KITE REALTY GROUP TRUST
Form 10-K
February 26, 2016
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

x Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2015
o Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from ___________to___________
Commission File Number: 001-32268 (Kite Realty Group Trust)
Commission File Number: 333-202666-01 (Kite Realty Group, L.P.)

Kite Realty Group Trust
Kite Realty Group, L.P.
(Exact name of registrant as specified in its charter)

Maryland (Kite Realty Group Trust)	11-3715772
Delaware (Kite Realty Group, L.P.)	20-1453863
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

30 S. Meridian Street, Suite 1100
Indianapolis, Indiana 46204
(Address of principal executive offices) (Zip code)

(317) 577-5600
(Registrant’s telephone number, including area code)

Title of each class	Name of each exchange on which registered
Common Shares, $0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act.

Kite Realty Group Trust	Yes x	No o	Kite Realty Group, L.P.	Yes x	No o

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 of Section 15(d) of the Act.

Kite Realty Group Trust	Yes o	No x	Kite Realty Group, L.P.	Yes o	No x

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Kite Realty Group Trust	Yes x	No o	Kite Realty Group, L.P.	Yes x	No o

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Kite Realty Group Trust	Yes x	No o	Kite Realty Group, L.P.	Yes x	No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Kite Realty Group Trust:

Large accelerated filer	x	Accelerated filer	o	Non-accelerated filer (do not check if a smaller reporting company)	o	Smaller reporting company	o

Kite Realty Group, L.P.:

Large accelerated filer	o	Accelerated filer	o	Non-accelerated filer (do not check if a smaller reporting company)	x	Smaller reporting company	o

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act)

Kite Realty Group Trust	Yes o	No x	Kite Realty Group, L.P.	Yes o	No x

The aggregate market value of the voting and non-voting common shares held by non-affiliates of the Registrant as the last business day of the Registrant's most recently completed second quarter was $2.0 billion based upon the closing price on the New York Stock Exchange on such date.

The number of Common Shares outstanding as of February 22, 2016 was 83,408,604 ($.01 par value).

Documents Incorporated by Reference

Portions of the definitive Proxy Statement relating to the Registrant's Annual Meeting of Shareholders, scheduled to be held on May 11, 2016, to be filed with the Securities and Exchange Commission, are incorporated by reference into

Part III, Items 10-14 of this Annual Report on Form 10-K as indicated herein.

EXPLANATORY NOTE

This report combines the annual reports on Form 10-K for the year ended December 31, 2015 of Kite Realty Group Trust, Kite Realty Group, L.P. and its subsidiaries. Unless stated otherwise or the context otherwise requires, references to "Kite Realty Group Trust" or the "Parent Company" mean Kite Realty Group Trust, and references to the "Operating Partnership" mean Kite Realty Group, L.P. and its consolidated subsidiaries. The terms "Company," "we," "us," and "our" refer to the Parent Company and the Operating Partnership collectively, and those entities owned or controlled by the Parent Company and/or the Operating Partnership.

The Operating Partnership is engaged in the ownership and operation, acquisition, development and redevelopment of high-quality neighborhood and community shopping centers in select markets in the United States. The Parent Company is the sole general partner of the Operating Partnership and as of December 31, 2015 owned approximately 97.8% of the common partnership interests in the Operating Partnership (“General Partner Units”). The remaining 2.2% of the common partnership interests (“Limited Partner Units” and, together with the General Partner Units, the “Common Units”) are owned by the limited partners.

We believe combining the annual reports on Form 10-K of the Parent Company and the Operating Partnership into this single report benefits investors by:

- enhancing investors' understanding of the Parent Company and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- eliminating duplicative disclosure and providing a more streamlined and readable presentation of information because a substantial portion of the Company's disclosure applies to both the Parent Company and the Operating Partnership; and
- creating time and cost efficiencies through the preparation of one combined report instead of two separate reports.

We believe it is important to understand the few differences between the Parent Company and the Operating Partnership in the context of how we operate as an interrelated consolidated company. The Parent Company has no material assets or liabilities other than its investment in the Operating Partnership. The Parent Company issues public equity from time to time but does not have any indebtedness as all debt is incurred by the Operating Partnership. In addition, the Parent Company currently does not nor does it intend to guarantee any debt of the Operating Partnership. The Operating Partnership has numerous wholly-owned subsidiaries, and it also owns interests in certain joint ventures. These subsidiaries and joint ventures own and operate retail shopping centers and other real estate assets. The Operating Partnership is structured as a partnership with no publicly-traded equity. Except for net proceeds from equity issuances by the Parent Company, which are contributed to the Operating Partnership in exchange for General Partner Units, the Operating Partnership generates the capital required by the business through its operations, its incurrence of indebtedness and the issuance of Limited Partner Units to third parties.

Shareholders' equity and partners' capital are the main areas of difference between the consolidated financial statements of the Parent Company and those of the Operating Partnership. In order to highlight this and other differences between the Parent Company and the Operating Partnership, there are separate sections in this report, as applicable, that separately discuss the Parent Company and the Operating Partnership, including separate financial statements and separate Exhibit 31 and 32 certifications. In the sections that combine disclosure of the Parent Company and the Operating Partnership, this report refers to actions or holdings as being actions or holdings of the collective Company.

KITE REALTY GROUP TRUST AND KITE REALTY GROUP, L.P. AND SUBSIDIARIES
Annual Report on Form 10-K
For the Fiscal Year Ended
December 31, 2015

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Forward-Looking Statements

This Annual Report on Form 10-K, together with other statements and information publicly disseminated by us, contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such statements are based on assumptions and expectations that may not be realized and are inherently subject to risks, uncertainties and other factors, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events and actual results, performance, transactions or achievements, financial or otherwise, may differ materially from the results, performance, transactions or achievements, financial or otherwise, expressed or implied by the forward-looking statements. Risks, uncertainties and other factors that might cause such differences, some of which could be material, include but are not limited to:

- national and local economic, business, real estate and other market conditions, particularly in light of low growth in the U.S. economy as well as uncertainty added to the economic forecast due to oil and energy prices remaining relatively low in 2015 and early 2016;
- financing risks, including the availability of and costs associated with sources of liquidity;
- our ability to refinance, or extend the maturity dates of, our indebtedness;
- the level and volatility of interest rates;
- the financial stability of tenants, including their ability to pay rent and the risk of tenant bankruptcies;
- the competitive environment in which we operate;
- acquisition, disposition, development and joint venture risks;
- property ownership and management risks;
- our ability to maintain our status as a real estate investment trust ("REIT") for federal income tax purposes;
- potential environmental and other liabilities;
- impairment in the value of real estate property we own;
- risks related to the geographical concentration of our properties in Florida, Texas, and Indiana;
- insurance costs and coverage;
- risks related to cybersecurity attacks and the loss of confidential information and other business disruptions;
- other factors affecting the real estate industry generally; and
- other risks identified in this Annual Report on Form 10-K and, from time to time, in other reports we file with the Securities and Exchange Commission (the "SEC") or in other documents that we publicly disseminate.

We undertake no obligation to publicly update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

ITEM 1. BUSINESS

Unless the context suggests otherwise, references to “we,” “us,” “our” or the “Company” refer to Kite Realty Group Trust and our business and operations conducted through our directly or indirectly owned subsidiaries, including Kite Realty Group, L.P., our operating partnership (the “Operating Partnership”).

Overview

Kite Realty Group Trust, a publicly-held real estate investment trust, through its majority-owned subsidiary, Kite Realty Group, L.P., owns interests in various operating subsidiaries and joint ventures engaged in the ownership, operation, acquisition, development, and redevelopment of high-quality neighborhood and community shopping centers in selected markets in the United States. We derive revenues primarily from rents and reimbursement payments received from tenants under leases at our properties. Our operating results therefore depend materially on the ability of our tenants to make required rental payments, conditions in the United States retail sector and overall economic and real estate market conditions.

As of December 31, 2015, we owned interests in 110 retail operating properties totaling approximately 22.0 million square feet of gross leasable area (including approximately 6.7 million square feet of non-owned anchor space) located in 20 states. Our retail operating portfolio was 95.4% leased to a diversified retail tenant base, with no single retail tenant accounting for more than 3.4% of our total annualized base rent. In the aggregate, our largest 25 tenants accounted for 36.4% of our annualized base rent. See Item 2, “Properties” for a list of our top 25 tenants by annualized base rent.

As of December 31, 2015, we had an interest in three development projects under construction. Upon completion, these projects are anticipated to have approximately 0.6 million square feet of gross leasable area. In addition to our development projects, as of December 31, 2015, we had six redevelopment projects, which are expected to contain 1.2 million square feet of gross leasable area upon completion.

Significant 2015 Activities

Operating Activities

We continued to drive strong operating results from our portfolio as follows:

- Same Property Net Operating Income ("Same Property NOI") increased 3.5% in 2015 compared to 2014 primarily due to increases in rental rates, and improved expense control and expense recoveries;
- We executed leases on 188 new and 181 renewal individual spaces for approximately 2.1 million square feet of retail space in 2015, which are both records for the Company; and

- Continued to maintain our operational excellence. We believe our efficiency metrics, which we define as a combination of operating margin and general and administrative expenses to revenue, are in the top third of our peer group.

Portfolio Recycling and Acquisition Activities

In March 2015, we sold seven retail operating properties for aggregate gross proceeds of $167.4 million and a net gain of $3.4 million. In addition, in December 2015, we sold two properties for gross proceeds of $44.9 million and a net gain of $0.6 million.

During 2015, we acquired four operating properties with total gross leasable area ("GLA") of approximately 928,000 square feet (617,000 square feet of owned GLA) for an aggregate purchase price of $185.8 million, including the following:

- Colleyville Downs – In April 2015, we acquired this shopping center with total GLA of 200,900 square feet (185,800 square feet of owned GLA) in Dallas, Texas. Primary anchor tenants for this center include Whole Foods Market, Ace Hardware, and Petco.
- Belle Isle Station – In May 2015, we acquired this shopping center with total GLA of 396,400 square feet (164,300 square feet of owned GLA) in Oklahoma City, Oklahoma. Anchor tenants for this center include Nordstrom Rack, Old Navy, Ross Dress for Less, Shoe Carnival, Babies 'R Us, Party City, Kirkland's and a non-owned Wal-Mart Supercenter.
- Livingston Shopping Center – In July 2015, we acquired this shopping center with total and owned GLA of 139,700 square feet in Livingston, New Jersey. Anchor tenants for this center include Nordstrom Rack, TJ Maxx, Cost Plus World Market, Buy Buy Baby, DSW and Ulta.
- Chapel Hill Shopping Center – In August 2015, we acquired this shopping center with total GLA of 191,200 square feet (126,800 square feet of owned GLA) in Fort Worth, Texas. In connection with the acquisition, we assumed an $18.3 million fixed rate mortgage. Anchor tenants for this center include HEB Grocery, The Container Store and Cost Plus World Market.

Development and Redevelopment Activities

During 2015, we initiated, advanced, and completed a number of development and redevelopment activities, including the following:

- Parkside Town Commons – Phase II near Raleigh, North Carolina – We commenced construction on Phase II of this development with total GLA of 347,800 square feet (297,400 square feet of owned GLA) in the second quarter of 2014. Field & Stream and Golf Galaxy both opened in 2014 and Frank Theatres opened in July of 2015. The property is expected to be stabilized in the second half of 2016.
- Holly Springs Towne Center – Phase II near Raleigh, North Carolina – We commenced construction on Phase II of this development with total GLA of 154,000 square feet (122,000 square feet of owned GLA) in the third quarter of 2014. Phase II of the development is anchored by Bed Bath & Beyond, which opened in December 2015, and DSW, which is expected to open in the first half of 2016. The remaining anchor, Carmike Theatres, is expected to open in the summer of 2016.
- Tamiami Crossing in Naples, Florida – We commenced site work on this development with total GLA of 141,600 square feet (121,600 square feet of owned GLA) in the fourth quarter of 2014. The development is expected to be stabilized by the second half of 2016. This center will be anchored by Stein Mart, Ulta, Michaels, Marshalls, Ross Dress for Less and Petsmart.
- Gainesville Plaza in Gainesville, Florida – We substantially completed construction on this redevelopment and transitioned this project to the operating portfolio in the fourth quarter of 2015. This center is anchored by Burlington Coat Factory and Ross Dress for Less.
- Cool Spring Market in Nashville, Tennessee – We completed the relocation of an existing Staples to a new, smaller space and executed new leases with Buy Buy Baby and DSW on this redevelopment. We transitioned this project to

the operating portfolio in the fourth quarter of 2015.

Financing and Capital Raising Activities.

Our primary business objectives are to generate increasing cash flow, achieve long-term growth and maximize shareholder value primarily through the operation, acquisition, development and redevelopment of well-located community and neighborhood shopping centers. In 2015, we were able to strengthen our balance sheet and improve our financial flexibility and liquidity to fund future growth. We ended the year with approximately $373 million of combined cash and borrowing capacity on our unsecured revolving credit facility. Significant financing and capital raising activities included:

- In June 2015, we increased the existing unsecured term loan with a maturity date of July 1, 2019 from $230 million to $400 million.
- In September 2015, the Operating Partnership issued $250 million of senior unsecured notes at a blended rate of 4.41% and an average maturity of 9.8 years.
- In October 2015, we entered into a new seven-year unsecured term loan ("7-Year Term Loan") for up to $200 million.
- In December 2015, we retired the $90 million loan that was secured by City Center utilizing a draw on our unsecured revolving credit facility. Later in December 2015, we drew $100 million on the term loan and used the proceeds to pay down the unsecured revolving credit facility.
- In December 2015, we redeemed all 4,100,000 outstanding shares of our 8.250% Series A Cumulative Redeemable Perpetual Preferred Share ("Series A Preferred Shares").
- During 2015, we retired $233.1 million of property level secured debt.

2015 Cash Distributions

In 2015, we declared total cash distributions of $1.09 per common share and $2.0912 per share of our Series A Preferred Shares. The cash distribution per share of our Series A Preferred Shares includes the amount equal to all accrued and unpaid dividends up to, but not including, the redemption date of December 2, 2015. On February 4, 2016, our Board of Trustees approved a quarterly common share distribution of $0.2875 per common share for the first quarter of 2016, which represents a 5.5% increase over our previous quarterly distribution.

Business Objectives and Strategies

Our primary business objectives are to increase the cash flow and build or realize capital appreciation of our properties, achieve sustainable long-term growth and maximize shareholder value primarily through the operation, acquisition, development, and redevelopment of well-located community and neighborhood shopping centers. We invest in properties with well-located real estate and strong demographics and we use our effective leasing and management strategies to improve the long-term values and economic returns of our properties. We believe that many of our properties represent opportunities for future renovation and expansion.

We seek to implement our business objectives through the following strategies, each of which is more completely described in the sections that follow:

- Operating Strategy: Maximizing the internal growth in revenue from our operating properties by leasing and re-leasing those properties to a diverse group of retail tenants at increasing rental rates, when possible, and

redeveloping or renovating certain properties to make them more attractive to existing and prospective tenants and consumers;

- Growth Strategy: Using debt and equity capital prudently to selectively acquire additional retail properties, redevelop or renovate our existing properties, and develop shopping centers on land parcels that we currently

own or newly acquired land where we believe that investment returns would meet or exceed internal benchmarks; and

- Financing and Capital Preservation Strategy: Maintaining a strong balance sheet with sufficient flexibility to fund our operating and investment activities. Funding sources include the public equity and debt market, our existing revolving credit facility, new secured debt, internally generated funds, proceeds from selling land and properties that no longer fit our strategy, and potential strategic joint ventures. We continuously monitor the capital markets and may consider raising additional capital when appropriate.

Operating Strategy. Our primary operating strategy is to maximize rental rates and occupancy levels by attracting and retaining a strong and diverse tenant base. Most of our properties are located in regional and neighborhood trade areas with attractive demographics, which allows us to maintain and, in many cases, increase occupancy and rental rates. We seek to implement our operating strategy by, among other things:

- increasing rental rates upon the renewal of expiring leases or re-leasing space to new tenants while minimizing vacancy to the extent possible;
- maximizing the occupancy of our operating portfolio;
- minimizing tenant turnover;
- maintaining leasing and property management strategies that maximize rent growth and cost recovery;
- maintaining a diverse tenant mix in an effort to limit our exposure to the financial condition of any one tenant or any category of tenants;
- maintaining the physical appearance, condition, and design of our properties and other improvements located on our properties to maximize our ability to attract customers;
- actively managing costs to minimize overhead and operating costs;
- maintaining strong tenant and retailer relationships in order to avoid rent interruptions and reduce marketing, leasing and tenant improvement costs that result from re-tenanting space; and
- taking advantage of under-utilized land or existing square footage, reconfiguring properties for better use, or adding ancillary income areas to existing facilities.

We successfully executed our operating strategy in 2015 in a number of ways, including improving our Same Property NOI by 3.5% and generating blended new and renewal positive cash leasing spreads of 11.4% in 2015. We have also been successful in maintaining a diverse retail tenant mix with no tenant accounting for more than 3.4% of our annualized base rent. See Item 2, “Properties” for a list of our top tenants by gross leasable area and annualized base rent.

Growth Strategy. Our growth strategy includes the selective deployment of resources to projects that are expected to generate investment returns that meet or exceed our internal benchmarks. We continue to implement our growth strategy in a number of ways, including:

- selectively pursuing the acquisition of retail operating properties, portfolios and companies in markets with strong demographics;
- continually evaluating our operating properties for redevelopment and renovation opportunities that we believe will make them more attractive for leasing to new tenants, right sizing anchor space while increasing rental rates, or re-leasing to existing tenants at increased rental rates; and
- disposing of selected assets that no longer meet our long-term investment criteria and recycling the net proceeds into assets that provide maximum returns and rent growth potential in targeted markets or using the proceeds to improve our financial position.

In evaluating opportunities for potential acquisition, development, redevelopment and disposition, we consider a number of factors, including:

- the expected returns and related risks associated with the investments relative to our combined cost of capital to make such investments;
- the current and projected cash flow and market value of the property and the potential to increase cash flow and market value if the property were to be successfully re-leased or redeveloped;
- the price being offered for the property, the current and projected operating performance of the property, the tax consequences of the sale, and other related factors;
- the current tenant mix at the property and the potential future tenant mix that the demographics of the property could support, including the presence of one or more additional anchors (for example, value retailers, grocers, soft goods stores, office supply stores, or sporting goods retailers), as well as an overall diverse tenant mix that includes restaurants, shoe and clothing retailers, specialty shops and service retailers such as banks, dry cleaners and hair salons, some of which provide staple goods to the community and offer a high level of convenience;
- the configuration of the property, including ease of access, availability of parking, visibility, and the demographics of the surrounding area; and
- the level of success of existing properties in the same or nearby markets.

In 2015, we were successful in completing and integrating the acquisition of four high-quality retail properties that enabled us to expand our presence in our core markets. We also delivered three very strong development and redevelopment projects to the operating portfolio, and we expect to deliver several more projects in 2016. In addition, we are currently evaluating additional redevelopment, repositioning, and repurposing opportunities at a number of operating properties. Total estimated costs for these projects are expected to be in the range of $130 million to $145 million.

Financing and Capital Preservation Strategy. We finance our acquisition, development, and redevelopment activities seeking to use the most advantageous sources of capital available to us at the time. These sources may include the sale of common or preferred shares through public offerings or private placements, the reinvestment of proceeds from the disposition of assets, the incurrence of additional indebtedness through secured or unsecured borrowings, and entering into real estate joint ventures.

Our primary financing and capital preservation strategy is to maintain a strong balance sheet and enhance our flexibility to fund operating and investment activities in the most cost-effective way. We consider a number of factors when evaluating our level and type of indebtedness and when making decisions regarding additional borrowings. Among these factors are the construction costs or purchase prices of properties to be developed or acquired, the estimated market value of our properties and the Company as a whole upon consummation of the financing, and the ability of particular properties to generate cash flow to cover expected debt service.

Our efforts to strengthen our balance sheet are important. We achieved an investment grade credit rating in 2014. We expect that will enable us to opportunistically access the public unsecured bond market at some point and otherwise will allow us to lower our cost of capital and provide greater flexibility in managing the acquisition and disposition of assets in our operating portfolio. In addition, through the retirement of property level secured debt in 2015, we were able to unencumber approximately $440 million of gross assets associated with our operating properties.

We intend to continue implementing our financing and capital strategies in a number of ways, including:

- prudently managing our balance sheet, including maintaining sufficient capacity under our unsecured revolving credit facility so that we have additional capacity available to fund our development and redevelopment projects and pay down maturing debt if refinancing that debt is not feasible;

- extending the maturity dates of and/or refinancing our near-term mortgage, construction and other indebtedness;
- expanding our unencumbered asset pool;
- raising additional capital through the issuance of common shares, preferred shares or other securities;
- evaluating whether to enter into construction loans prior to commencement of vertical construction to fund our larger developments and redevelopments;
- managing our exposure to interest rate increases on our variable-rate debt through the use of fixed rate hedging transactions;
- issuing unsecured bonds in the public markets, and securing property specific long-term non-recourse financing; and
- entering into joint venture arrangements in order to access less expensive capital and to mitigate risk.

Competition

The United States commercial real estate market continues to be highly competitive. We face competition from other REITs and other owner-operators engaged in the ownership, leasing, acquisition, and development of shopping centers as well as from numerous local, regional and national real estate developers and owners in each of our markets. Some of these competitors may have greater capital resources than we do; although we do not believe that any single competitor or group of competitors in any of the primary markets where our properties are located are dominant in that market.

We face significant competition in our efforts to lease available space to prospective tenants at our operating, development and redevelopment properties. The nature of the competition for tenants varies based on the characteristics of each local market in which we own properties. We believe that the principal competitive factors in attracting tenants in our market areas are location, demographics, rental rates, the presence of anchor stores, competitor shopping centers in the same geographic area and the maintenance, appearance, access and traffic patterns of our properties. There can be no assurance in the future that we will be able to compete successfully with our competitors in our development, acquisition and leasing activities.

Government Regulation

We and our properties are subject to a variety of federal, state, and local environmental, health, safety and similar laws including:

Americans with Disabilities Act. Our properties must comply with Title III of the Americans with Disabilities Act, or ADA, to the extent that such properties are public accommodations as defined by the ADA. The ADA may require removal of structural barriers to access by persons with disabilities in certain public areas of our properties where such removal is readily achievable. We believe our properties are in substantial compliance with the ADA and that we will not be required to make substantial capital expenditures to address the requirements of the ADA. However, noncompliance with the ADA could result in the imposition of fines or an award of damages to private litigants. The obligation to make readily accessible accommodations is an ongoing one, and we will continue to assess our properties and make alterations as appropriate in this respect.

Affordable Care Act. Effective January 2015, we may be subject to excise taxes under the employer mandate provisions of the Affordable Care Act ("ACA"), if we (i) do not offer health care coverage to substantially all of our full-time employees and their dependents; or (ii) do not offer health care coverage that meets the ACA's affordability and minimum value standards. The excise tax is based on the number of full-time employees. We do not anticipate being subject to a penalty under the ACA; however, even in the event that we are, any such penalty would be less than $0.3 million, as we have 145 full-time employees as of December 31, 2015.

Environmental Regulations. Some properties in our portfolio contain, may have contained or are adjacent to or near other properties that have contained or currently contain underground storage tanks for petroleum products or other hazardous or toxic substances. These storage tanks may have released, or have the potential to release, such substances into the environment.

In addition, some of our properties have tenants which may use hazardous or toxic substances in the routine course of their businesses. In general, these tenants have covenanted in their leases with us to use these substances, if any, in compliance with all environmental laws and have agreed to indemnify us for any damages we may suffer as a result of their use of such substances. However, these lease provisions may not fully protect us in the event that a tenant becomes insolvent. Finally, one of our properties has contained asbestos-containing building materials, or ACBM, and another property may have contained such materials based on the date of its construction. Environmental laws require that ACBM be properly managed and maintained, and fines and penalties may be imposed on building owners or operators for failure to comply with these requirements. The laws also may allow third parties to seek recovery from owners or operators for personal injury associated with exposure to asbestos fibers.

Neither existing environmental, health, safety and similar laws nor the costs of our compliance with these laws has had a material adverse effect on our financial condition or results operations, and management does not believe they will in the future. In addition, we have not incurred, and do not expect to incur, any material costs or liabilities due to environmental contamination at properties we currently own or have owned in the past. However, we cannot predict the impact of new or changed laws or regulations on properties we currently own or may acquire in the future.

With environmental sustainability becoming a national priority, we have continued to demonstrate our strong commitment to be a responsible corporate citizen through resource reduction and employee training that have resulted in reductions of energy consumption, waste and improved maintenance cycles.

Insurance

We carry comprehensive liability, fire, extended coverage, and rental loss insurance that covers all properties in our portfolio. We believe the policy specifications and insured limits are appropriate and adequate given the relative risk of loss, the cost of the coverage, and industry practice. Certain risks such as loss from riots, war or acts of God, and, in some cases, flooding are not insurable; and therefore, we do not carry insurance for these losses. Some of our policies, such as those covering losses due to terrorism and floods, are insured subject to limitations involving large deductibles or co-payments and policy limits that may not be sufficient to cover losses.

Offices

Our principal executive office is located at 30 S. Meridian Street, Suite 1100, Indianapolis, IN 46204. Our telephone number is (317) 577-5600.

Employees

As of December 31, 2015, we had 145 full-time employees. The majority of these employees were based at our Indianapolis, Indiana headquarters.

Segment Reporting

Our primary business is the ownership and operation of neighborhood and community shopping centers. We do not distinguish or group our operations on a geographical basis, or any other basis, when measuring performance. Accordingly, we have one operating segment, which also serves as our reportable segment for disclosure purposes in accordance with GAAP.

Available Information

Our Internet website address is www.kiterealty.com. You can obtain on our website, free of charge, a copy of our Annual Report on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K, and any amendments to those reports, as soon as reasonably practicable after we electronically file such reports or amendments with, or furnish them to, the SEC. Our Internet website and the information contained therein or connected thereto are not intended to be incorporated into this Annual Report on Form 10-K.

Also available on our website, free of charge, are copies of our Code of Business Conduct and Ethics, our Code of Ethics for Principal Executive Officer and Senior Financial Officers, our Corporate Governance Guidelines, and the charters for each of the committees of our Board of Trustees—the Audit Committee, the Corporate Governance and Nominating Committee, and the Compensation Committee. Copies of our Code of Business Conduct and Ethics, our Code of Ethics for Principal Executive Officer and Senior Financial Officers, our Corporate Governance Guidelines, and our committee charters are also available from us in print and free of charge to any shareholder upon request. Any person wishing to obtain such copies in print should contact our Investor Relations department by mail at our principal executive office.

ITEM 1A. RISK FACTORS

The following factors, among others, could cause actual results to differ materially from those contained in forward-looking statements made in this Annual Report on Form 10-K and presented elsewhere by our management from time to time. These factors, among others, may have a material adverse effect on our business, financial condition, operating results and cash flows, and you should carefully consider them. It is not possible to predict or identify all such factors. You should not consider this list to be a complete statement of all potential risks or uncertainties. Past performance should not be considered an indication of future performance.

We have separated the risks into three categories:

- risks related to our operations;
- risks related to our organization and structure; and
- risks related to tax matters.

RISKS RELATED TO OUR OPERATIONS

Because of our geographical concentration in Florida, Indiana and Texas, a prolonged economic downturn in these states could materially and adversely affect our financial condition and results of operations.

The specific markets in which we operate may face challenging economic conditions that could persist into the future. In particular, as of December 31, 2015, 26% of our owned square footage and 25% of our total annualized base rent was located in Florida, 17% of our owned square footage and 15% of our total annualized base rent was

located in Indiana and 13% of our owned square footage and 13% of our total annualized base rent was located in Texas. This level of concentration could expose us to greater economic risks than if we owned properties in numerous geographic regions. Many states continue to deal with state fiscal budget shortfalls and high unemployment rates. Adverse economic or real estate trends in Florida, Indiana, Texas, or the surrounding regions, or any decrease in demand for retail space resulting from the local regulatory environment, business climate or fiscal problems in these states, could materially and adversely affect our financial condition, results of operations, cash flow, the trading price of our common shares and our ability to satisfy our debt service obligations and to pay distributions to our shareholders.

Disruptions in the financial markets could affect our ability to obtain financing on reasonable terms, or at all, and have other material adverse effects on our business.

Disruptions in the credit markets generally, or relating to the real estate industry specifically, may adversely affect our ability to obtain debt financing at favorable rates or at all. These disruptions could impact the overall amount of debt financing available, lower loan to value ratios, cause a tightening of lender underwriting standards and terms and higher interest rate spreads. As a result, we may be unable to refinance or extend our existing indebtedness or the terms of any refinancing may not be as favorable as the terms of our existing indebtedness. For example, as of December 31, 2015, we had approximately $263 million and $17 million of debt maturing in 2016 and 2017, respectively. We intend to retire $100 million of the 2016 maturities utilizing the remaining capacity on the 7-Year Term Loan. If we are not successful in refinancing our remaining outstanding debt when it becomes due, we may be forced to dispose of properties on disadvantageous terms, which might adversely affect our ability to service other debt and to meet our other obligations. We currently have sufficient capacity under the unsecured revolving credit facility to retire outstanding debt in the event we are not able to refinance such debt when it becomes due, but we cannot provide any assurances that we will be able to maintain that capacity in order to retire any or all of these loans at maturity.

If economic conditions deteriorate in any of our markets, we may be forced to seek alternative sources of potentially less attractive financing, and have to adjust our business plan accordingly. In addition, we may be unable to obtain permanent financing on development projects we temporarily financed with construction loans. Our inability to obtain such permanent financing on favorable terms, if at all, could delay the completion of our development projects and/or cause us to incur additional capital costs in connection with completing such projects, either of which could have a material adverse effect on our business and our ability to execute our business strategy. These events also may make it more difficult or costly for us to raise capital through the issuance of our common shares or preferred shares. The disruptions in the financial markets have had and may continue to have a material adverse effect on the market value of our common shares and other adverse effects on our business.

If our tenants are unable to secure financing necessary to continue to operate and grow their businesses and pay us rent, we could be materially and adversely affected.

Many of our tenants rely on external sources of financing to operate and grow their businesses. Disruptions in credit markets, as discussed above, may adversely affect our tenants' ability to obtain debt financing at favorable rates or at all. If our tenants are unable to secure financing necessary to continue to operate their businesses, they may be unable to meet their rent obligations to us or enter into new leases with us or be forced to declare bankruptcy and reject our leases, which could materially and adversely affect us.

Ongoing challenging conditions in the United States and global economy, and the challenges facing our retail tenants and non-owned anchor tenants may have a material adverse effect on our financial condition and results of operations.

Certain sectors of the United States economy are still experiencing weakness. Over the past several years, this structural weakness has resulted in periods of high unemployment, the bankruptcy or weakened financial condition of a number of retailers, decreased consumer spending, increased home foreclosures, low consumer confidence, and reduced demand and rental rates for certain retail space. Market conditions remain challenging as higher than

historical levels of unemployment and lower consumer confidence have persisted. There can be no assurance that the recovery will continue. General economic factors that are beyond our control, including, but not limited to, economic recessions, decreases in consumer confidence, reductions in consumer credit availability, increasing consumer debt levels, rising energy costs, higher tax rates, continued business layoffs, downsizing and industry slowdowns, and/or rising inflation, could have a negative impact on the business of our retail tenants. In turn, this could have a material adverse effect on our business because current or prospective tenants may, among other things, (i) have difficulty paying their rent obligations as they struggle to sell goods and services to consumers, (ii) be unwilling to enter into or renew leases with us on favorable terms or at all, (iii) seek to terminate their existing leases with us or request rental concessions on such leases, or (iv) be forced to curtail operations or declare bankruptcy. We are also susceptible to other developments that, while not directly tied to the economy, could have a material adverse effect on our business. These developments include relocations of businesses, changing demographics, increased Internet shopping, infrastructure quality, federal, state, and local budgetary constraints and priorities, increases in real estate and other taxes, costs of complying with government regulations or increased regulation, decreasing valuations of real estate, and other factors.

Further, we continually monitor events and changes in circumstances that could indicate that the carrying value of our real estate assets may not be recoverable. The ongoing challenging market conditions could require us to recognize an impairment charge, with respect to one or more of our properties, or a loss on disposition of one or more of our properties.

Our real estate assets may be subject to impairment charges, which may negatively affect our net income.

Our long-lived assets, primarily real estate held for investment, are carried at cost unless circumstances indicate that the carrying value of the assets may not be recoverable. We evaluate whether there are any indicators, including property operating performance and general market conditions, that the value of the real estate properties (including any related amortizable intangible assets or liabilities) may not be recoverable. Through the evaluation, we compare the current carrying value of the asset to the estimated undiscounted cash flows that are directly associated with the use and ultimate disposition of the asset. Our estimated cash flows are based on several key assumptions, including rental rates, costs of tenant improvements, leasing commissions, anticipated hold periods, and assumptions regarding the residual value upon disposition, including the exit capitalization rate. These key assumptions are subjective in nature and could differ materially from actual results. Changes in our disposition strategy or changes in the marketplace may alter the hold period of an asset or asset group, which may result in an impairment loss, and such loss could be material to our financial condition or operating performance. To the extent that the carrying value of the asset exceeds the estimated undiscounted cash flows, an impairment loss is recognized equal to the excess of carrying value over fair value. If such indicators, as described above, are not identified, management will not assess the recoverability of a property's carrying value.

The fair value of real estate assets is highly subjective and is determined through comparable sales information and other market data if available or through use of an income approach such as the direct capitalization method or the traditional discounted cash flow approach. Such cash flow projections consider factors, including expected future operating income, trends and prospects, as well as the effects of demand, competition and other factors, and therefore are subject to a significant degree of management judgment. Changes in those factors could impact the determination of fair value. In estimating the fair value of undeveloped land, we generally use market data and comparable sales information.

These subjective assessments have a direct impact on our net income because recording an impairment charge results in an immediate negative adjustment to net income. There can be no assurance that we will not take additional charges in the future related to the impairment of our assets. Any future impairment could have a material adverse effect on our results of operations in the period in which the charge is taken.

Our business is significantly influenced by demand for retail space generally, and a decrease in such demand may have a greater adverse effect on our business than if we owned a more diversified real estate portfolio.

Because our portfolio of properties consists primarily of community and neighborhood shopping centers, a decrease in the demand for retail space, due to the economic factors discussed above or otherwise, may have a greater adverse effect on our business and financial condition than if we owned a more diversified real estate portfolio. The market for retail space has been, and could continue to be, adversely affected by weakness in the national, regional and local

economies, the adverse financial condition of some large retailing companies, the ongoing consolidation in the retail sector, the excess amount of retail space in a number of markets, and increasing consumer purchases through the Internet. To the extent that any of these conditions occur, they are likely to negatively affect market rents for retail space and could materially and adversely affect our financial condition, results of operations, cash flow, the trading price of our common shares and our ability to satisfy our debt service obligations and to pay distributions to our shareholders.

The termination of any leases by any non-owned anchor tenant or major tenant with leases in multiple locations, because of a deterioration of its financial condition or otherwise, could have a material adverse effect on our results of operations.

We derive the majority of our revenue from tenants who lease space from us at our properties. Therefore, our ability to generate cash from operations is dependent on the rents that we are able to charge and collect from our tenants. Our leases generally

do not contain provisions designed to ensure the creditworthiness of our tenants. At any time, our tenants may experience a downturn in their business that may significantly weaken their financial condition, particularly during periods of economic uncertainty. In the event of a prolonged or severe economic downturn, our tenants may delay lease commencements, decline to extend or renew leases upon expiration, fail to make rental payments when due, close a number of stores or declare bankruptcy. Any of these actions could result in the termination of the tenant's leases and the loss of rental income attributable to the terminated leases. Lease terminations or failure of a major tenant or non-owned anchor to occupy the premises could result in lease terminations or reductions in rent by other tenants in the same shopping centers because of contractual co-tenancy termination or rent reduction rights under the terms of some leases. In that event, we may be unable to re-lease the vacated space at attractive rents or at all. Additionally, in the event our tenants are involved in mergers with or acquisitions by third parties, such tenants may choose to terminate their leases, vacate the leased premises or not renew their leases if they consolidate, downsize or relocate their operations as a result of the transaction. For example, our tenant Office Depot announced its agreement to merge with Staples, which merger is currently subject to regulatory approvals. These two tenants contribute on a combined basis approximately 2% of our total annualized base rent. In connection with the proposed merger, Office Depot and Staples may choose to close or relocate a number of their stores, which may be stores at premises they lease from us. In that event, we may experience periods where multiple locations are not leased as we seek new tenants, which would negatively affect our net rental revenues in the near term. The occurrence of any of the situations described above, particularly if it involves a substantial tenant or a non-owned anchor with ground leases in multiple locations, could have a material adverse effect on our results of operations. As of December 31, 2015, the five largest tenants in our operating portfolio in terms of annualized base rent were Publix, TJX Companies, Petsmart, Bed Bath & Beyond, and Ross Stores, representing 3.4%, 2.6%, 2.2%, 2.2%, and 2.1%, respectively, of our total annualized base rent.

We face potential material adverse effects from tenant bankruptcies, and we may be unable to collect balances due from any tenant in bankruptcy or replace the tenant at current rates, or at all.

Tenant bankruptcies may increase during periods of difficult economic conditions. We cannot make any assurance that a tenant that files for bankruptcy protection will continue to pay its rent obligations. A bankruptcy filing by or relating to one of our tenants or a lease guarantor would legally bar our efforts to collect pre-bankruptcy debts from that tenant or the lease guarantor, unless we receive an order permitting us to do so from the bankruptcy court. A tenant or lease guarantor bankruptcy could delay our efforts to collect past due balances under the relevant leases and could ultimately preclude collection of these sums. If a lease is assumed by the tenant in bankruptcy, all pre-bankruptcy balances due under the lease must be paid to us in full. However, if a lease is rejected by a tenant in bankruptcy, we would have only a general unsecured claim for damages including pre-bankruptcy balances. Any unsecured claim we hold may be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims, and there are restrictions under bankruptcy laws that limit the amount of the claim we can make if a lease is rejected. As a result, it is likely that we will recover substantially less than the full value of any unsecured claims we hold from a tenant in bankruptcy, which would result in a reduction in our cash flow and in the amount of cash available for distribution to our shareholders.

Moreover, we are continually re-leasing vacant spaces resulting from tenant lease terminations. The bankruptcy of a tenant, particularly an anchor tenant, may make it more difficult to lease the remainder of the affected properties. Future tenant bankruptcies could materially adversely affect our properties or impact our ability to successfully execute our re-leasing strategy.

We had $1.7 billion of consolidated indebtedness outstanding as of December 31, 2015, which may have a material adverse effect on our financial condition and results of operations and reduce our ability to incur additional indebtedness to fund our growth.

Required repayments of debt and related interest may materially adversely affect our operating performance. We had $1.7 billion of consolidated outstanding indebtedness as of December 31, 2015. At December 31, 2015, $711.0 million of our debt bore interest at variable rates ($215.3 million when reduced by our $495.7 million of fixed interest rate swaps). Interest rates are currently low relative to historical levels and may increase significantly in the future. If our interest expense increased significantly, it could materially adversely affect our results of operations. For example, if market rates of interest on our variable rate debt outstanding, net of cash flow hedges, as of December 31, 2015 increased by 1%, the increase in interest expense on our unhedged variable rate debt would decrease future cash flows by $2.2 million annually.

We also intend to incur additional debt in connection with various development and redevelopment projects and may incur additional debt with acquisitions of properties. Our organizational documents do not limit the amount of indebtedness that we may incur. We may borrow new funds to develop or acquire properties. In addition, we may incur or increase our mortgage debt by obtaining loans secured by some or all of the real estate properties we develop or acquire. We also may borrow funds if necessary to satisfy the requirement that we distribute to shareholders at least 90% of our annual "REIT taxable income" (determined before the deduction of dividends paid and excluding net capital gains) or otherwise as is necessary or advisable to ensure that we maintain our qualification as a REIT for federal income tax purposes or otherwise avoid paying taxes that can be eliminated through distributions to our shareholders.

Our substantial debt could materially and adversely affect our business in other ways, including by, among other things:

- requiring us to use a substantial portion of our funds from operations to pay principal and interest, which reduces the amount available for distributions;
- placing us at a competitive disadvantage compared to our competitors that have less debt;
- making us more vulnerable to economic and industry downturns and reducing our flexibility in responding to changing business and economic conditions; and
- limiting our ability to borrow more money for operating or capital needs or to finance development and acquisitions in the future.

Agreements with lenders supporting our unsecured revolving credit facility and various other loan agreements contain default provisions which, among other things, could result in the acceleration of principal and interest payments or the termination of the facilities.

Our unsecured revolving credit facility and various other debt agreements contain certain Events of Default which include, but are not limited to, failure to make principal or interest payments when due, failure to perform or observe any term in the agreement, covenant or condition contained in the agreements, failure to maintain certain financial and operating ratios and other criteria, misrepresentations, acceleration of other material indebtedness and bankruptcy proceedings. In the event of a default under any of these agreements, the lender would have various rights including, but not limited to, the ability to require the acceleration of the payment of all principal and interest due and/or to terminate the agreements and, to the extent such debt is secured, to foreclose on the properties. The declaration of a default and/or the acceleration of the amount due under any such credit agreement could have a material adverse effect on our business, limit our ability to make distributions to our shareholders, prevent us from obtaining additional funds needed to address cash shortfalls or pursue growth opportunities.

Certain of our fixed-rate and variable-rate loans contain cross-default provisions which provide that a violation by the Company of any financial covenant set forth in our unsecured revolving credit facility agreement will constitute an event of default under the loans. The agreements relating to our unsecured revolving credit facility, Term Loan and 7-Year Term Loan contain provisions providing that any "Event of Default" under one of these facilities or loans will constitute an "Event of Default" under the other facility or loan. In addition, these agreements relating to our unsecured revolving credit facility, Term Loan and 7-Year Term Loan, as well as the agreement relating to our senior unsecured notes, include a provision providing that any payment default under an agreement relating to any material indebtedness will constitute an "Event of Default" thereunder. These provisions could allow the lending institutions to accelerate the amount due under the loans. If payment is accelerated, our assets may not be sufficient to repay such debt in full, and, as a result, such an event may have a material adverse effect on our cash flow, financial condition

and results of operations. We were in compliance with all applicable covenants under the agreements relating to our unsecured revolving credit facility, Term Loan, 7-Year Term Loan and senior unsecured notes as of December 31, 2015, although there can be no assurance that we will continue to remain in compliance.

Mortgage debt obligations expose us to the possibility of foreclosure, which could result in the loss of our investment in a property or group of properties subject to mortgage debt.

A significant amount of our indebtedness is secured by our real estate assets. If a property or group of properties is mortgaged to secure payment of debt and we are unable to meet mortgage payments, the holder of the mortgage or lender could foreclose on the property, resulting in the loss of our investment. For tax purposes, a foreclosure of any of our properties would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but we would not receive any cash proceeds, which could hinder our ability to meet the REIT distribution requirements imposed by the Internal Revenue Code. If any of our properties are foreclosed on due to a default, our ability to pay cash distributions to our shareholders and our earnings will be limited. In addition, as a result of cross-collateralization or cross-default provisions contained in certain of our mortgage loans, a default under one mortgage loan could result in a default on other indebtedness and cause us to lose other better performing properties, which could materially and adversely affect our financial condition and results of operations.

We are subject to risks associated with hedging agreements.

We use a combination of interest rate protection agreements, including interest rate swaps, to manage risk associated with interest rate volatility. This may expose us to additional risks, including a risk that the counterparty to a hedging arrangement may fail to honor its obligations. Developing an effective interest rate risk strategy is complex, and no strategy can completely insulate us from risks associated with interest rate fluctuations. There can be no assurance that our hedging activities will have the desired beneficial impact on our results of operations or financial condition. Further, should we choose to terminate a hedging agreement, there could be significant costs and cash requirements involved to fulfill our initial obligation under the hedging agreement.

Our performance and value are subject to risks associated with real estate assets and with the real estate industry.

Our ability to make expected distributions to our shareholders depends on our being able to generate substantial revenues from our properties. Periods of economic slowdown or recession, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in rents or an increased incidence of defaults under existing leases. Such events would materially and adversely affect our financial condition, results of operations, cash flow, per share trading price of our common shares and our ability to satisfy debt service obligations and to make distributions to shareholders.

In addition, other events and conditions generally applicable to owners and operators of real property that are beyond our control may decrease cash available for distribution and the value of our properties. These events include but are not limited to:

- adverse changes in the national, regional and local economic climate, particularly in: Florida, where 26% of our owned square footage and 25% of our total annualized base rent is located; Indiana, where 17% of our owned square footage and 15% of our total annualized base rent is located; and Texas, where 13% of our owned square footage and 13% of our total annualized base rent is located;
- tenant bankruptcies;
- local oversupply of rental space, increased competition or reduction in demand for rentable space;
- inability to collect rent from tenants or having to provide significant rent concessions to tenants;
- vacancies or our inability to rent space on favorable terms;

- changes in market rental rates;
- inability to finance property development, tenant improvements and acquisitions on favorable terms;
- increased operating costs, including costs incurred for maintenance, insurance premiums, utilities and real estate taxes;
- the need to periodically fund the costs to repair, renovate and re-lease space;
- decreased attractiveness of our properties to tenants;

- weather conditions that may increase or decrease energy costs and other weather-related expenses (such as snow removal costs);
- costs of complying with changes in governmental regulations, including those governing health, safety, usage, zoning, the environment and taxes;
- civil unrest, acts of terrorism, earthquakes, hurricanes and other national disasters or acts of God that may result in underinsured or uninsured losses;
- the relative illiquidity of real estate investments;
- changing demographics; and
- changing customer traffic patterns.

Our financial covenants may restrict our operating and acquisition activities.

Our unsecured revolving credit facility contains certain financial and operating covenants, including, among other things, certain coverage ratios, as well as limitations on our ability to incur debt, make dividend payments, sell all or substantially all of our assets and engage in mergers and consolidations and certain acquisitions. These covenants may restrict our ability to pursue certain business initiatives or certain acquisition transactions. In addition, certain of our mortgages contain customary covenants which, among other things, limit our ability, without the prior consent of the lender, to further mortgage the property, to enter into new leases or materially modify existing leases, and to discontinue insurance coverage. Failure to meet any of the financial covenants could cause an event of default under and/or accelerate some or all of our indebtedness, which could have a material adverse effect on us.

Our current and future joint venture investments could be adversely affected by our lack of sole decision-making authority, our reliance on joint venture partners' financial condition, any disputes that may arise between us and our joint venture partners and our exposure to potential losses from the actions of our joint venture partners.

As of December 31, 2015, we owned 10 of our operating properties through consolidated joint ventures and one through an unconsolidated joint venture. As of December 31, 2015, the 10 properties represented 13.4% of the annualized base rent of the portfolio. In addition, we currently own land held for development through one joint venture. Our joint ventures may involve risks not present with respect to our wholly owned properties, including the following:

- we may share decision-making authority with our joint venture partners regarding certain major decisions affecting the ownership or operation of the joint venture and the joint venture property, such as the sale of the property or the making of additional capital contributions for the benefit of the property, which may prevent us from taking actions that are opposed by our joint venture partners;
- prior consent of our joint venture partners may be required for a sale or transfer to a third party of our interests in the joint venture, which restricts our ability to dispose of our interest in the joint venture;
- our joint venture partners might become bankrupt or fail to fund their share of required capital contributions, which may delay construction or development of a property or increase our financial commitment to the joint venture;
- our joint venture partners may have business interests or goals with respect to the property that conflict with our business interests and goals, which could increase the likelihood of disputes regarding the ownership, management or disposition of the property;
- disputes may develop with our joint venture partners over decisions affecting the property or the joint venture, which may result in litigation or arbitration that would increase our expenses and distract our officers and/or trustees from

focusing their time and effort on our business and possibly disrupt the day-to-day operations of the property such as by delaying the implementation of important decisions until the conflict or dispute is resolved; and

- we may suffer losses as a result of the actions of our joint venture partners with respect to our joint venture investments, and the activities of a joint venture could adversely affect our ability to qualify as a REIT, even though we may not control the joint venture.

In the future, we may seek to co-invest with third parties through joint ventures that may involve similar or additional risks.

We face significant competition, which may impede our ability to renew leases or re-lease space as leases expire or require us to undertake unbudgeted capital improvements.

We compete with numerous developers, owners and operators of retail shopping centers for tenants. These competitors include institutional investors, other REITs and other owner-operators of community and neighborhood shopping centers, some of which own or may in the future own properties similar to ours in the same markets in which our properties are located but which have greater capital resources. As of December 31, 2015, leases representing 6.5% of our owned gross leasable area (GLA) were scheduled to expire in 2016. If our competitors offer space at rental rates below current market rates, or below the rental rates we currently charge our tenants, we may be unable to lease on satisfactory terms to potential tenants, and we may be pressured to reduce our rental rates below those we currently charge in order to retain tenants when our leases with them expire. We also may be required to offer more substantial rent abatements, tenant improvements and early termination rights or accommodate requests for renovations, build-to-suit remodeling and other improvements than we have historically. As a result, our financial condition, results of operations, cash flow, trading price of our common shares and ability to satisfy our debt service obligations and to pay distributions to our shareholders may be materially adversely affected. In addition, increased competition for tenants may require us to make capital improvements to properties that we would not have otherwise planned to make. Any capital improvements we undertake may reduce cash available for distributions to shareholders.

Our future developments and acquisitions may not yield the returns we expect or may result in dilution in shareholder value.

As of December 31, 2015, we have nine development and redevelopment projects. New development projects and property acquisitions are subject to a number of risks, including, but not limited to:

- abandonment of development activities after expending resources to determine feasibility;
- construction delays or cost overruns that may increase project costs;
- our investigation of a property or building prior to our acquisition, and any representations we may receive from the seller, may fail to reveal various liabilities or defects or identify necessary repairs until after the property is acquired, which could reduce the cash flow from the property or increase our acquisition costs;
- as a result of competition for attractive development and acquisition opportunities, we may be unable to acquire assets as we desire or the purchase price may be significantly elevated, which may impede our growth;
- difficulty obtaining financing on acceptable terms or paying operating expenses and debt service costs associated with redevelopment properties prior to sufficient occupancy;
- the failure to meet anticipated occupancy or rent levels within the projected time frame, if at all;
- inability to operate successfully in new markets where new properties are located;
- inability to successfully integrate new properties into existing operations;

- exposure to fluctuations in the general economy due to the significant time lag between commencement and completion of redevelopment projects;
- failure to receive required zoning, occupancy, land use and other governmental permits and authorizations and changes in applicable zoning and land use laws; and

- the consent of third parties such as tenants, mortgage lenders and joint venture partners may be required, and those consents may be difficult to obtain or could be withheld.

In addition, if a project is delayed or if we are unable to lease designated space to anchor tenants, certain tenants may have the right to terminate their leases. If any of these situations occur, development costs for a project may increase, which may result in reduced returns, or even losses, from such investments. In deciding whether to acquire or develop a particular property, we make certain assumptions regarding the expected future performance of that property. If these new properties do not perform as expected, our financial performance may be materially and adversely affected, or an impairment charge could occur. In addition, the issuance of equity securities as consideration for any acquisitions could be dilutive to our shareholders.

We may not be successful in pursuing suitable acquisitions, for which we face significant competition, or identifying development and redevelopment projects that meet our investment criteria, which may impede our growth.

Part of our business strategy is expansion through acquisitions and development and redevelopment projects, which requires us to identify suitable development or acquisition candidates or investment opportunities that meet our criteria and are compatible with our growth strategy. We continue to evaluate the market for available properties and may acquire properties when we believe strategic opportunities exist. However, we may be unable to acquire a desired property because of competition from other real estate investors with substantial capital, including from other REITs and institutional investment funds. Even if we are able to acquire a desired property, competition from other potential acquirers may significantly increase the purchase price. Additionally, we may not be successful in identifying suitable real estate properties or other assets that meet our development or redevelopment criteria, or we may fail to complete developments, redevelopments, acquisitions or investments on satisfactory terms. Failure to identify or complete developments, redevelopments or acquisitions could slow our growth, which could in turn materially adversely affect our operations.

Development and redevelopment activities may be delayed or otherwise may not perform as expected and, in the case of an unsuccessful redevelopment project, our entire investment could be at risk for loss.

We currently have three development projects under construction. We have also identified multiple redevelopment opportunities at our operating properties and expect to commence redevelopment in the future. In connection with any development or redevelopment of our properties, we will bear certain risks, including the risk of construction delays or cost overruns that may increase project costs and make a project uneconomical, the risk that occupancy or rental rates at a completed project will not be sufficient to enable us to pay operating expenses or earn the targeted rate of return on investment, and the risk of incurrence of predevelopment costs in connection with projects that are not pursued to completion. In addition, various tenants may have the right to withdraw from a property if a development and/or redevelopment project is not completed on time. In the case of a redevelopment project, consents may be required from various tenants in order to redevelop a center. In the case of an unsuccessful redevelopment project, our entire investment could be at risk for loss, or an impairment charge could occur.

We may not be able to sell properties when appropriate and could, under certain circumstances, be required to pay certain tax indemnities related to the properties we sell.

Real estate property investments generally cannot be sold quickly. Our ability to dispose of properties on advantageous terms depends on factors beyond our control, including competition from other sellers and the availability of attractive financing for potential buyers of our properties, and we cannot predict the various market conditions affecting real estate investments that will exist at any particular time in the future. In addition, in connection with our formation at the time of our initial public offering ("IPO"), we entered into an agreement that restricts our ability, prior to December 31, 2016, to dispose of six of our properties in taxable transactions and limits the amount of gain we can trigger with respect to certain other properties without incurring reimbursement obligations owed to certain limited partners of our Operating Partnership. We have agreed that if we dispose of any interest in six specified properties in a taxable transaction before December 31, 2016, we will indemnify the contributors of those properties for their tax liabilities attributable to the built-in gain that exists with respect to such property interest as of the time of our IPO (and tax liabilities incurred as a result of the reimbursement payment). The six properties to which our tax indemnity obligations relate represented 7.4% of our annualized base rent in the aggregate as of December 31, 2015. These six properties are International Speedway Square, Shops at Eagle Creek, Whitehall Pike, Portofino Shopping Center, Thirty South and Market

Street Village. We also agreed to limit the aggregate gain certain limited partners of our Operating Partnership would recognize with respect to certain other contributed properties through December 31, 2016, to not more than $48 million in total, with certain annual limits, unless we reimburse them for the taxes attributable to the excess gain (and any taxes imposed on the reimbursement payments) and take certain other steps to help them avoid incurring taxes that were deferred in connection with the formation transactions.

The agreement described above is extremely complicated and imposes a number of procedural requirements on us, which makes it more difficult for us to ensure that we comply with all of the various terms of the agreement and therefore creates a greater risk that we may be required to make an indemnity payment. The complicated nature of this agreement also might adversely impact our ability to pursue other transactions, including certain kinds of strategic transactions and reorganizations.

Also, the tax laws applicable to REITs require that we hold our properties for investment, rather than primarily for sale in the ordinary course of business, which may cause us to forego or defer sales of properties that otherwise would be in our best interest. Therefore, we may be unable to adjust our portfolio mix promptly in response to market conditions, which may adversely affect our financial position. In addition, we will be subject to income taxes on gains from the sale of any properties owned by any taxable REIT subsidiary.

Uninsured losses or losses in excess of insurance coverage could materially and adversely affect our cash flow, financial condition and results of operations.

We do not carry insurance for generally uninsurable losses such as loss from riots, war or acts of God, and, in some cases, flooding. Some of our policies, such as those covering losses due to terrorism and floods, are insured subject to limitations involving large deductibles or co-payments and policy limits that may not be sufficient to cover all losses. In addition, tenants generally are required to indemnify and hold us harmless from liabilities resulting from injury to persons or damage to personal or real property, on the premises, due to activities conducted by tenants or their agents on the properties (including without limitation any environmental contamination) and, at the tenant’s expense, to obtain and keep in full force during the term of the lease, liability and property damage insurance policies. However, tenants may not properly maintain their insurance policies or have the ability to pay the deductibles associated with such policies. If we experience a loss that is uninsured or that exceeds policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. Inflation, changes in building codes and ordinances, environmental considerations, and other factors also might make it impractical or undesirable to use insurance proceeds to replace a property after it has been damaged or destroyed. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged.

Insurance coverage on our properties may be expensive or difficult to obtain, exposing us to potential risk of loss.

In the future, we may be unable to renew or duplicate our current insurance coverage at adequate levels or at reasonable prices. In addition, insurance companies may no longer offer coverage against certain types of losses, such as losses due to terrorist acts, environmental liabilities, or other catastrophic events including hurricanes and floods, or, if offered, the expense of obtaining these types of insurance may not be justified. We therefore may cease to have insurance coverage against certain types of losses and/or there may be decreases in the limits of insurance available. If

an uninsured loss or a loss in excess of our insured limits occurs, we could lose all or a portion of the capital we have invested in a property, as well as the anticipated future revenue from the property after a covered period of time, but still remain obligated for any mortgage debt or other financial obligations related to the property. We cannot guarantee that material losses in excess of insurance proceeds will not occur in the future. If any of our properties were to experience a catastrophic loss, it could seriously disrupt our operations, delay revenue and result in large expenses to repair or rebuild the property. Events such as these could adversely affect our results of operations and our ability to meet our obligations.

Rising operating expenses could reduce our cash flow and funds available for future distributions, particularly if such expenses are not offset by corresponding revenues.

Our existing properties and any properties we develop or acquire in the future are and will be subject to operating risks common to real estate in general, any or all of which may negatively affect us. The expenses of owning and operating properties generally do not decrease, and may increase, when circumstances such as market factors and competition cause a reduction in income from the properties. As a result, if any property is not fully occupied or if rents are being paid in an amount that is insufficient to cover operating expenses, we could be required to expend funds for that property's operating expenses. Our properties continue to be subject to increases in real estate and other tax rates, utility costs, operating expenses, insurance costs, repairs and maintenance and administrative expenses, regardless of such properties' occupancy rates. Therefore, rising operating expenses could reduce our cash flow and funds available for future distributions, particularly if such expenses are not offset by corresponding revenues.

We could incur significant costs related to environmental matters.

Under various federal, state and local laws, ordinances and regulations, an owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or petroleum product releases at a property and may be held liable to a governmental entity or to third parties for property damage and for investigation and clean-up costs incurred by such parties in connection with contamination. The cost of investigation, remediation or removal of such substances may be substantial, and the presence of such substances, or the failure to properly remediate such substances, may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral. In connection with the ownership, operation and management of real properties, we are potentially liable for removal or remediation costs, as well as certain other related costs, including governmental fines and injuries to persons and property. We may also be liable to third parties for damage and injuries resulting from environmental contamination emanating from the real estate. Environmental laws also may create liens on contaminated sites in favor of the government for damages and costs it incurs to address such contamination. Moreover, if contamination is discovered on our properties, environmental laws may impose restrictions on the manner in which that property may be used or how businesses may be operated on that property.

Some of the properties in our portfolio contain, may have contained or are adjacent to or near other properties that have contained or currently contain underground storage tanks for petroleum products or other hazardous or toxic substances. These tanks may have released, or have the potential to release, such substances into the environment. In addition, some of our properties have tenants that may use hazardous or toxic substances in the routine course of their businesses. In general, these tenants have covenanted in their leases with us to use these substances, if any, in compliance with all environmental laws and have agreed to indemnify us for any damages that we may suffer as a result of their use of such substances. However, these lease provisions may not fully protect us in the event that a tenant becomes insolvent. Finally, one of our properties has contained asbestos-containing building materials, or ACBM, and another property may have contained such materials based on the date of its construction. Environmental laws require that ACBM be properly managed and maintained, and may impose fines and penalties on building owners or operators for failure to comply with these requirements. The laws also may allow third parties to seek recovery from owners or operators for personal injury associated with exposure to asbestos fibers.

Our efforts to identify environmental liabilities may not be successful.

We test our properties for compliance with applicable environmental laws on a limited basis. We cannot give assurance that:

- existing environmental studies with respect to our properties reveal all potential environmental liabilities;
- any previous owner, occupant or tenant of one of our properties did not create any material environmental condition not known to us;
- the current environmental condition of our properties will not be affected by tenants and occupants, by the condition of nearby properties, or by other unrelated third parties; or
- future uses or conditions (including, without limitation, changes in applicable environmental laws and regulations or the interpretation thereof) will not result in environmental liabilities.

Compliance with the Americans with Disabilities Act and fire, safety and other regulations may require us to make expenditures that adversely affect our cash flows.

Our properties must comply with Title III of the Americans with Disabilities Act, or ADA, to the extent that such properties are public accommodations as defined by the ADA. The ADA may require removal of structural barriers to access by persons with disabilities in certain public areas of our properties where such removal is readily achievable. Noncompliance with the ADA could result in imposition of fines or an award of damages to private litigants and the incurrence of additional costs associated with bringing the properties into compliance. Although we believe the properties in our portfolio substantially comply with present requirements of the ADA, we have not conducted an audit or investigation of all of our properties to determine our compliance. While the tenants to whom our properties are leased are obligated by law to comply with the ADA provisions, and typically under tenant leases are obligated to cover costs associated with compliance, if required changes involve greater expenditures than anticipated, or if the changes must be made on a more accelerated basis than anticipated, the ability of these tenants to cover costs could be adversely affected. As a result, we could be required to expend funds to comply with the provisions of the ADA, which could adversely affect our results of operations and financial condition. In addition, we are required to operate the properties in compliance with fire and safety regulations, building codes and other land use regulations, as they may be adopted by governmental agencies and bodies and become applicable to the properties. We may be required to make substantial capital expenditures to comply with, and we may be restricted in our ability to renovate the properties subject to, those requirements. The resulting expenditures and restrictions could have a material adverse effect on our ability to meet our financial obligations.

Inflation may adversely affect our financial condition and results of operations.

Most of our leases contain provisions requiring the tenant to pay a share of operating expenses, including common area maintenance, real estate taxes and insurance. However, increased inflation could have a more pronounced negative impact on our mortgage and debt interest and general and administrative expenses, as these costs could increase at a rate higher than our rents. Also, inflation may adversely affect tenant leases with stated rent increases or limits on such tenant's obligation to pay its share of operating expenses, which could be lower than the increase in inflation at any given time. It may also limit our ability to recover all of our operating expenses. Inflation could also have an adverse effect on consumer spending, which could impact our tenants' sales and, in turn, our average rents, and in some cases, our percentage rents, where applicable. In addition, renewals of leases or future leases may not be negotiated on current terms, in which event we may recover a smaller percentage of our operating expenses.

We face risks relating to cybersecurity attacks that could cause loss of confidential information and other business disruptions.

We rely extensively on computer systems to process transactions and manage our business, and our business is at risk from and may be impacted by cybersecurity attacks. These could include attempts to gain unauthorized access to our data and computer systems. Attacks can be both individual and/or highly organized attempts by very sophisticated hacking organizations. A cybersecurity attack could compromise the confidential information of our employees, tenants, and vendors. Additionally, we rely on a number of service providers and vendors, and cybersecurity risks at these service providers and vendors create additional risks for our information and business. A successful attack could lead to identity theft, fraud or other disruptions to our business operations, any of which may negatively affect our results of operations.

We employ a number of measures to prevent, detect and mitigate these threats. These prevention measures include password protection, frequent password change events, firewall detection systems, frequent backups, a redundant data system for core applications and penetration testing. We conduct periodic assessments of (i) the nature, sensitivity and location of information that we collect, process and store and the technology systems we use; (ii) internal and external cybersecurity threats to and vulnerabilities of our information and technology systems; (iii) security controls and processes currently in place; (iv) the impact should our technology systems become compromised; and (v) the effectiveness of our management of cybersecurity risk. The results of these assessments are used to create and implement a strategy designed to prevent, detect and respond to cybersecurity threats. However, there is no guarantee such efforts will be successful in preventing a cyber-attack.

RISKS RELATED TO OUR ORGANIZATION AND STRUCTURE

Our organizational documents contain provisions that generally would prohibit any person (other than members of the Kite family who, as a group, are currently allowed to own up to 21.5% of our outstanding common shares) from beneficially owning more than 7% of our outstanding common shares (or up to 9.8% in the case of certain designated investment entities, as defined in our declaration of trust), which may discourage third parties from conducting a tender offer or seeking other change of control transactions that could involve a premium price for our shares or otherwise benefit our shareholders.

Our organizational documents contain provisions that may have an anti-takeover effect and inhibit a change in our management.

(1) There are ownership limits and restrictions on transferability in our declaration of trust. In order for us to qualify as a REIT, no more than 50% of the value of our outstanding shares may be owned, actually or constructively, by five or fewer individuals at any time during the last half of each taxable year. To make sure that we will not fail to satisfy this requirement and for anti-takeover reasons, our declaration of trust generally prohibits any shareholder (other than an excepted holder or certain designated investment entities, as defined in our declaration of trust) from owning (actually, constructively or by attribution), more than 7% of the value or number of our outstanding common shares. Our declaration of trust provides an excepted holder limit that allows members of the Kite family (Al Kite, John Kite and Paul Kite, their family members and certain entities controlled by one or more of the Kites), as a group, to own more than 7% of our outstanding common shares, so long as, under the applicable tax attribution rules, no one excepted holder treated as an individual would hold more than 21.5% of our common shares, no two excepted holders treated as individuals would own more than 28.5% of our common shares, no three excepted holders treated as individuals would own more than 35.5% of our common shares, no four excepted holders treated as individuals would own more than 42.5% of our common shares, and no five excepted holders treated as individuals would own more than 49.5% of our common shares. Currently, one of the excepted holders would be attributed all of the common shares owned by each other excepted holder and, accordingly, the excepted holders as a group would not be allowed to own in excess of 21.5% of our common shares. If at a later time, there were not one excepted holder that would be attributed all of the shares owned by the excepted holders as a group, the excepted holder limit would not permit each excepted holder to own 21.5% of our common shares. Rather, the excepted holder limit would prevent two or more excepted holders who are treated as individuals under the applicable tax attribution rules from owning a higher percentage of our common shares than the maximum amount of common shares that could be owned by any one excepted holder (21.5%), plus the maximum amount of common shares that could be owned by any one or more other individual common shareholders who are not excepted holders (7%). Certain entities that are defined as designated investment entities in our declaration of trust, which generally includes pension funds, mutual funds, and certain investment management companies, are permitted to own up to 9.8% of our outstanding common shares, so long as each beneficial owner of the shares owned by such designated investment entity would satisfy the 7% ownership limit if those beneficial owners owned directly their proportionate share of the common shares owned by the designated investment entity. Our Board of Trustees may waive, and has waived in the past, the 7% ownership limit or the 9.8% designated investment entity limit for a shareholder that is not an individual if such shareholder provides information and makes representations to the board that are satisfactory to the board, in its reasonable discretion, to establish that such person’s ownership in excess of the 7% limit or the 9.8% limit, as applicable, would not jeopardize our qualification as a REIT. In addition, our declaration of trust contains certain other ownership restrictions intended to prevent us from earning income from related parties if such income would cause us to fail to comply with the REIT gross income requirements. The various ownership restrictions may:

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- discourage a tender offer or other transactions or a change in management or control that might involve a premium price for our shares or otherwise be in the best interests of our shareholders; or
- compel a shareholder who has acquired our shares in excess of these ownership limitations to dispose of the additional shares and, as a result, to forfeit the benefits of owning the additional shares. Any acquisition of our common shares in violation of these ownership restrictions will be void ab initio and will result in automatic transfers of our common shares to a charitable trust, which will be responsible for selling the common shares to permitted transferees and distributing at least a portion of the proceeds to the prohibited transferees.

(2) Our declaration of trust permits our Board of Trustees to issue preferred shares with terms that may discourage a third party from acquiring us. Our declaration of trust permits our Board of Trustees to issue up to 40,000,000 preferred shares, having those preferences, conversion or other rights, voting powers, restrictions, limitations as to distributions, qualifications, or terms

or conditions of redemption as determined by our Board. Thus, our Board could authorize the issuance of additional preferred shares with terms and conditions that could have the effect of discouraging a takeover or other transaction in which holders of some or a majority of our shares might receive a premium for their shares over the then-prevailing market price of our shares. In addition, any preferred shares that we issue likely would rank senior to our common shares with respect to payment of distributions, in which case we could not pay any distributions on our common shares until full distributions were paid with respect to such preferred shares.

(3) Our declaration of trust and bylaws contain other possible anti-takeover provisions. Our declaration of trust and bylaws contain other provisions that may have the effect of delaying, deferring or preventing a change in control of our company or the removal of existing management and, as a result, could prevent our shareholders from being paid a premium for their common shares over the then-prevailing market prices. These provisions include advance notice requirements for shareholder proposals and our Board of Trustees' power to reclassify shares and issue additional common shares or preferred shares and the absence of cumulative voting rights. Furthermore, our Board of Trustees has the sole power to amend our bylaws and may amend our bylaws in a way that may have the effect of delaying, deferring or preventing a change in control of our company or the removal of existing management or may otherwise be detrimental to your interests.

Certain provisions of Maryland law could inhibit changes in control.

Certain provisions of Maryland law may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change of control under circumstances that otherwise could provide the holders of our common shares with the opportunity to realize a premium over the then-prevailing market price of such shares, including:

- "business combination moratorium/fair price" provisions that, subject to limitations, prohibit certain business combinations between us and an "interested shareholder" (defined generally as any person who beneficially owns 10% or more of the voting power of our shares or an affiliate thereof) for five years after the most recent date on which the shareholder becomes an interested shareholder, and thereafter imposes stringent fair price and super-majority shareholder voting requirements on these combinations; and
- "control share" provisions that provide that "control shares" of our company (defined as shares which, when aggregated with other shares controlled by the shareholder, entitle the shareholder to exercise one of three increasing ranges of voting power in electing trustees) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of "control shares" from a party other than the issuer) have no voting rights except to the extent approved by our shareholders by the affirmative vote of at least two thirds of all the votes entitled to be cast on the matter, excluding all interested shares, and are subject to redemption in certain circumstances.

We have opted out of these provisions of Maryland law. However, our Board of Trustees may opt to make these provisions applicable to us at any time.

A substantial number of common shares eligible for future issuance or sale could cause our common share price to decline significantly and may be dilutive to current shareholders.

Our declaration of trust authorizes our Board of Trustees to, among other things, issue additional common shares without shareholder approval. The issuance of substantial numbers of our common shares in the public market or the

perception that such issuances might occur could adversely affect the per share trading price of our common shares. In addition, any such issuance could dilute our existing shareholders' interests in our company. Furthermore, if our shareholders sell, or the market perceives that our shareholders intend to sell, substantial amounts of our common shares in the public market, the market price of our common shares could decline significantly. These sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate. As of December 31, 2015, we had outstanding 83,334,865 common shares, and substantially all of these shares are freely tradable. In addition, 1,901,278 units of our Operating Partnership were owned by our executive officers and other individuals as of December 31, 2015, and are redeemable by the holder for cash or, at our election, common shares. Pursuant to registration rights of certain of our executive officers and other individuals, we filed a registration statement with the SEC to register common shares issued (or issuable upon redemption of units in our Operating

Partnership) in our formation transactions. As units are redeemed for common shares, the market price of our common shares could drop significantly if the holders of such shares sell them or are perceived by the market as intending to sell them.

Certain officers and trustees may have interests that conflict with the interests of shareholders.

Certain of our officers own limited partner units in our Operating Partnership. These individuals may have personal interests that conflict with the interests of our shareholders with respect to business decisions affecting us and our Operating Partnership, such as interests in the timing and pricing of property sales or refinancings in order to obtain favorable tax treatment. As a result, the effect of certain transactions on these unit holders may influence our decisions affecting these properties.

Departure or loss of our key officers could have an adverse effect on us.

Our future success depends, to a significant extent, upon the continued services of our existing executive officers. Our executive officers' experience in real estate acquisition, development and finance are critical elements of our future success. We have employment agreements with each of our executive officers. The term of each employment agreement runs through June 30, 2017, with automatic one-year renewals each July 1st thereafter unless either we or the officer elects not to renew them. If one or more of our key executives were to die, become disabled or otherwise leave the company's employ, we may not be able to replace this person with an executive officer of equal skill, ability, and industry expertise within a reasonable timeframe. Until suitable replacements could be identified and hired, our operations and financial condition could be impaired.

We depend on external capital to fund our capital needs.

To qualify as a REIT, we are required to distribute to our shareholders each year at least 90% of our "REIT taxable income" (determined before the deduction for dividends paid and excluding net capital gains). In order to eliminate federal income tax, we are required to distribute annually 100% of our net taxable income, including capital gains. Partly because of these distribution requirements, we may not be able to fund all future capital needs, including capital for property development and acquisitions, with income from operations. We therefore will have to rely on third-party sources of capital, which may or may not be available on favorable terms, if at all. Any additional debt we incur will increase our leverage, expose us to the risk of default and may impose operating restrictions on us, and any additional equity we raise could be dilutive to existing shareholders. Our access to third-party sources of capital depends on a number of things, including:

- general market conditions;
- the market's perception of our growth potential;
- our current debt levels;
- our current and potential future earnings;
- our cash flow and cash distributions;
- our ability to qualify as a REIT for federal income tax purposes; and

• the market price of our common shares.

If we cannot obtain capital from third-party sources, we may not be able to acquire or develop properties when strategic opportunities exist, satisfy our principal and interest obligations or make distributions to our shareholders.

Our rights and the rights of our shareholders to take action against our trustees and officers are limited.

Maryland law provides that a director or officer has limited liability in that capacity if he or she performs his or her duties in good faith and in a manner that he or she reasonably believes to be in our best interests and that an ordinarily prudent person in a like position would use under similar circumstances. Our declaration of trust and bylaws require us to indemnify our trustees and officers for actions taken by them in those capacities to the extent permitted by Maryland law.

Our shareholders have limited ability to prevent us from making any changes to our policies that they believe could harm our business, prospects, operating results or share price.

Our investment, financing, borrowing and dividend policies and our policies with respect to all other activities, including growth, debt, capitalization and operations, will be determined by our management and, in certain cases, approved by our Board of Trustees. These policies may be amended or revised from time to time at the discretion of our Board of Trustees without a vote of our shareholders. This means that our shareholders will have limited control over changes in our policies. Such changes in our policies intended to improve, expand or diversify our business may not have the anticipated effects and consequently may adversely affect our business and prospects, results of operations and share price.

Our share price could be volatile and could decline, resulting in a substantial or complete loss of our shareholders' investment.

The stock markets (including The New York Stock Exchange, or the "NYSE," on which we list our common shares) have experienced significant price and volume fluctuations. The market price of our common shares could be similarly volatile, and investors in our shares may experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. Among the market conditions that may affect the market price of our publicly traded securities are the following:

- our financial condition and operating performance and the performance of other similar companies;
- actual or anticipated differences in our quarterly operating results;
- changes in our revenues or earnings estimates or recommendations by securities analysts;
- publication by securities analysts of research reports about us or our industry;
- additions and departures of key personnel;
- strategic decisions by us or our competitors, such as acquisitions, divestments, spin-offs, joint ventures, strategic investments or changes in business strategy;
- the reputation of REITs generally and the reputation of REITs with portfolios similar to ours;
- the attractiveness of the securities of REITs in comparison to securities issued by other entities (including securities issued by other real estate companies);
- an increase in market interest rates, which may lead prospective investors to demand a higher distribution rate in relation to the price paid for our shares;
- the passage of legislation or other regulatory developments that adversely affect us or our industry including tax reform;
- speculation in the press or investment community;
- actions by institutional shareholders or hedge funds;
- increases or decreases in dividends;
- changes in accounting principles;

- terrorist acts; and

- general market conditions, including factors unrelated to our performance.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert our management's attention and resources.

The cash available for distribution to shareholders may not be sufficient to pay distributions at expected levels, nor can we assure you of our ability to make distributions in the future. We may use borrowed funds to make distributions.

If cash available for distribution generated by our assets decreases in future periods from expected levels, our inability to make expected distributions could result in a decrease in the market price of our common shares. All distributions will be made at the discretion of our Board of Trustees and will depend on our earnings, our financial condition, maintenance of our REIT qualification and other factors as our Board of Trustees may deem relevant from time to time. We may not be able to make distributions in the future. In addition, some of our distributions may include a return of capital. To the extent that we decide to make distributions in excess of our current and accumulated earnings and profits, such distributions would generally be considered a return of capital for federal income tax purposes to the extent of the holder's adjusted tax basis in their shares. A return of capital is not taxable, but it has the effect of reducing the holder's adjusted tax basis in its investment. To the extent that distributions exceed the adjusted tax basis of a holder's shares, they will be treated as gain from the sale or exchange of such shares. If we borrow to fund distributions, our future interest costs would increase, thereby reducing our earnings and cash available for distribution from what they otherwise would have been.

Future offerings of debt securities, which would be senior to our equity securities, may adversely affect the market prices of our common shares.

In the future, we may attempt to increase our capital resources by making offerings of debt securities, including unsecured notes, medium term notes, senior or subordinated notes. Debt securities will generally be entitled to receive interest payments, both current and in connection with any liquidation or sale, prior to the holders of our common shares are entitled to receive distributions. Future offerings of debt securities, or the perception that such offerings may occur, may reduce the market prices of our common shares and/or the distributions that we pay with respect to our common shares. Because we may generally issue any such debt securities in the future without obtaining the consent of our shareholders, our shareholders will bear the risk of our future offerings reducing the market prices of our equity securities.

If securities or industry analysts do not publish research or reports about our business, or if they downgrade their recommendations regarding our common shares, our share price and trading volume could decline.

The trading market for our shares is influenced by the research and reports that industry or securities analysts publish about us or our business. If any of the analysts who cover us downgrades our common shares or publishes inaccurate or unfavorable research about our business, our share price may decline. If analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our

common share price or trading volume to decline and our shares to be less liquid. An inactive market may also impair our ability to raise capital by selling shares and may impair our ability to acquire additional properties or other businesses by using our shares as consideration, which in turn could materially adversely affect our business. In addition, the stock market in general, and the NYSE and REITs in particular, have recently experienced extreme price and volume fluctuations. These broad market and industry factors may decrease the market price of our shares, regardless of our actual operating performance. For these reasons, among others, the market price of our shares may decline substantially and quickly.

TAX RISKS

Failure of our company to qualify as a REIT would have serious adverse consequences to us and our shareholders.

We believe that we have qualified for taxation as a REIT for federal income tax purposes commencing with our taxable year ended December 31, 2004. We intend to continue to meet the requirements for qualification and taxation as a REIT, but we cannot assure shareholders that we will qualify as a REIT. We have not requested and do not plan to request a ruling from the IRS that we qualify as a REIT, and the statements in this Annual Report on Form 10-K are not binding on the IRS or any court. As a REIT, we generally will not be subject to federal income tax on our income that we distribute currently to our shareholders. Many of the REIT requirements, however, are highly technical and complex. The determination that we are a REIT requires an analysis of various factual matters and circumstances that may not be totally within our control. For example, to qualify as a REIT, at least 95% of our gross income must come from specific passive sources, such as rent, that are itemized in the REIT tax laws. In addition, to qualify as a REIT, we cannot own specified amounts of debt and equity securities of some issuers. We also are required to distribute to our shareholders with respect to each year at least 90% of our “REIT taxable income” (determined before the deduction for dividends paid and excluding net capital gains). The fact that we hold substantially all of our assets through our Operating Partnership and its subsidiaries and joint ventures further complicates the application of the REIT requirements for us. Even a technical or inadvertent mistake could jeopardize our REIT status, and, given the highly complex nature of the rules governing REITs and the ongoing importance of factual determinations, we cannot provide any assurance that we will continue to qualify as a REIT. Furthermore, Congress and the IRS might make changes to the tax laws and regulations, and the courts might issue new rulings, that make it more difficult, or impossible, for us to remain qualified as a REIT.

If we fail to qualify as a REIT for federal income tax purposes and are unable to avail ourselves of certain savings provisions set forth in the Internal Revenue Code, we would be subject to federal income tax at regular corporate rates. As a taxable corporation, we would not be allowed to take a deduction for distributions to shareholders in computing our taxable income or pass through long term capital gains to individual shareholders at favorable rates. We also could be subject to the federal alternative minimum tax and possibly increased state and local taxes. We would not be able to elect to be taxed as a REIT for four years following the year we first failed to qualify unless the IRS were to grant us relief under certain statutory provisions. Since we were the successor to Inland Diversified Real Estate Trust, Inc. ("Inland Diversified") for federal income tax purposes as a result of our merger, the rule against re-electing REIT status following a loss of such status also would apply to us if Inland Diversified failed to qualify as a REIT in any of its 2011 through 2014 tax years. Although Inland Diversified believed that it was organized and operated in conformity with the requirements for qualification and taxation as a REIT for each of its taxable years prior to the Merger with us, Inland Diversified did not request a ruling from the IRS that it qualified as a REIT and thus no assurance can be given that it qualified as a REIT.

If we failed to qualify as a REIT, we would have to pay significant income taxes, which would reduce our net earnings available for investment or distribution to our shareholders. If we fail to qualify as a REIT, such failure would cause an event of default under our unsecured revolving credit facility and unsecured term loans and may adversely affect our ability to raise capital and to service our debt. This likely would have a significant adverse effect on our earnings and the value of our securities. In addition, we would no longer be required to pay any distributions to shareholders. If we fail to qualify as a REIT for federal income tax purposes and are able to avail ourselves of one or more of the statutory savings provisions in order to maintain our REIT status, we would nevertheless be required to pay penalty taxes of $50,000 or more for each such failure. If Inland Diversified failed to qualify as a REIT for a taxable year before the Merger or that includes the Merger and no relief is available, in connection with the Merger we would succeed to any earnings and profits accumulated by Inland Diversified for taxable periods that it did not qualify as a REIT, and we would have to pay a special dividend and/or employ applicable deficiency dividend procedures (including significant interest payments to the IRS) to eliminate such earnings and profits.

We will pay some taxes even if we qualify as a REIT.

Even if we qualify as a REIT for federal income tax purposes, we will be required to pay certain federal, state and local taxes on our income and property. For example, we will be subject to income tax to the extent we distribute less than 100% of our REIT taxable income (including capital gains). Additionally, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which dividends paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. Moreover, if we have net income from "prohibited transactions," that income will be subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of property held primarily for sale to customers in the ordinary course of business. The determination as to whether a particular sale is a prohibited transaction depends on the facts and circumstances related to that sale. While we will undertake sales of assets if those assets become inconsistent with our long-term strategic or return objectives, we do not believe that those sales should be considered prohibited transactions, but there can be no assurance that the IRS would not contend otherwise. The need to avoid prohibited transactions could cause us to forego or defer sales of properties that might otherwise be in our best interest to sell.

In addition, any net taxable income earned directly by our taxable REIT subsidiaries, or through entities that are disregarded for federal income tax purposes as entities separate from our taxable REIT subsidiaries, will be subject to federal and possibly state corporate income tax. We have elected to treat Kite Realty Holdings, LLC as a taxable REIT subsidiary, and we may elect to treat other subsidiaries as taxable REIT subsidiaries in the future. In this regard, several provisions of the laws applicable to REITs and their subsidiaries ensure that a taxable REIT subsidiary will be subject to an appropriate level of federal income taxation. For example, a taxable REIT subsidiary is limited in its ability to deduct interest payments made to an affiliated REIT. In addition, the REIT has to pay a 100% penalty tax on some payments that it receives or on some deductions taken by the taxable REIT subsidiaries if the economic arrangements between the REIT, the REIT's tenants, and the taxable REIT subsidiary are not comparable to similar arrangements between unrelated parties. Finally, some state and local jurisdictions may tax some of our income even though as a REIT we are not subject to federal income tax on that income because not all states and localities treat REITs the same way they are treated for federal income tax purposes. To the extent that we and our affiliates are required to pay federal, state and local taxes, we will have less cash available for distributions to our shareholders.

If Inland Diversified failed to qualify as a REIT for a taxable year before the Merger or that includes the Merger and no relief is available, as a result of the Merger (a) we would inherit any corporate income tax liabilities of Inland Diversified for Inland Diversified's open tax years (generally three years or Inland Diversified's 2011 through 2014 tax years but possibly extending back six years or Inland Diversified's initial 2009 tax year through its 2014 tax year), including penalties and interest, and (b) we would be subject to tax on the built-in gain on each asset of Inland Diversified existing at the time of the Merger if we were to dispose of the Inland Diversified asset within five years following the Merger (i.e. before July 1, 2019).

REIT distribution requirements may increase our indebtedness.

We may be required from time to time, under certain circumstances, to accrue income for tax purposes that has not yet been received. In such event, or upon our repayment of principal on debt, we could have taxable income without sufficient cash to enable us to meet the distribution requirements of a REIT. Accordingly, we could be required to borrow funds or liquidate investments on adverse terms in order to meet these distribution requirements.

Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities.

The REIT provisions of the Code may limit our ability to hedge our assets and operations. Under these provisions, any income that we generate from transactions intended to hedge our interest rate risk will be excluded from gross income for purposes of the REIT 75% and 95% gross income tests if the instrument hedges interest rate risk on liabilities used to carry or acquire real estate assets (each such hedge, a "Borrowing Hedge") or manages the risk of certain currency fluctuations (each such hedge, a "Currency Hedge"), and such instrument is properly identified under applicable Treasury Regulations. Effective for taxable years beginning after December 31, 2015 the exclusion from 95% and 75% gross income tests also will apply if we previously entered into a Borrowings Hedge or a Currency Hedge, a portion of the hedged indebtedness or property is disposed of, and in connection with such extinguishment or disposition we enter into a new properly identified hedging transaction to offset the prior hedging position. Income from hedging transactions that do not meet these requirements will generally constitute non-qualifying income for purposes of both the REIT 75% and 95% gross income tests. As a result of these rules, we may have to limit our use

of hedging techniques that might otherwise be advantageous or implement those hedges through a taxable REIT subsidiary. This could increase the cost of our hedging activities because our taxable REIT subsidiary would be subject to tax on gains or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses in our taxable REIT subsidiary will generally not provide any tax benefit, except for being carried back or forward against past or future taxable income in the taxable REIT subsidiary.

Complying with the REIT requirements may cause us to forgo and/or liquidate otherwise attractive investments.

To qualify as a REIT, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts that we distribute to our shareholders and the ownership of our shares. To meet these tests, we may be required to take actions we would otherwise prefer not to take or forgo taking actions that we

would otherwise consider advantageous. For instance, in order to satisfy the gross income or asset tests applicable to REITs under the Code, we may be required to forgo investments that we otherwise would make. Furthermore, we may be required to liquidate from our portfolio otherwise attractive investments. In addition, we may be required to make distributions to shareholders at disadvantageous times or when we do not have funds readily available for distribution. These actions could reduce our income and amounts available for distribution to our shareholders. Thus, compliance with the REIT requirements may hinder our investment performance.

Dividends paid by REITs generally do not qualify for reduced tax rates.

The maximum rate applicable to “qualified dividend income” paid by regular “C” corporations to U.S. shareholders that are individuals, trusts and estates generally is 20%. Dividends payable by REITs, however, generally are not eligible for the current reduced rate, except to the extent that certain holding requirements have been met and a REIT’s dividends are attributable to dividends received by a REIT from taxable corporations (such as a REIT’s taxable REIT subsidiaries), to income that was subject to tax at the REIT/corporate level, or to dividends properly designated by the REIT as “capital gains dividends.” Although the reduced rates applicable to dividend income from regular “C” corporations do not adversely affect the taxation of REITs or dividends payable by REITs, it could cause investors who are non-corporate taxpayers to perceive investments in REITs to be relatively less attractive than investments in the shares of regular “C” corporations that pay dividends, which could adversely affect the value of our common shares.

If the Operating Partnership fails to qualify as a partnership for U.S. federal income tax purposes, we could fail to qualify as a REIT and suffer other adverse consequences.

We believe that our Operating Partnership is organized and operated in a manner so as to be treated as a partnership and not an association or a publicly traded partnership taxable as a corporation, for U.S. federal income tax purposes. As a partnership, our Operating Partnership is not subject to U.S. federal income tax on its income. Instead, each of the partners is allocated its share of our Operating Partnership’s income. No assurance can be provided, however, that the IRS will not challenge our Operating Partnership’s status as a partnership for U.S. federal income tax purposes or that a court would not sustain such a challenge. If the IRS were successful in treating our Operating Partnership as an association or publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, we would fail to meet the gross income tests and certain of the asset tests applicable to REITs and, accordingly, would cease to qualify as a REIT. Also, the failure of the Operating Partnership to qualify as a partnership would cause it to become subject to U.S. federal corporate income tax, which would reduce significantly the amount of its cash available for distribution to its partners, including us.

New partnership tax audit rules could have a material adverse effect on us.

The recently enacted Bipartisan Budget Act of 2015 changes the rules applicable to federal income tax audits of partnerships. Under the new rules (which are generally effective for taxable years beginning after December 31, 2017), among other changes and subject to certain exceptions, any audit adjustment to items of income, gain, loss, deduction, or credit of a partnership (and any partner's distributive share thereof) is determined, and taxes, interest, or penalties attributable thereto are assessed and collected, at the partnership level. Although it is uncertain how these new rules will be implemented, it is possible that they could result in partnerships in which we directly or indirectly invest being required to pay additional taxes, interest and penalties as a result of an audit adjustment, and we, as a

direct or indirect partner of these partnerships, could be required to bear the economic burden of those taxes, interest, and penalties even though we, as a REIT, may not otherwise have been required to pay additional corporate-level taxes had we owned the assets of the partnership directly. The new partnership tax audit rules will apply to the Operating Partnership and its subsidiaries that are classified as partnerships for federal income tax purposes. The changes created by these new rules are sweeping and in many respects dependent on the promulgation of future regulations and other guidance by the U.S. Department of the Treasury, or the Treasury, and, accordingly, there can be no assurance that these rules will not have a material adverse effect on us.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

Retail Operating Properties

As of December 31, 2015, we owned interests in a portfolio of 110 retail operating properties totaling approximately 22.0 million square feet of total Gross Leasable Area ("GLA") (including approximately 6.7 million square feet of non-owned anchor space). The following tables set forth more specific information with respect to our retail operating properties as of December 31, 2015:

Property[1]	MSA	Year Built/ Renovated	Owned GLA[2]			Leased %			ABR per Sq. ft.	Major Owned Tenants	Major Non-owned Tenants
			Total	Anchors	Shops	Total	Anchors	Shops			
Alabama											
Clay Marketplace	Birmingham	1966/2003	66,165	44,840	21,325	93.0 %	100.0 %	78.4 %	$ 12.25	Publix	
Trussville Promenade	Birmingham	1999	446,484	354,010	92,474	93.3 %	100.0 %	67.5 %	9.05	Wal-Mart, Regal Cinemas, Marshalls, Big Lots, PetSmart, Dollar Tree	Kohl's, Sam's Club
Arizona											
The Corner	Tucson	2008	79,902	55,883	24,019	100.0 %	100.0 %	100.0 %	28.05	Nordstrom Rack, Total Wine & More	Home Depot
Connecticut											
Crossing at Killingly Commons[3]	Killingly	2010	208,929	148,250	60,679	96.0 %	100.0 %	86.2 %	16.33	TJ Maxx, Bed Bath & Beyond, Michaels, Petco, Staples, Stop & Shop Supermarket, Lowe's Home Improvement	Target
Florida											
12th Street Plaza	Vero Beach	1978/2003	135,016	121,376	13,640	99.0 %	100.0 %	89.7 %	9.67	Publix, Stein Mart, Tuesday Morning, Sunshine Furniture, Planet Fitness	
Bayport Commons	Tampa	2008	97,193	71,540	25,653	95.4 %	100.0 %	82.6 %	15.90	Gander Mountain, PetSmart, Michaels	Target
Bolton Plaza	Jacksonville	1986/2014	165,555	136,195	29,360	93.4 %	100.0 %	62.5 %	9.48	LA Fitness, Academy Sports, Marshalls	
Burnt Store Promenade	Punta Gorda	1989	95,543	45,600	49,943	76.8 %	100.0 %	55.6 %	8.66	Publix	Home Depot
Centre Point Commons	Bradenton	2007	119,275	93,574	25,701	100.0 %	100.0 %	100.0 %	16.98	Best Buy, Dick's Sporting	Lowe's Home Improvement

										Goods, Office Depot	
Cobblestone Plaza	Ft Lauderdale	2011	133,213	68,169	65,044	100.0%	100.0%	100.0%	26.39	Whole Foods, Party City, All Pets Emporium	
Colonial Square	Fort Myers	2010	182,354	146,283	36,071	92.2%	100.0%	60.6%	14.02	Around the Clock Fitness, Dollar Tree, Hobby Lobby, Petsmart, Sports Authority, Kohl's	
Cove Center	Stuart	1984/2008	155,063	130,915	24,148	94.9%	100.0%	67.2%	9.02	Publix, Beall's, Ace Hardware	
Delray Marketplace[3]	Delray	2013	260,092	118,136	141,956	93.9%	100.0%	88.8%	24.79	Franks Theater, Publix, Jos. A. Bank, Carl's Patio, Chicos, Charming Charlie, Ann Taylor	
Estero Town Commons	Naples	2006	25,631	—	25,631	77.4%	—%	77.4%	15.86		Lowe's Home Improvement
Gainesville Plaza	Gainesville	1970/2015	162,659	125,128	37,531	81.6%	100.0%	20.3%	9.02	Ross Dress for Less, Burlington Coat Factory, 2nd and Charles, Save a Lot	
Hunter's Creek Promenade	Orlando	1994	119,729	55,999	63,730	98.9%	100.0%	97.9%	13.84	Publix	
Indian River Square	Vero Beach	1997/2004	142,706	109,000	33,706	95.9%	100.0%	82.8%	11.06	Beall's, Office Depot, Dollar Tree	Target
International Speedway Square	Daytona	1999/2013	233,495	203,457	30,038	99.5%	100.0%	96.0%	11.17	Bed, Bath & Beyond, Stein Mart, Old Navy, Staples, Michaels, Dick’s Sporting Goods, Total	

King's Lake Square	Naples	1986/2014	87,073	57,131	29,942	96.2%	100.0%	88.9%	16.93	Wine & More, Shoe Carnival Publix, Royal Fitness	
Lake City Commons	Lake City	2008	66,510	45,600	20,910	94.3%	100.0%	81.9%	14.04	Publix	
Lake City Commons - Phase II	Lake City	2011	16,291	12,131	4,160	100.0%	100.0%	100.0%	14.99	Petsmart	
Lake Mary Plaza	Orlando	2009	21,370	14,880	6,490	100.0%	100.0%	100.0%	37.01	Walgreens	
Lakewood Promenade	Jacksonville	1948/1998	199,577	77,840	121,737	84.1%	100.0%	74.0%	12.20	SteinMart, Winn Dixie	
Lithia Crossing	Tampa	2003/2013	90,499	53,547	36,952	100.0%	100.0%	100.0%	14.89	Stein Mart, Fresh Market	
Miramar Square	Ft Lauderdale	2008	224,794	137,505	87,289	86.6%	85.5%	88.5%	15.85	Kohl's, Miami Children's Hospital, Dollar General	
Northdale Promenade	Tampa	1985/2002	177,925	128,269	49,656	92.4%	100.0%	72.7%	11.93	TJ Maxx, Bealls, Crunch Fitness	Winn Dixie
Palm Coast Landing	Palm Coast	2010	168,297	100,822	67,475	96.7%	100.0%	91.9%	18.02	Michaels, Petsmart, Ross Dress for Less, TJ Maxx, Ulta Salon	Target
Pine Ridge Crossing	Naples	1993	105,867	66,351	39,516	97.8%	100.0%	94.1%	16.47	Publix, Party City	Beall's, Target

Property[1]	MSA	Year Built/ Renovated	Owned GLA[2]			Leased %			ABR per Sq. ft.	Major Owned Tenants	Major Non-owned Tenants
			Total	Anchors	Shops	Total	Anchors	Shops			
Pleasant Hill Commons	Orlando	2008	70,642	45,600	25,042	93.5 %	100.0 %	81.6 %	$14.36	Publix	
Publix at St. Cloud	St. Cloud	2003	78,820	54,379	24,441	100.0 %	100.0 %	100.0 %	13.02	Publix	
Riverchase Plaza	Naples	1991/2001	78,291	48,890	29,401	100.0 %	100.0 %	100.0 %	15.72	Publix	
Saxon Crossing	Orange City	2009	119,894	95,304	24,590	98.6 %	100.0 %	93.1 %	14.71	Hobby Lobby, LA Fitness	Lowe's Home Improvement, Target
Shops at Eagle Creek	Naples	1983/2013	70,755	50,187	20,568	91.4 %	100.0 %	70.4 %	14.98	Fresh Market, Staples	Lowe's Home Improvement
Shops at Eastwood	Orlando	1997	69,037	51,512	17,525	98.2 %	100.0 %	92.7 %	12.70	Publix	
Shops at Julington Creek	Jacksonville	2011	40,207	21,038	19,169	96.4 %	100.0 %	92.5 %	18.65	Fresh Market	
Tarpon Springs Plaza	Naples	2007	82,547	60,151	22,396	96.6 %	100.0 %	87.5 %	21.89	World Market, Staples	Target
Temple Terrace	Temple Terrace	2012	90,377	58,798	31,579	100.0 %	100.0 %	100.0 %	10.83	Sweetbay, United Parcel Service	
The Landing at Tradition	Port St Lucie	2007	359,758	290,396	69,362	95.0 %	100.0 %	74.2 %	14.8	TJ Maxx, Ulta Salon, Babies R Us, Bed Bath & Beyond, LA Fitness, Michaels, Office Max, Old Navy, Petsmart, Pier 1, Sports Authority, DSW	Target
Tradition Village Center	Port St Lucie	2006	84,982	45,600	39,382	94.2 %	100.0 %	87.4 %	16.39	Publix	
Village Walk	Fort Myers	2009	78,533	54,340	24,193	93.8 %	100.0 %	80.0 %	15.76	Publix	
Waterford Lakes	Orlando	1997	77,948	51,703	26,245	100.0 %	100.0 %	100.0 %	12.90	Winn-Dixie	

Village											
Georgia											
Mullins Crossing	Evans	2005	251,712	205,716	45,996	100.0%	100.0%	100.0%	11.97	Ross Dress for Less, Babies R Us, Kohls, La-Z Boy, Marshalls, Office Max, Petco	Target
Publix at Acworth	Atlanta	1996	69,628	37,888	31,740	98.3%	100.0%	96.2%	12.01	Publix	
The Centre at Panola	Atlanta	2001	73,079	51,674	21,405	100.0%	100.0%	100.0%	12.68	Publix	
Illinois											
Fox Lake Crossing	Chicago	2002	99,072	65,977	33,095	88.9%	100.0%	66.8%	13.58	Dominick's Finer Foods, Dollar Tree	
Naperville Marketplace	Chicago	2008	83,793	61,683	22,110	98.1%	100.0%	92.6%	13.27	TJ Maxx, PetSmart	
South Elgin Commons	Chicago	2011	128,000	128,000	—	100.0%	100.0%	—%	14.50	LA Fitness, Ross Dress for Less, Toy R Us	Caputo's
Indiana											
54th & College	Indianapolis	2008	—	—	—	—%	—%	—%	—	The Fresh Market (ground lease)	
Beacon Hill	Crown Point	2006	56,897	11,043	45,854	94.4%	100.0%	93.0%	14.97	Anytime Fitness	Strack & Van Till, Walgreens
Bell Oaks Centre	Newburgh	2008	94,811	74,122	20,689	98.5%	100.0%	93.0%	11.86	Schnuck Market	
Boulevard Crossing	Kokomo	2004	124,631	74,440	50,191	95.7%	100.0%	89.4%	14.38	Petco, TJ Maxx, Ulta Salon, Shoe Carnival	Kohl's
Bridgewater Marketplace	Indianapolis	2008	40,431	14,593	25,838	63.7%	100.0%	43.2%	16.52		Walgreens
Castleton Crossing	Indianapolis	1975/2012	291,172	247,710	43,462	96.8%	100.0%	78.5%	11.13	K&G Menswear, Value City, TJ Maxx/Home Goods, Shoe Carnival, Dollar Tree, Burlington Coat Factory	
	Indianapolis	2005	124,646	53,600	71,046	95.6%	100.0%	92.2%	17.55		

Cool Creek Commons										The Fresh Market, Stein Mart
Depauw University Bookstore and Café	Greencastle	2012	11,974	—	11,974	100.0%	— %	100.0%	8.36	Folletts, Starbucks
Eddy Street Commons	South Bend	2009	87,991	20,154	67,837	94.2 %	100.0%	92.4 %	24.05	Hammes Bookstore, Urban Outfitters
Geist Pavilion	Indianapolis	2006	63,910	29,700	34,210	96.2 %	100.0%	92.8 %	16.35	Goodwill, Ace Hardware

Property[1]	MSA	Year Built/ Renovated	Owned GLA[2] Total	Owned GLA[2] Anchors	Owned GLA[2] Shops	Leased % Total	Leased % Anchors	Leased % Shops	ABR per Sq. ft.	Major Owned Tenants	Major Non-owned Tenants
Glendale Town Center	Indianapolis	1958/2008	393,002	329,546	63,456	98.4 %	100.0 %	90.2 %	$ 7.22	Macy’s, Landmark Theaters, Staples, Indianapolis Library, Nexus Academy of Indianapolis	Lowe's Home Improvement, Target, Walgreens
Greyhound Commons	Indianapolis	2005	9,152	—	9,152	100.0 %	— %	100.0 %	18.20		Lowe's Home Improvement Center
Lima Marketplace	Fort Wayne	2008	100,461	71,521	28,940	89.7 %	100.0 %	64.1 %	14.27	Aldi, Dollar Tree, Office Depot, Pestmart	Wal-Mart
Rangeline Crossing	Indianapolis	1986/2013	99,282	47,962	51,320	91.6 %	100.0 %	83.7 %	21.50	Earth Fare, Walgreens	
Rivers Edge	Indianapolis	2011	149,209	117,890	31,319	100.0 %	100.0 %	100.0 %	20.19	Nordstrom Rack, The Container Store, Arhaus Furniture, Bicycle Garage of Indy, Buy Buy Baby	
Stoney Creek Commons	Indianapolis	2000/2013	84,330	84,330	—	100.0 %	100.0 %	— %	12.39	HH Gregg, Goodwill, LA Fitness	Lowe's Home Improvement Center
Traders Point	Indianapolis	2005	279,684	238,721	40,963	98.7 %	100.0 %	91.2 %	15.02	Dick's Sporting Goods, AMC Theatre, Marsh Supermarkets, Bed, Bath & Beyond, Michaels, Old Navy, PetSmart, Books-A-Million	
Traders Point II	Indianapolis	2005	46,099	—	46,099	92.2 %	— %	92.2 %	24.98		
Whitehall Pike	Bloomington	1999	128,997	128,997	—	100.0 %	100.0 %	— %	7.86	Lowe's Home Improvement Center	
Nevada											
Cannery Corner[3]	Las Vegas	2008	30,745	—	30,745	96.4 %	— %	96.4 %	34.41		Lowe's Home Improvement, Sam's Club
Centennial Center[3]	Las Vegas	2002	334,705	158,335	176,370	93.6 %	100.0 %	87.8 %	22.89	Wal-Mart, Sam's Club, Ross Dress for Less, Big Lots, Famous Footwear,	

Centennial Gateway[3]	Las Vegas	2005	192,999	139,861	53,138	84.6%	82.1%	91.1%	23.58	Michaels, Office Max, Party City, Petco, Rhapsodielle, Home Depot 24 Hour Fitness, Sportsman's Warehouse, Walgreens	
Eastern Beltway Center[3]	Las Vegas	1998/2006	162,444	83,982	78,462	97.4%	100.0%	94.6%	23.49	Home Consignment Center, Office Max, Petco, Ross Dress for Less, Sam's Club, Wal-Mart	Home Depot
Eastgate[3]	Las Vegas	2002	96,589	53,030	43,559	92.8%	100.0%	84.0%	22.01	99 Cent Only Store, Office Depot, Party City	Wal-Mart
Lowe's Plaza[3]	Las Vegas	2007	30,208	—	30,208	44.4%	—%	44.4%	32.08		Lowe's Home Improvement, Sam's Club
Rampart Commons	Las Vegas	1998	81,292	29,265	52,027	96.9%	100.0%	95.2%	26.49	Ann Taylor, Chico's, Francesca's Collection, Banana Republic, Pottery Barn, Williams Sonoma	
New Hampshire											
Merrimack Village Center	Merrimack	2007	78,892	54,000	24,892	97.7%	100.0%	92.8%	12.79	Supervalue (Shaw's)	
New Jersey											
Bayonne Crossing	Bayonne	2011	106,383	52,219	54,164	100.0%	100.0%	100.0%	28.62	Michaels, New York Sports Club, Lowe's Home Impovement, Wal-Mart	
Livingston Shopping Center	Newark	1997	139,657	133,177	6,480	95.3%	100.0%	—%	19.77	Cost Plus, Buy Buy Baby, Nordstrom Rack, DSW, TJ Maxx, Ulta	
North Carolina											
Holly Springs Towne	Holly Springs	2013	207,527	109,233	98,294	96.8%	100.0%	93.3%	17.10	Dick's Sporting Goods, Marshalls, Petco,	Target

Center													Ulta Salon, Michaels
Memorial Commons	Golsboro	2008	111,271	73,876	37,395	98.3	%	100.0	%	95.0	%	12.59	Harris Teeter, Office Depot

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Property[1]	MSA	Year Built/ Renovated	Owned GLA[2]			Leased %			ABR per Sq. ft.	Major Owned Tenants	Major Non-owned Tenants
			Total	Anchors	Shops	Total	Anchors	Shops			
Northcrest Shopping Center	Charlotte	2008	133,674	76,053	57,621	88.9 %	86.2 %	92.5 %	$22.04	REI, David's Bridal, Dollar Tree, Old Navy	Target
Oleander Place	Wilmington	2012	45,530	30,144	15,386	100.0 %	100.0 %	100.0 %	16.09	Whole Foods	
Perimeter Woods	Charlotte	2008	126,153	105,262	20,891	96.8 %	100.0 %	80.7 %	20.48	Best Buy, Off Broadway Shoes, Office Max, Petsmart, Lowe's Home Improvement	
Parkside Town Commons - Phase I	Cary	2015	55,463	22,500	32,963	79.5 %	55.6 %	95.8 %	25.33	Harris Teeter, Petco	Target
Toringdon Market	Charlotte	2004	60,539	26,072	34,467	100.0 %	100.0 %	100.0 %	20.33	Earth Fare	
Ohio											
Eastgate Pavilion	Cincinnati	1995	236,230	231,730	4,500	100.0 %	100.0 %	100.0 %	8.93	Best Buy, Dick's Sporting Goods, Value City Furniture, PetSmart, DSW, Bed Bath & Beyond	
Oklahoma											
Belle Isle	Oklahoma City	2000	164,372	92,783	71,589	98.5 %	100.0 %	96.6 %	16.93	Shoe Carnival, Old Navy, Ross Stores, Nordstrom Rack, Babies R Us	Wal-Mart
Shops at Moore	Moore	2010	259,692	187,916	71,776	99.9 %	100.0 %	99.6 %	12.32	Bed Bath and Beyond, Best Buy, Dustee's Fashion Accessories, Hobby Lobby, Office Depot, Petsmart, Ross Dress for Less	JC Penney
Silver Springs	Oklahoma City	2001	48,444	20,515	27,929	83.9 %	100.0 %	72.1 %	15.84	Kohls, Office Depot	Wal-Mart, Sam's

Pointe											Club, Home Depot
University Town Center	Norman	2009	158,518	77,097	81,421	96.2%	100.0%	92.7%	17.65	Office Depot, Petco, TJ Maxx, Ulta Salon	Target
University Town Center Phase II	Norman	2012	190,494	133,546	56,948	93.6%	100.0%	78.5%	11.92	Academy Sports, DSW, Home Goods, Michaels, Kohls	
South Carolina											
Hitchcock Plaza	Aiken	2006	252,370	214,480	37,890	90.8%	89.7%	97.4%	10.05	TJ Maxx, Ross Dress for Less, Academy Sports, Bed Bath and Beyond, Farmers Home Furniture, Old Navy, Petco	
Shoppes at Plaza Green	Greenville	2000	194,807	172,136	22,671	94.7%	94.1%	100.0%	12.83	Bed Bath & Beyond, Christmas Tree Shops, Sears, Party City, Shoe Carnival, AC Moore, Old Navy	
Publix at Woodruff	Greenville	1997	68,055	47,955	20,100	100.0%	100.0%	100.0%	10.67	Publix	
Tennessee											
Cool Springs Market	Nashville	1995	230,948	167,712	63,236	100.0%	100.0%	100.0%	14.67	Dick's Sporting Goods, Marshalls, Buy Buy Baby, DSW, Staples, Jo-Ann Fabric	Kroger
Hamilton Crossing - Phase II & III	Alcoa	2008	175,464	135,737	39,727	100.0%	100.0%	100.0%	14.65	Dicks Sporting Goods, Michaels, Old Navy, Petsmart, Ross Dress for Less	
Texas											
		1992/2000	107,400	107,400	—	100.0%	100.0%	—	5.00		

Burlington Coat Factory	San Antonio											Burlington Coat Factory
Chapel Hill Shopping Center	Fort Worth	2001	126,755	43,450	83,305	97.8	%	100.0	%	96.7	%	27.62	H-E-B Grocery, The Container Store, Cost Plus World Market
Colleyville Downs	Dallas	2014	185,848	142,073	43,775	93.3	%	100.0	%	71.6		12.39	Whole Foods, Westlake Hardware, Vineyard's Antique Mall, Goody Goody Liqour, Petco
Kingwood Commons	Houston	1999	164,366	74,836	89,530	99.1	%	100.0	%	98.3	%	19.27	Randall's Food and Drug, Petco, Chico's, Talbots, Ann Taylor, Jos. A. Bank
Market Street Village	Fort Worth	1970/2011	156,625	136,746	19,879	100.0	%	100.0	%	100.0		12.04	Jo-Ann Fabric, Ross, Office Depot, Buy Buy Baby

Property[1]	MSA	Year Built/ Renovated	Owned GLA[2] Total	Anchors	Shops	Leased % Total	Anchors	Shops	ABR per Sq. ft.	Major Owned Tenants	Majo Non- Tena
Plaza at Cedar Hill	Dallas	2000/2010	303,458	244,065	59,393	100.0%	100.0%	100.0%	$12.64	Sprouts Farmers Market, DSW, Ross Dress for Less, Hobby Lobby, Office Max, Marshalls, Toys “R” Us/Babies “R” Us	
Plaza Volente	Austin	2004	156,333	105,000	51,333	93.8%	100.0%	81.2	16.87	H-E-B Grocery	
Portofino Shopping Center	Houston	1999/2010	379,637	211,858	167,779	92.2%	100.0%	82.3%	17.84	DSW, Michaels, Sports Authority, Lifeway Christian Store, SteinMart, Petsmart, Old Navy, TJ Maxx	Sam
Sunland Towne Centre	El Paso	1996/2014	306,437	265,037	41,400	98.9%	100.0%	91.7%	11.67	Sprouts Farmers Market, PetSmart, Ross, Kmart, Bed Bath & Beyond, Specs Fine Wines	
Waxahachie Crossing	Waxahachie	2010	97,127	72,191	24,936	100%	100.0%	100.0%	14.64	Best Buy, Petsmart, Ross Dress for Less	Hom Depo Penn
Westside Market	Dallas	2013	93,377	70,000	23,377	100%	100.0%	100.0%	16.12	Randall's Tom Thumb	
Wheatland Town Crossing	Dallas	2012	194,727	142,302	52,425	98.1%	100.0%	92.8%	12.64	Conn's, Dollar Tree, Office Depot, Party City, Petsmart, Ross Dress for Less, Shoe Carnival	Targ Aldi
Utah											
Draper Crossing	Draper	2012	164,098	115,916	48,182	95.9%	100.0%	86.1%	14.58	TJ Maxx, Dollar Tree, Downeast Home, Smiths	
Draper Peaks	Draper	2012	220,594	101,464	119,130	95%	100.0%	90.7%	18.66	Michaels, Office Depot, Petco, Quilted Bear, Ross Dress for Less	Kohl
Virginia Landstown Commons	Virginia Beach	2007	399,047	217,466	181,581	92.5%	95.3%	89.1%	19.00	Bed Bath & Beyond, Best Buy, Books-A-Million,	Kohl

										Five Below, Office Max, Pestmart, Rack Room, Ulta, Walgreens, Kirkland
Wisconsin Village at Bay Park	Ashwaubenon	2005	82,254	23,878	58,376	83.5 %	100.0 %	76.7 %	14.51	DSW, JC Penney
Total			15,292,509	10,447,894	4,844,615	95.4 %	99.0 %	87.6 %	$15.22	

1 All properties are wholly owned, except as indicated. Unless otherwise noted, each property is owned in fee simple by the Company.

2 Percentage of Owned GLA Leased reflects Owned GLA/NRA leased as of December 31, 2015, except for Greyhound Commons and 54th & College.

3 Operating property is a joint venture.

Operating Office Properties

As of December 31, 2015, we owned interests in one office operating property and an associated parking garage totaling 0.4 million square feet of net rentable area (“NRA”). The following sets forth more specific information with respect to the Company’s office and parking properties as of December 31, 2015:

OPERATING OFFICE PROPERTIES

($ in thousands)

Property	MSA	Year Built/ Renovated	Acquired, Redeveloped or Developed	Owned NRA	Percentage Of Owned NRA Leased		Annualized Base Rent[1]	Percentage of Annualized Office Base Rent		Base Rent Per Leased Sq. Ft.	Major Tenants
Office and Parking Properties											
Thirty South Meridian[2]	Indianapolis	1905/2002	Redeveloped	287,928	94.8	%	$ 4,889	78.9	%	$17.90	Indiana Supreme Court, City Securities, Kite Realty Group, Lumina Foundation
Union Station Parking Garage[3]	Indianapolis	1986	Acquired	N/A	N/A		N/A	N/A		N/A	Denison Parking
Stand-alone office components of retail projects											
Eddy Street Office (part of Eddy Street Commons)[4]	South Bend	2009	Developed	81,628	100.0	%	$ 1,188	19.2	%	$14.56	University of Notre Dame Offices
Tradition Village Office (part of Tradition Village Square)	Port St. Lucie	2006	Acquired	24,917	36.6	%	116	1.9	%	12.68	
Total				394,473	92.2	%	$ 6,193	100.0	%	$17.02	

1 Annualized Base Rent represents the monthly contractual rent for December 2015 for each applicable property, multiplied by 12.

2 Annualized Base Rent includes $723,216 from the Company and subsidiaries as of December 31, 2015, which is eliminated in consolidation for purposes of our consolidated financial statement presentation.

3 The garage is managed by a third party.

4 The Company also owns the Eddy Street Commons retail shopping center in South Bend, Indiana, along with a parking garage that serves a hotel and the office and retail components of the property.

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Development Projects

In addition to our operating retail properties and office properties, as of December 31, 2015, we owned interests in three development projects currently under construction. The following sets forth more specific information with respect to the Company's retail development properties as of December 31, 2015:

($ in thousands)
Under Construction:

Project	Company Ownership %	MSA	Projected Stabilization Date[1]	Projected Owned GLA[2]	Projected Total GLA[3]	Percent of Owned GLA Occupied[4]	Percent of Owned GLA Pre-Leased/ Committed[5]	Total Estimated Project Cost	Cost Incurred as of December 31, 2015[6]	Major Tenants and Non-owned Anchors
Holly Springs Towne Center, NC - Phase II	100%	Raleigh	2H 2016	122,001	154,001	24.1 %	83.9 %	$47,500	$35,943	Target (non-owned), Carmike Cinemas, Bed Bath & Beyond, DSW
Parkside Town Commons, NC - Phase II	100%	Raleigh	Mid 2016	297,436	347,801	60.5 %	86.1 %	81,200	75,889	Frank Theatres, Golf Galaxy, Field & Stream, Stein Mart, Chuy's, Starbucks, Panera Bread
Tamiami Crossing, FL	100%	Naples	2H 2016	121,578	141,578	0.0 %	100.0 %	44,000	33,576	Stein Mart, Ross, Marshalls, Michaels, PetSmart, Ulta
Total				541,015	643,380	38.7 %	88.7 %	$172,700	$145,408	
Cost incurred as of December 31, 2015 included in Construction in Progress on the balance sheet									$91,733	

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1 Stabilization date represents the sooner of one year from project opening date and / or substantially occupied.

2 Projected Owned GLA represents gross leasable area we project we will own. It excludes square footage that we project will be attributable to non-owned outlot structures on land owned by us and expected to be ground leased to tenants. It also excludes non-owned anchor space.

3 Projected Total GLA includes Projected Owned GLA, projected square footage attributable to non-owned outlot structures on land that we own, and non-owned anchor space that currently exists or is under construction.

4 Includes tenants that have taken possession of their space or have begun paying rent.

5 Excludes outlot land parcels owned by the Company and ground leased to tenants. Includes leases under negotiation for approximately 16,728 square feet for which the Company has signed non-binding letters of intent.

6 Cost incurred is reclassified to fixed assets on the consolidated balance sheet on a pro-rata basis as portions of the asset are placed in service.

7 Additional NOI relating to redevelopment projects moved to the operating portfolio as near stabilization.

Redevelopment, Reposition, Repurpose Projects

In addition to our development projects, as displayed in the table above, we are also currently evaluating potential redevelopment, repositioning, and repurposing of several operating properties.
($ in thousands)

REDEVELOPMENT	Location	Description
Bolton Plaza	Jacksonville	Second phase; replace existing vacant shop space with 22,000 square foot junior anchor and center upgrades.
Bridgewater	Indianapolis	Second phase; creation of new outparcel building to relocate existing shop space. Replacing vacant shop space with 15,000 square foot junior anchor.
Burnt Store Promenade	Punta Gorda	New building construction of current grocer into 45,000 square foot space. New 20 year lease and center upgrades.
City Center*	White Plains	Pending construction start to reactivate street level retail components and enhance overall shopping experience within multilevel project.
Courthouse Shadows*	Naples	Recapture of natural lease expiration; demolition of the site to add a large format single tenant ground lease as well as an additional outparcel development.
Fishers Station*	Indianapolis	Demolition, expansion, and replacement of previous anchor.
Hamilton Crossing Centre*	Indianapolis	Recapture of lease expiration; substantially enhancing merchandising mix and replacing available space with new movie theatre for entertainment.
Portofino Shopping Center	Houston	Multiple phase project. Addition of two small shop buildings and a 33,000 square foot junior anchor. Also rightsizing of a 25,000 square foot junior anchor.
Rampart Commons	Las Vegas	Addition of new tenants replacing expiring leases. Upgrades to building façades and hardscape through the center.
Targeted Return **		9.5% - 10.5%
Expected Cost		$75,000 - $80,000

REPOSITION[1]	Location	Description
Castleton Crossing	Indianapolis	Creation of new outparcel small shop building.
Centennial Center	Las Vegas	General building enhancements including improved access of main entry point. Addition of two restaurants to anchor the small shop building.
Centennial Gateway	Las Vegas	Recapture of a 13,950 square foot anchor location to provide retenanting opportunity to enhance overall quality of the center; also includes additional structural improvements and building upgrades.
Hitchcock Plaza	Aiken	Replacing vacant space with building conversion for two junior anchors and incremental shop space.
Landstown Commons	Virginia Beach	Relocation of Starbucks to create drive through. General improvement of the main street area, including façade improvements and addition of pedestrian elements.
Northdale Promenade	Tampa	Multi-phase project involving rightsizing of an existing shop tenant to accommodate construction of new junior anchor, and the demolition of shop space to add another junior anchor, enhance

		space visibility, and improve overall small shop mix.
Shops at Moore	Oklahoma City	Expansion of existing vacant space to be reconstructed and occupied with the addition of a new junior anchor.
Tarpon Bay	Naples	Recapture of a junior anchor space to enhance merchandising mix and cross shopping experience; also, upgrading exterior of the center and other building improvements.
Trussville Promenade[2]	Birmingham	Replacing existing small shops with 22,000 square foot junior anchor.
Targeted Return **		9.5% - 10.5%
Expected Cost		$35,000 - $40,000

REPURPOSE	Location	Description
Beechwood Promenade*	Athens	Contemplating a mixed use opportunity for recaptured space given dynamic college town environment.
The Corner*	Indianapolis	Creation of a mixed use (retail and multi-family) development replacing an unanchored small shop center.
Targeted Return **		9.0% - 10.0%
Expected Cost		$20,000 - $25,000

Total Targeted Return		9.0% - 11.0%
Total Expected Cost		$130,000 - $145,000

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1 Reposition refers to less substantial asset enhancements based on internal costs.

2 Repositioning refers to Trussville I.

* Asterisk represents assets removed from the operating portfolio and in final planning stage. Projected cost and projected ROI will be added upon commencement of construction.

** These opportunities are merely potential at this time and are subject to various contingencies, many of which are beyond the Company's control. Targeted return is based upon our current expectations of capital expenditures, budgets, anticipated leases and certain other factors relating to such opportunities. The actual return on these investments may not meet our expectations.

Tenant Diversification

No individual retail or office tenant accounted for more than 3.4% of the portfolio's annualized base rent for the year ended December 31, 2015. The following table sets forth certain information for the largest 10 tenants and non-owned anchor tenants (based on total GLA) open for business or for which ground lease payments are being made at the Company's retail properties based on minimum rents in place as of December 31, 2015:

TOP 10 RETAIL TENANTS BY GROSS LEASABLE AREA

Tenant	Number of Locations	Total GLA	Number of Leases	Company Owned GLA	Ground Lease GLA	Number of Anchor Owned Locations	Anchor Owned GLA
Wal-Mart	14	2,376,540	6	203,742	811,956	8	1,360,842
Target	16	2,301,943	—	—	—	16	2,301,943
Lowe's Home Improvement	14	2,072,666	5	128,997	650,161	9	1,293,508
Publix	18	868,222	18	868,222	—	—	—
Kohls	9	783,599	5	184,516	245,223	4	353,860
TJX Companies[1]	21	634,317	21	634,317	—	—	—
Ross Stores	17	485,673	17	485,673	—	—	—
Bed Bath & Beyond[2]	18	469,772	18	469,772	—	—	—
Dick's Sporting Goods	9	440,502	9	440,502	—	—	—
Petsmart	18	374,127	18	374,127	—	—	—
Total	154	10,807,361	117	3,789,868	1,707,340	37	5,310,153

1 Includes TJ Maxx, Home Goods and Marshalls, all of which are owned by the same parent company.

2 Includes Buy Buy Baby, Christmas Tree Shops and Cost Plus, all of which are owned by the same parent company.

The following table sets forth certain information for the largest 25 tenants open for business at the Company's retail properties based on minimum rents in place as of December 31, 2015:

TOP 25 TENANTS BY ANNUALIZED BASE RENT

($ in thousands)

Tenant	Number of Stores	Leased GLA/NRA[2]	% of Owned GLA/NRA of the Portfolio		Annualized Base Rent[1]	Annualized Base Rent per Sq. Ft.	% of Total Portfolio Annualized Base Rent	
Publix	18	868,222	5.5	%	$8,439	$9.72	3.4	%
TJX Companies[3]	21	634,317	4.0	%	6,431	10.14	2.6	%
Petsmart	18	374,127	2.4	%	5,513	14.74	2.2	%
Bed Bath & Beyond[4]	18	446,372	2.8	%	5,399	12.09	2.2	%
Ross Stores	17	485,673	3.1	%	5,214	10.74	2.1	%
Lowe's Home Improvement	5	128,997	0.8	%	5,039	6.47	2.1	%
Office Depot / Office Max	18	368,482	2.3	%	5,018	13.62	2.0	%
Dick's Sporting Goods	9	440,502	2.8	%	4,658	10.57	1.9	%
Michaels	13	278,111	1.7	%	3,697	13.29	1.5	%
Wal-Mart	6	203,742	1.3	%	3,655	3.60	1.5	%
LA Fitness	5	208,209	1.3	%	3,447	16.56	1.4	%
Nordstrom	5	170,545	1.1	%	3,122	18.30	1.3	%
Best Buy	6	213,604	1.3	%	3,024	14.16	1.2	%
Kohls	5	184,516	1.2	%	2,927	6.81	1.2	%
National Amusements	1	80,000	0.5	%	2,898	36.22	1.2	%
Toys R Us / Babies R Us[5]	6	179,316	1.1	%	2,896	13.79	1.2	%
Petco	12	167,455	1.1	%	2,747	16.41	1.1	%
Walgreens	4	67,212	0.4	%	2,099	31.23	0.9	%
Frank Theaters	2	122,224	0.8	%	2,081	17.02	0.8	%
DSW	7	134,681	0.8	%	1,938	14.39	0.8	%
New York Sports Club	2	86,717	0.5	%	1,936	22.32	0.8	%
Burlington Coat Factory	3	247,400	1.6	%	1,792	7.24	0.7	%
Randall's Food & Drugs	3	133,990	0.8	%	1,774	13.24	0.7	%
Mattress Firm	17	69,258	0.4	%	1,773	25.60	0.7	%
Old Navy	8	130,404	0.8	%	1,762	13.51	0.7	%
TOTAL	229	6,424,076	40.4	%	$89,277	$11.13	36.4	%

1 Annualized base rent represents the monthly contractual rent for December 31, 2015 for each applicable tenant multiplied by 12. Annualized base rent does not include tenant reimbursements.

2 Excludes the estimated size of the structures located on land owned by the Company and ground leased to tenants.

3 Includes TJ Maxx, Marshalls and HomeGoods, all of which are owned by the same parent company.

4

Includes Buy Buy Baby, Christmas Tree Shops and Cost Plus, all of which are owned by the same parent company.

5 Annualized base rent and percent of total portfolio includes ground lease rent.

Geographic Diversification

The Company owns interests in 118 operating and redevelopment properties consisting of 110 retail properties, six retail redevelopment properties, one office operating property and an associated parking garage. We also own interests in three development properties under construction. The total operating portfolio consists of approximately 17.2 million of owned square feet in 20 states. The following table summarizes the Company's operating properties by state as of December 31, 2015:

($ in thousands)

	Total Operating Portfolio Excluding Developments and Redevelopments		Developments and Redevelopments		Total Operating Portfolio Including Developments and Redevelopments				
	Owned GLA/NRA[1]	Annualized Base Rent	Owned GLA/NRA[1]	Annualized Base Rent	Number of Properties	Owned GLA/NRA[1]	Annualized Base Rent - Ground Leases	Total Annualized Base Rent	Percent of Annualized Base Rent
Florida	4,512,435	$62,699	5,960	$364	39	4,518,395	$3,423	$66,486	25.2%
Texas	2,272,090	32,566	—	—	12	2,272,090	1,071	33,637	12.8%
Indiana	2,186,679	28,854	294,056	2,453	22	2,480,735	1,053	32,361	12.3%
Nevada	928,982	20,245	—	—	7	928,982	3,737	23,982	9.1%
North Carolina	740,157	13,014	541,962	1,699	9	1,282,119	3,029	17,743	6.7%
Oklahoma	821,520	11,399	—	—	5	821,520	1,175	12,574	4.8%
New York	—	—	365,905	9,195	1	365,905	—	9,195	3.5%
Georgia	394,419	4,762	353,970	3,433	4	748,389	473	8,668	3.3%
New Jersey	246,040	5,677	—	—	2	246,040	2,233	7,910	3.0%
Virginia	399,047	7,011	—	—	1	399,047	294	7,306	2.8%
Utah	384,692	6,206	—	—	2	384,692	162	6,367	2.4%
Indiana - Office	369,556	6,077	—	—	2	369,556	—	6,077	2.3%
Tennessee	406,412	5,959	—	—	2	406,412	—	5,959	2.3%
South Carolina	515,232	5,398	—	—	3	515,232	—	5,398	2.0%
Alabama	512,649	4,524	—	—	2	512,649	201	4,725	1.8%
Connecticut	208,929	3,275	—	—	1	208,929	939	4,214	1.6%
Illinois	310,865	4,143	—	—	3	310,865	—	4,143	1.6%
Arizona	79,902	2,241	—	—	1	79,902	—	2,241	0.9%
Ohio	236,230	2,109	—	—	1	236,230	—	2,109	0.8%
Wisconsin	82,254	997	—	—	1	82,254	381	1,377	0.5%
New Hampshire	78,892	986	—	—	1	78,892	85	1,071	0.4%
	15,686,982	$228,142	1,561,853	$17,144	121	17,248,835	$18,256	$263,543	100.0%

1 Owned GLA/NRA represents gross leasable area or net leasable area owned by the Company. It also excludes the square footage of Union Station Parking Garage.

Lease Expirations

In 2016, leases representing 6.7% of total annualized base rent and 6.5% of total GLA/NRA expire. The following tables show scheduled lease expirations for retail and office tenants and in-process development property tenants open for business as of December 31, 2015, assuming none of the tenants exercise renewal options.

LEASE EXPIRATION TABLE – OPERATING PORTFOLIO

($ in thousands)

	Number of Expiring Leases[1]	Expiring GLA/NRA[2]	% of Total GLA/NRA Expiring	Expiring Annualized Base Rent[3]	% of Total Annualized Base Rent	Expiring Annualized Base Rent per Sq. Ft.	Expiring Ground Lease Revenue
2016	247	1,035,946	6.5 %	$16,490	6.7 %	$15.92	$—
2017	273	1,716,666	10.8 %	27,805	11.4 %	16.20	226
2018	345	2,165,695	13.7 %	35,350	14.5 %	16.32	1,588
2019	254	1,668,015	10.5 %	24,673	10.1 %	14.79	819
2020	245	2,185,112	13.8 %	29,339	12.0 %	13.43	1,559
2021	180	1,399,263	8.8 %	20,677	8.5 %	14.78	757
2022	99	937,164	5.9 %	15,330	6.3 %	16.36	1,048
2023	107	976,817	6.0 %	15,100	6.0 %	15.46	360
2024	92	1,028,054	6.5 %	19,793	8.1 %	19.25	381
2025	75	706,087	4.5 %	11,838	4.9 %	16.77	768
Beyond	104	2,074,143	13.0 %	28,892	11.8 %	13.93	10,750
	2,021	15,892,962	100.0 %	$245,287	100.0 %	$15.43	$18,256

1 Lease expiration table reflects rents in place as of December 31, 2015 and does not include option periods; 2016 expirations include 48 month-to-month tenants. This column also excludes ground leases.

2 Expiring GLA excludes estimated square footage attributable to non-owned structures on land owned by the Company and ground leased to tenants.

3 Annualized base rent represents the monthly contractual rent for December 2015 for each applicable tenant multiplied by 12. Excludes tenant reimbursements and ground lease revenue.

LEASE EXPIRATION TABLE – RETAIL ANCHOR TENANT$

($ in thousands)

	Number of Expiring Leases[2]	Expiring GLA/NRA[3]	% of Total GLA/NRA Expiring	Expiring Annualized Base Rent[4]	% of Total Annualized Base Rent	Expiring Annualized Base Rent per Sq. Ft.	Expiring Ground Lease Revenue
2016	21	488,781	3.1%	$5,252	2.2%	$10.75	$—
2017	42	1,058,414	6.7%	12,633	5.2%	11.94	—
2018	50	1,388,073	8.8%	16,248	6.7%	11.71	1,194
2019	34	1,100,242	6.9%	10,834	4.4%	9.85	—
2020	42	1,674,340	10.6%	17,209	7.1%	10.28	1,111
2021	36	949,042	6.0%	10,124	4.2%	10.67	289
2022	27	647,329	4.1%	8,625	3.5%	13.32	745
2023	25	664,649	4.1%	7,808	3.1%	11.75	260
2024	22	760,926	4.8%	13,449	5.5%	17.67	260
2025	19	464,436	2.9%	6,221	2.6%	13.40	381
Beyond	45	1,849,490	11.6%	23,308	9.5%	12.60	6,384
	363	11,045,722	69.6%	$131,711	53.8%	$11.92	$10,623

1 Retail anchor tenants are defined as tenants that occupy 10,000 square feet or more.

2 Lease expiration table reflects rents in place as of December 31, 2015 and does not include option periods.

3 Expiring GLA excludes square footage for non-owned ground lease structures on land we own and ground leased to tenants.

4 Annualized base rent represents the monthly contractual rent for December 2015 for each applicable tenant multiplied by 12. Excludes tenant reimbursements and ground lease revenue.

LEASE EXPIRATION TABLE – RETAIL SHOPS

($ in thousands)

	Number of Expiring Leases[1]	Expiring GLA/NRA[2]	% of Total GLA/NRA Expiring	Expiring Annualized Base Rent[3]	% of Total Annualized Base Rent	Expiring Annualized Base Rent per Sq. Ft.	Expiring Ground Lease Revenue
2016	224	539,251	3.3%	$11,155	4.5%	$20.69	$—
2017	229	575,142	3.6%	13,672	5.6%	23.77	226
2018	293	759,785	4.8%	18,714	7.7%	24.63	394
2019	219	562,520	3.6%	13,738	5.6%	24.42	819
2020	200	496,261	3.1%	11,841	4.8%	23.86	448
2021	143	444,059	2.8%	10,412	4.3%	23.45	469
2022	69	238,789	1.5%	5,831	2.4%	24.42	304
2023	80	279,180	1.7%	6,667	2.6%	23.88	100
2024	68	201,780	1.3%	5,313	2.2%	26.33	121
2025	53	162,011	1.0%	4,451	1.8%	27.48	388
Beyond	59	224,653	1.5%	5,584	2.5%	24.86	4,365

1,637	4,483,431	28.1%	$107,379	43.7%	$23.95	$7,633

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1 Lease expiration table reflects rents in place as of December 31, 2015, and does not include option periods; 2016 expirations include 47 month-to-month tenants. This column also excludes ground leases.
2 Expiring GLA excludes estimated square footage attributable to non-owned structures on land we own and ground leased to tenants.
3 Annualized base rent represents the monthly contractual rent for December 2015 for each applicable tenant multiplied by 12. Excludes tenant reimbursements and ground lease revenue.

LEASE EXPIRATION TABLE – OFFICE TENANTS

($ in thousands)

	Number of Expiring Leases[1]	Expiring GLA/NRA[2]	% of Total GLA/NRA Expiring	Expiring Annualized Base Rent[3]	% of Total Annualized Base Rent	Expiring Annualized Base Rent per Sq. Ft.
2016	2	7,914	0.1%	$84	—	$10.59
2017	2	83110	0.6%	1,501	0.7%	18.06
2018	2	17,837	0.1%	387	0.2%	21.70
2019	1	5,253	—	101	—	19.25
2020	3	14,511	0.1%	288	0.1%	19.85
2021	1	6,162	—	142	0.1%	23.00
2022	3	51,046	0.3%	874	0.4%	17.11
2023	2	32,988	0.2%	625	0.3%	18.96
2024[4]	2	65,348	0.4%	1,031	0.5%	15.77
2025	3	79,640	0.5%	1,165	0.5%	14.63
Beyond	—	—	—	—	—	—
	21	363,809	2.3%	$6,197	2.8%	$17.03

1 Lease expiration table reflects rents in place as of December 31, 2015 and does not include option periods; 2016 expirations include one month-to-month tenant. This column also excludes ground leases.
2 Lease expiration table reflects rents in place as of December 31, 2015 and does not include option periods. This column also excludes ground leases.
3 Annualized base rent represents the monthly contractual rent for December 2015 for each applicable tenant multiplied by 12. Excludes tenant reimbursements.
4 Expiring annualized base rent includes $0.7 million from Kite Realty Group and subsidiaries.

Lease Activity – New and Renewal

In 2015, the Company executed new and renewal leases on 369 individual spaces totaling 2,098,133 square feet. New leases were signed on 188 individual spaces for 720,192 square feet of GLA, while renewal leases were signed on 181 individual spaces for 1,377,941 square feet of GLA.

For comparable signed leases, which are defined as leases signed for which there was a former tenant within the last 12 months, we achieved a blended rent spread of 11.4% while incurring $8.78 per square foot of incremental capital improvement costs. The average rents for the 68 new comparable leases signed on individual spaces in 2015 were $20.23 per square foot compared to average expiring rents of $16.59 per square foot. The average rents for the 181 renewals signed on individual spaces in 2015 were $12.58 per square foot compared to average expiring rents of $11.53 per square foot. Further, average leasing costs for new comparable leases signed in 2015 were $43.94 per square foot, while there were minimal leasing costs incurred for renewal leases.

ITEM 3. LEGAL PROCEEDINGS

We are a party to various legal proceedings, which arise in the ordinary course of business. We are not currently involved in any litigation nor, to our knowledge, is any litigation threatened against us where the outcome would, in our judgment based on information currently available to us, have a material adverse effect on our consolidated financial position or consolidated results of operations.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common shares are currently listed and traded on the New York Stock Exchange ("NYSE") under the symbol "KRG". On February 22, 2016, the last reported sales price of our common shares on the NYSE was $26.98.

The following table sets forth, for the periods indicated, the high and low prices for our common shares:

	High[1]	Low[1]
Quarter Ended December 31, 2015	$27.17	$23.85
Quarter Ended September 30, 2015	$26.64	$22.93
Quarter Ended June 30, 2015	$28.33	$24.47
Quarter Ended March 31, 2015	$31.44	$26.39
Quarter Ended December 31, 2014	$29.68	$23.71
Quarter Ended September 30, 2014	$26.70	$22.92
Quarter Ended June 30, 2014	$25.72	$22.92
Quarter Ended March 31, 2014	$26.28	$23.20

1 Per share information has been restated for the effects of the Company's one-for-four reverse common share split in August 2014.

Holders

The number of registered holders of record of our common shares was 1,516 as of February 22, 2016. This total excludes beneficial or non-registered holders that held their shares through various brokerage firms. This figure does not represent the actual number of beneficial owners of our common shares because our common shares are frequently held in "street name" by securities dealers and others for the benefit of beneficial owners who may vote the shares.

Distributions

Our Board of Trustees declared the following cash distributions per share to our common shareholders for the periods indicated:

Quarter	Record Date	Distribution Per Share[1]	Payment Date
4th 2015	January 6, 2016	$0.2725	January 13, 2016
3rd 2015	October 6, 2015	$0.2725	October 13, 2015
2nd 2015	July 7, 2015	$0.2725	July 14, 2015
1st 2015	April 6, 2015	$0.2725	April 13, 2015
4th 2014	January 6, 2015	$0.2600	January 13, 2015
3rd 2014	October 6, 2014	$0.2600	October 13, 2014
2nd 2014	June 24, 2014	$0.2600	July 1, 2014
1st 2014	April 7, 2014	$0.2600	April 14, 2014

1 Per share information has been restated for the effects of the Company's one-for-four reverse common share split in August 2014.

Our management and Board of Trustees will continue to evaluate our distribution policy on a quarterly basis as they monitor the capital markets and the impact of the economy on our operations. On February 4, 2016, our Board of Trustees approved an increase to our common dividend to $0.2875 per share that will be paid on or about April 13, 2016 to shareholders of record as of April 6, 2016. This quarterly dividend represents a 5.5% increase over our previous quarterly distribution and an approximate 19.8% increase since 2013.

Future distributions will be declared and paid at the discretion of our Board of Trustees, and will depend upon a number of factors, including cash generated by operating activities, our financial condition, capital requirements, annual distribution requirements under the REIT provisions of the Internal Revenue Code of 1986, as amended, and such other factors as our Board of Trustees deem relevant.

Distributions by us to the extent of our current and accumulated earnings and profits for federal income tax purposes will be taxable to shareholders as either ordinary dividend income or capital gain income if so declared by us. Distributions in excess of taxable earnings and profits generally will be treated as a non-taxable return of capital. These distributions, to the extent that they do not exceed the shareholder's adjusted tax basis in its common shares, have the effect of deferring taxation until the sale of a shareholder's common shares. To the extent that distributions are both in excess of taxable earnings and profits and in excess of the shareholder's adjusted tax basis in its common shares, the distribution will be treated as gain from the sale of common shares. In order to maintain our qualification as a REIT, we must make annual distributions to shareholders of at least 90% of our "REIT taxable income" (determined before the deduction for dividends paid and excluding net capital gains) and we must make distributions to shareholders equal to 100% of our net taxable income to eliminate federal income tax liability. Under certain circumstances, we could be required to make distributions in excess of cash available for distributions in order to meet such requirements. For the taxable year ended December 31, 2015, approximately 14% of our distributions to shareholders constituted a return of capital, approximately 74% constituted taxable ordinary income dividends and approximately 12% constituted taxable capital gains.

Under our unsecured revolving credit facility, we are permitted to make distributions to our shareholders that do not exceed 95% of our Funds From Operations ("FFO") provided that no event of default exists. If an event of default exists, we may only make distributions sufficient to maintain our REIT status. However, we may not make any

distributions if any event of default resulting from nonpayment or bankruptcy exists, or if our obligations under the unsecured revolving credit facility are accelerated.

Issuer Repurchases; Unregistered Sales of Securities

During the year ended December 31, 2015, certain of our employees surrendered common shares owned by them to satisfy their statutory minimum federal and state tax obligations associated with the vesting of restricted common shares of beneficial interest issued under our 2013 Equity Incentive Plan.

The following table summarizes all of these repurchases during the year ended December 31, 2015:

Period	Total number of shares purchased[1]	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs
January 1 - January 31	—	—	N/A	N/A
February 1 - February 31	20,123	$29.22	—	N/A
March 1 - March 31	7,638	$28.96	N/A	N/A
April 1 - April 30	—	—	N/A	N/A
May 1 - May 31	77	$26.90	—	N/A
June 1 - June 30	—	—	N/A	N/A
July 1 - July 31	7,202	$25.77	N/A	N/A
August 1 - August 31	715	$25.68	N/A	N/A
September 1 - September 30	—	—	N/A	N/A
October 1 - October 31	—	—	N/A	N/A
November 1 - November 30	26	$27.07	N/A	N/A
December 1 - December 31	—	—	N/A	N/A
Total	35,781			

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1 The number of shares purchased represents common shares surrendered by certain of our employees to satisfy their statutory minimum federal and state tax obligations associated with the vesting of restricted common shares of beneficial interest issued under our 2013 Plan. With respect to these shares, the price paid per share is based on the closing price of our common shares as of the date of the determination of the statutory minimum federal and state tax obligations.

Issuances Under Equity Compensation Plans

For information regarding the securities authorized for issuance under our equity compensation plans, see Item 12 of this Annual Report on Form 10-K.

Performance Graph

Notwithstanding anything to the contrary set forth in any of our filings under the Securities Act or the Exchange Act that might incorporate SEC filings, in whole or in part, the following performance graph will not be incorporated by reference into any such filings.

The following graph compares the cumulative total shareholder return of our common shares for the period from December 31, 2010 to December 31, 2015, to the S&P 500 Index and to the published NAREIT All Equity REIT Index over the same period. The graph assumes that the value of the investment in our common shares and each index was $100 at December 31, 2010

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and that all cash distributions were reinvested. The shareholder return shown on the graph below is not indicative of future performance.

	12/10	6/11	12/11	6/12	12/12	6/13	12/13	6/14	12/14	6/15	12/15
Kite Realty Group Trust	100.00	94.10	87.61	99.32	113.92	125.35	139.32	134.26	158.82	137.77	149.30
S&P 500	100.00	106.03	102.11	111.80	118.45	134.83	156.82	168.01	178.29	180.48	180.75
FTSE NAREIT Equity REITs	100.00	110.20	108.29	124.44	127.85	136.15	131.01	154.14	170.49	160.82	175.94

ITEM 6. SELECTED FINANCIAL DATA

The following tables set forth, on a historical basis, selected unaudited financial and operating information. The financial information has been derived from our consolidated balance sheets and statements of operations. The share and per share information has been restated for the effects of our one-for-four reverse share split that occurred in August 2014. This information should be read in conjunction with our audited consolidated financial statements and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this Annual Report on Form 10-K.

($ in thousands)	Year Ended December 31 (Unaudited)				
	2015[1]	2014[2]	2013[3]	2012[4]	2011[5]
Operating Data:					
Total rental related revenue	$347,005	$259,528	$129,488	$96,539	$89,116
Expenses:					
Property operating	49,973	38,703	21,729	16,756	16,830
Real estate taxes	40,904	29,947	15,263	12,858	12,448
General, administrative, and other	18,709	13,043	8,211	7,117	6,274
Merger and acquisition costs	1,550	27,508	2,214	364	—
Litigation charge, net	—	—	—	1,007	—
Non-cash gain from release of assumed earnout liability	(4,832)	—	—	—	—
Impairment charge	1,592	—	—	—	—
Depreciation and amortization	167,312	120,998	54,479	38,835	33,114
Total expenses	275,208	230,199	101,896	76,937	68,666
Operating income	71,797	29,329	27,592	19,602	20,450
Interest expense	(56,432)	(45,513)	(27,994)	(23,392)	(21,625)
Income tax (expense) benefit of taxable REIT subsidiary	(186)	(24)	(262)	106	1
Non-cash gain on debt extinguishment	5,645	—	—	—	—
Gain on settlement	4,520	—	—	—	—
Gain on sale of unconsolidated property	—	—	—	—	4,320
Remeasurement loss on consolidation of Parkside Town Commons, net	—	—	—	(7,980)	—
Other (expense) income, net	(95)	(244)	(62)	209	607
Income (loss) from continuing operations	25,249	(16,452)	(726)	(11,455)	3,753
Discontinued operations:					
Income from operations, excluding impairment charge	—	—	834	656	1,630
Impairment charge	—	—	(5,372)	—	—
Non-cash gain on debt extinguishment	—	—	1,242	—	—
Gain (loss) on sale of operating properties	—	3,198	487	7,094	(398)
Income (loss) from discontinued operations	—	3,198	(2,809)	7,750	1,232
Income (loss) before gain on sale of operating properties	25,249	(13,254)	(3,535)	(3,705)	4,985
Gain on sale of operating properties, net	4,066	8,578	—	—	—
Consolidated net income (loss)	29,315	(4,676)	(3,535)	(3,705)	4,985
Net (income) loss attributable to noncontrolling interests:	(2,198)	(1,025)	685	(629)	(4)
Net income (loss) attributable to Kite Realty Group Trust:	27,117	(5,701)	(2,850)	(4,334)	4,981
Dividends on preferred shares	(7,877)	(8,456)	(8,456)	(7,920)	(5,775)
Adjustment for redemption of preferred shares	(3,797)	—	—	—	—
Net income (loss) attributable to common shareholders	$15,443	$(14,157)	$(11,306)	$(12,254)	$(794)
Income (loss) per common share – basic:					
Income (loss) from continuing operations attributable to Kite Realty Group Trust	$0.19	$(0.29)	$(0.37)	$(1.04)	$(0.12)

common shareholders					
Income (loss) from discontinued operations attributable to Kite Realty Group Trust common shareholders	—	0.05	(0.11)	0.32	0.08
Net income (loss) attributable to Kite Realty Group Trust common shareholders	$0.19	$(0.24)	$(0.48)	$(0.72)	$(0.04)
Income (loss) per common share – diluted:					
Income (loss) from continuing operations attributable to Kite Realty Group Trust common shareholders	$0.18	$(0.29)	$(0.37)	$(1.04)	$(0.12)
Income (loss) from discontinued operations attributable to Kite Realty Group Trust common shareholders	—	0.05	(0.11)	0.32	0.08
Net income (loss) attributable to Kite Realty Group Trust common shareholders	$0.18	$(0.24)	$(0.48)	$(0.72)	$(0.04)
Weighted average Common Shares outstanding – basic	83,421,904	58,353,448	23,535,434	16,721,315	15,889,331
Weighted average Common Shares outstanding – diluted	83,534,381	58,353,448	23,535,434	16,721,315	15,889,331
Distributions declared per Common Share	$1.09	$1.02	$0.96	$0.96	$0.96
Net income (loss) attributable to Kite Realty Group Trust common shareholders:					
Income (loss) from continuing operations[6]	$15,443	$(17,268)	$(8,686)	$(17,571)	$(1,891)
Income (loss) from discontinued operations	—	3,111	(2,620)	5,317	1,097
Net income (loss) attributable to Kite Realty Group Trust common shareholders	$15,443	$(14,157)	$(11,306)	$(12,254)	$(794)

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1 In 2015, we disposed of nine operating properties. The operations of these properties are not reflected as discontinued operations as none of the disposals individually, nor in the aggregate, represent a strategic shift that has or will have a major effect on our operations and financial results.

2 In 2014, we disposed of a number of operating properties. Of our 2014 disposals, the only property's operations reflected as discontinued operations for each of the years presented is 50th and 12th, as the other disposals individually or in the aggregate did not represent a strategic shift that has or will have a major effect on our operations and financial results. Further, the 50th and 12th operating property is included in discontinued operations, as the property was classified as held for sale as of December 31, 2013.

3 In 2013, we disposed of the following properties: Cedar Hill Village and Kedron Village. The operations of these properties are reflected as discontinued operations for each of the years presented above.

4 In 2012, we sold the following operating properties: Pen Products, Indiana State Motor Pool, Sandifur Plaza, Preston Commons, Zionsville Place, Coral Springs Plaza, 50 South Morton, South Elgin Commons, and Gateway Shopping Center. The operations of these properties are reflected as discontinued operations for each of the years presented above.

5 In December 2011, we sold our Martinsville Shops operating property. The operations of this property are reflected as discontinued operations for each of the years presented above.

6 Includes gain on sale of operating properties and preferred dividends.

($ in thousands)	As of December 31				
	2015	2014	2013	2012	2011
Balance Sheet Data (Unaudited):					
Investment properties, net	$3,500,845	$3,417,655	$1,644,478	$1,200,336	$1,095,721
Cash and cash equivalents	33,880	43,826	18,134	12,483	10,042
Assets held for sale	—	179,642	—	—	—
Total assets	3,766,038	3,874,216	1,763,927	1,288,657	1,193,266
Mortgage and other indebtedness	1,734,059	1,554,263	857,144	699,909	689,123
Liabilities held for sale	—	81,164	—	—	—
Total liabilities	1,946,974	1,846,986	962,894	774,365	737,807
Limited Partners' interests in Operating Partnership and other	92,315	125,082	43,928	37,670	41,836
Kite Realty Group Trust shareholders' equity	1,725,976	1,898,784	753,557	473,086	409,372
Noncontrolling interests	773	3,364	3,548	3,536	4,251
Total liabilities and equity	3,766,038	3,874,216	1,763,927	1,288,657	1,193,266

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the accompanying audited consolidated financial statements and related notes thereto and Item 1A, "Risk Factors," appearing elsewhere in this Annual Report on Form 10-K. In this discussion, unless the context suggests otherwise, references to "our Company," "we," "us," and "our" mean Kite Realty Group Trust and its direct and indirect subsidiaries, including Kite Realty Group, L.P.

Overview

In the following overview, we discuss, among other things, the status of our business and properties, the effect that current United States economic conditions is having on our retail tenants and us, and the current state of the financial markets and how it impacts our financing strategy.

Our Business and Properties

Kite Realty Group Trust, a publicly-held real estate investment trust, through its majority-owned subsidiary, Kite Realty Group, L.P., owns interests in various operating subsidiaries and joint ventures engaged in the ownership, operation, acquisition, development, and redevelopment of high-quality neighborhood and community shopping centers in selected markets in the United States. We derive revenues primarily from rents and reimbursement payments received from tenants under leases at our properties. Our operating results therefore depend materially on the ability of our tenants to make required rental payments, conditions in the United States retail sector and overall economic and real estate market conditions.

As of December 31, 2015, we owned interests in 118 operating and redevelopment properties consisting of 110 retail properties, six retail redevelopment properties, one office operating property and an associated parking garage. We also owned three development properties under construction as of this date.

Portfolio Update

In evaluating acquisition, development, and redevelopment opportunities, we focus on strong sub-markets where average household income is above the average for the market. We also focus on locations with population density, high traffic counts, and strong daytime work force populations. Household incomes in our largest markets are significantly higher than the median for the market.

2015 was a strong year for the shopping center industry as landlords continued to take advantage of historically low new shopping center supply. This provided landlords the opportunity to optimize the tenant mix at properties and upgrade shop space. In addition, the continued investment by retailers in omni-channel operations to merge their brick and mortar and online operations is an opportunity for landlords with quality assets in strong locations to drive rent and occupancy growth.

In 2015, we disposed of nine non-core operating properties. These sales provided us with an additional source of capital which we used to reduce debt and acquire operating properties in core markets including Colleyville Downs in Dallas, Texas, Belle Isle Station in Oklahoma City, Oklahoma, Livingston Shopping Center in Newark, New Jersey, and Chapel Hill Shopping Center in Fort Worth, Texas. We are also currently evaluating potential redevelopment, repositioning, and repurposing of several operating properties. Total estimated costs are expected to be in the range of $130 million to $145 million.

In addition to targeting sub-markets with strong consumer demographics, we focus on having the appropriate tenant mix at each center. The majority of our tenants are service oriented or have a notable online platform that has reduced the impact of the expansion of e-commerce on their operations. We have aggressively targeted and executed leases with notable soft goods retailers such as TJX Companies, Ross Dress for Less, Ulta and Bed Bath and Beyond. Additionally, we have identified cost-efficient ways to optimize space for junior anchors such as right-sizing office supply stores and backfilling the existing space with a tenant more suitable to the larger space. In addition, many of our redevelopment projects include right-sizing small shop space to accommodate construction of new junior anchor space.

Capital and Financing Activities

Our ability to obtain capital on satisfactory terms and to refinance borrowings as they mature is affected by the condition of the economy in general and by the financial strength of properties securing borrowings.

Throughout 2015, we strengthened our balance sheet by retiring multiple property level secured loans using our unsecured loans. In addition, we redeemed all 4,100,000 outstanding shares of our Series A Preferred Shares.

We increased our liquidity through amending our existing unsecured term loan to increase the total borrowing capacity from $230 million to $400 million. We also issued $250 million of senior unsecured notes and entered into a new seven-year unsecured term loan for up to $200 million.

The amount that we may borrow under our unsecured revolving credit facility is based on the value of assets in our unencumbered property pool. The senior unsecured notes and the seven-year unsecured term loan are included in the total borrowings outstanding for the purpose of determining the amount we may borrow under our unsecured revolving credit facility. Taking into account outstanding draws and letters of credit, as of December 31, 2015, we had $339.5 million available for future borrowings under our unsecured revolving credit facility. In addition, we had $33.9 million in cash and cash equivalents as of December 31, 2015.

The unencumbering of a number of operating properties, amending our existing unsecured term loan, issuing unsecured notes and entering into a seven-year unsecured term loan provides us with more flexibility for future capital activity. In addition, the investment grade credit ratings we received in 2014 also provide us with access to the unsecured public bond market, which we may use in the future to finance acquisition activity, repay debt maturing in the near term and fix interest rates that are currently at historically low levels.

Summary of Critical Accounting Policies and Estimates

Our significant accounting policies are more fully described in Note 2 to the accompanying consolidated financial statements. As disclosed in Note 2, the preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. We believe that the following discussion addresses our most critical accounting policies, which are those that are most important to the compilation of our financial condition and results of operations and require management's most difficult, subjective, and complex judgments.

Valuation of Investment Properties

Management reviews operational and development projects, land parcels and intangible assets for impairment on at least a quarterly basis or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The review for possible impairment requires management to make certain assumptions and estimates and requires significant judgment. Impairment losses for investment properties and intangible assets are measured when the undiscounted cash flows estimated to be generated by the investment properties during the expected holding period are less than the carrying amounts of those assets. Impairment losses are recorded as the excess of the carrying value over the estimated fair value of the asset. Our impairment review for land and development properties assumes we have the intent and the ability to complete the developments or projected uses for the land parcels. If we determine those plans will not be completed or our assumptions with respect to operating assets are not realized, an impairment loss may be appropriate.

Depreciation may be accelerated for a redevelopment project, including partial demolition of existing structures after the asset is assessed for impairment.

Operating properties held for sale include only those properties available for immediate sale in their present condition and for which management believes it is probable that a sale of the property will be completed within one year,

amongst other factors. Operating properties are carried at the lower of cost or fair value less estimated costs to sell. Depreciation and amortization are suspended during the held-for-sale period.

Our operating properties have operations and cash flows that can be clearly distinguished from the rest of our activities. Historically, the operations reported in discontinued operations include those operating properties that were sold or were considered held-for-sale and for which operations and cash flows can be clearly distinguished. The operations from these properties are eliminated from ongoing operations, and we will not have a continuing involvement after disposition. In the first quarter of 2014, we adopted the provisions of ASU 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity, which will result in fewer real estate sales being classified within discontinued operations, as only disposals representing a strategic shift in operations will be presented as discontinued operations. All operating properties included in discontinued operations in 2014 were classified

as such prior to the adoption of ASU 2014-08, and no properties that have been sold, or designated as held-for-sale, since the adoption of ASU 2014-08, have met the revised criteria for classification within discontinued operations.

Acquisition of Real Estate Investments

Upon acquisition of real estate operating properties, we estimate the fair value of acquired identifiable tangible assets and identified intangible assets and liabilities, assumed debt, and any noncontrolling interest in the acquiree at the date of acquisition, based on evaluation of information and estimates available at that date. In making estimates of fair values, a number of sources are utilized, including information obtained as a result of pre-acquisition due diligence, marketing and leasing activities. The estimates of fair value were determined to have primarily relied upon Level 2 and Level 3 inputs.

Fair value is determined for tangible assets and intangibles, including:

- the fair value of the building on an as-if-vacant basis and the fair value of land determined either by comparable market data, real estate tax assessments, independent appraisals or other relevant data;
- above-market and below-market in-place lease values for acquired properties, which are based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) management's estimate of fair market lease rates for the corresponding in-place leases, measured over the remaining non-cancelable term of the leases. Any below-market renewal options are also considered in the in-place lease values. The capitalized above-market and below-market lease values are amortized as a reduction of or addition to rental income over the term of the lease. Should a tenant vacate, terminate its lease, or otherwise notify us of its intent to do so, the unamortized portion of the lease intangibles would be charged or credited to income;
- the value of leases acquired. We utilize independent and internal sources for our estimates to determine the respective in-place lease values. Our estimates of value are made using methods similar to those used by independent appraisers. Factors we consider in our analysis include an estimate of costs to execute similar leases including tenant improvements, leasing commissions and foregone costs and rent received during the estimated lease-up period as if the space was vacant. The value of in-place leases is amortized to expense over the remaining initial terms of the respective leases; and
- the fair value of any assumed financing that is determined to be above or below market terms. We utilize third party and independent sources for our estimates to determine the respective fair value of each mortgage payable. The fair market value of each mortgage payable is amortized to interest expense over the remaining initial terms of the respective loan.

We also consider whether there is any value to in-place leases that have a related customer relationship intangible value. Characteristics the Company considers in determining these values include the nature and extent of existing business relationships with the tenant, growth prospects for developing new business with the tenant, the tenant's credit quality, and expectations of lease renewals, among other factors. To date, a tenant relationship has not been developed that is considered to have a current intangible value.

Certain properties we acquired from the Merger included earnout components to the purchase price, meaning Inland Diversified did not pay a portion of the purchase price of the property at closing. We are not obligated to pay the

contingent portion of the purchase prices unless space which was vacant at the time of acquisition is later leased by the seller within the time limits and parameters set forth in the acquisition agreements. If at the end of the time limits certain space has not been leased, occupied and rent producing, we will have no further obligation to pay the additional purchase price consideration and we will retain ownership of that entire property. The liability for potential future earnout payments was determined using estimated fair value measurements at the end of the period, which included the lease-up periods, market rents and probability of occupancy. As these earnouts were the original obligation of the previous owner, our assumption of these earnouts is similar to the assumption of a contingent obligation. The earnout payments are based on a predetermined formula applied to rental income received. The earnouts are recorded as an addition to the purchase price of the related properties and as a liability

included in deferred revenue and, intangibles, net and other liabilities on the accompanying consolidated balance sheets. Subsequent to the measurement period, any adjustment to the assumed earnout liability is reflected in the consolidated statements of operations.

Revenue Recognition

As lessor, we retain substantially all of the risks and benefits of ownership of the investment properties and account for our leases as operating leases.

Minimum rent, percentage rent, and expense recoveries from tenants for common area maintenance costs, insurance and real estate taxes are our principal source of revenue. Base minimum rents are recognized on a straight-line basis over the terms of the respective leases. Certain lease agreements contain provisions that grant additional rents based on a tenant's sales volume (contingent percentage rent). Overage rent is recognized when tenants achieve the specified targets as defined in their lease agreements. Overage rent is included in other property related revenue in the accompanying statements of operations. As a result of generating this revenue, we will routinely have accounts receivable due from tenants. We are subject to tenant defaults and bankruptcies that may affect the collection of outstanding receivables. To address the collectability of these receivables, we analyze historical write-off experience, tenant credit-worthiness and current economic trends when evaluating the adequacy of our allowance for doubtful accounts and straight line rent reserve. Although we estimate uncollectible receivables and provide for them through charges against income, actual experience may differ from those estimates.

Gains from sales of real estate are not recognized unless a sale has been consummated, the buyer's initial and continuing investment is adequate to demonstrate a commitment to pay for the property, we have transferred to the buyer the usual risks and rewards of ownership, and we do not have a substantial continuing financial involvement in the property. As part of our ongoing business strategy, we will, from time to time, sell land parcels and outlots, some of which are ground leased to tenants, on a case by case basis.

Fair Value Measurements

We follow the framework established under accounting standard FASB ASC 820 for measuring fair value of non-financial assets and liabilities that are not required or permitted to be measured at fair value on a recurring basis but only in certain circumstances, such as a business combination or upon determination of impairment.

Assets and liabilities recorded at fair value on the consolidated balance sheets are categorized based on the inputs to the valuation techniques as follows:

- Level 1 fair value inputs are quoted prices in active markets for identical instruments to which we have access.
- Level 2 fair value inputs are inputs other than quoted prices included in Level 1 that are observable for similar instruments, either directly or indirectly, and appropriately considers counterparty creditworthiness in the valuations.

- Level 3 fair value inputs reflect our best estimate of inputs and assumptions market participants would use in pricing an instrument at the measurement date. The inputs are unobservable in the market and significant to the valuation estimate.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. As discussed in Note 11, the Company has determined that its derivative valuations are classified in Level 2 of the fair value hierarchy.

Note 4 to the accompanying consolidated financial statements includes a discussion of fair values recorded when we recognized an impairment charge on our Kedron Village operating property in 2013. Level 3 inputs to this transaction include our estimations of market leasing rates, discount rates, holding period, and disposal values.

Note 8 to the accompanying consolidated financial statements includes a discussion of the fair values recorded in determining the fair value of acquired assets and assumed liabilities in business combinations. Level 3 inputs to these acquisitions include our estimations of market leasing rates, tenant-related costs, discount rates, and disposal values.

Note 9 to the accompanying consolidated financial statements includes a discussion of the fair values recorded when we recognized an impairment charge on our Shops at Otty operating property. Level 3 inputs to this transaction include our estimations of market leasing rates, discount rates, holding period, and disposal values.

Income Taxes and REIT Compliance

Parent Company

The Parent Company, which is considered a corporation for federal income tax purposes, has been organized and intends to continue to operate in a manner that will enable it to maintain its qualification as a REIT for federal income tax purposes. As a result, it generally will not be subject to federal income tax on the earnings that it distributes to the extent it distributes its "REIT taxable income" (determined before the deduction for dividends paid and excluding net capital gains) to shareholders of the Parent Company and meets certain other requirements on a recurring basis. To the extent that it satisfies this distribution requirement, but distributes less than 100% of its taxable income, it will be subject to federal corporate income tax on its undistributed REIT taxable income. REITs are subject to a number of organizational and operational requirements. If the Parent Company fails to qualify as a REIT in any taxable year, it will be subject to federal income tax on its taxable income at regular corporate rates for a period of four years following the year in which qualification is lost. We may also be subject to certain federal, state and local taxes on our income and property and to federal income and excise taxes on our undistributed taxable income even if the Parent Company does qualify as a REIT. The Operating Partnership intends to continue to make distributions to the Parent Company in amounts sufficient to assist the Parent Company in adhering to REIT requirements and maintaining its REIT status.

We have elected to treat Kite Realty Holdings, LLC as a taxable REIT subsidiary of the Operating Partnership, and we may elect to treat other subsidiaries as taxable REIT subsidiaries in the future. This election enables us to receive income and provide services that would otherwise be impermissible for a REIT. Deferred tax assets and liabilities are established for temporary differences between the financial reporting bases and the tax bases of assets and liabilities at the tax rates expected to be in effect when the temporary differences reverse. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized.

Operating Partnership

The allocated share of income and loss, other than the operations of our taxable REIT subsidiary, is included in the income tax returns of the Operating Partnership's partners. Accordingly, the only federal income taxes included in the accompanying consolidated financial statements are in connection with its taxable REIT subsidiary.

Inflation

Inflation has not had a significant impact on our results of operations because of relatively low inflation rates in recent years. Additionally, most of our leases contain provisions designed to mitigate the adverse impact of inflation by requiring the tenant to pay its share of operating expenses, including common area maintenance, real estate taxes and insurance, or include a fixed amount for these costs that escalates over time, thereby reducing our exposure to increases in operating expenses resulting

from inflation. Furthermore, most of our leases are for terms of less than ten years, which enables us to seek to increase rents upon re-rental at market rates if current rents are below the then existing market rates.

Results of Operations

At December 31, 2015, we owned interests in 118 properties (consisting of 110 retail operating properties, six retail redevelopment properties, and one office operating property and an associated parking garage). Also, as of December 31, 2015, we had an interest in three retail development projects that were under construction.

At December 31, 2014, we owned interests in 123 properties (consisting of 118 retail operating properties, three retail redevelopment properties, and one office operating property and an associated parking garage). Also, as of December 31, 2014, we had an interest in four retail development projects that were under construction.

At December 31, 2013, we owned interests in 72 properties (consisting of 66 retail operating properties, 4 retail redevelopment properties, and one office operating property and an associated parking garage). Also, as of December 31, 2013, we had an interest in two development projects that were under construction and one development project that had not yet commenced construction.

The comparability of results of operations is significantly affected by our merger with Inland Diversified on July 1, 2014 and by our development, redevelopment, and operating property acquisition and disposition activities in 2013 through 2015. Therefore, we believe it is most useful to review the comparisons of our results of operations for these years (as set forth below under “Comparison of Operating Results for the Years Ended December 31, 2015 and 2014” and “Comparison of Operating Results for the Years Ended December 31, 2014 and 2013”) in conjunction with the discussion of these activities during those periods, which is set forth below.

Property Acquisition Activities

During 2015, 2014 and 2013, we acquired the properties below.

Property Name	MSA	Acquisition Date	Owned GLA
Shoppes of Eastwood	Orlando, FL	January 2013	69,037
Cool Springs Market	Nashville, TN	April 2013	230,948
Castleton Crossing	Indianapolis, IN	May 2013	291,172
Toringdon Market	Charlotte, NC	August 2013	60,539
Nine Property Portfolio	Various	November 2013	1,977,711
Merger with Inland Diversified (60 operating properties)	Various	July 2014	10,719,471
Rampart Commons	Las Vegas, NV	December 2014	81,292
Colleyville Downs	Dallas, TX	April 2015	185,848
Belle Isle Station	Oklahoma City, OK	May 2015	164,372
Livingston Shopping Center	New York - Newark	July 2015	139,657

Chapel Hill Shopping Center	Fort Worth / Dallas, TX	August 2015	126,755

Operating Property Disposition Activities

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During 2015, 2014 and 2013, we sold or disposed of the operating properties listed in the table below.

Property Name	MSA	Disposition Date	Owned GLA
Kedron Village[1]	Atlanta, GA	July 2013	157,345
Cedar Hill Village[1]	Dallas, TX	September 2013	44,214
50th and 12th (Walgreens)[2]	Seattle, WA	January 2014	14,500
Red Bank Commons	Evansville, IN	March 2014	34,258
Ridge Plaza	Oak Ridge, NJ	March 2014	115,088
Zionsville Walgreens	Zionsville, IN	September 2014	14,550
Sale of eight operating properties	Various[3]	November & December 2014	805,644
Sale of seven operating properties	Various[3]	March 2015	740,034
Cornelius Gateway	Portland, OR	December 2015	21,326
Four Corner Square	Seattle, WA	December 2015	107,998

1 Operating properties were classified in discontinued operations in the consolidated statements of operations for the year ended December 31, 2013.

2 Operating property was classified in discontinued operations in the consolidated statements of operations for the years ended December 31, 2014 and 2013.

3 Shortly after the merger we identified and sold certain properties located in multiple MSA's that were not consistent with the Company's strategic plan.

Development Activities

During the years ended December 31, 2015, 2014 and 2013, the following significant development properties became operational or partially operational:

Property Name	MSA	Economic Occupancy Date[1]	Owned GLA
Delray Marketplace	Delray Beach, FL	January 2013	260,092
Holly Springs Towne Center – Phase I	Raleigh, NC	March 2013	207,527
Parkside Town Commons – Phase I	Raleigh, NC	March 2014	55,463
Parkside Town Commons – Phase II	Raleigh, NC	September 2014	347,801
Holly Springs Towne Center – Phase II	Raleigh, NC	December 2015	154,001

1 Represents the earlier of 1) the date on which we started receiving rental payments under tenant leases or ground leases at the property or 2) the date the first tenant took possession of its space at the property.

Redevelopment Activities

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During portions of the years ended December 31, 2015, 2014 and 2013, the following redevelopment properties were under construction or in the final stages of the development process:

Property Name	MSA	Transition to Redevelopment[1]	Transition to Operations	Owned GLA
Rangeline Crossing	Carmel, IN	June 2012	June 2013	99,282
Four Corner Square[2]	Seattle, WA	September 2008	December 2013	107,998
King's Lake Square	Naples, FL	July 2013	April 2014	87,073
Bolton Plaza	Jacksonville, FL	June 2008	September 2014	165,555
Gainesville Plaza	Gainesville, FL	June 2013	December 2015	162,659
Cool Springs Market	Nashville, TN	July 2015	December 2015	230,948
Courthouse Shadows[3][4]	Naples, FL	June 2013	Pending	5,960
Hamilton Crossing Centre[3]	Indianapolis, IN	June 2014	Pending	93,839
City Center[3]	White Plains, NY	December 2015	Pending	365,905
Fishers Station[3]	Indianapolis, IN	December 2015	Pending	173,717
Beechwood Promenade[3]	Athens, GA	December 2015	Pending	353,970
The Corner[3]	Indianapolis, IN	December 2015	Pending	26,500

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1 Transition date represents the date the property was transferred from our operating portfolio into redevelopment status.

2 This operating property was sold in December 2015.

3 These operating properties have been identified as redevelopment properties as they have been excluded from the same property pool.

4 Our redevelopment plan is to demolish the site to add a large format single tenant ground lease with projected total GLA at the site of 140,710 square feet.

Anchor Tenant Openings

Included below is a list of anchor tenants that opened in 2015.

Tenant Name	Property Name	MSA	Owned GLA
Goodwill	Stoney Creek Commons	Noblesville, IN	19,030
Ross Dress For Less	Gainesville Plaza	Gainesville, FL	25,000
Carl's Patio	Delray Marketplace	Delray Beach, FL	10,256
Frank Theatres & CineBowl Grill	Parkside Town Commons – Phase II	Raleigh, NC	59,944
Staples	Cool Springs Market	Franklin, TN	12,000
TJ Maxx	Portofino Shopping Center	Shenandoah, TX	22,500
Kirklands	Landstown Commons	Virginia Beach, VA	10,150
Bed Bath & Beyond	Holly Springs Towne Center – Phase II	Holly Springs, NC	23,400

Same Property Net Operating Income

The Company believes that Net Operating Income ("NOI") is helpful to investors as a measure of its operating performance because it excludes various items included in net income that do not relate to or are not indicative of its operating performance, such as depreciation and amortization, interest expense, and impairment, if any. The Company believes that Same Property NOI is helpful to investors as a measure of its operating performance because it includes only the NOI of properties that have been

owned for the full period presented, which eliminates disparities in net income due to the redevelopment, acquisition or disposition of properties during the particular period presented, and thus provides a more consistent metric for the comparison of the Company's properties. NOI and Same Property NOI should not, however, be considered as alternatives to net income (calculated in accordance with GAAP) as indicators of the Company's financial performance.

When evaluating the properties that are included in the same property pool, we have established specific criteria in determining the inclusion of properties acquired or those recently under development. An acquired property is included in the same property pool twelve months after the acquisition date. A development property is included in the same property pool twelve months after construction is substantially complete, which is typically between six and twelve months after the first date a tenant is open for business. A redevelopment property is included in the same property pool twelve months after the construction of the redevelopment property is substantially complete. A redevelopment property is first excluded from the same property pool when the execution of a redevelopment plan is likely and we begin recapturing space from tenants. For the year ended December 31, 2015, we excluded eight redevelopment properties from the same property pool that met these criteria and were owned in all periods compared.

The following table reflects Same Property NOI (and reconciliation to net income (loss) attributable to common shareholders) for the years ended December 31, 2015 and 2014 (unaudited):

($ in thousands)	Years Ended December 31,		
	2015	2014	% Change
Leased percentage	95.4%	95.1%	
Economic Occupancy percentage[1]	93.9%	93.7%	
Net operating income - same properties[2]	$164,607	$159,040	3.5%
Reconciliation of Same Property NOI to Most Directly Comparable GAAP Measure:			
Net operating income - same properties	$164,607	$159,040	
Net operating income - non-same activity[3]	91,521	31,838	
General, administrative and other	(18,709)	(13,043)	
Merger and acquisition costs	(1,550)	(27,508)	
Depreciation expense	(167,312)	(120,998)	
Non-cash gain from release of assumed earnout liability	4,832	—	
Impairment charge	(1,592)	—	
Interest expense	(56,432)	(45,513)	
Gain on settlement	4,520	—	
Other expense, net	(281)	(268)	
Discontinued operations	—	3,198	
Non-cash gain on debt extinguishment	5,645	—	
Gains on sales of operating properties	4,066	8,578	
Net income attributable to noncontrolling interests	(2,198)	(1,025)	
Dividends on preferred shares	(7,877)	(8,456)	
Non-cash adjustment for redemption of preferred shares	(3,797)	—	
Net income (loss) attributable to common shareholders	$15,443	$(14,157)	

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1 Excludes leases that are signed but for which tenants have not commenced payment of cash rent. Calculated as a weighted average based on the timing of cash rent commencement during the period.

2 Same property NOI excludes net gains from outlot sales, straight-line rent revenue, bad debt expense and recoveries, lease termination fees, amortization of lease intangibles and significant prior year expense recoveries and adjustments, if any.

3 Includes non-cash accounting items across the portfolio as well as net operating income from properties not included in the same property pool.

The increase in Same Property NOI of 3.5% in 2015 compared to 2014 is primarily due to increases in rental rates, and improved expense control and real estate tax recovery resulting in an improvement in net recoveries of $1.4 million.

Funds From Operations

Funds From Operations (“FFO”), is a widely used performance measure for real estate companies and is provided here as a supplemental measure of operating performance. We calculate FFO in accordance with the best practices described in the April 2002 National Policy Bulletin of the National Association of Real Estate Investment Trusts (NAREIT) and related revisions, which we refer to as the White Paper. The White Paper defines FFO as consolidated net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from sales and impairments of depreciated property, less preferred dividends, plus depreciation and amortization, and after adjustments for third-party shares of appropriate items.

Given the nature of our business as a real estate owner and operator, we believe that FFO is helpful to investors as a starting point in measuring our operational performance because it excludes various items included in consolidated net income that do not relate to or are not indicative of our operating performance, such as gains (or losses) from sales and impairment of depreciated property and depreciation and amortization, which can make periodic and peer analyses of operating performance more difficult. For informational purposes, we have also provided FFO adjusted for a gain on settlement, merger and acquisition costs, non-cash adjustment for redemption of preferred shares, non-cash gain from release of assumed earnout liability, non-cash gains on debt extinguishment in 2013 and 2015 and accelerated amortization of deferred financing fees in 2013. We believe this supplemental information provides a meaningful measure of our operating performance. We believe that our presentation of FFO, as adjusted provides investors with another financial measure that may facilitate comparison of operating performance between periods and compared to our peers. FFO and FFO, as adjusted, should not be considered as alternatives to consolidated net income (loss) (determined in accordance with GAAP) as indicators of our financial performance, are not alternatives to cash flow from operating activities (determined in accordance with GAAP) as a measure of our liquidity, and are not indicative of funds available to satisfy our cash needs, including our ability to make distributions. Our computations of FFO and FFO, as adjusted, may not be comparable to FFO or FFO, as adjusted, reported by other REITs.

Our calculations of FFO[1] (and reconciliation to consolidated net income, as applicable) and FFO, as adjusted. for the years ended December 31, 2015, 2014 and 2013 (unaudited) are as follows:

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($ in thousands)	Years Ended December 31,		
	2015	2014	2013
Consolidated net income (loss)	$29,315	$(4,676)	$(3,535)
Less: cash dividends on preferred shares	(7,877)	(8,456)	(8,456)
Less: non-cash adjustment for redemption of preferred shares	(3,797)	—	—
Less: net income attributable to noncontrolling interests in properties	(1,854)	(1,435)	(121)
Less: gains on sales of operating properties	(4,066)	(11,776)	(487)
Add: impairment charge	1,592	—	5,372
Add: depreciation and amortization of consolidated entities, net of noncontrolling interests	166,509	120,452	54,850
Funds From Operations of the Kite Portfolio [1]	179,822	94,109	47,623
Less: Limited Partners' interests in Funds From Operations	(3,789)	(2,541)	(3,195)
Funds From Operations attributable to Kite Realty Group Trust common shareholders[1]	$176,033	$91,568	$44,428
Funds From Operations of the Kite Portfolio [1]	$179,822	$94,109	$47,623
Less: gain on settlement	(4,520)	—	—
Add: write-off of loan fees on early repayment of debt	—	—	488
Add: merger and acquisition costs	1,550	27,508	1,648
Add: adjustment for redemption of preferred shares (non-cash)	3,797	—	—
Less: gain from release of assumed earnout liability (non-cash)	(4,832)	—	—
Less: gain on debt extinguishment (non-cash)	(5,645)	—	(1,242)
Funds From Operations of the Kite Portfolio, as adjusted	$170,172	$121,617	$48,517

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1 “Funds From Operations of the Kite Portfolio" measures 100% of the operating performance of the Operating Partnership’s real estate properties and construction and service subsidiaries in which the Company owns an interest. “Funds From Operations attributable to Kite Realty Group Trust common shareholders” reflects a reduction for the redeemable noncontrolling weighted average diluted interest in the Operating Partnership.

Earnings before Interest, Tax, Depreciation, and Amortization

We define EBITDA, a non-GAAP financial measure, as net income before depreciation and amortization, interest expense and income tax expense of taxable REIT subsidiary. For informational purposes, we have also provided Adjusted EBITDA, which we define as EBITDA less (i) EBITDA from unconsolidated entities, (ii) non-cash gain on debt extinguishment, (iii) gain on resolution of assumed contingency, (iv) impairment charge, (v) gain on sales of operating properties, (vi) other income and expense and (vii) noncontrolling interest EBITDA. Annualized Adjusted EBITDA is Adjusted EBITDA for the most recent quarter multiplied by four. EBITDA, Adjusted EBITDA and Annualized Adjusted EBITDA, as calculated by us, are not comparable to EBITDA reported by other REITs that do not define EBITDA exactly as we do. EBITDA, Adjusted EBITDA and Annualized Adjusted EBITDA do not represent cash generated from operating activities in accordance with GAAP, and should not be considered alternatives to net income as an indicator of performance or as alternatives to cash flows from operating activities as an indicator of liquidity.

Given the nature of our business as a real estate owner and operator, we believe that EBITDA and Adjusted EBITDA are helpful to investors when measuring operating performance because they exclude various items included in net income or loss that do not relate to or are not indicative of operating performance, such as impairments of operating properties and depreciation and amortization, which can make periodic and peer analyses of operating performance more difficult. For informational purposes, we have also provided Annualized Adjusted EBITDA, adjusted as described above. We believe this supplemental information