K-W Santiago, Inc.
Form 424B5
August 09, 2016
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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and they are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject To Completion

Preliminary Prospectus Supplement dated August 9, 2016

PROSPECTUS SUPPLEMENT

(To prospectus dated November 1, 2013)

$200,000,000

Kennedy-Wilson, Inc.

5.875% Senior Notes due 2024

The Company

Kennedy-Wilson is a global real estate investment company. We own, operate and invest in real estate both on our own and through our investment management platform. We focus on multifamily and commercial properties located in the Western United States, the United Kingdom, Ireland, Spain, Italy and Japan. To complement our investment business, we also provide real estate services primarily to financial services clients. We have over 500 employees in 25 offices and manage and work with over 5,000 operating associates. We have an ownership interest in approximately 40 million square feet of property globally, including 25,396 multifamily rental units. In addition to our core income producing real estate, we engage in redevelopment and value-add initiatives that are designed to enhance cash flows or reposition assets to increase disposal values.

The Offering

The notes offered hereby (the notes) will be issued as additional notes under the indenture pursuant to which we have previously issued an aggregate of $650.0 million principal amount of our 5.875% Senior Notes due 2024 (the initial notes). The notes offered hereby will have substantially identical terms as the initial notes and will be treated as a single series with the initial notes under the indenture. Holders of the notes offered hereby and the initial notes will vote as one class under the indenture.

The Notes

Issuer: The notes will be issued by Kennedy-Wilson, Inc., whom we refer to as Kennedy-Wilson, a wholly owned subsidiary of Kennedy-Wilson Holdings, Inc., whom we refer to as Kennedy-Wilson Holdings.

Maturity: The notes will mature on April 1, 2024.

Interest Payments: The notes will pay cash interest, semi-annually in arrears on April 1 and October 1 of each year, beginning on October 1, 2016.

Guarantees: The notes will be guaranteed by Kennedy-Wilson Holdings and, subject to certain exceptions, its material existing and future domestic subsidiaries.

Ranking: The notes and the guarantees will be senior unsecured obligations. They will rank equally in right of payment with existing and future senior indebtedness of Kennedy-Wilson and the guarantors and senior in right of payment to any existing and future subordinated indebtedness of Kennedy-Wilson and the guarantors. The notes will be effectively subordinated to all of Kennedy-Wilson s and the guarantors secured debt to the extent of the value of the assets securing that debt and structurally subordinated to all existing and future liabilities of Kennedy-Wilson s subsidiaries that do not guarantee the notes.

Optional Redemption: At any time prior to April 1, 2019, Kennedy-Wilson may redeem the notes, in whole or in part, at a redemption price equal to 100% of their principal amount, plus an applicable make-whole premium and accrued and unpaid interest, if any, to the redemption date, as described in this prospectus supplement. At any time and from time to time on or after April 1, 2019, Kennedy-Wilson may redeem the notes, in whole or in part, at the redemption prices specified under Description of the Notes Optional Redemption , plus accrued and unpaid interest, if any, to the redemption date. Prior to April 1, 2017, Kennedy-Wilson may redeem up to 35% of the notes from the proceeds of certain equity offerings. There is no sinking fund for the notes.

Use of Proceeds

We intend to use a portion of the net proceeds from the issuance and sale of the notes to repay $60.0 million of our outstanding balance under our unsecured revolving credit facility, and the remainder for general corporate purposes, which may include future acquisitions, co-investments, capital expenditures and the repayment of other outstanding indebtedness.

Investing in the notes involves a high degree of risk. Before buying any notes, you should read the material risks of investing in the notes included or referred to under the heading Risk Factors beginning on page S-20 of

this prospectus supplement. The notes are expected to be rated below investment grade and are subject to the risks associated with non-investment grade securities.

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 Note	**Total**
Public offering price (1)	$	$
Underwriting discounts and commissions	$	$
Proceeds, before expenses, to Kennedy-Wilson (1)	$	$

(1) Plus accrued interest from, and including, April 1, 2016.

The underwriters expect to deliver the notes to the purchasers in book-entry only form through the facilities of The Depository Trust Company on or about August , 2016.

Joint Book-Running Managers

BofA Merrill Lynch **Deutsche Bank Securities** **J.P. Morgan** **US Bancorp**

The date of this prospectus supplement is August , 2016.

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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 notes 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 underwriters have 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 underwriters take any responsibility for, or provide 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 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 the notes, you should carefully read this prospectus supplement, the accompanying prospectus, the registration statement described in the accompanying prospectus (including the exhibits thereto) 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 the notes or soliciting offers to purchase the notes 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.

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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 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

Kennedy-Wilson is a global real estate investment company. We own, operate, and invest in real estate both on our own and through our investment management platform. We focus on multifamily and commercial properties located in the Western United States, the United Kingdom, Ireland, Spain, Italy and Japan. To complement our investment business, we also provide real estate services primarily to financial services clients. We have over 500 employees in 25 offices and manage and work with over 5,000 operating associates.

Our value is primarily derived from our ownership of income-producing real estate assets. We have an ownership interest in approximately 40 million square feet of property globally, including 25,396 multifamily rental units. In addition to our core income-producing real estate, we engage in redevelopment and value-add initiatives that are designed to enhance cash flows or reposition assets to increase disposal value. Additionally, as of June 30, 2016, our investment management and property services business manages over $17 billion of investment management and other real estate services assets under management, or IMRES AUM, the majority of which we have an ownership interest in and the balance of which we manage for third parties.

The following is our business model:

- Identify countries and markets with an attractive investment landscape.
- Establish operating platforms in our target markets.
- Develop local intelligence and create long-lasting relationships, primarily with financial institutions.
- Leverage relationships and local knowledge to drive proprietary investment opportunities with a focus on off-market transactions that we expect will result in above-average cash flows and returns over the long term.
- Acquire high quality assets either on our own or with strategic partners, utilizing cash from our balance sheet (funded by cash flows from operations, refinancing of current investments, investments sales or the sale of equity or debt securities) and typically financing them on a long-term basis.
- Reposition assets and enhance cash flows post-acquisition.

Explore development opportunities on underutilized portions of assets, primarily excess land with little or no basis adjacent to income-producing properties.

Continuously evaluate and selectively harvest asset and entity value through strategic realizations utilizing both the public and private markets.

Utilize our services businesses to meet client needs, strengthen relationships with financial institutions and position us as a valuable resource and partner to these institutions for any future real estate opportunities.

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IMRES 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 IMRES AUM is principally intended to reflect the extent of our presence in the real estate market, not the basis for determining our management fees. Our IMRES AUM consists of the total estimated fair value of the real estate properties and other real estate related assets either owned by third parties, wholly owned by us 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 our IMRES AUM. The estimated value of development properties is included at estimated completion cost.

Our operating associates generally are individuals that are employed by or affiliated with third-party consultants, contractors, property managers or other service providers that we manage and oversee on a day-to-day basis with respect to our investments and services businesses.

Our Business Segments

Our operations are defined by two core business units: KW Investments and KW Investment Management and Real Estate Services, or KW IMRES. KW Investments invests our capital in real estate-related assets. KW IMRES is a niche business that provides a full array of real estate-related services to us and our investment partners, third party owners and lenders, with a strong focus on financial institution based clients. Included in KW IMRES is our management of Kennedy Wilson Europe Real Estate plc, or KWE (LSE: KWE), a publicly traded company on the London Stock Exchange. The two segments have a symbiotic relationship and work closely together. KW IMRES provides insight and creates investment opportunities for KW Investments while KW Investments provides clients with the ability to utilize the capabilities of KW IMRES.

KW Investments

We invest our capital in real estate assets and loans secured by real estate either on our own or through our investment management platform. When we have partners, we are typically the general partner in the arrangement with a promoted interest in the profits of our investments beyond our ownership percentage. We had an average ownership interest across all investments of approximately 39% as of June 30, 2016. Our equity partners include public shareholders, financial institutions, foundations, endowments, high net worth individuals and other institutional investors. Since becoming a listed company on The New York Stock Exchange on November 13, 2009, the Company has realized a 33% IRR and 1.9x equity multiple to Kennedy Wilson on completed real estate investments.

The following are product types we invest in through the KW Investments segment:

Multifamily

We pursue multifamily acquisition opportunities where we believe we can unlock value through a myriad of strategies, including institutional management, asset rehabilitation, repositioning and creative recapitalization. We focus primarily on apartments in supply-constrained, infill markets. Through our Vintage Housing Holdings partnership, we also utilize low-income housing tax credit structures for income- and age-restricted properties. As of June 30, 2016, we held investments in 25,396 multifamily apartment units across 133 properties primarily located in the Western United States, Ireland, United Kingdom and Japan.

Commercial

We source, acquire, and finance various types of commercial real estate, which includes office, industrial, retail and mixed-use assets. After acquisition, the properties are generally repositioned to enhance

market value. Assets are either sold as part of property-specific investment strategies designed to deliver above-market returns to our clients and shareholders or held if producing above average cash flows. As of June 30, 2016, we owned interests in 312 commercial properties, totaling over 18.5 million square feet, located throughout the United States, United Kingdom, Ireland, Spain, Italy and Japan.

Loan Originations and Discounted Loan Purchases

We acquire or originate loans secured by real estate. Our acquisitions and originations include individual notes on all real estate property types as well as portfolios of loans purchased from financial institutions, corporations and government agencies. We deliver value through loan resolutions, discounted payoffs and sales. We also convert certain loans into a direct ownership of the underlying real estate collateral. Our discounted loan pool portfolio as of June 30, 2016 had a current unpaid principal balance of $328.7 million.

Our loan investment portfolio is principally related to loans acquired at a discount from their contractual balance due as a result of deteriorated credit quality of the borrower. Such loans are underwritten by us based on the value of the underlying real estate collateral. Due to the discounted purchase price, we seek and are generally able to accomplish near-term realization of the loan in a cash settlement or by obtaining title to the property. Accordingly, the credit quality of the borrower is not of substantial importance to our evaluation of the risk of recovery from the investment.

Hotel

We acquire hotels in certain opportunistic situations in which we are able to purchase at a significant discount to replacement cost or can implement our value-add investment approach.

Residential and Other

In certain cases, we may pursue for sale housing acquisition opportunities, including land for entitlements, finished lots, urban infill housing sites and partially finished and finished housing projects. On certain income-producing acquisitions, there are adjacent land parcels to which we assign little or no basis and for which we may pursue entitlement activities or, in some cases, development or re-development opportunities. This group also includes our investment in marketable securities. Included in our Western United States residential investments are three residential investments and one loan investment in Hawaii. Our investment account balance for these Hawaiian investments was $158.2 million as of June 30, 2016.

While our core investments have been in the specific markets and locations listed above, we continue to evaluate opportunities to earn above-market returns across many other segments and geographic locations.

Investment Account

Our investment account represents the carrying value of our equity invested before depreciation and amortization.

As of June 30, 2016, we and our equity partners held a real estate and real estate-related investment portfolio with assets at a book value of approximately $11.0 billion. We had an average ownership interest across all of our investments of approximately 39% as of June 30, 2016.

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The following table depicts how our equity in the portfolio is derived from the financial statement captions in our unaudited consolidated balance sheet as of June 30, 2016 (dollars in millions):

	June 30, 2016
Real estate and acquired in-place lease values, gross of accumulated depreciation and amortization of $316.4	$ 6,210.9
Loan purchases and originations	151.3
Investment debt	(3,906.3)
Cash held by consolidated investments	672.5
Unconsolidated investments (1), gross of accumulated depreciation and amortization of $57.7	495.9
Net hedge liability	(41.5)
Other (2)	24.0
Consolidated investment account	3,606.8
Less:	
Non-controlling interests on investments, gross of depreciation and amortization of $143.2	(1,635.4)
Investment account	$ 1,971.4

(1) Excludes $15.0 million related to our investment in a servicing platform in Spain.
(2) Includes our marketable securities, which are part of other assets, as well as net other assets of consolidated investments.

The following table breaks down our investment account information derived from our unaudited consolidated balance sheet by investment type and geographic location as of June 30, 2016 (dollars in millions):

	Multifamily	Commercial	Loans Secured by Real Estate	Residential and Other	Hotel	Total
Western United States	$ 506.5	$ 309.6	$ 66.1	$ 273.7	$ 32.4	$ 1,188.3
Japan	6.9	4.4		0.3		11.6
United Kingdom	11.5	64.1		0.2		75.8
Ireland	40.0	27.2		43.2	75.4	185.8
Net hedge liability						18.0
KW share of cash held by consolidated investments						49.0
Total excluding KWE	564.9	405.3	66.1	317.4	107.8	1,528.5
KWE (1):						
United Kingdom	12.9	278.5	16.2	10.8	10.7	329.1

Ireland	12.5	105.1	5.5	17.4	8.8	149.3
Italy		49.8				49.8
Spain		19.8		17.4		37.2
Other (2)						(122.5)
Total KWE	25.4	453.2	21.7	45.6	19.5	442.9
Grand Total	$ 590.3	$ 858.5	$ 87.8	$ 363.0	$ 127.3	$ 1,971.4

(1) Based on our 21.6% ownership interest in KWE as of June 30, 2016.

(2) Includes $136.4 million of KW s share of cash, $(245.6) million of KW s share of unsecured debt, and $(13.3) million of KW s share of hedges.

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KW Investment Management and Real Estate Services

KW IMRES includes both our investment management platform as well as our third party services business and offers a comprehensive line of real estate services for the full lifecycle of real estate ownership to clients that include shareholders of KWE, financial institutions, institutional investors, insurance companies, developers, builders and government agencies. KW IMRES has five main lines of business: investment management, property services, research, brokerage and auction and conventional sales. These five business lines generate revenue for us through fees and commissions.

We manage approximately 60 million square feet of properties for us and our investment partners (including KWE) in the United States, Europe and Asia, which include assets we have ownership interests in and third party-owned assets. With 25 offices throughout the United States, the United Kingdom, Ireland, Jersey, Spain, Italy 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. The managers of KW IMRES have an extensive track record in their respective lines of business and in the real estate community as a whole. Their knowledge and relationships are an excellent driver of businesses through the services business as well as on the investment front.

Additionally, KW IMRES plays a critical role in supporting our 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.

Investment Management

Our investment management division provides acquisition, asset management and disposition services to our equity partners as well as to third parties. Currently, we have seven closed-end funds for which we serve as general partner and manager and separate accounts with strategic partners. In addition, we serve as the manager of KWE and are entitled to receive management fees (50% of which are paid in KWE shares) equal to 1% of KWE s adjusted net asset value and certain performance fees.

KWE closed its initial public offering in February 2014 and a follow-on offering in October 2014, raising an aggregate of approximately £1.35 billion in gross proceeds. KWE, whose ordinary shares are listed on the London Stock Exchange s main market and who is a member of the FTSE 250 Index, acquires real estate and real estate-related assets in Europe. As of June 30, 2016, KWE had a portfolio value of $4.1 billion with its assets located in the United Kingdom, Ireland, Spain and Italy. As of June 30, 2016, Kennedy-Wilson held approximately 29.4 million ordinary shares of KWE (with a cost basis of $483.9 million), or approximately 21.6% of the total issued share capital of KWE.

KWE is externally managed by one of our wholly owned subsidiaries, whom we refer to as KWE Manager, pursuant to an investment management agreement whereby we are entitled to receive certain management and performance fees. KWE Manager is entitled to an annual management fee (payable quarterly in arrears) equal to 1% of KWE s adjusted net asset value and certain performance fees. The management fee payable to KWE Manager is paid half in cash and half in shares of KWE. During the six months ended June 30, 2016 and the year ended December 31, 2015, KWH earned $11.6 million and $23.3 million, respectively, in management fees.

We are also entitled to receive an annual performance fee equal to 20% of the lesser of (i) the excess of the shareholder return for the relevant year (defined as the change in KWE s adjusted net asset value per ordinary share plus dividends paid) over a 10% annual return hurdle; and (ii) the excess of year-end adjusted net asset value per ordinary share over a high water mark. The performance fee is payable in shares of KWE that vest equally over a three-year period.

Due to the terms of the investment management agreement and our equity ownership interest in KWE, the results and financial position of KWE are consolidated in our financial statements. As such, fees earned by KWE Manager are eliminated in our consolidated financial statements. Pursuant to the investment management agreement, subject to certain exceptions, KWE will be provided priority access to all real estate or real estate loan opportunities sourced by us in Europe that are within the parameters of KWE s investment policy. Compensation and certain general and administrative expenses relating to KWE are borne by Kennedy-Wilson, as our employees work on behalf of KWE Manager.

Property Services

Our property services division manages commercial real estate for third-party clients, fund investors and investments held by us. In addition to earning property management fees, consulting fees, leasing commissions, construction management fees, disposition fees and accounting fees, the property services division gives us insight into local markets and potential acquisitions. Leveraging over 38 years of real estate experience, we approach property management from the perspective of an owner and are active in identifying and implementing value creation strategies. The division has a proven track record of success in managing stabilized as well as value-add investments.

Research

Meyers Research LLC, or Meyers, a Kennedy-Wilson company, is a premier consulting practice and provider of data for residential real estate development and the new home construction industry. Meyers offers a national perspective as well as local expertise to homebuilders, multifamily developers, lenders and financial institutions. These relationships have led to investment opportunities with homebuilders in the Western United States. We believe Zonda , a Meyers innovation launched in October 2013, is the housing industry s most comprehensive solution for smart business analysis, real-time market data reporting and economic and housing data in one place and on-the-go.

Brokerage

Our brokerage division represents tenants and landlords on every aspect of site selection, negotiation and occupancy. The division also specializes in innovative marketing programs tailored to client objectives for all types of investment grade and income-producing real estate. The division s property marketing programs combine proven techniques with its detailed market knowledge to create optimum results.

Auction and Conventional Sales

The auction and conventional sales division provides innovative marketing and sales strategies for all types of commercial and residential real estate, including single family homes, mixed-use developments, estate homes, multifamily dwellings, new home projects and conversions. Generally, the division s auction sales business is countercyclical to the traditional sales real estate market and has been a bellwether for us in forecasting market conditions.

Value Creation

Our differentiated approach to investing is the cornerstone of how we create value for our shareholders. Our investment philosophy is based on three core fundamentals:

Leverage our global footprint and complementary investments and services businesses to identify attractive investment markets across the world.

Selectively invest in opportunities across many real estate product types with a goal of maximizing cash flow and return on capital.

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- Actively manage assets and finance them conservatively to generate stable, predictable and growing cash flows for shareholders and clients.

We are able to create value for our shareholders in the following ways:

- We have the ability to identify and acquire attractive real estate assets across many markets, in part due to the significant proprietary deal flow driven from an established global network of industry relationships, particularly with financial institutions. This can create value by allowing us to maintain and develop a large pipeline of attractive opportunities.

- Our operating expertise allows us to focus on opportunistic investments where we can increase the value of assets and cash flows, such as in the case of distressed real estate owners or lenders seeking liquidity, under-managed or under-leased assets or other repositioning opportunities.

- Many times, these investments are acquired at a discount to replacement cost or recent comparative sales, thereby offering opportunities to achieve above-average total returns. In many cases, we have the opportunity to earn significant additional returns, such as through a promoted interest based on the performance of the assets.

- KW IMRES plays a critical role in supporting our 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.

- We understand that real estate is cyclical. Our management team employs a multi-cyclical approach that has resulted in our AUM being globally diversified across many sectors of real estate while maintaining a healthy liquidity position and adequate access to capital.

Our Competitive Strengths

We have a unique platform from which to execute our investment and services strategy. The combination of an investment platform and a service business provides several competitive strengths when compared to other real estate buyers operating stand-alone or investment-focused firms and may allow us to generate superior risk-adjusted returns. Our investment strategy focuses on investments that offer significant appreciation potential through intensive property management, leasing, repositioning, redevelopment and the opportunistic use of capital. We differentiate ourselves from other firms in the industry with our full service, investment-oriented structure. Whereas most other firms use an investment platform to obtain additional service business revenue, we use our service platform to enhance the investment process and ensure the alignment of interests with our investors.

The real estate business is cyclical. Real estate cycles are generally impacted by many factors, including the availability of equity and debt capital, borrowing costs, rent levels and asset values. Our strategy has resulted in a strong track record of creating both asset and entity value for the benefit of our shareholders and partners over these various real estate cycles. 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, Spain, Italy 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

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deals in nearly every major metropolitan market on the West Coast of the United States, as well as in the United Kingdom, Ireland, Spain, Italy and Japan. Their local presence and reputation in these markets have enabled them to cultivate key relationships with major holders of property inventory, in particularly financial institutions, throughout the real estate community.

Structuring expertise and speed of execution. Prior acquisitions completed by us have taken a variety of forms, including direct property investments, joint ventures, exchanges involving stock or operating partnership units, participating loans and investments in performing and non-performing mortgages at various capital stack positions 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.

Vertically integrated platform for operational enhancement. We have over 500 employees in both KW Investments and KW IMRES, with 25 regional offices throughout the United States, the United Kingdom, Ireland, Spain, Jersey and Japan and manage and oversee over 5,000 operating associates. We have a hands-on approach to real estate investing and possess 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

Subsequent Events

Subsequent to June 30, 2016, we acquired $81 million of real estate-related investments, including a 430-unit multifamily property in the Western United States. Our total equity investment in these transactions was approximately $19 million (including closing costs). In addition, we and our equity partners disposed of $284 million of real estate-related investments, including two multifamily properties totaling 680 units in the Western United States, a commercial property in the Western United States totaling 173,976 square feet, 18 residential units in the Western United States and three commercial properties in the United Kingdom totaling 112,107 square feet.

Pipeline

As of August 3, 2016, we and our equity partners are under separate contracts to purchase five multifamily properties in the Western United States, three commercial properties in the Western United States and one residential property in the Western United States at an aggregate sales price of approximately $346 million. We anticipate financing these acquisitions with a combination of debt financing, balance sheet cash and partner equity. With respect to five of these assets with an aggregate sales price of approximately $86 million, we have non-refundable deposits of approximately $6 million held in escrow. The amount of our equity investment in these acquisitions has not yet been determined, but we currently expect our aggregate equity investment in these acquisitions to be between $45 million to $55 million.

There can be no assurance that we will complete the potential acquisitions under contract.

In addition, as of August 3, 2016, we and our equity partners are under separate contracts to dispose of one multifamily property in the Western United States, a commercial property in the Western United States, three

residential properties in the Western United States, a loan asset secured by a property in the Western United States, a commercial property in the United Kingdom and a commercial property in Spain at an aggregate sales price of approximately $143 million. We currently expect to receive a total of approximately $31.5 million in proceeds from these transactions. There can be no assurance that we will complete the potential dispositions under contract.

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The Offering

The following summary is provided solely for your convenience. This summary is not intended to be complete. You should read the full text and more specific details about the notes and this offering contained elsewhere in this prospectus supplement and the accompanying prospectus. For a more detailed description of the notes, see Description of the Notes. Unless otherwise stated or the context otherwise requires, as used in this The Offering section, the words we, us, our or the company refer to Kennedy-Wilson, Inc., excluding its subsidiaries.

Issuer	Kennedy-Wilson, Inc.
Securities	$200.0 million aggregate principal amount of 5.875% Senior Notes due 2024.
	The notes offered hereby will be issued as additional notes under the indenture pursuant to which we have previously issued an aggregate of $650.0 million principal amount of the initial notes. The notes offered hereby will be treated as a single series with the initial notes under the indenture and will have substantially identical terms as the initial notes. Holders of the notes offered hereby and the initial notes will vote as one class under the indenture.
Offering Price	% of principal amount, plus accrued interest from, and including, April 1, 2016.
Maturity	April 1, 2024.
Interest	5.875% per year, payable semi-annually in arrears on April 1 and October 1 of each year, beginning on October 1, 2016.
Guarantees	Kennedy-Wilson Holdings, Inc. and, subject to certain exceptions, each material existing and future domestic subsidiary of Kennedy-Wilson, Inc. The guarantees by the guarantors of the notes will:
	rank senior in right of payment to all existing and future subordinated indebtedness of the guarantors;
	rank equally in right of payment with all existing and future senior indebtedness of the guarantors; and

- be effectively subordinated in right of payment to all existing and future secured indebtedness of the guarantors, to the extent of the value of the assets securing that indebtedness.

Ranking	The notes will be our senior unsecured obligations and will:
	- rank senior in right of payment to all of our existing and future subordinated indebtedness;
	- rank equally in right of payment with all of our existing and future senior indebtedness;

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- be effectively subordinated in right of payment to all of our existing and future secured indebtedness, to the extent of the value of the assets securing that indebtedness; and

- be structurally subordinated in right of payment to all existing and future indebtedness of any of our subsidiaries that do not guarantee the notes.

As of June 30, 2016, on a pro forma as adjusted basis after giving effect to the issuance and sale of $200.0 million in aggregate principal amount of the notes, after deducting underwriting discounts and commissions and estimated offering expenses to be paid by us, and the use of a portion of the net proceeds from the issuance and sale of the notes to repay $60.0 million of the amounts outstanding under our unsecured revolving credit facility:

- we and our subsidiaries that are guarantors had approximately $1,638.0 million of total senior indebtedness outstanding (excluding debt premium and discount), of which:

  - $693.0 million was secured non-recourse mortgage indebtedness (excluding debt premium and discount); and

  - $905.0 million was senior unsecured indebtedness, consisting of the notes we are offering hereby, $650.0 million of the initial notes and $55.0 million of our 7.75% Senior Notes due 2042, which we refer to as the 2042 notes; and

- we had $40.0 million outstanding balances under our unsecured revolving credit facility and had $435.0 million of availability under this facility.

In addition, as of such date, we and our subsidiary guarantors had $65.5 million aggregate principal amount of guarantees that we and our guarantors provided in connection with loans secured by consolidated assets and assets held in various joint ventures that have recourse to us and our guarantors.

For the six months ended June 30, 2016 and year ended December 31, 2015, the revenues of our non-guarantor subsidiaries constituted

approximately 73.4% and 78.0%, respectively, of Kennedy-Wilson Holdings consolidated revenues, and the operating income of our non-guarantor subsidiaries for these periods was approximately $88.3 million and $147.0 million, respectively. As of June 30, 2016, the total assets of those subsidiaries constituted approximately 77.6% of Kennedy-Wilson Holdings consolidated total assets, and those subsidiaries had $3,244.7 million of secured non-recourse mortgage indebtedness (excluding debt premium and discount), of which none has recourse to us. However, these figures are as of June 30, 2016 and do not reflect transactions that we have entered into after that date, or

	future transactions that we may enter into. Depending on the particular terms of any acquisition or other transaction that one or more of our subsidiaries may enter into, those subsidiaries may not be required by the terms of the indenture to guarantee the Notes. Accordingly, these figures may fluctuate from time to time, and these figures may increase or decrease materially in future periods. For example, the instruments governing our acquisitions (such as the relevant loan agreement, or the terms of the relevant partnership agreement, limited liability company operating agreement or other governing document of the borrower, or any related joint venture agreement or the terms of any relevant co-investment vehicle or separate account or investment program) may prohibit the relevant subsidiary from guaranteeing the Notes. In many such cases, the indenture does not require our subsidiaries, including those described above, to guarantee the Notes. In addition, the indenture does not require certain non-material and non-wholly owned subsidiaries to guarantee the Notes.
Optional Redemption	At any time prior to April 1, 2019, we may redeem the notes, in whole or in part, at a redemption price equal to 100% of their principal amount, plus an applicable make-whole premium and accrued and unpaid interest, if any, to the redemption date, as described in this prospectus supplement. At any time and from time to time on or after April 1, 2019, we may redeem the notes, in whole or in part, at the redemption prices specified under the caption Description of the Notes Optional Redemption, plus accrued and unpaid interest, if any, to the date of redemption. Prior to April 1, 2017, we may redeem up to 35% of the notes from the proceeds of certain equity offerings. There is no sinking fund for the notes. See Description of the Notes Optional Redemption.
Fundamental Change	Upon a fundamental change (as defined under Description of the Notes Fundamental Change), we will be required to make an offer to purchase the notes. The purchase price will equal 101 % of the principal amount of the notes to be repurchased, plus accrued and unpaid interest, if any, to the repurchase date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date). We may not have sufficient funds available at the time of

any fundamental change to make any required debt repayment (including repurchases of the notes). See Risk Factors Risks Related to the Notes We may not have the ability to raise the funds necessary to finance a fundamental change offer.

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Certain Covenants	The terms of the notes restrict our ability and the ability of certain of our subsidiaries to, among other things:
	incur or guarantee additional indebtedness;
	pay dividends or distributions on capital stock or redeem or repurchase capital stock;
	make investments;
	create restrictions on the payment of dividends or other amounts to us;
	sell the stock of our subsidiaries;
	transfer or sell assets;
	create liens;
	enter into sale/leaseback transactions;
	enter into transactions with affiliates; and
	enter into mergers or consolidations.
	However, these limitations will be subject to a number of important qualifications and exceptions. See Description of the Notes Certain Covenants.
No Listing; No Established Trading Market	We do not intend to list the notes on any securities exchange or have them quoted on any inter-dealer quotation system. An active and liquid trading market for the notes may not develop. If an active or liquid trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.
Form and Denomination	

The notes will be initially issued in the form of one or more global securities, without coupons, in denominations of $2,000 and integral multiples of $1,000 in excess thereof, and deposited with the trustee for the notes as custodian for The Depository Trust Company, or DTC, as depositary, and registered in the name of DTC or its nominee. See Description of the Notes Book-Entry, Delivery and Form.

Use of Proceeds

We estimate that the net proceeds from the issuance and sale of the notes we are offering will be approximately $197.0 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

We intend to use a portion of the net proceeds from the issuance and sale of the notes to repay $60.0 million of our outstanding balance

	under our unsecured revolving credit facility, and the remainder for general corporate purposes, which may include future acquisitions, co-investments, capital expenditures and the repayment of other outstanding indebtedness. See Description of Other Indebtedness and Use of Proceeds.
Risk Factors	Investing in the notes involves substantial risks. You should carefully consider the risk factors set forth or referred to under the caption Risk Factors beginning on page S-20 of this prospectus supplement, together with the risks described under the heading Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2015 and under the heading Risk Factors in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, as well as the other reports we file from time to time with the SEC that are incorporated by reference in this prospectus supplement and the accompanying prospectus.

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Summary Historical Consolidated Financial and Other Data

The following summary historical consolidated financial data for each of the years in the three-year period ended December 31, 2015 and summary historical consolidated balance sheet data as of December 31, 2015 and 2014 have been derived from our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2015, which is incorporated by reference in this prospectus supplement and the accompanying prospectus. The following summary historical consolidated financial data for the six-month periods ended June 30, 2016 and 2015 and summary balance sheet data as of June 30, 2016 have been derived from our unaudited interim condensed consolidated financial statements included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, which is incorporated by reference in this prospectus supplement and the accompanying prospectus.

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 and quarterly reports referred to above.

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,	
(Dollars in Millions)	**2013**	**2014**	**2015**	**2015 (unaudited)**	**2016 (unaudited)**
Statement of Operations:					
Revenue					
Investment management, property services and research fees (includes $37.8, $57.4, $46.0, $18.7 and $17.5 million of related party fees, respectively)	$ 68.1	$ 82.6	$ 69.3	$ 31.9	$ 32.6
Rental	40.3	206.9	404.8	188.7	240.2
Hotel	2.7	63.3	106.4	46.7	55.9
Sale of real estate	10.1	28.4	3.7	2.1	14.2
Loans and other	1.9	17.4	19.5	8.8	5.8
Total revenue	123.1	398.6	603.7	278.2	348.7
Operating expenses					
Commission and marketing	3.6	5.6	7.3	3.2	3.5
Compensation and related	76.7	113.8	154.8	70.2	86.2
Cost of real estate sold	7.9	20.7	2.6	1.5	10.6
General and administrative	24.6	42.1	43.8	21.3	22.0
Depreciation and amortization	17.4	104.5	166.3	74.6	97.3
Rental operating	16.7	59.3	404.8	49.1	63.8
Hotel operating	2.2	57.1	89.9	43.4	48.1

Total operating expenses	149.1	403.1	572.7	263.3	331.5
Income from unconsolidated investments	41.4	54.2	97.4	28.2	27.6
Operating income	15.4	49.7	128.4	43.1	44.8

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(Dollars in Millions)	For the Years Ended December 31, 2013	2014	2015	For the Six Months Ended June 30, 2015 (unaudited)	2016 (unaudited)
Non-operating income (expense)					
Gain on sale of real estate			72.4	40.1	54.5
Acquisition-related gains	56.6	218.1	108.1	57.3	8.6
Acquisition-related expenses	(1.6)	(19.7)	(37.3)	(20.1)	(8.4)
Interest expense investment	(11.8)	(46.3)	(108.8)	(46.6)	(66.1)
Interest expense corporate	(39.9)	(57.1)	(46.9)	(23.8)	(24.3)
Loss on early extinguishment of corporate debt		(27.3)	(1.0)		
Other income	(1.9)	5.1	(2.5)	3.6	5.7
Income before provision for income taxes	16.8	122.5	112.4	53.6	14.8
(Provision for) benefit from income taxes	(2.9)	(32.4)	(53.4)	(28.0)	3.4
Net income	13.9	90.1	59.0	25.6	18.2
Net (income) loss attributable to the non-controlling interests	(20.3)	(68.2)	15.7	4.7	(26.2)
Preferred dividends and accretion of preferred stock issuance costs	(8.1)	(8.1)	(3.6)	(2.6)	(1.1)
Net (loss) income attributable to Kennedy-Wilson Holdings, Inc.	$ (14.5)	$ 13.8	$ 71.1	$ 27.7	$ (9.1)
Statement of Cash Flow Data:					
Cash flow provided by (used in):					
Operating activities	$ 31.3	$ 98.1	$ 178.2	$ 37.3	$ 10.5
Investing activities	(348.8)	(2,473.2)	(1,483.6)	(772.9)	(119.4)
Financing activities	371.4	3,163.4	1,118.8	810.3	273.0
Balance Sheet Data (1):					
Cash, cash equivalents and cash held by consolidated investments	$ 178.2	$ 937.7	$ 731.6	$ 992.6	$ 856.0
Investment account (1)(2)	1,191.5	1,667.0	1,942.3	1,779.3	1,971.4
Total assets	1,798.8	6,332.1	7,640.1	7,347.0	7,696.3
Total debt	850.8	3,023.3	4,360.8	3,980.4	4,695.7
Total Kennedy-Wilson Holdings, Inc. stockholders equity	768.3	901.1	1,133.8	1,115.3	1,071.9
Other Selected Data:					
Consolidated EBITDA (3)	177.6	440.3	491.6	229.4	225.3
Adjusted EBITDA (4)(5)	159.1	317.8	371.2	166.5	145.3
Ratio of earnings to fixed charges (6)	1.76	2.17	1.62	1.79	1.05

(1) This balance sheet data is presented as of the end of the fiscal period referred to in the applicable column heading.
(2)

Our investment account represents our consolidated investment account presented after non-controlling interest in invested assets gross of accumulated depreciation and amortization. Our consolidated investment account represents the sum of our equity in: cash held by consolidated investments, consolidated real estate and acquired in-place leases, unconsolidated investments and consolidated loans gross of accumulated depreciation and amortization.

(3) Our consolidated EBITDA represents our net income before interest expense, our share of interest expense included in income from investments in unconsolidated investments, depreciation and amortization, our

share of depreciation and amortization included in income from unconsolidated investments, loss on early extinguishment of corporate debt and income taxes. We do not adjust consolidated 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. Consolidated EBITDA is not a recognized term under U.S. 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, consolidated EBITDA is not intended to be a measure of free cash flow available for management s discretionary use, as it does not remove all non-cash items (such as acquisition-related gains) or consider certain cash requirements such as interest payments, tax payments and debt service requirements. Our presentation of consolidated 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. Our management believes consolidated EBITDA is useful in evaluating our operating performance compared to that of other companies in our industry because the calculation of consolidated 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 consolidated EBITDA is useful to investors to assist them in getting a more accurate picture of our results from operations.

(4) Adjusted EBITDA represents our consolidated EBITDA, as defined above, adjusted to exclude corporate merger and acquisition-related expenses, our share-based compensation expense and EBITDA attributable to non-controlling interests. Our management uses adjusted EBITDA to analyze our business because it adjusts consolidated EBITDA for items we believe do not accurately reflect the nature of our business going forward or that relate to non-cash compensation expense or non-controlling interests. Such items may vary for different companies for reasons unrelated to overall operating performance. Additionally, we believe adjusted EBITDA is useful to investors to assist them in getting a more accurate picture of our results from operations. However, consolidated EBITDA and adjusted EBITDA are not recognized measurements under GAAP and when analyzing our operating performance, readers should use consolidated EBITDA and adjusted EBITDA in addition to, and not as an alternative for, net income as determined in accordance with GAAP. Because not all companies use identical calculations, our presentation of consolidated EBITDA and adjusted EBITDA may not be comparable to similarly titled measures of other companies. Furthermore, consolidated EBITDA and adjusted EBITDA are not intended to be a measure of free cash flow for our management s discretionary use, as they do not remove all non-cash items (such as acquisition-related gains) or consider certain cash requirements such as tax and debt service payments. The amounts shown for consolidated EBITDA and adjusted EBITDA also differ from the amounts calculated under similarly titled definitions in our debt instruments, which are further adjusted to reflect certain other cash and non-cash charges and are used to determine compliance with financial covenants and our ability to engage in certain activities, such as incurring additional debt and making certain restricted payments.

(5) Prior to 2014, our adjusted EBITDA metric was comparable to our current consolidated EBITDA metric as it was calculated as consolidated EBITDA, adjusted to solely exclude merger-related expenses and share-based compensation expense. Beginning in 2014, as non-controlling interests became more significant on our consolidated balance sheet primarily due to the consolidation of KWE s results on our financial statements, we determined that it was appropriate to supplement consolidated EBITDA with a new or revised metric.

(6) The ratio of earnings to fixed charges is calculated by dividing earnings by fixed charges. For this purpose, earnings consists of pretax income from continuing operations before non-controlling interest and our equity in income of joint ventures plus fixed charges and operating distributions from equity investees, and fixed charges consists of interest expense, whether capitalized or expensed, amortization related to indebtedness and premiums or discounts of stock issuances and an estimate of interest expense within rental expense.

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The following table sets forth a reconciliation of consolidated EBITDA and adjusted EBITDA to Net income (loss), the most directly comparable GAAP financial measure, for each of the periods indicated:

(Dollars in Millions)	**For the Years Ended December 31, 2013**	**2014**	**2015**	**For the Six Months Ended June 30, 2015 (unaudited)**	**2016 (unaudited)**
Net income	$ 13.9	$ 90.1	$ 59.0	$ 25.6	$ 18.2
Non-GAAP adjustments:					
Add back:					
Interest expense investment	11.8	46.3	108.8	46.6	66.1
Interest expense corporate	39.9	57.1	46.9	23.8	24.3
Loss on extinguishment of corporate debt		27.3	1.0		
Kennedy-Wilson s share of interest expense included in investment in unconsolidated investments	45.0	35.5	28.1	13.6	12.3
Depreciation and amortization	17.4	104.5	166.3	74.6	97.3
Kennedy-Wilson s share of depreciation and amortization included in unconsolidated investments	46.7	47.1	28.1	17.2	10.5
Provision for (benefit from) income taxes	2.9	32.4	53.4	28.0	(3.4)
Consolidated EBITDA	177.6	440.3	491.6	229.4	225.3
Share-based compensation	7.5	15.8	30.8	14.1	32.2
EBITDA attributable to non-controlling interests (1)	(26.0)	(138.3)	(151.2)	(77.0)	(112.2)
Adjusted EBITDA	$ 159.1	$ 317.8	$ 371.2	$ 166.5	$ 145.3

(1) $5.7 million, $70.1 million, $166.9 million, $81.7 million and $86.0 million of depreciation, amortization, interest and taxes for the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2015 and 2016, respectively.

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RISK FACTORS

Unless otherwise stated or the context otherwise requires, the term notes refers to the notes we are offering pursuant to this prospectus supplement and the accompanying prospectus. Kennedy-Wilson is the primary obligor under the notes, the initial notes and the 2042 notes, and the guarantors described in this prospectus supplement are guarantors of the initial notes and the 2042 notes and will be the initial guarantors of the notes. In this section of this prospectus supplement, the words we, us, our and Kennedy-Wilson refer to Kennedy-Wilson, Inc. and not to any of its subsidiaries, unless the context requires otherwise.

Any investment in the notes involves a high degree of risk. You should carefully consider the risks described below and all of the information contained or incorporated by reference into this prospectus supplement and the accompanying prospectus before deciding whether to purchase the notes, including the risks under the heading Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and under the heading Risk Factors in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, as well as the other reports we file from time to time with the SEC that are incorporated by reference in this prospectus supplement. The risks and uncertainties described below and in the incorporated documents are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of these risks actually occurs, our business, financial condition and results of operations would suffer. The risks discussed below also include forward-looking statements, and our actual results may differ substantially from those discussed in these forward-looking statements. See Special Note Regarding Forward-Looking Statements in this prospectus supplement. In addition to the risk factors incorporated by reference in this prospectus supplement, you should consider the additional risk factors below:

Risks Related to the Notes

Ratings of the notes may affect the market price and marketability of the notes.

The ratings of the initial notes are limited in scope and do not address all material risks relating to an investment in the notes, but rather reflect only the view of each rating agency at the time the rating is issued. Securities rated below investment grade are generally subject to a higher risk of payment default and price volatility than similar, high-rated securities. Furthermore, increases in leverage or deteriorating outlooks for an issue, or volatile markets, could lead to continued significant deterioration in market prices of securities rated below investment grade.

Ratings only reflect the views of the issuing rating agency or agencies, and ratings could at any time be revised downward or withdrawn entirely at the discretion of the issuing rating agency. Furthermore, a rating is not a recommendation to purchase, sell or hold any particular security, including the notes. In addition, ratings do not reflect market prices or the suitability of a security for a particular investor, and any rating of the notes may not reflect all risks related to us and our business or the structure or market value of the notes. An explanation of the significance of ratings may be obtained from the applicable rating agency.

A credit rating may not be issued and may not remain in effect for any given period of time, and the applicable rating agency may lower, suspend or withdraw entirely any rating that it has issued if, in that rating agency s judgment, the circumstances so warrant. It is also possible that any rating assigned to the notes may be lowered in connection with the application of the proceeds of this offering or in connection with future events, such as future acquisitions. Holders of the notes will have no recourse against us or any other parties in the event of the issuance of a lower-than-expected rating or a change in or suspension or withdrawal of such a rating. Any lower-than-expected rating, and any lowering, suspension or withdrawal of an issued rating, may adversely affect the market price or marketability of the notes.

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Our substantial indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations under the notes.

As of June 30, 2016, on a pro forma as adjusted basis after giving effect to the issuance and sale of $200 million in aggregate principal amount of the notes, after deducting underwriting discounts and commissions and estimated offering expenses to be paid by us, and the use of a portion of the proceeds from the issuance and sale of the notes to repay $60.0 million of the amounts outstanding under our unsecured revolving credit facility, Kennedy-Wilson and its subsidiaries that are guarantors had approximately $1,638.0 million of outstanding indebtedness (excluding debt premium and discount), of which $693.0 million was secured non-recourse mortgage indebtedness and $905.0 million was unsecured senior indebtedness, consisting of the notes we are offering, $650.0 million of the initial notes and $55.0 million of the 2042 notes. In addition, as of such date, we and the subsidiary guarantors had $65.5 million aggregate principal amount of guarantees that we and our subsidiary guarantors provided in connection with loans secured by consolidated assets and assets held in various joint ventures that have recourse to us. Our non-guarantor subsidiaries had $3,244.7 million of secured, non-recourse mortgage indebtedness (excluding debt premium and discount) as of June 30, 2016, and the notes we hereby are offering are structurally subordinated to such indebtedness. Our substantial indebtedness could have important consequences for you including:

- it may limit our ability to borrow money or sell stock to fund our working capital, capital expenditures and debt service requirements;
- it may limit our flexibility in planning for, or reacting to, changes in our business;
- we may be more highly leveraged than some of our competitors, which may place us at a competitive disadvantage;
- it may make us more vulnerable to a downturn in our business or the economy;
- the debt service requirements of our other indebtedness could make it more difficult for us to make payments on our indebtedness, including the notes;
- a substantial portion of our cash flow from operations could be dedicated to the repayment of our indebtedness and would not be available for other purposes; and
- our business and financial condition would materially and adversely suffer if we were unable to service our indebtedness, including the notes, or obtain additional financing, as needed.

In addition, the indenture governing the notes and the initial notes, the indenture governing the 2042 notes and our unsecured revolving credit facility contain financial and restrictive covenants that limit our ability to engage in activities that may be in our long-term best interest. Our failure to comply with those covenants could result in an event of default that, if not cured or waived, could result in the acceleration of all of our debt.

Despite our substantial indebtedness, we may still incur significantly more debt, which could exacerbate the risks described above.

The indenture governing the notes and the initial notes, the indenture governing the 2042 notes and our unsecured revolving credit facility permit us and our subsidiaries to incur significant additional indebtedness in the future. As of June 30, 2016, on a pro forma as adjusted basis after giving effect to the issuance and sale of the notes we are offering and the expected use of the net proceeds from the issuance and sale of the notes, we had $40.0 of consolidated indebtedness and $435.0 million of availability under our unsecured revolving credit facility.

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We may not have the ability to raise the funds necessary to finance a fundamental change offer.

Upon the occurrence of a fundamental change (as defined in the indentures governing the notes, the initial notes and the 2042 notes), which includes a change of control event or delisting of our common stock, we will be required to offer to repurchase all of the notes, the initial notes and the 2042 notes. We may have insufficient funds available to make any required repurchases of the notes, the initial notes or the 2042 notes upon a fundamental change. In addition, our unsecured revolving credit facility provides that the occurrence of a change of control constitutes a default. Our failure to purchase tendered notes, initial notes and 2042 notes would constitute a default under the relevant indenture governing the same, which, in turn, would constitute a default under our credit facility. See Description of the Notes Fundamental Change.

In the event of a change of control or termination of trading of our common stock, our Series B preferred stock will be redeemable at the option of the stockholders thereof.

Under the indentures governing the notes, the initial notes and the 2042 notes, upon the occurrence of a fundamental change (as defined in those indentures), which includes a change of control event or a delisting of our common stock, each noteholder will have the right to require us to purchase that noteholder s notes, initial notes or 2042 notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the repurchase date. The occurrence of a fundamental change will also trigger a redemption right held by the holders of our Series B preferred stock under the certificate of designation establishing the terms of such preferred stock. Under the terms of these indentures, Kennedy-Wilson may not make any restricted payment to facilitate a redemption of the Series B preferred stock unless Kennedy-Wilson has restricted payment capacity or has previously made an offer to noteholders to purchase their notes. If the noteholders, however, fail for any reason to tender all of their notes under the offer to purchase them, and our preferred stockholders accept the offer to purchase the Series B preferred stock, we will be required to use cash to fund the purchase of our Series B preferred stock. In the event this occurs, it may be more difficult for us to make scheduled payments on the untendered notes. See Description of the Notes Fundamental Change. In addition, we may not redeem the Series B preferred stock without the consent of the lenders under our unsecured revolving credit facility. Our failure to purchase the Series B preferred stock when required could give the holders of that stock a legal claim against us.

A subsidiary guarantee could be voided if it constitutes a fraudulent transfer under U.S. bankruptcy or similar state law, which would prevent the holders of the notes from relying on that subsidiary to satisfy claims.

Under U.S. bankruptcy law and comparable provisions of state fraudulent transfer laws, a subsidiary guarantee can be voided, or claims under the subsidiary guarantee may be subordinated to all other debts of that subsidiary guarantor, if, among other things, the subsidiary guarantor, at the time it incurred the indebtedness evidenced by its subsidiary guarantee or, in some states, when payments become due under the subsidiary guarantee, received less than reasonably equivalent value or fair consideration for the incurrence of the subsidiary guarantee and:

- was insolvent or rendered insolvent by reason of such incurrence;

- was engaged in a business or transaction for which the subsidiary guarantor s remaining assets constituted unreasonably small capital; or

intended to incur, or believed that it would incur, debts beyond its ability to pay those debts as they mature.

A subsidiary guarantee may also be voided, without regard to the above factors, if a court finds that the subsidiary guarantor entered into the subsidiary guarantee with the actual intent to hinder, delay or defraud its creditors.

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A court would likely find that a subsidiary guarantor did not receive reasonably equivalent value or fair consideration for its subsidiary guarantee if the subsidiary guarantor did not substantially benefit directly or indirectly from the issuance of the notes. If a court were to void a subsidiary guarantee, you would no longer have a claim against the subsidiary guarantor. Sufficient funds to repay the notes may not be available from other sources, including the remaining guarantors, if any. In addition, the court might direct you to repay any amounts that you already received from the subsidiary guarantor.

The measures of insolvency for purposes of fraudulent transfer laws vary depending on the governing law. Generally, a subsidiary guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they became absolute and mature; or
- it could not pay its debts as they became due.

Each subsidiary guarantee will contain a provision intended to limit the subsidiary guarantor s liability to the maximum amount that it could incur without causing the incurrence of its obligations under its subsidiary guarantee to be a fraudulent transfer. This provision may not be effective to protect the subsidiary guarantees from being voided under fraudulent transfer law.

The notes will not be guaranteed by all of our subsidiaries.

The notes will not be guaranteed by a number of our subsidiaries. To the extent that any of our subsidiaries do not guarantee the notes, the notes will be structurally subordinated to all existing and future obligations, including indebtedness, of those non-guarantor subsidiaries. The claims of creditors of the non-guarantor subsidiaries, including trade creditors, will have priority as to the assets of those subsidiaries. As a result, if we default on our obligations under the notes, you will not have any claims against any of our subsidiaries that do not guarantee the notes. For the six months ended June 30, 2016 and the year ended December 31, 2015, the revenues of our non-guarantor subsidiaries constituted approximately 73.4% and 78.0%, respectively, of Kennedy-Wilson Holdings consolidated revenues, and the operating income of our non-guarantor subsidiaries for those periods was approximately $88.3 million and $147.0 million, respectively. As of June 30, 2016, the total assets of those subsidiaries constituted approximately 77.6% of Kennedy-Wilson Holdings consolidated total assets, and those subsidiaries had $3,244.7 million of secured non-recourse mortgage indebtedness (excluding debt premium and discount), of which none has recourse to us. However, these figures are as of June 30, 2016 and do not reflect transactions that we have entered into after that date or future transactions that we may enter into. Depending on the particular terms of any acquisition or other transaction that one or more of our subsidiaries may enter into, those subsidiaries may not be required by the terms of the indenture governing the notes to guarantee the notes. Accordingly, these figures may fluctuate from time to time, and these figures may increase or decrease materially in future periods. For example, the instruments governing our acquisitions (such as the relevant loan agreement, or the terms of the relevant partnership agreement, limited liability company operating agreement or other governing document of the borrower, or any related joint venture agreement or the terms of any relevant co-investment vehicle or separate account or investment program) may

prohibit the relevant subsidiary from guaranteeing the notes. In many such cases, the indenture does not require our subsidiaries, including those described above, to guarantee the notes. In addition, the Indenture does not require, subject to limitation, certain non-material and non-wholly owned subsidiaries to guarantee the notes.

We may not have access to the cash flow and other assets of our subsidiaries and our joint ventures that may be needed to make payment on the notes.

Although our operations are conducted through our subsidiaries and joint ventures, our subsidiaries and joint ventures are not obligated to make funds available to us for payment on the notes. Accordingly, our ability to make payments on the notes depends on the earnings of, and the distribution of funds from, our subsidiaries and joint ventures. Furthermore, our subsidiaries will be permitted under the terms of the indentures governing the notes, the initial notes and the 2042 notes, our unsecured revolving credit facility and the instruments governing other indebtedness to incur additional indebtedness that may severely restrict or prohibit the making of distributions, the payment of dividends or the making of loans by those subsidiaries to us. The agreements governing the future indebtedness of our subsidiaries may not permit our subsidiaries to provide us with sufficient dividends, distributions or loans to fund scheduled interest and principal payments on the notes when due. See Description of Other Indebtedness.

To service our indebtedness, including the notes, we will require a significant amount of cash. Our ability to generate cash depends on many factors that are beyond our control.

Our ability to make payments on and to refinance our indebtedness, including the notes, and to fund planned capital expenditures will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

However, our business may not generate sufficient cash flow from operations, current capital spending projects may require significant additional funds to complete or be successful and future borrowings may not be available to us in an amount sufficient to enable us to pay our indebtedness, including the notes, or to fund our other liquidity needs. If we consummate an acquisition, our debt service requirements could increase. We may need to refinance all or a portion of our indebtedness, including the notes, on or before maturity. We may be unable to refinance any of our indebtedness, including our unsecured revolving credit facility, the notes, the initial notes and the 2042 notes, on commercially reasonable terms or at all.

An active trading market for the notes may not develop.

Prior to this offering, there was no public market for the notes. We have been informed by certain of the underwriters that they intend to make a market in the notes after this offering is completed. However, the underwriters may cease their market-making activities at any time. In addition, the liquidity of the trading market in the notes and the market price quoted for the notes may be adversely affected by changes in the overall market for high yield securities and by changes in our financial performance or prospects or in the financial performance or prospects of companies in our industry generally. As a result, an active trading market may not develop or be maintained for the notes. If an active market does not develop or is not maintained, the market price of the notes may decline and the liquidity of the notes may be limited.

Our debt agreements will contain restrictions that will limit our flexibility in operating our business.

The indenture governing the notes and the initial notes, the indenture governing the 2042 notes and the agreement governing our unsecured revolving credit facility contains, various covenants that limit our ability to engage in specified types of transactions. These covenants limit Kennedy-Wilson s and its restricted subsidiaries ability to, among other things:

incur or guarantee additional indebtedness;

pay dividends or distributions on capital stock or redeem or repurchase capital stock;

make investments;

- create restrictions on the payment of dividends or other amounts to us;
- sell the stock of our subsidiaries;
- transfer or sell assets;
- create liens;
- enter into sale/leaseback transactions;
- enter into transactions with affiliates; and
- enter into mergers or consolidations.

Additionally, the agreement governing our unsecured revolving credit facility requires us to maintain certain financial ratios. A breach of any of these covenants could result in a default under the indenture governing the notes and the initial notes, the indenture governing the 2042 notes and the agreement governing our unsecured revolving credit facility. We may also be unable to take advantage of business opportunities that arise because of the limitations imposed on us by the restrictive covenants under our indebtedness. See Description of Other Indebtedness.

Many of the restrictive covenants contained in the indenture will not apply if the notes are rated investment grade by Moody s and S&P and no event of default has occurred and is continuing.

Many of the covenants in the indenture governing the notes will not apply if the notes are rated investment grade (as defined in the indenture) by Moody s and S&P, provided that at such time no event of default with respect to the notes has occurred and is continuing. There can be no assurance that the notes will ever be rated investment grade or, if they are rated investment grade, that the notes will maintain such ratings. Termination of these covenants would allow us to engage in certain transactions that would not be permitted while these covenants were in force. See Description of the Notes Certain Covenants.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements included or incorporated by reference in this prospectus supplement or the accompanying prospectus or 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, and Section 21 of the Exchange Act. These forward-looking statements are estimates reflecting the judgment of our senior management based on estimates, expectations, forecasts and projections that are current as of the date of the applicable forward-looking statement. Forward-looking statements include comments that express opinions about trends and factors that may impact future operating results. Disclosures that use words such as believe, anticipate, estimate, intend, could, plan, expec or the negative of these, as well as similar expressions, are intended to identify forward-looking statements, but the absence of any of these words does not necessarily mean that a statement is not forward-looking.

Forward-looking 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 actual results, performance or achievements or industry results to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements. Although we believe that our plans, intentions, expectations, strategies and prospects as reflected in or suggested by those forward-looking statements are reasonable as of the time the statements were made, the transactions and events described may not happen as described or may not happen at all. In evaluating these statements, you should specifically consider the risks described and referred to under the heading Risk Factors on page S-20 of this prospectus supplement, including, but not limited to, the following factors:

- disruptions in general economic and business conditions, particularly in geographies where our business may be concentrated;
- volatility and disruption of the capital and credit markets, higher interest rates, higher loan costs, less desirable loan terms and a reduction in the availability of mortgage loans, all of which could increase costs and could limit our ability to acquire additional real estate assets;
- continued high levels of, or increases in, unemployment and general slowdowns in commercial activity;
- our leverage and ability to refinance existing indebtedness or incur additional indebtedness;
- an increase in our debt service obligations;
- our ability to generate a sufficient amount of cash to satisfy working capital requirements and to service our existing and future indebtedness;
- our ability to achieve improvements in operating efficiency;

foreign currency fluctuations;

adverse changes in the securities markets;

our ability to retain our senior management and attract and retain qualified and experienced employees;

our ability to retain major clients and renew related contracts;

trends in use of large, full-service commercial real estate providers;

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- changes in tax laws in the United States, Ireland, United Kingdom, Spain or Japan that reduce or eliminate deductions or other tax benefits we receive;

- future acquisitions may not be available at favorable prices or upon advantageous terms and conditions; and

- costs relating to the acquisition of assets we may acquire could be higher than anticipated.

Each forward-looking statement should be considered in the context of the various disclosures we make about our business, including, without limitation, the factors discussed above. Except as required by law, we do not intend or have an obligation to publicly update any forward-looking statements, whether as a result of new information, future events, changes in assumptions or otherwise.

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USE OF PROCEEDS

We estimate that the net proceeds from the issuance and sale of the notes will be approximately $197.0 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use a portion of the net proceeds from the issuance and sale of the notes to repay $60.0 million of the outstanding balance under our unsecured revolving credit facility, and the remainder for general corporate purposes, which may include future acquisitions, co-investments, capital expenditures and the repayment of other outstanding indebtedness.

Loans under our unsecured revolving credit facility bear interest at a rate per annum equal to the London Interbank Offered Rate (LIBOR) plus 2.50% or 3.00%, depending on the consolidated leverage ratio as of the applicable measurement date, and have a maturity date of December 10, 2018. As of the date of this prospectus supplement, the rate at which interest accrues on the loans is LIBOR plus 2.50%. Subject to certain conditions precedent and at our option, the maturity date of the facility may be extended by one year.

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CAPITALIZATION

The following table sets forth the cash and cash equivalents and consolidated capitalization of Kennedy-Wilson Holdings as of June 30, 2016:

- on an actual basis;
- on a pro forma as adjusted basis to give effect to:
  - the issuance and sale of $200.0 million in aggregate principal amount of the notes we are offering, after deducting underwriting discounts and commissions and estimated offering expenses to be paid by us; and
  - the use of a portion of the net proceeds from the issuance and sale of the notes to repay $60.0 million of the outstanding balance under our unsecured revolving credit facility.

Except as described above and in the footnotes below, we have made no adjustments to reflect normal course operations by us or other developments with our business after June 30, 2016. As a result, the pro forma as adjusted information provided below is not indicative of our actual cash and cash equivalents position or consolidated capitalization as of any date. You should read this table in conjunction with Use of Proceeds and the disclosures in our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K that are incorporated by reference in this prospectus supplement and the accompanying prospectus.

	As of June 30, 2016	
(Dollars in Millions)	**Actual**	**Pro Forma as Adjusted**
Cash and cash equivalents	$ 183.5	$ 323.5
Cash held by consolidated investments	$ 672.5	$ 672.5
Debt:		
Investment debt (1)	$ 3,937.8	$ 3,937.8
Unsecured revolving credit facility (2)	100.0	40.0
5.875% Senior Notes due 2024 (3)	650.0	850.0
7.75% senior notes due 2042 (4)	55.0	55.0
Total Debt	4,742.8	4,882.8
Total Kennedy-Wilson Holdings, Inc. Shareholders Equity (5)	1,071.9	1,071.9
Non-controlling interests	1,492.2	1,492.2
Total Capitalization	$ 7,306.9	$ 7,446.9

(1) Investment debt is presented at its face amount and does not include debt premiums or discounts. Includes $2,281.0 million of investment debt on properties that were directly acquired and held by KWE.
(2) The average amount of revolver borrowings fluctuates during the year. As of the date of this prospectus supplement, we had $100.0 million outstanding balance under our credit facility. We intend to use a portion of the proceeds from this offering of notes to repay $60.0 of the outstanding balance under credit facility. Immediately after such repayment, we would have $435.0 million of availability under this facility.
(3) Represents the initial notes and the notes we are offering, which are presented at their face amount and do not reflect the estimated net proceeds from their respective offerings of $635.2 million and $197.0 million, respectively.
(4) The $55.0 million of 2042 notes are presented at their face amount and do not reflect the estimated amount of net proceeds from the offering of the 2042 notes of $53.3 million.
(5) Includes 32,550 shares of series B preferred stock that is mandatorily convertible in to shares of our common stock on November 3, 2018 at a conversion rate of approximately 101.3 shares of common stock per share of series B preferred stock, subject to adjustment.

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DESCRIPTION OF OTHER INDEBTEDNESS

Unless otherwise stated or the context otherwise requires, as used in this section, the words we, us, our or the company refer to Kennedy-Wilson, Inc. and its subsidiaries.

Unsecured Revolving Credit Facility

We have a $475.0 million unsecured revolving credit facility with a syndicate of lenders and Bank of America, N.A., as administrative agent and letter of credit issuer. The borrower under the unsecured revolving credit facility is Kennedy-Wilson, Inc., and the guarantors are Kennedy-Wilson Holdings, Inc. and the subsidiaries of Kennedy-Wilson Holdings, Inc. that are guarantors under the notes, the initial notes and the 2042 notes.

Loans under the revolving facility bear interest at a rate per annum equal to LIBOR plus 2.50% or 3.00%, depending on the consolidated leverage ratio as of the applicable measurement date, and have a maturity date of December 10, 2018. Subject to certain conditions precedent and at our request, the maturity date of the revolving facility may be extended by one year.

During the six months ended June 30, 2016, the average outstanding borrowings under the unsecured revolving credit facility were $56.0 million. As of the date of this prospectus supplement, the principal amount outstanding under this unsecured revolving credit facility was $100.0 million, and $0 million of accrued and unpaid interest was outstanding. We currently intend to use a portion of the proceeds from the issuance and sale of the notes to repay $60.0 million of the outstanding balance under this facility.

The unsecured revolving credit facility contains customary financial, affirmative and negative covenants. The financial covenants under the revolving credit facility require us to maintain:

- a maximum consolidated leverage ratio (as defined in the credit agreement) of not greater than 65%, measured as of the last day of each fiscal quarter;
- a minimum fixed charge coverage ratio (as defined in the credit agreement) of not less than 1.60 to 1.00, measured as of the last day of each fiscal quarter for the period of four full fiscal quarters then ended;
- a minimum consolidated tangible net worth equal to or greater than the sum of $920,660,504.65 plus an amount equal to fifty percent (50%) of net equity proceeds we receive after September 30, 2015, measured as of the last day of each fiscal quarter;
- a maximum recourse leverage ratio (as defined in the credit agreement) of not greater than an amount equal to consolidated tangible net worth as of the measurement date multiplied by 1.5, measured as of the last day of each fiscal quarter;
- a maximum adjusted secured leverage ratio (as defined in the credit agreement) of not greater than 55%, measured as of the last day of each fiscal quarter; and

- liquidity (as defined in the credit agreement) of at least $250 million.

In addition to customary reporting and compliance requirements, the principal negative and affirmative covenants under the revolving credit facility require us, among other things:

- not to incur indebtedness, other than those permitted by the revolving credit facility;
- not to permit any incurrence of liens, other than those permitted by the revolving credit facility;

- not to make or allow certain investments unless certain conditions set forth in the revolving credit facility are satisfied;
- not to enter into a merger, consolidation, reorganization or recapitalization or to reincorporate in a different jurisdiction, liquidate or sell substantially all of our assets;
- not to engage in transactions with affiliates, other than those permitted by the revolving credit facility;
- to maintain insurance policies with certain minimum coverage; and
- not to make a change in the principal nature of our business;

The credit agreement also provides that we must cause each of our subsidiaries that becomes a guarantor of the notes and the initial notes to become a guarantor under this credit facility.

As of June 30, 2016, we were in compliance with such covenants. We pay customary fees to the administrative agent and the revolving lenders under our unsecured revolving credit facility.

7.75% Senior Notes due 2042

In November 2012, we completed a public offering of $50.0 million aggregate principal amount of Kennedy-Wilson s 7.75% Senior Notes due 2042 (the 2042 notes). In December 2012, the underwriters exercised their option to purchase an additional $5.0 million aggregate principal amount of 2042 notes from us. The 2042 notes will mature on December 1, 2042 and bear interest at a rate of 7.75% per annum, payable quarterly in arrears on March 1, June 1, September 1 and December 1 of each year, commencing on March 1, 2013.

The 2042 notes are Kennedy-Wilson s unsecured senior obligations and rank equally in right of payment with all of Kennedy-Wilson s existing and future unsecured and unsubordinated indebtedness and are guaranteed on a senior unsecured basis by Kennedy-Wilson Holdings, Inc. and the same subsidiaries that guarantee the initial notes and that will guarantee the notes offered hereby. The 2042 notes contain substantially similar restrictive covenants as those contained in the indenture governing the notes and initial notes, including, among others, limitations on Kennedy-Wilson s ability and the ability of certain of its subsidiaries to incur or guarantee additional indebtedness, make restricted payments, pay dividends or make any other distributions from restricted subsidiaries, redeem or repurchase capital stock, sell assets or subsidiary stock, engage in transactions with affiliates, create or permit liens on assets, enter into sale/leaseback transactions and enter into consolidations or mergers.

At any time prior to December 1, 2017, Kennedy-Wilson may redeem the 2042 notes, in whole or in part, at a redemption price equal to 100% of their principal amount, plus an applicable make-whole premium and accrued and unpaid interest, if any, to the redemption date. At any time and from time to time on or after December 1, 2017, Kennedy-Wilson may redeem the 2042 notes, in whole or in part, at a redemption price equal to 100% of their principal amount, plus accrued and unpaid interest, if any, to the redemption date.

5.875% Senior Notes due 2024

On March 25, 2014, we issued $300.0 million principal amount of 5.875% Senior Notes due 2024, and on November 18, 2014, we issued an additional $350.0 million aggregate principal amount of 5.875% Senior Notes due 2024, which we refer to collectively in this prospectus supplement as the initial notes. The terms of the initial notes are substantially identical to the terms of the notes we are offering and are described in this prospectus supplement under the caption Description of the Notes.

Other Consolidated Debt

In addition to the indebtedness described above, we also carry non-recourse, asset-level indebtedness on our consolidated balance sheet. As of June 30, 2016, the outstanding principal amount under these loans was $3,937.7 million (excluding debt discount), with a weighted average interest rate of 3.58% and a weighted average remaining maturity of 6.4 years. As of June 30, 2016, $693.0 million (excluding debt discount) of this indebtedness was indebtedness of our guarantor subsidiaries and $3,244.7 million (excluding debt premium and discount) was indebtedness of our non-guarantor subsidiaries.

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DESCRIPTION OF OUTSTANDING PREFERRED STOCK

Unless otherwise stated or the context otherwise requires, as used in this section, the words we, us, our or the company refer to Kennedy-Wilson Holdings, Inc. and its subsidiaries.

In 2010, we entered into a Convertible Series B Preferred Stock Purchase Agreement (the Series B Purchase Agreement) with Fairfax Financial Holdings Limited (Fairfax), for the issuance and sale in a private placement of 32,550 shares of Series B Preferred Stock, par value $0.0001 per share (the Series B Preferred Stock), at a purchase price of $1,000 per share or a total purchase price of $32,550,000. The Series B Preferred Stock is convertible into approximately 3.3 million shares of our common stock. In accordance with the terms of the Series B Purchase Agreement, we also entered into a Registration Rights Agreement (the Series B Registration Rights Agreement) and Shareholders Agreement with Fairfax. Under the Series B Registration Rights Agreement, the holders of the Series B Preferred Stock have certain demand and piggy-back registration rights with respect to the Series B Preferred Stock and the shares of our common stock issuable upon conversion of the Series B Preferred Stock. Under the Shareholders Agreement, certain of our stockholders have agreed to vote all of the shares of voting stock held by such stockholders in favor of Fairfax s designee to our Board of Directors. We also agreed to nominate Fairfax s designee as a member of the Board of Directors.

The Series B Preferred Stock has the rights, privileges, preferences and restrictions set forth in the Certificate of Designation (the Series B Certificate of Designation) we filed with the Secretary of State of the state of Delaware. Under the Series B Certificate of Designation, prior to November 3, 2018, each share of Series B Preferred Stock is convertible, at the option of the holder at any time, into shares of our common stock at the then-applicable conversion rate. As of June 30, 2016, the conversion rate of the Series B Preferred Stock was approximately 101.3 shares of our common stock per share of Series B Preferred Stock, and is subject to adjustment under certain circumstances (as adjusted, the Series B Conversion Rate). At any time on or after May 3, 2017 and prior to November 3, 2018, we have the option to convert all or part of the outstanding shares of Series B Preferred Stock into shares of our common stock at the then-applicable Series B Conversion Rate. On November 3, 2018, each outstanding share of Series B Preferred Stock will automatically be converted into shares of our common stock at the then-applicable Series B Conversion Rate. Cumulative dividends on the Series B Preferred Stock accrue at an annual rate of $64.52 per share. The dividends are payable quarterly in arrears. Subject to limited exceptions, holders of the Series B Preferred Stock will have no voting rights. The Series B Certificate of Designation contains customary anti-dilution protection.

Under the Series B Certificate of Designation, upon a change of control of or a delisting of our common stock (as such terms are defined in the Series B Certificate of Designation), a fundamental change will have deemed to have occurred. In the event a fundamental change occurs, we must offer to purchase all of the outstanding Series B Preferred Stock immediately prior to the change of control or delisting of our common stock at a purchase price per share equal to $1,150 plus all accumulated and accrued dividends to the effective date of such fundamental change. On August 5, 2016, in connection with this offering of notes, Fairfax waived the requirement set forth in the Series B Certificate of Designation that provides that the offer to purchase upon a fundamental change be made at least 20 business days prior to the effective date (as such term is defined in the Series B Certificate of Designation) of the fundamental change. Instead, we are required to complete such an offer within 90 days following completion of the fundamental change offer made to holders of the notes.

Any Series B Preferred Stock converted after a fundamental change will automatically receive a number of shares of our common stock as provided for in the Series B Certificate of Designation.

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DESCRIPTION OF THE NOTES

In this description, the words we, us, our and Issuer refer to Kennedy-Wilson, Inc. and not to any of its subsidiaries Certain terms used in this description are defined under the subheading Certain Definitions.

On March 25, 2014 (the ***Original Issue Date***), we issued $300.0 million principal amount of 5.875% Senior Notes due 2024 (the ***Original Notes***) under an indenture (the ***Base Indenture***), dated as of March 25, 2014, between us and Wilmington Trust, National Association, as trustee (the ***Trustee***), as supplemented by a supplemental indenture thereto (the ***Supplemental Indenture***, and, together with the Base Indenture, the ***Indenture***), dated as of March 25, 2014, among us, the Trustee and the initial Guarantors. On November 18, 2014 (the ***Additional Issue Date***), we issued an additional $350.0 million aggregate principal amount of 5.875% Senior Notes due 2024 (such Notes, together with the Original Notes, the ***Initial Notes***). The Notes offered hereby will be issued as Additional Notes under the Indenture and will be treated as a single series with the Initial Notes. Holders of the Notes offered hereby and the Initial Notes will vote as one class under the Indenture.

The following description of the particular terms of the Notes and the Guarantees supplements and, to the extent inconsistent therewith, replaces the description of the general terms and provisions of the debt securities and the guarantees set forth in the accompanying prospectus, to which reference is hereby made. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (the ***Trust Indenture Act***). The following description is only a summary of the material provisions of the Indenture. We urge you to read the Indenture because it, not this description, defines your rights as holders of these Notes. You may request copies of the Indenture at our address set forth under the heading Where You Can Find More Information.

Brief Description of the Notes

These Notes:

- are unsecured senior obligations of the Issuer;
- are senior in right of payment to all existing and any future Subordinated Obligations of the Issuer; and
- will be guaranteed by Kennedy-Wilson Holdings, Inc. (***Parent***) and each Subsidiary Guarantor on a senior basis.

Principal, Maturity and Interest

On the Original Issue Date, the Issuer issued $300.0 million aggregate principal amount of Notes. On the Additional Issue Date, the Issuer issued $350.0 million aggregate principal amount of Notes. The Issuer issued the Initial Notes, and will issue the Notes offered hereby, in denominations of $2,000 and integral multiples of $1,000 in excess thereof. The Notes will mature on April 1, 2024. Subject to our compliance with the covenant described under the subheading Certain Covenants Limitation on Indebtedness, we are permitted to issue more notes under the Indenture in an unlimited aggregate principal amount (the ***Additional Notes***), provided that if the Additional Notes are not fungible with the Notes for United States federal income tax purposes, the Additional Notes will have a separate CUSIP number. The Notes offered hereby will constitute Additional Notes for the purposes of the Indenture. The Initial Notes

offered under the Indenture on the Original Issue Date and the Additional Issue Date, the Additional Notes offered hereby and any Additional Notes subsequently issued under the Indenture will be treated as a single series of Notes for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. Holders of

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the Initial Notes, the Additional Notes offered hereby and any Additional Notes subsequently issued under the Indenture will vote as one class under the Indenture. Unless the context otherwise requires, for all purposes of the Indenture and this Description of the Notes, references to the Notes include any Additional Notes actually issued, including the Additional Notes offered hereby.

Interest on these Notes offered hereby will accrue at the rate of 5.875% per annum from, and including, April 1, 2016 and will be payable semi-annually in arrears on April 1 and October 1 of each year, commencing on October 1, 2016. We will make each interest payment to the holders of record of these Notes on the immediately preceding March 15 and September 15, respectively.

Interest on these Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Optional Redemption

Except as set forth below, we will not be entitled to redeem the Notes at our option.

On and after April 1, 2019, we will be entitled at our option to redeem all or a portion of these Notes upon not less than 30 nor more than 60 days notice, at the redemption prices (expressed in percentages of principal amount on the redemption date), plus accrued and unpaid interest, if any, to, but excluding, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the related interest payment date), if redeemed during the 12-month period commencing on April 1 of the years set forth below:

Period	Redemption Price
2019	102.938%
2020	101.958%
2021	100.979%
2022 and thereafter	100.000%

In addition, before April 1, 2017, we will be entitled at our option on one or more occasions to redeem Notes (which includes Additional Notes, if any) in an aggregate principal amount not to exceed 35% of the aggregate principal amount of the Notes (which includes Additional Notes, if any) originally issued at a redemption price (expressed as a percentage of principal amount) of 105.875%, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, with an amount not to exceed the net cash proceeds from one or more Equity Offerings (provided that if the Equity Offering is an offering by Parent, a portion of the Net Cash Proceeds thereof equal to the amount required to redeem any such Notes is contributed to the equity capital of the Issuer), *provided* that:

(1) at least 65% of such aggregate principal amount of Notes (which includes Additional Notes, if any) remains outstanding immediately after the occurrence of each such redemption (other than Notes held, directly or indirectly, by the Issuer or its Affiliates); and

(2) each such redemption occurs within 90 days after the date of the related Equity Offering.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof, and any such redemption or notice, may, at the Issuer s discretion, be subject to the completion of the related Equity Offering.

Prior to April 1, 2019, we will be entitled, at our option, to redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and

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accrued and unpaid interest, if any, to, the redemption date (subject to the right of holders on the relevant record date to receive interest due on the relevant interest payment date). Notice of such redemption must be delivered electronically if held at DTC or mailed by first-class mail to each holder s registered address, not less than 30 nor more than 60 days prior to the redemption date.

Applicable Premium means with respect to a Note at any redemption date, as provided by the Issuer, the greater of (1) 1.00% of the principal amount of such Note on such redemption date and (2) the excess of (A) the present value at such redemption date of (i) the redemption price of such Note on April 1, 2019 (such redemption price being described in the second paragraph in this Optional Redemption section, exclusive of any accrued and unpaid interest) plus (ii) all required remaining scheduled interest payments due on such Note through April 1, 2019 (but excluding accrued and unpaid interest, if any, to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate, over (B) the principal amount of such Note on such redemption date.

Adjusted Treasury Rate means, with respect to any redemption date and as provided by the Issuer, (1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated H. 15(519) or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption Treasury Constant Maturities, for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after April 1, 2019, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the date that the applicable redemption notice is first mailed or delivered electronically if held at DTC, in each case, plus 0.50%.

Comparable Treasury Issue means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the Notes from the redemption date to April 1, 2019, that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a maturity most nearly equal to April 1, 2019.

Comparable Treasury Price means, with respect to any redemption date, if clause (2) of the Adjusted Treasury Rate definition is applicable, the average of three, or such lesser number as is obtained by the Issuer, Reference Treasury Dealer Quotations for such redemption date.

Quotation Agent means the Reference Treasury Dealer selected by the Issuer.

Reference Treasury Dealer means each of (i) Merrill Lynch, Pierce, Fenner & Smith Incorporated and Deutsche Bank Securities Inc. and (ii) a primary U.S. Government securities dealer in the United States selected by U.S. Bancorp Investments, Inc., and in each case the respective successors and assigns of the foregoing.

Reference Treasury Dealer Quotations means with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Issuer, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Issuer by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day immediately preceding date that the applicable redemption notice is first mailed or delivered electronically if held at DTC.

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Selection and Notice of Redemption

If we are redeeming less than all the Notes at any time, the Trustee will select Notes on a pro rata basis, by lot or by such other method in accordance with the procedures of DTC.

We will redeem Notes with principal amounts of $2,000 or less in whole and not in part. We will cause notices of redemption to be delivered electronically if held at DTC or mailed by first-class mail at least 30 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount thereof to be redeemed. We will issue a new Note in a principal amount equal to the unredeemed portion of the original Note in the name of the holder thereof upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of them called for redemption.

No Sinking Fund; Open Market Purchases

We are not required to make any sinking fund payments with respect to the Notes. However, under certain circumstances, we may be required to offer to purchase Notes as described under the captions Fundamental Change and Certain Covenants Limitation on Sales of Assets and Subsidiary Stock. We may at any time and from time to time purchase Notes in the open market or otherwise.

Guaranties

Parent and each Subsidiary Guarantor of the Issuer will jointly and severally guarantee, on a senior unsecured basis, our obligations under the Indenture and the Notes. The obligations of each Subsidiary Guarantor under its Subsidiary Guaranty are designed to be limited as necessary to prevent such Subsidiary Guaranty from constituting a fraudulent conveyance under applicable law and, therefore, will be expressly limited to the maximum amount that such Subsidiary Guaranty could guarantee without such Subsidiary Guaranty constituting a fraudulent conveyance. This limitation, however, may not be effective to prevent such Subsidiary Guaranty from constituting a fraudulent conveyance. See Risk Factors Risks Related to the Notes A subsidiary guarantee could be voided if it constitutes a fraudulent transfer under U.S. bankruptcy or similar state law, which would prevent the holders of the notes from relying on that subsidiary to satisfy claims.

If a Subsidiary Guaranty were rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor, and, depending on the amount of such indebtedness, a Subsidiary Guarantor s liability on its Subsidiary Guaranty could be reduced to zero. See Risk Factors Risks Related to the Notes A subsidiary guarantee could be voided if it constitutes a fraudulent transfer under U.S. bankruptcy or similar state law, which would prevent the holders of the notes from relying on that subsidiary to satisfy claims.

The Subsidiary Guaranty of a Subsidiary Guarantor will be deemed to be automatically and unconditionally released and discharged, without the need of any action on the part of such Subsidiary Guarantor or the Trustee or otherwise:

(1) upon the sale or other disposition (including by way of consolidation or merger) of such Subsidiary Guarantor (including, for the avoidance of doubt, any transaction pursuant to which such Subsidiary Guarantor ceases to be a Subsidiary of the Issuer);

(2) upon the sale or disposition of all or substantially all the assets of such Subsidiary Guarantor;

(3) upon the designation of such Subsidiary Guarantor as an Unrestricted Subsidiary or a Non-Material Subsidiary pursuant to the terms of the Indenture;

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(4) upon a legal defeasance or satisfaction and discharge of the Notes, as provided under Defeasance and Satisfaction and Discharge ; or

(5) as described under Amendments and Waivers,

in the case of clause (1) or (2), other than to the Issuer or a Restricted Subsidiary and as permitted by the Indenture.

Notwithstanding anything to the contrary in the Indenture, the Notes or the Guaranties, if the Issuer, due to an error made in good faith, causes any Person to execute the Supplemental Indenture or any other supplement to the Base Indenture, or any other instrument, purporting to cause such Person to guarantee the Notes and become a Subsidiary Guarantor and, at the time of such execution, such Person is not a domestic Subsidiary of the Issuer, then, notwithstanding such Supplemental Indenture or other supplement or instrument, the Subsidiary Guaranty of such Person shall automatically, and without the need for any action on the part of the Issuer, such Person or the Trustee or otherwise, be null and void, with the same force and effect as if such execution had never occurred. Without limiting the generality of the foregoing, the Issuer and such Person may nonetheless thereafter execute and deliver to the Trustee such instruments or other documents that shall memorialize the nullification of such Subsidiary Guaranty.

Not all of our Subsidiaries will guarantee the notes. Also, the joint venture and fund entities in which we have investments and their respective subsidiaries (which are not Subsidiaries of the Issuer as of the date of the Indenture) are not guarantors and are not subject to any of the obligations and covenants described hereunder. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to us. For the six months ended June 30, 2016 and year ended December 31, 2015, the revenues of our non-guarantor subsidiaries constituted approximately 73.4% and 78.0%, respectively, of Parent s consolidated revenues, and the operating income of our non-guarantor subsidiaries for those periods was approximately $88.3 million and $147.0 million, respectively. As of June 30, 2016, the total assets of those subsidiaries constituted approximately 77.6% of Parent s consolidated total assets, and those subsidiaries had $3,244.7 million of secured non-recourse mortgage indebtedness (excluding debt premium and discount), of which none has recourse to us. However, these figures are as of June 30, 2016 and do not reflect transactions that we have entered into after that date or future transactions that we may enter into. Depending on the particular terms of any acquisition or other transaction that one or more of our subsidiaries may enter into, those subsidiaries may not be required by the terms of the Indenture to guarantee the Notes. Accordingly, these figures may fluctuate from time to time, and these figures may increase or decrease materially in future periods. For example, the instruments governing our acquisitions (such as the relevant loan agreement, or the terms of the relevant partnership agreement, limited liability company operating agreement or other governing document of the borrower, or any related joint venture agreement or the terms of any relevant Co-investment Vehicle or separate account or investment program) may prohibit the relevant subsidiary from guaranteeing the Notes. In many such cases, the Indenture does not require our subsidiaries, including those described above, to guarantee the Notes.

Ranking

The indebtedness evidenced by the Notes and the Guaranties will be senior unsecured obligations and will rank *pari passu* in right of payment with all other unsecured Senior Indebtedness of the Issuer or the applicable Guarantor, as the case may be.

As of June 30, 2016, on a pro forma as adjusted basis, after giving effect to the issuance and sale of $200 million aggregate principal amount of the Notes offered hereby, after deducting underwriting discounts and commissions and estimated offering expenses to be paid by the Issuer, and the use of a portion of the net proceeds from the issuance and

sale of the notes to repay $60.0 million of the amounts outstanding under the

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Issuer s Credit Agreement, the Issuer s and the Guarantors Senior Indebtedness was approximately $1,638.0 million, of which:

(a) $693.0 million (excluding debt premium and discount) was secured Non-Recourse Indebtedness under mortgage loans;

(b) $905.0 million was unsecured Senior Indebtedness, consisting of the Notes offered hereby, $650.0 million of the Initial Notes and $55.0 million of the Issuer s 7.75% Senior Notes due 2042; and

(c) the Issuer had Indebtedness of $40.0 million outstanding under the Credit Agreement and had $435.0 million of availability thereunder.

In addition, as of such date, the Issuer and the Subsidiary Guarantors would have had $65.5 million aggregate principal amount of Guarantees that the Issuer and the Guarantors provided in connection with loans secured by consolidated assets and assets held in various joint ventures and that are recourse to the Issuer and the Guarantors.

The Notes and the Guaranties are unsecured obligations of the Issuer and the Guarantors, as the case may be. Secured debt and other secured obligations of the Issuer and the Guarantors will be effectively senior to the Notes and the Guaranties to the extent of the value of the assets securing such debt or other obligations. In addition, all Indebtedness and trade payables of non-guarantor Subsidiaries will be effectively senior to the Notes and the Guaranties.

Not all of our subsidiaries will guarantee the notes. See Risk Factors Risks Related to the Notes The notes will not be guaranteed by all of our subsidiaries.

Although the Indenture contains limitations on the amount of additional Indebtedness that the Issuer and the Restricted Subsidiaries may incur, under certain circumstances the amount of such Indebtedness could be substantial and, subject to the limitations set forth in the covenants described under Certain Covenants Limitation on Liens, such Indebtedness may be secured Indebtedness. See Certain Covenants Limitation on Indebtedness and Limitation on Liens.

Fundamental Change

Upon the occurrence of a Fundamental Change, each noteholder shall have the right to require that the Issuer purchase such noteholder s Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Within 30 days following any Fundamental Change, unless we have exercised our option to redeem all the Notes as described under Optional Redemption, we will mail (or deliver electronically, if held at DTC) a notice to each noteholder with a copy to the Trustee (the ***Fundamental Change Offer***) stating:

(1) that a Fundamental Change has occurred and that such noteholder has the right to require us to purchase such noteholder s Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of noteholders of record on the relevant record date to receive interest on the relevant interest payment date);

(2) the circumstances and relevant facts regarding such Fundamental Change (including information with respect to pro forma historical income, cash flow and capitalization, in each case after giving effect to such Fundamental

Change);

(3) the purchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed); and

(4) the instructions, as determined by us, consistent with the covenant described hereunder, that a noteholder must follow in order to have its Notes purchased.

We will not be required to make a Fundamental Change Offer following a Fundamental Change if a third party makes the Fundamental Change Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Fundamental Change Offer made by us and purchases all Notes validly tendered and not withdrawn under such Fundamental Change Offer or if we have exercised our option to redeem all the Notes pursuant to the provisions described under Optional Redemption.

We will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the purchase of Notes as a result of a Fundamental Change. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the covenant described hereunder, we will comply with the applicable securities laws and regulations and shall not be deemed to have breached our obligations under the covenant described hereunder by virtue of our compliance with such securities laws or regulations.

The Fundamental Change purchase feature of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of the Issuer and, thus, the removal of incumbent management. The Fundamental Change purchase feature is a result of negotiations between the Issuer and the underwriters of the Notes. We have no present intention to engage in a transaction involving a Change of Control and we do not foresee the occurrence of a Termination of Trading, although it is possible that, in the future, we could decide to engage in a transaction involving a Change of Control or a Termination of Trading occurs. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Indenture or result in a Termination of Trading, but that could increase the amount of indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on our ability to Incur additional Indebtedness are contained in the covenants described under Certain Covenants Limitation on Indebtedness, and Limitation on Liens, which limitations may terminate as described under Defeasance and Satisfaction and Discharge below. Such restrictions can only be waived with the consent of the holders of a majority in principal amount of the Notes then outstanding. Except for the limitations contained in such covenant, however, the Indenture will not contain any covenants or provisions that may afford holders of the Notes protection in the event of a highly leveraged transaction.

Holders may not be entitled to require us to purchase their Notes in certain circumstances involving a significant change in the composition of our Board of Directors, including in connection with a proxy contest where our Board of Directors does not approve a dissident slate of directors but approves them as continuing directors, even if our Board of Directors initially opposed the directors.

The Credit Agreement provides that the occurrence of certain change of control events with respect to the Issuer would constitute a default thereunder. Future indebtedness that we may incur may contain prohibitions on the occurrence of certain events that would constitute a Fundamental Change or require the purchase of such indebtedness upon a Fundamental Change. Moreover, the exercise by the holders of their right to require us to purchase the Notes could cause a default under such indebtedness, even if the Fundamental Change itself does not, due to the financial effect of such purchase on us. Our ability to pay cash to the holders of Notes following the occurrence of a Fundamental Change may be limited by our then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required purchases. See Risk Factors Risks Related to

the Notes We may not have the ability to raise the funds necessary to finance a fundamental change offer.

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The occurrence of a Fundamental Change will also trigger a redemption right held by the holders of Parent s Series B Preferred Stock under the certificate of designation establishing the terms of the Series B Preferred Stock. Pursuant to paragraph (a) and clause (11) of paragraph (b) under the covenant described under Certain Covenants Limitation on Restricted Payments, we may not make any Restricted Payment to redeem or repurchase Parent s Series B Preferred Stock, unless we have sufficient restricted payment capacity or we have previously made an offer to noteholders to repurchase the Notes. If the noteholders, however, reject our Fundamental Change Offer or fail for any reason to tender all of their Notes, and the stockholders of Parent s Series B Preferred Stock accept Parent s offer to repurchase such shares of Series B Preferred Stock, we may have to pay dividends or make other payments to Parent so that it can use cash to fund the repurchase or redemption of its Series B Preferred Stock. In the event this occurs, it may be more difficult for us to make scheduled payments on the untendered Notes. See Risk Factors Risks Related to the Notes In the event of a change of control or termination of trading of our common stock, our Series B preferred stock will be redeemable at the option of the stockholders thereof.

Notwithstanding anything to the contrary herein, a Fundamental Change Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of such Fundamental Change Offer.

The phrase all or substantially all, as used with respect to the assets of the Issuer in the definition of Change of Control, is subject to interpretation under applicable state law, and its applicability in a given instance would depend upon the facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of all or substantially all the assets of the Issuer has occurred in a particular instance, in which case a holder s ability to obtain the benefit of these provisions could be unclear.

The provisions under the Indenture relative to our obligation to make an offer to purchase the Notes as a result of a Fundamental Change may be waived or modified with the written consent of the holders of a majority in principal amount of the Notes.

For purposes of this discussion of a repurchase of the Notes following a Fundamental Change ***Change of Control*** means the occurrence of any of the following:

(1) any person or group (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 35% (or, in the case of any Permitted Holder, 50%) of the total voting power of the Voting Stock of the Parent;

(2) individuals who on the Original Issue Date constituted the Board of Directors (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Parent was approved by a vote of a majority of the directors of the Parent then still in office who were either directors on the Original Issue Date or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of Parent then in office;

(3) the adoption of a plan relating to the liquidation or dissolution of the Parent;

(4) the merger or consolidation of the Parent with or into another Person or the merger of another Person with or into the Parent, or the sale of all or substantially all the consolidated assets of Parent (but in any event, upon the sale of more than 35% of the consolidated assets of the Parent), to another Person, other than a transaction following which (A) in the case of a merger or consolidation transaction, holders of securities that represented 100% of the Voting Stock of the Parent immediately prior to such transaction (or other securities into which such securities are converted as part of such merger or consolidation transaction) own, directly or indirectly, at least a majority of the voting power

of the Voting Stock of the surviving Person in such merger or consolidation transaction immediately after such transaction and (B) in the case of a sale of assets transaction, the transferee Person becomes the obligor in respect of the Notes and a Subsidiary of the transferor of such assets; or

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(5) the Parent ceases to own, directly, 100% of the Capital Stock of the Issuer.

For the avoidance of doubt, for purposes of determining beneficial ownership under clause (1) above, no Permitted Holder shall be deemed to be a person or group (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) with Fairfax.