

Kennedy-Wilson Holdings, Inc.
Form 424B5
September 11, 2013
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File No. 333-184752

PROSPECTUS SUPPLEMENT

(TO PROSPECTUS DATED NOVEMBER 15, 2012)

Kennedy-Wilson Holdings, Inc.

6,000,000 Shares

Common Stock

This is a public offering of common stock of Kennedy-Wilson Holdings, Inc. We are offering 6,000,000 shares of our common stock. Our common stock is traded on the New York Stock Exchange under the symbol KW. On September 9, 2013, the last reported sale price of our common stock was \$19.18 per share.

Investing in our common stock involves risk. See Risk Factors on page S-12.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	\$ 18.50	\$ 111,000,000
Underwriting discounts and commissions	\$ 0.76	\$ 4,560,000
Proceeds, before expenses, to us	\$ 17.74	\$ 106,440,000

We have granted the underwriter the right to purchase up to 900,000 additional shares of common stock for 30 days after the date of this prospectus supplement.

The shares will be ready for delivery on or about September 13, 2013.

Deutsche Bank Securities

The date of this prospectus supplement is September 9, 2013.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is this prospectus supplement, which describes certain matters relating to us and the specific terms of this offering of our common stock and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information about securities we may offer from time to time.

We have not, and the underwriter has not, authorized anyone to provide you with information other than that contained or incorporated by reference in this prospectus supplement and the accompanying prospectus or any free writing prospectus prepared by or on behalf of us or to which we have referred you. Neither we nor the underwriter takes any responsibility for, or provides any assurances as to the reliability of, any other information that others may give you. The information contained in this prospectus supplement, the accompanying prospectus or any free writing prospectus prepared by or on behalf of us or to which we have referred you is accurate as of their respective dates. The information in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate as of the respective dates of those documents. To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus, the information in this prospectus supplement will control. To the extent the information contained in this prospectus supplement differs or varies from the information contained in a document we have incorporated by reference into this prospectus supplement or the accompanying prospectus, you should rely on the information in the more recent document.

Before you decide to invest in our common stock, you should carefully read this prospectus supplement, the accompanying prospectus, the registration statement described in the accompanying prospectus (including the exhibits to the registration statement) and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The incorporated documents are described in this prospectus supplement under the caption Incorporation of Certain Information by Reference.

We are not making offers to sell our common stock or soliciting offers to purchase our common stock in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make an offer or solicitation.

Unless otherwise stated or the context otherwise requires, as used in this prospectus supplement, the words we, us, our or the company refer to Kennedy-Wilson Holdings, Inc. and its subsidiaries, and the information in this prospectus supplement assumes that the underwriter has not exercised its option to purchase additional shares of our common stock.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information contained elsewhere, or incorporated by reference, in this prospectus supplement and the accompanying prospectus and may not contain all of the information that may be important to you. You should carefully read this summary together with the entire prospectus supplement and the accompanying prospectus, and the documents incorporated by reference, including the Risk Factors section, the historical financial statements and the notes to those financial statements.

Our Company

Founded in 1977, we are an international real estate investment and services firm. We are a vertically integrated real estate operating company with approximately 400 professionals in 24 offices throughout the United States, the United Kingdom, Ireland, Spain and Japan. Based on management's estimate of fair value as of June 30, 2013, we have approximately \$13.5 billion of real estate and real estate-related assets under our management (AUM), totaling over 64 million square feet of properties throughout the United States, Europe and Japan. This includes ownership in 16,679 multifamily apartment units, of which 2,030 units are owned by our consolidated subsidiaries and 14,649 are held in joint ventures.

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

Our Business Segments

Our operations are defined by two core business units: KW Investments and KW Services. KW Investments invests our capital in most cases alongside partners' capital in real estate-related assets, including multifamily properties, loans secured by real estate and office and residential properties. KW Services provides a full array of real estate-related services to investors and lenders, with a strong focus on financial institution based clients.

KW Investments

We invest our capital in real estate assets and loans secured by real estate through joint ventures, separate accounts, commingled funds and wholly owned investments. We are typically the general partner in these investment vehicles with ownership interests ranging from approximately 5% to 50%. Our equity partners include financial institutions, foundations, endowments, high net worth individuals and other institutional investors. In many cases, we get a promoted interest in the profits of our investments beyond our ownership percentage.

Our investment philosophy is based on three core fundamentals:

significant proprietary deal flow from an established network of industry relationships, particularly with financial institutions;

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focus on a systematic research process with a disciplined approach to investing; and

superior in-house operating execution.

Our primary investment markets include the Western United States, the United Kingdom, Ireland and Japan, which we have identified as areas with dense populations, high barriers to entry, scarcity of land and supply constraints. We typically focus on the following opportunities:

real estate owners or lenders seeking liquidity;

under-managed or under-leased assets; and

repositioning opportunities.

The following table describes our investment account, which includes the following financial statement captions below, and is derived from our consolidated balance sheet as of June 30, 2013 (dollars in millions):

Investment in joint ventures	\$ 694.7
Real estate, net of depreciation	488.4
Mortgage debt	(318.8)
Notes receivable	21.4
Acquired in-place lease value, net of amortization ⁽¹⁾	7.6
Loan pool participations	68.7
Total net investment account	962.0
Add back:	
Accumulated depreciation and amortization	19.5
Kennedy Wilson's share of accumulated depreciation and amortization included in investment in joint ventures	78.8
Total gross investment account	\$ 1,060.3

⁽¹⁾ Included in other assets.

The following table breaks down our investment account information derived from our consolidated balance sheet by investment type and geographic location as of June 30, 2013 (dollars in millions):

Multifamily	Commercial	Loans Secured by Real Estate	Residential, Hotel, and Other ⁽¹⁾	Total
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Western United States	\$	214.3	\$	205.4	\$	80.3	\$	113.9	\$	613.9
Other United States		0.4		3.6				8.6		12.6
Japan		76.7		6.8						83.5
United Kingdom				19.5		87.2				106.7
Ireland		77.4		60.3		7.6				145.3
Total	\$	368.8	\$	295.6	\$	175.1	\$	122.5	\$	962.0

(1) Includes for-sale residential properties, condominiums and residential land.

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KW Services

KW Services offers a comprehensive line of real estate services for the full lifecycle of real estate ownership and investment to clients that include financial institutions, developers, builders and government agencies. KW Services has three business lines: investment management, property services and auction and conventional sales. These three business lines generate revenue for us through commissions and fees.

Through our investment management business, we provide acquisition, asset management and disposition services to our equity partners as well as to third parties.

We manage over 64 million square feet of property for institutional clients and individual investors in the United States, Europe and Japan. With 24 offices throughout the United States, the United Kingdom, Ireland, Spain and Japan, we have the capabilities and resources to provide property services to real estate owners, as well as the experience as a real estate investor, to understand client concerns.

Additionally, KW Services plays a critical role in supporting the company's investment strategy by providing local market intelligence and real-time data for evaluating investments, generating proprietary transaction flow and creating value through efficient implementation of asset management or repositioning strategies.

Our Competitive Strengths

We believe the combination of a service business and an investment platform provides us with significant competitive advantages and allows us to generate superior risk-adjusted returns. We use our service platform to facilitate the origination of investment opportunities, enhance the investment process and ensure the alignment of interests with our investors' interests. Our competitive advantages include:

Transaction experience: Our Executive Committee has more than 125 years of combined real estate experience and has been working and investing together, on average, for over 15 years. Members of the Executive Committee have collectively acquired, developed and managed in excess of \$20 billion of real estate investments in the United States, the United Kingdom, Ireland and Japan throughout various economic cycles, both at our company and throughout their careers.

Extensive relationship and sourcing network: We leverage our services business in order to source off-market deals. In addition, the Executive Committee and our acquisition team have transacted deals in nearly every major metropolitan market on the West Coast of the United States, as well as in the United Kingdom, Ireland and Japan. Their local presence and reputation in these markets have enabled them to cultivate key relationships with major holders of property inventory, particularly financial institutions, throughout the real estate community.

Structuring expertise and speed of execution: Our prior acquisitions have taken a variety of forms, including direct property investments, joint ventures, participating loans and investments in performing and non-performing mortgages with the objective of long-term ownership. We believe we have developed a reputation of being able to quickly execute, as well as originate and creatively structure, acquisitions, dispositions and financing transactions.

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Vertically integrated platform for operational enhancement: We have approximately 400 employees, with 24 regional offices throughout the United States, the United Kingdom, Ireland, Spain and Japan. We have a hands-on approach to real estate investing and possess the local expertise in property management, leasing, construction management, development and investment sales, which, we believe, enable us to invest successfully in selected submarkets.

Risk protection and investment discipline: We underwrite our investments based upon a thorough examination of property economics and a critical understanding of market dynamics and risk management strategies. We conduct an in-depth sensitivity analysis on each of our acquisitions. This analysis applies various economic scenarios that include changes to rental rates, absorption periods, operating expenses, interest rates, exit values and holding periods. We use this analysis to develop our disciplined acquisition strategies.

Recent Developments

Acquisition Activity

Subsequent to June 30, 2013, we and our equity partners have acquired \$1.0 billion of real estate-related investments, which include 23 commercial properties, two loan originations and one loan portfolio purchase. Our total equity investment in these transactions was approximately \$121 million. Our investments since June 30, 2013 include the following:

Real Estate: We and our equity partners have acquired two portfolios totaling 21 commercial properties located in the United Kingdom and Ireland, consisting of approximately 2.9 million square feet. In addition, we and our equity partners have also acquired two commercial properties in the Western United States and the United Kingdom totaling approximately 0.2 million square feet.

Loans: We and our equity partners have originated two loans for approximately \$24 million secured by properties located in the Western United States. We and our equity partners have also acquired a loan pool in the United Kingdom with an unpaid principal balance of approximately \$130 million.

Pipeline

As of September 9, 2013, we are under separate contracts to purchase six real estate-related investments in the United States and the United Kingdom, as well as a real estate loan servicing business platform in Spain, at an aggregate purchase price of over \$450 million. We are currently conducting our due diligence on these investments, and all but one of the agreements provide us with the right to terminate the agreement for any reason prior to the expiration of the relevant due diligence period. In the event that we consummate any of these acquisitions, we anticipate financing such transactions with a combination of debt and third-party equity. Our equity investment in any of these acquisitions has not yet been determined. There can be no assurances that we will complete these or any other potential acquisitions under contract.

Amendment to Unsecured Revolving Credit Facility

We are currently in discussions with the lenders under our unsecured revolving credit facility to, among other things, increase the amount available to us under the facility and extend

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the term. There can be no assurances that we will be successful in amending our unsecured revolving credit facility. Loans under this facility currently mature on June 30, 2015.

Corporate Information

Kennedy-Wilson Holdings, Inc. is a Delaware corporation. Our corporate headquarters is located at 9701 Wilshire Blvd., Suite 700, Beverly Hills, California 90212, and our telephone number is (310) 887-6400.

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The Offering

Issuer	Kennedy-Wilson Holdings, Inc.
Common Stock Offered by Us	6,000,000 shares (or, if the underwriter fully exercises its option to purchase additional shares, 6,900,000 shares)
Common Stock to Be Outstanding after this Offering	80,114,060 shares (or, if the underwriter fully exercises its option to purchase additional shares, 81,014,060 shares)
New York Stock Exchange Symbol	KW
Use of Proceeds	<p>We estimate that the net proceeds to us from this offering will be approximately \$106.2 million (or approximately \$122.2 million if the underwriter fully exercises its option to purchase additional shares), after deducting underwriting discounts and commissions and the estimated offering expenses payable by us.</p> <p>We currently intend to use the net proceeds from this offering for general corporate purposes, including future acquisitions and co-investments, and to repay the \$50.0 million balance outstanding under our unsecured revolving credit facility as of September 9, 2013. See Use of Proceeds.</p>
Risk Factors	Investing in our common stock involves substantial risks. You should carefully consider the risk factors set forth or referred to under the caption Risk Factors on page S-12 of this prospectus supplement.
The number of shares of our common stock outstanding after this offering is based on 74,114,060 shares outstanding as of September 1, 2013 and excludes:	

11,100,074 shares of common stock issuable upon conversion of our outstanding preferred stock; and

5,393,912 shares of our common stock issuable upon exercise of warrants outstanding as of September 1, 2013.

Unless we specifically state otherwise, the information in this prospectus supplement assumes that the underwriter does not exercise its option to purchase up to 900,000 additional shares of our common stock.

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The following summary historical consolidated financial data for each of the years in the three-year period ended December 31, 2012 and summary historical consolidated balance sheet data as of December 31, 2011 and 2012 have been derived from our audited consolidated financial statements incorporated by reference in this prospectus supplement. The summary historical consolidated financial data for the six-month periods ended June 30, 2013 and 2012 and summary balance sheet data as of June 30, 2013 have been derived from our unaudited interim condensed consolidated financial statements incorporated by reference in this prospectus supplement. The summary historical balance sheet data as of December 31, 2010 have been derived from our audited consolidated financial statements not included or incorporated by reference in this prospectus supplement.

The financial data set forth in the tables below are not necessarily indicative of the results of future operations and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and accompanying notes thereto included in our annual report on Form 10-K for the fiscal year ended December 31, 2012, as amended, and our quarterly report on Form 10-Q for the quarter ended June 30, 2013, each of which is incorporated by reference in this prospectus supplement.

Some of the financial data contained or incorporated by reference in this prospectus supplement and the accompanying prospectus reflects the effects of, and may not total due to, rounding.

	For the Years Ended December 31,			For the Six Months Ended June 30,	
	2010	2011	2012	2012 (unaudited)	2013 (unaudited)
Statement of Operations:					
Revenue					
Management and leasing fees	\$ 21,330,000	\$ 27,116,000	\$ 40,304,000	\$ 18,973,000	\$ 26,776,000
Commissions	11,734,000	29,960,000	12,955,000	4,020,000	6,300,000
Sale of real estate	13,472,000	417,000	2,271,000		8,514,000
Rental and other income	4,000,000	5,140,000	8,526,000	2,947,000	16,762,000
Total revenue	50,536,000	62,633,000	64,056,000	25,940,000	58,352,000
Operating expenses					
Commission and marketing expenses	3,186,000	3,965,000	4,550,000	2,305,000	1,834,000
Compensation and related expenses	38,155,000	41,129,000	55,834,000	19,294,000	31,884,000
	2,225,000				

Merger-related compensation and related expenses					
Cost of real estate sold	11,526,000	397,000	2,230,000		7,002,000
General and administrative	11,314,000	14,455,000	19,448,000	8,557,000	11,814,000
Depreciation and amortization	1,618,000	2,798,000	4,937,000	1,914,000	7,472,000
Rental operating expense	1,913,000	3,308,000	4,496,000	1,791,000	7,685,000
Total operating expenses	69,937,000	66,052,000	91,495,000	33,861,000	67,691,000
Equity in joint venture income	10,548,000	12,507,000	21,527,000	10,624,000	11,576,000
Interest income from loan pool participations and notes receivable	11,855,000	7,886,000	9,256,000	3,414,000	6,226,000
Operating income	3,002,000	16,974,000	3,344,000	6,117,000	8,463,000

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Interest income	854,000	2,306,000	2,938,000	2,324,000	239,000
Acquisition-related gain	2,108,000	6,348,000	25,476,000		9,459,000
Acquisition-related expenses			(675,000)		(510,000)
Gain on sale of marketable securities			4,353,000	2,931,000	
Other				(74,000)	
Gain on early extinguishment of mortgage debt	16,670,000				
Loss on early extinguishment of corporate debt	(4,788,000)				
Interest expense	(7,634,000)	(20,507,000)	(28,595,000)	(13,224,000)	(23,963,000)

Income (loss) from continuing operations before (provision for) benefit from income taxes

	10,212,000	5,121,000	6,841,000	(1,926,000)	(6,312,000)
(Provision for) benefit from income taxes	(3,727,000)	2,014,000	208,000	2,621,000	2,172,000

Income (loss) from continuing operations

	6,485,000	7,135,000	7,049,000	695,000	(4,140,000)
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Discontinued operations

Income from discontinued operations, net of income taxes		8,000	2,000	2,000	(3,000)
Gain (loss) from sale of real estate, net of income taxes		335,000	(212,000)	(212,000)	217,000

Net income (loss)	6,485,000	7,478,000	6,839,000	485,000	(3,926,000)
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Net (income) loss attributable to the non-controlling interests	(2,979,000)	(1,132,000)	(2,589,000)	(2,926,000)	1,898,000
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Net income (loss) attributable to Kennedy-Wilson Holdings, Inc.

	\$ 3,506,000	\$ 6,346,000	\$ 4,250,000	\$ (2,441,000)	\$ (2,028,000)
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Statement of Cash Flow**Data:****Cash flow provided by**

(used in):

Operating activities	\$ 2,157,000	\$ (6,011,000)	\$ 6,767,000	\$ 18,924,000	\$ (23,856,000)
Investing activities	(114,836,000)	(198,134,000)	(389,728,000)	(65,318,000)	(195,225,000)
Financing activities	91,160,000	272,617,000	388,418,000	17,603,000	240,610,000

Other Selected Data

EBITDA ⁽¹⁾	48,108,000	66,122,000	92,174,000	35,902,000	65,531,000
Adjusted EBITDA ⁽²⁾	58,427,000	71,177,000	100,321,000	37,980,000	68,962,000

	As of December 31,			As of June 30,
	2010	2011	2012	2013
				(unaudited)

Balance Sheet Data:

Cash and cash equivalents	\$ 46,968,000	\$ 115,926,000	\$ 120,855,000	\$ 139,651,000
Investment Account ⁽³⁾	363,700,000	584,446,000	837,611,000	961,997,000
Total assets	487,848,000	792,776,000	1,283,789,000	1,513,247,000
Total debt	127,782,000	320,133,000	686,178,000	798,161,000
Total Kennedy-Wilson Holdings, Inc. stockholders equity	300,192,000	410,235,000	509,644,000	641,660,000

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(1) EBITDA represents net income (loss) before interest expense, our share of interest expense included in income from investments in joint ventures and loan pool participations, depreciation and amortization, our share of depreciation and amortization included in income from investments in joint ventures, loss on early extinguishment of corporate debt and income taxes. We do not adjust EBITDA for gains or losses on the extinguishment of mortgage debt, as we are in the business of purchasing discounted notes secured by real estate, and, in connection with these note purchases, we may resolve these loans through discounted payoffs with the borrowers. EBITDA is not a recognized term under generally accepted accounting principles, or GAAP, and does not purport to be an alternative to net earnings as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, EBITDA is not intended to be a measure of free cash flow available for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. Our presentation of EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. EBITDA is not calculated under GAAP and should not be considered in isolation or as a substitute for net income, cash flows or other financial data prepared in accordance with GAAP or as a measure of our overall profitability or liquidity. Our management believes EBITDA is useful in evaluating our operating performance compared to that of other companies in our industry because the calculation of EBITDA generally eliminates the effects of financing and income taxes and the accounting effects of capital spending and acquisitions. Such items may vary for different companies for reasons unrelated to overall operating performance. Additionally, we believe EBITDA is useful to investors to assist them in getting a more accurate picture of our results from operations.

