

KITE

September 2017

INVESTOR UPDATE

888 577 5600 kiterealty.com

KRG LISTED NYSE

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September 2017
INVESTOR UPDATE

COMPANY SNAPSHOT

Necessity-Driven Open-Air Shopping Centers

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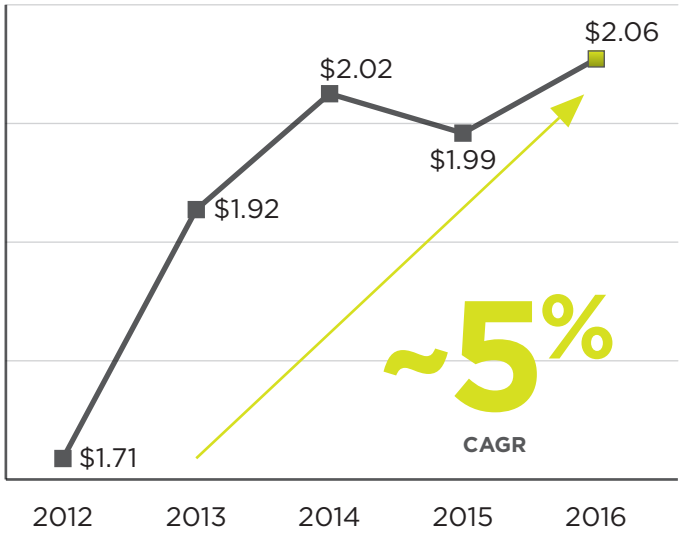
SHARE PRICE (AS OF 9/6/17)	**$20.45**
EQUITY MARKET CAPITALIZATION (AS OF 9/6/17)	**$1.8 BN**
ENTERPRISE VALUE (AS OF 9/6/17)	**$3.4 BN**
DIVIDEND YIELD[1]	**5.9%**
MOODY'S/S&P RATINGS	**Baa3/BBB-**

FFO PER SHARE, AS ADJUSTED



PORTFOLIO SUMMARY

Number of Properties	**118**
Number of States	**20**
Total GLA (SF)	**23.2mm**
Total Retail Operating Portfolio Leased	**94.5%**
Retail Operating Shop Portfolio Leased	**89.2%**
Annualized Base Rent (ABR) Per SF, Including 3-R Properties[2]	**$16.20**
Average Center Size (SF)	**~200,000**

PORTFOLIO DEMOGRAPHICS[3]

Average Household Income	**3 Mile: $86,100**	**5 Mile: $85,500**
Population	**3 Mile: 67,300**	**5 Mile: 165,700**

Note: Unless otherwise indicated, the source of all data contained herein is publicly available information that has been filed with the Securities & Exchanges Commission as of Q2 '17.
(1) Source: SNL; Dividend yield calculated as most recent quarterly dividend, annualized and expressed as a percentage of the security price.
(2) 3-R Properties are assets that are in the process of being developed, repositioned, or repurposed, as described in our Quarterly Financial Supplement.
(3) Demographic data source: STI: Popstats based on estimated 2016 data from the U.S. Census Bureau.

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CORE STRATEGY
Gearing Up Shareholder Value the Kite Way

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BUILDING VALUE AND CRITICAL MASS IN AND AROUND REGIONAL FOOTPRINT



76% of ABR from top 50 MSAs and destination locations

93% of tenants are internet resistant/omni-channel

66% of grocery-anchored assets

Focusing on experiential tenants, consisting of food, fitness, entertainment, and service



3.6% historical same-property NOI growth over the last four years

$9.2mm of additional cash NOI from in-process 3-R and transitional projects

Enhancing assets via the 3-Rs: Redevelop, Reposition, Repurpose

Top-tier operating metrics



~$40mm in annual free cash flow[1]

$83mm limited debt maturities through 2020

5% floating rate debt exposure

3.6x debt service coverage

(1) After common dividends, capital expenditures, tenant improvements, and leasing commissions.

59.1%

DIVIDEND VS. 2017E FFO[1]

CONSERVATIVE FFO PAYOUT RATIO SUPPORTS FUTURE DIVIDEND INCREASES

DIVIDEND VS. 2017E FFO[1]

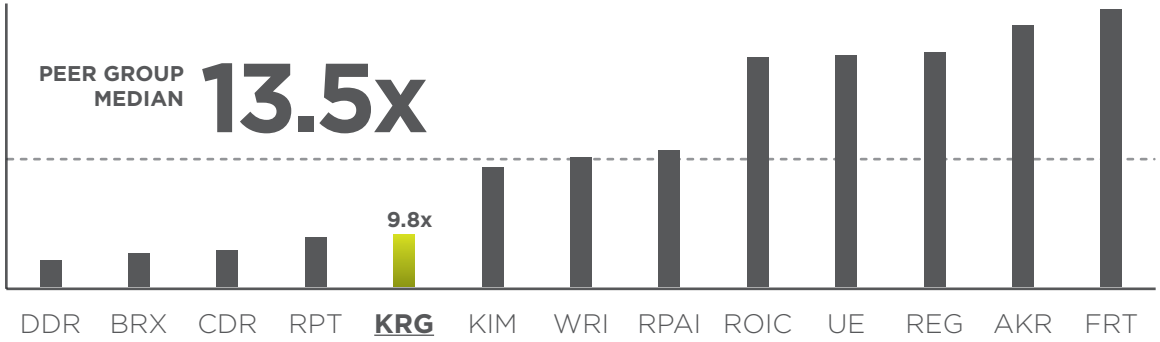


9.8x

PRICE VS. 2017E FFO[1]

DISCOUNTED MULTIPLE PROVIDES ATTRACTIVE INVESTMENT OPPORTUNITY

PRICE VS. 2017E FFO[1]

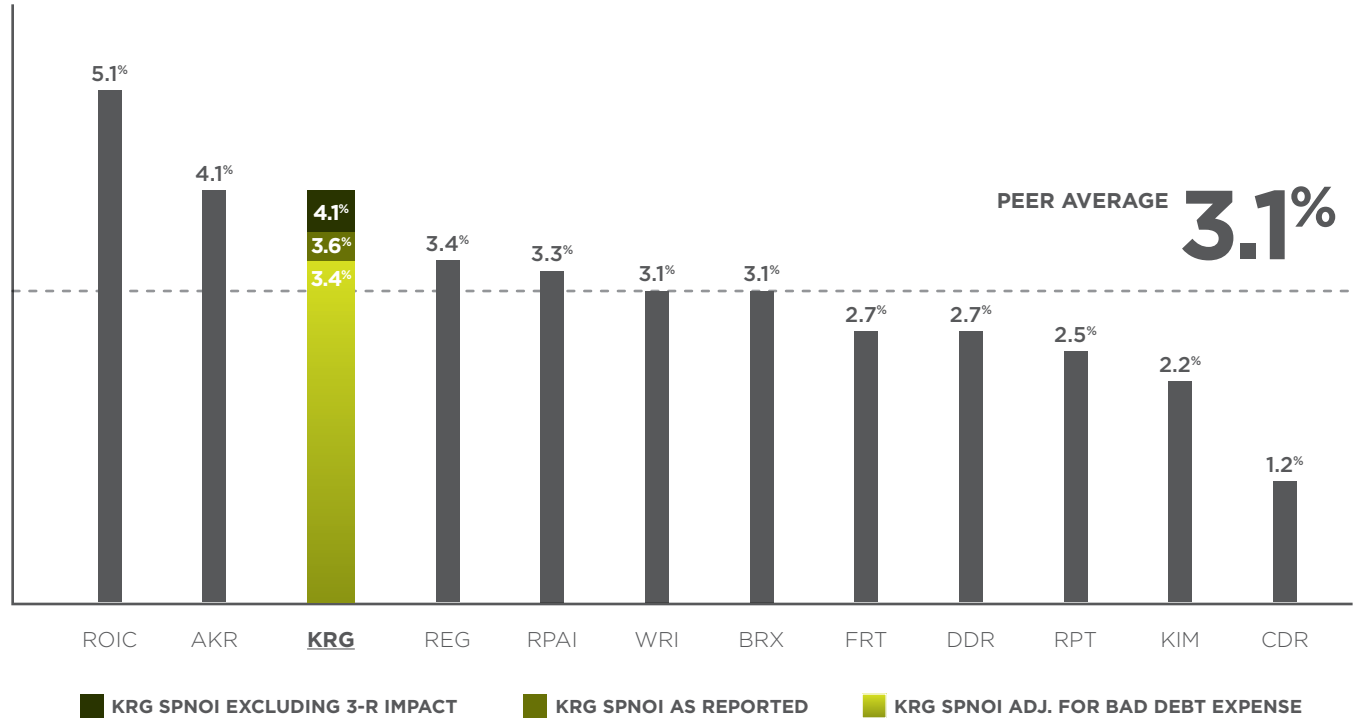


(1) 2017E FFO per share refers to consensus estimates for companies as of August 2017 per FactSet, which may not reflect the Company's or the peer companies' estimates. FFO Payout Ratio calculated as dividends by 2017E FFO, on a per share basis.

3.6%

SPNOI GROWTH AS REPORTED OVER LAST 4 YEARS

QUARTERLY AVERAGE SPNOI GROWTH FROM Q2'13-Q2'17[1]



(1) Figures exclude redevelopments, when information is available, averaged on a quarterly basis from supplemental data for Q2'13-Q2'17. Our computation of NOI and Same Property NOI may not be comparable to the methodology used by other REITs. Excludes companies that have not been public for the four-year time period.

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HIGH-QUALITY PORTFOLIO

Necessity-Driven and Experiential-Based Open-Air Shopping Centers

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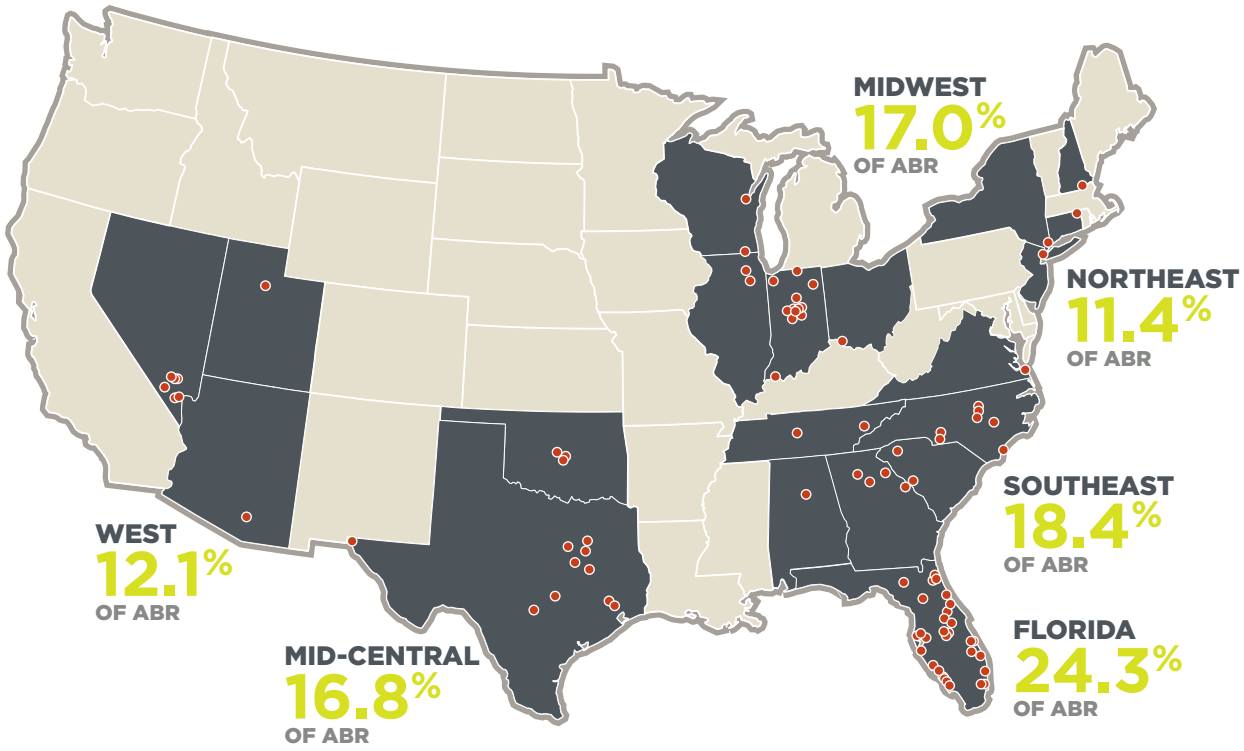
118

PROPERTIES ACROSS THE COUNTRY IN 6 REGIONS

76% OF ABR DERIVED FROM TOP 50 MSAs AND DESTINATION LOCATIONS[1]



(1) Destination locations (i.e., areas with high-disposable income) include Beechwood Promenade in Athens, GA, Eddy Street Commons in South Bend, IN, Gainesville Plaza in Gainesville, FL, as well as Kings Lake Square, Pine Ridge Crossing, Riverchase Plaza, Shops at Eagle Creek, Tamiami Crossing, Tarpon Bay Plaza, and Courthouse Shadows, all located in Naples, FL.

HIGH-QUALITY PROPERTIES

Top 12 Centers Comprise 28% of Total Core Portfolio ABR

CITY CENTER

MSA: New York City, NY



OWNED GLA	365,905 SF
ABR PER SF	$27.19

NORDSTROM rack

MORTON'S THE STEAKHOUSE

NYSC new york sports clubs

LANDSTOWN COMMONS

MSA: Virginia Beach, VA



OWNED GLA	398,349 SF
ABR PER SF	$19.17

ULTA BEAUTY

KOHL'S

ROSS DRESS FOR LESS

CENTENNIAL CENTER

MSA: Las Vegas, NV



OWNED GLA	334,205 SF
ABR PER SF	$24.85

ROSS DRESS FOR LESS

PETCO Where the pets go.

Walmart Save money. Live better.

PORTOFINO SHOPPING CENTER

MSA: Houston, TX



OWNED GLA	386,414 SF
ABR PER SF	$19.73

T.J.maxx

NORDSTROM rack

OLD NAVY

PARKSIDE TOWN COMMONS
MSA: Raleigh, NC



OWNED GLA	347,071 SF
ABR PER SF	$19.87

Harris Teeter
HOBBY LOBBY
TARGET.

DELRAY MARKETPLACE
MSA: Miami, FL



OWNED GLA	260,138 SF
ABR PER SF	$26.00

Publix.
chico's
Frank Theatres Cine Bowl & Grille

THE LANDING AT TRADITION
MSA: Port St. Lucie, FL



OWNED GLA	360,974 SF
ABR PER SF	$15.72

LA FITNESS.
T.J.maxx
ULTA BEAUTY

CENTENNIAL GATEWAY
MSA: Las Vegas, NV



OWNED GLA	193,033 SF
ABR PER SF	$24.14

TRADER JOE'S
Sportsman's Warehouse
24 Hour Fitness

DRAPER PEAKS
MSA: Salt Lake City, UT



OWNED GLA	227,494 SF
ABR PER SF	$19.63

ROSS DRESS FOR LESS
Michaels
PETCO Where the pets go.

PLAZA AT CEDAR HILL
MSA: Dallas, TX



OWNED GLA	302,458 SF
ABR PER SF	$13.25

SPROUTS FARMERS MARKET
MARSHALLS
HOBBY LOBBY

EASTERN BELTWAY
MSA: Las Vegas, NV



OWNED GLA	162,444 SF
ABR PER SF	$24.06

Sam's CLUB
PETCO Where the pets go.
SKECHERS

SUNLAND TOWNE CENTER
MSA: El Paso, TX



OWNED GLA	306,437 SF
ABR PER SF	$11.98

BED BATH & BEYOND
SPROUTS FARMERS MARKET
ROSS DRESS FOR LESS

DIVERSE TENANT BASE

Strong Mix of High-Quality Tenants Across Our Diversified Portfolio

	Top 10 Tenants by ABR	Credit Rating	# Stores	% ABR
1	**The TJX Companies, Inc.**	A+	22	2.5%
2	**Publix Supermarkets, Inc.**	A	13	2.3%
3	**Petsmart, Inc.**	B+	19	2.2%
4	**Bed Bath & Beyond, Inc.**	BBB+	19	2.2%
5	**Ross Stores, Inc.**	A-	18	2.1%
6	**Lowe's Companies, Inc.**	A-	5	1.9%
7	**Office Depot**	B	15	1.6%
8	**Dick's Sporting Goods, Inc.**	NR	8	1.5%
9	**Ascena Retail Group**	BB-	34	1.5%
10	**Michaels Stores, Inc.**	BB-	14	1.5%
	TOTAL		**167**	**19.3%**

INVESTMENT GRADE-RATED TOP TENANTS

2017 LEASE ACTIVITY EXAMPLES

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DIVERSE TENANT BASE

Necessity-Focused Retail Portfolio

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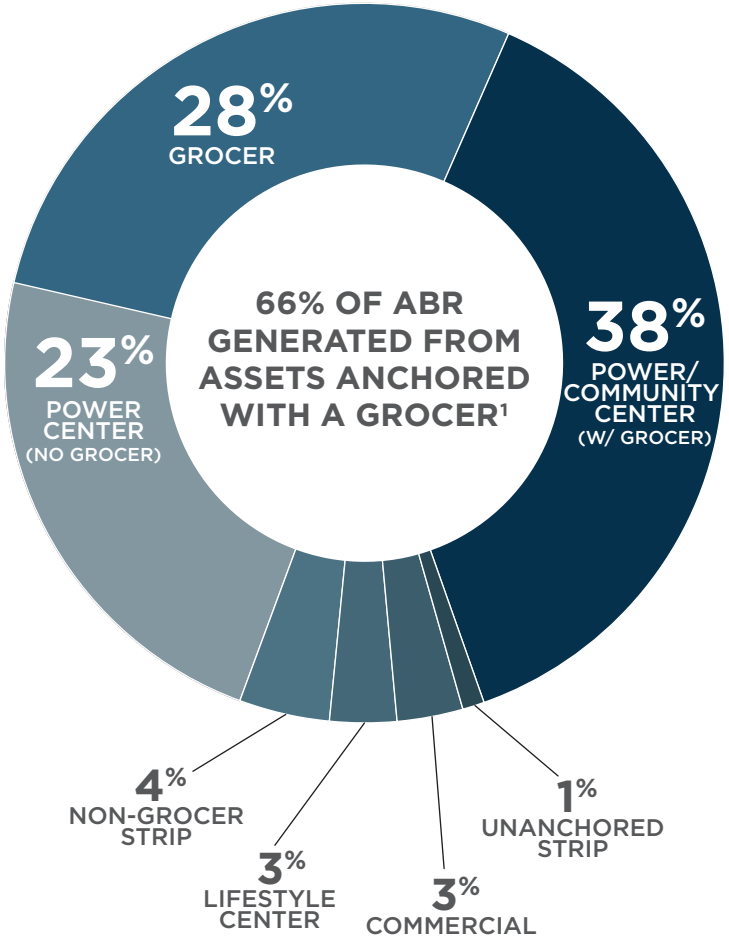


Asset Classification Key
Power Center (No Grocer): 3 + anchors over 20K SF
Grocer: No more than 2 anchors over 20K SF in addition to grocer
Power Center (w/Grocer): 3 + anchors over 20K SF in addition to grocer

(1) Grocer includes traditional grocers, specialty grocers, and big box retailers that have a grocer component.

KINGS LAKE SQUARE



COBBLESTONE PLAZA



LIVINGSTON SHOPPING CENTER



EDDY STREET COMMONS AT NOTRE DAME

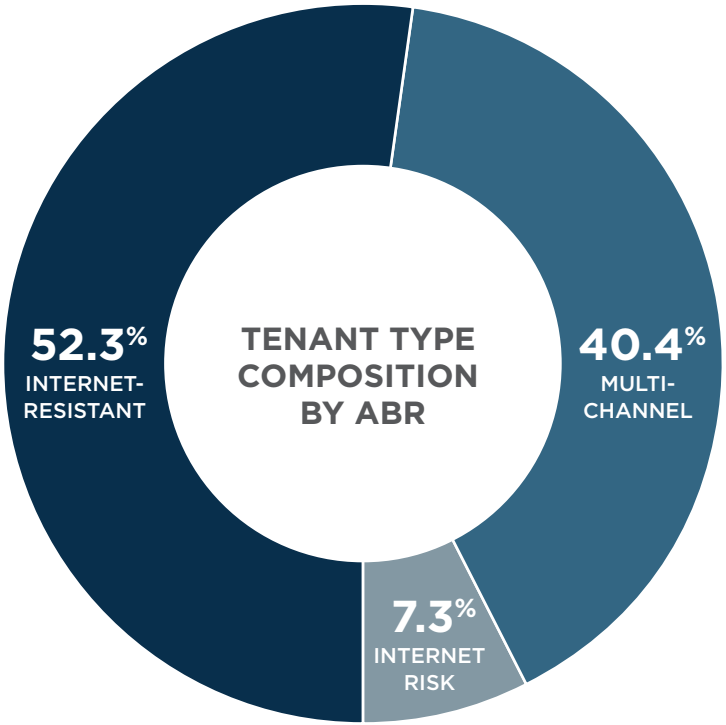


DIVERSE TENANT BASE

Internet-Resistant Retail Base

INTERNET-RESISTANT	**52.3%**
Services, Entertainment	21.3%
Grocer, Specialty Stores	15.0%
Restaurants	16.0%
MULTI-CHANNEL	**40.4%**
Soft Goods	14.5%
Home Improvement Goods	11.8%
Discount Retailers	10.6%
Sporting Goods	3.5%
INTERNET RISK	**7.3%**
Electronic / Books	4.9%
Office Supplies	2.4%

WELL-POSITIONED TO MANAGE EVOLVING CONSUMER PREFERENCES WITH EXPERIENTIAL TENANTS



Kite's tenant base is 81% non-apparel and 93% internet-resistant / multi-channel.[1]

(1) Apparel tenants comprise 64.1% of soft goods and 88.0% of discount retailers.

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DIVERSE TENANT BASE

Enhancing Kite's Portfolio with Strong Retail Tenants

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RECENT TENANT OPENINGS

FOOD / FITNESS / ENTERTAINMENT / SERVICE	DISCOUNT RETAILERS / SOFT GOODS / SPORTING GOODS / SPECIALTY	91% OF TOTAL SQUARE FEET OPENED

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DIVERSE TENANT BASE

Minimal Exposure to Announced Store Closures

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MINIMAL IMPACT REALIZED IN 2017: <1% OF ABR[1]

TENANT	# OF KRG LOCATIONS AT 3/31/2017	# OF KRG LOCATIONS AT 8/31/2017	REMAINING ABR EXPOSURE AT 8/31/17
Gander Mountain	**1**	**0**	**None**
HH Gregg	**1**	**0**	**None**
JCPenney	**3**	**3**	**0.14%**
Kmart / Sears	**1 / 2**	**1 / 2**	**0.32% / 0.20%**
Macy's	**1**	**1**	**0.11%**
Marsh Supermarkets	**1**	**0**	**None**
Payless	**9**	**8**	**0.23%**
Rue 21	**8**	**2**	**0.05%**

No exposure to the following retailers that have filed bankruptcy or have announced store closings:

Abercrombie & Fitch, American Apparel, Banana Republic, BCBG, bebe, Dillard's, Eastern Outfitters, Guess, True Religion, Wet Seal

(1) Includes ABR from operating and redevelopment properties from KRG Q2'17 financial supplemental.

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September 2017 Investor Update

GROWTH OPPORTUNITIES

Increasing Value Through Efficient Operations and the 3-R Platform

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INCREASING VALUE

Embedded NOI Growth Opportunities in Portfolio

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- **Attractive NOI Margin: 74.4%, trailing twelve months**
- **Efficient G&A / Revenues: 5.9%, trailing twelve months**
- **Opportunity Areas: Operating expense savings, overage rent, and ancillary income**

- **New and renewal cash rent spreads of 18.6% and 7.1%, respectively, in 2016**
- **Embedded average contractual rent bumps of ~1.5%**
- **Fixed CAM recovery initiative, ~20% of operating portfolio currently with goal to increase to ~50%**

- **$9.2mm of additional cash NOI from $68.5mm-$74.0mm in-process 3-R and transitional projects**
- **Seven future 3-R opportunities with a total cost of $65-$85mm**
- **Potential future acquisitions assuming a more favorable cost of capital**

- **Anchor lease-up from 97% to 98.5%, or ~153,000 SF**
- **Small shops leased at 89.2% with additional upside to 90% +**

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INCREASING VALUE

Top-Tier Operating Efficiency Metrics

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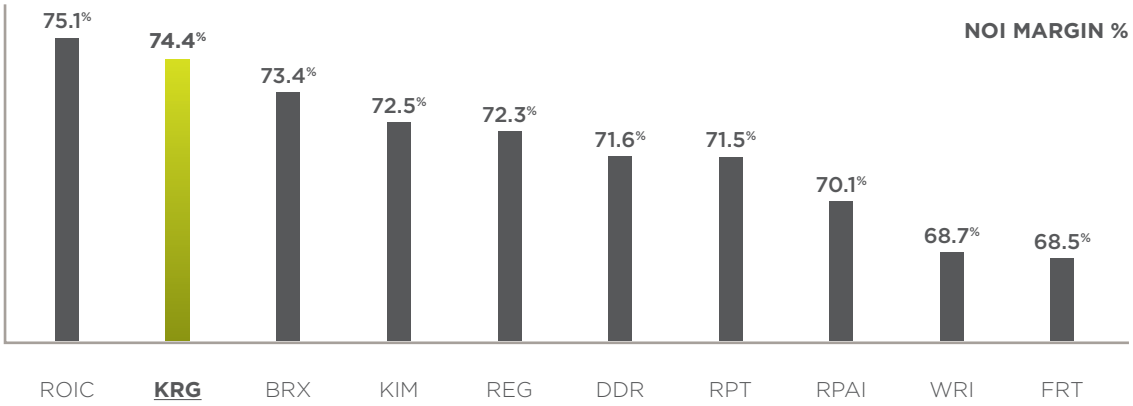
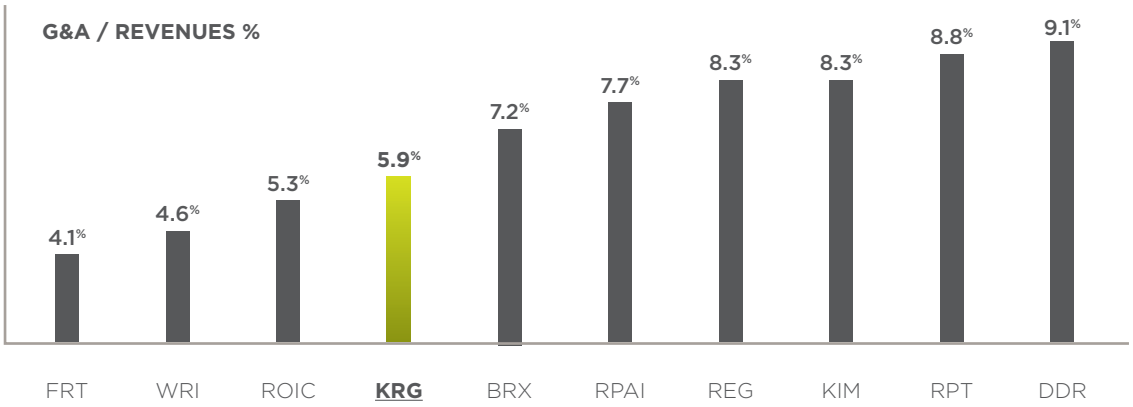
KRG CONSISTENTLY RANKS IN TOP TIER ACROSS PEERS FOR EFFICIENCY



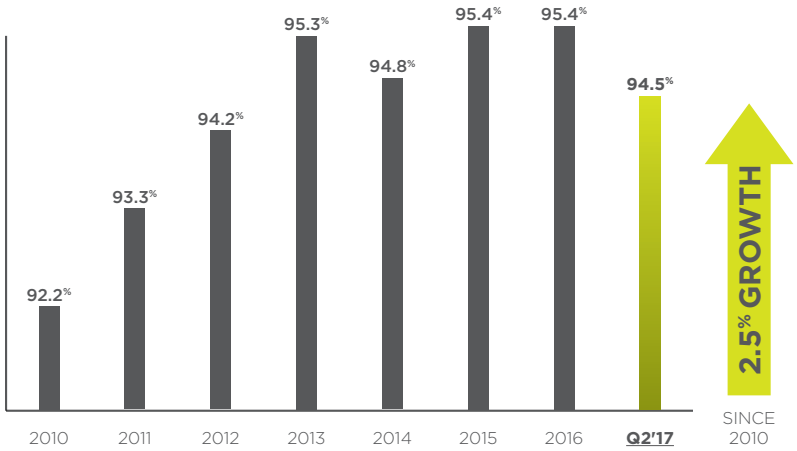


(1) Data reflects trailing four quarters average as of Q2'17. Reflects pro rata income statement figures.

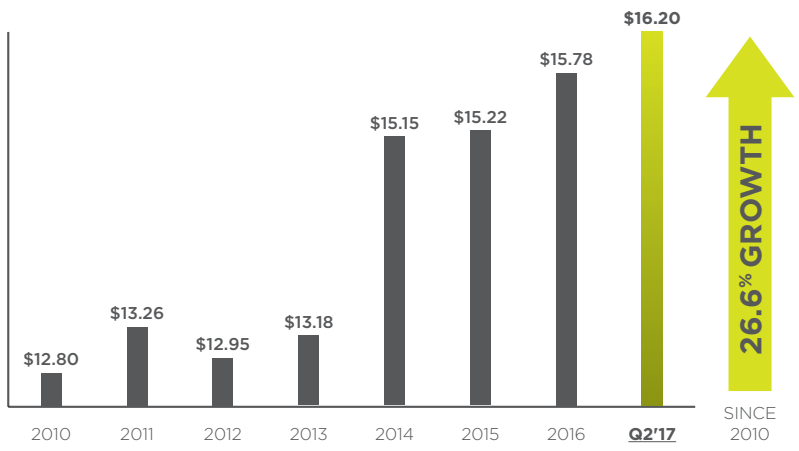
INCREASING VALUE

Proven Ability to Create Positive Operating Results[1]

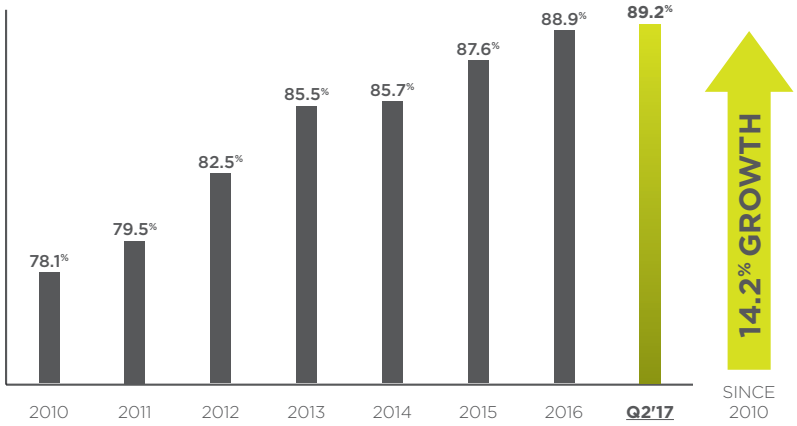
RETAIL PORTFOLIO LEASE %



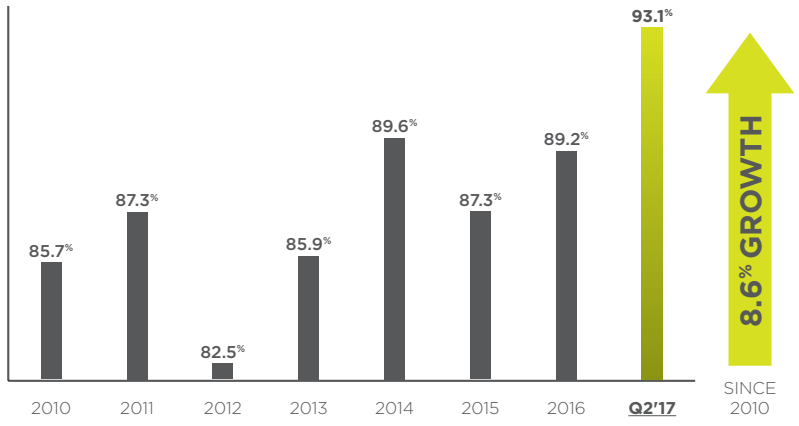
ABR PER SQUARE FOOT



SMALL SHOP LEASE %



RETAIL RECOVERY RATIO



(1) KRG Supplementals Q4'10 through Q2'17.

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3-R OVERVIEW

Redevelopment Execution and Opportunity

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KITE'S 3-R PLATFORM HAS GENERATED ATTRACTIVE RISK-ADJUSTED RETURNS, IMPROVED PROPERTY-LEVEL CASH FLOW AND ASSET QUALITY, AND INCREASED SHAREHOLDER VALUE

REDEVELOP

Substantial renovations, including teardowns, remerchandising, and exterior/interior improvements

REPURPOSE

Significant property alterations, including product-type changes

REPOSITION

Less substantial asset enhancements, generally $5mm or less investment

COMPLETED

$22.9mm of 3-R projects with 13% Return on Investment (ROI)

IN-PROCESS

$68.5mm - $74.0mm of projects with 8-9% ROI

FUTURE

$65.0mm - $85.0mm of projects with 9-11% ROI

RAMPART COMMONS MSA: Las Vegas, NV



FISHERS STATION MSA: Indianapolis, IN



SOURCE OF CAPITAL

Free cash flow + non-core, low-growth property sales

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INVESTMENT GRADE BALANCE SHEET

Well-Positioned for the Future

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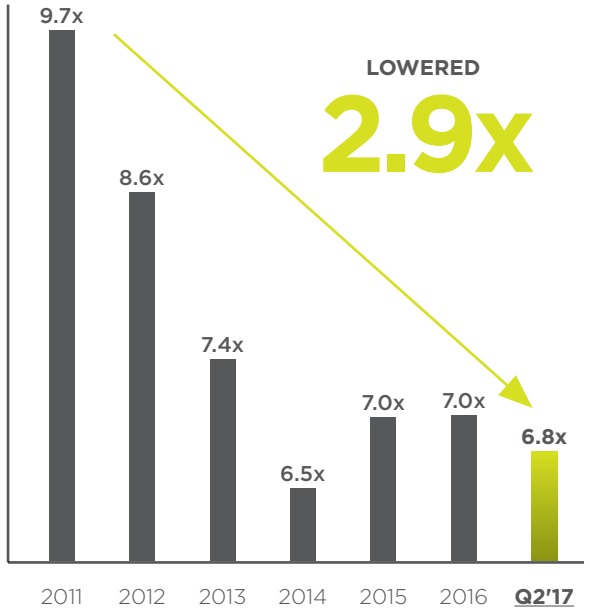
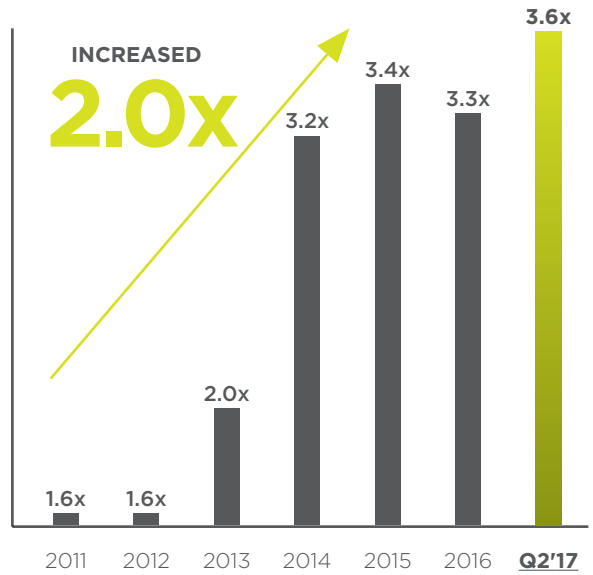
STRONG BALANCE SHEET

Significantly Improved Metrics[1]

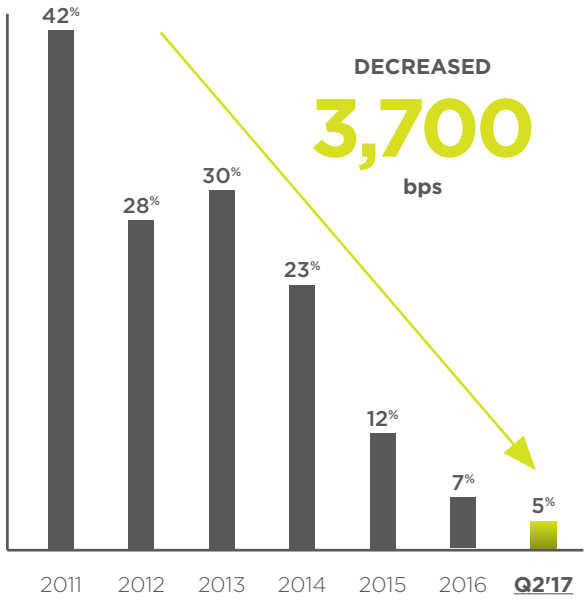
NET DEBT / EBITDA



DEBT SERVICE COVERAGE



FLOATING RATE EXPOSURE



(1) KRG Supplementals Q4'11 through Q2'17.

STRONG BALANCE SHEET

Efficient Debt Structure Relative to Peers

4.0%

WEIGHTED AVERAGE INTEREST RATE

6.0

YEARS

WEIGHTED AVERAGE DEBT MATURITY

WEIGHTED AVERAGE DEBT MATURITIES AND WEIGHTED AVERAGE INTEREST RATE[1]



(1) Peer data sourced from publicly available Q2'17 information.
Note: Only inclusive or peers who provided both weighted average debt maturity and weighted average interest rates.

STRONG BALANCE SHEET

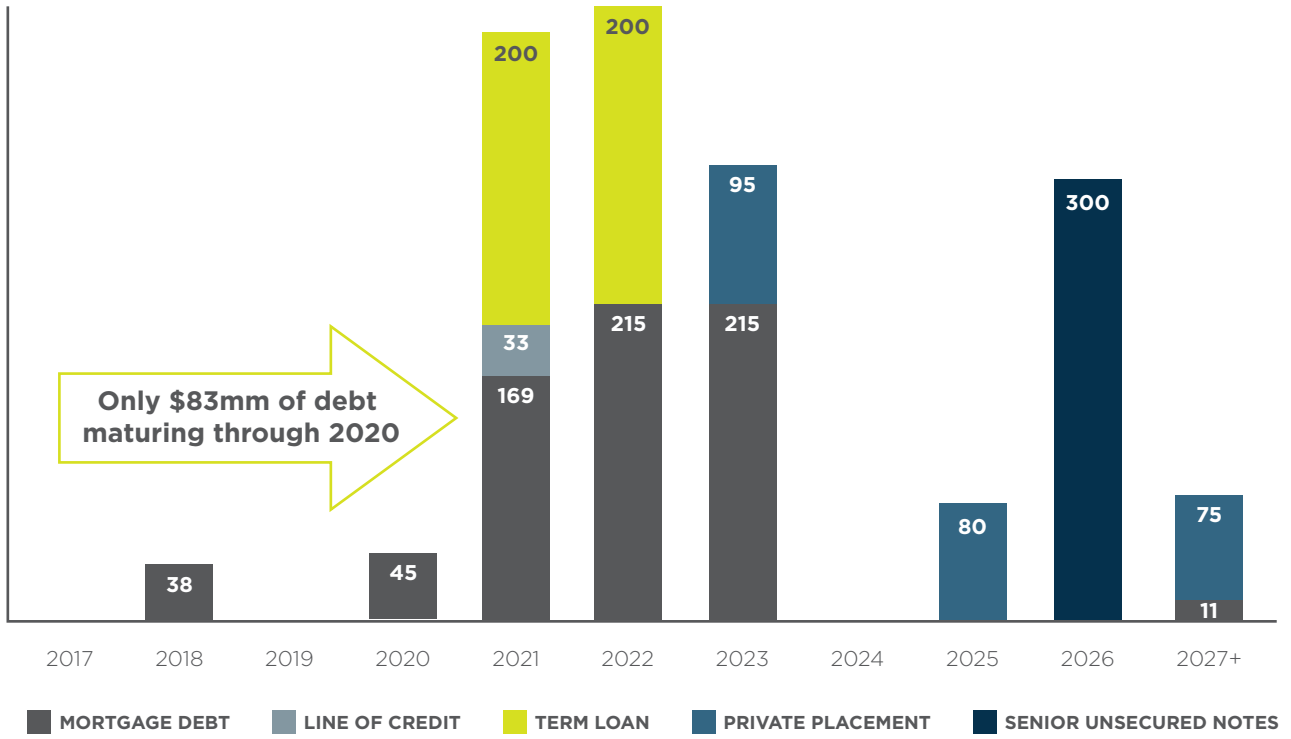
Well-staggered Debt Maturity Profile

ONLY

$83mm

THROUGH 2020

SCHEDULE OF DEBT MATURITIES ($ IN MILLIONS)[1]



(1) Chart excludes annual principal payments and net premiums on fixed rate

DISCLAIMER

FORWARD-LOOKING STATEMENTS

This supplemental information package, 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 economic uncertainty caused by fluctuations in the prices of oil and other energy sources;
- 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 the Company operates;
- acquisition, disposition, development and joint venture risks;
- property ownership and management risks;
- our ability to maintain our status as a real estate investment trust for federal income tax purposes;
- potential environmental and other liabilities;
- impairment in the value of real estate property the Company owns;
- the impact of online retail and the perception that such retail has on the value of shopping center assets;
- risks related to the geographical concentration of our properties in Florida, Indiana and Texas;
- insurance costs and coverage;
- risks associated with 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 reports the Company files with the Securities and Exchange Commission ("the SEC") or in other documents that it publicly disseminates, including, in particular, the section titled "Risk Factors" in our Annual Report on Form
- 10-K for the fiscal year ended December 31, 2016, and in our quarterly reports on Form 10-Q.

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

NON-GAAP FINANCIAL MEASURES

FREE CASH FLOW

Free Cash Flow is reflected on an annual basis and is defined as Funds From Operations (FFO) as adjusted, less capital expenditures, capitalized internal costs, tenant improvements, plus non-cash items, and after dividends paid.

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. The Company calculates FFO, a non-GAAP financial measure, in accordance with the best practices described in the April 2002 National Policy Bulletin of the National Association of Real Estate Investment Trusts ("NAREIT"). The NAREIT white paper defines FFO as net income (determined in accordance with GAAP), excluding gains (or losses) from sales and impairments of depreciated property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures.

Considering the nature of our business as a real estate owner and operator, the Company believes that FFO is helpful to investors in measuring our operational performance because it excludes various items included in net income that do not relate to or are not indicative of our operating performance, such as gains or losses from sales of depreciated property and depreciation and amortization, which can make periodic and peer analyses of operating performance more difficult. For informational purposes, the Company has also provided FFO adjusted for transaction costs and a severance charge in 2016. The Company believes this supplemental information provides a meaningful measure of our operating performance. The Company believes our presentation of FFO, as adjusted, provides investors with another financial measure that may facilitate comparison of operating performance between periods and among our peer companies. FFO should not be considered as an alternative to net income (determined in accordance with GAAP) as an indicator of our financial performance, is not an alternative to cash flow from operating activities (determined in accordance with GAAP) as a measure of our liquidity, and is not indicative of funds available to satisfy our cash needs, including our ability to make distributions. Our computation of FFO may not be comparable to FFO reported by other REITs that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently than we do. A reconciliation of net income (computed in accordance with GAAP) to FFO is included elsewhere in this Financial Supplement.

ADJUSTED FUNDS FROM OPERATIONS

Adjusted Funds From Operations ("AFFO") is a non-GAAP financial measure of operating performance used by many companies in the REIT industry. AFFO modifies FFO, as adjusted for certain cash and non-cash transactions not included in FFO, as adjusted. AFFO should not be considered an alternative to net income as an indication of the company's performance or as an alternative to cash flow as a measure of liquidity or ability to make distributions. Management considers AFFO a useful supplemental measure of the company's performance. The Company's computation of AFFO may differ from the methodology for calculating AFFO used by other REITs, and therefore, may not be comparable to such other REITs. A reconciliation of net income (computed in accordance with GAAP) to AFFO is included elsewhere in this Financial Supplement.

NET OPERATING INCOME AND SAME PROPERTY NET OPERATING INCOME

The Company uses property net operating income ("NOI"), a non-GAAP financial measure, to evaluate the performance of our properties. The Company defines NOI as income from our real estate, including lease termination fees received from tenants, less our property operating expenses. NOI excludes amortization of capitalized tenant improvement costs and leasing commissions and corporate level expenses. The Company believes that NOI is helpful to investors as a measure of our operating performance because it excludes various items included in net income that do not relate to or are not indicative of our operating performance, such as depreciation and amortization, interest expense, and impairment, if any.

NET OPERATING INCOME AND SAME PROPERTY NET OPERATING INCOME (CONT.)

The Company also uses same property NOI ("Same Property NOI"), a non-GAAP financial measure, to evaluate the performance of our properties. Same Property NOI excludes properties that have not been owned for the full period presented. It also 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 period expense recoveries and adjustments, if any. The Company believes that Same Property NOI is helpful to investors as a measure of our 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 acquisition or disposition of properties during the particular period presented and thus provides a more consistent metric for the comparison of our properties. The year to date results represent the sum of the individual quarters, as reported.

NOI and Same Property NOI should not, however, be considered as alternatives to net income (calculated in accordance with GAAP) as indicators of our financial performance. Our computation of NOI and Same Property NOI may differ from the methodology used by other REITs, and therefore may not be comparable to such other REITs.

When evaluating the properties that are included in the same property pool, the Company has established specific criteria for determining the inclusion of properties acquired or those recently under development. An acquired property is included in the same property pool when there is a full quarter of operations in both years subsequent to the acquisition date. Development and redevelopment properties are included in the same property pool four full quarters after the properties have been transferred to the operating portfolio. A redevelopment property is first excluded from the same property pool when the execution of a redevelopment plan is likely and the Company begins recapturing space from tenants. For the quarter ended June 30, 2017, the Company excluded eight redevelopment properties and the recently completed Northdale Promenade from the same property pool that met these criteria and were owned in both comparable periods.

EARNINGS BEFORE INTEREST EXPENSE, INCOME TAX EXPENSE, DEPRECIATION AND AMORTIZATION (EBITDA)

The Company defines 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, the Company has also provided Adjusted EBITDA, which the Company defines as EBITDA less (i) EBITDA from unconsolidated entities, (ii) gains on sales of operating properties or impairment charges, (iii) other income and expense, (iv) noncontrolling interest EBITDA and (v) other non-recurring activity or items impacting comparability from period to period. Annualized Adjusted EBITDA is Adjusted EBITDA for the most recent quarter multiplied by four. Net Debt to Adjusted EBITDA is the Company's share of net debt divided by Annualized Adjusted EBITDA. EBITDA, Adjusted EBITDA, Annualized Adjusted EBITDA and Net Debt to Adjusted EBITDA, as calculated by us, are not comparable to EBITDA and EBITDA-related measures reported by other REITs that do not define EBITDA and EBITDA-related measures 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.

Considering the nature of our business as a real estate owner and operator, the Company believes that EBITDA, Adjusted EBITDA and the ratio of Net Debt to Adjusted EBITDA are helpful to investors in measuring our operational performance because they exclude various items included in net income that do not relate to or are not indicative of our operating performance, such as gains or losses from sales of depreciated property and depreciation and amortization, which can make periodic and peer analyses of operating performance more difficult. For informational purposes, the Company has also provided Annualized Adjusted EBITDA, adjusted as described above. The Company believes this supplemental information provides a meaningful measure of our operating performance. The Company believes presenting EBITDA and the related measures in this manner allows investors and other interested parties to form a more meaningful assessment of our operating results.

APPENDIX – CONSOLIDATED STATEMENTS OF OPERATIONS

($ in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	**2016**	**2017**	**2016**
Revenue:				
Minimum rent	$ 68,395	$ 68,455	$ 137,341	$ 135,918
Tenant reimbursements	18,521	17,006	37,091	35,161
Other property related revenue	5,733	2,114	8,330	5,046
Total revenue	92,649	87,575	182,762	176,125
Expenses:				
Property operating	12,139	11,346	25,091	23,538
Real estate taxes	11,228	10,503	21,559	21,637
General, administrative, and other	5,488	4,856	10,958	10,147
Transaction costs	—	2,771	—	2,771
Impairment charge	—	—	7,411	—
Depreciation and amortization	42,710	43,841	88,540	86,082
Total expenses	71,565	73,317	153,559	144,175
Operating income	21,084	14,258	29,203	31,950
Interest expense	(16,433)	(15,500)	(32,878)	(30,825)
Income tax (expense) benefit of taxable REIT subsidiary	(3)	(338)	30	(748)
Other expense, net	(80)	(110)	(219)	(94)
Income (loss) from continuing operations	4,568	(1,690)	(3,864)	283
Gains on sales of operating properties	6,290	194	15,160	194
Net income (loss)	10,858	(1,496)	11,296	477
Net income attributable to noncontrolling interests	(678)	(399)	(1,110)	(971)
Net income (loss) attributable to Kite Realty Group Trust common shareholders	$ 10,180	$ (1,895)	$ 10,186	$ (494)
Income (loss) per common share - basic	$ 0.12	(0.02)	0.12	(0.01)
Income (loss) per common share - diluted	$ 0.12	$ (0.02)	$ 0.12	$ (0.01)
Weighted average common shares outstanding - basic	83,585,736	83,375,765	83,575,587	83,362,136
Weighted average common shares outstanding - diluted	83,652,627	83,375,765	83,640,327	83,362,136
Cash dividends declared per common share	$ 0.3025	$ 0.2875	$ 0.6050	$ 0.5750

APPENDIX – RECONCILIATION OF FFO TO NET INCOME

($ in thousands, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Funds From Operations				
Consolidated net income	$ 10,858	$ (1,496)	$ 11,296	$ 477
Less: net income attributable to noncontrolling interests in properties	(438)	(461)	(870)	(922)
Less: gains on sales of operating properties	(6,290)	(194)	(15,160)	(194)
Add: impairment charge	—	—	7,411	—
Add: depreciation and amortization of consolidated entities, net of noncontrolling interests	42,050	43,545	87,416	85,599
FFO of the Operating Partnership[1]	46,180	41,394	90,093	84,960
Less: Limited Partners' interests in FFO	(1,056)	(809)	(2,045)	(1,790)
FFO attributable to Kite Realty Group Trust common shareholders[1]	$ 45,124	$ 40,585	$ 88,048	$ 83,170
FFO, as defined by NAREIT, per share of the Operating Partnership - basic	$ 0.54	$ 0.49	$ 1.05	$ 1.00
FFO, as defined by NAREIT, per share of the Operating Partnership - diluted	$ 0.54	$ 0.48	$ 1.05	$ 0.99
FFO of the Operating Partnership[1]	$ 46,180	$ 41,394	$ 90,093	$ 84,960
Add: transaction costs	—	2,771	—	2,771
Add: severance charge	—	—	—	500
FFO, as adjusted, of the Operating Partnership	$ 46,180	$ 44,165	$ 90,093	$ 88,231
FFO, as adjusted, per share of the Operating Partnership - basic	$ 0.54	$ 0.52	$ 1.05	$ 1.03
FFO, as adjusted, per share of the Operating Partnership - diluted	$ 0.54	$ 0.52	$ 1.05	$ 1.03
Weighted average common shares outstanding - basic	83,585,736	83,375,765	83,575,587	83,362,136
Weighted average common shares outstanding - diluted	83,652,627	83,475,474	83,640,327	83,460,521
Weighted average common shares and units outstanding - basic	85,572,566	85,320,923	85,551,356	85,295,968
Weighted average common shares and units outstanding - diluted	85,639,457	85,420,633	85,616,096	85,394,353
FFO, as defined by NAREIT, per diluted share				
Consolidated net income	$ 0.13	$ (0.02)	$ 0.13	$ 0.01
Less: net income attributable to noncontrolling interests in properties	(0.01)	(0.01)	(0.01)	(0.01)
Less: gains on sales of operating properties	(0.07)	—	(0.17)	—
Add: impairment charge	—	—	0.08	—
Add: depreciation and amortization of consolidated entities, net of noncontrolling interests	0.49	0.51	1.02	1.00
FFO, as defined by NAREIT, of the Operating Partnership per diluted share[1]	$ 0.54	$ 0.48	$ 1.05	$ 1.00
Add: transaction costs	—	0.04	—	0.03
Add: severance charge	—	—	—	—
FFO, as adjusted, of the Operating Partnership per diluted share	$ 0.54	$ 0.52	$ 1.05	$ 1.03

(1) "FFO of the Operating Partnership" measures 100% of the operating performance of the Operating Partnership's real estate properties. "FFO attributable to Kite Realty Group Trust common shareholders" reflects a reduction for the redeemable noncontrolling weighted average diluted interest in the Operating Partnership.

APPENDIX – RECONCILIATION OF SAME PROPERTY NOI TO NET INCOME

($ in thousands)	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	2016	% Change	2017	2016	% Change
Number of properties for the quarter[1]	102	102				
Leased percentage at period end	94.3%	95.1%		94.3%	95.1%	
Economic Occupancy percentage[2]	93.8%	92.7%		93.9%	93.0%	
Minimum rent	$ 58,028	$ 56,358		$ 116,809	$ 113,716	
Tenant recoveries	16,233	15,231		33,059	31,640	
Other income	168	121		453	264	
	74,429	71,710		150,321	145,620	
Property operating expenses	(9,992)	(9,547)		(19,747)	(18,914)	
Real estate taxes	(9,945)	(9,381)		(19,987)	(19,509)	
	(19,937)	(18,928)		(39,734)	(38,423)	
Same Property NOI[3]	**$ 54,492**	**$ 52,782**	**3.2%**	**$ 110,587**	**$ 107,197**	**3.2%**
Same Property NOI - excluding the impact of the 3-R initiative[4]			**3.8%**			**3.9%**
Reconciliation of Same Property NOI to Most Directly Comparable GAAP Measure:						
Net operating income - same properties	$ 54,492	$ 52,782		$ 110,587	$ 107,197	
Net operating income - non-same activity[5]	15,655	13,287		26,996	24,629	
Other expense, net	(83)	(448)		(189)	(842)	
General, administrative and other	(5,488)	(4,856)		(10,958)	(10,147)	
Transaction costs	—	(2,771)		—	(2,771)	
Bad Debt Expense – Same Properties	(865)	(343)		(1,471)	(876)	
Impairment charge	—	—		(7,411)	—	
Depreciation and amortization expense	(42,710)	(43,841)		(88,540)	(86,082)	
Interest expense	(16,433)	(15,500)		(32,878)	(30,825)	
Gains on sales of operating properties	6,290	194		15,160	194	
Net income attributable to noncontrolling interests	(678)	(399)		(1,110)	(971)	
Net income (loss) attributable to common shareholders	$ 10,180	$ (1,895)		$ 10,186	$ (494)	

(1) Same Property NOI excludes eight properties in redevelopment, the recently completed Northdale Promenade as well as office properties (Thirty South Meridian and Eddy Street Commons).
(2) Excludes leases that are signed but for which tenants have not yet commenced the payment of cash rent. Calculated as a weighted average based on the timing of cash rent commencement and expiration during the period.
(3) 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 period expense recoveries and adjustments, if any.
(4) See pages 27 and 28 of Q2 2017 supplemental for further detail of the properties included in the 3-R initiative.
(5) Includes non-cash activity across the portfolio as well as net operating income from properties not included in the same property pool.

APPENDIX – RECONCILIATION OF EBITDA/ADJUSTED EBITDA TO NET INCOME

($ in thousands)	Three Months Ended June 30, 2017
Consolidated net income	$ 10,858
Adjustments to net income	
Depreciation and amortization	42,710
Interest expense	16,433
Income tax benefit of taxable REIT subsidiary	3
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	70,004
Adjustments to EBITDA:	
Unconsolidated EBITDA	34
Gain on sale of operating property	(6,290)
Pro-forma adjustments[1]	(3,369)
Other income and expense, net	80
Noncontrolling interest	(432)
Adjusted EBITDA	60,027
Annualized Adjusted EBITDA[2]	$ 240,108
Company share of net debt:	
Mortgage and other indebtedness	1,675,064
Less: Partner share of consolidated joint venture debt[3]	(13,373)
Less: Cash, cash equivalents, and restricted cash	(36,352)
Less: Net debt premiums and issuance costs, net	1,146
Company Share of Net Debt	1,626,485
Net Debt to Adjusted EBITDA	6.77x

(1) Relates to (a) a reduction reflecting the second quarter GAAP operating income of $0.8 million for properties sold during the second quarter of 2017, which adjustment to EBITDA (an income measure) corresponds with the use of proceeds from such sales to pay down the Credit Facility, as reflected in the change in net debt (a balance sheet measure) for the period ending June 30, 2017, and (b) a reduction of approximately $2.6 million in other property related revenue to normalize the impact on comparability of a $4.9 million net gain from the sale of an outlot at Cove Center during the second quarter of 2017 to the Company's quarterly average of other property related revenue.
(2) Represents Adjusted EBITDA for the three months ended June 30, 2017 (as shown in the table above) multiplied by four.
(3) Partner share of consolidated joint venture debt is calculated based upon the partner's pro-rata ownership of the joint venture, multiplied by the related secured debt balance. In all cases, this debt is the responsibility of the consolidated joint venture.

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