



Shoppes of Eastwood - Orlando, FL MSA



The Shops at Legacy - Dallas / Fort Worth, TX MSA



Plaza Volente - Austin, TX MSA

KITE[®]

INVESTOR UPDATE

Q4 2023

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KRG
LISTED
NYSE

KRG Overview



1960 / 2004

Founded / IPO

KRG

NYSE

\$4.7B

Market Cap¹

\$7.8B

Enterprise Value¹

180

Operating Retail
Properties

28M

Total Owned Retail
GLA (SF)

93.9%

Retail Portfolio
Percent Leased

\$20.70

Annualized Base Rent
(ABR) per SF

5.1x

Net Debt to
Adjusted EBITDA

79%

ABR from Assets with a
Grocery Component²

68%

ABR in Sun Belt Markets³

61%

ABR from Community and
Neighborhood Centers

BBB

Fitch Credit Rating



SOUTHLAKE TOWN SQUARE
Dallas / Fort Worth, TX MSA

Note: Unless otherwise indicated, the source of all Company data is publicly available information that has been or will be filed with the Securities and Exchange Commission for the period ending December 31, 2023.

1. As of February 9, 2024.

2. Assets with a grocery component include centers with a big box wine and spirits store.

3. Sun Belt states include AL, AR, AZ, CA, CO, FL, GA, KY, LA, MS, NC, NM, NV, OK, SC, TN, TX, UT and VA.

KRG
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KRG's Strategic Advantages

■ Best-in-Class Operating Platform

- ✓ Operating margins and metrics are among the best in the open-air retail sector
- ✓ Management team has deep experience operating open-air real estate

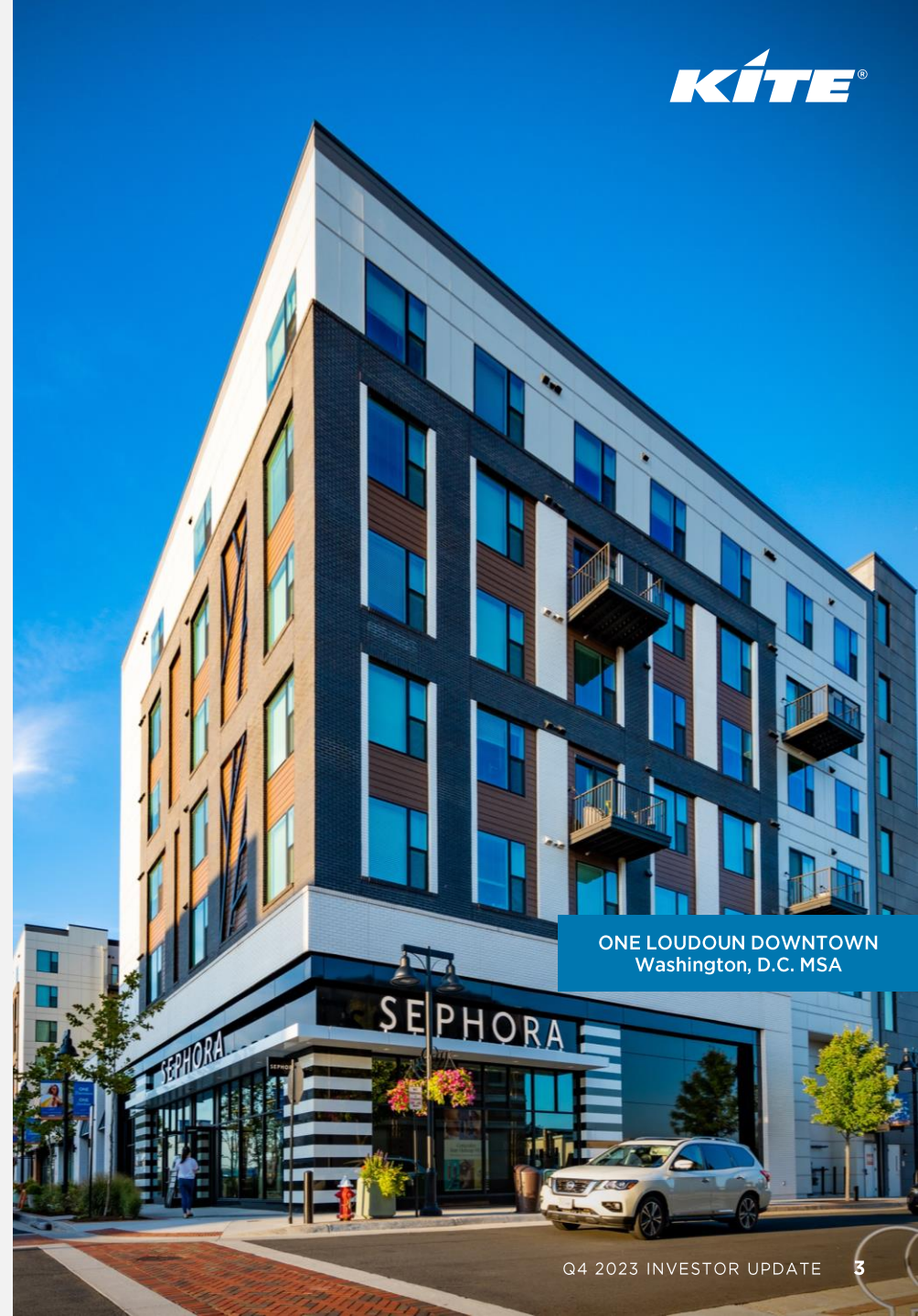
■ Flexible and Durable Balance Sheet

- ✓ Low leverage with manageable near-term maturities
- ✓ Received a 'Positive' credit rating outlook upgrade from S&P Global Ratings
- ✓ Over \$1.1B of available liquidity and minimal near-term capital commitments

■ High-Quality Sun Belt Portfolio

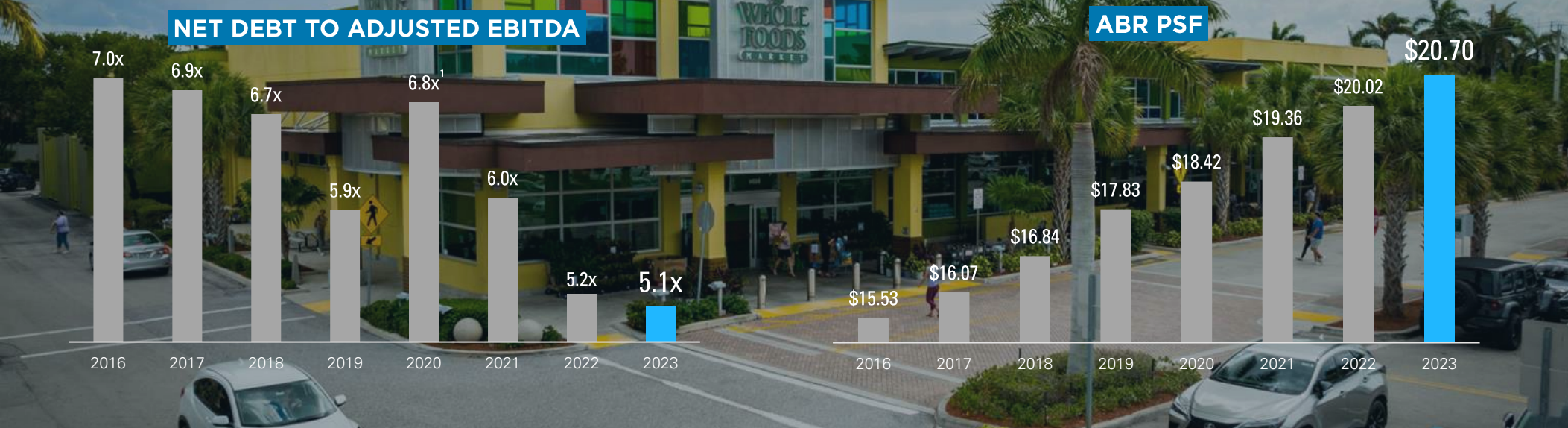
- ✓ Primarily concentrated in Sun Belt markets with select strategic gateway market presence
- ✓ Predominantly focused on grocery-anchored neighborhood and community centers along with vibrant mixed-use and lifestyle assets

KITE®



ONE LOUDOUN DOWNTOWN
Washington, D.C. MSA

Fourth Quarter and Full-Year Highlights



	Q4 2023	2023	
NAREIT FFO	\$0.50	\$2.03	Outperformance largely driven by lower than expected bad debt and an increase in overage rent
Same Property NOI ²	2.8%	4.8%	Minimum base rent growth and lower bad debt drove outsized SSNOI growth
Total Leasing Volume	1.3M SF	4.9M SF	Healthy leasing volume continues at extremely strong spreads
Anchor / Shop Leased %	95.5% / 90.8%		Anchor and shop leased percentages increased sequentially by 40 bps and 60 bps, respectively
Leased-to-Occupied Spread at Period End	280 bps		Spread represents \$31M of NOI, of which ~87% is expected to come online in 2024

2024 Guidance



Key assumptions:

- Same property NOI growth range of 1.0% to 2.0%
- Full-year bad debt assumption of 0.75% to 1.25% of total revenues

2024 NAREIT FFO GUIDANCE

	LOW	HIGH
Net income	\$0.29	\$0.35
Depreciation and amortization	\$1.71	\$1.71
NAREIT FFO	\$2.00	\$2.06

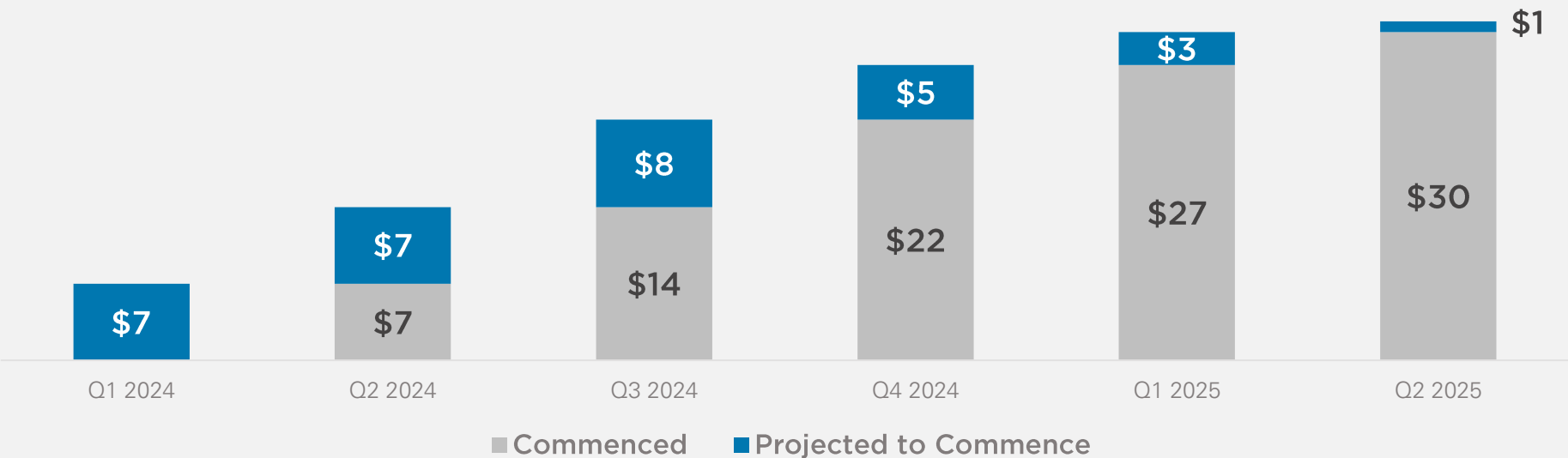
2024 FFO AND SSNOI GUIDANCE BRIDGE AT THE MIDPOINT

	FFO MID	SSNOI MID
Actual FY 2023 NAREIT FFO	\$2.03	
Same property NOI growth excluding below items	\$0.09	3.5%
City Center Theater	(0.02)	(0.6%)
Bed Bath & Beyond, net of backfills	(0.01)	(0.5%)
Change in Bad Debt (43 bps in 2023 compared to 100 bps assumption at the midpoint in 2024)	(0.02)	(0.9%)
Same property NOI growth (1.5% at the midpoint)	\$0.04	1.5%
Term fees, land sale gains, and fee income	(\$0.01)	
Interest expense, net of investment income	(\$0.02)	
G&A and other	(\$0.01)	
2024 NAREIT FFO guidance midpoint	\$2.03	

Components of Signed-Not-Open Pipeline

- Leased-to-occupied spread at period end (280 bps) expected to widen due to strong leasing demand for Bed Bath & Beyond backfills and additional small shop lease-up potential, which will drive an elevated signed-not-open pipeline**
 - The signed-not-open pipeline increased \$4M quarter-over-quarter to \$31M as a result of tenants that commenced rent in the fourth quarter of 2023, net of new leases signed
 - Signed 55 new leases representing \$13M of NOI in the fourth quarter of 2023
 - 65 tenants commenced rent in the fourth quarter of 2023 totaling \$9M of annualized NOI
 - Of the \$31M signed-not-open pipeline, 44% is from anchor tenants and 56% is from shop tenants

Cumulative Signed-Not-Open NOI Commencement Schedule (\$, Ms)



Significant Upside Potential

- We believe the upside potential in KRG's current share price is significant based on the NAV components laid out on page 18 of KRG's 4Q'23 supplemental
- Potential NAV includes NOI and estimated leasing costs for the \$31M signed-not-open (SNO) pipeline and assumes an 80% retention ratio on \$48M expiring ABR in 2024
- The \$31M SNO pipeline provides significant upside potential and we believe current valuation levels are not giving KRG credit for future growth
- Leasing the portfolio back to pre-COVID levels and KRG's entitled land bank could be potential sources of value creation in addition to the SNO pipeline

Potential NAV

CAP RATE	6.25%	6.50%	6.75%
POTENTIAL NAV PER SHARE	\$30.21	\$28.49	\$26.90
POTENTIAL PRICE RETURN ¹	41%	33%	25%

NAV Components as of 4Q'23

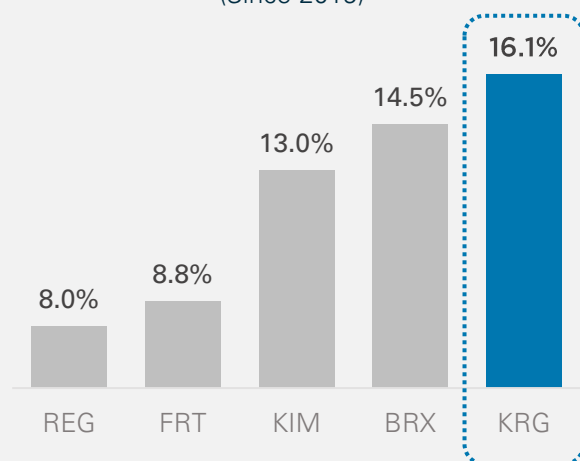
	IN-PLACE NAV COMPONENTS	POTENTIAL NAV COMPONENTS
Annualized portfolio cash NOI	\$602M	\$624M
Other assets value	\$217M	\$217M
Liabilities	\$3,350M	\$3,462M
Shares	223M	223M

Transformed Portfolio Driving Continued Outperformance

KEY PORTFOLIO METRICS			
	2019	Q4 2023	% Change
ABR per SF	\$17.83	\$20.70	+16%
Net Debt to Adjusted EBITDA	5.9x	5.1x	(0.8x)
3-Mile Population ¹	76K	104K	+37%
3-Mile Average Household Income ¹	\$98K	\$115K	+17%
% of ABR from Assets with a Grocery Component	72%	79%	+7%

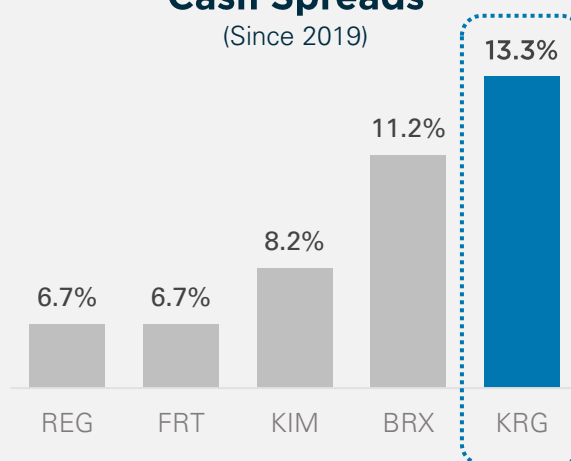
ABR per SF Growth

(Since 2019)



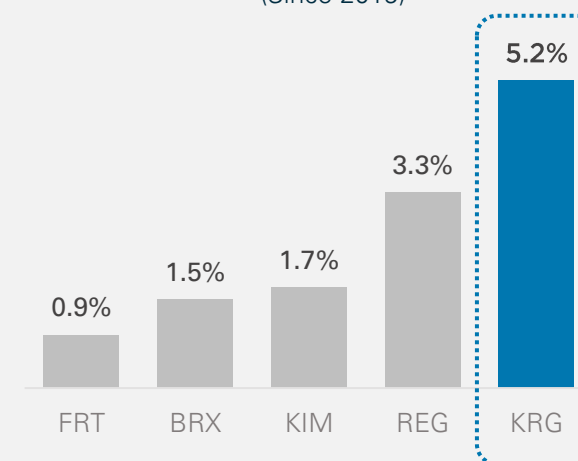
TTM Average Blended Cash Spreads

(Since 2019)



FFO per Share CAGR²

(Since 2019)



Efficient Operators



RETAIL NOI MARGIN

70.3%

76.5%

Peer Average

KRG - 4Q'23

RETAIL RECOVERY RATIO¹

76.6%

92.2%

Peer Average

KRG - 4Q'23

BLENDED CASH SPREADS (TTM)

12.0%

14.3%

Peer Average

KRG - 4Q'23

G&A AS A % OF TOTAL REVENUE

8.0%

7.2%

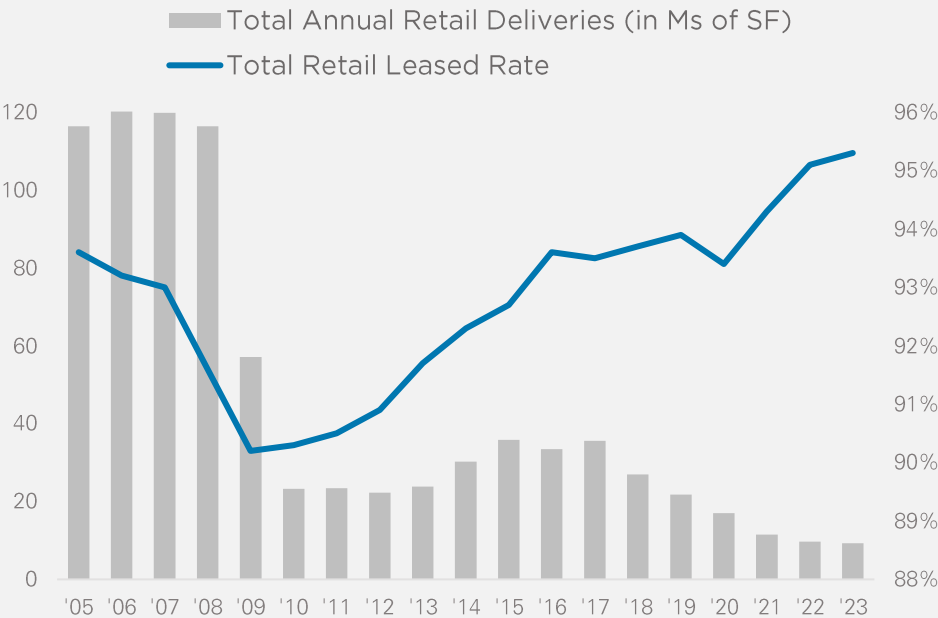
Peer Average

KRG - 4Q'23

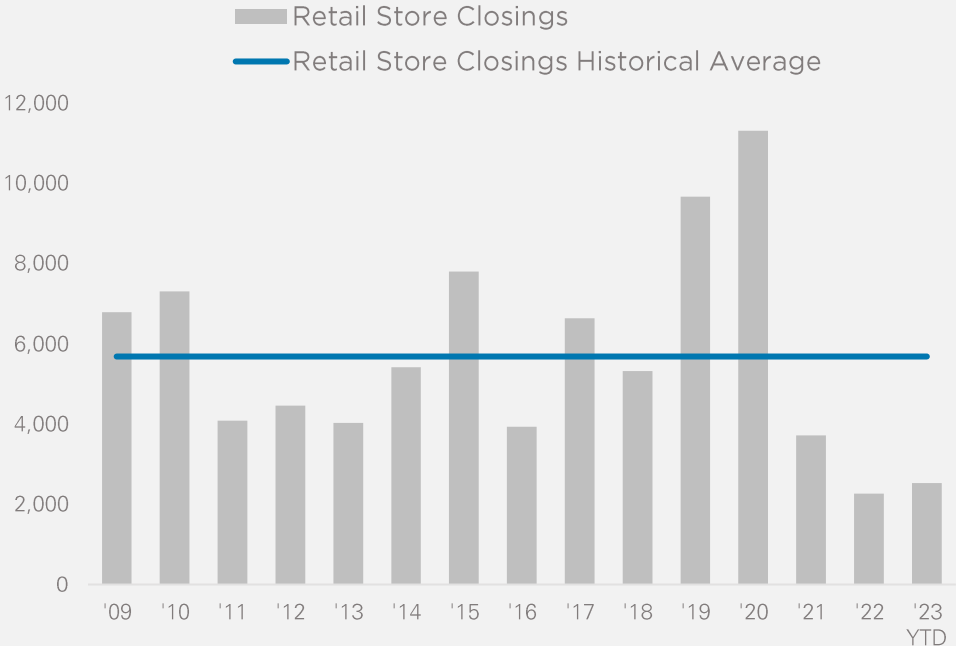
Pricing Power: Reappreciation of Open-Air Retail

- Declining retail supply in the U.S. following the Great Financial Crisis has been a driver for retail leased rates and the COVID-19 pandemic amplified the trend as retailers realized the importance of their brick-and-mortar footprint
- Post-COVID, retailers have gained a reappreciation for their physical store footprint as consumers are in closer proximity to suburban open-air shopping centers in the hybrid work environment
- This reappreciation has played out in store closings well below the historical average in the three years post-COVID

Total Annual Retail Deliveries vs. Total Retail Leased Rate



Retail Store Closings



Pricing Power: Growth-Focused Leasing Results

- Given the favorable supply-demand dynamic for open-air retail, KRG is focused on improving our long-term embedded growth profile
- KRG has increased its efforts to implement higher fixed rent bumps and CPI protection into leases
- In 2023, KRG has made significant improvements converting leases to higher fixed rent bumps and including CPI protection, and we believe we are just scratching the surface on improving our long-term embedded growth profile

CONVERSION STATS ON LEASING ACTIVITY FOR NEW LEASES AND NON-OPTION RENEWALS

	% of Lease Count - 2023	% of Lease Count - 2022	% Change
CPI	38%	12%	+26%
Fixed Rent Bumps Greater Than or Equal to 3%	81%	68%	+13%
Fixed CAM	94%	89%	+5%

Balance Sheet Snapshot

5.1x Net Debt + Preferred / Adjusted EBITDA	5.2x Debt Service Coverage Ratio	\$1.1B Liquidity
4.35% Weighted Average Interest Rate ¹	94% Unencumbered NOI as a % of Total NOI	93% Fixed Rate Debt
BBB / Stable Fitch	BBB- / Positive S&P	Baa3 / Stable Moody's

NET DEBT + PREFERRED / ADJUSTED EBITDA



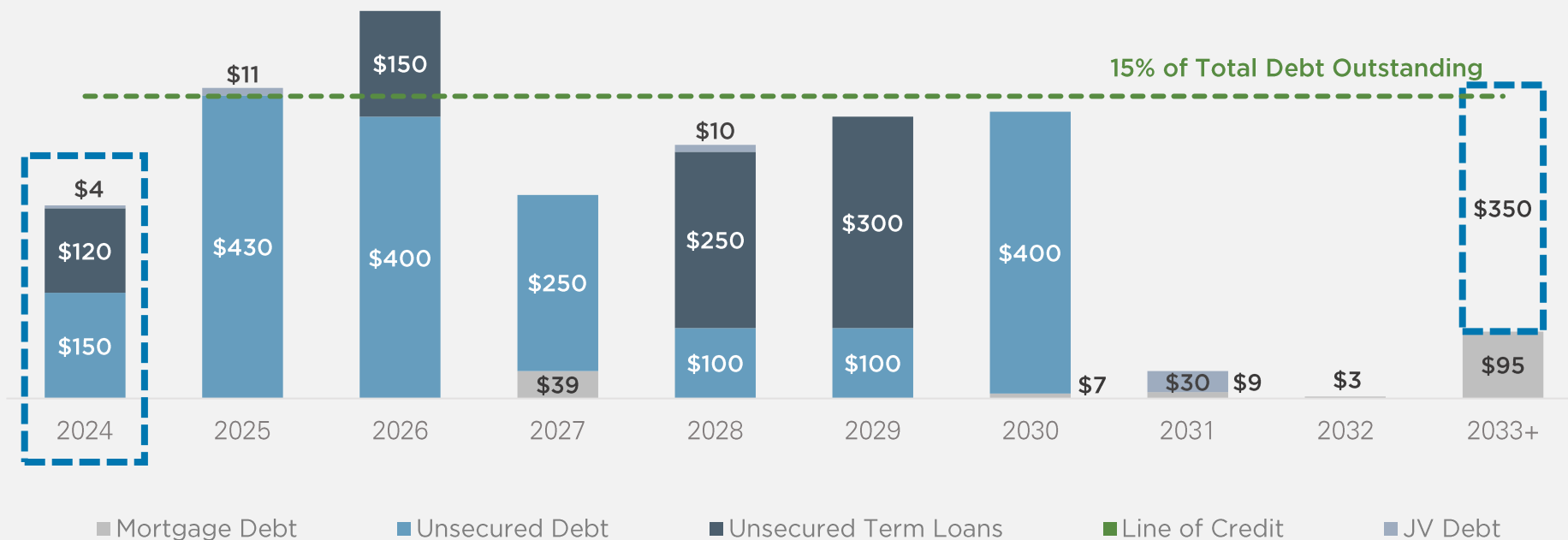
Well-Staggered Maturity Ladder



Debt Maturity Profile as of December 31, 2023

(\$ in M)

We intend to use proceeds from our January 2024 \$350.0 million senior unsecured notes issuance to satisfy all 2024 debt maturities



Further Strengthened Portfolio Has Significant Potential



ONE LOUDOUN DOWNTOWN
Washington, D.C. MSA

Predominantly Sun Belt with Strategic Gateway Components

ABR Concentration

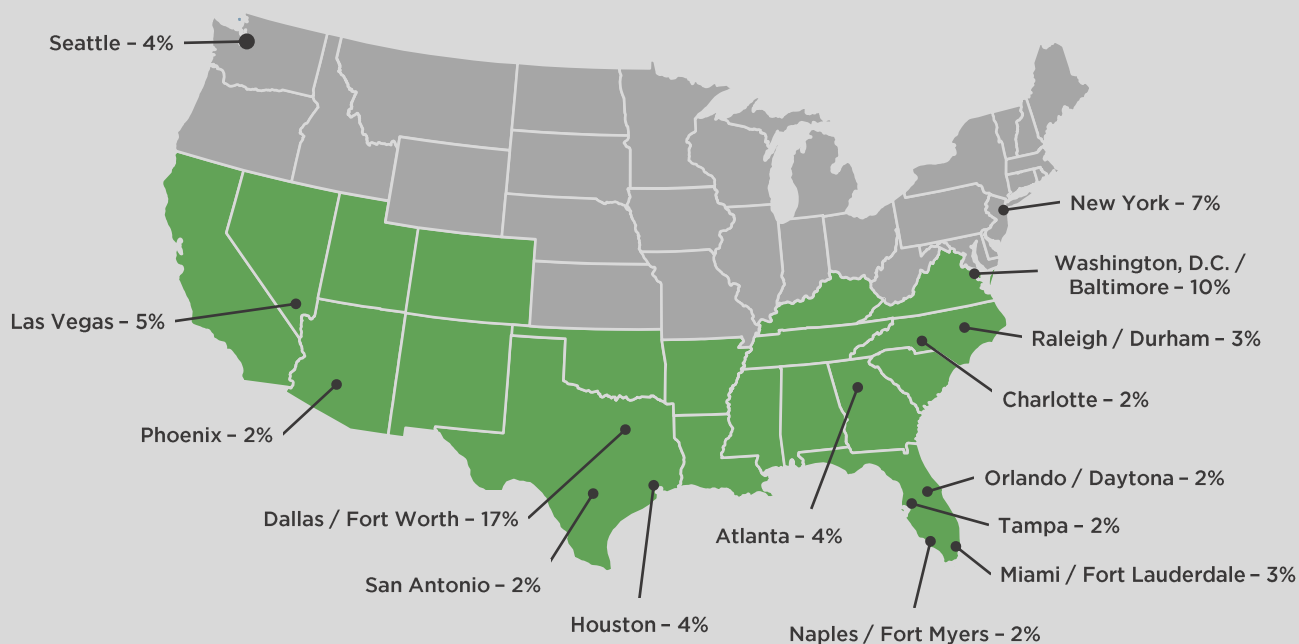
68% Sun Belt Markets

61% Top 15 Population Growth States¹

22% Strategic Gateway Markets (DC, Seattle and NYC)

TOP 5 STATES (ABR)

Texas	26%
Florida	11%
Maryland	6%
North Carolina	6%
Virginia	5%



Diverse Portfolio of Durable Cash Flow



61%
Community / Neighborhood Centers
 Grocery Component 85%



19%
Mixed-Use / Lifestyle Centers
 Grocery Component 59%



19%
Power Centers
 Grocery Component 84%

- Expanding offerings to retailers through a more diverse property mix
- Tenants are becoming increasingly agnostic to center formats and more focused on the quality of the real estate
 - Recent examples of shop tenants signing leases in power centers include Adidas, Bath & Body Works, Kendra Scott, Sephora, and Soma

- Majority of ABR generated by community and neighborhood centers
- Average asset size is 156k square feet
- Strong 3-mile demographics:

Average Population: 104K Average Household Income: \$115K

Anchor Inventory Update

- Strong risk-adjusted returns provide opportunity for outsized organic NOI growth
- Additional value creation at properties due to new, stronger tenants

	ANCHORS EXECUTED (YE 2020 – 2023)	ANCHOR INVENTORY OPPORTUNITY ¹
Count	78	29
Square feet	1,854,000	731,000
Capital / SF	\$74	\$100
Total capital (\$, M)	\$137	\$73
Previous tenants' ABR	\$13.09 ³	\$12.69
Estimated New ABR ²	\$17.03 ³	\$14.67
Cash lease spread	30% ³	16% ⁴
Return on capital	29% ⁵	19% ⁵
New NOI incl. NNN (\$, M)	\$40M	\$14M ⁶
FFO / Share	\$0.18	\$0.06

1. Estimate of potential outcomes of remaining anchor vacancies excluding one theater lease that is not representative of the anchor inventory population.

2. New ABR is actual for executed and average in-place ABR for anchor tenants in the KRG portfolio as of 4Q'23.

3. Includes only comparable leases (42 of 78).

4. Represents the percentage increase of the Company's average in-place ABR as compared to previous tenants' ABR. These numbers are based on Management's estimates and assumptions, and there can be no assurance that such estimates and assumptions will be accurate or realized.

5. Represents the estimated total potential new NOI divided by the cost of executing such leases. These numbers are based on Management's estimates and assumptions, and there can be no assurance that such estimates and assumptions will be accurate or realized.

6. Assumes weighted average NNN revenue from previously occupied spaces.

Solid Returns & Stronger Tenants

NEW OFFERINGS



FORMER OFFERINGS



Solid Leasing Activity

- KRG continues to see strong retailer demand for its well-positioned, open-air centers
- Leasing volumes remain elevated and KRG is maintaining the ability to drive rents

Strong Momentum Continues

	2022	1Q'23	2Q'23	3Q'23	4Q'23
# of Leases Signed	782	144	190	214	192
Leased SF Signed	4.9M	0.8M	1.3M	1.4M	1.3M
Blended Cash Spread	12.6%	13.0%	14.8%	14.2%	14.5%
Non-Option Renewal Spread	10.9%	14.9%	11.9%	17.8%	9.2%

Recent Tenants Signed

TRADITIONAL MALL TENANTS

Diverse Tenant Base

TOP 15 TENANTS BY ABR	STORE COUNT ¹	% OF WTD. ABR ²
1 The TJX Companies, Inc.	47	2.7%
2 Best Buy Co., Inc.	16	1.9%
3 Ross Stores, Inc.	32	1.9%
4 PetSmart, Inc.	32	1.8%
5 Michaels Stores, Inc.	28	1.4%
6 Gap Inc.	33	1.4%
7 Dick's Sporting Goods, Inc.	13	1.4%
8 Publix Super Markets, Inc.	14	1.2%
9 Total Wine & More	15	1.1%
10 Nordstrom, Inc.	10	1.0%
11 The Kroger Co.	10	1.0%
12 Lowe's Companies, Inc.	6	1.0%
13 BJ's Wholesale Club, Inc.	3	1.0%
14 Ulta Beauty, Inc.	25	0.9%
15 Five Below, Inc.	30	0.9%
TOTAL	314	20.6%

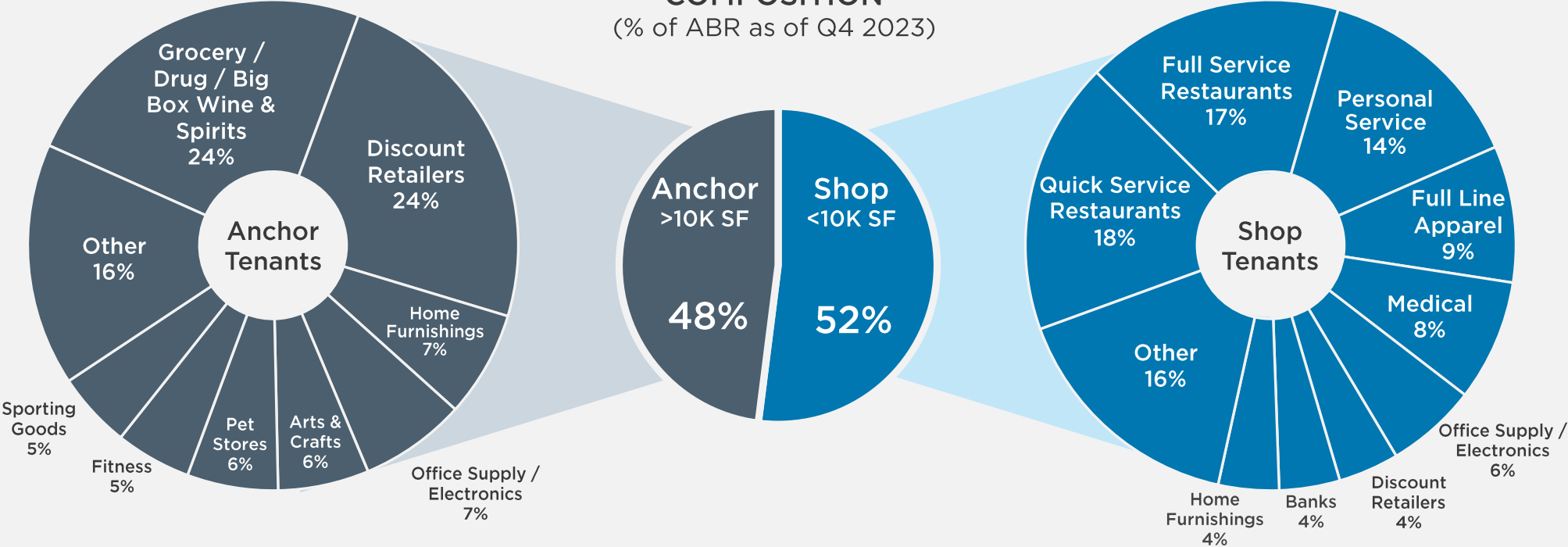
Strong Mix of Convenience and Experiential

	% of ABR
ESSENTIAL RETAIL	31%
Grocery / Drug / Big Box Wine & Spirits	13%
Office Supply / Electronics	6%
Medical	4%
Pet Stores	3%
Hardware / Auto	3%
Banks	2%
RESTAURANTS	19%
Quick Service Restaurants	10%
Full Service Restaurants	9%
OTHER RETAIL / SERVICES	50%
Discount Retailers	14%
Personal Service	8%
Full Line Apparel	6%
Home Furnishings	5%
Fitness	4%
Sporting Goods	3%
Arts & Crafts	3%
Soft Goods	3%
Theatres / Entertainment	2%
Professional Service	2%
TOTAL	100%

Anchor and Shop Tenant Exposure

- Diverse and balanced tenant mix provides strong durability in KRG's cash flow
- Anchor revenue stream predominantly composed of grocers and discount retailers
- Shop composition includes a strong mix of restaurants, apparel and service tenants

TOTAL PORTFOLIO COMPOSITION (% of ABR as of Q4 2023)



Big Names. Small Spaces.



Top 50 Small Shop Tenants
($< 10K$ Square Feet)

99%
National Brands

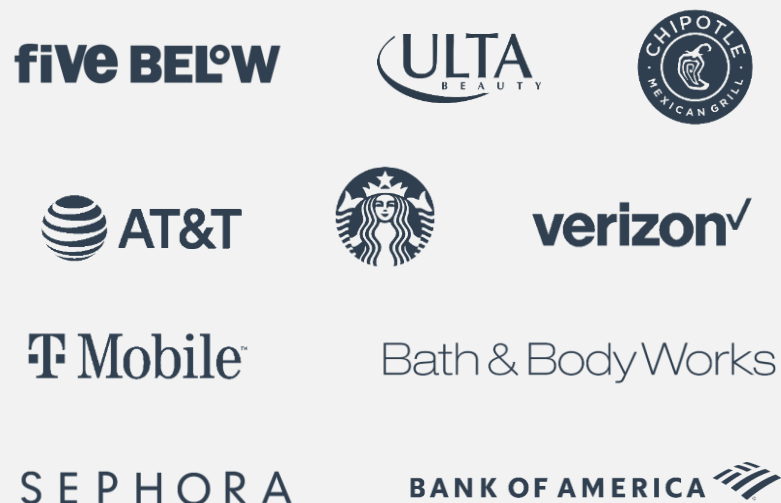
~760
Stores

29%
Of Small Shop ABR

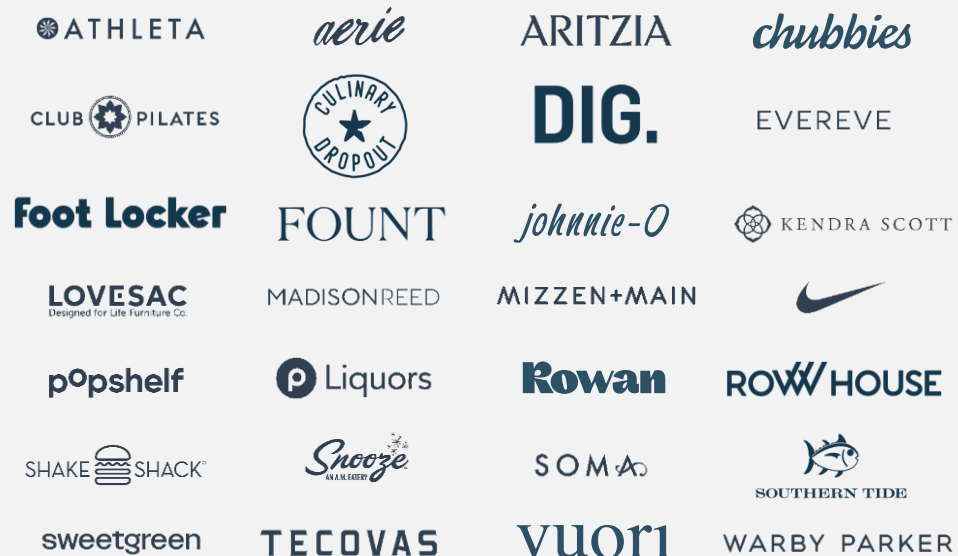
15%
Of Portfolio ABR

Pairing Typical Small Shop Tenants With Newer Retail Concepts

KEY TOP 50 SHOP TENANTS (by ABR)



KEY NEW SHOP TENANTS RECENTLY SIGNED



ESG Snapshot



Environmental

Direct Emissions (metric tons, in Ms)

Emissions Scope	2021	2022	% Change
Scope 1	2,275.2	2,657.5	16.8%
Scope 2	18,255.3	16,977.6	(7.0%)
Total	20,530.5	19,635.1	(4.4%)

Key Stats

Electricity usage reduction (year-over-year)	2.5%
Metric tons CO2e eliminated (tons)	895
Properties with water efficiency measures ¹	118
Properties with LED lighting ¹	129
Trees planted through Project Green ¹	35,000+
EV charging stations ¹	240
Waste diversion rate	31%
Properties with IREM certifications ¹	76

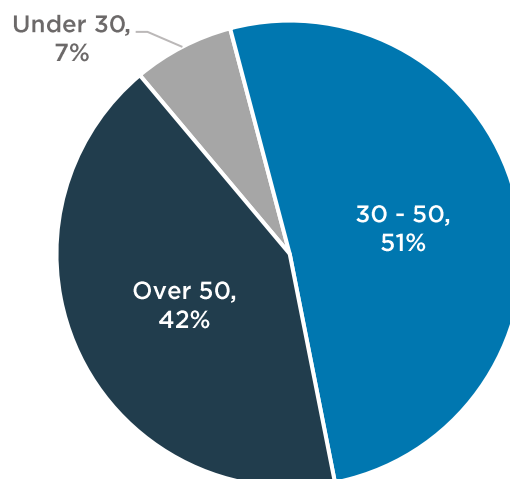


Social

Key 2022 Stats

Invested in small business in the form of tenant allowance and landlord work	~\$9M
Meals packed through Kite Cares initiative	40,000+
Hours dedicated to KRG volunteer time off (VTO)	~4,000
KRG employee donation match program	100%
Average employee tenure	7 years
Community events held throughout the portfolio	200+

KRG Employee Age Demographics



Governance

What We Do

- ✓ 92% Independent Trustees
- ✓ Entirely independent committees
- ✓ Lead independent Trustee
- ✓ Majority voting for Trustees
- ✓ Share ownership guidelines
- ✓ Anti-hedging policy
- ✓ Board refreshment policy
- ✓ Shareholders' power to amend bylaws

What We Don't Do

- ✗ No classified Board
- ✗ No significant related party transactions
- ✗ Opted out of Maryland anti-takeover statutes
- ✗ No poison pill

Board Composition

3 Women

10 Men

31% Gender or Racially Diverse

Two of our Board members do not intend to stand for re-election at the 2024 annual meeting of shareholders, which will increase KRG's Board to 36% gender or racially diverse

KRG's Project Green



For every comparable new lease signed, KRG supports environmental replenishment and our commitment to reforestation by planting 100 trees in partnership with One Tree Planted

PROJECT GREEN HIGHLIGHTS:

- Launched in 2020
- To-date, KRG has planted more than 35,000 trees through the project

Project Green began with a simple concept – celebrating each new lease in the KRG portfolio with the planting of a tree. Then one tree for each lease quickly became 100. As a perpetual commitment to environmental stewardship, KRG looks forward to continuing Project Green and its impact for as long as there are leases to be signed.



Environmental Benefits

- The trees planted thus far by Project Green will **produce 9.2 million pounds of oxygen each year, once mature**
- The trees planted thus far by Project Green will **remove 1.7 million pounds of carbon dioxide each year, once mature**



Updated 5-Year ESG Goals (Established in 2021)

KRG recognizes the importance ESG initiatives play in our ability to generate long-term, sustainable returns, and setting goals signals our long-term ESG commitment

5-YEAR GOALS (To be completed by 12/31/2026)		CURRENT STATUS (4Q'23)
ENVIRONMENTAL		
▶	Install LED parking lot lighting at 80% of KRG-owned and managed properties	72%
	Install smart irrigation controls at 25% of KRG-owned and managed properties	16%
	Implement a policy to transition landscaping in all future redevelopment projects to drought-tolerant landscape where permitted by code	Complete
	Install electric vehicle charging stations at 20% of KRG-owned and managed properties	12%
	Achieve IREM certification for 75% of KRG-owned and managed properties	42%
+	Continue reducing Scope 1 and 2 GHG emissions and commit to the Science Based Targets initiative (SBTi)	4.4% Reduction in 2022 and committed to SBTi
SOCIAL		
▶	Employee annual voluntary turnover at or below 15%	13% Average in 2021 – 2023
	Employee community volunteer participation of 75%	80% in 2023
▶	Conduct employee pulse surveys at least bi-annually and full employee engagement surveys biennially to help maintain an average annual job satisfaction score of 80% or greater	On Target
+	Continue building pipelines to attract bright, ambitious, and diverse talent to the real estate industry and KRG through partnerships with the ICSC Foundation inaugural scholarship, in memory of Savannah Lee, and Providence Cristo Rey High School to foster mentorship for high school students	On Target
GOVERNANCE		
	30% diverse representation on the Board of Trustees and at least one female-chaired committee	31% in 2023
▶	Provide Annual Respectful Workplace and culture training to all employees	On Target
	75% or greater attendance by members of the Board of Trustees at all Board and Committee meetings	100% in 2023

▶ Represents an update to an existing 5-year goal

⊕ Represents a new 5-year goal after initially established in 2021

Forward-Looking Statements

This Investor Update, 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 (the “Securities Act”) 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:

- business, banking, real estate and other market conditions, particularly in connection with low or negative growth in the U.S. economy as well as economic uncertainty (including a potential economic slowdown or recession, rising interest rates, inflation, unemployment, or limited growth in consumer income or spending);
- financing risks, including the availability of, and costs associated with, sources of liquidity;
- the Company’s ability to refinance, or extend the maturity dates of, the Company’s indebtedness; the level and volatility of interest rates;
- the financial stability of tenants;
- the competitive environment in which the Company operates, including potential oversupplies of and reduction in demand for rental space;
- acquisition, disposition, development and joint venture risks;
- property ownership and management risks, including the relative illiquidity of real estate investments, and expenses, vacancies or the inability to rent space on favorable terms or at all;
- the Company’s ability to maintain the Company’s status as a real estate investment trust for U.S. federal income tax purposes; potential environmental and other liabilities;
- impairment in the value of real estate property the Company owns;
- the attractiveness of our properties to tenants, the actual and perceived impact of e-commerce on the value of shopping center assets and changing demographics and customer traffic patterns;
- business continuity disruptions and a deterioration in our tenant’s ability to operate in affected areas or delays in the supply of products or services to us or our tenants from vendors that are needed to operate efficiently, causing costs to rise sharply and inventory to fall;
- risks related to our current geographical concentration of the Company’s properties in the states of Texas, Florida, and North Carolina and the metropolitan statistical areas of New York, Atlanta, Seattle, Chicago, and Washington, D.C.
- civil unrest, acts of violence, terrorism or war, acts of God, climate change, epidemics, pandemics (including COVID-19), natural disasters and severe weather conditions, including such events that may result in underinsured or uninsured losses or other increased costs and expenses;
- changes in laws and government regulations including governmental orders affecting the use of the Company’s properties or the ability of its tenants to operate, and the costs of complying with such changed laws and government regulations;
- possible short-term or long-term changes in consumer behavior due to COVID-19 and the fear of future pandemics;
- our ability to satisfy our internal environmental, social, and governance goals on the anticipated timeline or at all;
- our ability to satisfy environmental, social or governance standards set by various constituencies;
- insurance costs and coverage, especially in Florida and Texas coastal areas;
- risks associated with cybersecurity attacks and the loss of confidential information and other business disruptions;
- whether the signed-not-open pipeline will perform as anticipated and whether the leased-to-occupied spread will be impacted as a result;
- our ability to achieve the expected NOI from our signed-not-open pipeline;
- our ability to retain our expiring ABR in 2024;
- whether our capital allocation strategy will be a competitive advantage in the ongoing macroeconomic uncertainty;
- 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 the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2022, and in the Company’s 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.

This Investor Update also includes certain forward-looking non-GAAP information. For certain definitions and reconciliation see pages 26 to 30.

NET OPERATING INCOME AND SAME PROPERTY NET OPERATING INCOME

The Company uses property net operating income (“NOI”) and cash NOI, which are non-GAAP financial measures, to evaluate the performance of our properties. The Company defines NOI and cash NOI as income from our real estate, including lease termination fees received from tenants, less our property operating expenses. NOI and cash NOI exclude amortization of capitalized tenant improvement costs and leasing commissions and certain corporate level expenses, including merger and acquisition costs. Cash NOI also excludes other property-related revenue as that activity is recurring but unpredictable in its occurrence, straight-line rent adjustments, and amortization of in-place lease liabilities, net. The Company believes that NOI and cash NOI are helpful to investors as measures of our operating 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 depreciation and amortization, interest expense, and impairment, if any.

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 is net income excluding properties that have not been owned for the full periods presented. Same Property NOI also excludes (i) net gains from outlot sales, (ii) straight-line rent revenue, (iii) lease termination income in excess of lost rent, (iv) amortization of lease intangibles, and (v) significant prior period expense recoveries and adjustments, if any. When the Company receives payments in excess of any accounts receivable for terminating a lease, Same Property NOI will include such excess payments as monthly rent until the earlier of the expiration of 12 months or the start date of a replacement tenant.

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 periods presented. The Company believes such presentation eliminates disparities in net income due to the acquisition or disposition of properties during the particular periods presented and thus provides a more consistent metric for the comparison of our properties. Same Property NOI includes the results of properties that have been owned for the entire current and prior year reporting periods.

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. The Company’s 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, we have 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 we (a) begin recapturing space from tenants or (b) the contemplated plan significantly impacts the operations of the property. For the three months and year ended December 31, 2023, the same property pool excludes the following: (i) properties acquired or placed in service during 2022 and 2023; (ii) the multifamily rental units and commercial portion at One Loudoun Downtown – Pads G & H; (iii) Shoppes at Quarterfield, Circle East and The Landing at Tradition – Phase II, which were reclassified from active redevelopment into our operating portfolio in June 2022, September 2022 and June 2023, respectively; (iv) two active development and redevelopment projects; (v) Hamilton Crossing Centre and Edwards Multiplex – Ontario, which were reclassified from our operating portfolio into redevelopment in June 2014 and March 2023, respectively; (vi) properties sold or classified as held for sale during 2022 and 2023; and (vii) office properties.

Non-GAAP Financial Measures

EBITDA

The Company defines EBITDA, a non-GAAP financial measure, as net income before interest expense, income tax expense of the taxable REIT subsidiary, and depreciation and amortization. For informational purposes, the Company also provides Adjusted EBITDA, which it defines as EBITDA less (i) Adjusted EBITDA from unconsolidated entities, (ii) gains on sales of operating properties or impairment charges, (iii) merger and acquisition costs, (iv) other income and expense, (v) noncontrolling interest Adjusted EBITDA, and (vi) 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 the Company, 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 also provides Annualized Adjusted EBITDA, adjusted as described above. The Company believes this supplemental information provides a meaningful measure of its 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 the Company's operating results.

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"), as restated in 2018. The NAREIT white paper defines FFO as net income (calculated in accordance with GAAP), excluding (i) depreciation and amortization related to real estate, (ii) gains and losses from the sale of certain real estate assets, (iii) gains and losses from change in control, and (iv) impairment write-downs of certain real estate assets and investments in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity.

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. FFO (a) should not be considered as an alternative to net income (calculated in accordance with GAAP) for the purpose of measuring our financial performance, (b) is not an alternative to cash flow from operating activities (calculated in accordance with GAAP) as a measure of our liquidity, and (c) is not indicative of funds available to satisfy our cash needs, including our ability to make distributions. The Company's 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 (calculated in accordance with GAAP) to FFO is included elsewhere in this Financial Supplement.

From time to time, the Company may report or provide guidance with respect to "FFO, as adjusted," which removes the impact of certain non-recurring and non-operating transactions or other items the Company does not consider to be representative of its core operating results including, without limitation, (i) gains or losses associated with the early extinguishment of debt, (ii) gains or losses associated with litigation involving the Company that is not in the normal course of business, (iii) merger and acquisition costs, (iv) the impact on earnings from employee severance, (v) the excess of redemption value over carrying value of preferred stock redemption, and (vi) in 2022, the impact of prior period bad debt or the collection of accounts receivable previously written off ("prior period collection impact") due to the recovery from the COVID-19 pandemic, which are not otherwise adjusted in the Company's calculation of FFO.

Appendix: Reconciliation of Same Property NOI to Net Income

Kite Realty Group Trust
Same Property Net Operating Income ("NOI")
(dollars in thousands)
(unaudited)

	Three Months Ended December 31,			Year Ended December 31,		
	2023	2022	Change	2023	2022	Change
Number of properties in same property pool for the period ⁽¹⁾	175	175		175	175	
Leased percentage at period end	94.0%	95.4%		94.0%	95.4%	
Economic occupancy percentage at period end	91.2%	92.5%		91.2%	92.5%	
Economic occupancy percentage ⁽²⁾	91.3%	92.7%		92.0%	91.8%	
Minimum rent	\$ 145,532	\$ 143,253		\$ 579,322	\$ 563,144	
Tenant recoveries	37,385	39,160		160,323	157,979	
Bad debt reserve	(1,492)	(2,077)		(3,203)	(7,718)	
Other income, net	3,430	4,049		9,801	7,884	
Total revenue	184,855	184,385		746,243	721,289	
Property operating	(22,721)	(24,756)		(91,690)	(90,061)	
Real estate taxes	(21,909)	(23,261)		(99,157)	(101,207)	
Total expenses	(44,630)	(48,017)		(190,847)	(191,268)	
Same Property NOI	<u>\$ 140,225</u>	<u>\$ 136,368</u>	2.8%	<u>\$ 555,396</u>	<u>\$ 530,021</u>	4.8%
<i>Reconciliation of Same Property NOI to most directly comparable GAAP measure:</i>						
Net operating income – same properties	\$ 140,225	\$ 136,368		\$ 555,396	\$ 530,021	
Net operating income – non-same activity ⁽²⁾	11,692	12,582		52,858	51,630	
Total property NOI	151,917	148,950	2.0%	608,254	581,651	4.6%
Other income, net	589	2,393		5,857	8,992	
General, administrative and other	(14,342)	(12,883)		(56,142)	(54,860)	
Merger and acquisition costs	—	81		—	(925)	
Impairment charges	—	—		(477)	—	
Depreciation and amortization	(102,898)	(112,709)		(426,361)	(469,805)	
Interest expense	(27,235)	(26,827)		(105,349)	(104,276)	
Gain (loss) on sales of operating properties, net	133	(57)		22,601	27,069	
Net income attributable to noncontrolling interests	(185)	(74)		(885)	(482)	
Net income (loss) attributable to common shareholders	<u>\$ 7,979</u>	<u>\$ (1,126)</u>		<u>\$ 47,498</u>	<u>\$ (12,636)</u>	

- (1) Same Property NOI excludes the following: (i) properties acquired or placed in service during 2022 and 2023; (ii) the multifamily rental units and commercial portion at One Loudoun Downtown – Pads G & H; (iii) Shoppes at Quarterfield, Circle East and The Landing at Tradition – Phase II, which were reclassified from active redevelopment into our operating portfolio in June 2022, September 2022 and June 2023, respectively; (iv) two active development and redevelopment projects; (v) Hamilton Crossing Centre and Edwards Multiplex – Ontario, which were reclassified from our operating portfolio into redevelopment in June 2014 and March 2023, respectively; (vi) properties sold or classified as held for sale during 2022 and 2023; and (vii) office properties.
- (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) Includes non-cash activity across the portfolio as well as NOI from properties not included in the same property pool, including properties sold during both periods.

Appendix: Funds from Operations

Kite Realty Group Trust
Funds From Operations ("FFO")⁽¹⁾⁽²⁾
(dollars in thousands, except per share amounts)
(unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Net income (loss)	\$ 8,164	\$ (1,052)	\$ 48,383	\$ (12,154)
Less: net income attributable to noncontrolling interests in properties	(56)	(88)	(257)	(623)
Less: (gain) loss on sales of operating properties, net	(133)	57	(22,601)	(27,069)
Add: impairment charges	—	—	477	—
Add: depreciation and amortization of consolidated and unconsolidated entities, net of noncontrolling interests	103,119	112,925	427,335	471,086
FFO of the Operating Partnership ⁽¹⁾	111,094	111,842	453,337	431,240
Less: Limited Partners' interests in FFO	(1,708)	(1,463)	(6,447)	(5,395)
FFO attributable to common shareholders ⁽¹⁾	\$ 109,386	\$ 110,379	\$ 446,890	\$ 425,845
FFO, as defined by NAREIT, per share of the Operating Partnership – basic	\$ 0.50	\$ 0.50	\$ 2.04	\$ 1.94
FFO, as defined by NAREIT, per share of the Operating Partnership – diluted	\$ 0.50	\$ 0.50	\$ 2.03	\$ 1.94
FFO of the Operating Partnership ⁽¹⁾	\$ 111,094	\$ 111,842	\$ 453,337	\$ 431,240
Add: merger and acquisition costs	—	(81)	—	925
Add (less): prior period collection impact	—	189	—	(2,556)
FFO, as adjusted, of the Operating Partnership	\$ 111,094	\$ 111,950	\$ 453,337	\$ 429,609
FFO, as adjusted, per share of the Operating Partnership – basic	\$ 0.50	\$ 0.50	\$ 2.04	\$ 1.94
FFO, as adjusted, per share of the Operating Partnership – diluted	\$ 0.50	\$ 0.50	\$ 2.03	\$ 1.93
Weighted average common shares outstanding – basic	219,407,927	219,137,140	219,344,832	219,074,448
Weighted average common shares outstanding – diluted	219,795,602	219,763,609	219,728,283	219,710,514
Weighted average common shares and units outstanding – basic	222,827,090	222,055,880	222,514,956	221,858,084
Weighted average common shares and units outstanding – diluted	223,214,765	222,682,349	222,898,407	222,494,151
FFO, as defined by NAREIT, per diluted share/unit				
Net income (loss)	\$ 0.04	\$ 0.00	\$ 0.22	\$ (0.05)
Less: net income attributable to noncontrolling interests in properties	0.00	0.00	0.00	0.00
Less: (gain) loss on sales of operating properties, net	0.00	0.00	(0.10)	(0.12)
Add: impairment charges	0.00	0.00	0.00	0.00
Add: depreciation and amortization of consolidated and unconsolidated entities, net of noncontrolling interests	0.46	0.51	1.92	2.12
FFO, as defined by NAREIT, of the Operating Partnership per diluted share/unit ⁽¹⁾⁽²⁾	\$ 0.50	\$ 0.50	\$ 2.04	\$ 1.94
Add: merger and acquisition costs	0.00	0.00	0.00	0.00
Less: prior period collection impact	0.00	0.00	0.00	(0.01)
FFO, as adjusted, of the Operating Partnership per diluted share/unit ⁽²⁾	\$ 0.50	\$ 0.50	\$ 2.03	\$ 1.93

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

(2) Per share/unit amounts of components will not necessarily sum to the total due to rounding to the nearest cent.

Appendix: Reconciliation of EBITDA to Net Income

Kite Realty Group Trust
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")
(dollars in thousands)
(unaudited)

	Three Months Ended December 31, 2023
Net income	\$ 8,164
Depreciation and amortization	102,898
Interest expense	27,235
Income tax expense of taxable REIT subsidiary	449
EBITDA	138,746
Unconsolidated Adjusted EBITDA	828
Gain on sales of operating properties, net	(133)
Other income and expense, net	(540)
Noncontrolling interests	(189)
Adjusted EBITDA	\$ 138,712
 Annualized Adjusted EBITDA ⁽¹⁾	 \$ 554,849
 Company share of Net Debt:	
Mortgage and other indebtedness, net	\$ 2,829,202
Plus: Company share of unconsolidated joint venture debt	55,911
Less: Partner share of consolidated joint venture debt ⁽²⁾	(9,849)
Less: cash, cash equivalents, and restricted cash	(43,986)
Less: debt discounts, premiums and issuance costs, net	(26,261)
Company share of Net Debt	\$ 2,805,017
 Net Debt to Adjusted EBITDA	 5.1x

(1) Represents Adjusted EBITDA for the three months ended December 31, 2023 (as shown in the table above) multiplied by four.

(2) 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.