KITE REALTY GROUP TRUST
Form 10-K
February 20, 2018
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, 2017
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, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth 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
						Emerging growth 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
						Emerging growth company	o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. 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 $1.6 billion based upon the closing price on the New York Stock Exchange on such date.

The number of Common Shares outstanding as of February 16, 2018 was 83,599,742 ($.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 9, 2018, 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, 2017 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, 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, 2017 owned approximately 97.7% of the common partnership interests in the Operating Partnership (“General Partner Units”). The remaining 2.3% 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, 2017

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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 economic uncertainty caused by fluctuations in the prices of oil and other energy sources and inflationary trends or outlook;
- 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 for federal income tax purposes;
- potential environmental and other liabilities;
- impairment in the value of real estate property we own;
- the impact of online retail competition and the perception that such competition 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 this Annual Report on Form 10-K and, in other reports we file from time to time 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 is a publicly-held real estate investment trust which, 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 activities associated with the collection of contractual rents and reimbursement payments from tenants at our properties. Our operating results therefore depend materially on, among other things, the ability of our tenants to make required lease payments, the health and resilience of the United States retail sector, interest rate volatility, job growth and overall economic and real estate market conditions.

As of December 31, 2017, we owned interests in 117 operating and redevelopment properties totaling approximately 23.3 million square feet. We also owned two development projects under construction as of this date. Our retail operating portfolio was 94.8% leased to a diversified retail tenant base, with no single retail tenant accounting for more than 2.5% of our total annualized base rent. In the aggregate, our largest 25 tenants accounted for 34.9% of our annualized base rent. See Item 2, “Properties” for a list of our top 25 tenants by annualized base rent.

Significant 2017 Activities

Operating Activities

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

- Net income attributable to common shareholders was $11.9 million for the year ended December 31, 2017;
- Same Property Net Operating Income ("Same Property NOI") increased 2.9% in 2017 compared to 2016 primarily due to increases in rental rates, an increase in economic occupancy, and improved expense control and operating expense recovery;
- We executed leases on 393 individual spaces for approximately 2.3 million square feet of retail space, achieving a blended cash rent spread of 9.0% for comparable leases;
- Including the eight properties under redevelopment, our operating portfolio annual base rent per square foot as of December 31, 2017 was $16.32, an increase of $0.54 or 3.4% from the end of the prior year; and
- Small shop leased percentage was 90.5% as of December 31, 2017, an increase of 160 basis points over the prior year.

Development and Redevelopment Activities

We believe evaluating our operating properties for development and redevelopment opportunities enhances shareholder value as it will make them more attractive for leasing to new tenants and it improves long-term values and economic returns. We initiated, advanced, and completed a number of development and redevelopment activities in 2017, including the following:

- Eddy Street Commons – Phase II in South Bend, Indiana – Phase II of Eddy Street Commons is a mixed-use development at the University of Notre Dame that will include a retail component, apartments, townhomes, and a community center. The total projected costs for the project are currently $89.2 million. We are in the final stages of entering into a ground sublease with a multi-family developer who will fund the majority of these costs, leaving our share of the projected costs at $8.4 million.

We also began construction of a full-service Embassy Suites hotel at Phase I of Eddy Street Commons, which we project will cost $45.7 million to construct. In the fourth quarter of 2017, we entered into a joint venture in which we own a 35% non-controlling interest to develop and own this hotel. We expect our pro-rata share of the total estimated project costs to be $13.9 million. Funding for both Eddy Street Commons projects will include a total of $22.1 million in net tax increment financing proceeds.

- Holly Springs Towne Center – Phase II near Raleigh, North Carolina – O2 Fitness opened in December 2017, completing the Phase II expansion. This development is also anchored by Bed Bath & Beyond, DSW, and Carmike Theatres.
- Parkside Town Commons – Phase II near Raleigh, North Carolina – Phase II of this development is anchored by Frank CineBowl and Grille, Golf Galaxy, Stein Mart, and Hobby Lobby, the latter opening in December 2017. We transitioned this development project to the operating portfolio at the end of the second quarter of 2017. The property is 97.5% leased as of December 31, 2017.
- Under Construction Redevelopment, Reposition, and Repurpose ("3-R") Projects. Our 3-R initiative continued to progress in 2017. There are a total of seven projects currently under construction, which have an estimated combined annualized return of approximately 8% to 9%, with an aggregate cost expected to range from $71 million to $77 million. Another four projects are under active evaluation.

We completed construction on the following 3-R projects during 2017:

Bolton Plaza in Jacksonville, Florida – We replaced vacant shop space with Marshalls, which opened in March 2017, and Aldi, which opened in January 2018. Total costs were $5.2 million, and the projected annual return is 10.5%.

Castleton Crossing in Indianapolis, Indiana – We demolished certain existing space and created a new outparcel small shop building. The new tenants include Chipotle, Capriotti's and Verizon Wireless. Total costs were $3.3 million, and the projected annual return is 11.8%.

Centennial Gateway in Las Vegas, Nevada – We recaptured an existing anchor space and retenanted with Trader Joe's, which opened in June 2017. Total costs were $1.1 million, and the projected annual return is 30.0%.

Market Street Village in Fort Worth, Texas – We recaptured a 15,000 square foot anchor space and retenanted with Party City, which opened in April 2017. Total costs were $0.8 million, and the projected annual return is 30.9%.

Northdale Promenade in Tampa, Florida – We rightsized and demolished certain small shop space to add Ulta Beauty and Crispers, which opened in 2016, and Tuesday Morning, which opened in July 2017. Total costs were $4.2 million, and the projected annual return is 14.4%.

Portofino Shopping Center - Phase I in Houston, Texas – We constructed two small shop buildings on outparcels and added several tenants, including Mattress Firm and Destination XL. Total costs were $5.1 million, and the projected annual return is 9.1%.

Trussville Promenade in Birmingham, Alabama – We replaced vacant shop space with Ross Dress for Less, which opened in November 2017. Total costs were $3.7 million, and the projected annual return is 9.5%.

We commenced construction on the following 3-R projects during 2017:

Beechwood Promenade in Athens, Georgia – This project includes replacing vacant anchor and shop space with Michaels and constructing a new outlot for Starbucks. We expect total costs for this project to range between $8 million to $9 million, with an estimated annualized return of approximately 8.5% to 9.5%.

Burnt Store Promenade in Punta Gorda, Florida – We completed construction on a new expanded Publix Supermarket, which opened in July 2017. We executed leases with Pet Supermarket, Inc., which opened in July 2017, and Anytime Fitness, which opened in October 2017. We expect to lease additional vacant shop space in 2018. We expect total costs for this project to range between $9 million to $10 million, with an estimated annualized return of approximately 10.5% to 11.5%.

Centennial Center in Las Vegas, Nevada – This project will include repositioning two retail buildings totaling 14,000 square feet, construction of a new Panera Bread outlot, and enhancing

buildings and improving access to the main entry point. We expect total costs for this project to range between $4 million to $5 million, with an estimated annualized return of approximately 10.0% to 11.0%.
Fishers Station in Indianapolis, Indiana – We demolished the previous anchor space and executed a 123,000 square foot ground lease for a new Kroger Marketplace. We expect total costs for this project to range between $10.5 million to $11.5 million, with an estimated annualized return of approximately 9.5% to 10.5%.

Rampart Commons in Las Vegas, Nevada – This project includes relocating, retenanting, and renegotiating leases as part of a new development plan. We will upgrade building facades and landscape throughout the center. This project is anchored by Williams Sonoma, Pottery Barn, Ann Taylor, North Italia, Athleta, Flower Child, Honey Salt and P.F. Chang's. We expect total costs for this project to range between $16 million to $17 million, with an estimated annualized return of approximately 7.0% to 7.5%.

Financing and Capital Raising Activities.

In 2017, we were able to maintain our strong balance sheet, financial flexibility and liquidity to fund future growth. We ended the year with approximately $398 million of combined cash and borrowing capacity on our unsecured revolving credit facility. We have a well-laddered debt maturity schedule with only $82.4 million maturing through December 31, 2020 and a debt service coverage ratio of 3.5x as of December 31, 2017. We have been assigned investment grade corporate credit ratings from two nationally recognized credit rating agencies. These ratings were unchanged during 2017.

Portfolio Recycling Activities

During 2017, we sold four non-core operating properties. These sales generated $78 million of gross proceeds that were used to pay down our existing unsecured revolving credit facility and partially fund our redevelopment costs.

Cash Distributions

We declared total cash distributions of $1.225 per common share with payment dates as follows:

Payment Date	Amount Per Share
April 13, 2017	$0.3025
July 13, 2017	$0.3025
October 13, 2017	$0.3025
January 12, 2018	$0.3175

Business Objectives and Strategies

Our primary business objectives are to increase the cash flow and value 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 leasing and management strategies to improve the long-term values and economic returns of our properties. We believe the properties in our 3-R initiative represent attractive opportunities for profitable 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:

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Operating Strategy: Maximizing the internal growth in revenue from our operating properties by leasing and re-leasing 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 cash flow, equity, and debt capital prudently to selectively acquire additional retail properties and redevelop or renovate our existing properties where we believe that investment returns would meet or exceed internal benchmarks; and

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- 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 that limits our exposure to the financial condition of any one tenant or any category of tenants;
- maintaining and improving the physical appearance, condition, and design of our properties and other improvements located on our properties to enhance our ability to attract customers;
- implementing defensive strategies against e-commerce competition;
- 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-leasing space to new tenants; and
- taking advantage of under-utilized land or existing square footage, reconfiguring properties for more profitable use, and adding ancillary income sources to existing facilities.

We successfully executed our operating strategy in 2017 in a number of ways, including Same Property NOI growth of 2.9%, or 3.2% excluding the impact of the 3-R initiative, a blended new and renewal cash leasing spread of 9.0%, and an increase in our small shop leased percentage to 90.5% as of year end, an increase of 160 basis points over the prior year. We have placed significant emphasis on maintaining a diverse retail tenant mix which has resulted in no tenant accounting for more than 2.5% of our annualized base rent. See Item 2, “Properties” for a list of our top tenants by gross leasable area ("GLA") 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 implement our growth strategy in a number of ways, including:

- 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;
- disposing of selected assets that no longer meet our long-term investment criteria and recycling the net proceeds into assets that provide attractive returns and rent growth potential in targeted markets or using the proceeds to repay debt, thereby reducing our leverage; and
- selectively pursuing the acquisition of retail operating properties, portfolios and companies in markets with strong demographics.

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 transaction, and other related factors;
- opportunities for improving the tenant mix at our properties through the placement of anchor tenants such as value retailers, grocers, soft goods stores, theaters, or sporting goods retailers, as well as an further enhancing a diverse tenant mix that includes restaurants, specialty shops, service retailers such as banks, dry cleaners and hair salons, and shoe and clothing retailers, 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 2017, we delivered nine development and 3-R projects to the operating portfolio, and we expect to deliver several more in 2018. Our 3-R initiative currently includes seven projects under construction with total estimated costs of $71 million to $77 million. In addition, we are currently evaluating additional opportunities at four of our operating properties, with total estimated costs expected to be in the range of $40 million to $56 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 reinvestment of cash flows generated by operations, 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 the amount and type of additional indebtedness we may elect to incur. 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 to generate cash flow to cover expected debt service.

Strengthening our balance sheet continues to be one of our top priorities. We maintain an investment grade credit rating and completed an inaugural public offering of senior unsecured notes in 2016. We expect our investment grade credit rating will continue to enable us to opportunistically access the public unsecured bond market and 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.

We intend to continue implementing our financing and capital strategies in a number of ways, which may include one or more of the following actions:

- 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 practical;
- 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;
- managing our exposure to interest rate increases on our variable-rate debt through the selective 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

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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 (the "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 had 147 full-time employees as of December 31, 2017.

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, 2017, we had 147 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 accounting principles generally accepted in the United States ("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

Ongoing challenging conditions in the United States and global economies 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 experiencing sustained weakness. Over the past several years, this structural weakness has resulted in 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. General economic factors that are beyond our control, including, but not limited to, economic recessions, decreases in consumer confidence and spending, decreases in business confidence and business spending, reductions in consumer credit availability, increasing consumer debt levels, rising energy costs, higher tax rates or other changes in taxation, rising interest rates, business layoffs, downsizing and industry slowdowns, unemployment and/or rising or falling 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 rent concessions on such leases, or (iv) be forced to curtail operations or declare bankruptcy. We are also susceptible to other developments and conditions that could have a material adverse effect on our business. These developments and conditions include relocations of businesses, changing demographics (including the number of households and average household income surrounding our properties), increasing consumer shopping via the internet (or e-commerce), other changes in retailers' and consumers' preferences and behaviors, infrastructure quality, federal, state, and local budgetary constraints and priorities, increases in real estate and other taxes, increased government regulation and the related compliance cost, 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. Challenging market conditions could require us to recognize impairment charges with respect to one or more of our properties, or a loss on the disposition of one or more of our properties.

The expansion of e-commerce may impact our tenants and our business

E-commerce continues to gain in popularity and its growth is likely to continue in the future. E-commerce could result in a downturn in the businesses of some of our tenants and affect the way current and prospective tenants lease space or operate their businesses, including by reducing the size or number of their retail locations in the future. We cannot predict with certainty how the growth in e-commerce will impact the demand for space at our properties or the revenue generated at our properties in the future. Although we continue to respond to these trends, including by entering into or renewing leases with tenants whose businesses are perceived as relatively resistant to e-commerce (such as services, restaurant, grocery, specialty and other experiential retailers), the risks associated with e-commerce could have an adverse effect on our cash flow and operating results.

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 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 or expand 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 with them, which could materially and adversely affect us.

Our business is significantly influenced by demand for retail space generally, a decrease in which 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 property portfolio. The market for retail space has been, and could be in the future, 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 e-commerce and the perception such online retail has on the value of shopping center assets. 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, common share trading price, and ability to satisfy our debt service obligations and to pay distributions to our shareholders.

The closure of any stores 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 or political uncertainty. Economic and political uncertainty, including uncertainty related to taxation, may affect our tenants, joint venture partners, lenders, financial institutions and general economic conditions, such as consumer confidence and spending, business confidence and spending and the volatility of the stock market. 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. In some cases, it may take significant time to re-lease a space, particularly space once occupied by a major tenant or non-owned anchor. Additionally, in the event our tenants are involved in mergers or acquisitions with or by third parties or undertake other restructurings, 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. 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.

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

Tenant bankruptcies may increase during periods of difficult economic conditions. We cannot make any assurances that a tenant that files for bankruptcy protection will continue to pay its rent obligations. A bankruptcy filing by one of our tenants or a lease guarantor would legally prohibit us from collecting pre-bankruptcy debts from that tenant or the lease guarantor, unless we receive an order from the bankruptcy court permitting us to do so. Such bankruptcies could delay or ultimately preclude collection of amounts owed to us. A tenant in bankruptcy may attempt to renegotiate the lease or request significant rent concessions. 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 would 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.

Our performance and value are subject to risks associated with real estate assets and 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, ability to satisfy debt service obligations, and ability 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, Indiana and Texas where 25%, 14% and 12%, respectively, 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;
- downward trends 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 and a decrease in our ability to recover such increased costs from our tenants;
- the need to periodically fund the costs to repair, renovate and re-lease spaces in our operating properties;
- decreased attractiveness of our properties to tenants;
- weather conditions that may increase energy costs and other weather-related expenses, such as snow removal costs;
- changes in laws and governmental regulations and costs of complying with such changed laws and governmental regulations, including those involving 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 (including the number of households and average household income surrounding our properties); and
- changing customer traffic patterns.

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

We compete with numerous developers, owners and operators of retail shopping centers, regional malls, and outlet malls 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 as ours but which have greater capital resources. As of December 31, 2017, leases representing 7.1% of our total annualized base rent were scheduled to expire in 2018. 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 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, which would reduce cash available for distributions to shareholders. If retailers or consumers perceive that shopping at other venues, online or by phone is more convenient, cost-effective or otherwise more attractive, our revenues and profitability also may suffer.

Because of our geographic 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, 2017, rents from our owned square footage in the states of Florida, Indiana and Texas comprised 25%, 14%, and 12% of our annualized base rent, respectively. This level of concentration could expose us to greater economic risks than if we owned properties in numerous geographic regions. 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 financial markets generally, or relating to the real estate industry specifically, may adversely affect our ability to obtain debt financing on favorable terms or at all. These disruptions could impact the overall amount of equity and debt financing available, lower loan to value ratios, cause a tightening of lender underwriting standards and terms and cause 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. We have approximately $82.4 million of debt maturities through December 31, 2020, with other significant debt obligations maturing after 2020. If we are not successful in refinancing our outstanding debt when it becomes due, we may have 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 our unsecured revolving credit facility and operating cash flows to retire outstanding debt maturing through 2020 in the event we are not able to refinance such debt when it becomes due, but we cannot provide any assurance that we will be able to maintain capacity to retire any or all of our outstanding debt beyond 2020.

If economic conditions deteriorate in any of our markets, we may have to seek less attractive, alternative sources of financing and adjust our business plan accordingly. These factors may make it more difficult for us to sell properties or may adversely affect the price we receive for properties that we do sell, as prospective buyers may experience increased costs of financing or difficulties in obtaining financing. These events also may make it difficult or costly 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 aspects of our business, as well as the economy in general. Furthermore, there can be no assurances that government responses to disruptions in the financial markets will restore consumer confidence, stabilize the markets or increase liquidity and the availability of equity or debt financing.

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 through future operations. On at least a quarterly basis, we evaluate whether there are any indicators, including poor operating performance or deteriorating general market conditions, that the value of our real estate properties (including any related amortizable intangible assets or liabilities) may not be recoverable. As part of this 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 current and projected 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 estimated fair value. If such negative indicators, as described above, are not identified, management will not assess the recoverability of a property's carrying value.

The estimation of the fair value of real estate assets is highly subjective and is typically 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.

We had $1.7 billion of consolidated indebtedness outstanding as of December 31, 2017, 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, along with any applicable prepayment premium, may materially adversely affect our operating performance. We had $1.7 billion of consolidated outstanding indebtedness as of December 31, 2017. At December 31, 2017, $573.7 million of our debt bore interest at variable rates ($138.2 million when reduced by our $435.5 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, 2017 increased by 1%, the increase in interest expense on our unhedged variable rate debt would decrease future cash flows by approximately $1.4 million annually.

We may incur additional debt in connection with various development and redevelopment projects and may incur additional debt upon the future acquisition of operating 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 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, 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, and prevent us from obtaining additional funds needed to address cash shortfalls or pursue growth opportunities.

Certain of our loan agreements 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 such loans. The agreements relating to our unsecured revolving credit facility, unsecured term loan and seven-year unsecured 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, unsecured term loan and seven-year unsecured 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, unsecured term loan and seven-year unsecured term loan and senior unsecured notes as of December 31, 2017, although there can be no assurance that we will continue to remain in compliance in the future.

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 make the required periodic mortgage payments, the lender or the holder of the mortgage 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 of 1986, as amended (the "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 effect 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 such agreement.

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 any 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, 2017, we owned nine of our operating properties through consolidated joint ventures and interests in two properties through unconsolidated joint ventures. As of December 31, 2017, the nine properties represented 13.4% of the annualized base rent of the portfolio. In addition, we currently own land held for development through one consolidated 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;
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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.

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

As of December 31, 2017, we have two development projects and 11 3-R projects under construction or in the development planning stage including de-leasing space, evaluating development plans and costs with potential tenants and in some cases modified uses such as apartments. New development and redevelopment projects and property acquisitions are subject to a number of risks, including, but not limited to:

- abandonment of development and redevelopment activities after expending resources to determine feasibility;
- construction delays or cost overruns that may increase project costs;
- the failure of our pre-acquisition investigation of a property or building , and any related representations we may receive from the seller, 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;
- 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 development and 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
- difficulty or inability to obtain any required consents of third parties, such as tenants, mortgage lenders and joint venture partners.

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, develop, or redevelop a particular property, we make certain assumptions regarding the expected future performance of that property. If these 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 significant acquisitions could be dilutive to our shareholders.

We may not be successful in acquiring desirable operating properties, for which we face significant competition, or identifying development and redevelopment projects that meet our investment criteria, both of which may impede our growth.

Part of our business strategy is expansion through property acquisitions and development and redevelopment projects, which requires us to identify suitable opportunities that meet our criteria and are compatible with our growth and profitability strategies. We continue to evaluate the market 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 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, reducing the return to our shareholders. 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 may not perform as expected and, in the case of an unsuccessful project, our entire investment could be at risk for loss.

We currently have two development projects and seven 3-R projects under construction. We have also identified four additional 3-R 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 or redevelopment project is not completed on schedule and required third-party consents may be withheld. 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 or on terms favorable to us and could, under certain circumstances, be required to pay a 100% "prohibited transaction" penalty tax 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. Before a property can be sold, we may need to make expenditures to correct defects or to make improvements. We may not have funds available to correct such defects or to make such improvements, and if we cannot do so, we might not be able to sell the property or might be required to sell the property on unfavorable terms. Furthermore, in acquiring a property, we might agree to provisions that materially restrict us from selling that property for a period of time or impose other restrictions, such as limitations on the amount of debt that can be placed or repaid on that property. These factors and any others that would impede our ability to respond to adverse changes in the performance of our properties could adversely affect our financial condition and results of operations.

Also, the tax laws applicable to REITs impose a 100% penalty tax on any net income from “prohibited transactions.” 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. 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. 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 an increase in corresponding revenues.

Our existing properties and any properties we develop or acquire in the future are and will continue to 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. 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. 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. 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.

Our business faces potential risks associated with natural disasters, severe weather conditions and climate change, which could have an adverse effect on our cash flow and operating results.

Changing weather patterns and climatic conditions may affect the predictability and frequency of natural disasters in some parts of the world and create additional uncertainty as to future trends and exposures. Our properties are located in many areas that are subject to or have been affected by natural disasters and severe weather conditions such as hurricanes, tropical storms, tornadoes, earthquakes, droughts, floods and fires. Over time, the occurrence of natural disasters, severe weather conditions and changing climatic conditions can delay new development and redevelopment projects, increase repair costs and future insurance costs and negatively impact the demand for lease space in the affected areas, or in extreme cases, affect our ability to operate the properties at all. These risks could have an adverse effect on our cash flow and operating results.

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 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.

Rising interest rates could increase our borrowing costs, thereby adversely affecting our cash flows and the amounts available for distributions to our shareholders, as well as decrease our share price, if investors seek higher yields through other investments.

An environment of rising interest rates could lead investors to seek higher yields through other investments, which could adversely affect the market price of our common shares. One of the factors that may influence the price of our common shares in public markets is the annual distribution rate we pay as compared with the yields on alternative investments. Several other factors, such as governmental regulatory action and tax laws, could have a significant impact on the future market price of our common shares. In addition, increases in market interest rates could result in increased borrowing costs for us, which may adversely affect our cash flow and the amounts available for distributions to our shareholders.

We and our tenants 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 include 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 that are satisfactory to the Board of Trustees, 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:

- 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 of Trustees. Thus, our Board of Trustees 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, 2017, we had outstanding 83,606,068 common shares, and substantially all of these shares are freely tradable. In addition, 1,974,830 units of our Operating Partnership were owned by our executive officers and other individuals as of December 31, 2017, 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. The experience of our executive officers in the areas of real estate acquisition, development, finance and management is a critical element of our future success. We have entered into employment agreements with certain members of senior management. Each employment agreement automatically renewed for one additional year on July 1, 2017. Each agreement will continue to renew each July 1st thereafter unless we or the individual elects not to renew the agreement. If one or more of our key executive officers were to die, become disabled or otherwise leave our employ, we may not be able to replace this person with an executive 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 negatively affected.

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, redevelopment 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 common 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 (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;
- perceived or actual effects of e-commerce competition;
- bankruptcy or negative publicity about one or more of our larger tenants;
- our credit or analyst ratings;
- publication by securities analysts of research reports about us, our industry, or the retail 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, hedge funds or other investors;

- 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.

Changes in accounting standards may adversely impact our financial results.

The Financial Accounting Standards Board (the "FASB"), in conjunction with the SEC, has issued and may issue key pronouncements that impact how we account for our material transactions, including, but not limited to, lease accounting, business combinations and the recognition of other revenues. We are unable to predict which, if any, proposals may be issued in the future or what level of impact any such proposal could have on the presentation of our consolidated financial statements, our results of operations and the financial ratio required by our debt covenants.

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 cash distributions and/or may choose to make distributions in party payable in our common shares.

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. Finally, although we do not currently intend to do so, in order to maintain our REIT qualification, we may make distributions that are in part payable in our common shares. Taxable shareholders receiving such distributions will be required to include the full amount of such distributions as ordinary dividend income to the extent of our current or accumulated earnings and profits and may be required to sell shares received in such distribution or may be required to sell other shares or assets owned by them, at a time that may be disadvantageous, in order to satisfy any tax imposed on such distribution. If a significant number of our shareholders determine to sell common shares in order to pay taxes owed on dividend income, such sale may put downward pressure on the market price of our common shares.

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, and senior or subordinated notes. Holders of our 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 being 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 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 be negatively affected.

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 downgrade our common shares or publish 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 within the last year experienced significant 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 Code:

- We would be taxed as a non-REIT "C" corporation, which under current laws, among other things, means being able 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 and being subject to the federal alternative minimum tax (for taxable years beginning before December 31, 2017) 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. Since we are the successor to Inland Diversified Real Estate Trust, Inc. ("Inland Diversified") for federal income tax purposes as a result of its merger with us (the "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, 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;

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We would have to pay significant income taxes, which would reduce our net earnings available for investment or distribution to our shareholders. Moreover, 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; and

- We would 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 for the taxable year 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 the 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 the taxable year 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. Additionally, the sale of properties resulting in significant tax gains could require higher distributions to our shareholders or payment of additional income taxes in order to maintain our REIT status.

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 or manages the risk of certain currency fluctuations, and such instrument is properly identified under applicable Treasury Regulations. 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, provided, however, losses in our taxable REIT subsidiary arising in taxable years beginning after December 31, 2017 may only be carried forward and may only be deducted against 80% of 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 effective tax rates as low as dividends paid by non-REIT "C" corporations.

The maximum rate applicable to “qualified dividend income” paid by non-REIT “C” corporations to certain non-corporate U.S. shareholders has been reduced by legislation to 23.8% (taking into account the 3.8% Medicare tax applicable to net investment income). Dividends payable by REITs, however, generally are not eligible for the reduced rates. Effective for taxable years beginning after December 31, 2017 and before January 1, 2026, non-corporate shareholders may deduct 20% of their dividends from REITs (excluding qualified dividend income and capital gains dividends). For non-corporate shareholders in the top marginal tax bracket of 37%, the deduction for REIT dividends yields an effective income tax rate of 29.6% on REIT dividends, which is higher than the 20% tax rate on qualified dividend income paid by non-REIT “C” corporations. This does not adversely affect the taxation of REITs, however, it could cause certain non-corporate investors to perceive investments in REITs to be relatively less attractive than investments in the shares of non-REIT “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.

There is a risk that the tax laws applicable to REITs may change.

The IRS, the United States Treasury Department and Congress frequently review federal income tax legislation, regulations and other guidance. The Company cannot predict whether, when or to what extent new U.S. federal tax laws, regulations, interpretations or rulings will be adopted. Any legislative action may prospectively or retroactively modify the Company's tax treatment and, therefore, may adversely affect our taxation or taxation of our shareholders.

In particular, H.R.1 (Tax Cuts & Jobs Act), which was signed into law on December 22, 2017 and which generally takes effect for taxable years beginning on or after January 1, 2018, makes many significant changes to the federal income tax laws that will profoundly impact the taxation of individuals and corporations (both non-REIT “C” corporations as well as corporations that have elected to be taxed as REITs). A number of changes that affect non-corporate taxpayers will expire at the end of 2025 unless Congress acts to extend them. These changes will impact us and our shareholders in various ways, some of which are adverse or potentially adverse compared to prior law. To date, the IRS has issued only limited guidance with respect to certain of the new provisions, and there are numerous interpretive issues that will require guidance. It is highly likely that technical corrections legislation will be needed to clarify certain aspects of the new law and give proper effect to Congressional intent. There can be no assurance, however, that technical clarifications or changes needed to prevent unintended or unforeseen tax consequences will be enacted by Congress in the near future.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

Retail Operating Properties

As of December 31, 2017, we owned interests in a portfolio of 105 retail operating properties totaling approximately 21.2 million square feet of total GLA (including approximately 6.2 million square feet of non-owned anchor space). The following table sets forth more specific information with respect to our retail operating properties as of December 31, 2017:

Property[1]	Location (MSA)	Year Built/ Renovated	Owned GLA[2] Total	Owned GLA[2] Anchors	Owned GLA[2] Shops	Leased % Total	Leased % Anchors	Leased % Shops	ABR per SqFt	Grocery Anchors[4]	Other Retailers[4]
Alabama											
Trussville Promenade	Birmingham	1999	463,836	376,010	87,826	95.2 %	100.0 %	74.5 %	$9.67	Wal-Mart, (Sam's Club)	Regal Cinemas, Marshalls, Big Lots, PetSmart, Dollar Tree, Ross Dress for Less, (Kohl's)
Arizona											
The Corner	Tucson	2008	79,902	55,883	24,019	100.0 %	100.0 %	100.0 %	29.50	Total Wine & More	Nordstrom Rack, Panera Bread, (Home Depot)
Connecticut											
Killingly Commons[3]	Killingly	2010	205,683	148,250	57,433	96.9 %	100.0 %	89.0 %	16.30	Stop & Shop Supermarket, (Target)	TJ Maxx, Bed Bath & Beyond, Michaels, Petco, Staples, Lowe's Home Improvement Center
Florida											
12th Street Plaza	Vero Beach	1978/2003	135,016	121,376	13,640	100.0 %	100.0 %	100.0 %	10.05	Publix	Stein Mart, Tuesday Morning
Bayport Commons	Tampa	2008	97,163	71,540	25,623	64.5 %	58.0 %	82.6 %	18.45	(Target)	PetSmart, Michaels
Bolton Plaza	Jacksonville	1986/2014	154,555	136,195	18,360	100.0 %	100.0 %	100.0 %	9.76	Aldi	LA Fitness, Academy Sports, Marshalls, Panera Bread
Centre Point Commons	Bradenton	2007	119,275	93,574	25,701	100.0 %	100.0 %	100.0 %	17.50		Best Buy, Dick's Sporting Goods, Office Depot, Panera Bread, (Lowe's Home Improvement Center)

Cobblestone Plaza	Ft. Lauderdale	2011	133,220	68,169	65,051	84.9 %	70.4 %	100.0 %	30.78	Whole Foods	Party City
Colonial Square	Fort Myers	2010	186,609	150,505	36,104	69.7 %	71.9 %	60.6 %	13.06		Kohl's, Hobby Lobby,
Delray Marketplace[3]	Miami	2013	260,181	118,136	142,045	99.3 %	100.0 %	98.6 %	26.35	Publix	PetSmart, Frank Theatres, Burt & Max's, Carl's Patio, Ann Taylor Loft, Chicos, White House Black Market
Estero Town Commons	Naples	2006	25,696	—	25,696	80.4 %	— %	80.4 %	14.72		Lowe's Home Improvement Center, Dollar Tree
Gainesville Plaza	Gainesville	1970/2015	162,309	125,162	37,147	92.3 %	100.0 %	66.4 %	9.44	Save a Lot	Ross Dress for Less, Burlington, 2nd and Charles
Hunter's Creek Promenade	Orlando	1994	119,729	55,999	63,730	100.0 %	100.0 %	100.0 %	14.67	Publix	
Indian River Square	Vero Beach	1997/2004	142,592	109,000	33,592	92.5 %	100.0 %	68.2 %	11.43	(Target)	Beall's, Office Depot, Dollar Tree
International Speedway Square	Daytona	1999/2013	233,424	203,405	30,019	98.3 %	100.0 %	86.7 %	11.30	Total Wine & More	Bed, Bath & Beyond, Stein Mart, Old Navy, Staples, Michaels, Dick’s Sporting Goods, Shoe Carnival
Kings Lake Square	Naples	1986/2014	88,588	45,600	42,988	95.5 %	100.0 %	90.8 %	18.50	Publix	
Lake City Commons	Lake City	2008	65,723	45,600	20,123	100.0 %	100.0 %	100.0 %	14.82	Publix	
Lake City Commons - Phase II	Lake City	2011	16,291	12,131	4,160	100.0 %	100.0 %	100.0 %	15.62	Publix	PetSmart
Lake Mary Plaza	Orlando	2009	21,370	14,880	6,490	100.0 %	100.0 %	100.0 %	37.49		Walgreens
Lakewood Promenade	Jacksonville	1948/1998	196,739	77,840	118,899	85.8 %	100.0 %	76.6 %	12.42	Winn Dixie	SteinMart, Starbuck's, Salon Lofts

Lithia Crossing	Tampa	2003/2013	90,505	53,547	36,958	98.7	%	100.0	%	96.8	%	15.19	The Fresh Market	Stein Mart, Chili's, Panera Bread
Miramar Square	Ft. Lauderdale	2008	224,737	137,505	87,232	86.6	%	85.5	%	93.6	%	16.07		Kohl's, Miami Children's Hospital, Dollar General
Northdale Promenade	Tampa	1985/2017	173,862	118,269	55,593	99.4	%	100.0	%	98.1	%	12.84	(Winn Dixie)	TJ Maxx, Ulta Beauty, Beall's, Crunch Fitness, Tuesday Morning
Palm Coast Landing at Town Square	Palm Coast	2010	168,352	100,822	67,530	98.6	%	100.0	%	96.6	%	18.91	(Target)	Michaels, PetSmart, Ross Dress for Less, TJ Maxx, Ulta Beauty
Pine Ridge Crossing	Naples	1993	105,962	66,435	39,527	100.0	%	100.0	%	100.0	%	17.92	Publix, (Target)	Ulta Beauty, (Beall's)

Property[1]	Location (MSA)	Year Built/ Renovated	Owned GLA[2]			Leased %			ABR per SqFt	Grocery Anchors[4]	Other Retailers[4]
			Total	Anchors	Shops	Total	Anchors	Shops			
Pleasant Hill Commons	Orlando	2008	70,643	45,600	25,043	98.3 %	100.0 %	95.2 %	$ 15.15	Publix	
Riverchase Plaza	Naples	1991/2001	78,291	48,890	29,401	100.0 %	100.0 %	100.0 %	16.31	Publix	
Saxon Crossing	Orange City	2009	119,907	95,304	24,603	94.2 %	100.0 %	71.9 %	15.00	(Target)	Hobby Lobby, LA Fitness, (Lowe's Home Improvement Center)
Shoppes of Eastwood	Orlando	1997	69,076	51,512	17,564	98.1 %	100.0 %	92.5 %	13.53	Publix	
Shops at Eagle Creek	Naples	1983/2013	70,768	50,187	20,581	98.4 %	100.0 %	94.3 %	15.81	The Fresh Market	Staples, (Lowe's Home Improvement Center), Panera Bread
Tamiami Crossing	Naples	2016	121,705	121,705	—	100.0 %	100.0 %	— %	12.51	Aldi, (Wal-Mart)	Marshalls, Michaels, PetSmart, Ross Dress for Less, Stein Mart, Ulta Beauty
Tarpon Bay Plaza	Naples	2007	82,528	60,139	22,389	96.6 %	100.0 %	87.5 %	17.80	(Target)	PetSmart, Cost Plus World Market, Staples, Panera Bread
Temple Terrace	Temple Terrace	2012	90,328	58,798	31,530	92.9 %	100.0 %	79.6 %	10.55	Winn Dixie	Burger King
The Landing at Tradition	Port St. Lucie	2007	360,276	290,396	69,880	83.8 %	86.1 %	74.2 %	16.00	(Target)	TJ Maxx, Ulta Salon, Bed Bath & Beyond, LA Fitness, Michaels, Old Navy, PetSmart, Pier 1, DSW, Five Below
The Shops at Julington	Jacksonville	2011	40,219	21,038	19,181	96.5 %	100.0 %	92.6 %	19.43	The Fresh Market	

Creek											
Tradition Village Center	Port St. Lucie	2006	84,084	45,600	38,484	95.5 %	100.0 %	90.2 %	17.08	Publix	
Waterford Lakes Village	Orlando	1997	77,971	51,703	26,268	98.4 %	100.0 %	95.2 %	13.13	Winn Dixie	
Georgia											
Mullins Crossing	Evans	2005	251,712	205,716	45,996	100.0 %	100.0 %	100.0 %	12.73	(Target)	Ross Dress for Less, Babies "R" Us, Kohls, La-Z Boy, Marshalls, Office Max, Petco, Ulta Beauty, Panera Bread
Publix at Acworth	Atlanta	1996	69,640	37,888	31,752	98.3 %	100.0 %	96.2 %	12.52	Publix	
The Centre at Panola	Atlanta	2001	73,061	51,674	21,387	100.0 %	100.0 %	100.0 %	13.04	Publix	
Illinois											
Fox Lake Crossing	Chicago	2002	99,136	65,977	33,159	90.7 %	100.0 %	72.2 %	13.34	Dominick's Finer Foods	Dollar Tree
Naperville Marketplace	Chicago	2008	83,743	61,683	22,060	100.0 %	100.0 %	100.0 %	13.83	(Caputo's Fresh Market)	TJ Maxx, PetSmart,
South Elgin Commons	Chicago	2011	128,000	128,000	—	100.0 %	100.0 %	— %	14.55	(Target)	LA Fitness, Ross Dress for Less, Toys "R" Us/Babies "R" Us
Indiana											
54th & College	Indianapolis	2008	—	—	—	— %	— %	— %	0.00	The Fresh Market	
Beacon Hill	Crown Point	2006	56,820	11,043	45,777	98.0 %	100.0 %	97.5 %	16.09	(Strack & Van Till)	(Walgreens), Jimmy John's, Rosati's, Great Clips
Bell Oaks Centre	Newburgh	2008	94,958	74,122	20,836	100.0 %	100.0 %	100.0 %	12.17	Schnuck's Market	
Boulevard Crossing	Kokomo	2004	124,634	74,440	50,194	94.7 %	100.0 %	86.7 %	14.83		Petco, TJ Maxx, Ulta Beauty, Shoe Carnival, (Kohl's)
Bridgewater Marketplace	Indianapolis	2008	25,975	—	25,975	86.8 %	— %	86.8 %	20.58		(Walgreens), The Local Eatery,

											Original Pancake House
Castleton Crossing	Indianapolis	1975/2012	286,377	247,710	38,667	100.0%	100.0%	100.0%	11.86		TJ Maxx/Home Goods, Burlington, Shoe Carnival, Value City Furniture, K&G Menswear, Chipotle, Verizon, Five Below
Cool Creek Commons	Indianapolis	2005	124,272	53,600	70,672	93.8%	100.0%	89.2%	18.30	The Fresh Market	Stein Mart, McAlister's Deli, Beauty Brands, Buffalo Wild Wings, Pet People
Depauw University Bookstore and Café	Greencastle	2012	11,974	—	11,974	100.0%	—%	100.0%	9.17		Folletts, Starbucks

Property[1]	Location (MSA)	Year Built/ Renovated	Owned GLA[2]			Leased %			ABR per SqFt	Grocery Anchors[4]	Other Retail
			Total	Anchors	Shops	Total	Anchors	Shops			
Eddy Street Commons at Notre Dame	South Bend	2009	87,991	20,154	67,837	96.0 %	100.0 %	94.8 %	$ 25.59		Hammes Bookstore & Cafe, Chipot Urban Outfit Five Guy's, Kilwin's, Bla Pizza
Geist Pavilion	Indianapolis	2006	63,910	29,700	34,210	100.0 %	100.0 %	100.0 %	16.98		Ace Hardwa Goodwill, A Emporium, I Barre
Glendale Town Center	Indianapolis	1958/2008	393,002	329,546	63,456	97.8 %	100.0 %	86.6 %	7.33	(Target)	Macy's, Stap Landmark Theaters, Pe Wei, LensCrafter' Panera Bread (Walgreens) (Lowe's Hon Improvemen Center)
Greyhound Commons	Indianapolis	2005	9,152	—	9,152	100.0 %	— %	100.0 %	13.60		
Lima Marketplace	Fort Wayne	2008	100,461	71,521	28,940	94.8 %	100.0 %	81.8 %	14.81	Aldi, (Wal-Mart)	PetSmart, O Depot, Aldi, Dollar Tree
Rangeline Crossing	Indianapolis	1986/2013	100,196	47,962	52,234	99.0 %	100.0 %	98.2 %	22.21	Earth Fare	Walgreens, Panera Bread Valu, City B
Rivers Edge	Indianapolis	2011	150,428	117,890	32,538	100.0 %	100.0 %	100.0 %	21.92		Nordstrom R The Contain Store, Arhau Furniture, Bi Garage of In Buy Buy Ba Crew Merca
Stoney Creek Commons	Indianapolis	2000/2013	84,330	84,330	—	64.1 %	64.1 %	— %	13.44		LA Fitness, Goodwill, (Lowe's Hon Improvemen Center)
Traders Point I	Indianapolis	2005	279,646	238,721	40,925	74.7 %	71.6 %	93.0 %	14.99		Dick's Sport Goods, AMC Theatre, Bed Bath & Beyo Michaels, Ol

														Navy, PetSm Books-A-Mi
Traders Point II	Indianapolis	2005	45,977	—	45,977	92.2	%	—	%	92.2	%	26.42		
Whitehall Pike	Bloomington	1999	128,997	128,997	—	100.0	%	100.0	%	—	%	7.86		Lowe's Hom Improvemen Center
Nevada														
Cannery Corner[3]	Las Vegas	2008	30,738	—	30,738	94.4	%	—	%	94.4	%	36.19	(Sam's Club)	Chipotle, Fiv Guys, (Lowe Home Improvemen Center)
Centennial Center[3]	Las Vegas	2002	334,377	158,196	176,181	88.6	%	85.3	%	91.6	%	24.53	Sam's Club, Wal-Mart	Ross Dress f Less, Big Lo Famous Footwear, Michaels, Pa City, Petco, Rhapsodielle
Centennial Gateway[3]	Las Vegas	2005	193,085	139,913	53,172	91.8	%	92.1	%	91.2	%	24.19	Trader Joe's	Home Depot 24 Hour Fitn Sportsman's Warehouse, Walgreens
Eastern Beltway Center[3]	Las Vegas	1998/2006	158,938	83,982	74,956	98.1	%	100.0	%	96.0	%	24.46	Sam's Club, Wal-Mart	Office Max, Petco, Ross for Less, Skechers, (H Depot)
Eastgate Plaza[3]	Las Vegas	2002	96,594	53,030	43,564	79.9	%	76.4	%	84.1	%	23.45	(Wal-Mart)	99 Cent Only Store, Party
Lowe's Plaza[3]	Las Vegas	2007	30,210	—	30,210	67.6	%	—	%	67.6	%	27.89		Anytime Fitn Starbucks, (Lowe's Hon Improvemen Center)
New Hampshire														
Merrimack Village Center	Merrimack	2007	78,892	54,000	24,892	100.0	%	100.0	%	100.0	%	14.72	Supervalue/Shaw's	
New Jersey														
Bayonne Crossing	Bayonne	2011	106,137	52,219	53,918	97.0	%	100.0	%	94.1	%	28.28	Wal-Mart	Michaels, Ne York Sports Lowe's Hom Improvemen Center
Livingston Shopping Center	Newark	1997	139,559	133,125	6,434	95.4	%	100.0	%	—	%	19.77		Cost Plus, B Buy Baby, Nordstrom R

											DSW, TJ Ma Ulta Beauty
North Carolina											
Holly Springs Towne Center - Phase I	Raleigh	2013	207,566	109,233	98,333	92.2 %	100.0 %	83.4 %	16.87	(Target)	Dick's Sport Goods, Mars Petco, Ulta Beauty, Mic
Holly Springs Towne Center - Phase II	Raleigh	2016	145,009	111,843	33,166	100.0 %	100.0 %	100.0 %	17.98	(Target)	Bed Bath & Beyond, DS AMC Theatre/Car 02 Fitness

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Property[1]	Location (MSA)	Year Built/ Renovated	Owned GLA[2]			Leased %			ABR per SqFt	Grocery Anchors[4]	Other Retailers[4]
			Total	Anchors	Shops	Total	Anchors	Shops			
Memorial Commons	Goldsboro	2008	111,022	73,876	37,146	100.0 %	100.0 %	100.0 %	$ 13.26	Harris Teeter/Kroger	Office Depot
Northcrest Shopping Center	Charlotte	2008	133,674	65,576	68,098	95.1 %	100.0 %	90.5 %	22.65	(Target)	REI Co-Op, David's Bridal, Dollar Tree, Old Navy, Five Below
Oleander Place	Wilmington	2012	45,530	30,144	15,386	100.0 %	100.0 %	100.0 %	17.03	Whole Foods	
Parkside Town Commons - Phase I	Raleigh	2015	55,390	22,500	32,890	100.0 %	100.0 %	100.0 %	24.35	Harris Teeter/Kroger, (Target)	Petco, Guitar Center
Parkside Town Commons - Phase II	Raleigh	2017	291,713	191,988	99,725	97.5 %	100.0 %	92.5 %	19.66	(Target)	Frank Theatres, Golf Galaxy, Hobby Lobby, Stein Mart, Chuy's, Starbucks, Panera Bread, Levity Live
Perimeter Woods	Charlotte	2008	125,646	105,262	20,384	100.0 %	100.0 %	100.0 %	21.10		Best Buy, Off Broadway Shoes, Office Max, PetSmart, Lowe's Home Improvement Center
Toringdon Market	Charlotte	2004	60,314	26,072	34,242	100.0 %	100.0 %	100.0 %	21.49	Earth Fare	
Ohio											
Eastgate Pavilion	Cincinnati	1995	236,230	231,730	4,500	100.0 %	100.0 %	100.0 %	9.15		Best Buy, Dick's Sporting Goods, Value City Furniture, Petsmart, DSW, Bed Bath & Beyond
Oklahoma											
	Oklahoma City	2000	164,407	92,783	71,624	98.5 %	100.0 %	96.5 %	17.35	(Wal-Mart)	

Belle Isle Station											Shoe Carnival, Old Navy, Ross Stores, Nordstrom Rack, Babies "R" Us, Ulta Beauty
Shops at Moore	Moore	2010	260,530	187,916	72,614	94.7 %	100.0 %	80.9 %	12.16		Bed Bath and Beyond, Best Buy, Hobby Lobby, Office Depot, PetSmart, Ross Dress for Less, (JC Penny)
Silver Springs Pointe	Oklahoma City	2001	48,474	20,515	27,959	79.1 %	100.0 %	63.7 %	15.88	(Sam's Club), (Wal-Mart)	Kohls, Office Depot, (Home Depot)
University Town Center	Norman	2009	158,375	77,097	81,278	91.3 %	100.0 %	83.0 %	18.00	(Target)	Office Depot, Petco, TJ Maxx, Ulta Beauty
University Town Center Phase II	Norman	2012	190,487	133,546	56,941	93.0 %	100.0 %	76.7 %	12.68	(Target)	Academy Sports, DSW, Home Goods, Michaels, Kohls, Guitar Center
South Carolina											
Hitchcock Plaza	Augusta-Aiken	2006	252,370	214,480	37,890	88.8 %	89.7 %	84.2 %	10.38		TJ Maxx, Ross Dress for Less, Academy Sports, Bed Bath and Beyond, Farmers Home Furniture, Old Navy, Petco
Publix at Woodruff	Greenville	1997	68,055	47,955	20,100	100.0 %	100.0 %	100.0 %	11.17	Publix	
Shoppes at Plaza Green	Greenville	2000	194,807	172,136	22,671	94.7 %	94.1 %	100.0 %	13.33		Bed Bath & Beyond, Christmas Tree Shops, Sears, Party City, Shoe

											Carnival, AC Moore, Old Navy
Tennessee											
Cool Springs Market	Nashville	1995	230,980	172,712	58,268	99.5 %	100.0 %	97.9 %	15.78	(Kroger)	Dick's Sporting Goods, Marshalls, Buy Buy Baby, DSW, Staples, Jo-Ann Fabric, Panera Bread
Hamilton Crossing - Phase II & III	Alcoa	2008	175,464	135,737	39,727	94.8 %	100.0 %	77.2 %	14.95		Dicks Sporting Goods, Michaels, Old Navy, PetSmart, Ross Dress for Less
Texas[4]											
Chapel Hill Shopping Center	Fort Worth	2001	126,989	43,450	83,539	94.6 %	100.0 %	91.7 %	25.23	H-E-B Grocery	The Container Store, Cost Plus World Market

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Property[1]	Location (MSA)	Year Built/ Renovated	Owned GLA[2] Total	Anchors	Shops	Leased % Total	Anchors	Shops	ABR per SqFt	Grocery Anchors[4]	Other Retailer
Colleyville Downs	Dallas	2014	190,895	142,073	48,822	97.8 %	100.0 %	91.3 %	$ 12.99	Whole Foods	Westlak Hardwa Vineyar Antique Mall, Goody Goody Liquor, Petco
Kingwood Commons	Houston	1999	164,366	74,836	89,530	100.0 %	100.0 %	100.0 %	19.99	Randall's Food and Drug	Petco, Chico's, Talbots, Ann Ta
Market Street Village/ Pipeline Point	Fort Worth	1970/2011	156,621	136,742	19,879	100.0 %	100.0 %	100.0 %	13.06		Jo-Ann Fabric, Ross, Office Depot, I Buy Bal Party Ci
Plaza at Cedar Hill	Dallas	2000/2010	302,458	244,065	58,393	100.0 %	100.0 %	100.0 %	13.34	Sprouts Farmers Market	DSW, R Dress fo Less, Hobby Lobby, Office Max, Marshal Toys "R Us/Babi "R" Us, Home Goods
Plaza Volente	Austin	2004	156,296	105,000	51,296	97.2 %	100.0 %	91.4 %	17.41	H-E-B Grocery	
Portofino Shopping Center	Houston	1999/2010	386,647	218,909	167,738	95.5 %	100.0 %	89.7 %	19.73	(Sam's Club)	DSW, Michael PGA Superst SteinMa PetSmar Old Nav TJ Max Nordstr Rack
	El Paso	1996/2014	306,454	265,037	41,417	98.9 %	100.0 %	91.7 %	12.02		

Sunland Towne Centre										Sprouts Farmers Market	PetSmar Ross, Be Bath & Beyond Specs F Wines
Waxahachie Crossing	Waxahachie	2010	97,127	72,191	24,936	100.0 %	100.0 %	100.0 %	14.76		Best Bu PetSmar Ross Dr for Less (Home Depot), Penny)
Westside Market	Dallas	2013	93,377	70,000	23,377	100.0 %	100.0 %	100.0 %	16.13	Randall's Tom Thumb	
Utah											
Draper Crossing	Salt Lake City	2012	164,080	115,916	48,164	95.0 %	100.0 %	82.8 %	15.63	Kroger/Smith's	TJ Max Dollar Tree, Downea Home
Draper Peaks	Salt Lake City	2012	227,970	101,464	126,506	97.6 %	100.0 %	95.6 %	20.14		Michael Office Depot, Petco, Quilted Bear, Ro Dress fo Less, (Kohl's)
Virginia											
Landstown Commons	Virginia Beach	2007	397,835	207,300	190,535	95.1 %	100.0 %	89.7 %	19.31		Ross Dr for Less Bed Bat Beyond Best Bu PetSmar Ulta Beauty, Walgree AC Moo Kirkland Five Below, Office Max, (Kohl's)
Wisconsin											
Village at Bay Park	Ashwaubenon	2005	82,238	23,878	58,360	88.5 %	100.0 %	83.7 %	16.08		DSW, J Penney, Kirkland

Chico's,
Dress B

Total	14,989,433	10,245,806	4,743,627	94.8 %	96.7 %	90.5 %	$16.07
Total Including 3-R Properties not in the Operating Portfolio							$16.32

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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, 2017, except for Greyhound Commons and 54th & College.
3 Operating property is a joint venture.
4 Tenants within parentheses are non-owned.

Office Operating Properties and Other

As of December 31, 2017, we owned interests in one office operating property and an associated parking garage. In addition, two of our retail properties contain stand-alone office components. Together, these properties have a total of 0.4 million square feet of net rentable area ("NRA") office space. The following table sets forth more specific information with respect to our office, parking and other properties as of December 31, 2017:

($ in thousands, except per square foot data)

Property	MSA	Year Built/ Renovated	Acquired, Redeveloped or Developed	Owned NRA	Percentage Of Owned NRA Leased	Annualized Base Rent[1]	Percentage of Annualized Office and Other Base Rent	Base Rent Per Leased Sq. Ft.	Major Tenants
Office Properties									
Thirty South Meridian[2]	Indianapolis	1905/2002	Redeveloped	287,928	70.7 %	$ 3,762	60.7 %	$ 18.47	Stifel, 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 Properties									
Eddy Street Office (part of Eddy Street Commons)[4]	South Bend	2009	Developed	81,628	100.0 %	1,256	20.2 %	15.38	University of Notre Dame Offices
Tradition Village Office (part of Tradition Village Square)[5]	Port St. Lucie	2006	Acquired	24,206	87.4 %	594	9.6 %	28.05	
Total Office Properties				393,762	77.8 %	$ 5,611	90.5 %	$ 18.31	
Lessee of Land on Short Term Renewal									
Burlington	San Antonio	1992/2000	Acquired	107,400	100.0 %	$ 591	9.5 %	$ 5.50	Burlington
				107,400	100.0 %	$ 591	9.5 %	$ 5.50	
Total Office and Other				501,162	82.6 %	$ 6,202	100.0 %	$ 14.99	
Multi-Family									
Lake Lofts at Deerwood[6]	Jacksonville	2017	Developed	—	—	—	—		130 Apartment Units

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1 Annualized Base Rent represents the monthly contractual rent for December 2017 for each applicable property, multiplied by 12.

2

Annualized Base Rent includes $793,117 from the Company and subsidiaries as of December 31, 2017, which is eliminated 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.

5 The Company also owns the Tradition Village Square retail shopping center in Port St. Lucie, Florida.

6 Lake Lofts at Deerwood has 82 leases executed as of December 31, 2017.

Development Projects Under Construction

In addition to our retail and office operating properties, as of December 31, 2017, we owned interests in two development projects currently under construction. The following table sets forth more specific information with respect to the Company's retail development properties as of December 31, 2017:

($ in thousands)

Project	Company Ownership %	MSA	Projected Stabilization Date[1]	Projected Owned GLA[2]	Projected Total GLA[3]	Percent of Owned GLA Occupied	Percent of Owned GLA Pre-Leased/ Committed	KRG Share of Total Estimated Project Cost [4]	KRG Share of Cost Incurred as of December 31, 2017	Major Tenants and Non-owned Anchors
Embassy Suites at the University of Notre Dame	35%	South Bend	Q4 2018	152,460	152,460	NA	NA	$ 13,895	$ 3,840	Embassy Suites full-service hotel
Eddy Street Commons at Notre Dame, IN - Phase II [5]	100%	South Bend	Q4 2020	8,500	530,000	— %	— %	$ 8,447	$ 1,247	Ground lease with multi-family developer on 450 units; 8,500 square feet of owned retail.
Total				160,960	682,460	— %	— %	$ 22,342	$ 5,087	

1 Stabilization date represents near completion of project construction and substantial occupancy of the property.
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 Total Estimated Project Cost of $13.9 million reflects Kite's pro-rata share of the gross project cost ($45.7 million) after deducting the TIF contribution ($6 million)

5 Total estimated cost of all components of Eddy Street Phase II equals $89.2 million. This consists of KRG estimated project cost ($8.4 million), Tax Increment Financing ($16.1 million), and residential apartments and townhomes to be ground subleased to unrelated third party ($64.7 million).

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Under Construction Redevelopment, Reposition, and Repurpose ("3-R") Projects

In addition to our development projects, as displayed in the table above, we currently have several 3-R projects under construction. The following table sets forth more specific information with respect to our ongoing 3-R projects as of December 31, 2017 and 3-R projects completed in 2017:
($ in thousands)

Property	Location (MSA)	Description	Projected ROI	Projected Cost	Percentage of Cost Spent	Est. Stabilized Period
Beechwood Promenade*	Athens	Backfilling vacant anchor and shop space with Michaels, and construction of outlot for Starbucks.	8.5% - 9.5%	$8,000 - $9,000	18%	2H 2018
Burnt Store Marketplace*	Punta Gorda	Demolition and rebuild of a 45,000 square foot Publix under a new 20 year lease, as well as additional center upgrades.	10.5% - 11.5%	$9,000 - $10,000	92%	1H 2018
Centennial Center A	Las Vegas	Reposition of two retail buildings totaling 14,000 square feet, as well as Panera Bread outlot. Addition of traffic signal and other significant building/site enhancements.	10.0% - 11.0%	$4,000 - $5,000	51%	2H 2018
City Center*	New York City	Reactivating street-level retail components and enhancing overall shopping experience within multi-level project.	6.5% - 7.0%	$17,000 - $17,500	88%	1H 2018
Fishers Station*	Indianapolis	Demolition and expansion of previous anchor space and replacement with a Kroger ground lease. Center upgrades and new shop space.	9.5% - 10.5%	$10,500 - $11,500	80%	2H 2018
Portofino Shopping Center, Phase II	Houston	Demolition and expansion of vacant space to accommodate Nordstrom Rack; rightsizing of existing Old Navy, and relocation of shop tenants.	8.0% - 8.5%	$6,500 - $7,000	69%	1H 2018
Rampart Commons*	Las Vegas	Relocating, re-tenanting, and renegotiating leases as a part of new development plan. Upgrades to building façades and hardscape throughout the center.	7.0% - 7.5%	$16,000 - $17,000	37%	2H 2018
UNDER CONSTRUCTION REDEVELOPMENT, REPOSITION, REPURPOSE TOTALS			8.0% - 9.0%	$71,000 - $77,000	64%	

Note: These projects are subject to various contingencies, many of which are beyond the Company's control. Projected costs and returns are based on current estimates. Actual costs and returns may not meet our expectations.

COMPLETED PROJECTS DURING 2017

Property	Location (MSA)	Description	Annual Projected	Cost

			ROI	
Bolton Plaza, Phase II	Jacksonville	Replaced vacant shop space with Marshalls and a ground lease with Aldi, as well as additional center upgrades.	10.5%	$5,217
Castleton Crossing	Indianapolis	Demolition of existing structure to create new outparcel small shop building.	11.8%	$3,300
Centennial Gateway	Las Vegas	Retenanting 13,950 square foot anchor location to enhance overall quality of the center; also includes additional structural improvements and building upgrades.	30.0%	$1,120
Market Street Village	Fort Worth	Retenanting 15,000 square foot anchor space with Party City.	30.9%	$840
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.	14.4%	$4,200
Portofino Shopping Center, Phase I	Houston	Addition of two small shop buildings on outparcels.	9.1%	$5,100
Trussville Promenade [1]	Birmingham	Replaced vacant small shops with a 22,000 square foot Ross.	9.5%	$3,695
COMPLETED PROJECTS TOTALS			12.3%	$23,472

1 Refers to Trussville I

* Asterisk represents redevelopment assets removed from the operating portfolio.

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Redevelopment, Reposition, and Repurpose ("3-R") Opportunities

In addition to our 3-R projects under construction, we are currently evaluating additional redevelopment, repositioning, and repurposing opportunities at a number of operating properties.

($ in thousands)

Property	Type of Project	Location (MSA)	Description
Courthouse Shadows*	Redevelopment	Naples	Recapture of natural lease expiration; demolition of the site to add mixed use format and outparcel development.
Hamilton Crossing Centre*	Redevelopment	Indianapolis	Recapture of lease expiration; substantially enhancing merchandising mix and replacing vacant anchor tenant.
Centennial Center B	Reposition [1]	Las Vegas	General building enhancements to five remaining outparcels. Addition of two restaurants to anchor the small shop building.
The Corner*	Repurpose	Indianapolis	Creation of a mixed use (retail and multi-family) development to replace an unanchored small shop center.
Total Targeted Return			9.0% - 11.0%
Total Expected Cost			$40,000 - $56,000

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

* Asterisk represents redevelopment assets removed from the operating portfolio.

Note: 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 2.5% of the portfolio's annualized base rent for the year ended December 31, 2017. 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, 2017:

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 Stores, Inc.[1]	15	2,578,323	6	203,742	811,956	9	1,562,625
Target Corporation	15	2,175,101	—	—	—	15	2,175,101
Lowe's Companies, Inc.	14	2,072,666	5	128,997	650,161	9	1,293,508
Home Depot Inc.	6	788,167	1	—	131,858	5	656,309
Kohl's Corporation	9	782,386	5	184,516	244,010	4	353,860
Publix Super Markets, Inc.	14	670,665	14	670,665	—	—	—
The TJX Companies, Inc. [2]	22	656,931	22	656,931	—	—	—
Ross Stores, Inc.	18	510,707	18	510,707	—	—	—
Bed Bath & Beyond, Inc. [3]	19	493,719	19	493,719	—	—	—
Petsmart, Inc.	19	390,843	19	390,843	—	—	—
Total	151	11,119,508	109	3,240,120	1,837,985	42	6,041,403

1 Includes Sam's Club, which is owned by the same parent company.

2 Includes TJ Maxx (13), Home Goods (2) and Marshalls (7), all of which are owned by the same parent company.

3 Includes Buy Buy Baby (4), Christmas Tree Shops (1) and Cost Plus (3), all of which are owned by the same parent company.

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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, 2017:

TOP 25 TENANTS BY ANNUALIZED BASE RENT

($ in thousands, except per square foot data)

Tenant	Number of Stores	Leased GLA/NRA[1]	% of Owned GLA/NRA of the Portfolio		Annualized Base Rent[2,3]	Annualized Base Rent per Sq. Ft.[3]	% of Total Portfolio Annualized Base Rent[3]	
The TJX Companies, Inc.[4]	22	656,931	2.7	%	$ 6,833	$ 10.40	2.5	%
Publix Super Markets, Inc.	14	670,665	2.7	%	6,739	10.05	2.5	%
Petsmart, Inc.	19	390,843	1.6	%	6,152	15.74	2.2	%
Bed Bath & Beyond, Inc.[5]	19	493,719	2.0	%	6,050	12.25	2.2	%
Ross Stores, Inc.	18	510,707	2.1	%	5,791	11.34	2.1	%
Lowe's Companies, Inc.	5	128,997	0.5	%	5,039	6.47	1.8	%
Office Depot (9) / Office Max (6)	15	307,788	1.3	%	4,242	13.78	1.6	%
Dick's Sporting Goods, Inc.[6]	8	390,502	1.6	%	4,167	10.67	1.5	%
Nordstrom, Inc.	6	197,845	0.8	%	3,995	20.19	1.5	%
Michaels Stores, Inc.	14	295,066	1.2	%	3,884	13.16	1.4	%
Ascena Retail Group[7]	33	202,482	0.8	%	3,817	18.85	1.4	%
Wal-Mart Stores, Inc.[8]	6	203,742	0.8	%	3,655	3.60	1.3	%
LA Fitness	5	208,209	0.8	%	3,447	16.56	1.3	%
Best Buy Co., Inc.	6	213,604	0.9	%	3,069	14.37	1.1	%
Mattress Firm Holdings Corp (18) / Sleepy's (5)	23	105,001	0.4	%	2,935	27.95	1.1	%
Kohl's Corporation	5	184,516	0.8	%	2,927	6.83	1.1	%
Toys "R" Us, Inc.[9]	6	179,316	0.7	%	2,924	11.82	1.1	%
National Amusements	1	80,000	0.3	%	2,898	36.22	1.1	%
Petco Animal Supplies, Inc.	12	167,455	0.7	%	2,819	16.83	1.0	%
Ulta Beauty, Inc.	12	127,451	0.5	%	2,559	20.08	0.9	%
DSW Inc.	9	175,133	0.7	%	2,491	14.22	0.9	%
Stein Mart, Inc.	9	307,222	1.3	%	2,378	7.74	0.9	%
Frank Theatres	2	122,224	0.5	%	2,311	18.91	0.8	%
Hobby Lobby Stores, Inc.	5	271,254	1.1	%	2,190	8.07	0.8	%
Walgreens Boots Alliance, Inc.	4	67,212	0.3	%	2,099	31.23	0.8	%
TOTAL	278	6,657,884	27.1	%	$ 95,412	$ 11.36	34.9	%

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

2 Annualized base rent represents the monthly contractual rent for December 31, 2017 for each applicable tenant multiplied by 12. Annualized base rent does not include tenant reimbursements.

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

4 Includes TJ Maxx (13), Marshalls (7) and HomeGoods (2), all of which are owned by the same parent company.

5 Includes Bed Bath and Beyond (11), Buy Buy Baby (4) Christmas Tree Shops (1) and Cost Plus (3), all of which are owned by the same parent company.

6 Includes Dick's Sporting Goods (7) and Golf Galaxy (1), both of which are owned by the same parent company.

7

Includes Ann Taylor (5), Catherine's (2), Dress Barn (11), Lane Bryant (7), Justice Stores (4) and Maurices (4), all of which are owned by the same parent company.

8 Includes Sam's Club, which is owned by the same parent company.

9 Includes Babies "R" Us (3), and Toys "R" Us/Babies "R" Us combination stores (3), both of which are owned by the same parent company.

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Geographic Diversification – Annualized Base Rent by Region and State

The Company owns interests in 117 operating and redevelopment properties. We also own interests in two development properties under construction. The total operating portfolio consists of approximately 16.8 million of owned square feet in 20 states. The following table summarizes the Company's operating properties by region and state as of December 31, 2017:
($ in thousands)

	Total Operating Portfolio Excluding Developments and Redevelopments		Developments and Redevelopments[2]		Total Operating Portfolio Including Developments and Redevelopments				
Region/State	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									
Florida	4,211,900	$ 61,602	220,597	$ 1,278	37	4,432,497	$ 3,885	$ 66,765	24.6%
Southeast									
North Carolina	1,175,864	21,847	—	—	9	1,175,864	3,745	25,592	9.4%
Georgia	394,413	5,013	331,198	3,361	4	725,611	511	8,885	3.3%
Tennessee	406,444	6,113	—	—	2	406,444	—	6,113	2.3%
South Carolina	515,232	5,548	—	—	3	515,232	—	5,548	2.0%
Alabama	463,836	4,267	—	—	1	463,836	151	4,418	1.6%
Total Southeast	2,955,789	42,788	331,198	3,361	19	3,286,987	4,407	50,556	18.6%
Mid-Central									
Texas	1,981,230	31,331	—	—	10	1,981,230	1,082	32,413	11.9%
Oklahoma	822,273	11,267	—	—	5	822,273	1,188	12,455	4.6%
Texas - Other	107,400	591	—	—	1	107,400	—	591	0.2%
Total Mid-Central	2,910,903	43,189	—	—	16	2,910,903	2,270	45,459	16.7%
Midwest									
Indiana - Retail	2,169,100	28,998	178,758	1,619	23	2,347,858	1,171	31,788	11.7%
Indiana - Other	369,556	5,017	152,460	—	3	522,016	—	5,017	1.8%
Illinois	310,879	4,219	—	—	3	310,879	—	4,219	1.6%
Ohio	236,230	2,162	—	—	1	236,230	—	2,162	0.8%
Wisconsin	82,238	1,170	—	—	1	82,238	381	1,551	0.6%
Total Midwest	3,168,003	41,566	331,218	1,619	31	3,499,221	1,552	44,737	16.5%

West									
Nevada	844,942	18,829	79,455	1,462	7	924,397	3,963	24,254	8.9%
Utah	392,050	6,916	—	—	2	392,050	68	6,984	2.6%
Arizona	79,902	2,357	—	—	1	79,902	—	2,357	0.8%
Total West	1,316,894	28,102	79,455	1,462	10	1,396,349	4,031	33,595	12.3%
Northeast									
New York	—	—	361,618	9,448	1	361,618	—	9,448	3.5%
New Jersey	245,696	5,545	—	—	2	245,696	2,251	7,796	2.9%
Virginia	397,835	7,302	—	—	1	397,835	294	7,596	2.8%
Connecticut	205,683	3,250	—	—	1	205,683	1,034	4,284	1.6%
New Hampshire	78,892	1,162	—	—	1	78,892	168	1,330	0.5%
Total Northeast	928,106	17,259	361,618	9,448	6	1,289,724	3,747	30,454	11.3%
	15,491,595	$ 234,506	1,324,086	$ 17,168	119	16,815,681	$ 19,892	$ 271,566	100.0%

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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.

2 Represents the eight redevelopment and two development projects not in the retail operating portfolio.

Lease Expirations

In 2018, leases representing 7.1% of total annualized base rent and 6.3% 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, 2017, assuming none of the tenants exercise renewal options.

LEASE EXPIRATION TABLE – OPERATING PORTFOLIO

($ in thousands, except per square foot data)

	Number of Expiring Leases[1]	Expiring GLA/NRA[2]	% of Total GLA/NRA Expiring		Expiring Annualized Base Rent[3, 4]	% of Total Annualized Base Rent		Expiring Annualized Base Rent per Sq. Ft.	Expiring Ground Lease Revenue
2018	218	967,337	6.3	%	$ 17,938	7.1	%	$ 18.54	$ 68
2019	254	1,692,272	11.0	%	25,225	10.0	%	14.91	653
2020	255	2,078,070	13.4	%	28,458	11.3	%	13.69	1,592
2021	300	1,779,909	11.5	%	29,724	11.8	%	16.70	911
2022	314	2,167,081	14.0	%	36,769	14.6	%	16.97	1,240
2023	227	1,915,798	12.4	%	32,155	12.8	%	16.78	1,979
2024	101	902,748	5.8	%	16,589	6.6	%	18.38	288
2025	82	776,566	5.0	%	13,604	5.4	%	17.52	806
2026	80	767,131	5.0	%	11,292	4.5	%	14.72	1,320
2027	83	793,480	5.1	%	12,671	5.0	%	15.97	358
Beyond	92	1,613,068	10.5	%	27,250	10.8	%	16.89	10,678
	2,006	15,453,460	100.0	%	$ 251,674	100.0	%	$ 16.29	$ 19,892

1 Lease expiration table reflects rents in place as of December 31, 2017 and does not include option periods; 2018 expirations include 15 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 2017 for each applicable tenant multiplied by 12. Excludes tenant reimbursements and ground lease revenue.

4 55% of our annualized base rent is generated from tenants less than 16,000 square feet.

LEASE EXPIRATION TABLE – RETAIL ANCHOR TENANTS[1]

($ in thousands, except per square foot data)

	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
2018	18	482,006	3.1 %	$ 5,432	2.2 %	$ 11.27	$ —
2019	34	1,103,859	7.1 %	10,789	4.3 %	9.77	—
2020	39	1,538,271	10.0 %	15,534	6.2 %	10.10	1,111
2021	43	1,112,245	7.2 %	12,925	5.1 %	11.62	318
2022	53	1,434,297	9.3 %	18,204	7.2 %	12.69	745
2023	46	1,244,074	8.1 %	17,651	7.0 %	14.19	1,454
2024	21	593,523	3.8 %	9,191	3.7 %	15.49	—
2025	20	511,713	3.3 %	7,112	2.8 %	13.90	381
2026	16	512,101	3.3 %	4,972	2.0 %	9.71	750
2027	20	570,380	3.7 %	6,839	2.7 %	11.99	—
Beyond	37	1,401,881	9.1 %	21,699	8.6 %	15.48	6,377
	347	10,504,350	68.0 %	$ 130,347	51.8 %	$ 12.41	$ 11,135

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, 2017 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 2017 for each applicable tenant multiplied by 12. Excludes tenant reimbursements and ground lease revenue.

LEASE EXPIRATION TABLE – RETAIL SHOPS

($ in thousands, except per square foot data)

	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
2018	199	474,533	3.1%	$ 12,260	4.9%	$ 25.84	$ 68
2019	219	583,160	3.8%	14,335	5.7%	24.58	653
2020	214	526,488	3.4%	12,667	5.0%	24.06	481
2021	254	658,665	4.3%	16,570	6.6%	25.16	593