PIMCO HIGH INCOME FUND
Form N-CSRS
December 02, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21311

PIMCO High Income Fund
(Exact name of registrant as specified in charter)

1345 Avenue of the Americas, New York, NY	10105
(Address of principal executive offices)	(Zip code)

Lawrence G. Altadonna - 1345 Avenue of the Americas, New York, NY 10105
(Name and address of agent for service)

Registrant s telephone number, including area code: 212-739-3371

Date of fiscal year end: March 31, 2010

Date of reporting period: September 30, 2009

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington DC 20549-2001. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Report to Shareholders

Contents

PIMCO High Income Fund Letter to Shareholders

November 16, 2009

Dear Shareholder:

Please find enclosed the semi-annual report for PIMCO High Income Fund (the Fund) for the fiscal six-month period ended September 30, 2009.

U.S. corporate bond indexes rallied during the fiscal six-month period as central banks and monetary authorities worldwide infused financial markets with unprecedented levels of liquidity in an effort to repair a global credit crisis. In response, investors moved capital away from government bonds and into riskier asset classes, including equities and corporate credit. In this environment, high yield U.S. corporate bonds outperformed the broad bond market and Treasuries as the unmanaged Merrill Lynch U.S. High Yield Index returned 46.27% during the six-month reporting period, compared with the unmanaged Barclays Capital U.S. Aggregate Index which returned 5.59% and the unmanaged Barclays Capital U.S. Treasury Index which declined 0.98% for the fiscal six-month period ended September 30, 2009.

During the six-month period, the Fund s Board of Trustees (the Trustees) approved two changes to the Fund s investment policies. As noted in the press release dated September 10, 2009, the Fund replaced its 80% minimum investment policy with respect to High Yield Securities with a less restrictive 50% policy, effective November 13, 2009. On April 6, 2009, Fund issued a press release to make explicit the Fund s investment policies allow it to hold common stock received upon conversion of other portfolio securities, such that common stocks may represent up to 20% of the Fund s total assets. The Fund may invest in preferred stock and convertible securities, which may allow for conversion into common stock. Press releases containing more detailed descriptions of these actions are available at www.allianzinvestors.com/closedendfunds.

For specific information on the Fund and its performance, please review the following pages. If you have any questions regarding the information provided, we encourage you to contact your financial advisor or call the Fund s shareholder servicing agent at (800) 254-5197. In addition, a wide range of information and resources is available on our website, www.allianzinvestors.com/closedendfunds.

Together with Allianz Global Investors Fund Management LLC, the Fund s investment manager, and Pacific Investment Management Company LLC, the Fund s sub-adviser, we thank you for investing with us.

We remain dedicated to serving your investment needs.

Sincerely,

Hans W. Kertess	Brian S. Shlissel
Chairman	*President & Chief Executive Officer*

PIMCO High Income Fund Fund Insights/Performance & Statistics

September 30, 2009 (unaudited)

- For the fiscal six-month period ended September 30, 2009, PIMCO High Income Fund (the Fund) returned 141.14% on net asset value (NAV) and 102.21% on market value.

- An emphasis on financials sector, which benefited from recapitalization efforts during the fiscal six-month period, was a significant contributor to relative performance.

- Strong security selection in the consumer cyclical sector, where auto-related credits materially outperformed the broader industry category, contributed positively to Fund performance during the reporting period.

- An underweight position in the energy sector, which lagged the overall market during the fiscal six-month period, contributed positively to relative performance.

- A below-index weighting to consumer non-cyclicals, where beverage and tobacco companies led the underperformance for the broader sector, was a strong contributor to Fund performance.

- As real estate bonds posted very robust returns, led by real estate developers and managers, the Fund s underweighting in this sector detracted from performance.

- An underweighting in gaming companies, which significantly outperformed the broader high-yield market, detracted from relative performance.

- Exposure to investment-grade bonds detracted from performance as the high-grade market was significantly outpaced by high-yield bonds.

Total Return(1):	**Market Price**	**Net Asset Value (NAV)**
Six Months	102.21%	141.14%
1 Year	49.91%	14.62%
5 Year	8.84%	1.70%
Commencement of Operations (4/30/03) to 9/30/09	8.79%	4.75%

Market Price/NAV Performance:

Commencement of Operations (4/30/03) to 9/30/09

NAV

Market Price

Market Price/NAV:	
Market Price	$10.34
NAV	$7.34
Premium to NAV	40.87%
Market Price Yield(2)	9.79%

(1) **Past performance is no guarantee of future results.** Total return is calculated by determining the percentage change in net asset value or market price (as applicable) in the specified period. The calculation assumes that all income dividends and capital gain distributions, if any, have been reinvested. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period of more than one year represents the average annual total return.

Performance at market price will differ from its results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund s shares, or changes in Fund distributions.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market yield and NAV will fluctuate with changes in market conditions. This data is provided for information only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a onetime public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. NAV is equal to total assets attributable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

(2) Market Price Yield is determined by dividing the annualized current monthly per share dividend (comprised of net investment income) payable to common shareholders by the market price per common share at September 30, 2009.

PIMCO High Income Fund Schedule of Investments

September 30, 2009 (unaudited)

Principal Amount (000)		Credit Rating (Moody s/S&P)	Value
CORPORATE BONDS & NOTES 81.3%			
Airlines 3.4%			
$8,760	American Airlines Pass Through Trust, 8.608%, 10/1/12	Ba3/BB-	$7,884,000
10,000	American Airlines, Inc., 10.50%, 10/15/12 (a) (b) (d) (e)	B2/B	10,300,000
	Continental Airlines, Inc.,		
3,605	6.90%, 7/2/18	Ba2/BB-	3,172,289
8,667	6.92%, 4/2/13 (a) (b) (g)	NR/NR	7,416,118
10,000	9.00%, 7/8/16	Baa2/A-	10,631,250
			39,403,657
Automotive 1.9%			
	Ford Motor Co.,		
5,000	7.125%, 11/15/25	Caa2/CCC-	3,775,000
5,900	7.50%, 8/1/26	Caa2/CCC-	4,336,500
5,000	9.215%, 9/15/21	Caa2/CCC-	4,187,500
9,450	Goodyear Tire & Rubber Co., 9.00%, 7/1/15	B1/B+	9,851,625
			22,150,625
Banking 2.5%			
£15,000	BAC Capital Trust VII, 5.25%, 8/10/35	Baa3/B	15,413,736
$16,200	Regions Financial Corp., 0.453%, 6/26/12, FRN	Baa3/BBB+	13,899,519
			29,313,255
Computer Services 0.8%			
9,000	SunGard Data Systems, Inc., 10.25%, 8/15/15	Caa1/B-	9,225,000
Electronics 2.0%			
1,950	Sanmina-SCI Corp., 8.125%, 3/1/16	B3/CCC	1,833,000
	Sensata Technologies BV,		
9,375	8.00%, 5/1/14	Caa3/CCC-	8,789,063
10,700	11.25%, 1/15/14	Ca/NR	13,176,858
			23,798,921
Entertainment 0.0%			
$550	Speedway Motorsports, Inc., 8.75%, 6/1/16 (a) (d)	Ba1/BB	574,750
Financial Services 47.1%			
8,570	AGFC Capital Trust I, 6.00%, 1/15/67, (converts to FRN on 1/15/17) (a) (d)	Ba3/B	3,556,550
	American General Finance Corp.,		
2,000	0.72%, 8/17/11, FRN	Baa3/BB+	1,605,720
10,000	4.625%, 6/22/11	Baa3/NR	11,912,693
$2,925	4.875%, 7/15/12	Baa3/BB+	2,271,075
10,000	5.40%, 12/1/15	Baa3/BB+	7,021,560
29,200	5.625%, 8/17/11	Baa3/BB+	24,573,873
2,515	5.85%, 6/1/13	Baa3/BB+	1,906,048
3,000	6.90%, 12/15/17	Baa3/BB+	2,101,092
	American International Group, Inc.,		
5,000	4.875%, 3/15/67, (converts to FRN on 3/15/17)	Ba2/BBB	3,325,367
$4,500	5.05%, 10/1/15	A3/A-	3,338,689
£10,000	5.75%, 3/15/67, (converts to FRN on 3/15/17)	Ba2/BBB	7,357,010
$3,150	5.85%, 1/16/18	A3/A-	2,284,059
5,000	6.25%, 5/1/36	A3/A-	3,250,225
£50,400	8.625%, 5/22/68, (converts to FRN on 5/22/18)	Ba2/BBB	44,737,019

$12,500	AmSouth Bancorp, 6.75%, 11/1/25	Ba1/BBB	9,265,288
25,000	Aviation Capital Corp., 2.224%, 8/8/12 (a) (b) (g)	NR/NR	19,110,114
160	BankAmerica Capital II, 8.00%, 12/15/26	Baa3/B	156,800

PIMCO High Income Fund Schedule of Investments

September 30, 2009 (unaudited) (continued)

Principal Amount (000)		Credit Rating (Moody s/S&P)	Value
Financial Services (continued)			
$5,100	BankAmerica Institutional Capital B, 7.70%, 12/31/26 (a) (d)	Baa3/B	$4,768,500
£29,775	Barclays Bank PLC, 14.00%, 6/15/19 (h)	Baa2/BBB+	61,906,841
$5,000	Buffalo Thunder Development Authority, 9.375%, 12/15/14 (a) (d) (f)	NR/NR	912,500
5,000	Capital One Capital III, 7.686%, 8/15/36	Baa2/BB	4,300,000
7,700	Chukchansi Economic Development Authority, 8.00%, 11/15/13 (a) (d)	B3/B+	6,121,500
1,100	First Horizon National Corp., 4.50%, 5/15/13	Baa2/BB+	966,973
	Ford Motor Credit Co. LLC,		
11,400	3.26%, 1/13/12, FRN (j)	Caa1/CCC+	10,274,250
802	5.549%, 6/15/11, FRN	Caa1/CCC+	766,912
825	7.00%, 10/1/13	Caa1/CCC+	775,274
13,000	7.50%, 8/1/12	Caa1/CCC+	12,491,999
600	7.80%, 6/1/12	Caa1/CCC+	580,256
14,000	8.00%, 6/1/14	Caa1/CCC+	13,471,822
	GMAC, Inc.,		
2,000	6.00%, 12/15/11	Ca/CCC	1,834,304
5,000	6.75%, 12/1/14	Ca/CCC	4,218,375
3,720	7.00%, 2/1/12	Ca/CCC	3,429,528
35,200	7.50%, 12/31/13 (a) (d)	Ca/CCC	31,152,000
26,270	8.00%, 11/1/31	Ca/CCC	21,049,232
7,425	HBOS PLC, 6.75%, 5/21/18 (a) (d)	Baa2/BBB-	6,632,411
	Host Hotels & Resorts L.P.,		
2,000	6.375%, 3/15/15	Ba1/BB+	1,905,000
2,000	6.75%, 6/1/16	Ba1/BB+	1,910,000
3,000	ILFC E-Capital Trust I, 5.90%, 12/21/65, (converts to FRN on 12/21/10) (a) (b) (d)	Ba2/BBB-	1,545,000
13,430	ILFC E-Capital Trust II, 6.25%, 12/21/65, (converts to FRN on 12/21/15) (a) (b) (d)	Ba2/BBB-	6,916,450
	International Lease Finance Corp.,		
15,000	1.248%, 8/15/11, FRN	Baa3/BBB+	18,109,408
$4,070	4.75%, 1/13/12 (j)	Baa3/BBB+	3,454,062
1,125	4.95%, 2/1/11	Baa3/BBB+	1,030,441
6,935	5.00%, 9/15/12	Baa3/BBB+	5,568,805
2,000	5.35%, 3/1/12	Baa3/BBB+	1,701,050
1,960	5.40%, 2/15/12	Baa3/BBB+	1,685,241
1,250	5.45%, 3/24/11	Baa3/BBB+	1,152,671
1,950	5.55%, 9/5/12	Baa3/BBB+	1,594,683
1,000	5.625%, 9/20/13	Baa3/BBB+	762,774
2,000	5.875%, 5/1/13	Baa3/BBB+	1,574,744
18,000	6.29%, 10/15/17 (g)	NR/BBB+	12,248,875
17,715	6.375%, 3/25/13	Baa3/BBB+	14,221,248
1,500	6.625%, 11/15/13	Baa3/BBB+	1,190,784
	JET Equipment Trust (a) (d) (f),		
33	7.63%, 2/15/15	NR/NR	19,038
165	10.00%, 12/15/13	NR/NR	99,382
21,610	M&I Marshall & Ilsley Bank, 4.85%, 6/16/15	A3/BBB-	16,981,916
3,705	NSG Holdings LLC, 7.75%, 12/15/25 (a) (d)	Ba2/BB	3,334,500

10,000	Pacific Life Insurance Co., 9.25%, 6/15/39 (a) (d)	A3/A	11,498,370
4,045	Piper Jaffray Equipment Trust Securities, 6.75%, 4/1/11 (a) (b) (d) (g)	NR/NR	3,822,729
36,000	Rabobank Nederland NV, 11.00%, 6/30/19 (a) (d) (h)	Aa2/AA-	44,223,120
£2,347	Royal Bank of Scotland PLC, 5.280%, 4/6/11, FRN	NR/NR	2,608,251

PIMCO High Income Fund Schedule of Investments

September 30, 2009 (unaudited) (continued)

Principal Amount (000)		Credit Rating (Moody s/S&P)	Value
Financial Services (continued)			
$1,000	Scotland International Finance No. 2 BV, 4.25%, 5/23/13 (a) (d)	Baa1/BBB	$970,790
1,082	SG Capital Trust III, 5.419%, 11/10/13 (h)	A1/BBB+	1,250,223
	SLM Corp.,		
$3,600	0.62%, 1/31/14, FRN	Ba1/BBB-	2,150,496
10,000	4.75%, 3/17/14	Ba1/BBB-	10,962,749
$625	5.00%, 10/1/13	Ba1/BBB-	498,048
12,200	5.05%, 11/14/14	Ba1/BBB-	8,979,444
3,150	5.375%, 1/15/13	Ba1/BBB-	2,628,590
32,735	8.45%, 6/15/18	Ba1/BBB-	26,152,646
2,500	SMFG Preferred Capital Ltd., 9.50%, 7/25/18 (a) (d) (h)	A2/BBB+	2,776,340
896	State Street Capital Trust III, 8.25%, 3/15/42, (converts to FRN on 3/15/11)	A3/BBB+	877,811
2,000	USB Capital IX, 6.189%, 4/15/11 (h) (j)	A2/BBB+	1,555,000
2,500	Wells Fargo Capital XIII, 7.70%, 3/26/13 (h)	Ba3/A-	2,212,500
			553,599,038
Healthcare & Hospitals 2.5%			
	HCA, Inc.,		
3,000	7.50%, 12/15/23	Caa1/B-	2,437,188
2,900	8.36%, 4/15/24	Caa1/B-	2,374,700
11,552	9.00%, 12/15/14	Caa1/B-	11,334,418
12,875	9.875%, 2/15/17 (a) (d)	B2/BB-	13,711,875
			29,858,181
Hotels/Gaming 0.3%			
	MGM Mirage (a) (d),		
1,200	10.375%, 5/15/14	B1/B	1,287,000
2,100	11.125%, 11/15/17	B1/B	2,304,750
			3,591,750
Insurance 5.0%			
	American International Group, Inc.,		
6,200	8.00%, 5/22/68, (converts to FRN on 5/22/18)	Ba2/BBB	4,984,396
$37,250	8.175%, 5/15/68, (converts to FRN on 5/15/38)	Ba2/BBB	22,629,375
30,750	8.25%, 8/15/18	A3/A-	26,170,956
5,000	MetLife Capital Trust X, 9.25%, 4/8/68, VRN (a) (d)	Baa1/BBB	5,213,390
			58,998,117
Machinery 0.2%			
2,600	Chart Industries, Inc., 9.125%, 10/15/15	B3/B+	2,613,000
Multi-Media 0.2%			
2,420	Lighthouse International Co. S.A., 8.00%, 4/30/14 (a) (d)	B3/BB-	2,334,627
Oil & Gas 3.1%			
$7,150	Chesapeake Energy Corp., 9.50%, 2/15/15	Ba3/BB	7,561,125
	Cie Generale de Geophysique-Veritas,		
4,640	7.50%, 5/15/15	Ba3/BB	4,640,000
1,000	7.75%, 5/15/17	Ba3/BB	997,500
5,000	El Paso Corp., 8.05%, 10/15/30	Ba3/BB-	4,647,290
3,000	Enbridge Energy Partners L.P., 8.05%, 10/1/77, (converts to FRN on 10/1/17)	Baa3/BB+	2,673,762
6,000	OPTI Canada, Inc., 8.25%, 12/15/14	Caa1/B	4,680,000

10,025	SandRidge Energy, Inc., 8.625%, 4/1/15, PIK	B3/B-	9,987,406
15,460	SemGroup L.P., 8.75%, 11/15/15 (a) (d) (f)	NR/NR	1,082,200
			36,269,283

PIMCO High Income Fund Schedule of Investments

September 30, 2009 (unaudited) (continued)

Principal Amount (000)		Credit Rating (Moody s/S&P)	Value
Paper/Paper Products 0.9%			
$8,045	Verso Paper Holdings LLC, 9.125%, 8/1/14	B2/B-	$5,993,525
5,000	Weyerhaeuser Co., 7.375%, 10/1/19 (e)	Ba1/BBB-	4,996,440
			10,989,965
Printing/Publishing 0.7%			
10,281	Dex Media West LLC, 9.875%, 8/15/13 (f)	NR/D	1,876,282
1,000	Hollinger, Inc., 11.875%, 3/1/11 (a) (b) (d) (f) (g)	NR/NR	164,627
3,075	Local Insight Regatta Holdings, Inc., 11.00%, 12/1/17		

Leverage (Adjusted Net Debt-to-EBITDA Ratio)	15%	Encourages a focus on growth of the existing portfolio while maintaining leverage within acceptable levels
Portfolio Lease Percentage	15%	Seeks to reward executives for the execution of leases while balancing with increasing rental rates by also utilizing same-property NOI (as described below)
Same-property NOI growth	15%	Encourages focus on internal growth at existing portfolio
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

The Compensation Committee believes that placing more importance on per share FFO, a widely-accepted supplemental measure of REIT performance established by NAREIT, as adjusted for certain non-recurring items, is appropriate because the measure is easily calculated and consistent with the Compensation Committee's view that our NEOs are principally accountable for our company's financial performance as a whole. The Compensation Committee viewed the other factors to be useful because they are important indicators of our executive management's ability to (i) control leverage levels, (ii) enhance the Company's balance sheet, (iii) achieve operational excellence and (iv) increase revenue growth at our operating properties.

In March 2015, the Compensation Committee established threshold, target, superior and outperformance values for each of the foregoing corporate performance metrics. The target levels are consistent with published guidance or, for metrics for which public guidance has not been provided, the Company's strategic plan. For 2015, each of our NEOs was eligible to receive a short-term incentive compensation award at the threshold, target, superior or outperformance level equal to the following percentage of his annual base salary:

	% of Base Salary			
Named Executive Officer	**Threshold**	**Target**	**Superior**	**Outperformance**
John A. Kite	62.5%	125%	187.5%	250%
Thomas K. McGowan	37.5%	75%	112.5%	150%
Daniel R. Sink	37.5%	75%	112.5%	150%
Scott E. Murray	32.5%	65%	97.5%	130%

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In reviewing Company performance, the Compensation Committee compared our 2015 results under each of the above performance criteria to the following ranges:

Factor	Comparison Range Threshold	Target	Superior	Outperformance	Actual Results
2015 FFO, as adjusted (per diluted common share)	$1.90	$1.95	$2.00	$2.05	$1.99 per diluted common share
Leverage (net debt to adjusted EBITDA)	6.75x	6.5x	6.0x	5.75x	6.98x
Portfolio lease percentage	94.0%	95.0%	96.0%	97.0%	95.3%
Same property NOI growth	2.0%	3.0%	4.0%	5.0%	3.5%

The Compensation Committee set the above ranges based on recommendations by our executive officers and subsequent review with the Company's independent compensation consultant. Moreover, the target ranges for both per share FFO, as adjusted, and same property NOI growth were consistent with the Company's disclosed guidance at the time they were set. The Compensation Committee ultimately applied these ranges when making short-term incentive compensation determinations in February 2016 with respect to its evaluation of our NEOs' 2015 performance.

With respect to the individual performance component of the short-term incentive compensation determination, the Compensation Committee concluded that each named executive officer merited a superior performance rating. The Compensation Committee considered that our executive officers accomplished the following achievements in making this determination:

Integrated the portfolio following the merger with Inland Diversified and maintained top tier efficiency ratios as measured by G&A expense to revenue and NOI to revenue

Executed on our disposition strategy by selling non-core assets

Acquired high quality assets with average base rent of $19.71, which was accretive to portfolio average base rent

Improved the balance sheet by staggering debt maturities, improving weighted average maturities to 5.2 years and reducing floating rate debt to 12%

Maintained free cash flow of $50 million while positioning the Company to increase the common dividend by 5.5%

Implemented a detailed plan to enhance the value of the asset base with the "3R" initiative (Redevelopment, Reposition and Repurpose)

Continued to foster a strong internal control environment with executive management providing the "tone at the top" with high integrity and core values

Maintained solid aggregate cash leasing spreads for new and renewal comparable leases of 11.4%

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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.

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:

Named Executive Officer	2015 Year End Short-Term Incentive Compensation	% of 2015 Base Salary	2014 Total Cash Bonus (1)	% of 2014 Base Salary
John A. Kite	$ 1,006,250	144%	$ 1,245,245	191%
Thomas K. McGowan	$ 388,125	86%	$ 456,574	107%
Daniel R. Sink	$ 345,000	86%	$ 350,278	93%
Scott E. Murray	$ 239,200	75%		

(1) Includes annual cash bonus for 2014 performance and, with respect to Messrs. Kite, McGowan and Sink, the special one-time cash bonuses awarded in July 2014 in connection with the merger with Inland Diversified. Mr. Murray joined the Company in August 2014 and was therefore not eligible for 2014 short-term incentive compensation. However, he was paid a $20,000 cash discretionary bonus.

The Compensation Committee believes this year-end short-term incentive compensation was appropriate because of the extent to which Messrs. Kite, McGowan, Sink and Murray were instrumental to the Company's successes in 2015.

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. Mr. Sink elected to receive $50,000 worth of his short-term incentive compensation in restricted common shares. As a result, the short-term incentive compensation and match award for Mr. Sink consisted of $295,000 in cash, 1,888 restricted shares and 377 match award restricted shares, resulting in total short-term incentive compensation of $354,977 to Mr. Sink. The total number of restricted common shares granted (2,265 shares) was based on the closing price of our common shares on February 17, 2016 of $26.48.

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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. Our equity compensation program is bifurcated into two components (the majority of which is performance-based) as follows:

Core LTI Compensation	Outperformance LTI Compensation at High Reach Performance Hurdles
PSUs (50% of target): Provides incentive to achieve long-term, relative stock performance as compared to our shopping center peers	OPP: Provides incentive to achieve long-term, high-reaching relative stock performance (above the returns of the overall REIT industry) and absolute stock performance (TSR in excess of 27%)
Time-Based Restricted Stock (50% of target): Promotes the retention of our executives over a 5 year vesting period, plus a 3 year holding period following the vesting date	Payable only when performance exceeds stretch hurdles as measured by 3-year TSR and requires both outperforming peers and providing a positive return to shareholders
	Annual plan, except for 2015, which the Committee viewed as being encompassed within the 2014 OPP awards that were granted mid-year

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 2014 Performance. As previously disclosed in our 2015 proxy statement, in early 2014, the Compensation Committee set target values for the annual equity incentive awards to be awarded to our then-NEOs with respect to 2014 performance, which target values were subsequently adjusted to reflect the adoption of the Company's outperformance plan during 2014. Based on its review of 2014 performance, in March 2015, the Compensation Committee awarded an aggregate of $914,519 in time-based restricted shares to Messrs. Kite, McGowan and Sink. The Compensation Committee elected to pay this award in accordance with the 2014 performance measurement framework for annual bonuses previously adopted by the

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Compensation Committee. Using this framework, each executive officer received a time-based equity award equal to approximately 113% of his 2014 target allocation to time-based awards as follows:

Named Executive Officer	Target Award ($ value)	Restricted Shares ($ value)	Restricted Shares (# of shares)
John A. Kite	$ 475,000	$ 534,642	18,765
Thomas K. McGowan	$ 175,000	$ 196,973	6,913
Daniel R. Sink	$ 162,500	$ 182,904	6,419

These shares vest ratably over five years from the date of award, which was March 4, 2015. These shares 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.

Annual Equity Incentive Awards for 2015 Performance. After consultation with its compensation consultant, in March 2015, the Compensation Committee implemented a revised structure for its 2015 annual equity incentive awards. Under this structure, the Compensation Committee establishes an overall target value of incentive compensation for each executive officer, with 50% of the target value being granted in the form of a time-based restricted shares award to be made on a discretionary basis in the spring of the following year, based on a review of the prior year's performance, and the remaining 50% being granted in the form of a three-year performance share award. The actual value of a restricted share award could vary (upward or downward) from the target value based on performance metrics.

The overall target values for these awards for 2015 were set as a percentage of each named executive officer's salary, as follows:

Named Executive Officer	Target Value	% of Salary
John A. Kite	$ 1,050,000	150%
Thomas K. McGowan	$ 405,000	90%
Daniel R. Sink	$ 360,000	90%
Scott E. Murray	$ 240,000	75%

In connection with the setting of these overall target values, in March 2015 the Compensation Committee awarded each named executive officer a three-year performance award of restricted share units ("PSUs") based on 50% of his overall target value, as follows: Mr. Kite $525,000, Mr. McGowan $202,500, Mr. Sink $180,000, and Mr. Murray $120,000. These PSUs may be earned over a three-year performance period from January 1, 2015 to December 31, 2017. The performance criteria will be based on the relative TSR achieved by the Company measured against the SNL US REIT Retail Shopping Center index. The number of performance shares that may be earned will range from 0% to 200% of target depending on our TSR over the three-year measurement period in relation to specific percentiles of the peer group. Any PSUs earned at the end of the three-year period will be fully vested.

The remaining 50% of the annual equity incentive award for 2015 consisted of a time-based restricted stock award made on a discretionary basis in the spring of 2016 following a review of 2015 performance. The target values for the time-based awards were as follows: Mr. Kite $525,000, Mr. McGowan $202,500, Mr. Sink $180,000, and Mr. Murray $120,000. The

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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 2015 performance, in February 2016, the Compensation Committee determined that each executive officer would be awarded 120% of the target value for his time-based awards, resulting in a total award of $1,233,000 in time-based restricted shares to our NEOs. In making this determination, the Compensation Committee took into account the achievements that were considered in making short-term incentive compensation determinations as described above.

For the time-based restricted stock award portion of the annual equity incentive award grant, each executive officer is entitled to elect to receive, rather than restricted common shares, Long-Term Incentive Plan ("LTIP") units in our operating partnership that, subject to vesting and the satisfaction of other conditions, are convertible into units of our operating partnership on a one-for-one basis. Whether the executive officer chooses to receive LTIP units or restricted common shares, the number of 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 restricted common shares which, based on the closing price of our common shares on February 17, 2016 of $26.48, resulted in LTIP unit awards in the following amounts:

Named Executive Officer	**LTIP Units ($ value)**	**LTIP Units (# of units)**
John A. Kite	$ 629,986	23,791
Thomas K. McGowan	$ 242,980	9,176
Daniel R. Sink	$ 215,997	8,157
Scott E. Murray	$ 143,998	5,438

The LTIP units vest ratably over five years from the date of award, which was February 17, 2016. The LTIP units are also subject to a three-year "no-sell" restriction prohibiting the executive officers from transferring the LTIP units (or units into which they are converted or shares for which these units are exchanged) for a three-year period after the award vests, except to the extent necessary to satisfy tax obligations. While the Compensation Committee determined to make the foregoing grants to the NEOs for 2015 performance, the awards were not made until February 2016, and, therefore, the value of such awards are not part of 2015 compensation in the Summary Compensation Table included in this proxy statement.

Conversion of Restricted Shares to LTIP Units. In July 2014, the Compensation Committee granted common shares to Messrs. Kite, McGowan and Sink, as described in footnote 3 of the Summary Compensation Table and in footnote 3 of the Outstanding Equity Awards Table. In June 2015, Messrs. Kite, McGowan and Sink elected to convert these awards of restricted shares into an equal number of LTIP units, with such LTIP units being subject to the same vesting schedule and other terms as the restricted shares. The Compensation Committee approved the conversion and issued LTIP units to the named executive officers reflecting the terms of such conversion.

Outperformance Plan. The Compensation Committee currently expects to adopt annual outperformance plans ("OPP") to further align the interests of our shareholders and management by encouraging our senior officers and other key employees to "outperform" and to create shareholder value.

In July 2014, the Compensation Committee adopted the 2014 Outperformance Plan (the "2014 OPP") under the 2013 Equity Incentive Plan (the "2013 Plan") and the partnership agreement of our operating partnership and made awards to our NEOs under that plan, as further discussed in our

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2015 proxy statement. The 2014 OPP was adopted mid-year and the OPP awards granted at that time were intended to encompass OPP awards for both the 2014 and 2015 fiscal years. As a result, the Compensation Committee did not adopt a 2015 OPP and therefore no OPP awards are reflected in the Summary Compensation Table for 2015 compensation.

On January 28, 2016, the Compensation Committee adopted the 2016 Outperformance Plan (the "2016 OPP") under the 2013 Plan and the partnership agreement of our operating partnership. The terms of the 2016 OPP, which were publicly disclosed following adoption of the 2016 OPP, are similar to the terms of the 2014 OPP.

Upon adoption of the 2016 OPP, the Compensation Committee granted individual awards under the 2016 OPP in the form of LTIP units that, subject to vesting and the satisfaction of other conditions, are exchangeable for a per unit value equal to the then trading price of one of our common shares. The awards under the 2016 OPP were granted to Messrs. Kite, McGowan, Sink and Murray in the following amounts of LTIP units and bonus pool percentage interests:

Holder	**LTIP Units (#)**	**Bonus Pool Interest (%)**
John A. Kite	86,768	34.0%
Thomas K. McGowan	39,556	15.5%
Daniel R. Sink	26,796	10.5%
Scott E. Murray	14,036	5.5%

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 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 of $18,000. During 2015, we made matching contributions totaling $31,200 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 2015 included payments related to health care and life insurance. These benefits provided to our NEOs in 2015 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 will be required to own a number of our common shares or units of limited partnership interest of Kite Realty Group, L.P. with an aggregate value calculated as a multiple of his respective base salary, as follows: Mr. Kite common shares and units having a value equal to ten times his salary; Messrs. McGowan and Sink common shares and units having a value equal to three times their respective salaries; and Mr. Murray common shares and units having a value equal to two times his salary. Each of these NEOs will have the later of five years from the adoption of the policy in

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2015 or his becoming a named executive officer to comply with the minimum share ownership requirement.

TAX LIMITS ON EXECUTIVE COMPENSATION

Section 162(m) of the Internal Revenue Code of 1986, as amended, prohibits publicly traded companies from taking a tax deduction for compensation in excess of $1 million, paid to the chief executive officer or any of its three other most highly compensated executive officers (excluding the chief financial officer) for any fiscal year, who are referred to as "covered employees" under Section 162(m). Certain "performance-based compensation" is excluded from this $1 million cap. Although we will be 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, we nevertheless reserve the right to structure the compensation packages and awards in a manner that may exceed the limitation on deduction imposed by Section 162(m).

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:

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, less preferred dividends, 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 61-62 of our Annual Report on Form 10-K for the year ended December 31, 2015.

FFO, as adjusted: FFO, as adjusted, is FFO excluding a gain on settlement, merger and acquisition costs, non-cash adjustment for redemption of preferred shares, non-cash gain from release of assumed earnout liability, and non-cash gains on debt extinguishment. A reconciliation of FFO, as adjusted, to consolidated net income is included on pages 61-62 of our Annual Report on Form 10-K for the year ended December 31, 2015.

Same-Property NOI: NOI begins with net income attributable to common shareholders and 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 year expense recoveries and adjustments, if any. 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. A reconciliation of Same-Property NOI to net income attributable to common shareholders is included on pages 59-61 of our Annual Report on Form 10-K for the year ended December 31, 2015.

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COMPENSATION COMMITTEE REPORT

The Compensation Committee of our Board of Trustees 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, 2015.

Respectfully submitted,

The Compensation Committee of the Board of Trustees

WILLIAM E. BINDLEY *(Chairman)*
VICTOR J. COLEMAN
DAVID R. O'REILLY

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COMPENSATION OF EXECUTIVE OFFICERS AND TRUSTEES

The following tables contain certain compensation information for our NEOs. Our NEOs for 2015 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, 2015, 2014 and 2013.

Name and Principal Position	Year	Salary (1)	Bonus (2)	Stock Awards (3)	Non-Equity Incentive Plan Compensation (4)	All Other Compensation (5)	Total
John A. Kite	2015	$ 700,000		$ 1,021,162	$ 1,006,250	$ 12,342	$ 2,739,754
Chairman and Chief	2014	$ 652,500	$ 1,245,245	$ 6,619,956		$ 10,299	$ 8,528,000
Executive Officer	2013	$ 605,000	$ 932,352	$ 607,352		$ 10,948	$ 2,155,652
Thomas K. McGowan	2015	$ 450,000		$ 386,231	$ 388,125	$ 19,312	$ 1,243,668
President and Chief	2014	$ 425,000	$ 456,574	$ 2,283,892		$ 17,354	$ 3,182,820
Operating Officer	2013	$ 400,000	$ 389,400	$ 268,620		$ 17,529	$ 1,075,549
Daniel R. Sink	2015	$ 400,000		$ 359,770	$ 345,000	$ 22,742	$ 1,127,512
Executive Vice President and Chief	2014	$ 378,500	$ 350,278	$ 1,634,176		$ 20,476	$ 2,383,430
Financial Officer	2013	$ 357,000	$ 318,578	$ 211,518		$ 18,088	$ 905,184
Scott E. Murray	2015	$ 320,000		$ 132,594	$ 239,200	$ 22,742	$ 714,536
Executive Vice President	2014	$ 122,667	$ 20,000	$ 430,887		$ 4,781	$ 578,335
General Counsel and Corporate Secretary	2013						

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

(2) Amounts include discretionary cash and common share bonuses related to 2014 and 2013 performance which were determined by the Committee after taking into consideration the Company's performance. The amounts disclosed include the grant date fair value of the portion of each named executive officer's bonus that each such named executive officer elected to receive in restricted common shares, as follows:

	2014	2013
John A. Kite	$ 372,622	$ 233,133
Thomas K. McGowan	$ 153,287	$ 97,350
Daniel R. Sink	$ 125,139	$ 79,644
Scott E. Murray		N/A

All of the common shares represented by these amounts vest ratably over three years from their respective grant dates.

(3)

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 named executive officer 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) performance share units awarded in February 2015 which will be earned, if at all, over a three-year performance period based on relative TSR.

	Match Award Incentive Grants (Restricted Shares)	Share-Based Incentive Awards for 2014 Performance (Restricted Shares)	Performance Share Units for 2015-2017 Performance Period
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

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For Messrs. Kite, McGowan and Sink, the amounts disclosed in this column for 2014 reflect the aggregate grant date fair value of (a) the common share portion of the special one-time awards of cash and common shares granted in connection with the successful completion of the Inland Diversified Merger in July 2014, (b) restricted common shares awarded in March 2015 as match award incentive grants relating to 2014 bonuses, (c) the share-based incentive compensation for the 2013 fiscal year awarded to each named executive officer in February 2014 as restricted shares, (d) restricted shares based on the Company's performance for the 42-month period ended December 31, 2013, and (e) LTIP units in our Operating Partnership granted in July 2014 under our 2014 Outperformance Plan, which will be earned, if at all, only upon vesting, as follows:

	Special One-Time Awards (Restricted Shares)	Restricted Shares	42-month Performance Award	OPP Awards
John A. Kite	$ 3,893,526	$ 733,230	$ 1,184,000	$ 809,200
Thomas K. McGowan	$ 1,168,054	$ 273,338	$ 473,600	$ 368,900
Daniel R. Sink	$ 778,701	$ 250,375	$ 355,200	$ 249,900
Scott E. Murray	N/A	N/A	N/A	N/A

For Mr. Murray, the amounts disclosed in this column for 2014 reflect the grant date fair value of the grant of restricted shares ($299,987) and LTIP units in our Operating Partnership granted under our Outperformance Plan ($130,900), in each case that he received in August 2014 upon joining the Company.

The amounts disclosed in this column for 2013 reflect the aggregate grant date fair value of the restricted common shares that were granted to our NEOs in February 2014 as part of their bonus compensation relating to 2013 performance and the aggregate grant date fair value of share-based incentive compensation awarded to each named executive officer in 2013. All of the restricted shares represented by the amounts set forth in this column will vest ratably over five years from the date of grant, and all 2015 awards and the special one-time 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 awards will vest, if at all, only following the relevant performance period as described in more detail above in "Compensation Discussion and Analysis."

(4)

Represents the amount of the annual short-term incentive compensation earned by each named executive officer for fiscal year 2015, including, if any, the amount of such short-term incentive compensation the named executive officer 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.

(5)

The amount shown in the "All Other Compensation" column reflects for each named executive officer:

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

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GRANT OF PLAN-BASED AWARDS IN 2015

The following table sets forth information concerning the grants of plan-based awards made to each named executive officer in the fiscal year ended December 31, 2015.

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 Stock Awards: Amount of Shares of Stock or Stock Units (#)	Full Grant Date Fair Value of Stock and Option Awards ($)
		Threshold	Target	Maximum	Threshold	Target	Maximum		
John A. Kite	3/4/2015	$ 437,500	$ 875,000	$ 1,750,000				15,694 (2)	$ 447,146
Chairman and Chief	3/4/2015							18,765 (3)	$ 441,080
Executive Officer	3/4/2015 (4)				9,213	18,427	36,854		$ 580,082
Thomas K. McGowan	3/4/2015	$ 168,750	$ 337,500	$ 675,000				6,456 (2)	$ 183,944
President and Chief	3/4/2015							6,913 (3)	$ 162,503
Operating Officer	3/4/2015 (4)				3,553	7,107	14,214		$ 223,728
Daniel R. Sink	3/4/2015	$ 150,000	$ 300,000	$ 600,000				5,270 (2)	$ 150,167
Executive Vice	3/4/2015							6,419 (3)	$ 150,896
President and Chief Financial Officer	3/4/2015 (4)				3,159	6,318	12,636		$ 198,891
Scott E. Murray *Executive Vice President, General Counsel & Corporate*	3/4/2015 (4)	$ 104,000	$ 208,000	$ 416,000	2,106	4,212	8,424		$ 132,594

Secretary

(1)
Represents the possible payouts under the Company's annual short-term incentive compensation plan set by the Compensation Committee in March 2015. The amount of annual short-term incentive compensation eligible to be earned by each of the Named Executive Officers was based upon objective corporate performance metrics and a subjective assessment of each individual executive's performance. The actual amount earned by each Named Executive Officer in 2015 is reported under the Non-Equity Incentive Plan Compensation column in the Summary Compensation Table.

(2)
Represents the portion of each executive officer's 2014 annual cash bonus (awarded in March 2015) that such executive officer elected to receive in restricted common shares, plus the 20% match award incentive grants relating thereto. These restricted common shares will vest ratably over a three-year period, contingent on continued service by the officer through the applicable vesting date. The total number of shares awarded was equal to the amount earned divided by the closing price of our common shares on March 4, 2015.

(3)
Represents restricted common shares awarded in March 2015 as share-based incentive compensation for the 2014 fiscal year. These restricted common shares, which were later converted into LTIP units on a one-for-one basis, will vest ratably over a period of five 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.

(4)
Represents performance share units awarded in March 2015 which will be earned, if at all, over a three-year performance period based 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 is three years from July 1, 2014 for Messrs. Kite, McGowan and Sink and from August 18, 2014 until June 30, 2017 for Mr. Murray, with

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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.

The employment agreements set the following base salaries and annual cash incentive targets for the executives:

Executive	Base Salary	Annual Cash Incentive Target
John A. Kite	$ 700,000	125% of Base Salary
Thomas K. McGowan	$ 450,000	75% of Base Salary
Daniel R. Sink	$ 400,000	75% of Base Salary
Scott E. Murray	$ 320,000	60% 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 named executive officer's salary for the ensuing year. For a discussion of the NEOs' 2015 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 2016 short-term incentive compensation related to 2015 performance that was paid in the form of cash and in some cases common shares. 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 4 to such table. In 2015 and 2014, each of our NEOs (except Mr. Murray with respect to 2014 as he was not yet a NEO) received discretionary bonuses paid in the form of cash and common shares related to 2014 and 2013 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 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 2015" Table, including the footnotes to such tables.

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LTIP Units. In connection with the implementation of our 2014 Outperformance Plan, we amended the operating partnership's partnership agreement to create the LTIP units as a new class of limited partnership units. LTIP units are structured to qualify as "profits interests" for tax purposes, with the result that at issuance they have no capital account in the operating partnership. Any LTIP units issued by the operating partnership may be subjected to vesting requirements as determined by the Compensation Committee.

LTIP Units do not participate in quarterly per unit cash distributions until the date specified in the applicable grant agreement (the "distribution participation date"). The distribution participation dates for the LTIP units granted in July 2014 and January 2016, respectively, are after the three-year performance period ends with respect to each grant. Commencing on the distribution participation date, LTIP units receive the same quarterly per unit cash distributions as the other outstanding Class A units in the operating partnership. In addition, subject to certain limitations, as of the distribution participation date for each vested LTIP unit, the holder of such LTIP unit receives a special cash distribution equal to the amount of cash distributions per unit that were paid on the Class A units during the period from issuance of such LTIP unit until the distribution participation date for such LTIP unit, multiplied by 10%.

Net income and net loss are allocated to LTIP units from the date of issuance of the LTIP units until the distribution participation date for such LTIP Units in amounts per LTIP unit equal to the amounts allocated per Class A unit for the same period, multiplied by 10%. Commencing on the distribution participation date for the LTIP units, net income and net loss are allocated to such LTIP units in amounts per LTIP unit equal to the amounts allocated per Class A unit.

Initially, each LTIP unit will have a capital account of zero, and, therefore, the holder would receive nothing if the operating partnership were liquidated immediately after the LTIP unit is awarded. However, "book gain" or economic appreciation in our assets realized by the operating partnership, whether as a result of an actual asset sale or upon the revaluation of our assets, as permitted by applicable treasury regulations, first will be allocated to the LTIP units until the capital account per LTIP unit is equal to the capital account per Class A unit in the operating partnership. The applicable treasury regulations and the partnership agreement provide that assets of the operating partnership may be revalued upon specified events, including upon additional capital contributions by us or other partners of the operating partnership, upon a distribution by the operating partnership to a partner in redemption of partnership interests, upon the liquidation of the operating partnership or upon a later issuance of additional LTIP units. Upon equalization of the capital account of an LTIP unit with the per unit capital account of the Class A units (and full vesting of the LTIP unit, if such unit is subject to vesting), the LTIP unit will be convertible by the holder or by the operating partnership into one Class A unit, subject to certain exceptions and adjustments. However, in no event may a holder of vested LTIP units convert a number of vested LTIP Units that exceeds (i) the capital account balance attributable to the LTIP units, divided by (ii) the capital account balance attributable to Class A units. There is a risk that an LTIP unit will never become convertible into one Class A unit because of insufficient gain realization to equalize capital accounts, and, therefore, the value that a holder will realize for a given number of vested LTIP units may be less than the value of an equal number of the Company's common shares. Any Class A units issued upon conversion of vested LTIP units are subject to mandatory redemption by the operating partnership, for cash or our common shares at the operating partnership's sole discretion, at any time after the service of the grantee of such LTIP units to us or operating partnership is terminated.

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END DECEMBER 31, 2015

The following table sets forth the outstanding equity awards for each named executive officer as of December 31, 2015.

	Option Awards (1)				Stock Awards			
Name and Principal Position	**Number of Securities Underlying Unexercised Options Exercisable (#)**	**Number of Securities Underlying Unexercised Options Unexercisable (#)**	**Option Exercise Price ($) (2)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#) (3)**	**Market Value of Shares or Units of Stock That Have Not Vested ($) (4)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other 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 ($)**
John A. Kite	50,664		$ 49.16	3/7/2018				
Chairman and	15,000		$ 14.24	2/23/2019				
Chief Executive	12,500		$ 16.60	2/22/2020				
Officer	18,432	635	$ 21.04	2/18/2021				
					266,860	$ 7,919,680	135,302	$ 3,075,000
Thomas K. McGowan	34,070		$ 49.16	3/7/2018				
President and	1,687		$ 16.60	2/22/2020				
Chief Operating Officer					93,734	$ 2,430,536	60,388	$ 1,365,000
Daniel R. Sink	22,689		$ 49.16	3/7/2018				
Executive Vice	13,500		$ 14.24	2/23/2019				
President and	3,125		$ 16.60	2/22/2020				
Chief Financial Officer					72,251	$ 1,873,475	42,412	$ 967,500
Scott E. Murray								
Executive Vice President, General Counsel and Corporate Secretary					9,270	$ 240,371	23,118	$ 532,500

(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, 2016 that are not fully vested as of December 31, 2015, 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 LTIPs in June 2015; such LTIPs 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

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"no-sell" restriction. Following is a table that reflects the grant date, number of shares granted , and vesting period for grants of restricted shares (or converted LTIPs) a portion of which remain unvested as of December 31, 2015:

Name	Grant Date	# of Shares Granted	Vesting Period (Years)
John A. Kite	2/18/11	12,084	5
	2/16/12	4,155	5
	2/13/13	7,703	3
	5/9/13	9,264	3
	5/9/13	24,041	5
	2/24/14	9,492	3
	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
Thomas K. McGowan	2/18/11	10,237	5
	2/16/12	969	5
	2/13/13	3,441	3
	5/9/13	3,995	3
	5/9/13	10,683	5
	2/24/14	3,963	3
	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
Daniel R. Sink	2/18/11	7,738	5
	2/16/12	2,249	5
	2/13/13	2,691	3
	5/9/13	5,109	3
	5/9/13	9,150	5
	2/24/14	3,242	3
	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
Scott E. Murray	8/19/14	11,587	5

(4)

Based on the closing share price on December 31, 2015 of $25.93.

(5)
Represents grants of LTIP units under our 2014 OPP. Also represents the awards of performance-based restricted share units that may be earned over a three-year performance period from January 1, 2015 to December 31, 2017. 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.

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OPTION EXERCISES AND STOCK VESTED IN 2015

The following table sets forth the number of stock options that were exercised during 2015 and the value realized on exercise, and the amounts and value of restricted common shares that vested during 2015 for each named executive officer.

	Option Awards		Stock Awards	
Name and Principal Position	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**	**Number of Shares or Units Acquired on Vesting**	**Value Realized on Vesting ($) (1)**
John A. Kite *Chairman and Chief Executive Officer*		$	85,597	$ 2,192,257
Thomas K. McGowan *President and Chief Operating Officer*		$	30,560	$ 786,373
Daniel R. Sink *Executive Vice President and Chief Financial Officer*		$	24,830	$ 639,159
Scott E. Murray *Executive Vice President, General Counsel and Corporate Secretary*		$	2,317	$ 61,354

(1) 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.

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 named executive officer for "Good Reason"

In this scenario, the named executive officer 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)

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	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 named executive officer without "Good Reason" (including his non-renewal of the employment agreement)	In this scenario, the named executive officer would be entitled to: compensation accrued at the time of termination
Termination for Death or Disability	In this scenario, the named executive officer 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 named executive officer 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 Plan (unless we elect to cancel such awards and pay equivalent value 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

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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 a felony; (ii) commission of an act of fraud, theft or dishonesty related to 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 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 from any successor to our business to assume and perform the employment agreement; or (v) our material breach of the employment agreement.

Corporate Transaction. The 2013 Plan generally defines "change in control" as the first to occur, in a single transaction or in a series of related transactions, of any 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 (v) a change in the composition of our Board 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, by a majority of the incumbent trustees and trustees subsequently so elected or nominated, excluding those trustees who 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.

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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 or described above or upon a change in control, assuming the termination or change in control occurred on December 31, 2015.

Benefits and Payments	Without Cause or For Good Reason (1)	For Cause or Without Good Reason (2)	Death or Disability	Change-in-Control (No Termination) (3)
John A. Kite				
Cash Severance	$ 5,431,715	$	$ 875,000	$
Accelerated Vesting of Non-Vested Equity Awards	$ 9,997,788 (4)	$	$ 9,997,788	$ 9,997,788
Medical Benefits	$ 16,264	$	$ 16,264	$
Total	**$ 15,445,766**	**$**	**$ 10,889,052**	**$ 9,997,788**
Thomas K. McGowan				
Cash Severance	$ 2,731,474	$	$ 337,500	$
Accelerated Vesting of Non-Vested Equity Awards	$ 3,795,536 (4)	$	$ 3,795,536	$ 3,795,536
Medical Benefits	$ 11,118	$	$ 11,118	$
Total	**$ 6,538,128**	**$**	**$ 4,144,154**	**$ 3,795,536**
Daniel R. Sink				
Cash Severance	$ 1,660,713	$	$ 300,000	$
Accelerated Vesting of Non-Vested Equity Awards	$ 2,840,975 (4)	$	$ 2,840,975	$ 2,840,975
Medical Benefits	$ 16,264	$	$ 16,264	$
Total	**$ 4,517,952**	**$**	**$ 3,157,239**	**$ 2,840,975**
Scott E. Murray				
Cash Severance	$ 1,326,400 (5)	$	$ 208,000	$
Accelerated Vesting of Non-Vested Equity Awards	$ 772,871 (4)	$	$ 772,871	$ 772,871
Medical Benefits	$ 16,264	$	$ 16,264	$
Total	**$ 2,115,535**	**$**	**$ 997,135**	**$ 772,871**

(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. During 2014, we renegotiated our NEOs' employment agreements to, among other things, eliminate "single-trigger" severance payments upon a change in control.

(4)

Amount calculated as (i) the number of shares of stock that have not vested (from the Outstanding Equity Awards at Fiscal Year-End December 31, 2014 Table) multiplied by the closing price of our common shares of $28.74 on December 31, 2014 and (ii) pro rata maximum payout value of awards under our 2014 Outperformance Plan (from the Outstanding Equity Awards at Fiscal Year-End December 31, 2014 Table and (iii) the number of common share options that are unexercisable (from the Outstanding Equity Awards at Fiscal Year-End December 31, 2014 Table) multiplied by the difference between the closing price of our common shares of $28.74 on December 31, 2014 and the exercise price of the common share options. Certain shares underlying unvested and unexercised common share options that are unexercisable were excluded from the calculation as their exercise price was greater than our closing common share price of $28.74 on December 31, 2014.

(5)

Represents cash payment based on 2015 annual cash incentive compensation plus two times the sum of 2015 base salary and 2015 annual cash incentive compensation (instead of 2015 annual cash incentive compensation plus two times the sum of 2015 base salary and the average annual cash incentive compensation actually paid to the executive with respect to the prior three fiscal years, as described above). Mr. Murray joined the Company in August 2014 and therefore does not have a 3-year annual cash incentive compensation history, but the Company believes providing the information as if he did have a 3-year history is more useful to investors.

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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, 2015.

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	233,366	$ 32.36	1,239,022
Equity compensation plans not approved by shareholders			
Total		**$ 32.36**	**1,239,022**

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

The Audit Committee of our Board of Trustees has appointed Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016. After careful consideration of the matter and in recognition of the importance of this matter to our shareholders, the Board of Trustees 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 with respect to the matter is necessary for the approval of proposal four. For purposes of approving proposal three, 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 of Trustees 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 our and our shareholders' best interests. 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, 2016.

RELATIONSHIP WITH INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

FEES

Our consolidated financial statements for the years ended December 31, 2015 and 2014 have been audited by Ernst & Young LLP, which served as our independent registered public accounting firm for those years.

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The following summarizes the fees billed by Ernst & Young LLP for services performed for the years ended December 31, 2015 and 2014:

		2015		2014
Audit Fees (1)	$	1,033,000	$	1,106,000
Audit-Related Fees (2)			$	207,000
Tax Fees				
All Other Fees				
Total	$	1,033,000	$	1,313,000

(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 $132,500 in 2015 and $107,000 in 2014 associated with our equity offerings and other registration statements.

(2) Represents certain due-diligence-related fees associated with our acquisition activity during 2014.

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 $150,000. 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.

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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 Mr. Charles H. Wurtzebach. The members of the Audit Committee are appointed by and serve at the discretion of the Board of Trustees.

One of the principal purposes of the Audit Committee is to assist the Board of Trustees 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, 2015 with our management.

The Audit Committee also is responsible for assisting the Board of Trustees 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 applicable standards of the Public Company Accounting Oversight Board ("PCAOB") Auditing Standard No. 16, *Communications with Audit Committees*.

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 of Trustees that the Company's audited financial statements for 2015 be included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2015 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

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PRINCIPAL SHAREHOLDERS

The following table sets forth certain information regarding the beneficial ownership of our common shares and units of limited partnership interest of Kite Realty Group, L.P. (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 17, 2016, 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.

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Unless otherwise indicated, the address of each person listed below is c/o Kite Realty Group Trust, 30 S. 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)
Executive Officers and Trustees			
John A. Kite (3)	969,093	1.15%	1.13%
Thomas K. McGowan (4)	361,474	*	*
Daniel R. Sink (5)	174,524	*	*
Scott E. Murray (6)	16,411	*	*
William E. Bindley	74,775	*	*
Victor J. Coleman	8,886	*	*
Lee A. Daniels	5,366	*	*
Gerald W. Grupe	7,782	*	*
Christie B. Kelly	7,057	*	*
David R. O'Reilly	5,337	*	*
Barton R. Peterson	7,518	*	*
Charles H. Wurtzebach	4,036	*	*
All executive officers and trustees as a group (12 persons)	1,642,259	1.91%	1.87%
More than Five Percent Beneficial Owners			
The Vanguard Group, Inc. (7)	12,189,235	14.62%	14.29%
FMR LLC (8)	9,853,308	11.82%	11.55%
Blackrock, Inc. (9)	7,699,722	9.24%	9.02%
Vanguard Specialized Funds (10)	6,003,159	7.20%	7.04%

* 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) 83,370,999 common shares outstanding as of March 17, 2016, (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 17, 2016, 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) 83,370,999 common shares outstanding as of March 17, 2016, (b) 1,945,840 limited partnership units outstanding as of March 17, 2016 (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 17, 2016.

(3) Includes 159,025 common shares (105,851 of which are restricted subject to time vesting) and 710,738 limited partnership units (161,209 of which are restricted subject to time vesting) owned directly by Mr. John A. Kite, 2,098 common shares owned by Mr. Kite's spouse, and 97,232 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.

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(4)
Includes 90,935 common shares (41,971 of which are restricted subject to time vesting) and 229,781 limited partnership units (50,401 of which are restricted subject to time vesting) owned directly by Thomas K. McGowan, 35,758 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 74,025 common shares (36,222 of which are restricted subject to time vesting) and 60,185 limited partnership units (35,640 of which are restricted subject to time vesting) owned directly by Mr. Daniel R. Sink, 1,000 common shares owned by Mr. Sink's children, and 39,314 common shares which Daniel R. Sink has the right to acquire upon exercise of common share options.

(6)
Includes 10,973 common shares (9,269 of which are restricted subject to time vesting) and 5,438 limited partnership units (all of which are restricted subject to time vesting) 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 10, 2016. Vanguard Group has sole voting power with respect to 228,203 shares, shared voting power with respect to 68,575 shares, sole dispositive power with respect to 12,016,619 of these shares and shared dispositive power with respect to 172,616 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 FMR, LLC in a Schedule 13G/A filed jointly with the SEC on February 12, 2016 by FMR, LLC and Abigail P. Johnson. FMR, LLC has sole voting power with respect to 4,343,116 shares, shared voting power with respect to none of these shares and sole dispositive power with respect to the entire number of these shares. Abigail P. Johnson reports sole dispositive power with respect to the entire number of these shares. The address of FMR, LLC and the related reporting persons, as reported by it in the Schedule 13G/A, is 245 Summer Street, Boston, MA 02210. FMR, LLC 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 BlackRock, Inc. ("BlackRock") in Schedule 13G/A filed with the SEC on January 8, 2016. BlackRock has sole voting power with respect to 9,653,455 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.

(10)
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 9, 2016. Vanguard Specialized Funds has sole voting power with respect to 6,003,159 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 Vanguard Specialized Funds, as reported by it in the Schedule 13G/A, is 100 Vanguard Blvd., Malvern, PA 19355.

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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 2015 that were subject to our related person transaction policy.

CONTRACTS WITH KMI MANAGEMENT, LLC

We have entered into an agreement to reimburse KMI Management, LLC, in which John A. Kite and Thomas K. McGowan own direct or indirect interests, for company use of an airplane owned by KMI Management. 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 2015, expense reimbursement to KMI Management was approximately $349,000 for the use of the airplane. Neither Mr. Kite nor Mr. McGowan has any direct interest in the expense reimbursement made to KMI Management, LLC, other than with respect to their ownership interests in that entity.

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 2015.

OTHER MATTERS TO COME BEFORE THE 2016 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 of Trustees, or, if no such recommendation is given, in their own discretion.

SHAREHOLDERS PROPOSALS AND NOMINATIONS FOR THE 2017 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 12, 2016. However, if we hold our 2017 annual meeting on a date that is more than 30 days before or after May 11, 2017, shareholders must submit proposals for inclusion in our 2017 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 the our Board and the proposal of business to be considered by the shareholders for the 2017 annual meeting must be received no earlier than December 12, 2016 and not later than 5:00 p.m. EST on January 11, 2017. However, in the event that the date of the notice of the 2017 annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of the notice of the 2016 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 2017 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 2017 meeting or the tenth day following the date that we publicly announce the date of mailing of the notice for the 2017 annual meeting.

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Pursuant to SEC rules, if a shareholder notifies us after February 15, 2017 of an intent to present a proposal at the 2017 annual meeting of shareholders and the proposal is voted upon at the 2017 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 S. 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.

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IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS FOR SHAREHOLDER MEETING ON MAY 11, 2016

This proxy statement, our annual report to shareholders and our annual report on Form 10-K for the year ended December 31, 2015 are available on our website at *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* 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, 2015 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, 2015 for a reasonable fee.

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By Order of the Board of Trustees,

SCOTT E. MURRAY

Executive Vice President, General Counsel and Corporate Secretary

Indianapolis, Indiana
April 1, 2016