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Distributions declared per Common Share

$0.2400 $0.2400 $0.2400 $0.2400 $0.3325

Net loss attributable to Kite Realty Group Trust common shareholders:

(Loss) income from continuing operations

$(8,686)$(17,571)$(1,891)$(8,706)$2,681

Discontinued operations

(2,620) 5,317 1,097 58 (4,462)

Net loss attributable to Kite Realty Group Trust common shareholders

$(11,306)$(12,254)(794)(8,648)$(1,781)

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	As of December 31				
	2013	2012	2011	2010	2009
	($ in thousands)				
Balance Sheet Data:					
Investment properties, net	$ 1,644,478	$ 1,200,336	$ 1,095,721	$ 1,047,849	$ 1,044,799
Cash and cash equivalents	18,134	12,483	10,042	15,395	19,958
Total assets	1,763,927	1,288,657	1,193,266	1,132,783	1,140,685
Mortgage and other indebtedness	857,144	699,909	689,123	610,927	658,295
Total liabilities	962,895	774,365	737,807	658,689	710,929
Redeemable noncontrolling interests in Kite Realty OP	43,928	37,670	41,836	44,115	47,307
Kite Realty Group Trust shareholders' equity	753,557	473,086	409,372	423,065	375,078
Noncontrolling interests	3,548	3,536	4,251	6,914	7,371
Total liabilities and equity	1,763,927	1,288,657	1,193,266	1,132,783	1,140,685

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Selected Historical Financial Information of Inland Diversified

The following table sets forth selected consolidated financial information for Inland Diversified. The selected consolidated statements of operations and other comprehensive income data for each of the years in the five-year period ended December 31, 2013 and the selected consolidated balance sheet data as of December 31 for each of the years in the five-year period ended December 31, 2013 have been derived from Inland Diversified's audited consolidated financial statements included in Inland Diversified's Annual Report on Form 10-K for the year ended December 31, 2013, a copy of which is included in *Annex F* to this joint proxy statement/prospectus and is incorporated herein by reference. The following information should be read together with Inland Diversified's historical consolidated financial statements and notes thereto and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Inland Diversified's Annual Report on Form 10-K for the year ended December 31, 2013, a copy of which is included in *Annex F* to this joint proxy statement/prospectus and is incorporated herein by reference. See "Where You Can Find More Information and Incorporation by Reference" beginning on page 208. All amounts shown below are in thousands, except for share and per share amounts.

	December 31,				
	2013	**2012**	**2011**	**2010**	**2009**
Total assets	$ 2,327,598	$ 2,393,523	$ 1,010,386	$ 450,114	$ 26,439
Mortgages, credit facility and securities margin payable including held for sale	$ 1,248,273	$ 1,249,422	$ 464,956	$ 192,871	$

	For the years ended December 31,				
	2013	**2012**	**2011**	**2010**	**2009**
Total income	$ 185,808	$ 113,364	$ 64,430	$ 16,504	$ 96
Net (loss) income attributable to common stockholders	$ (283)	$ 2,616	$ (2,279)	$ (1,743)	$ (297)
Net (loss) income attributable to common stockholders per common share, basic and diluted(a)	$ 0.00	$ 0.03	$ (0.05)	$ (0.13)	$ (0.81)
Distributions declared to common stockholders	$ 70,002	$ 54,687	$ 25,263	$ 8,203	$ 212
Distributions per weighted average common share(a)	$ 0.60	$ 0.60	$ 0.60	$ 0.60	$ 0.15
Cash flows provided by (used in) operating activities	$ 84,333	$ 56,670	$ 27,872	$ 2,658	$ (342)
Cash flows used in investing activities	$ (43,606)	$ (1,215,402)	$ (454,168)	$ (346,755)	$ (9,691)
Cash flows (used in) provided by financing activities	$ (44,793)	$ 1,134,777	$ 445,649	$ 369,262	$ 25,369
Weighted average number of common shares outstanding, basic and diluted	116,667,708	91,146,154	42,105,681	13,671,936	367,888

(a) The net (loss) income attributable to common stockholders, per common share basic and diluted is based upon the weighted average number of common shares outstanding for the year or period ended. The distributions per common share are based upon the weighted average number of common shares outstanding for the year or period ended.

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Summary Unaudited Pro Forma Condensed Consolidated Financial Information

The following table shows summary unaudited pro forma condensed consolidated financial information about the combined financial condition and operating results of Kite Realty and Inland Diversified after giving effect to the merger as well as to Kite Realty's 2013 property acquisitions and related equity issuances. The unaudited pro forma financial information assumes that the merger is accounted for by applying the acquisition method. The unaudited pro forma condensed consolidated balance sheet data gives effect to the merger as if it had occurred on December 31, 2013. The unaudited pro forma condensed consolidated statement of operations for the twelve months ended December 31, 2013 gives effect to the merger as if it had occurred on January 1, 2013, the beginning of the earliest period presented. The summary unaudited pro forma condensed consolidated financial information listed below has been derived from and should be read in conjunction with (1) the more detailed unaudited pro forma condensed consolidated financial information, including the notes thereto, appearing elsewhere in this joint proxy statement/prospectus and (2) the historical consolidated financial statements and related notes of Kite Realty incorporated herein by reference and of Inland Diversified included in Inland Diversified's Annual Report on Form 10-K for the year ended December 31, 2013, a copy of which is included in *Annex F* to this joint proxy statement/prospectus and is incorporated herein by reference.

	For the Year Ended December 31, 2013					
	Kite Realty Historical	Kite Realty Pro Forma Adjustments	Kite Realty Pro Forma	Inland Diversified Historical	Pro Forma Adjustments	Combined Company Pro Forma
	(Dollars in thousands)					
Statement of Operations Data:						
Total Revenue	$ 129,488	$ 29,504	$ 158,992	$ 185,808	$ 3,324	$ 348,124
Total expenses(B)	$ 101,896	$ 26,044	$ 127,940	$ 152,657	$ 10,575	$ 291,172(A)
Operating income	$ 27,592	$ 3,460	$ 31,052	$ 33,151	$ (7,251)	$ 56,952
(Loss) income from continuing operations	$ (727)	$ 1,609	$ 882	$ (5,482)	$ 8,020	$ 3,420
Net loss from continuing operations attributable to common shareholders	$ (8,497)	$ 1,172	$ (7,325)	$ (7,922)	$ 7,799	$ (7,448)

	For the Year Ended December 31, 2013				
	Kite Realty Historical	Inland Diversified Historical	Inland Pro Forma Adjustments	Pro Forma Adjustments	Kite Realty Pro Forma
	(Dollars in thousands)				
Balance Sheet Data:					
Investment properties	$ 1,877,058	$ 1,667,505	$	$ 377,603	$ 3,922,166
Total assets	$ 1,763,927	$ 2,327,598	$ (233,713)	$ 111,338	$ 3,969,150
Total liabilities	$ 962,894	$ 1,363,778	$ (256,029)	$ (157,130)	$ 1,913,513
Total equity	$ 757,105	$ 895,870	$ 22,316	$ 268,468	$ 1,943,759

(A) Does not include an estimated $17-19 million in annual general, administrative and Business Manager cost savings that Kite Realty expects to achieve following the closing of the merger.

(B) Includes depreciation and amortization.

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Unaudited Comparative Per Share Information

The following table sets forth for the year ended December 31, 2013, selected per share information for Kite Realty common shares on a historical and pro forma combined basis and for Inland Diversified common stock on a historical and pro forma equivalent basis. Except for the historical information as of and for the year ended December 31, 2013, the information in the table is unaudited. You should read the table below together with the historical consolidated financial statements and related notes of Kite Realty and Inland Diversified contained in their respective Forms 10-K for the year ended December 31, 2013. Kite Realty's Form 10-K for the year ended December 31, 2013, is incorporated by reference into this joint proxy statement/prospectus. Inland Diversified's Annual Report on Form 10-K for the year ended December 31, 2013, is included in *Annex F* to this joint proxy statement/prospectus and is incorporated herein by reference. See "Where You Can Find More Information and Incorporation by Reference" beginning on page 208.

The Inland Diversified pro forma equivalent per common share amounts were calculated by multiplying the Kite Realty pro forma amounts by an assumed exchange ratio of 1.707.

	Kite Realty		Inland Diversified	
	Historical	Pro Forma Combined	Historical	Pro Forma Equivalent
For the Year Ended December 31, 2013				
Income (loss) from continuing operations attributable to common stockholders per common share, basic and diluted	$ (0.09)	$ (0.02)	$ (0.07)	$ (0.03)
Cash dividends declared per common share	$ 0.24	$ 0.24	$ 0.60	$ 0.60
Book value per common share	$ 4.98	$ 5.55	$ 7.60	$ 9.47

RISK FACTORS

In addition to the other information included in this joint proxy statement/prospectus, including the matters addressed in the section entitled "Cautionary Statement Concerning Forward-Looking Statements," whether you are a Kite Realty shareholder or an Inland Diversified stockholder, you should carefully consider the following risks before deciding how to vote. In addition, you should read and consider the risks associated with each of the businesses of Kite Realty and Inland Diversified because these risks will also affect the Combined Company. These risks can be found in the respective Annual Reports on Form 10-K for the year ended December 31, 2013 of Kite Realty, whose Annual Report is filed with the SEC and incorporated by reference into this joint proxy statement/prospectus, and Inland Diversified, whose Annual Report is attached hereto as Annex F and incorporated herein by reference. You should also read and consider the other information in this joint proxy statement/prospectus and the other documents incorporated by reference into this joint proxy statement/prospectus. *See "Where You Can Find More Information and Incorporation by Reference" beginning on page 208.*

Risks Related to the Merger

The number of and value of the Kite Realty common shares that Inland Diversified stockholders will receive in the merger will fluctuate based on the trading price of the Kite Realty common shares.

At the effective time of the merger, each share of common stock of Inland Diversified outstanding immediately prior to the effective time of the merger will be cancelled and automatically converted into the right to receive a number of Kite Realty common shares based on a floating exchange ratio between 1.707 and 1.650 Kite Realty common shares for each share of Inland Diversified common stock. The exact exchange ratio will be determined based on the "average trading price" of the Kite Realty common shares, which is equal to the volume-weighted average trading price of Kite Realty common shares for the ten consecutive trading days ending on the third trading day preceding Inland Diversified's stockholder meeting to approve the merger. As a result, at the effective time of the merger, each outstanding share of Inland Diversified common stock will be converted into the right to receive:

- 1.707 Kite Realty common shares, if the average trading price is equal to or less than $6.36;
- between 1.707 and 1.650 Kite Realty common shares, if the average trading price is more than $6.36 or less than $6.58 (with such exchange ratio being determined by dividing $10.85 by the average trading price); and
- 1.650 Kite Realty common shares, if the average trading price is $6.58 or greater.

As a result of the fluctuation of the exchange ratio, the number of Kite Realty common shares to be received by Inland Diversified stockholders upon consummation of the merger will vary between 1.707 and 1.650 Kite Realty common shares per share of Inland Diversified common stock depending on the average trading price. Furthermore, even after the determination of the actual exchange ratio, the market value of the Kite Realty common shares that Inland Diversified stockholders will be entitled to receive in the merger will continue to fluctuate depending on the trading price of the Kite Realty common shares prior to the closing of the merger. These variances may arise due to, among other things:

- market reaction to the announcement of the merger;
- changes in the respective businesses, operations, assets, liabilities and prospects of Kite Realty and Inland Diversified;
- changes in market assessments of the business, operations, financial position and prospects of either company or the Combined Company;

- market assessments of the likelihood that the merger will be completed;
- interest rates, general market and economic conditions and other factors generally affecting the market prices of Kite Realty common shares and Inland Diversified common stock;
- federal, state and local legislation, governmental regulation and legal developments in the businesses in which Kite Realty and Inland Diversified operate; and
- other factors beyond the control of Kite Realty and Inland Diversified, including those described or referred to elsewhere in this "Risk Factors" section.

Inland Diversified does not have the right to terminate the merger agreement based on a decline in the market price of Kite Realty common shares.

The merger and related transactions are subject to approval by stockholders of both Kite Realty and Inland Diversified.

The merger cannot be completed unless (i) the Inland Diversified stockholders approve the merger and the other transactions contemplated by the merger agreement by the affirmative vote of the holders of a majority of the outstanding shares of Inland Diversified common stock, and (ii) the Kite Realty shareholders approve (a) the issuance of Kite Realty common shares to Inland Diversified stockholders pursuant to the merger agreement by the affirmative vote of a majority of the votes cast on the matter by holders of Kite Realty common shares and (b) the Kite Realty declaration of trust amendment by the affirmative vote of the holders of two-thirds of the outstanding Kite Realty common shares.

The voting power of Kite Realty shareholders and Inland Diversified stockholders will be diluted by the merger.

The merger will dilute the ownership position of the Kite Realty shareholders and result in Inland Diversified stockholders having an ownership stake in the Combined Company that is smaller than their current stake in Inland Diversified. Upon completion of the merger, we estimate that continuing Kite Realty common shareholders will own between 40.6% and 41.4% of the issued and outstanding common shares of the Combined Company, and former Inland Diversified stockholders will own between 58.6% and 59.4% of the issued and outstanding common shares of the Combined Company, in both cases depending on the actual exchange ratio. Consequently, Kite Realty shareholders and Inland Diversified stockholders, as a general matter, will have less influence over the management and policies of the Combined Company after the effective time of the merger than they currently exercise over the management and policies of Kite Realty and Inland Diversified, respectively.

Failure to complete the merger could negatively affect the value of the shares and the future business and financial results of both Kite Realty and Inland Diversified.

If the merger is not completed, the ongoing businesses of Kite Realty and Inland Diversified could be adversely affected and each of Kite Realty and Inland Diversified will be subject to a variety of risks associated with the failure to complete the merger, including the following:

- Kite Realty being required, under certain circumstances, to pay to Inland Diversified a termination fee of $30 million and/or reimburse Inland Diversified's transaction expenses up to an amount equal to $8 million;
- Inland Diversified being required, under certain circumstances, to pay to Kite Realty a termination fee of up to $43 million and/or reimburse Kite Realty's transaction expenses up to an amount equal to $8 million;
- incurrence of substantial costs incurred by both companies in connection with the proposed merger, such as legal, accounting, financial advisor, filing, printing and mailing fees;

diversion of management focus and resources from operational matters and other strategic opportunities while working to implement the merger; and

reputational harm due to the adverse perception of any failure to successfully complete the merger.

Furthermore, if the merger is not completed, Inland Diversified stockholders will not have the opportunity to achieve liquidity through the merger and the Inland Diversified Board will continue to review other liquidity alternatives, which may not occur in the near term or on terms as attractive as the terms of the proposed merger. If the merger is not completed, these risks could materially affect the business, financial results and stock prices of both Kite Realty and Inland Diversified.

The pendency of the merger could adversely affect the business and operations of Inland Diversified.

Prior to the effective time of the merger, some tenants or vendors of Inland Diversified may delay or defer decisions, which could negatively affect the revenues, earnings, cash flows and expenses of Inland Diversified, regardless of whether the merger is completed. Similarly, current and prospective employees of the Business Manager or the Property Manager may experience uncertainty about their future roles with the Combined Company following the merger, which may materially adversely affect the ability of the Business Manager or the Property Manager to attract and retain key personnel during the pendency of the merger. In addition, due to operating restrictions in the merger agreement, Inland Diversified and Kite Realty may be unable, during the pendency of the merger, to pursue strategic transactions, undertake significant capital projects, undertake certain significant financing transactions and otherwise pursue other actions, even if such actions would prove beneficial.

The merger agreement contains provisions that could discourage a potential competing acquirer of either Inland Diversified or Kite Realty or could result in any competing acquisition proposal being at a lower price than it might otherwise be.

The merger agreement contains provisions that, subject to limited exceptions, restrict the ability of each of Inland Diversified and Kite Realty to solicit, initiate, knowingly encourage or facilitate any Acquisition Proposal. With respect to any written, bona fide Acquisition Proposal received by either Inland Diversified or Kite Realty, the other party generally has an opportunity to offer to modify the terms of the merger agreement in response to such proposal before the Inland Diversified Board or the Kite Realty Board, as the case may be, or committee thereof, may withdraw or modify its recommendation to their respective shareholders in response to such Acquisition Proposal or terminate the merger agreement to enter into a definitive agreement with respect to such Acquisition Proposal. Upon termination of the merger agreement in certain circumstances, one of the parties may be required to pay a substantial termination fee and/or expense reimbursement to the other party. See "The Merger Agreement Covenants and Agreements No Solicitation of Transactions" beginning on page 164, "The Merger Agreement Termination of the Merger Agreement Termination Fee and Expenses Payable by Inland Diversified to Kite Realty" beginning on page 178, and "The Merger Agreement Termination of the Merger Agreement Termination Fee and Expenses Payable by Kite Realty to Inland Diversified" beginning on page 176.

These provisions could discourage a potential competing acquirer that might have an interest in acquiring all or a significant part of Inland Diversified or Kite Realty from considering or making a competing acquisition proposal, even if the potential competing acquirer was prepared to pay consideration with a higher per share cash value than that market value proposed to be received or realized in the merger, or might result in a potential competing acquirer proposing to pay a lower price than it might otherwise have proposed to pay because of the added expense of the termination fee and expense reimbursement that may become payable in certain circumstances under the merger agreement.

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The merger agreement contains provisions that grant both the Inland Diversified Board and the Kite Realty Board a general ability to terminate the merger agreement to enter into an agreement providing for a Superior Proposal.

Inland Diversified and Kite Realty each may terminate the merger agreement to enter into an agreement providing for a Superior Proposal, if, among other things, its respective board determines in good faith, after consultation with outside legal counsel, that the failure to do so would be inconsistent with its duties under applicable law. If the merger is not completed, the ongoing businesses of Inland Diversified and Kite Realty could be adversely affected and each of Inland Diversified and Kite Realty will be subject to several risks, including the risks described elsewhere in this "Risk Factors" section.

The merger is subject to a number of conditions which, if not satisfied or waived in a timely manner, would delay the merger or adversely impact the companies' ability to complete the transactions.

The completion of the merger is subject to certain conditions, including, among others, the (i) closing of the previously announced sale by Inland Diversified of certain net-lease commercial real estate properties to Realty Income Corporation, (ii) completion of the redeployment of certain proceeds from these transactions to acquire replacement properties for purposes of Section 1031 of the Code, (iii) receipt of the requisite approvals of Inland Diversified stockholders and Kite Realty shareholders, and (iv) other customary closing conditions set forth in the merger agreement. While it is currently anticipated that the merger will be completed late in the second quarter or in the third quarter of 2014, there can be no assurance that such conditions will be satisfied in a timely manner or at all, or that an effect, event, development or change will not transpire that could delay or prevent these conditions from being satisfied.

Furthermore, in the event the acquisition of the replacement properties and the subsequent approval of Kite Realty's shareholders are the only conditions to closing (other than those conditions that by their nature are to be and are capable of being satisfied at the closing) that have not been satisfied by August 31, 2014, then the outside date will be automatically extended to the date that is 225 days after the closing of the sale of the nine net-lease properties. Accordingly, there can be no guarantee with respect to the timing of the closing of the merger, whether the merger will be completed at all and when Inland Diversified stockholders would receive the merger consideration, if at all.

If the merger is not consummated by August 31, 2014 (unless automatically extended under certain circumstances), either Kite Realty or Inland Diversified may terminate the merger agreement.

Either Inland Diversified or Kite Realty may terminate the merger agreement if the merger has not been consummated by August 31, 2014, which date will be automatically extended until the date that is 225 days after the closing of the sale by Inland Diversified of certain net-lease commercial real estate properties to Realty Income Corporation, if all conditions to closing have been satisfied by August 31, 2014 other than the redeployment of the proceeds of these property sale transactions to acquire replacement properties for purposes of Section 1031 of the Code, the subsequent approval of Kite Realty's shareholders and other conditions that by their nature are to be and are capable of being satisfied at closing. However, this termination right will not be available to a party if that party failed to fulfill its obligations under the merger agreement and that failure was the cause of, or resulted in, the failure to consummate the merger. See "The Merger Agreement Termination of the Merger Agreement" beginning on page 174.

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Some of the directors and executive officers of Inland Diversified have interests in seeing the merger completed that are different from, or in addition to, those of the other Inland Diversified stockholders.

Some of the directors and executive officers of Inland Diversified have arrangements that provide them with interests in the merger that are different from, or in addition to, those of the stockholders of Inland Diversified generally. These interests relate to, among other things, affiliations between certain directors and executive officers of Inland Diversified and the Business Manager and the Property Managers. These interests, among other things, may influence or may have influenced the directors and executive officers of Inland Diversified to support or approve the merger. See "The Merger Interests of Inland Diversified's Directors and Executive Officers in the Merger" beginning on page 114.

Risks Related to the Combined Company Following the Merger

The Combined Company expects to incur substantial expenses related to the merger.

The Combined Company expects to incur substantial expenses in connection with completing the merger and integrating the business, operations, networks, systems, technologies, policies and procedures of the two companies. In addition, there are a large number of Inland Diversified systems that will need to be integrated into Kite Realty's systems, including property management, revenue management, tenant payment, lease administration, website content management, purchasing, accounting, payroll, fixed assets and financial reporting, which will require significant expense and diversion of management's attention from operating the business.

Although Kite Realty and Inland Diversified have assumed that a certain level of transaction and integration expenses would be incurred, there are a number of factors beyond their control that could affect the total amount or the timing of their integration expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. As a result, the transaction and integration expenses associated with the merger could, particularly in the near term, exceed the savings that the Combined Company expects to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings related to the integration of the businesses following the completion of the merger.

Following the merger, the Combined Company may be unable to integrate Kite Realty's business with Inland Diversified successfully and realize the anticipated synergies and other benefits of the merger or do so within the anticipated timeframe.

The merger involves the combination of two companies that currently operate as independent public companies. Although the Combined Company is expected to benefit from certain synergies, including cost savings, the Combined Company may encounter potential difficulties in the integration process including:

- the inability to successfully combine Kite Realty's business with Inland Diversified in a manner that permits the Combined Company to achieve the cost savings anticipated to result from the merger, which would result in the anticipated benefits of the merger not being realized in the timeframe currently anticipated or at all;
- the complexities of combining two companies with different histories, cultures, regulatory restrictions, markets and tenant bases;
- the risk of not realizing all of the anticipated operational efficiencies or other anticipated strategic and financial benefits of the merger within the expected timeframe or at all;
- complexities associated with applying Kite Realty's standards, controls, procedures and policies over a significantly larger base of assets;

- potential unknown liabilities and unforeseen increased expenses, delays or regulatory conditions associated with the merger; and

- performance shortfalls as a result of the diversion of management's attention caused by completing the merger and integrating the companies' operations.

For all these reasons, you should be aware that it is possible that the integration process could result in the distraction of the Combined Company's management, the disruption of the Combined Company's ongoing business or inconsistencies in the Combined Company's operations, services, standards, controls, procedures and policies, any of which could adversely affect the ability of the Combined Company to maintain relationships with tenants, vendors and employees or to achieve the anticipated benefits of the merger, or could otherwise adversely affect the business and financial results of the Combined Company.

Following the merger, the Combined Company may be unable to retain key employees.

The success of the Combined Company after the merger will depend in part upon its ability to retain key Kite Realty employees. Key employees may depart either before or after the merger because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the Combined Company following the merger. Accordingly, no assurance can be given that Kite Realty or, following the merger, the Combined Company will be able to retain key employees.

Kite Realty's plan to sell certain of Inland Diversified's assets subsequent to closing may not close on its expected terms or at all, which could adversely impact the Combined Corporation's indebtedness and business strategy.

Following the closing of the merger, Kite Realty plans to evaluate Inland Diversified's portfolio, dispose of certain of Inland Diversified's assets, including certain multifamily assets and Inland Diversified's securities portfolio, and utilize the proceeds to reduce the Combined Company's indebtedness. In the event that the merger is consummated but Kite Realty's plan to sell Inland Diversified's assets is not consummated on its expected terms or at all, then the indebtedness of the Combined Company will be higher than anticipated. Such an increase in indebtedness could adversely affect the Combined Company's financial condition, results of operations, its ability to raise capital and its credit ratings. Furthermore, in such event, the Combined Company would own a controlling interest in certain multi-family assets and a securities portfolio, which are assets that are not a core part of Kite Realty's strategy. Kite Realty's resulting portfolio of assets may not be perceived favorably by analysts and investors, which could adversely affect the trading price of the Combined Corporation's common shares. Additionally, the Combined Company would be subject to various risks associated with owning these assets.

The merger will result in changes to the board of trustees of the Combined Company that may affect the strategy of the Combined Company as compared to that of Kite Realty and Inland Diversified independently.

If the parties complete the merger, the composition of the board of trustees of the Combined Company will change. Following the closing, the Combined Company's board of trustees will consist of nine members, six of whom will be current trustees of Kite Realty and three of whom will be designated by Inland Diversified. The new composition of the board of trustees may affect the business strategy and operating decisions of the Combined Company upon the completion of the merger.

The future results of the Combined Company will suffer if the Combined Company does not effectively manage its expanded operations following the merger.

Following the merger, the Combined Company expects to continue to expand its operations through additional acquisitions of properties, some of which may involve complex challenges. The

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future success of the Combined Company will depend, in part, upon the ability of the Combined Company to manage its expansion opportunities, which may pose substantial challenges for the Combined Company to integrate new operations into its existing business in an efficient and timely manner, and upon its ability to successfully monitor its operations, costs, regulatory compliance and service quality, and to maintain other necessary internal controls. There is no assurance that the Combined Company's expansion or acquisition opportunities will be successful, or that the Combined Company will realize its expected operating efficiencies, cost savings, revenue enhancements, synergies or other benefits.

Risks Related to an Investment in the Combined Company's Common Shares

The market price of the common shares of the Combined Company may be affected by factors different from those affecting the price of Kite Realty common shares before the merger.

Upon completion of the merger, we estimate that continuing Kite Realty common shareholders will own between 40.6% and 41.4% of the issued and outstanding common shares of the Combined Company, and former Inland Diversified stockholders will own between 58.6% and 59.4% of the issued and outstanding common shares of the Combined Company.

The results of operations of the Combined Company, as well as the market price of the common shares of the Combined Company after the merger, may be affected by factors in addition to those currently affecting Kite Realty's or Inland Diversified's results of operations and the market prices of Kite Realty common shares. These factors include:

- the possibility that Inland Diversified stockholders, who prior to the merger have held Inland Diversified common stock which is not traded on a stock exchange and thus is difficult to sell, may wish to monetize their investment by selling the Kite Realty common shares they receive in the merger and thereby increase the likelihood of a decline in the market price of Kite Realty common shares;
- a greater number of shares of the Combined Company outstanding as compared to the number of currently outstanding shares of Kite Realty;
- different shareholders;
- different markets; and
- different assets and capitalizations.

Accordingly, the historical financial results of Kite Realty and Inland Diversified and the historical market prices of Kite Realty common shares may not be indicative of these matters for the Combined Company after the merger. For a discussion of the businesses of Kite Realty and Inland Diversified and certain risks to consider in connection with investing in those businesses, see the documents incorporated by reference by Kite Realty and Inland Diversified into this joint proxy statement/prospectus referred to under "Where You Can Find More Information and Incorporation by Reference" beginning on page 208.

The market price of the Combined Company's common shares may decline as a result of the merger.

The market price of the Combined Company's common shares may decline as a result of the merger if the Combined Company does not achieve the perceived benefits of the merger or the effect of the merger on the Combined Company's financial results is not consistent with the expectations of financial or industry analysts.

In addition, upon consummation of the merger, Kite Realty shareholders and Inland Diversified stockholders will own interests in a Combined Company operating an expanded business with a

different mix of properties, risks and liabilities. Current shareholders of Kite Realty and Inland Diversified may not wish to continue to invest in the Combined Company, or for other reasons may wish to dispose of some or all of their shares of the Combined Company's common shares. For example, because prior to the merger holders of Inland Diversified common stock were unable to sell their shares through a stock exchange, a significant number of Inland Diversified's stockholders may wish to monetize their investment by selling the Kite Realty common shares they receive in the merger. If, following the effective time of the merger, large amounts of the Combined Company's common shares are sold, the price of the Combined Company's common shares could decline.

After the merger is completed, Inland Diversified stockholders who receive Kite Realty common shares in the merger will have different rights that may be less favorable than their current rights as Inland Diversified stockholders.

After the closing of the merger, Inland Diversified stockholders who receive Kite Realty common shares in the merger will have different rights than they currently have as Inland Diversified stockholders which may be less favorable than their current rights as Inland Diversified stockholders. For a detailed discussion of the significant differences between the current rights of a stockholder of Inland Diversified and the rights of a shareholder of the Combined Company following the merger, see "Comparison of Rights of Shareholders of Kite Realty and Stockholders of Inland Diversified" beginning on page 196.

Following the merger, the Combined Company will not pay dividends at the rate currently paid by Inland Diversified and may not continue to pay dividends at or above the rate currently paid by Kite Realty.

Following the merger, stockholders of Inland Diversified will not receive dividends at the same rate that they did as stockholders of Inland Diversified. The Kite Realty Board has historically chosen to pay a lower percentage of its earnings to its shareholders in the form of distributions than Inland Diversified and instead uses a greater portion of such earnings to fund additional growth and for other purposes. Inland Diversified has historically paid a much higher percentage of its earnings in distributions. For example, as disclosed in each of their Form 10-Ks filed with the SEC, for the year ended December 31, 2013, Kite Realty paid 46.4% of its funds from operations in distributions, and retained the balance for future growth opportunities, while Inland Diversified paid 78.5% of its funds from operations in distributions. Due to these differing payout practices, Inland Diversified has historically paid distributions at a higher distribution rate per share than Kite Realty and retained fewer earnings for future investments. For example, based on a $10 purchase price, each holder of Inland Diversified common stock currently receives distributions at an annual rate of 6%. Based on the Kite Realty share price as of the date of the merger agreement, Kite Realty currently pays distributions at an annual distribution rate of approximately 4.2%. Inland Diversified stockholders should initially expect a reduction in the annual distribution rate on their investment as a result of the merger. In addition, Kite Realty has historically paid distributions quarterly, rather than monthly as has been Inland Diversified's practice.

In addition, Kite Realty shareholders may not receive dividends at the same rate that they did prior to the merger.

Decisions on whether, when and in what amounts to make any future dividends will remain at all times entirely at the discretion of Kite Realty's board of trustees, which reserves the right to change Kite Realty's dividend practices at any time and for any reason. Changes to dividend practices may occur for various reasons, including the following:

- the Combined Company may not have enough cash to pay such dividends due to changes in the Combined Company's cash requirements, capital spending plans, cash flow or financial position; and

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the amount of dividends that the Combined Company's subsidiaries may distribute to the Combined Company may be subject to restrictions imposed by state law and restrictions imposed by the terms of any current or future indebtedness that these subsidiaries may incur.

Shareholders of the Combined Company will have no contractual or other legal right to dividends that have not been declared by the Combined Company's board of directors.

Counterparties to certain agreements with Inland Diversified may exercise contractual rights under such agreements in connection with the merger.

Inland Diversified is a party to certain loan agreements that give the counterparty lender certain rights, including notice and consent rights, in connection with the merger. Any such counterparty lender may request modifications of its loan agreements or payment of a fee as a condition to granting a waiver or consent under the agreements. There can be no assurance that such lender counterparties will not exercise their rights under these loans agreements or that the exercise of any such rights under, or modification of, these agreements will not adversely affect the business or operations of the Combined Company.

The unaudited pro forma combined condensed financial information included elsewhere in this joint proxy statement/prospectus may not be representative of the Combined Company's results after the merger, and accordingly, you have limited financial information on which to evaluate the Combined Company.

The unaudited pro forma combined condensed financial information included elsewhere in this joint proxy statement/prospectus has been presented for informational purposes only and is not necessarily indicative of the financial position or results of operations that actually would have occurred had the merger and certain other transactions expected to be consummated immediately following the merger been completed as of the date indicated, nor is it indicative of the future operating results or financial position of the Combined Company. The unaudited pro forma combined condensed financial information does not reflect future events that may occur after the merger and the other transactions expected to be consummated in connection with the merger, including the costs related to the planned integration of the two companies and any future nonrecurring charges resulting from the merger and the other transactions expected to be consummated immediately following the merger, and does not consider potential impacts of current market conditions on revenues or expense efficiencies. The unaudited pro forma combined condensed financial information presented elsewhere in this joint proxy statement/prospectus is based in part on certain assumptions regarding the merger and the other transactions expected to be consummated in connection with the merger that Kite Realty and Inland Diversified believe are reasonable under the circumstances. Kite Realty and Inland Diversified cannot assure you that the assumptions will prove to be accurate over time.

The Combined Company will have a significant amount of indebtedness following the merger and may need to incur more in the future.

The Combined Company will have substantial indebtedness following completion of the merger. In addition, in connection with executing the Combined Company's business strategies following the merger, the Combined Company expects to continue to evaluate the possibility of acquiring additional properties and making strategic investments, and the Combined Company may elect to finance these endeavors by incurring additional indebtedness. The amount of such indebtedness could have material adverse consequences for the Combined Company, including:

hindering the Combined Company's ability to adjust to changing market, industry or economic conditions;

limiting the Combined Company's ability to access the capital markets to raise additional equity or refinance maturing debt on favorable terms or to fund acquisitions;

- limiting the amount of free cash flow available for future operations, acquisitions, dividends, stock repurchases or other uses;
- making the Combined Company more vulnerable to economic or industry downturns, including interest rate increases; and
- placing the Combined Company at a competitive disadvantage compared to less leveraged competitors.