

KITE REALTY GROUP TRUST  
Form DEF 14A  
March 30, 2018

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[Table of Contents](#)

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**KITE REALTY GROUP TRUST**

---

(Name of Registrant as Specified In Its Charter)

N/A

---

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3)

## Edgar Filing: KITE REALTY GROUP TRUST - Form DEF 14A

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

- (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:
    - o Fee paid previously with preliminary materials.
    - o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
      - (1) Amount Previously Paid:
      - (2) Form, Schedule or Registration Statement No.:
      - (3) Filing Party:
      - (4) Date Filed:
-

Table of Contents

March 30, 2018

Dear Fellow Shareholder:

I am pleased to invite you to the 2018 Annual Meeting of Shareholders of Kite Realty Group Trust, which will be held on Wednesday, May 9, 2018, at 9:00 a.m. EDT, at 30 South Meridian Street, Eighth Floor, Indianapolis, Indiana 46204. At the meeting, shareholders will vote on the business items listed in the notice of the meeting on the following page. In addition to the formal business that will be transacted, management will respond to comments and questions of general interest to our shareholders.

I sincerely hope that you will attend and participate in the meeting. However, whether you plan to attend or not, it is important that your shares be represented and voted. Accordingly, please vote your shares. We have elected to provide access to our proxy materials on the Internet under the U.S. Securities and Exchange Commission's "notice and access" rules instead of mailing printed copies of those materials to each shareholder. We have sent to our shareholders a Notice of Internet Availability of Proxy Materials that provides instructions on how to access our proxy materials, which are available on the Internet at [www.proxyvote.com](http://www.proxyvote.com).

I encourage you to review these materials carefully and to follow the voting instructions in the proxy statement to ensure that your votes are counted.

I look forward to seeing you at the annual meeting.

Sincerely,

**JOHN A. KITE**

Chairman of the Board and Chief Executive Officer

---

Table of Contents

**KITE REALTY GROUP TRUST**  
**30 South Meridian Street, Suite 1100**  
**Indianapolis, Indiana 46204**

---

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**  
**To Be Held on May 9, 2018**

---

Dear Shareholder:

You are cordially invited to attend our 2018 annual meeting of shareholders, which will be held as follows:

**WHEN:**

9:00 a.m. EDT on Wednesday, May 9, 2018

**WHERE:**

Offices of Kite Realty Group Trust

30 South Meridian Street, Eighth Floor, Indianapolis, Indiana 46204

**ITEMS OF BUSINESS:**

Elect nine trustees to serve one-year terms expiring in 2019;

Approve, on an advisory basis, the compensation of our named executive officers;

Ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018; and

Transact such other business as may properly come before the meeting or any adjournment or postponement of the meeting.

**WHO CAN VOTE:**

Shareholders of record at the close of business on March 12, 2018, will be entitled to notice of and to vote at the meeting or any adjournments or postponements of the meeting.

**VOTING BY PROXY:**

## Edgar Filing: KITE REALTY GROUP TRUST - Form DEF 14A

Pursuant to the U.S. Securities and Exchange Commission's "notice and access" rules, shareholders may access our proxy statement, the proxy card and our 2017 annual report online at [www.proxyvote.com](http://www.proxyvote.com).

If you received printed materials you may vote by mail by marking, signing and dating your proxy card and returning it promptly in the postage-paid envelope provided, or you may vote by telephone by following the "Vote by Phone" instructions on the proxy card.

Whether or not you plan to attend the annual meeting, we urge you to vote now. If you attend the meeting, you may withdraw your proxy and vote in person, if you so desire.

By Order of the Board of Trustees,

**SCOTT E. MURRAY**

Executive Vice President, General Counsel and Corporate Secretary

---

Table of Contents

**TABLE OF CONTENTS**

	<b>Page</b>
<b><u>ABOUT THE MEETING: QUESTIONS &amp; ANSWERS</u></b>	<b><u>1</u></b>
<b><u>PROPOSAL 1: ELECTION OF TRUSTEES</u></b>	<b><u>5</u></b>
<b><u>NOMINEES FOR ELECTION AT THE 2018 ANNUAL MEETING</u></b>	<b><u>5</u></b>
<b><u>VOTE REQUIRED AND RECOMMENDATION</u></b>	<b><u>10</u></b>
<b><u>TRUSTEE SELECTION PROCESS</u></b>	<b><u>11</u></b>
<b><u>TRUSTEE COMPENSATION</u></b>	<b><u>14</u></b>
<b><u>CORPORATE GOVERNANCE AND BOARD MATTERS</u></b>	<b><u>16</u></b>
<b><u>BOARD LEADERSHIP STRUCTURE</u></b>	<b><u>17</u></b>
<b><u>BOARD COMMITTEES</u></b>	<b><u>18</u></b>
<b><u>BOARD'S ROLE IN RISK OVERSIGHT</u></b>	<b><u>20</u></b>
<b><u>COMMITTEE CHARTERS AND CORPORATE GOVERNANCE DOCUMENTS</u></b>	<b><u>21</u></b>
<b><u>COMMUNICATIONS WITH THE BOARD</u></b>	<b><u>21</u></b>
<b><u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u></b>	<b><u>22</u></b>
<b><u>RESPONSE TO EXPECTED RECOMMENDATION OF INSTITUTIONAL SHAREHOLDER SERVICES ("ISS")</u></b>	<b><u>22</u></b>
<b><u>EXECUTIVE OFFICERS</u></b>	<b><u>23</u></b>
<b><u>PROPOSAL 2: ADVISORY VOTE ON EXECUTIVE COMPENSATION</u></b>	<b><u>24</u></b>
<b><u>VOTE REQUIRED AND RECOMMENDATION</u></b>	<b><u>24</u></b>
<b><u>COMPENSATION DISCUSSION AND ANALYSIS</u></b>	<b><u>25</u></b>
<b><u>HIGHLIGHTS</u></b>	<b><u>25</u></b>
<b><u>COMPENSATION PHILOSOPHY AND OBJECTIVES</u></b>	<b><u>27</u></b>
<b><u>RESULTS OF 2017 ADVISORY VOTES ON EXECUTIVE COMPENSATION</u></b>	<b><u>30</u></b>
<b><u>COMPENSATION CONSULTANT</u></b>	<b><u>30</u></b>
<b><u>PEER GROUP AND BENCHMARKING</u></b>	<b><u>31</u></b>
<b><u>COMPONENTS OF EXECUTIVE COMPENSATION</u></b>	<b><u>31</u></b>
<b><u>STATUS OF PERFORMANCE-BASED EQUITY AWARDS GRANTED SINCE 2015</u></b>	<b><u>40</u></b>
<b><u>2018 COMPENSATION PROGRAM HIGHLIGHTS</u></b>	<b><u>40</u></b>
<b><u>OTHER COMPENSATION PLANS AND PERSONAL BENEFITS</u></b>	<b><u>41</u></b>
<b><u>SHARE OWNERSHIP REQUIREMENTS</u></b>	<b><u>41</u></b>
<b><u>CLAWBACK POLICY</u></b>	<b><u>41</u></b>
<b><u>TAX LIMITS ON EXECUTIVE COMPENSATION</u></b>	<b><u>42</u></b>
<b><u>PAY RATIO DISCLOSURE</u></b>	<b><u>42</u></b>
<b><u>SPECIAL NOTE REGARDING NON-GAAP FINANCIAL MEASURES</u></b>	<b><u>43</u></b>
<b><u>COMPENSATION COMMITTEE REPORT</u></b>	<b><u>44</u></b>
<b><u>COMPENSATION OF EXECUTIVE OFFICERS AND TRUSTEES</u></b>	<b><u>45</u></b>
<b><u>SUMMARY COMPENSATION TABLE</u></b>	<b><u>45</u></b>
<b><u>GRANT OF PLAN-BASED AWARDS IN 2017</u></b>	<b><u>47</u></b>
<b><u>OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END DECEMBER 31, 2017</u></b>	<b><u>49</u></b>
<b><u>OPTION EXERCISES AND SHARES VESTED IN 2017</u></b>	<b><u>51</u></b>
<b><u>POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL</u></b>	<b><u>52</u></b>



Table of Contents

<b><u>PROPOSAL 3: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u></b>	<b><u>56</u></b>
<b><u>VOTE REQUIRED AND RECOMMENDATION</u></b>	<b><u>56</u></b>
<b><u>RELATIONSHIP WITH INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u></b>	<b><u>57</u></b>
<b><u>REPORT OF THE AUDIT COMMITTEE</u></b>	<b><u>58</u></b>
<b><u>PRINCIPAL SHAREHOLDERS</u></b>	<b><u>59</u></b>
<b><u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u></b>	<b><u>62</u></b>
<b><u>OTHER MATTERS</u></b>	<b><u>63</u></b>
<b><u>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u></b>	<b><u>63</u></b>
<b><u>OTHER MATTERS TO COME BEFORE THE 2018 ANNUAL MEETING</u></b>	<b><u>63</u></b>
<b><u>SHAREHOLDERS PROPOSALS AND NOMINATIONS FOR THE 2019 ANNUAL MEETING</u></b>	<b><u>63</u></b>
<b><u>HOUSEHOLDING OF PROXY MATERIALS</u></b>	<b><u>64</u></b>
<b><u>IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS FOR SHAREHOLDER MEETING ON</u></b>	
<b><u>MAY 9, 2018</u></b>	<b><u>65</u></b>



Table of Contents

---

## PROXY STATEMENT

---

### ABOUT THE MEETING: QUESTIONS & ANSWERS

#### Why am I receiving this proxy statement?

This proxy statement contains information related to the solicitation of proxies for use at our 2018 annual meeting of shareholders, to be held at 9:00 a.m. EDT on Wednesday, May 9, 2018, at 30 South Meridian Street, Eighth Floor, Indianapolis, Indiana 46204, for the purposes stated in the accompanying Notice of Annual Meeting of Shareholders. This solicitation is made by Kite Realty Group Trust on behalf of our Board of Trustees (the "Board"). "We," "our," "us," and the "Company" refer to Kite Realty Group Trust. This proxy statement, the proxy card and our 2017 annual report to shareholders are first being mailed and made available online to shareholders beginning on or about March 30, 2018.

#### What am I being asked to vote on, and what are the Board's voting recommendations?

<i>Proposal</i>	<b>Proposal Description</b>	<b>Board's Voting Recommendation</b>
<u><i>Proposal 1: Election of Trustees</i></u>	The election of nine trustees to our Board	"FOR"
<u><i>Proposal 2: Advisory Vote on Executive Compensation</i></u>	The approval, on an advisory basis, of the compensation of our "named executive officers" (or "NEOs")	"FOR"
<u><i>Proposal 3: Ratification of the Appointment of Ernst &amp; Young LLP</i></u>	The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018	"FOR"

#### Who is entitled to vote at the annual meeting?

The close of business on March 12, 2018, is the record date for the annual meeting. Only holders of record of our common shares at the close of business on the record date are entitled to receive notice of, to attend and to vote at the annual meeting. Our common shares constitute the only class of securities entitled to vote at the meeting.

Table of Contents

**What are the voting rights of shareholders?**

Each common share outstanding on the record date entitles its holder to cast one vote on each matter to be voted on at the annual meeting.

**Who can attend the annual meeting?**

All holders of our common shares at the close of business on March 12, 2018, the record date for the annual meeting, or their duly appointed proxies, are authorized to attend the annual meeting. Admission to the meeting will be on a first-come, first-served basis. If you attend the meeting, you may be asked to present valid photo identification, such as a driver's license or passport, before being admitted. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

Please also note that if you hold your shares in "street name" (that is, through a bank, broker or other nominee), you will need to bring a copy of the brokerage statement reflecting your share ownership as of March 12, 2018.

**What will constitute a quorum at the annual meeting?**

The presence at the meeting, in person or by proxy, of the holders of a majority of the common shares outstanding on March 12, 2018, will constitute a quorum, permitting the shareholders to conduct business at the meeting. We will include abstentions and broker non-votes in the calculation of the number of shares considered to be present at the meeting for purposes of determining the presence of a quorum at the meeting. A broker non-vote occurs when a nominee holding shares for a beneficial owner has not received voting instructions from the beneficial owner and does not have discretionary authority to vote the shares.

As of the March 12, 2018 record date, there were 83,599,742 common shares outstanding.

**How do I vote?**

If your shares are registered directly in your name with our transfer agent, Broadridge Corporate Issuer Solutions, Inc., you are considered the shareholder of record with respect to those shares and the Proxy Notice was sent directly to you by us. In that case, you may instruct the proxy holders named in the proxy card (the "Proxy Agents") how to vote your common shares in one of the following ways:

*Vote online.* You can access proxy materials and vote at [www.proxyvote.com](http://www.proxyvote.com). To vote online, you must have the shareholder identification number provided in the Proxy Notice.

*Vote by telephone.* You also have the option to vote by telephone by calling 1-800-690-6903.

*Vote by regular mail.* If you received printed materials and would like to vote by mail, please mark, sign and date your proxy card and return it promptly in the postage-paid envelope provided.

Proxies submitted over the internet, by telephone or by mail must be received by 11:59 p.m. EDT on Tuesday, May 8, 2018.

Table of Contents

If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, then you are the beneficial owner of shares held in "street name," and the Proxy Notice was forwarded to you by that organization. As a beneficial owner, you have the right to instruct that organization on how to vote the shares held in your account. You should instruct your broker or nominee how to vote your shares by following the voting instructions provided by your broker or nominee. You may also attend the meeting and vote in person if you bring the required proxy, as discussed below.

**How are proxy card votes counted?**

If your proxy card is properly completed and submitted, and not subsequently revoked, it will be voted as directed by you. If the proxy is submitted but voting instructions are not made, the persons designated as proxy holders on the proxy card will vote **"FOR"** the election of all nominees for our Board named in this proxy statement; **"FOR"** the advisory vote on executive compensation; **"FOR"** the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018; and as recommended by our Board with regard to any other matters that may properly come before the meeting, or, if no such recommendation is given, in the Board's own discretion. If the proxy is submitted and voting instructions are made for some, but not all, of the proposals, as to matters in which instructions are given, the proxy will be voted in accordance with those instructions, and for all other proposals, the proxy will be voted as described in the prior sentence.

If your common shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, under applicable rules of the New York Stock Exchange (the "NYSE") (the exchange on which our common shares are traded), the brokers will vote your shares according to the specific instructions they receive from you. If a broker that holds common shares for a beneficial owner does not receive voting instructions from that owner at least 10 days prior to the annual meeting, the broker may vote on the proposal only if it is considered a "routine" matter under the NYSE's rules. On non-routine matters, nominees do not have discretionary voting power and cannot vote without instructions from the beneficial owners, resulting in a so-called "broker non-vote." Pursuant to the rules of the NYSE, the election of trustees and the approval of the compensation of our named executive officers are "non-routine" matters, and a brokerage firm may not vote without instructions from its client on these matters, resulting in a broker non-vote. In contrast, ratification of the appointment of an independent registered public accounting firm is considered a "routine" matter under NYSE's rules, which means that a broker has discretionary voting authority to the extent it has not received voting instructions from its client on the matter.

**If I plan to attend the annual meeting, should I still vote by proxy?**

Yes. Voting in advance does not affect your right to attend the annual meeting. If you submit your proxy card and also attend the annual meeting, you do not need to vote again at the annual meeting unless you want to change your vote. Written ballots will be available at the meeting for shareholders of record. If you are not a shareholder of record but hold shares through a broker or nominee (i.e., in street name), you may vote your shares in person only if you obtain a legal proxy from the broker, trustee or nominee that holds your shares giving you the right to vote the shares. Even if you plan to attend the annual meeting, we recommend that you also submit your proxy or voting instructions prior to the meeting as described above so that your vote will be counted if you later decide not to attend the annual meeting.

Table of Contents

**Will any other matters be voted on?**

The proposals set forth in this proxy statement constitute the only business that the Board intends to present at the annual meeting. The proxy does, however, confer discretionary authority upon the persons designated as proxy holders on the proxy card, or their substitutes, to vote on any other business that may properly come before the meeting. If the annual meeting is postponed or adjourned, the proxy holders can vote your shares on the new meeting date as well, unless you have revoked your proxy.

**May I change or revoke my vote after I submit my proxy card?**

Yes. You may revoke a previously granted proxy at any time before it is exercised by (i) delivering a written notice of revocation to our Secretary at 30 South Meridian Street, Suite 1100, Indianapolis, Indiana 46204, (ii) delivering a duly executed proxy bearing a later date to us or (iii) attending the meeting and voting in person. If your common shares are held by a broker, bank or any other persons holding common shares on your behalf, you must contact that institution to revoke a previously authorized proxy.

**Who is soliciting the proxies and who pays the costs?**

The enclosed proxy for the annual meeting is being solicited by the Board. Proxies also may be solicited, without additional compensation, by our trustees and officers by mail, telephone or other electronic means or in person. We are paying the costs of this solicitation, including the preparation, printing, mailing and website hosting of proxy materials. It is anticipated that banks, brokers and other custodians, nominees and fiduciaries will forward proxy materials to the beneficial owners of our common shares to obtain their voting instructions and that we will reimburse such persons for their out-of-pocket expenses.

**You should rely only on the information provided in this proxy statement. We have not authorized anyone to provide you with different or additional information. You should not assume that the information in this proxy statement is accurate as of any date other than the date of this proxy statement or, where information relates to another date set forth in this proxy statement, then as of that date.**

Table of Contents

**PROPOSAL 1: ELECTION OF TRUSTEES**

Our Board is currently comprised of nine trustees, each with terms expiring at the 2018 annual meeting. The nominees, all of whom are currently serving as trustees of the Company, have been recommended by our Board for re-election to serve as trustees for one-year terms until the 2019 annual meeting of shareholders and until their successors are duly elected and qualified.

**NOMINEES FOR ELECTION AT THE 2018 ANNUAL MEETING**

The nominees for election at the 2018 annual meeting are:

1. John A. Kite
2. William E. Bindley
3. Victor J. Coleman
4. Lee A. Daniels
5. Gerald W. Grupe
6. Christie B. Kelly
7. David R. O'Reilly
8. Barton R. Peterson
9. Charles H. Wurtzebach

Based on its review of the relationships between the trustee nominees and the Company, the Board has affirmatively determined that all of our trustee nominees except for Mr. John A. Kite are "independent" trustees under the rules of the NYSE.

The Board knows of no reason why any nominee would be unable to serve as a trustee. If any nominee is unavailable for election or service, the Board may designate a substitute nominee and the persons designated as proxy holders on the proxy card will vote for the substitute nominee recommended by the Board. Alternatively, the Board may, as permitted by our bylaws, decrease the size of our Board.

Table of Contents

The names, principal occupations and certain other information about the trustee nominees, as well as the key qualifications that led our Corporate Governance and Nominating Committee and our Board to conclude that such person is qualified to serve as a trustee, are set forth below.

**JOHN A. KITE** Chairman of the Board of Trustees and Chief Executive Officer

**Age: 52**

**Trustee Since: 2004**

**Committees: None**

*Background:* Mr. Kite has served as Chairman of the Board since December 2008, as a trustee since our formation in March 2004, and as our Chief Executive Officer since our initial public offering in August 2004. He also served as our President from our initial public offering until December 2008. From 1997 to our initial public offering in 2004, he served as President and Chief Executive Officer of our predecessor and other affiliated companies (the "Kite Companies"). Mr. Kite is responsible for the Company's strategic planning, operations, acquisitions and capital markets activities. Mr. Kite began his career in 1987 at Harris Trust and Savings Bank in Chicago, and he holds a B.A. degree in Economics from DePauw University.

*Qualifications:* Mr. Kite's long tenure as our company's leader provides us with stability and continuity. In particular, Mr. Kite has in-depth, long-standing knowledge of our assets, operations, markets and employees. Mr. Kite continues to provide our Board and management team with invaluable experience in managing and operating our real estate company.

**WILLIAM E. BINDLEY** Lead Independent Trustee

**Age: 77**

**Trustee Since: 2004**

**Committees: Compensation Committee (Chairman), Corporate Governance and Nominating Committee**

*Background:* Mr. Bindley has served as our Lead Independent Trustee since our initial public offering in August 2004. He has been Chairman of Bindley Capital Partners, LLC, a private equity investment firm headquartered in Indianapolis, Indiana, since 2001. Mr. Bindley is also a founder and the current Chairman of Guardian Pharmacy Services, one of the largest providers of specialty pharmacy services to long-term care communities in the United States. Mr. Bindley also founded Priority Healthcare Corporation, a NASDAQ-listed national provider of bio-pharmaceuticals and complex therapies for chronic disease states. He served as Chairman of Priority Healthcare from 1995 to 2002, Chief Executive Officer from 1994 to 1997 and President from May 1996 to July 1996. Mr. Bindley was the Chairman, President, Chief Executive Officer and founder of Bindley Western Industries, Inc., a national pharmaceutical distributor and nuclear pharmacy operator that was a NYSE Fortune 200 company at the time of its merger into Cardinal Health, Inc. in February 2001. He previously served on the boards of Cardinal Health, Inc., Key Bank, NA, Bindley Western Industries, Priority Healthcare Corporation, and Shoe Carnival, Inc. He received both a B.S. degree in Industrial Economics and a Doctor of Management (H.C.) degree from Purdue University. He also completed the Wholesale Management Program at the Graduate School of Business at Stanford University. He is the past Vice Chairman of the United States Ski and Snowboard Association and serves on the President's Advisory Council at Purdue University.

*Qualifications:* Mr. Bindley, through his extensive experience in leading health-care focused companies, brings our Board valuable insight into the operations of businesses outside of the real estate sector. Further, Mr. Bindley brings to our Board extensive public company leadership experience and is particularly well-equipped to address matters such as public company governance and compensation matters. In addition, his leadership of Bindley Capital Partners, LLC provides our Board insight into the investment community and experience with financial matters.

Table of Contents

**VICTOR J. COLEMAN Independent Trustee**

**Age: 56**

**Trustee Since: 2012**

**Committees: Compensation Committee, Corporate Governance and Nominating Committee**

*Background:* Mr. Coleman is the founder, Chief Executive Officer and Chairman of Hudson Pacific Properties (NYSE symbol: HPP), a Los Angeles-based office REIT focused on owning, operating and transforming irreplaceable office and media and entertainment properties in the gateway markets of Los Angeles, San Francisco, Silicon Valley and Seattle. Prior to Hudson Pacific, Mr. Coleman co-founded and led Arden Realty, Inc. as its President and Chief Operating Officer and as a Director, taking the company public in 1996 and selling it to GE Real Estate in 2006. Mr. Coleman is an active community leader, serving as a member of the founding Board of Directors at UCLA's Ziman Center for Real Estate and on the boards of the Ronald Reagan UCLA Medical Center, the Fisher Center for Real Estate & Urban Economics, the Los Angeles Sports & Entertainment Commission and the Los Angeles Chapter of the World Presidents' Organization. He is a former board member for several other public companies, including Douglas Emmett, Inc. (NYSE symbol: DEI). Mr. Coleman was the City of Hope's 2015 Spirit of Life Award recipient presented by the Los Angeles Real Estate & Construction Industries Council. He is also an investor in the NHL team, the Vegas Golden Knights. Mr. Coleman holds a Master of Business Administration degree from Golden Gate University and a Bachelor of Arts in History from the University of California, Berkeley.

*Qualifications:* Mr. Coleman's significant real estate experience is a great asset to our company and our Board. Mr. Coleman brings critical real estate investment industry expertise to our company. He also has keen insight into the investment community as the chairman and chief executive officer of a publicly listed real estate investment trust.

**LEE A. DANIELS Independent Trustee**

**Age: 76**

**Trustee Since: 2014**

**Committees: Corporate Governance and Nominating Committee**

*Background:* Mr. Daniels is the managing principal of Lee Daniels & Associates, LLC, a consulting firm for government and community relations, which he founded in February 2007. Mr. Daniels also currently serves as Senior Adviser to the President at Elmhurst College. Mr. Daniels has served as a director of Inland Real Estate Income Trust, Inc. ("IREIT"), a publicly-registered non-traded real estate investment trust, since 2012. He is the Lead Independent Trustee and serves as Chairman of the Nominating and Corporate Governance Committee and a member of the Audit Committee of IREIT. Mr. Daniels served on the board of directors of Inland Diversified Real Estate Trust, Inc., a publicly-registered non-traded real estate investment trust from its inception in 2008 until its merger with Kite in 2014. Mr. Daniels founded Lee Daniels & Associates, LLC, a consulting firm for government and community relations, in February 2007. From 2007 to 2012, Mr. Daniels was a principal in a commercial real estate firm. From 1992 to 2006, Mr. Daniels was an equity partner at the Chicago law firm of Bell Boyd & Lloyd, and he had previously been an equity partner at Katten Muchin & Zavis from 1982 to 1991 and Daniels & Faris from 1967 to 1982. From 1971 to 1974, Mr. Daniels served as Special Assistant Attorney General for the State of Illinois. Mr. Daniels served as a member of the Illinois House of Representatives from 1975 to 2007, and he was Speaker of the Illinois House of Representatives from 1995 to 1997 and the Republican Leader from 1983 to 2003. Mr. Daniels currently serves as Chairman of the Board of Haymarket Center, a nonprofit drug and alcohol treatment center in Chicago. He also previously served on the boards of Elmhurst Memorial Hospital Healthcare, the Elmhurst Memorial Hospital Foundation, Suburban Bank and Trust Company of Elmhurst, Elmhurst Federal Savings and Loan Association and the DuPage Easter Seals. Mr. Daniels received his bachelor degree from the University of Iowa and his law degree from The John Marshall Law School in Chicago. He received a Distinguished Alumni Award from both The John Marshall Law School and the University of Iowa, and an Honorary Doctor of Laws from Elmhurst College.

Table of Contents

*Qualifications:* Mr. Daniels, based on his more than forty-five years of legal practice, experience as a director of publicly-registered real estate investment trusts, experience as a commercial real estate broker and service in the government, is well-qualified to serve as a member of our Board.

**GERALD W. GRUPE Independent Trustee**

**Age: 79**

**Trustee Since: 2014**

**Committees: Audit Committee**

*Background:* Mr. Grupe was an independent director of Inland Diversified Real Estate Trust, Inc., a publicly registered, non-traded real estate investment trust, from October 2009 until June 2014. Mr. Grupe founded Ideal Insurance Agency, Inc. ("Ideal"), serving as president and chief executive officer from June 1980 to June 2009. Ideal provides insurance program administration, claims administration and related services to public and quasi-public entities in Illinois, including representing the Volunteer Firemen's Insurance Services, for which Mr. Grupe served as regional director from June 1974 to June 2009. Mr. Grupe retired from Ideal in June 2009. In addition, Mr. Grupe served as the chairman of the board of the Illinois Public Risk Fund from 1984 to June 2006 and its treasurer from June 2006 to June 2009.

*Qualifications:* Mr. Grupe, through his extensive experience in the insurance industry, brings our Board valuable insight into the operations of businesses outside of the real estate sector. His leadership of Ideal and the Illinois Public Risk Fund provides our Board with unique insight into risk management.

**CHRISTIE B. KELLY Independent Trustee**

**Age: 57**

**Trustee Since: 2013**

**Committees: Audit Committee**

*Background:* Ms. Kelly is the global chief financial officer of Jones Lang LaSalle Incorporated (NYSE symbol: JLL), a publicly traded financial and professional services firm specializing in real estate. She joined Jones Lang LaSalle in July 2013, bringing with her 25 years of experience in financial management, mergers and acquisitions, information technology and investment banking. From 2009 to June 2013, she was the executive vice president and chief financial officer of Duke Realty Corporation (NYSE symbol: DRE), a publicly traded real estate investment trust. Prior to that, she was a Senior Vice President, Global Real Estate, with Lehman Brothers, where she led real estate equity syndication in the United States and Canada. She spent most of her early career at General Electric, holding a variety of domestic and global leadership roles for GE Real Estate, GE Capital, GE Corporate Audit, and GE Medical Systems. During her time at GE, she led deal teams analyzing more than \$10 billion of real estate-related transactions in the mergers and acquisitions group, was a Six Sigma leader at GE Capital, achieved more than \$100 million in global sourcing savings at GE Capital IT Solutions, and held financial leadership positions in Europe, Asia, and globally. Ms. Kelly holds a B.A. degree in economics from Bucknell University. Ms. Kelly serves on the board of directors for Park Hotels & Resorts Inc., a publicly traded lodging REIT.

*Qualifications:* Ms. Kelly's significant real estate and financial experience provides our Board with a strong level of knowledge and expertise regarding real estate companies. Her career as a real estate investment executive enriches our corporate diversity and industry expertise. In particular, Ms. Kelly has first-hand and extensive experience in the development and operation of real estate assets through her roles with General Electric, Lehman Brothers, and Duke Realty. Additionally, Ms. Kelly's service as a chief financial officer of another publicly traded company provides a valuable operational and financial accounting perspective to our Board.



Table of Contents

**DAVID R. O'REILLY Independent Trustee**

**Age: 43**

**Trustee Since: 2013**

**Committees: Audit Committee, Compensation Committee**

*Background:* Mr. O'Reilly joined The Howard Hughes Corporation (NYSE symbol: HHC) in October 2016 as the Chief Financial Officer, where he is responsible for managing the company's investment and financial strategy and working with the executive team to unlock meaningful long-term value across the company's portfolio. Prior to joining The Howard Hughes Corporation, Mr. O'Reilly served as Executive Vice President, Chief Financial Officer and Chief Investment Officer of Parkway Properties, Inc., a NYSE-traded real estate investment trust focused on office properties. Prior to that, Mr. O'Reilly served as Executive Vice President of Banyan Street Capital and as Director of Capital Markets for Eola Capital LLC. He served in the investment banking industry as Senior Vice President of Barclays Capital Inc. and in a similar capacity for Lehman Brothers. During his career, Mr. O'Reilly has been involved in a broad range of financial advisory and merger and acquisition activities, including leveraged buyouts, initial public offerings and single asset and pooled CMBS transactions. Mr. O'Reilly graduated from Tufts University with a B.S. in Civil Engineering and received his M.B.A. from the Columbia University.

*Qualifications:* Mr. O'Reilly's significant experience in commercial real estate investment and finance and his experience as a Chief Investment Officer and Chief Financial Officer of a publicly traded company allow him to make valuable contributions to the Company and the Board in these areas.

**BARTON R. PETERSON Independent Trustee**

**Age: 59**

**Trustee Since: 2013**

**Committees: Corporate Governance and Nominating Committee (Chairman)**

*Background:* Mr. Peterson served as senior vice president of corporate affairs and communications and as a member of the executive committee at Eli Lilly and Company from 2009 through 2017. Prior to joining Eli Lilly, Mr. Peterson was Managing Director at Strategic Capital Partners, LLC from June 2008 to June 2009. During spring 2008, Mr. Peterson was a fellow with the Institute of Politics of Harvard University's Kennedy School of Government. During the 2008-2009 academic year, Mr. Peterson was a Distinguished Visiting Professor of Public Policy at Ball State University. From 2000 to 2007, Mr. Peterson served two terms as Mayor of Indianapolis, Indiana. He also served as President of the National League of Cities in 2007. Mr. Peterson received a bachelor's degree from Purdue University in 1980 and earned his law degree from the University of Michigan in 1983.

*Qualifications:* Mr. Peterson's experience in corporate affairs and communications at a major publicly traded company and his significant background and stature as a business and civic leader strengthen our Board and contribute unique experience in public outreach and governance that is invaluable to our company.

Table of Contents

**CHARLES H. WURTZEBACH, PH.D. Independent Trustee**

**Age: 69**

**Trustee Since: 2014**

**Committees: Audit Committee (Chairman)**

*Background:* Dr. Wurtzebach is currently Chairman, Department of Real Estate, and Douglas and Cynthia Crocker Endowed Director, The Real Estate Center at DePaul University in Chicago, Illinois, a position he has held since 2015. Dr. Wurtzebach joined the faculty at DePaul University in January 2009. From 1999 to November 2008, Dr. Wurtzebach served as managing director and property chief investment officer of Henderson Global Investors (North America) Inc., where he was responsible for the strategic portfolio planning and the overall management of Henderson's North American business. Dr. Wurtzebach was president and chief executive officer of Heitman Capital Management from June 1994 to May 1998 and president of JMB Institutional Realty from June 1991 to June 1994. In addition, Dr. Wurtzebach was the Director of the Real Estate and Urban Land Economics program within the Graduate School of Business at the University of Texas at Austin from 1974 to 1986. Dr. Wurtzebach currently serves as an independent director of the board of directors of RREEF Property Trust, Inc., where he also serves as the Chairman of the Audit Committee. Dr. Wurtzebach currently serves as an independent director of the board of directors of Megalytics Inc. He also served as an independent director of Inland Diversified Real Estate Trust, Inc., a publicly registered, non-traded real estate investment trust, from 2009 until 2014 and as Chairman of the Audit Committee. Dr. Wurtzebach has co-authored or acted as co-editor of several books, including Modern Real Estate, co-authored with Mike Miles, and Managing Real Estate Portfolios, co-edited with Susan Hudson-Wilson, and numerous academic and professional articles. A frequently featured speaker at professional and academic gatherings, Dr. Wurtzebach was the 1994 recipient of the prestigious Graaskamp Award for Research Excellence presented by the Pension Real Estate Association and is a member of the American Real Estate Society and a past president and director of the Real Estate Research Institute. Dr. Wurtzebach obtained his bachelor degree from DePaul University, a master's degree in business administration from Northern Illinois University and a Ph.D. in finance from the University of Illinois at Urbana.

*Qualifications:* Dr. Wurtzebach brings a variety of valuable perspectives to our Board through his academic experience as a real estate professor, industry experience as an executive for investment management companies and his board experience with a public non-listed REIT.

**VOTE REQUIRED AND RECOMMENDATION**

The affirmative vote of a majority of the votes cast at the annual meeting is necessary for the election of a trustee. For purposes of the election of trustees, a majority of the votes cast means that the number of votes cast "for" a trustee's election exceeds the number of votes cast "against" that trustee's election. Abstentions and other shares not voted (whether by broker non-vote or otherwise) will not be counted as votes cast and thus will have no effect on the result of the vote. There is no cumulative voting with respect to the election of trustees.

Pursuant to our corporate governance guidelines, if an incumbent trustee is not re-elected due to his or her failure to receive a majority of the votes cast in an uncontested election, the trustee will promptly offer to tender his or her resignation as a trustee, subject to acceptance by the Board. The Corporate Governance and Nominating Committee must make a recommendation to the Board as to whether to accept or reject such offer to resign or whether other action should be taken with respect to such offer to resign. The Board must publicly disclose within 90 days of certification of the shareholder vote its decision and rationale regarding whether to accept, reject or take other action with respect to such resignation offer. If any trustee's offer to resign is not accepted by the Board or

Table of Contents

if no action is taken with respect to such trustee's tendered resignation within the 90-day period, such trustee will continue to serve until his or her successor is elected and qualifies or his or her earlier resignation or removal. If any trustee's offer to resign is accepted by the Board, then such trustee will thereupon cease to be a trustee of the Company, and the Board, in its sole discretion, may fill the resulting vacancy or may decrease the size of the Board pursuant to the Company's bylaws.

**OUR BOARD OF TRUSTEES RECOMMENDS A VOTE "FOR" EACH OF THE  
NOMINEES SET FORTH ABOVE.**

**TRUSTEE SELECTION PROCESS  
QUALIFICATIONS**

The Board has adopted a policy to be used for considering potential trustee candidates to further the Corporate Governance and Nominating Committee's goal of ensuring that our Board consists of a diversified group of qualified individuals who function effectively as a group. The policy provides that qualifications and credentials for consideration as a trustee nominee may vary according to the particular areas of expertise being sought as a complement to the existing composition of the Board. However, at a minimum, candidates for trustee must possess:

a high degree of integrity;

an ability to exercise sound judgment;

an ability to make independent analytical inquiries;

a willingness and ability to devote adequate time and resources to diligently perform Board duties; and

a reputation, both personal and professional, consistent with the image and reputation of the Company.

In addition to the aforementioned minimum qualifications, the Corporate Governance and Nominating Committee also believes that there are other qualities and skills that, while not a prerequisite for nomination, should be taken into account when considering whether to recommend a particular person. These factors include:

whether the person possesses specific expertise in the real estate industry and familiarity with general issues affecting the Company's business;

whether the person's nomination and election would enable the Board to have a member that qualifies as an "audit committee financial expert" as defined by the Securities and Exchange Commission (the "SEC");

whether the person would qualify as an "independent" trustee under the NYSE's listing standards and our corporate governance guidelines;

the importance of continuity of the existing composition of the Board; and

the importance of a diversified Board membership, in terms of both the individuals involved and their various experiences and areas of expertise.



Table of Contents

**IDENTIFICATION AND EVALUATION PROCESS**

The Corporate Governance and Nominating Committee will seek to identify trustee candidates based on input provided by a number of sources, including (a) Corporate Governance and Nominating Committee members, (b) other members of the Board and (c) shareholders of the Company. The Corporate Governance and Nominating Committee also has the authority to consult with or retain advisors or search firms to assist in the identification of qualified trustee candidates; however, we do not currently employ a search firm or pay a fee to any third party to locate qualified trustee candidates.

As part of the identification process, the Corporate Governance and Nominating Committee will evaluate the skills, expertise and diversity possessed by the current Board and whether there are additional skills, expertise or diversity that should be added to complement the composition of the existing Board. The Corporate Governance and Nominating Committee may consult with other members of the Board in connection with the identification process. The Corporate Governance and Nominating Committee also will take into account the number of trustees expected to be elected at the next annual meeting and whether existing trustees have indicated a willingness to continue to serve as trustees if re-nominated. Once trustee candidates have been identified, the Corporate Governance and Nominating Committee will then evaluate each candidate in light of his or her qualifications and credentials and any additional factors that the Corporate Governance and Nominating Committee deems necessary or appropriate. Existing trustees who are being considered for re-nomination will be re-evaluated as part of the Corporate Governance and Nominating Committee's process of recommending trustee candidates. All candidates submitted by shareholders will be evaluated in the same manner as all other trustee candidates, provided that the procedures set forth in our bylaws have been followed.

After completing the identification and evaluation process described above, the Corporate Governance and Nominating Committee will recommend to the Board the nomination of a number of candidates equal to the number of trustee vacancies that will exist at the annual meeting of shareholders. The Board will then select the trustee nominees for shareholders to consider and vote upon at the shareholders' meeting.

**SHAREHOLDER NOMINATIONS**

For nominations for election to the Board by a shareholder, the shareholder must comply with the advance notice provisions and other requirements of Article II, Section 13 of our bylaws. These notice provisions require that the shareholder must have given timely notice thereof in writing to our Secretary. To be timely, a shareholder's notice must be delivered to our Secretary at our principal executive office not less than 90 days nor more than 120 days prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting. In the event that the date of the mailing of the notice for the annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of the mailing of the notice for the preceding year's annual meeting, notice by the shareholder to be timely must be delivered not less than 90 days nor more than 120 days prior to the date of mailing of the notice for such annual meeting or the 10th day following the day on which public announcement of the date of mailing of the notice for such meeting is first made by us. The shareholder's notice must set forth:

as to each person that the shareholder proposes to nominate for election or reelection as a trustee: (a) the name, age, business address and residence address of such person, (b) the class and number of shares of beneficial interest of Kite Realty Group Trust that are beneficially owned or owned of record by such person and (c) all other information relating to

Table of Contents

such person that is required to be disclosed in solicitations of proxies for election of trustees in an election contest (even if an election contest is not involved) or is otherwise required pursuant to Regulation 14A (or any successor provision) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and

as to the shareholder giving the notice and each beneficial owner, if any, on whose behalf the nomination is made: (a) the name and address of such shareholder as they appear on our share ledger and current name and address, if different, of such beneficial owner, and (b) the class and number of shares of each class of beneficial interest of Kite Realty Group Trust that are owned beneficially and of record by such shareholder and owned beneficially by such beneficial owner.

**INDEPENDENCE OF TRUSTEES**

NYSE listing standards require NYSE-listed companies to have a majority of independent board members and a nominating/corporate governance committee, compensation committee and audit committee, each comprised solely of independent trustees. Under the NYSE listing standards, no trustee of a company qualifies as "independent" unless the board of trustees of the company affirmatively determines that the trustee has no material relationship with the company (either directly or as a partner, shareholder or officer of an organization that has a relationship with such company). In addition, the NYSE listing standards contain the following restrictions upon a listed company's trustee independence:

a trustee who is an employee or whose immediate family member is an executive officer of the listed company is not independent until three years after the end of such employment relationship;

a trustee who has received or has an immediate family member who has received during any twelve-month period within the last three years more than \$120,000 in direct compensation from the listed company, other than trustee and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), is not independent;

a trustee who is or whose immediate family member is a current partner of a firm that is the company's internal or external auditor is not independent; a trustee who is a current employee of such a firm is not independent; a trustee who has an immediate family member who is a current employee of such a firm and who personally works on the listed company's audit is not independent; and a trustee who was or whose immediate family member was, within the last three years (but is no longer), a partner or employee of such a firm and personally worked on the listed company's audit within that time is not independent;

a trustee who is employed or whose immediate family member is employed as an executive officer of another company where any of the listed company's present executive officers at the same time serve or served on the other company's compensation committee is not independent until three years after the end of such service or the employment relationship; and

a trustee who is an executive officer or an employee or whose immediate family member is an executive officer of another company that has made payments to, or received payments from, the listed company for property or services in an amount which, in any of the last three

Table of Contents

fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues, is not independent.

Our Board has evaluated the status of each trustee and has affirmatively determined, after considering all facts and circumstances, that each of our trustee nominees other than John A. Kite is "independent" as defined in the NYSE's listing standards. John A. Kite is not independent because he is an employee of the Company.

In making its independence determinations with respect to each trustee, the Board considered, among other things, relationships between the Company and its trustees and their immediate family members, as well as relationships among trustees and their immediate family members. The Board also considered an arrangement by which KMI Management, LLC ("KMI"), a company in which John A. Kite currently owns and Thomas K. McGowan previously owned direct or indirect interests, makes available to each trustee the use of an airplane owned by KMI on the same terms and conditions by which KMI makes the airplane available to our company for business-related travel and to third parties. During 2017, no trustee leased the use of the airplane. See "Certain Relationship and Related Party Transactions Contracts with KMI Management" for a description of the arrangement between our company and KMI.

**TRUSTEE COMPENSATION**

Under our trustee compensation program, for the 2017-2018 year of service, each non-employee trustee received the following annual compensation for his or her service as a trustee of our Company:

Retainer (Cash)	\$60,000
Equity (Common Shares)	\$100,000
Committee Member (Cash)	Additional \$7,500 to \$12,500
Committee Chair (Cash)	Additional \$15,000 to \$25,000
Lead Independent Trustee (Cash)	\$25,000

At the trustee's election, the cash retainer may be paid in deferred share units (described below) that are fully vested on the date of grant. The common share grants are subject to a one-year vesting period. In addition, each of our trustees received, and new trustees will receive, upon initial election to our Board, 750 restricted common shares that vest one year from the date of grant.

In 2006, the Board adopted the Trustee Deferred Compensation Plan (the "Trustee Plan"), which provides a deferred compensation arrangement for non-management trustees of the Company. Under the Trustee Plan, each non-management trustee may elect to defer eligible fee and retainer compensation until such time as the trustee's service on the Board is completed. Compensation that is deferred vests immediately and is credited as a number of deferred share units ("share units") to an individual account for each trustee. A share unit represents an unfunded right to receive one of the Company's common shares at a future date. Share units are credited with dividend equivalents to the extent dividends are paid on the Company's common shares.

In order to ensure that all non-management trustees hold meaningful equity ownership positions in the Company, our Board has established guidelines for non-management trustees regarding ownership of our common shares or units of limited partnership interest of Kite Realty Group, L.P. (our "Operating Partnership"). According to the guidelines in effect for the 2017-2018 service year,

Edgar Filing: KITE REALTY GROUP TRUST - Form DEF 14A

Table of Contents

each non-management trustee was required to own common shares and/or units in an amount equal to at least five times the annual cash retainer paid to the trustees, to be achieved within five years of joining the Board.

The following table provides information on the compensation of our non-management trustees for the fiscal year ended December 31, 2017. Mr. Kite received no separate compensation for his service as a trustee of the Company. For information related to his compensation, please refer to the "Summary Compensation Table" included later in this document.

<b>Name</b>	<b>Fees Paid in Cash</b>	<b>Common Share and Unit Awards (1)</b>	<b>Total</b>
William E. Bindley	\$ 112,500	\$ 99,995	\$ 212,495
Victor J. Coleman	\$ 38,790	\$ 138,705	\$ 177,495
Lee A. Daniels	\$ 67,500	\$ 99,995	\$ 167,495
Gerald W. Grupe	\$ 72,500	\$ 99,995	\$ 172,495
Christie B. Kelly	\$ 72,500	\$ 99,995	\$ 172,495
David R. O'Reilly	\$ 82,500	\$ 99,995	\$ 182,495
Barton R. Peterson	\$ 75,000	\$ 99,995	\$ 174,995
Charles H. Wurtz bach	\$ 85,000	\$ 99,995	\$ 184,995

(1)

The amounts disclosed in the "Common Share and Unit Awards" column reflect the aggregate grant date fair value of equity awards granted pursuant to the Equity Incentive Plan.

**OUTSTANDING TRUSTEE EQUITY AWARDS AT FISCAL YEAR-END DECEMBER 31, 2017**

The following table provides information on the aggregate number of share awards outstanding as of the fiscal year ended December 31, 2017 for each of the trustees included in the above Trustee Compensation Table.

<b>Name</b>	<b>Vested Restricted Common Share Awards Outstanding as of December 31, 2017 (#)</b>	<b>Unvested Restricted Common Share Awards Outstanding as of December 31, 2017 (#)</b>	<b>Total</b>
William E. Bindley	19,734	5,094	24,828
Victor J. Coleman	9,906	5,094	15,000
Lee A. Daniels	6,560	5,094	11,654
Gerald W. Grupe	6,560	5,094	11,654
Christie B. Kelly	9,906	5,094	15,000
David R. O'Reilly	8,276	5,094	13,370
Barton R. Peterson	8,276	5,094	13,370
Charles H. Wurtz bach	6,560	5,094	11,654



Table of Contents

## CORPORATE GOVERNANCE AND BOARD MATTERS

The business and affairs of the Company are managed under the direction of our Board, as provided by Maryland law, and the Company conducts its business through meetings of the Board and its three standing committees: the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee.

We have structured our corporate governance in a manner we believe closely aligns our interests with those of our shareholders. Notable features of our corporate governance include:

**89% Independent Trustees.** *Eight of our nine trustees have been determined by us to be "independent" as defined by the NYSE listing standards.*

**No Classified Board.** *Our trustees are elected annually for one-year terms.*

**Entirely Independent Committees.** *All of the members of our Audit, Compensation and Corporate Governance and Nominating Committees are independent.*

**No Poison Pill.** *The Company does not have a "poison pill" or shareholder rights plan.*

**Lead Independent Trustee.** *We have a Lead Independent Trustee to strengthen the role of our independent trustees and encourage independent Board leadership.*

**Opted Out of Maryland Anti-Takeover Statutes.** *We have elected not to be subject to the Maryland Business Combination Statute and the Maryland Control Share Acquisition Statute.*

**Majority Voting for Trustees.** *Our trustees must be elected by a majority of votes cast in uncontested elections.*

**No Significant Related Party Transactions.** *We do not currently have any significant related party transactions and have robust related party transaction review and approval procedures.*

**Share Ownership Guidelines.** *Our share ownership guidelines require that our CEO and other named executive officers own shares or limited partnership units with an aggregate value of 10x and 3x or 2x base salary, respectively. All non-management trustees must hold shares or limited partnership units with an aggregate value of 5x their annual retainer, which ownership level must be obtained within 5 years of joining the Board.*

**Anti-Hedging Policy.** *Our anti-hedging policy prohibits our trustees, executives and employees from engaging in transactions designed to hedge against losses from their share ownership.*

**Board Refreshment Policy.** *Pursuant to our corporate governance guidelines, we actively evaluate each trustee on an annual basis to assess performance and ensure that fresh ideas and viewpoints are available to the Board. The average tenure of our current trustees is 6.4 years.*

Table of Contents

## **BOARD LEADERSHIP STRUCTURE**

### **CHAIRMAN**

Mr. John A. Kite has served as Chairman of the Board since December 2008 and as our Chief Executive Officer and member of the Board since our initial public offering in 2004. Mr. Kite also served as our President from our initial public offering to December 2008.

Periodically, the Corporate Governance and Nominating Committee gives consideration to whether the combined role of the chairman and chief executive officer continues to be appropriate for our Company. The Corporate Governance and Nominating Committee, with the consensus of the other independent trustees, has concluded that Mr. Kite's extended tenure with our Company provides stable leadership that is beneficial to us and our shareholders. In particular, the Board recognizes that, given Mr. Kite's familiarity with our real estate properties and day-to-day operations and his long-standing experience with our Company, it is valuable to have him lead our board discussions.

### **LEAD TRUSTEE**

To strengthen the role of our independent trustees and encourage independent Board leadership, our Board established the position of lead independent trustee in connection with our initial public offering in August 2004. Our lead independent trustee is selected on an annual basis by the Board from among the independent trustees. Mr. William E. Bindley currently serves as our lead independent trustee and has served in that capacity since our initial public offering in 2004. The role of the lead trustee, among other things, is to serve as liaison (i) between the Board and management, including the Chief Executive Officer, (ii) among independent trustees and (iii) between interested third parties and the Board. In addition, Mr. Bindley meets several times a year with Mr. Kite, our Chairman and Chief Executive Officer.

The Board believes that our lead independent trustee is effective in mitigating any potential conflict of interest that might arise from the combined chairman/chief executive officer position. In particular, the Board recognizes that the lead independent trustee is actively engaged in setting board agendas, meets regularly with our chief executive officer to stay apprised of the important aspects of our business and presides over executive sessions of the non-management trustees at least once each quarter.

### **EXECUTIVE SESSIONS OF NON-MANAGEMENT TRUSTEES**

Pursuant to our corporate governance guidelines and the NYSE listing standards, in order to promote open discussion among non-management trustees, our Board devotes a portion of each regularly scheduled board meeting to executive sessions without management participation. The lead trustee presides at these sessions. In addition, our corporate governance guidelines provide that if the group of non-management trustees includes trustees who are not independent, as defined in the NYSE's listing standards, at least one such executive session convened per year shall include only independent trustees.

### **BOARD MEETINGS**

During 2017, the Board met four times, including telephonic meetings. Each trustee attended at least 75% of meetings of the Board and applicable committees on which he or she served during his or her period of service. Trustees are expected to attend, in person or by telephone, all Board meetings and meetings of committees on which they serve. In addition, pursuant to our corporate governance

Table of Contents

guidelines, trustees are expected to attend the Company's annual meeting of shareholders. Last year, eight of our nine trustees attended the annual meeting of shareholders. One trustee was not able to attend due to an unavoidable conflict.

**BOARD COMMITTEES**

The Board has a standing Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee. All members of the committees described below are "independent" of the Company as that term is defined in the NYSE's listing standards.

**AUDIT COMMITTEE**

**Members:**

Dr. Wurtz bach (Chair)  
Mr. Grupe  
Ms. Kelly  
Mr. O'Reilly

**Responsibilities:** The principal purpose of the Audit Committee is to assist the Board in the oversight of:

the integrity of our financial statements;

our compliance with legal and regulatory requirements;

the qualification, performance, compensation and independence of our independent auditors;

audits and other services performed by our independent auditors;

our financial statements, any significant financial reporting issues and any major issues as to the adequacy of internal controls;

the performance of our internal audit function; and

the preparation and submission of an Audit Committee Report for inclusion in the Company's proxy statement and/or annual report on Form 10-K.

**Independence:** Our Audit Committee's written charter requires that all members of the committee meet the independence, experience, financial literacy and expertise requirements of the NYSE, the Sarbanes-Oxley Act of 2002, the Exchange Act, and applicable rules and regulations of the SEC, all as in effect from time to time. All of the members of the Audit Committee meet the foregoing requirements. The Board has determined that each of Christie B. Kelly, David R. O'Reilly and Dr. Charles H. Wurtz bach is an "audit committee financial expert" as defined by the rules and regulations of the SEC.

**Meetings:** The Audit Committee met four times in 2017, including telephonic meetings. The Audit Committee Chair also met with our internal auditing personnel four times in 2017, including telephonic meetings.



Table of Contents

**COMPENSATION COMMITTEE**

**Members:**

Mr. Bindley (Chair)  
Mr. Coleman  
Mr. O'Reilly

**Responsibilities:** The principal responsibilities of the Compensation Committee are to:

establish and approve the compensation of our Chief Executive Officer and evaluate his performance in light of the Company's goals and objectives;

determine and approve the compensation of the other executive officers;

recommend to the Board the compensation of trustees;

provide a description of the processes for the determination of executive and trustee compensation for inclusion in the proxy statement;

oversee and assist the Company in preparing the Compensation Discussion and Analysis for inclusion in the proxy statement; and

prepare and submit a Compensation Committee Report for inclusion in the Company's proxy statement.

**Independence:** All of the members of our Compensation Committee are independent in accordance with the NYSE's listing standards and in accordance with our corporate governance guidelines and the Compensation Committee charter.

**Meetings:** The Compensation Committee met five times in 2017, including telephonic meetings.

At the beginning of each year, the Compensation Committee evaluates the components of each executive officer's total compensation. The Chief Executive Officer may make compensation recommendations to the Compensation Committee with respect to the executive officers who report to him. The Compensation Committee may accept or reject such recommendations and also makes the sole determination of the compensation for the Chief Executive Officer.

The Compensation Committee utilizes, from time to time, the services of a compensation consultant or other advisor after taking into consideration all factors relevant to the independence from management of such compensation consultant or other advisor. The Compensation Committee is directly responsible for the appointment, compensation, and oversight of the work of any compensation consultant or other advisor retained by the Compensation Committee.

Since 2015, the Compensation Committee has engaged FTI Consulting, Inc. ("FTI Consulting"), a nationally recognized consulting firm, to comprehensively review the Company's compensation policies for its executive officers, to advise the Compensation Committee and to provide recommendations regarding various compensation decisions to be made by the Compensation Committee. The Compensation Committee takes these recommendations into account in making base salary determinations and incentive compensation awards to its executive officers and maintaining an incentive plan for the Company's executive officers and other employees.

Table of Contents

**CORPORATE GOVERNANCE AND NOMINATING COMMITTEE**

**Members:** Mr. Peterson (Chair)  
Mr. Bindley  
Mr. Coleman  
Mr. Daniels

**Responsibilities:** The principal responsibilities of the Corporate Governance and Nominating Committee are to:

identify individuals who are qualified to serve as trustees;

recommend such individuals to the Board, either to fill vacancies that occur on the Board from time to time or in connection with the selection of trustee nominees for each annual meeting of shareholders;

periodically assess the size of the Board to ensure it can effectively carry out its obligations;

develop, recommend, implement and monitor our corporate governance guidelines and our codes of business conduct and ethics;

oversee the evaluation of the Board and its committees and management;

ensure that we are in compliance with all NYSE corporate governance listing requirements; and

review and evaluate potential related party transactions in accordance with policies and procedures adopted by the Company from time to time.

**Independence:** All of the members of our Corporate Governance and Nominating Committee are independent in accordance with the NYSE's listing standards, our corporate governance guidelines and our Corporate Governance and Nominating Committee charter.

**Meetings:** The Corporate Governance and Nominating Committee met four times in 2017, including telephonic meetings.

**BOARD'S ROLE IN RISK OVERSIGHT**

One of our Board's important roles is to oversee various risks that we may face from time to time. While the full Board has primary responsibility for risk oversight, it relies on its committees, as appropriate, to monitor and address the risks that may be within the scope of a particular committee's expertise or charter. For example, the Audit Committee oversees the preparation and filing of our financial statements, compliance with legal and regulatory requirements and the performance of our internal audit function. The Board believes that the composition of its committees and the distribution of the particular expertise of each committee's members make this an appropriate structure to more effectively monitor these risks.

An important feature of the Board's risk oversight function is to receive periodic updates from its committees and members of management, as appropriate. Each of the three standing committees addresses risks specific to its respective area of oversight as follows:

## Edgar Filing: KITE REALTY GROUP TRUST - Form DEF 14A

*Audit Committee:* The Audit Committee, which meets at least quarterly and reports its findings to the Board, performs a lead role in helping our Board fulfill its responsibilities for oversight of our financial reporting, internal audit function, risk management and compliance with legal and regulatory requirements. Our Audit Committee reviews periodic reports from our independent registered public accounting firm regarding potential risks, including risks related to our

Table of Contents

internal controls. Our Audit Committee also annually reviews, approves and oversees an internal audit plan developed by our internal auditing personnel with the goal of helping us systematically evaluate the effectiveness of our risk management, control and governance processes; periodically meets with our internal auditing personnel to review the results of our internal audits; and directs or recommends to the Board actions or changes it determines appropriate to enhance or improve the effectiveness of our risk management.

*Compensation Committee:* The Compensation Committee, in consultation with the Company's executive officers, reviews the Company's policies and procedures with respect to risk assessment and risk management for compensating all employees of the Company, including non-executive employees, on an annual basis and periodically reports its findings to the Board. The Compensation Committee does not believe there are any risks from the Company's compensation policies and practices for its employees that are reasonably likely to have a material adverse effect on the Company.

*Nominating and Corporate Governance Committee:* The Nominating and Corporate Governance Committee monitors the general operations of the Board and the effectiveness of our corporate governance guidelines, including whether they are successful in preventing illegal or improper liability-creating conduct.

In addition to getting direct information on risk management from its committees, the Board receives regular updates directly from members of executive management. In particular, due to his executive management position, Mr. Kite frequently communicates with other members of our management and periodically updates the Board on the important aspects of the Company's day-to-day operations. The Board also receives regular updates from the Company's General Counsel and outside counsel regarding legal and regulatory developments and policies and mitigation plans intended to address the related risks. Mr. Kite meets or speaks by telephone individually with each of the trustees on at least an annual basis and several times each year with the lead independent trustee. Other members of management also have direct access to the chairperson of each Board committee and our lead independent trustee.

## **COMMITTEE CHARTERS AND CORPORATE GOVERNANCE DOCUMENTS**

Our Board maintains charters for all Board committees and has adopted a written set of corporate governance guidelines, a code of business conduct and ethics and a code of ethics for our principal executive officers and senior financial officers. Our committee charters, corporate governance guidelines, code of business conduct and ethics and code of ethics are available on our website at [www.kiterealty.com](http://www.kiterealty.com). Each of these documents is also available in print to any shareholder who sends a written request to such effect to Investor Relations, Kite Realty Group Trust, 30 South Meridian Street, Suite 1100, Indianapolis, Indiana 46204.

## **COMMUNICATIONS WITH THE BOARD**

Shareholders and other interested parties may communicate with the Board by communicating directly with the presiding lead independent trustee by sending any correspondence they may have in writing to the "Lead Trustee" c/o the Corporate Secretary of Kite Realty Group Trust, 30 South Meridian Street, Suite 1100, Indianapolis, Indiana 46204, who will then directly forward such correspondence to the lead trustee. The lead trustee will decide what action, if any, should be taken with respect to the communication, including whether such communication should be reported to the Board.



Table of Contents

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

The members of the Compensation Committee of our Board are William E. Bindley (chairman), Victor J. Coleman, and David R. O'Reilly, each of whom is an independent trustee. None of our named executive officers served as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our Board or the Compensation Committee. Accordingly, during 2017, there were no interlocks with other companies within the meaning of the SEC's proxy rules.

**RESPONSE TO EXPECTED RECOMMENDATION OF INSTITUTIONAL SHAREHOLDER SERVICES ("ISS")**

Consistent with Maryland law, our declaration of trust states that only the Board may amend our bylaws. This has been the case since our initial public offering in 2004. Over the course of the last 14 years as a publicly traded company, none of our shareholders has ever initiated a conversation with us on this topic or asked us to make any changes to our organizational documents with respect to this issue.

Prior to our 2017 annual meeting of shareholders, ISS adopted a new policy under which it generally recommends against members of a company's governance committee if the company does not grant to its shareholders the unilateral right to amend its bylaws. As a result of this new policy, ISS recommended against our incumbent corporate governance committee members for our 2017 trustee elections.

The majority of our shareholders rejected ISS's recommendation and voted in favor of our governance committee members. Each member received more than 76% of the votes cast.

Since that vote, we have not received any complaints from shareholders regarding our corporate governance, either generally or specific to ISS's new policy on bylaw amendments. In connection with preparing this proxy statement, we contacted our two largest shareholders, who together own more than 33% of our common shares, to affirmatively seek their feedback. Both shareholders accepted our invitations. During our subsequent teleconferences, both shareholders stated that they generally support giving shareholders the right to amend a company's bylaws but that they do not follow ISS's policy of voting against incumbent trustees where a company's legacy organizational documents do not already grant shareholders this right.

Based on this feedback and the 2017 shareholder vote, the Board decided not to propose any changes to our declaration of trust to address ISS's bylaw amendment policy at this time. We continue to pride ourselves on our strong corporate governance principles, and we will continue to regularly assess our practices in light of market developments and shareholder preferences.

Table of Contents**EXECUTIVE OFFICERS**

Our executive officers are:

Name	Age	Title
John A. Kite	52	Chairman of the Board of Trustees and Chief Executive Officer
Thomas K. McGowan	53	President and Chief Operating Officer
Daniel R. Sink	50	Executive Vice President and Chief Financial Officer
Scott E. Murray	45	Executive Vice President, General Counsel and Corporate Secretary

The names, principal occupations and certain other information about our executive officers are set forth below, other than John A. Kite, whose background information is described above under the heading "Proposal 1 Election of Trustees." Our executive officers comprise all of our NEOs for 2017.

**THOMAS K. MCGOWAN President and Chief Operating Officer**

Mr. McGowan has served as President since 2008 and Chief Operating Officer since our initial public offering in 2004. Previously, he served as our Senior Executive Vice President and Executive Vice President. Mr. McGowan is primarily responsible for overseeing the development, redevelopment, leasing, construction and asset management functions of the Company. Before joining the Kite Companies, Mr. McGowan worked for eight years for real estate developer Mansur Development Corporation, and he holds a B.A. degree in Political Science from Indiana University.

**DANIEL R. SINK Executive Vice President and Chief Financial Officer**

Mr. Sink has served as Executive Vice President and Chief Financial Officer since 2007. Previously, he had been Senior Vice President and Chief Financial Officer since our initial public offering in August 2004. His responsibilities include overseeing the following aspects of the Company's business: finance, accounting, tax planning, financial budgeting and administration. From 1989 through 1999, Mr. Sink was a senior manager of Olive, LLP (a predecessor of BKD, LLP), acting as a tax specialist in charge of tax consulting for the central Indiana real estate/construction group. Mr. Sink is a Certified Public Accountant and holds a B.S. degree in Accounting from Indiana University.

**SCOTT E. MURRAY Executive Vice President, General Counsel and Corporate Secretary**

Mr. Murray has served as Executive Vice President, General Counsel and Corporate Secretary since 2014. Mr. Murray is responsible for managing the Company's legal affairs, which includes advising the company with respect to legal issues, managing the company's legal department, and engaging and directing outside counsel. Prior to joining the company, Mr. Murray was a commercial litigation partner in the national law firm of Barnes & Thornburg, LLP from 2006 to 2014 and an associate practicing commercial litigation at McDermott, Will & Emery, LLP from 2001 to 2006. Mr. Murray received a B.S. degree from Indiana University and a J.D. degree from Harvard Law School.

Table of Contents

## **PROPOSAL 2: ADVISORY VOTE ON EXECUTIVE COMPENSATION**

We are presenting this proposal, commonly known as a "say-on-pay" proposal, to provide shareholders the opportunity to vote to approve on a non-binding advisory basis the compensation of our NEOs as described in this proxy statement.

We believe our executive compensation policies and procedures are centered on pay-for-performance principles and are closely aligned with the long-term interests of our shareholders. As described under the heading "Compensation Discussion and Analysis," our executive compensation program is designed to attract and retain outstanding executives, to reward them for superior performance and to ensure that compensation provided to them remains competitive. We seek to align the interests of our executives and shareholders by tying compensation to the achievement of key operating objectives that we believe enhance shareholder value over the long term and by encouraging executive share ownership so that a portion of each executive's compensation is tied directly to shareholder value.

For these reasons, we are recommending that our shareholders vote "FOR" the following resolution:

"RESOLVED, that the shareholders hereby approve the compensation of the Company's named executive officers as disclosed in the Compensation Discussion and Analysis, the compensation tables and the related narrative executive compensation disclosure contained in this proxy statement."

While the vote on this resolution is advisory in nature and therefore will not bind us to take any particular action, our Board intends to carefully consider the shareholder vote resulting from the proposal in making future decisions regarding the compensation of our NEOs.

## **VOTE REQUIRED AND RECOMMENDATION**

The affirmative vote of a majority of the votes cast at the annual meeting with respect to the matter is required to endorse (on a non-binding advisory basis) the compensation of our named executive officers. For purposes of the vote on this proposal, abstentions and other shares not voted (whether by broker non-vote or otherwise) will not be counted as votes cast and will have no effect on the result of the vote.

**OUR BOARD OF TRUSTEES RECOMMENDS A VOTE "FOR" APPROVAL OF THE ADVISORY RESOLUTION DESCRIBED ABOVE.**

Table of Contents

## COMPENSATION DISCUSSION AND ANALYSIS HIGHLIGHTS

---

Operationally, 2017 was another strong year. Same-property net operating income ("NOI") continued to climb. Occupancy remained steady, with a solid increase in small shop leased percentage. And our balance sheet remained strong. Consider the following:

### 2017 Operational Achievements

- ü Realized net income attributable to common shareholders of \$11.9 million for the year;
- ü Increased same-property NOI by 3.2%, excluding the impact of our redevelop, repurpose and reposition program (the "3-R" program), or by 2.9% when including this short-term impact;
- ü Improved our average base rent ("ABR") to \$16.32 per square foot from \$15.78 last year a 3.4% increase;
- ü Increased our annual dividend by 5.0% at the end of 2017;
- ü Maintained a strong retail leased percentage of 94.8%;
- ü Increased our small-shop leased percentage to 90.5% exceeding our stated 90% goal one year earlier than predicted;
- ü Prudently recycled \$78 million in capital by selling lower quality, non-core assets, using \$23.5 million in proceeds to generate 12.3% average returns through our 3-R program and using the remaining proceeds to pay down debt;
- ü Executed over 2.3 million square feet of new and renewal leases for 393 individual spaces;
- ü Generated solid lease spreads of 23% for new leases and 6.6% for renewals, for a blended rate of 9%;
- ü Implemented fixed CAM initiative and increased proportion of enrolled portfolio to 20%;
- ü Opened 147 new tenants, focusing on high-quality omnichannel, experiential, restaurant, and service-based tenants;
- ü Continued top-tier efficiency metrics;
- ü Extended our debt maturities so that only \$82.4 million is due before the end of 2020;

Edgar Filing: KITE REALTY GROUP TRUST - Form DEF 14A

ü

Maintained debt coverage ratio of 3.5x;

ü

Achieved floating rate debt exposure of only 8%; and

ü

Maintained investment-grade debt ratings.

Please see "Special Note Regarding Non-GAAP Financial Measures" below for information regarding the performance metrics described above.

Table of Contents

These operational accomplishments played an important role in the Compensation Committee's decisions for 2017. We made our compensation decisions for 2017 based on a desire to encourage our NEOs to continue to focus on operational metrics, improving the portfolio, reducing debt, and growing free cash flow. We strongly believe that, over time, accomplishing these goals will drive the Company's share price upward, position the Company to continue to increase its dividend, and ultimately generate positive total shareholder return ("TSR"). Moreover, we recognize that the compensation actually realized by our executive officers in the coming years will reflect the Company's absolute and relative TSR due to the performance measures built into our performance-based equity awards.

With these goals firmly in mind, we note the following compensation-related highlights for 2017:

**2017 Compensation Highlights**

ii Communicated during 2017 with our largest institutional shareholders to gather feedback on our executive compensation practices.

ii Awarded short-term incentive compensation pursuant to an objective, formula-based plan with pre-established rigorous performance metrics. The following table reflects Mr. Kite's cash incentives presented based on the maximum potential payout that could be earned under the program during the past three years. As demonstrated below, the Company uses rigorous performance hurdles that have resulted in a payout between 58% and 63% of his potential payout.

Performance Year	Potential Maximum Cash Bonus	Actual Payout	
		% of Maximum Potential	Amount
2017	\$ 1,812,500	63%	\$ 1,150,817
2016	\$ 1,750,000	57%	\$ 990,500
2015	\$ 1,750,000	58%	\$ 1,006,250

ii Applied an executive compensation program reflecting a pay-for-performance structure where the significant majority of the total compensation during 2017 for our NEOs was tied to operational results or TSR and was therefore at risk, as illustrated below.\*

---

\* Amounts are based on the Summary Compensation Table on page 45.



Table of Contents

- ii Approved grants of restricted shares that vest over three years and are subject to additional three-year no-sell provisions.
- ii Continued to demonstrate pay-for-performance alignment with our shareholders evident by the fact both of the performance-based equity programs with measurement periods ending in 2017 (the 2014 Outperformance Plan ("OPP") and the 2015 annual performance share units ("PSUs") concluded with no value being earned.
- ii Adopted a compensation clawback policy in March 2017.

**COMPENSATION PHILOSOPHY AND OBJECTIVES**

Our compensation program is designed to attract and retain outstanding senior executives, ensure that compensation provided to them remains competitive relative to the compensation paid to similarly-situated senior executives at comparable publicly traded REITs, and reward them for superior performance. The program is designed to reward both short- and long-term performance and to align our senior executives' and shareholders' interests. To that end, we believe the compensation packages we provide to our NEOs should include both cash and share-based incentive compensation that reward performance as measured, in large part, against corporate and individual goals that will enhance shareholder value over the long term.

We believe the overall compensation of our senior executives primarily should reflect their accomplishments as a management team in achieving established key operating objectives. We also believe the achievement of these key objectives will ultimately enhance shareholder value as reflected in an increased market price of our shares. We believe the compensation of our senior executives should not be based on the short-term performance of our shares, whether favorable or unfavorable. In this regard, the restricted common shares historically granted to our senior executives vest over a service period ranging from three to five years, and certain grants included a "no-sell" restriction prohibiting the executive officers from transferring or disposing of the shares for a specified period after the award vests, except to the extent necessary to satisfy tax obligations. We believe the long-term price of our shares will reflect our operating performance, which is indicative of the management of our company by our senior executives. Our senior executives also are subject to the downside risk of a decrease in the value of their compensation in the event the price of our common shares declines.



Table of Contents

The Compensation Committee is responsible for establishing, implementing and continually monitoring adherence with our compensation philosophy as applied to our NEOs.

**Compensation and Governance Practices Aligned with Shareholder Best Practices**

ii

**Majority Voting for Uncontested Trustee Elections.** *Enacted in response to a shareholder request.*

ii

**Share Ownership Guidelines.** *Require that our CEO own shares with an aggregate value of 10x base salary and that our other NEOs own shares with an aggregate value of 3x or 2x base salary.*

ii

**Anti-Hedging Policy.** *Prohibits our trustees, executives and employees from engaging in transactions designed to hedge against losses from their share ownership.*

ii

**Formulaic Short-Term Incentive Plan.** *Grants of short-term incentive compensation are based on the achievement of pre-established targets and performance metrics.*

ii

**Linked Long-Term Incentive Compensation to TSR.** *Grants of PSUs that will be earned over a three-year period based on absolute and relative TSR.*

ii

**Long Vesting Periods.** *We generally make our executive equity awards subject to a vesting period of at least three years and additional post-vesting holding or no-sell periods.*

ii

**Employ a Clawback Policy.** *Adopted a policy applicable to our NEOs that allows for the recoupment of incentive awards under certain circumstances.*

For more information related to the processes and procedures of the Compensation Committee in determining the compensation for our NEOs, including the role of any NEO in this process, see "Information Regarding Corporate Governance and Board and Committee Meetings Board Committees Compensation Committee," above.

Table of Contents

Consistent with our overall philosophy and objectives, certain compensation practices we follow and those that we avoid are as follows:

**What we do**

**Pay for performance.** *We place a heavy emphasis on performance-based compensation to align our executives' and shareholders' interests.*

**Share Ownership Guidelines.** *In order to further align our executives' and shareholders' interests, our share ownership guidelines require our CEO and other NEOs to own shares or limited partnership units with an aggregate value of 10x and 3x or 2x base salary, respectively.*

**Double Trigger Severance.** *Under our executives' employment agreements, a "change in control," by itself, is not sufficient to trigger severance and equity acceleration it must also be accompanied by a qualifying termination.*

**Independent Compensation Consultant.** *The Compensation Committee has retained FTI Consulting, a nationally recognized compensation consulting firm, to review and provide recommendations regarding our executive compensation program.*

**Compensation Risk Assessment.** *The Compensation Committee conducts a compensation risk assessment to ensure that our executive compensation program does not encourage excessively risky behaviors.*

**Annual Say on Pay Vote.** *We ask our shareholders to vote on our executive compensation practices on a yearly basis.*

**Clawback Policy.** *We proactively adopted a clawback policy consistent with proposed Rule 10D-1 of the Exchange Act. The policy is applicable to all of our executive officers.*

**Equity in Lieu of Cash.** *We provide our executives the option to receive 50% of their short-term incentive compensation in restricted shares, and we provide an equity match award of up to 20% to encourage our executives to do so.*

**What we don't do**

**No Excess Perquisites.** *We do not provide any supplemental executive retirement plans, company cars, club memberships or other significant perquisites.*

**No Tax Gross Ups.** *Our executives are not entitled to gross-up payments in the event they are required to pay excise taxes upon a change in control.*

**No Hedging.** *Our anti-hedging policy prohibits our executives from engaging in transactions designed to hedge against losses from their share ownership.*

**No Single Trigger Severance.** *Our executives are not entitled to severance or equity acceleration upon the occurrence of a change in control, by itself, in the absence of a qualifying termination.*

**No Executive Retirement or Health Benefits.** *Our executive officers participate in the same retirement and health plans as our other employees.*

**No Dividends on Unearned Performance Awards.** *Our executive officers are not entitled to any dividends or distributions on unearned equity awards subject to performance-based vesting criteria.*

Table of Contents

**RESULTS OF 2017 ADVISORY VOTES ON EXECUTIVE COMPENSATION**

In establishing and recommending compensation for 2017 performance for our NEOs, the Compensation Committee reviewed the results of the vote on the non-binding resolution to approve the 2016 compensation of our NEOs at our 2017 annual meeting of shareholders. Prior to the 2017 annual meeting, we reached out to our largest institutional shareholders to discuss our compensation practices and corporate governance issues. These shareholders did not raise any concerns with respect to either topic. The absence of such concerns was further reflected in the vote at our 2017 annual meeting, where approximately 96.6% of the shares voted were voted in support of the compensation paid to our NEOs for 2016.

Based on the results of the non-binding shareholder advisory vote on the frequency of shareholder votes on executive compensation at our 2017 annual meeting of shareholders, the Compensation Committee and the Board determined that shareholder advisory votes on the compensation of NEOs will take place every year, until and unless our shareholders vote to hold such advisory votes with a different frequency, at which time our Board will carefully consider the shareholder vote resulting from the proposal and continue to evaluate the options for how frequently we hold "say-on-pay" votes.

**COMPENSATION CONSULTANT**

The Compensation Committee has engaged FTI Consulting to serve as the Compensation Committee's compensation consultant and to provide recommendations regarding various compensation decisions to be made by the Compensation Committee. The Compensation Committee took FTI Consulting's recommendations into account in making base salary determinations and incentive compensation awards to our NEOs.

Table of Contents**PEER GROUP AND BENCHMARKING**

In making compensation decisions, the Compensation Committee compares the Company's compensation programs and performance to certain peer group companies. For compensation decisions made in 2017 and early 2018 with respect to fiscal year 2017 performance, the Compensation Committee, with the assistance of FTI Consulting, used a peer group consisting of the following companies:

Company	Comparable Group Rationale					
	Implied Market Capitalization (\$mm)	Enterprise Value (\$mm)	Retail REIT	Comparable Product Assets	Implied Market Capitalization	Enterprise Value
Acadia Realty Trust	2,576.1	4,807.5	ü	ü	ü	ü
Agree Realty Corporation	1,460.1	1,919.5	ü		ü	ü
Cedar Realty Trust, Inc.	541.7	1,327.7	ü	ü	ü	ü
DDR Corp.	2,962.0	7,495.2	ü	ü	ü	ü
Pennsylvania Real Estate Investment Trust	840.7	2,866.2	ü		ü	ü
Ramco-Gershenson Property Trust	1,125.0	2,295.2	ü	ü	ü	ü
Retail Opportunity Investments Corp.	2,389.6	3,745.3	ü	ü	ü	ü
Retail Properties of America, Inc.	2,931.9	4,762.5	ü	ü	ü	ü
Seritage Growth Properties Tanger Factory Outlet Centers, Inc.	2,304.8	3,485.3	ü		ü	ü
Urban Edge Properties	2,461.0	4,226.2	ü	ü	ü	ü
Urstadt Biddle Properties, Inc.	3,124.4	4,152.5	ü	ü	ü	ü
Washington Prime Group Inc.	840.7	1,386.6	ü	ü	ü	ü
Weingarten Realty Investors	1,555.1	4,705.0	ü		ü	ü
<b>Kite Realty Group Trust</b>	<b>4,236.1</b>	<b>6,588.1</b>	ü	ü	ü	ü
Peer Median (Excluding KRG)	2,347.2	3,948.9				

*As of 11/14/17*

Our peer group is designed to include REITs that invest in shopping center assets and select regional malls. Our peer group remained unchanged from 2016, except for the removal of Equity One, Inc., which merged into Regency Centers Corporation; the removal of Regency Centers Corporation, which was no longer of comparable size following such merger; and the addition of Agree Realty Corporation, which is a retail REIT that is comparable in terms of implied market capitalization and enterprise value.

Although the Compensation Committee uses peer group data to guide its review of our NEOs' total compensation and generally reviews the compensation data of the peer group and industry to understand market competitive compensation, the Compensation Committee does not benchmark compensation to a specific percentage of the compensation of this comparative group or otherwise apply a formula or assign this comparative group a relative weight.

**COMPONENTS OF EXECUTIVE COMPENSATION**

This section describes the three components of compensation that form the basis for the Compensation Committee's compensation decisions related to the 2017 performance of our NEOs base salaries, short-term incentive compensation and share-based incentive compensation awards. This section also discusses why we pay each component and the methodology the Compensation Committee used to determine the amounts to pay to each.

Table of Contents**BASE SALARIES**

Base salaries are intended to provide our NEOs with a fixed and certain amount of compensation for services provided. The Compensation Committee determines the base salary level of our NEOs by evaluating, among other things, the responsibilities of the position held, the experience of the individual and the average base salaries of similarly situated employees in the Company's peer group. Base salaries for our NEOs typically are established in the first quarter of the year. The Compensation Committee reviewed base salaries in the first quarter of 2017 and decided to increase them as reflected in the table below to bring them more in line with the Company's peers.

Named Executive Officer	Base Salary		
	2016	2017	Percentage Change (from 2016 to 2017)
John A. Kite	\$ 700,000	\$ 725,000	3.6%
Thomas K. McGowan	\$ 450,000	\$ 465,000	3.3%
Daniel R. Sink	\$ 400,000	\$ 415,000	3.8%
Scott E. Murray	\$ 335,000	\$ 365,000	9.0%

Each of our NEOs has an employment agreement with us. Each employment agreement prohibits the NEO's base salary from being reduced by us during the term of the agreement without the applicable executive's consent. Thus, each NEO's prior year's salary effectively serves as a minimum requirement for the NEO's salary for the ensuing year. The Compensation Committee has complete discretion to determine whether an increase in a NEO's base salary is merited. Future adjustments, if any, to the NEOs' base salaries will be in the sole discretion of the Compensation Committee.

**SHORT-TERM INCENTIVE COMPENSATION**

The Compensation Committee awards executives with annual short-term incentive compensation as a means to motivate and reward our NEOs. In February 2017, the Compensation Committee approved targets and performance metrics to evaluate 2017 performance using a formulaic approach. In February 2018, the Compensation Committee approved short-term incentive compensation for our NEOs based on these targets and metrics. Award determinations with respect

Table of Contents

to 2017 were based on the achievement of the following objective corporate performance metrics and a subjective assessment of each individual executive's performance, weighted as indicated:

<b>PERFORMANCE CRITERIA</b>	<b>WEIGHTING</b>	<b>RATIONALE FOR INCLUDING IN PLAN</b>
Funds From Operations ("FFO") per share, as adjusted	25%	Encourages focus on profitability as measured by the most frequently referenced REIT earnings measure; assigned highest weight because the Compensation Committee believes that our NEOs are principally accountable for the Company's financial performance as a whole
Same-property NOI growth (excluding redevelopment)	20%	Encourages focus on internal growth of existing portfolio as measured by a metric widely used by investors to compare the Company to its peers; assigned the second highest weight because it can be an indicator of how effectively the Company is managing its properties
Leverage (net debt to adjusted EBITDA ratio)	15%	Encourages focus on growth of the existing portfolio while maintaining leverage within acceptable levels; the Board has encouraged management to reduce leverage to improve the Company's ability to weather economic challenges and because the Board believes that public companies with lower leverage are viewed more favorably compared to higher leveraged companies
Portfolio lease percentage	10%	Seeks to reward executives for maintaining high occupancy levels
Number of 3-R project starts	10%	Seeks to reward executives for implementing the Company's 3-R initiative, which the Compensation Committee believes will help to drive both occupancy and same-property NOI
Individual performance objectives	20%	Represents the executive's success in fulfilling his or her responsibilities to the Company and in executing the Company's strategic business plan

In February 2017, the Compensation Committee established threshold, target and outperformance values for each of the foregoing corporate performance metrics. The target levels were consistent with published guidance or, for metrics for which public guidance was not provided, the Company's strategic plan. For 2017, each of our NEOs was eligible to receive a short-term incentive

## Edgar Filing: KITE REALTY GROUP TRUST - Form DEF 14A

### Table of Contents

compensation award at the threshold, target or outperformance level equal to the following percentages of his annual base salary:

Named Executive Officer	Threshold	% of Base Salary	
		Target	Outperformance
John A. Kite	75%	125%	250%
Thomas K. McGowan	45%	75%	150%
Daniel R. Sink	45%	75%	150%
Scott E. Murray	45%	75%	150%

In reviewing Company performance, the Compensation Committee compared our 2017 results under each of the above performance criteria to the following ranges:

Factor	Threshold	Target	Outperformance	Actual Results
2017 FFO (per diluted common share)	\$2.00	\$2.03	\$2.06	\$2.05 per diluted common share (adjusted for dispositions)
Same-property NOI growth	2.0%	2.5%	3.0%	2.9%
Leverage (net debt to adjusted EBITDA)	7.0x	6.75x	6.5x	6.92x
Portfolio lease percentage	94.5%	95.0%	96.0%	94.8%
Number of 3-R project starts	3	5	7	5

The Compensation Committee set the above ranges based on recommendations by our executive officers and subsequent review with the Company's independent compensation consultant. The target ranges for both per share FFO and same-property NOI growth were consistent with the Company's disclosed guidance at the time they were set. We note that the FFO target for 2017 (\$2.03) was slightly lower than 2016 actual results (\$2.07) because the Company expected to sell in 2017 and ultimately sold certain non-core properties, which diluted FFO and justified a year-over-year decrease in the target. Similarly, we note that the same-property NOI growth target for 2017 (2.5%) was slightly lower than 2016 actual results (2.9%) due to the projected disruption in the retail environment, which could include additional tenant bankruptcies, slower tenant growth, and other items outside of management's control. The target for portfolio lease percentage remained flat from 2016 to 2017 because the Compensation Committee believed that the Company was nearing maximum occupancy and that management would therefore be focusing more on retaining tenants and replacing unexpected vacancies rather than increasing occupancy.

The Compensation Committee ultimately applied the above ranges when making short-term incentive compensation determinations in February 2018 with respect to its evaluation of our NEOs' 2017 performance. With respect to FFO, we note that, when it initially set the 2017 FFO target, the Compensation Committee noted that the target's high relative weight could serve as a disincentive for management to sell assets and reduce leverage because any asset sales beyond those built into the Company model would necessarily dilute FFO and cause the Company to miss its FFO target. To avoid creating such a disincentive, the Compensation Committee included language in the resolution setting the FFO target stating that the Company's FFO performance would be adjusted to



Table of Contents

reflect any property sales in excess of those assumed in the Company's base model. Because the Company ultimately sold approximately \$23 million more in operating properties for 2017 than had been assumed in its base model, the Compensation Committee adjusted the Company's FFO performance to omit \$0.01 of FFO dilution caused by these excess sales.

With respect to the individual performance component of the short-term incentive compensation determination, the Compensation Committee concluded that each NEO merited a target performance rating, based on the combination of strong operational performance and sensitivity to our short-term TSR performance. While the management team had significant operational accomplishments, the Compensation Committee, in consultation with FTI Consulting, determined that the individual performance awards should be set at no greater than target level. The Compensation Committee considered that our executive officers accomplished the following achievements in making this determination:

Increased ABR to \$16.32 per square foot for the Company's retail portfolio;

Generated solid lease spreads of 23% for new leases and 6.6% for renewals, for a blended rate of 9%;

Sold \$78 million of lower quality assets at attractive cap rates to increase overall portfolio metrics while reducing debt;

Strengthened the Company's balance sheet by generating liquidity of \$398 million, extending weighted average debt maturity to 5.5 years and reducing maturities due through 2020 to only \$82.4 million;

Exceeded the Company's small shop leased percentage goal of 90% by reaching 90.5% at the end of 2017;

Maintained the Company's top-tier NOI margin and expense recovery ratios, both of which are near the high of the Company's 13-year history as a public company;

Continued implementing the Company's 3-R program, completing seven projects during 2017 at a total cost of \$23.5 million and a projected annual return of 12.3%, with approximately \$71-\$77 million in 3-R projects under construction at expected annual returns of 8-9%; and

Opened 147 tenants in 2017, focusing on high-quality omnichannel, experiential, restaurant, and service-based tenants.

The Compensation Committee also considered the input of Mr. Kite when assessing the individual performance component with respect to Messrs. McGowan, Sink and Murray, principally because the Compensation Committee believes that Mr. Kite's input is valuable given his knowledge of our operations, the day-to-day responsibilities and performance of our other NEOs, the real estate industry generally and the markets in which we operate.

Table of Contents

When evaluating each NEO's individual performance, the Compensation Committee also considered the Company's TSR, both on an absolute basis and as compared to our peers. After extensive consideration and in consultation with FTI Consulting, the Compensation Committee concluded that:

the Company's recent TSR has been driven by a number of factors, many of which are outside of management's control, including the overall perception of the physical retail environment, an increase in tenant bankruptcies, and recent and anticipated store closures;

short-term TSR should not completely override management's accomplishments with respect to concrete operational objectives, which the Compensation Committee believes will ultimately drive long-term TSR and value;

management should be rewarded for positioning the Company to increase its quarterly dividend, which, comparing the quarterly dividend for the first quarter of 2015 to the first quarter of 2018, has grown at a 6.9% compound annual growth rate, providing tangible economic value to the Company's long-term shareholders; and

the effect of the Company's absolute and relative TSR will be significantly reflected in the value of the outstanding OPP and PSU awards each of which could decrease to \$0 based on relative and absolute TSR thresholds.

Based on the above formulas, the Company's actual results and the Compensation Committee's assessment of each NEO's performance, the following short-term incentive compensation was awarded. The awards were denominated in dollars and paid in cash with an option for each executive officer to receive a portion of the short-term incentive compensation in restricted common shares:

<b>Named Executive Officer</b>	<b>2017 Year End Short-Term Incentive Compensation</b>	<b>% of 2017 Base Salary</b>	<b>2016 Year End Short-Term Incentive Compensation</b>	<b>% of 2016 Base Salary</b>
John A. Kite	\$ 1,150,817	159%	\$ 990,500	142%
Thomas K. McGowan	\$ 442,866	95%	\$ 382,050	85%
Daniel R. Sink	\$ 395,246	95%	\$ 339,600	85%
Scott E. Murray	\$ 347,626	95%	\$ 246,560	74%

The Compensation Committee determined that each officer would be given the option to receive up to 50% of his short-term incentive compensation in restricted common shares, which would vest ratably over three years. To further align the interests of the NEOs with the interests of shareholders and to encourage them to take a long-term view of performance, the Compensation Committee determined that the Company would match an officer's election with additional restricted common shares by up to 20%, depending on the extent to which he elected to receive restricted common shares (i.e., up to an additional 20% in restricted common shares could be awarded). These additional restricted common shares, if any (the "Company match award"), would vest ratably over three years. None of our NEOs elected to take the Company match award for 2017.

Table of Contents**SHARE-BASED INCENTIVE COMPENSATION AWARDS**

All share-based compensation awards to NEOs are granted by the Compensation Committee. The Compensation Committee awarded share-based incentive compensation because it believes such compensation aligns the interests of our senior executives with those of our shareholders, consistent with our pay-for-performance philosophy. For 2017, our equity compensation program was bifurcated into two components (the majority of which vests based on objective Company performance metrics) as follows:

PSUs (performance-based): Provides incentive to achieve long-term, objective goals and relative share performance as compared to our shopping center peers

Time-Based Restricted Awards: Promotes the retention of our executives over a multi-year vesting period, plus a three-year holding period following the vesting date

*60% Core LTI Compensation*

*40% Core LTI Compensation*

During the first few months of each year, the Compensation Committee typically reviews the prior year's performance of our NEOs and the Company, both on an absolute basis and relative to our peers, and determines whether to make share-based incentive compensation awards to our NEOs. The grant date of such awards is established when the Compensation Committee approves the grant and all key terms have been determined. In some cases, the Compensation Committee may select a future date as the grant date, so that the effective date of the grant is after the release of an earnings announcement or other material news.

Annual Equity Incentive Awards for 2017 Performance. For its 2017 annual equity incentive awards, the Compensation Committee awarded PSUs that may be earned based on relative and absolute TSR over a three-year period and set targets for time-based awards to be determined at the end of the year.

The Compensation Committee approved target long-term incentive values at approximately the same cumulative amount as 2016, allocating 60% to PSUs and 40% to time-based share awards. The Compensation Committee set the following targets for each NEO:

Named Executive Officer	Total Target Value	=	Target PSU Value	+	Target Time-Based Award Value
John A. Kite	\$ 1,700,000	=	\$ 1,020,000	+	\$ 680,000
Thomas K. McGowan	\$ 700,000	=	\$ 420,000	+	\$ 280,000
Daniel R. Sink	\$ 560,000	=	\$ 336,000	+	\$ 224,000
Scott E. Murray	\$ 500,000	=	\$ 300,000	+	\$ 200,000

**PSU Awards.** The above-referenced PSUs may be earned over a three-year performance period from January 1, 2017, to December 31, 2019. One half of the target PSUs is subject to an absolute

Table of Contents

TSR requirement. For the NEOs to earn any portion of these "Absolute TSR PSUs," the Company must satisfy the following absolute TSR hurdles for the three-year period:

	<b>Absolute TSR Hurdles (%)</b>	<b>Percentage of Total Target PSUs Earned</b>
Threshold	18%	25%
Target	24%	50%
Maximum	36%	100%

If the Company's absolute TSR is less than the threshold set forth in the table above, then no Absolute TSR PSUs will be earned. If the Company's absolute TSR falls between the applicable hurdles, then the number of Absolute TSR PSUs earned will be determined based on linear interpolation.

The other half of the target PSUs is subject to a relative TSR requirement. For the NEOs to earn any portion of these "Relative TSR PSUs," the Company must satisfy the following relative TSR hurdles for the three-year period, as measured against the fifteen companies listed as the Company's compensation peer group in its 2017 proxy statement:

	<b>Relative TSR Hurdles (Percentile)</b>	<b>Percentage of Total Target PSUs Earned</b>
Threshold	30th	25%
Target	50th	50%
Maximum	80th	100%

If the Company's relative TSR percentile is less than the threshold set forth in the table above, then no Relative TSR PSUs will be earned. If the Company's relative TSR percentile falls between the applicable hurdles, then the number of Relative TSR PSUs earned will be determined based on linear interpolation.

The maximum number of PSUs earned (including the Absolute TSR PSUs and the Relative TSR PSUs) cannot exceed 200% of the target PSUs granted. Any PSUs earned at the end of the three-year period will be fully vested.

***Time-Based Award Targets and Awards.*** The Compensation Committee set time-based equity incentive award targets equal to 40% of the overall target for the annual equity incentive award for 2017. The actual value of the ultimate restricted share award could vary upward or downward from the target value based on the Compensation Committee's evaluation of 2017 performance. The Compensation Committee had discretion to award restricted shares worth between 50% and 150% of the target value for each NEO. Based on its review of 2017 performance, in February 2018, the Compensation Committee determined that each executive officer would be awarded the target value for his time-based awards, resulting in the following value of time-based restricted awards: Mr. Kite \$680,000; Mr. McGowan \$280,000; Mr. Sink \$224,000; and Mr. Murray \$200,000.

In making this determination, the Compensation Committee took into account its assessment that, from an operational perspective, the Company performed strongly in 2017 despite significant disruption in the retail industry. The Company continued to increase rents year-over-year; it

Table of Contents

successfully completed its scheduled 3-R projects on time and on budget; it surpassed its 90% small shop leased goal one year earlier than anticipated; it positioned itself to increase its dividend by another 5%; it continued to successfully diversify its tenant lineup, bringing in several experiential, food-based, and serviced-based tenants; it continued to improve portfolio quality by selling non-core assets and raising ABR; and it continued to strengthen its balance sheet.

As it did with the short-term incentive compensation, the Compensation Committee considered the extent to which if at all it should factor in the Company's TSR in granting the time-based equity incentive awards. After extensive consultation with FTI Consulting, the Compensation Committee concluded that:

the Company's recent TSR has been driven by a number of factors, many of which are outside of management's control, including the overall perception of physical retail, recent tenant bankruptcies, and recent and anticipated store closures;

short-term TSR should not override management's accomplishments with respect to the Company's strong operational performance, which the Compensation Committee believes will ultimately drive long-term TSR and value;

it was important to use equity compensation awards that vest over several years to incentivize our NEOs to remain employed with the Company and to focus on continuing to pursue operational excellence, which the Compensation Committee believes will ultimately drive long-term TSR; and

the effect of the Company's absolute and relative TSR will be appropriately reflected in the value of the outstanding OPP and PSU awards each of which could decrease to \$0 based on relative and absolute TSR thresholds.

Based on all of these factors, the Compensation Committee decided to limit the time-based equity awards to the target level for 2017 for similar reasons as those listed with regard to the individual performance element of the annual cash bonus. With respect to the annual equity awards, an executive may choose to receive LTIP units instead of restricted shares. Whether an executive officer chooses to receive LTIP units or restricted common shares, the number of LTIP units or shares awarded is based on the closing price of our common shares on the grant date. Each of our executive officers elected to receive LTIP units instead of time-based restricted common shares, which, based on the closing price of our common shares on February 23, 2018, of \$15.04, resulted in LTIP unit awards in the following amounts:

<b>Named Executive Officer</b>	<b>LTIP Units (\$ value)</b>	<b>LTIP Units (# of units)</b>
John A. Kite	\$ 680,000	45,212
Thomas K. McGowan	\$ 280,000	18,617
Daniel R. Sink	\$ 224,000	14,893
Scott E. Murray	\$ 200,000	13,297

As would have been the case if granted as time-based restricted common shares, these LTIP units vest ratably over three years from the date of award, which was February 23, 2018 and will be subject to an additional two-year post-vesting holding period. While the Compensation Committee determined to make the foregoing grants to the NEOs based on 2017 performance, the awards were made in February 2018, and, therefore, the value of such awards are not part of 2017 compensation in the Summary Compensation Table included in this proxy statement.

Table of Contents**STATUS OF PERFORMANCE BASED EQUITY AWARDS GRANTED SINCE 2015**

To assist with calculating realizable pay, we provide the following updates with respect to ongoing and completed performance-based equity awards made to our CEO in the past three years:

<b>Grant Date</b>	<b>Threshold Payout (Units)</b>	<b>Target Payout (Units)</b>	<b>Maximum Payout (Units)</b>	<b>Performance Period</b>	<b>Target/Actual Earned Date</b>	<b>Actual Payout</b>
3/4/15	9,213	18,427	36,854	3 years	12/31/17	0
1/14/16 (2016 OPP)			167,156	3 years	12/31/18	Undetermined, but tracking no payout
2/17/16	9,913	19,826	39,652	3 years	12/31/18	Undetermined, but tracking no payout
2/15/17	21,964	43,928	87,856	3 years	12/31/19	Undetermined, but tracking slightly above threshold

**2018 COMPENSATION PROGRAM HIGHLIGHTS**

For 2018, the Compensation Committee approved the following compensation structure:

The Compensation Committee approved new 2018 base salaries as follows: Mr. Kite \$775,000; Mr. McGowan \$480,000; Mr. Sink \$430,000; and Mr. Murray \$370,000; which were deemed appropriate in light of the fact that our NEO's target cash compensation (base salary plus target bonus) is relatively low compared to peer companies and generally approximates the 25th percentile of the peer group.

The Company's cash bonus program will continue to be based 80% on objective corporate performance hurdles and 20% determined at the Compensation Committee's discretion based on a subjective review of Company and individual performance.

Cash bonus percentages will remain unchanged from 2017.

The Company further modified its share-based incentive program to introduce an additional objective metric designed to encourage management to continue focusing on long-term operational goals that the Company believes will ultimately drive shareholder value. Specifically, the Company will continue to allocate 60% of the NEOs' share-based awards to PSUs, with the remaining 40% allocated to time-based awards. Based on a comprehensive assessment of equity-based compensation market practices, trends and investor preferences, the Compensation Committee modified the design of the PSUs to be based (i) 60% on three-year relative TSR hurdles consistent with the 2017 grant and (ii) 40% on the achievement of defined Funds Available for Distribution ("FAD"), as adjusted, goals and growth rates over the three-year period. Additionally, any PSUs earned based on the achievement of the pre-established FAD goals will be subject to adjustment (either up or down 25%) based on the Company's absolute TSR over the three-year measurement period.

Table of Contents**OTHER COMPENSATION PLANS AND PERSONAL BENEFITS**

We maintain a defined contribution plan (the "401(k) Plan"). All of our full-time employees are eligible to participate in the 401(k) Plan and are permitted to contribute up to the maximum percentage allowable without exceeding the limits of the Internal Revenue Code. All amounts deferred by a participant, as well as the contributions we make under the 401(k) Plan, vest immediately in the participant's account. We may make "matching contributions" equal to 100% of the participant's contribution up to 3% of the employee's salary and 50% of the participant's contribution over 3% and up to 5% of the participant's salary, not to exceed an annual maximum determined under the Internal Revenue Code (\$18,000 for 2017). During 2017, we made matching contributions totaling \$32,400 to the NEOs.

We periodically provide certain benefits to our employees that we believe are important to attract and retain talented individuals. These benefits in 2017 included payments related to health care and life insurance. These benefits provided to our NEOs in 2017 are described in the Summary Compensation Table below. We do not offer defined benefit pension or supplemental executive retirement plans to any of our employees.

**SHARE OWNERSHIP REQUIREMENTS**

Pursuant to the Company's existing policy that was adopted in 2015, our NEOs are required to own a number of our common shares or units of limited partnership interest of our Operating Partnership with an aggregate value calculated as a multiple of his respective base salary, as follows:

Named Executive Officer	Multiple of Base Salary		Value of Minimum Share Ownership Requirement (based on 2017 Base Salary)
John A. Kite	10x	\$	7,250,000
Thomas K. McGowan	3x	\$	1,395,000
Daniel R. Sink	3x	\$	1,245,000
Scott E. Murray	2x	\$	730,000

Each of these NEOs had or will have until the later of five years from the adoption of the policy in 2015 or his becoming a NEO to comply with the minimum share ownership requirement.

**CLAWBACK POLICY**

In March 2017, the Board approved the adoption of a clawback policy for incentive-based executive compensation (the "Clawback Policy"). The Clawback Policy was adopted with the intent that it will meet the scope of the currently proposed SEC Rule 10D-1 and ultimately the associated NYSE listing exchange rules. Under the Clawback Policy, in the event that the Company is required to prepare an accounting restatement due to the Company's material noncompliance with a financial reporting requirement, the Company shall make reasonable efforts to recover from any current or former executive officer the amount of certain incentive-based compensation in excess of what would have been paid or granted to that executive officer under the circumstances reflected by the accounting restatement. The Clawback Policy applies to any incentive-based compensation paid to an executive officer within the three-year period preceding the date of the restatement.

Table of Contents

**TAX LIMITS ON EXECUTIVE COMPENSATION**

Under Section 162(m) of the Internal Revenue Code, a publicly held corporation is generally limited to a \$1 million annual tax deduction for compensation paid to each of its "covered employees." Prior to the enactment of the Tax Cuts and Jobs Act (the "Tax Act"), which was signed into law on December 22, 2017, a publicly held corporation's covered employees included its chief executive officer and three other most highly compensated executive officers (other than the chief financial officer), and certain "qualified performance-based compensation" was excluded from the \$1 million deduction limit. The Tax Act made certain changes to Section 162(m), effective for taxable years beginning after December 31, 2017. These changes include, among others, expanding the definition of "covered employee" to include a publicly held corporation's chief financial officer and repealing the qualified performance-based compensation exception, subject to a transition rule for remuneration provided pursuant to a written binding contract which was in effect on November 2, 2017, and which was not modified in any material respect on or after that date.

Although the Compensation Committee is mindful of the limits imposed by Section 162(m), even if it is determined that Section 162(m) applies or may apply to certain compensation packages, the Compensation Committee nevertheless reserves the right to structure the compensation packages and awards in a manner that may exceed the limitation on deduction imposed by Section 162(m) if it determines that such payments are consistent with our pay-for-performance philosophy and are in the best interests of the Company.

**PAY RATIO DISCLOSURE**

Pursuant to Item 402(u) of SEC Regulation S-K and Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, presented below is the ratio of the annual total compensation of our CEO to the annual total compensation of our median employee (excluding our CEO). The ratio presented below is a reasonable estimate calculated in a manner consistent with Item 402(u).

The Company identified its "median employee" as of December 31, 2017, by using Box 1 from Form W-2 for all Company employees employed as of that date. The Company annualized the reported compensation for all permanent employees that were hired during 2017. The Company did not make any cost-of-living or other adjustments.

In 2017, the total annual compensation for the Company's median employee was \$87,510. The median employee was an hourly employee, and this total compensation included wages for regular hours worked; wages for overtime; bereavement pay; holiday pay; paid-time-off pay; a subjective, annual bonus; the Company's contributions towards dental, health and life insurance; the Company's contribution to the employee's health savings account; and the Company's contribution to the employee under the 401(k) Plan. Using the total annual compensation from the Summary Compensation Table at page 45, our CEO's total annual compensation was \$3,396,348. The ratio of our CEO's annual total compensation to our median employee's annual total compensation for fiscal year 2017 was 38.8 to 1.



Table of Contents

**SPECIAL NOTE REGARDING NON-GAAP FINANCIAL MEASURES**

This Compensation Discussion and Analysis contains certain non-GAAP financial measures, which are described in more detail as follows:

**EBITDA:** We define EBITDA as net income before depreciation and amortization, interest expense and income tax expense of taxable REIT subsidiary. A reconciliation of EBITDA to consolidated net income is included on page 57 of our Annual Report on Form 10-K for the year ended December 31, 2017.

**Adjusted EBITDA:** Adjusted EBITDA is EBITDA less (i) EBITDA from unconsolidated entities, (ii) gains on sales of operating properties or impairment charges, (iii) other income and expense, (iv) noncontrolling interest EBITDA and (v) other non-recurring activity or items impacting comparability from period to period. A reconciliation of Adjusted EBITDA to consolidated net income is included on page 57 of our Annual Report on Form 10-K for the year ended December 31, 2017.

**FFO:** We calculate FFO in accordance with the best practices described in the April 2002 National Policy Bulletin of the National Association of Real Estate Investment Trusts (NAREIT) and related revisions, which we refer to as the White Paper. The White Paper defines FFO as consolidated net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from sales and impairments of depreciated property, plus depreciation and amortization, and after adjustments for third-party shares of appropriate items. A reconciliation of FFO to consolidated net income is included on pages 55-56 of our Annual Report on Form 10-K for the year ended December 31, 2017.

**NOI:** NOI is income from our real estate, including lease termination fees received from tenants less our property operating expenses. NOI excludes amortization of capitalized tenant improvement costs and leasing commissions and corporate level expenses. A reconciliation of NOI to net income attributable to common shareholders is included on pages 54-55 of our Annual Report on Form 10-K for the year ended December 31, 2017.

**Same-Property NOI:** Same-Property NOI excludes properties that have not been owned for the full period presented, which eliminates disparities in net income due to the redevelopment, acquisition or disposition of properties during the particular period presented. It also excludes net gains from outlot sales, straight-line rent revenue, bad debt expense and recoveries, lease termination fees, amortization of lease intangibles and significant prior period expense recoveries and adjustments, if any. A reconciliation of Same-Property NOI to net income attributable to common shareholders is included on pages 55-56 of our Annual Report on Form 10-K for the year ended December 31, 2017.

Table of Contents

**COMPENSATION COMMITTEE REPORT**

The Compensation Committee of our Board has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference into our Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Respectfully submitted,

The Compensation Committee of the Board of Trustees

WILLIAM E. BINDLEY(*Chairman*)

VICTOR J. COLEMAN

DAVID R. O'REILLY

44

---

Table of Contents**COMPENSATION OF EXECUTIVE OFFICERS AND TRUSTEES**

The following tables contain certain compensation information for our NEOs. Our NEOs for 2017 consist of our Chief Executive Officer; Chief Operating Officer; Chief Financial Officer; and Executive Vice President, General Counsel and Corporate Secretary.

**SUMMARY COMPENSATION TABLE**

The following table sets forth a summary of all compensation earned, awarded or paid to the NEOs for the fiscal years ended December 31, 2017, 2016 and 2015.

Name and Principal Position	Year	Salary (1)	Share and PSU Awards (2)	Non-Equity		Total
				Incentive Plan Compensation (3)	All Other Compensation (4)	
<b>John A. Kite</b> <i>Chairman and Chief Executive Officer</i>	2017	\$ 725,000	\$ 1,504,875	\$ 1,150,817	\$ 15,656	\$ 3,396,348
	2016	\$ 700,000	\$ 1,827,015	\$ 990,500	\$ 14,074	\$ 3,531,589
	2015	\$ 700,000	\$ 1,021,162	\$ 1,006,250	\$ 12,342	\$ 2,739,754
<b>Thomas K. McGowan</b> <i>President and Chief Operating Officer</i>	2017	\$ 465,000	\$ 608,004	\$ 442,866	\$ 21,561	\$ 1,537,431
	2016	\$ 450,000	\$ 749,063	\$ 382,050	\$ 20,580	\$ 1,601,693
	2015	\$ 450,000	\$ 386,231	\$ 388,125	\$ 19,312	\$ 1,243,668
<b>Daniel R. Sink</b> <i>Executive Vice President and Chief Financial Officer</i>	2017	\$ 415,000	\$ 501,708	\$ 395,246	\$ 26,456	\$ 1,338,410
	2016	\$ 400,000	\$ 614,868	\$ 339,600	\$ 24,674	\$ 1,379,142
	2015	\$ 400,000	\$ 359,770	\$ 345,000	\$ 22,742	\$ 1,127,512
<b>Scott E. Murray</b> <i>Executive Vice President, General Counsel and Corporate Secretary</i>	2017	\$ 365,000	\$ 418,125	\$ 347,626	\$ 26,456	\$ 1,157,207
	2016	\$ 335,000	\$ 382,585	\$ 246,560	\$ 24,077	\$ 988,222
	2015	\$ 320,000	\$ 132,594	\$ 239,200	\$ 22,742	\$ 714,536

(1) "Salary" column represents total salary earned in each of the fiscal years shown.

(2) The amounts disclosed in this column for 2017 reflect the aggregate grant date fair value of (a) the share-based incentive compensation for the 2016 fiscal year awarded to each NEO in February 2017 as LTIP units, and (b) PSUs awarded in February 2017 which will be earned, if at all, over a three-year performance period based 50% on absolute TSR and 50% on relative TSR, as follows:

	Share-Based Incentive Awards for 2016 Performance (LTIP Units)	Performance Share Units for 2017-2019 Performance Period (PSUs)
John A. Kite	\$ 446,234	\$ 1,058,641

Edgar Filing: KITE REALTY GROUP TRUST - Form DEF 14A

Thomas K. McGowan	\$	172,107	\$	435,897
Daniel R. Sink	\$	152,981	\$	348,727
Scott E. Murray	\$	106,777	\$	311,348

For the PSUs awarded in February 2017, the values at the grant date assuming that the highest level of performance conditions will be achieved were as follows: \$2,040,000 for Mr. Kite; \$840,000 for Mr. McGowan; \$672,000 for Mr. Sink; and \$600,000 for Mr. Murray.

The amounts disclosed in this column for 2016 reflect the aggregate grant date fair value of (a) restricted common shares awarded in March 2016 as match award incentive grants relating to 2015 short-term compensation, (b) the share-based incentive compensation for the 2015 fiscal year awarded to each NEO in February 2016 as LTIP units, (c) PSUs awarded in February 2016 which will be earned, if at all, over a three-year performance period based on

Table of Contents

relative TSR, and (d) LTIP units in our Operating Partnership granted in January 2016 under our 2016 OPP, which will be earned, if at all, only upon vesting, as follows:

	<b>Match Award Restricted Shares</b>	<b>Share-Based Incentive Awards for 2015 Performance (LTIP Units)</b>	<b>Performance Share Units for 2016-2018 Performance Period (PSUs)</b>	<b>OPP Awards</b>
John A. Kite		\$ 519,738	\$ 674,877	\$ 632,400
Thomas K. McGowan		\$ 200,459	\$ 260,304	\$ 288,300
Daniel R. Sink	\$ 10,000	\$ 178,198	\$ 231,370	\$ 195,300
Scott E. Murray		\$ 118,799	\$ 161,486	\$ 102,300

For the PSUs awarded in February 2016, the values at the grant date assuming that the highest level of performance conditions will be achieved were as follows: \$1,050,000 for Mr. Kite; \$405,000 for Mr. McGowan; \$360,000 for Mr. Sink; and \$251,250 for Mr. Murray. For the OPP Awards granted in January 2016, the values at the grant date assuming that the highest level of performance conditions will be achieved were as follows: \$2,040,000 for Mr. Kite; \$930,000 for Mr. McGowan; \$630,000 for Mr. Sink; and \$330,000 for Mr. Murray.

The amounts disclosed in this column for 2015 reflect the aggregate grant date fair value of (a) restricted common shares awarded in February 2016 as match award incentive grants relating to 2015 short-term incentive compensation, (b) the share-based incentive compensation for the 2014 fiscal year awarded to each NEO in February 2015 as restricted shares, some of which restricted shares were later converted into LTIP units on a one-for-one basis, and (c) PSUs awarded in February 2015 which will be earned, if at all, over a three-year performance period based on relative TSR, as follows.

	<b>Match Award (Restricted Shares)</b>	<b>Share-Based Incentive Awards for 2014 Performance (Restricted Shares or LTIP Units)</b>	<b>Performance Share Units for 2015-2017 Performance Period (PSUs)</b>
John A. Kite		\$ 441,080	\$ 580,082
Thomas K. McGowan		\$ 162,503	\$ 223,728
Daniel R. Sink	\$ 9,983	\$ 150,896	\$ 198,891
Scott E. Murray			\$ 132,594

For the PSUs awarded in March 2015, the values at the grant date assuming that the highest level of performance conditions will be achieved were as follows: \$1,050,000 for Mr. Kite; \$405,000 for Mr. McGowan; \$360,000 for Mr. Sink; and \$240,000 for Mr. Murray

All of the restricted shares represented by the amounts set forth in this column will vest ratably over three to five years from the date of grant, and all 2017, 2016 and 2015 awards are also subject to a three-year "no-sell" restriction prohibiting the executive officers from transferring the shares for a three-year period after the

award vests, except to the extent necessary to satisfy tax obligations. The LTIP units will vest, if at all, only following the relevant performance period as described in more detail above in "Compensation Discussion and Analysis."

(3)

Represents the amount of the annual short-term incentive compensation earned by each NEO for fiscal year 2017, fiscal year 2016 and fiscal year 2015, respectively, including, if any, the amount of such short-term incentive compensation the NEO elected to receive in restricted common shares in lieu of cash, but excluding the amount of restricted common shares awarded as match award incentive grants relating thereto.

(4)

The amount shown in the "All Other Compensation" column reflects for each NEO:

the value of premiums paid pursuant to health insurance benefits provided by the Company;

the value of premiums paid pursuant to life insurance benefits provided by the Company; and

matching contributions allocated by the Company pursuant to the 401(k) Plan.

The amount attributable to each such perquisite or personal benefit (as defined by SEC rules) for each NEO set forth above does not exceed the greater of \$25,000 or 10% of the total amount of perquisites or benefits received by such NEO. The amount attributable to each item that is not a perquisite or personal benefit (as defined by SEC rules) does not exceed \$10,000.

Table of Contents**GRANT OF PLAN-BASED AWARDS IN 2017**

The following table sets forth information concerning the grants of plan-based awards made to each NEO in the fiscal year ended December 31, 2017.

Name and Principal Position	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (#)			All Other Share Awards: Amount of Shares or Share Units (#)	Full Grant Date Fair Value of Share and Option Awards (\$)
		Threshold	Target	Maximum	Threshold	Target	Maximum		
<b>John A. Kite</b>	2/15/2017	\$ 543,750	\$ 906,250	\$ 1,812,500				22,609 (2)	\$ 446,234
<i>Chairman and Chief Executive Officer</i>	2/15/2017 (3)				21,964	43,928	87,856		\$ 1,058,665
<b>Thomas K. McGowan</b>	2/15/2017	\$ 209,250	\$ 348,750	\$ 697,500				8,720 (2)	\$ 172,107
<i>President and Chief Operating Officer</i>	2/15/2017 (3)				9,044	18,088	36,176		\$ 435,921
<b>Daniel R. Sink</b>	2/15/2017	\$ 186,750	\$ 311,250	\$ 622,500				7,751 (2)	\$ 152,981
<i>Executive Vice President and Chief Financial Officer</i>	2/15/2017 (3)				7,236	14,471	28,942		\$ 348,751
<b>Scott E. Murray</b>	2/15/2017	\$ 164,250	\$ 273,750	\$ 547,500				5,410 (2)	\$ 106,777
<i>Executive Vice President, General Counsel &amp; Corporate Secretary</i>	2/15/2017 (3)				6,460	12,920	25,840		\$ 311,372

- (1) Represents the possible payouts under the Company's annual short-term incentive compensation plan set by the Compensation Committee in February 2017. The amount of annual short-term incentive compensation eligible to be earned by each of the NEOs was based upon objective corporate performance metrics and a subjective assessment of each individual executive's performance. The actual amount earned by each NEO in 2017 is reported under the Non-Equity Incentive Plan Compensation column in the Summary Compensation Table.
- (2) Represents LTIP units awarded in February 2017 as share-based incentive compensation for the 2016 fiscal year. These LTIP units, will vest ratably over a period of three years, contingent on continued service by the officer through the applicable vesting date. The awards are also subject to a three-year "no-sell" restriction prohibiting the executive officers from transferring the units for a three-year period after the award vests, except to the extent necessary to satisfy tax obligations.
- (3) Represents PSUs awarded in February 2017 which will be earned, if at all, over a three-year performance period based 50% on absolute TSR and 50% on relative TSR. The units that are earned vest at the end of the performance period.

**ADDITIONAL INFORMATION RELATED TO SUMMARY COMPENSATION TABLE AND GRANTS OF PLAN  
BASED-AWARDS TABLE**

Employment Agreements. On July 28, 2014, we entered into new employment agreements with each of Messrs. Kite, McGowan and Sink. These new employment agreements were effective as of July 1, 2014 and superseded their previous agreements with us, which were initially entered into in 2004 in connection with our initial public offering and renewed annually each year thereafter. In addition, on August 6, 2014, we entered into an employment agreement with Mr. Murray in connection with his joining our Company.

The term of each employment agreement for Messrs. Kite, McGowan, Sink and Murray ended June 30, 2017, with automatic one-year renewals on each anniversary, unless the Board or the executive elects not to extend the term by providing the other party with 90 days' written notice. As of December 31, 2017, each of these agreements was in an automatic renewal period.

The employment agreements set the initial base salaries and annual cash incentive targets for the executives. As described in more detail under "Compensation Discussion and



Table of Contents

Analysis Components of Executive Compensation Base Salaries" and "Compensation Discussion and Analysis Components of Executive Compensation Short-Term Incentive Compensation," the executive's 2017 base salaries and annual cash incentive targets are as follows:

<b>Executive</b>	<b>Base Salary</b>	<b>Annual Cash Incentive Target</b>
John A. Kite	\$ 725,000	125% of Base Salary
Thomas K. McGowan	\$ 465,000	75% of Base Salary
Daniel R. Sink	\$ 415,000	75% of Base Salary
Scott E. Murray	\$ 365,000	75% of Base Salary

The provisions of each employment agreement do not permit the executive's base salary to be reduced by us during the term of the agreement. Thus, each executive's prior year salary effectively serves as a minimum requirement for the NEO's salary for the ensuing year. For a discussion of the NEOs' 2017 base salaries, please see "Compensation Discussion and Analysis Components of Executive Compensation Base Salaries."

The employment agreements also provide that the executives are entitled to participate in our 2013 Equity Incentive Plan and any group life, hospitalization or disability insurance plans, health programs, pension and profit sharing plans, and similar benefits commensurate with the benefits we provide to our senior executives generally. For information related to the additional benefits provided to our NEOs, please see the "All Other Compensation" column of the "Summary Compensation Table" above.

Under each employment agreement, if the executive is terminated by us without "cause" (including our election not to extend the term of his agreement but not on account of "disability") or resigns for "good reason" (each as defined in his employment agreement), he will be entitled to certain severance payments, as described in detail below under "Potential Payments Upon Termination or Change In Control."

Each employment agreement contains confidentiality, non-competition, non-solicitation and non-disparagement restrictions during the term of the employment agreement and for certain specified periods thereafter. The non-competition restricted period is 18 months for Mr. Kite and Mr. McGowan and 12 months for Mr. Sink and Mr. Murray.

Bonuses and Equity Awards. Each of our NEOs received in 2018 short-term incentive compensation related to 2017 performance that was paid in the form of cash. For a discussion of these awards, including their material terms and features, please see "Compensation Discussion and Analysis Components of Executive Compensation Short-Term Incentive Compensation" and the "Summary Compensation Table," including footnote 3 to such table. In 2017, 2016 and 2015, each of our NEOs received discretionary bonuses paid in the form of cash, common shares, and/or LTIP units related to 2016, 2015 and 2014 performance, respectively. See footnotes 2 and 3 to the "Summary Compensation Table" above. In recent years, we have also made additional grants of restricted common shares and/or LTIP units to each of our NEOs. See "Compensation Discussion and Analysis Components of Executive Compensation Grants of Share-Based Incentive Compensation Awards," the "Summary Compensation Table" and the "Grants of Plan Based Awards in 2017" Table, including the footnotes to such tables.

Table of Contents**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END DECEMBER 31, 2017**

The following table sets forth the outstanding equity awards for each NEO as of December 31, 2017.

Name and Principal Position	Option Awards (1)				Share Awards			
	Number of Unexercised Options Exercisable (#)	Number of Underlying Securities (#)	Exercise Price (\$) (2)	Option Expiration Date	Number of Shares or Units That Have Not Vested (#) (3)	Market Value of Shares or Units That Have Not Vested (\$) (4)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights that Have Not Vested (#) (5)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested (\$) (6)
<b>John A. Kite</b> <i>Chairman and Chief Executive Officer</i>	50,664		\$ 49.16	3/7/2018				
	15,000		\$ 14.24	2/23/2019				
	12,500		\$ 16.60	2/22/2020				
	19,068		\$ 21.04	2/18/2021				
					140,997	\$ 2,763,541	150,522	\$ 3,095,284
<b>Thomas K. McGowan</b> <i>President and Chief Operating Officer</i>	34,070		\$ 49.16	3/7/2018				
	1,687		\$ 16.60	2/22/2020				
					50,825	\$ 996,170	65,291	\$ 1,359,465
<b>Daniel R. Sink</b> <i>Executive Vice President and Chief Financial Officer</i>	22,689		\$ 49.16	3/7/2018				
					42,879	\$ 840,428	48,064	\$ 980,242
<b>Scott E. Murray</b> <i>Executive Vice President, General Counsel and Corporate Secretary</i>								
					14,396	\$ 282,162	31,700	\$ 629,723

- (1) Common share option awards vest over five years and expire ten years from the grant date. Twenty percent of the common share options vest on the one-year anniversary of the grant date and the remaining common share options vest monthly over the subsequent 48 months.
- (2) Takes into account our one-for-four reverse share split that occurred in August 2014.
- (3)

Represents restricted common share awards granted prior to January 1, 2018 that are not fully vested as of December 31, 2017, all of which vest ratably over three to five years beginning on the first anniversary date of the grant and are not subject to any performance criteria, and in some cases are subject to a three-year "no-sell" restriction prohibiting the executive officers from transferring the shares for a three-year period after the award vests, except to the extent necessary to satisfy tax obligations. Also represents restricted shares that were granted July 2, 2014 and converted into an equal number of LTIP units in June 2015; such LTIP units vest ratably over three to five years beginning on the first anniversary date of the grant, are not subject to any performance criteria, and are subject to a three-year "no-sell" restriction.

Table of Contents

Following is a table that reflects the grant date, number of shares granted, and vesting period for grants of restricted shares (or converted LTIP units) a portion of which remain unvested as of December 31, 2017:

Name	Grant Date	# of Shares or Units Granted	Vesting Period (Years)
<b>John A. Kite</b>	5/9/13	24,041	5
	2/24/14	30,616	5
	3/25/14	50,000	5
	7/2/14	183,224	4
	3/4/15	15,694	3
	3/4/15	18,765	5
	2/17/16	23,791	5
	2/15/17	22,609	3
<b>Thomas K. McGowan</b>	5/9/13	10,683	5
	2/24/14	11,466	5
	3/25/14	20,000	5
	7/2/14	54,967	4
	3/4/15	6,456	3
	3/4/15	6,913	5
	2/17/16	9,176	5
	2/15/17	8,720	3
<b>Daniel R. Sink</b>	5/9/13	9,150	5
	2/24/14	10,472	5
	3/25/14	15,000	5
	7/2/14	36,644	4
	3/4/15	5,270	3
	3/4/15	6,419	5
	2/17/16	2,265	3
	2/17/16	8,157	5
	2/15/17	7,751	3
<b>Scott E. Murray</b>	8/19/14	11,587	5
	2/17/16	5,438	5
	2/15/17	5,410	3

(4)

Based on the closing share price on December 29, 2017, of \$19.60.

(5)

Represents grants of LTIP units under our 2016 OPP. Also represents the 2016 and 2017 awards of PSUs that may be earned over a three-year performance period from January 1, 2016, to December 31, 2018, and January 1, 2017, to December 31, 2019, respectively. An eligible payout of up to 200% of target may be earned depending on our TSR over the three-year measurement period in relation to specific percentiles of the peer group. Following Note 6 below is a table reflecting the grant date, the number of units and estimated market value (in each case, based on achieving threshold performance goals, except that if the previous fiscal year's performance exceeded the threshold, then based on the next higher performance measure that exceeds

the previous fiscal year's performance), and grant type.

(6)

Represents payout value of unearned equity incentive plan awards. For the LTIP units under our 2016 OPP, we used the maximum potential payout in this table. The threshold value for these awards is \$0. For the 2016 PSUs, the value was determined based on achieving the threshold performance goal and using the closing share price on December 29, 2017, of \$19.60. For the 2017 PSUs, the value was determined based on achieving the target performance goal and

Table of Contents

using the closing share price on December 29, 2017, of \$19.60. Below is a table reflecting the grant date, number of units, estimated market value, and grant type:

Name	Grant Date	# of Units	Estimated Market Value	Grant Type
<b>John A. Kite</b>	2/17/16	86,768	\$ 2,040,000	LTIP units under 2016 OPP
	2/17/16	9,913	\$ 194,295	PSUs
	2/15/17	43,928	\$ 860,989	PSUs
<b>Thomas K. McGowan</b>	2/17/16	39,556	\$ 930,000	LTIP units under 2016 OPP
	2/17/16	3,823	\$ 74,931	PSUs
	2/15/17	18,088	\$ 354,525	PSUs
<b>Daniel R. Sink</b>	2/17/16	26,796	\$ 630,000	LTIP units under 2016 OPP
	2/17/16	3,398	\$ 66,601	PSUs
	2/15/17	14,471	\$ 283,632	PSUs
<b>Scott E. Murray</b>	2/17/16	14,036	\$ 330,000	LTIP units under 2016 OPP
	2/17/16	2,372	\$ 46,491	PSUs
	2/15/17	12,920	\$ 253,232	PSUs

**OPTION EXERCISES AND SHARES VESTED IN 2017**

The following table sets forth the number of share options that were exercised during 2017 and the value realized on exercise, and the amounts and value of restricted common shares that vested during 2017 for each NEO.

Name and Principal Position	Option Awards		Share Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares or Units Acquired on Vesting	Value Realized on Vesting (\$ (1))
<b>John A. Kite</b> <i>Chairman and Chief Executive Officer</i>		\$	84,475	\$ 1,711,748
<b>Thomas K. McGowan</b> <i>President and Chief Operating Officer</i>		\$	29,057	\$ 593,765
<b>Daniel R. Sink</b> <i>Executive Vice President and Chief Financial Officer</i>		\$	22,740	\$ 470,698
<b>Scott E. Murray</b> <i>Executive Vice President, General Counsel and Corporate Secretary</i>		\$	3,405	\$ 71,606

(1)

Edgar Filing: KITE REALTY GROUP TRUST - Form DEF 14A

Value realized on vesting was determined using the closing price of the Company's common shares on the respective dates that the restricted shares vested.

Table of Contents

**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL**

We may be required to make certain payments to our NEOs in the event their services are terminated or we experience a change in control. Under the terms of our employment agreements with Messrs. Kite, Sink, McGowan and Murray, the amount of these payments (and whether we would be required to make them) depends on the nature of the executive's termination. The various termination and change in control scenarios and the amounts we would be required to pay upon the occurrence of each are described below.

*Termination by us without "Cause" (including our non-renewal of the employment agreement) or by the NEO for "Good Reason"*

In this scenario, the NEO would be entitled to:

compensation accrued at the time of termination

a lump sum severance payment equal to his "severance multiple" (which for Mr. Kite and Mr. McGowan is three and for Mr. Sink and Mr. Murray is two), multiplied by the sum of his base salary then in effect and the average annual cash incentive compensation actually paid to the executive with respect to the prior three fiscal years

a lump sum severance payment equal to his pro rata annual cash incentive compensation for the year of termination, subject to the performance criteria having been met for that year unless termination occurs in the year of a "change in control" (as defined in the executive's employment agreement)

continued medical, prescription and dental benefits to the executive and/or the executive's family for 18 months after the executive's termination date

full and immediate vesting of his equity awards that are subject only to time-vesting based on service

pro-rata vesting of his performance-based equity awards if the performance objectives are achieved at the end of the performance period, except that if the termination of employment occurs during an outstanding performance period in which a "change in control" (as defined in the executive's employment agreement) occurred, there will be full and immediate vesting of his performance-based equity awards as of his termination date at the greater of (A) the target level on his termination date or (B) actual performance as of his termination date

*Termination by us for "Cause" or by the NEO without "Good Reason" (including his non-renewal of the employment agreement)*

In this scenario, the NEO would be entitled to:

compensation accrued at the time of termination



Table of Contents

*Termination for Death or Disability*

In this scenario, the NEO would be entitled to:

compensation accrued at the time of termination

a lump sum payment equal to his pro rata annual cash incentive compensation target for the year of termination

continued medical, prescription and dental benefits to him and/or his family for 18 months after his termination date

full and immediate vesting of his equity awards, other than any performance-based equity award that is designated as an outperformance award and that specifically supersedes the vesting provision of his employment agreement

*Change in Control*

Under the 2013 Equity Incentive Plan, in the event of a "corporate transaction" (as defined in the plan) where outstanding equity awards are not assumed by our corporate successor, the NEO would receive:

full and immediate vesting of all equity awards that were granted under our previous equity incentive plans

full and immediate vesting of all time-vested equity awards granted under the 2013 Equity Incentive Plan (unless we elect to cancel such awards and pay the value received in the corporate transaction by holders of shares for them)

settlement of performance awards (i) at target if less than half the performance period has passed or if actual performance is not determinable, and (ii) based on actual performance to date if at least half the performance period has passed

For purposes of the foregoing scenarios, "Cause," "Good Reason" and "Change in Control" are defined as follows:

Cause. Each of the employment agreements generally defines "cause" as an executive's (i) conviction for or pleading nolo contendere to a felony; (ii) commission of an act of fraud, theft or dishonesty related to our business or his duties; (iii) willful and continuing failure or habitual neglect to perform his duties; (iv) material violation of confidentiality covenants or non-competition agreement; or (v) willful and continuing breach of the employment agreement.

Good Reason. Each of the employment agreements generally defines "good reason" as (i) a material reduction in the executive's authority, duties and responsibilities or the assignment to him of duties materially and adversely inconsistent with his position; (ii) a material reduction in the executive's annual salary that is not in connection with a reduction of compensation applicable to senior management employees; (iii) our requirement that the executive's work location be moved more than 50 miles from our principal place of business in Indianapolis, Indiana; (iv) our failure to obtain a reasonably satisfactory agreement in form and substance to the executive from any successor to our business to assume and perform the employment agreement; or (v) our material breach of the employment agreement.

Change in Control. The 2013 Equity Incentive Plan generally defines "corporate transaction" as the first occurrence of, in a single transaction or in a series of related transactions, of any

Table of Contents

of the following events: (i) our dissolution or liquidation or a merger, consolidation, or reorganization of us with one or more other entities in which we are not the surviving entity; (ii) a consummated sale of all or substantially all of the assets of us to another person or entity; (iii) any transaction (including a merger or reorganization in which we are the surviving entity) that results in any person or entity (other than persons or entities who are shareholders or affiliates of us immediately prior to the transaction) owning 30% or more of the combined voting power of all classes of our shares; or (iv) a change in the composition of our Board as of July 23, 2004, in which the incumbent trustees cease, for any reason, to constitute a majority of the Board unless each trustee who was not an incumbent trustee was elected, or nominated for election, and approved by a vote of at least a majority of the incumbent trustees and trustees subsequently so elected or nominated, excluding those trustees who initially assumed office as a result of an actual or threatened election contest or other solicitation of proxies by or on behalf of an individual, entity or group other than the Board.

**QUANTIFICATION OF BENEFITS UNDER TERMINATION EVENTS**

The tables below set forth the amount that we would be required to pay each of the NEOs under the termination events described above or upon a change in control, assuming the termination or change in control occurred on December 31, 2017.

<b>Benefits and Payments</b>	<b>Without Cause or For Good Reason (1)</b>	<b>For Cause or Without Good Reason (2)</b>	<b>Death or Disability</b>	<b>Change in Control (No Termination) (3)</b>
<b>John A. Kite</b>				
Cash Severance	\$ 5,936,995		\$ 1,020,000	
Accelerated Vesting of Non-Vested Equity Awards	\$ 6,348,531(4)		\$ 6,348,531	\$ 6,348,531
Medical Benefits	\$ 21,234		\$ 21,234	
<b>Total</b>	<b>\$ 12,306,760</b>		<b>\$ 7,389,765</b>	<b>\$ 6,348,531</b>
<b>Thomas K. McGowan</b>				
Cash Severance	\$ 2,891,749		\$ 420,000	
Accelerated Vesting of Non-Vested Equity Awards	\$ 2,248,675(4)		\$ 2,548,675	\$ 2,548,675
Medical Benefits	\$ 13,891		\$ 13,891	
<b>Total</b>	<b>\$ 5,454,315</b>		<b>\$ 2,982,566</b>	<b>\$ 2,548,675</b>
<b>Daniel R. Sink</b>				
Cash Severance	\$ 1,789,252		\$ 336,000	
Accelerated Vesting of Non-Vested Equity Awards	\$ 1,986,433(4)		\$ 1,986,433	\$ 1,986,433
Medical Benefits	\$ 21,234		\$ 21,234	
<b>Total</b>	<b>\$ 3,796,919</b>		<b>\$ 2,343,667</b>	<b>\$ 1,986,433</b>
<b>Scott E. Murray</b>				

Edgar Filing: KITE REALTY GROUP TRUST - Form DEF 14A

Cash Severance	\$ 1,513,307	\$ 300,000	
Accelerated Vesting of Non-Vested Equity			
Awards	\$ 1,037,787(4)	\$ 1,037,787	\$ 1,037,787
Medical Benefits	\$ 21,234	\$ 21,234	
<b>Total</b>	<b>\$ 2,572,328</b>	<b>\$ 1,359,021</b>	<b>\$ 1,037,787</b>

---

- (1) Includes non-renewal by us of the executive's employment agreement.
- (2) Includes non-renewal by the executive of his employment agreement.
- (3) Consists of a "corporate transaction" under the 2013 Equity Incentive Plan in which outstanding equity awards are not assumed by our corporate successor. Amounts in this column are payable solely by operation of our 2013 Equity Incentive Plan.

Table of Contents

(4)

Amount calculated as (i) the number of shares that have not vested (from the Outstanding Equity Awards at Fiscal Year-End December 31, 2017 Table) multiplied by the closing price of our common shares of \$19.60 on December 29, 2017, (ii) payout of PSUs awarded in 2016 and 2017 at the maximum payout of 200% of target, and (iii) pro rata maximum payout value of awards under our 2016 OPP (from the Outstanding Equity Awards at Fiscal Year-End December 31, 2017 Table).

**EQUITY COMPENSATION PLAN INFORMATION**

The following table gives information about our common shares that may be issued under all of our existing equity compensation plans as of December 31, 2017.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in First Column)
Equity compensation plans approved by shareholders	181,212	\$ 37.77	717,053
Equity compensation plans not approved by shareholders			
<b>Total</b>		<b>\$ 37.77</b>	<b>717,053</b>

55

Table of Contents

### **PROPOSAL 3: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of our Board has appointed Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018. After careful consideration of the matter and in recognition of the importance of this matter to our shareholders, the Board has determined that it is in the best interests of the Company and our shareholders to seek the ratification by our shareholders of our Audit Committee's selection of our independent registered public accounting firm. A representative of Ernst & Young LLP will be present at the annual meeting, will have the opportunity to make a statement if he or she so desires and will be available to respond to appropriate questions.

### **VOTE REQUIRED AND RECOMMENDATION**

The affirmative vote of the holders of a majority of all the votes cast at the annual meeting is required to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm. For purposes of this proposal, abstentions and other shares not voted (whether by broker non-vote or otherwise) will not be counted as votes cast and will have no effect on the result of the vote. Even if the appointment of Ernst & Young LLP as our independent registered public accounting firm is ratified, our Board and the Audit Committee may, in their discretion, change that appointment at any time during the year should they determine such a change would be in the best interests of the Company and our shareholders. If the appointment of Ernst & Young LLP is not ratified, the Audit Committee will consider the appointment of another independent registered public accounting firm, but will not be required to appoint a different firm.

**OUR BOARD OF TRUSTEES RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE  
SELECTION OF ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC  
ACCOUNTING FIRM FOR THE YEAR ENDING DECEMBER 31, 2018.**

Table of Contents

**RELATIONSHIP WITH INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
FEES**

Our consolidated financial statements for the years ended December 31, 2017 and 2016 have been audited by Ernst & Young LLP, which served as our independent registered public accounting firm for those years.

The following summarizes the fees billed by Ernst & Young LLP for services performed for the years ended December 31, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
Audit Fees (1)	\$ 896,080	\$ 992,080
Audit-Related Fees		15,000
Tax Fees		85,000
All Other Fees		
<b>Total</b>	<b>\$ 898,080</b>	<b>\$ 1,092,080</b>

(1) Represents fees for the audit of the financial statements and the attestation on the effectiveness of internal control over financial reporting. Also includes fees totaling \$120,000 in 2016 associated with our unsecured bond offering and equity offerings.

**PRE-APPROVAL POLICIES AND PROCEDURES**

The Audit Committee's policy is to review and pre-approve, either pursuant to the Audit Committee's Audit and Non-Audit Services Pre-Approval Policy or through a separate pre-approval by the Audit Committee, any engagement of the Company's independent auditor to provide any permitted non-audit service to the Company. The Audit Committee has delegated authority to its chairman to pre-approve engagements for the performance of audit and non-audit services, for which the estimated cost for such services shall not exceed \$200,000. The chairman must report all pre-approval decisions to the Audit Committee at its next scheduled meeting and provide a description of the terms of the engagement.

All audit-related and non-audit services provided to us by Ernst & Young LLP since our initial public offering have been pre-approved by the Audit Committee.

Table of Contents

**REPORT OF THE AUDIT COMMITTEE**

The Audit Committee is currently composed of Mr. Gerald W. Grupe, Ms. Christie B. Kelly, Mr. David R. O'Reilly and Dr. Charles H. Wurtz bach. The members of the Audit Committee are appointed by and serve at the discretion of the Board.

One of the principal purposes of the Audit Committee is to assist the Board in the oversight of the integrity of the Company's financial statements. The Company's management team has the primary responsibility for the financial statements and the reporting process, including the system of internal controls and disclosure controls and procedures. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited financial statements in the Annual Report on Form 10-K for the year ended December 31, 2017 with our management.

The Audit Committee also is responsible for assisting the Board in the oversight of the qualification, independence and performance of the Company's independent auditors. The Audit Committee reviewed with the independent auditors, who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee under generally accepted auditing standards and those matters required to be discussed by Auditing Standard No. 1301, "Communications with Audit Committees" issued by the Public Company Accounting Oversight Board ("PCAOB").

The Audit Committee has received both the written disclosures and the letter regarding the independent auditor's independence required by PCAOB Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence*, and has discussed with the independent auditors their independence. In addition, the Audit Committee considers whether the provision of non-audit services, and the fees charged for such non-audit services, by the independent auditor are compatible with maintaining the independence of the independent auditor from management and the Company.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board that the Company's audited financial statements for 2017 be included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2017 for filing with the SEC.

Respectfully submitted,

The Audit Committee of the Board of Trustees

CHARLES H. WURTZEBACH (*CHAIRMAN*)  
GERALD W. GRUPE  
CHRISTIE B. KELLY  
DAVID R. O'REILLY

58

---



Table of Contents

## **PRINCIPAL SHAREHOLDERS**

The following table sets forth certain information regarding the beneficial ownership of our common shares and units of limited partnership interest of our Operating Partnership, by:

each of our trustees;

each of our NEOs;

all of our trustees and executive officers as a group; and

each person known to us to be the beneficial owner of more than five percent of our common shares.

Unless otherwise indicated, the information set forth below is as of March 12, 2018, the record date for the annual meeting. Operating partnership units are redeemable for an equal number of our common shares or cash, at our election, beginning one year after the date of issuance. Unless otherwise indicated, all shares and operating partnership units are owned directly and the indicated person has sole voting and dispositive power with respect to such shares or operating partnership units.

The SEC has defined "beneficial ownership" of a security to mean the possession, directly or indirectly, of voting power and/or dispositive power with respect to such security. A shareholder is also deemed to be, as of any date, the beneficial owner of all securities that such shareholder has the right to acquire within 60 days after that date through (a) the exercise of any option, warrant or right, (b) the conversion of a security, (c) the power to revoke a trust, discretionary account or similar arrangement, or (d) the automatic termination of a trust, discretionary account or similar arrangement.

## Edgar Filing: KITE REALTY GROUP TRUST - Form DEF 14A

### Table of Contents

Unless otherwise indicated, the address of each person listed below is c/o Kite Realty Group Trust, 30 South Meridian Street, Suite 1100, Indianapolis, IN 46204.

NAME OF BENEFICIAL OWNER	NUMBER OF SHARES AND UNITS BENEFICIALLY OWNED	% OF ALL SHARES (1)	% OF ALL SHARES AND UNITS (2)
<b>Executive Officers and Trustees</b>			
John A. Kite (3)	853,312	1.01%	1.00%
Thomas K. McGowan (4)	339,573	*	*
Daniel R. Sink (5)	148,807	*	*
Scott E. Murray (6)	33,688	*	*
William E. Bindley	163,934	*	*
Victor J. Coleman	21,968	*	*
Lee A. Daniels	15,047	*	*
Gerald W. Grupe	15,936	*	*
Christie B. Kelly	15,983	*	*
David R. O'Reilly	13,941	*	*
Barton R. Peterson	30,680	*	*
Charles H. Wurtzebach	19,041	*	*
All executive officers and trustees as a group (12 persons)	1,671,910	1.97%	1.93%
<b>More than Five Percent Beneficial Owners</b>			
The Vanguard Group, Inc. (7)	14,140,873	16.9%	16.5%
Blackrock, Inc. (8)	13,795,975	16.5%	16.1%
Vanguard Specialized Funds (9)	5,640,079	6.8%	6.6%

\*

Less than 1%

(1)

The total number of shares deemed outstanding and used in calculating this percentage for the named person(s) is the sum of (a) 83,599,742 common shares outstanding as of March 12, 2018, (b) the number of common shares that are issuable to such person(s) upon exercise of options that are exercisable within 60 days of March 12, 2018, and (c) the number of common shares issuable to such person(s) upon redemption of limited partnership units owned by such person(s). All limited partnership units held by the named persons are currently redeemable for common shares or cash at the Company's option.

(2)

The total number of shares and units deemed outstanding and used in calculating this percentage for the named person(s) is the sum of (a) 83,599,742 common shares outstanding as of March 12, 2018, (b) 2,066,849 limited partnership units outstanding as of March 12, 2018 (other than such units held by us), and (c) the number of common shares that are issuable to such person(s) upon exercise of options that are exercisable within 60 days of March 12, 2018.

(3)

Includes 33,087 common shares and 771,559 limited partnership units owned directly by Mr. John A. Kite, 2,098 common shares owned by Mr. Kite's spouse, and 46,568 common shares which John A. Kite has the right to acquire upon exercise of common share options. Of the shares and units included as beneficially owned by Mr. John A. Kite, 9,857 shares and 326,067 units are pledged to secure indebtedness owed by Mr. John A. Kite or his affiliates.

Table of Contents

- (4) Includes 80,768 common shares and 252,118 limited partnership units owned directly by Thomas K. McGowan, 1,687 common shares which Thomas K. McGowan has the right to acquire upon exercise of common share options, and 5,000 limited partnership units held by an irrevocable trust.
- (5) Includes 64,061 common shares and 82,829 limited partnership units owned directly by Mr. Daniel R. Sink, 667 common shares owned by Mr. Sink's children, and 1,250 owned by Mr. Sink's mother.
- (6) Includes 9,543 common shares and 24,145 limited partnership units owned directly by Scott E. Murray.
- (7) Based on information provided by The Vanguard Group, Inc. ("Vanguard Group") in a Schedule 13G/A filed with the SEC on February 9, 2018. Vanguard Group has sole voting power with respect to 182,773 shares, shared voting power with respect to 109,694 shares, sole dispositive power with respect to 13,946,949 of these shares and shared dispositive power with respect to 193,924 of these shares. The address of Vanguard Group, as reported by it in the Schedule 13G/A, is 100 Vanguard Blvd., Malvern, PA 19355. Vanguard Group reports that it is the parent holding company for certain persons or entities that have acquired our common shares and that are listed in that Schedule 13G/A.
- (8) Based on information provided by BlackRock, Inc. ("BlackRock") in a Schedule 13G/A filed with the SEC on January 19, 2018. BlackRock has sole voting power with respect to 13,585,929 of these shares, shared voting power with respect to none of these shares and sole dispositive power with respect to the entire number of these shares. The address of Blackrock, Inc., as reported by it in the Schedule 13G/A, is 55 East 52nd Street, New York, NY 10055. BlackRock reports that it is the parent holding company for certain persons or entities that have acquired our common shares and that are listed in that Schedule 13G/A.
- (9) Based on information provided by Vanguard Specialized Funds Vanguard REIT Index Fund ("Vanguard Specialized Funds") in a Schedule 13G/A filed with the SEC on February 2, 2018. Vanguard Specialized Funds has sole voting power with respect to 5,640,079 of these shares, shared voting power with respect to none of these shares and sole dispositive power with respect to none of these shares. The address of Vanguard Specialized Funds, as reported by it in the Schedule 13G/A, is 100 Vanguard Blvd., Malvern, PA 19355.

Table of Contents

## **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

### **RELATED PERSON TRANSACTION POLICY**

We have adopted a written related person transaction approval policy to further the goal of ensuring that any related person transaction is properly reviewed, and if necessary approved, first by our Corporate Governance and Nominating Committee, and if appropriate, a majority of the disinterested trustees of our Board. The policy applies to transactions or arrangements between us and any related person, including trustees, trustee nominees, executive officers, greater than 5% shareholders and the immediate family members of each of these groups. This policy does not, however, apply with respect to general conflicts between our interests and our employees, officers and trustees, including issues relating to engaging in a competing business and performing outside or additional work, which are reported and handled in accordance with our separate Code of Business Conduct and Ethics and other procedures and guidelines that we may implement from time to time.

Under the policy, the trustees and executive officers are responsible for identifying and reporting to our Compliance Officer any proposed transaction with a related person. Upon notification, the Compliance Officer begins collecting information regarding the transaction and notifies the Corporate Governance and Nominating Committee Chairperson of such transaction. The Chairperson of the Corporate Governance and Nominating Committee determines whether the proposed transaction is required to be, or otherwise should be, reviewed by the Corporate Governance and Nominating Committee.

If the proposed transaction is required to be approved by a majority of the disinterested members of our Board in accordance with our declaration of trust or corporate governance guidelines, the Corporate Governance and Nominating Committee makes a recommendation regarding the proposed transaction, and the disinterested trustees determine whether it is appropriate and advisable for us to engage in the proposed transaction. If the transaction involves a trustee, that trustee does not participate in the action regarding whether to approve or ratify the transaction. If the proposed transaction is not required to be approved by a majority of the disinterested members of our Board, the Corporate Governance and Nominating Committee has the final authority to approve or disapprove the proposed transaction.

The following information summarizes our transactions with related parties during 2017 and early 2018 that were subject to our related person transaction policy:

We have entered into an agreement to reimburse KMI, a company in which John A. Kite and his father, Alvin E. Kite, Jr., currently own and Thomas K. McGowan previously owned direct or indirect interests, for company use of an airplane owned by KMI. This agreement allows for the use by us and our consultants of the airplane solely for business related travel for an established reimbursement amount per hour plus applicable taxes. During 2017, expense reimbursement to KMI was approximately \$292,000 for the use of the airplane. Neither John Kite, Alvin Kite, Jr., nor Mr. McGowan had any interest in the expense reimbursement made to KMI, other than with respect to their ownership interests in that company.

In December 2017, we entered into an unconsolidated joint venture with an unrelated entity to own and operate a hotel at Eddy Street Commons near the University of Notre Dame. We own a 35% minority interest in the unconsolidated joint venture. In February 2018, the independent, controlling member and manager of the joint venture caused the joint venture to pay a \$250,000 construction management fee to Alvin Kite, Jr. for services he provided and will continue to provide in connection with the development, construction and franchising of the hotel.

## **OTHER MATTERS**

### **SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires that our executive officers and trustees, and persons who own more than 10% of a registered class of our equity securities, file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC and the NYSE. Executive officers, trustees and greater than 10% shareholders are required by the SEC to furnish us with copies of all Forms 3, 4 and 5 that they file.

Based on our review of the copies of such forms, and/or on written representations from the reporting persons that they were not required to file a Form 5 for the fiscal year, we believe that our executive officers, trustees and greater than 10% shareholders complied with all Section 16(a) filing requirements applicable to them with respect to transactions during 2017.

### **OTHER MATTERS TO COME BEFORE THE 2018 ANNUAL MEETING**

No other matters are to be presented for action at the annual meeting other than as set forth in this proxy statement. If other matters properly come before the meeting, however, the persons named in the accompanying proxy will vote all proxies solicited by this proxy statement as recommended by our Board, or, if no such recommendation is given, in their own discretion.

### **SHAREHOLDERS PROPOSALS AND NOMINATIONS FOR THE 2019 ANNUAL MEETING**

Any shareholder proposal pursuant to Rule 14a-8 of the rules promulgated under the Exchange Act to be considered for inclusion in our proxy materials for the next annual meeting of shareholders must be received at our principal executive offices no later than December 1, 2018. However, if we hold our 2019 annual meeting on a date that is more than 30 days before or after May 9, 2019, shareholders must submit proposals for inclusion in our 2019 proxy statement within a reasonable time before we begin to print our proxy materials. Under Rule 14a-8, we are not required to include shareholder proposals in our proxy materials unless conditions specified in the rule are met.

In addition, any shareholder who wishes to propose a nominee to our Board or propose any other business to be considered by the shareholders (other than a shareholder proposal included in our proxy materials pursuant to Rule 14a-8 of the rules promulgated under the Exchange Act) must comply with the advance notice provisions and other requirements of Article II, Section 13 of our bylaws, which are on file with the SEC and may be obtained from Investor Relations upon request. These notice provisions require that nominations of persons for election to our Board and the proposal of business to be considered by the shareholders for the 2019 annual meeting must be received no earlier than December 1, 2018 and not later than 5:00 p.m. EST on December 31, 2018. However, in the event that the date of the notice of the 2019 annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of the notice of the 2018 annual meeting, notice by the shareholder to be timely must be received no earlier than the 120th day prior to the date of mailing of the notice for the 2019 annual meeting and not later than 5:00 p.m. EST on the later of the 90th day prior to the date of mailing of the notice for the 2019 annual meeting or the 10th day following the date that we publicly announce the date of mailing of the notice for the 2019 annual meeting.

Table of Contents

Pursuant to SEC rules, if a shareholder notifies us after February 14, 2019 of an intent to present a proposal at the 2019 annual meeting of shareholders and the proposal is voted upon at the 2019 annual meeting, our proxy holders will have the right to exercise discretionary voting authority with respect to the proposal.

**HOUSEHOLDING OF PROXY MATERIALS**

If you and other residents at your mailing address own common shares in street name, your broker or bank may have sent you a notice that your household will receive only one annual report and proxy statement for each company in which you hold shares through that broker or bank. This practice of sending only one copy of proxy materials is known as "householding." If you did not respond that you did not want to participate in householding, you were deemed to have consented to the process. If the foregoing procedures apply to you, your broker has sent one copy of our annual report and proxy to your address. You may revoke your consent to householding at any time by sending your name, the name of your brokerage firm and your account number to Householding Department, 51 Mercedes Way, Edgewood, NY 11717 (telephone number: 1-800-542-1061). The revocation of your consent to householding will be effective 30 days following its receipt. In any event, if you did not receive an individual copy of this proxy statement or our annual report, we will send a copy to you if you address your written request to or call Kite Realty Group Trust, 30 South Meridian Street, Suite 1100, Indianapolis, Indiana 46204, Attention: Investor Relations (telephone number: 317-577-5600). If you are receiving multiple copies of our annual report and proxy statement, you can request householding by contacting Investor Relations in the same manner.

Table of Contents

## **IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS FOR SHAREHOLDER MEETING ON MAY 9, 2018**

This proxy statement, our annual report to shareholders and our annual report on Form 10-K for the year ended December 31, 2017 are available on our website at [www.kiterealty.com](http://www.kiterealty.com) under the investor relations section of the website. In addition, our shareholders may access this information, as well as transmit their voting instructions, at [www.proxyvote.com](http://www.proxyvote.com) by having their proxy card and related instructions in hand.

Additional copies of this proxy statement, our annual report to shareholders or our annual report on Form 10-K for the year ended December 31, 2017 will be furnished without charge upon written request to the Corporate Secretary at the mailing address for our executive offices set forth on the first page of this proxy statement. If requested by eligible shareholders, we will provide copies of exhibits to our Annual Report on Form 10-K for the year ended December 31, 2017 for a reasonable fee.

\* \* \* \*

By Order of the Board of Trustees,

**SCOTT E. MURRAY**

Executive Vice President, General Counsel and Corporate Secretary

Indianapolis, Indiana  
March 30, 2018













