

KITE REALTY GROUP TRUST  
Form 10-Q  
May 06, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2016

OR

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)

Telephone: (317) 577-5600  
(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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  No  Kite Realty Group, L.P. Yes  No

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  No  Kite Realty Group, L.P. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting

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company” in Rule 12b-2 of the Exchange Act.

Kite Realty Group Trust:

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Kite Realty Group, L.P.:

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

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

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

The number of Common Shares of Kite Realty Group Trust outstanding as of May 2, 2016 was 83,364,345 (\$.01 par value).

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## EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended March 31, 2016 of Kite Realty Group Trust, Kite Realty Group, L.P. and its subsidiaries. Unless stated otherwise or the context otherwise requires, references to "Kite Realty Group Trust" or the "Parent Company" mean Kite Realty Group Trust, and references to the "Operating Partnership" mean Kite Realty Group, L.P. and its consolidated subsidiaries. The terms "Company," "we," "us," and "our" refer to the Parent Company and the Operating Partnership, collectively, and those entities owned or controlled by the Parent Company and/or the Operating Partnership.

The Operating Partnership is engaged in the ownership and operation, acquisition, development and redevelopment of high-quality neighborhood and community shopping centers in select markets in the United States. The Parent Company is the sole general partner of the Operating Partnership and as of March 31, 2016 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 quarterly reports on Form 10-Q 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.

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KITE REALTY GROUP TRUST AND KITE REALTY GROUP, L.P. AND SUBSIDIARIES

QUARTERLY REPORT ON FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2016

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## Part I. FINANCIAL INFORMATION

## Item 1.

Kite Realty Group Trust  
 Consolidated Balance Sheets  
 (Unaudited)

(in thousands, except share and per share data)

	March 31, 2016	December 31, 2015
Assets:		
Investment properties, at cost	\$3,947,922	\$ 3,933,140
Less: accumulated depreciation	(461,051 )	(432,295 )
	3,486,871	3,500,845
Cash and cash equivalents	23,307	33,880
Tenant and other receivables, including accrued straight-line rent of \$25,230 and \$23,809, respectively, net of allowance for uncollectible accounts	52,406	51,101
Restricted cash and escrow deposits	13,345	13,476
Deferred costs and intangibles, net	143,028	148,274
Prepaid and other assets	10,793	8,852
Total Assets	\$3,729,750	\$ 3,756,428
Liabilities and Equity:		
Mortgage and other indebtedness, net	1,730,787	1,724,449
Accounts payable and accrued expenses	81,772	81,356
Deferred revenue and intangibles, net and other liabilities	127,484	131,559
Total Liabilities	1,940,043	1,937,364
Commitments and contingencies	—	—
Limited partners' interests in Operating Partnership and other redeemable noncontrolling interests	99,021	92,315
Equity:		
Kite Realty Group Trust Shareholders' Equity:		
Common Shares, \$.01 par value, 225,000,000 shares authorized, 83,364,216 and 83,334,865 shares issued and outstanding at March 31, 2016 and December 31, 2015, respectively	834	833
Additional paid in capital and other	2,044,266	2,050,545
Accumulated other comprehensive loss	(9,290 )	(2,145 )
Accumulated deficit	(345,822 )	(323,257 )
Total Kite Realty Group Trust Shareholders' Equity	1,689,988	1,725,976
Noncontrolling Interests	698	773
Total Equity	1,690,686	1,726,749
Total Liabilities and Equity	\$3,729,750	\$ 3,756,428

The accompanying notes are an integral part of these consolidated financial statements.

Kite Realty Group Trust  
Consolidated Statements of Operations and Comprehensive Income  
(Unaudited)  
(in thousands, except share and per share data)

Three Months  
Ended  
March 31,  
2016    2015

Revenue:

Minimum rent	\$67,463	\$65,479
Tenant reimbursements	18,155	