedy-Wilson Holdings, Inc.					
AECOM					
Alexandria Real Estate Equities, Inc.					
Ares Management, L.P.					
Colony NorthStar, Inc.					
Kilroy Realty Corporation					
Oaktree Capital Group, LLC					
Prologis, Inc.					
Public Storage					

(1) Size is based on assets under management, when available, or total enterprise value

(2) Strategic capital is based on if the company invests in real estate through a fund platform

The above peer group was used for 2017 compensation purposes and is subject to annual adjustments based on changes at peer companies, including for material changes in business operations.

During 2017, the Compensation Committee utilized peer group compensation data in order for it to understand the reasonableness of the Company's pay level and structure as compared to the market. Reflecting the Compensation Committee's view that the Company is not readily comparable to other companies of a similar size in the real estate industry (due, in part, to the Company's diverse line of businesses, revenue streams and investment type), in determining the overall amounts of compensation to be awarded to the NEOs and the relative portion of compensation to be divided among base pay, bonus, and long-term incentives, the Compensation Committee does not adhere to a specific formula or aim to set compensation at a specified level as compared to specific benchmarking or survey data. Please see the discussion in *Elements of Compensation* below.

### **Risk Mitigation**

Our executive compensation program is designed to achieve an appropriate balance between risk and reward that does not incentivize unnecessary or excessive risk-taking. We believe that our annual cash bonus program and our equity-based compensation program contain appropriate risk mitigation factors, as summarized below:

#### **RISK MITIGATION FACTORS**

**3** *Fiscal Year 2017 Compensation*

**2017 Financial Performance and Results**

2017 was a transformative year for Kennedy Wilson. We successfully executed our core business plan and completed the acquisition of KWE, resulting in **record levels** of GAAP EPS, Adjusted Net Income and Adjusted EBITDA. 2017 performance highlights include:

***Record-Setting Earnings; Dividend per Share growth:***

Record performance for GAAP Net Income to Common Stockholders (up \$98 million to \$100.5 million), adjusted EBITDA (up 30% to \$455.7 million) and adjusted net income (up 27% to \$242.5 million)

Declared a 12% increase in the common dividend per share at the end of 2017 to \$.76 per share

***Significant Investment Transactions; Development Projects:*** We and our equity partners completed \$3.2 billion of investment transactions and we continued our execution of significant global development and capital improvement projects.

***Solid Capital Return:*** We returned a total of \$104 million, or roughly \$0.87 per weighted average common share outstanding, of capital back to stockholders, including \$74 million in common dividends and \$30 million through share repurchases.

***Strong Balance Sheet and Liquidity Levels:*** At year-end, we had \$751 million of liquidity, including \$351 million of cash and cash equivalents and \$400 million of undrawn capacity on our revolving line of credit.

***KWE Transaction:*** On October 20, 2017, we successfully completed the acquisition of KWE, which represented a complex \$4 billion cross-border transaction in which the Company acquired 76% of KWE to increase our ownership to 100% (KWE was previously 24% owned by KW).

Total transaction capitalization of \$4.1 billion, which resulted in KWE becoming our wholly-owned subsidiary

Number of properties we own increased to 392

Stronger capital structure resulted in a two-notch upgrade by S&P to BB+

**Strong Operating Metrics and Dividend Per Share Growth**

The tables and charts presented are as of December 31 of the applicable year. For definitions of terms used throughout this Compensation Discussion and Analysis and reconciliations of certain non-GAAP measures to their most directly comparable GAAP measures, see *Appendix A*. Past performance is not necessarily indicative of future performance, and you should not unduly rely on the historical metrics shown above.

**Cumulative Total Return Since-IPO**

**Total Stockholder Returns**

<b>YTD</b> 4/20/2018	<b>1 - Year</b> 12/31/2017	<b>3 - Year</b> 12/31/2017	<b>5 - Year</b> 12/31/2017	<b>Since - IPO</b> 12/31/2017	
KW 8%	Financials 22%	Financials 48%	Financials 131%	S&P 126%	<b>KW:</b> Kennedy Wilson Holdings, Inc.
S&P 0%	S&P 22%	S&P 38%	S&P 108%	<b>KW 122%</b>	
Financials 0%	World 16%	Peers 32%	Peers 78%	Peers 115%	<b>S&amp;P:</b> S&P 500 Index
World (4%)	Peers 7%	World 21%	World 44%	World 49%	
					<b>Financials:</b> S&P Financials Index
					<b>World:</b> MSCI World Real Estate Index
Peers (7%)	KW (12%)	KW (25%)	KW 40%	Financials 45%	<b>Peers:</b> Executive Compensation Peer Group Average*

Source: S&P Global Market Intelligence

For definitions of terms used throughout this section of the proxy statement and reconciliations of certain non-GAAP measures to their most directly comparable GAAP measures, see Appendix A.

\*See *Use of Peer Group Data* below for additional details on our peer group.



## 2017 Compensation Decisions

Key compensation decisions made based on 2017 performance (which included the acquisition of KWE and record levels of key financial metrics as discussed on page 26) include:

2017 was a transformational year for the Company as it completed the largest transaction in the Company's history by acquiring KWE, while achieving record levels of key financial metrics and strong fundamental growth. The Compensation Committee believed that it was important to reward management for these key performance accomplishments.

Our 2017 initial cash bonus pool was funded at \$63.5 million based on our pre-bonus adjusted EBITDA of \$515.0 million and ROE of 29%. The overall pool was reduced to \$58.64 million based on \$4.86 million in payout cap and discretionary reductions imposed on our NEOs.

The overall bonus pool was 11.4% of pre-bonus EBITDA, down from 12.9% in 2016. Additionally, our CEO's 2017 bonus pool allocation was 17.1%, down from 19.3% in 2016.

The 2017 annual stock grants were allocated using a mix of equity awards, including relative TSR-based performance stock awards (1/3 of the award), ROE-based performance stock awards (1/3 of the award) and retentive restricted stock awards (1/3 of award).

The Compensation Committee considered recommendations from the Chairman and CEO in the design of our 2017 compensation program as well as the evaluation of the performance of our executive officers. As discussed below, the Compensation Committee's independent compensation consultant also provided advice and analysis on the structure and level of executive compensation. Final executive compensation decisions, however, were made by the Compensation Committee.

Please see *Compensation Discussion and Analysis-Compensation Tables* and *Compensation Discussion and Analysis-Elements of Compensation* for further details.

## 4 *Elements of Compensation*

With respect to the Company's NEOs, the three primary elements of compensation are base salary, annual bonuses and long-term incentives. The current base salaries of our NEOs were established by our Compensation Committee in 2014 in connection with the employment agreements and amendments that we entered into with our NEOs at that time after considering competitive levels of base pay and a desire to set levels of base pay that are internally equitable. Similarly, as explained below, 2017 bonus levels were set by first determining an appropriate overall bonus pool for Company employees and then allocating that pool among the NEOs in a manner that reflected their relative levels of contribution as determined by the Compensation Committee in its sole discretion.

### Base Salary

Base salary is set to attract and retain executive talent taking into consideration competitive market conditions with respect to comparable companies. Base salary is determined by the level of the position within the Company and the individual's current and sustained performance results. Base salaries for all NEOs are set by the Compensation Committee, taking into account input as appropriate from the Chief Executive Officer, other than with respect to his own base salary.

In determining the appropriate level of base salary for the NEOs, a number of considerations may be taken into account. Historically, the following are some of the most important factors that have been considered: the number of employees supervised by the officer; the effort expended by the officer in soliciting and bringing new business or capital investments to his or her business unit; the extent to which the officer's business unit generated new business or new capital; the travel demands placed upon the officer; and the extent to which the officer is engaged in investor relations activities. While these factors are critical to our success, many of them cannot be evaluated quantitatively, so a portion of the evaluations by the Compensation Committee is subjective.

The base salaries for each of the NEOs in 2017 were as set forth below and have not been increased after the base salary adjustments instituted for each of the NEOs by the Compensation Committee in 2014.

	<b>2017 Base</b>
<b>Named Executive Officer</b>	<b>Salary</b>
William J. McMorrow	\$ 1,500,000
Mary Ricks	1,000,000
Justin Enbody	600,000
Kent Mouton	800,000
Matt Windisch	600,000

No adjustments were made to our NEOs' 2018 base salaries.

### Annual Bonus

Our Compensation Committee believes that annual bonuses should play a significant role in motivating executives to undertake efforts that provide increases in stockholder value and that executive officers should be potentially eligible for bonuses that are a significant percentage of base pay and, in the case of the most senior officers, may be a multiple of base pay. The Compensation Committee believes that individual contributions and the financial performance of an NEO's business unit should be a critical component of his or her bonus calculation and overall Company performance should be factored into the bonus methodology for all NEOs.



**2018 Cash Bonus**

Please see page 20 for a description of the changes that we made to our 2018 cash bonus program as a result of our ongoing evaluation of best practices.

**2017 Cash Bonus**

The 2017 bonus pool was funded using (i) 13% of pre-bonus adjusted EBITDA up to \$400 million of pre-bonus adjusted EBITDA and (ii) 10% of pre-bonus adjusted EBTIDA for any amount above \$400 million of pre-bonus adjusted EBITDA. The bonus pool is only funded if the Company earns at least 3% Return on Equity (as defined below) and is reduced to the extent that Return on Equity does not equal or exceed 10%, as follows:

<b>Return on Book Equity</b>	<b>Bonus Pool Modifier</b>
Equal to 10% or greater	No Adjustment (full Bonus Pool)
Between 5% to 10%	Straight-line interpolation between 50% and 100%
Between 3% to less than 5%	50% of Bonus Pool
Less than 3%	No Bonus Pool

In addition to the funding formula described above, the NEOs were eligible to receive a percentage of the bonus pool and were subject to maximum payouts. If an NEO's allocation exceeded his or her maximum amount, the NEO's bonus was reduced to the maximum payout. 2017 allocations and maximum payouts for each NEO were as follows:

<b>Named Executive Officer</b>	<b>Bonus Pool Allocation</b>	<b>Maximum Payout</b>
William J. McMorrow	20%	\$10,000,000
Mary Ricks	16%	\$8,000,000
Justin Enbody	5%	\$4,000,000
Kent Mouton	6%	\$5,000,000
Matt Windisch	6%	\$5,000,000

To the extent that the bonus pool allocation for any NEO exceeded his or her individual maximum and was reduced, any payout that exceeded the NEO's maximum amount was returned to the Company and was not allocated to other employees.

Based on the funding formula described above, the 2017 cash bonus pool was funded as follows:

<b>Pre-Bonus</b>	<b>Tier 1 Bonus Pool</b>	<b>Tier 2 Bonus Pool</b>	<b>Initial Bonus</b>	<b>2017 ROE</b>	<b>ROE Bonus</b>	<b>2017 Bonus</b>
<b>Adjusted</b>	<b>@13%</b>	<b>@10%</b>	<b>Pool</b>	<b>Pool</b>	<b>Pool Modifier</b>	<b>Pool Funding</b>
<b>EBITDA</b>	<b>(up to \$400mm of pre-</b>	<b>(over \$400mm of pre-</b>	<b>Pool</b>	<b>2017 ROE</b>	<b>Pool Modifier</b>	<b>Pool Funding</b>
<b>(in \$mm)</b>	<b>bonus EBITDA)</b>	<b>bonus EBITDA)</b>	<b>Pool</b>	<b>2017 ROE</b>	<b>Pool Modifier</b>	<b>Pool Funding</b>

\$515.0	\$52.0	\$11.5	<b>\$63.5</b>	29%	100%	<b>\$63.5</b>
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Based on the 2017 pre-determined allocations and maximum payouts for each NEO, below is a summary of each individual's payout in accordance with the bonus formula. The Compensation Committee exercised discretionary reductions for some NEOs, which were deemed appropriate based on a review of their overall compensation as compared to market levels and

other KW employees, and the fact that some NEOs were receiving discretionary transaction-related bonuses. Please see Special KWE Transaction Awards for further details.

Named Executive Officer	Bonus Allocation		Cap/Discretionary Reduction	2017 Cash Bonus Paid
	Bonus Pool Allocation	(before cap)		
William J. McMorrow	20%	\$12,700,000	(\$2,700,000)	<b>\$10,000,000</b>
Mary Ricks	16%	\$10,160,000	(\$2,160,000)	<b>\$8,000,000</b>
Justin Enbody	5%	\$3,175,000	(\$175,000)	<b>\$3,000,000</b>
Kent Mouton	6%	\$3,810,000	(\$310,000)	<b>\$3,500,000</b>
Matt Windisch	6%	\$3,810,000	(\$310,000)	<b>\$3,500,000</b>

Following the reductions based on maximum bonus caps to our NEOs 2017 cash bonuses, the overall 2017 cash bonus pool was reduced by \$4.86 million and resulted in a net bonus pool of \$58.64 million or 11.4% of pre-bonus adjusted EBITDA.

#### *Definitions*

For purposes of the 2017 cash bonus pool:

Adjusted EBITDA (prior to subtraction of the Bonus Pool) equals, for the performance period, net income before interest expense, the Company's share of interest expense included in income from investments in unconsolidated investments, depreciation and amortization, the Company's share of depreciation and amortization included in income from unconsolidated investments, loss on early extinguishment of corporate debt, income taxes, share-based compensation expense, corporate merger and acquisition related expenses and after EBITDA attributable to noncontrolling interests.

Adjusted Net Income (after subtraction of the 2017 bonus pool) equals, for the performance period, net income before depreciation and amortization, the Company's share of depreciation and amortization included in income from unconsolidated investments, share-based compensation, corporate merger and acquisition related expenses, loss on early extinguishment of corporate debt and after net income attributable to noncontrolling interests before depreciation and amortization.

Average Book Equity equals the average of the beginning balances (of each calendar quarter during the performance period, i.e., January 1, April 1, July 1, October 1) of the Company's stockholders' equity less goodwill, determined in accordance with generally accepted accounting principles.

Return on Equity means the ratio of Adjusted Net Income (after subtraction of the 2017 bonus pool) for the performance period to the Company's Average Book Equity for the performance period.

#### **Long-Term Incentives**

Long-term incentives in the form of restricted stock awards are a crucial part of our overall executive compensation program. We believe that this component of the compensation program strongly aligns our NEOs' interests with the long-term interests of our stockholders and also encourages retention of our highly-skilled employees.

In 2017, the Compensation Committee reviewed the terms of our historical restricted stock awards and, as discussed throughout this proxy statement, determined that the certain changes were appropriate to align our program with best governance and market practices. The Compensation Committee granted our NEOs the following restricted share awards in November 2017:

Named Executive Officer	ROE-Based Shares			Grant Date Value <sup>(1)</sup>
	Relative TSR Shares Granted	Granted	Retentive Shares Granted	
	(# of shares)	(# of shares)	(# of shares)	
William J. McMorrow	85,000	85,000	85,000	\$4,384,725
Mary Ricks	50,000	50,000	50,000	\$2,579,250
Justin Enbody	22,500	22,500	22,500	\$1,160,663
Kent Mouton	22,500	22,500	22,500	\$1,160,663
Matt Windisch	30,000	30,000	30,000	\$1,547,550

(1) Based on the grant date fair value as calculated by an independent third-party appraiser in accordance with FASB ASC Topic 718.

*Key Terms of the Relative TSR Stock Awards*

Under the terms of the 2017 restricted stock awards granted to our NEOs, the relative TSR restricted shares are scheduled to cliff vest upon the conclusion of the three-year period ending on December 31, 2020 if our TSR equals or exceeds the hurdles set forth below relative to the MSCI World Real Estate Index for such period, subject to the NEO's continued employment through the vesting date (except as otherwise described below).

Performance Level	3-Year Relative TSR Hurdle	Payout Percentage
Maximum	+1,200bps	150%
Target	+0bps	100%
Threshold	-1,200bps	50%

Payouts at performance levels in between the hurdles will be calculated by straight-line interpolation. Any shares not earned at the end of the performance period will be forfeited to the extent that the threshold performance level is not achieved.

*Key Terms of the ROE-Based Performance Stock Award*

Under the terms of the 2017 restricted stock awards granted to our NEOs, the ROE restricted shares are scheduled to vest one-third (1/3) at the conclusion of each of the fiscal years ending December 31<sup>st</sup> of 2018, 2019 and 2020 if our ROE equals or exceeds the hurdles set forth below for such fiscal year, subject to the NEO's continued employment through the vesting date (except as otherwise described below).

Performance Level	ROE Annual Hurdle	Payout Percentage
Maximum	12.5%	150%
Target	10.0%	100%
Threshold	7.5%	50%

Payouts at performance levels in between the hurdles will be calculated by straight-line interpolation. Any shares eligible to vest at the conclusion of any fiscal year that are not earned at the end of such year will be forfeited to the extent that the threshold performance level is not achieved. Any earned shares will be subject to an additional post-vesting holding period through the third anniversary of the date on which such shares vest.

As reflected in the payout percentages specified in the tables above for the TSR and ROE restricted shares, we intend for the TSR and ROE restricted shares to vest at maximum level only if we significantly outperform our target goals. However, because these awards are in the form of actual restricted shares, the number of shares subject to each grant is based on the maximum number of shares that may vest under the award (rather than the target number of shares) and the vesting percentages under the terms of our award agreements have been adjusted accordingly, as follows: 100% of such shares vest

upon attainment of the applicable performance goals at maximum level, 66.7% vest upon the attainment of the applicable performance goals at target level and 33.3% vest upon the attainment of the applicable performance goals at target level.

*Key Terms of the Retentive Stock Awards*

Under the terms of the 2017 restricted stock awards granted to our NEOs, the retentive restricted shares are scheduled to vest one-third (1/3) on each of November 21<sup>st</sup> of 2018, 2019 and 2020, subject to the NEO's continued employment through the vesting date (except as otherwise described below). Any vested shares will be subject to an additional post-vesting holding period through the third anniversary of the date on which such shares vest.

*Other Material Terms of 2017 Restricted Stock Awards*

*Termination of Service.* If an NEO's employment is terminated by the Company or its subsidiaries without Cause or by the NEO for Good Reason (each as defined in the award agreement) (a Qualifying Termination), then with respect to the retentive restricted shares, the Compensation Committee may, in its sole discretion, provide that such shares shall become fully vested upon such Qualifying Termination; provided, however, that such accelerated vesting shall apply automatically to the retentive restricted shares upon a termination by reason of the NEO's death or disability. In addition, if an NEO's employment terminates due to his or her death or disability, then any then-unvested relative TSR restricted shares and ROE restricted shares will remain outstanding and eligible to vest on each subsequent vesting date (without regard to the requirement that such NEO continue in employment through such vesting date) based on the level of attainment of the applicable performance goal(s) following such NEO's death or disability.

*Change of Control.* In the event of a Change of Control of the Company (as defined in the Second Amended and Restated 2009 Equity Participation Plan), all then-unvested restricted shares (calculated at target level for any then-unvested relative TSR or ROE restricted shares) will vest in full as of the date of the Change of Control, subject to the executive's continued employment until immediately prior to the Change of Control or termination due to death or disability prior to such Change of Control.

*No-Sale Period; Transferability.* The restricted shares generally will not be transferable unless and until such shares vest. In addition, a grantee may not, without the consent of the Compensation Committee, transfer, sell or otherwise dispose of any vested restricted shares prior to the earlier to occur of (i) the third anniversary of the date on which such shares vest, or (ii) the occurrence of a Change of Control of the Company. The transfer restrictions described in the preceding sentence will not apply to any transfer of shares to the Company, any transfer of shares in satisfaction of applicable withholding obligations with respect to the restricted shares, or any transfer following the termination of a grantee's employment or engagement with the Company or its subsidiaries (including by will or pursuant to the laws of descent and distribution). The foregoing post-vesting transfer restrictions do not apply to the relative TSR restricted shares.

*Dividends.* Any dividends declared on the Company's common stock with respect to any unvested restricted shares will not be paid to the grantee on a current basis, but will instead accumulate and be paid to the grantee in a lump sum on the date (if any), and only to the extent, that the underlying restricted shares vest.

*Definitions.* For purposes of the award agreements:

Cause has the meaning set forth in the grantee's employment agreement or similar agreement with the Company or its subsidiaries, or if no such agreement exists, then Cause means the occurrence of any of the following events: (A) intentional failure to perform reasonably assigned duties, (B) dishonesty or willful misconduct in the

performance of the grantee's duties, (C) involvement in a transaction which is materially adverse to the Company or its subsidiaries, (D) breach of fiduciary duty involving personal profit, (E) willful violation of any law, rule, regulation or court order (other than misdemeanor traffic violations and misdemeanors not involving misuse or misappropriation of money or property), (F) commission of an act of fraud or intentional misappropriation or conversion of any asset or opportunity of the Company or its

subsidiaries, or (G) material breach of any provision of the Second Amended and Restated 2009 Equity Participation Plan or the restricted stock award agreement or any other written agreement between the grantee and the Company or its subsidiaries, in each case as determined in good faith by the Board, the determination of which shall be final, conclusive and binding on all parties.

Good Reason means the voluntary termination of the engagement of the grantee with the Company or its subsidiaries within 6 months of the Company or the Company's subsidiaries: (1) instructing the grantee to provide services full-time or substantially fulltime at any location not acceptable to the grantee (other than the Company's main headquarters) that is more than 50 miles from the grantee's principal place of work and more than 50 miles from the grantee's principal residence; (2) eliminating or materially reducing the grantee's duties with the Company or the Company's subsidiaries or (3) materially reducing the grantee's base pay (or base compensation).

ROE means the ratio of (i) for any year, net income before depreciation and amortization, the Company's share of depreciation and amortization included in income, unconsolidated investments, share-based compensation, merger related expenses, loss on early extinguishment of corporate debt and after net income attributable to noncontrolling interests before depreciation and amortization, to (ii) tangible book equity (calculated as stockholders' equity less goodwill in accordance with generally accepted accounting principles) for the applicable year.

#### **Special KWE Transaction Awards**

2017 was a transformational year for the Company as it completed the largest transaction in the Company's history by acquiring 76% of KWE in a complex \$4 billion cross-border transaction to increase the Company's ownership of KWE to 100%, while achieving record levels of key financial metrics and strong fundamental growth. The Compensation Committee believed that it was important to reward management for these extraordinary performance accomplishments. In December 2017, the Compensation Committee approved special cash bonuses of \$500,000 to Messrs. Enbody and Windisch and one-time retentive stock awards to Mr. McMorrow and Ms. Rick with a grant date fair value of \$2,684,938 and \$1,895,250, respectively.

The restricted stock awards granted to Mr. McMorrow and Ms. Ricks are scheduled to vest one-third (1/3) on each of December 12<sup>th</sup> of 2018, 2019 and 2020, subject to the NEO's continued employment through the vesting date (except as otherwise described above under *Other Material Terms of 2017 Restricted Stock Awards*). Any vested shares will be subject to an additional post-vesting holding period through the third anniversary of the date on which such shares vest or, if earlier, the date on which a Change in Control occur.

#### **KWE Restricted Share Units**

In 2015, the Company entered into letter agreements with each of the NEOs, pursuant to which each NEO received an award of restricted share units covering ordinary shares of KWE (RSUs). The number of RSUs awarded to each NEO was based on a specified percentage of the ordinary shares of KWE issued as a performance fee to an affiliate of the Company. Awards of RSUs were subject to vesting in annual installments over a period of three years following the grant date.

In October 2017, in connection with our acquisition of KWE, each outstanding award of RSUs vested in full immediately prior to the closing of the transaction. Each such employee that received ordinary shares of KWE in connection with such vesting were entitled to receive cash and/or Company shares in respect of their KWE shares on the same basis as other KWE shareholders. The NEOs will not be entitled to additional RSU awards pursuant to the 2015 letter agreements.

**Other Executive Benefits**

NEOs are entitled to employee benefits generally available to all full-time employees (subject to fulfilling any minimum service period). These employee benefits include, among other things, vacation and health and welfare benefits generally

available to all employees. We believe these benefits are generally competitive with those offered by similar companies in the markets in which we operate.

The Company's employees, including the NEOs, participate in a tax-qualified 401(k) plan, pursuant to which the Company may match a certain portion of employee contributions. The Company may annually match 50% of employee contributions to the plan, limited to employee contributions equal to 4% of compensation, but not to exceed \$1,500 for any participant.

In 2017, the Company maintained life insurance policies for each of the NEOs. As described further below under the subheading *Termination and Change in Control Benefits*, the employment agreements between the Company and each of the NEOs provide that in the event an NEO is terminated due to his or her death, such NEO is entitled to receive a certain amount in cash. The employment agreements with each of the NEOs also provide that the Company may discharge its obligations to make such cash payments by paying such amount from proceeds of an insurance policy, the beneficiary of which will be the applicable NEO. Securing such life insurance policies for each of the NEOs, relieved the Company of its cash payment obligations to the NEOs upon their respective deaths, as described under the subheading *Termination and Change in Control Benefits*. The premiums paid by the Company for each of the NEOs' life insurance policies in 2017 were as follows: Mr. McMorrow: \$1.1 million; Mr. Enbody: \$104,000; Ms. Ricks: \$274,595; Mr. Mouton: \$350,000; and Mr. Windisch: \$124,000.

The Chief Executive Officer also receives an annual car allowance of \$18,000. Further details regarding certain benefits are contained in the Summary Compensation Table and accompanying footnotes. These benefits are provided because the Compensation Committee has concluded that they are generally competitive with those provided to comparable executives or provide benefits to the Company which are appropriate in light of their cost.

### **Employment Agreements**

During 2017, the Company was a party to employment agreements with all of the NEOs. Additional information regarding the employment agreements of the NEOs may be found under the subheading below *Termination and Change in Control Benefits*.

*Mr. McMorrow.* The employment agreement between the Company and Mr. McMorrow, as amended, expires on August 6, 2021 and provides for an annual base salary of \$1,500,000. Under the agreement, Mr. McMorrow is entitled to receive an annual performance bonus and equity compensation in amounts approved by the Compensation Committee, and insurance coverage and other benefits generally available to all other officers.

*Mr. Enbody.* The employment agreement between the Company and Mr. Enbody expires on December 29, 2019 and provides for an annual base salary of \$600,000. Under the agreement, Mr. Enbody is entitled to receive an annual performance bonus and equity compensation in amounts approved by the Compensation Committee, and insurance coverage and other benefits generally available to all other officers.

*Ms. Ricks.* The employment agreement between the Company and Ms. Ricks, as amended, expires on August 6, 2021 and provides for an annual base salary of \$1,000,000. Under the agreement, Ms. Ricks is entitled to receive an annual performance bonus and equity compensation in amounts approved by the Compensation Committee, and insurance coverage and other benefits generally available to all other officers.

In 2014, Ms. Ricks, Kennedy Wilson UK Limited and the Company entered into a letter of understanding, which provides for a short-term employment assignment located in London. Pursuant to the letter of understanding, in addition to the base salary described above, Ms. Ricks is provided with an annual reimbursement for UK housing expenses, a monthly reimbursement for US property management expenses, an annual cost of living allowance, and tax equalization. Tax equalization is used to neutralize the tax impact of an international assignment when tax rates

differ between an employee's host and home

country. As part of the Company's tax equalization policy, a hypothetical tax, or the estimated stay-at-home tax Ms. Ricks would have paid had she not gone on assignment, is calculated and withheld during each payroll cycle. Any actual United States or United Kingdom taxes are funded by the Company. Upon completion of Ms. Ricks' annual income tax returns, a tax equalization calculation is prepared to compare the estimated hypothetical tax retained during the year with her final theoretical stay-at-home tax liability resulting in a balance owed either to the Company or Ms. Ricks. Please see *Compensation Tables* for additional details of amounts paid to Ms. Ricks in 2017 under this arrangement.

*Mr. Windisch.* The employment agreement between the Company and Mr. Windisch expires on December 29, 2019 and provides for an annual base salary of \$600,000. Under the agreement, Mr. Windisch is entitled to receive an annual performance bonus and equity compensation in amounts approved by the Compensation Committee, and insurance coverage and other benefits generally available to all other officers.

*Mr. Mouton.* The employment agreement between the Company and Mr. Mouton expires on December 29, 2019 and provides for an annual base salary of \$800,000. Under the agreement, Mr. Mouton is entitled to receive an annual performance bonus and equity compensation in amounts approved by the Compensation Committee, and insurance coverage and other benefits generally available to all other officers.

### Minimum Ownership Guidelines

The Company's Board of Directors expects executive officers and non-employee directors to own a meaningful equity interest in the Company to more closely align the interests of directors and executive officers with those of stockholders. Accordingly, the Board has established equity ownership guidelines for our executive officers and non-employee directors. The executives and directors are required to hold equity with a value equivalent to a multiple of their salary/annual cash retainer as listed in the table below:

Title	Multiple
Chairman and Chief Executive Officer	10x Base Salary
President and CEO, Kennedy Wilson Europe	4x Base Salary
Chief Financial Officer	3x Base Salary
General Counsel	3x Base Salary
	3x Base Salary

Executive Vice President (NEO)

Other Executive Officers

1.5x Base Salary

Non-employee Director

3x Annual Cash Retainer

The executive officers and non-employee directors have a grace period for compliance with the minimum ownership guidelines which ends on the later of December 31, 2020 or December 31 of the year in which the fifth anniversary of the executive officer or non-employee director's appointment or first election to the Board occurs. At the end of the grace period and on each December 31 thereafter, if the executive officer or non-employee director does not hold shares with the requisite minimum equity ownership value, the person will be required to hold all vested equity grants on an after-tax basis until the required ownership level has been satisfied.

As of December 31, 2017, each of the executive officers and non-employee directors were in compliance with the minimum ownership guidelines set forth above.

### **Anti-Hedging and Anti-Pledging Policies**

The Company maintains anti-hedging and anti-pledging policies that prohibit our officers, directors and employees from consummating the following transactions going forward, (i) trading in puts, calls, options or other derivative security in the Company and (ii) pledging the Company's securities as collateral for margin loans or other similar transactions.

The anti-hedging policy prohibits our officers, directors and employees from hedging against the value of the Company while continuing to own the covered securities without the full risks and rewards of ownership. Such behavior may cause the owner to no longer have the same objectives as the Company and its other stockholders. The anti-pledging policy was implemented because pledging securities of the Company as collateral for margin loans or other transactions raises potential risks to stockholder value, particularly if the pledge is significant. Under this policy, officers, directors and employees of the Company may not margin, or agree or offer to margin, the Company's securities as collateral for a loan obligation. In connection with the adoption of this policy, (i) Mr. McMorrow agreed to unwind all pledges currently in place by the end of 2018; and (ii) Ms. Ricks agreed to decrease the amount of her pledges currently in place to 10% of her total holdings in the Company by the end of 2019. As of April 27, 2018, and as set forth in *Security Ownership of Management and Certain Beneficial Owners*, Mr. McMorrow has pledged 1,500,000 shares of the Company's common stock and Ms. Ricks has pledged 582,000 shares of the Company's common stock. Mr. Minella's existing pledging arrangements at the time of adoption of this policy were grandfathered in, with the understanding that no future pledges of Company securities will be permitted.

**5 Tax, Accounting and Other Considerations****Section 162(m) of the Tax Code; Tax Deductibility**

Section 162(m) of the Internal Revenue Code (the *Tax Code*) generally limits the deductibility of annual compensation in excess of \$1,000,000 paid to our named executive officers (other than our chief financial officer who is not subject to Section 162(m)). For tax years beginning on or prior to December 31, 2017, this deduction limit included an exception for performance-based compensation as determined under Section 162(m). However, the Tax Cuts and Jobs Act (the *Tax Act*), which was enacted in December 2017, amended certain aspects of Section 162(m), including eliminating the exception for performance-based compensation for tax years beginning after December 31, 2017.

The Tax Act provides for a grandfather provision, pursuant to which remuneration that is provided pursuant to a written binding contract in effect on November 2, 2017, and which has not been modified in any material respect on or after that date, may remain eligible for the exception for performance-based compensation under Section 162(m) (as in effect prior to the Tax Act).

The Compensation Committee has historically taken into account Section 162(m) in establishing compensation of our executive officers to preserve deductibility to the greatest extent possible and, to the extent available, intends to continue to treat qualified performance-based compensation that is grandfathered under the Tax Act as deductible compensation. However, the Compensation Committee retains the discretion and flexibility to award compensation that is not deductible under Section 162(m), including compensation that would not have qualified as performance-based under the requirements of Section 162(m) as in effect prior to the Tax Act.

**ASC Topic 718**

Accounting Standards Codification Topic 718, Compensation – Stock Compensation (ASC Topic 718) requires us to recognize an expense for the fair value of equity-based compensation awards. Grants of stock-based compensation are accounted for under ASC Topic 718. The Compensation Committee regularly considers the accounting implications of significant compensation decisions, especially in connection with decisions that relate to equity compensation awards. As accounting standards change, we may revise certain programs to appropriately align the cost of our equity awards with our overall executive compensation philosophy and objectives.

**Stockholder Say-on-Pay Vote**

At our 2017 Annual Meeting of Stockholders, our stockholders approved the compensation of our NEOs, with approximately 56.1% of the votes cast in favor of the say-on-pay proposal. As discussed throughout this proxy statement, the Compensation Committee periodically reviews and revises the Company's compensation arrangements with the objective of best aligning those programs with our stockholder interests. In making such changes, the Compensation Committee reviews and considers, among other things, current market practices, governance trends and the results of our non-binding say-on-pay proposal. In addition, the Company periodically solicits feedback from its investors regarding management compensation arrangements in order to ensure that our programs reflect full consideration of investor input.

## COMPENSATION COMMITTEE REPORT

The Compensation Committee reviewed and discussed the foregoing Compensation Discussion and Analysis with the Company's management. Based on this review and discussion with management, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Submitted by: Norman Creighton, Chairman  
Cathy Hendrickson  
David Minella  
Members of the  
Compensation  
Committee

Notwithstanding anything to the contrary set forth in any Company filings under the Securities Act or the Exchange Act that incorporate other filings, including this proxy statement, in whole or in part, the foregoing Compensation Committee Report shall not be incorporated by reference into any such filings.

### **Compensation Committee Interlocks and Insider Participation**

The Compensation Committee was established on November 13, 2009 and consists of Norman Creighton (Chairman), Cathy Hendrickson and David Minella. No member of the Compensation Committee is (or was during 2017) an officer or employee of the Company or any of its subsidiaries. There are no Compensation Committee interlocks as defined by applicable SEC rules.

### **Compensation Policies and Practices As They Relate to the Company's Risk Management**

In connection with the implementation of its compensation philosophy, the Compensation Committee periodically evaluates the Company's compensation practices in order to determine if the risks arising from such practices are reasonably likely to have a material adverse impact on the Company. The Compensation Committee conducted such an evaluation in 2017 and concluded that the practices were not reasonably likely to have such an impact. In reaching this conclusion, the Compensation Committee considered the structure of the Company's short and long-term incentive compensation plans (both of which are described above) and noted, among other factors, the fact that restricted stock grants to senior executives tie a significant portion of compensation to the long-term success of the Company, and that the annual bonus plan provide individual caps and modifiers based on the operating performance of the Company. The Company believes that its compensation policies and practices for all employees, including executive officers, do not create risks that are reasonably likely to have a material adverse effect on the Company.

## Compensation Tables

## 2017 SUMMARY COMPENSATION TABLE

The following table summarizes the total compensation paid to or earned by each of our NEOs for the years ended December 31, 2017, 2016 and 2015.

Name and Principal Position	Year	Salary	Bonus	Stocks Awards <sup>(1)</sup>	Non-Equity Incentive Plan Compensation	All Other Compensation	Total
William J. McMorrow Chairman and Chief Executive Officer	2017	\$ 1,500,000	\$	\$ 7,069,663	\$ 10,000,000	\$ 2,252,509	(2) \$ 20,822,171
	2016	1,500,000		5,853,545	10,000,000	1,541,812	18,895,357
	2015	1,500,000	3,000,000	8,814,500	10,000,000	1,492,479	24,806,979
Justin Enbody Chief Financial Officer	2017	600,000	500,000	1,160,663	3,000,000	266,220	(3) 5,526,883
	2016	600,000		1,197,219	2,500,000	191,325	4,488,544
	2015	600,000		2,074,000	2,500,000	183,665	5,357,665
Mary Ricks President and CEO, Kennedy Wilson Europe	2017	1,000,000		4,474,500	8,000,000	1,602,719	(4) 15,084,347
	2016	1,000,000		4,119,077	8,000,000	922,993	14,042,070
	2015	1,000,000		5,392,400	9,000,000	1,689,970	17,082,370
Kent Mouton General Counsel and Director	2017	800,000		1,160,663	3,500,000	640,689	(5) 6,101,351
	2016	800,000		1,429,187	3,000,000	452,406	5,681,593
	2015	800,000		2,696,200	3,000,000	450,200	6,946,400
Matt Windisch Executive Vice President	2017	600,000	500,000	1,547,550	3,500,000	455,842	(6) 6,603,392
	2016	600,000		1,853,270	3,000,000	256,707	5,709,977
	2015	600,000	500,000	2,696,200	3,000,000	238,495	7,034,695

(1) The values in this column reflect the aggregate grant date fair value of the restricted stock awards computed in accordance with ASC Topic 718. The restricted stock award values for the shares subject to financial performance conditions (the ROE restricted shares) are based on the probable outcome at the time of grant which

was at the target payout level. The maximum value for the ROE restricted shares assuming the highest level of performance is achieved are \$2,164,950, \$573,075, \$1,273,500, \$573,075, and \$764,100 for Mr. McMorrow, Mr. Enbody, Ms. Ricks, Mr. Mouton and Mr. Windisch, respectively. The fair value of the TSR restricted shares is estimated using a Monte Carlo simulation based on the probable outcome at the time of grant. Information regarding the valuation assumptions used in the calculations is included in Note 14 to the Company's financial statements for the fiscal year ended December 31, 2017 contained in the Company's Annual Report on Form 10-K.

- (2) Includes \$18,000 in car allowance payments; \$1,500 in Company contributions to Mr. McMorrow's account in the Company's tax qualified 401(k) savings plan; dividend payments on unvested shares of restricted stock of \$1,140,730; and life-insurance premium payments of \$1,092,279.
- (3) Includes \$1,500 in Company contributions to Mr. Enbody's account in the Company's tax qualified 401(k) savings plan; dividend payments on unvested shares of restricted stock of \$160,720; and life-insurance premium payments of \$104,000.
- (4) Includes \$1,500 in Company contributions to Ms. Ricks' account in the Company's tax qualified 401(k) savings plan; payments provided in connection with Ms. Ricks' overseas assignment, including \$78,377 in cost-of-living payments, \$195,000 for management of U.S. property, and \$195,140 for reimbursement of U.K. occupancy expenses; dividend payments on unvested shares of restricted stock of \$858,107; and life-insurance premium payments of \$274,595.
- (5) Includes \$290,689 of dividend payments on unvested shares of restricted stock; and life-insurance premium payments of \$350,000.
- (6) Includes \$1,500 in Company contributions to Mr. Windisch's account in the Company's tax qualified 401(k) savings plan; dividend payments on unvested shares of restricted stock of \$330,342; and life-insurance premium payments of \$124,000.

### GRANTS OF PLAN BASED AWARDS

The following table provides information about plan based awards granted to our NEOs for 2017.

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Estimated Future Payouts Under Equity									
Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>				Incentive Plan Awards				All Other Stock Awards: Number of Shares or Units (#) <sup>(4)</sup>	Grant Date Fair Value of Stock Awards (\$) <sup>(5)</sup>
Grant Date	Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)			
William J. McMorrow									
			\$ 10,000,000						
11/21/17				42,458	85,000	127,500 <sup>(2)</sup>			1,498,125
11/21/17				42,458	85,000	127,500 <sup>(3)</sup>			1,443,300
11/21/17							85,000		1,443,300
12/12/17							170,000		2,684,938
Justin Enbody									
			\$ 4,000,000						
11/21/17				11,239	22,500	33,750 <sup>(2)</sup>			396,563
11/21/17				11,239	22,500	33,750 <sup>(3)</sup>			382,050
11/21/17							22,500		382,050
Mary Ricks									
			\$ 8,000,000						
11/21/17				24,975	50,000	75,000 <sup>(2)</sup>			881,250
11/21/17				24,975	50,000	75,000 <sup>(3)</sup>			849,000
11/21/17							50,000		849,000
12/12/17							120,000		1,895,250
Kent Mouton									
			\$ 5,000,000						
11/21/17				11,239	22,500	33,750 <sup>(2)</sup>			396,563
11/21/17				11,239	22,500	33,750 <sup>(3)</sup>			382,050
11/21/17							22,500		382,050
Matt Windisch									
			\$ 5,000,000						
11/21/17			\$	14,985	30,000	45,000 <sup>(2)</sup>			528,750
11/21/17				14,985	30,000	45,000 <sup>(3)</sup>			509,400
11/21/17							30,000		509,400

(1) The amounts in column (e) reflect the maximum amount payable with respect to performance units awarded under the Company's annual bonus plan for 2017. Actual amounts paid to each participating named executive officer for 2017 are set forth in column Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. For a more complete description of the Company's annual bonus plan, including how actual payouts are determined, see *Compensation Discussion and Analysis-Elements of Compensation- Annual Bonus*.

- (2) The amounts in columns (f), (g) and (h) reflect the shares that may vest in the event that the specified relative TSR performance goal is achieved at threshold, target and maximum levels, respectively. For a more complete description of the vesting schedule, see *Compensation Discussion and Analysis-Elements of Compensation-Long-Term Incentive Compensation* .
- (3) The amounts in columns (f), (g) and (h) reflect the shares that may vest in the event that the specified Return on Equity performance goal is achieved at threshold, target and maximum levels, respectively. For a more complete description of the vesting schedule, see *Compensation Discussion and Analysis-Elements of Compensation-Long-Term Incentive Compensation* .
- (4) Represents time-based restricted stock awards granted to the named executive officer during 2017.
- (5) The values in this column reflect the aggregate grant date fair value of the restricted stock awards computed in accordance with ASC Topic 718. The restricted stock award values for the shares subject to financial performance conditions (the ROE restricted shares ) are based on the probable outcome

at the time of grant which was at the target payout level. The maximum value for the ROE restricted shares assuming the highest level of performance is achieved are \$2,164,950, \$573,075, \$1,273,500, \$573,075, and \$764,100 for Mr. McMorrow, Mr. Enbody, Ms. Ricks, Mr. Mouton and Mr. Windisch, respectively. The fair value of the TSR restricted shares are estimated using a Monte Carlo simulation based on the probable outcome at the time of grant. Information regarding the valuation assumptions used in the calculations are included in Note 14 to the Company's financial statements for the fiscal year ended December 31, 2017 contained in the Company's Annual Report on Form 10-K.

#### OUTSTANDING EQUITY AWARDS AT 2017 FISCAL YEAR-END

The following table sets forth outstanding equity awards held by our NEOs at December 31, 2017.

Name	Grant Date	Number of Shares or Units of Stock That Have Not Vested (#)	Equity Incentive Plan Awards: of		Equity Incentive Plan Awards: of Unearned Shares, Units or Other Rights That Have Not Vested (\$) <sup>(2)</sup>
			Market Value of Shares or Units That Have Not Vested (\$) <sup>(2)</sup>	Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) <sup>(1)</sup>	
William J. McMorrow	7/18/2014	(3)		300,000	\$ 5,205,000
	10/15/2015	(4)		141,667	2,457,922
	8/31/2016	(5)		141,667	2,457,922
	11/21/2017	(6)		85,000	1,474,750
	11/21/2017	(7)		85,000	1,474,750
	11/21/2017	(8)	85,000	1,474,750	
	12/12/2017	(9)	170,000	2,949,500	
Justin Enbody	7/18/2014	(3)		70,000	1,214,500
	10/15/2015	(4)		33,334	578,345
	8/31/2016	(5)		33,334	578,345
	11/21/2017	(6)		22,500	390,375
	11/21/2017	(7)		22,500	390,375
	11/21/2017	(8)	22,500	390,375	
Mary Ricks	7/18/2014	(3)		180,000	3,123,000
	10/15/2015	(4)		86,667	1,503,672
	8/31/2016	(5)		80,000	1,388,000
	11/21/2017	(6)		50,000	867,500
	11/21/2017	(7)		50,000	867,500
	11/21/2017	(8)	50,000	867,500	
Kent Mouton	12/12/2017	(9)	120,000	2,082,000	
	7/18/2014	(3)		80,000	1,388,000
	10/15/2015	(4)		43,334	751,845
	8/31/2016	(5)		43,334	751,845
	11/21/2017	(6)		22,500	390,375

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	11/21/2017	(7)			22,500	390,375
	11/21/2017	(8)	22,500	390,375		
Matt Windisch	7/18/2014	(3)			90,000	1,561,500
	10/15/2015	(4)			43,334	751,845
	8/31/2016	(5)			47,334	751,845
	11/21/2017	(6)			30,000	520,500
	11/21/2017	(7)			30,000	520,500
	11/21/2017	(8)	30,000	520,500		

- (1) Represents restricted stock awards granted to the NEOs which vest based on achievement of specified performance criteria.
- (2) Value is based on the closing price of our common stock of \$17.35 on December 31, 2017, as reported on the NYSE.
- (3) The 2014 awards vest over a five-year period from the date of grant with respect to (i) 20% of the shares subject to the award upon the occurrence of both the Return on Equity target for the 2014 fiscal year being met and the NEO being employed as of April 15, 2015, (ii) 20% of the shares subject to the award upon the occurrence of both the Return on Equity target for the 2015 fiscal year being met and the NEO being employed as of April 15, 2016, (iii) 20% of the shares subject to the award upon the occurrence of both the Return on Equity target for the 2016 fiscal year being met and the NEO being employed as of April 15, 2017, (iv) 20% of the shares subject to the award upon the occurrence of both the Return on Equity target for the 2017 fiscal year being met and the NEO being employed as of April 15, 2018, and (v) 20% of the shares subject to the award upon the occurrence of both the Return on Equity target for the 2018 fiscal year being met and the NEO being employed as of April 15, 2019.
- (4) The 2015 awards granted to the NEOs vest over a three-year period from the date of grant with respect to (i) 33% of the shares subject to the award upon the occurrence of both the Return on Equity target for the 2015 fiscal year being met and the NEO being employed as of March 15, 2016, (ii) 33% of the shares subject to the award upon the occurrence of both the Return on Equity target for the 2016 fiscal year being met and the NEO being employed as of March 15, 2017, and (iii) 33% of the shares subject to the award upon the occurrence of both the Return on Equity target for the 2017 fiscal year being met and the NEO being employed as of April 15, 2018. These awards are also subject to a no-sale period of three years from the date of the applicable vesting.
- (5) The 2016 awards granted to the NEOs vest over a three-year period from the date of grant with respect to (i) 33% of the shares subject to the award upon the occurrence of both the Return on Equity target for the 2016 fiscal year being met and the NEO being employed as of March 15, 2017, (ii) 33% of the shares subject to the award upon the occurrence of both the Return on Equity target for the 2017 fiscal year being met and the NEO being employed as of March 15, 2018, and (iii) 33% of the shares subject to the award upon the occurrence of both the Return on Equity target for the 2018 fiscal year being met and the NEO being employed as of April 15, 2019. These awards are also subject to a no-sale period of three years from the date of the applicable vesting.
- (6) The 2017 relative TSR restricted shares granted to the NEOs are scheduled to cliff vest upon the conclusion of the three-year period ending on December 31, 2020 to the extent that our TSR equals or exceeds the applicable hurdles relative to the MSCI World Real Estate Index for such period, subject to the NEO's continued employment through the vesting date (except as otherwise described below). Please see pages 32-35 for additional details surrounding the vesting mechanics and timing.
- (7) The 2017 ROE stock awards granted to our NEOs, the ROE restricted shares are scheduled to vest one-third (1/3) at the conclusion of each of the fiscal years ending December 31<sup>st</sup> of 2018, 2019 and 2020 to the extent that our ROE equals or exceeds the applicable hurdles for such fiscal year, subject to the NEO's continued employment

through the vesting date (except as otherwise described below). These awards are also subject to a no-sale period of three years from the date of the applicable vesting. Please see pages 32-35 for additional details surrounding the vesting mechanics and timing.

- (8) The 2017 retentive restricted stock awards granted to our NEOs vest one-third (1/3) on each of November 21<sup>st</sup> of 2018, 2019 and 2020, subject to the NEO's continued employment through the vesting date (except as otherwise described below). These awards are also subject to a no-sale period of three years from the date of the applicable vesting.
  
- (9) The 2017 special KW transaction stock awards vest over a three-year period from the date of grant upon the occurrence of the grantee being an employee of the Company or its subsidiaries as of December 12, 2018, 2019 and 2020. These awards are also subject to a no-sale period of three years from the date of the applicable vesting.

## OPTION EXERCISES AND STOCK VESTED

The following table sets forth the restricted stock awards held by our NEOs that vested during the fiscal year ended December 31, 2017, and the value realized by the NEOs on vesting.

	Option Awards		Stock Awards	
	Number of Shares Acquired on Value Realized on Exercise (#)	Exercise (\$)	Number of Shares Acquired on Value Realized on Vesting (#) <sup>(1)</sup>	Value Realized on Vesting (\$) <sup>(2)</sup>
William J. McMorrow			961,733	\$ 19,377,658
Justin Enbody			148,126	3,024,086
Mary Ricks			725,900	14,371,748
Kent Mouton			238,420	4,928,292
Matt Windisch			285,475	5,719,106

(1) Represents the gross amount of shares that vested during the year ended December 31, 2017 and does not take into account any withholding of shares to settle tax obligations. Includes RSUs covering KWE ordinary shares that vested during the year ended December 31, 2017.

(2) Value realized on vesting of restricted stock awards is based on the closing price of our common stock on the vesting date.

### TERMINATION AND CHANGE IN CONTROL BENEFITS

This section describes and quantifies the additional amounts that would be payable to the NEOs in the event of their termination or a change in control of the Company as of December 31, 2017. For this purpose, the closing stock price of \$17.35 on the last trading day in 2017, as reported on the NYSE, has been used.

#### *Mr. McMorrow*

Mr. McMorrow's employment agreement provides that, in the event his employment with the Company is terminated by the Company without Cause (as defined below) or by Mr. McMorrow for Good Reason (as defined below): (i) Mr. McMorrow will continue to receive base salary and benefit continuation (other than continued participation in the Company's 401(k) plan) throughout the remainder of the term of the employment agreement; (ii) Mr. McMorrow will receive an amount equal to the Severance Amount (as defined below) payable in one lump sum cash payment within 45 days after the date of termination; and (iii) the unvested portion of any equity-based compensation award granted to Mr. McMorrow shall immediately vest.

Mr. McMorrow's employment agreement also provides that in the event that his employment with the Company is terminated by the Company due to his death or disability, (i) Mr. McMorrow will receive an amount equal to the greater of (A) the sum of the base salary that otherwise would have been paid throughout the remainder of the term of

the employment agreement plus the amount of the performance bonus paid to Mr. McMorrow for the prior calendar year, and (B) such other amount as determined by the Compensation Committee in its sole discretion; and (ii) the unvested portion of any equity-based compensation award granted to Mr. McMorrow shall immediately vest. With respect to subsection (i) above, the employment agreement provides the Compensation Committee with the discretion to discharge the Company's obligations by paying the amount either in one lump sum or from proceeds of an insurance policy, the beneficiary of which will be Mr. McMorrow. The Company discharged its obligation to pay cash severance to Mr. McMorrow upon a termination of his employment with the Company due to his death by purchasing and paying for the premiums of a life insurance policy for Mr. McMorrow. See *Compensation Discussion and Analysis-Elements of Compensation-Other Executive Benefits* for additional details regarding the life insurance policy.

For purposes of the employment agreement with Mr. McMorrow, **Severance Amount** means an amount equal to (A) three times the average of the sum of: (i) base salary; (ii) performance bonus; and (iii) value of the annual equity-based compensation award granted to Mr. McMorrow, with (i), (ii) and (iii) based on the actual amounts of each of the foregoing for the three fiscal years prior to the fiscal year in which termination without Cause or resignation for Good Reason (as applicable) occurs, less (B) (x) an amount equal to Mr. McMorrow's monthly base salary in effect as of the time of such termination multiplied by (y) the number of months remaining in the term of the employment agreement. For purposes of calculating Mr. McMorrow's severance amount, the value of the equity-based compensation award shall be, with respect to each fiscal year, the greater of: (i) the grant date fair value of the award for such fiscal year; or (ii) \$4.0 million.

For purposes of the employment agreements with each of the NEOs (as further described below):

**Cause** means the occurrence of any of the following events (and the executive's failure to cure such event(s), to the extent curable, following the executive's receipt of written notice from the Company): (i) the executive is convicted of, after the exhaustion of all appeals, or pleads guilty or nolo contendere to a charge of the commission of a felony involving moral turpitude; (ii) the executive has engaged in gross neglect or willful misconduct in carrying out his or her duties, which is reasonably expected to result in material economic or material reputational harm to the Company; or (iii) the executive materially breaches any material provision of the employment agreement which is reasonably expected to result in material economic or material reputational harm to the Company.

**Good Reason** means the occurrence of any of the following events (and the Company's failure to cure such event(s) following its receipt of written notice from the executive): (i) the Company instructs the executive to work full-time or substantially full-time at any location that is not acceptable to the executive (other than the Company's main headquarters or any other Company headquarters within twenty miles of Beverly Hills, California); (ii) the Company eliminates or materially reduces the executive's responsibilities, authorities or duties; (iii) a Change in Control (as defined below) occurs; (iv) the Company materially reduces the executive's base compensation or (v) the Company materially breaches the terms of the applicable employment agreement.

**Change in Control** shall be deemed to occur upon the first to occur of any of the following events: (i) any person becomes the beneficial owner of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities; (ii) a merger, consolidation or other business combination as a result of which the beneficial ownership of shares or securities representing more than 50% of the total fair market value or total voting power of the Company is acquired by any person; (iii) the sale or disposition of all or substantially all of the Company's assets to any person; or (iv) within any 12-month period, the incumbent directors of the Company's board of directors shall cease to constitute at least a majority of the board of directors of the Company, or of any successor to the Company; provided, however, that any director elected to the board of directors, or nominated for election by a majority of the board of directors then still in office, shall be deemed to be an incumbent director, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the board of directors (including, but not limited to, any such assumption that results from subsections (i), (ii) or (iii) of this definition).

**Mr. Enbody**

Mr. Enbody's employment agreement provides that, in the event his employment with the Company is terminated by the Company without Cause (as defined above) or by Mr. Enbody for Good Reason (as defined above): (i) Mr. Enbody will continue to receive base salary and benefit continuation (other than continued participation in the Company's 401(k) plan) through the remainder of the term of the employment agreement; (ii) Mr. Enbody will receive an amount equal to the Severance

Amount (as defined below) payable in one lump sum cash payment within 45 days after the date of termination; and (iii) the unvested portion of any equity-based compensation award granted to Mr. Enbody shall immediately vest.

Mr. Enbody's employment agreement also provides that in the event that his employment with the Company is terminated by the Company due to his death or disability, (i) Mr. Enbody will receive an amount equal to the greater of (A) the sum of the base salary that otherwise would have been paid throughout the remainder of the term of the employment agreement plus the amount of the performance bonus paid to Mr. Enbody for the prior calendar year, and (B) such other amount as determined by the Compensation Committee in its sole discretion; and (ii) the unvested portion of any equity-based compensation award granted to Mr. Enbody shall immediately vest. With respect to subsection (i) above, the employment agreement provides the Compensation Committee with the discretion to discharge the Company's obligations by paying the amount either in one lump sum or from proceeds of an insurance policy, the beneficiary of which will be Mr. Enbody. The Company discharged its obligation to pay cash severance to Mr. Enbody upon a termination of his employment with the Company due to his death by purchasing and paying for the premiums of a life insurance policy for Mr. Enbody. See *Compensation Discussion and Analysis-Elements of Compensation-Other Executive Benefits* for additional details regarding the life insurance policy.

For purposes of the employment agreement with Mr. Enbody, Severance Amount means an amount equal to (A) two times the average of the sum of: (i) base salary; (ii) performance bonus; and (iii) value of the annual equity-based compensation award granted to Mr. Enbody, with (i), (ii) and (iii) based on the actual amounts of each of the foregoing for the three fiscal years prior to the fiscal year in which termination without Cause or resignation for Good Reason (as applicable) occurs, less (B) (x) an amount equal to Mr. Enbody's monthly base salary in effect as of the time of such termination multiplied by (y) the number of months remaining in the term of the employment agreement. For purposes of calculating Mr. Enbody's severance amount, the value of the annual equity-based compensation award shall be, with respect to each fiscal year, the greater of: (i) the grant date fair value of the award for such fiscal year; or (ii) \$1.5 million.

#### **Ms. Ricks**

Ms. Ricks' employment agreement provides that, in the event her employment with the Company is terminated by the Company without Cause (as defined above) or by Ms. Ricks for Good Reason (as defined above): (i) Ms. Ricks will continue to receive base salary and benefit continuation (other than continued participation in the Company's 401(k) plan) throughout the remainder of the term of the employment agreement; (ii) Ms. Ricks will receive an amount equal to the Severance Amount (as defined below) payable in one lump sum cash payment within 45 days after the date of termination; and (iii) the unvested portion of any equity-based compensation award granted to Ms. Ricks shall immediately vest.

Ms. Ricks' employment agreement also provides that in the event that her employment with the Company is terminated by the Company due to her death or disability, (i) Ms. Ricks will receive an amount equal to the greater of (A) the sum of the base salary that otherwise would have been paid throughout the remainder of the term of the employment agreement plus the amount of the performance bonus paid to Ms. Ricks for the prior calendar year, and (B) such other amount as determined by the Compensation Committee in its sole discretion; and (ii) the unvested portion of any equity-based compensation award granted to Ms. Ricks shall immediately vest. With respect to subsection (i) above, the employment agreement provides the Compensation Committee with the discretion to discharge the Company's obligations by paying the amount either in one lump sum or from proceeds of an insurance policy, the beneficiary of which will be Ms. Ricks. The Company discharged its obligation to pay cash severance to Ms. Ricks upon a termination of her employment with the Company due to her death by purchasing and paying for the premiums of a life insurance policy for Ms. Ricks. See *Compensation Discussion and Analysis-Elements of Compensation-Other Executive Benefits* for additional details regarding the life insurance policy.

For purposes of the employment agreement with Ms. Ricks, **Severance Amount** means an amount equal to (A) two times the average of the sum of: (i) base salary; (ii) performance bonus; and (iii) value of the annual equity-based compensation

award granted to Ms. Ricks, with (i), (ii) and (iii) based on the actual amounts of each of the foregoing for the three fiscal years prior to the fiscal year in which termination without Cause or resignation for Good Reason (as applicable) occurs, less (B) (x) an amount equal to Ms. Ricks' monthly base salary in effect as of the time of such termination multiplied by (y) the number of months remaining in the term of the employment agreement. For purposes of calculating Ms. Ricks' severance amount, the value of the annual equity-based compensation award shall be, with respect to each fiscal year, the greater of: (i) the grant date fair value of the award for such fiscal year; or (ii) \$3.0 million.

***Mr. Windisch***

Mr. Windisch's employment agreement provides that, in the event his employment with the Company is terminated by the Company without Cause (as defined above) or by Mr. Windisch for Good Reason (as defined above): (i) Mr. Windisch will continue to receive base salary and benefit continuation (other than continued participation in the Company's 401(k) plan) through the remainder of the term of the employment agreement; (ii) Mr. Windisch will receive an amount equal to the Severance Amount (as defined below) payable in one lump sum cash payment within 45 days after the date of termination; and (iii) the unvested portion of any equity-based compensation award granted to Mr. Windisch shall immediately vest.

Mr. Windisch's employment agreement also provides that in the event that his employment with the Company is terminated by the Company due to his death or disability, (i) Mr. Windisch will receive an amount equal to the greater of (A) the sum of the base salary that otherwise would have been paid throughout the remainder of the term of the employment agreement plus the amount of the performance bonus paid to Mr. Windisch for the prior calendar year, and (B) such other amount as determined by the Compensation Committee in its sole discretion; and (ii) the unvested portion of any equity-based compensation award granted to Mr. Windisch shall immediately vest. With respect to subsection (i) above, the employment agreement provides the Compensation Committee with the discretion to discharge the Company's obligations by paying the amount either in one lump sum or from proceeds of an insurance policy, the beneficiary of which will be Mr. Windisch. The Company discharged its obligation to pay cash severance to Mr. Windisch upon a termination of his employment with the Company due to his death by purchasing and paying for the premiums of a life insurance policy for Mr. Windisch. See *Compensation Discussion and Analysis-Elements of Compensation-Other Executive Benefits* for additional details regarding the life insurance policy.

For purposes of the employment agreement with Mr. Windisch, Severance Amount means an amount equal to (A) two times the average of the sum of: (i) base salary; (ii) performance bonus; and (iii) value of the annual equity-based compensation award granted to Mr. Windisch, with (i), (ii) and (iii) based on the actual amounts of each of the foregoing for the three fiscal years prior to the fiscal year in which termination without Cause or resignation for Good Reason (as applicable) occurs, less (B) (x) an amount equal to Mr. Windisch's monthly base salary in effect as of the time of such termination multiplied by (y) the number of months remaining in the term of the employment agreement. For purposes of calculating Mr. Windisch's severance amount, the value of the annual equity-based compensation award shall be, with respect to each fiscal year, the greater of: (i) the grant date fair value of the award for such fiscal year; or (ii) \$2.0 million.

***Mr. Mouton***

Mr. Mouton's employment agreement provides that, in the event his employment with the Company is terminated by the Company without Cause (as defined above) or by Mr. Mouton for Good Reason (as defined above): (i) Mr. Mouton will continue to receive base salary and benefit continuation (other than continued participation in the Company's 401(k) plan) through the remainder of the term of the employment agreement; (ii) Mr. Mouton will receive an amount equal to the Severance Amount (as defined below) payable in one lump sum cash payment within 45 days after the date of termination; and (iii) the unvested portion of any equity-based compensation granted to Mr. Mouton shall immediately vest.

Mr. Mouton's employment agreement also provides that in the event that his employment with the Company is terminated by the Company due to his death or disability, (i) Mr. Mouton will receive an amount equal to the greater of (A) the

sum of the base salary that otherwise would have been paid throughout the remainder of the term of the employment agreement plus the amount of the performance bonus paid to Mr. Mouton for the prior calendar year, and (B) such other amount as determined by the Compensation Committee in its sole discretion; and (ii) the unvested portion of any equity-based compensation granted to Mr. Mouton shall immediately vest. With respect to subsection (i) above, the employment agreement provides the Compensation Committee with the discretion to discharge the Company's obligations by paying the amount either in one lump sum or from proceeds of an insurance policy, the beneficiary of which will be Mr. Mouton. The Company discharged its obligation to pay cash severance to Mr. Mouton upon a termination of his employment with the Company due to his death by purchasing and paying for the premiums of a life insurance policy for Mr. Mouton. See *Compensation Discussion and Analysis-Elements of Compensation-Other Executive Benefits* for additional details regarding the life insurance policy.

For purposes of the employment agreement with Mr. Mouton, Severance Amount means an amount equal to (A) two times the average of the sum of: (i) base salary; (ii) performance bonus; and (iii) value of the annual equity-based compensation award granted to Mr. Mouton, with (i), (ii) and (iii) based on the actual amounts of each of the foregoing for the three fiscal years prior to the fiscal year in which termination without Cause or resignation for Good Reason (as applicable) occurs, less (B) (x) an amount equal to Mr. Mouton's monthly base salary in effect as of the time of such termination multiplied by (y) the number of months remaining in the term of the employment agreement. For purposes of calculating Mr. Mouton's severance amount, the value of the annual equity-based compensation award shall be, with respect to each fiscal year, the greater of: (i) the grant date fair value of the award for such fiscal year; or (ii) \$1.75 million.

The table below sets forth estimated payments with respect to Messrs. McMorrow, Enbody, Windisch and Mouton and Ms. Ricks upon the termination of employment with the Company under various circumstances and upon a change in control. The amounts in the table assume that the restricted stock granted to Messrs. McMorrow, Enbody, Windisch and Mouton and Ms. Ricks will vest in full and any applicable performance goals will be deemed satisfied on the date of such termination or change in control.

Name	Involuntary For Cause or Without Good Reason		Involuntary Without Cause or For Good Reason <sup>(1)</sup>		Death <sup>(2)</sup>	Disability	CIC Only (No Termination)	Involuntary Without Cause or For Good Reason In Connection With CIC <sup>(1)</sup>
	Without Good Reason	Without Cause or For Good Reason <sup>(1)</sup>	Without Cause or For Good Reason <sup>(1)</sup>	Without Cause or For Good Reason <sup>(1)</sup>				
<b>William McMorro</b>								
Cash Severance	\$ -	\$ 71,439,573	\$ -	\$ -	\$ 15,400,000	\$ -	\$ 71,439,573	
Equity Award								
Acceleration <sup>(3)</sup>	-	24,738,220	24,738,220	24,738,220	24,738,220	24,738,220	24,738,220	
Continued Benefits <sup>(4)</sup>	-	43,936	-	-	-	-	43,936	
280G Cutback <sup>(5)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	-	
<b>Total</b>	<b>\$ -</b>	<b>\$ 96,221,729</b>	<b>\$ 24,738,220</b>	<b>\$ 40,138,220</b>	<b>\$ 24,738,220</b>	<b>\$ 96,221,729</b>		
<b>Justin Enbody</b>								
Cash Severance	\$ -	\$ 10,742,667	\$ -	\$ -	\$ 3,680,000	\$ -	\$ 10,742,667	
Equity Award								
Acceleration <sup>(3)</sup>	-	4,653,756	4,653,756	4,653,756	4,653,756	4,653,756	4,653,756	
Continued Benefits <sup>(4)</sup>	-	10,502	-	-	-	-	10,502	
280G Cutback <sup>(5)</sup>	N/A	N/A	N/A	N/A	N/A	-	-	
<b>Total</b>	<b>\$ -</b>	<b>\$ 15,406,924</b>	<b>\$ 4,653,756</b>	<b>\$ 8,333,756</b>	<b>\$ 4,653,756</b>	<b>\$ 15,406,924</b>		
<b>Mary Ricks</b>								
Cash Severance	\$ -	\$ 31,681,447	\$ -	\$ -	\$ 11,600,000	\$ -	\$ 31,681,447	
Equity Award								
Acceleration <sup>(3)</sup>	-	16,540,345	16,540,345	16,540,345	16,540,345	16,540,345	16,540,345	
Continued Benefits <sup>(4)</sup>	-	43,936	-	-	-	-	43,936	
280G Cutback <sup>(5)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	-	
<b>Total</b>	<b>\$ -</b>	<b>\$ 48,265,728</b>	<b>\$ 16,540,345</b>	<b>\$ 28,140,345</b>	<b>\$ 16,540,345</b>	<b>\$ 48,265,728</b>		
<b>Kent Mouton</b>								
Cash Severance	\$ -	\$ 13,284,184	\$ -	\$ -	\$ 4,573,333	\$ -	\$ 13,284,184	
Equity Award								
Acceleration <sup>(3)</sup>	-	6,795,422	6,795,422	6,795,422	6,795,422	6,795,422	6,795,422	
Continued Benefits <sup>(4)</sup>	-	10,502	-	-	-	-	10,502	
280G Cutback <sup>(5)</sup>	N/A	N/A	N/A	N/A	N/A	-	-	
<b>Total</b>	<b>\$ -</b>	<b>\$ 20,090,108</b>	<b>\$ 6,795,422</b>	<b>\$ 11,368,756</b>	<b>\$ 6,795,422</b>	<b>\$ 20,090,108</b>		
<b>Matthew Windisch</b>								
Cash Severance	\$ -	\$ 13,850,800	\$ -	\$ -	\$ 4,180,000	\$ -	\$ 13,850,800	
Equity Award								
Acceleration <sup>(3)</sup>	-	7,315,922	7,315,922	7,315,922	7,315,922	7,315,922	7,315,922	
Continued Benefits <sup>(4)</sup>	-	10,502	-	-	-	-	10,502	

280G Cutback <sup>(5)</sup>	N/A	N/A	N/A	N/A	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ 21,177,224</b>	<b>\$ 7,315,922</b>	<b>\$ 11,495,922</b>	<b>\$ 7,315,922</b>	<b>\$ 21,177,224</b>

- (1) Cash severance is continued base salary through the remainder of the term plus a lump-sum equal to 2X (3X for Mr. McMorrow) the average of the sum of base pay, bonus, and the value of stock awards for the three prior fiscal years, less (x) an amount equal to the executive's monthly base salary in effect as of the time of such termination multiplied by (y) the number of months remaining in the term of the employment agreement.
- (2) The Company discharged its obligation to pay cash severance to each of the NEOs upon a termination of his/her employment with the Company due to his/her death by purchasing and paying for the premiums of a life insurance policy for each NEO. See *Compensation Discussion and Analysis-Elements of Compensation-Other Executive Benefits* for additional details. The amounts payable under the life insurance policies upon each NEO's death is as follows: Mr. McMorrow: \$32 million; Mr. Enbody: \$3.98 million; Ms. Ricks: \$25 million; Mr. Mouton: \$9.8 million; and Mr. Windisch: \$4.48 million.
- (3) Based on the December 31, 2017 closing stock price of \$17.35.

- (4) Continued benefits consist of benefit continuation (other than continued participation in the Company's 401(k) plan) throughout the remainder of the executive's employment term.
- (5) The employment agreements provide that, in the event that any severance or change in control payments or benefits would subject the executive to the excise tax imposed by Section 4999 of the Tax Code, then such payments or benefit will be reduced to the extent necessary so that no portion thereof shall be subject to the excise tax imposed by Section 4999 of the Tax Code, but only if, by reason of such reduction, the net after-tax benefit received by the executive will exceed the net after-tax benefit received by such executive if no such reduction was made. No cutbacks are expected based on assumptions used.

#### EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of December 31, 2017 regarding shares outstanding and available for issuance under our Second Amended and Restated 2009 Equity Participation Plan:

Plan Category	Number of Shares to be Issued Upon Exercise of Outstanding Stock Options	Weighted Average Price of Outstanding Stock Options	Number of Shares Available for Future Issuance
Equity compensation plans approved by our stockholders		N/A	1,564,904
Equity compensation plans not approved by our stockholders		N/A	

#### CEO PAY RATIO DISCLOSURE

We believe that we provide fair and equitable compensation to our employees through a combination of competitive base pay, cash bonuses, equity-based compensation and other benefits. As of December 31, 2017, we had a total of 516 employees, 63% of which were a part our real estate property services business, including on-site property managers and property-level accountants and bookkeepers.

As required by Section 593(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K, we are providing the following information about the relationship of the annual total compensation of our employees and the annual total compensation of our Chairman and CEO, Mr. McMorrow. To identify the median of the annual total compensation of all our employees, as well as to determine the annual total compensation of the median employee, the methodology and the material assumptions, adjustments, and estimates that we used were as follows:

To identify the median employee as of December 31, 2017, we calculated compensation of our employees using their 2017 annual base salaries, bonuses for the 2017 performance year (including any bonus exchange premium received), annual equity awards granted in 2017 and Company contributions to applicable retirement plans.

We did not exclude any employees from our employee population.

We annualized the base pay and cash incentive bonuses for 2017 new hires.

Foreign salaries were converted to U.S. dollars at the December 31, 2017 exchange rate.

No cost of living adjustments were utilized in the compensation calculation.

Once the median employee was identified, we calculated the total compensation for our median employee using the same methodology we used to calculate Mr. McMorrow's total compensation in the Summary Compensation Table for the Fiscal Year 2017.

Based on this information and calculation, our median employee is a property manager that is a part of our real estate property services business group. The 2017 annual total compensation for our median employee was \$91,000. The 2017 annual total compensation for our CEO as reported in the Summary Compensation Table for the Fiscal Year 2017 was \$20,822,171. The ratio of the annual total compensation of our CEO to the annual total compensation of our median employee for the year ended December 31, 2017 was 229 to 1. This pay ratio is a reasonable estimate calculated in a manner consistent with SEC rules based on our payroll and employment records and the methodology described above. The SEC rules for identifying the median compensated employee and calculating the pay ratio based on that employee's annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their compensation practices. As such, the pay ratio reported by other companies may not be comparable to the pay ratio reported above, as other companies may have different employment and compensation practices and may utilize different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios. Pay ratios within our industry will also differ and may not be comparable depending on the size, scope, global breadth and structure of the company.

## PROPOSAL 2

### ADVISORY VOTE ON EXECUTIVE COMPENSATION ( SAY-ON-PAY VOTE )

#### Required Vote

The affirmative vote of a majority of shares cast and present in person or represented by proxy at the meeting is required to approve the advisory vote approving executive compensation.

#### Recommendation

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE NON-BINDING ADVISORY VOTE APPROVING EXECUTIVE COMPENSATION.**

In accordance with the requirements of Section 14A of the Exchange Act, we are providing the Company's stockholders the opportunity to vote on a non-binding, advisory resolution to approve the compensation of our NEOs for 2017, as disclosed in the section entitled "Compensation Discussion and Analysis," the accompanying compensation tables and the related narrative disclosures in this proxy statement. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our NEOs and the philosophy, policies and practices described in this proxy statement. Accordingly, the following resolution will be submitted for stockholder approval at the 2018 Annual Meeting:

**RESOLVED**, that the stockholders of the Company **APPROVE**, on an advisory (non-binding) basis, the compensation of the Company's Named Executive Officers, as disclosed in the section entitled "Compensation Discussion and Analysis," the accompanying compensation tables and the related narrative disclosure in the Proxy Statement for this Annual Meeting.

Our Board of Directors recommends that you vote **FOR** this resolution in support of our executive compensation program, which is intended to achieve the following:

Pay and retain our high caliber executive officers in a competitive market using a pay-for-performance philosophy.

Align management and stockholder interests by tying compensation to, among other things, the achievement of performance goals that promote the creation of stockholder value, the performance of underlying business units and individual accomplishments.

In addition, we believe that our compensation program is aligned with the long-term interests of our stockholders and with our Company's performance. Specifically:

Our 2017 annual performance-based cash awards were earned based on the achievement of Company-wide EBITDA and return on book equity goals, with limited pay opportunities for our NEOs and our 2018 annual performance-based cash awards will be earned based on a formulaic program tied to the achievement of corporate performance goals and individual performance review.

67% of our restricted stock awards are performance-based and earned at a range of vesting performance levels subject to the achievement of rigorous operating performance and TSR hurdles over a three-year period, with any earned ROE shares subject to an additional three-year mandatory holding period.

Stockholders are urged to read the Compensation Discussion and Analysis section of this proxy s