KITE REALTY GROUP TRUST
Form 424B5
September 29, 2005

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-127586

PROSPECTUS SUPPLEMENT
(TO PROSPECTUS DATED AUGUST 30, 2005)

8,500,000 Shares

Common Shares

Kite Realty Group Trust is a full-service, vertically integrated real estate investment trust, or REIT, focused primarily on the development, construction, acquisition, ownership and operation of neighborhood and community shopping centers in selected growth markets in the United States.

We are offering and selling 8,500,000 of our common shares of beneficial interest, par value $0.01 per share. We will receive all of the net proceeds from the sale of our common shares.

Our common shares are listed on the New York Stock Exchange under the symbol "KRG." The last reported sales price of our common shares on the New York Stock Exchange on September 27, 2005 was $15.01 per share.

Investing in our common shares involves certain risks. See "Risk Factors" beginning on page S-13 of this prospectus supplement and on page 5 of the accompanying prospectus.

	Per Share	Total
Public offering price	$ 15.01	$ 127,585,000
Underwriting discount and commission	$ 0.7505	$ 6,379,250
Proceeds to us (before expenses)	$ 14.2595	$ 121,205,750

We have granted the underwriters a 30-day option to purchase up to an additional 1,275,000 shares from us on the same terms and conditions as set forth above if the underwriters sell more than 8,500,000 common shares in this offering.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Lehman Brothers, on behalf of the underwriters, expects to deliver the common shares on or about October 3, 2005.

LEHMAN BROTHERS WACHOVIA SECURITIES

GOLDMAN, SACHS & CO.

RAYMOND JAMES

KEYBANC CAPITAL MARKETS

STIFEL, NICOLAUS & COMPANY
INCORPORATED

September 27, 2005

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ABOUT THIS PROSPECTUS SUPPLEMENT

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell, nor are we or they seeking an offer to buy, these securities in any jurisdiction where the offer or sale of these securities is not permitted. You should not assume the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate as of any date other than their respective dates or on other dates which are specified in those documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

References in this prospectus supplement to "Kite," "the Company," "we," "us," "our" or "our Company" are to Kite Realty Group Trust and its subsidiaries, including Kite Realty Group, L.P., which we refer to as our "Operating Partnership."

The information in this prospectus supplement updates information in the accompanying prospectus and, to the extent it is inconsistent with the information in the accompanying prospectus, replaces such information.

FORWARD-LOOKING STATEMENTS

This prospectus supplement, together with other statements and information publicly disseminated by Kite Realty Group Trust, contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based on assumptions and expectations that may not be realized and are inherently subject to risks, uncertainties and other factors, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events and actual results, performance, transactions or achievements, financial or otherwise, may differ materially from the results, performance, transactions or achievements expressed or implied by the forward-looking statements. Risks, uncertainties and other factors that might cause such differences, some of which could be material, include, but are not limited to:

- national and local economic, business, real estate and other market conditions;
- the ability of tenants to pay rent;
- the competitive environment in which we operate;
- financing risks;
- property management risks;
- the level and volatility of interest rates;
- the financial stability of tenants;
- our ability to maintain our status as a real estate investment trust, or REIT, for federal income tax purposes;
- acquisition, disposition, development and joint venture risks;
- potential environmental and other liabilities;

- other factors affecting the real estate industry generally; and

- other risks identified in this prospectus supplement, the accompanying prospectus and, from time to time, in other reports we file with the Securities and Exchange Commission, or the SEC, or in other documents that we publicly disseminate.

We undertake no obligation to publicly update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

PROSPECTUS SUPPLEMENT SUMMARY

This prospectus supplement summary does not contain all the information you should consider before investing in our common shares. Please read the entire prospectus supplement and accompanying prospectus carefully, including the section entitled "Risk Factors" on page S-13 of this prospectus supplement and on page 5 of the accompanying prospectus as well as the section entitled "Risk Factors" beginning on page 10 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2004 and our consolidated financial statements and the related notes thereto incorporated by reference herein. The demographic data included in this prospectus supplement was produced by us using software developed by Sites USA. The data contained in the software was originally provided by private and governmental sources deemed to be reliable. The demographic data provided in this prospectus supplement has not been reviewed by Sites USA and is provided without representation or warranty by Sites USA.

Our Company

We are a full-service, vertically integrated REIT focused on the development, construction, acquisition, ownership and operation of neighborhood and community shopping centers in selected growth markets in the United States. Our objective is to maximize the cash flow of our operating properties, successfully complete the construction and lease-up of our development portfolio and continue to identify new development and acquisition opportunities. Our founders and predecessors have been in the real estate and construction business since 1960. Our business is primarily concentrated in retail real estate. We are currently focused on retail development as a key driver of growth for our company. We believe that our vertically integrated development platform provides us with a competitive advantage by enabling us to control all aspects of the development process from design to operation. Additionally, we will selectively pursue acquisitions of properties that are consistent with our business strategy.

As of June 30, 2005, we owned interests in a portfolio of 42 operating properties, consisting of 36 retail properties and six commercial assets, totaling approximately 6.0 million square feet of gross leasable area (including non-owned anchor space). Our retail and commercial operating portfolios were approximately 94% and 98% leased, respectively, as of June 30, 2005. Since our initial public offering, or IPO, we have delivered seven properties from our development pipeline into our operating portfolio. These properties were 98% leased as of June 30, 2005. Our current development pipeline consists of 14 retail properties that are projected to contain approximately 2.1 million square feet of gross leasable area (including non-owned anchor space). In addition, we are continually evaluating new retail development opportunities for delivery in future years.

Since August 16, 2004, the date of our IPO, we have acquired 11 retail operating properties representing approximately 1.6 million total owned square feet for an aggregate purchase price of approximately $219.9 million. Our acquisition activities have been focused on high-quality retail properties located in our core growth markets which we believe offer opportunities for long term cash flow growth through proactive management and leasing or redevelopment opportunities.

We believe that we have established a track record of acquisitions and development as a public company which we expect to continue in the coming years. We also are committed to our fee businesses, which consist of third-party construction, build-to-suit development and advisory services.

We were formed in March 2004 and commenced operations on August 16, 2004 following the completion of our IPO. We conduct all of our business through our Operating Partnership, of which we are the sole general partner, and its subsidiaries. As of June 30, 2005, we held an approximate 69% interest in our Operating Partnership.

Summary Portfolio Statistics

The following tables summarize our operating portfolio as of June 30, 2005 and our development pipeline as of September 19, 2005:

	No. of Properties(1)	Owned GLA/NRA(2)	Total GLA/NRA(2)	% Owned GLA Leased	Annualized Base Rent(3)
Operating Portfolio					
Retail	36	3,923,243	5,356,973	93.8%	$ 41,304,284
Commercial	6	662,652	662,652	97.7%	9,624,510
Total	**42**	**4,585,895**	**6,019,625**	**94.4%**	**$ 50,928,794**

	No. of Properties(1)	Projected Owned GLA(4)	Projected Total GLA(5)	% Owned GLA Pre-Leased or Committed(6)	Estimated Total Project Cost
Development Pipeline					
2005 Retail	7	453,500	1,116,802	82.2%	$ 94,563,000
2006-2007 Retail	7	586,600	1,014,400	52.5%	111,050,000
Total	**14**	**1,040,100**	**2,131,202**	**67.8%**	**$ 205,613,000**

(1)
Includes four joint venture properties in our operating portfolio and five joint venture properties in our development pipeline.

(2)
"Owned GLA/NRA" represents gross leasable area/net rentable area that is owned by us. "Total GLA/NRA" includes Owned GLA/NRA, square footage attributable to non-owned outlot structures on land that is owned by us and ground leased to tenants, and non-owned anchor space. Neither "Owned GLA/NRA" nor "Total GLA/NRA" includes square footage of Union Station Parking Garage, a detached parking garage supporting our Thirty South property that includes 851 parking spaces and is operated by Denison Parking, a third party, pursuant to a lease of the entire property.

(3)
"Annualized Base Rent" represents the contractual rent for June 2005 for each applicable property, multiplied by 12. It includes ground lease revenue but does not include approximately $500,000 in annualized income attributable to the Union Station Parking Garage.

(4)
"Projected Owned GLA" represents gross leasable area that we project will be owned by us. It excludes square footage that we project will be attributable to non-owned outlot structures on land that is owned by us and that we expect to ground lease to tenants. It also excludes non-owned anchor space.

(5)
"Projected Total GLA" includes Projected Owned GLA, projected square footage attributable to non-owned outlot structures on land that is owned by us, and non-owned anchor space that is currently existing or under construction.

(6)
Excludes outlots owned by us and ground leased to tenants. Includes leases under negotiation for approximately 144,000 square feet for which we have signed non-binding letters of intent plus two agreements to enter into ground leases with anchor tenants at our Eagle Creek, Phase II and Estero Town Commons properties. We currently have 31 outlots at the properties in our development pipeline, including eight which are currently pre-leased.

Developments Since Our IPO

Since the completion of our IPO, we have undertaken the development and acquisition activities described below.

Development Activities

In August 2004, we had 13 properties in our development pipeline at a projected total cost of approximately $119.0 million. Since the completion of our IPO, we have delivered seven of those development projects to our operating portfolio, at an aggregate project cost of approximately $40 million:

176th & Meridian, a 14,560 square foot build-to-suit Walgreens located in the Seattle, Washington metropolitan statistical area, or MSA (delivered August 2004).

50th & 12th, a 14,500 square foot build-to-suit Walgreens located in Seattle, Washington (delivered August 2004).

82nd & Otty, a 10,000 square foot neighborhood shopping center located in the Portland, Oregon, MSA (delivered November 2004).

Indiana State Motor Pool, a 115,000 square foot build-to-suit commercial property located in Indianapolis, Indiana (delivered November 2004).

Cool Creek Commons, a 133,000 square foot upscale neighborhood shopping center located in an affluent northern suburb of Indianapolis, Indiana (delivered March 2005).

Weston Park, Phase I, a three-outlot retail development located in an affluent northern suburb of Indianapolis, Indiana (delivered March 2005).

Martinsville Shops, a 11,000 square foot neighborhood shopping center located in Martinsville, Indiana (delivered June 2005).

In addition, five of our remaining original 13 development projects have become partially operational since our IPO:

Traders Point I, a projected 366,400 square foot upscale community shopping center in Indianapolis, Indiana, is anchored by Dick's Sporting Goods, Marsh Supermarkets, Bed Bath & Beyond and Kerasotes Theatres and opened in the fourth quarter of 2004. Of the 235,000 square feet of owned gross leasable area that has been built to date, 94% is currently leased. We currently have a non-binding letter of intent for one of the remaining two junior boxes. Upon execution of the lease, we will move Traders Point I to our operating portfolio.

Traders Point II, a projected 46,600 square foot upscale retail development shadow anchored by Traders Point I, is currently 37% leased, with an additional 4,100 square feet subject to a non-binding letter of intent.

Geist Pavilion, a projected 64,300 square foot neighborhood shopping center located in an affluent northern suburb of Indianapolis, Indiana, is currently 43% leased, with an additional 16,200 square feet subject to a non-binding letter of intent.

Greyhound Commons, a four-outlot restaurant park located in an affluent northern suburb of Indianapolis, Indiana, is shadow anchored by Lowe's. Two of the four outlots are currently leased to tenants which are open and paying rent.

Red Bank Commons, a projected 34,500 square foot retail development located in Evansville, Indiana and shadow anchored by Wal-Mart and Home Depot, is currently 57% leased, with an additional 3,000 square feet subject to a non-binding letter of intent.

Since our IPO, we have added eight new development projects to our pipeline for anticipated delivery before the end of 2007, with a total anticipated cost of approximately $120.3 million, bringing our total current development pipeline to 14 projects with an anticipated total project cost of approximately $205.6 million:

Tarpon Springs Plaza. In March 2005, we exercised our option to acquire 15 acres in Naples, Florida from Messrs. Al Kite, our Chairman, John Kite, our President and Chief Executive Officer, Paul Kite, and Tom McGowan, our Executive Vice President of Development and Chief Operating Officer, at a price equal to their cost in the project with no profit, plus the assumption of certain property-related liabilities and the obligations to repay certain property-related indebtedness. The equity portion of the purchase price was paid through the issuance of units in our Operating Partnership. The community shopping center will be shadow anchored by a SuperTarget and is anticipated to include 70,000 square feet of retail junior box space, 25,000 square feet of small shops,

and up to four outparcels. Total estimated project cost for Tarpon Springs Plaza is $21.5 million and the center is anticipated to open in the fourth quarter of 2006.

Naperville Marketplace. In March 2005, we acquired 22 acres in Naperville, Illinois, an affluent suburb of Chicago. The site contained a partially constructed Super K-Mart, which we have converted to a 70,000 square foot Marsh Supermarket (now open for business), and we are developing an additional 105,000 square feet of junior boxes and small shops. We anticipate selling the Marsh store. The remainder of Naperville Marketplace is anticipated to open in the second quarter of 2006. Total estimated project cost for Naperville Marketplace is $29.7 million.

Estero Town Commons. In January 2005, we formed a joint venture with a private developer in Florida and acquired 33 acres of raw land in Lee County, Florida, located northeast of Naples, which we plan to develop into an approximately 188,600 square foot retail development called Estero Town Commons. We have entered into an agreement to enter into a ground lease with a big box retailer to anchor the development. Total estimated project cost for Estero Town Commons is $20.0 million and the center is anticipated to open in the third quarter of 2006.

Beacon Hill Shopping Center. In July 2005, we formed a joint venture with a private developer in northwest Indiana and acquired 82 acres in Crown Point, Indiana, a growing community located 50 miles south of Chicago on I-65. We issued units in our Operating Partnership to an affiliate of the developer in exchange for a 50% interest in the joint venture. The first 36 acres of the Beacon Hill Shopping Center project will consist of a 161,000 square foot neighborhood shopping center shadow anchored by a 70,000 square foot Strack & Van Til's, an established regional grocery store chain. The center also will include approximately 56,000 square feet of additional in-line retail space and seven outparcels, which are projected to support 35,000 square feet. The total estimated project cost for Beacon Hill Shopping Center is $17.0 million and the first phase is anticipated to open in the summer of 2006.

Gateway Shopping Center. In June 2005, we formed a joint venture with White-Leasure Development Company, a private developer based in Boise, Idaho, to develop a projected 255,000 square foot community shopping center in Marysville, Washington (Seattle MSA). Gateway Shopping Center will include two shadow anchors, Kohl's Department Store and Winco Foods, a growing supermarket chain with approximately 50 stores in the Western United States. When fully developed, the center is expected to include a 30,000 square foot junior box, up to 45,000 square feet of small shops, and five outlots. In the first phase of the project, we will develop the junior box and three outlots. The joint venture currently is negotiating to acquire the acreage to support the small shops and remaining outlots, which will constitute the second phase. Sitework is underway on Gateway Shopping Center. Total estimated project cost for the first phase of Gateway Shopping Center is $8.5 million and the first phase is anticipated to open in the first quarter of 2007.

Zionsville Place. In December 2004, we acquired seven acres in Zionsville, Indiana, an affluent northern suburb of Indianapolis. Zionsville Place will be a 37,500 square foot mixed use retail/commercial center featuring a combination of small shops and garden style offices. The total estimated project cost for Zionsville Place is $8.0 million and the center is anticipated to open in the second quarter of 2006.

Cornelius Gateway. In June 2005, we acquired 4.3 acres in Cornelius, Oregon (Portland MSA) to develop a projected 36,100 square foot neighborhood shopping center anchored by a 14,800 square foot built-to-suit Walgreens. Cornelius Gateway is owned by a joint venture in which we have an 80% interest. We plan to sell Cornelius Gateway upon completion of the construction and stabilization of the small shops. Total estimated project cost for Cornelius Gateway is $9.2 million and the center is anticipated to open in the fourth quarter of 2005.

Sandifur Plaza. In April 2005, we acquired 3.4 acres in Pasco, Washington to develop a projected 27,400 square foot neighborhood shopping center anchored by a 14,800 square foot built-to-suit Walgreens. Sandifur Plaza is owned by two joint ventures. We have an 80% interest in the Walgreens and a 95% interest in the small shop space. We plan to sell Sandifur Plaza upon completion of the construction and stabilization of the small shops. Total estimated project cost for Sandifur Plaza is $6.4 million and the center is anticipated to open in the fourth quarter of 2006.

Since our IPO, we also have acquired three significant parcels of undeveloped land:

- In February 2005, we acquired 16 acres of undeveloped land contiguous to our Fox Lake Crossing neighborhood shopping center.

- In July 2005, we acquired 46 acres of undeveloped land contiguous to our Beacon Hill Shopping Center development property through a joint venture.

- In August 2005, we acquired 15.4 acres of undeveloped land in Naples, Florida, which we plan to ground lease to a big box retailer.

We currently own approximately 128 acres of undeveloped land that we anticipate will be added to the development pipeline for delivery in 2007 and beyond.

Acquisition Activities

Since our IPO in August 2004, we have completed 11 acquisitions of retail operating properties totaling approximately 1.9 million square feet of gross leasable area (including non-owned anchor space) for a total purchase price of approximately $219.9 million, including approximately $62.0 million of assumed debt. Six of the completed acquisitions were pending at the time of our IPO. The following is a summary of our post-IPO acquisitions:

- *Hamilton Crossing*. In August 2004, we acquired Hamilton Crossing, an 82,374 square foot community shopping center in Carmel, Indiana (a suburb of Indianapolis), for a total purchase price of approximately $15.5 million;

- *Waterford Lakes*. In August 2004, we acquired Waterford Lakes, a 77,948 square foot neighborhood shopping center in Orlando, Florida, for a total purchase price of approximately $9.1 million;

- *Publix at Acworth*. In August 2004, we acquired Publix at Acworth, a 69,628 square foot neighborhood shopping center in Acworth, Georgia (a suburb of Atlanta), for a total purchase price of approximately $9.2 million;

- *Plaza at Cedar Hill*. In August 2004, we acquired Plaza at Cedar Hill, a 299,783 square foot community shopping center in Cedar Hill, Texas (a suburb of Dallas), for a total purchase price of approximately $38.6 million, inclusive of $27.4 million in assumed debt;

- *Sunland Towne Centre*. In September 2004, we acquired Sunland Towne Centre, a 312,571 square foot community shopping center in El Paso, Texas, for a total purchase price of approximately $32.1 million, inclusive of $17.8 million in assumed debt;

- *Centre at Panola*. In September 2004, we acquired Centre at Panola, a 73,079 square foot neighborhood shopping center in Lithonia, Georgia (a suburb of Atlanta), for a total purchase price of approximately $9.4 million, inclusive of $4.5 million in assumed debt;

Eastgate Pavilion. In December 2004, we acquired Eastgate Pavilion, a 231,730 square foot community shopping center in Cincinnati, Ohio for a total purchase price of approximately $27.6 million;

Four Corner Square. In December 2004, we acquired Four Corner Square, a 73,086 square foot neighborhood shopping center in Maple Valley, Washington (Seattle MSA), for a total purchase price of approximately $10.5 million;

Fox Lake Crossing. In February 2005, we acquired Fox Lake Crossing, a 99,100 square foot neighborhood shopping center in Fox Lake, Illinois (a suburb of Chicago), for approximately $15.5 million, inclusive of $12.3 million in assumed debt;

Plaza Volente. In May 2005, we acquired Plaza Volente, a 156,308 square foot community shopping center in Austin, Texas, for a total purchase price of approximately $35.9 million, which was partially financed by $28.7 million in new fixed-rate debt; and

Indian River Square. In May 2005, we acquired Indian River Square, a 144,134 square foot shopping center in Vero Beach, Florida, for a total purchase price of approximately $16.5 million, which was partially financed by $13.3 million in new fixed-rate debt.

Our Competitive Advantages

We believe that we distinguish ourselves as a developer and owner of neighborhood and community shopping centers on the basis of the following:

Vertically Integrated Development and Operating Platform. We are a vertically integrated real estate company with in-house capabilities and expertise in project design, development, leasing, construction and property management. Vertical integration means that we control all aspects of the development process from design to operation, which improves our ability to deliver a quality product to our tenants on budget and on time. In addition, our construction expertise enables us to better identify and complete redevelopment and value-enhancing acquisition opportunities.

Proven Development Track Record. Since 1999, we or our predecessor has developed or redeveloped 39 operating properties in nine states totaling approximately 3.5 million square feet of owned space. Twenty of those properties are in our current operating portfolio and 19 have been sold for gross proceeds of approximately $291.0 million, generating a $70.0 million profit over development and acquisition costs.

Strong Development Pipeline. We are currently developing 14 retail properties in areas with favorable demographics that are projected to total approximately 2.1 million square feet of gross leasable area (including non-owned anchor space). The estimated total project cost for these properties is approximately $205.6 million. The 2005 estimated average household income within a three-mile radius of our current retail developments is approximately $85,100, compared to the national average of $64,443. From 1990 to 2005, these areas had an estimated annual population growth rate of 14.5%, compared to the estimated national average of 1.3% during the same period. In addition, we own interests in approximately 128 acres of land that represent future retail and commercial development opportunities, either in the form of expansion of existing properties or development of new retail properties. The successful completion and lease-up of these properties is expected to be a significant source of growth for us over the next several years.

Strong Retailer Relationships. Our business is driven by retailer relationships. We have established relationships with nationally recognized retailers. Bed Bath & Beyond, Dick's Sporting Goods, Lowe's and Publix are among our top ten retail tenants and we or our predecessor have completed multiple transactions with Kohl's, Target and Wal-Mart. We or our predecessor also have partnered with some of these retailers to identify attractive investments in new and existing markets. It is our experience that strong retailer relationships improve tenant retention and reduce marketing, leasing and tenant improvement costs that result from re-tenanting space.

High Quality Operating Portfolio. Our retail operating portfolio is concentrated in areas with favorable demographics. The areas within a three-mile radius of our operating retail properties had a 2005 estimated average household income of approximately $73,500 and an estimated annual population growth of approximately 12% from 1990 through 2005. We have developed or redeveloped 22 of the 42 operating properties in our current portfolio.

Seasoned and Committed Management Team. Each member of our senior management team has at least 16 years of experience in the real estate business, and the entire senior management team has worked together for six years. After completion of this offering, our senior management team will collectively own an approximate 20% aggregate equity interest in our company on a fully diluted basis, which strongly aligns management's interests with those of our shareholders.

The Offering

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of our common shares, see "Description of Common Shares" beginning on page 6 of the accompanying prospectus.

Issuer	Kite Realty Group Trust
New York Stock Exchange symbol	KRG
Securities offered	8,500,000 common shares
Common shares outstanding before this offering	19,154,117
Common shares outstanding after this offering	27,654,117(1)
Common shares and units in our Operating Partnership outstanding after this offering	36,272,781(2)
Use of proceeds	We estimate that the net proceeds from this offering will be approximately $120.5 million, after deducting underwriting discounts and commissions and other expenses of the offering. We intend to contribute the proceeds of this offering to our Operating Partnership in exchange for additional units in our Operating Partnership. Our Operating Partnership intends to use the net proceeds from this offering:
	to repay outstanding indebtedness on our Eagle Creek, Phase II development property ($0.9 million);
	to repay outstanding construction indebtedness ($39.8 million) and acquisition indebtedness ($0.5 million) on our Traders Point property;
	to repay outstanding indebtedness on our Weston Park property ($4.2 million);
	to repay outstanding indebtedness on our Shops at Otty property ($1.8 million);
	to repay outstanding indebtedness on our Circuit City Plaza property ($6.7 million);
	to pay down our secured revolving credit facility ($58.5 million); and
	for general corporate purposes, which may include acquisitions of additional properties, the repayment of outstanding indebtedness, capital expenditures, the expansion, redevelopment and/or improvement of properties in our portfolio and working capital ($8.1 million).

Risk factors	Investing in our common shares involves risk. You should carefully consider the risk factors discussed under the heading "Risk Factors" beginning on page S-13 of this prospectus supplement and on page 5 of the accompanying prospectus, and other information contained or incorporated by reference in this prospectus supplement and accompanying prospectus before deciding to invest in our common shares.

(1) Excludes 1,275,000 shares issuable upon exercise of the underwriters' option to purchase additional shares if the underwriters sell more than 8,500,000 shares in this offering and 979,520 shares issuable upon exercise of options granted under our equity incentive plan. Also excludes 1,020,480 additional shares that may be issued in the future under our equity incentive plan.

(2) Includes 8,618,664 units in our Operating Partnership that may, subject to certain limitations, be exchanged for cash or, at our option, our common shares on a one-for-one basis beginning one year after issuance.

SUMMARY FINANCIAL DATA

The following tables set forth, on a historical basis, certain summary financial and operating information. The financial information has been derived from our consolidated balance sheet and statement of operations and the combined balance sheets and the statements of operations of Kite Property Group, which we refer to as the predecessor. This information should be read in conjunction with (i) our audited consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in our Annual Report on Form 10-K for the year ended December 31, 2004, and (ii) our unaudited consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2005, each of which is incorporated by reference herein. The results of operations for the six months ended June 30, 2005 are not necessarily indicative of results to be expected for the entire year or any other period.

	Six Months Ended June 30,		Period August 16, 2004 through December 31, 2004	Period January 1, 2004 through August 15, 2004
	2005	2004		
	Company	Predecessor	Company	Predecessor
	(Unaudited)			
	($ in thousands, except per share data)			
Operating Data:				
Revenues				
Rental related revenue	$ 33,736	$ 10,641	$ 20,284	$ 14,083
Construction, service fees and other	8,680	4,045	9,364	5,368
Total revenue	42,416	14,686	29,648	19,451
Expenses				
Property operating	5,251	2,814	3,735	4,131
Real estate taxes	3,433	1,228	1,836	1,596
General and administrative	2,509	1,352	1,781	1,477
Cost of construction and services	7,299	3,374	8,787	4,405
Depreciation and amortization	10,435	2,453	7,865	3,584
Interest expense	8,467	3,469	4,460	4,829
Loan prepayment penalties and expenses			1,671(1)	
Total expenses	37,394	14,690	30,135	20,022
Minority interest (income) loss	(93)	(72)	(126)	215
Equity in earnings of unconsolidated entities and other, net	202	26	134	164
Income (loss) of the operating partnership	5,131	(50)	(479)	(192)
Limited partners' interests in operating partnership	(1,565)		147	
Net income (loss)	$ 3,566	$ (50)	$ (332)	$ (192)
Net income (loss) per share (basic and diluted)	$ 0.19		$ (0.02)	
Basic weighted average common shares outstanding	19,148,267		18,727,977	
Diluted weighted average common shares outstanding	19,262,822		18,727,977	
Distributions declared per common share(2)	$ 0.375		$ 0.28125	

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	The Company	
	As of June 30, 2005	As of December 31, 2004
	($ in thousands)	
Balance Sheet Data:		
Investment properties, net	$ 642,188	$ 525,242
Cash and cash equivalents	11,320	10,103
Total assets	695,515	569,755
Mortgage and other indebtedness	409,713	283,479
Total liabilities	468,330	343,133
Limited partners' interests in the operating partnership	69,746	68,423
Shareholders' equity	157,439	158,199
Total liabilities and shareholders' equity	695,515	569,755

(1) Represents a bridge loan exit fee and other expenses incurred in connection with our IPO and related formation transactions.

(2) Our board of trustees declared a pro rata distribution of $0.09375 per common share on September 23, 2004 and full quarterly distributions of $0.1875 per common share on December 17, 2004, February 10, 2005 and May 17, 2005.

Funds From Operations

Funds from Operations, or FFO, is a widely used performance measure for real estate companies and is provided here as a supplemental measure of operating performance. 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, or NAREIT, which we refer to as the White Paper. The White Paper defines FFO as net income (computed in accordance with generally accepted accounting principles in the United States, or GAAP), excluding gains (or losses) from sales of property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures.

Given the nature of our business as a real estate owner and operator, we believe that FFO is helpful to investors as a starting point in measuring our operational performance because it excludes various items included in net income that do not relate to or are not indicative of our operating performance such as gains (or losses) from sales of property and depreciation and amortization, which can make periodic and peer analyses of operating performance more difficult. FFO should not be considered as an alternative to net income (determined in accordance with GAAP) as an indicator of our financial performance, is not an alternative to cash flow from operating activities (determined in accordance with GAAP) as a measure of our liquidity, and is not indicative of funds available to fund our cash needs, including our ability to make distributions. Our computation of FFO may not be comparable to FFO reported by other REITs that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definitions differently than we do.

The following table presents a reconciliation of net income to our FFO for the periods presented:

	Six Months Ended June 30,	
	2005	2004
	The Company	The Predecessor
Funds From Operations:		
Net income (loss)	$ 3,565,599	$ (50,385)
Add: Limited Partners' interests	1,564,759	
Add: depreciation and amortization of consolidated entities	10,393,406	2,452,900
Add: depreciation and amortization of unconsolidated entities	148,631	364,750
Deduct: minority interest	(29,368)	72,043
Add: joint venture partners' interests in net income of unconsolidated entities(1)		179,180
Add: joint venture partners' interests in depreciation and amortization of unconsolidated entities(1)		500,707
Funds From Operations of the Portfolio	15,643,027	3,519,195
Less: minority interest		(72,043)
Less: minority interest share of depreciation and amortization		(656,449)
Less: joint venture partners' interests in net income of unconsolidated entities		(179,180)
Less: joint venture partners' interests in depreciation and amortization of unconsolidated entities		(500,707)
Less: Limited Partners' interests	(4,771,123)	
Funds From Operations allocable to the Company	$ 10,871,904	$ 2,110,816
Basic weighted average common shares and units outstanding	27,538,947	
Diluted weighted average common shares and units outstanding	27,653,503	

(1) 2004 amounts represent the minority and joint venture partners' interests acquired in connection with our IPO and related formation transactions.

RISK FACTORS

Investing in our common shares involves risks that could affect us and our business as well as the real estate industry generally. Before purchasing our common shares, you should carefully consider the risks discussed below and the other information in this prospectus supplement and the accompanying prospectus. Each of the risks described could result in a decrease in the value of our common shares and your investment therein. Much of the business information as well as the financial and operational data contained in our risk factors is updated in our periodic reports, which are incorporated by reference into this prospectus supplement. Although we have tried to discuss key factors, please be aware that other risks may prove to be important in the future. New risks may emerge at any time and we cannot predict such risks or estimate the extent to which they may affect our financial performance.

RISKS RELATED TO THIS OFFERING

Our share price could be volatile and could decline, resulting in a substantial or complete loss on our shareholders' investment.

The stock markets, including The New York Stock Exchange (NYSE), on which we list our common shares, have experienced significant price and volume fluctuations. As a result, the market price of our common shares could be similarly volatile, and investors in our common shares may experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. The price of our common shares could be subject to wide fluctuations in response to a number of factors, including those listed in this "Risk Factors" section of this prospectus supplement and others such as:

- our operating performance and the performance of other similar companies;
- actual or anticipated differences in our quarterly operating results;
- changes in our revenues or earnings estimates or recommendations by securities analysts;
- publication of research reports about us or our industry by securities analysts;
- additions and departures of key personnel;
- strategic decisions by us or our competitors, such as acquisitions, divestments, spin-offs, joint ventures, strategic investments or changes in business strategy;
- the passage of legislation or other regulatory developments that adversely affect us or our industry;
- speculation in the press or investment community;
- actions by institutional shareholders;
- changes in accounting principles;
- terrorist acts; and
- general market conditions, including factors unrelated to our performance.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert our management's attention and resources.

A substantial number of our common shares will be eligible for sale in the near future, which could cause our common share price to decline significantly.

If our shareholders sell, or the market perceives that our shareholders intend to sell, substantial amounts of our common shares in the public market, the market price of our common shares could decline significantly. These sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate. As of June 30, 2005, we had outstanding 19,148,267 common shares. Of these shares, approximately 18,300,000 are freely tradable, except for any shares held by our "affiliates," as that term is defined by Rule 144 under the Securities Act and approximately 848,000 additional common shares will be available for sale in the public market beginning December 27, 2005 following the expiration of lock-up agreements entered into in connection with this offering between our executive officers and trustees, on the one hand, and the underwriters of this offering, on the other hand. The representatives of the underwriters may release these shareholders from their lock-up agreements at any time and without notice, which would allow for earlier sale of shares in the public market. In addition, beginning August 16, 2005, approximately 8.3 million units of in our Operating Partnership, which are owned by certain of our executive officers and other individuals, became redeemable by the holder for cash or, at our election, common shares. Pursuant to registration rights of certain of our executive officers and other individuals, we recently filed a registration statement with the SEC to register 9,115,149 common shares issued in, or issuable upon redemption of units in our Operating Partnership issued in, our formation transactions. As restrictions on resale end and units are redeemed for common shares, the market price of our common shares could drop significantly if the holders of such shares sell them or are perceived by the market as intending to sell them.

Affiliates of our underwriters will receive benefits in connection with this offering.

In connection with this offering, affiliates of Lehman Brothers Inc., Wachovia Capital Markets, LLC and KeyBanc Capital Markets, three of the underwriters in this offering, will receive benefits from this offering in addition to customary underwriting discounts, financial advisory fees and commissions, reimbursement of certain expenses and indemnification for certain liabilities. These benefits consist of the repayment of borrowings under our secured revolving credit facility, under which affiliates of Lehman Brothers Inc., Wachovia Capital Markets, LLC and KeyBanc Capital Markets are lenders. These transactions create a potential conflict of interest because the underwriters have an interest in the successful completion of this offering beyond the underwriting discounts, commissions and financial advisory fees they will receive.

RISKS RELATED TO OUR OPERATIONS

We expect to continue to experience rapid growth and may not be able to adapt our management and operational systems to respond to the integration of additional properties without significant disruption or expense.

We are currently in a period of rapid growth. Our portfolio includes 25 operating properties that we have acquired since 1999, including 11 since our IPO, which contain approximately 3.5 million square feet of owned gross leasable area. Since our IPO, we have delivered seven properties from our development pipeline into our operating portfolio, and we are currently developing 14 additional retail properties projected to total approximately 2.1 million square feet of gross leasable area (including non-owned anchor space). We also expect to continue to pursue additional acquisition and development opportunities.

As a result of the rapid growth of our portfolio, we cannot assure you that we will be able to adapt our management, administrative, accounting and operational systems or hire and retain sufficient operational staff to integrate these properties into our portfolio and manage any future acquisitions of additional properties without operating disruptions or unanticipated costs. As we develop or acquire additional properties, we will be subject to risks associated with managing new properties, including tenant retention and mortgage default. In addition, acquisitions or developments may cause disruptions in our operations and divert management's attention away from day-to-day operations, which could impair our relationships with our current tenants, retailers and employees. In addition, our profitability may suffer because of acquisition-related costs or amortization costs for acquired goodwill and other intangible assets. Our failure to successfully integrate any future properties into our portfolio could have a material adverse effect on our results of operations and financial condition and our ability to make distributions to our shareholders.

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

We expect to develop and/or acquire a number of real estate properties in the near future. Shareholders ultimately may not like the location, lease terms or other relevant economic and financial data of any real properties, other assets or other companies we may develop or acquire in the future. New developments are subject to a number of risks, including, but not limited to, construction delays or cost overruns that may increase project costs, financing risks, the failure to meet anticipated occupancy or rent levels, failure to receive required zoning, occupancy, land use and other governmental permits and authorizations and changes in applicable zoning and land use laws. In addition, if a project is delayed, certain tenants may have the right to terminate their leases. If any of these problems occur, development costs for a project will increase, and there may be significant costs incurred for projects that are not completed. In deciding whether to acquire or develop a particular property, we make certain assumptions regarding the expected future performance of that property. If these new properties do not perform as expected, our financial performance will be adversely affected. In addition, the issuance of equity securities for any acquisitions could be substantially dilutive to our shareholders.

Our results of operations will be significantly influenced by the economies of the markets in which we operate, and the market for retail space generally.

We are susceptible to adverse developments in the markets in which we operate, such as business layoffs or downsizing, industry slowdowns, relocations of businesses, changing demographics, increased Internet shopping, infrastructure quality, state budgetary constraints and priorities, increases in real estate and other taxes, costs of complying with government regulations or increased regulation and other factors. In addition, as of June 30, 2005, 44% of our retail operating and development owned gross leasable area and 100% of our commercial operating square footage were located in the state of Indiana, which exposes us to greater economic risks than if we owned properties in numerous geographic regions. Any adverse economic or real estate developments in Indiana and the surrounding region or any of the markets in which we operate, or any decrease in demand for retail space resulting from the local regulatory environment, business climate or fiscal problems, could adversely affect our financial condition, results of operations, cash flow, the trading price of our common shares and our ability to satisfy our debt service obligations and to pay distributions to our shareholders.

Moreover, because our portfolio of properties consists primarily of community and neighborhood shopping centers, a decrease in the demand for retail space may have a greater adverse effect on our business and financial condition than if we owned a more diversified real estate portfolio. The market for retail space has been and could be adversely affected by weakness in the national, regional and local economies, the adverse financial condition of some large retailing companies, the ongoing consolidation in the retail sector, the excess amount of retail space in a number of markets, and increasing consumer purchases through catalogues or the Internet. To the extent that any of these conditions occur, they are likely to affect market rents for retail space and could harm our business.

We had approximately $409.7 million of consolidated indebtedness outstanding as of June 30, 2005, which may impede our operating performance and reduce our ability to incur additional indebtedness to fund our growth.

Required repayments of debt and related interest can adversely affect our operating performance. We had approximately $409.7 million of consolidated outstanding indebtedness as of June 30, 2005. Approximately $134.8 million of this debt currently bears interest at a variable rate. Interest rates remain near historic lows and may increase significantly. Failure to hedge effectively against interest rate changes may adversely affect results of operations. If our interest expense increased significantly, it would adversely affect our results of operations.

We also intend to incur additional debt in connection with future developments and acquisitions of properties. We may borrow new funds to develop or acquire properties. In addition, we may incur or increase our mortgage debt by obtaining loans secured by some or all of the real estate properties we develop or acquire. We also may borrow funds if necessary to satisfy the requirement that we distribute to shareholders at least 90% of our annual REIT taxable income or otherwise as is necessary or advisable to ensure that we maintain our qualification as a REIT for federal income tax purposes or otherwise avoid paying taxes that can be eliminated through distributions to our shareholders.

Our substantial debt may harm our business and operating results by:

- requiring us to use a substantial portion of our funds from operations to pay interest, which reduces the amount available for distributions;
- making us more vulnerable to economic and industry downturns and reducing our flexibility in responding to changing business and economic conditions; and
- limiting our ability to borrow more money for operating or capital needs or to finance acquisitions in the future.

In addition to the risks discussed above and those normally associated with debt financing, including the risk that our cash flow will be insufficient to meet required payments of principal and interest, we also are subject to the risk that we will not be able to refinance the existing indebtedness on our properties (which, in most cases, will not have been fully amortized at maturity) or obtain permanent financing on development projects we financed with construction loans or mezzanine debt, and that the terms of any refinancing we could obtain would not be as favorable as the terms of our existing indebtedness. If we are not successful in refinancing this debt when it becomes due, we may be forced to dispose of properties on disadvantageous terms, which might adversely affect our ability to service other debt and to meet our other obligations.

Our financial covenants may restrict our operating and acquisition activities.

Our revolving credit facility contains certain financial and operating covenants, including, among other things, certain coverage ratios, as well as limitations on our ability to incur debt, make dividend payments, sell all or substantially all of our assets and engage in mergers and consolidations and certain acquisitions. These covenants may restrict our ability to pursue certain business initiatives or certain acquisition transactions. In addition, failure to meet any of the financial covenants could cause an event of default under and/or accelerate some or all of our indebtedness, which could have a material adverse effect on us.

Failure by any major tenant with leases in multiple locations to make rental payments to us, because of a deterioration of its financial condition or otherwise, could seriously harm our performance.

We derive the majority of our revenue from tenants who lease space from us at our properties. Therefore, our ability to generate cash from operations is dependent on the rents that we are able to charge and collect from our tenants. At any time, our tenants may experience a downturn in their business that may significantly weaken their financial condition. As a result, our tenants may delay lease commencements, decline to extend or renew leases upon expiration, fail to make rental payments when due, close a number of stores or declare bankruptcy. Any of these actions could result in the termination of the tenant's leases and the loss of rental income attributable to the terminated leases. In addition, lease terminations by a major tenant or non-owned anchor or a failure by that major tenant or non-owned anchor to occupy the premises could result in lease terminations or reductions in rent by other tenants in the same shopping centers under the terms of some leases. In that event, we may be unable to re-lease the vacated space at attractive rents or at all. The occurrence of any of the situations described above, particularly if it involves a substantial tenant or a non-owned anchor with leases in multiple locations, could seriously harm our performance. As of June 30, 2005, our three largest tenants in terms of annualized base rent were Mid-America Clinical Laboratories, the State of Indiana and Eli Lilly, with scheduled annualized base rents for each representing 3.1%, 3.0% and 3.0%, respectively, of our total annualized base rent.

We may be unable to collect balances due from any tenants in bankruptcy.

We cannot assure you that any tenant that files for bankruptcy protection will continue to pay us rent. A bankruptcy filing by or relating to one of our tenants or a lease guarantor would bar all efforts by us to collect pre-bankruptcy debts from that tenant or the lease guarantor, or their property, unless we receive an order permitting us to do so from the bankruptcy court. A tenant or lease guarantor bankruptcy could delay our efforts to collect past due balances under the relevant leases, and could ultimately preclude collection of these sums. If a lease is assumed by the tenant in bankruptcy, all pre-bankruptcy balances due under the lease must be paid to us in full. However, if a lease is rejected by a tenant in bankruptcy, we would have only a general unsecured claim for damages. Any unsecured claim we hold may be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims, and there are restrictions under bankruptcy laws that limit the amount of the claim we can make if a lease is rejected. As a result, it is likely that we will recover substantially less than the full value of any unsecured claims we hold.

One of our former tenants, Ultimate Electronics, filed for bankruptcy protection in January 2005 and rejected two leases with us, effective in the second quarter of 2005. These leases represented approximately 2.4% of our annualized base rent as of March 31, 2005. We have re-leased the space represented by one of these leases, and have not yet leased the space represented by the other lease.

One of our current tenants, Winn-Dixie, filed for bankruptcy protection in February 2005. The base rent payable to us under these two leases represented approximately 1.5% of our annualized base rent as of June 30, 2005. Under federal bankruptcy law, Winn-Dixie can reject one or both of these leases. We have no information at this time as to Winn-Dixie's plans for these leases. The delay or failure of Winn-Dixie to make payments under its leases, or the rejection by it of its leases under federal bankruptcy law, would adversely impact our performance, which impact could be material. In addition, Winn-Dixie's termination of leases or closure of stores could result in lease terminations or reductions in rent by other tenants in the same shopping centers under the terms of some leases.

We may experience reduced revenue with respect to our Glendale Mall property while we evaluate strategic alternatives with respect to this property.

We are currently evaluating several strategic alternatives with respect to our Glendale Mall property in Indianapolis, Indiana, including the possibility of redeveloping or selling the property. Glendale Mall is our largest property and includes approximately 724,000 square feet of gross leasable area (including approximately 145,000 square feet of non-owned anchor space), with an annualized base rent of approximately $2.5 million as of June 30, 2005, representing approximately 4.6% of our total annualized base rent. As of June 30, 2005, Glendale Mall was approximately 84% leased.

If we decide to redevelop the property, we may have to obtain the consent of various tenants in order to do so and various tenants may have the right to withdraw from Glendale Mall if the redevelopment project is not completed on time. In addition, we will bear the risks of construction delays or cost overruns that may increase project costs and make a project uneconomical and the risk that occupancy or rental rates at a completed project will not be sufficient to enable us to pay operating expenses or earn the targeted rate of return on investment. The revenue generated from this property could potentially be lower during any redevelopment since we would not be receiving rent with respect to the space being redeveloped.

Our current and future joint venture investments could be adversely affected by our lack of sole decision-making authority, our reliance on joint venture partners' financial condition, any disputes that may arise between us and our joint venture partners and our exposure to potential losses from the actions of our joint venture partners.

As of June 30, 2005, we owned four of our operating properties through joint ventures, two of which were accounted for using the equity method as we do not exercise requisite control for consolidation treatment. For the six months ended June 30, 2005, the four properties represented approximately 8% of our annualized base rent. In addition, five of the properties in our development pipeline are currently owned through joint ventures. These joint ventures involve risks not present with respect to our wholly owned properties, including the following:

- we may share decision-making authority with our joint venture partners regarding major decisions affecting the ownership or operation of the joint venture and the joint venture property, such as the sale of the property or the making of additional capital contributions for the benefit of the property, which may prevent us from taking actions that are opposed by our joint venture partners;

- prior consent of our joint venture partners may be required for a sale or transfer to a third party of our interests in the joint venture, which restricts our ability to dispose of our interest in the joint venture;

- our joint venture partners might become bankrupt or fail to fund their share of required capital contributions, which may delay construction or development of a property or increase our financial commitment to the joint venture;

- our joint venture partners may have business interests or goals with respect to the property that conflict with our business interests and goals, which could increase the likelihood of disputes regarding the ownership, management or disposition of the property;

- disputes may develop with our joint venture partners over decisions affecting the property or the joint venture, which may result in litigation or arbitration that would increase our expenses and distract our officers and/or trustees from focusing their time and effort on our business, and possibly disrupt the day-to-day operations of the property such as by delaying the implementation of important decisions until the conflict or dispute is resolved; and

- we may suffer losses as a result of the actions of our joint venture partners with respect to our joint venture investments.

In the future, we intend to co-invest with third parties through joint ventures that involve similar or additional risks.

Adverse market conditions may impede our ability to renew leases or re-let space as leases expire and require us to undertake unbudgeted capital improvements, which could harm our business.

The economic performance and value of our real estate assets is subject to all of the risks associated with owning and operating real estate, including risks related to adverse changes in national, regional and local economic and market conditions. Our operating and development properties currently are located in nine states, with approximately 42% of the owned square footage located in the State of Indiana. The economic condition of each of our markets may be dependent on one or more industries. An economic downturn in one of these industry sectors may result in an increase in tenant bankruptcies, which may harm our performance in the affected market. Economic and market conditions also may affect the ability of our tenants to make lease payments. If our properties do not generate sufficient income to meet our operating expenses, our income and results of operations would be significantly harmed.

We face significant competition, which may impede our ability to renew leases or re-let space as leases expire, require us to undertake unbudgeted capital improvements, or impede our ability to make future developments or acquisitions or increase the cost of these developments or acquisitions.

We compete with numerous developers, owners and operators of retail shopping centers for tenants. These competitors include institutional investors, other REITs and other owner-operators of community and neighborhood shopping centers, some of which own or may in the future own properties similar to ours in the same submarkets in which our properties are located, but which have greater capital resources. If our competitors offer space at rental rates below current market rates, or below the rental rates we currently charge our tenants, we may lose potential tenants and we may be pressured to reduce our rental rates below those we currently charge in order to retain tenants when our tenants' leases expire. As a result, our financial condition, results of operations, cash flow, trading price of our common shares and ability to satisfy our debt service obligations and to pay distributions to our shareholders may be adversely affected. In addition, increased competition for tenants may require us to make capital improvements to properties that we would not have otherwise planned to make. Any unbudgeted capital improvements we undertake may reduce cash available for distributions to shareholders.

We also face significant competition for development and acquisition opportunities. Many of our competitors have greater financial resources than us and a greater ability to borrow funds to develop or acquire properties. Competition for investments may reduce the number of suitable investment opportunities available to us and may have the effect of increasing development or acquisition costs and/or reducing the rents we can charge and, as a result, adversely affecting our operating results. The current market for acquisitions is extremely competitive.

We may not be successful in identifying suitable development projects or acquisitions that meet our criteria, which may impede our growth.

A central part of our business strategy is expansion through development projects and acquisitions, which requires us to identify suitable development or acquisition candidates or investment opportunities that meet our criteria and are compatible with our growth strategy. We may not be successful in identifying suitable real estate properties or other assets that meet our development or acquisition criteria or in completing developments, acquisitions or investments on satisfactory terms. Failure to identify or complete developments or acquisitions could slow our growth, which could in turn adversely affect our operations.

Redevelopment activities may be delayed or otherwise may not perform as expected.

We expect to redevelop certain of our properties in the future. In connection with any redevelopment of our properties, we will bear certain risks, including the risks of construction delays or cost overruns that may increase project costs and make a project uneconomical, the risk that occupancy or rental rates at a completed project will not be sufficient to enable us to pay operating expenses or earn the targeted rate of return on investment, and the risk of incurrence of predevelopment costs in connection with projects that are not pursued to completion. In addition, various tenants may have the right to withdraw from a property if a development and/or redevelopment project is not completed on time. In the case of a redevelopment project, consents may be required from various tenants in order to redevelop a center. In case of an unsuccessful redevelopment project, our loss could exceed our investment in the project.

We may not be able to sell properties when appropriate.

Real estate property investments generally cannot be sold quickly. In connection with our formation at the time of our IPO, we entered into an agreement that restricts our ability, prior to December 31, 2016, to dispose of six of our properties in taxable transactions and limits the amount of gain we can trigger with respect to certain other properties without incurring reimbursement obligations owed to certain limited partners of our Operating Partnership. We have agreed that if we dispose of any interest in six specified properties in a taxable transaction before December 31, 2016, then we will indemnify the contributors of those properties for their tax liabilities attributable to the built-in gain that exists with respect to such property interest as of the time of our IPO (and tax liabilities incurred as a result of the reimbursement payment). The six properties to which our tax indemnity obligations relate represented approximately 25% of our annualized base rent in the aggregate as of June 30, 2005. These six properties are International Speedway Square, Shops at Eagle Creek, Whitehall Pike, Ridge Plaza Shopping Center, Thirty South and Mid-America Clinical Labs. We also agreed to limit the aggregate gain these certain limited partners of our Operating Partnership would recognize with respect to certain other contributed properties through December 31, 2016 to not more than $48 million in total, with certain annual limits, unless we reimburse them for the taxes attributable to the excess gain (and any taxes imposed on the reimbursement payments), and to take certain other steps to help them avoid incurring taxes that are deferred in connection with the formation transactions.

The agreement described above is extremely complicated and imposes a number of procedural requirements on us, which make it more difficult for us to ensure that we comply with all of the various terms of the agreement and therefore creates a greater risk that we may be required to make an indemnity payment. The complicated nature of this agreement also might adversely impact our ability to pursue other transactions, including certain kinds of strategic transactions and reorganizations.

Also, the tax laws applicable to REITs require that we hold our properties for investment, rather than primarily for sale in the ordinary course of business, which may cause us to forego or defer sales of properties that otherwise would be in our best interest to sell. Therefore, we may be unable to vary our portfolio promptly in response to market conditions, which may adversely affect our financial position. In addition, we will be subject to income taxes on gains from the sale of any properties owned by any taxable REIT subsidiary.

Our performance and value are subject to risks associated with real estate assets and with the real estate industry.

Our ability to make expected distributions to our shareholders depends on our ability to generate substantial revenues from our properties. Events and conditions generally applicable to owners and operators of real property that are beyond our control may decrease cash available for distribution and the value of our properties. These events include:

- local oversupply, increased competition or reduction in demand for space;
- inability to collect rent from tenants;
- vacancies or our inability to rent space on favorable terms;
- inability to finance property development, tenant improvements and acquisitions on favorable terms;
- increased operating costs, including insurance premiums, utilities and real estate taxes;

costs of complying with changes in governmental regulations;

the relative illiquidity of real estate investments;

changing demographics; and

changing traffic patterns.

In addition, periods of economic slowdown or recession, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in rents or an increased incidence of defaults under existing leases, which would adversely affect our financial condition, results of operations, cash flow, per share trading price of our common shares and ability to satisfy our debt service obligations and to make distributions to our shareholders.

Potential losses may not be covered by insurance.

We carry comprehensive liability, fire, extended coverage and rental loss insurance covering all of the properties in our portfolio. We do not carry insurance for generally uninsurable losses such as loss from riots, war or acts of God, and, in some cases, flooding. Some of our policies, such as those covering losses due to terrorism and floods, are insured subject to limitations involving large deductibles or co-payments and policy limits that may not be sufficient to cover losses. If we experience a loss that is uninsured or that exceeds policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged.

Rising operating expenses could reduce our cash flow and funds available for future distributions.

Our existing properties and any properties we develop or acquire in the future are and will be subject to operating risks common to real estate in general, any or all of which may negatively affect us. If any property is not fully occupied or if rents are being paid in an amount that is insufficient to cover operating expenses, then we could be required to expend funds for that property's operating expenses. The properties will be subject to increases in real estate and other tax rates, utility costs, operating expenses, insurance costs, repairs and maintenance and administrative expenses.

We could incur significant costs related to government regulation and environmental matters.

Under various federal, state and local laws, ordinances and regulations, an owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or petroleum product releases at a property and may be held liable to a governmental entity or to third parties for property damage and for investigation and clean up costs incurred by such parties in connection with contamination. The cost of investigation, remediation or removal of such substances may be substantial, and the presence of such substances, or the failure to properly remediate such substances, may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral. In connection with the ownership, operation and management of real properties, we are potentially liable for removal or remediation costs, as well as certain other related costs, including governmental fines and injuries to persons and property.

RISKS RELATED TO OUR ORGANIZATION AND STRUCTURE

Our organizational documents contain provisions that generally would prohibit any person (other than members of the Kite family who, as a group, are currently allowed to own up to 21.5% of our outstanding common shares) from beneficially owning more than 7% of our outstanding common shares (or up to 9.8% in the case of certain designated investment entities, as defined in our declaration of trust), which may discourage third parties from conducting a tender offer or seeking other change of control transactions that could involve a premium price for our shares or otherwise benefit our shareholders.

Our organizational documents contain provisions that may have an anti-takeover effect and inhibit a change in our management.

(1) *There are ownership limits and restrictions on transferability in our declaration of trust.* In order for us to qualify as a REIT, no more than 50% of the value of our outstanding shares may be owned, actually or constructively, by five or fewer individuals at any time during the last half of each taxable year. To make sure that we will not fail to satisfy this requirement and for anti-takeover reasons, our declaration of trust generally prohibits any shareholder (other than an excepted holder or certain designated investment entities, as defined in our declaration of trust) from owning (actually, constructively or by attribution), more than 7% of the value or number of our outstanding common shares. Our declaration of trust provides an excepted holder limit that allows members of the Kite family (Al Kite, John Kite and Paul Kite, their family members and certain entities controlled by one or more of the Kites), as a group, to own more than 7% of our outstanding common shares, so long as, under the applicable tax attribution rules, no one excepted holder treated as an individual would hold more than 21.5% of our common shares, no two excepted holders treated as individuals would own more than 28.5% of our common shares, no three excepted holders treated as individuals would own more than 35.5% of our common shares, no four excepted holders treated as individuals would own more than 42.5% of our common shares, and no five excepted holders treated as individuals would own more than 49.5% of our common shares. Currently, one of the excepted holders would be attributed all of the common shares owned by each other excepted holder and, accordingly, the excepted holders as a group would not be allowed to own in excess of 21.5% of our common shares. If at a later time, there were not one excepted holder that would be attributed all of the shares owned by the excepted holders as a group, the excepted holder limit would not permit each excepted holder to own 21.5% of our common shares. Rather, the excepted holder limit would prevent two or more excepted holders who are treated as individuals under the applicable tax attribution rules from owning a higher percentage of our common shares than the maximum amount of common shares that could be owned by any one excepted holder (21.5%), plus the maximum amount of common shares that could be owned by any one or more other individual common shareholders who are not excepted holders (7%). Certain entities that are defined as designated investment entities in our declaration of trust, which generally includes pension funds, mutual funds, and certain investment management companies, are permitted to own up to 9.8% of our outstanding common shares, so long as each beneficial owner of the shares owned by such designated investment entity would satisfy the 7% ownership limit if those beneficial owners owned directly their proportionate share of the common shares owned by the designated investment entity. Our board of trustees may waive the 7% ownership limit or the 9.8% designated investment entity limit for a shareholder that is not an individual if such shareholder provides information and makes representations to the board that are satisfactory to the board, in its reasonable discretion, to establish that such person's ownership in excess of the 7% limit or the 9.8% limit, as applicable, would not jeopardize our qualification as a REIT. In addition, our declaration of trust contains certain other ownership restrictions intended to prevent us from earning income from related

parties if such income would cause us to fail to comply with the REIT gross income requirements. The various ownership restrictions may:

- discourage a tender offer or other transactions or a change in management or control that might involve a premium price for our shares or otherwise be in the best interests of our shareholders; or

- compel a shareholder who has acquired our shares in excess of these ownership limitations to dispose of the additional shares and, as a result, to forfeit the benefits of owning the additional shares. Any acquisition of our common shares in violation of these ownership restrictions will be void *ab initio* and will result in automatic transfers of our common shares to a charitable trust, which will be responsible for selling the common shares to permitted transferees and distributing at least a portion of the proceeds to the prohibited transferees.

(2) *Our declaration of trust permits our board of trustees to issue preferred shares with terms that may discourage a third party from acquiring us.* Our declaration of trust permits our board of trustees to issue up to 40,000,000 preferred shares, having those preferences, conversion or other rights, voting powers, restrictions, limitations as to distributions, qualifications, or terms or conditions of redemption as determined by our board. Thus, our board could authorize the issuance of preferred shares with terms and conditions that could have the effect of discouraging a takeover or other transaction in which holders of some or a majority of our shares might receive a premium for their shares over the then-prevailing market price of our shares. In addition, any preferred shares that we issue likely would rank senior to our common shares with respect to payment of distributions, in which case we could not pay any distributions on our common shares until full distributions were paid with respect to such preferred shares.

(3) *Our declaration of trust and bylaws contain other possible anti-takeover provisions.* Our declaration of trust and bylaws contain other provisions that may have the effect of delaying, deferring or preventing a change in control of our company or the removal of existing management and, as a result, could prevent our shareholders from being paid a premium for their common shares over the then-prevailing market prices. These provisions include advance notice requirements for shareholder proposals and our board of trustees' power to reclassify shares and issue additional common shares or preferred shares and the absence of cumulative voting rights.

If we are unable to satisfy the regulatory requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or if our internal control over financial reporting is not effective, investors could lose confidence in our reported financial information, which could adversely affect the perception of our business and the trading price of our common shares.

As a new public company, Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, requires us to evaluate the effectiveness of our internal control over financial reporting as of the end of each fiscal year, beginning with the year ending December 31, 2005, and to include a management report assessing the effectiveness of our internal control over financial reporting in all annual reports beginning with our Annual Report on Form 10-K for the fiscal year ending December 31, 2005, to be filed in early 2006. In addition, Section 404 also requires our independent registered public accounting firm to attest to, and report on, management's assessment of our internal control over financial reporting. In anticipation of the requirement to comply with Section 404 for our Annual Report on Form 10-K for the year ending December 31, 2005, we are in the process of reviewing, testing and, where necessary, enhancing our policies and procedures on internal control over financial reporting. During this ongoing evaluation of our internal control over financial reporting, we may identify material weaknesses or significant deficiencies which may not be remediated in a timely manner. The process of reviewing and enhancing our internal control over financial reporting will require us to expend significant financial and internal resources and we can provide no assurance that we will be able to timely comply with the requirements of Section 404. If we are unable to timely complete the assessment of our internal control over financial reporting, if management is unable to favorably assess the effectiveness of our internal control over financial reporting or if our auditors are unable to give an unqualified attestation report with respect to our assessment of those controls, investors could lose confidence in our reported financial information, which could adversely affect the perception of our business and the trading price of our common shares.

Certain provisions of Maryland law could inhibit changes in control.

Certain provisions of Maryland law may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change of control under circumstances that otherwise could provide the holders of our common shares with the opportunity to realize a premium over the then-prevailing market price of such shares, including:

"business combination moratorium/fair price" provisions that, subject to limitations, prohibit certain business combinations between us and an "interested shareholder" (defined generally as any person who beneficially owns 10% or more of the voting power of our shares or an affiliate thereof) for five years after the most recent date on which the shareholder becomes an interested shareholder, and thereafter imposes stringent fair price and super-majority shareholder voting requirements on these combinations; and

"control share" provisions that provide that "control shares" of our company (defined as shares which, when aggregated with other shares controlled by the shareholder, entitle the shareholder to exercise one of three increasing ranges of voting power in electing trustees) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of "control shares" from a party other than the issuer) have no voting rights except to the extent approved by our shareholders by the affirmative vote of at least two thirds of all the votes entitled to be cast on the matter, excluding all interested shares, and are subject to redemption in certain circumstances.

We have opted out of these provisions of Maryland law. However, our board of trustees may opt to make these provisions applicable to us at any time.

Our management has limited experience operating a REIT or a public company.

We have limited operating history as a REIT or a public company. Our board of trustees and executive officers have overall responsibility for our management and, while certain of our officers and trustees have extensive experience in real estate marketing, development, management, finance and law, our executive officers have limited experience in operating a business in accordance with the Internal Revenue Code requirements for maintaining qualification as a REIT or in operating a public company. We cannot assure you that our past experience will be sufficient to successfully operate our company as a REIT or a public company. If we fail to qualify as a REIT, and are not able to avail ourselves of certain savings provisions set forth in the Internal Revenue Code, the value of our common shares and our ability to raise additional capital will be adversely affected because we will be required to pay corporate tax at applicable rates on our taxable income, our distributions to shareholders will not be deductible in computing our taxable income for federal income tax purposes and we will no longer be required to make distributions to shareholders.

Certain officers and trustees may have interests that conflict with the interests of shareholders.

Certain of our officers and members of our board of trustees own limited partnership units in our Operating Partnership. These individuals may have personal interests that conflict with the interests of our shareholders with respect to business decisions affecting us and our Operating Partnership, such as interests in the timing and pricing of property sales or refinancings in order to obtain favorable tax treatment. As a result, the effect of certain transactions on these unit holders may influence our decisions affecting these properties.

Certain members of our management team have outside business interests that could require time and attention.

Certain members of our management team own interests in properties that are not part of our Company. These properties include various outlots and interests in buildings that are held for sale, a 243-room Indianapolis luxury hotel and condominium development that is planned for 2006 delivery, one option property and Kite, Inc., a full service self-performing interior construction company. In some cases, one or more of these individuals or their affiliates will have certain management and fiduciary obligations that may conflict with such person's responsibilities as an officer or trustee of our company and may adversely affect our operations.

We depend on external capital.

To qualify as a REIT, we will be required to distribute to our shareholders each year at least 90% of our net taxable income excluding net capital gains. In order to eliminate federal income tax, we will be required to distribute annually 100% of our net taxable income, including capital gains. Because of these distribution requirements, we likely will not be able to fund all future capital needs, including capital for property development and acquisitions, with income from operations. We therefore will have to rely on third-party sources of capital, which may or may not be available on favorable terms, if at all. Our access to third-party sources of capital depends on a number of things, including the market's perception of our growth potential and our current and potential future earnings and our ability to qualify as a REIT for federal income tax purposes.

Our rights and the rights of our shareholders to take action against our trustees and officers are limited.

Maryland law provides that a director or officer has no liability in that capacity if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in our best interests that an ordinarily prudent person in a like position would use under similar circumstances. Our declaration of trust and bylaws require us to indemnify our trustees and officers for actions taken by them in those capacities to the extent permitted by Maryland law. As a result, we and our shareholders may have more limited rights against our trustees and officers than might otherwise exist under common law. Accordingly, in the event that actions taken in good faith by any of our trustees or officers impede the performance of our company, our shareholders' ability to recover damages from such trustee or officer will be limited.

We may have assumed liabilities in connection with our formation transactions.

As part of our formation transactions, we acquired entities and assets that are subject to existing liabilities, some of which may have been unknown at the time our initial public offering was completed. Unknown liabilities might include liabilities for cleanup or remediation of undisclosed environmental conditions, claims by customers, vendors or other persons dealing with our predecessor entities (that had not been asserted or threatened prior to our initial public offering), tax liabilities and accrued but unpaid liabilities incurred in the ordinary course of business. While in some instances we may have the right to seek reimbursement against an insurer or another third party for certain of these liabilities, there can be no assurance that we will be entitled to any such reimbursement or that ultimately we will be able to recover in respect of such rights for any of these historical liabilities.

Our shareholders have limited ability to prevent us from making any changes to our policies that they believe could harm our business, prospects, operating results or share price.

Our board of trustees has adopted policies with respect to certain activities. These policies may be amended or revised from time to time at the discretion of our board of trustees without a vote of our shareholders. This means that our shareholders will have limited control over changes in our policies. Such changes in our policies intended to improve, expand or diversify our business may not have the anticipated effects and consequently may adversely affect our business and prospects, results of operations and share price.

TAX RISKS

Failure of our company to qualify as a REIT would have serious adverse consequences to us and our shareholders.

We elected to be taxed as a REIT for federal income tax purposes commencing with our taxable year ending December 31, 2004, and we plan to operate so that we can meet the requirements for qualification and taxation as a REIT. We have not requested and do not plan to request a ruling from the IRS that we qualify as a REIT, and the statements in this prospectus supplement are not binding on the IRS or any court. As a REIT, we generally will not be subject to federal income tax on our income that we distribute currently to our shareholders. Many of the REIT requirements, however, are highly technical and complex. The determination that we are a REIT requires an analysis of various factual matters and circumstances that may not be totally within our control. For example, to qualify as a REIT, at least 95% of our gross income must come from specific passive sources, such as rent, that are itemized in the REIT tax laws. In addition, to qualify as a REIT, we cannot own specified amounts of debt and equity securities of some issuers. We also are required to distribute to our shareholders with respect to each year at least 90% of our REIT taxable income (excluding capital gains). The fact that we hold substantially all of our assets through our Operating Partnership and its subsidiaries and joint ventures further complicates the application of the REIT requirements for us. Even a technical or inadvertent mistake could jeopardize our REIT status and, given the highly complex nature of the rules governing REITs and the ongoing importance of factual determinations, we cannot provide any assurance that we will continue to qualify as a REIT. Furthermore, Congress and the IRS might make changes to the tax laws and regulations, and the courts might issue new rulings, that make it more difficult, or impossible, for us to remain qualified as a REIT.

If we fail to qualify as a REIT for federal income tax purposes, and are unable to avail ourselves of certain savings provisions set forth in the Internal Revenue Code, we would be subject to federal income tax at regular corporate rates. As a taxable corporation, we would not be allowed to take a deduction for distributions to shareholders in computing our taxable income or pass through long term capital gains to individual shareholders at favorable rates. We also could be subject to the federal alternative minimum tax and possibly increased state and local taxes. We would not be able to elect to be taxed as a REIT for four years following the year we first failed to qualify unless the IRS were to grant us relief under certain statutory provisions. If we failed to qualify as a REIT, we would have to pay significant income taxes, which would reduce our net earnings available for investment or distribution to our shareholders. This likely would have a significant adverse effect on our earnings and the value of our securities. In addition, we would no longer be required to pay any distributions to shareholders. If we fail to qualify as a REIT for federal income tax purposes and are able to avail ourselves of one or more of the statutory savings provisions in order to maintain our REIT status, we would nevertheless be required to pay penalty taxes of $50,000 or more for each such failure.

We will pay some taxes even if we qualify as a REIT.

Even if we qualify as a REIT for federal income tax purposes, we will be required to pay certain federal, state and local taxes on our income and property. For example, we will be subject to income tax to the extent we distribute less than 100% of our REIT taxable income (including capital gains). Moreover, if we have net income from "prohibited transactions," that income will be subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of property held primarily for sale to customers in the ordinary course of business. The determination as to whether a particular sale is a prohibited transaction depends on the facts and circumstances related to that sale. While we will undertake sales of assets if those assets become inconsistent with our long-term strategic or return objectives, we do not believe that those sales should be considered prohibited transactions, but there can be no assurance that the IRS would not contend otherwise. The need to avoid prohibited transactions could cause us to forego or defer sales of properties that our predecessors otherwise would have sold or that it might otherwise be in our best interest to sell. In addition, any net taxable income earned directly by our taxable REIT subsidiaries, or through entities that are disregarded for federal income tax purposes as entities separate from our taxable REIT subsidiaries, will be subject to federal and possibly state corporate income tax. We have elected to treat Kite Realty Holdings, LLC as a taxable REIT subsidiary, and we may elect to treat other subsidiaries as taxable REIT subsidiaries in the future. In this regard, several provisions of the laws applicable to REITs and their subsidiaries ensure that a taxable REIT subsidiary will be subject to an appropriate level of federal income taxation. For example, a taxable REIT subsidiary is limited in its ability to deduct interest payments made to an affiliated REIT. In addition, the REIT has to pay a 100% penalty tax on some payments that it receives or on some deductions taken by the taxable REIT subsidiaries if the economic arrangements between the REIT, the REIT's tenants, and the taxable REIT subsidiary are not comparable to similar arrangements between unrelated parties. Finally, some state and local jurisdictions may tax some of our income even though as a REIT we are not subject to federal income tax on that income because not all states and localities treat REITs the same as they are treated for federal income tax purposes. To the extent that we and our affiliates are required to pay federal, state and local taxes, we will have less cash available for distributions to our shareholders.

USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately $120.5 million (or $138.6 million if the underwriters exercise in full their option to purchase up to an additional 1,275,000 shares if the underwriters sell more than 8,500,000 shares in this offering), after deducting underwriting discounts and commissions and other expenses of this offering. We intend to contribute the proceeds of this offering to our Operating Partnership in exchange for additional units in our Operating Partnership. Our Operating Partnership intends to use the net proceeds from this offering:

- to repay outstanding indebtedness on our Eagle Creek, Phase II development property ($0.9 million);
- to repay outstanding construction indebtedness ($39.8 million) and acquisition indebtedness ($0.5 million) on our Traders Point property;
- to repay outstanding indebtedness on our Weston Park property ($4.2 million);
- to repay outstanding indebtedness on our Shops at Otty property ($1.8 million);
- to repay outstanding indebtedness on our Circuit City Plaza property ($6.7 million);
- to pay down our secured revolving credit facility ($58.5 million); and
- for general corporate purposes, which may include acquisitions of additional properties, the repayment of outstanding indebtedness, capital expenditures, the expansion, redevelopment and/or improvement of properties in our portfolio and working capital ($8.1 million).

The following sets forth certain additional information with respect to the indebtedness we intend to repay with the net proceeds from this offering:

	Interest Rate	Maturity Date
Secured revolving credit facility	LIBOR+135bp	8/31/07
Eagle Creek, Phase II	LIBOR+250bp	10/21/05
Traders Point (two loans)	LIBOR+235bp	10/5/06
	Prime	10/6/06
Weston Park	LIBOR+215bp	7/9/06
Shops at Otty	Prime	10/12/05
Circuit City Plaza	LIBOR+185bp	6/30/06

Pending application of the net proceeds as described above, we may initially invest the net proceeds in short-term, investment-grade, interest-bearing securities or apply them to the reduction of short-term indebtedness.

CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2005 on an actual basis and as adjusted to give effect to this offering and the expected use of the net proceeds therefrom.

	As of June 30, 2005	
	Actual	As Adjusted
	(in thousands)	
Debt	$ 409,713	$ 297,343
Limited Partners' Interest	69,746	81,715
Shareholders' Equity:		
Common shares, $0.01 par value, 200,000,000 shares authorized, 19,148,267 shares issued and outstanding actual, and 27,648,267 shares issued and outstanding, as adjusted(1)	191	276
Preferred shares, $0.01 par value, 40,000,000 shares authorized, no shares issued and outstanding actual and as adjusted		
Additional paid in capital	173,279	281,681
Accumulated deficit	(14,848)	(14,848)
Other	(1,183)	(1,183)
Total shareholder's equity	157,439	265,926
Total capitalization	$ 636,898	$ 644,984

(1) Excludes 1,275,000 shares issuable upon exercise of the underwriters' option to purchase additional shares if the underwriters sell more than 8,500,000 shares in this offering and 979,520 shares issuable upon exercise of options granted under our equity incentive plan. Also excludes 1,020,480 additional shares that may be issued in the future under our equity incentive plan.

PRICE RANGE OF COMMON SHARES AND DIVIDEND PERFORMANCE

Our common shares are traded on the New York Stock Exchange under the symbol "KRG." On September 27, 2005, the last reported sales price of our common shares was $15.01 per share. The following table sets forth the high and low sales prices for our common shares for the periods indicated below as reported on the New York Stock Exchange and the dividends declared by us on our common shares during each such period.

	Price Range of our Common Shares		
Quarterly Period Ended	**High**	**Low**	**Dividend**
2005			
September 30, 2005 (through September 27, 2005)	$ 16.52	$ 14.75	$ 0.1875(1)
June 30, 2005	$ 15.50	$ 13.40	$ 0.1875
March 31, 2005	$ 15.65	$ 14.05	$ 0.1875
2004			
December 31, 2004	$ 15.61	$ 12.70	$ 0.1875
September 30, 2004 (beginning August 11, 2004)	$ 13.56	$ 12.50	$ 0.09375

(1) Our board of trustees declared a dividend of 0.1875 per common share payable on or about October 18, 2005 to holders of record as of October 3, 2005.

Distribution Policy

To satisfy the requirements to qualify as a REIT, and to eliminate all, or substantially all, of our federal income tax liability, we intend to make regular quarterly distributions of all, or substantially all, of our REIT taxable income (including net capital gains) to our shareholders. Since the completion of our IPO, our board of trustees has declared quarterly distributions on our common shares of $0.1875 per common share (pro-rated for the initial distribution), or $0.75 per common share on an annualized basis.

If sufficient cash is not generated from operations to satisfy the requirement that we distribute at least 90% of our REIT taxable income and to avoid paying tax on our REIT taxable income, we expect to borrow to fund the shortfall.

Any future distributions we make will be at the discretion of our board of trustees and will depend upon, among other things, our actual results of operations. Our actual results of operations and our ability to pay distributions will be affected by a number of factors, including the revenue we receive from our properties, our operating expenses, interest expense, our occupancy levels, the ability of our tenants to meet their obligations and unanticipated expenditures.

OUR COMPANY

Overview

We are a full-service, vertically integrated REIT focused on the development, construction, acquisition, ownership and operation of neighborhood and community shopping centers in selected growth markets in the United States. Our objective is to maximize the cash flow of our operating properties, successfully complete the construction and lease-up of our development portfolio and continue to identify new development and acquisition opportunities. Our founders and predecessors have been in the real estate and construction business since 1960. Our business is primarily concentrated in retail real estate. We are currently focused on retail development as a key driver of growth for our company. We believe that our vertically integrated development platform provides us with a competitive advantage by enabling us to control all aspects of the development process from design to operation. Additionally, we will selectively pursue acquisitions of properties that are consistent with our business strategy.

As of June 30, 2005, we owned interests in a portfolio of 42 operating properties, consisting of 36 retail properties and six commercial assets, totaling approximately 6.0 million square feet of gross leasable area (including non-owned anchor space). Our retail and commercial operating portfolios were approximately 94% and 98% leased, respectively, as of June 30, 2005. Since our initial public offering, or IPO, we have delivered seven properties from our development pipeline into our operating portfolio. These properties were 98% leased as of June 30, 2005. Our current development pipeline consists of 14 retail properties that are projected to contain approximately 2.1 million square feet of gross leasable area (including non-owned anchor space). In addition, we are continually evaluating new retail development opportunities for delivery in future years.

Since August 16, 2004, the date of our IPO, we have acquired 11 retail operating properties representing approximately 1.6 million total owned square feet for an aggregate purchase price of approximately $219.9 million. Our acquisition activities have been focused on high-quality retail properties located in our core growth markets which we believe offer opportunities for long term cash flow growth through proactive management and leasing or redevelopment opportunities.

We believe that we have established a track record of acquisitions and development as a public company which we expect to continue in the coming years. We also are committed to our fee businesses, which consist of third-party construction, build-to-suit development and advisory services.

We were formed in March 2004 and commenced operations on August 16, 2004 following the completion of our IPO. We conduct all of our business through our Operating Partnership, of which we are the sole general partner, and its subsidiaries. As of June 30, 2005, we held an approximate 69% interest in our Operating Partnership.

Our principal executive office is located at 30 S. Meridian Street, Suite 1100, Indianapolis, IN 46204. Our telephone number is (317) 577-5600. Our web address is www.kiterealty.com. The information on our web site does not constitute a part of this prospectus supplement.

Business Strategy

Our primary business objectives are to generate increasing cash flow, achieve sustainable long-term growth and maximize shareholder value primarily through the development, acquisition and operation of well-located community and neighborhood shopping centers. We seek to implement our business objectives by:

- successfully completing the construction and lease-up of our development portfolio;
- continuing to pursue well-located land which can support development;

- acquiring well-located, high quality retail properties through our investment and market selection process;
- maintaining a focused property management and leasing strategy;
- selling assets and recycling capital; and
- leveraging our construction and advisory services businesses.

Development

In today's market environment, development continues to be our primary driver of growth and represents our best alternative for high-yielding investments. Our development activities continue to focus on creating high-quality neighborhood and community shopping centers anchored by nationally recognized retailers. In addition, we leverage our vertically-integrated development platform to serve as a third-party developer for national retailers and other clients. We control all aspects of the development process from design to operation, which improves our ability to deliver a quality product on budget and on time. We have in-house capabilities and expertise in land procurement, pre-development services, leasing, construction, and property management. Our construction expertise enables us to better identify and complete redevelopment and value-enhancing acquisition opportunities. We believe that our vertically integrated platform allows us to achieve attractive risk-adjusted returns on our development projects while substantially mitigating the risks associated with ground-up development.

Currently, we have 14 projects in our development pipeline, which we expect to be a significant source of growth over the next several years. The properties in the development pipeline are anticipated to total over 2.1 million square feet (including non-owned anchor space). The total estimated project cost for these 14 projects is approximately $205.6 million. In addition, we own 128 acres of land that represent future development opportunities.

Joint Ventures. Five of the projects in our development pipeline are owned by joint ventures with local developers. These relationships give us access to valuable real estate opportunities and allow us to mitigate our development risk. We anticipate that this model of joint venturing with local companies to source and complete new projects will continue to be an important part of our development strategy.

Property Acquisitions and our Investment and Market Selection Process

We seek to develop and acquire primarily neighborhood and community shopping centers in neighborhood trade areas with attractive demographics. When specific markets are selected, we seek a convenient and easily accessible location, preferably occupying the dominant corner, that has abundant parking facilities, is close to residential communities, and has excellent visibility for our tenants and easy access for neighborhood shoppers. Our selection process emphasizes the following factors:

Market and Trade Area

In order to take advantage of our current resources and create economies of scale, our development and acquisition activities are focused primarily in or near the markets in which we currently operate or in which we have had previous experience. By having a presence in a market and developing relationships in that market, we have a greater awareness of market trends and opportunities.

We evaluate each market based on criteria appropriate for each market and prospective use, including:

- historical and projected population growth;

- average household income, and density of population within a one-, three- or five-mile radius of the center depending on the characteristics of the property and planned development;
- transportation patterns and infrastructure;
- barriers to the development of competing centers; and
- a diverse employment base.

We also consider opportunities to expand into other geographic markets if we believe that those markets have favorable long-term growth prospects.

Property Characteristics

We focus on neighborhood and community shopping centers anchored by market-leading retailers or smaller operators with dominant niche positions. In addition, we focus on the presence of one or more additional anchors for these centers, including grocers, office superstores, off-price retailers and fabric and clothing retailers, all of whom we believe increase traffic at the centers and are generally beneficial to the value of the center. We also seek properties with a diverse tenant mix that includes service retailers, such as banks, florists, video stores, restaurants, apparel and specialty shops. We target dominant shopping centers that generate a steady, repetitive flow of traffic by providing staple goods to the community and offering a high level of convenience with ease of access and abundant parking.

We plan to focus our new investments in the shopping center sector, but also may selectively pursue commercial development opportunities in markets where we currently operate and where we believe we can leverage our existing infrastructure and relationships to generate attractive risk adjusted returns. In evaluating future investments in properties other than neighborhood and community shopping centers, we seek properties or transactions that have unique characteristics that present a compelling case for investment. Examples might include properties having high entry yields, properties that are outside of our target markets but are being sold as part of a portfolio package, properties that are debt-free, a transaction in which we might issue Operating Partnership units or properties that provide substantial growth potential through redevelopment.

Key Relationships

We seek to partner with key tenants and retailers, such as Lowe's, Walgreens, Old Navy, Bed Bath & Beyond, Staples, Publix, Kohl's, Target and Wal-Mart, to identify attractive investments in new and existing markets. We seek to maintain strong tenant and retailer relationships in order to avoid rent interruptions and reduce marketing, leasing and tenant improvement costs that result from re-tenanting space.

We believe that we will continue to source a significant volume of growth opportunities through the extensive network of tenant, corporate and institutional relationships that we and our predecessor have established over the last four decades. Additionally, we believe our status as a publicly traded umbrella partnership REIT will enhance our ability to acquire properties from tax-motivated sellers through the use of units in our Operating Partnership as consideration, thereby providing sellers with liquidity and diversification while providing the opportunity for substantial deferral of income taxes that otherwise would be due as a result of a cash sale.

Property Management and Leasing Strategy

We believe that focused property management, leasing and tenant retention are essential to maximizing the cash flow and value of our properties. Our property management and leasing functions are supervised and administered by personnel at our principal executive office.

Our primary goal in property management is to maintain an attractive shopping environment on a cost effective basis for our tenants. Our property managers maintain regular contact with our tenants and frequently visit each asset to support the local personnel and to ensure the proper implementation and execution of our policies and directives. As part of our ongoing property management, we conduct regular physical property reviews to improve our properties, react to changing market conditions and ensure proper maintenance. In addition, we have a competitive bid process for the majority of our service contracts. In the future, we may establish regional offices in certain markets such as Texas and Florida where we plan to expand our current operations through additional acquisitions and development.

Our relationships with the national retailers that currently occupy space in our portfolio are the cornerstone of our overall leasing strategy. These nationally recognized anchor tenants enhance the stability and attractiveness of our properties by driving customer traffic, thereby enhancing the performance of our non-anchor tenants and small shops. Due to the importance of these anchor tenants to our business, our leasing and development teams work closely with each of these retailers on site selection and expansion opportunities within our current and future portfolio. This focused coverage allows us to anticipate space needs, fill vacant space in our existing portfolio and identify opportunities to enter into new markets.

Our leasing representatives have become experts in the markets in which we operate by becoming familiar with current tenants as well as potential local, regional and national tenants who would complement our current tenant base. We study demographics, tenant sales and merchandizing mix to optimize the sales performance of our centers and thereby increase rents. We believe this hands-on approach maximizes the value of our neighborhood and community shopping centers.

Disposition Strategy

We review each of our assets on a regular basis to determine the appropriate capital strategy for the asset. This review involves weighing the asset's future potential growth against its current market value. Subject to REIT qualification rules, avoidance of the 100% "prohibited transactions tax" applicable to REITs and tax protection obligations that we undertook in connection with our formation transactions, we will consider disposing of properties if our management determines that a sale of a property would be in our best interests based on the price being offered for the property, the operating performance of the property, the tax consequences of the sale and other factors and circumstances surrounding the proposed sale. Property dispositions that would give rise to an indemnification obligation under the tax protection obligations we undertook in connection with our formation transactions are subject to approval by a majority of our independent trustees.

Construction and Advisory Services Operations

We provide general construction, construction management, design/build and complete site development services and have experience in corporate, institutional, hotel, medical and retail construction. KMI Realty Advisors, Inc. (KMI), one of our taxable REIT subsidiaries, is an SEC registered investment adviser. KMI provides strategic property services to both the public and private sector. KMI provides a full range of real estate consulting and management services, including portfolio management, due diligence, acquisition, development, financial, program management, facility management and disposition services. KMI will utilize resources from our development and construction operations to customize a real estate strategy to achieve specific client goals. As of June 30, 2005, KMI managed or co-managed real estate portfolios totaling approximately $175 million for several pension funds, and managed or co-managed approximately 10 million additional square feet of real estate. In addition to being a continuing source of advisory income, we believe that KMI will help facilitate future access to capital and avenues for growth.

Financing Strategy

We consider a number of factors when evaluating our level of indebtedness and when making decisions regarding the incurrence of indebtedness, including the purchase price of properties to be developed or acquired with debt financing, the estimated market value of our properties upon refinancing and the ability of particular properties, as well as our Company as a whole, to generate cash flow to cover expected debt service.

Generally speaking, although we may incur any of the forms of indebtedness described below, we intend to focus primarily on financing future growth through the incurrence of secured debt on an individual property or a portfolio of properties. We may incur debt in the form of purchase money obligations to the sellers of properties, or in the form of publicly or privately placed debt instruments, financing from other banks, institutional investors, or other lenders, any of which may be unsecured or may be secured by mortgages or other interests in our properties. This indebtedness may be recourse, non-recourse or cross-collateralized and, if recourse, that recourse may include our general assets and, if non-recourse, may be limited to the particular property to which the indebtedness relates. In addition, we may invest in properties subject to existing loans secured by mortgages or similar liens on the properties, or may refinance properties acquired on a leveraged basis. We may use the proceeds from any borrowings for working capital, to purchase additional interests in partnerships or joint ventures in which we participate, to refinance existing indebtedness or to finance acquisitions, expansion, redevelopment of existing properties or development of new properties. We also may incur indebtedness for other purposes when, in the opinion of our board or management, it is advisable to do so. In addition, we may need to borrow to make distributions (including distributions that may be required under the Internal Revenue Code) if we do not have sufficient cash available to make those distributions.

Retail Operating Properties

As of June 30, 2005, we owned interests in a portfolio of 36 retail operating properties totaling approximately 5.4 million square feet of gross leasable area, or GLA (including non-owned anchor space). The following table sets forth more specific information with respect to our retail operating properties as of June 30, 2005:

Retail Operating Properties

Property(1)	State	MSA	Year Built/Renovated	Annualized Base Rent(2)	Total GLA(3)	Owned GLA(3)	Percentage of Owned GLA Leased(4)	Major Tenants and Non-Owned Anchors(5)
International Speedway Square(6)	FL	Daytona Beach	1999	2,688,926	233,901	220,901	100.0%	Stein Mart, Bed Bath, Circuit City
King's Lake Square	FL	Naples	1986/2005	1,031,355	85,497	85,497	97.5%	Publix, Walgreens
Wal-Mart Plaza(7)	FL	Gainesville	1970	914,838	177,826	177,826	100.0%	Wal-Mart, Books A Million, Save A Lot
Waterford Lakes	FL	Orlando	1997	899,171	77,948	77,948	100.0%	Winn-Dixie(8)
Shops at Eagle Creek	FL	Naples	1998	739,198	75,944	75,944	91.0%	Winn-Dixie(8)
Circuit City Plaza	FL	Ft. Lauderdale	2004	817,202	435,906	45,906	91.5%	Circuit City, Wal-Mart (non-owned)
Indian River Square	FL	Vero Beach	1997/2004	1,410,845	379,246	144,246	100.0%	Office Depot, Bealls, Ragshop
Centre at Panola	GA	Atlanta	2001	828,424	73,079	73,079	100.0%	Publix
Publix at Acworth	GA	Atlanta	1996	774,968	69,628	69,628	98.3%	Publix, CVS
Silver Glen Crossing	IL	Chicago	2002	1,719,790	138,274	132,725	88.4%	Dominick's, MC Sports
Fox Lake Crossing	IL	Chicago	2002	1,328,126	99,095	99,095	95.5%	Dominick's
Glendale Mall(6)	IN	Indianapolis	1958/2000	2,540,584	724,026	579,189	84.3%	L.S. Ayres, Kerasotes Theatre, Lowe's (non-owned)
Cool Creek Commons	IN	Indianapolis	2005	1,897,369	133,177	120,648	95.0%	Fresh Market, Stein Mart
Boulevard Crossing	IN	Kokomo	2004	1,366,805	214,696	112,696	96.0%	TJ Maxx, Petco, Shoe Carnival, Kohl's (non-owned)
Hamilton Crossing	IN	Indianapolis	1999	1,268,611	87,374	82,374	91.0%	Office Depot
Fishers Station(9)	IN	Indianapolis	1989/2005	1,143,219	114,457	114,457	84.4%	Marsh Supermarket
Whitehall Pike	IN	Bloomington	1999	1,014,000	128,997	128,997	100.0%	Lowe's
The Centre(6)(10)	IN	Indianapolis	1986	1,001,979	80,689	80,689	98.6%	Osco
The Corner Shops	IN	Indianapolis	1984/2003	483,182	42,545	42,545	97.1%	Hancock Fabrics
Stoney Creek Commons	IN	Indianapolis	2000	155,000	149,809		*	Lowe's (non-owned)
Weston Park Phase I	IN	Indianapolis	2005	190,000	12,200		*	
Martinsville Shops	IN	Martinsville	2005	147,620	10,986	10,986	100.0%	
50 South Morton	IN	Indianapolis	1999	132,000	2,000	2,000	100.0%	
Ridge Plaza	NJ	Oak Ridge	2002	1,734,864	114,928	114,928	94.4%	A&P, CVS
Eastgate Pavilion	OH	Cincinnati	1995	2,209,767	231,730	231,730	100.0%	Dick's Sporting Goods, Value City Furniture, Best Buy
Shops at Otty(11)	OR	Portland	2004	395,656	154,845	9,845	100.0%	
Plaza at Cedar Hill	TX	Dallas	2000	3,501,261	299,783	299,783	100.0%	Hobby Lobby, Linens 'N Things, Marshall's
Sunland Towne Centre	TX	El Paso	1996	3,056,687	312,571	307,595	98.9%	Kmart, Circuit City, Roomstore
Galleria Plaza(12)(13)	TX	Dallas	2002	353,906	44,306	44,306	29.1%	
Cedar Hill Village(13)	TX	Dallas	2002	240,620	139,092	44,262	27.2%	JC Penney (non-owned)
Preston Commons	TX	Dallas	2002	552,652	142,564	27,564	85.6%	Lowe's (non-owned)
Burlington Coat(14)	TX	San Antonio	1992/2000	483,300	107,400	107,400	100.0%	Burlington Coat Factory
Plaza Volente	TX	Austin	2004	2,547,881	160,308	156,308	100.0%	H-E-B Grocery
50th & 12th	WA	Seattle	2004	475,000	14,500	14,500	100.0%	Walgreens
176th & Meridian	WA	Seattle	2004	433,000	14,560	14,560	100.0%	Walgreens
Four Corner Square	WA	Seattle	1985	826,478	73,086	73,086	98.6%	Johnson Hardware Store
Total				**$ 41,304,284**	**5,356,973**	**3,923,243**	**93.8%**	

(*) Property consists of three outlots, two of which were leased as of June 30, 2005.

(1) All properties are wholly-owned, except as indicated. Unless otherwise noted, each property is owned in fee simple by us.

(2) Annualized Base Rent represents the contractual rent for June 2005 for each applicable property, multiplied by 12. This table does not include Annualized Base Rent from development property tenants open for business as of June 30, 2005.

(3) Owned GLA represents gross leasable area that is owned by us. Total GLA includes Owned GLA, square footage attributable to non-owned anchor space and non-owned structures on ground leases.

(4) Percentage of Owned GLA Leased reflects Owned GLA/NRA leased as of June 30, 2005 except for Stoney Creek Commons and Weston Park Phase I (see *).

(5) Represents the three largest tenants that occupy at least 10,000 square feet of GLA at the property, including non-owned anchors.

(6) A third party manages this property.

(7) We acquired a 99.9% interest in this property through a joint venture with a third party that manages the property. At the current time, we receive 85% of the cash flow from the property, which percentage may decrease under certain circumstances.

(8) In February 2005, Winn-Dixie Stores, Inc. filed a petition for Chapter 11 bankruptcy to reorganize its business operations. As of June 30, 2005, Winn-Dixie has not announced plans to close the stores at either of our properties, nor has it rejected either lease.

(9) This property is divided into two parcels: a grocery store and small shops. We own a 25% interest in the small shops in a joint venture and a 100% interest in the grocery store. The joint venture partner is entitled to an annual preferred payment of $96,000. All remaining cash flow is distributed to us.

(10) We own a 60% interest in this property through a joint venture with the third party that manages the property.

(11) We do not own the land at this property. We have leased the land pursuant to two ground leases that expire in 2017. We have six five-year options to renew this lease.

(12) We do not own the land at this property. We lease the land pursuant to a ground lease that expires in 2027. We have five five-year renewal options.

(13) In January 2005, Ultimate Electronics filed a petition for Chapter 11 bankruptcy to reorganize its business operations. This tenant rejected its leases with us effective May 31, 2005 at Cedar Hill Village and effective June 30, 2005 at Galleria Plaza. On September 13, 2005, we executed a lease with 24 Hour Fitness for the former Ultimate Electronics space at Cedar Hill Village.

(14) We do not own the land at this property. We have leased the land pursuant to a ground lease that expires in 2012. We have six five-year renewal options and a right of first refusal to purchase the land.

Retail Development Properties

In addition to our operating retail properties, as of September 19, 2005, we owned 14 retail development properties that are expected to contain approximately 2.1 million square feet of gross leasable area (including non-owned anchor space) upon completion. The following sets forth more specific information with respect to our retail development properties as of September 19, 2005:

2005 Deliveries	MSA	Opening Date(1)	Projected Owned GLA(2)	Projected Total GLA(3)	Percentage of Owned GLA Pre-Leased or Committed(4)	Total Estimated Project Cost(5)	Cost Incurred as of June 30, 2005(5)	Major Tenants and Non-owned Anchors
Florida								
Eagle Creek, Phase II(6)	Naples	Jan. 05	0	165,000	100.0%	$ 9,080	$ 8,825	
Indiana								
Traders Point	Indianapolis	Oct. 04	272,000	353,377	87.7%	45,227	42,377	Dick's Sporting Goods, Marsh Supermarkets, Bed Bath & Beyond, Kerasotes Theatres, Michaels, Old Navy
Traders Point II	Indianapolis	Apr. 05	46,600	50,200	46.0%	8,288	6,848	(See Trader's Point)
Greyhound Commons(6)	Indianapolis	Feb. 05	0	201,325	n/a	4,397	3,724	Lowe's (non-owned)
Red Bank Commons	Evansville	Feb. 05	34,500	246,500	66.1%	6,400	5,718	Wal-Mart (non-owned); Home Depot (non-owned)
Geist Pavilion	Indianapolis	Mar. 05	64,300	64,300	69.4%	11,971	4,960	Village Market (Marsh Supermarkets)
Oregon								
Cornelius Gateway Build To Suit For Sale(9)	Portland	Q4 05	36,100	36,100	41.0%	9,200	2,535	Walgreens
Total			**453,500**	**1,116,802**	**82.2%**	**$ 94,563**	**$ 74,987**	

2005 Deliveries	MSA	Opening Date(1)	Projected Owned GLA(2)	Projected Total GLA(3)	Percentage of Owned GLA Pre-Leased or Committed(4)	Total Estimated Project Cost(5)	Cost Incurred as of June 30, 2005(5)	Major Tenants and Non-owned Anchors

2006-2007 Deliveries	MSA	Opening Date(1)	Projected Owned GLA(2)	Projected Total GLA(3)	Percentage of Owned GLA Pre-Leased or Committed(4)	Total Estimated Project Cost(5)	Cost Incurred as of June 30, 2005(5)	Major Tenants and Non-owned Anchors
Florida								
Tarpon Springs Plaza	Naples	Q4 06	95,000	286,800	24.0%	$ 21,500	$ 9,799	Target (non-owned)
Estero Town Commons(8)(9)(10)	Naples	Q3 06	165,600	188,600	81.5%	20,000	10,857	
Illinois								
Naperville Marketplace	Chicago	Q2 06	175,000	175,000	60.1%	29,650	15,333	Marsh Supermarkets
Indiana								
Beacon Hill Shopping Center(8)(9)	Chicago	Q3 06	56,000	161,000	0.0%	17,000	(11)	Strack & Van Til (non-owned)
Zionsville Place(8)	Indianapolis	Q2 06	37,400	42,400	0.0%	8,000	(11)	
Washington								
Sandifur Plaza Build to Suit for Sale(8)(9)	Tri-Cities	Q4 06	27,400	27,400	54.0%	6,400	1,802	Walgreens
Gateway Shopping Center Phase I(7)(8)(9)	Seattle	Q1 07	30,200	133,200	100.0%	8,500	4,684	Kohl's (non-owned)
Total			**586,600**	**1,014,400**	**52.5%**	**$ 111,050**	**$ 42,475**	

(1) Opening Date is defined as the first date a tenant is open for business or a ground lease or similar payment is made.

(2) Projected Owned GLA represents gross leasable area that we project will be owned by us. It excludes square footage that we project will be attributable to non-owned outlot structures on land that is owned by us and that we expect to ground lease to tenants. It also excludes non-owned anchor space.

(3) Projected Total GLA includes Projected Owned GLA, projected square footage attributable to non-owned outlot structures on land that is owned by us, and non-owned anchor space that is currently existing or under construction.

(4) Excludes outlots owned by us and ground leased to tenants. Includes leases under negotiation for approximately 144,000 square feet for which we have signed non-binding letters of intent plus two agreements to enter into ground leases with anchor tenants at our Eagle Creek, Phase II and Estero Town Commons properties. We currently have 31 outlots at the properties in our development pipeline, including eight which are currently pre-leased.

(5) Dollars in thousands.

(6) All of the land at Eagle Creek, Phase II and Greyhound Commons is intended to be ground leased to tenants. We have entered into an agreement to enter into a ground lease for the entire Eagle Creek, Phase II property with a big box retailer. The tenant is obligated to pay and is paying a portion of its rent until the ground lease is executed. Greyhound Commons consists of four outlots, two of which were ground leased as of June 30, 2005.

(7) A second phase is anticipated for Gateway Shopping Center and is projected to include 45,000 square feet of small shops, two outlots, and a 93,000 square foot shadow anchor.

(8) Opening date and/or Total Estimated Project Cost is based on preliminary site plan.

(9) We own the following development properties through joint ventures: Cornelius Gateway (80%); Sandifur Plaza (Walgreens 80%; small shops 95%); Beacon Hill (preferred return, then 50%); Gateway Shopping Center (preferred return, then 50% until internal rate of return threshold is reached and then 25%); Estero Town Commons (preferred return, then 40%).

(10)

We have entered into an agreement to enter into ground lease at Estero Town Commons with a big box retailer, which intends to build a 135,000 square foot anchor store.

(11) Beacon Hill Shopping Center and Zionsville Place were added to our development pipeline subsequent to June 30, 2005.

Operating Commercial Properties

As of June 30, 2005, we owned interests in five operating commercial properties totaling approximately 663,000 square feet of net rentable area, or NRA, and a related parking garage. The following sets forth more specific information with respect to our commercial properties as of June 30, 2005:

Property	MSA	Year Built/ Renovated	Acquired, Redeveloped, or Developed	Owned NRA	Percentage of Owned NRA Leased	Annualized Base Rent	Percentage of Annualized Commercial Base Rent	Base Rent Per Leased Sq. Ft.	Major Tenants
Indiana									
Thirty South	Indianapolis	1995/2002	Redeveloped	298,346	94.8%	$ 4,930,221	51.2%	$ 17.43	Eli Lilly, City Securities, Kite Realty Group
Mid America Clinical Labs	Indianapolis	1995/2002	Redeveloped	100,000	100.0%	1,721,000	17.9%	17.21	Mid-America Clinical Laboratories
PEN Products	Indianapolis	2003	Developed	85,875	100.0%	813,236	8.5%	9.47	Indiana Department of Administration
Spring Mill Medical(2)	Indianapolis	1998/2002	Redeveloped	63,431	100.0%	1,466,603	15.2%	23.12	University Medical Diagnostic Associates; Indiana University Healthcare Associates
Union Station Parking Garage(3)	Indianapolis	1986	Acquired	N/A	N/A	N/A	N/A	N/A	Denison Parking
Indiana State Motor Pool	Indianapolis	2004	Developed	115,000	100.0%	693,450	7.2%	6.03	Indiana Dept. of Administration
Total				**662,652**	**97.7%**	**$ 9,624,510**	**100.0%**	**$ 14.87**	

(1) Annualized base rent represents the contractual rent for June 2005 for each applicable property, multiplied by 12.

(2) We own a 50% interest in this property through a joint venture with one of the tenants at this property.

(3) 2005 annualized base rent is approximately $500,000.

Land Held For Future Development

Currently, we own interests in land parcels comprising approximately 128 acres that may be used for future expansion of existing properties or development of new retail or commercial properties. We anticipate that these land parcels will form the basis of our development pipeline for delivery in 2007 and beyond.

Tenant Diversification

No individual retail tenant accounts for more than 2.8% of annualized base rent for the year ending December 31, 2005 or 2.5% of total retail portfolio GLA as of June 30, 2005. No individual commercial tenant accounts for more than 3.1% of annualized base rent for the year ending December 31, 2005. The following table sets forth certain information for the largest 25 tenants at our operating retail, commercial and development properties based on minimum rents in place as of June 30, 2005:

Tenant	Type of Property	Number of Locations	Leased GLA/NRA	% of Owned GLA/NRA of the Portfolio	Annualized Base Rent(1)	Annualized Base Rent per Sq. Ft.	% of Total Portfolio Annualized Base Rent
Mid America Laboratories	Commercial	1	100,000	2.1%	$ 1,721,000	$ 17.21	3.1%
State of Indiana	Commercial	3	210,393	4.4%	1,663,733	7.91	3.0%
Eli Lilly	Commercial	1	99,542	2.1%	1,642,443	16.50	3.0%
Marsh Supermarkets	Retail	2	122,000	2.5%	1,565,847	12.83	2.8%
Dominick's	Retail	2	131,613	2.7%	1,411,728	10.73	2.6%
Circuit City	Retail	3	98,485	2.0%	1,388,318	14.10	2.5%
Dick's Sporting Goods	Retail	2	126,672	2.5%	1,220,000	9.63	2.2%
H-E-B Grocery	Retail	1	105,000	2.2%	1,155,000	11.00	2.1%
Walgreens	Retail	3	39,070	0.8%	1,031,023	26.39	1.9%
Bed Bath & Beyond	Retail	3	85,895	1.8%	1,021,921	11.90	1.9%
Lowe's Home Center	Retail	1	128,997	2.7%	1,014,000	7.86	1.9%
Publix	Retail	3	129,357	2.7%	989,361	7.65	1.7%
Kmart	Retail	1	110,875	2.2%	850,379	7.67	1.6%
UMDA (2)	Commercial	1	32,256	0.7%	844,402	26.18	1.5%(2)
Old Navy	Retail	4	85,420	1.8%	824,758	9.66	1.5%
Winn-Dixie (3)	Retail	2	103,406	2.2%	806,266	7.80	1.5%
Kerasotes Theatres	Retail	2	43,050	0.9%	776,496	18.04	1.4%
A & P	Retail	1	58,732	1.2%	763,516	13.00	1.4%
City Securities	Commercial	1	34,949	0.7%	694,900	19.88	1.3%
Office Depot	Retail	2	62,064	1.3%	627,701	10.11	1.1%
Indiana University Healthcare Associates (2)	Commercial	1	31,175	0.7%	622,201	19.96	1.1%(2)
Bealls	Retail	2	79,611	1.6%	576,000	7.24	1.1%
Petsmart	Retail	2	50,909	1.1%	537,095	10.55	1.0%
Office Max	Retail	2	46,372	1.0%	487,220	10.51	0.9%
TJX Companies	Retail	2	56,550	1.2%	475,312	8.41	0.9%
Total			**2,172,393**	**45.1%**	**$ 24,710,620**	**$ 11.37**	**45.0%**

(1) Annualized base rent represents the contractual rent for June 2005 for each applicable property, multiplied by 12.

(2) Property held in unconsolidated joint venture. Annualized base rent reflected at 100 percent.

(3) In February 2005, Winn-Dixie Stores, Inc. filed a petition for Chapter 11 bankruptcy to reorganize its business operations. At this time, Winn-Dixie has not announced plans to close the stores at either of our properties, nor has it rejected either lease.

Lease Expirations

Approximately 6.2% and 6.6% of total annualized base rent and total GLA/NRA, respectively, expire in the remainder of 2005 and in 2006. The following tables show scheduled lease expirations for retail and commercial tenants and development property tenants open for business in place as of June 30, 2005 assuming none of the tenants exercise renewal options.

Lease Expiration Operating Portfolio

	Number of Expiring Leases(1)	Expiring GLA/NRA(2)	% of Total GLA/NRA Expiring	Expiring Annualized Base Rent(3)	% of Total Annualized Base Rent	Expiring Annualized Base Rent per Sq. Ft.	Expiring Ground Lease Revenue

	Number of Expiring Leases(1)	Expiring GLA/NRA(2)	% of Total GLA/NRA Expiring	Expiring Annualized Base Rent(3)	% of Total Annualized Base Rent	Expiring Annualized Base Rent per Sq. Ft.	Expiring Ground Lease Revenue
July 1, 2005 to Dec. 31, 2005	34	68,408	1.5%	$ 840,556	1.6%	$ 12.29	$ 0
2006	68	232,441	5.1%	2,420,085	4.6%	10.41	0
2007	74	229,496	5.0%	3,060,299	5.8%	13.33	0
2008	39	297,719	6.5%	2,451,010	4.6%	8.23	0
2009	55	204,952	4.5%	3,145,227	6.0%	15.35	0
2010	50	397,326	8.7%	4,358,102	8.3%	10.97	0
2011	27	522,682	11.5%	4,483,433	8.5%	8.58	0
2012	31	260,437	5.7%	3,495,638	6.6%	13.42	85,000
2013	17	178,784	3.9%	2,514,885	4.8%	14.07	0
2014	28	295,352	6.5%	3,593,777	6.8%	12.17	427,900
Beyond	70	1,871,669	41.1%	22,425,716	42.4%	11.98	1,572,280
Total	**493**	**4,559,266**	**100.0%**	**$ 52,788,728**	**100.0%**	**$ 11.58**	**$ 2,085,180**

(1) Lease expiration table reflects rents in place as of June 30, 2005 and does not include option periods; 2005 expirations include month to month tenants. This column also excludes ground leases.

(2) Expiring GLA excludes square footage for non-owned ground lease structures.

(3) Annualized base rent represents the contractual rent for June 2005 for each applicable property, multiplied by 12. Excludes ground lease revenue.

In January 2005, Ultimate Electronics filed for Chapter 11 bankruptcy protection to reorganize its business operations. During the second quarter of 2005, this tenant notified us of its intent to reject its leases with us at our Cedar Hill Village (effective May 31, 2005) and Galleria Plaza (effective June 30, 2005) properties. As of March 31, 2005, this tenant occupied approximately 63,600 square feet at an average base rent of $19.53 per square foot, representing approximately 2.4% of our total annualized base rent as of March 31, 2005. On September 13, 2005, we executed a lease with 24 Hour Fitness for the former Ultimate Electronics space at Cedar Hill Village.

Outstanding Indebtedness

The following tables set forth information with respect to total outstanding consolidated indebtedness and our share of total unconsolidated indebtedness as of June 30, 2005 (dollars in thousands):

Total Debt Outstanding as of June 30, 2005

	Outstanding Amount	Percentage	Weighted Average Interest Rate	Weighted Average Maturity (in years)
Fixed Rate Debt:				
Consolidated	$ 206,500	50%	6.35%	7.1
Unconsolidated	8,650	2%	6.61%	6.9
Variable Rate Debt (Hedged)(1)	65,000	16%	5.57%	1.8
Total Fixed Rate Debt	280,150	68%	6.18%	5.9
Variable Rate Debt:(2)				
Construction Loans	$ 97,905	24%	5.34%	1.2
Other Variable	101,888	24%	4.78%	2.2
Variable Rate Debt (Hedged)(1)	(65,000)	-16%	-4.78%	-1.9
Total Variable Rate Debt	134,793	32%	5.19%	1.6
Net Premiums	3,420	N/A	N/A	N/A
Total	$ 418,363	100%	5.86%	4.5

(1) These debt obligations are hedged by interest rate swap agreements.

(2) Variable rate debt percentage, net of swap transactions, is as follows:

-Construction	20%	$ 82,905
-Other variable	12%	51,888
	32%	$ 134,793

Unconsolidated Debt Outstanding as of June 30, 2005

	Lender	Interest Rate	Maturity Date	Balance as of 06/30/05
Fixed Rate				
The Centre(1)	Sun Life	6.99%	6/1/2009	$ 4,253
Spring Mill Medical(1)	LaSalle Bank	6.45%	9/1/2013	12,197
Total Unconsolidated Debt				$ 16,450
Joint Venture Partners' Share of Total Unconsolidated Debt				(7,800)
Company's Share of Total Unconsolidated Debt				$ 8,650
Total Consolidated Debt				$ 409,713
Total Unconsolidated Debt				8,650
Total Debt				$ 418,363

(1) We own a 50% interest in Spring Mill Medical and a 60% interest in The Centre.

Credit Facility. On August 31, 2004, we entered into a three-year, $150 million secured revolving credit facility with Wachovia Bank, N.A., an affiliate of Wachovia Capital Markets, LLC, one of the underwriters of our IPO and this offering, and Lehman Commercial Paper Inc., an affiliate of Lehman Brothers Inc., one of the underwriters of our IPO and this offering. We may extend the facility for one year, provided that no events of default exist and subject to an extension fee of $300,000. Borrowings under the facility bear interest at a floating rate of LIBOR plus 135 to 160 basis points, depending on our leverage ratio, and are secured by certain of our properties. The amount that we may borrow under the facility depends on our maintaining a minimum "borrowing base" of properties. After giving effect to this offering and the expected use of proceeds, our borrowing base will be sufficient to enable us to borrow the entire $150 million under the credit facility. This facility will be used principally to fund growth opportunities, including acquisitions and development activities.

Interest Rate Swaps

During the first six months of 2005, we entered into interest rate swaps totaling $65 million to hedge variable cash flows associated with existing variable rate debt. Including the effects of these swaps, our fixed and variable rate debt was approximately $271.5 million (67%) and $134.8 million (33%), respectively, of our total consolidated debt at June 30, 2005. Reflecting our interest in unconsolidated debt, our fixed and variable rate debt was 68% and 32%, respectively, of our total debt at June 30, 2005. On an as adjusted basis giving effect to this offering and the expected use of proceeds, our fixed and variable rate debt was 92% and 8%, respectively, of our total debt at June 30, 2005.

MANAGEMENT

The following sets forth certain information concerning our trustees and executive officers:

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	64	Trustee
Dr. Richard A. Cosier	58	Trustee
Eugene Golub	74	Trustee
Gerald L. Moss	69	Trustee
Michael L. Smith	57	Trustee
Thomas K. McGowan	40	Executive Vice President of Development, Chief Operating Officer
Daniel R. Sink	38	Senior Vice President and Chief Financial Officer

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 IPO 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, which we refer to as 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 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 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 IPO in August 2004. Prior to our initial public offering, he had served as President and CEO of Kite Companies since 1997. Mr. Kite was responsible for the strategic direction and operating results for all four operating divisions of Kite Companies. In 1990, Mr. Kite joined Kite Development Corporation as 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 this capacity, Mr. Kite oversaw in excess of $250 million in financing. In 1994, he became President of KMI Realty Advisors, Inc., an SEC registered full-service real estate advisory firm that currently oversees approximately $200 million of 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 IPO 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. Since 1992, he has also been

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 boards of Priority Healthcare Corporation and Shoe Carnival, Inc., both of which are Nasdaq-listed companies. He previously served on the boards of Cardinal Health and Key Banks, NA (Cleveland, Ohio). 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 IPO in August 2004. He has served as Dean and Leeds Professor of Management at the Krannert School of Management, Purdue University since 1999 and Director of the Burton D. Morgan Center for Entrepreneurship since 2001. 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. 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 IPO in August 2004. He is the founder and since 1965 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 IPO 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. In March 2004, Mr. Moss was named an Indiana Super Lawyer being voted one of the top 5% of all lawyers in Indiana by peer selection.

Michael L. Smith has served as a trustee since our IPO in August 2004. He retired from his position as Executive Vice President and CFO 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 CFO of Anthem Blue Cross and Blue Shield's operations in the Midwest and Connecticut. Mr. Smith was the co-executive sponsor of Anthem's $4.0 billion initial public offering in 2001, when Anthem executed one of the largest IPOs in the history of the New York Stock Exchange. Mr. Smith serves on the boards of directors of First Indiana Corporation, a Nasdaq-listed bank holding company, InterMune, Inc., a Nasdaq-listed biopharmaceutical company, Finishmaster, Inc., a privately owned company, and the Legacy Fund of Hamilton County. Mr. Smith is also a member of the Board of Trustees of DePauw University. He has maintained several community service leadership roles, including Indianapolis Symphony, Children's Museum of Indianapolis, Family Support Center, St. Vincent's Hospital Foundation, Eiteljorg Museum and the Crossroads Rehabilitation Center.

Thomas K. McGowan has been our Executive Vice President of Development and Chief Operating Officer since our IPO 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 18 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 IPO 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 corporate operations 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.

UNDERWRITING

Lehman Brothers Inc. and Wachovia Capital Markets, LLC are acting as representatives of the underwriters. Under the terms of an underwriting agreement, which we will file as an exhibit to our current report on Form 8-K and incorporate by reference in this prospectus supplement and the accompanying prospectus, each of the underwriters named below has severally agreed to purchase from us, on a firm commitment basis, the respective number of common shares shown opposite its name below:

Underwriter	Number of Shares
Lehman Brothers Inc.	3,825,000
Wachovia Capital Markets, LLC	1,275,000
Goldman, Sachs & Co.	1,190,000
Raymond James & Associates, Inc.	1,190,000
KeyBanc Capital Markets, a division of McDonald Investments Inc.	850,000
Stifel, Nicolaus & Company, Incorporated	170,000
Total	8,500,000

The underwriting agreement provides that the underwriters' obligation to purchase common shares depends on the satisfaction of the conditions contained in the underwriting agreement including:

- the obligation to purchase all of the common shares offered hereby, if any of the shares are purchased;
- the representations and warranties made by us to the underwriters are true;
- there is no material change in the financial markets; and
- we deliver customary closing documents to the underwriters.

Commissions and Expenses

The following table summarizes the underwriting discounts and commissions we will pay to the underwriters. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares. The underwriting fee is the difference between the initial price to the public and the amount the underwriters pay to us for the shares.

	No Exercise	Full Exercise
Per share	$ 0.7505	$ 0.7505
Total	$ 6,379,250.00	$ 7,336,137.50

The representatives of the underwriters have advised us that the underwriters propose to offer the common shares directly to the public at the public offering price on the cover of this prospectus supplement and to selected dealers, which may include the underwriters, at such offering price less a selling concession not in excess of $0.45 per share. The underwriters may allow, and the selected dealers may re-allow, a discount from the concession not in excess of $0.10 per share to other dealers. After the offering, the representatives may change the offering price and other selling terms.

The expenses of the offering that are payable by us are estimated to be approximately $750,000 (exclusive of underwriting discounts and commissions). The maximum commission or discount to be received by any underwriter or independent broker-dealer will not exceed 8%.

Option to Purchase Additional Shares

We have granted the underwriters an option exercisable for 30 days after the date of this prospectus supplement, to purchase, from time to time, in whole or in part, up to an aggregate of 1,275,000 shares at the public offering price less underwriting discounts and commissions. This option

may be exercised if the underwriters sell more than 8,500,000 shares in connection with this offering. To the extent that this option is exercised, each underwriter will be obligated, subject to certain conditions, to purchase its pro rata portion of these additional shares based on the underwriter's percentage underwriting commitment in this offering as indicated in the table at the beginning of this "Underwriting" section.

Lock-Up Agreements

We and all of our trustees and executive officers have agreed that, without the prior written consent of Lehman Brothers Inc., we will not, directly or indirectly, (1) offer, sell, pledge, or otherwise transfer or dispose of any common shares or any securities that may be converted into or exchanged for any common shares, (2) enter into any swap or other derivative transaction that transfers, in whole or in part, any of the economic benefits or risks of ownership of the common shares, (3) make any demand for or exercise any right or file or cause to be filed a registration statement with respect to the registration of any common shares or securities convertible, exercisable or exchangeable into common shares or any of our other securities or (4) publicly disclose the intention to do any of the foregoing for a period of 90 days from the date of this prospectus supplement other than permitted transfers and certain limited exceptions.

The 90-day restricted period described in the preceding paragraph will be extended if:

- during the last 17 days of the 90-day restricted period we issue an earnings release or announces material news or a material event; or

- prior to the expiration of the 90-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 90-day period;

in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the announcement of the material news or material event.

Selling Restrictions

Each of the underwriters has represented and agreed that:

(a) it has not made or will not make an offer of common shares to the public in the United Kingdom within the meaning of section 102B of the Financial Services and Markets Act 2000 (as amended), or FSMA, except to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities or otherwise in circumstances which do not require the publication by us of a prospectus pursuant to the Prospectus Rules of the Financial Services Authority, or FSA;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) to persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or in circumstances in which section 21 of FSMA does not apply to us; and

(c) it has complied with, and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the common shares in, from or otherwise involving the United Kingdom.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, which we refer to as a Relevant Member State, each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, which we refer to as the Relevant Implementation Date, it has not made and will not make an offer of common shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the common shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of common shares to the public in that Relevant Member State at any time:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

(c) in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of common shares to the public" in relation to any common shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the common shares to be offered so as to enable an investor to decide to purchase or subscribe the common shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

The common shares may not be offered or sold by means of any document other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, and no advertisement, invitation or document relating to the common shares may be issued, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

No offering circular or other document or material in connection with the offer or sale, or invitation for subscription or purchase, of common shares, may be circulated or distributed, nor may shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore.

The common shares have not been and will not be registered under the Securities and Exchange Law of Japan, or the Securities and Exchange Law, and each underwriter has agreed that it will not offer or sell any common shares, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Indemnification

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, and to contribute to payments that the underwriters may be required to make for these liabilities.

Stabilization, Short Positions and Penalty Bids

The representatives may engage in stabilizing transactions, short sales and purchases to cover positions created by short sales, and penalty bids or purchases for the purpose of pegging, fixing or maintaining the price of the common shares, in accordance with Regulation M under the Securities Exchange Act of 1934, as amended:

Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

A short position involves a sale by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase in this offering, which creates the syndicate short position. This short position may be either a covered short position or a naked short position. In a covered short position, the number of shares involved in the sales made by the underwriters in excess of the number of shares they are obligated to purchase is not greater than the number of shares that they may purchase by exercising their option to purchase additional shares. In a naked short position, the number of shares involved is greater than the number of shares in their option to purchase additional shares. The underwriters may close out any short position by either exercising their option to purchase additional shares and/or purchasing shares in the open market. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through their option to purchase additional shares. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

Syndicate covering transactions involve purchases of the common shares in the open market after the distribution has been completed in order to cover syndicate short positions.

Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common shares originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common shares or preventing or retarding a decline in the market price of the common shares. As a result, the price of the common shares may be higher than the price that might otherwise exist in the open market. These transactions may be effected on The New York Stock Exchange or otherwise and, if commenced, may be discontinued at any time.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common shares. In addition, neither we nor any of the underwriters make representation that the representatives will engage in these stabilizing transactions or that any transaction, once commenced, will not be discontinued without notice.

Prior to purchasing the common shares being offered pursuant to this prospectus supplement, one of the underwriters purchased on behalf of the syndicate 60,400 common shares at an average price of $15.02 in stabilization transactions.

Electronic Distribution

A prospectus supplement in electronic format may be made available on the Internet sites or through other online services maintained by one or more of the underwriters and/or selling group members participating in this offering, or by their affiliates. In those cases, prospective investors may view offering terms online and, depending upon the particular underwriter or selling group member, prospective investors may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of shares for sale to online brokerage account holders. Any such allocation for online distributions will be made by the representatives on the same basis as other allocations.

Other than the prospectus supplement in electronic format, the information on any underwriter's or selling group member's web site and any information contained in any other web site maintained by an underwriter or selling group member is not part of the prospectus or the registration statement of which this prospectus supplement and the accompanying prospectus forms a part, has not been approved and/or endorsed by us or any underwriter or selling group member in its capacity as underwriter or selling group member and should not be relied upon by investors.

Stamp Taxes

If you purchase common shares offered in this prospectus supplement and the accompanying prospectus, you may be required to pay stamp taxes and other charges under the laws and practices of the country of purchase, in addition to the offering price listed on the cover page of this prospectus supplement and the accompanying prospectus.

Relationships

Certain of the underwriters and their related entities have engaged and may engage in commercial and investment banking transactions with us in the ordinary course of their business. They have received customary compensation and expenses for these commercial and investment banking transactions. Affiliates of Lehman Brothers Inc., Wachovia Capital Markets, LLC and KeyBanc Capital Markets, three of the underwriters in this offering, are lenders under our $150 million secured revolving credit facility. In connection with this facility, Lehman Brothers Inc., Wachovia Capital Markets, LLC and KeyBanc Capital Markets will receive customary fees for such services and certain of their expenses will be reimbursed.

FEDERAL INCOME TAX CONSIDERATIONS

A summary of the material federal income tax consequences to you as a prospective holder of our common shares is set forth in our Current Report on Form 8-K, filed with the SEC on August 16, 2005 (as amended or supplemented from time to time), and incorporated by reference in this prospectus. The summary in our Current Report on Form 8-K is for general information only and does not constitute tax advice. It does not reflect every possible tax outcome or consequence that could result from owning our common shares. In addition, it does not reflect state, local or non-U.S. tax consequences that may apply to you based on your particular circumstances and residence. We advise you to consult your own tax advisors to determine the tax consequences particular to your situation, including any applicable state, local or non-U.S. income and other tax consequences that may result from your ownership of our common shares.

LEGAL MATTERS

The legality of the common shares, certain federal income tax matters and our qualification as a REIT for federal income tax purposes will be passed upon for us by Hogan & Hartson L.L.P. Certain legal matters will be passed upon for the underwriters by Clifford Chance US LLP.

EXPERTS

The financial statements and schedule of Kite Realty Group Trust and its predecessor, Kite Property Group, included in Kite Realty Group Trust's Annual Report on Form 10-K for the year ended December 31, 2004, and the Combined Statement of Revenues and Certain Expenses of Plaza Volente and Indian River Square included in Kite Realty Group Trust's Current Report on Form 8-K dated August 16, 2005 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports included therein, and incorporated herein by reference. Such financial statements and schedule have been incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

We incorporate information into this prospectus supplement by reference, which means that we disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus supplement, except to the extent superseded by information contained herein or by information contained in documents filed with or furnished to the SEC after the date of this prospectus supplement. This prospectus supplement incorporates by reference the documents set forth below, the file number for each of which is 1-32268, that have been previously filed with the SEC:

- our Annual Report on Form 10-K for the year ended December 31, 2004;
- our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2005 and June 30, 2005;
- our Current Reports on Form 8-K filed with the SEC on March 9, 2005, March 21, 2005, April 5, 2005, May 4, 2005, May 19, 2005, July 7, 2005 and August 16, 2005;
- our Definitive Proxy Statement on Form 14A filed with the SEC on April 15, 2005; and
- our Registration Statement on Form 8-A, which incorporates by reference the description of our common shares from our Registration Statement on Form S-11 (Reg. No. 333-114224), and all reports filed for the purpose of updating such description.

We also incorporate by reference into this prospectus supplement additional documents that we may file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, from the date of this prospectus supplement until we have sold all of the securities to

which this prospectus supplement relates or the offering is otherwise terminated; provided, however, that we are not incorporating any information furnished under either Item 2.02 or Item 7.01 of any current report on Form 8-K except to the extent set forth above. These documents may include annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as proxy statements.

You may obtain copies of any of these filings through Kite Realty Group Trust as described below, through the SEC or through the SEC's Internet website as described above. Documents incorporated by reference are available without charge, excluding all exhibits unless an exhibit has been specifically incorporated by reference into this prospectus, by requesting them in writing, by telephone or via the Internet at:

Kite Realty Group Trust
30 S. Meridian Street
Suite 1100
Indianapolis, IN 46204
(317) 577-5600
Attn: Investor Relations
Internet Website: www.kiterealty.com

THE INFORMATION CONTAINED ON OUR WEBSITE DOES NOT CONSTITUTE A PART OF THIS PROSPECTUS SUPPLEMENT.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934, as amended. You may read and copy any reports, statements or other information on file at the SEC's public reference room located at 100 F Street, NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC filings are also available to the public from commercial document retrieval services. These filings are also available at the Internet website maintained by the SEC at http://www.sec.gov. You can also inspect copies of our public filings at the offices of the New York Stock Exchange, or the NYSE. For further information about obtaining copies of our public filings from the NYSE, please call (212) 656-5060.

We have filed with the SEC a "shelf" registration statement on Form S-3 under the Securities Act of 1933, as amended, relating to the securities that may be offered by this prospectus. This prospectus supplement and the accompanying prospectus do not contain all of the information in the registration statement, including its exhibits and schedules. For more detail about us and any securities that may be offered by this prospectus, you may examine the registration statement on Form S-3 and the exhibits filed with it at the locations listed in the previous paragraph.

PROSPECTUS

$500,000,000

KITE REALTY GROUP TRUST

Common Shares, Preferred Shares, Depositary Shares, Warrants and Rights

We may offer, from time to time, one or more series or classes of:

- common shares;
- preferred shares;
- depositary shares representing our preferred shares;
- warrants exercisable for our common shares, preferred shares or depositary shares representing preferred shares; and
- rights to purchase common shares.

We may offer common shares, preferred shares, depositary shares representing preferred shares, warrants or rights with an aggregate initial public offering price of up to $500,000,000, or its equivalent in a foreign currency based on the exchange rate at the time of sale, in amounts, at initial prices and on terms determined at the time of the offering. We refer to our common shares, preferred shares, depositary shares, warrants and rights collectively as the "securities." We may offer the securities separately or together, in separate series or classes and in amounts, at prices and on terms described in one or more supplements to this prospectus.

We will deliver this prospectus together with a prospectus supplement setting forth the specific terms of the securities we are offering. The applicable prospectus supplement also will contain information, where applicable, about U.S. federal income tax considerations relating to, and any listing on a securities exchange of, the securities covered by the prospectus supplement.

We may offer the securities directly to investors, through agents designated from time to time by them or us, or to or through underwriters or dealers. If any agents, underwriters, or dealers are involved in the sale of any of the securities, their names, and any applicable purchase price, fee, commission or discount arrangement with, between or among them, will be set forth, or will be calculable from the information set forth, in an accompanying prospectus supplement. For more detailed information, see "Plan of Distribution" beginning on page 23. No securities may be sold without delivery of a prospectus supplement describing the method and terms of the offering of those securities.

Our common shares are listed on the New York Stock Exchange under the symbol "KRG."

You should read this entire prospectus, the documents that are incorporated by reference in this prospectus and any prospectus supplement carefully before you invest in any of these securities.

Investing in our securities involves risks. See "Risk Factors" beginning on page 10 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2004 for risks relating to an investment in our securities, which is incorporated herein by reference.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

This prospectus is dated August 30, 2005

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You should rely only on the information provided or incorporated by reference in this prospectus or any applicable prospectus supplement. We have not authorized anyone to provide you with different or additional information. We are not making an offer to sell these securities in any jurisdiction where the offer or sale of these securities is not permitted. You should not assume that the information appearing in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference herein or therein is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

You should read carefully the entire prospectus, as well as the documents incorporated by reference in the prospectus, before making an investment decision.

When used in this prospectus, except where the context otherwise requires, the terms "we," "us," "our" and "the Company" refer to Kite Realty Group Trust and its subsidiaries and all references to the "Operating Partnership" refer to Kite Realty Group, L.P.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, which we refer to as the SEC, utilizing a "shelf" registration process. This prospectus provides you with a general description of the securities we may offer. Each time we offer securities, we will provide a prospectus supplement and attach it to this prospectus. The prospectus supplement will contain specific information about the terms of the securities being offered at that time. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement, together with any additional information you may need to make your investment decision.

FORWARD-LOOKING STATEMENTS

This prospectus, together with other statements and information publicly disseminated by Kite Realty Group Trust, contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such statements are based on assumptions and expectations that may not be realized and are inherently subject to risks, uncertainties and other factors, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events and actual results, performance, transactions or achievements, financial or otherwise, may differ materially from the results, performance, transactions or achievements expressed or implied by the forward-looking statements. Risks, uncertainties and other factors that might cause such differences, some of which could be material, include, but are not limited to:

- national and local economic, business, real estate and other market conditions;
- the ability of tenants to pay rent;
- the competitive environment in which we operate;
- financing risks;
- property management risks;
- the level and volatility of interest rates;
- the financial stability of tenants;
- our ability to maintain our status as a real estate investment trust ("REIT") for federal income tax purposes;
- acquisition, disposition, development and joint venture risks;
- potential environmental and other liabilities;
- other factors affecting the real estate industry generally; and
- other risks identified in this prospectus and, from time to time, in other reports we file with the Securities and Exchange Commission (the "SEC") or in other documents that we publicly disseminate.

We undertake no obligation to publicly update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). You may read and copy any reports, statements or other information on file at the SEC's public reference room located at 450 Fifth Street, NW, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC filings are also available to the public from commercial document retrieval services. These filings are also available at the Internet website maintained by the SEC at *http://www.sec.gov*. You can also inspect copies of our public filings at the offices of the New York Stock Exchange (the "NYSE"). For further information about obtaining copies of our public filings from the NYSE, please call (212) 656-5060.

We have filed with the SEC a "shelf" registration statement on Form S-3 under the Securities Act of 1933 relating to the securities that may be offered by this prospectus. This prospectus is a part of that registration statement, but does not contain all of the information in the registration statement. We have omitted parts of the registration statement in accordance with the rules and regulations of the SEC. For more detail about us and any securities that may be offered by this prospectus, you may examine the registration statement on Form S-3 and the exhibits filed with it at the locations listed in the previous paragraph.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

We incorporate information into this prospectus by reference, which means that we disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, except to the extent superseded by information contained herein or by information contained in documents filed with or furnished to the SEC after the date of this prospectus. This prospectus incorporates by reference the documents set forth below, the file number for each of which is 1-32268, that have been previously filed with the SEC:

- our Annual Report on Form 10-K for the year ended December 31, 2004;
- our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2005 and June 30, 2005;
- our Current Reports on Form 8-K filed with the SEC on March 9, 2005, March 21, 2005, April 5, 2005, May 4, 2005, May 19, 2005, July 7, 2005 and August 16, 2005;
- our Definitive Proxy Statement on Form 14A filed with the SEC on April 15, 2005; and
- our Registration Statement on Form 8-A, which incorporates by reference the description of our common shares from our Registration Statement on Form S-11 (Reg. No. 333-114224), and all reports filed for the purpose of updating such description.

We also incorporate by reference into this prospectus additional documents that we may file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act from the date of this prospectus until we have sold all of the securities to which this prospectus relates or the offering is otherwise terminated; provided, however, that we are not incorporating any information furnished under either Item 2.02 or Item 7.01 of any current report on Form 8-K except to the extent set forth above. These documents may include annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as proxy statements.

You may obtain copies of any of these filings through Kite Realty Group Trust as described below, through the SEC or through the SEC's Internet website as described above. Documents incorporated by reference are available without charge, excluding all exhibits unless an exhibit has been specifically incorporated by reference into this prospectus, by requesting them in writing, by telephone or via the Internet at:

Kite Realty Group Trust
30 S. Meridian Street
Suite 1100
Indianapolis, IN 46204
(317) 577-5600
Attn: Investor Relations
Internet Website: *www.kiterealty.com*

THE INFORMATION CONTAINED ON OUR WEBSITE DOES NOT CONSTITUTE A PART OF THIS PROSPECTUS.

THE COMPANY

Overview

We are a full-service, vertically integrated real estate investment trust focused primarily on the development, construction, acquisition, ownership and operation of high quality neighborhood and community shopping centers in selected growth markets in the United States. We also provide real estate facility management, construction, development and other advisory services to third parties.

As of June 30, 2005, we owned interests in a portfolio of 36 retail operating properties totaling approximately 5.4 million square feet of gross leasable area (including non-owned anchor space) and 12 retail development properties that are expected to contain approximately 1.9 million square feet of gross leasable area (including non-owned anchor space). Our retail operating portfolio was 93.8% leased as of June 30, 2005 to a diversified tenant base, with no single retail tenant accounting for more than 2.8% of our total annualized base rent. As of June 30, 2005, we also owned interests in five commercial operating properties totaling approximately 663,000 square feet of net rentable area and a related parking garage. Occupancy of our commercial operating portfolio was 97.7% as of June 30, 2005, with no single commercial tenant accounting for more than 3.1% of our annualized base rent. Our operating portfolio currently consists of properties in Indiana, Texas, Florida, Georgia, Illinois, New Jersey, Ohio, Oregon and Washington. In addition, we currently own interests in land parcels comprising approximately 65 acres that may be used for future development of retail or commercial properties or for expansion of existing properties.

We were formed in March 2004 and organized as a Maryland real estate investment trust. From inception until August 16, 2004, neither we, our Operating Partnership, nor our other subsidiaries had any operations. We commenced operations on August 16, 2004 after completing our initial public offering ("IPO"), concurrently with the consummation of various formation transactions that consolidated into our Operating Partnership the ownership of a portfolio of properties and property interests, and certain commercial real estate businesses of our predecessor, the Kite Property Group, a nationally recognized real estate owner and developer. Kite, Inc., an affiliate of Kite Property Group, was founded in 1960 by our Chairman, Al Kite, and grew from an interior construction company to a full-service, vertically integrated real estate development, construction and management company.

We conduct all of our business through our Operating Partnership, of which we are the sole general partner. As of June 30, 2005, we held an approximate 69% interest in our Operating Partnership.

RISK FACTORS

You should consider carefully the risks incorporated in this prospectus by reference to our Annual Report on Form 10-K for the fiscal year ended December 31, 2004 and the other information contained in this prospectus before deciding to invest in our securities.

USE OF PROCEEDS

Unless otherwise described in the applicable prospectus supplement to this prospectus used to offer specific securities, we intend to use the net proceeds from the sale of securities under this prospectus for general corporate purposes, which may include acquisitions of additional properties, the repayment of outstanding indebtedness, capital expenditures, the expansion, redevelopment and/or improvement of properties in our portfolio, working capital and other general purposes.

EARNINGS RATIOS

Our historical ratio of earnings to fixed charges and preferred dividends was 1.44 for the six month period ended June 30, 2005 and the amount of coverage deficiency for the period August 16, 2004 through December 31, 2004 was $1,212,574. For the purpose of computing the ratio of earnings to combined fixed charges and preferred dividends and the amount of coverage deficiency, earnings have been calculated by adding fixed charges, (excluding capitalized interest), to net income (loss) before limited partners' interests in the operating partnership, distributions of income from equity investees, minority interest and income from majority-owned unconsolidated entities and deducting income from unconsolidated entities. Fixed charges consist of interest costs, whether expensed or capitalized, amortization of debt issuance costs, fixed charges of majority-owned unconsolidated entities and estimated interest within rental expense.

DESCRIPTION OF COMMON SHARES

General

Our declaration of trust provides that we may issue up to 200,000,000 common shares of beneficial interest, par value $.01 per share, and 40,000,000 preferred shares of beneficial interest, par value $.01 per share. As of August 5, 2005, 19,148,267 common shares were issued and outstanding and no preferred shares were issued and outstanding.

Maryland law provides and our declaration of trust provides that none of our shareholders is personally liable for any of our obligations solely as a result of that shareholder's status as a shareholder.

Voting Rights of Common Shares

Subject to the provisions of our declaration of trust regarding restrictions on the transfer and ownership of shares of beneficial interest, each outstanding common share entitles the holder to one vote on all matters submitted to a vote of shareholders, including the election of trustees, and, except as provided with respect to any other class or series of shares of beneficial interest, the holders of such common shares will possess the exclusive voting power. There is no cumulative voting in the election of trustees, which means that the holders of a plurality of the outstanding common shares, voting as a single class, can elect all of the trustees then standing for election.

Under the Maryland statute governing real estate investment trusts formed under the laws of that state, which we refer to as the Maryland REIT law, a Maryland REIT generally cannot amend its declaration of trust or merge unless recommended by its board of trustees and approved by the affirmative vote of shareholders holding at least two-thirds of the shares entitled to vote on the matter unless a lesser percentage (but not less than a majority of all the votes entitled to be cast on the matter) is set forth in the REIT's declaration of trust. Our declaration of trust provides for approval by a majority of all votes entitled to be cast on all other matters in all situations permitting or requiring action by shareholders except with respect to the election of trustees (which will require a plurality of all the votes cast at a meeting of our shareholders at which a quorum is present). Our declaration of trust permits the trustees to amend the declaration of trust from time to time to qualify as a REIT under the Internal Revenue Code or the Maryland REIT law, without the affirmative vote or written consent of the shareholders.

Dividends, Liquidation and Other Rights

All common shares offered by this prospectus will be duly authorized, fully paid and nonassessable. Holders of our common shares will be entitled to receive dividends when, as and if declared by our board of trustees out of assets legally available for the payment of dividends. They also will be entitled to share ratably in our assets legally available for distribution to our shareholders in the event of our liquidation, dissolution or winding up, after payment of or adequate provision for all of our known debts and liabilities. These rights will be subject to the preferential rights of any other class or series of our shares and to the provisions of our declaration of trust regarding restrictions on transfer of our shares.

Holders of our common shares will have no preference, conversion, exchange, sinking fund, redemption or appraisal rights and will have no preemptive rights to subscribe for any of our securities. Subject to the restrictions on transfer of shares contained in our declaration of trust and to the ability of the board of trustees to create common shares with differing voting rights, all common shares will have equal dividend, liquidation and other rights.

Power to Classify and Reclassify Shares and Issue Additional Common Shares or Preferred Shares

Our declaration of trust authorizes our board of trustees to classify any unissued preferred shares and to reclassify any previously classified but unissued common shares and preferred shares of any series from time to time in one or more series, as authorized by the board of trustees. Prior to issuance of shares of each class or series, the board of trustees is required by the Maryland REIT law and our declaration of trust to set for each such class or series, subject to the provisions of our declaration of trust regarding the restrictions on transfer of shares of beneficial interest, the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each such class or series. As a result, our board of trustees could authorize the issuance of preferred shares that have priority over the common shares with respect to dividends and rights upon liquidation and with other terms and conditions that could have the effect of delaying, deterring or preventing a transaction or a change in control that might involve a premium price for holders of common shares or otherwise might be in their best interest. As of August 5, 2005, no preferred shares were outstanding.

To permit us increased flexibility in structuring possible future financings and acquisitions and in meeting other needs that might arise, our declaration of trust allows us to issue additional common shares or preferred shares and to classify or reclassify unissued common shares or preferred shares and thereafter to issue the classified or reclassified shares without shareholder approval, unless shareholder approval is required by applicable law or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. Although we have no present intention of doing so, we could issue a class or series of shares that could delay, deter or prevent a transaction or a change in control that might involve a premium price for holders of common shares or might otherwise be in their best interests.

Holders of our common shares do not have preemptive rights, which means they have no right to acquire any additional shares that we may issue at a subsequent date.

Transfer Agent and Registrar

The transfer agent and registrar for our common shares is LaSalle Bank National Association.

Certain Provisions of Maryland Law and Our Declaration of Trust and Bylaws

The following description of certain provisions of Maryland law and of our declaration of trust and bylaws is only a summary. For a complete description, we refer you to the applicable Maryland law, our declaration of trust and bylaws.

Number of Trustees; Vacancies

Our declaration of trust and bylaws provides that the number of our trustees will be established by a vote of a majority of the members of our board of trustees. We currently have seven trustees. Our bylaws provide that any vacancy, including a vacancy created by an increase in the number of trustees, may be filled only by a majority of the remaining trustees, even if the remaining trustees do not constitute a quorum. Pursuant to our declaration of trust, each of our trustees is elected by our shareholders to serve until the next annual meeting and until their successors are duly elected and qualify. Under Maryland law, our board may elect to create staggered terms for its members.

Our bylaws provide that at least a majority of our trustees will be "independent," with independence being defined in the manner established by our board of trustees and in a manner consistent with listing standards established by the NYSE.

Removal of Trustees

Our declaration of trust provides that a trustee may be removed only with cause and only upon the affirmative vote of at least two-thirds of the votes entitled to be cast in the election of trustees. Absent removal of all of our trustees, this provision, when coupled with the provision in our bylaws authorizing our board of trustees to fill vacant trusteeships, may preclude shareholders from removing incumbent trustees and filling the vacancies created by such removal with their own nominees.

Business Combinations

Our board has approved a resolution that exempts us from the provisions of the Maryland business combination statute described below but may opt to make these provisions applicable to us in the future. Maryland law prohibits "business combinations" between us and an interested shareholder or an affiliate of an interested shareholder for five years after the most recent date on which the interested shareholder becomes an interested shareholder. These business combinations include a merger, consolidation, share exchange, or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. Maryland law defines an interested shareholder as:

- any person who beneficially owns 10% or more of the voting power of our shares; or

- an affiliate or associate of ours who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of our then outstanding voting shares.

A person is not an interested shareholder if our board of trustees approves in advance the transaction by which the person otherwise would have become an interested shareholder. However, in approving a transaction, our board of trustees may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by our board of trustees.

After the five-year prohibition, any business combination between us and an interested shareholder generally must be recommended by our board of trustees and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of our then outstanding shares of beneficial interest; and

- two-thirds of the votes entitled to be cast by holders of our voting shares other than shares held by the interested shareholder with whom or with whose affiliate the business combination is to be effected or shares held by an affiliate or associate of the interested shareholder.

These super-majority vote requirements do not apply if our common shareholders receive a minimum price, as described under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested shareholder for its shares.

The statute permits various exemptions from its provisions, including business combinations that are approved by our board of trustees before the time that the interested shareholder becomes an interested shareholder.

Control Share Acquisitions

Our bylaws contain a provision exempting any and all acquisitions of our common shares from the control shares provisions of Maryland law. However, our board of trustees may opt to make these provisions applicable to us at any time by amending or repealing this provision in the future, and may do so on a retroactive basis. Maryland law provides that "control shares" of a Maryland REIT acquired in a "control share acquisition" have no voting rights unless approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquiror or by officers or trustees who are our employees are excluded from the shares entitled to vote on the matter. "Control shares" are issued and outstanding voting shares that, if aggregated with all other shares previously acquired by the acquiring person, or in respect of which the acquiring person is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiring person to exercise or direct the exercise of the voting power in electing trustees within one of the following ranges of voting power:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained shareholder approval. A "control share acquisition" means the acquisition of control shares subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel our board of trustees to call a special meeting of shareholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the special meeting. If no request for a special meeting is made, we may present the question at any shareholders' meeting.

If voting rights are not approved at the shareholders' meeting or if the acquiring person does not deliver the statement required by Maryland law, then, subject to certain conditions and limitations, we may redeem any or all of the control shares, except those for which voting rights have previously been approved, for fair value. Fair value is determined without regard to the absence of voting rights for the control shares and as of the date of the last control share acquisition or of any meeting of shareholders at which the voting rights of the shares were considered and not approved. If voting rights for control shares are approved at a shareholders' meeting, the acquiror may then vote a majority of the shares entitled to vote, and all other shareholders may exercise appraisal rights. The fair value of the shares for purposes of these appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition. The control share acquisition statute does not apply to shares acquired in a merger, consolidation or share exchange if we are a party to the transaction, nor does it apply to acquisitions approved by or exempted by our declaration of trust or bylaws.

Merger, Amendment of Declaration of Trust

Under Maryland REIT law, a Maryland REIT generally cannot dissolve, amend its declaration of trust or merge with another entity unless recommended by the board of trustees and approved by the affirmative vote of shareholders holding at least two-thirds of the shares entitled to vote on the matter unless a lesser percentage, but not less than a majority of all the votes entitled to be cast on the matter, is set forth in the REIT's declaration of trust. Under our declaration of trust, we cannot dissolve or merge with another entity without the affirmative vote of the holders of two-thirds of the votes entitled to be cast on the matter. Our declaration of trust, including its provisions on removal of trustees, may be amended only by the affirmative vote of the holders of two-thirds of the votes entitled to be cast on the matter. Under the Maryland REIT law and our declaration of trust, our trustees are permitted, without any action by our shareholders, to amend the declaration of trust from time to time to qualify as a REIT under the Internal Revenue Code or the Maryland REIT law without the affirmative vote or written consent of the shareholders.

Limitation of Liability and Indemnification

Our declaration of trust limits the liability of our trustees and officers for money damages, except for liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or a final judgment based upon a finding of active and deliberate dishonesty by the trustee that was material to the cause of action adjudicated.

Our declaration of trust authorizes us, to the maximum extent permitted by Maryland law, to indemnify, and to pay or reimburse reasonable expenses to, any of our present or former trustees or officers or any individual who, while a trustee or officer and at our request, serves or has served another entity, employee benefit plan or any other enterprise as a trustee, director, officer, partner or otherwise. The indemnification covers any claim or liability against the person. Our declaration of trust and bylaws require us, to the maximum extent permitted by Maryland law, to indemnify each present or former trustee or officer who is made a party to a proceeding by reason of his or her service to us.

Maryland law will permit us to indemnify our present and former trustees and officers against liabilities and reasonable expenses actually incurred by them in any proceeding unless:

the act or omission of the trustee or officer was material to the matter giving rise to the proceeding; and was committed in bad faith; or

was the result of active and deliberate dishonesty;

the trustee or officer actually received an improper personal benefit in money, property or services; or

in a criminal proceeding, the trustee or officer had reasonable cause to believe that the act or omission was unlawful.

However, Maryland law will prohibit us from indemnifying our present and former trustees and officers for an adverse judgment in an action by us or in a derivative action or if the trustee or officer was adjudged to be liable for an improper personal benefit. Our bylaws and Maryland law require us, as a condition to advancing expenses in certain circumstances, to obtain:

a written affirmation by the trustee or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification; and

a written undee with respect to a Guarantor. Each Subsidiary Guarantee is and will be subordinated to the prior payment in full of all Senior Debt of that Guarantor on the same basis as the notes are subordinated to the Senior Debt of Asbury. The obligations of each Guarantor under its Subsidiary Guarantee will be limited as necessary to prevent that Subsidiary Guarantee from constituting a fraudulent conveyance under applicable law. See Risk Factors Federal and state statutes allow courts, under specific circumstances, to avoid guarantees and require note holders to return payments received from guarantors. Except as described below under Repurchase at the Option of Holders Asset Sales and Certain Covenants Merge Consolidation or Sale of Assets, the indenture does not restrict Asbury from selling or otherwise disposing of its direct or indirect Equity Interests in the Guarantors.

A Guarantor may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person), another Person, other than Asbury or another Guarantor, unless:

(1) immediately after giving effect to that transaction, no Default exists; and

(2) either:

(a)

the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of that Guarantor under the indenture, its Subsidiary Guarantee and the registration rights agreement (if such Subsidiary Guarantor s registration obligations have not been completed) pursuant to a supplemental indenture and completes all other required documentation; or

(b) the Net Proceeds of such sale or disposition are applied in accordance with the applicable provisions of the indenture.

The Subsidiary Guarantee of a Guarantor will be released and the Guarantor will be released of all obligations under its Guarantee:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) either Asbury or a Guarantor; or

(2) in connection with any sale of all of the Capital Stock of a Guarantor to a Person that is not (either before or after giving effect to such transaction) either Asbury or a Guarantor; or

(3) if such Guarantor ceases to guarantee other Indebtedness of Asbury or another Guarantor and otherwise has no outstanding Indebtedness; or

(4) upon the Legal Defeasance or Covenant Defeasance of the notes in accordance with the terms of the indenture; or

(5) if Asbury designates such Guarantor as an Unrestricted Subsidiary in accordance with the applicable provisions of the indenture.

See Repurchase at the Option of Holders Asset Sales, Legal Defeasance and Covenant Defeasance and Certain Covenants Designation of Restricted and Unrestricted Subsidiaries.

Any Domestic Subsidiary of Asbury (with assets in excess of $1,000) which incurs, has outstanding or guarantees any Indebtedness will, within 15 days of such incurrence or guarantee (or, if the Domestic Subsidiary has outstanding or guarantees Indebtedness at the time of its creation or acquisition, at the time of such creation or acquisition), become a Guarantor and execute and deliver to the trustee a supplemental indenture pursuant to which such Subsidiary will guarantee Asbury s obligations under the notes.

Subordination

Senior Debt versus Notes

The payment of principal of or interest and premium and Special Interest, if any, on the notes is subordinated to the prior payment in full of all Senior Debt of Asbury, including Senior Debt incurred after the date of the indenture.

The holders of Senior Debt will be entitled to receive payment in full of all Obligations due in respect of Senior Debt (including interest after the commencement of any bankruptcy proceeding at the rate specified in the applicable Senior Debt) before the Holders of notes will be entitled to receive any payment with respect to the notes (except that Holders of notes may receive and retain Permitted Junior Securities and payments made from the trust, if any, as described under Legal Defeasance and Covenant Defeasance to the extent permitted thereby), in the event of any distribution to creditors of Asbury:

(1) in a liquidation or dissolution of Asbury;

(2) in a bankruptcy reorganization, insolvency, receivership or similar proceeding relating to Asbury or its property;

(3) in an assignment for the benefit of creditors; or

(4) in any marshaling of Asbury s assets and liabilities.

Liabilities of Subsidiaries versus Notes

As of the date of this prospectus, substantially all of Asbury s Subsidiaries guarantee the notes. Not all of Asbury s future Subsidiaries will be obligated to guarantee the notes. Claims of creditors of such non-guarantor Subsidiaries, including trade creditors holding indebtedness or guarantees issued by such non-guarantor Subsidiaries, generally will effectively have priority with respect to the assets and earnings of such non-guarantor Subsidiaries over the claims of Asbury s creditors, including holders of the notes, even if such claims do not constitute Senior Debt. Accordingly, the notes will be effectively subordinated to creditors (including trade creditors) and preferred stockholders, if any, of such non-guarantor Subsidiaries. See Risk Factors Claims of creditors of all of our non-guarantor subsidiaries will have priority over the assets and earnings of those subsidiaries over you as a holder of the notes. Moreover, the indenture does not impose any limitation on the incurrence by Subsidiaries of liabilities that are not considered Indebtedness or preferred stock under the indenture. See Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock.

Other Senior Subordinated Indebtedness versus Notes

Only Indebtedness of Asbury or any of its Subsidiaries that is Senior Debt of such Person will rank senior to the notes or the relevant Subsidiary Guarantee, as the case may be, in accordance with the provisions of the indenture. The notes and each Subsidiary Guarantee will in all respects rank *pari passu* with all other Senior Subordinated Indebtedness of Asbury and the relevant Subsidiary, respectively.

Asbury and the Guarantors agreed in the indenture that Asbury and such Guarantors will not incur, directly or indirectly, any Indebtedness that is contractually subordinate or junior in right of payment to Asbury s Senior Debt, or the Senior Debt of such Guarantors, unless such Indebtedness is Senior Subordinated Indebtedness of such Person or is expressly subordinated in right of payment to Senior Subordinated Indebtedness of such Person. The indenture provides that unsecured Indebtedness is not subordinated or junior to Secured Indebtedness merely because it is unsecured.

Asbury also may not make any payment in respect of the notes (except in the form of Permitted Junior Securities or from the trust described under Legal Defeasance and Covenant Defeasance when permitted thereby) if:

(1) a payment default on Designated Senior Debt occurs and is continuing beyond any applicable grace period; or

(2) any other default occurs and is continuing on any series of Designated Senior Debt that permits holders of that series of Designated Senior Debt to accelerate its maturity, and the trustee receives a notice of such default (a Payment Blockage Notice) from Asbury or the requisite holders of such series of Designated Senior Debt.

Payments on the notes will be resumed at the first to occur of the following:

(1) in the case of a payment default, upon the date on which such default is cured or waived; and

(2) in the case of a nonpayment default, upon the earlier of the date on which such nonpayment default is cured or waived or 179 days after the date on which the applicable Payment Blockage Notice is received unless the maturity of any Designated Senior Debt has been accelerated.

No new Payment Blockage Notice may be delivered unless and until:

(1) 360 days have elapsed since the delivery of the immediately prior Payment Blockage Notice; and

(2) all scheduled payments of principal, interest and premium and Special Interest, if any, on the notes that have come due have been paid in full in cash.

The failure to make any payment on the notes by reason of the subordination provisions of the indenture will not be construed as preventing the occurrence of an Event of Default with respect to the notes by reason of the failure to make a required payment. Upon termination of any period of payment blockage, Asbury will be required to resume making any and all required payments under the notes, including any missed payments. No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the trustee will be, or be made, the basis for a subsequent Payment Blockage Notice.

If the trustee or any Holder of the notes receives a payment in respect of the notes (except in Permitted Junior Securities or from the trust described under Legal Defeasance and Covenant Defeasance) when:

(1) the payment is prohibited by these subordination provisions; and

(2) the trustee or the Holder has actual knowledge that the payment is prohibited;

the trustee or the Holder, as the case may be, will hold the payment in trust for the benefit of the holders of Senior Debt. Upon the proper written request of the holders of Senior Debt, the trustee or the Holder, as the case may be, will deliver the amounts in trust to the holders of Senior Debt or their proper representative.

Asbury must promptly notify holders of Senior Debt if payment of the notes is accelerated because of an Event of Default.

As a result of the subordination provisions described above, in the event of a bankruptcy, liquidation or reorganization of Asbury, Holders of notes may recover less ratably than creditors of Asbury who are holders of Senior Debt. See Risk Factors Your right to receive payments on the exchange notes is junior to our existing and future senior indebtedness and the existing and future senior indebtedness of our guarantors.

Designated Senior Debt means:

(1) any Obligations outstanding under the Credit Agreement and Floor Plan Facilities; or

(2) after payment in full of all Obligations under the Credit Agreement and Floor Plan Facilities, any other Senior Debt permitted under the indenture, the principal amount of which is $25.0 million or more and that has been designated by Asbury as Designated Senior Debt.

Permitted Junior Securities means:

(1) Equity Interests in Asbury or any Guarantor; or

(2) debt securities that are subordinated to all Senior Debt (and any debt securities issued in exchange for Senior Debt) to substantially the same extent as, or to a greater extent than, the notes and the Subsidiary Guarantees are subordinated to Senior Debt under the indenture governing the notes.

Senior Debt means:

(1) all Indebtedness of Asbury or any Guarantor outstanding under Credit Facilities, and all Hedging Obligations with respect thereto, and under Floor Plan Facilities;

(2) any other Indebtedness of Asbury or any Guarantor permitted to be incurred under the terms of the indenture; and

(3) all Obligations with respect to the items listed in the preceding clauses (1) and (2),

unless, in the case of clauses (1) and (2), the instrument under which such Indebtedness is incurred expressly provides that it is on a parity with or subordinated in right of payment to the notes or any Subsidiary Guarantee, as the case may be.

Notwithstanding anything to the contrary in the preceding, Senior Debt will not include:

(1) any liability for federal, state, local or other taxes owed or owing by Asbury;

(2) any intercompany Indebtedness of Asbury or any of its Subsidiaries to Asbury or any of its Affiliates;

(3) any trade payables; or

(4) the portion of any Indebtedness that is incurred in violation of the indenture.

Optional Redemption

At any time prior to November 15, 2013, Asbury may at its option on any one or more occasions redeem notes (which includes Additional Notes, if any) in an aggregate principal amount not to exceed 35% of the aggregate principal amount of notes (which includes Additional Notes, if any) issued under the indenture at a redemption price of 108.375% of the principal amount, plus accrued and unpaid interest and Special Interest, if any, to the redemption date, with the net cash proceeds from one or more Equity Offerings; *provided* that:

(1) at least 65% of the aggregate principal amount of notes (which includes Additional Notes, if any) issued under the indenture remains outstanding immediately after the redemption (excluding any notes held by Asbury or any of its Subsidiaries or Affiliates); and

(2) the redemption occurs within 90 days of the date of the closing of such Equity Offering.

At any time prior to November 15, 2015, Asbury is entitled at its option to redeem all or a portion of the notes, upon not less than 30 nor more than 60 days prior notice, at a redemption price equal to 100% of the principal amount of the notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest and Special Interest, if any, to, the date of redemption (the Redemption Date).

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Applicable Premium means, with respect to a note at any Redemption Date, the greater of (i) 1.0% of the principal amount of such note and (ii) the excess of (A) the present value at such time of (1) the redemption price of such note at November 15, 2015 (such redemption price as described in the table below) plus (2) all required interest payments due on such note through November 15, 2015 computed, in both cases, using a discount rate equal to the Treasury Rate plus 50 basis points, over, (B) the principal amount of such note.

Treasury Rate means the yield to maturity at a time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available at least two business days prior to the Redemption Date (or, if such Statistical Release is no longer published, any publicly available source similar market data)) most nearly equal to the period from the Redemption Date to November 15, 2015; provided, however, that if the period from the Redemption Date to November 15, 2015 is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the Redemption Date to November 15, 2015 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

On and after November 15, 2015, Asbury will be entitled at its option to redeem all or a portion of the notes upon not less than 30 nor more than 60 days notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Special Interest, if any, on the notes redeemed, to the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on November 15 of the years indicated below:

Year	Percentage
2015	104.188%
2016	102.792%
2017	101.396%
2018 and thereafter	100.000%

Selection and Notice

If less than all of the notes are to be redeemed in connection with any redemption, the trustee will select notes (or portions of notes) for redemption as follows:

(1) if the notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the notes are listed; or

(2) if the notes are not listed on any national securities exchange, on a pro rata basis, by lot or by such method as the trustee deems fair and appropriate.

No notes of $2,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each Holder of notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes or a satisfaction and discharge of the indenture. Notice of any redemption to be financed in whole or in part from the proceeds of any Equity Offering pursuant to the first paragraph under Optional Redemption above may be given prior to the completion thereof, and any such redemption or notice may, at Asbury s discretion, be subject to one or more conditions precedent, including, but not limited to, completion of the related Equity Offering.

If any note is to be redeemed in part only, the notice of redemption that relates to that note will state the portion of the principal amount of that note that is to be redeemed. A new note in principal amount equal to the

unredeemed portion of the original note will be issued in the name of the Holder of notes upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest will cease to accrue on notes or portions of them called for redemption.

No Mandatory Redemption or Sinking Fund

Asbury is not required to make mandatory redemption or sinking fund payments with respect to the notes. However, under certain circumstances, Asbury may be required to offer to purchase notes as described under the captions Repurchase at the Option of Holders, Asset Sales and Change of Control. The indenture does not prohibit Asbury from purchasing notes in the open market or otherwise at any time and from time to time.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, each Holder of notes will have the right to require Asbury to repurchase all or any part (equal to an integral multiple of $1,000) of that Holder s notes validly tendered pursuant to the offer described below (the Change of Control Offer); *provided* that the unrepurchased portion of the notes of any Holder must be equal to $2,000 in principal amount or integral multiples of $1,000 in excess thereof. The offer price in any Change of Control Offer will be payable in cash and will be equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest and Special Interest, if any, on the notes repurchased, to the date of purchase (the Change of Control Payment). Within 30 days following any Change of Control, Asbury will mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase notes on the date specified in the notice (the Change of Control Payment Date), which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by the indenture and described in such notice. Asbury will comply with the requirements of Section 14(e) of and Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the indenture relating to the Change of Control, Asbury will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the indenture by virtue of such conflict.

On the Change of Control Payment Date, Asbury will, to the extent lawful:

(1) accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and

(3) deliver or cause to be delivered to the trustee the notes properly accepted together with an officer s certificate stating the aggregate principal amount of notes or portions of notes being purchased by Asbury.

The paying agent will promptly mail to each Holder of notes properly tendered the Change of Control Payment for such notes, and the trustee will promptly authenticate and deliver (or cause to be transferred by book entry) to each Holder a new note equal in principal amount to any unpurchased portion of the notes surrendered, if any; *provided* that each new note will be in a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof.

Prior to complying with any of the provisions of this Change of Control covenant, but in any event within 90 days following a Change of Control, Asbury will either repay all outstanding Senior Debt or obtain the requisite consents, if any, under all agreements governing outstanding Senior Debt to permit the repurchase of notes required by this covenant. Asbury will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that will require Asbury to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the indenture are applicable. Except as described above with respect to a Change of Control, the indenture will not contain provisions that permit the Holders of the notes to require that Asbury repurchase or redeem the notes in the event of a takeover, recapitalization or other similar transaction.

Asbury will not be required to make a Change of Control Offer upon a Change of Control if (i) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to a Change of Control Offer made by Asbury and purchases all notes properly tendered and not withdrawn under the Change of Control Offer or (ii) a notice of redemption has been thereafter given pursuant to the indenture as described above under the caption Optional Redemption and the notes are redeemed in accordance with the terms of such notice. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making the Change of Control Offer.

The Change of Control purchase feature of the notes may in certain circumstances make more difficult or discourage a sale or takeover of Asbury and, thus, the removal of incumbent management. The Change of Control purchase feature is a result of negotiations between Asbury and the initial purchasers of the original notes. We have no present intention to engage in a transaction involving a Change of Control, although it is possible that we would decide to do so in the future. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on Asbury s ability to incur additional Indebtedness are contained in the covenant described under Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock. Such restrictions can only be waived with the consent of the Holders of a majority in principal amount of the notes then outstanding. Except for the limitations contained in such covenant, however, the indenture will not contain any covenants or provisions that may afford Holders of the notes protection in the event of a highly leveraged transaction.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of all or substantially all of the properties or assets of Asbury and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a Holder of notes to require Asbury to repurchase its notes as a result of a sale, lease, transfer conveyance or other disposition of less than all of the assets of Asbury and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain.

For purposes of the definition of Change of Control, the definition of Continuing Directors includes directors who were nominated or elected to the Board of Directors with the approval of a majority of the Continuing Directors who were members of the Board at the time of such nomination or election. In *San Antonio Fire & Police Pension Fund v. Amylin Pharmaceuticals, Inc. et al.* (May 2009), the Delaware Chancery Court issued a decision, based in part on its interpretation of New York law, that raises issues regarding a change of control provision similar to that contained in the indenture. Among other things, the court held that continuing directors could approve (within the meaning and for purposes of the indenture) a slate of candidates for director nominated by stockholders, without endorsing or recommending them, even though simultaneously recommending and endorsing their own slate. Accordingly, the ability of a Holder of notes to require Asbury to repurchase the notes as a result of a change in the composition of the Board of Directors may be uncertain.

Asset Sales

Asbury will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) Asbury (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the fair market value of the assets disposed of or the Equity Interests of the Restricted Subsidiary issued or sold or otherwise disposed of (determined by Asbury s Board of Directors if such fair market value exceeds $5.0 million); and

(2) at least 75% of the consideration received in the Asset Sale by Asbury or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

(a) any liabilities, as shown on Asbury s or such Restricted Subsidiary s most recent balance sheet, of Asbury or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the notes or any Subsidiary Guarantee) that are assumed by the transferee of any such assets or terminated by the holder of such liability and Asbury or such Restricted Subsidiary is released from further liability;

(b) any securities, notes or other obligations received by Asbury or any such Restricted Subsidiary from such transferee that are converted by Asbury or such Restricted Subsidiary into cash or Cash Equivalents within 90 days after receipt, to the extent of the cash or Cash Equivalents received in that conversion;

(c) any Designated Non-cash Consideration received by Asbury or any such Restricted Subsidiary in such Asset Sale having an aggregate fair market value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (c) that at that time has not been converted to cash, not to exceed $25.0 million at the time of receipt of such Designated Non-cash Consideration, with the fair market value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value; and

(d) Replacement Assets.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, Asbury or the Restricted Subsidiary, as the case may be, may apply an amount equal to such Net Proceeds at its option:

(1) to repay any Senior Debt of Asbury or any of its Restricted Subsidiaries and if the Senior Debt repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto; or

(2) (a) to acquire all or substantially all of, or a majority of the Voting Stock of, another Permitted Business, (b) to make a capital expenditure or (c) to acquire long-term assets that are used for or useful in a Permitted Business or, in each case of (a), (b) and (c), enter into a binding commitment for any such acquisition, investment or expenditure; *provided* that such binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment unless earlier completed, only until the 180th day following the expiration of the aforementioned 365-day period; *provided further* that, if the acquisition, investment or expenditure contemplated by such binding commitment is not consummated on or before the 180th day following the expiration of the aforementioned 365-day period, such commitment shall be deemed not to have been a permitted application of Net Proceeds.

In addition to the foregoing, any investment, expenditure or capital expenditure of the type described in the foregoing clauses (a), (b) and (c) of the foregoing clause (2), in each case made within 60 days prior to an Asset Sale, shall be deemed to satisfy the previous paragraph with respect to the application of the Net Proceeds from such Asset Sale.

Pending the final application of any Net Proceeds, Asbury may temporarily reduce revolving credit borrowings or invest the Net Proceeds in any manner that is not otherwise prohibited by the indenture.

If any portion of the Net Proceeds from Asset Sales is not applied or invested as provided in the preceding paragraph or Asbury otherwise determines not to apply such Net Proceeds as so provided, such amount will constitute Excess Proceeds. When the aggregate amount of Excess Proceeds exceeds $25.0 million (or such lesser amount as Asbury determines), Asbury will (and at any time Asbury may) make an offer to holders of the notes (and to holders of other Senior Subordinated Indebtedness of Asbury designated by Asbury) to purchase notes (and such other Senior Subordinated Indebtedness of Asbury) pursuant to and subject to the conditions contained in the indenture (the Asset Sale Offer). Asbury will purchase notes tendered pursuant to the Asset Sale Offer at a purchase price of 100% of their principal amount (or, in the event such other Senior Subordinated Indebtedness of Asbury was issued with significant original issue discount, 100% of the accreted value thereof) without premium, plus accrued but unpaid interest (or, in respect of such other Senior Subordinated Indebtedness of Asbury, such lesser price, if any, as may be provided for by the terms of such Senior Subordinated Indebtedness) in accordance with the procedures (including prorating in the event of oversubscription) set forth in the indenture (the Asset Sale Offer Price). Asbury will be required to complete the Asset Sale Offer no earlier than 30 days and no later than 60 days after notice of the Asset Sale Offer is provided to the Holders, or such later date as may be required by applicable law. If the aggregate purchase price of the securities tendered exceeds the Net Proceeds allotted to their purchase, Asbury will select the securities to be purchased on a pro rata basis but in round denominations, which in the case of the notes will be denominations of integral multiples of $1,000; provided that the unpurchased portion of the notes of any Holder must be equal to $2,000 in principal amount or integral multiples of $1,000 in excess thereof. If any Excess Proceeds remain after consummation of an Asset Sale Offer, Asbury may use those Excess Proceeds for any purpose not otherwise prohibited by the indenture. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

Asbury will comply with the requirements of Section 14(e) of and Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the indenture relating to an Asset Sale Offer, Asbury will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of the indenture by virtue of such conflict.

The agreements governing Asbury s outstanding and future Senior Debt could prohibit Asbury from purchasing any notes, and also provide that certain change of control or asset sale events with respect to Asbury would constitute a default under these agreements. In the event a Change of Control or Asset Sale occurs at a time when Asbury is prohibited from purchasing notes, Asbury could seek the consent of its senior lenders to the purchase of notes or could attempt to refinance the borrowings that contain such prohibition. If Asbury does not obtain such a consent or repay such borrowings, Asbury will remain prohibited from purchasing notes. In such case, Asbury s failure to purchase tendered notes would constitute an Event of Default under the indenture, which would, in turn, likely constitute a default under such Senior Debt. In such circumstances, the subordination provisions in the indenture would likely restrict payments to the Holders of notes. See Risk Factors Your right to receive payments on the notes is junior to our existing and future senior indebtedness and the existing and future senior indebtedness of our guarantors.

The provisions under the indenture relating to Asbury s obligation to make an offer to repurchase the notes as a result of a Change of Control or an Asset Sale may be waived or modified with the written consent of the Holders of a majority in principal amount of the notes then outstanding.

Certain Covenants

Restricted Payments

Asbury will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend on, or make any other payment or distribution on account of, Asbury s or any of its Restricted Subsidiaries Equity Interests (including, without limitation, any payment in

connection with any merger or consolidation involving Asbury or any of its Restricted Subsidiaries) or to the direct or indirect holders of Asbury s or any of its Restricted Subsidiaries Equity Interests in their capacity as such (other than dividends or distributions payable (i) in Equity Interests (other than Disqualified Stock) of Asbury or (ii) to Asbury or a Restricted Subsidiary;

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving Asbury) any Equity Interests of Asbury or any direct or indirect parent of Asbury (other than any such Equity Interests owned by Asbury or any of its Restricted Subsidiaries);

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value, in each case, prior to any scheduled repayment, sinking fund payment or maturity, any Indebtedness that is subordinated to the notes or the Subsidiary Guarantees, except the payment, purchase, redemption, defeasance or other acquisition or retirement purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of such payment, purchase, redemption, defeasance or other acquisition or retirement for value; or

(4) make any Restricted Investment;

(all such payments and other actions set forth in the clauses (1) through (4) above being collectively referred to as Restricted Payments),

unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(2) Asbury would, after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption Incurrence of Indebtedness and Issuance of Preferred Stock ; and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by Asbury and its Restricted Subsidiaries beginning on October 1, 2010 (excluding Restricted Payments permitted by clauses (2), (3), (4), (5), (6), (7) and (9) of the next succeeding paragraph), is less than the sum, without duplication, of:

(a) 50% of the Consolidated Net Income of Asbury for the period (taken as one accounting period) beginning on October 1, 2010 up to the end of Asbury s most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), plus

(b) 100% of the aggregate net cash proceeds (including the fair market value of property other than cash) received by Asbury on or after October 1, 2010 as a contribution to its common equity capital or from the issue or sale of Equity Interests of Asbury (other than Disqualified Stock) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of Asbury that have been converted into or exchanged for such Equity Interests (other than Equity Interests, Disqualified Stock or debt securities sold to a Subsidiary of Asbury), plus

(c) the amount by which Indebtedness or Disqualified Stock incurred or issued subsequent to the Issue Date is reduced on Asbury s consolidated balance sheet upon the conversion or exchange (other than by a Subsidiary of Asbury) into Equity Interests of Asbury (other than Disqualified Stock) (less the amount of any cash, or the fair market value of any other asset, distributed by Asbury or any Restricted Subsidiary upon such conversion or exchange); provided that such amount shall not exceed the aggregate net proceeds received by Asbury or any Restricted Subsidiary after the Issue Date from the issuance and sale (other than to a Subsidiary of Asbury) of such Indebtedness or Disqualified Stock; plus

(d) to the extent that any Restricted Investment that was made on or after October 1, 2010 has been or is sold for cash or otherwise liquidated or repaid, purchased or redeemed for cash, the lesser of (i) such cash (less the cost of disposition, if any) and (ii) the amount of such Restricted Investment, plus

(e) to the extent not otherwise included in the calculation of Consolidated Net Income of Asbury for such period, 100% of the net reduction in Investments (other than Permitted Investments) in any Person other than Asbury or a Restricted Subsidiary resulting from dividends, repayment of loans or advances or other transfers of assets, in each case to Asbury or any Restricted Subsidiary, plus

(f) to the extent not otherwise included in the calculation of Consolidated Net Income of Asbury for such period, 100% of any dividends or interest payments received by Asbury or a Restricted Subsidiary on and after the Issue Date from an Unrestricted Subsidiary or other Investment (other than a Permitted Investment), plus

(g) to the extent that any Unrestricted Subsidiary of Asbury has been or is redesignated as a Restricted Subsidiary on or after October 1, 2010, the lesser of (i) the fair market value of Asbury s Investment in such Subsidiary as of the date of such redesignation and (ii) such fair market value as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary.

As of June 30, 2013, pursuant to clause (3) above, Asbury would have been able to make approximately $178.6 million in Restricted Payments.

So long as no Default has occurred and is continuing or would be caused thereby (except in the case of clause (1) below), the preceding provisions will not prohibit:

(1) the payment of any dividend or distribution on, or redemption of, Equity Interests, within 60 days after the date of declaration of the dividend or the giving of notice thereof, if, at the date of such declaration or the giving of such notice the payment would have complied with the provisions of the indenture;

(2) the redemption, repurchase, retirement, defeasance or other acquisition of any subordinated Indebtedness of Asbury or any Guarantor or of any Equity Interests of Asbury, or the making of any Investment, in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary of Asbury) of, or capital contribution in respect of, Equity Interests of Asbury (other than Disqualified Stock); provided that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition or any such Investment will be excluded from clause (3)(b) of the second preceding paragraph;

(3) the defeasance, redemption, repurchase or other acquisition of subordinated Indebtedness of Asbury or any Guarantor with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(4) the payment of any dividend or other payment or distribution by a Restricted Subsidiary of Asbury to the holders of its Equity Interests on a pro rata basis;

(5) repurchases of Equity Interests deemed to occur upon exercise of stock options if those Equity Interests represent all or a portion of the exercise price of those options;

(6) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of Asbury or any Restricted Subsidiary of Asbury (in the event such Equity Interests are not owned by Asbury or any of its Restricted Subsidiaries) in an amount not to exceed $10.0 million in any fiscal year;

(7) the purchase by Asbury of fractional shares arising out of stock dividends, splits or combinations or business combinations;

(8) the declaration and payment of dividends to holders of any class or series of preferred stock of Asbury issued or incurred in compliance with the covenant described above under Incurrence of Indebtedness and Issuance of Preferred Stock to the extent such dividends are included in the definition of Fixed Charges; or

(9) Restricted Payments not to exceed $50.0 million under this clause (9) in the aggregate, plus, to the extent Restricted Payments made pursuant to this clause (9) are Investments made by Asbury or any of its Restricted Subsidiaries in any Person and such Investment is sold for cash or otherwise liquidated or repaid, purchased or redeemed for cash, an amount equal to the lesser of (i) such cash (less the cost of disposition, if any) and (ii) the amount of such Restricted Payment; *provided* that the amount of such cash will be excluded from clause (3)(d) of the second preceding paragraph.

The amount of all Restricted Payments (other than cash) will be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by Asbury or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any assets or securities that are required to be valued by this covenant will be determined by Asbury (or if such fair market value exceeds $5.0 million, by Asbury s Board of Directors).

Incurrence of Indebtedness and Issuance of Preferred Stock

Asbury will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, incur) any Indebtedness (including Acquired Debt), and Asbury will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; provided, however, that Asbury may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock and Asbury s Restricted Subsidiaries may incur Indebtedness (including Acquired Debt) or issue preferred stock, in each case, if the Fixed Charge Coverage Ratio for Asbury s most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued would have been at least 2:0 to 1, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the preferred stock or Disqualified Stock had been issued, as the case may be, at the beginning of such four-quarter period.

The first paragraph of this covenant does not, and will not, prohibit the incurrence of any of the following items of Indebtedness (collectively, Permitted Debt):

(1) the incurrence by Asbury or any of its Restricted Subsidiaries of Indebtedness and letters of credit under Credit Facilities, in an aggregate principal amount at any one time outstanding under this clause (1) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of Asbury and its Restricted Subsidiaries thereunder) not to exceed the greater of:

(a) $550.0 million less the aggregate amount of all Net Proceeds of Asset Sales applied by Asbury or any of its Restricted Subsidiaries since the date of the indenture to repay term Indebtedness under a Credit Facility or to repay revolving credit Indebtedness and effect a corresponding commitment reduction thereunder, in each case, in satisfaction of the covenant described above under the caption Repurchase at the Option of Holders Asset Sales ; and

(b) 30% of Asbury s Consolidated Net Tangible Assets as of the date of such incurrence;

(2) the incurrence by Asbury or any of its Restricted Subsidiaries of Existing Indebtedness;

(3)

the incurrence by Asbury or any of its Restricted Subsidiaries of Indebtedness represented by the notes and the related Subsidiary Guarantees to be issued on the date of the indenture and the Exchange Notes and the related Subsidiary Guarantees to be issued pursuant to the registration rights agreement (and any exchange notes in respect of Additional Notes or other debt properly incurred under the indenture, where the terms of such exchange notes are substantially identical to such other debt);

(4) the incurrence by Asbury or any of its Restricted Subsidiaries of Indebtedness under Floor Plan Facilities;

(5) the incurrence by Asbury or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of Asbury or such Restricted Subsidiary, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to refund or refinance any Indebtedness incurred pursuant to this clause (5), not to exceed, at any time outstanding, the greater of $30.0 million and 2.0% of Consolidated Total Assets;

(6) the incurrence by Asbury or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance or replace Indebtedness (other than intercompany Indebtedness) that was permitted by the indenture to be incurred under the first paragraph of this covenant or clauses (2), (3) or (6) of this paragraph;

(7) the incurrence by Asbury or any of its Restricted Subsidiaries of intercompany Indebtedness between or among Asbury and its Restricted Subsidiaries; provided, that:

(a) if Asbury or any Guarantor is the obligor on such Indebtedness owing to a Restricted Subsidiary, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all Obligations with respect to the notes, in the case of Asbury, or the Subsidiary Guarantee, in the case of a Guarantor; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than Asbury or a Restricted Subsidiary of Asbury and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either Asbury or a Restricted Subsidiary of Asbury will be deemed, in each case, to constitute an incurrence of such Indebtedness by Asbury or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (7);

(8) the incurrence by Asbury or any of its Restricted Subsidiaries of Hedging Obligations in the ordinary course of business and not for speculative purposes;

(9) the guarantee by Asbury or any of its Restricted Subsidiaries of Indebtedness of Asbury or a Restricted Subsidiary that was permitted to be incurred by another provision of this covenant;

(10) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business, *provided* that such Indebtedness is extinguished within five Business Days of its incurrence;

(11) Obligations in respect of (A) performance, bid and surety bonds and completion guarantees provided by Asbury or any of its Restricted Subsidiaries in the ordinary course of business and (B) agreements providing for indemnification, adjustment of purchase price or similar obligations incurred in connection with the disposition of any business, assets or subsidiary;

(12) Indebtedness arising in connection with endorsement of instruments for deposit in the ordinary course of business;

(13) Indebtedness consisting of the financing of insurance premiums;

(14) Indebtedness consisting of Guarantees incurred in the ordinary course of business under repurchase agreements or similar agreements in connection with the financing of sales of goods in the ordinary course of business; and

(15) the incurrence by Asbury or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) which, when taken together with all other Indebtedness of Asbury and its Restricted Subsidiaries outstanding on the date of such incurrence and incurred pursuant to this clause (15), does not exceed the greater of $20.0 million and 1.5% of Consolidated Total Assets.

For purposes of determining compliance with this Incurrence of Indebtedness and Issuance of Preferred Stock covenant, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (15) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, Asbury is permitted to divide and classify such item of Indebtedness on the date of its incurrence and later divide and reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant. Indebtedness that was outstanding under Credit Facilities on November 16, 2010 is deemed to have been incurred on such date in reliance on the exception provided by clause (1) of the definition of Permitted Debt and unless repaid may not be reclassified.

Accrual of interest and dividends, accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, changes to amounts outstanding in respect of Hedging Obligations solely as a result of fluctuations in interest rates, the assumption or guarantee of Indebtedness of a Restricted Subsidiary by Asbury or another Restricted Subsidiary and the payment of dividends on Disqualified Stock or preferred stock of Restricted Subsidiaries in the form of additional shares of the same class of Disqualified Stock or preferred stock of Restricted Subsidiaries is not deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock or preferred stock of Restricted Subsidiaries for purpose of this covenant.

Anti-Layering

Asbury will not incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is subordinate or junior in right of payment to any Senior Debt of Asbury and senior in any respect in right of payment to the notes. No Guarantor will incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is subordinate or junior in right of payment to the Senior Debt of such Guarantor and senior in any respect in right of payment to such Guarantor s Subsidiary Guarantee. No Indebtedness will be considered to be senior to other Indebtedness by virtue of being secured.

Liens

Asbury will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind securing Indebtedness or Attributable Debt on any asset now owned or hereafter acquired, except Permitted Liens.

Notwithstanding the foregoing, any Lien granted pursuant to clause (2) of the definition of Permitted Liens shall be automatically released if the Liens securing such Indebtedness which gave rise to such Lien shall have been discharged, other than in connection with the exercise of remedies related to such Lien.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

Asbury will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any of its Restricted Subsidiaries to:

(1) pay dividends or make any other distributions on its Capital Stock to Asbury or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to Asbury or any of its Restricted Subsidiaries;

(2) make loans or advances to Asbury or any of its Restricted Subsidiaries; or

(3) transfer any of its properties or assets to Asbury or any of its Restricted Subsidiaries.

However, the preceding restrictions do not apply to encumbrances or restrictions existing under or by reason of:

(1) any agreement in effect or entered into on November 16, 2010, including agreements governing Existing Indebtedness, Credit Facilities and Floor Plan Facilities as in effect on November 16, 2010 and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, modifications, restatements, renewals, increases, supplements, refundings, replacement or refinancings of such instrument are no more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in such agreement on November 16, 2010;

(2) the indenture, the notes and the Subsidiary Guarantees;

(3) applicable law and any applicable rule, regulation or order;

(4) any instrument governing Indebtedness or Capital Stock of a Person acquired by Asbury or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the indenture to be incurred;

(5) any encumbrance or restriction pursuant to an agreement effecting a permitted renewal, refunding, replacement, refinancing or extension of Indebtedness issued pursuant to an agreement containing any encumbrance or restriction referred to in the foregoing clauses (2) and (4), so long as the encumbrances and restrictions contained in any such renewal, refunding, replacement, refinancing or extension agreement are no less favorable in any material respect to the Holders than the encumbrances and restrictions contained in the agreements governing the Indebtedness being renewed, refunded, replaced, refinanced or extended in the good faith judgment of Asbury;

(6) customary non-assignment provisions in leases entered into in the ordinary course of business;

(7) purchase money obligations for property acquired that impose restrictions on the transfer of that property of the nature described in clause (3) of the preceding paragraph; *provided* that any such encumbrance or restriction is released to the extent the underlying Lien is released or the related Indebtedness is repaid;

(8) any agreement for the sale or other disposition of assets, including, without limitation, customary restrictions with respect to a Subsidiary pursuant to an agreement that has been entered into for the sale or disposition of substantially all of the Capital Stock or substantially all of the assets of that Subsidiary;

(9) Permitted Refinancing Indebtedness, *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(10) Liens that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) covenants in a franchise or other agreement entered into in the ordinary course of business with a Manufacturer customary for franchise agreements in the vehicle retailing industry;

(12) customary provisions in joint venture agreements, asset sale agreements, stock sale agreements and other similar agreements entered into in the ordinary course of business;

(13) customary provisions restricting subletting or assignment of any lease, contract or license of Asbury or any Restricted Subsidiary or provisions in agreements that restrict the assignment of such agreement or any rights thereunder;

(14) restrictions on cash or other deposits or net worth, total assets, liquidity and similar financial responsibility covenants imposed by customers under contracts entered into in the ordinary course of business; and

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(15) covenants in Floor Plan Facilities customary for inventory and floor planning financing in the automobile retailing industry.

Merger, Consolidation or Sale of Assets

Asbury may not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not Asbury is the surviving corporation); or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of Asbury and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person; unless:

(1) either: (a) Asbury is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than Asbury) or to which such sale, assignment, transfer, conveyance or other disposition has been made is a corporation organized or existing under the laws of the United States, any state of the United States or the District of Columbia (any such Person, the Successor Company);

(2) any Successor Company assumes all the obligations of Asbury under the notes and the indenture;

(3) immediately after such transaction no Default exists; and

(4) (A) Asbury or the Successor Company will, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption Incurrence of Indebtedness and Issuance of Preferred Stock, or (B) the Fixed Charge Coverage Ratio for Asbury or the Successor Company would be equal to or greater than such ratio for Asbury immediately prior to such transaction.

The foregoing clause (4) will not prohibit (a) a merger between Asbury and any of its Restricted Subsidiaries or (b) a merger between Asbury and an Affiliate with no liabilities (other than de minimis liabilities); provided that the Affiliate is incorporated and the merger undertaken solely for the purpose of reincorporating Asbury in another state of the United States, so long as the amount of Indebtedness of Asbury and its Restricted Subsidiaries is not increased thereby.

In addition, Asbury may not, directly or indirectly, lease all or substantially all of its properties or assets, in one or more related transactions, to any other Person. This Merger, Consolidation or Sale of Assets covenant will not apply to a sale, assignment, transfer, conveyance or other disposition of assets between or among Asbury and any of the Guarantors.

The Successor Company will be the successor to Asbury and shall succeed to, and be substituted for, and may exercise every right and power of, Asbury under the indenture, and the predecessor company, in the case of a merger, consolidation or sale of all of Asbury s assets, shall be released from its obligations with respect to the notes, including with respect to its obligation to pay the principal of and interest and Special Interest, if any, on the notes.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary of Asbury to be an Unrestricted Subsidiary if no Default has occurred and is continuing at the time of the designation and if that designation would not cause a Default. If a Restricted Subsidiary of Asbury is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by Asbury and its Restricted Subsidiaries in the Subsidiary properly designated will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the first or third paragraphs of the covenant described above under the caption Restricted Payments or Permitted Investments, as determined by Asbury. That designation

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will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. In addition, no such designation may be made unless the proposed Unrestricted Subsidiary does not own any Capital Stock in any Restricted Subsidiary that is not simultaneously subject to designation as an Unrestricted Subsidiary. The Board of Directors may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if the redesignation would not cause a Default.

Transactions with Affiliates

Asbury will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each, an Affiliate Transaction), unless:

(1) the Affiliate Transaction is on terms that are not materially less favorable to Asbury or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by Asbury or such Restricted Subsidiary with an unrelated Person; and

(2) Asbury delivers to the trustee:

(a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $5.0 million, a resolution of the Board of Directors set forth in an officer s certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and

(b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $25.0 million, an opinion as to the fairness to the Holders of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing.

Notwithstanding the foregoing, the following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) any employment agreement entered into by Asbury or any of its Restricted Subsidiaries in the ordinary course of business of Asbury or such Restricted Subsidiary, including the payment of indemnities provided for the benefit of employees party to such employment agreements;

(2) transactions between or among Asbury and/or its Restricted Subsidiaries;

(3) transactions with a Person that is an Affiliate of Asbury solely because Asbury owns an Equity Interest in, or controls, such Person;

(4) payment of directors fees and indemnities provided for the benefit of directors;

(5) issuances or sales of Equity Interests (other than Disqualified Stock) to Affiliates of Asbury;

(6) the pledge of Equity Interests of Unrestricted Subsidiaries to support the Indebtedness thereof; and

(7) Permitted Investments pursuant to clause (17) of the definition thereof and Restricted Payments that are permitted by the provisions of the indenture described above under the caption Restricted Payments.

Additional Subsidiary Guarantees

Any Domestic Subsidiary of Asbury which incurs, has outstanding or guarantees any Indebtedness will, within 15 days of such incurrence or guarantee (or, if the Domestic Subsidiary has outstanding or guarantees Indebtedness at the time of its creation or acquisition, within 15 days of such creation or acquisition), become a Guarantor and execute and deliver to the trustee a supplemental indenture pursuant to which such Subsidiary will agree to guarantee Asbury s obligations under the notes; *provided*, *however*, that all Subsidiaries that have properly been designated as Unrestricted Subsidiaries in accordance with the indenture for so long as they continue to constitute Unrestricted Subsidiaries will not have to comply with the requirements of this covenant.

Payments for Consent

Asbury will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder of notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the indenture or the notes unless such consideration is offered to be paid and is paid to all Holders of the notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent waiver or agreement.

Reports

Whether or not required by the SEC, so long as any notes are outstanding, Asbury will furnish to the Holders of notes, within the time periods specified in the SEC s rules and regulations:

(1) all quarterly and annual financial information that would be required to be contained in a filing with the SEC on Forms 10-Q and 10-K if Asbury were required to file such Forms, including a Management s Discussion and Analysis of Financial Condition and Results of Operations and, with respect to the annual information only, a report on the annual financial statements by Asbury s certified independent accountants; and

(2) all current reports that would be required to be filed with the SEC on Form 8-K if Asbury were required to file such reports.

In addition, whether or not required by the SEC, Asbury will file a copy of all of the information and reports referred to in clauses (1) and (2) above with the SEC for public availability within the time periods specified in the SEC s rules and regulations (unless the SEC will not accept such a filing). In addition, Asbury and the Guarantors have agreed that, for so long as any notes remain outstanding, they will furnish to the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. Asbury will be deemed to have furnished the reports referred to in clauses (1) and (2) above and the preceding sentence if Asbury has filed such reports with the SEC (and such reports are publicly available).

Events of Default and Remedies

Each of the following is an Event of Default:

(1) default for 30 days in the payment when due of interest on, or Special Interest with respect to, the notes whether or not prohibited by the subordination provisions of the indenture;

(2) default in payment when due of the principal of, or premium, if any, on the notes, whether or not prohibited by the subordination provisions of the indenture;

(3) failure by Asbury to comply with the provisions described under the caption Certain Covenants Merger, Consolidation or Sale of Assets ;

(4)

failure by Asbury or any of its Restricted Subsidiaries to comply for 30 days after receipt of notice with the provisions described under the captions Repurchase at the Option of Holders Change of Control, Repurchase at the Option of Holders Asset Sales, Certain Covenants Restricted Payments, or Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock ;

(5) failure by Asbury or any of its Restricted Subsidiaries to comply for 60 days after receipt of notice with any of the other agreements in the indenture;

(6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by Asbury or any of its Restricted Subsidiaries (or the payment of which is guaranteed by Asbury or any of its Restricted Subsidiaries) whether such Indebtedness or guarantee existed as of November 16, 2010 or was or is created thereafter, if that default:

(a) is caused by a failure to pay principal at its stated maturity after giving effect to any applicable grace period provided in such Indebtedness (a Payment Default); or

(b) results in the acceleration of such Indebtedness prior to its express maturity

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $20.0 million or more and such Indebtedness has not been discharged or such acceleration has not been rescinded or annulled within 30 days;

(7) failure by Asbury or any of its Restricted Subsidiaries to pay final judgments aggregating in excess of $20.0 million (exclusive of any portion of any such payment covered by insurance or bonded, treating any deductible, self-insurance or retention as not so covered), which judgments are not paid, discharged or stayed for a period of 60 days;

(8) except as permitted by the indenture, any Subsidiary Guarantee of a Subsidiary Guarantor that is a Significant Subsidiary or of any group of Subsidiary Guarantors that, taken together, would constitute a Significant Subsidiary, shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under its Subsidiary Guarantee; and

(9) certain events of bankruptcy or insolvency described in the indenture with respect to Asbury or a Guarantor that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary.

However, a default under clauses (4) or (5) will not constitute an Event of Default until the trustee or the holders of 25% in aggregate principal amount of the outstanding notes notify Asbury of the default and Asbury does not cure such default within the time specified after receipt of such notice. In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to Asbury, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, all outstanding notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding notes may declare all the notes to be due and payable immediately.

Holders of the notes may not enforce the indenture or the notes except as provided in the indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding notes may direct the trustee in its exercise of any trust or power. The trustee may withhold from Holders of the notes notice of any continuing Default if it determines that withholding notes is in their interest, except a Default relating to the payment of principal or interest or Special Interest.

The Holders of a majority in aggregate principal amount of the notes then outstanding by notice to the trustee may on behalf of the Holders of all of the notes waive any existing Default and its consequences under the indenture except a continuing Default in the payment of interest or Special Interest on, or the principal of, the notes (other than the non-payment of principal of or interest or Special Interest, if any, on the notes that became due solely because of the acceleration of the notes).

In the case of any Event of Default occurring by reason of any willful action or inaction taken or not taken by or on behalf of Asbury with the intention of avoiding payment of the premium that Asbury would have had to

pay if Asbury then had elected to redeem the notes pursuant to the optional redemption provisions of the indenture, an equivalent premium will also become and be immediately due and payable to the extent permitted by law upon the acceleration of the notes.

A Default under the notes, unless cured or waived, could trigger manufacturer rights to acquire certain of our dealerships.

Asbury is required to deliver to the trustee within 90 days after the end of each fiscal year a statement regarding compliance with the indenture during such fiscal year. Within 10 business days of becoming aware of any Default or Event of Default that has not been cured, Asbury is required to deliver to the trustee a statement specifying such Default.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of Asbury or any Guarantor, as such, will have any liability for any obligations of Asbury or the Guarantors under the notes, the indenture, the Subsidiary Guarantees, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. The waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such waiver is against public policy.

Legal Defeasance and Covenant Defeasance

Asbury may, at its option and at any time, elect to terminate all of the obligations of itself and the Guarantors with respect to the notes and the indenture (Legal Defeasance) except for:

(1) the rights of Holders to receive payments in respect of the principal of, or interest or premium and Special Interest, if any, on such notes when such payments are due from Defeasance Trust (as defined below);

(2) Asbury s obligations to issue temporary notes, register the transfer or exchange of notes, to replace mutilated, destroyed, lost or stolen notes and to maintain a registrar and paying agent in respect of the notes;

(3) the rights, powers, trusts, duties and immunities of the trustee, and the related obligations of Asbury and the Guarantors; and

(4) the Legal Defeasance provisions of the indenture.

In addition, Asbury may, at its option and at any time, elect to have the obligations of Asbury and the Guarantors released with respect to certain covenants that are described in the indenture (Covenant Defeasance) and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events with respect to Asbury) described under Events of Default and Remedies will no longer constitute an Event of Default with respect to the notes.

If Asbury exercises its Legal Defeasance or Covenant Defeasance option, each Guarantor will be released from all of its obligations with respect to its Guarantee.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1)

Asbury must irrevocably deposit with the trustee, in trust (the Defeasance Trust), for the benefit of the Holders of the notes, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, or interest and premium and Special Interest, if any, on the outstanding notes on the stated maturity or on the applicable redemption date, as the case may be, and Asbury must specify whether the notes are being defeased to maturity or to a particular redemption date;

(2) in the case of Legal Defeasance only, Asbury must deliver to the trustee an opinion of counsel confirming that (a) Asbury has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the date of the indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the Holders and beneficial owners of the outstanding notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance only, Asbury must deliver to the trustee an opinion of counsel confirming that the Holders and beneficial owners of the outstanding notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default has occurred and is continuing on the date of such deposit (other than a Default resulting from any borrowing of funds to be applied to such deposit);

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than the indenture) to which Asbury or any of its Restricted Subsidiaries is a party or by which Asbury or any of its Restricted Subsidiaries is bound;

(6) Asbury must deliver to the trustee an officer s certificate stating that the deposit was not made by Asbury with the intent of preferring the Holders of notes over the other creditors of Asbury with the intent of defeating, hindering, delaying or defrauding creditors of Asbury or others; and

(7) Asbury must deliver to the trustee an officer s certificate and an opinion of counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as provided in the next three succeeding paragraphs, the indenture or the notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes), and any existing default or compliance with any provision of the indenture or the notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes).

Without the consent of each Holder affected, an amendment, supplement or waiver may not (with respect to any notes held by a non-consenting Holder):

(1) reduce the principal amount of notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any note or reduce any amount payable on any redemption of the notes (other than provisions relating to the covenants described above under the caption Repurchase at the Option of Holders);

(3) reduce the rate of or change the time for payment of interest on any note;

(4) waive a Default or Event of Default in the payment of principal of, or interest or premium, or Special Interest, if any, on the notes (except a rescission of acceleration of the notes by the Holders of at least a majority in aggregate principal amount of the notes and a waiver of the payment default that resulted from such acceleration);

(5) make any note payable in money other than that stated in the notes;

(6) make any change in the provisions of the indenture relating to waivers of past Defaults or the rights of Holders of notes to receive payments of principal of, or interest or premium or Special Interest, if any, on the notes;

(7) waive a redemption payment with respect to any note (other than a payment required by one of the covenants described above under the caption Repurchase at the Option of Holders);

(8) release any Guarantor from any of its obligations under its Subsidiary Guarantee or the indenture, except in accordance with the terms of the indenture; or

(9) make any change in the preceding amendment and waiver provisions.

In addition, any amendment to, or waiver of, the provisions of the indenture relating to subordination that adversely affects the rights of the Holders of the notes requires the consent of the Holders of at least 75% in aggregate principal amount of notes then outstanding.

Notwithstanding the foregoing, without the consent of any Holder of notes, Asbury, the Guarantors and the trustee may amend or supplement the indenture or the notes:

(1) to cure any ambiguity, defect or inconsistency or to make a modification of a formal, minor or technical nature or to correct a manifest error;

(2) to provide for uncertificated notes in addition to or in place of certificated notes;

(3) to provide for the assumption of Asbury s or any Guarantor s obligations to Holders of notes in the case of a merger or consolidation or sale of all or substantially all of Asbury s assets;

(4) to add Guarantees with respect to the notes or to secure the notes;

(5) to add to the covenants of Asbury or any Guarantor for the benefit of the Holders of the notes or surrender any right or power conferred upon Asbury or any Guarantor;

(6) to make any change that would provide any additional rights or benefits to the Holders of notes or that does not adversely affect the legal rights under the indenture of any such Holder;

(7) to comply with requirements of the SEC in connection with the qualification of the indenture under the Trust Indenture Act;

(8) to evidence and provide for the acceptance and appointment under the indenture of a successor trustee pursuant to the requirements thereof;

(9) to conform the text of the indenture, the notes or the Guarantees of the notes to any provision of this Description of the Notes to the extent that such provision in the Description of the Notes was intended to be a verbatim recitation of a provision of the indenture, the notes or the Guarantees of the notes;

(10) to provide for the issuance of exchange notes; or

(11) to provide for the issuance of Additional Notes in accordance with the indenture.

However, no amendment may be made to (A) the subordination provisions of the indenture or (B) the conditions precedent to Legal Defeasance and Covenant Defeasance described in clause (5) under the caption

Legal Defeasance and Covenant Defeasance, in each case, that adversely affects the rights of any holder of Senior Debt of Asbury or a Guarantor then outstanding unless the holders of such Senior Debt (or their representative) consents to such change.

The consent of the Holders is not necessary under the indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

After an amendment under the indenture becomes effective, we are required to mail to holders of the notes a notice briefly describing such amendment. However, the failure to give such notice to all holders of the notes, or any defect therein, will not impair or affect the validity of the amendment.

Satisfaction and Discharge

The indenture will be discharged and will cease to be of further effect as to all notes issued thereunder, when:

(1) either:

(a) all notes that have been authenticated, except lost, stolen or destroyed notes that have been replaced or paid and notes for whose payment money has been deposited in trust and thereafter repaid to Asbury, have been delivered to the trustee for cancellation; or

(b) all notes that have not been delivered to the trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and Asbury or any Guarantor has irrevocably deposited or caused to be deposited with the trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, pursuant to arrangements satisfactory to the trustee, in amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the notes not delivered to the trustee for cancellation for principal, premium and Special Interest, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default has occurred and is continuing on the date of the deposit or will occur as a result of the deposit and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which Asbury or any Guarantor is a party or by which Asbury or any Guarantor is bound;

(3) Asbury or any Guarantor has paid or caused to be paid all sums payable by it under the indenture; and

(4) Asbury has delivered irrevocable instructions to the trustee under the indenture to apply the deposited money toward the payment of the notes at maturity or the redemption date, as the case may be.

In addition, Asbury must deliver an officer s certificate and an opinion of counsel to the trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Concerning the Trustee

If the trustee becomes a creditor of Asbury or any Guarantor, the indenture limits its right to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue or resign. If the trustee fails to either eliminate the conflicting interest, obtain permission or resign within 10 days of the expiration of the 90-day period, the trustee is required to notify the Holders to this effect and any Holder that has been a *bona fide* holder for at least six months may petition a court to remove the trustee and appoint a successor trustee.

The Holders of a majority in principal amount of the then outstanding notes have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the trustee, subject to certain exceptions. The indenture provides that in case an Event of Default occurs and is continuing, the trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any Holder of notes, unless such Holder has offered to the trustee security and indemnity satisfactory to it against any loss, liability or expense.

Governing Law

The indenture, the notes and the Subsidiary Guarantees are governed by and construed in accordance with the laws of the State of New York.

Additional Information

Anyone who receives this prospectus may obtain a copy of the indenture without charge by writing to Asbury Automotive Group, Inc., 2905 Premiere Parkway NW, Suite 300, Duluth, Georgia 30097, Attention: Chief Financial Officer.

Book-Entry, Delivery and Form

We issued the original notes in the form of global securities registered in the name of a nominee of DTC. The exchange notes will be initially issued in the form of global securities registered in the name of DTC or its nominee.

Upon the issuance of a global security, DTC or its nominee will credit the accounts of persons holding through it with the respective principal amounts of the applicable exchange notes represented by such global security exchanged by such persons in the exchange offer. The term global security means the outstanding global securities or the exchange global securities, as the context may require. Ownership of beneficial interests in a global security will be limited to persons that have accounts with DTC, which we refer to as participants, or persons that may hold interests through participants. Ownership of beneficial interests in a global security will be shown on, and the transfer of that ownership interest will be effected only through, records maintained by DTC (with respect to participants interests) and such participants (with respect to the owners of beneficial interests in such global security other than participants). The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in definitive form. These limits and laws may impair the ability to transfer beneficial interests in a global security. Because DTC can act only on behalf of participants, which in turn act on behalf of indirect participants, the ability of a person having beneficial interests in a global security to pledge its interests to persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing those interests.

Payment of principal of and interest on any exchange notes represented by a global security will be made in immediately available funds to DTC or its nominee, as the case may be, as the sole registered owner and the sole holder of the exchange notes represented thereby for all purposes under the indentures. The Company has been advised by DTC that upon receipt of any payment of principal of or interest on any global security, DTC will immediately credit, on its book-entry registration and transfer system, the accounts of participants with payments in amounts proportionate to their respective beneficial interests in the principal or face amount of such global security as shown on the records of DTC. Payments by participants to owners of beneficial interests in a global security held through such participants will be governed by standing instructions and customary practices as is now the case with securities held for customer accounts registered in street name and will be the sole responsibility of such participants.

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A global security may not be transferred except as a whole by DTC or a nominee of DTC to a nominee of DTC or to DTC. A global security is exchangeable for certificated exchange notes only if:

(a) DTC notifies the Company that it is unwilling or unable to continue as a depositary for such global security or if at any time DTC ceases to be a clearing agency registered under the Exchange Act and, in either case, the Company fails to appoint a successor depository;

(b) the Company, in its discretion, at any time determines not to have all the exchange notes represented by such global security; or

(c) there shall have occurred and be continuing a Default or an Event of Default with respect to the exchange notes of the series represented by such global security.

Any global security that is exchangeable for certificated exchange notes pursuant to the preceding sentence will be exchanged for certificated exchange notes in authorized denominations and registered in such names as DTC or any successor depositary holding such global security may direct. Subject to the foregoing, a global security is not exchangeable, except for a global security of like denomination to be registered in the name of DTC or any successor depositary or its nominee. In the event that a global security becomes exchangeable for certificated exchange notes,

(a) certificated exchange notes will be issued only in fully registered form in denominations of $2,000 or integral multiples of $1,000 in excess thereof;

(b) payment of principal of, and premium, if any, and interest on, the certificated exchange notes will be payable, and the transfer of the certificated exchange notes will be registrable, at the office or agency of the Company maintained for such purposes; and

(c) no service charge will be made for any registration of transfer or exchange of the certificated exchange notes, although the Company may require payment of a sum sufficient to cover any tax or governmental charge imposed in connection therewith.

Certificated exchange notes may not be exchanged for beneficial interests in any global security unless the transferor first delivers to the trustee a written certificate, in the form provided in the indenture.

The Company will make payments in respect of the exchange notes represented by the global securities, including principal and interest, by wire transfer of immediately available funds to the accounts specified by the DTC or its nominee. The Company will make all payments of principal and interest with respect to certificated exchange notes by wire transfer of immediately available funds to the accounts specified by the holders of the certificated exchange notes or, if no such account is specified, by mailing a check to each such holder s registered address.

So long as DTC or any successor depositary for a global security, or any nominee, is the registered owner of such global security, DTC or such successor depositary or nominee, as the case may be, will be considered the sole owner or holder of the exchange notes represented by such global security for all purposes under the indenture and the exchange notes. Except as set forth above, owners of beneficial interests in a global security will not be entitled to have the exchange notes represented by such global security registered in their names, will not receive or be entitled to receive physical delivery of certificated exchange notes in definitive form and will not be considered to be the owners or holders of any exchange notes under such global security. Accordingly, each person owning a beneficial interest in a global security must rely on the procedures of DTC or any successor depositary, and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder under the indenture under which such exchange notes were issued. The Company understands that under existing industry practices, in the event that the Company

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requests any action of holders or that an owner of a beneficial interest in a global security desires to give or take any action which a holder is entitled to give or take under the indenture, DTC or any successor depositary would authorize the participants holding the relevant beneficial interest to give or take such action and such participants would authorize beneficial owners owning through such participants to give or take such action or would otherwise act upon the instructions of beneficial owners owning through them.

Consequently, neither the Company, the trustee nor any agent of the Company or the trustee has or will have any responsibility or liability for:

(a) any aspect of DTC s records or any participant s or indirect participant s records relating to or payments made on account of beneficial ownership interest in the global securities or for maintaining, supervising or reviewing any of DTC s records or any participant s or indirect participant s records relating to the beneficial ownership interests in the global securities; or

(b) any other matter relating to the actions and practices of DTC or any of its participants or indirect participants.

DTC has advised the Company that DTC is a limited-purpose trust company organized under the Banking Law of the State of New York, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered under the Exchange Act. DTC was created to hold the securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. DTC s participants include securities brokers and dealers (which may include the initial purchasers of the original notes), banks, trust companies, clearing corporations and certain other organizations some of whom (or their representatives) own DTC. Access to DTC s book-entry system is also available to others, such as banks, brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of interests in global securities among participants of DTC, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Company nor the trustee under the indenture or the exchange agent will have any responsibility for the performance by DTC, or its participants or indirect participants of their respective obligations under the rules and procedures governing its operations.

Certain Definitions

Set forth below are certain defined terms used in the indenture and in this Description of the Notes. Reference is made to the indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

Acquired Debt means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

Affiliate of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, control, as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms controlling, controlled by and under common control with have correlative meanings.

Asset Sale means:

(1) the sale, lease, conveyance or other disposition of any assets or rights; provided that the sale, conveyance or other disposition of all or substantially all of the assets of Asbury and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the indenture described above under the caption Repurchase at the Option of Holders Change of Control and/or the provisions described above under the caption Certain Covenants Merger, Consolidation or Sale of Assets and not by the provisions of the Asset Sale covenant; and

(2) the issuance of Equity Interests by any of Asbury s Restricted Subsidiaries or the sale of Equity Interests in any of its Restricted Subsidiaries.

Notwithstanding the preceding, the following items will not be deemed to be Asset Sales:

(1) for purposes of the covenant described above under the caption Repurchase at the Option of the Holders Asset Sales only, any single transaction or series of related transactions that involves assets having a fair market value of less than $5.0 million;

(2) a transfer of assets between or among Asbury and its Restricted Subsidiaries;

(3) an issuance of Equity Interests by a Subsidiary to Asbury or to a Restricted Subsidiary of Asbury;

(4) the sale or lease of inventory or accounts receivable in the ordinary course of business;

(5) the sale of obsolete or damaged assets in the ordinary course of business;

(6) the sale or other disposition of cash or Cash Equivalents;

(7) for purposes of the covenant described above under the caption Repurchase at the Option of the Holders Asset Sales only, a Restricted Payment or Permitted Investment that is permitted by the covenant described above under the caption Certain Covenants Restricted Payments ;

(8) any sale of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary;

(9) the creation of Liens;

(10) licensing or sublicensing of intellectual property or other general intangibles in accordance with industry practice in the ordinary course of business;

(11) foreclosures on assets to the extent they would not otherwise result in a Default or Event of Default;

(12) the lease or sublease of any real or personal property in the ordinary course of business; and

(13) any transfer constituting a taking, condemnation or other eminent domain proceeding for which no proceeds are received.

Asset Sale Offer has the meaning set forth above under the caption Repurchase at the Option of Holders Asset Sales.

Attributable Debt in respect of a sale and leaseback transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

Beneficial Owner has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular person (as that term is used in Section 13(d) (3) of the Exchange Act), such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms Beneficially Owns and Beneficially Owned have a corresponding meaning.

Board of Directors means:

(1) with respect to a corporation, the board of directors of the corporation;

(2) with respect to a partnership, the Board of Directors of the general partner of the partnership; and

(3) with respect to any other Person, the board or committee of such Person serving a similar function.

Capital Lease Obligation means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lease without payment of a penalty.

Capital Stock means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

Cash Equivalents means:

(1) United States dollars;

(2) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality of the United States government (provided that the full faith and credit of the United States is pledged in support of those securities) having maturities of not more than six months from the date of acquisition;

(3) time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized and existing under the laws of the United States, or any state thereof, and which bank or trust company has capital and surplus aggregating in excess of

$500.0 million and has outstanding debt which is rated A (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act) or any money-market fund sponsored by a registered broker dealer or mutual fund distributor;

(4) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper having the highest rating obtainable from Moody s Investors Service, Inc. or Standard & Poor s Ratings Services (or carrying an equivalent rating by another nationally recognized rating agency if both of such two rating agencies cease publishing ratings of investments) and maturing not more than 180 days after the date of acquisition;

(6) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (5) of this definition; and (7) in the case of any Subsidiary organized or having its principal place of business outside the United States, investments denominated in the currency of the jurisdiction in which that Subsidiary is organized or has its principal place of business which are similar to the items specified in clauses (1) through (6) above, including, without limitation, any deposit with a bank that is a lender to any Restricted Subsidiary of Asbury.

Change of Control means the occurrence of any of the following:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Asbury and its Restricted Subsidiaries, taken as a whole, to any person (as that term is used in Section 13(d)(3) of the Exchange Act);

(2) the adoption of a plan relating to the liquidation or dissolution of Asbury;

(3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person (as defined above) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of Asbury, measured by voting power rather than number of shares;

(4) the first day on which a majority of the members of the Board of Directors of Asbury are not Continuing Directors; or

(5) Asbury consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, Asbury, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of Asbury or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of Asbury outstanding immediately prior to such transaction is converted into or exchanged for Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of such Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance).

Consolidated Cash Flow means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus, without duplication:

(1) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus

(2) consolidated interest expense of such Person and its Restricted Subsidiaries for such period whether or not capitalized ((i) including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations and (ii) excluding interest expense attributable to Indebtedness incurred under Floor Plan Facilities), to the extent that any such expense was deducted in computing such Consolidated Net Income; plus

(3) dividends on preferred stock to the extent included in the calculation of Fixed Charges for the relevant period; plus

(4) depreciation, amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash

expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income; plus

(5) any expenses or charges related to the incurrence of Indebtedness permitted to be made under the indenture (whether or not successful) or related to the offering of original notes; minus

(6) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business;

in each case, on a consolidated basis and determined in accordance with GAAP.

Consolidated Net Income means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; *provided* that:

(1) the Net Income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will not be included, except that such Net Income will be included to the extent of the amount of dividends or distributions paid in cash to the specified Person or a Restricted Subsidiary of the Person;

(2) solely for the purposes of determining the amount available for Restricted Payments under clause 3(a) of the second paragraph Certain Covenants Restricted Payments, the Net Income of any Restricted Subsidiary will be excluded, to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders;

(3) the Net Income (or loss) of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition will be excluded;

(4) any gain or loss realized as a result of the cumulative effect of a change in accounting principles will be excluded; and

(5) any non-cash asset impairment charge or goodwill impairment charge will be excluded.

Consolidated Net Tangible Assets of any Person means, as of any date, the amount which, in accordance with GAAP, would be set forth under the caption Total Assets (or any like caption) on a consolidated balance sheet of such Person and its Restricted Subsidiaries as of the end of the most recently ended fiscal quarter for which internal financial statements are available, less all intangible assets, including, without limitation, goodwill, organization costs, patents, trademarks, copyrights, franchises and research and development costs.

Consolidated Total Assets of any Person means, as of any date, the amount which, in accordance with GAAP, would be set forth under the caption Total Assets (or any like caption) on a consolidated balance sheet of such Person and its Restricted Subsidiaries, as of the end of the most recently ended fiscal quarter for which internal financial statements are available.

Continuing Directors means, as of any date of determination, any member of the Board of Directors of Asbury who:

(1) was a member of such Board of Directors on November 16, 2010; or

(2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election.

Covenant Defeasance has the meaning set forth above under the caption Legal Defeasance and Covenant Defeasance.

Credit Agreement means collectively, (i) the Revolving Credit Agreement, dated as of September 26, 2008, among Asbury Automotive Group, Inc., as the Borrower, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, and the other Lenders party thereto, as amended, (ii) the Master Loan Agreement, dated as of June 4, 2008, among certain subsidiaries of Asbury Automotive Group, Inc. party thereto and Wachovia Bank, National Association and Wachovia Financial Services, Inc., as amended and (iii) the Credit Agreement, dated as of October 29, 2008, among Asbury Automotive Group, Inc., as the Borrower, certain subsidiaries of Asbury Automotive Group, Inc., as Guarantors, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other Lenders party thereto, as amended, in each case as further amended, modified, renewed, refunded, replaced or refinanced or otherwise restructured in whole or in part from time to time, whether by the same or any other agent, lender or group of lenders (provided that the borrowings under the instrument reflecting such amendment, modification, renewal, refunding, replacement, refinancing or restructuring constitute Senior Debt).

Credit Facility or *Credit Facilities* means, one or more debt facilities (including, without limitation, the Credit Agreement), indentures, debt instruments, security documents and other related agreements or commercial paper facilities, in each case with banks or other institutional lenders providing for revolving credit loans, term loans, or letters of credit, in each case, as amended, extended, renewed, restated, supplemented, Refinanced, replaced or otherwise modified (in whole or in part, and without limitation as to amount, terms, conditions, covenants and other provisions, or lenders or holders) from time to time.

Default means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

Defeasance Trust has the meaning set forth above under the caption Legal Defeasance and Covenant Defeasance.

Designated Non-cash Consideration means the fair market value of non-cash consideration received by Asbury or any Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an Officer s Certificate, setting forth the basis for such valuation, executed by the principal financial officer of Asbury, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of or collection on such Designated Non-cash Consideration.

Designated Senior Debt has the meaning set forth above under the caption Subordination.

Disqualified Stock means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of the Capital Stock), or upon the happening of any event (other than any event solely within the control of the issuer thereof), matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require Asbury to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that Asbury may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption Certain Covenants Restricted Payments.

Domestic Subsidiary means any Restricted Subsidiary of Asbury that was formed under the laws of the United States or any state of the United States or the District of Columbia.

Equity Interests means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

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Equity Offering means any primary offering of common stock of Asbury; provided that, if such primary offering is not a public offering, it shall not include the portion of such offering made to an Affiliate of Asbury.

Excess Proceeds has the meaning set forth above under the caption Repurchase at the Option of Holders Asset Sales.

Existing Indebtedness means the Indebtedness of Asbury and its Restricted Subsidiaries (other than Indebtedness under the Credit Agreement and under Floor Plan Facilities) in existence on the date of the indenture, until such amounts are repaid.

Fixed Charges means, with respect to any specified Person and its Restricted Subsidiaries for any period, the sum, without duplication, of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations (but excluding interest expense attributable to Indebtedness incurred under Floor Plan Facilities); plus

(2) the consolidated interest of such Person and its Restricted Subsidiaries that was capitalized during such period; plus

(3) any interest expense on Indebtedness of another Person that is Guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such Guarantee or Lien is called upon; plus

(4) the product of (a) all dividends whether or not in cash, on any series of preferred stock of such Person or any of its Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of Asbury (other than Disqualified Stock) or the applicable Restricted Subsidiary to Asbury or a Restricted Subsidiary of Asbury times (b) a fraction, the numerator of which is one and the denominator of which is one minus the effective combined federal, state and local tax rate of such Person for such period as specified by the chief financial officer of such Person in good faith, expressed as a decimal,

in each case, on a consolidated basis and in accordance with GAAP.

Fixed Charge Coverage Ratio means with respect to any specified Person for any four-quarter reference period, the ratio of the Consolidated Cash Flow of such Person and its Restricted Subsidiaries for such period to the Fixed Charges of such Person and its Restricted Subsidiaries for such four-quarter reference period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, Guarantees, repays, repurchases or redeems any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the Calculation Date), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect to such incurrence, assumption, Guarantee, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the

Calculation Date will be given *pro forma* effect as if they had occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period will be calculated on a *pro forma* basis in accordance with Regulation S-X under the Securities Act, but without giving effect to clause (3) of the proviso set forth in the definition of Consolidated Net Income;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, will be excluded; and

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date.

For purposes of this definition, whenever *pro forma* effect is to be given to an acquisition of assets, the amount of income or earnings relating thereto and the amount of Fixed Charges associated with any Indebtedness incurred in connection therewith, the *pro forma* calculations shall be determined in good faith by the Chief Financial Officer of Asbury. If any Indebtedness bears a floating rate of interest and is being given *pro forma* effected, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term in excess of 12 months; *provided* that any Hedging Obligation with a remaining term of less than 12 months shall be taken into account solely for the number of months remaining).

Floor Plan Facility means an agreement with Ford Motor Credit Company, General Motors Acceptance Corporation, DaimlerChrysler Services North America LLC or any other lending institution affiliated with a Manufacturer or any bank or asset-based lender under which Asbury or its Restricted Subsidiaries incur Indebtedness, all of the net proceeds of which are used to purchase, finance or refinance vehicles and/or vehicle parts and supplies to be sold in the ordinary course of the business of Asbury and its Restricted Subsidiaries and which may not be secured except by a Lien that does not extend to or cover any property other than property of the dealership(s) which use the proceeds of the Floor Plan Facility or other dealerships who have incurred Indebtedness from the same lender.

GAAP means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect as of the Issue Date.

Guarantee means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness.

Guarantors means:

(1) each of Asbury s Subsidiaries as of November 16, 2010; and

(2) any other subsidiary that executes a Subsidiary Guarantee in accordance with the provisions of the indenture;

and their respective successors and assigns.

Hedging Obligations means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements; and

(2) other agreements or arrangements of a similar character designed to protect such Person against fluctuations in interest rates.

Holder means the Person in whose name a note is registered on the registrar s books.

Indebtedness means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent:

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(3) in respect of banker s acceptances;

(4) representing Capital Lease Obligations or Attributable Debt in respect of sale and leaseback transactions;

(5) representing the balance deferred and unpaid of the purchase price of any property, except any such balance that constitutes an accrued expense or trade payable; or

(6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit, Attributable Debt and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term Indebtedness includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

The amount of any Indebtedness outstanding as of any date will be:

(1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount; or

(2) the principal amount of the Indebtedness.

In addition, for the purpose of avoiding duplication in calculating the outstanding principal amount of Indebtedness for purposes of the covenant described under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock , Indebtedness arising solely by reason of the existence of a Lien to secure other Indebtedness permitted to be incurred under the covenant described under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock will not be considered incremental Indebtedness.

Indebtedness shall not include (x) the obligations of any Person (A) resulting from the endorsement of negotiable instruments for collection in the ordinary course of business and (B) under stand-by letters of credit to the extent collateralized by cash or Cash Equivalents or (y) Indebtedness that has been defeased or satisfied and discharged in accordance with the terms of the documents governing such Indebtedness, and (z) in connection with the purchase by Asbury or any Restricted Subsidiary of any business, (1) customary indemnification obligations or (2) post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment is otherwise contingent; provided, however, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 60 days thereafter. The payment of fees and premiums and additional payments with respect to Indebtedness and the realization of any Permitted Lien will not be deemed to be an incurrence of Indebtedness for purposes of the indenture.

Investments means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If Asbury or any Restricted Subsidiary of Asbury sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of Asbury such that, after giving effect to any such sale or disposition, such Person is no longer a Subsidiary of Asbury, Asbury will be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Equity Interests of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption Certain Covenants Restricted Payments. The acquisition by Asbury or any Restricted Subsidiary of Asbury of a Person that holds an Investment in a third Person will be deemed to be an Investment by Asbury or such Subsidiary in such third Person in an amount equal to the fair market value of the Investment held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described above under the caption Certain Covenants Restricted Payments.

Except as otherwise provided for herein, the amount of an Investment shall be its fair value at the time the Investment is made and without giving effect to subsequent changes in value.

Legal Defeasance has the meaning set forth above under the caption Legal Defeasance and Covenant Defeasance.

Lien means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

Manufacturer means a vehicle manufacturer which is party to a dealership or national framework franchise agreement with Asbury or a Restricted Subsidiary of Asbury.

Net Income means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however:

(1) any gain (or loss), together with any related provision for taxes on such gain (or loss), realized in connection with: (a) any Asset Sale; or (b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries;

(2) non-cash impairment charges or non-cash asset write-offs or write-downs; and

(3) any extraordinary gain (or loss), together with any related provision for taxes on such extraordinary gain (or loss).

Net Proceeds means the aggregate cash proceeds received by Asbury or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale, but only as and when received), in each case net of:

(1) the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, recording fees, title transfer fees, appraiser fees and any relocation expenses incurred as a result of the Asset Sale;

(2) taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements;

(3) amounts required to be applied to the permanent repayment of Indebtedness secured by a Lien on the asset or assets that were the subject of such Asset Sale;

(4) all pro rata distributions and other pro rata payments required to be made to minority interest holders in Restricted Subsidiaries of Asbury or joint ventures as a result of such Asset Sale; and

(5) any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP.

Non-Recourse Debt means Indebtedness:

(1) as to which neither Asbury nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender;

(2) no default with respect to which (including any rights that the holders of the Indebtedness may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness of Asbury or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment of the Indebtedness to be accelerated or payable prior to its stated maturity; and

(3) as to which the lenders have been notified in writing (which may be by the terms of the instrument evidencing such Indebtedness) that they will not have any recourse to the stock (other than the stock of an Unrestricted Subsidiary pledged by Asbury or any of its Restricted Subsidiaries) or assets of Asbury or any of its Restricted Subsidiaries.

Obligations means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

Payment Default has the meaning set forth above under the caption Events of Default and Remedies.

Permitted Business means any business that derives a majority of its revenues from the businesses engaged in by Asbury and its Restricted Subsidiaries on November 16, 2010 and/or activities that are reasonably similar, ancillary, incidental, complementary or related to, or a reasonable extension, development or expansion of, the businesses in which Asbury and its Restricted Subsidiaries are engaged on the date of original issuance of the notes.

Permitted Investments means:

(1) any Investment in Asbury or in a Restricted Subsidiary of Asbury;

(2) any Investment in cash or Cash Equivalents;

(3) any Investment by Asbury or any Restricted Subsidiary of Asbury in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of Asbury; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, Asbury or a Restricted Subsidiary of Asbury;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale (or sales or other dispositions of assets not constituting an Asset Sale) that was made pursuant to and in compliance with the covenant described above under the caption Repurchase at the Option of Holders Asset Sales ;

(5) any Investment to the extent made in exchange for or net cash proceeds from the issuance of Equity Interests (other than Disqualified Stock) of Asbury;

(6) Hedging Obligations;

(7) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility and workers compensation, performance and other similar deposits;

(8) transactions with officers, directors and employees of Asbury or any of its Restricted Subsidiaries entered into in the ordinary course of business (including compensation, employee benefit or indemnity arrangements with any such officer, director or employee) and consistent with past business practices;

(9) any Investment consisting of a guarantee permitted under Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock above;

(10) Investments consisting of non-cash consideration received in the form of securities, notes or similar obligations in connection with dispositions of obsolete assets or assets damaged in the ordinary course of business and permitted pursuant to the indenture;

(11) advances, loans or extensions of credit to suppliers in the ordinary course of business by Asbury or any of its Restricted Subsidiaries;

(12) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business;

(13) loans and advances to employees made in the ordinary course of business not to exceed $2.5 million in the aggregate at any one time outstanding;

(14) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(15) Investments in any Person to the extent such Investment existed on date of the indenture and any Investment that replaces, refinances or refunds such an Investment, *provided* that the new Investment is in an amount that does not exceed that amount replaced, refinanced or refunded and is made in the same Person as the Investment replaced, refinanced or refunded;

(16) trade receivables and prepaid expenses, in each case arising in the ordinary course of business; *provided* that such receivables and prepaid expenses would be recorded as assets in accordance with GAAP; and

(17) other Investments in any Person having an aggregate fair market value, when taken together with all other Investments made pursuant to this clause (17) since November 16, 2010, not to exceed $15.0 million, plus, to the extent such other Investments pursuant to this clause (17) are made by Asbury or any of its Restricted Subsidiaries in any Person and such Investment is sold for cash or otherwise liquidated or repaid, purchased or redeemed for cash, an amount equal to the lesser of (i) such cash (less the cost of disposition, if any) and (ii) the amount of such Investment.

Permitted Junior Securities has the meaning set forth above under the caption Subordination.

Permitted Liens means:

(1) Liens of Asbury or any of its Restricted Subsidiaries securing Senior Debt that were permitted by the terms of the indenture, as executed on November 16, 2010, to be incurred;

(2) Liens upon any property or assets of Asbury or any of its Restricted Subsidiaries, owned on November 16, 2010 or thereafter acquired or that may be acquired, which secures any Indebtedness that ranks *pari passu* with or subordinate to the notes; *provided* that:

(a) if such Lien secures Indebtedness which is *pari passu* with the notes, the notes are secured on an equal and ratable basis with the Indebtedness so secured until such time as such Indebtedness is no longer secured by a Lien, or

(b) if such Lien secures Indebtedness which is subordinated to the notes, any such Lien shall be subordinated to a Lien granted to the holders of the notes in the same collateral as that securing such Lien to the same extent as such subordinated Indebtedness is subordinated to the notes;

(3) Liens in favor of Asbury or any of its Restricted Subsidiaries;

(4) Liens on property or shares of stock of a Person existing at the time such Person is merged with or into or consolidated with Asbury or any Subsidiary of Asbury; *provided* that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with Asbury or the Subsidiary;

(5) Liens on property existing at the time of acquisition of the property by Asbury or any Subsidiary of Asbury, *provided* that such Liens were in existence prior to the contemplation of such acquisition;

(6) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(7) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by clause (5) of the second paragraph of the covenant entitled Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock covering only the assets acquired with such Indebtedness;

(8) Liens existing on November 16, 2010;

(9) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, *provided* that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(10) Liens incurred in the ordinary course of business of Asbury or any Restricted Subsidiary of Asbury with respect to obligations that do not exceed $10.0 million at any one time outstanding;

(11) zoning restrictions, easements, rights-of-way, restrictions on the use of real property, other similar encumbrances or real property incurred in the ordinary course of business and minor irregularities of title to real property that do not (a) secure Indebtedness or (b) individually or in the aggregate materially impair the value of the real property affected thereby or the occupation, use and enjoyment in the ordinary course of business of Asbury and the Restricted Subsidiaries at such real property;

(12) Liens created by or resulting from any litigation or other proceedings or resulting from operation of law with respect to any judgments, awards or orders to the extent that such litigation, other proceedings, judgments, awards or orders do not cause or constitute an Event of Default;

(13) bankers Liens, rights of setoff and other similar Liens existing solely with respect to cash and cash equivalents on deposit in one or more accounts maintained by Asbury or any Restricted Subsidiary in accordance with the provisions of the indenture in each case granted in the ordinary course of business in favor of the bank or banks with which such accounts are maintained, securing amounts owing to such bank with respect to cash management and operating account arrangements; *provided* that in no case shall any such Liens secure (either directly or indirectly) the repayment of any Indebtedness;

(14) Liens securing Hedging Obligations of the type permitted by clause (8) of the definition of Permitted Indebtedness;

(15) Liens securing Indebtedness of a Restricted Subsidiary owed to and held by Asbury or a Restricted Subsidiary; and

(16) Liens in the form of licenses, leases or subleases on any asset incurred by Asbury or any Restricted Subsidiary, which licenses, leases or subleases do not interfere, individually or in the aggregate, in any material respect with the business of Asbury or such Restricted Subsidiary and is incurred in the ordinary course of business.

Permitted Refinancing Indebtedness means any Indebtedness of Asbury or any of its Restricted Subsidiaries issued to Refinance other Indebtedness of Asbury or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided* that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness being Refinanced (plus all accrued interest on the Indebtedness and the amount of all expenses and premiums incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being Refinanced;

(3) if the Indebtedness being Refinanced is subordinated in right of payment to the notes, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the notes on terms at least as favorable to the Holders of notes as those contained in the documentation governing the Indebtedness Refinanced; and

(4) such Indebtedness is incurred either by Asbury or by the Restricted Subsidiary who is the obligor on the Indebtedness being Refinanced.

Person means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

Refinance means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue other Indebtedness in exchange or replacement for, such Indebtedness. Refinanced and Refinancing shall have correlative meanings.

Replacement Assets means (x) properties and assets (other than cash or any Capital Stock or other security) that will be used in a Permitted Business of Asbury and its Restricted Subsidiaries or (y) Capital Stock of any Person that will become on the date of acquisition thereof a Restricted Subsidiary as a result of such Acquisition and that is involved principally in Permitted Businesses.

Restricted Investment means an Investment other than a Permitted Investment.

Restricted Subsidiary of a Person means any Subsidiary of such Person that is not an Unrestricted Subsidiary.

Senior Debt has the meaning set forth above under the caption Subordination.

Senior Subordinated Indebtedness means, with respect to any Person, the notes (in the case of Asbury), the Subsidiary Guarantees (in the case of a Guarantor) and any other Indebtedness of such Person that specifically provides that such Indebtedness is to rank *pari passu* with the notes or such Subsidiary Guarantee, as the case may be, in right of payment and is not subordinated by its terms in right of payment to any Indebtedness or other obligation of such Person which is not Senior Debt of such Person.

Significant Subsidiary means any Subsidiary that would be a significant subsidiary as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act of 1933, as amended, as such Regulation is in effect on the date of the indenture.

Stated Maturity means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

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Subsidiary means, with respect to any specified Person:

(1) any corporation, limited liability company, association or other business entity whether now existing or hereafter formed or acquired of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership whether now existing or hereafter formed or acquired (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

Subsidiary Guarantee means a Guarantee by a Guarantor of Asbury s obligations with respect to the notes.

Unrestricted Subsidiary means any Subsidiary of Asbury that is designated by the Board of Directors as an Unrestricted Subsidiary pursuant to a Board Resolution and any Subsidiary of an Unrestricted Subsidiary, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) is not party to any agreement, contract, arrangement or understanding with Asbury or any Restricted Subsidiary of Asbury unless the terms of any such agreement, contract, arrangement or understanding are not materially less favorable to Asbury or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of Asbury;

(3) is a Person with respect to which neither Asbury nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person s financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise directly or indirectly *provided* credit support for any Indebtedness of Asbury or any of its Restricted Subsidiaries.

Any designation of a Subsidiary of Asbury as an Unrestricted Subsidiary will be evidenced to the trustee by filing with the trustee a certified copy of the Board Resolution giving effect to such designation and an officers certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption Certain Covenants Restricted Payments. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of Asbury as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock, Asbury will be in default of such covenant. The Board of Directors of Asbury may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of Asbury of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock, calculated on a *pro forma* basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or Event of Default would be in existence following such designation.

Voting Stock of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

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Weighted Average Life to Maturity means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

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CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain U.S. federal income tax considerations relating to the exchange of unregistered original notes for registered exchange notes pursuant to the exchange offer, but does not purport to be a complete analysis of all the potential tax considerations relating to the exchange offer. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended (the Code), Treasury Regulations promulgated thereunder, administrative rulings and pronouncements, and judicial decisions, all as in effect on the date of this prospectus and all of which are subject to change, possibly with retroactive effect, or different interpretations.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder s particular circumstances or to holders subject to special rules, such as banks and certain other financial institutions, partnerships and other pass-through entities, regulated investment companies, real estate investment trusts, U.S. expatriates, insurance companies, dealers in securities or currencies, traders in securities, U.S. holders whose functional currency is not the U.S. dollar, holders subject to alternative minimum tax, tax-exempt organizations, tax deferred or other retirement accounts and persons holding the notes as part of a straddle, hedge, conversion transaction or other integrated transaction. In addition, this discussion is limited to persons that hold the notes as capital assets (generally, property held for investment) within the meaning of Section 1221 of the Code. This discussion does not address the Medicare tax on net investment income or the effect of any applicable state, local, foreign or other tax laws, including gift and estate tax laws.

This summary of certain U.S. federal income tax considerations is for general information only and is not tax advice. This summary is not binding on the Internal Revenue Service (the IRS). We have not sought and will not seek any rulings from the IRS with respect to the statements made in this summary, and there can be no assurance that the IRS will not take a position contrary to these statements or that a contrary position taken by the IRS would not be sustained by a court. You are urged to consult your own tax advisor with respect to the application of the U.S. federal income tax laws to your particular situation, as well as any tax considerations arising under other U.S. federal tax laws, the laws of any state, local or foreign taxing jurisdiction or any applicable income tax treaty.

The exchange of an original note for an exchange note pursuant to the exchange offer will not constitute a taxable exchange for U.S. federal income tax purposes. Rather, the exchange note you receive will be treated as a continuation of your investment in the corresponding original note surrendered in the exchange. Consequently, you will not recognize any taxable gain or loss upon the receipt of an exchange note pursuant to the exchange offer. The holding period for an exchange note will include the holding period of the original note exchanged pursuant to the exchange offer, and the tax basis in an exchange note will be the same as the adjusted tax basis in the original note immediately before such exchange.

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PLAN OF DISTRIBUTION

Any broker-dealer that holds original notes that were acquired for its own account as a result of market-making activities or other trading activities (other than original notes acquired directly from us) may exchange such original notes pursuant to the exchange offer. Any such broker-dealer, however, may be deemed to be an underwriter within the meaning of the Securities Act and must, therefore, deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of exchange notes received by such broker-dealer in the exchange offer. Such prospectus delivery requirement may be satisfied by the delivery by such broker-dealer of this prospectus.

We have agreed to make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with such resales for up to 90 days from the effective date of the registration statement of which this prospectus forms a part. We will provide sufficient copies of this prospectus, as amended or supplemented, to any broker-dealer promptly upon request at any time during such 90-day period in order to facilitate such resales.

We will not receive any proceeds from any sale of exchange notes by broker-dealers. Exchange notes received by broker-dealers for their own account in the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the exchange notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any of these resales may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from these broker-dealers and/or the purchasers of exchange notes. Any broker-dealer that resells exchange notes that were received by it for its own account in the exchange offer and any broker-dealer that participates in a distribution of the exchange notes may be deemed to be an underwriter within the meaning of the Securities Act and any profit on any such resale of exchange notes and any commission or concessions received by any such person may be deemed to be underwriting compensation under the Securities Act. The accompanying letter of transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act.

We have agreed to pay all expenses incident to the exchange offer, including the expenses of one counsel for the holders of the original notes, other than commissions or concessions of any brokers or dealers and will indemnify the holders of the original notes, including any broker-dealers, against certain liabilities, including liabilities under the Securities Act.

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LEGAL MATTERS

Jones Day, Atlanta, Georgia, will pass upon certain legal matters for us regarding the exchange notes and the related guarantees. Each of Hill Ward Henderson, Tampa, Florida, Brooks, Pierce, McLendon, Humphrey & Leonard, L.L.P., Greensboro, North Carolina and Stoel Rives LLP, Portland, Oregon, will pass upon certain legal matters under Florida law, North Carolina law and Oregon law, respectively, regarding the guarantees of the exchange notes.

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INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated financial statements as of December 31, 2012 and 2011, and for each of the three years in the period ended December 31, 2012 included in our Annual Report on Form 10-K for the year ended December 31, 2012, and the effectiveness of our internal control over financial reporting as of December 31, 2012, as set forth in their reports, which are incorporated by reference in this prospectus and elsewhere in the registration statement. Our consolidated financial statements as of December 31, 2012 and 2011, and for each of the three years in the period ended December 31, 2012 are incorporated by reference in reliance on Ernst & Young LLP s reports, given on their authority as experts in accounting and auditing.

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Asbury Automotive Group, Inc.

Offer to Exchange up to $100,000,000

Aggregate Principal Amount of

Registered 8.375% Senior Subordinated Notes due 2020 and Related Guarantees

For

a Like Principal Amount of Outstanding

Restricted 8.375% Senior Subordinated Notes due 2020 and Related Guarantees

Issued in June 2013

PROSPECTUS

, 2013

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PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS.
Delaware Registrants

Section 145(a) of the Delaware General Corporation Law (the DGCL) provides, in relevant part, that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person s conduct was unlawful. Under Section 145(b) of the DGCL, such eligibility for indemnification may be further subject to the adjudication of the Delaware Court of Chancery or the court in which such action or suit was brought.

Section 102(b)(7) of the DGCL provides that a corporation may in its certificate of incorporation contain a provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director except for liability: (i) for any breach of the director s duty of loyalty to the corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Section 174 of the DGCL (pertaining to certain prohibited acts including unlawful payment of dividends or unlawful purchase or redemption of the corporation s capital stock); or (iv) for any transaction from which the director derived an improper personal benefit. Asbury Automotive Group, Inc. has a provision in its certificate of incorporation eliminating such personal liability of its directors under such terms.

Unlike the certificate of incorporation of PLANO LINCOLN-MERCURY, INC., the certificate of incorporation of Asbury Automotive Group, Inc. indemnifies its directors and officers to the maximum extent allowed by Delaware law.

Asbury Automotive Group, Inc. has also entered into indemnification agreements with its directors and certain of its officers that require it, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers to the fullest extent permitted by law. Asbury Automotive Group, Inc. and the other Delaware registrants also maintain liability insurance for the benefit of their directors and officers.

Section 18-108 of the Delaware Limited Liability Company Act provides that, subject to such standards and restrictions, if any, as are set forth in its limited liability company agreement, a limited liability company may, and shall have the power to, indemnify and hold harmless any member or manager or other person from and against any and all claims and demands whatsoever.

Section 5.02 of each of the limited liability company agreements of the limited liability companies listed below provides that each may indemnify its members, directors and officers of the company and any other designated person on an after-tax basis for any damage, judgment, amount paid in settlement, fine, penalty, punitive damages, excise tax or cost or expense of any nature (including attorneys fees and disbursements) to the fullest extent provided or allowed by the laws of Delaware; provided, however, that no indemnity shall be payable against any liability incurred by such person by reason of (i) fraud, willful violation of law, gross negligence or such person s material breach of the limited liability company agreement or such person s bad faith or (ii) the receipt by such person from the company of a personal benefit to which such person is or was not legally entitled.

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Each of the following Delaware limited liability company registrants are subject to the foregoing provisions: AF Motors, L.L.C., Arkansas Automotive Services, L.L.C., Asbury AR Niss L.L.C., Asbury Atlanta AC L.L.C., Asbury Atlanta AU L.L.C., Asbury Atlanta BM L.L.C., Asbury Atlanta Chevrolet L.L.C., Asbury Atlanta Hon L.L.C., Asbury Atlanta Inf L.L.C., Asbury Atlanta Infiniti L.L.C., Asbury Atlanta Jaguar L.L.C., Asbury Atlanta Lex L.L.C., Asbury Atlanta Nis L.L.C., Asbury Atlanta Toy L.L.C., Asbury Atlanta VB L.L.C., Asbury Atlanta VL L.L.C., Asbury Automotive Arkansas Dealership Holdings L.L.C., Asbury Automotive Arkansas L.L.C., ASBURY AUTOMOTIVE ATLANTA II L.L.C., Asbury Automotive Atlanta L.L.C., Asbury Automotive Central Florida, L.L.C., Asbury Automotive Deland, L.L.C., Asbury Automotive Fresno L.L.C., Asbury Automotive Group L.L.C., Asbury Automotive Jacksonville GP L.L.C., Asbury Automotive Management L.L.C., Asbury Automotive Mississippi L.L.C., Asbury Automotive North Carolina Dealership Holdings L.L.C., Asbury Automotive North Carolina L.L.C., Asbury Automotive North Carolina Management L.L.C., Asbury Automotive North Carolina Real Estate Holdings L.L.C., Asbury Automotive Oregon L.L.C., Asbury Automotive Southern California L.L.C., ASBURY AUTOMOTIVE ST. LOUIS II L.L.C., Asbury Automotive St. Louis, L.L.C., Asbury Automotive Tampa GP L.L.C., Asbury Automotive Texas L.L.C., Asbury Automotive Texas Real Estate Holdings L.L.C., Asbury CH Motors L.L.C., Asbury Deland Imports 2, L.L.C., Asbury Fresno Imports L.L.C., Asbury Jax AC, LLC, Asbury Jax Hon L.L.C., Asbury Jax K L.L.C., Asbury Jax Management L.L.C., Asbury Jax VW L.L.C., ASBURY MS CHEV, L.L.C., Asbury MS Gray-Daniels L.L.C., Asbury No Cal Niss L.L.C., Asbury Sacramento Imports L.L.C., Asbury SC JPV L.L.C., Asbury SC LEX L.L.C., Asbury SC TOY L.L.C., ASBURY SO CAL DC L.L.C., ASBURY SO CAL HON L.L.C., Asbury So Cal Niss L.L.C., Asbury South Carolina Real Estate Holdings L.L.C., Asbury St. Louis Cadillac L.L.C., ASBURY ST. LOUIS FSKR, L.L.C., Asbury St. Louis Lex L.L.C., Asbury St. Louis LR L.L.C., Asbury St. Louis M L.L.C., Asbury Tampa Management L.L.C., ASBURY TEXAS D FSKR, L.L.C., ASBURY TEXAS H FSKR, L.L.C., Asbury-Deland Imports, L.L.C., Atlanta Real Estate Holdings L.L.C., BFP Motors L.L.C., Camco Finance II L.L.C., CFP Motors L.L.C., CH Motors L.L.C., CK Chevrolet LLC, CK Motors LLC, CN Motors L.L.C., Coggin Cars L.L.C., Coggin Chevrolet L.L.C., CP-GMC Motors L.L.C., Crown CHH L.L.C., Crown CHO L.L.C., Crown CHV L.L.C., Crown FDO L.L.C., Crown FFO Holdings L.L.C., Crown FFO L.L.C., Crown GAC L.L.C., Crown GBM L.L.C., Crown GCA L.L.C., Crown GDO L.L.C., Crown GHO L.L.C., Crown GNI L.L.C., Crown GPG L.L.C., Crown GVO L.L.C., Crown Motorcar Company L.L.C., CROWN PBM L.L.C., Crown RIA L.L.C., Crown RIB L.L.C., Crown SJC L.L.C., Crown SNI L.L.C., CSA Imports L.L.C., ESCUDE-NN L.L.C., ESCUDE-NS L.L.C., ESCUDE-T L.L.C., Florida Automotive Services L.L.C., HFP Motors L.L.C., JC Dealer Systems, LLC, KP Motors L.L.C., McDAVID AUSTIN-ACRA, L.L.C., MCDAVID FRISCO-HON, L.L.C., MCDAVID GRANDE, L.L.C., MCDAVID HOUSTON-HON, L.L.C., McDAVID HOUSTON-NISS, L.L.C., McDAVID IRVING-HON, L.L.C., McDAVID OUTFITTERS, L.L.C., MCDAVID PLANO-ACRA, L.L.C., Mid-Atlantic Automotive Services, L.L.C., Mississippi Automotive Services, L.L.C., Missouri Automotive Services, L.L.C., NP FLM L.L.C., NP MZD L.L.C., NP VKW L.L.C., Premier NSN L.L.C., Premier Pon L.L.C., Prestige Bay L.L.C., Prestige TOY L.L.C., Southern Atlantic Automotive Services, L.L.C., Texas Automotive Services, L.L.C., Thomason Dam L.L.C., Thomason Frd L.L.C., Thomason Hund L.L.C., Thomason Pontiac-GMC L.L.C.

Section 17-108 of the Delaware Revised Uniform Limited Partnership Act (DRULPA) provides, in relevant part, that, subject to such standards and provisions, if any, as are set forth in its limited partnership agreement, a limited partnership may, and shall have the power to, indemnify and hold harmless any partner or other person from and against any and all claims and demands whatsoever.

Section 5.02 of each of the limited partnership agreements of the limited partnerships listed below provides that each may indemnify its partners, directors and officers of the partnership and any other designated person on an after-tax basis for any damage, judgment, amount paid in settlement, fine, penalty, punitive damages, excise tax or cost or expense of any nature (including attorneys fees and disbursements) to the fullest extent provided or allowed by the laws of Delaware; provided, however, that no indemnity shall be payable against any liability incurred by such person by reason of (i) fraud, willful violation of law, gross negligence or such person s material breach of the limited partnership agreement or such person s bad faith or (ii) the receipt by such person from the partnership of a personal benefit to which such person is or was not legally entitled. Each of the

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following Delaware limited partnership registrants listed below are subject to the foregoing provisions: ANL, L.P., Asbury Automotive Brandon, L.P., Asbury Automotive Jacksonville, L.P., Asbury Automotive Tampa, L.P., Asbury Jax Holdings, L.P., Bayway Financial Services, L.P., Coggin Management, L.P., Tampa Hund, L.P., Tampa Kia, L.P., Tampa LM, L.P., Tampa Mit, L.P., WMZ Motors, L.P. and WTY Motors, L.P.

Oregon Registrant

Section 60.391 of the Oregon Business Corporation Act (the OBCA) provides, in relevant part, that a corporation may indemnify any director who is made a party to a proceeding because the individual is or was a director against liability incurred in the proceeding if (i) the conduct of the individual was in good faith, (ii) the individual reasonably believed that the individual s conduct was in the best interests of the corporation, or at least not opposed to its best interests, and (iii) in the case of any criminal proceeding, the individual had no reasonable cause to believe the individual s conduct was unlawful; provided, however, that the corporation may not indemnify an individual if (i) in connection with a proceeding by or in the right of the corporation in which the director was adjudged liable to the corporation or (ii) in connection with any other proceeding charging improper personal benefit to the director in which the individual was adjudged liable on the basis that personal benefit was improperly received by the director.

Section 60.394 of the OBCA provides that, unless otherwise limited by its articles of incorporation, a corporation shall indemnify any director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the director was a party because of being a director of the corporation against reasonable expenses incurred by the director in connection with the proceeding.

In addition, Section 60.407 of the OBCA provides, in relevant part, that, unless a corporation s articles of incorporation provide otherwise, any officer is entitled to mandatory indemnification to the same extent as a director under Section 60.394.

Section 60.047 of the OBCA provides that a corporation may in its articles of incorporation eliminate or limit the personal liability of a director to the corporation or its shareholders for monetary damages for conduct as a director except for liability: for any breach of the director s duty of loyalty to the corporation or its shareholders; for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; for any unlawful distribution under Section 60.367 of the OBCA (pertaining to certain prohibited acts including unlawful distributions); or for any transaction from which the director derived an improper personal benefit. A corporation may not include a provision in its articles of incorporation eliminating or limiting the personal liability of a director to the corporation or its shareholders, which eliminates or limits the liability of a directors for any act or omission occurring prior to the date when such provision becomes effective. The articles of incorporation of Thomason Auto Credit Northwest, Inc. provide that such registrant indemnifies its directors and officers to the maximum extent allowed by Oregon law.

In addition, pursuant to Section 60.411 of the OBCA, Thomason Auto Credit Northwest, Inc. may maintain liability insurance for the benefit of its directors and officers.

North Carolina Registrants

Section 57C-3-32 of the North Carolina Limited Liability Company Act (the NCLLCA) provides that the articles of organization or written operating agreement may eliminate or limit the personal liability of a manager, director, or executive for monetary damages for breach of any duty discharged in good faith as provided for in Section 57C-3-22 (other than for liability stemming from unlawful distributions under Section 57C-4-07) and may provide for indemnification of a manager, member, director or executive for judgments, settlements, penalties, fines, or expenses incurred in a proceeding to which the manager, member, director, or executive is a party because the person is or was a manager, member, director or executive (indemnification); provided, however, that no provision permitted by Section 57C-3-32 as described above may limit, eliminate, or indemnify against the liability of a manager, director, or executive for (i) acts or omissions that the manager, director, or executive knew at the time of the acts or omissions were clearly in conflict with the interests of the limited liability company, (ii) any transaction from which the manager, director, or executive derived an improper personal benefit, or (iii) acts or omissions occurring prior to the date such provision became effective, except that indemnification may be provided if approved by all of the members.

Section 57C-3-31 of the NCLLCA provides that, unless otherwise limited by its articles of organization or written operating agreement, a limited liability company must indemnify every manager, director, and executive in respect of payments made and personal liabilities reasonably incurred by the manager, director, and executive in the authorized conduct of its business or for the preservation of its business or property and shall further indemnify a member, manager, director, or executive who is wholly successful, on the merits or otherwise, in the defense of any proceeding to which the person was a party because the person is or was a member, manager, director, or executive of the limited liability company against reasonable expenses incurred by the person in connection with the proceeding.

Section 5.02 of each of the limited liability company agreements of the limited liability companies listed below provides that each may indemnify its members, directors and officers of the company and any other designated person on an after-tax basis for any damage, judgment, amount paid in settlement, fine, penalty, punitive damages, excise tax or cost or expense of any nature (including attorneys fees and disbursements) to the fullest extent provided or allowed by the laws of North Carolina; provided, however, that no indemnity shall be payable against any liability incurred by such person by reason of (i) fraud, willful violation of law, gross negligence or such person s material breach of the limited liability company agreement or such person s bad faith or (ii) the receipt by such person from the company of a personal benefit to which such person is or was not legally entitled. Each of the following North Carolina limited liability company registrants are subject to the foregoing provisions: Crown Acura/Nissan, LLC and Crown Honda, LLC.

In addition, the North Carolina registrants may maintain liability insurance for the benefit of their directors and officers.

Florida Registrants

Section 607.0850 of the Florida Business Corporation Act (the FBCA) provides, in relevant part, that a corporation may indemnify any person who was or is a party to any proceeding by reason of the fact that such person is or was a director, officer, employee, or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against liability incurred in connection with such proceeding, including any appeal thereof, if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person s conduct was unlawful; provided, however, no indemnification shall be made in connection with any proceeding brought by or in the right of a corporation where the person involved is adjudged to be liable to the corporation, except to the extent approved by a court. To the extent that any director, officer, employee or agent of the corporation has been successful on the merits or otherwise in the defense of any of the proceedings described above, the FBCA provides that the corporation is required to indemnify such person against expenses actually and reasonably incurred in connection therewith.

The indemnification and advancement of expenses provided pursuant to Section 607.0850 are not exclusive, and a corporation may make any other or further indemnification or advancement of expenses of any of its directors, officers, employees, or agents, under any bylaw, agreement, vote of shareholders or disinterested directors, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office. However, indemnification or advancement of expenses shall not be made to or on behalf of any director, officer, employee, or agent if a judgment or other final adjudication establishes that his or her actions, or omissions to act, were material to the cause of action so adjudicated and constitute: (a) violation of the criminal law, unless the director, officer, employee or agent had reasonable cause to believe his or her conduct was lawful or had no reasonable cause to believe his or her conduct was unlawful; (b) a transaction from which the director, officer, employee, or agent derived an improper personal benefit; (c) in the case of a director, a circumstance under which the liability provisions of Section 607.0834 are applicable; or (d) willful misconduct or a conscious disregard for the best interests of the corporation in a proceeding by or in the right of the corporation to procure a judgment in its favor or in a proceeding by or in the right of a shareholder. Each of the following Florida corporate registrants listed below are subject to the indemnification provision in accordance with Section 607.0850 of FBCA: Coggin Automotive Corp., Precision Computer Services, Inc., PRECISION ENTERPRISES TAMPA, INC., Precision Infiniti, Inc., PRECISION MOTORCARS, INC., and Precision Nissan, Inc.

Section 5.02 of each of the limited partnership agreements of the limited partnerships listed below provides that each may indemnify its partners, directors and officers of the partnership and any other designated person, on an after-tax basis for any damage, judgment, amount paid in settlement, fine, penalty, punitive damages, excise tax or cost or expense of any nature (including attorneys fees and disbursements) to the fullest extent provided or allowed by the laws of Florida; provided, however, that no indemnity shall be payable against any liability incurred by such person by reason of (i) fraud, willful violation of law, gross negligence or such person s material breach of the limited partnership agreement or such person s bad faith or (ii) the receipt by such person from the partnership of a personal benefit to which such person is or was not legally entitled. In addition, Florida law requires a partnership to reimburse a partner for payments made and indemnify a partner for liabilities incurred by the partner in the ordinary course of the business of the partnership or for the preservation of its business or property. Each of the following Florida limited partnership registrants listed below are subject to the foregoing provisions: Avenues Motors, Ltd., C&O PROPERTIES, LTD. and CHO Partnership, LTD.

The Florida registrants may maintain liability insurance for the benefit of their directors and officers.

ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits.
The following exhibits are filed as part of this Form S-4:

4.1	Indenture, dated as of November 16, 2010, by and among Asbury Automotive Group, Inc., the Subsidiary Guarantors listed on Schedule I thereto and The Bank of New York Mellon, as Trustee, relating to the 8.375% Senior Subordinated Notes due 2020 (filed as Exhibit 4.1 to the Company s Current Report on Form 8-K filed with the SEC on November 18, 2010 and incorporated herein by reference)
4.2	Form of 8.375% Senior Subordinated Notes due 2020 (included as Exhibit A in Exhibit 4.1 and filed as Exhibit 4.2 to the Company s Current Report on Form 8-K filed with the SEC on November 18, 2010 and incorporated herein by reference)
4.3	First Supplemental Indenture, dated as of December 30, 2010, by and among Asbury Automotive Group, Inc., each of the guarantors signatory thereto and The Bank of New York Mellon, as Trustee, related to the 8.375% Senior Subordinated Notes due 2020 (filed as Exhibit 4.14 to the Company s Annual Report on Form 10-K for the year ended December 31, 2010)
4.4	Second Supplemental Indenture, dated as of September 27, 2011, by and among Asbury Automotive Group, Inc., each of the guarantors signatory thereto and The Bank of New York Mellon, as Trustee, related to the 8.375% Senior Subordinated Notes due 2020 (filed as Exhibit 4.16 to the Company s Annual Report on Form 10-K for the year ended December 31, 2011)
4.5	Third Supplemental Indenture, dated as of February 15, 2013, by and among Asbury Automotive Group, Inc., each of the guarantors signatory thereto and The Bank of New York Mellon, as Trustee, related to the 8.375% Senior Subordinated Notes due 2020 (filed as Exhibit 4.16 to the Company s Annual Report on Form 10-K for the year ended December 31, 2012)

4.6	Fourth Supplemental Indenture, dated as of June 20, 2013, by and among Asbury Automotive Group, Inc., each of the guarantors signatory thereto and The Bank of New York Mellon, as Trustee, related to the 8.375% Senior Subordinated Notes due 2020 (filed as Exhibit 4.1 to the Company s Current Report on Form 8-K filed with the SEC on June 20, 2013 and incorporated herein by reference)
4.7	Registration Rights Agreement, dated June 20, 2013, by and among Asbury Automotive Group, Inc. and the parties identified on the signature pages thereto (filed as Exhibit 4.2 to the Company s Current Report on Form 8-K filed with the SEC on June 20, 2013 and incorporated herein by reference)
5.1	Opinion of Jones Day*
5.2	Opinion of Hill, Ward & Henderson, P.A.*
5.3	Opinion of Brooks, Pierce, McLendon, Humphrey & Leonard LLP*
5.4	Opinion of Stoel Rives LLP*
12.1	Statement Regarding Computation of Ratio of Earnings to Fixed Charges
23.1	Consent of Jones Day (included in exhibit 5.1)*
23.2	Consent of Hill, Ward & Henderson, P.A. (included in exhibit 5.2)*
23.3	Consent of Brooks, Pierce, McLendon, Humphrey & Leonard LLP (including in exhibit 5.3)*
23.4	Consent of Stoel Rives LLP (included in exhibit 5.4)*
23.5	Consent of Ernst & Young LLP
24.1	Power of Attorney*
25.1	Statement of Eligibility on Form T-1 of The Bank of New York Mellon with respect to the indenture dated as of November 16, 2010*
99.1	Form of Letter of Transmittal*

* Previously filed.

ITEM 22. UNDERTAKINGS.
The undersigned registrants hereby undertake:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5) That, for the purpose of determining liability of such registrants under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrants undertake that in a primary offering of securities of such registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrants will be a seller to the purchaser and will each be considered to offer or sell such securities to such purchaser:

(i) any preliminary prospectus or prospectus of the undersigned registrants relating to the offering required to be filed pursuant to Rule 424;

(ii) any free writing prospectus relating to the offering prepared by or on behalf of such registrant or used or referred to by the undersigned registrants;

(iii) the portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrants or their securities provided by or on behalf of such registrant; and

(iv) any other communication that is an offer in the offering made by such registrant to the purchaser.

(6) That for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant s annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan s annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(7) To deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report, to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Securities Exchange Act of 1934; and, where interim financial information required to be presented by Article 3 of Regulation S-X is not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

(8) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant, pursuant to the provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by any such director, officer or controlling person in connection with the securities being registered, the registrant will,

unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether or not such indemnification is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

(9) To respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b), 11, or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(10) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 1 to registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Duluth, State of Georgia, on July 26, 2013.

ASBURY AUTOMOTIVE GROUP, INC.

By: /s/ Craig T. Monaghan
Name: Craig T. Monaghan
Title: President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
* **Craig T. Monaghan**	President and Chief Executive Officer, and Director (principal executive officer)	
* **Scott J. Krenz**	Chief Financial Officer (principal financial officer)	
* **Michael J. Sawicki**	Controller and Chief Accounting Office (principal accounting officer)	
* **Thomas C. DeLoach, Jr.**	Director Non-Executive Chairman of the Board	
* **Janet M. Clarke**	Director	
* **Dennis E. Clements**	Director	
* **Juanita T. James**	Director	
* **Vernon E. Jordan, Jr.**	Director	
* **Eugene S. Katz**	Director	
* **Michael S. Kearney**	Director	
* **Philip F. Maritz**	Director	

*By:	/s/ Scott J. Krenz Attorney-in-fact	July 26, 2013

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 1 to this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Duluth, the State of Georgia, on July 26, 2013.

ASBURY AUTOMOTIVE GROUP L.L.C.

By: /s/ Craig T. Monaghan
Name: Craig T. Monaghan
Title: President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ * **Craig T. Monaghan**	President and Chief Executive Officer, and Director (principal executive officer)	
/s/ * **Scott J. Krenz**	Chief Financial Officer (principal financial officer)	
/s/ * **Michael J. Sawicki**	Controller and Chief Accounting Officer (principal accounting officer)	
/s/ * **Michael S. Kearney**	Director	

*By: /s/ Scott J. Krenz
Attorney-in-fact

July 26, 2013

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 1 to this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Duluth, State of Georgia, on July 26, 2013.

AF MOTORS, L.L.C.

ASBURY AR NISS L.L.C.

ASBURY ATLANTA AC L.L.C.

ASBURY ATLANTA AU L.L.C.

ASBURY ATLANTA BM L.L.C.

ASBURY ATLANTA HON L.L.C.

ASBURY ATLANTA INF L.L.C.

ASBURY ATLANTA INFINITI L.L.C.

ASBURY ATLANTA LEX L.L.C.

ASBURY ATLANTA NIS L.L.C.

ASBURY ATLANTA TOY L.L.C.

ASBURY ATLANTA VB L.L.C.

ASBURY ATLANTA VL L.L.C.

ASBURY AUTOMOTIVE BRANDON, L.P.

ASBURY AUTOMOTIVE ST. LOUIS, L.L.C.

ASBURY JAX AC, LLC

ASBURY JAX HON L.L.C.

ASBURY MS CHEV L.L.C.

ASBURY MS GRAY-DANIELS L.L.C.

ASBURY SC JPV L.L.C.

ASBURY SC LEX L.L.C.

ASBURY SC TOY L.L.C.

ASBURY ST. LOUIS FSKR, L.L.C.

ASBURY ST. LOUIS LEX L.L.C.

ASBURY ST. LOUIS LR L.L.C.

ASBURY ST. LOUIS M L.L.C.

ASBURY-DELAND IMPORTS, L.L.C.

AVENUES MOTORS, LTD.

BFP MOTORS L.L.C.

CFP MOTORS L.L.C.

CH MOTORS L.L.C.

CHO PARTNERSHIP, LTD.

CN MOTORS L.L.C.

COGGIN CARS L.L.C.

COGGIN CHEVROLET L.L.C.

CROWN CHH L.L.C.

CROWN FDO L.L.C.

CROWN FFO L.L.C.

CROWN GBM L.L.C.

CROWN GCA L.L.C.

CROWN GDO L.L.C.

CROWN GHO L.L.C.

CROWN GNI L.L.C.

CROWN GVO L.L.C.

CROWN MOTORCAR COMPANY L.L.C.

CROWN PBM L.L.C.

CROWN RIA L.L.C.

CROWN RIB L.L.C.

CROWN SNI L.L.C.

CSA IMPORTS L.L.C.

ESCUDE-NN L.L.C.

ESCUDE-NS L.L.C.

ESCUDE-T L.L.C.

HFP MOTORS L.L.C.

KP MOTORS L.L.C

MCDAVID AUSTIN-ACRA, L.L.C.

MCDAVID FRISCO-HON, L.L.C.

MCDAVID HOUSTON-HON, L.L.C.

MCDAVID HOUSTON-NISS, L.L.C.

MCDAVID IRVING-HON, L.L.C.

MCDAVID PLANO-ACRA, L.L.C.

NP FLM L.L.C.

NP MZD L.L.C.

NP VKW L.L.C.

PLANO LINCOLN-MERCURY, INC.

PRECISION INFINITI, INC.

PRECISION MOTORCARS, INC.

PRECISION NISSAN, INC.

PREMIER NSN L.L.C.

PREMIER PON L.L.C.

PRESTIGE BAY L.L.C.

PRESTIGE TOY L.L.C.

TAMPA HUND, L.P.

TAMPA KIA, L.P.

WTY MOTORS, L.P.

By:	/s/ Craig T. Monaghan	
	Name:	Craig T. Monaghan
	Title:	Vice President

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	**Title**	**Date**
/s/ * **Michael S. Kearney**	President and Chief Executive Officer, and Director (principal executive officer)	
/s/ * **Keith Style**	Chief Financial Officer (principal financial and accounting officer)	
/s/ * **Craig T. Monaghan**	Director	

*By:	/s/ Scott J. Krenz Attorney-in-fact	July 26, 2013

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 1 to this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Duluth, State of Georgia, on July 26, 2013.

ANL, L.P.
ARKANSAS AUTOMOTIVE SERVICES, L.L.C.
ASBURY ATLANTA CHEVROLET L.L.C.
ASBURY ATLANTA JAGUAR L.L.C.
ASBURY AUTOMOTIVE ARKANSAS DEALERSHIP HOLDINGS L.L.C.
ASBURY AUTOMOTIVE ARKANSAS L.L.C.
ASBURY AUTOMOTIVE ATLANTA II L.L.C.
ASBURY AUTOMOTIVE ATLANTA L.L.C.
ASBURY AUTOMOTIVE CENTRAL FLORIDA, L.L.C.
ASBURY AUTOMOTIVE DELAND, L.L.C.
ASBURY AUTOMOTIVE FRESNO L.L.C.
ASBURY AUTOMOTIVE JACKSONVILLE GP L.L.C.
ASBURY AUTOMOTIVE JACKSONVILLE, L.P.
ASBURY AUTOMOTIVE MANAGEMENT L.L.C.
ASBURY AUTOMOTIVE MISSISSIPPI L.L.C.
ASBURY AUTOMOTIVE NORTH CAROLINA DEALERSHIP HOLDINGS L.L.C.
ASBURY AUTOMOTIVE NORTH CAROLINA L.L.C.
ASBURY AUTOMOTIVE NORTH CAROLINA MANAGEMENT L.L.C.
ASBURY AUTOMOTIVE NORTH CAROLINA REAL ESTATE HOLDINGS L.L.C.
ASBURY AUTOMOTIVE OREGON L.L.C.
ASBURY AUTOMOTIVE SOUTHERN CALIFORNIA L.L.C.
ASBURY AUTOMOTIVE ST. LOUIS II L.L.C.
ASBURY AUTOMOTIVE TAMPA GP L.L.C.
ASBURY AUTOMOTIVE TAMPA, L.P.
ASBURY AUTOMOTIVE TEXAS L.L.C.
ASBURY AUTOMOTIVE TEXAS REAL ESTATE HOLDINGS L.L.C.
ASBURY CH MOTORS L.L.C.
ASBURY DELAND IMPORTS 2, L.L.C.
ASBURY FRESNO IMPORTS L.L.C.
ASBURY JAX HOLDINGS, L.P.
ASBURY JAX K L.L.C.

ASBURY JAX MANAGEMENT L.L.C.
ASBURY JAX VW L.L.C.
ASBURY NO CAL NISS L.L.C.
ASBURY SACRAMENTO IMPORTS L.L.C.
ASBURY SO CAL DC L.L.C.

ASBURY SO CAL HON L.L.C.
ASBURY SO CAL NISS L.L.C.
ASBURY SOUTH CAROLINA REAL ESTATE HOLDINGS L.L.C.
ASBURY ST. LOUIS CADILLAC L.L.C.
ASBURY TAMPA MANAGEMENT L.L.C.
ASBURY TEXAS D FSKR, L.L.C.
ASBURY TEXAS H FSKR, L.L.C.
ATLANTA REAL ESTATE HOLDINGS L.L.C.
BAYWAY FINANCIAL SERVICES, L.P.
C & O PROPERTIES, LTD.
CAMCO FINANCE II L.L.C.
CK CHEVROLET LLC
CK MOTORS LLC
COGGIN AUTOMOTIVE CORP.
COGGIN MANAGEMENT, L.P.
CP-GMC MOTORS L.L.C.
CROWN ACURA/NISSAN, LLC
CROWN CHO L.L.C.
CROWN CHV L.L.C.
CROWN FFO HOLDINGS L.L.C.
CROWN GAC L.L.C.
CROWN GPG L.L.C.
CROWN HONDA, LLC
CROWN SJC L.L.C.
FLORIDA AUTOMOTIVE SERVICES L.L.C.
JC DEALER SYSTEMS, LLC
MCDAVID GRANDE, L.L.C.
MCDAVID OUTFITTERS, L.L.C.
MID-ATLANTIC AUTOMOTIVE SERVICES, L.L.C.
MISSISSIPPI AUTOMOTIVE SERVICES, L.L.C.
MISSOURI AUTOMOTIVE SERVICES, L.L.C.
PRECISION COMPUTER SERVICES, INC.
PRECISION ENTERPRISES TAMPA, INC.
SOUTHERN ATLANTIC AUTOMOTIVE SERVICES, L.L.C.
TAMPA LM, L.P.
TAMPA MIT, L.P.
TEXAS AUTOMOTIVE SERVICES, L.L.C.
THOMASON AUTO CREDIT NORTHWEST, INC.
THOMASON DAM L.L.C.
THOMASON FRD L.L.C.
THOMASON HUND L.L.C.
THOMASON PONTIAC-GMC L.L.C.
WMZ MOTORS, L.P.

By: /s/ Craig T. Monaghan
Name: Craig T. Monaghan
Title: President and Chief Executive Officer

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Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ * **Craig T. Monaghan**	President, Chief Executive Officer and Director (principal executive officer)	
/s/ * **Michael Sawicki**	Controller	
/s/ * **Michael S. Kearney**	Director	
/s/ * **Scott J. Krenz**	Vice President and Chief Financial officer (principal financial officer)	

*By:	/s/ Scott J. Krenz Attorney-in-fact	July 26, 2013

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Exhibit List

4.1	Indenture, dated as of November 16, 2010, by and among Asbury Automotive Group, Inc., the Subsidiary Guarantors listed on Schedule I thereto and The Bank of New York Mellon, as Trustee, relating to the 8.375% Senior Subordinated Notes due 2020 (filed as Exhibit 4.1 to the Company s Current Report on Form 8-K filed with the SEC on November 18, 2010 and incorporated herein by reference)
4.2	Form of 8.375% Senior Subordinated Notes due 2020 (included as Exhibit A in Exhibit 4.1 and filed as Exhibit 4.2 to the Company s Current Report on Form 8-K filed with the SEC on November 18, 2010 and incorporated herein by reference)
4.3	First Supplemental Indenture, dated as of December 30, 2010, by and among Asbury Automotive Group, Inc., each of the guarantors signatory thereto and The Bank of New York Mellon, as Trustee, related to the 8.375% Senior Subordinated Notes due 2020 (filed as Exhibit 4.14 to the Company s Annual Report on Form 10-K for the year ended December 31, 2010)
4.4	Second Supplemental Indenture, dated as of September 27, 2011, by and among Asbury Automotive Group, Inc., each of the guarantors signatory thereto and The Bank of New York Mellon, as Trustee, related to the 8.375% Senior Subordinated Notes due 2020 (filed as Exhibit 4.16 to the Company s Annual Report on Form 10-K for the year ended December 31, 2011)
4.5	Third Supplemental Indenture, dated as of February 15, 2013, by and among Asbury Automotive Group, Inc., each of the guarantors signatory thereto and The Bank of New York Mellon, as Trustee, related to the 8.375% Senior Subordinated Notes due 2020 (filed as Exhibit 4.16 to the Company s Annual Report on Form 10-K for the year ended December 31, 2012)
4.6	Fourth Supplemental Indenture, dated as of June 20, 2013, by and among Asbury Automotive Group, Inc., each of the guarantors signatory thereto and The Bank of New York Mellon, as Trustee, related to the 8.375% Senior Subordinated Notes due 2020 (filed as Exhibit 4.1 to the Company s Current Report on Form 8-K filed with the SEC on June 20, 2013 and incorporated herein by reference)
4.7	Registration Rights Agreement, dated June 20, 2013, by and among Asbury Automotive Group, Inc. and the parties identified on the signature pages thereto (filed as Exhibit 4.2 to the Company s Current Report on Form 8-K filed with the SEC on June 20, 2013 and incorporated herein by reference)
5.1	Opinion of Jones Day*
5.2	Opinion of Hill, Ward & Henderson, P.A.*
5.3	Opinion of Brooks, Pierce, McLendon, Humphrey & Leonard LLP*
5.4	Opinion of Stoel Rives LLP*
12.1	Statement Regarding Computation of Ratio of Earnings to Fixed Charges
23.1	Consent of Jones Day (included in exhibit 5.1)*
23.2	Consent of Hill, Ward & Henderson, P.A. (included in exhibit 5.2)*
23.3	Consent of Brooks, Pierce, McLendon, Humphrey & Leonard LLP (including in exhibit 5.3)*
23.4	Consent of Stoel Rives LLP (included in exhibit 5.4)*
23.5	Consent of Ernst & Young LLP
24.1	Power of Attorney*
25.1	Statement of Eligibility on Form T-1 of The Bank of New York Mellon with respect to the indenture dated as of November 16, 2010*
99.1	Form of Letter of Transmittal*

* Previously filed.