

KITE REALTY GROUP TRUST
Form DEF 14A
April 04, 2006

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

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

Kite Realty Group Trust

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

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

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which

the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or

schedule and the date of its filing.

1) Amount previously paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

KITE REALTY GROUP TRUST
30 S. Meridian Street
Suite 1100
Indianapolis, IN 46204

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held on May 4, 2006

Dear Shareholder:

You are cordially invited to attend our 2006 annual meeting of shareholders to be held on Thursday, May 4, 2006, at 9:00 a.m., local time, at

30 S. Meridian Street
Eighth Floor
Indianapolis, IN 46204

for the following purposes:

1. To elect seven trustees to serve one-year terms expiring in 2007;
2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2006; and
3. To transact such other business as may properly come before the meeting or any adjournment or postponement of the meeting.

Only shareholders of record at the close of business on March 9, 2006 will be entitled to notice of and to vote at the meeting or any adjournments or postponements of the meeting.

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, YOU ARE URGED TO COMPLETE, DATE AND SIGN THE ACCOMPANYING PROXY CARD AND RETURN IT PROMPTLY IN THE POSTAGE-PAID ENVELOPE PROVIDED. IF YOU ATTEND THE MEETING, YOU MAY WITHDRAW YOUR PROXY AND VOTE IN PERSON, IF YOU DESIRE.

By Order of the Board of Trustees,

DAME PROUT
Secretary

Indianapolis, Indiana
 April 4, 2006

TABLE OF CONTENTS

ABOUT THE MEETING	1
PROPOSAL 1: ELECTION OF TRUSTEES	3
EXECUTIVE OFFICERS	6
INFORMATION REGARDING CORPORATE GOVERNANCE AND BOARD AND COMMITTEE MEETINGS	6
PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	12
EXECUTIVE COMPENSATION AND OTHER INFORMATION	13
EQUITY COMPENSATION PLAN INFORMATION	16
PERFORMANCE GRAPH	17
COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION	18
COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION	20
REPORT OF THE AUDIT COMMITTEE	21
PRINCIPAL SHAREHOLDERS	22
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	25
OTHER MATTERS	26
APPENDIX A □ COPY OF AUDIT COMMITTEE CHARTER	A-1

KITE REALTY GROUP TRUST
30 S. Meridian Street
Suite 1100
Indianapolis, IN 46204

PROXY STATEMENT

ABOUT THE MEETING

Why am I receiving this proxy statement?

This proxy statement contains information related to the solicitation of proxies for use at our 2006 annual meeting of shareholders, to be held at 9:00 a.m, local time, on Thursday, May 4, 2006 at 30 S. Meridian Street, Eighth Floor, Indianapolis, Indiana 46204, for the purposes stated in the accompanying Notice of Annual Meeting of Shareholders. This solicitation is made by Kite Realty Group Trust on behalf of our Board of Trustees, or Board. □We, □our, □us, □ and the □Company□ refer to Kite Realty Group Trust. This proxy statement, the enclosed proxy card and our 2005 annual report to shareholders are first being mailed to shareholders beginning on or about April 4, 2006.

Who is entitled to vote at the annual meeting?

Only holders of record of our common shares at the close of business on March 9, 2006, the record date for the annual meeting, are entitled to receive notice of the annual meeting and to vote at the meeting. Our common shares constitute the only class of securities entitled to vote at the meeting.

What are the voting rights of shareholders?

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

Who can attend the annual meeting?

All holders of our common shares at the close of business on March 9, 2006, the record date for the annual meeting, or their duly appointed proxies, are authorized to attend the annual meeting. Please note that space limitations may make it necessary to limit attendance. Admission to the meeting will be on a first-come, first-served basis. If you attend the meeting, you may be asked to present valid picture identification, such as a driver's license or passport, before being admitted. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

Please also note that if you hold your shares in "street name" (that is, through a bank, broker or other nominee), you will need to bring a copy of the brokerage statement reflecting your stock ownership as of March 9, 2006.

What will constitute a quorum at the annual meeting?

The presence at the meeting, in person or by proxy, of the holders of a majority of the common shares outstanding on March 9, 2006 will constitute a quorum, permitting the shareholders to conduct business at the meeting. We will include abstentions and broker non-votes in the calculation of the number of shares considered to be present at the meeting for purposes of determining the presence of a quorum at the meeting. A broker non-vote occurs when a nominee holding shares for a beneficial owner has not received instructions from the beneficial owner and does not have discretionary authority to vote the shares.

As of the record date, there were 28,583,414 common shares outstanding.

How do I vote?

You may vote by you or your duly authorized agent completing and returning the accompanying proxy card or you may attend the meeting and vote in person.

How do I vote my shares that are held by my broker?

If your shares are held by a bank or broker, you should follow the instructions provided to you by the bank or broker. Although most banks and brokers now offer voting by mail, telephone and on the Internet, availability and specific procedures will depend on their voting arrangements.

How are proxy card votes counted?

If the accompanying proxy card is properly signed and returned to us, and not revoked, it will be voted as directed by you. Unless contrary instructions are given, the persons designated as proxy holders on the proxy card will vote **FOR** the election of all nominees for our Board of Trustees named in this proxy statement **FOR** the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2006, and as recommended by our Board of Trustees with regard to any other matters, or, if no such recommendation is given, in their own discretion.

May I change my vote after I return my proxy card?

Yes. You may revoke a previously granted proxy at any time before it is exercised by filing with our Secretary a notice of revocation or a duly executed proxy bearing a later date or by attending the meeting and voting in person.

Who pays the costs of soliciting proxies?

We will pay the costs of soliciting proxies. In addition to soliciting proxies by mail, our officers, trustees and other employees, without additional compensation, may solicit proxies personally or by other appropriate means. It is anticipated that banks, brokers, fiduciaries, custodians and nominees will forward proxy soliciting materials to their principals, and that we will reimburse such persons' out-of-pocket expenses.

PROPOSAL 1: ELECTION OF TRUSTEES

Our Board of Trustees is currently comprised of seven trustees, each with terms expiring at the 2006 annual meeting. The nominees, all of whom are currently serving as trustees of the Company, have been recommended by our Board of Trustees for re-election to serve as trustees for one-year terms until the 2007 annual meeting of shareholders and until their successors are duly elected and qualified. Based on its review of the relationships between the trustee nominees and the Company, the Board of Trustees has affirmatively determined that if these nominees are elected, five of the seven trustees serving on the Board of Trustees, William E. Bindley, Dr. Richard A. Cosier, Eugene Golub, Gerald L. Moss and Michael L. Smith, will be "independent" trustees under the rules of the New York Stock Exchange, or NYSE.

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

Nominees for Election for a One-Year Term Expiring at the 2006 Annual Meeting

The following table sets forth the name and age of each nominee for trustee, indicating all positions and offices with us currently held by the trustee.

Name	Age	Title
Alvin E. Kite, Jr.	72	Chairman of the Board of Trustees
John A. Kite	40	Chief Executive Officer, President and Trustee
William E. Bindley	65	Trustee
Dr. Richard A. Cosier	58	Trustee
Eugene Golub	75	Trustee
Gerald L. Moss	70	Trustee
Michael L. Smith	57	Trustee

Set forth below are descriptions of the backgrounds and principal occupations of each of our trustees, and the period during which he or she has served as a trustee.

Alvin E. Kite, Jr. has served as a trustee since our formation in March 2004 and as our Chairman of the Board of Trustees since our initial public offering in August 2004. He also is the founder and Chairman of Kite, Inc., which was started in 1960 and has grown to become one of the nation's largest interior construction firms. Prior to our initial public offering, Mr. Kite was the founder and Chairman of our predecessor companies and other affiliated companies ("Kite Companies"). Under Mr. Kite's leadership, Kite Companies grew to include Kite Development Corporation, KMI Realty Advisors, Inc., and Kite Construction, Inc., which has provided general and interior construction and construction management services in North America, Europe, the Middle East, and North Africa. Mr. Kite has been active in numerous Indianapolis-based charitable organizations, including Community Hospitals Foundation; RCA Stadium Revitalization Committee; Indianapolis Tennis Championships, Inc.; Crossroads of America Council BSA (including the chairmanship of the 2002 and 2003 Governors Annual Fundraising Campaign); Tau Beta Pi Association (membership status conferred by invitation to academic honors students in The Citadel's school of engineering); Indianapolis Regional Economic Development Partnership; and the Indianapolis Marion County Public Library Foundation, Inc. He also serves on the Board of Directors and is

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

President of Meridian Hills Country Club in Indianapolis. Mr. Kite graduated from The Citadel with a Bachelor of Science in Electrical Engineering. Upon graduation, he attended the Air Force Management School and served as a fighter pilot from 1955-1958, after which he served in the Air Force Reserves as a troop carrier pilot. Alvin E. Kite, Jr. is John A. Kite's father.

John A. Kite has served as a trustee since our formation in March 2004 and as our Chief Executive Officer and President since our initial public offering in August 2004. Prior to our initial public offering, he had served as President and CEO of Kite Companies since 1997. Mr. Kite is responsible for the Company's strategic planning, operations, acquisitions and capital market activities. In 1990, Mr. Kite joined Kite Development Corporation as

3

Chief Financial Officer. In this role he was responsible for project financing, negotiating with banks and private investors, and restructuring investments in Kite Companies' projects. In 1994, he became President of KMI Realty Advisors, Inc., an SEC registered full-service real estate advisory firm that currently oversees diverse real estate holdings for pension fund clients. Mr. Kite holds a B.A. in Economics from DePauw University and began his career in 1987 at Harris Trust and Savings Bank in Chicago. John A. Kite is Alvin E. Kite, Jr.'s son.

William E. Bindley has served as a trustee since our initial public offering in August 2004. He is our lead independent trustee. He has been Chairman of Bindley Capital Partners, LLC, a private equity investment firm headquartered in Indianapolis, Indiana, since 2001. From 1992 to October 2005, he was Chairman and the founder of Priority Healthcare Corporation, a Nasdaq-listed national provider of bio-pharmaceuticals and complex therapies for chronic disease states headquartered in Lake Mary, Florida. Mr. Bindley also served as Chief Executive Officer of Priority Healthcare from July 1994 to May 1997 and President from May 1996 to July 1996. Mr. Bindley was the Chairman, President, CEO and founder of Bindley Western Industries, Inc., a national pharmaceutical distributor and nuclear pharmacy operator that was a New York Stock Exchange Fortune 200 company at the time of its merger into Cardinal Health in February 2001. He serves on the board of Shoe Carnival, Inc., a Nasdaq-listed company. He previously served on the boards of Cardinal Health and Key Banks, NA (Cleveland, Ohio) and Priority Healthcare Corporation. He received both a B.S. degree in Industrial Economics and a Doctor of Management (H.C.) from Purdue University. He also completed the Wholesale Management Program at the Graduate School of Business at Stanford University. He is currently Vice Chairman of the United States Ski and Snowboard Association and serves on the Board of the Purdue Research Foundation and the President's Advisory Council at Purdue.

Dr. Richard A. Cosier has served as a trustee since our initial public offering in August 2004. He has served as Dean and Leeds Professor of Management at the Krannert School of Management, Purdue University since 1999. From 2001 to 2004 he was the Director of the Burton D. Morgan Center for Entrepreneurship in Purdue's Discovery Park. He formerly served as Dean and Fred E. Brown Chair of Business Administration at the University of Oklahoma, and Associate Dean for Academics, Professor of Business Administration and Chairperson of the Department of Management at Indiana University. Dr. Cosier is the recipient of several teaching excellence awards and a Richard D. Irwin Fellowship. He is listed in Who's Who in America and served on the board at First Fidelity Bank, N.A. of Oklahoma City, Century, Inc. of Midwest City, Oklahoma, and Bank One, Lafayette, Indiana. Dr. Cosier is on the board of directors of the AACSB, the international accreditation agency for business schools. His community service includes, among others, chairing the Norman Economic Development Coalition and serving on the Executive Committee of the Greater Lafayette Community Development Corporation.

Eugene Golub has served as a trustee since our initial public offering in August 2004. He is the founder and since 1960 has been Chairman of Golub & Company, a private company which has been involved in more than \$3.0 billion in real estate transactions. Under his leadership, Golub companies have owned, developed and operated more than 30 million square feet of properties in the United States and abroad. In 1989, Mr. Golub entered the international marketplace as the first major U.S. real estate company to undertake development projects in Central and Eastern Europe and Russia just prior to their reemergence as market-driven economies. Mr. Golub serves on the boards of ARCap REIT, Inc. and The Family Institute, and is active in numerous Chicago-based charitable organizations. In 1999, he was inducted into the prestigious Chicago Association of Realtors Hall of Fame, and, in 2004, he received the first Central & Eastern European Real Estate Lifetime Achievement Award.

Gerald L. Moss has served as a trustee since our initial public offering in August 2004. He is honorary of counsel with Bingham McHale LLP, an Indianapolis, Indiana law firm. He has extensive experience in the areas of corporate and real estate law. For over 30 years he served as general counsel for the Capital Improvement Board of Marion County, Indiana (CIB). His duties included providing legal counsel relative to the development of the Indiana Convention Center and RCA Dome and other CIB facilities and the operation of the Convention Center and Dome. Mr. Moss is a Distinguished Fellow of the Indianapolis Bar Association and Indiana State Bar Association. His university and community experience includes service as a Director of the Indianapolis Symphony Orchestra, the Indiana Repertory Theater and the Metropolitan Arts Council and as President and Director of the Washington Township Schools Foundation, the Indiana University Varsity Club and the Indiana University Law Alumni

Association. He also serves as a member of the Law School's Board of Visitors and is a recipient of the School's Distinguished Service Award. He was awarded the prestigious Sagamore of the Wabash by the Governor of Indiana.

Michael L. Smith has served as a trustee since our initial public offering in August 2004. He retired from his position as Executive Vice President and Chief Financial Officer of WellPoint, Inc., formerly Anthem, Inc., a health insurance company, on January 31, 2005, positions he had held since 1999. Prior to that, he served as Senior Vice President of Anthem, Inc. and Chief Financial Officer of Anthem Blue Cross and Blue Shield's operations in the Midwest and Connecticut. Mr. Smith serves on the boards of directors of the following public companies: First Indiana Corporation, Calumet Specialty Products Partners, L.P., Vectren, Inc., InterMune, Inc. and Emergency Medical Services Corporation. Mr. Smith also serves as a director of several private companies and not-for-profit organizations including LDI Ltd, LLC, Klipsch Group, Gregg Appliances, Inc. and Take Care Health Systems, Inc. Mr. Smith is a trustee of DePauw University, the Indianapolis Museum of Art, Lumina Foundation and the Central Indiana Community Foundation.

Vote Required and Recommendation

The affirmative vote of a plurality of all the votes cast at the annual meeting is necessary for the election of a trustee. Therefore, the seven individuals with the highest number of affirmative votes will be elected to the seven trusteeships. For purposes of the election of trustees, abstentions and other shares not voted (whether by broker non-vote or otherwise) will not be counted as votes cast and will have no effect on the result of the vote.

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

EXECUTIVE OFFICERS

The following table sets forth information concerning our executive officers. Executive officers are elected by and serve at the discretion of our Board of Trustees.

Name	Age	Title
Alvin E. Kite, Jr.	72	Chairman of the Board of Trustees
John A. Kite	40	Chief Executive Officer, President and Trustee
Thomas K. McGowan	41	Executive Vice President of Development and Chief Operating Officer
Daniel R. Sink	38	Senior Vice President and Chief Financial Officer

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

Set forth below are descriptions of the backgrounds of each of our executive officers, other than Alvin E. Kite, Jr. and John A. Kite, whose positions and backgrounds are described above.

Thomas K. McGowan has been our Executive Vice President of Development and Chief Operating Officer since our initial public offering in August 2004. Mr. McGowan also had been Executive Vice President of Kite Companies since 1995. He is primarily responsible for new project development, land acquisition, and general operational and organizational functions of the development and construction groups. Before joining Kite Companies, Mr. McGowan worked eight years for real estate developer Mansur Development Corporation. In his 19 years in the real estate development business, Mr. McGowan has coordinated the development of shopping centers, Class A office buildings, medical facilities, industrial buildings, planned unit developments, and full service hotels.

Daniel R. Sink has been our Senior Vice President and Chief Financial Officer since our initial public offering in August 2004. Mr. Sink had been the Chief Financial Officer of Kite Companies since 1999. His responsibilities include overseeing the real estate finance area, the corporate accounting function, corporate tax planning, overall company financial budgeting and administration. From 1989 through 1999, Mr. Sink was employed by Olive, LLP (which subsequently merged into BKD LLP), one of the fifteen largest accounting firms in the country, acting as a tax specialist in charge of the tax consulting for the central Indiana real estate/ construction group. Mr. Sink is a Certified Public Accountant.

INFORMATION REGARDING CORPORATE GOVERNANCE AND BOARD AND COMMITTEE MEETINGS

Committee Characters and Corporate Governance Documents

Our Board of Trustees maintains charters for all Board committees. In addition, our Board of Trustees has adopted a written set of corporate governance guidelines, a code of business conduct and ethics and a code of ethics for our principal executive officer and senior financial officers. To view our committee charters, corporate governance guidelines, code of business conduct and ethics and code of ethics, please visit our website at www.kiterealty.com. Each of these documents is also available in print to any shareholder who sends a written request to such effect to Investor Relations, Kite Realty Group Trust, 30 S. Meridian Street, Suite 1100, Indianapolis, Indiana 46204. A copy of our Audit Committee's charter is attached as Appendix A to this proxy statement.

Independence of Trustees

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

6

-
- a trustee who is an employee, or whose immediate family member is an executive officer, of the listed company is not independent until three years after the end of such employment relationship;
 - a trustee who has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$100,000 in direct compensation from the listed company, other than trustee and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), is not independent;
 - a trustee who is, or whose immediate family member is, a current partner of a firm that is the company's internal or external auditor is not independent; a trustee who is a current employee of such a firm is not independent; a trustee who has an immediate family member who is a current employee of such a firm

and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice is not independent; and a trustee who was, or whose immediate family member was, within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the listed company's audit within that time is not independent;

- a trustee who is employed, or whose immediate family member is employed, as an executive officer of another company where any of the listed company's present executive officers at the same time serve or served on the other company's compensation committee is not "independent" until three years after the end of such service or the employment relationship; and
- a trustee who is an executive officer or an employee, or whose immediate family member is an executive officer, of another company that has made payments to, or received payments from, the listed company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues, is not "independent."

Our Board of Trustees has evaluated the status of each trustee and has affirmatively determined after broadly considering all facts and circumstances that each of William E. Bindley, Dr. Richard A. Cosier, Eugene Golub, Gerald L. Moss and Michael L. Smith is "independent," as such term is defined in the NYSE's listing standards. Each of Messrs. Bindley, Cosier, Golub, Moss and Smith has no known relationship with the Company. John A. Kite is not independent as he is an employee of the Company, and Alvin E. Kite, Jr. is not independent as he is an employee of the Company and is John A. Kite's father.

Lead Trustee

Our Board of Trustees established the position of "lead" trustee in connection with our initial public offering in August 2004. The lead trustee is selected on an annual basis by the Board of Trustees from among the independent trustees. The lead trustee is currently William E. Bindley. The role of the lead trustee is to serve as liaison between (a) the Board of Trustees and management, including the Chief Executive Officer, (b) independent trustees and (c) interested third parties and the Board of Trustees.

Executive Sessions of Non-Management Trustees

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

Communications with the Board

Shareholders and other interested parties may communicate with the Board by communicating directly with the presiding lead trustee by sending any correspondence they may have in writing to the "Lead Trustee" c/o Chief Financial Officer of Kite Realty Group Trust, 30 S. Meridian Street, Suite 1100, Indianapolis, Indiana 46204, who

7

will then directly forward such correspondence to the lead trustee. The lead trustee will decide what action should be taken with respect to the communication, including whether such communication should be reported to the Board of Trustees.

Board Meetings

During 2005, the Board of Trustees met six times, including telephonic meetings. Each trustee attended at least 75% of Board and applicable committee meetings on which he served during his period of service. Trustees are expected to attend, in person or by telephone, all Board meetings and meetings of committees on which they serve. In addition, pursuant to our corporate governance guidelines, trustees are expected to attend the

Company's annual meetings of shareholders. Last year, all of our trustees attended the annual meeting of shareholders.

Board Committees

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

The table below provides membership information for each of the Board committees as of March 15, 2006:

Name	Audit	Compensation	Corporate Governance and Nominating
William E. Bindley		X*	X
Dr. Richard A. Cosier	X		X
Eugene Golub		X	
Gerald L. Moss	X		X*
Michael L. Smith	X*	X	

* Chairman

Audit Committee

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

- the integrity of our financial statements;
- our compliance with legal and regulatory requirements;
- the qualification and independence of our independent auditors; and
- the performance of our internal audit function and independent auditors.

The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of our independent auditors and is also responsible for reviewing with our independent auditors any audit problems or difficulties they have encountered in the course of the audit work. The Audit Committee is also charged with the tasks of reviewing our financial statements, any significant financial reporting issues and any major issues as to the adequacy of internal control with management and our independent auditors.

Our Audit Committee's written charter requires that all members of the committee meet the independence, experience, financial literacy and expertise requirements of the NYSE, the Sarbanes-Oxley Act of 2002, the Securities Exchange Act of 1934, as amended, or Exchange Act, and applicable rules and regulations of the Securities and Exchange Commission, or SEC, all as in effect from time to time. All of the members of the Audit Committee meet the foregoing requirements. The Board of Trustees has determined that Michael L. Smith is an "audit committee financial expert" as defined by the rules and regulations of the SEC.

Our Audit Committee's charter and the corporate governance rules of the NYSE require that in the event a trustee simultaneously serves on the audit committee of more than three public companies, the Board of Trustees must determine that such simultaneous service would not impair the ability of that member to effectively serve on

our Audit Committee and disclose that determination. Michael L. Smith currently serves on the audit committees of four public companies. In accordance with our Audit Committee's charter and the corporate governance rules of the NYSE, the Board of Trustees has determined that serving on a total of four audit committees would not

impair Mr. Smith's ability to effectively serve on our audit committee.

During 2005, the Audit Committee met four times, including telephonic meetings.

Compensation Committee

The principal purposes of the Compensation Committee are to:

- review and approve our corporate goals and objectives with respect to the compensation of our Chief Executive Officer, evaluate the Chief Executive Officer's performance in light of those goals and objectives, and determine and approve, either as a committee or with the Company's other independent trustees, as directed by the board, the appropriate level and structure of the Chief Executive Officer's compensation;
- determine and approve, either as a committee or together with our other independent trustees, as directed by the board, the compensation of the other executive officers;
- make recommendations to the Board of Trustees regarding compensation of trustees; and
- recommend, implement and administer our incentive and equity-based compensation plans.

During 2005, the Compensation Committee met twice, including telephonic meetings.

Corporate Governance and Nominating Committee

The principal purposes of the Corporate Governance and Nominating Committee are to:

- identify individuals that are qualified to serve as trustees;
- recommend such individuals to the Board of Trustees, either to fill vacancies that occur on the Board of Trustees from time to time or in connection with the selection of trustee nominees for each annual meeting of shareholders;
- periodically assess the size of the Board of Trustees to ensure it can effectively carry out its obligations;
- develop, recommend, implement and monitor our corporate governance guidelines and our codes of business conduct and ethics;
- oversee the evaluation of the Board of Trustees and management; and
- ensure that we are in compliance with all NYSE corporate governance listing requirements.

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

- (1) high integrity;
- (2) an ability to exercise sound judgment;
- (3) an ability to make independent analytical inquiries;
- (4) a willingness and ability to devote adequate time and resources to diligently perform Board duties; and
- (5) a reputation, both personal and professional, consistent with the image and reputation of the Company.

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

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

- (1) whether the person possesses specific real estate expertise and familiarity with general issues affecting the Company's business;
- (2) whether the person's nomination and election would enable the Board of Trustees to have a member that qualifies as an "audit committee financial expert" as such term is defined by the SEC;
- (3) whether the person would qualify as an "independent" trustee under the NYSE's listing standards and our corporate governance guidelines;
- (4) the importance of continuity of the existing composition of the Board of Trustees; and
- (5) the importance of a diversified Board membership, in terms of both the individuals involved and their various experiences and areas of expertise.

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

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

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

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

- (1)

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

10

person and (c) all other information relating to such person that is required to be disclosed in solicitations of proxies for election of trustees in an election contest (even if an election contest is not involved), or is otherwise required pursuant to Regulation 14A (or any successor provision) under the Exchange Act; and

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

During 2005, the Corporate Governance and Nominating Committee met twice, including telephonic meetings.

Trustee Compensation

The members of our Board of Trustees who are also our employees do not receive any additional compensation for their services on the Board. We pay our non-employee trustees \$1,000 per board or committee meeting and we reimburse them for their reasonable travel expenses incurred in connection with their attendance at board meetings. Non-employee trustees receive a \$25,000 annual retainer and non-employee trustee committee chairs are paid an additional annual retainer ranging from \$5,000 to \$10,000. Since May 2005, one-half of the \$25,000 annual retainer has been paid in cash and one-half has been paid through the issuance of our common shares pursuant to unrestricted share grants under our 2004 Equity Incentive Plan. Our lead independent trustee also receives a \$10,000 annual retainer. In addition, each of these trustees received, upon initial election to our board, 3,000 restricted shares that vest ratably over four years, and receive annually each year after their initial election, restricted shares with a value of \$15,000.

In order to ensure that all non-management trustees hold meaningful equity ownership positions in the Company, our Board of Trustees has established guidelines for non-management trustees regarding ownership of our common shares. According to these guidelines, each non-management trustee should own common shares with a value equal to approximately four times the annual retainer paid to trustees and should achieve this share ownership level within five years after being appointed to the Board (or by February 10, 2010 in the case of persons who were trustees on the date the guidelines were adopted).

11

PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED ACCOUNTING FIRM

The Audit Committee of our Board of Trustees has appointed Ernst & Young LLP as our independent auditors for the fiscal year ending December 31, 2006. Representatives of Ernst & Young LLP will be present at the annual meeting, will have the opportunity to make a statement if they so desire 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 2. For purposes of approving proposal 2, abstentions and other shares not voted (whether by broker non-vote or otherwise) will not be counted as votes cast and will have no effect on the result of the vote.

OUR BOARD OF TRUSTEES RECOMMENDS A VOTE FOR THE RATIFICATION OF THE SELECTION OF ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDED DECEMBER 31, 2006.

Relationship with Independent Registered Public Accounting Firm

Fees

Our consolidated financial statements for the year ended December 31, 2005 have been audited by Ernst & Young LLP, which served as our independent registered public accounting firm for the last fiscal year.

The following summarizes the fees billed by Ernst & Young LLP for services performed for the years ended December 31, 2005 and December 31, 2004:

	2005	2004
Audit Fees	\$ 733,500 (1)	\$ 1,354,000 (2)
Audit-Related Fees	\$ <input type="checkbox"/>	\$ <input type="checkbox"/>
Tax Fees	\$ <input type="checkbox"/>	\$ <input type="checkbox"/>
All Other Fees	\$ <input type="checkbox"/>	\$ <input type="checkbox"/>
Total	\$ 733,500	\$ 1,354,000

(1) Audit Fees for 2005 represent fees for the audit of the financial statements, the attestation on management's annual report on internal control over financial reporting and the effectiveness of internal control over financial reporting and services associated with SEC registration statements.

(2) Audit Fees for 2004 include fees of \$1,095,500 for services rendered in connection with our initial public offering in August 2004, fees for the audit of the financial statements and services associated with SEC registration statements.

The Audit Committee, which was formed in connection with our initial public offering, was not involved in approving the Audit Fees for services rendered in connection with our initial public offering.

All audit services provided by Ernst & Young LLP to us since we became a public company have been pre-approved by the Audit Committee, 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.

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 \$100,000. 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.

EXECUTIVE COMPENSATION AND OTHER INFORMATION

Compensation Tables

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

The following tables contain certain compensation information for our Chief Executive Officer and our three other executive officers, who we collectively refer to as our named executive officers, from January 1, 2003 to August 15, 2004 for our predecessor company and from August 16, 2004 to December 31, 2005 for us:

(a) Summary Compensation Table

Name & Principal Position	Year	Annual Compensation			Long-Term Compensation Awards Securities		
		Salary	Bonus	Other Annual Compensation	Restricted	Underlying	All Other Compensation
					Share Awards	Options/SARS	
Alvin E. Kite, Jr., Chairman	2005	\$ 150,000	\$ (9)	\$ 9,000(2)	\$ 90,000(9)	<input type="checkbox"/>	\$ 108(11)
	2004	212,500(1)	<input type="checkbox"/>	9,773(2)	<input type="checkbox"/>	150,000(3)	<input type="checkbox"/>
	2003	250,000(4)	53,904(4)	9,000(2)	<input type="checkbox"/>	<input type="checkbox"/>	12,544
John A. Kite, Chief Executive Officer and President	2005	\$ 325,000	\$ 97,500(10)	\$ 9,000(2)	\$ 97,500(10)	<input type="checkbox"/>	\$ 297(11)
	2004	246,875(1)	<input type="checkbox"/>	13,472(2)	<input type="checkbox"/>	200,000(3)	<input type="checkbox"/>
	2003	200,000(4)	53,904(4)	9,000(2)	<input type="checkbox"/>	<input type="checkbox"/>	8,529
Thomas K. McGowan, Executive Vice President of Development and Chief Operating Officer	2005	\$ 275,000	\$ 82,500(10)	\$ 9,000(2)	\$ 82,500(10)	<input type="checkbox"/>	\$ 993(11)
	2004	228,125(1)	<input type="checkbox"/>	11,133(2)	<input type="checkbox"/>	150,000(3)	750(6)
	2003	200,000(4)	(5)	9,000(2)	<input type="checkbox"/>	<input type="checkbox"/>	20,780
Daniel R. Sink, Senior Vice President and Chief Financial Officer	2005	\$ 210,000	\$ 50,000(10)	\$ 9,000(2)	\$ 50,000(10)	<input type="checkbox"/>	\$ 923(11)
	2004	161,875(1)	<input type="checkbox"/>	11,195(2)	<input type="checkbox"/>	100,000(3)	750(6)
	2003	133,000(4)	35,000(8)	9,000(2)	<input type="checkbox"/>	<input type="checkbox"/>	2,654

- (1) Represents the salary that our predecessor paid to the executive officer from January 1, 2004 to August 15, 2004 as well as the salary that we paid to the executive officer from August 16, 2004 to December 31, 2004. The annualized base salary payable by us to each executive officer beginning August 16, 2004 was as follows: Alvin E. Kite, Jr. \$150,000; John A. Kite \$325,000; Thomas K. McGowan \$275,000; and Daniel R. Sink \$210,000.
- (2) Represents estimated value of employer-provided automobile or automobile allowance and club dues that we or our predecessor paid to the executive officer as follows: \$9,000 for the automobile or automobile allowance and the remainder, if any, for club dues.
- (3) Represents options awarded at the close of our initial public offering in August 2004, which vest over five years as follows: 1/5 of the total number of shares covered by the option vest on the one-year anniversary of the grant date; thereafter 1/60 of the total number of shares covered by the option vest on a monthly basis. The options were granted at an exercise price equal to the initial public offering price of \$13.00.
- (4) Represents the salary and bonus that our predecessor paid to the executive officer in 2003.
- (5) Mr. McGowan was paid a bonus of \$53,904 in 2003 that related to the 2002 fiscal year.
- (6) Represents 401(k) contributions that our predecessor paid to the executive officer from January 1, 2004 to August 15, 2004.

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

Excludes a \$100,000 bonus paid on behalf of Kite Capital, LLC, one of the entities excluded from our August 2004 formation transactions.

- (8) Mr. Sink was paid a bonus of \$35,000 in 2004 that related to the 2003 fiscal year.
- (9) Al Kite received a discretionary bonus for 2005 in February 2006 in the amount of \$90,000 payable in restricted common shares of the Company, which will vest ratably over three years.
- (10) Represents 50% of the bonus paid to the executive officers in February 2006. John Kite, Mr. McGowan and Mr. Sink were paid a bonus for 2005 of \$195,000, \$165,000 and \$100,000, respectively. Fifty percent of the bonuses were payable in cash and 50% were payable in restricted common shares of the Company, which will vest ratably over three years.
- (11) Represents life insurance payments and 401(k) contributions paid to the executive officer as follows: \$108 in life insurance payments for Alvin E. Kite; \$297 in life insurance payments for John A. Kite; \$243 in life insurance payments and \$750 in 401(k) contributions for Thomas K. McGowan; and \$173 in life insurance payments and \$750 in 401(k) contributions for Daniel R. Sink.

(b) Option Grants in 2005

No options were granted to the named executive officers during 2005.

(c) Aggregated Option Exercises in 2005 and Fiscal Year-End Option Values

Name	Shares Acquired		Number of Securities Underlying Unexercised Options at December 31, 2005		Value of Unexercised In-the-Money Options at December 31, 2005 (1)	
	on Exercise	Value Realized	Exercisable	Unexercisable	Exercisable	Unexercisable
Alvin E. Kite, Jr.	□	\$ □	40,000	110,000	\$ 98,800	\$ 271,700
John A. Kite	□	\$ □	53,333	146,667	\$ 131,733	\$ 362,267
Thomas K. McGowan						