

Kennedy-Wilson Holdings, Inc.
Form 424B3
May 10, 2013
Table of Contents

Filed by Kennedy-Wilson Holdings, Inc.
pursuant to Rule 424(b)(3) under the Securities Act of 1933
Commission File No.: 333-164926

QUARTERLY REPORT ON FORM 10-Q

On May 9, 2013, Kennedy-Wilson Holdings, Inc. filed with the Securities and Exchange Commission its Quarterly Report on Form 10-Q for the quarter ended March 31, 2013, which is reproduced below as Appendix A to this filing.

The exhibits filed with the Quarterly Report are attached to Appendix A to this filing.

In connection with the offering (the "Offering") of up to 20,278,690 shares of common stock and 4,993,471 warrants to purchase common stock of Kennedy-Wilson Holdings, Inc. (the "Company") by certain selling security holders, the Company has filed with the Securities and Exchange Commission ("SEC") a registration statement (the "Registration Statement") on Form S-1 (No. 333-164926), as amended, which was declared effective on June 11, 2010. A prospectus, dated June 11, 2010, covering the Offering was filed with the SEC on June 11, 2010 (as supplemented from time to time, the "Prospectus").

ANY POTENTIAL INVESTORS IN THE SECURITIES OF THE COMPANY ARE URGED TO READ THE PROSPECTUS AND THIS PROSPECTUS SUPPLEMENT CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT THE OFFERING.

This Prospectus Supplement and the Prospectus are required to be delivered by the selling security holders of the above-referenced securities or by certain of their transferees, pledges, donees or their successors in connection with the offer and sale of the above-referenced securities.

The information contained herein, including the information attached hereto, supplements and supersedes, in part, the information contained in the Prospectus. This Prospectus Supplement should be read in conjunction with the Prospectus and all prior prospectus supplements, and is qualified by reference to the Prospectus and all prior prospectus supplements except to the extent that the information in this Prospectus Supplement supersedes the information contained in the Prospectus or any prior prospectus supplement.

You may obtain a copy of the Registration Statement, the Prospectus, this Prospectus Supplement and all prior prospectus supplements, as well as other filings containing information about the Company, without charge, at the SEC's Internet site (<http://www.sec.gov>). Copies of the Registration Statement, the Prospectus and this Prospectus Supplement can also be obtained, without charge, from the Company's corporate website at www.kennedywilson.com, or by directing a request to the Company, Attention: Investor Relations, 9701 Wilshire Blvd., Suite 700, Beverly Hills, California 90212.

In addition to the documents described above, the Company files annual, quarterly and current reports, proxy statements and other information with the SEC, which are available at the SEC's website at www.sec.gov or at the Company's website at www.kennedywilson.com.

The information contained in, or that can be accessed through, the Company's website is deemed not to be a part of this filing.

THIS FILING IS FOR INFORMATION PURPOSES ONLY AND SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES, NOR SHALL THERE BE ANY SALE OF SECURITIES IN ANY JURISDICTION IN WHICH SUCH SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF SUCH JURISDICTION.

Table of Contents

Appendix A

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2013

Or

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

For the transition period from _____ to _____
Commission file number 001-33824

Kennedy-Wilson Holdings, Inc.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
9701 Wilshire Blvd., Suite 700
Beverly Hills, CA 90212
(Address of principal executive offices)
Registrant's telephone number, including area code:
(310) 887-6400

26-0508760
(I.R.S. Employer
Identification No.)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company.

(See definition of "large accelerated filer, accelerated filer and smaller reporting company" in Rule 12b-2 of the Exchange Act). (Check one):

Large Accelerated Filero Accelerated Filer

Non-Accelerated Filer o

Smaller Reporting Companyo

2

Table of Contents

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

The number of shares of common stock outstanding as of May 2, 2013 was 74,117,598.

Table of Contents

Index

PART I FINANCIAL INFORMATION

Item 1.	<u>Financial Statements (Unaudited)</u>	<u>1</u>
	<u>Consolidated Balance Sheets</u>	<u>1</u>
	<u>Consolidated Statements of Operations</u>	<u>2</u>
	<u>Consolidated Statements of Comprehensive (Loss) Income</u>	<u>3</u>
	<u>Consolidated Statement of Equity</u>	<u>4</u>
	<u>Consolidated Statements of Cash Flows</u>	<u>5</u>
	<u>Notes to Consolidated Financial Statements</u>	<u>7</u>
Item 2.	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>32</u>
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>44</u>
Item 4.	<u>Controls and Procedures</u>	<u>45</u>

PART II OTHER INFORMATION 45

Item 1.	<u>Legal Proceedings</u>	<u>45</u>
Item 1A.	<u>Risk Factors</u>	<u>45</u>
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>46</u>
Item 3.	<u>Defaults Upon Senior Securities</u>	<u>46</u>
Item 4.	<u>Mine Safety Disclosure</u>	<u>46</u>
Item 5.	<u>Other Information</u>	<u>46</u>
Item 6.	<u>Exhibits</u>	<u>46</u>

SIGNATURE 47

Table of Contents

FORWARD-LOOKING STATEMENTS

Statements made by us in this report and in other reports and statements released by us that are not historical facts constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These forward-looking statements are necessarily estimates reflecting the judgment of our senior management based on our current estimates, expectations, forecasts and projections and include comments that express our current opinions about trends and factors that may impact future operating results. Disclosures that use words such as “believe,” “anticipate,” “estimate,” “intend,” “could,” “plan,” “expect,” “project” or the negative of these, as well as similar expressions, are intended to identify forward-looking statements. These statements are not guarantees of future performance, rely on a number of assumptions concerning future events, many of which are outside of our control, and involve known and unknown risks and uncertainties that could cause our actual results, performance or achievement, or industry results, to differ materially from any future results, performance or achievements, expressed or implied by such forward-looking statements. These risks and uncertainties may include the risks and uncertainties described elsewhere in this report and other filings with the Securities and Exchange Commission (the “SEC”), including the Item 1A. “Risk Factors” section of our annual report on Form 10-K for the year ended December 31, 2012. Any such forward-looking statements, whether made in this report or elsewhere, should be considered in the context of the various disclosures made by us about our businesses including, without limitation, the risk factors discussed in our filings with the SEC. Except as required under the federal securities laws and the rules and regulations of the SEC, we do not have any intention or obligation to update publicly any forward-looking statements, whether as a result of new information, future events, changes in assumptions, or otherwise.

Table of ContentsPART I
FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

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

	March 31, 2013	December 31, 2012
Assets		
Cash and cash equivalents	\$ 198,448,000	\$ 120,855,000
Short-term investments	10,000,000	10,000,000
Accounts receivable	6,747,000	3,647,000
Accounts receivable — related parties	19,027,000	22,393,000
Notes receivable	19,578,000	136,607,000
Notes receivable — related parties	2,544,000	—
Real estate, net of accumulated depreciation	403,612,000	289,449,000
Investments in joint ventures (\$68,360,000 and \$68,363,000 carried at fair value as of March 31, 2013 and December 31, 2012, respectively)	575,256,000	543,193,000
Investments in loan pool participations	84,236,000	95,601,000
Other assets	42,688,000	38,079,000
Goodwill	23,965,000	23,965,000
Total assets	\$ 1,386,101,000	\$ 1,283,789,000
Liabilities and equity		
Liabilities		
Accounts payable	\$ 1,114,000	\$ 1,762,000
Accrued expenses and other liabilities	25,425,000	29,417,000
Accrued salaries and benefits	4,664,000	24,981,000
Deferred tax liability	13,931,000	22,671,000
Senior notes payable	409,497,000	409,640,000
Mortgage loans payable	251,135,000	236,538,000
Junior subordinated debentures	40,000,000	40,000,000
Total liabilities	745,766,000	765,009,000
Equity		
Cumulative preferred stock, \$0.0001 par value: 1,000,000 shares authorized \$1,000 per share liquidation preference:		
6.00% Series A, 100,000 shares issued and outstanding as of March 31, 2013 and December 31, 2012, mandatorily convertible on May 19, 2015	—	—
6.45% Series B, 32,550 shares issued and outstanding as of March 31, 2013 and December 31, 2012, mandatorily convertible on November 3, 2018	—	—
Common stock, \$0.0001 par value, 125,000,000 shares authorized, 73,789,645 and 64,789,646 shares issued and 72,772,598 and 63,772,598 shares	7,000	6,000

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outstanding as of March 31, 2013 and December 31, 2012, respectively		
Additional paid-in capital	653,082,000	512,835,000
Accumulated deficit	(14,636,000	) (5,910,000)
Accumulated other comprehensive income	1,807,000	12,569,000
Common stock held in treasury, at cost, \$0.0001 par value, 1,017,048 held at March 31, 2013 and December 31, 2012, respectively	(9,856,000	) (9,856,000)
Total Kennedy-Wilson Holdings, Inc. shareholders' equity	630,404,000	509,644,000
Noncontrolling interests	9,931,000	9,136,000
Total equity	640,335,000	518,780,000
Total liabilities and equity	\$1,386,101,000	\$1,283,789,000
See accompanying notes to consolidated financial statements.		

1

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

	Three Months Ended March 31,	
	2013	2012
Revenue		
Management and leasing fees	\$4,709,000	\$3,156,000
Management and leasing fees — related party	7,957,000	5,585,000
Commissions	524,000	666,000
Commissions — related party	392,000	953,000
Sale of real estate	2,418,000	—
Rental income	6,397,000	1,470,000
Total revenue	22,397,000	11,830,000
Operating expenses		
Commission and marketing expenses	498,000	965,000
Compensation and related expenses	13,620,000	9,000,000
Cost of real estate sold	1,872,000	—
General and administrative	5,427,000	3,669,000
Depreciation and amortization	3,057,000	937,000
Rental operating expenses	3,103,000	870,000
Total operating expenses	27,577,000	15,441,000
Equity in joint venture (loss) income	(344,000)	) 5,516,000
Interest income from loan pool participations and notes receivable	2,945,000	) 538,000
Operating (expense) income	(2,579,000)	) 2,443,000
Non-operating income (expense)		
Interest income	40,000	30,000
Interest income — related party	—	1,087,000
Acquisition-related gain	9,459,000	—
Gain on sale of marketable securities	—	2,931,000
Realized foreign currency exchange loss	—	(112,000)
Interest expense	(11,432,000)	) (6,170,000)
(Loss) income from continuing operations before benefit from income taxes	(4,512,000)	) 209,000
Benefit from income taxes	1,703,000	1,483,000
(Loss) income from continuing operations	(2,809,000)	) 1,692,000
Discontinued operations		
(Loss) income from discontinued operations, net of income taxes	(3,000)	) 2,000
Gain (loss) from sale of real estate, net of income taxes	217,000	(212,000)
Net (loss) income	(2,595,000)	) 1,482,000
Net loss (income) attributable to the noncontrolling interests	999,000	(2,798,000)
Net loss attributable to Kennedy-Wilson Holdings, Inc.	(1,596,000)	) (1,316,000)
Preferred dividends and accretion of preferred stock issuance costs	(2,036,000)	) (2,036,000)
Net loss attributable to Kennedy-Wilson Holdings, Inc. common shareholders	\$ (3,632,000)	) \$ (3,352,000)
Basic and diluted loss per share attributable to Kennedy-Wilson Holdings, Inc. common shareholders		
Continuing operations	\$ (0.06)	) \$ (0.06)
Discontinued operations, net of income taxes	—	—
Earning per share - basic and diluted ^(a)	\$ (0.06)	) \$ (0.07)
Weighted average number of common shares outstanding	61,853,258	51,160,270

Dividends declared per common share	\$0.07	\$0.05
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^(a) EPS amounts may not add due to rounding.
See accompanying notes to consolidated financial statements.

2

Table of ContentsKennedy-Wilson Holdings, Inc. and Subsidiaries
Consolidated Statements of Comprehensive (Loss) Income
(unaudited)

	Three Months Ended March 31,	
	2013	2012
Net (loss) income	\$ (2,595,000	) \$ 1,482,000
Other comprehensive (loss) income, net of tax:		
Unrealized gain on marketable securities	—	5,463,000
Unrealized foreign currency translation loss	(14,358,000	) (2,867,000
Unrealized forward contract, foreign currency gain	3,596,000	3,988,000
Total other comprehensive (loss) income for the period	(10,762,000	) 6,584,000
Comprehensive (loss) income	(13,357,000	) 8,066,000
Comprehensive loss (income) attributable to noncontrolling interests	999,000	(2,798,000
Comprehensive (loss) income attributable to Kennedy-Wilson Holdings, Inc.	\$ (12,358,000	) \$ 5,268,000

See accompanying notes to consolidated financial statements.

Table of ContentsKennedy-Wilson Holdings, Inc. and Subsidiaries
Consolidated Statement of Equity
(unaudited)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Treasury Stock	Noncontrolling Interests	Total	
	Shares	Amount	Amount						
Balance at December 31, 2012	132,550	\$ 63,772,598	\$ 6,000	\$ 512,835,000	\$ (5,910,000)	\$ 12,569,000	\$ (9,856,000)	\$ 9,136,000	\$ 518,779,000
Issuance of 9,000,000 shares of common stock	—	—9,000,000	1,000	133,801,000	—	—	—	—	133,802,000
Stock-based compensation	—	—	—	6,435,000	—	—	—	—	6,435,000
Other comprehensive income: Unrealized foreign currency translation loss, net of tax of \$9,575,000	—	—	—	—	—	(14,358,000)	—	—	(14,358,000)
Unrealized forward contract foreign currency gain, net of tax of \$2,396,000	—	—	—	—	—	—	—	—	—