

KITE REALTY GROUP TRUST  
Form 10-Q  
May 12, 2008

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended March 31, 2008

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-32268

**Kite Realty Group Trust**

(Exact Name of Registrant as Specified in its Charter)

**Maryland**

(State or other jurisdiction of incorporation or organization)

**11-3715772**

(IRS Employer Identification Number)

**30 S. Meridian Street, Suite 1100**

**Indianapolis, Indiana**  
(Address of principal executive offices)

**46204**  
(Zip code)

**Telephone: (317) 577-5600**

(Registrant's telephone number, including area code)

**Not Applicable**

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(do not check if a smaller reporting company)

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

Yes  No

The number of Common Shares outstanding as of May 5, 2008 was 29,138,350 (\$.01 par value)

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**KITE REALTY GROUP TRUST**

**QUARTERLY REPORT ON FORM 10-Q**

**FOR THE QUARTERLY PERIOD ENDED March 31, 2008**

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**Cautionary Note About Forward-Looking Statements**

This Quarterly Report on Form 10-Q, together with other statements and information publicly disseminated by Kite Realty Group Trust (the Company), 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 cannot 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 the Company operates;
- property ownership and management risks;
- financing risks, including access to capital on desirable terms;
- the level and volatility of interest rates;
- the financial stability of tenants;
- the Company's ability to maintain its 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 Quarterly Report on Form 10-Q 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, including, in particular, the section titled Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007, and in our quarterly reports on Form 10-Q.

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

**Part I. FINANCIAL INFORMATION****Item 1.****Kite Realty Group Trust****Condensed Consolidated Balance Sheets**

(Unaudited)

	<b>March 31,</b>	<b>December 31,</b>
	<b>2008</b>	<b>2007</b>
	<hr/>	<hr/>
<b>Assets:</b>		
Investment properties, at cost:		
Land	\$ 223,550,510	\$ 210,486,125
Land held for development	23,622,458	23,622,458
Buildings and improvements	662,284,559	624,500,501
Furniture, equipment and other	4,825,396	4,571,354
Construction in progress	171,371,783	187,006,760
	<hr/>	<hr/>
	1,085,654,706	1,050,187,198
Less: accumulated depreciation	(90,990,680)	(84,603,939)
	<hr/>	<hr/>
	994,664,026	965,583,259
Cash and cash equivalents	19,262,193	19,002,268
Tenant receivables, including accrued straight-line rent of \$7.0 million and \$6.7 million, respectively, net of allowance for uncollectible accounts	15,404,565	17,200,458
Other receivables	8,998,848	7,124,485
Investments in unconsolidated entities, at equity	1,056,810	1,079,937
Escrow deposits	11,698,693	14,036,877
Deferred costs, net	20,509,562	20,563,664
Prepaid and other assets	3,744,943	3,643,696
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<b>Total Assets</b>	<b>\$ 1,075,339,640</b>	<b>\$ 1,048,234,644</b>
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<b>Liabilities and Shareholders Equity:</b>		
Mortgage and other indebtedness	\$ 677,290,946	\$ 646,833,633
Accounts payable and accrued expenses	38,888,403	36,173,195
Deferred revenue and other liabilities	26,565,569	26,127,043
Cash distributions and losses in excess of net investment in unconsolidated entities, at equity	1,281,198	234,618
Minority interest	4,422,670	4,731,211
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>748,448,786</b>	<b>714,099,700</b>
Commitments and contingencies		
Limited Partners interests in Operating Partnership	72,896,660	74,512,093
<b>Shareholders Equity:</b>		
Preferred Shares, \$.01 par value, 40,000,000 shares authorized, no shares issued and outstanding		
Common Shares, \$.01 par value, 200,000,000 shares authorized, 29,076,441 and 28,981,594 shares issued and outstanding at March 31, 2008 and December 31, 2007, respectively	290,764	289,816
Additional paid in capital and other	293,409,467	293,897,673
Accumulated other comprehensive loss	(5,004,530)	(3,122,482)
Accumulated deficit	(34,701,507)	(31,442,156)
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<b>Total Shareholders Equity</b>	<b>253,994,194</b>	<b>259,622,851</b>

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<b>Total Liabilities and Shareholders' Equity</b>	<u>\$ 1,075,339,640</u>	<u>\$ 1,048,234,644</u>
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The accompanying notes are an integral part of these condensed consolidated financial statements.

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**Kite Realty Group Trust**

**Condensed Consolidated Statements of Operations**

(Unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2008</b>	<b>2007</b>
<b>Revenue:</b>		
Minimum rent	\$ 18,379,614	\$ 17,233,952
Tenant reimbursements	5,210,545	4,678,714
Other property related revenue	5,157,085	2,451,935
Construction and service fee revenue	4,288,522	5,870,553
<b>Total revenue</b>	<b>33,035,766</b>	<b>30,235,154</b>
<b>Expenses:</b>		
Property operating	4,479,748	4,089,915