0000879101 KIMCO REALTY CORP false --12-31 FY 2019 5 50 1 3 5 0 0 1 3 5 10 4 5 10 1 3 246.4 247.6 20.9 23.6 4 4 3 7 5 1 5.2 1 001 0 2 0.4 98 98 0 0 0 0 21 2010 2011 2012 2013 2014 2015 2016 2017 2018 Expiration dates ranging from 2021 to 2032. Includes restricted assets of consolidated variable interest entities ("VIEs") at December 31, 2019 and December 31, 2018 of $245,489 and $239,012, respectively. See Footnote 9 of the Notes to Consolidated Financial Statements. During the year ended December 31, 2019, the Prudential Investment Program recognized an impairment charge on a property of $29.9 million, of which the Company's share was $3.7 million. These units are redeemable for cash by the holder or at the Company's option, shares of the Company's common stock, based upon the conversion calculation as defined in the agreement. These units are included in Noncontrolling interests on the Company’s Consolidated Balance Sheets. The Company determined that its valuation of these Mortgages payable was classified within Level 3 of the fair value hierarchy. The year ended December 31, 2018 includes a charge of $1.6 million related to the recording of a deferred tax valuation allowance. The effect of the assumed conversion of certain convertible units had an anti-dilutive effect upon the calculation of Income from continuing operations per share. Accordingly, the impact of such conversions has not been included in the determination of diluted earnings per share calculations. Additionally, there were 0.5 million, 1.3 million and 3.1 million stock options that were not dilutive as of December 31, 2019, 2018 and 2017, respectively. During December 2018, the Company recognized an impairment charge of $41.0 million related to a development project located in Jacksonville, FL, for which the Company no longer intends to develop. The Company is marketing the property as is for sale. Expiration dates ranging from 2027 to 2035 and tax year 2018 includes alternative minimum tax credit carryovers of $3.5 million that did not expire. The alternative minimum tax credits were recognized in 2019. The weighted-average grant date fair value for restricted stock issued during the years ended December 31, 2019, 2018 and 2017 were $18.03, $14.72 and $25.04, respectively. During the year ended December 31, 2018, a joint venture recognized an impairment charge related to the pending foreclosure of a property, of which the Company's share was $5.2 million. All adjustments to "GAAP net income from REIT operations" are net of amounts attributable to noncontrolling interests and TRSs. The year ended December 31, 2018 includes a charge of $0.3 million related to the recording of a deferred tax valuation allowance. Weighted-average interest rate Representing 98 property interests and 21.3 million square feet of GLA, as of December 31, 2019, and 109 property interests and 23.2 million square feet of GLA, as of December 31, 2018. Fair value measurement as of date of deconsolidation. See Footnotes 5 and 7 to the Notes to the Consolidated Financial Statements. Includes non-recourse liabilities of consolidated VIEs at December 31, 2019 and December 31, 2018 of $153,436 and $143,186, respectively. See Footnote 9 of the Notes to Consolidated Financial Statements. During the year ended December 31, 2017, the Company recognized a cumulative foreign currency translation loss of $4.8 million due to the substantial liquidation of the Company's investments in Canada during 2017. During March 2018, the Company sold a portion of its investment in an operating property to its partner and amended the partnership agreement to provide for joint control of the entity. As a result of the amendment, the Company no longer consolidates the entity. As of the date of deconsolidation, the Company had an investment in this unconsolidated property of $62.4 million. Includes the Company's previously held equity interest investment, net of noncontrolling interest of the remaining partners. The year ended December 31, 2019 includes a tax benefit from AMT Credit refunds of $3.7 million and $3.1 million related to the recording of a deferred tax valuation allowance. The Company utilized an aggregate $36.1 million associated with Internal Revenue Code 26 U.S.C. §1031 sales proceeds. Represents four separate joint ventures, with four separate accounts managed by Prudential Global Investment Management. One of these ventures disposed of all its properties during 2019. Amounts relate to dispositions/deeds in lieu/foreclosures during the respective years shown. Represents partial repayments. As of December 31, 2018, these notes had an outstanding balance of $484.9 million. Average remaining term includes extensions See Footnote 15 of the Notes to Consolidated Financial Statements for additional disclosure on fair value. Includes fair market value of debt adjustments, net and deferred financing costs, net. Includes capitalized costs of interest, real estate taxes, insurance, legal costs and payroll of $21.3 million and $24.9 million, as of December 31, 2019 and 2018, respectively. During the year ended December 31, 2018, a joint venture investment distributed cash proceeds resulting from the refinancing of an existing loan of which the Company's share was $3.6 million. This distribution was in excess of the Company's carrying basis in this joint venture investment and to that extent was recognized as income. In accordance with the Tax Cuts and Jobs Act, effective for tax years beginning on January 1, 2018, Section 162(m) of the Code a $1.0 million limit per executive was placed on the amount a company can deduct for executive compensation for each of their CEO, CFO and the other three most highly paid executives. Federal statutory tax rate of 21% for the years ended December 31, 2019 and 2018 and federal statutory tax rate of 35% for the years ended December 31, 2017. During the year ended December 31, 2018, the Company recorded an adjustment of $7.5 million to the estimated redemption fair market value of this noncontrolling interest in accordance with the provisions of the joint venture agreement and ASC 480 – Accounting for Redeemable Equity Instruments. The Company revalues the fair market value of this noncontrolling interest on a recurring basis and determined that its valuation was classified within Level 3 of the fair value hierarchy. The estimated fair market value of this noncontrolling interest was based upon a discounted cash flow model, for which a capitalization rate of 5.00% and discount rate of 6.00% were utilized in the model based upon unobservable rates that the Company believes to be within a reasonable range of current market rates. No adjustment to fair value was required during the year ended December 31, 2019. Volatility is based on the annualized standard deviation of the daily logarithmic returns on dividend-adjusted closing prices over the look-back period based on the term of the award. These impairment charges relate to adjustments to property carrying values for properties which the Company has marketed for sale as part of its active capital recycling program and as such has adjusted the anticipated hold periods for such properties. During 2019, the Company sold a land parcel at this development project for a sales price of $32.5 million, which resulted in a gain of $4.3 million, which is included in Gain on sale of operating properties/change in control of interests on the Company’s Consolidated Statements of Income. These units are redeemable for cash by the holder or callable by the Company and are included in Redeemable noncontrolling interests on the Company's Consolidated Balance Sheets. Included in Other Assets on the Company's Consolidated Balance Sheets. Total Shareholder Returns, as used in the performance share awards computation, are measured based on cumulative dividend stock prices, as such a zero percent dividend yield is utilized. Redemption charges resulting from the difference between the redemption amount and the carrying amount of the respective preferred stock class on the Company's Condensed Consolidated Balance Sheets are accounted for in accordance with the FASB's guidance on Distinguishing Liabilities from Equity. These charges were subtracted from net income attributable to the Company to arrive at net income available to the Company's common shareholders and used in the calculation of earnings per share. The aggregate cost for Federal income tax purposes was approximately $7.8 million as of December 31, 2019. During 2017, the Company recognized an impairment charge of $16.2 million related to a property for which the Company had re-evaluated its long-term plan for the property due to unfavorable local market conditions. The Company recorded an early extinguishment of debt charge of $12.8 million resulting from the early repayment of these notes. During the year ended December 31, 2017, a joint venture recognized an impairment charge related to the pending sale of a property, of which the Company's share was $3.4 million. The Company determined that the valuation of its Senior Unsecured Notes were classified within Level 2 of the fair value hierarchy and its Credit Facility was classified within Level 3 of the fair value hierarchy. The estimated fair value amounts classified as Level 2 as of December 31, 2019 and 2018, were $4.8 billion and $4.0 billion, respectively. The estimated fair value amounts classified as Level 3 as of December 31, 2019 and 2018, were $199.9 million and $97.6 million, respectively. The negative balance for costs capitalized subsequent to acquisition could include parcels/out-parcels sold, assets held-for-sale, provision for losses and/or demolition of part of a property for redevelopment. The Company acquired a partner's ownership interest in a property which was held in a joint venture in which the Company had a noncontrolling interest. The Company now has a 69.51% controlling interest in this property and has deemed this entity to be a VIE for which the Company is the primary beneficiary and consolidates the asset. The Company evaluated this transaction pursuant to the FASB's Consolidation guidance and, as a result, recognized a gain on change in control of interests of $0.1 million resulting from the fair value adjustment associated with the Company's previously held equity interest, which are included in the purchase price above in Other Consideration. At December 31, 2018 and 2017, the Company had accumulated amortization relating to in-place leases, tenant relationships and above-market leases aggregating $466,576 and $459,211, respectively. Amounts relate to increases/(decreases) from foreign currency translation adjustments. The weighted-average grant date fair value for performance shares issued during the years ended December 31, 2019, 2018 and 2017 were $22.00, $15.40 and $23.35, respectively. Shopping center includes active real estate under development project or land held for development. During 2019, the Company redeemed all 5,223,313 Class A Units for a total redemption price of $5.8 million. Includes the land parcel sale at Dania Pointe, noted above in Footnote 4 of the Notes to Consolidated Financial Statements. Gross leasable area ("GLA") For the years ended December 31, 2019, 2018 and 2017, the corresponding common stock equivalent of these vested awards were 104,551, 0 and 0 shares, respectively. During 2019, the Company reclassified this project to Land and Building and improvements on the Company's Consolidated Balance Sheets, as a result of the Company's intention to discontinue development of this project and to market it for sale as is. The as is value, estimated fair value, was below the carrying value and as such, the Company recorded an impairment charge of $11.5 million during the year ended December 31, 2019. The Company manages these joint venture investments and, where applicable, earns acquisition fees, leasing commissions, property management fees, asset management fees and construction management fees. During 2019, this development project, aggregating $80.5 million (including capitalized costs of $9.2 million), was placed in service and primarily reclassified to Land and Building and improvements on the Company's Consolidated Balance Sheets. Includes allowances on accounts receivable and straight-line rents. 245,489 239,012 153,436 143,186 1.00 1.00 7,054,000 7,054,000 19,580 42,580 19,580 42,580 489,500 1,064,500 6,019,240 5,996,240 0.01 0.01 750,000,000 750,000,000 431,814,951 421,388,879 431,814,951 421,388,879 15,690 17,549 14,480 1,531 13,308 2,631 00008791012019-01-012019-12-31 0000879101kim:CommonStock1Member2019-01-012019-12-31 0000879101kim:ClassLCumulativeRedeemablePreferredStockMember2019-01-012019-12-31 0000879101kim:ClassMCumulativeRedeemablePreferredStockMember2019-01-012019-12-31 iso4217:USD 00008791012019-06-28 xbrli:shares 00008791012020-02-05 thunderdome:item 00008791012019-12-31 00008791012018-12-31 0000879101kim:RealEstateUnderDevelopmentMember2019-12-31 0000879101kim:RealEstateUnderDevelopmentMember2018-12-31 0000879101kim:InvestmentsInAndAdvancesToRealEstateJointVenturesMember2019-12-31 0000879101kim:InvestmentsInAndAdvancesToRealEstateJointVenturesMember2018-12-31 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[Table of Contents](#toc)

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-K**

|  |  |
| --- | --- |
| **☑** | **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** |

**For the fiscal year ended December 31, 2019**

**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 1-10899**

**Kimco Realty Corporation**

(Exact name of registrant as specified in its charter)

|  |  |  |
| --- | --- | --- |
| Maryland |  | 13-2744380 |
| (State or other jurisdiction of  incorporation or organization) |  | (I.R.S. Employer Identification No.) |

**500 North Broadway, Suite 201, Jericho, NY 11753**

(Address of principal executive offices)     (Zip Code)

**(516) 869-9000**

(Registrant’s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Title of each class |  | Trading  Symbol(s) |  | Name of each exchange  on which registered |
|  |  |  |  |  |
| Common Stock, par value $.01 per share. |  | KIM |  | New York Stock Exchange |
| Depositary Shares, each representing one-thousandth of a share of 5.125% Class L Cumulative Redeemable, Preferred Stock, $1.00 par value per share. |  | KIMprL |  | New York Stock Exchange |
| Depositary Shares, each representing one-thousandth of a share of 5.250% Class M Cumulative Redeemable Preferred Stock, $1.00 par value per share. |  | KIMprM |  | New York Stock Exchange |

Securities registered pursuant to section 12(g) of the Act:      None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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 ☐

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).    Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

|  |  |  |  |
| --- | --- | --- | --- |
| Large accelerated filer | ☑ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| Emerging growth company | ☐ |  |  |

[Table of Contents](#toc)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐     No ☑

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately $7.6 billion based upon the closing price on the New York Stock Exchange for such equity on June 28, 2019.

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

As of February 5, 2020, the registrant had 431,820,951 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates certain information by reference to the Registrant's definitive proxy statement to be filed with respect to the Annual Meeting of Stockholders expected to be held on April 28, 2020.

Index to Exhibits begins on page 39.

Page 1 of 90

[Table of Contents](#toc)

TABLE OF CONTENTS

|  |  |
| --- | --- |
| Item No. | Form 10-K Report Page |
|  |  |
| PART I | |
|  |  |
| [Item 1.  Business](#item1) | 3 |
|  |  |
| [Item 1A. Risk Factors](#item1a) | 6 |
|  |  |
| [Item 1B. Unresolved Staff Comments](#item1b) | 15 |
|  |  |
| [Item 2. Properties](#item2) | 15 |
|  |  |
| [Item 3. Legal Proceedings](#item3) | 16 |
|  |  |
| [Item 4. Mine Safety Disclosures](#item4) | 16 |
|  |  |
| PART II | |
|  |  |
| [Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities](#item5) | 17 |
|  |  |
| [Item 6. Selected Financial Data](#item6) | 19 |
|  |  |
| [Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations](#item7) | 20 |
|  |  |
| [Item 7A. Quantitative and Qualitative Disclosures About Market Risk](#item7a) | 36 |
|  |  |
| [Item 8. Financial Statements and Supplementary Data](#item8) | 36 |
|  |  |
| [Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure](#item9) | 36 |
|  |  |
| [Item 9A. Controls and Procedures](#item9a) | 37 |
|  |  |
| [Item 9B. Other Information](#item9b) | 37 |
|  |  |
| PART III | |
|  |  |
| [Item 10. Directors, Executive Officers and Corporate Governance](#item10) | 37 |
|  |  |
| [Item 11. Executive Compensation](#item11) | 37 |
|  |  |
| [Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters](#item12) | 37 |
|  |  |
| [Item 13. Certain Relationships and Related Transactions, and Director Independence](#item13) | 37 |
|  |  |
| [Item 14. Principal Accounting Fees and Services](#item14) | 37 |
|  |  |
| PART IV | |
|  |  |
| [Item 15. Exhibits, Financial Statement Schedules](#item15) | 38 |
|  |  |
| [Item 16. Form 10-K Summary](#item16) | 38 |

2

[Table of Contents](#toc)

**FORWARD-LOOKING STATEMENTS**

This annual report on Form 10-K (“Form 10-K”), together with other statements and information publicly disseminated by Kimco Realty Corporation (the “Company”) 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. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and includes this statement for purposes of complying with the safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe the Company’s future plans, strategies and expectations, are generally identifiable by use of the words “believe,” “expect,” “intend,” “anticipate,” “estimate,” “project,” “will,” “target,” “forecast” or similar expressions. You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond the Company’s control and could materially affect actual results, performances or achievements. Factors which may cause actual results to differ materially from current expectations include, but are not limited to (i) general adverse economic and local real estate conditions, (ii) the inability of major tenants to continue paying their rent obligations due to bankruptcy, insolvency or a general downturn in their business, (iii) financing risks, such as the inability to obtain equity, debt or other sources of financing or refinancing on favorable terms to the Company, (iv) the Company’s ability to raise capital by selling its assets, (v) changes in governmental laws and regulations and management’s ability to estimate the impact of such changes, (vi) the level and volatility of interest rates and managements’ ability to estimate the impact thereof, (vii) the availability of suitable acquisition, disposition, development and redevelopment opportunities, and risks related to acquisitions not performing in accordance with our expectations, (viii) valuation and risks related to the Company’s joint venture and preferred equity investments, (ix) valuation of marketable securities and other investments, (x) increases in operating costs, (xi) changes in the dividend policy for the Company’s common and preferred stock and the Company’s ability to pay dividends at current levels, (xii) the reduction in the Company’s income in the event of multiple lease terminations by tenants or a failure by multiple tenants to occupy their premises in a shopping center, (xiii) impairment charges, (xiv) unanticipated changes in the Company’s intention or ability to prepay certain debt prior to maturity and/or hold certain securities until maturity and (xv) the risks and uncertainties identified under Item 1A, “Risk Factors” and elsewhere in this Form 10-K and in the Company’s other filings with the Securities and Exchange Commission (“SEC”). Accordingly, there is no assurance that the Company’s expectations will be realized. The Company disclaims any intention or obligation to update the forward-looking statements, whether as a result of new information, future events or otherwise. You are advised to refer to any further disclosures the Company makes or related subjects in the Company’s quarterly reports on Form 10-Q and current reports on Form 8-K that the Company files with the SEC.

PART I

Item 1. Business

**Overview**

Kimco Realty Corporation, a Maryland corporation, is one of North America’s largest publicly traded owners and operators of open-air shopping centers.  The terms “Kimco,” the “Company,” “we,” “our” and “us” each refer to Kimco Realty Corporation and our subsidiaries, unless the context indicates otherwise. In statements regarding qualification as a real estate investment trust ("REIT"), such terms refer solely to Kimco Realty Corporation. The Company’s mission is to create destinations for everyday living that inspire a sense of community and deliver value to our many stakeholders.

The Company is a self-administered REIT and has owned and operated open-air shopping centers for over 60 years.  The Company has not engaged, nor does it expect to retain, any REIT advisors in connection with the operation of its properties. As of December 31, 2019, the Company had interests in 409 shopping center properties (the “Combined Shopping Center Portfolio”), aggregating 72.4 million square feet of gross leasable area (“GLA”), located in 27 states and Puerto Rico. In addition, the Company had 243 other property interests, primarily through the Company’s preferred equity investments and other real estate investments, totaling 3.9 million square feet of GLA. The Company’s ownership interests in real estate consist of its consolidated portfolio and portfolios where the Company owns an economic interest, such as properties in the Company’s investment real estate management programs, where the Company partners with institutional investors and also retains management.

The Company's executive offices are located at 500 North Broadway, Suite 201, Jericho, NY 11753, a mixed-use property that is wholly owned by the Company, and its telephone number is (516) 869-9000. Nearly all operating functions, including leasing, legal, construction, data processing, maintenance, finance and accounting are administered by the Company from its executive offices in Jericho, New York and supported by the Company’s regional offices. As of December 31, 2019, a total of 502 persons were employed by the Company.

The Company’s website is located at *http://www.kimcorealty.com*. The information contained on our website does not constitute part of this Form 10-K. On the Company’s website you can obtain, free of charge, a copy of this Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act of 1934, as amended, as soon as reasonably practicable, after we file such material electronically with, or furnish it to, the SEC. The public may read and obtain a copy of any materials we file electronically with the SEC at *http://www.sec.gov*.

3

[Table of Contents](#toc)

The Company began operations through its predecessor, The Kimco Corporation, which was organized in 1966 upon the contribution of several shopping center properties owned by its principal stockholders. In 1973, these principals formed the Company as a Delaware corporation, and, in 1985, the operations of The Kimco Corporation were merged into the Company. The Company completed its initial public stock offering (the “IPO”) in November 1991, and, commencing with its taxable year which began January 1, 1992, elected to qualify as a REIT in accordance with Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the “Code”). If, as the Company believes, it is organized and operates in such a manner so as to qualify and remain qualified as a REIT under the Code, the Company generally will not be subject to federal income tax, provided that distributions to its stockholders equal at least the amount of its REIT taxable income, as defined in the Code. The Company maintains certain subsidiaries that made joint elections with the Company to be treated as taxable REIT subsidiaries (“TRSs”), that permit the Company to engage through such TRSs in certain business activities that the REIT may not conduct directly. A TRS is subject to federal and state taxes on its income, and the Company includes a provision for taxes in its consolidated financial statements.  In 1994, the Company reorganized as a Maryland corporation. In March 2006, the Company was added to the S & P 500 Index, an index containing the stock of 500 Large Cap companies, most of which are U.S. corporations. The Company's common stock, Class L Depositary Shares and Class M Depositary Shares are traded on the New York Stock Exchange (“NYSE”) under the trading symbols “KIM”, “KIMprL”, and “KIMprM”, respectively.

The Company began to expand its operations through the development of real estate and the construction of shopping centers, but revised its growth strategy to focus on the acquisition of existing shopping centers. The Company also expanded internationally within Canada, Mexico, Chile, Brazil and Peru, but has since substantially liquidated its investments in Mexico and has completely exited Canada, Chile, Brazil and Peru. More recently the Company, on a selective basis, has embarked on several ground-up development and re-development projects which include residential and mixed-use components.

The Company implemented its investment real estate management format through the establishment of various institutional joint venture programs, in which the Company has noncontrolling interests. The Company earns management fees, acquisition fees, disposition fees as well as promoted interests based on achieving certain performance metrics.

In addition, the Company has capitalized on its established expertise in retail real estate by establishing other ventures in which the Company owns a smaller equity interest and provides management, leasing and operational support for those properties. The Company has also provided preferred equity capital in the past to real estate entrepreneurs and, from time to time, provides real estate capital and management services to both healthy and distressed retailers. The Company has also made selective investments in secondary market opportunities where a security or other investment is, in management’s judgment, priced below the value of the underlying assets, however these investments are subject to volatility within the equity and debt markets.

**Business Objective and Strategies**

*Strategy Overview*

The Company’s strategy is to continue to focus on its three core principles:

|  |  |  |
| --- | --- | --- |
|  | **1)** | **Portfolio Quality** - improving the quality and locations of its portfolio by maintaining high quality assets, tightly clustered in major metro markets that provide multiple growth levers. |

|  |  |  |
| --- | --- | --- |
|  | **2)** | **Net Asset Value Creation** - harvesting the unrealized value in its portfolio through a curated collection of mixed-use projects, and |

|  |  |  |
| --- | --- | --- |
|  | **3)** | **Financial Strength** - maintaining a strong balance sheet with ample liquidity and financial flexibility. |

Over the past several years, the Company has transformed its portfolio, focusing on major metropolitan-area U.S. markets, predominantly on the East and West coasts and in the Sunbelt region, which are supported by strong demographics, significant projected population growth, and where the Company perceives significant barriers to entry.  As of December 31, 2019, the Company derived 84.4% of its annualized base rent from its top major metro markets.

The Company’s focus on high-quality locations has led to significant opportunities for value creation through the reinvestment in its assets to add density, replace outdated shopping center concepts, and better meet changing consumer demands.  The Company continues to place strategic emphasis on live/work/play environments and in reinvesting in its existing assets, while building shareholder value. This philosophy is further exemplified by the Company’s Signature SeriesTM properties Dania Pointe, Grand Parkway Marketplace, Kentlands Market Square, Lincoln Square, Mill Station, Pentagon Centre, Suburban Square and The Boulevard.

The strength and security of the Company’s balance sheet remains central to its strategy.  The Company’s strong balance sheet and liquidity position are evidenced by its investment grade unsecured debt ratings (Baa1/BBB+/BBB+) by all three major ratings agencies.  The Company maintains one of the longest average debt maturity profiles in the REIT industry, now at 10.6 years.  The Company has taken meaningful steps to reduce leverage, unencumber assets and further improve its debt coverage metrics as redevelopment and development projects continue to come online and contribute additional cash flow growth.

4

[Table of Contents](#toc)

*Business Objective*

The Company’s primary business objective is to be the premier owner and operator of open-air shopping centers in the U.S. The Company believes it can achieve this objective by:

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|  | ● | increasing the value of its existing portfolio of properties and generating higher levels of portfolio growth; |

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|  | ● | increasing cash flows for reinvestment and/or for distribution to shareholders; |

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| --- | --- | --- |
|  | ● | continuing growth in desirable demographic areas with successful retailers; and |

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|  | ● | increasing capital appreciation. |

*Operating Strategies*

The Company’s operating strategies are to (i) own and operate its shopping center properties at their highest potential through maximizing and maintaining rental income and occupancy levels, (ii) attract local area customers to its shopping centers, which offer buy online and pick up in store, off-price merchandise and day-to-day necessities rather than high-priced luxury items, and (iii) maintain a strong balance sheet.

To effectively execute these strategies the Company seeks to:

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|  | ● | increase rental rates where possible through the leasing of space to new tenants; |

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|  | ● | attract a diverse and robust tenant base across a variety of retailers at its properties, which include grocery store, off-price retailers, discounters, or service-oriented tenants; |

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|  | ● | renew leases with existing tenants; |

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|  | ● | decrease vacancy levels and duration of vacancy; |

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| --- | --- | --- |
|  | ● | monitor operating costs and overhead; |

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|  | ● | redevelop existing shopping centers to obtain the highest and best use to maximize the real estate value; |

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|  | ● | provide unmatched tenant services deriving from decades of experience managing retail properties; and |

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| --- | --- | --- |
|  | ● | provide communities with a destination for everyday living goods and services. |

The Company reduces its operating and leasing risks through diversification achieved by the geographic distribution of its properties and a large tenant base. As of December 31, 2019, no single open-air shopping center accounted for more than 1.9% of the Company's annualized base rental revenues, including the proportionate share of base rental revenues from properties in which the Company has less than a 100% economic interest, or more than 1.9% of the Company’s total shopping center GLA. Furthermore, at December 31, 2019, the Company’s single largest tenant represented only 3.9%, and the Company’s five largest tenants aggregated less than 12.4%, of the Company’s annualized base rental revenues, including the proportionate share of base rental revenues from properties in which the Company has less than a 100% economic interest.

As one of the original participants in the growth of the shopping center industry and one of the nation's largest owners and operators of open-air shopping centers, the Company has established close relationships with major national and regional retailers and maintains a broad network of industry contacts. Management is associated with and/or actively participates in many shopping center and REIT industry organizations. Notwithstanding these relationships, there are numerous regional and local commercial developers, real estate companies, financial institutions and other investors who compete with the Company for the acquisition of properties and other investment opportunities and in seeking tenants who will lease space in the Company’s properties.

*Investment Strategies*

The Company’s investment strategy is to invest capital into its high-quality assets which are tightly clustered in major metro markets that provide opportunity for growth while disposing of lesser quality assets in less desirable locations. Through this strategy, the Company has transformed its portfolio and will continue these efforts as deemed necessary to maximize the quality and growth of its portfolio. Property acquisitions are focused in major metro areas allowing tenants to generate higher foot traffic resulting in higher sales volume accompanied with a potential for a mixed use component. The Company believes that this will enable it to maintain higher occupancy levels, rental rates and rental growth.

The Company’s investment strategy also includes the retail re-tenanting, renovation and expansion of its existing centers and acquired centers, while also pursuing redevelopment opportunities to increase overall value within its portfolio. The Company may selectively acquire established income-producing real estate properties and properties requiring significant re-tenanting and redevelopment, primarily in geographic regions in which the Company presently operates. Additionally, the Company may selectively acquire land parcels in its key markets for real estate development projects for long-term investment. The Company may consider investments in other real estate sectors and in geographic markets where it does not presently operate should suitable opportunities arise. The Company also continues to simplify its business by reducing the number of joint venture investments.

5

[Table of Contents](#toc)

As part of the Company’s investment strategy each property is evaluated for its highest and best use, which may include residential and mixed-use components. In addition, the Company may consider other opportunistic investments related to retailer controlled real estate such as repositioning underperforming retail locations, retail real estate financing and bankruptcy transaction support. The Company has a capital recycling program which provides for the disposition of certain lesser quality assets. If the estimated fair value for any of these assets is less than their net carrying values, the Company would be required to take impairment charges and such amounts could be material.

The Company may either purchase or lease income-producing properties in the future and may also participate with other entities in property ownership through partnerships, joint ventures or similar types of co-ownership. Equity investments may be subject to existing mortgage financing and/or other indebtedness. Financing or other indebtedness may be incurred simultaneously or subsequently in connection with such investments. Any such financing or indebtedness would have priority over the Company’s equity interest in such property.

**Environment, Social, Governance ("ESG") Program**

The Company is focused on building a thriving and viable business, one that succeeds by delivering long-term value for its stakeholders. The Company's ESG programs are aligned with its core business strategy of creating destinations for everyday living that inspire a sense of community and deliver value to our many stakeholders.

The Company has established four ESG Program Pillars:

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| --- | --- | --- |
|  | **●** | **Embrace the Future of Retail** - foster a sense of place at our shopping centers, creating people-centered properties that are more convenient and accessible |

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| --- | --- | --- |
|  | **●** | **Engage Our Local Communities -** make a positive impact and be known in the communities where we operate and live |

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|  | **●** | **Lead in Operations & Resiliency** - maximize efficiency of operations and protect our assets from disruption by climate, security and other disruptions |

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| --- | --- | --- |
|  | **●** | **Foster an Engaged, Inclusive & Ethical Team -** cultivate high levels of employee satisfaction and improve diversity of management |

Detailed information on ESG program governance and performance can be found on the Company's website in the Corporate Responsibility Report. This report is based on the Global Reporting Initiative (GRI) standard, which summarizes environmental and social performance.

During 2019, the Company was recognized for its commitment to Environmental, Social and Governance principles. The Company was cited by the Global Real Estate Sustainability Benchmark earning the distinguished Green Star designation for a sixth consecutive year. In addition, the Company was included in the Dow Jones Sustainability Index for the fifth consecutive year. Also in 2019, the Company was named for the first time to the Russell “FTSE4Good” Index Series, received one of the leading ESG scores for the real estate industry from Institutional Investor Services (ISS) and was presented with the National Association of Real Estate Investment Trusts ("NAREIT") Leader in the Light Award, a top honor among the Company’s peers.

**Information About Our Executive Officers**

The following table sets forth information with respect to the executive officers of the Company as of December 31, 2019:

|  |  |  |  |
| --- | --- | --- | --- |
| **Name** | **Age** | **Position** | **Joined Kimco** |
| Milton Cooper | 90 | Executive Chairman of the Board of Directors | Co-Founder |
| Conor C. Flynn | 39 | Chief Executive Officer | 2003 |
| Ross Cooper | 37 | President and Chief Investment Officer | 2006 |
| Glenn G. Cohen | 55 | Executive Vice President, Chief Financial Officer and Treasurer | 1995 |
| David Jamieson | 39 | Executive Vice President, Chief Operating Officer | 2007 |

Item 1A. Risk Factors

We are subject to certain business and legal risks including, but not limited to, the following:

6

[Table of Contents](#toc)

**Risks Related to Our Business and Operations**

**Adverse global market and economic conditions may impede our ability to generate sufficient income and maintain our properties.**

Our properties consist primarily of open-air shopping centers and other retail properties. Our performance, therefore, is generally linked to economic conditions in the market for retail space. The economic performance and value of our properties is subject to all of the risks associated with owning and operating real estate, including but not limited to:

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|  | ● | changes in the national, regional and local economic climate; |

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|  | ● | local conditions, including an oversupply of, or a reduction in demand for, space in properties like those that we own; |

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| --- | --- | --- |
|  | ● | trends toward smaller store sizes as retailers reduce inventory and develop new prototypes; |

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|  | ● | increasing use by customers of e-commerce and online store sites; |

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| --- | --- | --- |
|  | ● | the attractiveness of our properties to tenants; |

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| --- | --- | --- |
|  | ● | the ability of tenants to pay rent, particularly anchor tenants with leases in multiple locations; |

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| --- | --- | --- |
|  | ● | tenants who may declare bankruptcy and/or close stores; |

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| --- | --- | --- |
|  | ● | competition from other available properties to attract and retain tenants; |

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| --- | --- | --- |
|  | ● | changes in market rental rates; |

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| --- | --- | --- |
|  | ● | the need to periodically pay for costs to repair, renovate and re-let space; |

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| --- | --- | --- |
|  | ● | ongoing consolidation in the retail sector; |

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| --- | --- | --- |
|  | ● | the excess amount of retail space in a number of markets; |

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|  | ● | changes in operating costs, including costs for maintenance, insurance and real estate taxes; |

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|  | ● | the expenses of owning and operating properties, which are not necessarily reduced when circumstances such as market factors and competition cause a reduction in income from the properties; |

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| --- | --- | --- |
|  | ● | changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes; |

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| --- | --- | --- |
|  | ● | acts of terrorism and war, acts of God and physical and weather-related damage to our properties; |
|  | ● | success depends largely on the continued service and availability of key personnel; and |

|  |  |  |
| --- | --- | --- |
|  | ● | the risk of functional obsolescence of properties over time. |

**Competition may limit our ability to purchase new properties or generate sufficient income from tenants and may decrease the occupancy and rental rates for our properties.**

Numerous commercial developers and real estate companies compete with us in seeking tenants for our existing properties and properties for acquisition. New regional malls, open-air lifestyle centers or other retail shopping centers with more convenient locations or better rents may attract tenants or cause them to seek more favorable lease terms at or prior to renewal. Retailers at our properties may face increasing competition from other retailers, e-commerce, outlet malls, discount shopping clubs, direct mail, telemarketing or home shopping networks, all of which could (i) reduce rents payable to us; (ii) reduce our ability to attract and retain tenants at our properties; or (iii) lead to increased vacancy rates at our properties. We may fail to anticipate the effects of changes in consumer buying practices, particularly of growing online sales and the resulting retailing practices and space needs of our tenants or a general downturn in our tenants’ businesses, which may cause tenants to close stores or default in payment of rent.

We face competition in the acquisition or development of real property from others engaged in real estate investment that could increase our costs associated with purchasing and maintaining assets. Some of these competitors may have greater financial resources than we do. This could result in competition for the acquisition of properties for tenants who lease or consider leasing space in our existing and subsequently acquired properties and for other real estate investment or development opportunities.

**Our performance depends on our ability to collect rent from tenants, including anchor tenants, our tenants’ financial condition and our tenants maintaining leases for our properties.**

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 a number of lease commencements, decline to extend or renew leases upon expiration, fail to make rental payments when due, close stores or declare bankruptcy. Any of these actions could result in the termination of tenants’ leases and the loss of rental income attributable to these tenants’ leases. In the event of a default by a tenant, we may experience delays and costs in enforcing our rights as landlord under the terms of the leases.

In addition, multiple lease terminations by tenants, including anchor tenants, or a failure by multiple tenants to occupy their premises in a shopping center could result in lease terminations or significant 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, and our rental payments from our continuing tenants could significantly decrease. The occurrence of any of the situations described above, particularly involving a substantial tenant with leases in multiple locations, could have a material adverse effect on our financial condition, results of operations and cash flows.

7

[Table of Contents](#toc)

A tenant that files for bankruptcy protection may not 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 the tenant or the lease guarantor, or their property, unless the bankruptcy court permits us to do so. A tenant 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 rejected by a tenant in bankruptcy, we would have only a general unsecured claim for damages. As a result, it is likely that we would recover substantially less than the full value of any unsecured claims we hold, if at all.

**Our expenses may remain constant or increase, even if income from our Combined Shopping Center Portfolio decreases, which could adversely affect our financial condition, results of operations and cash flows.**

Costs associated with our business, such as common area expenses, utilities, insurance, real estate taxes, mortgage payments, and corporate expenses are relatively inflexible and generally do not decrease in the event that a property is not fully occupied, rental rates decrease, a tenant fails to pay rent or other circumstances cause our revenues to decrease. In addition, inflation could result in higher operating costs. If we are unable to lower our operating costs when revenues decline and/or are unable to pass along cost increases to our tenants, our financial condition, results of operations and cash flows could be adversely impacted.

**We may be unable to sell our real estate property investments when appropriate or on terms favorable to us.**

Real estate property investments are illiquid and generally cannot be disposed of quickly. The capitalization rates at which properties may be sold could be higher than historic rates, thereby reducing our potential proceeds from sale. In addition, the Code includes certain restrictions on a REIT’s ability to dispose of properties that are not applicable to other types of real estate companies. Therefore, we may not be able to vary our portfolio in response to economic or other conditions promptly or on terms favorable to us within a timeframe that we would need. All of these factors reduce our ability to respond to changes in the performance of our investments and could adversely affect our business, financial condition and results of operations.

Certain properties we own have a low tax basis, which may result in a taxable gain on sale. We may utilize 1031 exchanges to mitigate taxable income; however, there can be no assurance that we will identify properties that meet our investment objectives for acquisitions. In the event that we do not utilize 1031 exchanges, we may be required to distribute the gain proceeds to shareholders or pay income tax, which may reduce our cash flow available to fund our commitments.

**We may acquire or develop properties or acquire other real estate related companies, and this may create risks.**

We may acquire or develop properties or acquire other real estate related companies when we believe that an acquisition or development is consistent with our business strategies. We may not succeed in consummating desired acquisitions or in completing developments on time or within budget. When we do pursue a project or acquisition, we may not succeed in leasing newly developed or acquired properties at rents sufficient to cover the costs of acquisition or development and operations. Difficulties in integrating acquisitions may prove costly or time-consuming and could divert management’s attention from other activities. Acquisitions or developments in new markets or industries where we do not have the same level of market knowledge may result in poorer than anticipated performance. We may also abandon acquisition or development opportunities that management has begun pursuing and consequently fail to recover expenses already incurred and will have devoted management’s time to a matter not consummated. Furthermore, our acquisitions of new properties or companies will expose us to the liabilities of those properties or companies, some of which we may not be aware of at the time of the acquisition. In addition, development of our existing properties presents similar risks.

Newly acquired or re-developed properties may have characteristics or deficiencies currently unknown to us that affect their value or revenue potential. It is also possible that the operating performance of these properties may decline under our management. As we acquire additional properties, we will be subject to risks associated with managing new properties, including lease-up and tenant retention. In addition, our ability to manage our growth effectively will require us to successfully integrate our new acquisitions into our existing management structure. We may not succeed with this integration or effectively manage additional properties, particularly in secondary markets. Also, newly acquired properties may not perform as expected.

**Unsuccessful real estate under development activities or a slowdown in real estate under development activities could have a direct impact on our growth, results of operations and cash flows.**

Real estate under development is a component of our operating and investment strategy. We intend to continue pursuing select real estate under development opportunities for long-term investment and construction of retail, residential and/or mixed-use properties as opportunities arise. We expect to phase in construction until sufficient preleasing is reached. Our real estate under development and construction activities include the following risks:

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|  | ● | we may abandon real estate under development opportunities after expending resources and could lose all or part of our investment in such opportunities, including loss of deposits or failure to recover expenses already incurred; |

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|  | ● | development, construction or operating costs, including increased interest rates and higher materials, transportation, labor, leasing or other costs, may exceed our original estimates; |

8

[Table of Contents](#toc)

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|  | ● | occupancy rates and rents at a newly completed property may not meet our expectations and may not be sufficient to make the property profitable; |

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|  | ● | construction or permanent financing may not be available to us on favorable terms or at all; |

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|  | ● | we may not complete construction and lease-up on schedule due to a variety of factors including construction delays or contractor changes, resulting in increased expenses and construction costs or tenants or operators with the right to terminate pre-construction leases; and |

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| --- | --- | --- |
|  | ● | we may not be able to obtain, or may experience delays in obtaining, necessary zoning, land use, building, occupancy and other required governmental permits and authorizations. |

Additionally, new real estate under development activities typically require substantial time and attention from management, and the time frame required for development, construction and lease-up of these properties could require several years to realize any significant cash return. The foregoing risks could hinder our growth and have an adverse effect on our financial condition, results of operations and cash flows.

**We face risks associated with the development of mixed-use commercial properties.**

We operate, are currently developing, and may in the future develop, properties either alone or through joint ventures with other persons that are known as “mixed-use” developments. This means that in addition to the development of retail space, the project may also include space for residential, office, hotel or other commercial purposes. We have less experience in developing and managing non-retail real estate than we do with retail real estate. As a result, if a development project includes a non-retail use, we may seek to develop that component ourselves, sell the rights to that component to a third-party developer with experience developing properties for such use or partner with such a developer. If we do not sell the rights or partner with such a developer, or if we choose to develop the other component ourselves, we would be exposed not only to those risks typically associated with the development of commercial real estate generally, but also to specific risks associated with the development and ownership of non-retail real estate. In addition, even if we sell the rights to develop the other component or elect to participate in the development through a joint venture, we may be exposed to the risks associated with the failure of the other party to complete the development as expected. These include the risk that the other party would default on its obligations necessitating that we complete the other component ourselves, including providing any necessary financing. In the case of residential properties, these risks include competition for prospective residents from other operators whose properties may be perceived to offer a better location or better amenities or whose rent may be perceived as a better value given the quality, location and amenities that the resident seeks. We will also compete against condominiums and single-family homes that are for sale or rent. In the case of office properties, the risks also include changes in space utilization by tenants due to technology, economic conditions and business culture, declines in financial condition of these tenants and competition for credit worthy office tenants. In the case of hotel properties, the risks also include increases in inflation and utilities that may not be offset by increases in room rates. We are also dependent on business and commercial travelers and tourism.  Because we have less experience with residential, office and hotel properties than with retail properties, we expect to retain third parties to manage our residential and other non-retail components as deemed warranted. If we decide to not sell or participate in a joint venture and instead hire a third-party manager, we would be dependent on them and their key personnel who provide services to us and we may not find a suitable replacement if the management agreement is terminated, or if key personnel leave or otherwise become unavailable to us.

**Construction projects are subject to risks that materially increase the costs of completion.**

In the event that we decide to redevelop existing properties, we will be subject to risks and uncertainties associated with construction and development. These risks include, but are not limited to, risks related to obtaining all necessary zoning, land-use, building occupancy and other governmental permits and authorizations, risks related to the environmental concerns of government entities or community groups, risks related to changes in economic and market conditions between development commencement and stabilization, risks related to construction labor disruptions, adverse weather, acts of God or shortages of materials and labor which could cause construction delays and risks related to increases in the cost of labor and materials which could cause construction costs to be greater than projected and adversely impact the amount of our development fees or our financial condition, results of operations and cash flows.

**The Americans with Disabilities Act of 1990 could require us to take remedial steps with respect to existing or newly acquired properties.**

Our existing properties, as well as properties we may acquire, as commercial facilities, are required to comply with Title III of the Americans with Disabilities Act of 1990 (the "ADA"). Investigation of a property may reveal non-compliance with this Act. The requirements of the ADA, or of other federal, state or local laws or regulations, also may change in the future and restrict further renovations of our properties with respect to access for disabled persons. Future compliance with this Act may require expensive changes to the properties.

9

[Table of Contents](#toc)

**We do not have exclusive control over our joint venture and preferred equity investments, such that we are unable to ensure that our objectives will be pursued.**

We have invested in some properties as a co-venturer or partner, instead of owning directly. In these investments, we do not have exclusive control over the development, financing, leasing, management and other aspects of these investments. As a result, the co-venturer or partner might have interests or goals that are inconsistent with ours, take action contrary to our interests or otherwise impede our objectives. These investments involve risks and uncertainties. The co-venturer or partner may fail to provide capital or fulfill its obligations, which may result in certain liabilities to us for guarantees and other commitments. Conflicts arising between us and our partners may be difficult to manage and/or resolve and it could be difficult to manage or otherwise monitor the existing business arrangements. The co-venturer or partner also might become insolvent or bankrupt, which may result in significant losses to us.

In addition, joint venture arrangements may decrease our ability to manage risk and implicate additional risks, such as:

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|  | ● | potentially inferior financial capacity, diverging business goals and strategies and the need for our venture partner’s continued cooperation; |

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|  | ● | our inability to take actions with respect to the joint venture activities that we believe are favorable to us if our joint venture partner does not agree; |

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| --- | --- | --- |
|  | ● | our inability to control the legal entity that has title to the real estate associated with the joint venture; |

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|  | ● | our lenders may not be easily able to sell our joint venture assets and investments or may view them less favorably as collateral, which could negatively affect our liquidity and capital resources; |

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|  | ● | our joint venture partners can take actions that we may not be able to anticipate or prevent, which could result in negative impacts on our debt and equity; and |

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| --- | --- | --- |
|  | ● | our joint venture partners’ business decisions or other actions or omissions may result in harm to our reputation or adversely affect the value of our investments. |

Our joint venture and preferred equity investments generally own real estate properties for which the economic performance and value is subject to all the risks associated with owning and operating real estate as described above.

**We may not be able to recover our investments in cost method investments, which may result in significant losses to us.**

The economic performance and value of our cost method investments, which we do not control and are in retail operations, are subject to risks associated with owning and operating retail businesses, including:

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|  | ● | changes in the national, regional and local economic climate; |

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|  | ● | the adverse financial condition of some large retailing companies; |

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|  | ● | increasing use by customers of e-commerce and online store sites; and |

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| --- | --- | --- |
|  | ● | ongoing consolidation in the retail sector. |

A decline in the value of our cost method investments may require us to recognize an other-than-temporary impairment (“OTTI”) against such assets. When the fair value of an investment is determined to be less than its amortized cost at the balance sheet date, we assess whether the decline is temporary or other-than-temporary. If we intend to sell an impaired asset, or it is more likely than not that we will be required to sell the impaired asset before any anticipated recovery, then we must recognize an OTTI through charges to earnings equal to the entire difference between the asset’s amortized cost and its fair value at the balance sheet date. When an OTTI is recognized through earnings, a new cost basis is established for the asset and the new cost basis may not be adjusted through earnings for subsequent recoveries in fair value.

**Our real estate assets may be subject to impairment charges.**

We periodically assess whether there are any indicators that the value of our real estate assets and other investments may be impaired. A property’s value is considered to be impaired only if the estimated aggregate future undiscounted property cash flows are less than the carrying value of the property. In our estimate of cash flows, we consider factors such as trends and prospects and the effects of demand and competition on expected future operating income. If we are evaluating the potential sale of an asset or redevelopment alternatives, the undiscounted future cash flows consider the most likely course of action as of the balance sheet date based on current plans, intended holding periods and available market information. We are required to make subjective assessments as to whether there are impairments in the value of our real estate assets and other investments. Impairment charges have an immediate direct impact on our earnings. There can be no assurance that we will not take additional charges in the future related to the impairment of our assets. Any future impairment could have a material adverse effect on our results of operations in the period in which the charge is taken.

10

[Table of Contents](#toc)

**We intend to continue to sell our lesser quality assets and may not be able to recover our investments, which may result in significant losses to us.**

There can be no assurance that we will be able to recover the current carrying amount of all of our lesser quality properties and investments and those of our unconsolidated joint ventures in the future. Our failure to do so would require us to recognize impairment charges for the period in which we reached that conclusion, which could materially and adversely affect our financial condition, results of operations and cash flows.

**We have substantially completed our efforts to exit our investments in Mexico and have completely exited Chile, Brazil, Peru and Canada, however, we cannot predict the impact of laws and regulations affecting these international operations, including the United States Foreign Corrupt Practices Act, or the potential that we may face regulatory sanctions.**

Our international operations have included properties in Canada, Mexico, Chile, Brazil and Peru and are subject to a variety of United States and foreign laws and regulations, including the United States Foreign Corrupt Practices Act and foreign tax laws and regulations. Although we have substantially completed our efforts to exit our investments in Mexico, South America and Canada, we cannot assure you that our past or any current international operations will continue to be found to be in compliance with such laws or regulations. In addition, we cannot predict the manner in which such laws or regulations might be administered or interpreted, or when, or the potential that we may face regulatory sanctions or tax audits as a result of our international operations.

**We face risks relating to cybersecurity attacks which could adversely affect our business, cause loss of confidential information and disrupt operations.**

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity, or availability of our information resources. More specifically, a cyber incident is an intentional attack or an unintentional event that can include gaining unauthorized access to systems to disrupt operations, corrupt data, or steal confidential information. We may face cyber incidents and security breaches through malware, computer viruses, attachments to e-mails, persons inside our organization or persons with access to systems inside our organization and other significant disruptions of our IT networks and related systems. The risk of a cybersecurity breach or disruption, particularly through a cyber incident, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. Our IT networks and related systems are essential to the operation of our business and our ability to perform day-to-day operations and, in some cases, may be critical to the operations of certain of our tenants. Although we make efforts to maintain the security and integrity of these types of IT networks and related systems, and we have implemented various measures to manage the risk of a security breach or disruption, there can be no assurance that our security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging.

While we maintain some of our own critical information technology systems, we also depend on third parties to provide important information technology services relating to several key business functions, such as payroll, human resources, electronic communications and certain finance functions. Our measures to prevent, detect and mitigate these threats, including password protection, firewalls, backup servers, threat monitoring and periodic penetration testing, may not be successful in preventing a data breach or limiting the effects of a breach. Furthermore, the security measures employed by third-party service providers may prove to be ineffective at preventing breaches of their systems.

The primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to our relationship with our tenants, and private data exposure. Our financial results may be negatively impacted by such an incident or resulting negative media attention.

A cyber incident could:

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| --- | --- | --- |
|  | ● | disrupt the proper functioning of our networks and systems and therefore our operations and/or those of certain of our tenants; |

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| --- | --- | --- |
|  | ● | result in misstated financial reports, violations of loan covenants and/or missed reporting deadlines; |

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| --- | --- | --- |
|  | ● | result in our inability to properly monitor our compliance with the rules and regulations regarding our qualification as a REIT; |

|  |  |  |
| --- | --- | --- |
|  | ● | result in the unauthorized access to, and destruction, loss, theft, misappropriation or release of proprietary, confidential, sensitive or otherwise valuable information of ours or others, which others could use to compete against us or for disruptive, destructive or otherwise harmful purposes and outcomes; |

|  |  |  |
| --- | --- | --- |
|  | ● | result in our inability to maintain the building systems relied upon by our tenants for the efficient use of their leased space; |

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| --- | --- | --- |
|  | ● | require significant management attention and resources to remedy and damages that result; |

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| --- | --- | --- |
|  | ● | subject us to claims for breach of contract, damages, credits, penalties or termination of leases or other agreements; or |

|  |  |  |
| --- | --- | --- |
|  | ● | damage our reputation among our tenants, investors and associates. |

Moreover, cyber incidents perpetrated against our tenants, including unauthorized access to customers’ credit card data and other confidential information, could diminish consumer confidence and consumer spending and negatively impact our business.

11

[Table of Contents](#toc)

**We may be subject to liability under environmental laws, ordinances and regulations.**

Under various federal, state, and local laws, ordinances and regulations, we may be considered an owner or operator of real property and may be responsible for paying for the disposal or treatment of hazardous or toxic substances released on or in our property, as well as certain other potential costs relating to hazardous or toxic substances (including governmental fines and injuries to persons and property). This liability may be imposed whether or not we knew about, or were responsible for, the presence of hazardous or toxic substances.

**Natural disasters, severe weather conditions and the effects of climate change could have an adverse impact on our financial condition, results of operations and cash flows.**

    Our operations are located in areas that are subject to natural disasters and severe weather conditions such as hurricanes, tornados, earthquakes, snowstorms, floods and fires, and the frequency of these natural disasters and severe weather conditions may increase due to climate change. The occurrence of natural disasters, severe weather conditions and the effects of climate change can delay new development or redevelopment projects, increase investment costs to repair or replace damaged properties, increase operation costs, including the cost of energy at our properties, increase costs for future property insurance, negatively impact the tenant demand for lease space and cause substantial damages or losses to our properties which could exceed any applicable insurance coverage. The incurrence of any of these losses, costs or business interruptions may adversely affect our financial condition, results of operations and cash flows.

    In addition, changes in government legislation and regulation on climate change could result in increased capital expenditures to improve the energy efficiency of our existing properties and could also require us to spend more on our development or redevelopment projects without a corresponding increase in revenues, which may adversely affect our financial condition, results of operations and cash flows.

**Pandemics or other health crises may adversely affect our tenants’ financial condition and the profitability of our properties.**

Our business and the businesses of our tenants could be materially and adversely affected by the risks, or the public perception of the risks, related to a pandemic or other health crisis, such as the recent outbreak of novel coronavirus (COVID-19).

Such events could result in the complete or partial closure of one or more of our tenants’ manufacturing facilities or distribution centers, temporary or long-term disruption in our tenants’ supply chains from local and international suppliers, and /or delays in the delivery of our tenants’ inventory.

The profitability of our properties depends, in part, on the willingness of customers to visit our tenants’ businesses. The risk, or public perception of the risk, of a pandemic or media coverage of infectious diseases could cause employees or customers to avoid our properties, which could adversely affect foot traffic to our tenants’ businesses and our tenants’ ability to adequately staff their businesses. Such events could adversely impact tenants’ sales and/or cause the temporary closure of our tenants’ businesses, which could severely disrupt their operations and have a material adverse effect on our business, financial condition and results of operations.

**Corporate responsibility, specifically related to environmental, social and governance factors (“ESG”), may impose additional costs and expose us to new risks.**

The importance of sustainability evaluations is becoming more broadly accepted by investors and shareholders. Certain organizations that provide corporate governance and other corporate risk information to investors and shareholders have developed scores and ratings to evaluate companies and investment funds based upon environmental, social and governance (“ESG”) or “sustainability” metrics. Many investment funds focus on positive ESG business practices and sustainability scores when making investments and may consider a company’s sustainability score as a reputational or other factor in making an investment decision. In addition, investors, particularly institutional investors, use these scores to benchmark companies against their peers and if a company is perceived as lagging, these investors may engage with companies to require improved ESG disclosure or performance. We may face reputational damage in the event our corporate responsibility procedures or standards do not meet the standards set by various constituencies. Although we have generally scored highly in these metrics to date, there can be no assurance that we will continue to score highly in the future. In addition, the criteria by which companies are rated may change, which could cause us to receive lower scores than previous years. A low sustainability score could result in a negative perception of the Company, or exclusion of our common stock from consideration by certain investors who may elect to invest with our competition instead.

**Our success depends largely on the continued service and availability of key personnel.**

    We depend on the deep industry knowledge and efforts of key personnel, including our executive officers, to manage our day-to-day operations and strategic business direction. Our ability to attract, retain and motivate key personnel may significantly impact our future performance, and if any of our executive officers or other key personnel depart the Company, for any reason, we may not be able to easily replace such individual. The loss of the services of our executive officers and other key personnel could have a material adverse effect on our financial condition, results of operations and cash flows.

**Risks Related to Our Debt and Equity Securities**

**We may be unable to obtain financing through the debt and equity markets, which would have a material adverse effect on our growth strategy, our financial condition and our results of operations.**

We cannot assure you that we will be able to access the credit and/or equity markets to obtain additional debt or equity financing or that we will be able to obtain financing on terms favorable to us. The inability to obtain financing on a timely basis could have negative effects on our business, such as:

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|  | ● | we could have great difficulty acquiring or developing properties, which would materially adversely affect our investment strategy; |

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| --- | --- | --- |
|  | ● | our liquidity could be adversely affected; |

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| --- | --- | --- |
|  | ● | we may be unable to repay or refinance our indebtedness; |

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| --- | --- | --- |
|  | ● | we may need to make higher interest and principal payments or sell some of our assets on terms unfavorable to us to fund our indebtedness; or |

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| --- | --- | --- |
|  | ● | we may need to issue additional capital stock, which could further dilute the ownership of our existing stakeholders. |

Adverse changes in our credit ratings could impair our ability to obtain additional debt and equity financing on terms favorable to us, if at all, and could significantly reduce the market price of our publicly traded securities.

**We are subject to financial covenants that may restrict our operating and acquisition activities.**

Our revolving credit facility and the indentures under which our senior unsecured debt is issued contain certain financial and operating covenants, including, among other things, certain coverage ratios and 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 that might otherwise be advantageous. In addition, failure to meet any of the financial covenants could cause an event of default under our revolving credit facility and the indentures and/or accelerate some or all of our indebtedness, which would have a material adverse effect on us.

12

[Table of Contents](#toc)

**Impacts from transition away from London Inter-bank Offered Rate (“LIBOR”).**

A portion of our long-term indebtedness bears interest at fluctuating interest rates based on LIBOR for deposits of U.S. dollars. LIBOR and certain other interest “benchmarks” may be subject to regulatory guidance and/or reform that could cause interest rates under our current or future debt agreements to perform differently than in the past or cause other unanticipated consequences. The United Kingdom’s Financial Conduct Authority, which regulates LIBOR, has announced that it intends to stop encouraging or requiring banks to submit LIBOR rates after 2021, and it is unclear if LIBOR will cease to exist or if new methods of calculating LIBOR will evolve. If LIBOR ceases to exist or if the methods of calculating LIBOR change from their current form, interest rates on our current or future indebtedness may be adversely affected.

**Changes in market conditions could adversely affect the market price of our publicly traded securities.**

The market price of our publicly traded securities depends on various market conditions, which may change from time-to-time. Among the market conditions that may affect the market price of our publicly traded securities are the following:

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| --- | --- | --- |
|  | ● | the extent of institutional investor interest in us; |

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| --- | --- | --- |
|  | ● | the reputation of REITs generally and the reputation of REITs with portfolios similar to ours; |

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| --- | --- | --- |
|  | ● | the attractiveness of the securities of REITs in comparison to securities issued by other entities, including securities issued by other real estate companies; |

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| --- | --- | --- |
|  | ● | our financial condition and performance; |

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| --- | --- | --- |
|  | ● | the market’s perception of our growth potential, potential future cash dividends and risk profile; |

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| --- | --- | --- |
|  | ● | an increase in market interest rates, which may lead prospective investors to demand a higher distribution rate in relation to the price paid for our shares; and |

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| --- | --- | --- |
|  | ● | general economic and financial market conditions. |

**We may change the dividend policy for our common stock in the future.**

The decision to declare and pay dividends on our common stock in the future, as well as the timing, amount and composition of any such future dividends, will be at the sole discretion of our Board of Directors and will depend on our earnings, operating cash flows, liquidity, financial condition, capital requirements, contractual prohibitions or other limitations under our indebtedness including preferred stock, the annual distribution requirements under the REIT provisions of the Code, state law and such other factors as our Board of Directors deems relevant or are requirements under the Code or state or federal laws. Any negative change in our dividend policy could have a material adverse effect on the market price of our common stock.

**Our charter and bylaws and Maryland law contain provisions that may delay, defer or prevent a change of control transaction, even if such a change in control may be in our best interest, and as a result may depress the market price of our securities.**

    Our charter contains certain ownership limits. Our charter contains various provisions that are intended to preserve our qualification as a REIT and, subject to certain exceptions, authorize our directors to take such actions as are necessary or appropriate to preserve our qualification as a REIT**.**  For example, our charter prohibits the actual, beneficial or constructive ownership by any person of more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock, and more than 9.8% in value of the aggregate outstanding shares of all classes and series of our stock. Our board of directors, in its sole and absolute discretion, may exempt a person, prospectively or retroactively, from these ownership limits if certain conditions are satisfied. The restrictions on ownership and transfer of our stock may:

•  discourage a tender offer or other transactions or a change in management or of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests; or

•  result in the transfer of shares acquired in excess of the restrictions to a trust for the benefit of a charitable beneficiary and, as a result, the forfeiture by the acquirer of the benefits of owning the additional shares.

**Risks Related to Our Status as a REIT and Related U.S. Federal Income Tax Matters**

**Loss of our tax status as a REIT or changes in U.S. federal income tax laws, regulations, administrative interpretations or court decisions relating to REITs could have significant adverse consequences to us and the value of our securities.**

We have elected to be taxed as a REIT for U.S. federal income tax purposes under the Code. We believe that we are organized and operate in a manner that has allowed us to qualify and will allow us to remain qualified as a REIT under the Code. However, there can be no assurance that we have qualified or will continue to qualify as a REIT for U.S. federal income tax purposes.

Qualification as a REIT involves the application of highly technical and complex Code provisions, for which there are only limited judicial and administrative interpretations. The determination of various factual matters and circumstances not entirely within our control may affect our ability to qualify as a REIT. The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and U.S. Department of the Treasury. We cannot predict how changes in the tax laws might affect our investors or us. New legislation, regulations, administrative interpretations or court decisions could significantly and negatively change the tax laws with respect to qualification as a REIT, the U.S. federal income tax consequences of such qualification or the desirability of an investment in a REIT relative to other investments.

In order to qualify as a REIT, we must satisfy a number of requirements, including requirements regarding the ownership of our stock, the composition of our assets and the sources of our gross income. Also, we must make distributions to stockholders aggregating annually at least 90% of our REIT taxable income, excluding net capital gains. Furthermore, we own a direct or indirect interest in certain subsidiary REITs which elected to be taxed as REITs for U.S. federal income tax purposes under the Code. Provided that each subsidiary REIT qualifies as a REIT, our interest in such subsidiary REIT will be treated as a qualifying real estate asset for purposes of the REIT asset tests. To qualify as a REIT, the subsidiary REIT must independently satisfy all of the REIT qualification requirements. The failure of a subsidiary REIT to qualify as a REIT could have an adverse effect on our ability to comply with the REIT income and asset tests, and thus our ability to qualify as a REIT.

13

[Table of Contents](#toc)

If we lose our REIT status, we will face serious tax consequences that will substantially reduce the funds available to pay dividends to stockholders for each of the years involved because:

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|  | ● | we would not be allowed a deduction for dividends to stockholders in computing our taxable income and we would be subject to the regular U.S. federal corporate income tax; |

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|  | ● | we could possibly be subject to the federal alternative minimum tax for taxable years prior to 2018 or increased state and local taxes; |

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|  | ● | unless we were entitled to relief under statutory provisions, we could not elect to be taxed as a REIT for four taxable years following the year during which we were disqualified; and |

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|  | ● | we would not be required to make distributions to stockholders. |

Moreover, the Tax Cuts and Jobs Act, enacted on December 22, 2017 (the "2017 Tax Legislation"), significantly changed the U.S. federal income taxation of U.S. businesses and their owners, including REITs and their stockholders.

The 2017 Tax Legislation remains unclear in many respects and could be subject to potential amendmentsand technical corrections, as well as interpretations and implementing regulations by the Treasury and IRS, anyof which could lessen or increase certain adverse impacts of the legislation. In addition, it remains unclear how theseU.S. federal income tax changes will affect state and local taxation, which often uses U.S. federal taxable income as astarting point for computing state and local tax liabilities.

While some of the changes made by the 2017 Tax Legislation may adversely affect us in one or more reportingperiods and prospectively, other changes may be beneficial on a going forward basis. We continue to work withour tax advisors to determine the full impact that the 2017 Tax Legislation as a whole will have onus. We urge our investors to consult with their legal and tax advisors with respect to such legislation and thepotential tax consequences of investing in our common stock.

Our failure to qualify as a REIT or new legislation or changes in U.S. federal income tax laws (including interpretations and regulations with respect to the Tax Cuts and Jobs Act), and with respect to qualification as a REIT or the tax consequences of such qualification, could also impair our ability to expand our business or raise capital and have a materially adverse effect on the value of our securities.

**To maintain our REIT status, we may be forced to borrow funds during unfavorable market conditions, and the unavailability of such capital on favorable terms at the desired times, or at all, may cause us to curtail our investment activities and/or to dispose of assets at inopportune times, which could adversely affect our financial condition, results of operations, cash flows and per share trading price of our common stock.**

To qualify as a REIT, we generally must distribute to our stockholders at least 90% of our net taxable income each year, excluding net capital gains, and we will be subject to regular corporate income taxes on the amount we distribute that is less than 100% of our net taxable income each year, including capital gains. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. While we have historically satisfied these distribution requirements by making cash distributions to our stockholders, a REIT is permitted to satisfy these requirements by making distributions of cash or other property, including, in limited circumstances, its own stock. Assuming we continue to satisfy these distribution requirements with cash, we may need to borrow funds to meet the REIT distribution requirements and avoid the payment of income and excise taxes even if the then prevailing market conditions are not favorable for these borrowings. These borrowing needs could result from differences in timing between the actual receipt of cash and inclusion of income for U.S. federal income tax purposes, or the effect of non-deductible capital expenditures, the creation of cash reserves or required debt or amortization payments. These sources, however, may not be available on favorable terms or at all. Our access to third-party sources of capital depends on a number of factors, including the market's perception of our growth potential, our current debt levels, the market price of our common stock, and our current and potential future earnings. We cannot assure you that we will have access to such capital on favorable terms at the desired times, or at all, which may cause us to curtail our investment activities and/or to dispose of assets at inopportune times, and could adversely affect our financial condition, results of operations, cash flows and per share trading price of our common stock.

14

[Table of Contents](#toc)

**The tax imposed on REITs engaging in “prohibited transactions” may limit our ability to engage in transactions which would be treated as sales for U.S. federal income tax purposes.**

A REIT's net income from prohibited transactions is subject to a 100% penalty tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business. Although we do not intend to hold any properties that would be characterized as held for sale to customers in the ordinary course of our business, unless a sale or disposition qualifies under certain statutory safe harbors, such characterization is a factual determination and no guarantee can be given that the IRS would agree with our characterization of our properties or that we will always be able to make use of the available safe harbors.

**Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.**

    The maximum tax rate applicable to “qualified dividend income” payable to U.S. stockholders that are individuals, trusts and estates is 20%. Dividends payable by REITs, however, generally are not eligible for these reduced rates. Under the 2017 Tax Legislation, U.S. stockholders that are individuals, trusts and estates generally may deduct up to 20% of the ordinary dividends (i.e., dividends not designated as capital gain dividends or qualified dividend income) received from a REIT for taxable years beginning after December 31, 2017 and before January 1, 2026. Although this deduction reduces the effective tax rate applicable to certain dividends paid by REITs (generally to 29.6% assuming the shareholder is subject to the 37% maximum rate), such tax rate is still higher than the tax rate applicable to corporate dividends that constitute qualified dividend income. Accordingly, investors who are individuals, trusts and estates may perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends treated as qualified dividend income, which could materially and adversely affect the value of the shares of REITs, including the per share trading price of our common stock.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

*Real Estate Portfolio.* As of December 31, 2019, the Company had interests in 409 shopping center properties aggregating 72.4 million square feet of GLA located in 27 states and Puerto Rico. In addition, the Company had 243 other property interests, primarily through the Company’s preferred equity investments and other real estate investments, totaling 3.9 million square feet of GLA.  Open-air shopping centers comprise the primary focus of the Company's current portfolio.  As of December 31, 2019, the Company’s Combined Shopping Center Portfolio, including noncontrolling interests, was 96.4% leased.

The Company's open-air shopping center properties, which are generally owned and operated through subsidiaries or joint ventures, had an average size of 176,955 square feet as of December 31, 2019. The Company generally retains its shopping centers for long-term investment and consequently pursues a program of regular physical maintenance together with redevelopment, major renovations and refurbishing to preserve and increase the value of its properties. This includes renovating existing facades, installing uniform signage, resurfacing parking lots and enhancing parking lot lighting. During 2019, the Company expended $184.0 million in connection with property redevelopments and $140.8 million related to improvements while expensing $28.3 million to operations.

The Company's management believes its experience in the real estate industry and its relationships with numerous national and regional tenants gives it an advantage in an industry where ownership is fragmented among a large number of property owners. The Company's open-air shopping centers are usually "anchored" by a grocery store, off-price retailer, discounter or service-oriented tenant. As one of the original participants in the growth of the shopping center industry and one of the nation's largest owners and operators of shopping centers, the Company has established close relationships with a large number of major national and regional retailers. Some of the major national and regional companies that are tenants in the Company's shopping center properties include TJX Companies, The Home Depot, Ahold Delhaize, Albertsons, Petsmart, Ross Stores, Whole Foods Market, Bed Bath & Beyond, Walmart and Burlington Stores, Inc.

The Company reduces its operating and leasing risks through diversification achieved by the geographic distribution of its properties and a large tenant base. As of December 31, 2019, no single open-air shopping center accounted for more than 1.9% of the Company's annualized base rental revenues, including the proportionate share of base rental revenues from properties in which the Company has less than a 100% economic interest, or more than 1.9% of the Company’s total shopping center GLA. At December 31, 2019, the Company’s five largest tenants were TJX Companies, The Home Depot, Ahold Delhaize, Albertsons and Petsmart, which represented 3.9%, 2.5%, 2.1%, 2.0% and 1.8%, respectively, of the Company’s annualized base rental revenues, including the proportionate share of base rental revenues from properties in which the Company has less than a 100% economic interest.

A substantial portion of the Company's income consists of rent received under long-term leases. Most of the leases provide for the payment of fixed-base rentals monthly in advance and for the payment by tenants of an allocable share of the real estate taxes, insurance, utilities and common area maintenance expenses incurred in operating the shopping centers (certain of the leases provide for the payment of a fixed-rate reimbursement of these such expenses). Although many of the leases require the Company to make roof and structural repairs as needed, a number of tenant leases place that responsibility on the tenant, and the Company's standard small store lease provides for reimbursements by the tenant as part of common area maintenance. Additionally, many of the leases provide for reimbursements by the tenant of capital expenditures.

15

[Table of Contents](#toc)

Minimum base rental revenues and operating expense reimbursements accounted for 97% and other revenues, including percentage rents, accounted for 3% of the Company's total revenues from rental properties for the year ended December 31, 2019. The Company's management believes that the base rent per leased square foot for many of the Company's existing leases is generally lower than the prevailing market-rate base rents in the geographic regions where the Company operates, reflecting the potential for future growth. Additionally, a majority of the Company’s leases have provisions requiring contractual rent increases. The Company’s leases may also include escalation clauses, which provide for increases based upon changes in the consumer price index or similar inflation indices.

As of December 31, 2019, the Company’s consolidated operating portfolio, comprised of 51.1 million square feet of GLA, was 96.2% leased. The consolidated operating portfolio consists entirely of properties located in the U.S., inclusive of Puerto Rico.  For the period January 1, 2019 to December 31, 2019, the Company increased the average base rent per leased square foot, which includes the impact of tenant concessions, in its consolidated portfolio of open-air shopping centers from $17.30 to $17.96, an increase of $0.66.  This increase primarily consists of (i) a $0.32 increase relating to new leases signed net of leases vacated and rent step-ups within the portfolio and (ii) a $0.34 increase relating to acquisitions, dispositions and properties moved into the consolidated portfolio.

The Company has a total of 5,458 leases in the consolidated operating portfolio. The following table sets forth the aggregate lease expirations for each of the next ten years, assuming no renewal options are exercised. For purposes of the table, the Total Annual Base Rent Expiring represents annualized rental revenue, excluding the impact of straight-line rent, for each lease that expires during the respective year. Amounts in thousands, except for number of leases data:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Year Ending**  **December 31,** |  |  | **Number of**  **Leases Expiring** | |  |  | **Square Feet**  **Expiring** | |  |  | **Total Annual Base**  **Rent Expiring** | |  |  | **% of Gross**  **Annual Rent** | |  |
| (1) |  |  |  | 156 |  |  |  | 479 |  |  | $ | 9,939 |  |  |  | 1.2 | % |
| 2020 |  |  |  | 556 |  |  |  | 2,907 |  |  | $ | 53,534 |  |  |  | 6.5 | % |
| 2021 |  |  |  | 769 |  |  |  | 5,712 |  |  | $ | 90,814 |  |  |  | 11.1 | % |
| 2022 |  |  |  | 828 |  |  |  | 5,938 |  |  | $ | 103,109 |  |  |  | 12.6 | % |
| 2023 |  |  |  | 711 |  |  |  | 5,780 |  |  | $ | 98,737 |  |  |  | 12.0 | % |
| 2024 |  |  |  | 664 |  |  |  | 5,389 |  |  | $ | 95,318 |  |  |  | 11.6 | % |
| 2025 |  |  |  | 412 |  |  |  | 3,816 |  |  | $ | 63,517 |  |  |  | 7.7 | % |
| 2026 |  |  |  | 252 |  |  |  | 3,852 |  |  | $ | 54,751 |  |  |  | 6.6 | % |
| 2027 |  |  |  | 247 |  |  |  | 3,220 |  |  | $ | 49,423 |  |  |  | 6.0 | % |
| 2028 |  |  |  | 317 |  |  |  | 3,211 |  |  | $ | 60,879 |  |  |  | 7.4 | % |
| 2029 |  |  |  | 252 |  |  |  | 2,626 |  |  | $ | 45,523 |  |  |  | 5.5 | % |

|  |  |  |
| --- | --- | --- |
|  | (1) | Leases currently under month to month lease or in process of renewal. |

During 2019, the Company executed 907 leases totaling over 6.5 million square feet in the Company’s consolidated operating portfolio comprised of 318 new leases and 589 renewals and options. The leasing costs associated with these leases are estimated to aggregate $78.9 million or $44.28 per square foot. These costs include $62.7 million of tenant improvements and $16.2 million of leasing commissions. The average rent per square foot for (i) new leases was $22.72 and (ii) renewals and options was $15.99. The Company will seek to obtain rents that are higher than amounts within its expiring leases, however, there are many variables and uncertainties which can significantly affect the leasing market at any time; as such, the Company cannot guarantee that future leases will continue to be signed for rents that are equal to or higher than current amounts.

*Ground-Leased Properties*. The Company has interests in 28 consolidated shopping center properties that are subject to long-term ground leases where a third party owns and has leased the underlying land to the Company to construct and/or operate a shopping center. The Company pays rent for the use of the land and generally is responsible for all costs and expenses associated with the building and improvements. At the end of these long-term leases, unless extended, the land together with all improvements reverts to the landowner (See Footnote 1 of the Notes to Consolidated Financial Statements included in this Form 10-K, New Accounting Pronouncements- Leases).

More specific information with respect to each of the Company's property interests is set forth in Exhibit 99.1, which is incorporated herein by reference.

Item 3. Legal Proceedings

The Company is not presently involved in any litigation nor, to its knowledge, is any litigation threatened against the Company or its subsidiaries that, in management's opinion, would result in any material adverse effect on the Company's ownership, management or operation of its properties taken as a whole, or which is not covered by the Company's liability insurance.

Item 4. Mine Safety Disclosures

Not applicable.

16

[Table of Contents](#toc)

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information: The Company’s common stock is traded on the NYSE under the trading symbol "KIM".

Holders: The number of holders of record of the Company's common stock, par value $0.01 per share, was 2,032 as of January 31, 2020.

Dividends: Since the IPO, the Company has paid regular quarterly cash dividends to its stockholders. While the Company intends to continue paying regular quarterly cash dividends, future dividend declarations will be paid at the discretion of the Board of Directors and will depend on the actual cash flows of the Company, its financial condition, capital requirements, the annual distribution requirements under the REIT provisions of the Code and such other factors as the Board of Directors deems relevant. The Company’s Board of Directors will continue to evaluate the Company’s dividend policy on a quarterly basis as they monitor sources of capital and evaluate operating fundamentals. The Company is required by the Code to distribute at least 90% of its REIT taxable income. The actual cash flow available to pay dividends will be affected by a number of factors, including the revenues received from operating properties, the operating expenses of the Company, the interest expense on its borrowings, the ability of lessees to meet their obligations to the Company, the ability to refinance near-term debt maturities and any unanticipated capital expenditures.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Year Ended December 31,** | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |
| Dividend paid per share |  | $ | 1.12 |  |  | $ | 1.12 |  |
| Ordinary income |  |  | 70 | % |  |  | 50 | % |
| Capital gains |  |  | 21 | % |  |  | 45 | % |
| Return of capital |  |  | 9 | % |  |  | 5 | % |

In addition to its common stock offerings, the Company has capitalized on the growth in its business through the issuance of unsecured fixed and floating-rate medium-term notes, underwritten bonds, unsecured bank debt, mortgage debt and construction loans, convertible preferred stock and perpetual preferred stock. Borrowings under the Company's revolving credit facility have also been an interim source of funds to both finance the purchase of properties and other investments and meet any short-term working capital requirements. The various instruments governing the Company's issuance of its unsecured public debt, bank debt, mortgage debt and preferred stock impose certain restrictions on the Company regarding dividends, voting, liquidation and other preferential rights available to the holders of such instruments. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Footnotes 12, 13 and 16 of the Notes to Consolidated Financial Statements included in this Form 10-K.

The Company does not believe that the preferential rights available to the holders of its Class L Preferred Stock and Class M Preferred Stock, the financial covenants contained in its public bond indentures, as amended, or its revolving credit agreements will have an adverse impact on the Company's ability to pay dividends in the normal course to its common stockholders or to distribute amounts necessary to maintain its qualification as a REIT.

The Company maintains a dividend reinvestment and direct stock purchase plan (the "Plan") pursuant to which common and preferred stockholders and other interested investors may elect to automatically reinvest their dividends to purchase shares of the Company’s common stock or, through optional cash payments, purchase shares of the Company’s common stock. The Company may, from time-to-time, either (i) purchase shares of its common stock in the open market or (ii) issue new shares of its common stock for the purpose of fulfilling its obligations under the Plan.

Recent Sales of Unregistered Securities: None.

Issuer Purchases of Equity Securities: During the year ended December 31, 2019, the Company repurchased 223,609 shares for an aggregate purchase price of $4.0 million (weighted average price of $17.76 per share) in connection with common shares surrendered or deemed surrendered to the Company to satisfy statutory minimum tax withholding obligations in connection with the vesting of restricted stock awards under the Company’s equity-based compensation plans. In addition, during February 2018, the Company’s Board of Directors authorized a share repurchase program, which is effective for a term of two years, pursuant to which the Company may repurchase shares of its common stock, par value $0.01 per share, with an aggregate gross purchase price of up to $300.0 million. The Company did not make any repurchases under this common share repurchase program during 2019.  As of December 31, 2019, the Company had $224.9 million available under this common share repurchase program.

17

[Table of Contents](#toc)

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Period** |  | **Total**  **Number of**  **Shares**  **Purchased** | |  |  | **Average**  **Price**  **Paid per**  **Share** | |  |  | **Total Number of**  **Shares Purchased**  **as Part of Publicly**  **Announced Plans**  **or Programs** | |  |  | **Approximate Dollar**  **Value of Shares that**  **May Yet Be Purchased**  **Under the Plans or**  **Programs**  **(in millions)** | |  |
| January 1, 2019 – January 31, 2019 |  |  | 9,931 |  |  | $ | 14.62 |  |  |  | - |  |  | $ | 224.9 |  |
| February 1, 2019 – February 28, 2019 |  |  | 171,591 |  |  | $ | 17.73 |  |  |  | - |  |  | $ | 224.9 |  |
| March 1, 2019 – March 31, 2019 |  |  | 2,939 |  |  | $ | 17.61 |  |  |  | - |  |  | $ | 224.9 |  |
| April 1, 2019 – April 30, 2019 |  |  | 2,238 |  |  | $ | 18.08 |  |  |  | - |  |  | $ | 224.9 |  |
| May 1, 2019 – May 31, 2019 |  |  | 17,334 |  |  | $ | 18.09 |  |  |  | - |  |  | $ | 224.9 |  |
| June 1, 2019 – June 30, 2019 |  |  | 2,402 |  |  | $ | 18.73 |  |  |  | - |  |  | $ | 224.9 |  |
| July 1, 2019 – July 31, 2019 |  |  | 3,222 |  |  | $ | 18.44 |  |  |  | - |  |  | $ | 224.9 |  |
| August 1, 2019 – August 31, 2019 |  |  | 10,473 |  |  | $ | 19.03 |  |  |  | - |  |  | $ | 224.9 |  |
| September 1, 2019 – September 30, 2019 |  |  | - |  |  | $ | - |  |  |  | - |  |  | $ | 224.9 |  |
| October 1, 2019 – October 31, 2019 |  |  | 3,479 |  |  | $ | 21.02 |  |  |  | - |  |  | $ | 224.9 |  |
| November 1, 2019 – November 30, 2019 |  |  | - |  |  | $ | - |  |  |  | - |  |  | $ | 224.9 |  |
| December 1, 2019 – December 31, 2019 |  |  | - |  |  | $ | - |  |  |  | - |  |  | $ | 224.9 |  |
| Total |  |  | **223,609** |  |  | **$** | **17.76** |  |  |  | - |  |  |  |  |  |

Total Stockholder Return Performance: The following performance chart compares, over the five years ended December 31, 2019, the cumulative total stockholder return on the Company’s common stock with the cumulative total return of the S&P 500 Index and the cumulative total return of the NAREIT Equity REITs Index (the “NAREIT Equity REITs”) prepared and published by the National Association of Real Estate Investment Trusts (“NAREIT”). The NAREIT Equity REIT Index is a free-float adjusted, market capitalization-weighted index of U.S. equity REITs. Constituents of the index include all tax-qualified REITs with more than 50% of total assets in qualifying real estate assets other than mortgages secured by real property.

Stockholder return performance, presented annually for the five years ended December 31, 2019, is not necessarily indicative of future results. All stockholder return performance assumes the reinvestment of dividends. The information in this paragraph and the following performance chart are deemed to be furnished, not filed.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Comparison of 5 year cumulative total return data points** | | | | | | | | | | | | | | | | | | | | | | |  |
|  |  | **Dec-14** | |  |  | **Dec-15** | |  |  | **Dec-16** | |  |  | **Dec-17** | |  |  | **Dec-18** | |  |  | **Dec-19** | |  |
| Kimco Realty Corporation |  | $ | 100 |  |  | $ | 109 |  |  | $ | 108 |  |  | $ | 82 |  |  | $ | 71 |  |  | $ | 107 |  |
| S&P 500 |  | $ | 100 |  |  | $ | 101 |  |  | $ | 114 |  |  | $ | 138 |  |  | $ | 132 |  |  | $ | 174 |  |
| NAREIT Equity REITs |  | $ | 100 |  |  | $ | 103 |  |  | $ | 112 |  |  | $ | 118 |  |  | $ | 112 |  |  | $ | 142 |  |

18

[Table of Contents](#toc)

Item 6. Selected Financial Data

The following table sets forth selected, historical, consolidated financial data for the Company and should be read in conjunction with the Consolidated Financial Statements of the Company and Notes thereto and Management’s Discussion and Analysis of Financial Condition and Results of Operations included in this Form 10-K.

The Company believes that the book value of its real estate assets, which reflects the historical costs of such real estate assets less accumulated depreciation, is not indicative of the current market value of its properties. Historical operating results are not necessarily indicative of future operating performance.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Year Ended December 31,** | | | | | | | | | | | | | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |  | **2016** | |  |  | **2015** | |  |
|  |  | (in thousands, except per share data) | | | | | | | | | | | | | | | | | |  |
| Operating Data: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenues from rental properties (1) |  | $ | 1,142,334 |  |  | $ | 1,149,603 |  |  | $ | 1,183,785 |  |  | $ | 1,152,401 |  |  | $ | 1,144,474 |  |
| Impairment charges (2) |  | $ | (48,743 | ) |  | $ | (79,207 | ) |  | $ | (67,331 | ) |  | $ | (93,266 | ) |  | $ | (45,383 | ) |
| Depreciation and amortization |  | $ | (277,879 | ) |  | $ | (310,380 | ) |  | $ | (360,811 | ) |  | $ | (355,320 | ) |  | $ | (344,527 | ) |
| Gain on sale of properties/change in control of interests |  | $ | 79,218 |  |  | $ | 229,840 |  |  | $ | 93,538 |  |  | $ | 92,823 |  |  | $ | 132,908 |  |
| Interest expense |  | $ | (177,395 | ) |  | $ | (183,339 | ) |  | $ | (191,956 | ) |  | $ | (192,549 | ) |  | $ | (218,891 | ) |
| Early extinguishment of debt charges |  | $ | - |  |  | $ | (12,762 | ) |  | $ | (1,753 | ) |  | $ | (45,674 | ) |  | $ | - |  |
| Benefit/(provision) for income taxes, net (1) |  | $ | 3,317 |  |  | $ | (1,600 | ) |  | $ | 880 |  |  | $ | (78,583 | ) |  | $ | (67,325 | ) |
| Income from continuing operations |  | $ | 413,561 |  |  | $ | 498,463 |  |  | $ | 439,671 |  |  | $ | 386,138 |  |  | $ | 900,218 |  |
| Net income |  | $ | 413,561 |  |  | $ | 498,463 |  |  | $ | 439,671 |  |  | $ | 386,138 |  |  | $ | 900,143 |  |
| Net income attributable to the Company |  | $ | 410,605 |  |  | $ | 497,795 |  |  | $ | 426,075 |  |  | $ | 378,850 |  |  | $ | 894,115 |  |
| Net income available to the Company’s common shareholders |  | $ | 339,988 |  |  | $ | 439,604 |  |  | $ | 372,461 |  |  | $ | 332,630 |  |  | $ | 831,215 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Earnings per common share: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income from continuing operations: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Basic |  | $ | 0.80 |  |  | $ | 1.02 |  |  | $ | 0.87 |  |  | $ | 0.79 |  |  | $ | 2.01 |  |
| Diluted |  | $ | 0.80 |  |  | $ | 1.02 |  |  | $ | 0.87 |  |  | $ | 0.79 |  |  | $ | 2.00 |  |
| Net income available to the Company’s common shareholders: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Basic |  | $ | 0.80 |  |  | $ | 1.02 |  |  | $ | 0.87 |  |  | $ | 0.79 |  |  | $ | 2.01 |  |
| Diluted |  | $ | 0.80 |  |  | $ | 1.02 |  |  | $ | 0.87 |  |  | $ | 0.79 |  |  | $ | 2.00 |  |
| Weighted average number of shares of common stock: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Basic |  |  | 420,370 |  |  |  | 420,641 |  |  |  | 423,614 |  |  |  | 418,402 |  |  |  | 411,319 |  |
| Diluted |  |  | 421,799 |  |  |  | 421,379 |  |  |  | 424,019 |  |  |  | 419,709 |  |  |  | 412,851 |  |
| Cash dividends declared per common share |  | $ | 1.120 |  |  | $ | 1.120 |  |  | $ | 1.090 |  |  | $ | 1.035 |  |  | $ | 0.975 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash flow provided by operations |  | $ | 583,628 |  |  | $ | 637,936 |  |  | $ | 614,181 |  |  | $ | 592,096 |  |  | $ | 493,701 |  |
| Cash flow (used for)/provided by investing activities |  | $ | (120,421 | ) |  | $ | 253,645 |  |  | $ | (294,280 | ) |  | $ | 165,383 |  |  | $ | 21,365 |  |
| Cash flow used for financing activities |  | $ | (482,841 | ) |  | $ | (986,513 | ) |  | $ | (223,874 | ) |  | $ | (804,527 | ) |  | $ | (512,854 | ) |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31,** | | | | | | | | | | | | | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |  | **2016** | |  |  | **2015** | |  |
|  |  | (in thousands) | | | | | | | | | | | | | | | | | |  |
| Balance Sheet Data: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Real estate, before accumulated depreciation |  | $ | 11,929,276 |  |  | $ | 11,877,190 |  |  | $ | 12,653,446 |  |  | $ | 12,008,075 |  |  | $ | 11,568,809 |  |
| Total assets |  | $ | 10,997,867 |  |  | $ | 10,999,100 |  |  | $ | 11,763,726 |  |  | $ | 11,230,600 |  |  | $ | 11,344,171 |  |
| Total debt |  | $ | 5,315,767 |  |  | $ | 4,873,872 |  |  | $ | 5,478,927 |  |  | $ | 5,066,368 |  |  | $ | 5,376,310 |  |
| Total stockholders' equity |  | $ | 4,864,892 |  |  | $ | 5,333,804 |  |  | $ | 5,394,244 |  |  | $ | 5,256,139 |  |  | $ | 5,046,300 |  |

|  |  |  |
| --- | --- | --- |
|  | (1) | Does not include amounts reflected in discontinued operations. |

|  |  |  |
| --- | --- | --- |
|  | (2) | Amounts exclude noncontrolling interests and amounts reflected in discontinued operations. |

19

[Table of Contents](#toc)

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in this Form 10-K. Historical results and percentage relationships set forth in the Consolidated Statements of Income contained in the Consolidated Financial Statements, including trends, should not be taken as indicative of future operations.

Critical Accounting Policies

The Consolidated Financial Statements of the Company include the accounts of the Company, its wholly-owned subsidiaries and all entities in which the Company has a controlling interest, including where the Company has been determined to be a primary beneficiary of a variable interest entity in accordance with the consolidation guidance of the FASB Accounting Standards Codification. The Company applies these provisions to each of its joint venture investments to determine whether the cost, equity or consolidation method of accounting is appropriate.   The Company evaluates performance on a property specific or transactional basis and does not distinguish its principal business or group its operations on a geographical basis for purposes of measuring performance.  Accordingly, the Company believes it has a single reportable segment for disclosure purposes in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying Consolidated Financial Statements and related notes. In preparing these financial statements, management has made its best estimates and assumptions that affect the reported amounts of assets and liabilities. These estimates are based on, but not limited to, historical results, industry standards and current economic conditions, giving due consideration to materiality. The most significant assumptions and estimates relate to revenue recognition and the recoverability of trade accounts receivable, depreciable lives, valuation of real estate, including real estate under development, and intangible assets and liabilities, valuation of joint venture investments and other investments, and realizability of deferred tax assets and uncertain tax positions. Application of these assumptions requires the exercise of judgment as to future uncertainties, and, as a result, actual results could materially differ from these estimates.

The Company is required to make subjective assessments as to whether there are impairments in the value of its real estate properties, investments in joint ventures, marketable securities and other investments. The Company’s reported net earnings are directly affected by management’s estimate of impairments.

*Revenue Recognition and Recoverability of Trade Accounts Receivable*

Revenues from rental properties, net are comprised of minimum base rent, percentage rent, lease termination fee income, amortization of above-market and below-market rent adjustments and straight-line rent adjustments.  Upon the adoption of ASU 2016-02, Leases (Topic 842) ("ASU 2016-02"), the Company elected the lessor practical expedient to combine the lease and non-lease components, determined the lease component was the predominant component and as a result, accounted for the combined components under Topic 842.  Non-lease components include reimbursements paid to the Company from tenants for common area maintenance costs, and other operating expenses. The combined components are included in Revenues from rental properties, net on the Company’s Consolidated Statements of Income.

Base rental revenues from rental properties are recognized on a straight-line basis over the terms of the related leases. Certain of these leases also provide for percentage rents based upon the level of sales achieved by the lessee. These percentage rents are recognized once the required sales level is achieved. Rental income may also include payments received in connection with lease termination agreements. Lease termination fee income is recognized when the lessee provides consideration in order to terminate an existing lease agreement and has vacated the leased space.  If the lessee continues to occupy the leased space for a period of time after the lease termination is agreed upon, the termination fee is accounted for as a lease modification based on the modified lease term.   Upon acquisition of real estate operating properties, the Company estimates the fair value of identified intangible assets and liabilities (including above-market and below-market leases, where applicable).  The capitalized above-market or below-market intangible asset or liability is amortized to rental income over the estimated remaining term of the respective leases, which includes the expected renewal option period for below-market leases.

Also included in Revenues from rental properties, net are ancillary income and tax increment financing ("TIF") income.  Ancillary income is derived through various agreements relating to parking lots, clothing bins, temporary storage, vending machines, ATMs, trash bins and trash collections, seasonal leases, etc.  The majority of the revenue derived from these sources is through lease agreements/arrangements and is recognized in accordance with the lease terms described in the lease.  The Company has TIF agreements with certain municipalities and receives payments in accordance with the agreements.  TIF reimbursement income is recognized on a cash-basis when received.

Trade accounts receivable

The Company reviews its trade accounts receivable, including its straight-line rent receivable, related to base rents, straight-line rent, expense reimbursements and other revenues for collectability. The Company analyzes its accounts receivable, customer credit worthiness and current economic trends when evaluating the adequacy of the collectability of the lessee’s total accounts receivable balance on a lease by lease basis. In addition, tenants in bankruptcy are analyzed and considerations are made in connection with the expected recovery of pre-petition and post-petition bankruptcy claims. Effective January 1, 2019, in accordance with the adoption of Topic 842 the Company includes provision for doubtful accounts in Revenues from rental properties, net. If a lessee’s accounts receivable balance is considered uncollectible, the Company will write-off the receivable balances associated with the lease and will only recognize lease income on a cash basis. If the Company subsequently determines that it is probable it will collect the remaining lessee’s lease payments under the lease term, the Company will then reinstate the straight-line balance and the lease income will then be limited to the lesser of (i) the straight-line rental income or (ii) the lease payments that have been collected from the lessee.

20

[Table of Contents](#toc)

*Real Estate*

Depreciable Lives

The Company’s investments in real estate properties are stated at cost, less accumulated depreciation and amortization. Expenditures for maintenance and repairs are charged to operations as incurred. Significant renovations and replacements, which improve and extend the life of the asset, are capitalized.

The Company capitalizes acquisition costs related to real estate operating properties, which qualify as asset acquisitions. Also, upon acquisition of real estate operating properties, the Company estimates the fair value of acquired tangible assets (consisting of land, building, building improvements and tenant improvements) and identified intangible assets and liabilities (consisting of above and below-market leases, in-place leases, and tenant relationships, where applicable), assumed debt and redeemable units issued at the date of acquisition, based on evaluation of information and estimates available at that date. Fair value is determined based on a market approach, which contemplates the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Depreciation and amortization are provided on the straight-line method over the estimated useful lives of the assets, as follows:

|  |  |  |
| --- | --- | --- |
| Buildings and building improvements (in years) |  | 5 to 50 |
| Fixtures, leasehold and tenant improvements (including certain identified intangible assets) |  | Terms of leases or useful lives, whichever is shorter |

The Company is required to make subjective assessments as to the useful lives of its properties for purposes of determining the amount of depreciation to reflect on an annual basis with respect to those properties. These assessments have a direct impact on the Company’s net earnings.

Valuation of real estate, including real estate under development, and intangible assets and liabilities

On a continuous basis, management assesses whether there are any indicators, including property operating performance, changes in anticipated holding period, general market conditions and delays of development, that the value of the real estate properties (including any related amortizable intangible assets or liabilities) may be impaired. A property value is considered impaired only if management’s estimate of current and projected operating cash flows, net of anticipated construction and leasing costs (undiscounted and unleveraged), of the property over its anticipated hold period is less than the net carrying value of the property. Such cash flow projections consider factors such as expected future costs of materials and labor, operating income, trends and prospects, as well as the effects of demand, competition and other factors. To the extent impairment has occurred, the carrying value of the property would be adjusted to reflect the estimated fair value of the property. The Company’s estimated fair values are primarily based upon estimated sales prices from signed contracts or letters of intent from third parties, discounted cash flow models or third party appraisals. Estimated fair values that are based on discounted cash flow models include all estimated cash inflows and outflows over a specified holding period. Capitalization rates and discount rates utilized in these models are based upon unobservable rates that the Company believes to be within a reasonable range of current market rates.

When a real estate asset is identified by management as held-for-sale, the Company ceases depreciation of the asset and estimates the sales price of such asset net of selling costs. If, in management’s opinion, the net sales price of the asset is less than the net book value of such asset, an adjustment to the carrying value would be recorded to reflect the estimated fair value of the property.

Valuation of Joint Venture Investments and Other Investments

The Company accounts for its investments in unconsolidated joint ventures under the equity method of accounting as the Company exercises significant influence, but does not control, these entities. These investments are recorded initially at cost and are subsequently adjusted for cash contributions and distributions. Earnings for each investment are recognized in accordance with each respective investment agreement and, where applicable, are based upon an allocation of the investment’s net assets at book value as if the investment was hypothetically liquidated at the end of each reporting period.

The Company’s joint ventures and other real estate investments primarily consist of co-investments with institutional and other joint venture partners in open-air shopping center properties, consistent with its core business. These joint ventures typically obtain non-recourse third-party financing on their property investments, thus contractually limiting the Company’s exposure to losses to the amount of its equity investment, and, due to the lender’s exposure to losses, a lender typically will require a minimum level of equity in order to mitigate its risk. From time to time the joint ventures will obtain unsecured debt, which may be guaranteed by the joint venture. The Company’s exposure to losses associated with its unconsolidated joint ventures is primarily limited to its carrying value in these investments.

21

[Table of Contents](#toc)

On a continuous basis, management assesses whether there are any indicators, including property operating performance and general market conditions, that the value of the Company’s investments in unconsolidated joint ventures may be impaired. An investment’s value is impaired only if management’s estimate of the fair value of the investment is less than the carrying value of the investment and such difference is deemed to be other-than-temporary. To the extent impairment has occurred, the loss will be measured as the excess of the carrying amount of the investment over the estimated fair value of the investment. Estimated fair values which are based on discounted cash flow models include all estimated cash inflows and outflows over a specified holding period, capitalization rates and discount rates utilized in these models are based upon unobservable rates that the Company believes to be within a reasonable range of current market rates.

The Company’s estimated fair values are based upon a discounted cash flow model for each joint venture that includes all estimated cash inflows and outflows over a specified holding period and, where applicable, any estimated debt premiums. Capitalization rates, discount rates and credit spreads utilized in these models are based upon rates that the Company believes to be within a reasonable range of current market rates.

*Realizability of Deferred Tax Assets and Uncertain Tax Positions*

The Company is subject to federal, state and local income taxes on the income from its activities relating to its TRSs and subject to local taxes on certain non-U.S. investments. The Company accounts for income taxes using the asset and liability method, which requires that deferred tax assets and liabilities be recognized based on future tax consequences of temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply in the years in which temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period when the changes are enacted.

A reduction of the carrying amounts of deferred tax assets by a valuation allowance is required if, based on the evidence available, it is more likely than not (a likelihood of more than 50 percent) that some portion or all of the deferred tax assets will not be realized. The valuation allowance, which requires significant judgement from management, should be sufficient to reduce the deferred tax asset to the amount that is more likely than not to be realized. The Company’s reported net earnings are directly affected by management’s judgement in determining a valuation allowance.

The Company recognizes and measures benefits for uncertain tax positions, which requires significant judgment from management. Although the Company believes it has adequately reserved for any uncertain tax positions, no assurance can be given that the final tax outcome of these matters will not be different. The Company adjusts these reserves in light of changing facts and circumstances, such as the closing of a tax audit or the refinement of an estimate. Changes in the recognition or measurement of uncertain tax positions could result in material increases or decreases in the Company’s income tax expense in the period in which a change is made, which could have a material impact on operating results (see Footnote 21 of the Notes to Consolidated Financial Statements included in this Form 10-K).

Executive Overview

Kimco Realty Corporation is one of North America’s largest publicly traded owners and operators of open-air shopping centers. The executive officers are engaged in the day-to-day management and operation of real estate exclusively with the Company, with nearly all operating functions, including leasing, asset management, maintenance, construction, legal, finance and accounting, administered by the Company.

The following highlights the Company’s significant transactions, events and results that occurred during the year ended December 31, 2019:

*Financial and Portfolio Information:*

|  |  |  |
| --- | --- | --- |
|  | ● | Net income available to the Company’s common shareholders was $340.0 million, or $0.80 per diluted share, for the year ended December 31, 2019 as compared to $439.6 million, or $1.02 per diluted share, for the year ended December 31, 2018. |

|  |  |  |
| --- | --- | --- |
|  | ● | Funds from operations (“FFO”) was $608.4 million or $1.44 per diluted share for the year ended December 31, 2019, as compared to $609.8 million or $1.45 per diluted share for the corresponding period in 2018 (see additional disclosure on FFO beginning on page 33). |

|  |  |  |
| --- | --- | --- |
|  | ● | FFO as adjusted was $620.1 million or $1.47 per diluted share for the year ended December 31, 2019, as compared to $613.0 million, or $1.45 per diluted share for the corresponding period in 2018 (see additional disclosure on FFO beginning on page 33). |

22

[Table of Contents](#toc)

|  |  |  |
| --- | --- | --- |
|  | ● | Same property net operating income (“Same property NOI”) increased 3.0% for the year ended December 31, 2019, as compared to the corresponding period in 2018 (see additional disclosure on Same property NOI beginning on page 34). |

|  |  |  |
| --- | --- | --- |
|  | ● | Executed 907 new leases, renewals and options totaling approximately 6.5 million square feet in the consolidated operating portfolio. |

|  |  |  |
| --- | --- | --- |
|  | ● | The Company’s consolidated operating portfolio occupancy at December 31, 2019 was 96.4% as compared to 95.8% at December 31, 2018. |

*Acquisition and Disposition Activity (see Footnotes 3 and 5 of the Notes to Consolidated Financial Statements included in this Form 10-K):*

|  |  |  |
| --- | --- | --- |
|  | ● | Acquired three operating properties located in Sun City, AZ, Truckee, CA and San Diego, CA, in separate transactions, for an aggregate purchase price of $31.3 million. |

|  |  |  |
| --- | --- | --- |
|  | ● | During 2019, the Company disposed of 20 operating properties and nine out-parcels, in separate transactions, for an aggregate sales price of $344.7 million. Certain of these transactions resulted in aggregate gains of $79.2 million. |

*Development Activity (see Footnote 4 of the Notes to Consolidated Financial Statements included in this Form 10-K):*

|  |  |  |
| --- | --- | --- |
|  | ● | Placed into service Mills Station a Signature SeriesTM development project located in Owings Mills, MD. |

*Capital Activity (for additional details see Liquidity and Capital Resources below):*

|  |  |  |
| --- | --- | --- |
|  | ● | Generated net proceeds of $200.1 million through the issuance of 9.5 million shares of common stock at a weighted average net price of $21.03 per share under the Company’s ATM program. |

|  |  |  |
| --- | --- | --- |
|  | ● | Redeemed $175.0 million of 6.000% Class I Preferred Stock, $225.0 million of 5.500% Class J Preferred Stock, and $175.0 million of 5.625% Class K Preferred Stock incurring an aggregate $18.5 million redemption charge as a result of these redemptions in 2019. |

|  |  |  |
| --- | --- | --- |
|  | ● | Issued $350.0 million of 3.700% notes maturing October 2049, with an effective yield of 3.765%. |

As a result of the above debt activity, the Company’s consolidated debt maturity profile, including extension options, is as follows:

|  |  |  |
| --- | --- | --- |
|  | ● | As of December 31, 2019, the weighted average interest rate was 3.46% and the weighted average maturity profile was 10.6 years related to the Company’s consolidated debt. |

The Company faces external factors which may influence its future results from operations. The convenience and availability of e-commerce has continued to impact the retail sector, which could affect our ability to increase or maintain rental rates and our ability to renew expiring leases and/or lease available space. To mitigate the effect of e-commerce on its business, the Company’s strategy has been to attract local area customers to its properties by providing a diverse and robust tenant base across a variety of retailers, including grocery stores, off-price retailers, discounters or service-oriented tenants, which offer buy online and pick up in store, off-price merchandise and day-to-day necessities rather than high-priced luxury items.

23

[Table of Contents](#toc)

The Company’s investment strategy is to invest capital into high quality assets focusing on major metropolitan-area U.S. markets, predominantly on the East and West coasts and in the Sunbelt region, which are supported by strong demographics, significant projected population growth, and where the Company perceives significant barriers to entry while disposing of lesser quality assets in less desirable locations.  Through this strategy, the Company has transformed its portfolio and will continue these efforts as deemed necessary to maximize the quality and growth of its portfolio.  The properties acquired are primarily located in major metropolitan areas allowing tenants to generate higher foot traffic, resulting in higher sales volume.  The Company believes that this will enable it to maintain higher occupancy levels, rental rates and rental growth.  In addition, the Company, on a selective basis, has developed or redeveloped projects which include residential and mixed-use components.

As part of the Company’s investment strategy, each property is evaluated for its highest and best use, which may include residential and mixed-use components. In addition, the Company may consider other opportunistic investments related to retailer controlled real estate, such as, repositioning underperforming retail locations, retail real estate financing and bankruptcy transaction support. The Company has an active capital recycling program which provides for the disposition of certain properties. If the estimated fair value for any of these assets is less than their net carrying values, the Company would be required to take impairment charges and such amounts could be material.  For a further discussion of these and other factors that could impact our future results, performance or transactions, see Item 1A. “Risk Factors.”

Results of Operations

**Comparison of Years Ended December 31, 2019 to 2018**

The following table presents the comparative results from the Company’s Consolidated Statements of Income for the year ended December 31, 2019, as compared to the corresponding period in 2018 (in thousands, except per share data):

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Year Ended December 31,** | | | | | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |  | **$ Change** | |  |
| Revenues |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenues from rental properties, net (1) |  | $ | 1,142,334 |  |  | $ | 1,149,603 |  |  | $ | (7,269 | ) |
| Management and other fee income |  |  | 16,550 |  |  |  | 15,159 |  |  |  | 1,391 |  |
| Operating expenses |  |  |  |  |  |  |  |  |  |  |  |  |
| Rent (2) |  |  | (11,311 | ) |  |  | (10,929 | ) |  |  | (382 | ) |
| Real estate taxes |  |  | (153,659 | ) |  |  | (153,336 | ) |  |  | (323 | ) |
| Operating and maintenance (3) |  |  | (171,981 | ) |  |  | (164,294 | ) |  |  | (7,687 | ) |
| General and administrative (4) |  |  | (96,942 | ) |  |  | (87,797 | ) |  |  | (9,145 | ) |
| Provision for doubtful accounts (5) |  |  | - |  |  |  | (6,253 | ) |  |  | 6,253 |  |
| Impairment charges |  |  | (48,743 | ) |  |  | (79,207 | ) |  |  | 30,464 |  |
| Depreciation and amortization |  |  | (277,879 | ) |  |  | (310,380 | ) |  |  | 32,501 |  |
| Gain on sale of properties/change in control of interests |  |  | 79,218 |  |  |  | 229,840 |  |  |  | (150,622 | ) |
| Other income/(expense) |  |  |  |  |  |  |  |  |  |  |  |  |
| Other income, net |  |  | 11,814 |  |  |  | 13,041 |  |  |  | (1,227 | ) |
| Interest expense |  |  | (177,395 | ) |  |  | (183,339 | ) |  |  | 5,944 |  |
| Early extinguishment of debt charges |  |  | - |  |  |  | (12,762 | ) |  |  | 12,762 |  |
| Benefit/(provision) for income taxes, net |  |  | 3,317 |  |  |  | (1,600 | ) |  |  | 4,917 |  |
| Equity in income of joint ventures, net |  |  | 72,162 |  |  |  | 71,617 |  |  |  | 545 |  |
| Equity in income of other real estate investments, net |  |  | 26,076 |  |  |  | 29,100 |  |  |  | (3,024 | ) |
| Net income attributable to noncontrolling interests |  |  | (2,956 | ) |  |  | (668 | ) |  |  | (2,288 | ) |
| Preferred stock redemption charges |  |  | (18,528 | ) |  |  | - |  |  |  | (18,528 | ) |
| Preferred dividends |  |  | (52,089 | ) |  |  | (58,191 | ) |  |  | 6,102 |  |
| Net income available to the Company's common shareholders |  | $ | 339,988 |  |  | $ | 439,604 |  |  | $ | (99,616 | ) |
| Net income available to the Company's common shareholders: |  |  |  |  |  |  |  |  |  |  |  |  |
| Diluted per share |  | $ | 0.80 |  |  | $ | 1.02 |  |  | $ | (0.22 | ) |

|  |  |  |
| --- | --- | --- |
|  | (1) | Upon the adoption of Topic 842, the Company reclassified $246.4 million of Reimbursement income and $20.9 million of Other rental property income to Revenues from rental properties, net on the Company’s Consolidated Statements of Income for the year ended December 31, 2018. See Footnote 1 of the Notes to the Consolidated Financial Statements included in this Form 10-K for additional disclosure. |

|  |  |  |
| --- | --- | --- |
|  | (2) | Rent expense relates to ground lease payments for which the Company is the lessee. |

|  |  |  |
| --- | --- | --- |
|  | (3) | Operating and maintenance expense consists of property related costs including repairs and maintenance costs, roof repair, landscaping, parking lot repair, snow removal, utilities, property insurance costs, security and various other property related expenses. |

|  |  |  |
| --- | --- | --- |
|  | (4) | General and administrative expense includes employee-related expenses (including salaries, bonuses, equity awards, benefits, severance costs and payroll taxes), professional fees, office rent, travel expense and other company-specific expenses. |

|  |  |  |
| --- | --- | --- |
|  | (5) | In accordance with the adoption of Topic 842 the Company, effective January 1, 2019, includes Provision for doubtful accounts amounts in Revenues from rental properties, net. |

Net income available to the Company’s common shareholders was $340.0 million for the year ended December 31, 2019, as compared to $439.6 million for the comparable period in 2018. On a diluted per share basis, net income available to the Company's common shareholders for the year ended December 31, 2019, was $0.80 as compared to $1.02 for the comparable period in 2018.  For additional disclosure, see Footnote 22 of the Notes to Consolidated Financial Statements included in this Form 10-K.

The following describes the changes of certain line items included on the Company’s Consolidated Statements of Income, that the Company believes changed significantly and affected Net income available to the Company's common shareholders during the year ended December 31, 2019, as compared to the corresponding period in 2018:

*Revenue from rental properties, net –*

The decrease in Revenues from rental properties, net of $7.3 million is primarily from (i) an aggregate decrease in revenues of $62.3 million due to properties sold during 2019 and 2018 and (ii) the inclusion of credit losses of $4.6 million during the year ended December 31,2019 (amounts for credit losses for 2018 are included in Provision for doubtful accounts on the Company’s Consolidated Statements of Income), partially offset by (iii) the completion of certain redevelopment and development projects, acquisitions, tenant buyouts and net growth in the current portfolio, which provided incremental revenues for year ended December 31, 2019 of $59.6 million, as compared to the corresponding period in 2018.

24

[Table of Contents](#toc)

*Operating and maintenance –*

The increase in Operating and maintenance of $7.7 million is primarily from an increase in operating costs of $9.7 million related to the completion of certain redevelopment and development projects, partially offset by properties sold during 2019 and 2018.

*General and administrative –*

The increase in General and administrative expense of $9.1 million is primarily due to (i) a decrease in the capitalization of internal indirect leasing costs of $12.5 million, primarily due to the adoption of Topic 842, which allows only the initial direct cost of a lease to be capitalized (see Footnote 1 of the Notes to the Consolidated Financial Statements), partially offset by (ii) a reduction in salary and severance expense for the year ended December 31, 2019 of $2.4 million, primarily related to a reduction in personnel.

*Impairment charges –*

During the year ended December 31, 2019 and 2018, the Company recognized impairment charges related to adjustments to property carrying values of $48.7 million and $79.2 million, respectively, for which the Company’s estimated fair values were primarily based upon (i) signed contracts or letters of intent from third party offers or (ii) discounted cash flow models. These adjustments to property carrying values were recognized in connection with the Company’s efforts to market certain properties and management’s assessment as to the likelihood and timing of such potential transactions. Certain of the calculations to determine fair value utilized unobservable inputs and, as such, were classified as Level 3 of the fair value hierarchy. For additional disclosure, see Footnotes 6 and 15 of the Notes to Consolidated Financial Statements included in this Form 10-K.

*Depreciation and amortization –*

The decrease in Depreciation and amortization of $32.5 million is primarily due to (i) a decrease of $17.5 million resulting from property dispositions in 2019 and 2018, (ii) a decrease of $7.7 million related to the acceleration of depreciable lives of assets within the Company’s redevelopment projects during the year ended December 31, 2018 and (iii) a decrease of $10.9 million related to fewer tenant vacates and write-offs of depreciable assets during the year ended December 31, 2019, as compared to the corresponding period in 2018.

*Gain on sale of properties/change in control of interests –*

During 2019, the Company disposed of 20 operating properties and nine out-parcels, in separate transactions, for an aggregate sales price of $344.7 million. Certain of these transactions resulted in aggregate gains of $79.2 million. During 2018, the Company disposed of 54 operating properties (including the deconsolidation of one property) and seven parcels, in separate transactions, for an aggregate sales price of $1.2 billion. Certain of these transactions resulted in aggregate gains of $229.8 million.

*Interest expense –*

The decrease in Interest expense of $5.9 million is primarily the result of (i) the repayment of maturing debt during 2019 and 2018 and (ii) lower levels of borrowings during the year ended December 31, 2019, as compared to the corresponding period in 2018.

*Early extinguishment of debt charges –*

During the year ended December 31, 2018, the Company incurred early extinguishment of debt charges of $12.8 million in connection with the optional make-whole provisions of unsecured notes that were repaid prior to maturity.

*Benefit/(provision) for income taxes, net –*

The change in Benefit/(provision) for income taxes, net of $4.9 million is primarily due to the release of a deferred tax asset valuation allowance relating to Alternative Minimum Tax credits.

25

[Table of Contents](#toc)

*Equity in income from other real estate investments, net –*

The decrease in Equity in income of other real estate investments, net of $3.0 million is primarily due to an increase in impairment charges of $2.8 million primarily resulting from the sale of properties within various preferred equity program investments during 2019, as compared to the corresponding period in 2018,

*Preferred stock redemption charges –*

During 2019, the Company redeemed all its outstanding Class I Preferred Stock, Class J Preferred Stock and Class K Preferred Stock and, as a result, the Company recorded a redemption charge of $18.5 million. This charge was subtracted from net income attributable to the Company to arrive at net income available to the Company’s common shareholders and used in the calculation of earnings per share for the year ended December 31, 2019.

*Preferred dividends –*

The decrease in Preferred dividends of $6.1 million is primarily due to the redemptions of the Class I Preferred Stock and Class K Preferred Stock during 2019.

**Comparison of Years Ended December 31, 2018 to 2017**

Information pertaining to fiscal year 2017 was included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018 under Part II, Item 7, “Management's Discussion and Analysis of Financial Condition and Results of Operations,” which was filed with the SEC on February 15, 2019.

Liquidity and Capital Resources

The Company’s capital resources include accessing the public debt and equity capital markets, mortgage and construction loan financing, and immediate access to an unsecured revolving credit facility (the “Credit Facility”) with bank commitments of $2.25 billion which can be increased to $2.75 billion through an accordion feature.

The Company’s cash flow activities are summarized as follows (in thousands):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Year Ended December 31,** | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |
| Cash and cash equivalents, beginning of year |  | $ | 143,581 |  |  | $ | 238,513 |  |
| Net cash flow provided by operating activities |  |  | 583,628 |  |  |  | 637,936 |  |
| Net cash flow (used for)/provided by investing activities |  |  | (120,421 | ) |  |  | 253,645 |  |
| Net cash flow used for financing activities |  |  | (482,841 | ) |  |  | (986,513 | ) |
| Change in cash and cash equivalents |  |  | (19,634 | ) |  |  | (94,932 | ) |
| Cash and cash equivalents, end of year |  | $ | 123,947 |  |  | $ | 143,581 |  |

Operating Activities

The Company anticipates that cash on hand, cash flows from operations, borrowings under its Credit Facility, and the issuance of equity and public debt, as well as other debt and equity alternatives, will provide the necessary capital required by the Company.

Cash flows provided by operating activities for the year ended December 31, 2019, were $583.6 million, as compared to $637.9 million for the comparable period in 2018. The decrease of $54.3 million is primarily attributable to:

|  |  |  |
| --- | --- | --- |
|  | ● | changes in operating assets and liabilities due to timing of receipts and payments; |

|  |  |  |
| --- | --- | --- |
|  | ● | the disposition of operating properties in 2019 and 2018; and |

|  |  |  |
| --- | --- | --- |
|  | ● | a decrease in distributions from the Company’s joint venture programs; partially offset by |

|  |  |  |
| --- | --- | --- |
|  | ● | new leasing, expansion and re-tenanting of core portfolio properties; and |

|  |  |  |
| --- | --- | --- |
|  | ● | the acquisition of operating properties during 2019. |

During the years ended December 31, 2019 and 2018, the Company capitalized personnel costs of $2.3 million and $14.8 million, respectively, relating to deferred leasing costs.

Investing Activities

Cash flows (used for)/provided by investing activities were $120.4 million for 2019, as compared to cash flows provided by investing activities of $253.6 million for 2018.

26

[Table of Contents](#toc)

Investing activities during 2019 consisted primarily of:

*Cash inflows:*

|  |  |  |
| --- | --- | --- |
|  | ● | $324.3 million in proceeds from the sale of 20 consolidated operating properties and nine out-parcels; |

|  |  |  |
| --- | --- | --- |
|  | ● | $27.7 million in reimbursements of investments in and advances to real estate joint ventures and reimbursements of investments in and advances to other real estate investments, primarily related to the sale of properties within the joint venture portfolio and the Company's Preferred Equity Program; |

|  |  |  |
| --- | --- | --- |
|  | ● | $10.4 million in collection of mortgage loans receivable; |

|  |  |  |
| --- | --- | --- |
|  | ● | $4.0 million in proceeds from insurance casualty claims; and |

|  |  |  |
| --- | --- | --- |
|  | ● | $2.0 million in proceeds from sale/repayments of marketable securities. |

*Cash outflows:*

|  |  |  |
| --- | --- | --- |
|  | ● | $443.7 million for improvements to operating real estate primarily related to the Company’s active redevelopment pipeline and improvements to real estate under development; and |

|  |  |  |
| --- | --- | --- |
|  | ● | $40.5 million for investments in and advances to real estate joint ventures, primarily related to a redevelopment project within the Company’s joint venture portfolio, and investments in other real estate investments, primarily related to repayment of a mortgage within the Company’s Preferred Equity Program. |

Investing activities during 2018 consisted primarily of:

*Cash inflows:*

|  |  |  |
| --- | --- | --- |
|  | ● | $754.7 million in proceeds from the sale of 54 operating properties (including the deconsolidation of one property), seven out-parcels and 10 land parcels; |

|  |  |  |
| --- | --- | --- |
|  | ● | $34.0 million in reimbursements of investments and advances to real estate joint ventures and reimbursements of investments and advances to other real estate investments, primarily related to disposition of properties and loan refinancing within the joint venture portfolio and the Company’s Preferred Equity Program; |

|  |  |  |
| --- | --- | --- |
|  | ● | $22.3 million in collection of mortgage loans receivable; and |

|  |  |  |
| --- | --- | --- |
|  | ● | $16.2 million in proceeds from insurance casualty claims in connection with Hurricane Maria which damaged several of the Company’s properties in Puerto Rico during 2017. |

*Cash outflows:*

|  |  |  |
| --- | --- | --- |
|  | ● | $526.9 million for improvements to operating real estate related to the Company’s active redevelopment pipeline and improvements to real estate under development; |

|  |  |  |
| --- | --- | --- |
|  | ● | $36.1 million for investments in and advances to real estate joint ventures, primarily related to a redevelopment project within the Company’s joint venture portfolio; and |

|  |  |  |
| --- | --- | --- |
|  | ● | $10.0 million for acquisition of operating real estate and other related net assets, including two land parcels, and the acquisition of a land parcel at one development project. |

*Acquisitions of Operating Real Estate and Other Related Net Assets*

During the years ended December 31, 2019 and 2018, the Company expended $2.0 million and $5.4 million, respectively, (net of Internal Revenue Code 26 U.S.C. §1031 proceeds) towards the acquisition of operating real estate properties. The Company anticipates spending approximately $100.0 million to $200.0 million towards the acquisition of operating properties during 2020. The Company intends to fund these acquisitions with cash flow from operating activities, proceeds from property dispositions and availability under its Credit Facility.

*Improvements to Operating Real Estate*

During the years ended December 31, 2019 and 2018, the Company expended $324.8 million and $290.9 million, respectively, towards improvements to operating real estate. These amounts consist of the following (in thousands):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Year Ended December 31,** | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |
| Redevelopment and renovations |  | $ | 265,954 |  |  | $ | 220,829 |  |
| Tenant improvements and tenant allowances |  |  | 58,867 |  |  |  | 67,624 |  |
| Other |  |  | - |  |  |  | 2,421 |  |
| Total (1) |  | $ | 324,821 |  |  | $ | 290,874 |  |

|  |  |  |
| --- | --- | --- |
|  | (1) | During the year ended December 31, 2019 and 2018, the Company capitalized payroll of $7.9 million and $7.1 million, respectively, and capitalized interest of $6.3 million and $3.6 million, respectively, in connection with the Company’s improvements to operating real estate. |

27

[Table of Contents](#toc)

The Company has an ongoing program to redevelop and re-tenant its properties to maintain or enhance its competitive position in the marketplace. The Company is actively pursuing redevelopment opportunities within its operating portfolio which it believes will increase the overall value by bringing in new tenants and improving the assets’ value. The Company has identified three categories of redevelopment: (i) large scale redevelopment, which involves demolishing and building new square footage, (ii) value creation redevelopment, which includes the subdivision of large anchor spaces into multiple tenant layouts, and (iii) creation of out-parcels and pads located in the front of the shopping center properties. The Company anticipates its capital commitment toward these redevelopment projects and re-tenanting efforts for 2020 will be approximately $150.0 million to $200.0 million. The funding of these capital requirements will be provided by proceeds from property dispositions, net cash flow provided by operating activities and availability under the Company’s Credit Facility.

*Improvements to Real Estate Under Development*

The Company is engaged in select real estate development projects, which are expected to be held as long-term investments. As of December 31, 2019, the Company had one active real estate development project. During the years ended December 31, 2019 and 2018, the Company expended $118.8 million and $236.0 million, respectively, towards improvements to real estate under development. The Company capitalized (i) interest of $9.4 million and $13.9 million, (ii) real estate taxes, insurance and legal costs of $1.3 million and $2.6 million and (iii) payroll of $1.2 million and $1.9 million during the years ended December 31, 2019 and 2018, respectively, in connection with its real estate development projects. The Company anticipates the total remaining costs to complete these active projects to be approximately $40.0 million to $60.0 million. The funding of these capital requirements will be provided by proceeds from property dispositions, net cash flow provided by operating activities, construction financing, where applicable, and availability under the Company’s Credit Facility.

Financing Activities

Cash flows used for financing activities were $482.8 million for 2019, as compared to $986.5 million for 2018.

Financing activities during 2019 primarily consisted of the following:

*Cash inflows:*

|  |  |  |
| --- | --- | --- |
|  | ● | $350.0 million in proceeds from the issuance of unsecured notes; |

|  |  |  |
| --- | --- | --- |
|  | ● | $204.0 million in proceeds from the issuance of stock, net, primarily through the Company’s ATM program; |

|  |  |  |
| --- | --- | --- |
|  | ● | $100.0 million in proceeds from the Company’s unsecured revolving credit facility, net; and |

|  |  |  |
| --- | --- | --- |
|  | ● | $16.0 million in proceeds from construction loan financing for one development project. |

*Cash outflows:*

|  |  |  |
| --- | --- | --- |
|  | ● | $575.0 million for the redemption of the Company’s Class I, Class J and Class K Preferred Stock; |

|  |  |  |
| --- | --- | --- |
|  | ● | $531.6 million of dividends paid; |

|  |  |  |
| --- | --- | --- |
|  | ● | $18.8 million for principal payments on debt (related to the repayment of debt on two encumbered properties), including normal amortization on rental property debt; |

|  |  |  |
| --- | --- | --- |
|  | ● | $15.1 million for the redemption/distribution of noncontrolling interests, primarily related to the redemption of certain partnership interests by consolidated subsidiaries; and |

|  |  |  |
| --- | --- | --- |
|  | ● | $7.7 million for financing origination cost, primarily related to the issuance of unsecured notes. |

Financing activities during 2018 primarily consisted of the following:

*Cash inflows:*

|  |  |  |
| --- | --- | --- |
|  | ● | $92.3 million in proceeds from the Company’s unsecured revolving credit facility, net; |

|  |  |  |
| --- | --- | --- |
|  | ● | $51.0 million in proceeds from construction loan financing at one of the Company’s development projects; and |

|  |  |  |
| --- | --- | --- |
|  | ● | $33.7 million in proceeds primarily from the exercise of the Class M Preferred Stock over-allotment option. |

*Cash outflows:*

|  |  |  |
| --- | --- | --- |
|  | ● | $529.8 million of dividends paid; |

|  |  |  |
| --- | --- | --- |
|  | ● | $315.1 million for the repayment of unsecured notes; |

|  |  |  |
| --- | --- | --- |
|  | ● | $217.9 million for principal payments on debt (related to the repayment of debt on six encumbered properties), including normal amortization on rental property debt; |

|  |  |  |
| --- | --- | --- |
|  | ● | $75.1 million for the repurchase of common stock; |

28

[Table of Contents](#toc)

|  |  |  |
| --- | --- | --- |
|  | ● | $13.3 million for the payment of early extinguishment of debt charges; and |

|  |  |  |
| --- | --- | --- |
|  | ● | $6.7 million for redemption/distribution of noncontrolling interests, primarily related to the redemption of certain partnership units by consolidated subsidiaries. |

The Company continually evaluates its debt maturities, and, based on management’s current assessment, believes it has viable financing and refinancing alternatives that will not materially adversely impact its expected financial results. The Company continues to pursue borrowing opportunities with large commercial U.S. and global banks, select life insurance companies and certain regional and local banks. The Company has noticed a continuing trend that, although pricing remains dependent on specific deal terms, generally spreads for non-recourse mortgage financing have stabilized and the unsecured debt markets are functioning well and credit spreads are at manageable levels.

Debt maturities for 2020 consist of: $92.9 million of consolidated debt; $146.3 million of unconsolidated joint venture debt and $61.9 million of debt included in the Company’s Preferred Equity Program, assuming the utilization of extension options where available.  The 2020 consolidated debt maturities are anticipated to be repaid with operating cash flows and borrowings from the Company's Credit Facility. The 2020 debt maturities on properties in the Company's unconsolidated joint ventures and Preferred Equity Program are anticipated to be repaid through operating cash flows, debt refinancing, unsecured credit facilities, proceeds from sales and partner capital contributions, as deemed appropriate.

The Company intends to maintain strong debt service coverage and fixed charge coverage ratios as part of its commitment to maintain or obtain an upgrade on its investment-grade senior, unsecured debt ratings.  The Company may, from time to time, seek to obtain funds through additional common and preferred equity offerings, unsecured debt financings and/or mortgage/construction loan financings and other capital alternatives.

Since the completion of the Company’s IPO in 1991, the Company has utilized the public debt and equity markets as its principal source of capital for its expansion needs. Since the IPO, the Company has completed additional offerings of its public unsecured debt and equity, raising in the aggregate over $14.1 billion.  Proceeds from public capital market activities have been used for the purposes of, among other things, repaying indebtedness, acquiring interests in open-air shopping centers, funding real estate under development projects, expanding and improving properties in the portfolio and other investments.

During February 2018, the Company filed a shelf registration statement on Form S-3, which is effective for a term of three years, for the future unlimited offerings, from time-to-time, of debt securities, preferred stock, depositary shares, common stock and common stock warrants. The Company, pursuant to this shelf registration statement may, from time to time, offer for sale its senior unsecured debt for any general corporate purposes, including (i) funding specific liquidity requirements in its business, including property acquisitions, development and redevelopment costs and (ii) managing the Company’s debt maturities (See Footnotes 12 and 13 of the Notes to Consolidated Financial Statements included in this Form 10-K).

*Preferred Stock –*

The following Preferred Stock classes were redeemed during the year ended December 31, 2019:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Class of**  **Preferred**  **Stock** |  | **Redemption**  **Date** |  | **Dividend**  **Rate** | |  |  | **Depositary**  **Shares**  **Redeemed** | |  |  | **Redemption**  **Price per Depositary Share** | |  |  | **Redemption**  **Amount**  **(in millions)** | |  |  | **Redemption**  **Charges (1)**  **(in millions)** | |  |
| Class I |  | 9/14/2019 |  |  | 6.00% |  |  |  | 7,000,000 |  |  | $ | 25 |  |  | $ | 175.0 |  |  | $ | 5.5 |  |
| Class K |  | 9/14/2019 |  |  | 5.625% |  |  |  | 7,000,000 |  |  | $ | 25 |  |  | $ | 175.0 |  |  | $ | 5.9 |  |
| Class J |  | 12/31/2019 |  |  | 5.50% |  |  |  | 9,000,000 |  |  | $ | 25 |  |  | $ | 225.0 |  |  | $ | 7.2 |  |

|  |  |
| --- | --- |
| (1) | Redemption charges resulting from the difference between the redemption amount and the carrying amount of the respective preferred stock class on the Company’s Consolidated Balance Sheets are accounted for in accordance with the FASB’s guidance on Distinguishing Liabilities from Equity. These charges were subtracted from net income attributable to the Company to arrive at net income available to the Company’s common shareholders and used in the calculation of earnings per share. |

*At the Market Continuous Offering Program (“ATM program”)*

During September 2019, the Company established an ATM program, pursuant to which the Company may offer and sell from time to time shares of its common stock, par value $0.01 per share, with an aggregate gross sales price of up to $500.0 million through a consortium of banks acting as sales agents. Sales of the shares of common stock may be made, as needed, from time to time in “at the market” offerings as defined in Rule 415 of the Securities Act of 1933, including by means of ordinary brokers’ transactions on the New York Stock Exchange or otherwise (i) at market prices prevailing at the time of sale, (ii) at prices related to prevailing market prices or (iii) as otherwise agreed to with the applicable sales agent. During the year ended December 31, 2019, the Company issued 9,514,544 shares and received proceeds of $200.1 million, net of commissions and fees of $1.8 million. As of December 31, 2019, the Company had $298.1 million available under this ATM program.

29

[Table of Contents](#toc)

*Share Repurchase Program –*

During February 2018, the Company’s Board of Directors authorized a share repurchase program, which is effective for a term of two years, pursuant to which the Company may repurchase shares of its common stock, par value $0.01 per share, with an aggregate gross purchase price of up to $300.0 million. The Company did not repurchase any shares under the share repurchase program during the year ended December 31, 2019. As of December 31, 2019, the Company had $224.9 million available under this common share repurchase program. During February 2020, the Company’s Board of Directors approved an extension of this existing share repurchase program for a term of two years, which is scheduled to expire February 28, 2022.

*Senior Notes –*

During the year ended December 31, 2019, the Company issued the following senior unsecured notes (dollars in millions):

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date Issued** |  | **Maturity Date** |  | **Amount Issued** | |  |  | **Interest Rate** | |  |
| Aug-19 |  | Oct-49 |  | $ | 350.0 |  |  |  | 3.70% |  |

The Company’s supplemental indenture governing its senior notes contains the following covenants, all of which the Company is compliant with:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Covenant** |  | **Must Be** |  | **As of 12/31/19** |
| Consolidated Indebtedness to Total Assets |  | <65% |  | 41% |
| Consolidated Secured Indebtedness to Total Assets |  | <40% |  | 4% |
| Consolidated Income Available for Debt Service to Maximum Annual Service Charge |  | >1.50x |  | 4.8x |
| Unencumbered Total Asset Value to Consolidated Unsecured Indebtedness |  | >1.50x |  | 2.4x |

For a full description of the various indenture covenants refer to the Indenture dated September 1, 1993; the First Supplemental Indenture dated August 4, 1994; the Second Supplemental Indenture dated April 7, 1995; the Third Supplemental Indenture dated June 2, 2006; the Fourth Supplemental Indenture dated April 26, 2007; the Fifth Supplemental Indenture dated as of September 24, 2009; the Sixth Supplemental Indenture dated as of May 23, 2013; and the Seventh Supplemental Indenture dated as of April 24, 2014, each as filed with the SEC. See the Exhibits Index for specific filing information.

*Credit Facility –*

The Company has a $2.25 billion unsecured revolving Credit Facility with a group of banks, which is scheduled to expire in March 2021, with two additional six-month options to extend the maturity date, at the Company’s discretion, to March 2022. This Credit Facility, which accrues interest at a rate of LIBOR plus 87.5 basis points (2.64% as of December 31, 2019), can be increased to $2.75 billion through an accordion feature. In addition, the Credit Facility includes a $500.0 million sub-limit which provides the Company the opportunity to borrow in alternative currencies including Canadian Dollars, British Pounds Sterling, Japanese Yen or Euros. Pursuant to the terms of the Credit Facility, the Company, among other things, is subject to covenants requiring the maintenance of (i) maximum leverage ratios on both unsecured and secured debt and (ii) minimum interest and fixed coverage ratios. As of December 31, 2019, the Credit Facility had a balance of $200.0 million outstanding and $0.3 million appropriated for letters of credit.

Pursuant to the terms of the Credit Facility, the Company, is subject to maintenance of various covenants. The Company is currently in compliance with these covenants. The financial covenants for the Credit Facility are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Covenant** |  | **Must Be** |  | **As of 12/31/19** |
| Total Indebtedness to Gross Asset Value (“GAV”) |  | <60% |  | 42% |
| Total Priority Indebtedness to GAV |  | <35% |  | 3% |
| Unencumbered Asset Net Operating Income to Total Unsecured Interest Expense |  | >1.75x |  | 4.0x |
| Fixed Charge Total Adjusted EBITDA to Total Debt Service |  | >1.50x |  | 3.2x |

For a full description of the Credit Facility’s covenants refer to the Amended and Restated Credit Agreement dated as of February 1, 2017, filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K dated January 30, 2017.

*Mortgages and Construction Loan Payable –*

During 2019, the Company repaid $6.6 million of mortgage debt that encumbered three operating properties.  Additionally, during 2019, the Company disposed of an encumbered property through a deed in lieu transaction. This transaction resulted in a net decrease in mortgage debt of $7.0 million (including a fair market value adjustment of $0.1 million) and a gain on forgiveness of debt of $2.8 million, which is included in Other income, net in the Company’s Consolidated Statements of Income.

In August 2018, the Company closed on a construction loan commitment of $67.0 million relating to one development property.  This loan commitment was scheduled to mature in August 2020, with six additional six-month options to extend the maturity date to August 2023, bore interest at a rate of LIBOR plus 180 basis points (3.56% as of December 31, 2019), interest was paid monthly with a principal payment due at maturity.  As of December 31, 2019, the construction loan had a balance of $67.0 million outstanding. Subsequent to December 31, 2019, this construction loan was fully repaid.

30

[Table of Contents](#toc)

In addition to the public equity and debt markets as capital sources, the Company may, from time to time, obtain mortgage financing on selected properties and construction loans to partially fund the capital needs of its real estate under development projects. As of December 31, 2019, the Company had over 320 unencumbered property interests in its portfolio.

*Dividends –*

In connection with its intention to continue to qualify as a REIT for federal income tax purposes, the Company expects to continue paying regular dividends to its stockholders. These dividends will be paid from operating cash flows. The Company’s Board of Directors will continue to evaluate the Company’s dividend policy on a quarterly basis as the Board of Directors monitors sources of capital and evaluates the impact of the economy and capital markets availability on operating fundamentals.  Since cash used to pay dividends reduces amounts available for capital investment, the Company generally intends to maintain a dividend payout ratio which reserves such amounts as it considers necessary for the expansion and renovation of shopping centers in its portfolio, debt reduction, the acquisition of interests in new properties and other investments as suitable opportunities arise and such other factors as the Board of Directors considers appropriate.  Cash dividends paid were $531.6 million, $529.8 million and $506.2 million in 2019, 2018, and 2017 respectively.

Although the Company receives substantially all of its rental payments on a monthly basis, it generally intends to continue paying dividends quarterly. Amounts accumulated in advance of each quarterly distribution will be invested by the Company in short-term money market or other suitable instruments. On October 21, 2019, the Company’s Board of Directors declared a quarterly cash dividend of $0.28 per common share payable to shareholders of record on January 2, 2020, which was paid on January 15, 2020. Additionally, on January 28, 2020, the Company’s Board of Directors declared a quarterly cash dividend of $0.28 per common share payable to shareholders of record on April 2, 2020, which is scheduled to be paid on April 15, 2020.

The Company’s Board of Directors also declared quarterly dividends with respect to the Company’s classes of cumulative redeemable preferred shares (Classes L and M). All dividends on the preferred shares are scheduled to be paid on April 15, 2020, to shareholders of record on April 1, 2020.

*Hurricane Impact –*

During September 2017, Hurricane Maria struck Puerto Rico and caused various amounts of damage to the Company’s seven operating properties located throughout the island. The Company expects to collect property insurance proceeds (net of a deductible of $1.2 million) equal to the replacement cost of its damaged property estimated to be approximately $30.3 million.  As of December 31, 2019, the Company has collected property insurance proceeds totaling $24.2 million to date, which exceeds the $16.0 million of net book value of the damaged property that was previously written off by $8.2 million.  The Company recognized this excess as income in the periods that insurance proceeds were received. As such, the Company recognized $4.0 million and $4.2 million as income which is included in Other income, net on the Company’s Consolidated Statements of Income for the years ended December 31, 2019 and 2018, respectively.

*Other –*

The Company is subject to taxes on activities in Puerto Rico, Canada and Mexico.  In general, under local country law applicable to the structures the Company has in place and applicable treaties, the repatriation of cash to the Company from its subsidiaries and joint ventures in Puerto Rico, Canada and Mexico generally are not subject to withholding tax. The Company is subject to and also includes in its tax provision non-U.S. income taxes on certain investments located in jurisdictions outside the U.S. These investments are held by the Company at the REIT level and not in the Company’s taxable REIT subsidiary. Accordingly, the Company does not expect a U.S. income tax impact associated with the repatriation of undistributed earnings from the Company’s foreign subsidiaries.

31

[Table of Contents](#toc)

Contractual Obligations and Other Commitments

The Company has debt obligations relating to its Credit Facility, unsecured senior notes and mortgages with maturities ranging from five months to 29 years. As of December 31, 2019, the Company’s total debt had a weighted average term to maturity of 10.6 years. In addition, the Company has non-cancelable operating leases pertaining to its shopping center portfolio. As of December 31, 2019, the Company had 34 consolidated shopping center properties that are subject to long-term ground leases where a third party owns and has leased the underlying land to the Company to construct and/or operate a shopping center. The following table summarizes the Company’s debt maturities (excluding extension options, unamortized debt issuance costs of $54.6 million and fair market value of debt adjustments aggregating $7.9 million) and obligations under non-cancelable operating leases as of December 31, 2019:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Payments due by period (in millions)** | | | | | | | | | | | | | | | | | | | | | |  |  |  |  |  |
|  |  | **2020** | |  |  | **2021** | |  |  | **2022** | |  |  | **2023** | |  |  | **2024** | |  |  | **Thereafter** | |  |  | **Total** | |  |
| Long-Term Debt: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Principal (1) |  | $ | 169.3 |  |  | $ | 829.7 |  |  | $ | 644.5 |  |  | $ | 365.1 |  |  | $ | 401.7 |  |  | $ | 2,952.2 |  |  | $ | 5,362.5 |  |
| Interest (2) |  | $ | 189.5 |  |  | $ | 168.1 |  |  | $ | 149.3 |  |  | $ | 125.8 |  |  | $ | 111.9 |  |  | $ | 1,480.6 |  |  | $ | 2,225.2 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non-cancelable operating (3) |  | $ | 10.7 |  |  | $ | 10.5 |  |  | $ | 9.9 |  |  | $ | 9.9 |  |  | $ | 9.0 |  |  | $ | 128.6 |  |  | $ | 178.6 |  |

|  |  |  |
| --- | --- | --- |
|  | (1) | Maturities utilized do not reflect extension options, which range from six months to one year. |

|  |  |  |
| --- | --- | --- |
|  | (2) | For loans which have interest at floating rates, future interest expense was calculated using the rate as of December 31, 2019. |

|  |  |  |
| --- | --- | --- |
|  | (3) | For leases which have inflationary increases, future ground rent expense was calculated using the rent based upon initial lease payment. |

The Company has $159.5 million of secured debt scheduled to mature in 2020. Subsequent to December 31, 2019, the Company repaid $66.6 million of this secured debt.  The Company anticipates satisfying the remaining future maturities with a combination of operating cash flows and its Credit Facility.

The Company has issued letters of credit in connection with completion and repayment guarantees for loans encumbering certain of the Company’s development and redevelopment projects and guarantee of payment related to the Company’s insurance program. As of December 31, 2019, these letters of credit aggregated $40.8 million.

In connection with the construction of its development/redevelopment projects and related infrastructure, certain public agencies require posting of performance and surety bonds to guarantee that the Company’s obligations are satisfied. These bonds expire upon the completion of the improvements and infrastructure. As of December 31, 2019, the Company had $17.6 million in performance and surety bonds outstanding.

The Company has accrued $2.4 million of non-current uncertain tax positions and related interest under the provisions of the authoritative guidance that addresses accounting for income taxes, which are included in Other liabilities on the Company’s Consolidated Balance Sheets at December 31, 2019. These amounts are not included in the table above because a reasonably reliable estimate regarding the timing of settlements with the relevant tax authorities, if any, cannot be made.

Off-Balance Sheet Arrangements

*Unconsolidated Real Estate Joint Ventures*

The Company has investments in various unconsolidated real estate joint ventures with varying structures. These joint ventures primarily operate shopping center properties. Such arrangements are generally with third-party institutional investors and individuals. The properties owned by the joint ventures are primarily financed with individual non-recourse mortgage loans, however, the Company, on a selective basis, has obtained unsecured financing for certain joint ventures. As of December 31, 2019, the Company did not guarantee any joint venture unsecured debt. Non-recourse mortgage debt is generally defined as debt whereby the lenders’ sole recourse with respect to borrower defaults is limited to the value of the property collateralized by the mortgage. The lender generally does not have recourse against any other assets owned by the borrower or any of the constituent members of the borrower, except for certain specified exceptions listed in the particular loan documents (see Footnote 7 of the Notes to Consolidated Financial Statements included in this Form 10-K). The table below presents debt balances within the Company’s unconsolidated joint venture investments for which the Company held noncontrolling ownership interests at December 31, 2019 (dollars in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Joint Venture** |  | **Kimco**  **Ownership**  **Interest** | |  |  | **Number of**  **Properties** | |  |  | **Mortgages**  **and Notes**  **Payable, Net**  **(in millions)** | |  |  | **Number of Encumbered**  **Properties** | |  |  | **Weighted**  **Average**  **Interest**  **Rate** | |  |  | **Weighted**  **Average**  **Remaining**  **Term (months)\*** | |  |
| Prudential Investment Program (1) |  |  | 15.0% |  |  |  | 40 |  |  | $ | 538.1 |  |  |  | 12 |  |  |  | 3.46 | % |  |  | 46.8 |  |
| Kimco Income Opportunity Portfolio (2) |  |  | 48.6% |  |  |  | 37 |  |  |  | 556.0 |  |  |  | 26 |  |  |  | 4.39 | % |  |  | 28.4 |  |
| Canada Pension Plan Investment Board |  |  | 55.0% |  |  |  | 4 |  |  |  | 84.8 |  |  |  | 1 |  |  |  | 3.25 | % |  |  | 42.0 |  |
| Other Joint Venture Programs |  |  | Various |  |  |  | 17 |  |  |  | 415.2 |  |  |  | 10 |  |  |  | 3.87 | % |  |  | 80.9 |  |
| **Total** |  |  |  |  |  |  |  |  |  | **$** | **1,594.1** |  |  |  |  |  |  |  |  |  |  |  |  |  |

\* Average remaining term includes extensions

|  |  |
| --- | --- |
| (1) | Includes an unsecured term loan of $200.0 million (excluding deferred financing costs of $0.2 million), which is scheduled to mature in August 2020, with a one-year extension option at the joint venture’s discretion, and bears interest at a rate equal to LIBOR plus 1.50% (3.26% at December 31, 2019). |

|  |  |
| --- | --- |
| (2) | Includes an unsecured revolving credit facility which had no outstanding balance at December 31, 2019, which is scheduled to mature in September 2020, with two one-year extension options at the joint venture’s discretion, and bears interest at a rate equal to LIBOR plus 1.75% (3.51% at December 31, 2019). |

32

[Table of Contents](#toc)

As of December 31, 2019, these loans had scheduled maturities ranging from two months to 12 years and bore interest at rates ranging from 2.91% to 6.55%. Approximately $146.3 million of the aggregate outstanding loan balances matures in 2020. These maturing loans are anticipated to be repaid with operating cash flows, debt refinancing, unsecured credit facilities, proceeds from sales and partner capital contributions, as deemed appropriate (see Footnote 7 of the Notes to Consolidated Financial Statements included in this Form 10-K).

*Other Real Estate Investments*

The Company previously provided capital to owners and developers of real estate properties through its Preferred Equity Program. As of December 31, 2019, the Company’s net investment under the Preferred Equity Program was $175.3 million relating to 240 properties, including 230 net leased properties. As of December 31, 2019, these preferred equity investment properties had individual non-recourse mortgage loans aggregating $226.8 million (excluding fair market value of debt adjustments aggregating $9.3 million). These loans have scheduled maturities ranging from seven months to five years and bear interest at rates ranging from 4.19% to 10.47%. Due to the Company’s preferred position in these investments, the Company’s share of each investment is subject to fluctuation and is dependent upon property cash flows. The Company’s maximum exposure to losses associated with its preferred equity investments is limited to its invested capital.

Funds From Operations

Funds From Operations (“FFO”) is a supplemental non-GAAP financial measure utilized to evaluate the operating performance of real estate companies. In December 2018, the NAREIT issued “NAREIT Funds From Operations White Paper – 2018 Restatement” (the "FFO 2018 Restatement") which clarifies, where necessary, existing guidance and consolidates alerts and policy bulletins into a single document for ease of use.  NAREIT defines FFO as net income/(loss) available to the Company’s common shareholders computed in accordance with GAAP, excluding (i) depreciation and amortization related to real estate, (ii) gains or losses from sales of certain real estate assets, (iii) gains and losses from change in control, (iv) impairment write-downs of certain real estate assets and investments in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity and (v) after adjustments for unconsolidated partnerships and joint ventures calculated to reflect FFO on the same basis. Included in the FFO 2018 Restatement is an option for the Company to make an election to include or exclude gains and losses on the sale of assets and impairments of assets incidental to its main business in the calculation of FFO. The main business of a REIT is acquiring, owning, operating, developing and redeveloping real estate in conjunction with its rental of real estate.  Incidental assets may include, but are not limited to, land peripheral to operating properties, property developed for sale, and securities. The FFO 2018 Restatement is effective for annual periods beginning after December 31, 2018 and interim periods reported within those periods.

As a result of adopting the FFO 2018 Restatement, the Company has elected to exclude gains and losses on the sale of assets and impairments of assets incidental to its main business and to exclude mark-to-market changes in value of its equity securities in calculating FFO. As such, the Company will no longer include gains/impairments on land parcels, gains/losses (realized or unrealized) from marketable securities or gains/impairments on preferred equity participations in NAREIT defined FFO.

The Company presents FFO available to the Company’s common shareholders as it considers it an important supplemental measure of our operating performance and believes it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO available to the Company’s common shareholders when reporting results. Comparison of our presentation of FFO available to the Company’s common shareholders to similarly titled measures for other REITs may not necessarily be meaningful due to possible differences in the application of the NAREIT definition used by such REITs.

The Company also presents FFO available to the Company’s common shareholders as adjusted as an additional supplemental measure, as it believes it is more reflective of its core operating performance and provides investors and analysts an additional measure to compare the Company’s performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. FFO available to the Company’s common shareholders as adjusted is generally calculated by the Company as FFO available to the Company’s common shareholders excluding certain transactional income and expenses and non-operating impairments, which management believes are not reflective of the results within the Company’s operating real estate portfolio.

FFO is a supplemental non-GAAP financial measure of real estate companies’ operating performance, which does not represent cash generated from operating activities in accordance with GAAP and therefore should not be considered an alternative for net income or cash flows from operations as a measure of liquidity.  Our method of calculating FFO available to the Company’s common shareholders and FFO available to the Company’s common shareholders as adjusted may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs.

33

[Table of Contents](#toc)

The Company’s reconciliation of net income available to the Company’s common shareholders to FFO available to the Company’s common shareholders and FFO available to the Company’s common shareholders as adjusted, is reflected in the table below (in thousands, except per share data). In conjunction with the adoption of the FFO 2018 Restatement, the Company has reclassified $3.4 million from transactional expense and $10.9 million from transactional income into FFO available to the Company’s common shareholders for the three months and year ended December 31, 2018, respectively, relating to incidental gains and losses on the sale of assets and mark-to-market changes in equity securities. This reclassification had no impact on FFO available to the Company’s common shareholders as adjusted for the three months and year ended December 31, 2018.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three Months Ended**  **December 31,** | | | | | |  |  | **Year Ended**  **December 31,** | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |  | **2019** | |  |  | **2018** | |  |
| **Net income available to the Company’s common shareholders** |  | $ | 92,812 |  |  | $ | 73,627 |  |  | $ | 339,988 |  |  | $ | 439,604 |  |
| Gain on sale of properties/change in control of interests |  |  | (31,836 | ) |  |  | (49,369 | ) |  |  | (79,218 | ) |  |  | (236,058 | ) |
| Gain on sale of joint venture operating properties/change in control of interests |  |  | (892 | ) |  |  | (12,446 | ) |  |  | (16,066 | ) |  |  | (18,549 | ) |
| Depreciation and amortization - real estate related |  |  | 67,864 |  |  |  | 74,086 |  |  |  | 276,097 |  |  |  | 305,079 |  |
| Depreciation and amortization - real estate joint ventures |  |  | 10,910 |  |  |  | 10,717 |  |  |  | 40,954 |  |  |  | 43,483 |  |
| Impairment of depreciable real estate properties |  |  | 11,504 |  |  |  | 52,101 |  |  |  | 55,945 |  |  |  | 86,072 |  |
| Profit participation from other real estate investments |  |  | 1,288 |  |  |  | (129 | ) |  |  | (7,300 | ) |  |  | (10,595 | ) |
| Loss/(gain) on of marketable securities |  |  | 546 |  |  |  | 1,444 |  |  |  | (829 | ) |  |  | 3,487 |  |
| Noncontrolling interests (1) |  |  | (303 | ) |  |  | (421 | ) |  |  | (1,193 | ) |  |  | (2,755 | ) |
| **FFO available to the Company’s common shareholders** |  |  | **151,893** |  |  |  | **149,610** |  |  |  | **608,378** |  |  |  | **609,768** |  |
| Transactional (income)/expense: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Distribution in excess of basis |  |  | - |  |  |  | - |  |  |  | - |  |  |  | (3,550 | ) |
| Gain on forgiveness of debt |  |  | (2,790 | ) |  |  | - |  |  |  | (2,790 | ) |  |  | (4,274 | ) |
| Prepayment penalties |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 12,762 |  |
| Severance costs |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 1,185 |  |
| Preferred stock redemption charges |  |  | 7,159 |  |  |  | - |  |  |  | 18,528 |  |  |  | - |  |
| Other income, net |  |  | (1,000 | ) |  |  | (2,195 | ) |  |  | (4,000 | ) |  |  | (2,848 | ) |
| Total transactional expense/(income), net |  |  | 3,369 |  |  |  | (2,195 | ) |  |  | 11,738 |  |  |  | 3,275 |  |
| **FFO available to the Company’s common shareholders as adjusted** |  | **$** | **155,262** |  |  | **$** | **147,415** |  |  | **$** | **620,116** |  |  | **$** | **613,043** |  |
| Weighted average shares outstanding for FFO calculations: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Basic |  |  | 422,467 |  |  |  | 419,258 |  |  |  | 420,370 |  |  |  | 420,641 |  |
| Units |  |  | 777 |  |  |  | 837 |  |  |  | 826 |  |  |  | 835 |  |
| Dilutive effect of equity awards |  |  | 1,336 |  |  |  | 628 |  |  |  | 1,365 |  |  |  | 629 |  |
| Diluted (2) |  |  | 424,580 |  |  |  | 420,723 |  |  |  | 422,561 |  |  |  | 422,105 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **FFO per common share – basic** |  | **$** | **0.36** |  |  | **$** | **0.36** |  |  | **$** | **1.45** |  |  | **$** | **1.45** |  |
| **FFO per common share – diluted (2)** |  | **$** | **0.36** |  |  | **$** | **0.36** |  |  | **$** | **1.44** |  |  | **$** | **1.45** |  |
| **FFO as adjusted per common share – basic** |  | **$** | **0.37** |  |  | **$** | **0.35** |  |  | **$** | **1.48** |  |  | **$** | **1.46** |  |
| **FFO as adjusted per common share – diluted (2)** |  | **$** | **0.37** |  |  | **$** | **0.35** |  |  | **$** | **1.47** |  |  | **$** | **1.45** |  |

|  |  |  |
| --- | --- | --- |
|  | (1) | Related to gains, impairment and depreciation on properties, where applicable. |

|  |  |  |
| --- | --- | --- |
|  | (2) | Reflects the potential impact if certain units were converted to common stock at the beginning of the period, which would have a dilutive effect on FFO available to the Company’s common shareholders. FFO available to the Company’s common shareholders would be increased by $199 and $228 for the three months ended December 31, 2019 and 2018, respectively, and $868 and $916 for the years ended December 31, 2019 and 2018, respectively. The effect of other certain convertible units would have an anti-dilutive effect upon the calculation of Net income available to the Company’s common shareholders per share. Accordingly, the impact of such conversion has not been included in the determination of diluted earnings per share calculations. |

Same Property Net Operating Income (“Same property NOI”)

Same property NOI is a supplemental non-GAAP financial measure of real estate companies’ operating performance and should not be considered an alternative to net income in accordance with GAAP or cash flows from operations as a measure of liquidity. The Company considers Same property NOI as an important operating performance measure because it is frequently used by securities analysts and investors to measure only the net operating income of properties that have been owned by the Company for the entire current and prior year reporting periods. It excludes properties under redevelopment, development and pending stabilization; properties are deemed stabilized at the earlier of (i) reaching 90% leased or (ii) one year following a project’s inclusion in operating real estate. Same property NOI assists in eliminating disparities in net income due to the development, acquisition or disposition of properties during the particular period presented, and thus provides a more consistent performance measure for the comparison of the Company's properties.

Same property NOI is calculated using revenues from rental properties (excluding straight-line rent adjustments, lease termination fees, TIFs and amortization of above/below market rents) less charges for bad debt, operating and maintenance expense, real estate taxes and rent expense plus the Company’s proportionate share of Same property NOI from unconsolidated real estate joint ventures, calculated on the same basis. The Company’s method of calculating Same property NOI available to the Company’s common shareholders may differ from methods used by other REITs and, accordingly, may not be comparable to such other REITs.

34

[Table of Contents](#toc)

The following is a reconciliation of Net income available to the Company’s common shareholders to Same property NOI (in thousands):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three Months Ended**  **December 31,** | | | | | |  |  | **Year Ended December 31,** | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |  | **2019** | |  |  | **2018** | |  |
| **Net income available to the Company’s common shareholders** |  | $ | 92,812 |  |  | $ | 73,627 |  |  | $ | 339,988 |  |  | $ | 439,604 |  |
| Adjustments: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Management and other fee income |  |  | (4,321 | ) |  |  | (2,397 | ) |  |  | (16,550 | ) |  |  | (15,159 | ) |
| General and administrative |  |  | 24,646 |  |  |  | 20,022 |  |  |  | 96,942 |  |  |  | 87,797 |  |
| Impairment charges |  |  | 7,508 |  |  |  | 45,352 |  |  |  | 48,743 |  |  |  | 79,207 |  |
| Depreciation and amortization |  |  | 68,439 |  |  |  | 74,266 |  |  |  | 277,879 |  |  |  | 310,380 |  |
| Gain on sale of properties/change in control of interests |  |  | (31,836 | ) |  |  | (49,379 | ) |  |  | (79,218 | ) |  |  | (229,840 | ) |
| Interest and other expense, net |  |  | 42,830 |  |  |  | 44,515 |  |  |  | 165,581 |  |  |  | 183,060 |  |
| Provision/(benefit) for income taxes, net |  |  | 263 |  |  |  | 2,583 |  |  |  | (3,317 | ) |  |  | 1,600 |  |
| Equity in income of other real estate investments, net |  |  | (3,318 | ) |  |  | (4,462 | ) |  |  | (26,076 | ) |  |  | (29,100 | ) |
| Net income/(loss) attributable to noncontrolling interests |  |  | 624 |  |  |  | (214 | ) |  |  | 2,956 |  |  |  | 668 |  |
| Preferred stock redemption charges |  |  | 7,159 |  |  |  | - |  |  |  | 18,528 |  |  |  | - |  |
| Preferred dividends |  |  | 9,448 |  |  |  | 14,534 |  |  |  | 52,089 |  |  |  | 58,191 |  |
| Non same property net operating income |  |  | (21,396 | ) |  |  | (23,989 | ) |  |  | (103,464 | ) |  |  | (137,134 | ) |
| Non-operational expense from joint ventures, net |  |  | 20,464 |  |  |  | 13,219 |  |  |  | 59,992 |  |  |  | 60,417 |  |
| **Same property NOI** |  | $ | 213,322 |  |  | $ | 207,677 |  |  | $ | 834,073 |  |  | $ | 809,691 |  |

Same property NOI increased by $5.6 million, or 2.7%, for the three months ended December 31, 2019, as compared to the corresponding period in 2018. This increase is primarily the result of (i) an increase of $6.4 million related to lease-up and rent commencements in the portfolio, partially offset by (ii) a decrease in other property income of $0.8 million.

Same property NOI increased by $24.4 million, or 3.0%, for the year ended December 31, 2019, as compared to the corresponding period in 2018. This increase is primarily the result of (i) an increase of $25.1 million related to lease-up and rent commencements in the portfolio, partially offset by (ii) a decrease in other property income of $0.7 million.

Effects of Inflation

Many of the Company's long-term leases contain provisions designed to mitigate the adverse impact of inflation.  Such provisions include clauses enabling the Company to receive payment of additional rent calculated as a percentage of tenants' gross sales above pre-determined thresholds, which generally increase as prices rise, and/or as a result of escalation clauses, which generally increase rental rates during the terms of the leases. Such escalation clauses often include increases based upon changes in the consumer price index or similar inflation indices.  In addition, many of the Company's leases are for terms of less than 10 years, which permits the Company to seek to increase rents to market rates upon renewal. Most of the Company's leases include escalation clauses or require the tenant to pay an allocable share of operating expenses, including common area maintenance costs, real estate taxes and insurance, thereby reducing the Company's exposure to increases in costs and operating expenses resulting from inflation.

New Accounting Pronouncements

See Footnote 1 of the Notes to Consolidated Financial Statements included in this Form 10-K.

35

[Table of Contents](#toc)

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company’s primary market risk exposure is interest rate risk. The Company periodically evaluates its exposure to short-term interest rates and will, from time-to-time, enter into interest rate protection agreements which mitigate, but do not eliminate, the effect of changes in interest rates on its floating-rate debt. The Company has not entered, and does not plan to enter, into any derivative financial instruments for trading or speculative purposes. The following table presents the Company’s aggregate fixed rate and variable rate debt obligations outstanding, including fair market value adjustments and unamortized deferred financing costs, as of December 31, 2019, with corresponding weighted-average interest rates sorted by maturity date. The table does not include extension options where available (amounts in millions).

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2020** | |  |  | **2021** | |  |  | **2022** | |  |  | **2023** | |  |  | **2024** | |  |  | **Thereafter** | |  |  | **Total** | |  |  | **Fair Value** | |  |
| **Secured Debt** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fixed Rate |  | $ | 92.9 |  |  | $ | 145.1 |  |  | $ | 152.0 |  |  | $ | 12.0 |  |  | $ | 10.4 |  |  | $ | 5.0 |  |  | $ | 417.4 |  |  | $ | 419.5 |  |
| Average Interest Rate |  |  | 5.32 | % |  |  | 5.39 | % |  |  | 4.06 | % |  |  | 3.23 | % |  |  | 6.73 | % |  |  | 7.08 | % |  |  | 4.88 | % |  |  |  |  |
| Variable Rate |  | $ | 66.6 |  |  | $ | - |  |  | $ | - |  |  | $ | - |  |  | $ | - |  |  | $ | - |  |  | $ | 66.6 |  |  | $ | 66.5 |  |
| Average Interest Rate |  |  | 5.50 | % |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 5.50 | % |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Unsecured Debt** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fixed Rate |  | $ | - |  |  | $ | 483.9 |  |  | $ | 497.0 |  |  | $ | 348.2 |  |  | $ | 397.1 |  |  | $ | 2,907.8 |  |  | $ | 4,634.0 |  |  | $ | 4,783.9 |  |
| Average Interest Rate |  |  | - |  |  |  | 3.20 | % |  |  | 3.40 | % |  |  | 3.13 | % |  |  | 2.7 | % |  |  | 3.73 | % |  |  | 3.50 | % |  |  |  |  |
| Variable Rate |  | $ | - |  |  | $ | 197.8 |  |  | $ | - |  |  | $ | - |  |  | $ | - |  |  | $ | - |  |  | $ | 197.8 |  |  | $ | 199.9 |  |
| Average Interest Rate |  |  | - |  |  |  | 2.64 | % |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 2.64 | % |  |  |  |  |

Based on the Company’s variable-rate debt balances, interest expense would have increased by $2.6 million for the year ended December 31, 2019, if short-term interest rates were 1.0% higher. The Company has not, and does not plan to, enter into any derivative financial instruments for trading or speculative purposes.

Item 8. Financial Statements and Supplementary Data

The response to this Item 8 is included in our audited Consolidated Financial Statements and Notes to Consolidated Financial Statements, which are contained in Part IV, Item 15 of this Form 10-K.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

36

[Table of Contents](#toc)

Item 9A. Controls and Procedures

*Evaluation of Disclosure Controls and Procedures*

The Company’s management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures are effective as of December 31, 2019.

*Changes in Internal Control Over Financial Reporting*

There have not been any changes in the Company’s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth fiscal quarter ended December 31, 2019, that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

*Management’s Report on Internal Control Over Financial Reporting*

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in the *Internal Control - Integrated Framework* (*2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control - Integrated Framework (2013)*, our management concluded that our internal control over financial reporting was effective as of December 31, 2019.

The effectiveness of our internal control over financial reporting as of December 31, 2019, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears under Item 8.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated by reference to “Proposal 1—Election of Directors,” “Corporate Governance,” “Committees of the Board of Directors,” “Executive Officers” and “Other Matters” in our definitive proxy statement to be filed with respect to the Annual Meeting of Stockholders expected to be held on April 28, 2020 (“Proxy Statement”).

We have adopted a Code of Business Conduct and Ethics (the “Code of Ethics”). The Code of Ethics is available at the Investors/Governance/Governance Documents section of our website at www.kimcorealty.com. A copy of the Code of Ethics is available in print, free of charge, to stockholders upon request to us at the address set forth in Item 1 of this Annual Report on Form 10-K under the section “Business - Overview.” We intend to satisfy the disclosure requirements under the Securities and Exchange Act of 1934, as amended, regarding an amendment to or waiver from a provision of our Code of Ethics by posting such information on our website.

Item 11. Executive Compensation

The information required by this item is incorporated by reference to “Compensation Discussion and Analysis,” “Executive Compensation Committee Report,” “Compensation Tables,” “Compensation of Directors” and “Other Matters” in our Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is incorporated by reference to “Security Ownership of Certain Beneficial Owners and Management” and “Compensation Tables” in our Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated by reference to “Certain Relationships and Related Transactions” and “Corporate Governance” in our Proxy Statement.

Item 14. Principal Accounting Fees and Services

The information required by this item is incorporated by reference to “Independent Registered Public Accountants” in our Proxy Statement.

37

[Table of Contents](#toc)

PART IV

Item 15. Exhibits, Financial Statement Schedules

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | |  |
| (a)   1. | Financial Statements –  The following consolidated financial information is included as a separate section of this annual report on Form 10-K. | | Form 10-K Report Page |
|  |  | |  |
|  | [Report of Independent Registered Public Accounting Firm](#actfirmrpt) | | 43 |
|  |  | |  |
|  | Consolidated Financial Statements | |  |
|  |  | |  |
|  | [Consolidated Balance Sheets as of December 31, 2019 and 2018](#balsheet) | | 44 |
|  |  | |  |
|  | [Consolidated Statements of Income for the years ended December 31, 2019, 2018 and 2017](#operations) | | 45 |
|  |  | |  |
|  | [Consolidated Statements of Comprehensive Income for the years ended December 31, 2019, 2018 and 2017](#compincome) | | 46 |
|  |  | |  |
|  | [Consolidated Statements of Changes in Equity for the years ended December 31, 2019, 2018 and 2017](#equity) | | 47 |
|  |  | |  |
|  | [Consolidated Statements of Cash Flows for the years ended December 31, 2019, 2018 and 2017](#cashflow) | | 48 |
|  |  | |  |
|  | [Notes to Consolidated Financial Statements](#notes) | | 49 |
|  |  | |  |
| 2. | Financial Statement Schedules - | |  |
|  |  | |  |
|  | Schedule II - | [Valuation and Qualifying Accounts for the years ended December 31, 2019, 2018 and 2017](#sch2) | 88 |
|  | Schedule III - | [Real Estate and Accumulated Depreciation as of December 31, 2019](#scthree) | 89 |
|  | Schedule IV - | [Mortgage Loans on Real Estate as of December 31, 2019](#sch4) | 90 |
|  |  | |  |
|  | All other schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule. | |  |
|  |  | |  |
| 3. | Exhibits - | |  |
|  |  | |  |
|  | [The exhibits listed on the accompanying Index to Exhibits are filed as part of this report.](#index) | | 39 |

Item 16. Form 10-K Summary

None.

38

[Table of Contents](#toc)

**INDEX TO EXHIBITS**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Incorporated by Reference** | | | |  |  |
| **Exhibit**  **Number** | **Exhibit Description** | **Form** | **File No.** | **Date of**  **Filing** | **Exhibit**  **Number** | **Filed/**  **Furnished**  **Herewith** | **Page**  **Number** |
| 3.1(a) | [Articles of Restatement of Kimco Realty Corporation, dated January 14, 2011](http://www.sec.gov/Archives/edgar/data/879101/000139843211000206/exh3_1a.htm) | 10-K | 1-10899 | 02/28/11 | 3.1(a) |  |  |
| 3.1(b) | [Amendment to Articles of Restatement of Kimco Realty Corporation, dated May 8, 2014](http://www.sec.gov/Archives/edgar/data/879101/000143774917003269/ex3-1b.htm) | 10-K | 1-10899 | 02/27/17 | 3.1(b) |  |  |
| 3.1(c) | [Articles Supplementary of Kimco Realty Corporation, dated November 8, 2010](http://www.sec.gov/Archives/edgar/data/879101/000139843211000206/exh3_1b.htm) | 10-K | 1-10899 | 02/28/11 | 3.1(b) |  |  |
| 3.1(d) | [Articles Supplementary of Kimco Realty Corporation, dated March 12, 2012](http://www.sec.gov/Archives/edgar/data/879101/000139843212000219/exh3_2.htm) | 8-A12B | 1-10899 | 03/13/12 | 3.2 |  |  |
| 3.1(e) | [Articles Supplementary of Kimco Realty Corporation, dated July 17, 2012](http://www.sec.gov/Archives/edgar/data/879101/000139843212000537/ex3-2.htm) | 8-A12B | 1-10899 | 07/18/12 | 3.2 |  |  |
| 3.1(f) | [Articles Supplementary of Kimco Realty Corporation, dated November 30, 2012](http://www.sec.gov/Archives/edgar/data/879101/000139843212000875/ex3-2.htm) | 8-A12B | 1-10899 | 12/03/12 | 3.2 |  |  |
| 3.1(g) | [Articles Supplementary of Kimco Realty Corporation, dated August 8, 2017](http://www.sec.gov/Archives/edgar/data/879101/000139843217000118/exh3_3.htm) | 8-A12B | 1-10899 | 08/08/17 | 3.3 |  |  |
| 3.1(h) | [Articles Supplementary of Kimco Realty Corporation, dated December 12, 2017](http://www.sec.gov/Archives/edgar/data/879101/000139843217000173/exh3_03.htm) | 8-A12B | 1-10899 | 12/12/17 | 3.3 |  |  |
| 3.2 | [Amended and Restated Bylaws of Kimco Realty Corporation, dated February 25, 2009](http://www.sec.gov/Archives/edgar/data/879101/000139843209000090/exh3_2.htm) | 10-K | 1-10899 | 02/27/09 | 3.2 |  |  |
| 4.1 | Agreement of Kimco Realty Corporation pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K | S-11 | 333-42588 | 09/11/91 | 4.1 |  |  |
| 4.2 | Indenture dated September 1, 1993, between Kimco Realty Corporation and Bank of New York (as successor to IBJ Schroder Bank and Trust Company) | S-3 | 333-67552 | 09/10/93 | 4(a) |  |  |
| 4.3 | First Supplemental Indenture, dated August 4, 1994, between Kimco Realty Corporation and Bank of New York (as successor to IBJ Schroder Bank and Trust Company) | 10-K | 1-10899 | 03/28/96 | 4.6 |  |  |
| 4.4 | Second Supplemental Indenture, dated April 7, 1995, between Kimco Realty Corporation and Bank of New York (as successor to IBJ Schroder Bank and Trust Company) | 8-K | 1-10899 | 04/07/95 | 4(a) |  |  |
| 4.5 | [Third Supplemental Indenture, dated June 2, 2006, between Kimco Realty Corporation and The Bank of New York, as Trustee](http://www.sec.gov/Archives/edgar/data/879101/000112528206003262/b413601_ex4-3.txt) | 8-K | 1-10899 | 06/05/06 | 4.1 |  |  |
| 4.6 | [Fourth Supplemental Indenture, dated April 26, 2007, between Kimco Realty Corporation and The Bank of New York, as Trustee](http://www.sec.gov/Archives/edgar/data/879101/000095012307006086/y33993exv1w3.htm) | 8-K | 1-10899 | 04/26/07 | 1.3 |  |  |
| 4.7 | [Fifth Supplemental Indenture, dated September 24, 2009, between Kimco Realty Corporation and The Bank of New York Mellon, as Trustee](http://www.sec.gov/Archives/edgar/data/879101/000139843209000364/exh4_1.htm) | 8-K | 1-10899 | 09/24/09 | 4.1 |  |  |
| 4.8 | [Sixth Supplemental Indenture, dated May 23, 2013, between Kimco Realty Corporation and The Bank of New York Mellon, as Trustee](http://www.sec.gov/Archives/edgar/data/879101/000139843213000412/exh4_1.htm) | 8-K | 1-10899 | 05/23/13 | 4.1 |  |  |
| 4.9 | [Seventh Supplemental Indenture, dated April 24, 2014, between Kimco Realty Corporation and The Bank of New York Mellon, as Trustee](http://www.sec.gov/Archives/edgar/data/879101/000139843214000177/exh4_1.htm) | 8-K | 1-10899 | 04/24/14 | 4.1 |  |  |
| 4.10 | [Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934](ex_173710.htm) | — | — | — | — | \* |  |
| 10.1 | Amended and Restated Stock Option Plan | 10-K | 1-10899 | 03/28/95 | 10.3 |  |  |
| 10.2 | [Second Amended and Restated 1998 Equity Participation Plan of Kimco Realty Corporation (restated February 25, 2009)](http://www.sec.gov/Archives/edgar/data/879101/000139843209000090/exh10_9.htm) | 10-K | 1-10899 | 02/27/09 | 10.9 |  |  |
| 10.3 | [Form of Indemnification Agreement](http://www.sec.gov/Archives/edgar/data/879101/000139843209000090/exh99_1.htm) | 10-K | 1-10899 | 02/27/09 | 99.1 |  |  |
| 10.4 | [Agency Agreement, dated July 17, 2013, by and among Kimco North Trust III, Kimco Realty Corporation and Scotia Capital Inc., RBC Dominion Securities Inc., CIBC World Markets Inc. and National Bank Financial Inc.](http://www.sec.gov/Archives/edgar/data/879101/000139843213000558/ex99-1.htm) | 10-Q | 1-10899 | 08/02/13 | 99.1 |  |  |
| 10.5 | [Kimco Realty Corporation Executive Severance Plan, dated March 15, 2010](http://www.sec.gov/Archives/edgar/data/879101/000139843210000184/exh10_5.htm) | 8-K | 1-10899 | 03/19/10 | 10.5 |  |  |
| 10.6 | [Restated Kimco Realty Corporation 2010 Equity Participation Plan](http://www.sec.gov/Archives/edgar/data/879101/000143774917003269/ex10-6.htm) | 10-K | 1-10899 | 02/27/17 | 10.6 |  |  |
| 10.7 | [Amendment No. 1 to the Kimco Realty Corporation 2010 Equity Participation Plan](http://www.sec.gov/Archives/edgar/data/879101/000143774918003230/ex_105684.htm) | 10-K | 1-10899 | 02/23/18 | 10.7 |  |  |

39

[Table of Contents](#toc)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Incorporated by Reference** | | | |  |  |
| **Exhibit**  **Number** | **Exhibit Description** | **Form** | **File No.** | **Date of**  **Filing** | **Exhibit**  **Number** | **Filed/**  **Furnished**  **Herewith** | **Page**  **Number** |
| 10.8 | [Form of Performance Share Award Grant Notice and Performance Share Award Agreement](http://www.sec.gov/Archives/edgar/data/879101/000139843210000184/exh10_8.htm) | 8-K | 1-10899 | 03/19/10 | 10.8 |  |  |
| 10.9 | [First Amendment to the Kimco Realty Corporation Executive Severance Plan, dated March 20, 2012](http://www.sec.gov/Archives/edgar/data/879101/000143774912004817/ex10-3.htm) | 10-Q | 1-10899 | 05/10/12 | 10.3 |  |  |
| 10.10 | [$1.75 Billion Amended and Restated Credit Agreement, dated March 17, 2014, among Kimco Realty Corporation, the subsidiaries of Kimco party thereto, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent](http://www.sec.gov/Archives/edgar/data/879101/000139843214000102/ex10-1.htm) | 8-K | 1-10899 | 03/20/14 | 10.1 |  |  |
| 10.11 | [$2.25 Billion Amended and Restated Credit Agreement, dated February 1, 2017, among Kimco Realty Corporation, the subsidiaries of Kimco party thereto, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent](http://www.sec.gov/Archives/edgar/data/879101/000139843217000023/exh10_1.htm) | 8-K | 1-10899 | 02/02/17 | 10.1 |  |  |
| 10.12 | [Credit Agreement, dated January 30, 2015, among Kimco Realty Corporation and each of the parties named therein](http://www.sec.gov/Archives/edgar/data/879101/000139843215000043/exh10_1.htm) | 8-K | 1-10899 | 02/05/15 | 10.1 |  |  |
| 10.13 | [Consulting Agreement, dated June 11, 2015, between Kimco Realty Corporation and David B. Henry](http://www.sec.gov/Archives/edgar/data/879101/000139843215000274/exh10_01.htm) | 8-K | 1-10899 | 06/12/15 | 10.1 |  |  |
| 21.1 | [Significant Subsidiaries of the Company](ex_171294.htm) | — | — | — | — | \* |  |
| 23.1 | [Consent of PricewaterhouseCoopers LLP](ex_171471.htm) | — | — | — | — | \* |  |
| 31.1 | [Certification of the Company’s Chief Executive Officer, Conor C. Flynn, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](ex_171291.htm) | — | — | — | — | \* |  |
| 31.2 | [Certification of the Company’s Chief Financial Officer, Glenn G. Cohen, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](ex_171292.htm) | — | — | — | — | \* |  |
| 32.1 | [Certification of the Company’s Chief Executive Officer, Conor C. Flynn, and the Company’s Chief Financial Officer, Glenn G. Cohen, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](ex_171293.htm) | — | — | — | — | \*\* |  |
| 99.1 | [Property Chart](ex_171478.htm) | — | — | — | — | \* |  |
| 101.INS | XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document | — | — | — | — | \* |  |
| 101.SCH | XBRL Taxonomy Extension Schema | — | — | — | — | \* |  |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase | — | — | — | — | \* |  |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase | — | — | — | — | \* |  |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase | — | — | — | — | \* |  |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase | — | — | — | — | \* |  |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |  |  |  |  | \* |  |
|  |  |  |  |  |  |  |  |

\* Filed herewith

\*\* Furnished herewith

40

[Table of Contents](#toc)

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

|  |  |
| --- | --- |
|  | KIMCO REALTY CORPORATION      By:     /s/ Conor C. Flynn  Conor C. Flynn  Chief Executive Officer |

Dated:     February 25, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

|  |  |  |  |
| --- | --- | --- | --- |
| Signature |  | Title | Date |
|  |  |  |  |
| /s/ Milton Cooper |  | Executive Chairman of the Board of Directors | February 25, 2020 |
| Milton Cooper |  |  |  |
|  |  |  |  |
| /s/ Conor C. Flynn |  | Chief Executive Officer and Director | February 25, 2020 |
| Conor C. Flynn |  |  |  |
|  |  |  |  |
| /s/ Frank Lourenso |  | Director | February 25, 2020 |
| Frank Lourenso |  |  |  |
|  |  |  |  |
| /s/ Richard Saltzman |  | Director | February 25, 2020 |
| Richard Saltzman |  |  |  |
|  |  |  |  |
| /s/ Philip Coviello |  | Director | February 25, 2020 |
| Philip Coviello |  |  |  |
|  |  |  |  |
| /s/ Colombe Nicholas |  | Director | February 25, 2020 |
| Colombe Nicholas |  |  |  |
|  |  |  |  |
| /s/ Mary Hogan Preusse |  | Director | February 25, 2020 |
| Mary Hogan Preusse |  |  |  |
|  |  |  |  |
| /s/ Valerie Richardson |  | Director | February 25, 2020 |
| Valerie Richardson |  |  |  |
|  |  |  |  |
| /s/ Glenn G. Cohen |  | Executive Vice President - | February 25, 2020 |
| Glenn G. Cohen |  | Chief Financial Officer and Treasurer |  |
|  |  |  |  |
| /s/ Paul Westbrook |  | Vice President - | February 25, 2020 |
| Paul Westbrook |  | Chief Accounting Officer |  |

41

[Table of Contents](#toc)

ANNUAL REPORT ON FORM 10-K

ITEM 8, ITEM 15 (a) (1) and (2)

INDEX TO FINANCIAL STATEMENTS

AND

FINANCIAL STATEMENT SCHEDULES

|  |  |  |
| --- | --- | --- |
|  | |  |
|  | | Form 10-K Page |
|  | |  |
| KIMCO REALTY CORPORATION AND SUBSIDIARIES | |  |
|  | |  |
| [Report of Independent Registered Public Accounting Firm](#actfirmrpt) | | 43 |
|  | |  |
| Consolidated Financial Statements and Financial Statement Schedules: | |  |
|  | |  |
| [Consolidated Balance Sheets as of December 31, 2019 and 2018](#balsheet) | | 44 |
|  | |  |
| [Consolidated Statements of Income for the years ended December 31, 2019, 2018 and 2017](#operations) | | 45 |
|  | |  |
| [Consolidated Statements of Comprehensive Income for the years ended December 31, 2019, 2018 and 2017](#compincome) | | 46 |
|  | |  |
| [Consolidated Statements of Changes in Equity for the years ended December 31, 2019, 2018 and 2017](#equity) | | 47 |
|  | |  |
| [Consolidated Statements of Cash Flows for the years ended December 31, 2019, 2018 and 2017](#cashflow) | | 48 |
|  | |  |
| [Notes to Consolidated Financial Statements](#notes) | | 49 |
|  | |  |
| Financial Statement Schedules: | |  |
|  | |  |
| II. | [Valuation and Qualifying Accounts years ended December 31, 2019, 2018 and 2017](#sch2) | 88 |
| III. | [Real Estate and Accumulated Depreciation as of December 31, 2019](#scthree) | 89 |
| IV. | [Mortgage Loans on Real Estate as of December 31, 2019](#sch4) | 90 |

42

[Table of Contents](#toc)

**Report of Independent Registered Public Accounting Firm**

To theBoard of Directors and Stockholders

of Kimco Realty Corporation:

***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the consolidated financial statements, including the related notes, as listed in the index appearing under Item 15(a)(1), and the financial statement schedules listed in the index appearing under Item 15(a)(2), of Kimco Realty Corporation and its subsidiaries(collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

***Definition and Limitations of Internal Control over Financial Reporting***

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

***Critical Audit Matters***

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

***Impairment of Property Carrying Values***

As described in Notes 1, 6 and 15 to the consolidated financial statements, management continuously assesses whether there are any indicators, including property operating performance, changes in anticipated holding period, general market conditions, and delays of development, that the value of the Company’s real estate assets may be impaired. To the extent management determines an impairment has occurred, the carrying value of the asset would be adjusted to an amount to reflect the estimated fair value of the asset. Management estimates fair values primarily based upon estimated sales prices from signed contracts or letters of intent from third parties, discounted cash flow models, or third party appraisals. Management’s estimated fair values which are based on discounted cash flow models include all estimated cash inflows and outflows over a specified holding period, capitalization rates and discount rates utilized in these models are based upon unobservable rates that the Company believes to be within a reasonable range of current market rates. The consolidated real estate balance, net of accumulated depreciation and amortization, was $9.2 billion as of December 31, 2019, with $48.7 million of impairment recorded for the year.

The principal considerations for our determination that performing procedures relating to the impairment of property carrying values is a critical audit matter are (i) there was significant judgment used by management when developing the discount rates and capitalization rates used in the discounted cash flow models to determine the fair value measurement related to the real estate impairment assessment, which in turn led to a high degree of auditor judgment and subjectivity in applying audit procedures related to the evaluation of discount and capitalization rates, (ii) significant audit effort was necessary in evaluating the discount rates and capitalization rates and discounted cash flow models used to estimate the fair value of certain properties, and (iii) the audit effort involved the use of professionals with specialized skill and knowledge to assist in evaluating the audit evidence obtained from these procedures.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the impairment of property carrying values, including controls over the development of significant inputs and assumptions used to determine the fair value of the properties. These procedures included, among others, evaluating the discounted cash flow model, testing the completeness, accuracy and relevance of significant inputs, and evaluating the assumptions used by management when developing the fair value measurement, including the discount rates and capitalization rates. Evaluating the discount rate and capitalization rate assumptions involved evaluating whether the assumptions were reasonable considering comparable market data, including consideration of geography and quality of the property. Professionals with specialized skill and knowledge were used, as applicable, to assist in evaluating the reasonableness of certain significant assumptions used in the Company’s cash flow projections, including the discount rates and capitalization rates.

/s/ PricewaterhouseCoopers LLP

New York, New York

February 25, 2020

We have served as the Company’s auditor since at least 1991. We have not been able to determine the specific year we began serving as auditor of the Company.

43

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31, 2019** | |  |  | **December 31, 2018** | |  |
| Assets: |  |  |  |  |  |  |  |  |
| Real estate: |  |  |  |  |  |  |  |  |
| Land |  | $ | 2,788,155 |  |  | $ | 2,822,691 |  |
| Building and improvements |  |  | 8,920,951 |  |  |  | 8,813,115 |  |
| Real estate |  |  | 11,709,106 |  |  |  | 11,635,806 |  |
| Less: accumulated depreciation and amortization |  |  | (2,500,053 | ) |  |  | (2,385,287 | ) |
| Total real estate, net |  |  | 9,209,053 |  |  |  | 9,250,519 |  |
|  |  |  |  |  |  |  |  |  |
| Real estate under development |  |  | 220,170 |  |  |  | 241,384 |  |
| Investments in and advances to real estate joint ventures |  |  | 578,118 |  |  |  | 570,922 |  |
| Other real estate investments |  |  | 194,400 |  |  |  | 192,123 |  |
| Cash and cash equivalents |  |  | 123,947 |  |  |  | 143,581 |  |
| Accounts and notes receivable, net |  |  | 218,689 |  |  |  | 184,528 |  |
| Deferred charges and prepaid expenses |  |  | 150,330 |  |  |  | 156,155 |  |
| Operating lease right-of-use assets, net |  |  | 99,125 |  |  |  | - |  |
| Other assets |  |  | 204,035 |  |  |  | 259,888 |  |
| Total assets (1) |  | $ | 10,997,867 |  |  | $ | 10,999,100 |  |
|  |  |  |  |  |  |  |  |  |
| Liabilities: |  |  |  |  |  |  |  |  |
| Notes payable, net |  | $ | 4,831,759 |  |  | $ | 4,381,456 |  |
| Mortgages and construction loan payable, net |  |  | 484,008 |  |  |  | 492,416 |  |
| Accounts payable and accrued expenses |  |  | 170,082 |  |  |  | 174,903 |  |
| Dividends payable |  |  | 126,274 |  |  |  | 130,262 |  |
| Operating lease liabilities |  |  | 92,711 |  |  |  | - |  |
| Other liabilities |  |  | 346,183 |  |  |  | 385,328 |  |
| Total liabilities (2) |  |  | 6,051,017 |  |  |  | 5,564,365 |  |
| Redeemable noncontrolling interests |  |  | 17,943 |  |  |  | 23,682 |  |
|  |  |  |  |  |  |  |  |  |
| Commitments and contingencies (Footnote 19) |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Stockholders' equity: |  |  |  |  |  |  |  |  |
| Preferred stock, $1.00 par value, authorized 7,054,000 shares; undesignated 6,019,240, and 5,996,240 shares, respectively; Issued and outstanding (in series) 19,580, and 42,580 shares, respectively. Aggregate liquidation preference $489,500, and $1,064,500, respectively |  |  | 20 |  |  |  | 43 |  |
| Common stock, $.01 par value, authorized 750,000,000 shares; issued and outstanding 431,814,951, and 421,388,879 shares, respectively |  |  | 4,318 |  |  |  | 4,214 |  |
| Paid-in capital |  |  | 5,765,233 |  |  |  | 6,117,254 |  |
| Cumulative distributions in excess of net income |  |  | (904,679 | ) |  |  | (787,707 | ) |
| Total stockholders' equity |  |  | 4,864,892 |  |  |  | 5,333,804 |  |
| Noncontrolling interests |  |  | 64,015 |  |  |  | 77,249 |  |
| Total equity |  |  | 4,928,907 |  |  |  | 5,411,053 |  |
| Total liabilities and equity |  | $ | 10,997,867 |  |  | $ | 10,999,100 |  |

|  |  |  |
| --- | --- | --- |
|  | (1) | Includes restricted assets of consolidated variable interest entities (“VIEs”) at December 31, 2019 and December 31, 2018 of $245,489 and $239,012, respectively.  See Footnote 9 of the Notes to Consolidated Financial Statements. |
|  | (2) | Includes non-recourse liabilities of consolidated VIEs at December 31, 2019 and December 31, 2018 of $153,436 and $143,186, respectively.  See Footnote 9 of the Notes to Consolidated Financial Statements. |

The accompanying notes are an integral part of these consolidated financial statements.

44

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Year Ended December 31,** | | | | | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
| Revenues |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenues from rental properties |  | $ | 1,142,334 |  |  | $ | 1,149,603 |  |  | $ | 1,183,785 |  |
| Management and other fee income |  |  | 16,550 |  |  |  | 15,159 |  |  |  | 17,049 |  |
| Total revenues |  |  | 1,158,884 |  |  |  | 1,164,762 |  |  |  | 1,200,834 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating expenses |  |  |  |  |  |  |  |  |  |  |  |  |
| Rent |  |  | (11,311 | ) |  |  | (10,929 | ) |  |  | (11,145 | ) |
| Real estate taxes |  |  | (153,659 | ) |  |  | (153,336 | ) |  |  | (157,196 | ) |
| Operating and maintenance |  |  | (171,981 | ) |  |  | (164,294 | ) |  |  | (169,552 | ) |
| General and administrative |  |  | (96,942 | ) |  |  | (87,797 | ) |  |  | (91,690 | ) |
| Provision for doubtful accounts |  |  | - |  |  |  | (6,253 | ) |  |  | (5,630 | ) |
| Impairment charges |  |  | (48,743 | ) |  |  | (79,207 | ) |  |  | (67,331 | ) |
| Depreciation and amortization |  |  | (277,879 | ) |  |  | (310,380 | ) |  |  | (360,811 | ) |
| Total operating expenses |  |  | (760,515 | ) |  |  | (812,196 | ) |  |  | (863,355 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gain on sale of properties/change in control of interests |  |  | 79,218 |  |  |  | 229,840 |  |  |  | 93,538 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating income |  |  | 477,587 |  |  |  | 582,406 |  |  |  | 431,017 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other income/(expense) |  |  |  |  |  |  |  |  |  |  |  |  |
| Other income, net |  |  | 11,814 |  |  |  | 13,041 |  |  |  | 2,559 |  |
| Interest expense |  |  | (177,395 | ) |  |  | (183,339 | ) |  |  | (191,956 | ) |
| Early extinguishment of debt charges |  |  | - |  |  |  | (12,762 | ) |  |  | (1,753 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income before income taxes, net, equity in income of joint ventures, net, gain on change in control of joint venture interests and equity in income from other real estate investments, net |  |  | 312,006 |  |  |  | 399,346 |  |  |  | 239,867 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Benefit/(provision) for income taxes, net |  |  | 3,317 |  |  |  | (1,600 | ) |  |  | 880 |  |
| Equity in income of joint ventures, net |  |  | 72,162 |  |  |  | 71,617 |  |  |  | 60,763 |  |
| Gain on change in control of joint venture interests |  |  | - |  |  |  | - |  |  |  | 71,160 |  |
| Equity in income of other real estate investments, net |  |  | 26,076 |  |  |  | 29,100 |  |  |  | 67,001 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income |  |  | 413,561 |  |  |  | 498,463 |  |  |  | 439,671 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income attributable to noncontrolling interests |  |  | (2,956 | ) |  |  | (668 | ) |  |  | (13,596 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income attributable to the Company |  |  | 410,605 |  |  |  | 497,795 |  |  |  | 426,075 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Preferred stock redemption charges |  |  | (18,528 | ) |  |  | - |  |  |  | (7,014 | ) |
| Preferred dividends |  |  | (52,089 | ) |  |  | (58,191 | ) |  |  | (46,600 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income available to the Company's common shareholders |  | $ | 339,988 |  |  | $ | 439,604 |  |  | $ | 372,461 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Per common share: |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income available to the Company's common shareholders: |  |  |  |  |  |  |  |  |  |  |  |  |
| -Basic |  | $ | 0.80 |  |  | $ | 1.02 |  |  | $ | 0.87 |  |
| -Diluted |  | $ | 0.80 |  |  | $ | 1.02 |  |  | $ | 0.87 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Weighted average shares: |  |  |  |  |  |  |  |  |  |  |  |  |
| -Basic |  |  | 420,370 |  |  |  | 420,641 |  |  |  | 423,614 |  |
| -Diluted |  |  | 421,799 |  |  |  | 421,379 |  |  |  | 424,019 |  |

The accompanying notes are an integral part of these consolidated financial statements.

45

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Year Ended December 31,** | | | | | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income |  | $ | 413,561 |  |  | $ | 498,463 |  |  | $ | 439,671 |  |
| Other comprehensive income: |  |  |  |  |  |  |  |  |  |  |  |  |
| Change in unrealized gains/losses related to available-for-sale securities |  |  | - |  |  |  | - |  |  |  | (1,542 | ) |
| Change in unrealized value on interest rate swaps |  |  | - |  |  |  | 344 |  |  |  | 631 |  |
| Change in foreign currency translation adjustments |  |  | - |  |  |  | - |  |  |  | (6,335 | ) |
| Other comprehensive income/(loss) |  |  | - |  |  |  | 344 |  |  |  | (7,246 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Comprehensive income |  |  | 413,561 |  |  |  | 498,807 |  |  |  | 432,425 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Comprehensive income attributable to noncontrolling interests |  |  | (2,956 | ) |  |  | (668 | ) |  |  | (13,596 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Comprehensive income attributable to the Company |  | $ | 410,605 |  |  | $ | 498,139 |  |  | $ | 418,829 |  |

The accompanying notes are an integral part of these consolidated financial statements.

46

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2019, 2018 and 2017

(in thousands)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Cumulative** | |  |  | **Accumulated** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Distributions in** | |  |  | **Other** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Total** | |  |  |  |  |  |  |  |  |  |
|  |  | **Excess of Net** | |  |  | **Comprehensive** | |  |  | **Preferred Stock** | | | | | |  |  | **Common Stock** | | | | | |  |  | **Paid-in** | |  |  | **Stockholders'** | |  |  | **Noncontrolling** | |  |  | **Total** | |  |
|  |  | **Income** | |  |  | **Income /(Loss)** | |  |  | **Issued** | |  |  | **Amount** | |  |  | **Issued** | |  |  | **Amount** | |  |  | **Capital** | |  |  | **Equity** | |  |  | **Interests** | |  |  | **Equity** | |  |
| Balance, January 1, 2017 |  | $ | (676,867 | ) |  | $ | 5,766 |  |  |  | 32 |  |  | $ | 32 |  |  |  | 425,034 |  |  | $ | 4,250 |  |  | $ | 5,922,958 |  |  | $ | 5,256,139 |  |  | $ | 146,735 |  |  | $ | 5,402,874 |  |
| Contributions/deemed contributions from noncontrolling interests |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 48,877 |  |  |  | 48,877 |  |
| Comprehensive income: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income |  |  | 426,075 |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 426,075 |  |  |  | 13,596 |  |  |  | 439,671 |  |
| Other comprehensive income: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Change in unrealized gains/losses on marketable securities |  |  | - |  |  |  | (1,542 | ) |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | (1,542 | ) |  |  | - |  |  |  | (1,542 | ) |
| Change in unrealized value on interest rate swaps |  |  | - |  |  |  | 631 |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 631 |  |  |  | - |  |  |  | 631 |  |
| Change in foreign currency translation adjustments |  |  | - |  |  |  | (6,335 | ) |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | (6,335 | ) |  |  | - |  |  |  | (6,335 | ) |
| Redeemable noncontrolling interests income |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | (1,297 | ) |  |  | (1,297 | ) |
| Dividends declared to common and preferred shares |  |  | (510,545 | ) |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | (510,545 | ) |  |  | - |  |  |  | (510,545 | ) |
| Distributions to noncontrolling interests |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | (13,995 | ) |  |  | (13,995 | ) |
| Issuance of common stock |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 776 |  |  |  | 8 |  |  |  | (8 | ) |  |  | - |  |  |  | - |  |  |  | - |  |
| Issuance of preferred stock |  |  | - |  |  |  | - |  |  |  | 18 |  |  |  | 18 |  |  |  | - |  |  |  | - |  |  |  | 439,401 |  |  |  | 439,419 |  |  |  | - |  |  |  | 439,419 |  |
| Surrender of restricted stock |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | (248 | ) |  |  | (2 | ) |  |  | (5,697 | ) |  |  | (5,699 | ) |  |  | - |  |  |  | (5,699 | ) |
| Exercise of common stock options |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 84 |  |  |  | - |  |  |  | 1,526 |  |  |  | 1,526 |  |  |  | - |  |  |  | 1,526 |  |
| Amortization of equity awards |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 18,983 |  |  |  | 18,983 |  |  |  | - |  |  |  | 18,983 |  |
| Redemption of preferred stock |  |  | - |  |  |  | - |  |  |  | (9 | ) |  |  | (9 | ) |  |  | - |  |  |  | - |  |  |  | (224,991 | ) |  |  | (225,000 | ) |  |  | - |  |  |  | (225,000 | ) |
| Redemption/conversion of noncontrolling interests |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 592 |  |  |  | 592 |  |  |  | (66,013 | ) |  |  | (65,421 | ) |
| Balance, December 31, 2017 |  |  | (761,337 | ) |  |  | (1,480 | ) |  |  | 41 |  |  |  | 41 |  |  |  | 425,646 |  |  |  | 4,256 |  |  |  | 6,152,764 |  |  |  | 5,394,244 |  |  |  | 127,903 |  |  |  | 5,522,147 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Impact of change in accounting principles |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ASU 2017-05 (1) |  |  | 8,098 |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 8,098 |  |  |  | - |  |  |  | 8,098 |  |
| ASU 2016-01 (1) |  |  | (1,136 | ) |  |  | 1,136 |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |
| Balance, January 1, 2018, as adjusted |  |  | (754,375 | ) |  |  | (344 | ) |  |  | 41 |  |  |  | 41 |  |  |  | 425,646 |  |  |  | 4,256 |  |  |  | 6,152,764 |  |  |  | 5,402,342 |  |  |  | 127,903 |  |  |  | 5,530,245 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Contributions/deemed contributions from noncontrolling interests |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 109 |  |  |  | 109 |  |
| Comprehensive income: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income |  |  | 497,795 |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 497,795 |  |  |  | 668 |  |  |  | 498,463 |  |
| Other comprehensive income: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Change in unrealized value on interest rate swaps |  |  | - |  |  |  | 344 |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 344 |  |  |  | - |  |  |  | 344 |  |
| Redeemable noncontrolling interests income |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | (373 | ) |  |  | (373 | ) |
| Dividends declared to common and preferred shares |  |  | (531,127 | ) |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | (531,127 | ) |  |  | - |  |  |  | (531,127 | ) |
| Distributions to noncontrolling interests |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | (2,663 | ) |  |  | (2,663 | ) |
| Issuance of common stock |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 1,101 |  |  |  | 11 |  |  |  | (11 | ) |  |  | - |  |  |  | - |  |  |  | - |  |
| Issuance of preferred stock |  |  | - |  |  |  | - |  |  |  | 2 |  |  |  | 2 |  |  |  | - |  |  |  | - |  |  |  | 33,112 |  |  |  | 33,114 |  |  |  | - |  |  |  | 33,114 |  |
| Repurchase of common stock |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | (5,100 | ) |  |  | (51 | ) |  |  | (75,075 | ) |  |  | (75,126 | ) |  |  | - |  |  |  | (75,126 | ) |
| Surrender of restricted stock |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | (300 | ) |  |  | (3 | ) |  |  | (4,357 | ) |  |  | (4,360 | ) |  |  | - |  |  |  | (4,360 | ) |
| Exercise of common stock options |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 42 |  |  |  | 1 |  |  |  | 591 |  |  |  | 592 |  |  |  | - |  |  |  | 592 |  |
| Amortization of equity awards |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 16,548 |  |  |  | 16,548 |  |  |  | - |  |  |  | 16,548 |  |
| Acquisition/deconsolidation of noncontrolling interests |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 1,203 |  |  |  | 1,203 |  |  |  | (48,395 | ) |  |  | (47,192 | ) |
| Adjustment of redeemable noncontrolling interests to estimated fair value |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | (7,521 | ) |  |  | (7,521 | ) |  |  | - |  |  |  | (7,521 | ) |
| Balance, December 31, 2018 |  |  | (787,707 | ) |  |  | - |  |  |  | 43 |  |  |  | 43 |  |  |  | 421,389 |  |  |  | 4,214 |  |  | $ | 6,117,254 |  |  |  | 5,333,804 |  |  |  | 77,249 |  |  |  | 5,411,053 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net Income attributable to the Company |  |  | 410,605 |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 410,605 |  |  |  | 2,956 |  |  |  | 413,561 |  |
| Redeemable noncontrolling interests income |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | (358 | ) |  |  | (358 | ) |
| Dividends declared to common and preferred shares |  |  | (527,577 | ) |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | (527,577 | ) |  |  | - |  |  |  | (527,577 | ) |
| Distributions to noncontrolling interests |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | (10,638 | ) |  |  | (10,638 | ) |
| Issuance of common stock |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 10,398 |  |  |  | 105 |  |  |  | 200,028 |  |  |  | 200,133 |  |  |  | - |  |  |  | 200,133 |  |
| Surrender of restricted common stock |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | (242 | ) |  |  | (3 | ) |  |  | (4,027 | ) |  |  | (4,030 | ) |  |  | - |  |  |  | (4,030 | ) |
| Exercise of common stock options |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 269 |  |  |  | 2 |  |  |  | 3,878 |  |  |  | 3,880 |  |  |  | - |  |  |  | 3,880 |  |
| Amortization of equity awards |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 19,083 |  |  |  | 19,083 |  |  |  | - |  |  |  | 19,083 |  |
| Acquisition of noncontrolling interests |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 3,994 |  |  |  | 3,994 |  |  |  | (5,194 | ) |  |  | (1,200 | ) |
| Redemption of preferred stock |  |  | - |  |  |  | - |  |  |  | (23 | ) |  |  | (23 | ) |  |  | - |  |  |  | - |  |  |  | (574,977 | ) |  |  | (575,000 | ) |  |  | - |  |  |  | (575,000 | ) |
| Balance, December 31, 2019 |  | $ | (904,679 | ) |  | $ | - |  |  |  | 20 |  |  | $ | 20 |  |  |  | 431,814 |  |  | $ | 4,318 |  |  | $ | 5,765,233 |  |  | $ | 4,864,892 |  |  | $ | 64,015 |  |  | $ | 4,928,907 |  |

|  |  |  |
| --- | --- | --- |
|  | (1) | Represents the impact of change in accounting principles for its respective Accounting Standard Updates ("ASU").  See Footnote 1 of the Notes to the Consolidated Financial Statements for additional disclosure. |

The accompanying notes are an integral part of these consolidated financial statements.

47

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Year Ended December 31,** | | | | | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash flow from operating activities: |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income |  | $ | 413,561 |  |  | $ | 498,463 |  |  | $ | 439,671 |  |
| Adjustments to reconcile net income to net cash provided by operating activities: |  |  |  |  |  |  |  |  |  |  |  |  |
| Depreciation and amortization |  |  | 277,879 |  |  |  | 310,380 |  |  |  | 360,811 |  |
| Impairment charges |  |  | 48,743 |  |  |  | 79,207 |  |  |  | 67,331 |  |
| Deferred taxes |  |  | - |  |  |  | - |  |  |  | 807 |  |
| Early extinguishment of debt charges |  |  | - |  |  |  | 12,762 |  |  |  | 1,753 |  |
| Equity award expense |  |  | 20,200 |  |  |  | 18,221 |  |  |  | 21,563 |  |
| Gain on sale of properties/change in control of interests |  |  | (79,218 | ) |  |  | (229,840 | ) |  |  | (93,538 | ) |
| Gain on change in control of joint venture interests |  |  | - |  |  |  | - |  |  |  | (71,160 | ) |
| Equity in income of joint ventures, net |  |  | (72,162 | ) |  |  | (71,617 | ) |  |  | (60,763 | ) |
| Equity in income from other real estate investments, net |  |  | (26,076 | ) |  |  | (29,100 | ) |  |  | (67,001 | ) |
| Distributions from joint ventures and other real estate investments |  |  | 93,877 |  |  |  | 104,626 |  |  |  | 58,189 |  |
| Change in accounts and notes receivable |  |  | (34,160 | ) |  |  | 5,229 |  |  |  | (7,934 | ) |
| Change in accounts payable and accrued expenses |  |  | (3,611 | ) |  |  | (9,175 | ) |  |  | 4,417 |  |
| Change in Canadian withholding tax receivable |  |  | - |  |  |  | - |  |  |  | 12,996 |  |
| Change in other operating assets and liabilities |  |  | (55,405 | ) |  |  | (51,220 | ) |  |  | (52,961 | ) |
| Net cash flow provided by operating activities |  |  | 583,628 |  |  |  | 637,936 |  |  |  | 614,181 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash flow from investing activities: |  |  |  |  |  |  |  |  |  |  |  |  |
| Acquisition of operating real estate and other related net assets |  |  | (1,957 | ) |  |  | (5,407 | ) |  |  | (153,854 | ) |
| Improvements to operating real estate |  |  | (324,821 | ) |  |  | (290,874 | ) |  |  | (206,800 | ) |
| Acquisition of real estate under development |  |  | - |  |  |  | (4,592 | ) |  |  | (10,010 | ) |
| Improvements to real estate under development |  |  | (118,841 | ) |  |  | (235,988 | ) |  |  | (160,257 | ) |
| Investment in marketable securities |  |  | (244 | ) |  |  | (63 | ) |  |  | (9,822 | ) |
| Proceeds from sale/repayments of marketable securities |  |  | 2,023 |  |  |  | 957 |  |  |  | 3,146 |  |
| Investments in and advances to real estate joint ventures |  |  | (27,665 | ) |  |  | (36,139 | ) |  |  | (35,291 | ) |
| Reimbursements of investments in and advances to real estate joint ventures |  |  | 21,759 |  |  |  | 21,127 |  |  |  | 55,839 |  |
| Investment in and advances to other real estate investments |  |  | (12,816 | ) |  |  | (524 | ) |  |  | (666 | ) |
| Reimbursements of investments in and advances to other real estate investments |  |  | 5,960 |  |  |  | 12,878 |  |  |  | 40,709 |  |
| Investment in other financing receivable |  |  | (48 | ) |  |  | (125 | ) |  |  | - |  |
| Collection of mortgage loans receivable |  |  | 10,449 |  |  |  | 22,299 |  |  |  | 1,405 |  |
| Investment in other investments |  |  | (2,500 | ) |  |  | (857 | ) |  |  | - |  |
| Proceeds from sale of operating properties |  |  | 324,280 |  |  |  | 754,731 |  |  |  | 181,321 |  |
| Proceeds from insurance casualty claims |  |  | 4,000 |  |  |  | 16,222 |  |  |  | - |  |
| Net cash flow provided by/(used for) investing activities |  |  | (120,421 | ) |  |  | 253,645 |  |  |  | (294,280 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash flow from financing activities: |  |  |  |  |  |  |  |  |  |  |  |  |
| Principal payments on debt, excluding normal amortization of rental property debt |  |  | (6,539 | ) |  |  | (204,746 | ) |  |  | (687,117 | ) |
| Principal payments on rental property debt |  |  | (12,212 | ) |  |  | (13,113 | ) |  |  | (15,186 | ) |
| Proceeds from mortgage and construction loan financings |  |  | 16,028 |  |  |  | 50,972 |  |  |  | 206,000 |  |
| Proceeds/(repayments) under the unsecured revolving credit facility, net |  |  | 100,000 |  |  |  | 92,254 |  |  |  | (17,143 | ) |
| Proceeds from issuance of unsecured notes |  |  | 350,000 |  |  |  | - |  |  |  | 1,250,000 |  |
| Repayments under unsecured notes/term loan |  |  | - |  |  |  | (315,095 | ) |  |  | (550,000 | ) |
| Financing origination costs |  |  | (7,707 | ) |  |  | (1,221 | ) |  |  | (23,305 | ) |
| Payment of early extinguishment of debt charges |  |  | (1,531 | ) |  |  | (13,308 | ) |  |  | (2,631 | ) |
| Contributions from noncontrolling interests |  |  | - |  |  |  | 109 |  |  |  | 1,422 |  |
| Redemption/distribution of noncontrolling interests |  |  | (15,134 | ) |  |  | (6,660 | ) |  |  | (96,599 | ) |
| Dividends paid |  |  | (531,565 | ) |  |  | (529,756 | ) |  |  | (506,172 | ) |
| Proceeds from issuance of stock, net |  |  | 204,012 |  |  |  | 33,705 |  |  |  | 440,946 |  |
| Redemption of preferred stock |  |  | (575,000 | ) |  |  | - |  |  |  | (225,000 | ) |
| Repurchase of common stock |  |  | - |  |  |  | (75,126 | ) |  |  | - |  |
| Change in other financing liabilities |  |  | (3,193 | ) |  |  | (4,528 | ) |  |  | 911 |  |
| Net cash flow used for financing activities |  |  | (482,841 | ) |  |  | (986,513 | ) |  |  | (223,874 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net change in cash and cash equivalents |  |  | (19,634 | ) |  |  | (94,932 | ) |  |  | 96,027 |  |
| Cash and cash equivalents, beginning of year |  |  | 143,581 |  |  |  | 238,513 |  |  |  | 142,486 |  |
| Cash and cash equivalents, end of year |  | $ | 123,947 |  |  | $ | 143,581 |  |  | $ | 238,513 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest paid during the year including payment of early extinguishment of debt charges of $1,531, $13,308 and $2,631, respectively (net of capitalized interest of $15,690, $17,549 and $14,480, respectively) |  | $ | 169,026 |  |  | $ | 199,701 |  |  | $ | 192,155 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income taxes (received)/paid during the year (net of refunds received of $3,452, $1,007 and $16,118, respectively) |  | $ | (1,106 | ) |  | $ | 514 |  |  | $ | (14,456 | ) |

The accompanying notes are an integral part of these consolidated financial statements

48

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Amounts relating to the number of buildings, square footage, tenant and occupancy data, joint venture debt average interest rates and terms and estimated project costs are unaudited.

The terms "Kimco" the "Company" and "our" each refer to Kimco Realty Corporation and its subsidiaries, unless the context indicates otherwise. In statements regarding qualification as a REIT, such terms refer solely to Kimco Reality Corporation.

1.    Summary of Significant Accounting Policies:

Business and Organization

Kimco Realty Corporation and its subsidiaries (the "Company" or "Kimco"), operate as a Real Estate Investment Trust (“REIT”) and are engaged principally in the ownership, management, development and operation of open-air shopping centers, which are anchored generally by grocery stores, off-price retailers, discounters or service-oriented tenants. Additionally, the Company provides complementary services that capitalize on the Company’s established retail real estate expertise. The Company evaluates performance on a property specific or transactional basis and does not distinguish its principal business or group its operations on a geographical basis for purposes of measuring performance. Accordingly, the Company believes it has a single reportable segment for disclosure purposes in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The Company has elected to be taxed as a REIT for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). The Company is organized and operates in a manner that enables it to qualify as a REIT under the Code.

Basis of Presentation

The accompanying Consolidated Financial Statements include the accounts of the Company. The Company’s subsidiaries include subsidiaries which are wholly owned or which the Company has a controlling interest, including where the Company has been determined to be a primary beneficiary of a variable interest entity (“VIE”) in accordance with the consolidation guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”). All inter-company balances and transactions have been eliminated in consolidation.

Use of Estimates

GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during a reporting period. The most significant assumptions and estimates relate to the valuation of real estate and related intangible assets and liabilities, equity method investments, other investments, including the assessment of impairments, as well as, depreciable lives, revenue recognition, the collectability of trade accounts receivable, realizability of deferred tax assets and the assessment of uncertain tax positions. Application of these assumptions requires the exercise of judgment as to future uncertainties, and, as a result, actual results could differ from these estimates.

Subsequent Events

The Company has evaluated subsequent events and transactions for potential recognition or disclosure in its consolidated financial statements (see Footnote 13 of the Notes to Consolidated Financial Statements).

Real Estate

Real estate assets are stated at cost, less accumulated depreciation and amortization. Upon acquisition of real estate operating properties, the Company estimates the fair value of acquired tangible assets (consisting of land, building, building improvements and tenant improvements) and identified intangible assets and liabilities (consisting of above-market and below-market leases, in-place leases and tenant relationships, where applicable), assumed debt and redeemable units issued at the date of acquisition, based on evaluation of information and estimates available at that date. Fair value is determined based on a market approach, which contemplates the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Acquisitions of operating properties are categorized as asset acquisitions and as such the Company capitalizes the acquisition costs associated with these acquisitions.

49

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

In allocating the purchase price to identified intangible assets and liabilities of an acquired property, the value of above-market and below-market leases is estimated based on the present value of the difference between the contractual amounts, including fixed rate below-market lease renewal options, to be paid pursuant to the leases and management’s estimate of the market lease rates and other lease provisions (i.e., expense recapture, base rental changes, etc.) measured over a period equal to the estimated remaining term of the lease. The capitalized above-market or below-market intangible is amortized to rental income over the estimated remaining term of the respective leases, which includes the expected renewal option period for below-market leases. Mortgage debt discounts or premiums are amortized into interest expense over the remaining term of the related debt instrument.

In determining the value of in-place leases, management considers current market conditions and costs to execute similar leases in arriving at an estimate of the carrying costs during the expected lease-up period from vacant to existing occupancy. In estimating carrying costs, management includes real estate taxes, insurance, other operating expenses, estimates of lost rental revenue during the expected lease-up periods and costs to execute similar leases including leasing commissions, legal and other related costs based on current market demand. The value assigned to in-place leases and tenant relationships is amortized over the estimated remaining term of the leases. If a lease were to be terminated prior to its scheduled expiration, all unamortized costs relating to that lease would be written off.

Depreciation and amortization are provided on the straight-line method over the estimated useful lives of the assets, as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Buildings and building improvements (in years) |  | 5 | to | 50 |
| Fixtures, leasehold and tenant improvements (including certain identified intangible assets) |  | Terms of leases or useful lives, whichever is shorter | | |

The Company periodically assesses the useful lives of its depreciable real estate assets, including those expected to be redeveloped in future periods, and accounts for any revisions prospectively. Expenditures for maintenance, repairs and demolition costs are charged to operations as incurred. Significant renovations and replacements, which improve or extend the life of the asset, are capitalized. The useful lives of amortizable intangible assets are evaluated each reporting period with any changes in estimated useful lives being accounted for over the revised remaining useful life.

When a real estate asset is identified by management as held-for-sale, the Company ceases depreciation of the asset and estimates the fair value. If the fair value of the asset, less cost to sell, is less than the net book value of the asset, an adjustment to the carrying value would be recorded to reflect the estimated fair value of the property, less estimated costs of sale and the asset is classified as other assets.

On a continuous basis, management assesses whether there are any indicators, including property operating performance, changes in anticipated holding period and general market conditions, that the value of the real estate properties (including any related amortizable intangible assets or liabilities) may be impaired. A property value is considered impaired only if management’s estimated fair value is less than the net carrying value of the property. The Company’s estimated fair value is primarily based upon (i) estimated sales prices from signed contracts or letters of intent from third party offers, (ii) discounted cash flow models of the property over its remaining hold period or (iii) third party appraisals. An impairment is recognized on properties held for use when the expected undiscounted cash flows for a property are less than its carrying amount, at which time, the property is written-down to its estimated fair value. Estimated fair values which are based on discounted cash flow models include all estimated cash inflows and outflows over a specified holding period, capitalization rates and discount rates utilized in these models are based upon unobservable rates that the Company believes to be within a reasonable range of current market rates. In addition, such cash flow models consider factors such as expected future operating income, trends and prospects, as well as the effects of demand, competition and other factors. To the extent impairment has occurred, the carrying value of the property would be adjusted to an amount to reflect the estimated fair value of the property. The Company does not have access to the unobservable inputs used to determine the estimated fair values of third party offers.

50

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

Real Estate Under Development

Real estate under development represents the development of open-air shopping center projects, which may include residential and mixed-use components, that the Company plans to hold as long-term investments. These properties are carried at cost. The cost of land and buildings under development includes specifically identifiable costs. Capitalized costs include pre-construction costs essential to the development of the property, construction costs, interest costs, real estate taxes, insurance, legal costs, salaries and related costs of personnel directly involved and other costs incurred during the period of development. The Company ceases cost capitalization when the property is held available for occupancy and placed into service. This usually occurs upon substantial completion of all development activity necessary to bring the property to the condition needed for its intended use, but no later than one year from the completion of major construction activity. However, the Company may continue to capitalize costs even though a project is substantially completed if construction is still ongoing at the site. If, in management’s opinion, the current and projected undiscounted cash flows of these assets to be held as long-term investments is less than the net carrying value plus estimated costs to complete the development, the carrying value would be adjusted to an amount that reflects the estimated fair value of the property.

Investments in Unconsolidated Joint Ventures

The Company accounts for its investments in unconsolidated joint ventures under the equity method of accounting as the Company exercises significant influence but does not control these entities. These investments are recorded initially at cost and subsequently adjusted for cash contributions, distributions and our share of earnings and losses. Earnings or losses for each investment are recognized in accordance with each respective investment agreement and where applicable, based upon an allocation of the investment’s net assets at book value as if the investment was hypothetically liquidated at the end of each reporting period.

The Company’s joint ventures primarily consist of co-investments with institutional and other joint venture partners in open-air shopping center properties, consistent with its core business. These joint ventures typically obtain non-recourse third-party financing on their property investments, thus contractually limiting the Company’s exposure to losses primarily to the amount of its equity investment; and due to the lender’s exposure to losses, a lender typically will require a minimum level of equity in order to mitigate its risk. The Company, on a limited selective basis, has obtained unsecured financing for certain joint ventures. These unsecured financings may be guaranteed by the Company with guarantees from the joint venture partners for their proportionate amounts of any guaranty payment the Company is obligated to make. As of December 31, 2019, the Company did not guaranty any unsecured joint venture debt.

To recognize the character of distributions from equity investees within its Consolidated Statements of Cash Flows, all distributions received are presumed to be returns on investment and classified as cash inflows from operating activities unless the Company’s cumulative distributions received less distributions received in prior periods that were determined to be returns of investment exceed its cumulative equity in earnings recognized by the investor (as adjusted for amortization of basis differences). When such an excess occurs, the current-period distribution up to this excess is considered a return of investment and classified as cash inflows from investing.

On a continuous basis, management assesses whether there are any indicators, including the underlying investment property operating performance and general market conditions, that the value of the Company’s investments in unconsolidated joint ventures may be impaired. An investment’s value is impaired only if management’s estimate of the fair value of the investment is less than the carrying value of the investment and such difference is deemed to be other-than-temporary. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the investment over the estimated fair value of the investment. Estimated fair values which are based on discounted cash flow models include all estimated cash inflows and outflows over a specified holding period, capitalization rates and discount rates utilized in these models are based upon unobservable rates that the Company believes to be within a reasonable range of current market rates.

The Company’s estimated fair values are based upon a discounted cash flow model for each joint venture that includes all estimated cash inflows and outflows over a specified holding period. Capitalization rates, discount rates and credit spreads utilized in these models are based upon rates that the Company believes to be within a reasonable range of current market rates.

51

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

Other Real Estate Investments and Other Assets

Other real estate investments primarily consist of preferred equity investments for which the Company provides capital to owners and developers of real estate. The Company typically accounts for its preferred equity investments on the equity method of accounting, whereby earnings for each investment are recognized in accordance with each respective investment agreement and based upon an allocation of the investment’s net assets at book value as if the investment was hypothetically liquidated at the end of each reporting period.

On a continuous basis, management assesses whether there are any indicators, including the underlying investment property operating performance and general market conditions, that the value of the Company’s Other real estate investments may be impaired. An investment’s value is impaired only if management’s estimate of the fair value of the investment is less than the carrying value of the investment and such difference is deemed to be other-than-temporary. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the investment over the estimated fair value of the investment.

The Company’s estimated fair values are based upon a discounted cash flow model for each investment that includes all estimated cash inflows and outflows over a specified holding period and, where applicable, any estimated debt premiums. Capitalization rates, discount rates and credit spreads utilized in these models are based upon rates that the Company believes to be within a reasonable range of current market rates.

Other assets include investments for which the Company applies the cost method of accounting. The Company recognizes as income distributions from net accumulated earnings of the investee since the date of acquisition. The net accumulated earnings of an investee subsequent to the date of investment are recognized by the Company only to the extent distributed by the investee. Distributions received in excess of earnings subsequent to the date of investment are considered a return of investment and are recorded as reductions of cost of the investment. For the periods presented, there have been no events or changes in circumstances that may have a significant adverse effect on the fair value of the Company's cost-method investments. Other assets include the Company’s investment in Albertsons Companies, Inc. an owner/operator of grocery stores. The Company accounts for this investment under the cost method of accounting, as it does not have significant influence over this investment (See Footnote 11 of the Notes to the Consolidated Financial Statements).

  Cash and Cash Equivalents

Cash and cash equivalents include demand deposits in banks, commercial paper and certificates of deposit with original maturities of three months or less.  Cash and cash equivalent balances may, at a limited number of banks and financial institutions, exceed insurable amounts.  The Company believes it mitigates risk by investing in or through major financial institutions and primarily in funds that are currently U.S. federal government insured up to applicable account limits.  Recoverability of investments is dependent upon the performance of the issuers.

Mortgages and Other Financing Receivables

Mortgages and other financing receivables consist of loans acquired and loans originated by the Company. Borrowers of these loans are primarily experienced owners, operators or developers of commercial real estate. The Company’s loans are primarily mortgage loans that are collateralized by real estate. Mortgages and other financing receivables are recorded at stated principal amounts, net of any discount or premium or deferred loan origination costs or fees. The related discounts or premiums on mortgages and other loans purchased are amortized or accreted over the life of the related loan receivable. The Company defers certain loan origination and commitment fees, net of certain origination costs and amortizes them as an adjustment of the loan’s yield over the term of the related loan. On a quarterly basis, the Company reviews credit quality indicators such as (i) payment status to identify performing versus non-performing loans, (ii) changes affecting the underlying real estate collateral and (iii) national and regional economic factors.

Interest income on performing loans is accrued as earned. A non-performing loan is placed on non-accrual status when it is probable that the borrower may be unable to meet interest payments as they become due. Generally, loans 90 days or more past due are placed on non-accrual status unless there is sufficient collateral to assure collectability of principal and interest. Upon the designation of non-accrual status, all unpaid accrued interest is reserved and charged against current income. Interest income on non-performing loans is generally recognized on a cash basis. Recognition of interest income on non-performing loans on an accrual basis is resumed when it is probable that the Company will be able to collect amounts due according to the contractual terms.

The Company has determined that it has one portfolio segment, primarily represented by loans collateralized by real estate, whereby it determines, as needed, reserves for loan losses on an asset-specific basis. The reserve for loan losses reflects management's estimate of loan losses as of the balance sheet date. The reserve is increased through loan loss expense and is decreased by charge-offs when losses are confirmed through the receipt of assets such as cash or via ownership control of the underlying collateral in full satisfaction of the loan upon foreclosure or when significant collection efforts have ceased.

52

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

The Company considers a loan to be impaired when, based upon current information and events, it is probable that the Company will be unable to collect all amounts due under the existing contractual terms. A reserve allowance is established for an impaired loan when the estimated fair value of the underlying collateral (for collateralized loans) or the present value of expected future cash flows is lower than the carrying value of the loan. An internal valuation is performed generally using the income approach to estimate the fair value of the collateral at the time a loan is determined to be impaired. The model is updated if circumstances indicate a significant change in value has occurred. The Company does not provide for an additional allowance for loan losses based on the grouping of loans as the Company believes the characteristics of the loans are not sufficiently similar to allow an evaluation of these loans as a group for a possible loan loss allowance. As such, all of the Company’s loans are evaluated individually for impairment purposes.

Marketable Securities

The Company classifies its marketable equity securities as available-for-sale in accordance with the FASB’s Investments-Debt and Equity Securities guidance. On January 1, 2018, the Company adopted Accounting Standards Update ("ASU") 2016-01, *Financial Instruments—Overall (Subtopic* 825*-*10*): Recognition and Measurement of Financial Assets and Financial Liabilities* (“ASU 2016-01”). In accordance with the adoption of ASU 2016-01, the Company recognizes changes in the fair value of equity investments with readily determinable fair values in net income. Previously, changes in fair value of the Company’s available-for-sale marketable securities were recognized in Accumulated other comprehensive loss (“AOCI”) on the Company’s Consolidated Balance Sheets.

All debt securities are generally classified as held-to-maturity because the Company has the positive intent and ability to hold the securities to maturity. It is more likely than not that the Company will not be required to sell the debt security before its anticipated recovery and the Company expects to recover the security’s entire amortized cost basis even if the entity does not intend to sell. Held-to-maturity securities are stated at amortized cost, adjusted for amortization of premiums and accretion of discounts to maturity.

On a continuous basis, management assesses whether there are any indicators that the value of the Company’s marketable securities may be impaired, which includes reviewing the underlying cause of any decline in value and the estimated recovery period, as well as the severity and duration of the decline. In the Company’s evaluation, the Company considers its ability and intent to hold these investments for a reasonable period of time sufficient for the Company to recover its cost basis. A marketable security is impaired if the fair value of the security is less than the carrying value of the security and such difference is deemed to be other-than-temporary. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the security over the estimated fair value in the security.

Deferred Leasing Costs

Effective January 1, 2019, in accordance with the adoption of ASU 2016-02, *Leases (Topic* 842*)* (“ASU 2016-02”), indirect internal leasing costs previously capitalized are expensed. However, external leasing costs and direct internal leasing costs will continue to be capitalized and amortized on a straight-line basis, over the terms of the related leases, as applicable. Previously, capitalized indirect internal leasing costs were deferred and included in Other assets, on the Company’s Consolidated Balance Sheets; however, upon adoption of ASU 2016-02, they are expensed and included in General and administrative expense.  Deferred leasing costs are classified as operating activities on the Company’s Consolidated Statements of Cash Flows.

53

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

Software Development Costs

Expenditures for major software purchases and software developed for internal use are capitalized and amortized on a straight-line basis generally over a three to five-year period. The Company’s policy provides for the capitalization of external direct costs of materials and services associated with developing or obtaining internal use computer software. In addition, the Company also capitalizes certain payroll and payroll-related costs for employees who are directly associated with internal use computer software projects. The amount of payroll costs that can be capitalized with respect to these employees is limited to the time directly spent on such projects. Costs associated with preliminary project stage activities, training, maintenance and all other post-implementation stage activities are expensed as incurred.  As of December 31, 2019 and 2018, the Company had unamortized software development costs of $14.5 million and $4.3 million, respectively, which are included in Other assets on the Company’s Consolidated Balance Sheets.  The Company expensed $1.7 million, $5.3 million and $4.6 million in amortization of software development costs during the years ended December 31, 2019, 2018 and 2017, respectively.

Deferred Financing Costs

Costs incurred in obtaining long-term financing, included in Notes payable, net and Mortgages and construction loan payable, net in the accompanying Consolidated Balance Sheets, are amortized on a straight-line basis, which approximates the effective interest method, over the terms of the related debt agreements, as applicable.

Revenue, Trade Accounts Receivable and Gain Recognition

On January 1, 2018, the Company adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic* 606*)*, (“Topic 606”) using the modified retrospective method applying it to any open contracts as of January 1, 2018, for which the Company did not identify any open contracts. The Company also utilized the practical expedient for which the Company was not required to restate revenue from contracts that began and were completed within the same annual reporting period. Results for reporting periods beginning after January 1, 2018, are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with our historic accounting under Revenue Recognition (Topic 605). The new guidance provides a unified model to determine how revenue is recognized. To determine the proper amount of revenue to be recognized, the Company performs the following steps: (i) identify the contract with the customer, (ii) identify the performance obligations within the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations and (v) recognize revenue when (or as) a performance obligation is satisfied. As of December 31, 2019, the Company had no outstanding contract assets or contract liabilities. The adoption of this standard did not result in any material changes to the Company’s revenue recognition as compared to the previous guidance.

The Company’s primary source of revenues are derived from lease agreements which fall under the scope of ASU 2016-02, *Leases (Topic* 842*),* (“Topic 842”), which includes rental income and expense reimbursement income. The Company also has revenues which are accounted for under Topic 606, which include fees for services performed at various unconsolidated joint ventures for which the Company is the manager. These fees primarily include property and asset management fees, leasing fees, development fees and property acquisition/disposition fees. Also affected by Topic 606 are gains on sales of properties and tax increment financing (“TIF”) contracts. The Company presents its revenue streams on the Company’s Consolidated Statements of Income as Revenues from rental properties, net and Management and other fee income.

*Revenues from rental properties, net*

Revenues from rental properties, net are comprised of minimum base rent, percentage rent, lease termination fee income, amortization of above-market and below-market rent adjustments and straight-line rent adjustments. Upon the adoption of Topic 842, the Company elected the lessor practical expedient to combine the lease and non-lease components, determined the lease component was the predominant component and as a result, accounted for the combined components under Topic 842. Non-lease components include reimbursements paid to the Company from tenants for common area maintenance costs and other operating expenses. The combined components are included in Revenues from rental properties, net on the Company’s Consolidated Statements of Income.

54

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

Base rental revenues from rental properties are recognized on a straight-line basis over the terms of the related leases. Certain of these leases also provide for percentage rents based upon the level of sales achieved by the lessee. These percentage rents are recognized once the required sales level is achieved.  Rental income may also include payments received in connection with lease termination agreements.  Lease termination fee income is recognized when the lessee provides consideration in order to terminate an existing lease agreement and has vacated the leased space. If the lessee continues to occupy the leased space for a period of time after the lease termination is agreed upon, the termination fee is accounted for as a lease modification based on the modified lease term. Capitalized above-market or below-market intangible asset or liability is amortized to rental income over the estimated remaining term of the respective leases, which includes the expected renewal option period for below-market leases.

Also included in Revenues from rental properties, net are ancillary income and TIF income. Ancillary income is derived through various agreements relating to parking lots, clothing bins, temporary storage, vending machines, ATMs, trash bins and trash collections, seasonal leases, etc. The majority of the revenue derived from these sources are through lease agreements/arrangements and are recognized in accordance with the lease terms described in the lease. The Company has TIF agreements with certain municipalities and receives payments in accordance with the agreements. TIF reimbursement income is recognized on a cash basis when received.

*Management and other fee income*

Property management fees, property acquisition and disposition fees, construction management fees, leasing fees and asset management fees all fall within the scope of Topic 606. These fees arise from contractual agreements with third parties or with entities in which the Company has a noncontrolling interest. Management and other fee income related to partially owned entities are recognized to the extent attributable to the unaffiliated interest. Property and asset management fee income is recognized as a single performance obligation (managing the property) comprised of a series of distinct services (maintaining property, handling tenant inquiries, etc.). The Company believes that the overall service of property management is substantially the same each day and has the same pattern of performance over the term of the agreement. As a result, each day of service represents a performance obligation satisfied at that point in time. These fees are recognized at the end of each period for services performed during that period, primarily billed to the customer monthly and terms for payment are payment due upon receipt.

Leasing fee income is recognized as a single performance obligation primarily upon the rent commencement date. The Company believes the leasing services it provides are similar for each available space leased and none of the individual activities necessary to facilitate the execution of each lease are distinct. These fees are billed to the customer monthly and terms for payment are payment due upon receipt.

Property acquisition and disposition fees are recognized when the Company satisfies a performance obligation by acquiring a property or transferring control of a property. These fees are billed subsequent to the acquisition or sale of the property and payment is due upon receipt.

Construction management fees are recognized as a single performance obligation (managing the construction of the project) composed of a series of distinct services. The Company believes that the overall service of construction management is substantially the same each day and has the same pattern of performance over the term of the agreement. As a result, each day of service represents a performance obligation satisfied at that point in time. These fees are based on the amount spent on the construction at the end of each period for services performed during that period, primarily billed to the customer monthly and terms for payment are payment due upon receipt.

*Trade Accounts Receivable*

The Company reviews its trade accounts receivable, including its straight-line rent receivable, related to base rents, straight-line rent, expense reimbursements and other revenues for collectability. The Company analyzes its accounts receivable, customer credit worthiness and current economic trends when evaluating the adequacy of the collectability of the lessee’s total accounts receivable balance on a lease by lease basis. In addition, tenants in bankruptcy are analyzed and considerations are made in connection with the expected recovery of pre-petition and post-petition bankruptcy claims. Effective January 1, 2019, in accordance with the adoption of Topic 842, the Company includes provision for doubtful accounts in Revenues from rental properties, net. If a lessee’s accounts receivable balance is considered uncollectible, the Company will write-off the receivable balances associated with the lease and will only recognize lease income on a cash basis. If the Company subsequently determines that it is probable it will collect the remaining lessee’s lease payments under the lease term, the Company will then reinstate the straight-line balance and the lease income will then be limited to the lesser of (i) the straight-line rental income or (ii) the lease payments that have been collected from the lessee. The Company’s reported net earnings are directly affected by management’s estimate of the collectability of its trade accounts receivable. Trade accounts receivable derived from expense reimbursements that are being disputed by the lessee, will not be written-off as it is presumed the Company will collect these receivables upon resolution with the tenant.

55

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

*Gains on sales of properties/change in control of interests*

On January 1, 2018, the Company also adopted ASU 2017-05, *Other Income–Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic* 610*-*20*): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets* (“Topic 610”) for gains and losses from the sale and/or transfer of real estate property. The Company adopted Topic 610 using the modified retrospective approach for all contracts effective January 1, 2018. Topic 610 provides that sales of nonfinancial assets, such as real estate, are to be recognized when control of the asset transfers to the buyer, which will occur when the buyer has the ability to direct the use of or obtain substantially all of the remaining benefits from the asset. This generally occurs when the transaction closes and consideration is exchanged for control of the property.

In accordance with its election to apply the modified retrospective approach for all contracts, the Company recorded a cumulative-effect adjustment of $8.1 million to its beginning retained earnings as of January 1, 2018, on the Company’s Consolidated Statements of Changes in Equity and an adjustment to Investments in and advances to real estate joint ventures on the Company’s Consolidated Balance Sheets. As of December 31, 2017, the Company had aggregate net deferred gains of $8.1 million relating to partial disposals of two operating real estate properties prior to the adoption of ASU 2017-05, of which $6.9 million was included in Investments in and advances to real estate joint ventures and $1.2 million was included in Other liabilities on the Company’s Consolidated Balance Sheets. The Company had deferred these gains in accordance with prior guidance due to its continuing involvement in the entities which acquired the operating real estate properties.

Leases

The FASB issued Topic 842, which amended the guidance in former ASC Topic 840, *Leases*. The new standard increases transparency and comparability by requiring the recognition by lessees of right-of-use (“ROU”) assets and lease liabilities on the balance sheet for those leases classified as operating leases.

The Company adopted this standard effective January 1, 2019 under the modified retrospective approach and elected the optional transition method to apply the provisions of Topic 842 as of the adoption date, rather than the earliest period presented. As such, the requirements of Topic 842 were not applied in the comparative periods presented in the Company’s Consolidated Financial Statements. The Company also elected the package of practical expedients, which permits the Company to not reassess (i) whether any expired or existing contracts are or contain leases, (ii) the lease classification for any expired or existing leases and (iii) any initial direct costs for any existing leases as of the effective date. The Company did not elect the hindsight practical expedient, which permits entities to use hindsight in determining the lease term and assessing impairment.

*Lessor*

In July 2018, the FASB issued guidance codified in ASU 2018-11, *Leases - Targeted Improvements* (“ASU 2018-11”). ASU 2018-11 provides a practical expedient, which allows lessors to combine non-lease components with the related lease components if (i) both the timing and pattern of transfer are the same for the non-lease component(s) and related lease component, and (ii) the lease component would be classified as an operating lease if accounted for separately. The single combined component is accounted for under Topic 842 if the lease component is the predominant component and is accounted for under Topic 606 if the non-lease components are the predominant components. Lessors are permitted to apply the practical expedient to all existing leases on a retrospective or prospective basis. The Company elected the practical expedient to combine its lease and non-lease components that meet the defined criteria and will account for the combined lease component under Topic 842 on a prospective basis.

56

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

As a lessor, the Company’s recognition of rental revenue under the new standard remained mainly consistent with recognition of rental revenue under the previous guidance, Topic 840, apart from the narrower definition of initial direct costs that can be capitalized. The new standard defines initial direct costs as only the incremental costs that would not have been incurred if the lease had not been obtained. Under Topic 842 initial direct costs include commissions paid to third parties, including brokers, leasing and referral agents and internal leasing commissions paid to employees for successful execution of lease agreements. These initial direct costs are capitalized and generally amortized over the term of the related leases using the straight-line method. Internal employee compensation, payroll-related benefits and certain external legal fees are considered indirect costs associated with the execution of lease agreements and will no longer be capitalized; these costs will be included in general and administrative expense. As a result of electing the package of practical expedients described above, existing leases and related initial direct costs have not been reassessed prior to the effective date, and therefore, adoption of the lease standard did not have an impact on the Company’s previously reported Consolidated Statements of Income for initial direct costs.

*Lessee*

The Company’s leases where it is the lessee primarily consist of ground leases and administrative office leases. ROU assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date of the lease and are based on the present value of lease payments over the lease term. The Company utilized an incremental borrowing rate based on the information available at adoption of Topic 842 in determining the present value of lease payments since these leases do not provide an implicit rate. Variable lease payments are excluded from the lease liabilities and corresponding ROU assets, as they are recognized in the period in which the obligation for those payments is incurred. Many of the Company’s lessee agreements include options to extend the lease, which were not included in the Company's minimum lease terms unless reasonably certain to be exercised. Rental expense for lease payments related to operating leases is recognized on a straight-line basis over the lease term. Upon the adoption of Topic 842, the Company recognized $106.0 million of ROU assets, including net intangible assets of $7.3 million, which were reclassified from Real estate, net to Operating lease right-of-use assets, net and $98.7 million of corresponding Operating lease liabilities for its operating leases on the Company’s Consolidated Balance Sheets. See Note 10 to the Company’s Consolidated Financial Statements for further details.

Income Taxes

The Company elected to qualify as a REIT for federal income tax purposes commencing with its taxable year January 1, 1992 and operates in a manner that enables the Company to qualify and maintain its status as a REIT. Accordingly, the Company generally will not be subject to federal income tax, provided that distributions to its stockholders equal at least the amount of its REIT taxable income as defined under Section 856 through 860 of the Code. Most states, where the Company holds investments in real estate, conform to the federal rules recognizing REITs.

The Company maintains certain subsidiaries which made joint elections with the Company to be treated as taxable REIT subsidiaries ("TRSs"), which permit the Company to engage through such TRSs in certain business activities that the REIT may not conduct directly. A TRS is subject to federal and state income taxes on its income, and the Company includes a provision for taxes in its consolidated financial statements.  As such, the Company, through its wholly-owned TRSs, has been engaged in various retail real estate related opportunities including retail real estate management and disposition services which primarily focuses on leasing and disposition strategies of retail real estate controlled by both healthy and distressed and/or bankrupt retailers. The Company may consider other investments through its TRSs should suitable opportunities arise. The Company is subject to and also includes in its tax provision non-U.S. income taxes on certain investments located in jurisdictions outside the U.S. These investments are held by the Company at the REIT level and not in the Company’s TRSs. Accordingly, the Company does not expect a U.S. income tax impact associated with the repatriation of undistributed earnings from the Company’s foreign subsidiaries.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The Company provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not.

The Company reviews the need to establish a valuation allowance against deferred tax assets on a quarterly basis. The review includes an analysis of various factors, such as future reversals of existing taxable temporary differences, the capacity for the carryback or carryforward of any losses, the expected occurrence of future income or loss and available tax planning strategies.

57

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

The Company applies the FASB’s guidance relating to uncertainty in income taxes recognized in a Company’s financial statements. Under this guidance the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also provides guidance on de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Noncontrolling Interests

The Company accounts for noncontrolling interests in accordance with the Consolidation guidance and the Distinguishing Liabilities from Equity guidance issued by the FASB. Noncontrolling interests represent the portion of equity that the Company does not own in those entities it consolidates. The Company identifies its noncontrolling interests separately within the equity section on the Company’s Consolidated Balance Sheets. The amounts of consolidated net earnings attributable to the Company and to the noncontrolling interests are presented separately on the Company’s Consolidated Statements of Income.

Noncontrolling interests also include amounts related to partnership units issued by consolidated subsidiaries of the Company in connection with certain property acquisitions. These units have a stated redemption value or a defined redemption amount based upon the trading price of the Company’s common stock and provides the unit holders various rates of return during the holding period. The unit holders generally have the right to redeem their units for cash at any time after one year from issuance. For convertible units, the Company typically has the option to settle redemption amounts in cash or common stock.

The Company evaluates the terms of the partnership units issued in accordance with the FASB’s Distinguishing Liabilities from Equity guidance. Convertible units for which the Company has the option to settle redemption amounts in cash or common stock are included in the caption Noncontrolling interests within the equity section on the Company’s Consolidated Balance Sheets. Units which embody a conditional obligation requiring the Company to redeem the units for cash after a specified or determinable date (or dates) or upon the occurrence of an event that is not solely within the control of the issuer are determined to be contingently redeemable under this guidance and are included as Redeemable noncontrolling interests and classified within the mezzanine section between Total liabilities and Stockholders’ equity on the Company’s Consolidated Balance Sheets.

Contingently redeemable noncontrolling interests are recorded at fair value upon issuance. Any change in the fair value or redemption value of these noncontrolling interests is subsequently recognized through Paid-in capital on the Company’s Consolidated Balance Sheets and is included in the Company’s computation of earnings per share (see Footnote 22 of the Notes to the Consolidated Financial Statements).

Stock Compensation

The Company maintains two equity participation plans, the Second Amended and Restated 1998 Equity Participation Plan (the “Prior Plan”) and the 2010 Equity Participation Plan (the “2010 Plan”) (collectively, the “Plans”). The Prior Plan provides for a maximum of 47,000,000 shares of the Company’s common stock to be issued for qualified and non-qualified stock options and restricted stock grants. Effective May 1, 2012, the 2010 Plan provides for a maximum of 10,000,000 shares of the Company’s common stock to be issued for qualified and non-qualified stock options and other awards, plus the number of shares of common stock which are or become available for issuance under the Prior Plan and which are not thereafter issued under the Prior Plan, subject to certain conditions. Unless otherwise determined by the Board of Directors at its sole discretion, stock options granted under the Plans generally vest ratably over a range of three to five years, expire ten years from the date of grant and are exercisable at the market price on the date of grant. Restricted stock grants generally vest (i) 100% on the fourth or fifth anniversary of the grant, (ii) ratably over three, four and five years or (iii) over ten years at 20% per year commencing after the fifth year. Performance share awards, which vest over a period of one to three years, may provide a right to receive shares of the Company’s common stock or restricted stock based on the Company’s performance relative to its peers, as defined, or based on other performance criteria as determined by the Board of Directors. In addition, the Plans provide for the granting of certain stock options and restricted stock to each of the Company’s non-employee directors (the “Independent Directors”) and permit such Independent Directors to elect to receive deferred stock awards in lieu of directors’ fees.

58

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

The Company accounts for equity awards in accordance with the FASB’s Stock Compensation guidance which requires that all share-based payments to employees be recognized in the Statements of Income over the service period based on their fair values. Fair value is determined, depending on the type of award, using either the Black-Scholes option pricing formula or the Monte Carlo method, both of which are intended to estimate the fair value of the awards at the grant date (see Footnote 20 of the Notes to Consolidated Financial Statements for additional disclosure on the assumptions and methodology).

Reclassifications

Certain amounts in the prior periods have been reclassified in order to conform to the current period’s presentation.  In conjunction with the adoption of Topic 842 discussed above, the Company reclassified for the years ended December 31, 2018 and 2017: (i) $246.4 million and $247.6 million of Reimbursement income, respectively, and (ii) $20.9 million and $23.6 million of Other rental property income, respectively, to Revenues from rental properties, net on the Company’s Consolidated Statements of Income.  The reclassification is solely for comparative purposes as the Company has not elected to adopt Topic 842 retrospectively.

*New Accounting Pronouncements -*

       The following table represents ASUs to the FASB’s ASCs that, as of December 31, 2019, are not yet effective for the Company and for which the Company has not elected early adoption, where permitted:

|  |  |  |  |
| --- | --- | --- | --- |
| **ASU** | **Description** | **Effective**  **Date** | **Effect on the financial**  **statements or other**  **significant matters** |
| ASU 2018-17, Consolidation (Topic 810) – Targeted Improvements to Related Party Guidance for Variable Interest Entities | The amendment to Topic 810 clarifies the following areas:  (i)   Applying the variable interest entity (VIE) guidance to private companies under common control, and  (ii)  Considering indirect interests held through related parties under common control, and for determining whether fees paid to decision makers and service providers are variable interests.    This update improves the accounting for those areas, thereby improving general purpose financial reporting. Retrospective adoption is required. | January 1, 2020; Early adoption permitted | The adoption of this ASU is not expected to have a material impact on the Company’s financial position and/or results of operations. |
| ASU 2018-15, Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract | The amendment aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. | January 1, 2020; Early adoption permitted | The adoption of this ASU is not expected to have a material impact on the Company’s financial position and/or results of operations. |
| ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement | The amendment modifies the disclosure requirements for fair value measurements in Topic 820, based on the concepts in the FASB Concepts Statement, *Conceptual Framework for Financial Reporting – Chapter* 8: *Notes to Financial Statements*, including the consideration of costs and benefits. | January 1, 2020; Early adoption permitted | The adoption of this ASU is not expected to have a material impact on the Company’s financial position and/or results of operations. |
| ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments    ASU 2018-19, Codification Improvements to Topic 326, Financial Instruments – Credit Losses    ASU 2019-05, Financial Instruments – Credit Losses (Topic 326), Targeted Transition Relief | The new guidance introduces a new model for estimating credit losses for certain types of financial instruments, including loans receivable, held-to-maturity debt securities, and net investments in direct financing leases, amongst other financial instruments. ASU 2016-13 also modifies the impairment model for available-for-sale debt securities and expands the disclosure requirements regarding an entity’s assumptions, models, and methods for estimating the allowance for losses.    In November 2018, the FASB issued ASU 2018-19, which includes amendments to (i) clarify receivables arising from operating leases are within the scope of the new leasing standard (Topic 842) discussed below and (ii) align the implementation date for nonpublic entities’ annual financial statements with the implementation date for their interim financial statements. Early adoption is permitted as of the original effective date.    In  May 2019, the FASB issued ASU 2019-05, which amends ASU 2016-13 to allow companies to irrevocably elect, upon adoption of ASU 2016-13, the fair value option on financial instruments that (i) were previously recorded at amortized cost and (ii) are within the scope of ASC 326-203 if the instruments are eligible for the fair value option under ASC 825-10.4. The fair value option election does not apply to held-to-maturity debt securities. Entities are required to make this election on an instrument-by-instrument basis. These amendments should be applied on a modified-retrospective basis by means of a cumulative-effect adjustment to the opening balance of retained earnings balance in the statement of financial position as of the date that an entity adopted the amendments in ASU 2016-13. Certain disclosures are required. The effective date will be the same as the effective date in ASU 2016-13. | January 1, 2020; Early adoption permitted | The adoption of this ASU is not expected to have a material impact on the Company’s financial position and/or results of operations. |

59

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

The following ASUs to the FASB’s ASCs have been adopted by the Company as of the date listed:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **ASU** | **Description** | | **Adoption**  **Date** | **Effect on the financial**  **statements or other**  **significant matters** |
| ASU 2019-07, Codification Updates to SEC Sections – Amendments to SEC Paragraphs Pursuant to SEC Final Rule Releases No. 33-10532, Disclosure Update and Simplification, and Nos. 33-10231 and 33-10442, Investment Company Reporting Modernization, and Miscellaneous Updates | In July 2019, the FASB issued ASU 2019-07 which clarifies or improves the disclosure and presentation requirements of a variety of codification topics by aligning them with the SEC’s regulations, thereby eliminating redundancies and making the codification easier to apply. | | Effective upon issuance ( July 2019) | The eliminated or amended disclosures did not have a material impact to the Company’s Consolidated Financial Statements. |
| ASU 2016-02, Leases (Topic 842)    ASU 2018-01, Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842    ASU 2018-10, Codification Improvements to Topic 842, Leases    ASU 2018-11, Leases (Topic 842): Targeted Improvements    ASU 2018-20, Leases (Topic 842): Narrow-Scope Improvements for Lessors    ASU 2019-01, Leases (Topic 842): Codification Improvements | This ASU sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. ASU 2016-02 supersedes the previous leases standard, Leases (Topic 840).    In January 2018, the FASB issued ASU 2018-01, which includes amendments to clarify that land easements are within the scope of the new leasing standard (Topic 842) and provide an optional transition practical expedient to not evaluate whether existing and expired land easements that were not previously accounted for as leases under current lease guidance in Topic 840 are to be accounted for or contain leases under Topic 842. Early adoption is permitted as of the original effective date.    In July 2018, the FASB issued ASU 2018-10, which includes amendments to clarify certain aspects of the new leasing standard. These amendments address the rate implicit in the lease, impairment of the net investment in the lease, lessee reassessment of lease classification, lessor reassessment of lease term and purchase options, variable payments that depend on an index or rate and certain transition adjustments.    Additionally, during July 2018, the FASB issued ASU 2018-11, which includes (i) an additional transition method to provide transition relief on comparative reporting at adoption and (ii) an amendment to provide lessors with a practical expedient to combine lease and non-lease components of a contract if certain criteria are met. Under the transition option, companies can opt to not apply the new guidance, including its disclosure requirements, in the comparative periods they present in their financial statements in the year of adoption. The practical expedient allows lessors to elect, by class of underlying asset, to combine non-lease and associated lease components when certain criteria are met and requires them to account for the combined component in accordance with new revenue standard (Topic 606) if the non-lease components are the predominant component; conversely, if a lessor determines that the lease components are the predominant component, it requires them to account for the combined component as an operating lease in accordance with the new leasing standard (Topic 842).    In December 2018, the FASB issued ASU 2018-20, which includes narrow-scope improvements for lessors. The FASB amended the new leasing standard to allow lessors to make an accounting policy election not to evaluate whether sales taxes and similar taxes imposed by a governmental authority on a specific lease revenue-producing transaction are the primary obligation of the lessor as owner of the underlying leased asset. The amendments also require a lessor to exclude lessor costs paid directly by a lessee to third parties on the lessor’s behalf from variable payments and include lessor costs that are paid by the lessor and reimbursed by the lessee in the measurement of variable lease revenue and the associated expense. In addition, the amendments clarify that when lessors allocate variable payments to lease and non-lease components they are required to follow the recognition guidance in the new leasing standard for the lease component and other applicable guidance, such as the new revenue standard, for the non-lease component.    In February 2019, the FASB issued ASU 2019-01, which includes amendments to address the following: | | January 1, 2019 | The Company adopted this standard using the modified retrospective approach.    The Company has identified certain leases and accounting policies which the adoption impacted, including its ground leases, administrative office leases, initial leasing costs and non-lease components.    See Leases policy above for further details. |
|  | (i) | Determining the fair value of the underlying asset by lessors that are not manufacturers or dealers; |  |  |
|  | (ii) | Presentation on the statement of cash flows for sales-type and direct financing leases; and |  |  |
|  | (iii) | Transition disclosures related to Topic 250, Accounting Changes and Error Corrections. |  |  |

60

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

2.    Real Estate:

The Company’s components of Real estate, net consist of the following (in thousands):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31,** | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |
| Land: |  |  |  |  |  |  |  |  |
| Developed land |  | $ | 2,759,232 |  |  | $ | 2,783,959 |  |
| Undeveloped land |  |  | 28,923 |  |  |  | 38,732 |  |
| Total land |  |  | 2,788,155 |  |  |  | 2,822,691 |  |
| Buildings and improvements: |  |  |  |  |  |  |  |  |
| Buildings |  |  | 5,661,306 |  |  |  | 5,697,269 |  |
| Building improvements |  |  | 1,840,580 |  |  |  | 1,696,440 |  |
| Tenant improvements |  |  | 771,498 |  |  |  | 730,623 |  |
| Fixtures and leasehold improvements |  |  | 31,563 |  |  |  | 42,635 |  |
| Above-market leases |  |  | 128,854 |  |  |  | 133,913 |  |
| In-place leases and tenant relationships |  |  | 487,150 |  |  |  | 512,235 |  |
| Total buildings and improvements |  |  | 8,920,951 |  |  |  | 8,813,115 |  |
| Real estate |  |  | 11,709,106 |  |  |  | 11,635,806 |  |
| Accumulated depreciation and amortization (1) |  |  | (2,500,053 | ) |  |  | (2,385,287 | ) |
| Total real estate, net |  | $ | 9,209,053 |  |  | $ | 9,250,519 |  |

|  |  |  |
| --- | --- | --- |
|  | (1) | At December 31, 2019 and 2018, the Company had accumulated amortization relating to in-place leases, tenant relationships and above-market leases aggregating $485,040 and $466,576, respectively. |

In addition, at December 31, 2019 and 2018, the Company had intangible liabilities relating to below-market leases from property acquisitions of $259.3 million and $288.4 million, respectively, net of accumulated amortization of $207.0 million and $196.4 million, respectively. These amounts are included in the caption Other liabilities on the Company’s Consolidated Balance Sheets.

The Company’s amortization associated with above-market and below-market leases for the years ended December 31, 2019, 2018 and 2017 resulted in net increases to revenue of $20.0 million, $14.9 million and $15.5 million, respectively. The Company’s amortization expense associated with in-place leases and tenant relationships, which is included in depreciation and amortization, for the years ended December 31, 2019, 2018 and 2017 was $33.1 million, $47.4 million and $62.7 million, respectively.

The estimated net amortization income/(expense) associated with the Company’s above-market and below-market leases, tenant relationships and in-place leases for the next five years are as follows (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2020** | |  |  | **2021** | |  |  | **2022** | |  |  | **2023** | |  |  | **2024** | |  |
| Above-market and below-market leases amortization, net |  | $ | 12.7 |  |  | $ | 12.5 |  |  | $ | 12.8 |  |  | $ | 11.8 |  |  | $ | 11.4 |  |
| In-place leases and tenant relationships amortization |  | $ | (30.8 | ) |  | $ | (23.4 | ) |  | $ | (18.0 | ) |  | $ | (13.7 | ) |  | $ | (10.3 | ) |

61

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

3.    Property Acquisitions:

*Acquisition/Consolidation of Operating Properties*

During the year ended December 31, 2019, the Company acquired the following operating properties, in separate transactions, through direct asset purchases or consolidation due to change in control resulting from the purchase of additional interests of a joint venture investment  (in thousands):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Month** |  |  | **Purchase Price** | | | | | | | | | | |  |  |
| **Property Name** | **Acquired/Location** | **Consolidated** |  |  | **Cash\*** |  | **Debt** | |  |  | **Other Consideration\*\*\*** | |  |  | **Total** |  | **GLA\*\*** |
| Bell Camino Out-parcel | Sun City, AZ | Jan-19 |  | $ | 5,678 |  | $ | - |  |  | $ | - |  | $ | 5,678 |  | 45 |
| Gateway at Donner Pass Out-parcel | Truckee, CA | Jan-19 |  |  | 13,527 |  |  | - |  |  |  | - |  |  | 13,527 |  | 40 |
| Rancho Penasquitos Out-parcel | San Diego, CA | Jan-19 |  |  | 12,064 |  |  | - |  |  |  | - |  |  | 12,064 |  | 40 |
| Linwood Square (1) | Indianapolis, IN | Dec-19 |  |  | 1,957 |  |  | 5,389 |  |  |  | 4,543 |  |  | 11,889 |  | 165 |
|  |  |  |  | **$** | **33,226** |  | **$** | **5,389** |  |  | **$** | **4,543** |  | **$** | **43,158** |  | **290** |

\* The Company utilized an aggregate $36.1 million associated with Internal Revenue Code 26 U.S.C. §1031 sales proceeds.

\*\* Gross leasable area ("GLA")

\*\*\* Includes the Company's previously held equity interest investment, net of noncontrolling interest of the remaining partners.

|  |  |
| --- | --- |
| (1) | The Company acquired a partner's ownership interest in a property which was held in a joint venture in which the Company had a noncontrolling interest.  The Company now has a 69.5% controlling interest in this property and has deemed this entity to be a VIE for which the Company is the primary beneficiary and consolidates the asset.  The Company evaluated this transaction pursuant to the FASB’s Consolidation guidance and, as a result, recognized a gain on change in control of interests of $0.1 million resulting from the fair value adjustment associated with the Company’s previously held equity interest, which are included in the purchase price above in Other Consideration. |

During the year ended December 31, 2018, the Company acquired two land parcels adjacent to existing shopping centers located in Ardmore, PA and Elmont, NY, in separate transactions, for an aggregate purchase price of $5.4 million.

Included in the Company’s Consolidated Statements of Income are $1.4 million, $0 million and $31.0 million in total revenues from the date of acquisition through December 31, 2019, 2018 and 2017, respectively, for operating properties acquired during each of the respective years.

*Purchase Price Allocations*

The purchase price for these acquisitions is allocated to real estate and related intangible assets acquired and liabilities assumed, as applicable, in accordance with our accounting policies for asset acquisitions. The purchase price allocations for properties acquired/consolidated during the year ended December 31, 2019, are as follows (in thousands):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Allocation as of**  **December 31, 2019** | |  |  | **Weighted-Average**  **Amortization Period**  **(in Years)** | |  |
| Land |  | $ | 11,852 |  |  |  | n/a |  |
| Buildings |  |  | 21,075 |  |  |  | 50.0 |  |
| Building improvements |  |  | 3,703 |  |  |  | 45.0 |  |
| Tenant improvements |  |  | 2,234 |  |  |  | 16.9 |  |
| In-place leases |  |  | 4,921 |  |  |  | 18.2 |  |
| Above-market leases |  |  | 203 |  |  |  | 9.0 |  |
| Below-market leases |  |  | (765 | ) |  |  | 12.0 |  |
| Total assets |  |  | 850 |  |  |  | n/a |  |
| Total liabilities |  |  | (915 | ) |  |  | n/a |  |
| Net assets acquired/consolidated |  | $ | 43,158 |  |  |  |  |  |

62

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

4.    Real Estate Under Development:

The Company's real estate under development projects and their related costs as of December 31, 2019 and 2018 are as follows (in thousands):

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **December 31,** | | | | | |  |
| **Property Name** |  | **Location** |  | **2019** | |  |  | **2018** | |  |
| Dania Pointe (1) |  | Dania Beach, FL |  | $ | 220,170 |  |  | $ | 152,111 |  |
| Mill Station (2) |  | Owings Mills, MD |  |  | - |  |  |  | 55,771 |  |
| Promenade at Christiana (3) |  | New Castle, DE |  |  | - |  |  |  | 33,502 |  |
| Total\* | | |  | $ | 220,170 |  |  | $ | 241,384 |  |

\* Includes capitalized costs of interest, real estate taxes, insurance, legal costs and payroll of $21.3 million and $24.9 million, as of December 31, 2019 and 2018, respectively.

|  |  |
| --- | --- |
| (1) | During 2019, the Company sold a land parcel at this development project for a sales price of $32.5 million, which resulted in a gain of $4.3 million, which is included in Gain on sale of properties/change in control of interests on the Company’s Consolidated Statements of Income. |
| (2) | During 2019, this development project, aggregating $80.5 million (including capitalized costs of $9.2 million), was placed in service and primarily reclassified to Land and Building and improvements on the Company’s Consolidated Balance Sheets. |

|  |  |
| --- | --- |
| (3) | During 2019, the Company reclassified this project to Land and Building and improvements on the Company’s Consolidated Balance Sheets, as a result of the Company’s intention to discontinue development of this project and to market it for sale as is. The as is estimated fair value was below the carrying value and as such, the Company recorded an impairment charge of $11.5 million during the year ended December 31, 2019. |

During 2019 and 2018, the Company capitalized (i) interest of $9.4 million and $13.9 million, respectively, (ii) real estate taxes, insurance and legal costs of $1.3 million and $2.6 million, respectively, and (iii) payroll of $1.2 million and $1.9 million, respectively, in connection with these projects while classified as real estate development projects.

5.    Dispositions of Real Estate:

*Real Estate*

The table below summarizes the Company’s disposition activity relating to operating properties and parcels, in separate transactions (dollars in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Year Ended December 31,** | | | | | | | | | |  |
|  |  | **2019 \*** | |  |  | **2018** | |  |  | **2017** | |  |
| Aggregate sales price/gross fair value |  | $ | 344.7 |  |  | $ | 1,164.3 |  |  | $ | 352.2 |  |
| Gain on sale of operating properties/change in control of interests |  | $ | 79.2 |  |  | $ | 229.8 |  |  | $ | 93.5 |  |
| Number of operating properties sold/deconsolidated |  |  | 20 |  |  |  | 54 |  |  |  | 25 |  |
| Number of out-parcels sold |  |  | 9 |  |  |  | 7 |  |  |  | 9 |  |

\* Includes the land parcel sale at Dania Pointe, noted above in Footnote 4 of the Notes to Consolidated Financial Statements.

Included in the table above, during the year ended December 31, 2018, the Company sold a portion of its investment in an operating property to its partner based on a gross fair value of $320.0 million, including $206.0 million of non-recourse mortgage debt, and amended the partnership agreement to provide for joint control of the entity. As a result of the amendment, the Company no longer consolidates the entity and as such, reduced noncontrolling interests by $43.8 million and recognized a gain on change in control of $6.8 million, in accordance with the adoption of ASU 2017-05 effective as of January 1, 2018 (see Footnote 1 of the Notes to Consolidated Financial Statements). The Company has an investment in this unconsolidated property ($62.4 million as of the date of deconsolidation), included in Investments in and advances to real estate joint ventures on the Company’s Consolidated Balance Sheets. The Company’s share of this investment is subject to change and is based upon a cash flow waterfall provision within the partnership agreement (54.8% as of the date of deconsolidation).

*Land Sales*

During 2018, the Company sold 10 land parcels, for an aggregate sales price of $9.7 million. These transactions resulted in an aggregate gain of $6.3 million, before income tax expense and noncontrolling interest for the year ended December 31, 2018. The gains from these transactions are recorded as other income, which is included in Other income, net on the Company’s Consolidated Statements of Income.

63

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

6.    Impairments:

Management assesses on a continuous basis whether there are any indicators, including property operating performance, changes in anticipated holding period, general market conditions and delays of or change in plans for development, that the value of the Company’s assets (including any related amortizable intangible assets or liabilities) may be impaired. To the extent impairment has occurred, the carrying value of the asset would be adjusted to an amount to reflect the estimated fair value of the asset.

The Company has an active capital recycling program which provides for the disposition of certain properties, typically of lesser quality assets in less desirable locations. The Company has adjusted the anticipated hold period for these properties and as a result the Company recognized impairment charges on certain operating properties (see Footnote 15 of the Notes to Consolidated Financial Statements for fair value disclosure).

The Company’s efforts to market certain assets and management’s assessment as to the likelihood and timing of such potential transactions and/or the property hold period resulted in the Company recognizing impairment charges for the years ended December 31, 2019, 2018 and 2017 as follows (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
| Properties marketed for sale (1) (2) |  | $ | 12.5 |  |  | $ | 59.5 |  |  | $ | 34.0 |  |
| Properties disposed /deeded in lieu/foreclosed(3) |  |  | 36.2 |  |  |  | 19.7 |  |  |  | 17.1 |  |
| Properties held and used (4) |  |  | - |  |  |  | - |  |  |  | 16.2 |  |
| Total net impairment charges\* |  | $ | 48.7 |  |  | $ | 79.2 |  |  | $ | 67.3 |  |

\* See Footnote 15 of the Notes to Consolidated Financial Statements for additional disclosure on fair value.

|  |  |
| --- | --- |
| (1) | These impairment charges relate to adjustments to property carrying values for properties which the Company has marketed for sale as part of its active capital recycling program and as such has adjusted the anticipated hold periods for such properties. |

|  |  |
| --- | --- |
| (2) | During December 2018, the Company recognized an impairment charge of $41.0 million related to a development project located in Jacksonville, FL, which the Company no longer intends to develop. The Company is marketing the property as is for sale. |

|  |  |
| --- | --- |
| (3) | Amounts relate to dispositions/deeds in lieu/foreclosures during the respective years shown. |
| (4) | During 2017, the Company recognized an impairment charge of $16.2 million related to a property for which the Company had re-evaluated its long-term plan for the property due to unfavorable local market conditions. |

In addition to the impairment charges above, the Company recognized impairment charges during 2019, 2018 and 2017 of $5.6 million, $6.9 million, and $4.8 million, respectively, relating to certain properties held by various unconsolidated joint ventures in which the Company holds noncontrolling interests. These impairment charges are included in Equity in income of joint ventures, net on the Company’s Consolidated Statements of Income (see Footnote 7 of the Notes to Consolidated Financial Statements).

7.    Investment in and Advances toReal Estate Joint Ventures:

The Company has investments in and advances to various real estate joint ventures. These joint ventures are engaged primarily in the operation of shopping centers which are either owned or held under long-term operating leases. The Company and the joint venture partners have joint approval rights for major decisions, including those regarding property operations. As such, the Company holds noncontrolling interests in these joint ventures and accounts for them under the equity method of accounting. The table below presents unconsolidated joint venture investments for which the Company held an ownership interest at December 31, 2019 and 2018 (in millions, except number of properties):

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **The Company's Investment** | | | | | |  |
|  |  | **Ownership** | |  |  | **as of December 31,** | | | | | |  |
| **Joint Venture** |  | **Interest** | |  |  | **2019** | |  |  | **2018** | |  |
| Prudential Investment Program (1) (2) |  |  | 15.0% |  |  | $ | 169.5 |  |  | $ | 175.2 |  |
| Kimco Income Opportunity Portfolio (“KIR”) (2) |  |  | 48.6% |  |  |  | 175.0 |  |  |  | 167.2 |  |
| Canada Pension Plan Investment Board (“CPP”) (2) |  |  | 55.0% |  |  |  | 151.7 |  |  |  | 135.0 |  |
| Other Joint Venture Programs (3) |  |  | Various |  |  |  | 81.9 |  |  |  | 93.5 |  |
| **Total\*** |  |  |  |  |  | **$** | **578.1** |  |  | **$** | **570.9** |  |

\* Representing 98 property interests and 21.3 million square feet of GLA, as of December 31, 2019, and 109 property interests and 23.2 million square feet of GLA, as of December 31, 2018.

64

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

|  |  |
| --- | --- |
| (1) | Represents four separate joint ventures, with four separate accounts managed by Prudential Global Investment Management.  One of these ventures disposed of all its properties during 2019. |

|  |  |
| --- | --- |
| (2) | The Company manages these joint venture investments and, where applicable, earns acquisition fees, leasing commissions, property management fees, asset management fees and construction management fees. |

|  |  |
| --- | --- |
| (3) | During March 2018, the Company sold a portion of its investment in an operating property to its partner and amended the partnership agreement to provide for joint control of the entity. As a result of the amendment, the Company no longer consolidates the entity. As of the date of deconsolidation, the Company had an investment in this unconsolidated property of $62.4 million. |

The table below presents the Company’s share of net income for these investments which is included in Equity in income of joint ventures, net on the Company’s Consolidated Statements of Income (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Year Ended December 31,** | | | | | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
| Prudential Investment Program (1) |  | $ | 10.4 |  |  | $ | 15.2 |  |  | $ | 13.0 |  |
| KIR |  |  | 50.3 |  |  |  | 38.7 |  |  |  | 36.7 |  |
| CPP |  |  | 5.8 |  |  |  | 5.1 |  |  |  | 7.2 |  |
| Other Joint Venture Programs (2) (3) (4) (5) |  |  | 5.7 |  |  |  | 12.6 |  |  |  | 3.9 |  |
| Total |  | **$** | **72.2** |  |  | **$** | **71.6** |  |  | **$** | **60.8** |  |

|  |  |
| --- | --- |
| (1) | During the year ended December 31, 2019, the Prudential Investment Program recognized an impairment charge on a property of $29.9 million, of which the Company’s share was $3.7 million. |

|  |  |
| --- | --- |
| (2) | During the year ended December 31, 2018, a joint venture investment distributed cash proceeds resulting from the refinancing of an existing loan of which the Company’s share was $3.6 million. This distribution was in excess of the Company’s carrying basis in this joint venture investment and to that extent was recognized as income. |

|  |  |
| --- | --- |
| (3) | During the year ended December 31, 2018, a joint venture recognized an impairment charge related to the pending foreclosure of a property, of which the Company’s share was $5.2 million. |

|  |  |
| --- | --- |
| (4) | During the year ended December 31, 2017, the Company recognized a cumulative foreign currency translation loss of $4.8 million due to the substantial liquidation of the Company’s investments in Canada during 2017. |

|  |  |
| --- | --- |
| (5) | During the year ended December 31, 2017, a joint venture recognized an impairment charge related to the pending sale of a property, of which the Company’s share was $3.4 million. |

During 2019, certain of the Company’s real estate joint ventures disposed of nine operating properties, in separate transactions, for an aggregate sales price of $247.4 million. These transactions resulted in an aggregate net gain to the Company of $14.4 million, for the year ended December 31, 2019.

During 2018, certain of the Company’s real estate joint ventures disposed of 11 operating properties, in separate transactions, for an aggregate sales price of $213.5 million. These transactions resulted in an aggregate net gain to the Company of $18.5 million, for the year ended December 31, 2018.

During 2017, certain of the Company’s real estate joint ventures disposed of or transferred interest to joint venture partners in 13 operating properties and a portion of one property, in separate transactions, for an aggregate sales price of $180.8 million. These transactions resulted in an aggregate net gain to the Company of $7.5 million, for the year ended December 31, 2017. In addition, during 2017, the Company acquired a controlling interest in three operating properties from certain joint ventures, in separate transactions, with an aggregate gross fair value of $320.1 million.

The table below presents debt balances within the Company’s unconsolidated joint venture investments for which the Company held noncontrolling ownership interests at December 31, 2019 and 2018 (dollars in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31, 2019** | | | | | | | | | |  |  | **December 31, 2018** | | | | | | | | | |  |
| **Joint Venture** |  | **Mortgages and**  **Notes Payable,**  **Net** | |  |  | **Weighted**  **Average**  **Interest**  **Rate** | |  |  | **Weighted**  **Average**  **Remaining**  **Term**  **(months)\*** | |  |  | **Mortgages and**  **Notes Payable, Net** | |  |  | **Weighted**  **Average**  **Interest**  **Rate** | |  |  | **Weighted**  **Average**  **Remaining**  **Term**  **(months)\*** | |  |
| Prudential Investment Program |  | $ | 538.1 |  |  |  | 3.46 | % |  |  | 46.8 |  |  | $ | 572.6 |  |  |  | 4.29 | % |  |  | 49.0 |  |
| KIR |  |  | 556.0 |  |  |  | 4.39 | % |  |  | 28.4 |  |  |  | 651.4 |  |  |  | 4.43 | % |  |  | 40.4 |  |
| CPP |  |  | 84.8 |  |  |  | 3.25 | % |  |  | 42.0 |  |  |  | 84.4 |  |  |  | 3.85 | % |  |  | 54.0 |  |
| Other Joint Venture Programs |  |  | 415.2 |  |  |  | 3.87 | % |  |  | 80.9 |  |  |  | 474.2 |  |  |  | 4.26 | % |  |  | 78.6 |  |
| **Total** |  | **$** | **1,594.1** |  |  |  |  |  |  |  |  |  |  | **$** | **1,782.6** |  |  |  |  |  |  |  |  |  |

\* Average remaining term includes extensions

65

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

KIR –

The Company holds a 48.6% noncontrolling limited partnership interest in KIR and has a master management agreement whereby the Company performs services for fees relating to the management, operation, supervision and maintenance of the joint venture properties.

The Company’s equity in income from KIR for the year ended December 31, 2019 exceeded 10% of the Company’s income from continuing operations before income taxes; as such the Company is providing summarized financial information for KIR as follows (in millions):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31,** | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |
| Assets: |  |  |  |  |  |  |  |  |
| Real estate, net |  | $ | 788.7 |  |  | $ | 848.7 |  |
| Other assets |  |  | 83.6 |  |  |  | 98.5 |  |
| Total Assets |  | $ | 872.3 |  |  | $ | 947.2 |  |
| Liabilities and Partners’/Members’ Capital: |  |  |  |  |  |  |  |  |
| Notes payable, net |  | $ | - |  |  | $ | 73.0 |  |
| Mortgages payable, net |  |  | 556.0 |  |  |  | 578.5 |  |
| Other liabilities |  |  | 16.3 |  |  |  | 20.0 |  |
| Members’ capital |  |  | 300.0 |  |  |  | 275.7 |  |
| Total Liabilities and Partners'/Members Capital |  | $ | 872.3 |  |  | $ | 947.2 |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Year Ended December 31,** | | | | | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
| Revenues |  | $ | 193.6 |  |  | $ | 197.2 |  |  | $ | 198.9 |  |
| Operating expenses |  |  | (51.0 | ) |  |  | (53.3 | ) |  |  | (55.5 | ) |
| Depreciation and amortization |  |  | (38.0 | ) |  |  | (42.2 | ) |  |  | (39.4 | ) |
| Gain on sale of operating properties |  |  | 32.2 |  |  |  | 13.5 |  |  |  | 9.0 |  |
| Interest expense |  |  | (28.2 | ) |  |  | (33.3 | ) |  |  | (35.3 | ) |
| Other expense, net |  |  | (1.1 | ) |  |  | (1.5 | ) |  |  | (1.5 | ) |
| Net income |  | $ | 107.5 |  |  | $ | 80.4 |  |  | $ | 76.2 |  |

Summarized financial information for the Company’s investment in and advances to all other real estate joint ventures is as follows (in millions):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31,** | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |
| Assets: |  |  |  |  |  |  |  |  |
| Real estate, net |  | $ | 2,596.9 |  |  | $ | 2,725.4 |  |
| Other assets |  |  | 140.3 |  |  |  | 128.5 |  |
| Total Assets |  | $ | 2,737.2 |  |  | $ | 2,853.9 |  |
| Liabilities and Partners’/Members’ Capital: |  |  |  |  |  |  |  |  |
| Notes payable, net |  | $ | 199.8 |  |  | $ | 199.7 |  |
| Mortgages payable, net |  |  | 838.3 |  |  |  | 931.4 |  |
| Other liabilities |  |  | 59.5 |  |  |  | 42.4 |  |
| Noncontrolling interests |  |  | 17.7 |  |  |  | 16.8 |  |
| Partners’/Members’ capital |  |  | 1,621.9 |  |  |  | 1,663.6 |  |
| Total Liabilities and Partners'/Members Capital |  | $ | 2,737.2 |  |  | $ | 2,853.9 |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Year Ended December 31,** | | | | | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
| Revenues |  | $ | 317.6 |  |  | $ | 309.1 |  |  | $ | 317.1 |  |
| Operating expenses |  |  | (99.4 | ) |  |  | (92.8 | ) |  |  | (95.1 | ) |
| Impairment charges |  |  | (39.5 | ) |  |  | (20.7 | ) |  |  | (12.8 | ) |
| Depreciation and amortization |  |  | (76.9 | ) |  |  | (80.3 | ) |  |  | (76.8 | ) |
| Gain on sale of operating properties |  |  | 15.0 |  |  |  | 46.8 |  |  |  | 17.0 |  |
| Interest expense |  |  | (47.1 | ) |  |  | (46.8 | ) |  |  | (46.6 | ) |
| Other (expense)/income, net |  |  | (14.2 | ) |  |  | (2.9 | ) |  |  | (1.5 | ) |
| Net income |  | $ | 55.5 |  |  | $ | 112.4 |  |  | $ | 101.3 |  |

66

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

Other liabilities included in the Company’s accompanying Consolidated Balance Sheets include accounts with certain real estate joint ventures totaling $3.5 million and $2.5 million at December 31, 2019 and 2018, respectively. The Company has varying equity interests in these real estate joint ventures, which may differ from their proportionate share of net income or loss recognized in accordance with GAAP.

The Company’s maximum exposure to losses associated with its unconsolidated joint ventures is primarily limited to its carrying value in these investments. Generally, such investments contain operating properties and the Company has determined these entities do not contain the characteristics of a VIE. As of December 31, 2019 and 2018, the Company’s carrying value in these investments was $578.1 million and $570.9 million, respectively.

8.    Other Real Estate Investments:

*Preferred Equity Capital –*

The Company previously provided capital to owners and developers of real estate properties through its Preferred Equity program. The Company’s maximum exposure to losses associated with its preferred equity investments is primarily limited to its net investment. As of December 31, 2019, the Company’s net investment under the Preferred Equity program was $175.3 million relating to 240 properties, including 230 net leased properties which are accounted for as direct financing leases. For the year ended December 31, 2019, the Company earned $25.8 million from its preferred equity investments, including net profit participation of $7.3 million. As of December 31, 2018, the Company’s net investment under the Preferred Equity program was $176.3 million relating to 285 properties, including 273 net leased properties which are accounted for as direct financing leases. For the year ended December 31, 2018, the Company earned $28.8 million from its preferred equity investments, including profit participation of $10.6 million.

As of December 31, 2019, these preferred equity investment properties had non-recourse mortgage loans aggregating $236.1 million (including fair market value of debt adjustments aggregating $9.3 million). These loans have scheduled maturities ranging from seven months to five years and bear interest at rates ranging from 4.19% to 10.47%. Due to the Company’s preferred position in these investments, the Company’s share of each investment is subject to fluctuation and is dependent upon property cash flows. The Company’s maximum exposure to losses associated with its preferred equity investments is primarily limited to its invested capital.

Summarized financial information relating to the Company’s preferred equity investments is as follows (in millions):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31,** | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |
| Assets: |  |  |  |  |  |  |  |  |
| Real estate, net |  | $ | 91.6 |  |  | $ | 110.4 |  |
| Other assets |  |  | 484.6 |  |  |  | 578.8 |  |
| Total Assets |  | $ | 576.2 |  |  | $ | 689.2 |  |
| Liabilities and Partners’/Members’ Capital: |  |  |  |  |  |  |  |  |
| Mortgages payable, net |  | $ | 236.1 |  |  | $ | 314.0 |  |
| Other liabilities |  |  | 2.6 |  |  |  | 3.0 |  |
| Partners’/Members’ capital |  |  | 337.5 |  |  |  | 372.2 |  |
| Total Liabilities and Partners'/Members Capital |  | $ | 576.2 |  |  | $ | 689.2 |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Year Ended December 31,** | | | | | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
| Revenues |  | $ | 66.6 |  |  | $ | 77.0 |  |  | $ | 75.4 |  |
| Operating expenses |  |  | (16.0 | ) |  |  | (15.5 | ) |  |  | (14.7 | ) |
| Depreciation and amortization |  |  | (3.2 | ) |  |  | (4.3 | ) |  |  | (4.6 | ) |
| Gain on sale of operating properties |  |  | 13.6 |  |  |  | 1.9 |  |  |  | 4.3 |  |
| Interest expense |  |  | (11.9 | ) |  |  | (16.9 | ) |  |  | (20.4 | ) |
| Other expense, net |  |  | (7.9 | ) |  |  | (8.2 | ) |  |  | (5.9 | ) |
| Net income |  | $ | 41.2 |  |  | $ | 34.0 |  |  | $ | 34.1 |  |

67

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

9.    Variable Interest Entities (“VIE”):

Included within the Company’s operating properties at December 31, 2019 and 2018, are 22 and 23 consolidated entities that are VIEs, respectively for which the Company is the primary beneficiary. These entities have been established to own and operate real estate property. The Company’s involvement with these entities is through its majority ownership and management of the properties. The entities were deemed VIEs primarily because the unrelated investors do not have substantive kick-out rights to remove the general or managing partner by a vote of a simple majority or less and they do not have substantive participating rights. The Company determined that it was the primary beneficiary of these VIEs as a result of its controlling financial interest. At December 31, 2019, total assets of these VIEs were $0.9 billion and total liabilities were $70.9 million. At December 31, 2018, total assets of these VIEs were $1.1 billion and total liabilities were $75.2 million.

The majority of the operations of these VIEs are funded with cash flows generated from the properties. The Company has not provided financial support to any of these VIEs that it was not previously contractually required to provide, which consists primarily of funding any capital expenditures, including tenant improvements, which are deemed necessary to continue to operate the entity and any operating cash shortfalls that the entity may experience.

Additionally, included within the Company’s real estate development projects at December 31, 2019 and 2018, one consolidated entity that is a VIE, for which the Company is the primary beneficiary. This entity has been established to develop a real estate property to hold as a long-term investment. The Company’s involvement with this entity is through its majority ownership and management of this property. This entity was deemed a VIE primarily because the equity investment at risk were not sufficient to permit the entity to finance its activities without additional financial support. The initial equity contributed to this entity was not sufficient to fully finance the real estate construction as development costs are funded by the partners throughout the construction period. The Company determined that it was the primary beneficiary of this VIE as a result of its controlling financial interest. At December 31, 2019, total assets of this real estate development VIE were $346.9 million and total liabilities were $82.5 million. At December 31, 2018, total assets of this real estate development VIE were $275.6 million and total liabilities were $68.0 million.

Substantially all the projected remaining development costs to be funded for this real estate development project, aggregating $40.0 million, will be funded with capital contributions from the Company, when contractually obligated. The Company has not provided financial support to this VIE that it was not previously contractually required to provide.

All liabilities of these VIEs are non-recourse to the Company (“VIE Liabilities”). The assets of the unencumbered VIEs are not restricted for use to settle only the obligations of these VIEs. The remaining VIE assets are encumbered by third party non-recourse mortgage debt. The assets associated with these encumbered VIEs (“Restricted Assets”) are collateral under the respective mortgages and are therefore restricted and can only be used to settle the corresponding liabilities of the VIE. The classification of the Restricted Assets and VIE Liabilities on the Company’s Consolidated Balance Sheets are as follows (in millions):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31, 2019** | |  |  | **December 31, 2018** | |  |
|  |  |  |  |  |  |  |  |  |
| Number of unencumbered VIEs |  |  | 19 |  |  |  | 20 |  |
| Number of encumbered VIEs |  |  | 4 |  |  |  | 4 |  |
| Total number of consolidated VIEs |  |  | 23 |  |  |  | 24 |  |
|  |  |  |  |  |  |  |  |  |
| Restricted Assets: |  |  |  |  |  |  |  |  |
| Real estate, net |  | $ | 228.9 |  |  | $ | 229.2 |  |
| Cash and cash equivalents |  |  | 9.2 |  |  |  | 4.4 |  |
| Accounts and notes receivable, net |  |  | 3.8 |  |  |  | 2.1 |  |
| Other assets |  |  | 3.6 |  |  |  | 3.3 |  |
| Total Restricted Assets |  | $ | 245.5 |  |  | $ | 239.0 |  |
|  |  |  |  |  |  |  |  |  |
| VIE Liabilities: |  |  |  |  |  |  |  |  |
| Mortgages and construction loan payable, net |  | $ | 104.5 |  |  | $ | 83.8 |  |
| Other liabilities |  |  | 48.9 |  |  |  | 59.4 |  |
| Total VIE Liabilities |  | $ | 153.4 |  |  | $ | 143.2 |  |

68

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

10.  Leases

The Company adopted Topic 842, on January 1, 2019, and as a result, recorded a ROU asset of $106.0 million and a corresponding lease liability of $98.7 million (see Footnote 1 to the Company’s Consolidated Financial Statements for further discussion on the adoption of Topic 842). As the lessee, the Company currently leases real estate space under noncancelable operating lease agreements for ground leases and administrative office leases. The Company’s leases have remaining lease terms ranging from less than one year to 52 years, some of which include options to extend the terms for up to an additional 75 years. The Company does not include any of its renewal options in its lease terms for calculating its lease liability as the renewal options allow the Company to maintain operational flexibility, and the Company is not reasonably certain it will exercise these renewal options at this time. The weighted-average remaining non-cancelable lease term for the Company’s operating leases was 21.1 years at December 31, 2019. The Company’s operating lease liabilities are determined based on the estimated present value of the Company’s minimum lease payments under its lease agreements. The discount rate used to determine the lease liabilities is based on the estimated incremental borrowing rate on a lease by lease basis. When calculating the incremental borrowing rates, the Company utilized data from (i) its recent debt issuances, (ii) publicly available data for instruments with similar characteristics, (iii) observable mortgage rates and (iv) unlevered property yields and discount rates. The Company then applied adjustments to account for considerations related to term and security that may not be fully incorporated by the data sets. The weighted-average discount rate was 6.65% at December 31, 2019.

The components of the Company’s lease expense, which are included in rent expense and general and administrative expense on the Company’s Consolidated Statements of Income, were as follows (in thousands):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **As of**  **December 31, 2019** | |  |
| Lease cost: |  |  |  |  |
| Operating lease cost |  | $ | 12,630 |  |
| Variable lease cost |  |  | 2,038 |  |
| Total lease cost |  | $ | 14,668 |  |

The table below reconciles the undiscounted cash flows for each of the first five years and total of the remaining years to the finance lease liabilities and operating lease liabilities recorded on the balance sheets (in thousands):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Year Ending December 31,** |  |  | |  |
| 2020 |  | $ | 10,715 |  |
| 2021 |  |  | 10,499 |  |
| 2022 |  |  | 9,906 |  |
| 2023 |  |  | 9,918 |  |
| 2024 |  |  | 9,016 |  |
| Thereafter |  |  | 128,589 |  |
| Total minimum lease payments |  | $ | 178,643 |  |
|  |  |  |  |  |
| Less imputed interest |  |  | (85,932 | ) |
| Total operating lease liabilities |  | $ | 92,711 |  |

       The future minimum lease payments to be paid by the Company under noncancelable operating leases as of December 31, 2018, as reported in the 2018 Annual Report on Form 10-K for the year ended December 31, 2018, are as follows (in thousands):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Year Ending December 31,** |  |  | |  |
| 2019 |  | $ | 12,206 |  |
| 2020 |  |  | 9,901 |  |
| 2021 |  |  | 9,716 |  |
| 2022 |  |  | 9,236 |  |
| 2023 |  |  | 8,936 |  |
| Thereafter |  |  | 115,788 |  |
| Total minimum lease payments |  | $ | 165,783 |  |

69

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

11.  Other Assets:

*Mortgages and Other Financing Receivables*

The Company has various mortgages and other financing receivables which consist of loans acquired and loans originated by the Company. For a complete listing of the Company’s mortgages and other financing receivables at December 31, 2019, see Financial Statement Schedule IV included in this annual report on Form 10-K.

The following table reconciles mortgage loans and other financing receivables from January 1, 2017 to December 31, 2019 (in thousands):

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
| Balance at January 1, |  | $ | 14,448 |  |  | $ | 21,838 |  |  | $ | 23,197 |  |
| Additions: |  |  |  |  |  |  |  |  |  |  |  |  |
| New mortgage loans |  |  | 3,750 |  |  |  | 14,825 |  |  |  | - |  |
| Additions under existing mortgage loans |  |  | 48 |  |  |  | - |  |  |  | - |  |
| Foreign currency translation |  |  | - |  |  |  | 116 |  |  |  | 385 |  |
| Amortization of loan discounts |  |  | 33 |  |  |  | 125 |  |  |  | 112 |  |
| Deductions: |  |  |  |  |  |  |  |  |  |  |  |  |
| Loan repayments |  |  | (10,136 | ) |  |  | (21,012 | ) |  |  | - |  |
| Charge off/foreign currency translation |  |  | - |  |  |  | (155 | ) |  |  | (449 | ) |
| Collections of principal |  |  | (313 | ) |  |  | (1,287 | ) |  |  | (1,405 | ) |
| Amortization of loan costs |  |  | (1 | ) |  |  | (2 | ) |  |  | (2 | ) |
| Balance at December 31, |  | $ | 7,829 |  |  | $ | 14,448 |  |  | $ | 21,838 |  |

The Company reviews payment status to identify performing versus non-performing loans. As of December 31, 2019, the Company had a total of seven loans, all of which were identified as performing loans.

*Albertsons –*

The Company owns 9.48% of the common stock of Albertsons Companies, Inc. ("ACI"), one of the largest food and drug retailers in the United States and accounts for this investment on the cost method. The Company's net investment in ACI is $140.2 million and is included in Other assets on the Company's Consolidated Balance Sheets. As of December 31,2019, there were no identified events or changes in circumstances that may have a significant adverse effect on the fair value of this cost method investment.

*Held-for-Sale -*

At December 31, 2018, the Company had two consolidated properties classified as held-for-sale at an aggregate carrying amount of $17.2 million, net of accumulated depreciation of $5.5 million, which are included in Other assets on the Company’s Consolidated Balance Sheets.  The Company’s determination of the fair value of the properties was based upon executed contracts of sale with third parties, which are in excess of the carrying values of the properties. There were no properties held-for-sale at December 31, 2019.

70

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

12.  Notes Payable:

As of December 31, 2019 and 2018 the Company’s Notes payable, net consisted of the following (dollars in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Carrying Amount at**  **December 31,** | | | | | |  |  | **Interest Rate at**  **December 31,** | | | | | | | | | |  |  | **Maturity Date at** | |  |
|  |  | **2019** | |  |  | **2018** | |  |  | **2019** | | | |  |  | **2018** | | | |  |  | **December 31, 2019** | |  |
| Senior unsecured notes |  | $ | 4,684.9 |  |  | $ | 4,334.9 |  |  |  | 2.70% | - | 4.45% |  |  |  | 2.70% | - | 6.88% |  |  |  | May-2021– Oct 2049 |  |
| Credit facility |  |  | 200.0 |  |  |  | 100.0 |  |  |  | (a) | | |  |  |  | (a) | | |  |  |  | Mar-2021 |  |
| Deferred financing costs, net |  |  | (53.1 | ) |  |  | (53.4 | ) |  |  | n/a | | |  |  |  | n/a | | |  |  |  | n/a |  |
|  |  | **$** | **4,831.8** |  |  | **$** | **4,381.5** |  |  |  | **3.46%\*** | | |  |  |  | **3.48%\*** | | |  |  |  |  |  |

\* Weighted-average interest rate

|  |  |  |
| --- | --- | --- |
|  | (a) | Accrues interest at a rate of LIBOR plus 0.875% (2.64% and 3.31% at December 31, 2019 and 2018, respectively). |

During the year ended December 31, 2019, the Company issued the following senior unsecured notes (dollars in millions):

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date Issued** |  | **Maturity Date** |  | **Amount Issued** | |  |  | **Interest Rate** | |  |
| Aug-19 |  | Oct-49 |  | $ | 350.0 |  |  |  | 3.70% |  |

During the year ended December 31, 2018, the Company repaid the following notes (dollars in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Type** |  | **Date Paid** |  | **Amount Repaid** | |  |  | **Interest Rate** | |  |  | **Maturity Date** |
| Senior unsecured notes (1) |  | Aug-18 |  | $ | 300.0 |  |  |  | 6.875% |  |  | Oct-19 |
| Senior unsecured notes (2) |  | Jun-18 & Jul-18 |  | $ | 15.1 |  |  |  | 3.200% |  |  | May-21 |

|  |  |  |
| --- | --- | --- |
|  | (1) | The Company recorded an early extinguishment of debt charge of $12.8 million resulting from the early repayment of these notes. |

|  |  |  |
| --- | --- | --- |
|  | (2) | Represents partial repayments. As of December 31, 2018, these notes had an outstanding balance of $484.9 million. |

The scheduled maturities of all notes payable excluding unamortized debt issuance costs of $53.1 million, as of December 31, 2019, were as follows (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2020** | |  |  | **2021** | |  |  | **2022** | |  |  | **2023** | |  |  | **2024** | |  |  | **Thereafter** | |  |  | **Total** | |  |
| Principal payments |  | $ | - |  |  | $ | 684.9 |  |  | $ | 500.0 |  |  | $ | 350.0 |  |  | $ | 400.0 |  |  | $ | 2,950.0 |  |  | $ | 4,884.9 |  |

The Company’s supplemental indentures governing its Senior Unsecured Notes contain covenants whereby the Company is subject to maintaining (a) certain maximum leverage ratios on both unsecured senior corporate and secured debt, minimum debt service coverage ratios and minimum equity levels, (b) certain debt service ratios and (c) certain asset to debt ratios. In addition, the Company is restricted from paying dividends in amounts that exceed by more than $26.0 million the funds from operations, as defined, generated through the end of the calendar quarter most recently completed prior to the declaration of such dividend; however, this dividend limitation does not apply to any distributions necessary to maintain the Company's qualification as a REIT providing the Company is in compliance with its total leverage limitations. The Company was in compliance with all of the covenants as of December 31, 2019.

Interest on the Company’s fixed-rate Senior Unsecured Notes is payable semi-annually in arrears. Proceeds from these issuances were primarily used for the acquisition of shopping centers, the expansion and improvement of properties in the Company’s portfolio and the repayment of certain debt obligations of the Company.

*Credit Facility*

The Company has a $2.25 billion unsecured revolving credit facility (the “Credit Facility”) with a group of banks, which is scheduled to expire in March 2021, with two additional six-month options to extend the maturity date, at the Company’s discretion, to March 2022. This Credit Facility, which accrues interest at a rate of LIBOR plus 87.5 basis points (2.64% as of December 31, 2019), can be increased to $2.75 billion through an accordion feature. In addition, the Credit Facility includes a $500.0 million sub-limit which provides the Company the opportunity to borrow in alternative currencies including Canadian Dollars, British Pounds Sterling, Japanese Yen or Euros. Pursuant to the terms of the Credit Facility, the Company, among other things, is subject to covenants requiring the maintenance of (i) maximum leverage ratios on both unsecured and secured debt and (ii) minimum interest and fixed coverage ratios. The Company was in compliance with all of the covenants as of December 31, 2019.   As of December 31, 2019, the Credit Facility had a balance of $200.0 million outstanding and $0.3 million appropriated for letters of credit.

71

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

13.  Mortgages and Construction Loan Payable:

Mortgages, collateralized by certain shopping center properties (see Financial Statement Schedule III included in this annual report on Form 10-K), are generally due in monthly installments of principal and/or interest.

In August 2018, the Company closed on a construction loan commitment of $67.0 million relating to one development property. This loan commitment was scheduled to mature in August 2020, with six additional six-month options to extend the maturity date to August 2023, bore interest at a rate of LIBOR plus 180 basis points (3.56% as of December 31, 2019), interest was paid monthly with a principal payment due at maturity. As of December 31, 2019, the construction loan had a balance of $67.0 million outstanding.  Subsequent to December 31, 2019, this construction loan was fully repaid.

As of December 31, 2019 and 2018, the Company’s Mortgages and construction loan payable, net consisted of the following (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Carrying Amount at**  **December 31,** | | | | | |  |  | **Interest Rate at**  **December 31,** | | | | | | | | | |  |  | **Maturity Date at** | |  |
|  |  | **2019** | |  |  | **2018** | |  |  | **2019** | | | |  |  | **2018** | | | |  |  | **December 31, 2019** | |  |
| Mortgages payable |  | $ | 410.6 |  |  | $ | 430.8 |  |  |  | 3.23% | - | 7.23% |  |  |  | 3.23% | - | 9.75% |  |  |  | May-2020 – Apr-2028 |  |
| Construction loan payable |  |  | 67.0 |  |  |  | 51.0 |  |  |  | 3.56% | | |  |  |  | 4.23% | | |  |  |  | Aug-2020 |  |
| Fair value debt adjustments, net |  |  | 7.9 |  |  |  | 13.1 |  |  |  | n/a | | |  |  |  | n/a | | |  |  |  | n/a |  |
| Deferred financing costs, net |  |  | (1.5 | ) |  |  | (2.5 | ) |  |  | n/a | | |  |  |  | n/a | | |  |  |  | n/a |  |
|  |  | **$** | **484.0** |  |  | **$** | **492.4** |  |  |  | **4.97%\*** | | |  |  |  | **4.89%\*** | | |  |  |  |  |  |

\* Weighted-average interest rate

During 2019, the Company repaid $6.6 million of mortgage debt that encumbered three operating properties. Additionally, during 2019, the Company disposed of an encumbered property through a deed in lieu transaction. This transaction resulted in a net decrease in mortgage debt of $7.0 million (including a fair market value adjustment of $0.1 million) and a gain on forgiveness of debt of $2.8 million, which is included in Other income, net in the Company’s Consolidated Statements of Income.

During 2018, the Company (i) deconsolidated $206.0 million of individual non-recourse mortgage debt relating to an operating property for which the Company no longer holds a controlling interest and (ii) repaid $205.6 million of maturing mortgage debt (including fair market value adjustments of $0.9 million) that encumbered six operating properties

During 2018, the Company disposed of an encumbered property through foreclosure. The transaction resulted in a net decrease in mortgage debt of $12.4 million. In addition, the Company recognized a gain on forgiveness of debt of $4.3 million and relief of accrued interest of $3.4 million, both of which are included in Other income, net on the Company’s Consolidated Statements of Income.

The scheduled principal payments (excluding any extension options available to the Company) of all mortgages and construction loans payable, excluding unamortized fair value debt adjustments of $7.9 million and unamortized debt issuance costs of $1.5 million, as of December 31, 2019, were as follows (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2020** | |  |  | **2021** | |  |  | **2022** | |  |  | **2023** | |  |  | **2024** | |  |  | **Thereafter** | |  |  | **Total** | |  |
| Principal payments |  | $ | 169.3 |  |  | $ | 144.8 |  |  | $ | 144.5 |  |  | $ | 15.1 |  |  | $ | 1.7 |  |  | $ | 2.2 |  |  | $ | 477.6 |  |

14.  Noncontrolling Interests/Redeemable Noncontrolling Interests:

Noncontrolling interests represent the portion of equity that the Company does not own in those entities it consolidates as a result of having a controlling interest or having determined that the Company was the primary beneficiary of a VIE in accordance with the provisions of the FASB’s Consolidation guidance.  The Company accounts and reports for noncontrolling interests in accordance with the Consolidation guidance and the Distinguishing Liabilities from Equity guidance issued by the FASB. The Company identifies its noncontrolling interests separately within the equity section on the Company’s Consolidated Balance Sheets. The amounts of consolidated net income attributable to the Company and to the noncontrolling interests are presented separately on the Company’s Consolidated Statements of Income.  During the year ended December 31, 2019, there were various acquisitions and dispositions/liquidations of entities that had an impact on noncontrolling interest. See Footnote 3 of the Notes to Consolidated Financial Statements for additional information regarding specific transactions.

72

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

*Noncontrolling interests*

The Company owns seven shopping center properties located throughout Puerto Rico. These properties were acquired partially through the issuance of $158.6 million of non-convertible units and $45.8 million of convertible units. Noncontrolling interests related to these acquisitions totaled $233.0 million of units, including premiums of $13.5 million and a fair market value adjustment of $15.1 million (collectively, the "Units"). Since the acquisition date the Company has redeemed a substantial portion of these units. As of December 31, 2019 and 2018, noncontrolling interests relating to the remaining units were $5.2 million. The Units related annual cash distribution rates and related conversion features consisted of the following as of December 31, 2019:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Type** |  | **Par Value**  **Per Unit** | |  |  | **Number of Units**  **Remaining** | |  |  | **Return Per Annum** | |  |
| Class B-1 Preferred Units (1) |  | $ | 10,000 |  |  |  | 189 |  |  |  | 7.0% |  |
| Class B-2 Preferred Units (2) |  | $ | 10,000 |  |  |  | 42 |  |  |  | 7.0% |  |
| Class C DownReit Units (1) |  | $ | 30.52 |  |  |  | 52,797 |  |  |  | Equal to the Company’s common stock dividend |  |

|  |  |  |
| --- | --- | --- |
|  | (1) | These units are redeemable for cash by the holder or at the Company’s option, shares of the Company’s common stock, based upon the conversion calculation as defined in the agreement. These units are included in Noncontrolling interests on the Company’s Consolidated Balance Sheets. |

|  |  |  |
| --- | --- | --- |
|  | (2) | These units are redeemable for cash by the holder or callable by the Company and are included in Redeemable noncontrolling interests on the Company’s Consolidated Balance Sheets. |

The Company owns a shopping center located in Bay Shore, NY, which was acquired in 2006 with the issuance of 647,758 redeemable Class B Units at a par value of $37.24 per unit. The units accrue a return equal to the Company’s common stock dividend and are redeemable for cash by the holder or at the Company’s option, shares of the Company’s common stock at a ratio of 1:1. These units are callable by the Company any time after April 3, 2026, and are included in Noncontrolling interests on the Company’s Consolidated Balance Sheets. During 2007, 30,000 units, or $1.1 million par value, of the Class B Units were redeemed and at the Company’s option settled in cash. In addition, during 2019 and 2018, 188,951 and 25,970 units, or $8.0 million and $1.1 million book value, respectively, of the Class B Units were redeemed and at the Company’s option settled in cash for $4.0 million and $0.5 million, respectively. The redemption value of these units is calculated using the 30 day weighted average closing price of the Company's common stock prior to redemption. As of December 31, 2019 and 2018, noncontrolling interest relating to the remaining Class B Units was $16.2 million and $24.3 million, respectively.

Noncontrolling interests also includes 138,015 convertible units issued during 2006 by the Company, which were valued at $5.3 million, including a fair market value adjustment of $0.3 million, related to an interest acquired in an office building located in Albany, NY. These units are currently redeemable at the option of the holder for cash or at the option of the Company for the Company’s common stock at a ratio of 1:1. The holder is entitled to a distribution equal to the dividend rate of the Company’s common stock.

*Redeemable noncontrolling interests*

Included within noncontrolling interests are units that were determined to be contingently redeemable that are classified as Redeemable noncontrolling interests and presented in the mezzanine section between Total liabilities and Stockholder’s equity on the Company’s Consolidated Balance Sheets.

The following table presents the change in the redemption value of the Redeemable noncontrolling interests for the years ended December 31, 2019 and 2018 (in thousands):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2019** | |  |  | **2018** | |  |
| Balance at January 1, |  | $ | 23,682 |  |  | $ | 16,143 |  |
| Income |  |  | 358 |  |  |  | 373 |  |
| Distributions |  |  | (345 | ) |  |  | (355 | ) |
| Redemption of redeemable units (1) |  |  | (5,752 | ) |  |  | - |  |
| Adjustment to estimated redemption value (2) |  |  | - |  |  |  | 7,521 |  |
| Balance at December 31, |  | **$** | **17,943** |  |  | **$** | **23,682** |  |

|  |  |  |
| --- | --- | --- |
|  | (1) | During 2019, the Company redeemed all 5,223,313 Class A Units for a total redemption price of $5.8 million. |
|  | (2) | During the year ended December 31, 2018, the Company recorded an adjustment of $7.5 million to the estimated redemption fair market value of this noncontrolling interest in accordance with the provisions of the joint venture agreement and ASC 480 – Accounting for Redeemable Equity Instruments.  The Company assesses the fair market value of this noncontrolling interest on a recurring basis and determined that its valuation was classified within Level 3 of the fair value hierarchy.  The estimated fair market value of this noncontrolling interest was based upon a discounted cash flow model, for which a capitalization rate of 5.00% and discount rate of 6.00% were utilized in the model based upon unobservable rates that the Company believes to be within a reasonable range of current market rates.  No adjustment to fair value was required during the year ended December 31, 2019. |

73

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

15.  Fair Value Disclosure of Financial Instruments:

All financial instruments of the Company are reflected in the accompanying Consolidated Balance Sheets at amounts which, in management’s estimation, based upon an interpretation of available market information and valuation methodologies, reasonably approximate their fair values except those listed below, for which fair values are disclosed. The valuation method used to estimate fair value for fixed-rate and variable-rate debt is based on discounted cash flow analyses, with assumptions that include credit spreads, market yield curves, trading activity, loan amounts and debt maturities. The fair values for marketable securities are based on published values, securities dealers’ estimated market values or comparable market sales. Such fair value estimates are not necessarily indicative of the amounts that would be realized upon disposition.

As a basis for considering market participant assumptions in fair value measurements, the FASB’s Fair Value Measurements and Disclosures guidance establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity’s own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The following are financial instruments for which the Company’s estimate of fair value differs from the carrying amounts (in thousands):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31,** | | | | | | | | | | | | | |  |
|  |  | **2019** | | | | | |  |  | **2018** | | | | | |  |
|  |  | **Carrying**  **Amounts** | |  |  | **Estimated**  **Fair Value** | |  |  | **Carrying**  **Amounts** | |  |  | **Estimated**  **Fair Value** | |  |
| Notes payable, net (1) |  | $ | 4,831,759 |  |  | $ | 4,983,763 |  |  | $ | 4,381,456 |  |  | $ | 4,126,450 |  |
| Mortgages and construction loan payable, net (2) |  | $ | 484,008 |  |  | $ | 486,042 |  |  | $ | 492,416 |  |  | $ | 486,341 |  |

|  |  |  |
| --- | --- | --- |
|  | (1) | The Company determined that the valuation of its Senior Unsecured Notes were classified within Level 2 of the fair value hierarchy and its Credit Facility was classified within Level 3 of the fair value hierarchy. The estimated fair value amounts classified as Level 2 as of December 31, 2019 and 2018, were $4.8 billion and $4.0 billion, respectively. The estimated fair value amounts classified as Level 3 as of December 31, 2019 and 2018, were $199.9 million and $97.6 million, respectively. |

|  |  |  |
| --- | --- | --- |
|  | (2) | The Company determined that its valuation of these Mortgages payable was classified within Level 3 of the fair value hierarchy. |

The Company has certain financial instruments that must be measured under the FASB’s Fair Value Measurements and Disclosures guidance, including available for sale securities. The Company currently does not have non-financial assets and non-financial liabilities that are required to be measured at fair value on a recurring basis.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The Company from time to time has used interest rate swaps to manage its interest rate risk. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts).  The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.  Based on these inputs, the Company has determined that interest rate swap valuations are classified within Level 2 of the fair value hierarchy.

74

[Table of Contents](#toc)

The tables below present the Company’s financial assets measured at fair value on a recurring basis as of December 31, 2019 and 2018, aggregated by the level in the fair value hierarchy within which those measurements fall (in thousands):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Balance at**  **December 31, 2019** | |  |  | **Level 1** | |  |  | **Level 2** | |  |  | **Level 3** | |  |
| **Assets:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Marketable equity securities (1) |  | $ | 9,353 |  |  | $ | 9,353 |  |  | $ | - |  |  | $ | - |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Balance at**  **December 31, 2018** | |  |  | **Level 1** | |  |  | **Level 2** | |  |  | **Level 3** | |  |
| **Assets:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Marketable equity securities (1) |  | $ | 9,045 |  |  | $ | 9,045 |  |  | $ | - |  |  | $ | - |  |

|  |  |  |
| --- | --- | --- |
|  | (1) | Included in Other Assets on the Company's Consolidated Balance Sheets. |

Assets measured at fair value on a non-recurring basis at December 31, 2019 and 2018 are as follows (in thousands):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Balance at**  **December 31, 2019** | |  |  | **Level 1** | |  |  | **Level 2** | |  |  | **Level 3** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Real estate |  | $ | 39,510 |  |  | $ | - |  |  | $ | - |  |  | $ | 39,510 |  |
| Other real estate investments |  | $ | 32,974 |  |  | $ | - |  |  | $ | - |  |  | $ | 32,974 |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Balance at**  **December 31, 2018** | |  |  | **Level 1** | |  |  | **Level 2** | |  |  | **Level 3** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Real estate |  | $ | 99,693 |  |  | $ | - |  |  | $ | - |  |  | $ | 99,693 |  |
| Investments in real estate joint ventures (1) |  | $ | 62,429 |  |  | $ | - |  |  | $ | - |  |  | $ | 62,429 |  |

|  |  |  |
| --- | --- | --- |
|  | (1) | Fair value measurement as of date of deconsolidation. See Footnotes 5 and 7 to the Notes to the Consolidated Financial Statements. |

During the year ended December 31, 2019, the Company recognized impairment charges related to adjustments to property carrying values of $48.7 million. The Company’s estimated fair values of these properties were primarily based upon estimated sales prices from (i) signed contracts or letters of intent from third party offers or (ii) discounted cash flow models. The Company does not have access to the unobservable inputs used to determine the estimated fair values of third party offers. For the discounted cash flow model, the capitalization rate was 10.50% and the discount rate was 11.50% which were utilized in the model based upon unobservable rates that the Company believes to be within a reasonable range of current market rates for the investment. Based on these inputs, the Company determined that its valuation of this investment was classified within Level 3 of the fair value hierarchy.

During the year ended December 31, 2018, the Company recognized impairment charges related to adjustments to property carrying values of $79.2 million. The Company’s estimated fair values of these properties were primarily based upon estimated sales prices from (i) signed contracts or letters of intent from third party offers, (ii) discounted cash flow models or (iii) third party appraisals. The Company does not have access to the unobservable inputs used to determine the estimated fair values of third party offers. For the discounted cash flow models and appraisals, the capitalization rates primarily range from 8.50% to 9.75% and discount rates primarily range from 9.25% to 11.25% which were utilized in the models based upon unobservable rates that the Company believes to be within a reasonable range of current market rates for each respective investment. Based on these inputs, the Company determined that its valuation of these investments was classified within Level 3 of the fair value hierarchy.

The property carrying value impairment charges resulted from the Company’s efforts to market certain assets and management’s assessment as to the likelihood and timing of such potential transactions.

75

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

16.  Preferred Stock, Common Stock and Convertible Unit Transactions:

*Preferred Stock*

The Company’s outstanding Preferred Stock is detailed below (in thousands, except share data and par values):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **As of December 31, 2019** | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Class of**  **Preferred**  **Stock** |  | **Shares**  **Authorized** | |  |  | **Shares**  **Issued and**  **Outstanding** | |  |  | **Liquidation**  **Preference**  **(in thousands)** | |  |  | **Dividend**  **Rate** | |  |  | **Annual**  **Dividend per**  **Depositary**  **Share** | |  |  | **Par**  **Value** | |  | **Optional**  **Redemption**  **Date** |
| Class L |  |  | 10,350 |  |  |  | 9,000 |  |  | $ | 225,000 |  |  |  | 5.125 | % |  | $ | 1.28125 |  |  | $ | 1.00 |  | 8/16/2022 |
| Class M |  |  | 10,580 |  |  |  | 10,580 |  |  |  | 264,500 |  |  |  | 5.250 | % |  | $ | 1.31250 |  |  | $ | 1.00 |  | 12/20/2022 |
|  |  |  |  |  |  |  | 19,580 |  |  | $ | 489,500 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **As of December 31, 2018** | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Class of**  **Preferred**  **Stock** |  | **Shares**  **Authorized** | |  |  | **Shares**  **Issued and**  **Outstanding** | |  |  | **Liquidation**  **Preference**  **(in thousands)** | |  |  | **Dividend**  **Rate** | |  |  | **Annual**  **Dividend per**  **Depositary**  **Share** | |  |  | **Par**  **Value** | |  | **Optional**  **Redemption**  **Date** |
| Class I |  |  | 18,400 |  |  |  | 7,000 |  |  | $ | 175,000 |  |  |  | 6.000 | % |  | $ | 1.50000 |  |  | $ | 1.00 |  | 3/20/2017 |
| Class J |  |  | 9,000 |  |  |  | 9,000 |  |  |  | 225,000 |  |  |  | 5.500 | % |  | $ | 1.37500 |  |  | $ | 1.00 |  | 7/25/2017 |
| Class K |  |  | 8,050 |  |  |  | 7,000 |  |  |  | 175,000 |  |  |  | 5.625 | % |  | $ | 1.40625 |  |  | $ | 1.00 |  | 12/7/2017 |
| Class L |  |  | 10,350 |  |  |  | 9,000 |  |  |  | 225,000 |  |  |  | 5.125 | % |  | $ | 1.28125 |  |  | $ | 1.00 |  | 8/16/2022 |
| Class M (1) |  |  | 10,580 |  |  |  | 10,580 |  |  |  | 264,500 |  |  |  | 5.250 | % |  | $ | 1.31250 |  |  | $ | 1.00 |  | 12/20/2022 |
|  |  |  |  |  |  |  | 42,580 |  |  | $ | 1,064,500 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |
| --- | --- |
| (1) | During January 2018, the underwriting financial institutions for the Class M issuance elected to exercise the over-allotment option and as a result, the Company issued an additional 1,380,000 Class M Depositary Shares, each representing a one-thousandth fractional interest in a share of the Company's 5.250% Class M Cumulative Redeemable Preferred Stock, $1.00 par value per share. The Company received net proceeds before expenses of $33.4 million from this offering. |

The following Preferred Stock classes were redeemed during the year ended December 31, 2019:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Class of Preferred**  **Stock** |  | **Redemption**  **Date** |  | **Depositary**  **Shares**  **Redeemed** | |  |  | **Redemption**  **Price per Depositary Share** | |  |  | **Redemption**  **Amount**  **(in millions)** | |  |  | **Redemption**  **Charges**  **(in millions) (1)** | |  |
| Class J |  | 12/31/2019 |  |  | 9,000,000 |  |  | $ | 25.00 |  |  | $ | 225.0 |  |  | $ | 7.1 |  |
| Class I |  | 9/14/2019 |  |  | 7,000,000 |  |  | $ | 25.00 |  |  | $ | 175.0 |  |  | $ | 5.5 |  |
| Class K |  | 9/14/2019 |  |  | 7,000,000 |  |  | $ | 25.00 |  |  | $ | 175.0 |  |  | $ | 5.9 |  |

|  |  |
| --- | --- |
| (1) | Redemption charges resulting from the difference between the redemption amount and the carrying amount of the respective preferred stock class on the Company’s Consolidated Balance Sheets are accounted for in accordance with the FASB’s guidance on Distinguishing Liabilities from Equity. These charges were subtracted from net income attributable to the Company to arrive at net income available to the Company’s common shareholders and used in the calculation of earnings per share. |

The Company’s Preferred Stock Depositary Shares for all classes are not convertible or exchangeable for any other property or securities of the Company.

Voting Rights - The Class L and M Preferred Stock rank pari passu as to voting rights, priority for receiving dividends and liquidation preference as set forth below.

As to any matter on which the Class L or M Preferred Stock may vote, including any actions by written consent, each share of the Class L or M Preferred Stock shall be entitled to 1,000 votes, each of which 1,000 votes may be directed separately by the holder thereof. With respect to each share of Class L or M Preferred Stock, the holder thereof may designate up to 1,000 proxies, with each such proxy having the right to vote a whole number of votes (totaling 1,000 votes per share of Class L or M Preferred Stock). As a result, each Class L or M Depositary Share is entitled to one vote.

*Liquidation Rights*

In the event of any liquidation, dissolution or winding up of the affairs of the Company, preferred stock holders are entitled to be paid, out of the assets of the Company legally available for distribution to its stockholders, a liquidation preference of  $25,000 per share of Class L Preferred Stock and $25,000 per share of Class M Preferred Stock ($25.00 per each Class L and Class M Depositary Share), plus an amount equal to any accrued and unpaid dividends to the date of payment, before any distribution of assets is made to holders of the Company’s common stock or any other capital stock that ranks junior to the preferred stock as to liquidation rights.

76

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

*Common Stock*

During September 2019, the Company established an ATM program, pursuant to which the Company may offer and sell from time to time shares of its common stock, par value $0.01 per share, with an aggregate gross sales price of up to $500.0 million through a consortium of banks acting as sales agents. Sales of the shares of common stock may be made, as needed, from time to time in “at the market” offerings as defined in Rule 415 of the Securities Act of 1933, including by means of ordinary brokers’ transactions on the New York Stock Exchange or otherwise (i) at market prices prevailing at the time of sale, (ii) at prices related to prevailing market prices or (iii) as otherwise agreed to with the applicable sales agent. During the year ended December 31, 2019, the Company issued 9,514,544 shares and received proceeds of $200.1 million, net of commissions and fees of $1.8 million. As of December 31, 2019, the Company had $298.1 million available under this ATM program.

During February 2018, the Company’s Board of Directors authorized a share repurchase program, which is effective for a term of two years, pursuant to which the Company may repurchase shares of its common stock, par value $0.01 per share, with an aggregate gross purchase price of up to $300.0 million. The Company did not repurchase any shares under the share repurchase program during the year ended December 31, 2019.  During the year ended December 31, 2018, the Company repurchased 5,100,000 shares for an aggregate purchase price of $75.1 million (weighted average price of $14.72 per share). As of December 31, 2019, the Company had $224.9 million available under this share repurchase program. During February 2020, the Company’s Board of Directors approved an extension of this existing share repurchase program for a term of two years, which will expire in February 2022.

The Company, from time to time, repurchases shares of its common stock in amounts that offset new issuances of common stock relating to the exercise of stock options or the issuance of restricted stock awards. These repurchases may occur in open market purchases, privately negotiated transactions or otherwise subject to prevailing market conditions, the Company’s liquidity requirements, contractual restrictions and other factors. During 2019, 2018 and 2017, the Company repurchased 223,609 shares, 278,566 shares and 232,304 shares, respectively, relating to shares of common stock surrendered to the Company to satisfy statutory minimum tax withholding obligations relating to the vesting of restricted stock awards under the Company’s equity-based compensation plans.

*Convertible Units*

The Company has various types of convertible units that were issued in connection with the purchase of operating properties (see Footnote 14 of the Notes to Consolidated Financial Statements). The amount of consideration that would be paid to unaffiliated holders of units issued from the Company’s consolidated subsidiaries which are not mandatorily redeemable, as if the termination of these consolidated subsidiaries occurred on December 31, 2019, is $13.3 million. The Company has the option to settle such redemption in cash or shares of the Company’s common stock. If the Company exercised its right to settle in common stock, the unit holders would receive 0.6 million shares of common stock.

*Dividends Declared*

The following table provides a summary of the dividends declared per share:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Year Ended December 31,** | | | | | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
| Common Stock |  | $ | 1.12000 |  |  | $ | 1.12000 |  |  | $ | 1.09000 |  |
| Class I Depositary Shares |  | $ | 0.99583 |  |  | $ | 1.50000 |  |  | $ | 1.50000 |  |
| Class I Depositary Shares Redeemed |  | $ | - |  |  | $ | - |  |  | $ | 0.96250 |  |
| Class J Depositary Shares |  | $ | 1.37500 |  |  | $ | 1.37500 |  |  | $ | 1.37500 |  |
| Class K Depositary Shares |  | $ | 0.93359 |  |  | $ | 1.40625 |  |  | $ | 1.40625 |  |
| Class L Depositary Shares |  | $ | 1.28125 |  |  | $ | 1.28125 |  |  | $ | 0.48047 |  |
| Class M Depositary Shares |  | $ | 1.31250 |  |  | $ | 1.31250 |  |  | $ | 0.04010 |  |

77

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

17.  Supplemental Schedule of Non-Cash Investing/Financing Activities:

The following schedule summarizes the non-cash investing and financing activities of the Company for the years ended December 31, 2019, 2018 and 2017 (in thousands):

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
| Acquisition of real estate interests by assumption of mortgage debt |  | $ | - |  |  | $ | - |  |  | $ | 45,299 |  |
| Acquisition of real estate interests through proceeds held in escrow |  | $ | 36,076 |  |  | $ | - |  |  | $ | 162,396 |  |
| Proceeds deposited in escrow through sale of real estate interests |  | $ | 5,106 |  |  | $ | 41,949 |  |  | $ | 162,396 |  |
| Disposition of real estate interests through the issuance of mortgage receivable |  | $ | 3,750 |  |  | $ | 14,700 |  |  | $ | - |  |
| Disposition of real estate interests by a deed in lieu/foreclosure of debt |  | $ | 3,892 |  |  | $ | 7,444 |  |  | $ | - |  |
| Forgiveness of debt due to a deed in lieu/foreclosure |  | $ | 6,905 |  |  | $ | 12,415 |  |  | $ | - |  |
| Capital expenditures accrual |  | $ | 65,900 |  |  | $ | 60,611 |  |  | $ | 74,123 |  |
| Surrender of restricted common stock |  | $ | 4,030 |  |  | $ | 4,360 |  |  | $ | 5,699 |  |
| Declaration of dividends paid in succeeding period |  | $ | 126,274 |  |  | $ | 130,262 |  |  | $ | 128,892 |  |
| Change in noncontrolling interest due to liquidation of partnership |  | $ | - |  |  | $ | - |  |  | $ | 64,948 |  |
| Increase in redeemable noncontrolling interests’ carrying amount |  | $ | - |  |  | $ | 7,521 |  |  | $ | - |  |
| Deemed contribution from noncontrolling interest |  | $ | - |  |  | $ | - |  |  | $ | 10,000 |  |
| Consolidation of Joint Ventures: |  |  |  |  |  |  |  |  |  |  |  |  |
| Increase in real estate and other assets, net |  | $ | 7,884 |  |  | $ | - |  |  | $ | 325,981 |  |
| Increase in mortgages payable, other liabilities and noncontrolling interests |  | $ | 7,747 |  |  | $ | - |  |  | $ | 258,626 |  |
| Deconsolidation of Joint Ventures: |  |  |  |  |  |  |  |  |  |  |  |  |
| Decrease in real estate and other assets |  | $ | - |  |  | $ | 300,299 |  |  | $ | - |  |
| Increase in investments in and advances to real estate joint ventures |  | $ | - |  |  | $ | 62,429 |  |  | $ | - |  |
| Decrease in mortgages and construction loan payable, other liabilities and noncontrolling interests |  | $ | - |  |  | $ | 248,274 |  |  | $ | - |  |

18.  Transactions with Related Parties:

The Company provides management services for shopping centers owned principally by affiliated entities and various real estate joint ventures in which certain stockholders of the Company have economic interests. Such services are performed pursuant to management agreements which provide for fees based upon a percentage of gross revenues from the properties and other direct costs incurred in connection with management of the centers. Substantially all of the Management and other fee income on the Company’s Consolidated Statements of Income constitute fees earned from affiliated entities. Reference is made to Footnotes 3 and 7 of the Notes to Consolidated Financial Statements for additional information regarding transactions with related parties.

*Ripco*

Ripco Real Estate Corp. (“Ripco”) business activities include serving as a leasing agent and representative for national and regional retailers including Target, Best Buy, Kohl’s and many others, providing real estate brokerage services and principal real estate investing. Todd Cooper, an officer and 50% shareholder of Ripco, is a son of Milton Cooper, Executive Chairman of the Board of Directors of the Company. During 2019, 2018 and 2017, the Company paid brokerage commissions of $0.4 million, $0.2 million and $0.4 million, respectively, to Ripco for services rendered primarily as leasing agent for various national tenants in shopping center properties owned by the Company.

*ProHEALTH*

ProHEALTH is a multi-specialty physician group practice offering one-stop health care. Dr. David Cooper, M.D. and Dr. Clifford Cooper, M.D. were minority owners of ProHEALTH and are sons of Milton Cooper, Executive Chairman of the Board of Directors of the Company. As of December 31, 2019, Dr. David Cooper, M.D. and Dr. Clifford Cooper, M.D. no longer have an affiliation with ProHEALTH.  David Cooper is the father of Ross Cooper, President and Chief Investment Officer of the Company.  ProHEALTH and/or its affiliates (“ProHEALTH”) have leasing arrangements with the Company whereby two consolidated property locations are currently under lease.  Total contractual annual base rent received by the Company from these ProHEALTH leasing arrangements was $0.4 million for each of the years ended December 31, 2018 and 2017.

19.  Commitments and Contingencies:

*Operations*

The Company is primarily engaged in the operation of shopping centers that are either owned or held under long-term leases that expire at various dates through 2109. The Company, in turn, leases premises in these centers to tenants pursuant to lease agreements which provide for terms ranging generally from 5 to 25 years and for annual minimum rentals plus incremental rents based on operating expense levels and tenants' sales volumes. Annual minimum rentals plus incremental rents based on operating expense levels and percentage rents comprised 98% of total revenues from rental properties for each of the three years ended December 31, 2019, 2018 and 2017.

The minimum revenues expected to be received by the Company from rental properties under the terms of all non-cancelable tenant leases for future years, assuming no new or renegotiated leases are executed for such premises, are as follows (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2020** | |  |  | **2021** | |  |  | **2022** | |  |  | **2023** | |  |  | **2024** | |  |  | **Thereafter** | |  |
| Minimum revenues |  | $ | 827.4 |  |  | $ | 773.6 |  |  | $ | 680.9 |  |  | $ | 582.0 |  |  | $ | 485.4 |  |  | $ | 2,658.1 |  |

Base rental revenues from rental properties are recognized on a straight-line basis over the terms of the related leases. The difference between the amount of rental income contracted through leases and rental income recognized on a straight-line basis for the years ended December 31, 2019, 2018 and 2017 was $17.2 million, $13.6 million and $15.7 million, respectively.

78

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

*Letters of Credit*

The Company has issued letters of credit in connection with the completion and repayment guarantees for loans encumbering certain of the Company’s development and redevelopment projects and guaranty of payment related to the Company’s insurance program. At December 31, 2019, these letters of credit aggregated $40.8 million.

*Other*

In connection with the construction of its development and redevelopment projects and related infrastructure, certain public agencies require posting of performance and surety bonds to guarantee that the Company’s obligations are satisfied. These bonds expire upon the completion of the improvements and infrastructure. As of December 31, 2019, there were $17.6 million in performance and surety bonds outstanding.

The Company is subject to various other legal proceedings and claims that arise in the ordinary course of business. Management believes that the final outcome of such matters will not have a material adverse effect on the financial position, results of operations or liquidity of the Company as of December 31, 2019.

20.  Incentive Plans:

The Company accounts for equity awards in accordance with FASB’s Compensation – Stock Compensation guidance which requires that all share-based payments to employees, including grants of employee stock options, restricted stock and performance shares, be recognized in the Statements of Income over the service period based on their fair values. Fair value is determined, depending on the type of award, using either the Monte Carlo method for performance shares or the Black-Scholes option pricing formula, both of which are intended to estimate the fair value of the awards at the grant date. Fair value of restricted shares is based on the price on the date of grant.

The Company recognized expense associated with its equity awards of $20.2 million, $18.2 million and $21.6 million, for the years ended December 31, 2019, 2018 and 2017, respectively.  As of December 31, 2019, the Company had $33.8 million of total unrecognized compensation cost related to unvested stock compensation granted under the 2010 Plan.  That cost is expected to be recognized over a weighted-average period of 2.8 years. At December 31, 2019, the Company had 1.1 million shares of common stock available for issuance under the Plans, net of shares delivered in settlement in accordance with the 2010 Plan.

*Stock Options*

During 2019, 2018 and 2017, the Company did not grant any stock options. Information with respect to stock options outstanding under the Plan for the years ended December 31, 2019, 2018 and 2017 are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Shares** | |  |  | **Weighted-Average**  **Exercise Price**  **Per Share** | |  |  | **Aggregate Intrinsic Value**  **(in millions)** | |  |
| Options outstanding, January 1, 2017 |  |  | 6,013,729 |  |  | $ | 32.09 |  |  | $ | 12.1 |  |
| Exercised |  |  | (83,863 | ) |  | $ | 18.20 |  |  | $ | 3.4 |  |
| Forfeited |  |  | (2,464,920 | ) |  | $ | 35.91 |  |  |  |  |  |
| Options outstanding, December 31, 2017 |  |  | 3,464,946 |  |  | $ | 27.81 |  |  | $ | - |  |
| Exercised |  |  | (42,259 | ) |  | $ | 14.00 |  |  | $ | 0.1 |  |
| Forfeited |  |  | (1,781,321 | ) |  | $ | 36.53 |  |  |  |  |  |
| Options outstanding, December 31, 2018 |  |  | 1,641,366 |  |  | $ | 18.78 |  |  | $ | 0.4 |  |
| Exercised |  |  | (268,856 | ) |  | $ | 14.43 |  |  | $ | 1.1 |  |
| Forfeited |  |  | (74,574 | ) |  | $ | 20.24 |  |  |  |  |  |
| Options outstanding, December 31, 2019 |  |  | 1,297,936 |  |  | $ | 19.60 |  |  | $ | 2.0 |  |
| Options exercisable (fully vested) - |  |  |  |  |  |  |  |  |  |  |  |  |
| December 31, 2017 |  |  | 3,464,946 |  |  | $ | 27.81 |  |  | $ | 4.0 |  |
| December 31, 2018 |  |  | 1,641,366 |  |  | $ | 18.78 |  |  | $ | 0.4 |  |
| December 31, 2019 |  |  | 1,297,936 |  |  | $ | 19.60 |  |  | $ | 2.0 |  |

The exercise price per share for options outstanding as of December 31, 2019 ranges from $13.05 to $24.12. The Company estimates forfeitures based on historical data. As of December 31, 2019, all of the Company’s outstanding options were vested. The weighted-average remaining contractual life for options outstanding and exercisable as of December 31, 2019 was 2.1 years. Cash received from options exercised under the Plan was $3.9 million, $0.6 million and $1.5 million for the years ended December 31, 2019, 2018 and 2017, respectively.

79

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

*Restricted Stock*

Information with respect to restricted stock under the Plan for the years ended December 31, 2019, 2018 and 2017 are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
| Restricted stock outstanding as of January 1, |  |  | 2,104,914 |  |  |  | 1,777,429 |  |  |  | 1,930,732 |  |
| Granted (1) |  |  | 884,170 |  |  |  | 1,100,590 |  |  |  | 646,142 |  |
| Vested |  |  | (603,148 | ) |  |  | (751,201 | ) |  |  | (783,872 | ) |
| Forfeited |  |  | (18,093 | ) |  |  | (21,904 | ) |  |  | (15,573 | ) |
| Restricted stock outstanding as of December 31, |  |  | 2,367,843 |  |  |  | 2,104,914 |  |  |  | 1,777,429 |  |

|  |  |
| --- | --- |
| (1) | The weighted-average grant date fair value for restricted stock issued during the years ended December 31, 2019, 2018 and 2017 were $18.03, $14.72 and $25.04, respectively. |

Restricted shares have the same voting rights as the Company’s common stock and are entitled to a cash dividend per share equal to the Company’s common dividend which is taxable as ordinary income to the holder. For the years ended December 31, 2019, 2018 and 2017, the dividends paid on unvested restricted shares were $3.0 million, $2.8 million, and $2.4 million, respectively.

*Performance Shares*

Information with respect to performance share awards under the Plan for the years ended December 31, 2019, 2018 and 2017 are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
| Performance share awards outstanding as of January 1, |  |  | 433,230 |  |  |  | 235,950 |  |  |  | 197,249 |  |
| Granted (1) |  |  | 407,080 |  |  |  | 297,450 |  |  |  | 135,780 |  |
| Vested (2) |  |  | (135,780 | ) |  |  | (100,170 | ) |  |  | (97,079 | ) |
| Performance share awards outstanding as of December 31, |  |  | 704,530 |  |  |  | 433,230 |  |  |  | 235,950 |  |

|  |  |
| --- | --- |
| (1) | The weighted-average grant date fair value for performance shares issued during the years ended December 31, 2019, 2018 and 2017 were $22.00, $15.40 and $23.35, respectively. |

|  |  |
| --- | --- |
| (2) | For the years ended December 31, 2019, 2018 and 2017, the corresponding common stock equivalent of these vested awards were 104,551, 0 and 0 shares, respectively. |

The more significant assumptions underlying the determination of fair values for these performance awards granted during 2019, 2018 and 2017 were as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
| Stock price |  | $ | 17.81 |  |  | $ | 14.99 |  |  | $ | 24.91 |  |
| Dividend yield (1) |  |  | 0 | % |  |  | 0 | % |  |  | 0 | % |
| Risk-free rate |  |  | 2.52 | % |  |  | 2.39 | % |  |  | 1.45 | % |
| Volatility (2) |  |  | 24.55 | % |  |  | 22.90 | % |  |  | 18.93 | % |
| Term of the award (years) |  |  | 2.88 |  |  |  | 2.85 |  |  |  | 2.88 |  |

|  |  |
| --- | --- |
| (1) | Total Shareholder Returns, as used in the performance share awards computation, are measured based on cumulative dividend stock prices, as such a zero percent dividend yield is utilized. |

|  |  |
| --- | --- |
| (2) | Volatility is based on the annualized standard deviation of the daily logarithmic returns on dividend-adjusted closing prices over the look-back period based on the term of the award. |

80

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

*Other*

The Company maintains a 401(k)-retirement plan covering substantially all officers and employees, which permits participants to defer up to the maximum allowable amount determined by the Internal Revenue Service of their eligible compensation. This deferred compensation, together with Company matching contributions, which generally equal employee deferrals up to a maximum of 5% of their eligible compensation, is fully vested and funded as of December 31, 2019. The Company’s contributions to the plan were $2.2 million, $2.2 million and $2.1 million for the years ended December 31, 2019, 2018 and 2017, respectively.

The Company recognized severance costs associated with employee terminations during the years ended December 31, 2019, 2018 and 2017, of $2.6 million, $3.8 million and $5.5 million, respectively.

21.  Income Taxes:

The Company elected to qualify as a REIT in accordance with the Code commencing with its taxable year which began January 1, 1992. To qualify as a REIT, the Company must meet several organizational and operational requirements, including a requirement that it currently distribute at least 90% of its REIT taxable income to its stockholders. Management intends to adhere to these requirements and maintain the Company’s REIT status. As a REIT, the Company generally will not be subject to corporate federal income tax, provided that dividends to its stockholders equal at least the amount of its REIT taxable income. If the Company failed to qualify as a REIT in any taxable year, it would be subject to federal income taxes at regular corporate rates (including any applicable alternative minimum tax) and may not be permitted to elect REIT status for four subsequent taxable years. Even if the Company qualifies for taxation as a REIT, the Company is subject to certain state and local taxes on its income and property, and federal income and excise taxes on its undistributed taxable income. In addition, taxable income from non-REIT activities managed through TRSs is subject to federal, state and local income taxes. The Company is also subject to local taxes on certain non-U.S. investments.

*Reconciliation between GAAP Net Income and Federal Taxable Income*

The following table reconciles GAAP net income to taxable income for the years ended December 31, 2019, 2018 and 2017 (in thousands):

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
|  |  | **(Estimated)** | |  |  | **(Actual)** | |  |  | **(Actual)** | |  |
| GAAP net income attributable to the Company |  | $ | 410,605 |  |  | $ | 497,795 |  |  | $ | 426,075 |  |
| GAAP net loss/(income) attributable to TRSs |  |  | 1,117 |  |  |  | (2,436 | ) |  |  | (12,406 | ) |
| GAAP net income from REIT operations (1) |  |  | 411,722 |  |  |  | 495,359 |  |  |  | 413,669 |  |
| Net book depreciation in excess of tax depreciation |  |  | 56,094 |  |  |  | 46,754 |  |  |  | 122,043 |  |
| Capitalized leasing/legal commissions |  |  | - |  |  |  | (15,268 | ) |  |  | (7,102 | ) |
| Deferred/prepaid/above-market and below-market rents, net |  |  | (33,518 | ) |  |  | (23,466 | ) |  |  | (29,364 | ) |
| Fair market value debt amortization |  |  | (4,412 | ) |  |  | (5,268 | ) |  |  | (8,495 | ) |
| Book/tax differences from executive compensation (2) |  |  | 6,026 |  |  |  | 5,460 |  |  |  | 2,396 |  |
| Book/tax differences from non-qualified stock options |  |  | (1,121 | ) |  |  | (112 | ) |  |  | (172 | ) |
| Book/tax differences from investments in and advances to real estate joint ventures |  |  | (606 | ) |  |  | 26,263 |  |  |  | (24,992 | ) |
| Book/tax differences from sale of properties |  |  | 18,692 |  |  |  | (13,612 | ) |  |  | (86,629 | ) |
| Book adjustment to property carrying values and marketable equity securities |  |  | 31,980 |  |  |  | 59,866 |  |  |  | 51,309 |  |
| Taxable currency exchange gains/(losses), net |  |  | (33 | ) |  |  | 929 |  |  |  | (780 | ) |
| Tangible property regulation deduction |  |  | - |  |  |  | (40,361 | ) |  |  | (52,809 | ) |
| GAAP gain on change in control of joint venture interests |  |  | (137 | ) |  |  | (6,800 | ) |  |  | (71,160 | ) |
| Dividends from TRSs |  |  | 3,331 |  |  |  | 526 |  |  |  | 1,226 |  |
| Other book/tax differences, net |  |  | (3,166 | ) |  |  | 775 |  |  |  | 2,056 |  |
| Adjusted REIT taxable income |  | $ | 484,852 |  |  | $ | 527,045 |  |  | $ | 311,196 |  |

Certain amounts in the prior periods have been reclassified to conform to the current year presentation, in the table above.

|  |  |
| --- | --- |
| (1) | All adjustments to "GAAP net income from REIT operations" are net of amounts attributable to noncontrolling interests and TRSs. |

|  |  |
| --- | --- |
| (2) | In accordance with the Tax Cuts and Jobs Act, effective for tax years beginning on January 1, 2018, Section 162(m) of the Code a $1.0 million limit per executive was placed on the amount a company can deduct for executive compensation for each of their CEO, CFO and the other three most highly paid executives. |

81

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

*Characterization of Distributions*

The following characterizes distributions paid for tax purposes for the years ended December 31, 2019, 2018 and 2017, (amounts in thousands):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2019** | | | | | |  |  | **2018** | | | | | |  |  | **2017** | | | | | |  |
| Preferred I Dividends |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Ordinary income |  | $ | 7,389 |  |  |  | 77 | % |  | $ | 5,565 |  |  |  | 53 | % |  | $ | 21,636 |  |  |  | 96 | % |
| Capital gain |  |  | 2,207 |  |  |  | 23 | % |  |  | 4,935 |  |  |  | 47 | % |  |  | 902 |  |  |  | 4 | % |
|  |  | $ | 9,596 |  |  |  | 100 | % |  | $ | 10,500 |  |  |  | 100 | % |  | $ | 22,538 |  |  |  | 100 | % |
| Preferred J Dividends |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Ordinary income |  | $ | 11,541 |  |  |  | 77 | % |  | $ | 6,559 |  |  |  | 53 | % |  | $ | 11,880 |  |  |  | 96 | % |
| Capital gain |  |  | 3,447 |  |  |  | 23 | % |  |  | 5,816 |  |  |  | 47 | % |  |  | 495 |  |  |  | 4 | % |
|  |  | $ | 14,988 |  |  |  | 100 | % |  | $ | 12,375 |  |  |  | 100 | % |  | $ | 12,375 |  |  |  | 100 | % |
| Preferred K Dividends |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Ordinary income |  | $ | 6,927 |  |  |  | 77 | % |  | $ | 5,217 |  |  |  | 53 | % |  | $ | 9,450 |  |  |  | 96 | % |
| Capital gain |  |  | 2,069 |  |  |  | 23 | % |  |  | 4,627 |  |  |  | 47 | % |  |  | 394 |  |  |  | 4 | % |
|  |  | $ | 8,996 |  |  |  | 100 | % |  | $ | 9,844 |  |  |  | 100 | % |  | $ | 9,844 |  |  |  | 100 | % |
| Preferred L Dividends |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Ordinary income |  | $ | 8,879 |  |  |  | 77 | % |  | $ | 6,111 |  |  |  | 53 | % |  | $ | 1,814 |  |  |  | 96 | % |
| Capital gain |  |  | 2,652 |  |  |  | 23 | % |  |  | 5,420 |  |  |  | 47 | % |  |  | 76 |  |  |  | 4 | % |
|  |  | $ | 11,531 |  |  |  | 100 | % |  | $ | 11,531 |  |  |  | 100 | % |  | $ | 1,890 |  |  |  | 100 | % |
| Preferred M Dividends |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Ordinary income |  | $ | 10,692 |  |  |  | 77 | % |  | $ | 6,031 |  |  |  | 53 | % |  | $ | - |  |  |  | - |  |
| Capital gain |  |  | 3,194 |  |  |  | 23 | % |  |  | 5,348 |  |  |  | 47 | % |  |  | - |  |  |  | - |  |
|  |  | $ | 13,886 |  |  |  | 100 | % |  | $ | 11,379 |  |  |  | 100 | % |  | $ | - |  |  |  | - |  |
| Common Dividends |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Ordinary income |  | $ | 328,726 |  |  |  | 70 | % |  | $ | 235,642 |  |  |  | 50 | % |  | $ | 260,573 |  |  |  | 57 | % |
| Capital gain |  |  | 98,618 |  |  |  | 21 | % |  |  | 212,077 |  |  |  | 45 | % |  |  | 9,143 |  |  |  | 2 | % |
| Return of capital |  |  | 42,265 |  |  |  | 9 | % |  |  | 23,564 |  |  |  | 5 | % |  |  | 187,430 |  |  |  | 41 | % |
|  |  | $ | 469,609 |  |  |  | 100 | % |  | $ | 471,283 |  |  |  | 100 | % |  | $ | 457,146 |  |  |  | 100 | % |
| Total dividends distributed for tax purposes |  | **$** | **528,606** |  |  |  |  |  |  | **$** | **526,912** |  |  |  |  |  |  | **$** | **503,793** |  |  |  |  |  |

For the years ended December 31, 2019, 2018 and 2017 cash dividends paid for tax purposes were equivalent to, or in excess of, the dividends paid deduction.

*Taxable REIT Subsidiaries and Taxable Entities*

The Company is subject to federal, state and local income taxes on income reported through its TRS activities, which include wholly owned subsidiaries of the Company. The Company’s TRSs include Kimco Realty Services II, Inc. (“KRS”), FNC Realty Corporation, Kimco Insurance Company (collectively “KRS Consolidated”) and the consolidated entity, Blue Ridge Real Estate Company/Big Boulder Corporation.

On December 22, 2017, the Tax Cuts and Jobs Act was signed into law, making significant changes to taxation of corporations and individuals. Effective for tax years beginning on January 1, 2018, this tax reform law reduces the federal statutory income tax rate from 35% to 21% for corporations and changed other certain tax provisions and deductions. ASC 740, Income Taxes, requires the effects of changes in tax rates and laws on deferred tax balances to be recognized in the period in which the legislation is enacted. As a result, the Company remeasured its deferred tax assets and liabilities and recorded a tax provision of $1.1 million during 2017.

82

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

The Company is also subject to local non-U.S. taxes on certain investments located outside the U.S.  In general, under local country law applicable to the entity ownership structures the Company has in place and applicable tax treaties, the repatriation of cash to the Company from its subsidiaries and joint ventures in Canada, Puerto Rico and Mexico generally is not subject to withholding tax. The Company is subject to and includes in its tax provision non-U.S. income taxes on certain investments located in jurisdictions outside the U.S. These investments are primarily held by the Company at the REIT level and not in the Company’s TRSs. Accordingly, the Company does not expect a U.S. income tax impact associated with the repatriation of undistributed earnings from the Company’s foreign subsidiaries.

Income taxes are accounted for under the asset and liability method. Deferred income taxes are recognized for the temporary differences between the financial reporting basis and the tax basis of taxable assets and liabilities.

The Company’s pre-tax book income/(loss) and (provision)/benefit for income taxes relating to the Company’s TRSs and taxable entities which have been consolidated for accounting reporting purposes, for the years ended December 31, 2019, 2018 and 2017, are summarized as follows (in thousands):

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2019** | |  | **2018** | |  | **2017** | |  |
| (Loss)/income before income taxes – U.S. | $ | (1,682 | ) | $ | 4,331 |  | $ | 1,487 |  |
| Benefit/(provision) for income taxes, net: |  |  |  |  |  |  |  |  |  |
| Federal: |  |  |  |  |  |  |  |  |  |
| Current |  | 3,362 |  |  | (1,221 | ) |  | (704 | ) |
| Deferred |  | (349 | ) |  | (1,198 | ) |  | (632 | ) |
| Federal tax benefit/(provision) |  | 3,013 |  |  | (2,419 | ) |  | (1,336 | ) |
| State and local: |  |  |  |  |  |  |  |  |  |
| Current |  | (26 | ) |  | (43 | ) |  | (66 | ) |
| Deferred |  | (19 | ) |  | (414 | ) |  | (190 | ) |
| State tax provision |  | (45 | ) |  | (457 | ) |  | (256 | ) |
| Total tax benefit/(provision) – U.S. |  | 2,968 |  |  | (2,876 | ) |  | (1,592 | ) |
| Net income/(loss) from U.S. TRSs | $ | 1,286 |  | $ | 1,455 |  | $ | (105 | ) |
|  |  |  |  |  |  |  |  |  |  |
| (Loss)/income before taxes – Non-U.S. | $ | (599 | ) | $ | 2,384 |  | $ | (11,483 | ) |
| (Provision)/benefit for Non-U.S. income taxes: |  |  |  |  |  |  |  |  |  |
| Current | $ | (69 | ) | $ | 1,634 |  | $ | 2,425 |  |
| Deferred |  | 418 |  |  | (358 | ) |  | 47 |  |
| Non-U.S. tax benefit | $ | 349 |  | $ | 1,276 |  | $ | 2,472 |  |

Provision for income taxes differs from the amounts computed by applying the statutory federal income tax rate to taxable income before income taxes as follows (in thousands):

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
| Federal benefit/(provision) at statutory tax rate\* (1) (3) |  | $ | 3,010 |  |  | $ | (2,490 | ) |  | $ | (520 | ) |
| State and local provision, net of federal benefit (2) |  |  | (42 | ) |  |  | (386 | ) |  |  | (1,072 | ) |
| Total tax benefit/(provision) – U.S. |  | $ | 2,968 |  |  | $ | (2,876 | ) |  | $ | (1,592 | ) |

\* Federal statutory tax rate of 21% for the years ended December 31, 2019 and 2018 and federal statutory tax rate of 35% for the year ended December 31, 2017.

|  |  |
| --- | --- |
| (1) | The year ended December 31, 2018 includes a charge of $1.6 million related to the recording of a deferred tax valuation allowance. |

|  |  |
| --- | --- |
| (2) | The year ended December 31, 2018 includes a charge of $0.3 million related to the recording of a deferred tax valuation allowance. |
| (3) | The year ended December 31, 2019 includes a tax benefit from AMT Credit refunds of $3.7 million and $1.1 million related to the recording of a deferred tax valuation allowance. |

83

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

*Deferred Tax Assets, Liabilities and Valuation Allowances*

The Company’s deferred tax assets and liabilities at December 31, 2019 and 2018, were as follows (in thousands):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2019** | |  |  | **2018** | |  |
| Deferred tax assets: |  |  |  |  |  |  |  |  |
| Tax/GAAP basis differences |  | $ | 29,618 |  |  | $ | 28,865 |  |
| Net operating losses (1) |  |  | 20,917 |  |  |  | 20,947 |  |
| Tax credit carryforwards (2) |  |  | 2,340 |  |  |  | 6,064 |  |
| Capital loss carryforwards |  |  | 2,270 |  |  |  | 2,270 |  |
| Related party deferred losses |  |  | 619 |  |  |  | 619 |  |
| Charitable contribution carryforwards |  |  | 23 |  |  |  | 23 |  |
| Valuation allowance |  |  | (42,703 | ) |  |  | (45,413 | ) |
| Total deferred tax assets |  |  | 13,084 |  |  |  | 13,375 |  |
| Deferred tax liabilities |  |  | (12,844 | ) |  |  | (12,768 | ) |
| Net deferred tax assets |  | $ | 240 |  |  | $ | 607 |  |

|  |  |  |
| --- | --- | --- |
|  | (1) | Expiration dates ranging from 2021 to 2032. |

|  |  |  |
| --- | --- | --- |
|  | (2) | Expiration dates ranging from 2027 to 2035 and tax year 2018 includes alternative minimum tax credit carryovers of $3.5 million that did not expire. The alternative minimum tax credits were recognized in 2019. |

The major differences between the GAAP basis of accounting and the basis of accounting used for federal and state income tax reporting consist of impairment charges recorded for GAAP purposes, but not recognized for tax purposes, depreciation and amortization, rental revenue recognized on the straight-line method for GAAP, reserves for doubtful accounts, above-market and below-market lease amortization, differences in GAAP and tax basis of assets sold, and the period in which certain gains were recognized for tax purposes, but not yet recognized under GAAP.

Deferred tax assets and deferred tax liabilities are included in the captions Other assets and Other liabilities on the Company's Consolidated Balance Sheets at December 31, 2019 and 2018. Operating losses and the valuation allowance are related primarily to the Company’s consolidation of its TRSs for accounting and reporting purposes.

Under GAAP a reduction of the carrying amounts of deferred tax assets by a valuation allowance is required, if, based on the evidence available, it is more likely than not (a likelihood of more than 50%) that some portion or all of the deferred tax assets will not be realized.  The valuation allowance should be sufficient to reduce the deferred tax asset to the amount that is more likely than not to be realized. Effective August 1, 2016, the Company merged Kimco Realty Services, Inc. (“KRSI”), a TRS holding REIT qualifying real estate, into a wholly owned LLC (the “Merger”) and KRSI was dissolved. As a result of the Merger, the Company determined that the realization of its then net deferred tax assets was not deemed more likely than not and as such, the Company recorded a full valuation allowance against these net deferred tax assets that existed at the time of the Merger.

The Company prepared an analysis of the tax basis built-in tax gain or built-in loss inherent in each asset acquired from KRSI in the Merger. Assets of a TRS that become REIT assets in a merger transaction of the type entered into by the Company and KRSI are subject to corporate tax on the aggregate net built-in gain (built-in gains in excess of built-in losses) during a recognition period. Accordingly, the Company is subject to corporate-level taxation on the aggregate net built-in gain from the sale of KRSI assets within 60 months from the Merger date (the recognition period). The maximum taxable amount with respect to all merged assets disposed within 60 months of the Merger is limited to the aggregate net built-in gain at the Merger date. The Company compared fair value to tax basis for each property or asset to determine its built-in gain (value over basis) or built-in loss (basis over value) which could be subject to corporate level taxes if the Company disposed of the asset previously held by KRSI during the 60 months following the Merger date. In the event that sales of KRSI assets during the recognition period result in corporate level tax, the unrecognized tax benefits reported as deferred tax assets from KRSI will be utilized to reduce the corporate level tax for GAAP purposes.

*Uncertain Tax Positions*

The Company is subject to income tax in certain jurisdictions outside the U.S., principally Canada and Mexico. The statute of limitations on assessment of tax varies from three to seven years depending on the jurisdiction and tax issue. Tax returns filed in each jurisdiction are subject to examination by local tax authorities. The Company is currently under audit by the Canadian Revenue Agency and Mexican Tax Authority. The resolution of these audits are not expected to have a material effect on the Company’s financial statements. The Company does not believe that the total amount of unrecognized tax benefits as of December 31, 2019, will significantly increase or decrease within the next 12 months.

84

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

The liability for uncertain tax benefits principally consists of estimated foreign tax liabilities in years for which the statute of limitations is open. Open years range from 2010 through 2018 and vary by jurisdiction and issue. The aggregate changes in the balance of unrecognized tax benefits, associated with the Company’s previously held interests in Canada, for the years ended December 31, 2019 and 2018 were as follows (in thousands):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2019** | |  |  | **2018** | |  |
| Balance at January 1, |  | $ | 2,806 |  |  | $ | 3,991 |  |
| Changes in tax positions related to current year (1) |  |  | 16 |  |  |  | (250 | ) |
| Reductions due to lapsed statute of limitations |  |  | (434 | ) |  |  | (935 | ) |
| Balance at December 31, |  | $ | 2,388 |  |  | $ | 2,806 |  |

|  |  |  |
| --- | --- | --- |
|  | (1) | Amounts relate to increases/(decreases) from foreign currency translation adjustments. |

During August 2016, the Mexican Tax Authority issued tax assessments against 35 entities, including certain joint ventures, of the Company that had previously held interests in operating properties in Mexico. These assessments relate to certain income tax, interest expense and withholding tax items subject to the United States-Mexico Income Tax Convention (the “Treaty”). The assessments were for the 2010 tax year with four of the 35 entities also assessed for the years 2007 and/or 2008. The assessments include amounts for taxes aggregating $33.7 million, interest aggregating $16.5 million and penalties aggregating $11.4 million. The Company’s aggregate share of these amounts is $52.6 million. The Company filed appeals in the Mexican Tax Court in September 2018 challenging these assessments, as it believes that it has operated in accordance with the Treaty provisions and has therefore concluded that no amounts are payable with respect to this matter. The U.S.  Competent Authority (Department of Treasury), responsible for administering U.S. tax treaties, indicates agreement with this position and has represented the Company regarding this matter with the Mexican Competent Authority. During April 2019, all the appeals were argued at a hearing in the Superior Chamber of the Tax Court. During November and December 2019, the Mexican Tax Court issued its ruling on 25 of the 35 total assessments which found that $17.9 million ($14.7 million representing the Company’s share) of the total assessment was improperly assessed, but ruled in favor of the Mexican Tax Authority with respect to the balance of the assessments. Regarding the portion of the ruling in favor of the Mexican Tax Authority, the Company believes it has operated in accordance with the Treaty provisions and has therefore not changed its position on this matter. The Company has filed appeals for the rulings it has received. The remaining 10 rulings, not yet received, are expected to be consistent with the current rulings and the Company intends to appeal these when received. The Company intends to continue to vigorously defend its position and believes it will prevail, however this outcome cannot be assured.

85

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

22.  Earnings Per Share:

The following table sets forth the reconciliation of earnings and the weighted-average number of shares used in the calculation of basic and diluted earnings per share (amounts presented in thousands, except per share data):

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **For the Year Ended December 31,** | | | | | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
| *Computation of Basic and Diluted Earnings Per Share:* |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income available to the Company's common shareholders |  | $ | 339,988 |  |  | $ | 439,604 |  |  | $ | 372,461 |  |
| Change in estimated redemption value of redeemable noncontrolling interests |  |  | - |  |  |  | (7,521 | ) |  |  | - |  |
| Earnings attributable to participating securities |  |  | (2,599 | ) |  |  | (2,375 | ) |  |  | (2,132 | ) |
| Net income available to the Company’s common shareholders for basic earnings per share |  |  | 337,389 |  |  |  | 429,708 |  |  |  | 370,329 |  |
| Distributions on convertible units |  |  | 30 |  |  |  | 99 |  |  |  | - |  |
| Net income available to the Company’s common shareholders for diluted earnings per share |  | $ | 337,419 |  |  | $ | 429,807 |  |  | $ | 370,329 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Weighted average common shares outstanding – basic |  |  | 420,370 |  |  |  | 420,641 |  |  |  | 423,614 |  |
| Effect of dilutive securities (1): |  |  |  |  |  |  |  |  |  |  |  |  |
| Equity awards |  |  | 1,365 |  |  |  | 628 |  |  |  | 405 |  |
| Assumed conversion of convertible units |  |  | 64 |  |  |  | 110 |  |  |  | - |  |
| Weighted average common shares outstanding – diluted |  |  | 421,799 |  |  |  | 421,379 |  |  |  | 424,019 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income available to the Company's common shareholders: |  |  |  |  |  |  |  |  |  |  |  |  |
| Basic earnings per share |  | $ | 0.80 |  |  | $ | 1.02 |  |  | $ | 0.87 |  |
| Diluted earnings per share |  | $ | 0.80 |  |  | $ | 1.02 |  |  | $ | 0.87 |  |

|  |  |  |
| --- | --- | --- |
|  | (1) | The effect of the assumed conversion of certain convertible units had an anti-dilutive effect upon the calculation of Income from continuing operations per share. Accordingly, the impact of such conversions has not been included in the determination of diluted earnings per share calculations. Additionally, there were 0.5 million, 1.3 million and 3.1 million stock options that were not dilutive as of December 31, 2019, 2018 and 2017, respectively. |

The Company's unvested restricted share awards contain non-forfeitable rights to distributions or distribution equivalents. The impact of the unvested restricted share awards on earnings per share has been calculated using the two-class method whereby earnings are allocated to the unvested restricted share awards based on dividends declared and the unvested restricted shares' participation rights in undistributed earnings.

23.  Supplemental Financial Information (Unaudited):

The following represents the quarterly results of operations, expressed in thousands except per share amounts, for the years ended December 31, 2019 and 2018:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2019** | | | | | | | | | | | | | |  |
|  |  | **First**  **Quarter** | |  |  | **Second**  **Quarter** | |  |  | **Third**  **Quarter** | |  |  | **Fourth**  **Quarter** | |  |
| Revenues |  | $ | 295,010 |  |  | $ | 284,873 |  |  | $ | 282,871 |  |  | $ | 296,130 |  |
| Net income attributable to the Company |  | $ | 116,169 |  |  | $ | 101,027 |  |  | $ | 83,990 |  |  | $ | 109,419 |  |
| Net income per common share: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Basic |  | $ | 0.24 |  |  | $ | 0.20 |  |  | $ | 0.14 |  |  | $ | 0.22 |  |
| Diluted |  | $ | 0.24 |  |  | $ | 0.20 |  |  | $ | 0.14 |  |  | $ | 0.22 |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2018** | | | | | | | | | | | | | |  |
|  |  | **First**  **Quarter** | |  |  | **Second**  **Quarter** | |  |  | **Third**  **Quarter** | |  |  | **Fourth**  **Quarter** | |  |
| Revenues |  | $ | 304,078 |  |  | $ | 293,403 |  |  | $ | 283,080 |  |  | $ | 284,201 |  |
| Net income attributable to the Company |  | $ | 144,090 |  |  | $ | 165,386 |  |  | $ | 100,158 |  |  | $ | 88,161 |  |
| Net income per common share: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Basic |  | $ | 0.30 |  |  | $ | 0.36 |  |  | $ | 0.19 |  |  | $ | 0.17 |  |
| Diluted |  | $ | 0.30 |  |  | $ | 0.36 |  |  | $ | 0.19 |  |  | $ | 0.17 |  |

86

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

24.  Captive Insurance Company:

In October 2007, the Company formed a wholly owned captive insurance company, KIC, which provides general liability insurance coverage for all losses below the deductible under the Company’s third-party liability insurance policy. The Company created KIC as part of its overall risk management program and to stabilize its insurance costs, manage exposure and recoup expenses through the functions of the captive program. The Company capitalized KIC in accordance with the applicable regulatory requirements. KIC established annual premiums based on projections derived from the past loss experience of the Company’s properties. KIC has engaged an independent third party to perform an actuarial estimate of future projected claims, related deductibles and projected expenses necessary to fund associated risk management programs. Premiums paid to KIC may be adjusted based on this estimate. Like premiums paid to third-party insurance companies, premiums paid to KIC may be reimbursed by tenants pursuant to specific lease terms.

KIC assumes occurrence basis general liability coverage (not including casualty loss or business interruption) for the Company and its affiliates under the terms of a reinsurance agreement entered into by KIC and the reinsurance provider.

From October 1, 2007 through October 1, 2020, KIC assumes 100% of the first $250,000 per occurrence risk layer. This coverage is subject to annual aggregates ranging between $7.8 million and $11.1 million per policy year. The annual aggregate is adjustable based on the amount of audited square footage of the insureds’ locations and can be adjusted for subsequent program years. Defense costs erode the stated policy limits. KIC is required to pay the reinsurance provider for unallocated loss adjustment expenses an amount ranging between 8.0% and 12.2% of incurred losses for the policy periods ending September 30, 2008 through September 30, 2020. These amounts do not erode the Company’s per occurrence or aggregate limits.

As of December 31, 2019 and 2018, the Company maintained a letter of credit in the amount of $21.5 million and $23.0 million, respectively, issued in favor of the reinsurance provider to provide security for the Company’s obligations under its agreement with the reinsurance provider. The letter of credit maintained as of December 31, 2019, has an expiration date of February 15, 2020, with automatic renewals for one year.

Activity in the liability for unpaid losses and loss adjustment expenses for the years ended December 31, 2019 and 2018, is summarized as follows (in thousands):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2019** | |  |  | **2018** | |  |
| Balance at the beginning of the year |  | $ | 16,130 |  |  | $ | 18,965 |  |
| Incurred related to: |  |  |  |  |  |  |  |  |
| Current year |  |  | 5,331 |  |  |  | 5,236 |  |
| Prior years |  |  | (1,948 | ) |  |  | (2,653 | ) |
| Total incurred |  |  | 3,383 |  |  |  | 2,583 |  |
| Paid related to: |  |  |  |  |  |  |  |  |
| Current year |  |  | (256 | ) |  |  | (683 | ) |
| Prior years |  |  | (3,593 | ) |  |  | (4,735 | ) |
| Total paid |  |  | (3,849 | ) |  |  | (5,418 | ) |
| Balance at the end of the year |  | $ | 15,664 |  |  | $ | 16,130 |  |

For the years ended December 31, 2019 and 2018, the changes in estimates in insured events in the prior years, incurred losses and loss adjustment expenses resulted in a decrease of $1.9 million and $2.7 million, respectively, which was primarily due to continued regular favorable loss development on the general liability coverage assumed.

87

[Table of Contents](#toc)

KIMCO REALTY CORPORATION AND SUBSIDIARIES

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS

For Years Ended December 31, 2019, 2018 and 2017

(in thousands)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Balance at**  **beginning of**  **period** | |  |  | **Charged to**  **expenses** | |  |  | **Adjustments to**  **valuation**  **accounts** | |  |  | **Deductions** | |  |  | **Balance at**  **end of**  **period** | |  |
| Year Ended December 31, 2019 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Allowance for deferred tax asset |  | $ | 45,413 |  |  | $ | - |  |  | $ | (2,710 | ) |  | $ | - |  |  | $ | 42,703 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Year Ended December 31, 2018 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Allowance for uncollectable accounts (1) |  | $ | 17,066 |  |  | $ | 9,254 |  |  | $ | - |  |  | $ | (5,882 | ) |  | $ | 20,438 |  |
| Allowance for deferred tax asset |  | $ | 54,155 |  |  | $ | - |  |  | $ | (8,742 | ) |  | $ | - |  |  | $ | 45,413 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Year Ended December 31, 2017 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Allowance for uncollectable accounts (1) |  | $ | 24,175 |  |  | $ | 6,641 |  |  | $ | - |  |  | $ | (13,750 | ) |  | $ | 17,066 |  |
| Allowance for deferred tax asset |  | $ | 95,126 |  |  | $ | - |  |  | $ | (40,971 | ) |  | $ | - |  |  | $ | 54,155 |  |

|  |  |  |
| --- | --- | --- |
|  | (1) | Includes allowances on accounts receivable and straight-line rents. |

88

[Table of Contents](#toc)

|  |
| --- |
| **KIMCO REALTY CORPORATION AND SUBSIDIARIES** |
| **SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION** |
| **December 31, 2019** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **INITIAL COST** | | **COST** |  |  |  |  |  |  |  |  |  |
|  | **DESCRIPTION** | **State** | **LAND** | **BUILDING AND IMPROVEMENTS** | **CAPITALIZED SUBSEQUENT TO ACQUISITION (1)** | **LAND** | **BUILDING AND IMPROVEMENTS** | **TOTAL** | **ACCUMULATED DEPRECIATION** |  | **TOTAL COST, NET OF ACCUMULATED DEPRECIATION** |  | **ENCUMBRANCES (2)** | **DATE OF ACQUISITION(A) CONSTRUCTION(C)** |
| *SHOPPING CENTERS* | |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | MESA RIVERVIEW | AZ | 15,000,000 | - | 143,355,726 | 307,992 | 158,047,734 | 158,355,726 | 64,312,335 |  | 94,043,391 |  | - | 2005(C) |
|  | METRO SQUARE | AZ | 4,101,017 | 16,410,632 | 2,302,017 | 4,101,017 | 18,712,649 | 22,813,666 | 9,876,683 |  | 12,936,983 |  | - | 1998(A) |
|  | PLAZA DEL SOL | AZ | 5,324,501 | 21,269,943 | 1,600,778 | 4,577,869 | 23,617,353 | 28,195,222 | 9,771,579 |  | 18,423,643 |  | - | 1998(A) |
|  | PLAZA AT MOUNTAINSIDE | AZ | 2,450,341 | 9,802,046 | 2,451,010 | 2,450,341 | 12,253,056 | 14,703,397 | 6,977,925 |  | 7,725,472 |  | - | 1997(A) |
|  | VILLAGE CROSSROADS | AZ | 5,662,554 | 24,981,223 | 1,265,298 | 5,662,554 | 26,246,521 | 31,909,075 | 6,323,449 |  | 25,585,626 |  | - | 2011(A) |
|  | NORTH VALLEY | AZ | 6,861,564 | 18,200,901 | 6,082,402 | 3,861,272 | 27,283,595 | 31,144,867 | 5,595,396 |  | 25,549,471 |  | - | 2011(A) |
|  | CHRISTOWN SPECTRUM | AZ | 33,831,348 | 91,004,070 | 18,373,348 | 76,638,511 | 66,570,255 | 143,208,766 | 14,743,804 |  | 128,464,962 |  | - | 2015(A) |
|  | BELL CAMINO CENTER | AZ | 2,427,465 | 6,439,065 | 689,471 | 2,427,465 | 7,128,536 | 9,556,001 | 2,215,168 |  | 7,340,833 |  | - | 2012(A) |
|  | BELL CAMINO-SAFEWAY PARCEL | AZ | 1,104,233 | 4,574,035 | - | 1,104,233 | 4,574,035 | 5,678,268 | 133,306 |  | 5,544,962 |  | - | 2019(A) |
|  | COLLEGE PARK SHOPPING CENTER | AZ | 3,276,951 | 7,741,323 | 1,275,173 | 3,276,951 | 9,016,496 | 12,293,447 | 2,862,725 |  | 9,430,722 |  | - | 2011(A) |
|  | COSTCO PLAZA - 541 | CA | 4,995,639 | 19,982,557 | 569,752 | 4,995,639 | 20,552,309 | 25,547,948 | 11,562,681 |  | 13,985,267 |  | - | 1998(A) |
|  | BROOKHURST CENTER | CA | 10,492,714 | 31,357,512 | 3,524,807 | 22,299,852 | 23,075,181 | 45,375,033 | 3,894,609 |  | 41,480,424 |  | - | 2016(A) |
|  | LAKEWOOD PLAZA | CA | 1,294,176 | 3,669,266 | (3,445,611) | - | 1,517,831 | 1,517,831 | 727,962 |  | 789,869 |  | - | 2014(A) |
|  | MADISON PLAZA | CA | 5,874,396 | 23,476,190 | 2,511,994 | 5,874,396 | 25,988,184 | 31,862,580 | 13,026,896 |  | 18,835,684 |  | - | 1998(A) |
|  | CORONA HILLS PLAZA | CA | 13,360,965 | 53,373,453 | 10,875,821 | 13,360,965 | 64,249,274 | 77,610,239 | 36,069,787 |  | 41,540,452 |  | - | 1998(A) |
|  | 280 METRO CENTER | CA | 38,734,566 | 94,903,403 | 267,577 | 38,734,566 | 95,170,980 | 133,905,546 | 13,194,581 |  | 120,710,965 |  | - | 2015(A) |
|  | LABAND VILLAGE SHOPPING CENTER | CA | 5,600,000 | 13,289,347 | (858,589) | 5,607,237 | 12,423,521 | 18,030,758 | 6,418,166 |  | 11,612,592 |  | - | 2008(A) |
|  | CUPERTINO VILLAGE | CA | 19,886,099 | 46,534,919 | 26,582,719 | 19,886,099 | 73,117,638 | 93,003,737 | 22,253,195 |  | 70,750,542 |  | - | 2006(A) |
|  | NORTH COUNTY PLAZA | CA | 10,205,305 | 28,934,219 | (490,889) | 20,894,811 | 17,753,824 | 38,648,635 | 4,168,260 |  | 34,480,375 |  | - | 2014(A) |
|  | CHICO CROSSROADS | CA | 9,975,810 | 30,534,524 | (5,581,834) | 9,985,652 | 24,942,848 | 34,928,500 | 10,428,979 |  | 24,499,521 |  | - | 2008(A) |
|  | CREEKSIDE CENTER | CA | 3,870,823 | 11,562,580 | 179,527 | 5,154,061 | 10,458,869 | 15,612,930 | 1,455,396 |  | 14,157,534 |  | - | 2016(A) |
|  | LA MIRADA THEATRE CENTER | CA | 8,816,741 | 35,25    9,965 | (689,279) | 6,888,680 | 36,498,747 | 43,387,427 | 18,514,444 |  | 24,872,983 |  | - | 1998(A) |
|  | KENNETH HAHN PLAZA | CA | 4,114,863 | 7,660,855 | (1,796,476) | - | 9,979,242 | 9,979,242 | 3,563,777 |  | 6,415,465 |  | - | 2010(A) |
|  | LA VERNE TOWN CENTER | CA | 8,414,328 | 23,856,418 | 12,183,413 | 16,362,169 | 28,091,990 | 44,454,159 | 5,248,265 |  | 39,205,894 |  | - | 2014(A) |
|  | LINCOLN HILLS TOWN CENTER | CA | 8,228,587 | 26,127,322 | 477,068 | 8,228,587 | 26,604,390 | 34,832,977 | 4,928,028 |  | 29,904,949 |  | - | 2015(A) |
|  | NOVATO FAIR S.C. | CA | 9,259,778 | 15,599,790 | 1,179,252 | 9,259,778 | 16,779,042 | 26,038,820 | 6,806,338 |  | 19,232,482 |  | - | 2009(A) |
|  | SOUTH NAPA MARKET PLACE | CA | 1,100,000 | 22,159,086 | 20,969,254 | 23,119,071 | 21,109,269 | 44,228,340 | 12,816,370 |  | 31,411,970 |  | - | 2006(A) |
|  | PLAZA DI NORTHRIDGE | CA | 12,900,000 | 40,574,842 | 1,285,181 | 12,900,000 | 41,860,023 | 54,760,023 | 15,380,373 |  | 39,379,650 |  | - | 2005(A) |
|  | LINDA MAR SHOPPING CENTER | CA | 16,548,592 | 37,521,194 | 4,065,640 | 16,548,592 | 41,586,834 | 58,135,426 | 9,090,842 |  | 49,044,584 |  | - | 2014(A) |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | POWAY CITY CENTRE | CA | 5,854,585 | 13,792,470 | 9,133,189 | 7,247,814 | 21,532,430 | 28,780,244 | 9,484,235 |  | 19,296,009 |  | - | 2005(A) |
|  | REDWOOD CITY PLAZA | CA | 2,552,000 | 6,215,168 | 5,942,958 | 2,552,000 | 12,158,126 | 14,710,126 | 2,223,780 |  | 12,486,346 |  | - | 2009(A) |
|  | STANFORD RANCH | CA | 10,583,764 | 30,007,231 | 2,825,590 | 9,982,626 | 33,433,959 | 43,416,585 | 5,229,353 |  | 38,187,232 |  | 13,021,617 | 2014(A) |
|  | CROCKER RANCH | CA | 7,526,146 | 24,877,611 | 104,542 | 7,526,146 | 24,982,153 | 32,508,299 | 3,987,122 |  | 28,521,177 |  | 8,766,823 | 2015(A) |
|  | HOME DEPOT PLAZA | CA | 4,592,364 | 18,345,257 | 17,200 | 4,592,364 | 18,362,457 | 22,954,821 | 10,315,399 |  | 12,639,422 |  | - | 1998(A) |
|  | SANTEE TROLLEY SQUARE | CA | 40,208,683 | 62,963,757 | 411,257 | 40,208,683 | 63,375,014 | 103,583,697 | 17,986,945 |  | 85,596,752 |  | - | 2015(A) |
|  | SAN DIEGO CARMEL MOUNTAIN | CA | 5,322,600 | 8,873,991 | 244,224 | 5,322,600 | 9,118,215 | 14,440,815 | 2,681,379 |  | 11,759,436 |  | - | 2009(A) |
|  | FULTON MARKET PLACE | CA | 2,966,018 | 6,920,710 | 16,282,569 | 6,279,753 | 19,889,544 | 26,169,297 | 4,441,853 |  | 21,727,444 |  | - | 2005(A) |
|  | BLACK MOUNTAIN VILLAGE | CA | 4,678,015 | 11,913,344 | 964,215 | 4,678,015 | 12,877,559 | 17,555,574 | 5,059,703 |  | 12,495,871 |  | - | 2007(A) |
|  | RANCHO PENASQUITOS TOWNE CTR I | CA | 14,851,595 | 20,342,165 | 728,359 | 14,851,595 | 21,070,524 | 35,922,119 | 3,463,773 |  | 32,458,346 |  | 12,842,710 | 2015(A) |
|  | RANCHO PENASQUITOS-VONS PROP. | CA | 2,917,963 | 9,145,905 | - | 2,917,963 | 9,145,905 | 12,063,868 | 248,246 |  | 11,815,622 |  | - | 2019(A) |
|  | RANCHO PENASQUITOS TWN CTR II | CA | 12,944,972 | 20,323,961 | 728,718 | 12,944,972 | 21,052,679 | 33,997,651 | 3,472,979 |  | 30,524,672 |  | 9,855,105 | 2015(A) |
|  | CITY HEIGHTS | CA | 10,687,472 | 28,324,896 | (676,206) | 13,908,563 | 24,427,599 | 38,336,162 | 4,541,708 |  | 33,794,454 |  | - | 2012(A) |
|  | TRUCKEE CROSSROADS | CA | 2,140,000 | 28,324,896 | (18,556,146) | 2,140,000 | 9,768,750 | 11,908,750 | 5,931,012 |  | 5,977,738 |  | 1,492,324 | 2006(A) |
|  | GATEWAY AT DONNER PASS | CA | 4,515,688 | 8,318,667 | 14,132,153 | 8,759,279 | 18,207,229 | 26,966,508 | 1,926,037 |  | 25,040,471 |  | - | 2015(A) |
|  | WESTLAKE SHOPPING CENTER | CA | 16,174,307 | 64,818,562 | 103,332,384 | 16,174,307 | 168,150,946 | 184,325,253 | 61,003,852 |  | 123,321,401 |  | - | 2002(A) |
|  | LAKEWOOD VILLAGE | CA | 8,597,100 | 24,374,615 | (870,415) | 11,683,364 | 20,417,936 | 32,101,300 | 4,854,875 |  | 27,246,425 |  | - | 2014(A) |
|  | WHITTWOOD TOWN CENTER | CA | 57,135,695 | 105,814,560 | 2,249,451 | 57,138,906 | 108,060,800 | 165,199,706 | 12,185,715 |  | 153,013,991 |  | 43,665,459 | 2017(A) |
|  | VILLAGE ON THE PARK | CO | 2,194,463 | 8,885,987 | 16,704,873 | 3,018,391 | 24,766,932 | 27,785,323 | 6,314,280 |  | 21,471,043 |  | - | 1998(A) |
|  | QUINCY PLACE S.C. | CO | 1,148,317 | 4,608,249 | 2,568,067 | 1,148,317 | 7,176,316 | 8,324,633 | 3,734,528 |  | 4,590,105 |  | - | 1998(A) |
|  | EAST BANK S.C. | CO | 1,500,568 | 6,180,103 | 4,613,710 | 1,500,568 | 10,793,813 | 12,294,381 | 4,180,188 |  | 8,114,193 |  | - | 1998(A) |
|  | NORTHRIDGE SHOPPING CENTER | CO | 4,932,690 | 16,496,175 | 2,107,365 | 8,934,385 | 14,601,845 | 23,536,230 | 2,950,869 |  | 20,585,361 |  | - | 2013(A) |
|  | DENVER WEST 38TH STREET | CO | 161,167 | 646,983 | 412,472 | 161,167 | 1,059,455 | 1,220,622 | 363,563 |  | 857,059 |  | - | 1998(A) |
|  | ENGLEWOOD PLAZA | CO | 805,837 | 3,232,650 | 897,656 | 805,837 | 4,130,306 | 4,936,143 | 2,219,070 |  | 2,717,073 |  | - | 1998(A) |
|  | GREELEY COMMONS | CO | 3,313,095 | 20,069,559 | 1,525,944 | 3,313,095 | 21,595,503 | 24,908,598 | 4,986,795 |  | 19,921,803 |  | - | 2012(A) |
|  | HIGHLANDS RANCH VILLAGE S.C. | CO | 8,135,427 | 21,579,936 | 457,168 | 5,337,081 | 24,835,450 | 30,172,531 | 5,073,713 |  | 25,098,818 |  | - | 2011(A) |
|  | VILLAGE CENTER WEST | CO | 2,010,519 | 8,361,084 | 729,196 | 2,010,519 | 9,090,280 | 11,100,799 | 1,826,199 |  | 9,274,600 |  | - | 2011(A) |
|  | HIGHLANDS RANCH II | CO | 3,514,837 | 11,755,916 | 822,188 | 3,514,837 | 12,578,104 | 16,092,941 | 3,304,340 |  | 12,788,601 |  | - | 2013(A) |
|  | VILLAGE CENTER - HIGHLAND RANCH | CO | 1,140,000 | 2,660,000 | 283,724 | 1,140,000 | 2,943,724 | 4,083,724 | 396,713 |  | 3,687,011 |  | - | 2014(A) |
|  | HERITAGE WEST S.C. | CO | 1,526,576 | 6,124,074 | 2,309,547 | 1,526,576 | 8,433,621 | 9,960,197 | 4,093,180 |  | 5,867,017 |  | - | 1998(A) |
|  | MARKET AT SOUTHPARK | CO | 9,782,769 | 20,779,522 | 3,115,099 | 9,782,769 | 23,894,621 | 33,677,390 | 5,308,497 |  | 28,368,893 |  | - | 2011(A) |
|  | NEWTOWN S.C. | CT | - | 15,635,442 | 419,521 | - | 16,054,963 | 16,054,963 | 2,516,815 |  | 13,538,148 |  | 7,366,380 | 2014(A) |
|  | WEST FARM SHOPPING CENTER | CT | 5,805,969 | 23,348,024 | 18,702,013 | 7,585,116 | 40,270,890 | 47,856,006 | 17,447,864 |  | 30,408,142 |  | - | 1998(A) |
|  | HAMDEN MART | CT | 13,668,167 | 40,890,166 | 5,769,128 | 14,225,573 | 46,101,888 | 60,327,461 | 7,544,067 |  | 52,783,394 |  | 19,666,094 | 2016(A) |
|  | HOME DEPOT PLAZA | CT | 7,704,968 | 30,797,640 | 3,627,240 | 7,704,968 | 34,424,880 | 42,129,848 | 17,116,263 |  | 25,013,585 |  | - | 1998(A) |
|  | WILTON RIVER PARK SHOPPING CTR | CT | 7,154,585 | 27,509,279 | 236,837 | 7,154,584 | 27,746,117 | 34,900,701 | 5,598,301 |  | 29,302,400 |  | - | 2012(A) |
|  | BRIGHT HORIZONS | CT | 1,211,748 | 4,610,610 | 82,937 | 1,211,748 | 4,693,547 | 5,905,295 | 1,154,633 |  | 4,750,662 |  | - | 2012(A) |
|  | WILTON CAMPUS | CT | 10,168,872 | 31,893,016 | 2,642,528 | 10,168,872 | 34,535,544 | 44,704,416 | 9,258,360 |  | 35,446,056 |  | - | 2013(A) |
|  | CAMDEN SQUARE | DE | 122,741 | 66,738 | 4,680,370 | 3,024,375 | 1,845,474 | 4,869,849 | 232,710 |  | 4,637,139 |  | - | 2003(A) |
|  | PROMENADE AT CHRISTIANA | DE | 14,371,686 | - | 8,497,354 | 9,600,000 | 13,269,040 | 22,869,040 | 91,925 |  | 22,777,115 |  | - | 2014(C) |
|  | BRANDYWINE COMMONS | DE | - | 36,057,487 | (936,597) | - | 35,120,890 | 35,120,890 | 6,318,402 |  | 28,802,488 |  | - | 2014(A) |
|  | CAMINO SQUARE | FL | 573,875 | 2,295,501 | 3,654,326 | 733,875 | 5,789,827 | 6,523,702 | 3,872,616 |  | 2,651,086 |  | - | 1992(A) |
|  | CORAL SQUARE PROMENADE | FL | 710,000 | 2,842,907 | 4,125,500 | 710,000 | 6,968,407 | 7,678,407 | 4,231,686 |  | 3,446,721 |  | - | 1994(A) |
|  | MAPLEWOOD PLAZA | FL | 1,649,000 | 6,626,301 | 1,668,185 | 1,649,000 | 8,294,486 | 9,943,486 | 4,367,202 |  | 5,576,284 |  | - | 1997(A) |
|  | CURLEW CROSSING SHOPPING CTR | FL | 5,315,955 | 12,529,467 | 2,745,007 | 5,315,955 | 15,274,474 | 20,590,429 | 6,660,355 |  | 13,930,074 |  | - | 2005(A) |
|  | SHOPS AT SANTA BARBARA PHASE 1 | FL | 743,463 | 5,373,994 | 220,269 | 743,463 | 5,594,263 | 6,337,726 | 927,828 |  | 5,409,898 |  | - | 2015(A) |
|  | SHOPS AT SANTA BARBARA PHASE 2 | FL | 331,692 | 2,488,832 | - | 331,692 | 2,488,832 | 2,820,524 | 476,559 |  | 2,343,965 |  | - | 2015(A) |
|  | SHOPS AT SANTA BARBARA PHASE 3 | FL | 329,726 | 2,358,700 | 61,618 | 329,726 | 2,420,318 | 2,750,044 | 406,125 |  | 2,343,919 |  | - | 2015(A) |
|  | CORAL POINTE S.C. | FL | 2,411,608 | 20,507,735 | 609,267 | 2,411,608 | 21,117,002 | 23,528,610 | 3,507,027 |  | 20,021,583 |  | - | 2015(A) |
|  | DANIA POINTE | FL | 105,113,024 | - | 31,366,749 | 26,093,655 | 110,386,118 | 136,479,773 | 2,197,976 |  | 134,281,797 |  | 66,616,007 | 2016(C) |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | DANIA POINTE - PHASE II (3) | FL | - | - | 220,170,209 | 220,170,209 | - | 220,170,209 | - |  | 220,170,209 |  | - | 2018(C) |
|  | FT.LAUDERDALE/CYPRESS CREEK | FL | 14,258,760 | 28,042,390 | 3,348,067 | 14,258,760 | 31,390,457 | 45,649,217 | 10,756,266 |  | 34,892,951 |  | - | 2009(A) |
|  | HOMESTEAD-WACHTEL LAND LEASE | FL | 150,000 | - | - | 150,000 | - | 150,000 | - |  | 150,000 |  | - | 2013(A) |
|  | OAKWOOD PLAZA NORTH | FL | 35,300,961 | 141,731,019 | (247,550) | 35,300,961 | 141,483,469 | 176,784,430 | 18,280,715 |  | 158,503,715 |  | - | 2016(A) |
|  | OAKWOOD PLAZA SOUTH | FL | 11,126,609 | 40,592,103 | (66,541) | 11,126,609 | 40,525,562 | 51,652,171 | 5,587,292 |  | 46,064,879 |  | - | 2016(A) |
|  | OAKWOOD BUSINESS CTR-BLDG 1 | FL | 6,792,500 | 18,662,565 | 3,041,822 | 6,792,500 | 21,704,387 | 28,496,887 | 7,048,519 |  | 21,448,368 |  | - | 2009(A) |
|  | KIMCO AVENUES WALK, LLC | FL | 26,984,546 | - | (16,224,546) | 10,760,000 | - | 10,760,000 | - |  | 10,760,000 |  | - | 2005(C) |
|  | AVENUES WALK | FL | 8,169,933 | 20,173,468 | (22,001,328) | 1,724,923 | 4,617,150 | 6,342,073 | 695,547 |  | 5,646,526 |  | - | 2017(A) |
|  | RIVERPLACE SHOPPING CTR. | FL | 7,503,282 | 31,011,027 | 1,749,978 | 7,200,050 | 33,064,237 | 40,264,287 | 10,699,610 |  | 29,564,677 |  | - | 2010(A) |
|  | MERCHANTS WALK | FL | 2,580,816 | 10,366,090 | 7,229,782 | 2,580,816 | 17,595,872 | 20,176,688 | 9,916,015 |  | 10,260,673 |  | - | 2001(A) |
|  | CENTER AT MISSOURI AVENUE | FL | 293,686 | 792,119 | 7,099,628 | 293,686 | 7,891,747 | 8,185,433 | 2,071,410 |  | 6,114,023 |  | - | 1968(C) |
|  | TRI-CITY PLAZA | FL | 2,832,296 | 11,329,185 | 21,442,891 | 2,832,296 | 32,772,076 | 35,604,372 | 5,532,131 |  | 30,072,241 |  | - | 1992(A) |
|  | FT LAUDERDALE #1, FL | FL | 1,002,733 | 2,602,415 | 15,896,939 | 1,774,443 | 17,727,644 | 19,502,087 | 10,597,404 |  | 8,904,683 |  | - | 1974(C) |
|  | NASA PLAZA | FL | - | 1,754,000 | 3,628,604 | - | 5,382,604 | 5,382,604 | 4,033,444 |  | 1,349,160 |  | - | 1968(C) |
|  | GROVE GATE S.C. | FL | 365,893 | 1,049,172 | 792,700 | 365,893 | 1,841,872 | 2,207,765 | 1,612,685 |  | 595,080 |  | - | 1968(C) |
|  | CHEVRON OUTPARCEL | FL | 530,570 | 1,253,410 | - | 530,570 | 1,253,410 | 1,783,980 | 399,973 |  | 1,384,007 |  | - | 2010(A) |
|  | IVES DAIRY CROSSING | FL | 732,914 | 4,080,460 | 11,481,385 | 720,852 | 15,573,907 | 16,294,759 | 10,101,875 |  | 6,192,884 |  | - | 1985(A) |
|  | MILLER ROAD S.C. | FL | 1,138,082 | 4,552,327 | 4,653,437 | 1,138,082 | 9,205,764 | 10,343,846 | 6,117,126 |  | 4,226,720 |  | - | 1986(A) |
|  | KENDALE LAKES PLAZA | FL | 18,491,461 | 28,496,001 | (1,055,271) | 15,362,227 | 30,569,964 | 45,932,191 | 8,641,957 |  | 37,290,234 |  | - | 2009(A) |
|  | MILLER WEST PLAZA | FL | 6,725,660 | 10,661,419 | 262,552 | 6,725,660 | 10,923,971 | 17,649,631 | 1,881,268 |  | 15,768,363 |  | - | 2015(A) |
|  | CORSICA SQUARE S.C. | FL | 7,225,100 | 10,757,386 | 229,242 | 7,225,100 | 10,986,628 | 18,211,728 | 1,918,131 |  | 16,293,597 |  | - | 2015(A) |
|  | FLAGLER PARK | FL | 26,162,980 | 80,737,041 | 5,890,698 | 26,725,480 | 86,065,239 | 112,790,719 | 26,385,431 |  | 86,405,288 |  | - | 2007(A) |
|  | PARK HILL PLAZA | FL | 10,763,612 | 19,264,248 | 575,278 | 10,763,612 | 19,839,526 | 30,603,138 | 5,078,780 |  | 25,524,358 |  | - | 2011(A) |
|  | WINN DIXIE-MIAMI | FL | 2,989,640 | 9,410,360 | (49,372) | 3,544,297 | 8,806,331 | 12,350,628 | 1,336,013 |  | 11,014,615 |  | - | 2013(A) |
|  | MARATHON SHOPPING CENTER | FL | 2,412,929 | 8,069,450 | 1,668,751 | 1,514,731 | 10,636,399 | 12,151,130 | 2,077,857 |  | 10,073,273 |  | - | 2013(A) |
|  | SODO S.C. | FL | - | 68,139,271 | 8,716,773 | 142,195 | 76,713,849 | 76,856,044 | 23,323,001 |  | 53,533,043 |  | - | 2008(A) |
|  | RENAISSANCE CENTER | FL | 9,104,379 | 36,540,873 | 16,566,544 | 9,122,758 | 53,089,038 | 62,211,796 | 22,188,576 |  | 40,023,220 |  | - | 1998(A) |
|  | MILLENIA PLAZA PHASE II | FL | 7,711,000 | 20,702,992 | 3,978,678 | 7,698,200 | 24,694,470 | 32,392,670 | 9,237,336 |  | 23,155,334 |  | - | 2009(A) |
|  | RIVERSIDE LANDINGS S.C. | FL | 3,512,202 | 14,439,668 | 261,172 | 3,512,202 | 14,700,840 | 18,213,042 | 2,466,991 |  | 15,746,051 |  | - | 2015(A) |
|  | GRAND OAKS VILLAGE | FL | 7,409,319 | 19,653,869 | (524,484) | 5,846,339 | 20,692,365 | 26,538,704 | 4,787,099 |  | 21,751,605 |  | - | 2011(A) |
|  | PLANTATION CROSSING | FL | 2,782,030 | 8,077,260 | 3,880,495 | 2,782,030 | 11,957,755 | 14,739,785 | 1,169,770 |  | 13,570,015 |  | - | 2017(A) |
|  | POMPANO POINTE S.C. | FL | 10,516,500 | 14,355,836 | 530,900 | 10,516,500 | 14,886,736 | 25,403,236 | 1,555,793 |  | 23,847,443 |  | - | 2012(A) |
|  | UNIVERSITY TOWN CENTER | FL | 5,515,265 | 13,041,400 | 536,347 | 5,515,265 | 13,577,747 | 19,093,012 | 3,651,349 |  | 15,441,663 |  | - | 2011(A) |
|  | OAK TREE PLAZA | FL | - | 917,360 | 2,363,288 | - | 3,280,648 | 3,280,648 | 2,466,662 |  | 813,986 |  | - | 1968(C) |
|  | TUTTLEBEE PLAZA | FL | 254,961 | 828,465 | 1,894,395 | 254,961 | 2,722,860 | 2,977,821 | 2,005,443 |  | 972,378 |  | - | 2008(A) |
|  | SOUTH MIAMI S.C. | FL | 1,280,440 | 5,133,825 | 3,700,918 | 1,280,440 | 8,834,743 | 10,115,183 | 5,024,803 |  | 5,090,380 |  | - | 1995(A) |
|  | CARROLLWOOD COMMONS | FL | 5,220,445 | 16,884,228 | 3,582,050 | 5,220,445 | 20,466,278 | 25,686,723 | 10,679,896 |  | 15,006,827 |  | - | 1997(A) |
|  | VILLAGE COMMONS SHOPPING CENTER | FL | 2,192,331 | 8,774,158 | 5,402,331 | 2,192,331 | 14,176,489 | 16,368,820 | 6,664,538 |  | 9,704,282 |  | - | 1998(A) |
|  | MISSION BELL SHOPPING CENTER | FL | 5,056,426 | 11,843,119 | 8,691,774 | 5,067,033 | 20,524,286 | 25,591,319 | 7,720,542 |  | 17,870,777 |  | - | 2004(A) |
|  | VILLAGE COMMONS S.C. | FL | 2,026,423 | 5,106,476 | 2,055,527 | 2,026,423 | 7,162,003 | 9,188,426 | 1,761,345 |  | 7,427,081 |  | - | 2013(A) |
|  | BELMART PLAZA | FL | 1,656,097 | 3,394,420 | 5,696,706 | 1,656,097 | 9,091,126 | 10,747,223 | 1,182,873 |  | 9,564,350 |  | - | 2014(A) |
|  | MARKET AT HAYNES BRIDGE | GA | 4,880,659 | 21,549,424 | 1,217,935 | 4,889,863 | 22,758,155 | 27,648,018 | 8,152,912 |  | 19,495,106 |  | - | 2008(A) |
|  | EMBRY VILLAGE | GA | 18,147,054 | 33,009,514 | 2,530,958 | 18,160,525 | 35,527,001 | 53,687,526 | 23,478,491 |  | 30,209,035 |  | - | 2008(A) |
|  | PERIMETER EXPO PROPERTY | GA | 14,770,275 | 44,295,457 | 2,531,961 | 16,142,152 | 45,455,541 | 61,597,693 | 5,833,798 |  | 55,763,895 |  | - | 2016(A) |
|  | RIVERWALK MARKETPLACE | GA | 3,512,202 | 18,862,571 | 50,327 | 3,512,202 | 18,912,898 | 22,425,100 | 2,404,623 |  | 20,020,477 |  | - | 2015(A) |
|  | LAWRENCEVILLE MARKET | GA | 8,878,266 | 29,691,191 | 351,863 | 9,060,436 | 29,860,884 | 38,921,320 | 6,907,281 |  | 32,014,039 |  | - | 2013(A) |
|  | BRAELINN VILLAGE | GA | 7,314,719 | 20,738,792 | (903,523) | 3,731,347 | 23,418,641 | 27,149,988 | 3,931,754 |  | 23,218,234 |  | - | 2014(A) |
|  | SAVANNAH CENTER | GA | 2,052,270 | 8,232,978 | 4,972,212 | 2,052,270 | 13,205,190 | 15,257,460 | 7,627,683 |  | 7,629,777 |  | - | 1993(A) |
|  | CHATHAM PLAZA | GA | 13,390,238 | 35,115,882 | 1,469,797 | 13,403,262 | 36,572,655 | 49,975,917 | 13,919,506 |  | 36,056,411 |  | - | 2008(A) |
|  | CLIVE PLAZA | IA | 500,525 | 2,002,101 | - | 500,525 | 2,002,101 | 2,502,626 | 1,227,784 |  | 1,274,842 |  | - | 1996(A) |
|  | PLAZA DEL PRADO | IL | 10,203,960 | 28,409,786 | 1,856,215 | 10,203,960 | 30,266,001 | 40,469,961 | 4,466,628 |  | 36,003,333 |  | - | 2017(A) |
|  | SKOKIE POINTE | IL | - | 2,276,360 | 9,564,305 | 2,628,440 | 9,212,225 | 11,840,665 | 4,416,043 |  | 7,424,622 |  | - | 1997(A) |

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|  | HAWTHORN HILLS SQUARE | IL | 6,783,928 | 33,033,624 | 3,243,517 | 6,783,928 | 36,277,141 | 43,061,069 | 9,571,068 |  | 33,490,001 |  | - | 2012(A) |
|  | LINWOOD SQUARE | IN | 3,411,037 | 8,686,773 | 43,397 | 3,411,037 | 8,730,170 | 12,141,207 | 45,531 |  | 12,095,676 |  | 5,366,055 | 2019(A) |
|  | GREENWOOD S.C. | IN | 423,371 | 1,883,421 | 20,567,821 | 1,640,748 | 21,233,865 | 22,874,613 | 3,727,289 |  | 19,147,324 |  | - | 1970(C) |
|  | ABINGTON PLAZA | MA | 10,457,183 | 494,652 | - | 10,457,183 | 494,652 | 10,951,835 | 190,036 |  | 10,761,799 |  | 3,845,668 | 2014(A) |
|  | WASHINGTON ST.PLAZA | MA | 11,007,593 | 5,652,368 | 9,648,118 | 12,957,593 | 13,350,486 | 26,308,079 | 2,690,296 |  | 23,617,783 |  | 5,352,958 | 2014(A) |
|  | MEMORIAL PLAZA | MA | 16,411,388 | 27,553,908 | 966,332 | 16,411,388 | 28,520,240 | 44,931,628 | 4,481,485 |  | 40,450,143 |  | 14,761,027 | 2014(A) |
|  | MAIN ST. PLAZA | MA | 555,898 | 2,139,494 | - | 555,898 | 2,139,494 | 2,695,392 | 457,676 |  | 2,237,716 |  | 1,216,922 | 2014(A) |
|  | MORRISSEY PLAZA | MA | 4,097,251 | 3,751,068 | (856,076) | 4,097,251 | 2,894,992 | 6,992,243 | 326,811 |  | 6,665,432 |  | 2,788,169 | 2014(A) |
|  | GLENDALE SQUARE | MA | 4,698,891 | 7,141,090 | 276,270 | 4,698,891 | 7,417,360 | 12,116,251 | 1,533,969 |  | 10,582,282 |  | 5,111,077 | 2014(A) |
|  | FALMOUTH PLAZA | MA | 2,361,071 | 13,065,817 | 1,303,452 | 2,361,071 | 14,369,269 | 16,730,340 | 2,534,330 |  | 14,196,010 |  | 7,192,333 | 2014(A) |
|  | WAVERLY PLAZA | MA | 1,215,005 | 3,622,911 | 312,795 | 1,203,205 | 3,947,506 | 5,150,711 | 841,633 |  | 4,309,078 |  | 2,051,134 | 2014(A) |
|  | FESTIVAL OF HYANNIS S.C. | MA | 15,038,197 | 40,682,853 | 2,115,022 | 15,038,197 | 42,797,875 | 57,836,072 | 9,012,213 |  | 48,823,859 |  | - | 2014(A) |
|  | FELLSWAY PLAZA | MA | 5,300,388 | 11,013,543 | 764,656 | 5,300,388 | 11,778,199 | 17,078,587 | 1,745,026 |  | 15,333,561 |  | 6,102,064 | 2014(A) |
|  | NORTH QUINCY PLAZA | MA | 6,332,542 | 17,954,110 | (601,375) | 3,894,436 | 19,790,841 | 23,685,277 | 3,222,927 |  | 20,462,350 |  | - | 2014(A) |
|  | ADAMS PLAZA | MA | 2,089,363 | 3,226,648 | 20,048 | 2,089,363 | 3,246,696 | 5,336,059 | 623,192 |  | 4,712,867 |  | 1,693,163 | 2014(A) |
|  | BROADWAY PLAZA | MA | 6,485,065 | 343,422 | - | 6,485,065 | 343,422 | 6,828,487 | 143,268 |  | 6,685,219 |  | 2,598,411 | 2014(A) |
|  | VINNIN SQUARE PLAZA | MA | 5,545,425 | 16,324,060 | 30,357 | 5,545,425 | 16,354,417 | 21,899,842 | 3,856,485 |  | 18,043,357 |  | 8,118,542 | 2014(A) |
|  | PARADISE PLAZA | MA | 4,183,038 | 12,194,885 | 1,637,923 | 4,183,038 | 13,832,808 | 18,015,846 | 2,974,790 |  | 15,041,056 |  | 7,845,921 | 2014(A) |
|  | BELMONT PLAZA | MA | 11,104,983 | 848,844 | - | 11,104,983 | 848,844 | 11,953,827 | 238,518 |  | 11,715,309 |  | 4,635,484 | 2014(A) |
|  | VINNIN SQUARE IN-LINE | MA | 582,228 | 2,094,560 | (38,716) | 582,228 | 2,055,844 | 2,638,072 | 325,114 |  | 2,312,958 |  | - | 2014(A) |
|  | LINDEN PLAZA | MA | 4,628,215 | 3,535,431 | 578,353 | 4,628,215 | 4,113,784 | 8,741,999 | 1,173,955 |  | 7,568,044 |  | 3,192,283 | 2014(A) |
|  | NORTH AVE. PLAZA | MA | 1,163,875 | 1,194,673 | 23,933 | 1,163,875 | 1,218,606 | 2,382,481 | 318,197 |  | 2,064,284 |  | 812,286 | 2014(A) |
|  | WASHINGTON ST. S.C. | MA | 7,380,918 | 9,987,119 | 2,057,448 | 7,380,918 | 12,044,567 | 19,425,485 | 1,985,891 |  | 17,439,594 |  | 5,563,436 | 2014(A) |
|  | MILL ST. PLAZA | MA | 4,195,024 | 6,203,410 | 554,628 | 4,195,024 | 6,758,038 | 10,953,062 | 1,362,547 |  | 9,590,515 |  | 3,637,862 | 2014(A) |
|  | FULLERTON PLAZA | MD | 14,237,901 | 6,743,980 | 8,192,823 | 14,237,901 | 14,936,803 | 29,174,704 | 1,864,141 |  | 27,310,563 |  | - | 2014(A) |
|  | GREENBRIER S.C. | MD | 8,891,468 | 30,304,760 | 329,475 | 8,891,468 | 30,634,235 | 39,525,703 | 5,077,149 |  | 34,448,554 |  | - | 2014(A) |
|  | INGLESIDE S.C. | MD | 10,416,726 | 17,889,235 | 302,317 | 10,416,726 | 18,191,552 | 28,608,278 | 3,610,361 |  | 24,997,917 |  | - | 2014(A) |
|  | WILKENS BELTWAY PLAZA | MD | 9,948,235 | 22,125,942 | 1,495,965 | 9,948,235 | 23,621,907 | 33,570,142 | 3,820,091 |  | 29,750,051 |  | - | 2014(A) |
|  | YORK ROAD PLAZA | MD | 4,276,715 | 37,205,757 | 191,525 | 4,276,715 | 37,397,282 | 41,673,997 | 5,805,450 |  | 35,868,547 |  | - | 2014(A) |
|  | PUTTY HILL PLAZA | MD | 4,192,152 | 11,112,111 | 542,155 | 4,192,152 | 11,654,266 | 15,846,418 | 3,301,528 |  | 12,544,890 |  | - | 2013(A) |
|  | SNOWDEN SQUARE S.C. | MD | 1,929,402 | 4,557,934 | 5,155,349 | 3,326,422 | 8,316,263 | 11,642,685 | 2,083,927 |  | 9,558,758 |  | - | 2012(A) |
|  | COLUMBIA CROSSING | MD | 3,612,550 | 34,344,509 | 1,244,651 | 3,612,550 | 35,589,160 | 39,201,710 | 5,131,563 |  | 34,070,147 |  | - | 2015(A) |
|  | DORSEY'S SEARCH VILLAGE CENTER | MD | 6,321,963 | 27,996,087 | 286,078 | 6,321,963 | 28,282,165 | 34,604,128 | 3,959,963 |  | 30,644,165 |  | - | 2015(A) |
|  | HICKORY RIDGE | MD | 7,183,646 | 26,947,776 | 653,628 | 7,183,646 | 27,601,404 | 34,785,050 | 4,092,540 |  | 30,692,510 |  | - | 2015(A) |
|  | HICKORY RIDGE (SUNOCO) | MD | 543,197 | 2,122,234 | - | 543,197 | 2,122,234 | 2,665,431 | 413,179 |  | 2,252,252 |  | - | 2015(A) |
|  | KINGS CONTRIVANCE | MD | 9,308,349 | 31,759,940 | 956,829 | 9,308,349 | 32,716,769 | 42,025,118 | 5,801,943 |  | 36,223,175 |  | - | 2014(A) |
|  | HARPER'S CHOICE | MD | 8,429,284 | 18,373,994 | 888,226 | 8,429,284 | 19,262,220 | 27,691,504 | 3,232,809 |  | 24,458,695 |  | - | 2015(A) |
|  | WILDE LAKE | MD | 1,468,038 | 5,869,862 | 26,110,759 | 2,577,073 | 30,871,586 | 33,448,659 | 10,439,013 |  | 23,009,646 |  | - | 2002(A) |
|  | RIVERHILL VILLAGE CENTER | MD | 16,825,496 | 23,282,222 | 249,700 | 16,825,496 | 23,531,922 | 40,357,418 | 5,095,140 |  | 35,262,278 |  | - | 2014(A) |
|  | COLUMBIA CROSSING OUTPARCELS | MD | 1,279,200 | 2,870,800 | 20,602,841 | 6,147,248 | 18,605,593 | 24,752,841 | 3,793,940 |  | 20,958,901 |  | - | 2011(A) |
|  | COLUMBIA CROSSING II SHOP.CTR. | MD | 3,137,628 | 19,868,075 | 4,393,578 | 3,137,628 | 24,261,653 | 27,399,281 | 3,581,753 |  | 23,817,528 |  | - | 2013(A) |
|  | SHOPS AT DISTRICT HEIGHTS | MD | 8,165,638 | 21,970,661 | (1,330,335) | 7,298,215 | 21,507,749 | 28,805,964 | 2,658,063 |  | 26,147,901 |  | 12,771,539 | 2015(A) |
|  | ENCHANTED FOREST S.C. | MD | 20,123,946 | 34,345,102 | 902,976 | 20,123,946 | 35,248,078 | 55,372,024 | 6,614,004 |  | 48,758,020 |  | - | 2014(A) |
|  | SHOPPES AT EASTON | MD | 6,523,713 | 16,402,204 | (2,463,057) | 6,523,713 | 13,939,147 | 20,462,860 | 2,899,366 |  | 17,563,494 |  | - | 2014(A) |
|  | VILLAGES AT URBANA | MD | 3,190,074 | 6,067 | 19,360,692 | 4,828,774 | 17,728,059 | 22,556,833 | 2,517,436 |  | 20,039,397 |  | - | 2003(A) |
|  | GAITHERSBURG S.C. | MD | 244,890 | 6,787,534 | 1,682,724 | 244,890 | 8,470,258 | 8,715,148 | 4,082,460 |  | 4,632,688 |  | - | 1999(A) |
|  | KENTLANDS MARKET SQUARE | MD | 20,167,048 | 84,615,052 | 14,891,942 | 20,167,048 | 99,506,994 | 119,674,042 | 9,413,156 |  | 110,260,886 |  | 31,311,666 | 2016(A) |

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|  | SHAWAN PLAZA | MD | 4,466,000 | 20,222,367 | 30,616 | 4,466,000 | 20,252,983 | 24,718,983 | 12,381,043 |  | 12,337,940 |  | - | 2008(A) |
|  | LAUREL PLAZA | MD | 349,562 | 1,398,250 | 5,257,691 | 1,571,288 | 5,434,215 | 7,005,503 | 2,351,484 |  | 4,654,019 |  | - | 1995(A) |
|  | LAUREL PLAZA | MD | 274,580 | 1,100,968 | 173,969 | 274,580 | 1,274,937 | 1,549,517 | 1,207,785 |  | 341,732 |  | - | 1972(C) |
|  | MILL STATION THEATER/RSTRNTS | MD | 23,378,543 | 1,089,760 | (3,672,367) | 14,737,597 | 6,058,339 | 20,795,936 | 601,666 |  | 20,194,270 |  | - | 2016(C) |
|  | MILL STATION DEVELOPMENT | MD | 21,320,924 | - | 61,182,938 | 16,075,820 | 66,428,042 | 82,503,862 | - |  | 82,503,862 |  | - | 2015(C) |
|  | CENTRE COURT-RETAIL/BANK | MD | 1,035,359 | 7,785,830 | 139,567 | 1,035,359 | 7,925,397 | 8,960,756 | 1,601,160 |  | 7,359,596 |  | 1,259,796 | 2011(A) |
|  | CENTRE COURT-GIANT | MD | 3,854,099 | 12,769,628 | 95,541 | 3,854,099 | 12,865,169 | 16,719,268 | 3,103,844 |  | 13,615,424 |  | 4,987,211 | 2011(A) |
|  | CENTRE COURT-OLD COURT/COURTYD | MD | 2,279,177 | 5,284,577 | 34,036 | 2,279,177 | 5,318,613 | 7,597,790 | 1,215,445 |  | 6,382,345 |  | - | 2011(A) |
|  | RADCLIFFE CENTER | MD | 12,042,713 | 21,187,946 | 26,723 | 12,042,713 | 21,214,669 | 33,257,382 | 4,040,116 |  | 29,217,266 |  | - | 2014(A) |
|  | TIMONIUM CROSSING | MD | 2,525,377 | 14,862,817 | 467,571 | 2,525,377 | 15,330,388 | 17,855,765 | 2,640,116 |  | 15,215,649 |  | - | 2014(A) |
|  | TIMONIUM SQUARE | MD | 6,000,000 | 24,282,998 | 14,192,960 | 7,331,195 | 37,144,763 | 44,475,958 | 17,499,083 |  | 26,976,875 |  | - | 2003(A) |
|  | TOWSON PLACE | MD | 43,886,876 | 101,764,931 | 4,058,439 | 43,270,792 | 106,439,454 | 149,710,246 | 24,823,118 |  | 124,887,128 |  | - | 2012(A) |
|  | CENTURY PLAZA | MI | 178,785 | 925,818 | 731,597 | 95,905 | 1,740,295 | 1,836,200 | 832,327 |  | 1,003,873 |  | - | 1968(C) |
|  | THE FOUNTAINS AT ARBOR LAKES | MN | 28,585,296 | 66,699,024 | 14,197,546 | 29,485,296 | 79,996,570 | 109,481,866 | 32,150,146 |  | 77,331,720 |  | - | 2006(A) |
|  | CENTER POINT S.C. | MO | - | 550,204 | - | - | 550,204 | 550,204 | 550,203 |  | 1 |  | - | 1998(A) |
|  | WOODLAWN MARKETPLACE | NC | 919,251 | 3,570,981 | 2,740,450 | 919,251 | 6,311,431 | 7,230,682 | 4,056,057 |  | 3,174,625 |  | - | 2008(A) |
|  | TYVOLA SQUARE | NC | - | 4,736,345 | 8,378,073 | - | 13,114,418 | 13,114,418 | 9,792,167 |  | 3,322,251 |  | - | 1986(A) |
|  | CROSSROADS PLAZA | NC | 767,864 | 3,098,881 | 1,233,350 | 767,864 | 4,332,231 | 5,100,095 | 2,084,338 |  | 3,015,757 |  | - | 2000(A) |
|  | JETTON VILLAGE SHOPPES | NC | 3,875,224 | 10,292,231 | 493,876 | 2,143,695 | 12,517,636 | 14,661,331 | 2,816,709 |  | 11,844,622 |  | - | 2011(A) |
|  | MOUNTAIN ISLAND MARKETPLACE | NC | 3,318,587 | 7,331,413 | 702,336 | 3,818,587 | 7,533,749 | 11,352,336 | 1,700,111 |  | 9,652,225 |  | - | 2012(A) |
|  | WOODLAWN SHOPPING CENTER | NC | 2,010,725 | 5,833,626 | 2,093,863 | 2,010,725 | 7,927,489 | 9,938,214 | 1,746,407 |  | 8,191,807 |  | - | 2012(A) |
|  | CROSSROADS PLAZA | NC | 13,405,529 | 86,455,763 | (822,704) | 13,405,529 | 85,633,059 | 99,038,588 | 17,053,576 |  | 81,985,012 |  | - | 2014(A) |
|  | QUAIL CORNERS | NC | 7,318,321 | 26,675,644 | 1,932,338 | 7,318,321 | 28,607,982 | 35,926,303 | 4,694,476 |  | 31,231,827 |  | 15,220,049 | 2014(A) |
|  | DAVIDSON COMMONS | NC | 2,978,533 | 12,859,867 | 558,592 | 2,978,533 | 13,418,459 | 16,396,992 | 2,870,768 |  | 13,526,224 |  | - | 2012(A) |
|  | PARK PLACE SC | NC | 5,461,478 | 16,163,494 | 4,175,099 | 5,469,809 | 20,330,262 | 25,800,071 | 7,536,466 |  | 18,263,605 |  | - | 2008(A) |
|  | MOORESVILLE CROSSING | NC | 12,013,727 | 30,604,173 | 531,732 | 11,625,801 | 31,523,831 | 43,149,632 | 12,597,563 |  | 30,552,069 |  | - | 2007(A) |
|  | PLEASANT VALLEY PROMENADE | NC | 5,208,885 | 20,885,792 | 22,010,083 | 5,208,885 | 42,895,875 | 48,104,760 | 21,500,267 |  | 26,604,493 |  | - | 1993(A) |
|  | BRENNAN STATION | NC | 7,749,751 | 20,556,891 | (327,874) | 6,321,923 | 21,656,845 | 27,978,768 | 6,222,776 |  | 21,755,992 |  | - | 2011(A) |
|  | BRENNAN STATION OUTPARCEL | NC | 627,906 | 1,665,576 | (186,984) | 450,232 | 1,656,266 | 2,106,498 | 374,808 |  | 1,731,690 |  | - | 2011(A) |
|  | CLOVERDALE PLAZA | NC | 540,667 | 719,655 | 7,554,126 | 540,667 | 8,273,781 | 8,814,448 | 3,997,454 |  | 4,816,994 |  | - | 1969(C) |
|  | WEBSTER SQUARE | NH | 11,683,145 | 41,708,383 | 7,437,545 | 11,683,145 | 49,145,928 | 60,829,073 | 9,061,478 |  | 51,767,595 |  | - | 2014(A) |
|  | WEBSTER SQUARE - DSW | NH | 1,346,391 | 3,638,397 | 131,388 | 1,346,391 | 3,769,785 | 5,116,176 | 447,893 |  | 4,668,283 |  | - | 2017(A) |
|  | WEBSTER SQUARE NORTH | NH | 2,163,138 | 6,511,424 | 131,176 | 2,163,138 | 6,642,600 | 8,805,738 | 1,234,333 |  | 7,571,405 |  | - | 2016(A) |
|  | ROCKINGHAM PLAZA | NH | 2,660,915 | 10,643,660 | 23,910,947 | 3,148,715 | 34,066,807 | 37,215,522 | 13,671,663 |  | 23,543,859 |  | - | 2008(A) |
|  | SHOP RITE PLAZA | NJ | 2,417,583 | 6,364,094 | 1,595,616 | 2,417,583 | 7,959,710 | 10,377,293 | 7,402,608 |  | 2,974,685 |  | - | 1985(C) |
|  | MARLTON PLAZA | NJ | - | 4,318,534 | 153,375 | - | 4,471,909 | 4,471,909 | 2,610,173 |  | 1,861,736 |  | - | 1996(A) |
|  | HILLVIEW SHOPPING CENTER | NJ | 16,007,647 | 32,607,423 | (330,854) | 16,007,647 | 32,276,569 | 48,284,216 | 5,693,981 |  | 42,590,235 |  | - | 2014(A) |
|  | GARDEN STATE PAVILIONS | NJ | 7,530,709 | 10,801,949 | 20,841,974 | 12,203,841 | 26,970,791 | 39,174,632 | 8,213,444 |  | 30,961,188 |  | - | 2011(A) |
|  | CLARK SHOPRITE 70 CENTRAL AVE | NJ | 3,496,673 | 11,693,769 | 994,829 | 13,959,593 | 2,225,678 | 16,185,271 | 1,004,269 |  | 15,181,002 |  | - | 2013(A) |
|  | COMMERCE CENTER WEST | NJ | 385,760 | 1,290,080 | 160,534 | 793,595 | 1,042,779 | 1,836,374 | 272,544 |  | 1,563,830 |  | - | 2013(A) |
|  | COMMERCE CENTER EAST | NJ | 1,518,930 | 5,079,690 | 1,753,865 | 7,235,196 | 1,117,289 | 8,352,485 | 526,620 |  | 7,825,865 |  | - | 2013(A) |

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|  | CENTRAL PLAZA | NJ | 3,170,465 | 10,602,845 | 34,941 | 5,145,167 | 8,663,084 | 13,808,251 | 2,647,579 |  | 11,160,672 |  | - | 2013(A) |
|  | EAST WINDSOR VILLAGE | NJ | 9,335,011 | 23,777,978 | 249,699 | 9,335,011 | 24,027,677 | 33,362,688 | 7,442,802 |  | 25,919,886 |  | - | 2008(A) |
|  | HOLMDEL TOWNE CENTER | NJ | 10,824,624 | 43,301,494 | 10,776,136 | 10,824,624 | 54,077,630 | 64,902,254 | 23,625,835 |  | 41,276,419 |  | - | 2002(A) |
|  | COMMONS AT HOLMDEL | NJ | 16,537,556 | 38,759,952 | 4,219,623 | 16,537,556 | 42,979,575 | 59,517,131 | 18,321,594 |  | 41,195,537 |  | - | 2004(A) |
|  | PLAZA AT HILLSDALE | NJ | 7,601,596 | 6,994,196 | 1,564,519 | 7,601,596 | 8,558,715 | 16,160,311 | 1,728,385 |  | 14,431,926 |  | 5,449,532 | 2014(A) |
|  | MAPLE SHADE | NJ | - | 9,957,611 | 2,247,570 | - | 12,205,181 | 12,205,181 | 3,154,532 |  | 9,050,649 |  | - | 2009(A) |
|  | PLAZA AT SHORT HILLS | NJ | 20,155,471 | 11,061,984 | 741,742 | 20,155,471 | 11,803,726 | 31,959,197 | 2,720,127 |  | 29,239,070 |  | 8,603,595 | 2014(A) |
|  | NORTH BRUNSWICK PLAZA | NJ | 3,204,978 | 12,819,912 | 27,583,563 | 3,204,978 | 40,403,475 | 43,608,453 | 21,614,149 |  | 21,994,304 |  | - | 1994(A) |
|  | PISCATAWAY TOWN CENTER | NJ | 3,851,839 | 15,410,851 | 1,739,905 | 3,851,839 | 17,150,756 | 21,002,595 | 9,432,153 |  | 11,570,442 |  | - | 1998(A) |
|  | RIDGEWOOD S.C. | NJ | 450,000 | 2,106,566 | 1,241,414 | 450,000 | 3,347,980 | 3,797,980 | 1,926,707 |  | 1,871,273 |  | - | 1993(A) |
|  | UNION CRESCENT III | NJ | 7,895,483 | 3,010,640 | 28,965,399 | 8,696,579 | 31,174,943 | 39,871,522 | 17,736,590 |  | 22,134,932 |  | - | 2007(A) |
|  | WESTMONT PLAZA | NJ | 601,655 | 2,404,604 | 13,669,028 | 601,655 | 16,073,632 | 16,675,287 | 7,625,888 |  | 9,049,399 |  | - | 1994(A) |
|  | WILLOWBROOK PLAZA | NJ | 15,320,436 | 40,996,874 | 10,547,715 | 15,320,436 | 51,544,589 | 66,865,025 | 8,361,323 |  | 58,503,702 |  | - | 2009(A) |
|  | DEL MONTE PLAZA | NV | 2,489,429 | 5,590,415 | 535,415 | 2,210,000 | 6,405,259 | 8,615,259 | 3,613,396 |  | 5,001,863 |  | 1,657,182 | 2006(A) |
|  | DEL MONTE PLAZA ANCHOR PARCEL | NV | 6,512,745 | 17,599,602 | 135,899 | 6,520,017 | 17,728,229 | 24,248,246 | 1,542,524 |  | 22,705,722 |  | - | 2017(A) |
|  | REDFIELD PROMENADE | NV | 4,415,339 | 32,035,192 | 724,982 | 4,415,339 | 32,760,174 | 37,175,513 | 7,946,397 |  | 29,229,116 |  | - | 2015(A) |
|  | MCQUEEN CROSSINGS | NV | 5,017,431 | 20,779,024 | 326,357 | 5,017,431 | 21,105,381 | 26,122,812 | 5,030,679 |  | 21,092,133 |  | - | 2015(A) |
|  | GALENA JUNCTION | NV | 8,931,027 | 17,503,387 | 223,293 | 8,931,027 | 17,726,680 | 26,657,707 | 3,682,910 |  | 22,974,797 |  | - | 2015(A) |
|  | D'ANDREA MARKETPLACE | NV | 11,556,067 | 29,435,364 | 564,122 | 11,556,067 | 29,999,486 | 41,555,553 | 9,693,650 |  | 31,861,903 |  | - | 2007(A) |
|  | SPARKS MERCANTILE | NV | 6,221,614 | 17,069,172 | 137,785 | 6,221,614 | 17,206,957 | 23,428,571 | 3,508,976 |  | 19,919,595 |  | - | 2015(A) |
|  | BRIDGEHAMPTON COMMONS-W&E SIDE | NY | 1,811,752 | 3,107,232 | 34,209,472 | 1,858,188 | 37,270,268 | 39,128,456 | 22,584,128 |  | 16,544,328 |  | - | 1972(C) |
|  | OCEAN PLAZA | NY | 564,097 | 2,268,768 | 19,003 | 564,097 | 2,287,771 | 2,851,868 | 978,043 |  | 1,873,825 |  | - | 2003(A) |
|  | KINGS HIGHWAY | NY | 2,743,820 | 6,811,268 | 2,235,709 | 2,743,820 | 9,046,977 | 11,790,797 | 3,875,659 |  | 7,915,138 |  | - | 2004(A) |
|  | RALPH AVENUE PLAZA | NY | 4,414,466 | 11,339,857 | 3,912,149 | 4,414,467 | 15,252,005 | 19,666,472 | 5,848,083 |  | 13,818,389 |  | - | 2004(A) |
|  | BELLMORE S.C. | NY | 1,272,269 | 3,183,547 | 1,590,605 | 1,272,269 | 4,774,152 | 6,046,421 | 2,106,726 |  | 3,939,695 |  | - | 2004(A) |
|  | MARKET AT BAY SHORE | NY | 12,359,621 | 30,707,802 | 6,324,935 | 12,359,621 | 37,032,737 | 49,392,358 | 14,679,424 |  | 34,712,934 |  | 11,947,237 | 2006(A) |
|  | KEY FOOD - ATLANTIC AVE | NY | 2,272,500 | 5,624,589 | 509,260 | 4,808,822 | 3,597,527 | 8,406,349 | 825,449 |  | 7,580,900 |  | - | 2012(A) |
|  | VETERANS MEMORIAL PLAZA | NY | 5,968,082 | 23,243,404 | 19,513,618 | 5,980,130 | 42,744,974 | 48,725,104 | 16,101,074 |  | 32,624,030 |  | - | 1998(A) |
|  | BIRCHWOOD PLAZA COMMACK | NY | 3,630,000 | 4,774,791 | 1,240,489 | 3,630,000 | 6,015,280 | 9,645,280 | 2,147,985 |  | 7,497,295 |  | - | 2007(A) |
|  | ELMONT S.C. | NY | 3,011,658 | 7,606,066 | 6,171,045 | 3,011,658 | 13,777,111 | 16,788,769 | 4,209,847 |  | 12,578,922 |  | - | 2004(A) |
|  | ELMSFORD CENTER 1 | NY | 4,134,273 | 1,193,084 | - | 4,134,273 | 1,193,084 | 5,327,357 | 224,999 |  | 5,102,358 |  | - | 2013(A) |
|  | ELMSFORD CENTER 2 | NY | 4,076,403 | 15,598,504 | 1,118,941 | 4,245,442 | 16,548,406 | 20,793,848 | 3,619,110 |  | 17,174,738 |  | - | 2013(A) |
|  | FRANKLIN SQUARE S.C. | NY | 1,078,541 | 2,516,581 | 4,164,568 | 1,078,541 | 6,681,149 | 7,759,690 | 2,951,140 |  | 4,808,550 |  | - | 2004(A) |
|  | AIRPORT PLAZA | NY | 22,711,189 | 107,011,500 | 3,428,747 | 22,711,189 | 110,440,247 | 133,151,436 | 19,869,415 |  | 113,282,021 |  | - | 2015(A) |
|  | KISSENA BOULEVARD SHOPPING CTR | NY | 11,610,000 | 2,933,487 | 1,333,988 | 11,610,000 | 4,267,475 | 15,877,475 | 1,172,285 |  | 14,705,190 |  | - | 2007(A) |
|  | HAMPTON BAYS PLAZA | NY | 1,495,105 | 5,979,320 | 3,369,604 | 1,495,105 | 9,348,924 | 10,844,029 | 7,953,033 |  | 2,890,996 |  | - | 1989(A) |
|  | HICKSVILLE PLAZA | NY | 3,542,739 | 8,266,375 | 2,505,434 | 3,542,739 | 10,771,809 | 14,314,548 | 4,005,114 |  | 10,309,434 |  | - | 2004(A) |
|  | TURNPIKE PLAZA | NY | 2,471,832 | 5,839,416 | 809,085 | 2,471,832 | 6,648,501 | 9,120,333 | 2,001,327 |  | 7,119,006 |  | - | 2011(A) |
|  | JERICHO COMMONS SOUTH | NY | 12,368,330 | 33,071,495 | 3,475,118 | 12,368,330 | 36,546,613 | 48,914,943 | 12,776,532 |  | 36,138,411 |  | 5,984,769 | 2007(A) |
|  | 501 NORTH BROADWAY | NY | - | 1,175,543 | (59,268) | - | 1,116,275 | 1,116,275 | 443,930 |  | 672,345 |  | - | 2007(A) |
|  | MILLERIDGE INN | NY | 7,500,330 | 481,316 | (48,741) | 7,500,000 | 432,905 | 7,932,905 | 40,404 |  | 7,892,501 |  | - | 2015(A) |
|  | FAMILY DOLLAR UNION TURNPIKE | NY | 909,000 | 2,249,775 | 258,033 | 1,056,709 | 2,360,099 | 3,416,808 | 557,337 |  | 2,859,471 |  | - | 2012(A) |
|  | LITTLE NECK PLAZA | NY | 3,277,254 | 13,161,218 | 5,986,742 | 3,277,253 | 19,147,961 | 22,425,214 | 8,211,840 |  | 14,213,374 |  | - | 2003(A) |
|  | KEY FOOD - 21ST STREET | NY | 1,090,800 | 2,699,730 | (159,449) | 1,669,153 | 1,961,928 | 3,631,081 | 367,863 |  | 3,263,218 |  | - | 2012(A) |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | MANHASSET CENTER | NY | 4,567,003 | 19,165,808 | 31,678,891 | 3,471,939 | 51,939,763 | 55,411,702 | 27,124,630 |  | 28,287,072 |  | - | 1999(A) |
|  | MANHASSET CENTER(residential) | NY | 950,000 | - | - | 950,000 | - | 950,000 | - |  | 950,000 |  | - | 2012(A) |
|  | MASPETH QUEENS-DUANE READE | NY | 1,872,013 | 4,827,940 | 1,036,886 | 1,872,013 | 5,864,826 | 7,736,839 | 2,267,372 |  | 5,469,467 |  | 1,733,522 | 2004(A) |
|  | NORTH MASSAPEQUA S.C. | NY | 1,880,816 | 4,388,549 | (1,964,468) | - | 4,304,897 | 4,304,897 | 4,304,897 |  | - |  | - | 2004(A) |
|  | MINEOLA CROSSINGS | NY | 4,150,000 | 7,520,692 | 381,643 | 4,150,000 | 7,902,335 | 12,052,335 | 2,532,702 |  | 9,519,633 |  | - | 2007(A) |
|  | SMITHTOWN PLAZA | NY | 3,528,000 | 7,364,098 | 553,338 | 3,528,000 | 7,917,436 | 11,445,436 | 3,300,345 |  | 8,145,091 |  | - | 2009(A) |
|  | MANETTO HILL PLAZA | NY | 263,693 | 584,031 | 11,067,210 | 263,693 | 11,651,241 | 11,914,934 | 7,066,502 |  | 4,848,432 |  | - | 1969(C) |
|  | SYOSSET S.C. | NY | 106,655 | 76,197 | 2,090,616 | 106,655 | 2,166,813 | 2,273,468 | 1,214,338 |  | 1,059,130 |  | - | 1990(C) |
|  | RICHMOND S.C. | NY | 2,280,000 | 9,027,951 | 21,469,643 | 2,280,000 | 30,497,594 | 32,777,594 | 15,094,149 |  | 17,683,445 |  | - | 1989(A) |
|  | GREENRIDGE PLAZA | NY | 2,940,000 | 11,811,964 | 7,448,048 | 3,148,424 | 19,051,588 | 22,200,012 | 9,066,807 |  | 13,133,205 |  | - | 1997(A) |
|  | THE BOULEVARD | NY | 28,723,536 | 38,232,267 | 143,859,701 | 28,723,536 | 182,091,968 | 210,815,504 | 14,518,223 |  | 196,297,281 |  | - | 2006(A) |
|  | FOREST AVENUE PLAZA | NY | 4,558,592 | 10,441,408 | 731,386 | 4,558,592 | 11,172,794 | 15,731,386 | 4,256,254 |  | 11,475,132 |  | - | 2005(A) |
|  | INDEPENDENCE PLAZA | NY | 12,279,093 | 34,813,852 | (458,904) | 16,131,632 | 30,502,409 | 46,634,041 | 7,329,258 |  | 39,304,783 |  | - | 2014(A) |
|  | KEY FOOD - CENTRAL AVE. | NY | 2,787,600 | 6,899,310 | (394,910) | 2,603,321 | 6,688,679 | 9,292,000 | 1,311,346 |  | 7,980,654 |  | - | 2012(A) |
|  | WHITE PLAINS S.C. | NY | 1,777,775 | 4,453,894 | 2,611,810 | 1,777,775 | 7,065,704 | 8,843,479 | 2,719,153 |  | 6,124,326 |  | - | 2004(A) |
|  | CHAMPION FOOD SUPERMARKET | NY | 757,500 | 1,874,813 | (24,388) | 2,241,118 | 366,807 | 2,607,925 | 188,665 |  | 2,419,260 |  | - | 2012(A) |
|  | SHOPRITE S.C. | NY | 871,977 | 3,487,909 | - | 871,977 | 3,487,909 | 4,359,886 | 2,420,656 |  | 1,939,230 |  | - | 1998(A) |
|  | ROMAINE PLAZA | NY | 782,459 | 1,825,737 | 588,133 | 782,459 | 2,413,870 | 3,196,329 | 870,113 |  | 2,326,216 |  | - | 2005(A) |
|  | OREGON TRAIL CENTER | OR | 5,802,422 | 12,622,879 | 556,817 | 5,802,422 | 13,179,696 | 18,982,118 | 5,401,640 |  | 13,580,478 |  | - | 2009(A) |
|  | JANTZEN BEACH CENTER | OR | 57,575,244 | 102,844,429 | 356,274 | 57,588,287 | 103,187,660 | 160,775,947 | 11,112,219 |  | 149,663,728 |  | - | 2017(A) |
|  | SUBURBAN SQUARE | PA | 70,679,871 | 166,351,381 | 66,736,035 | 71,279,871 | 232,487,416 | 303,767,287 | 55,876,122 |  | 247,891,165 |  | - | 2007(A) |
|  | CENTER SQUARE SHOPPING CENTER | PA | 731,888 | 2,927,551 | 1,232,400 | 691,297 | 4,200,542 | 4,891,839 | 2,897,007 |  | 1,994,832 |  | - | 1996(A) |
|  | WAYNE PLAZA | PA | 6,127,623 | 15,605,012 | 657,984 | 6,135,670 | 16,254,949 | 22,390,619 | 5,417,332 |  | 16,973,287 |  | - | 2008(A) |
|  | DEVON VILLAGE | PA | 4,856,379 | 25,846,910 | 4,290,119 | 4,856,379 | 30,137,029 | 34,993,408 | 8,540,901 |  | 26,452,507 |  | - | 2012(A) |
|  | POCONO PLAZA | PA | 1,050,000 | 2,372,628 | 15,196,868 | 1,050,000 | 17,569,496 | 18,619,496 | 1,393,096 |  | 17,226,400 |  | - | 1973(C) |
|  | RIDGE PIKE PLAZA | PA | 1,525,337 | 4,251,732 | (3,539,296) | 914,299 | 1,323,474 | 2,237,773 | 1,211,807 |  | 1,025,966 |  | - | 2008(A) |
|  | WHITELAND TOWN CENTER | PA | 731,888 | 2,927,551 | 59,067 | 731,888 | 2,986,618 | 3,718,506 | 1,775,153 |  | 1,943,353 |  | - | 1996(A) |
|  | HARRISBURG EAST SHOPPING CTR. | PA | 452,888 | 6,665,238 | 11,377,170 | 3,002,888 | 15,492,408 | 18,495,296 | 8,033,261 |  | 10,462,035 |  | - | 2002(A) |
|  | TOWNSHIP LINE S.C. | PA | 731,888 | 2,927,551 | - | 731,888 | 2,927,551 | 3,659,439 | 1,751,527 |  | 1,907,912 |  | - | 1996(A) |
|  | HORSHAM POINT | PA | 3,813,247 | 18,189,450 | 126,327 | 3,813,247 | 18,315,777 | 22,129,024 | 2,500,336 |  | 19,628,688 |  | - | 2015(A) |
|  | HOLIDAY CENTER | PA | 7,726,844 | 20,014,243 | (5,290,608) | 6,098,316 | 16,352,163 | 22,450,479 | 4,358,348 |  | 18,092,131 |  | - | 2015(A) |
|  | NORRITON SQUARE | PA | 686,134 | 2,664,535 | 4,296,277 | 774,084 | 6,872,862 | 7,646,946 | 5,106,872 |  | 2,540,074 |  | - | 1984(A) |
|  | FRANKFORD AVENUE S.C. | PA | 731,888 | 2,927,551 | - | 731,888 | 2,927,551 | 3,659,439 | 1,751,527 |  | 1,907,912 |  | - | 1996(A) |
|  | WEXFORD PLAZA | PA | 6,413,635 | 9,774,600 | 10,108,141 | 6,299,299 | 19,997,077 | 26,296,376 | 5,145,680 |  | 21,150,696 |  | - | 2010(A) |
|  | LINCOLN SQUARE | PA | 90,478,522 | - | 74,525,900 | 10,532,804 | 154,471,618 | 165,004,422 | 3,316,224 |  | 161,688,198 |  | - | 2017(C) |
|  | CRANBERRY TOWNSHIP-PARCEL 1&2 | PA | 10,270,846 | 30,769,592 | 1,910,644 | 6,070,254 | 36,880,828 | 42,951,082 | 4,426,455 |  | 38,524,627 |  | - | 2016(A) |
|  | CROSSROADS PLAZA | PA | 788,761 | 3,155,044 | 13,367,748 | 976,439 | 16,335,114 | 17,311,553 | 10,580,044 |  | 6,731,509 |  | - | 1986(A) |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | SPRINGFIELD S.C. | PA | 919,998 | 4,981,589 | 13,139,952 | 920,000 | 18,121,539 | 19,041,539 | 10,902,022 |  | 8,139,517 |  | - | 1983(A) |
|  | SHREWSBURY SQUARE S.C. | PA | 8,066,107 | 16,997,997 | (2,115,840) | 6,171,638 | 16,776,626 | 22,948,264 | 2,993,529 |  | 19,954,735 |  | - | 2014(A) |
|  | WHITEHALL MALL | PA | - | 5,195,577 | - | - | 5,195,577 | 5,195,577 | 3,108,466 |  | 2,087,111 |  | - | 1996(A) |
|  | WHOLE FOODS AT WYNNEWOOD | PA | 15,042,165 | - | 11,784,771 | 13,772,394 | 13,054,542 | 26,826,936 | 848,449 |  | 25,978,487 |  | - | 2014(C) |
|  | SHOPPES AT WYNNEWOOD | PA | 7,478,907 | - | 3,591,425 | 7,478,907 | 3,591,425 | 11,070,332 | 321,184 |  | 10,749,148 |  | - | 2015(C) |
|  | REXVILLE TOWN CENTER | PR | 24,872,982 | 48,688,161 | 9,052,394 | 25,678,064 | 56,935,473 | 82,613,537 | 34,082,939 |  | 48,530,598 |  | - | 2006(A) |
|  | PLAZA CENTRO - COSTCO | PR | 3,627,973 | 10,752,213 | 1,573,414 | 3,866,206 | 12,087,394 | 15,953,600 | 7,023,953 |  | 8,929,647 |  | - | 2006(A) |
|  | PLAZA CENTRO - MALL | PR | 19,873,263 | 58,719,179 | 12,064,119 | 19,408,112 | 71,248,449 | 90,656,561 | 36,097,806 |  | 54,558,755 |  | - | 2006(A) |
|  | PLAZA CENTRO - RETAIL | PR | 5,935,566 | 16,509,748 | 3,089,515 | 6,026,070 | 19,508,759 | 25,534,829 | 10,022,485 |  | 15,512,344 |  | - | 2006(A) |
|  | PLAZA CENTRO - SAM'S CLUB | PR | 6,643,224 | 20,224,758 | 2,766,593 | 6,520,090 | 23,114,485 | 29,634,575 | 21,787,949 |  | 7,846,626 |  | - | 2006(A) |
|  | LOS COLOBOS - BUILDERS SQUARE | PR | 4,404,593 | 9,627,903 | 1,283,497 | 4,461,145 | 10,854,848 | 15,315,993 | 9,938,420 |  | 5,377,573 |  | - | 2006(A) |
|  | LOS COLOBOS - KMART | PR | 4,594,944 | 10,120,147 | 789,782 | 4,402,338 | 11,102,535 | 15,504,873 | 10,061,131 |  | 5,443,742 |  | - | 2006(A) |
|  | LOS COLOBOS I | PR | 12,890,882 | 26,046,669 | 5,215,237 | 13,613,375 | 30,539,413 | 44,152,788 | 17,236,568 |  | 26,916,220 |  | - | 2006(A) |
|  | LOS COLOBOS II | PR | 14,893,698 | 30,680,556 | 6,145,412 | 15,142,300 | 36,577,366 | 51,719,666 | 20,822,897 |  | 30,896,769 |  | - | 2006(A) |
|  | WESTERN PLAZA - MAYAGUEZ ONE | PR | 10,857,773 | 12,252,522 | 1,528,575 | 11,241,993 | 13,396,877 | 24,638,870 | 10,229,309 |  | 14,409,561 |  | - | 2006(A) |
|  | WESTERN PLAZA - MAYAGUEZ TWO | PR | 16,874,345 | 19,911,045 | 4,301,304 | 16,872,647 | 24,214,047 | 41,086,694 | 17,186,095 |  | 23,900,599 |  | - | 2006(A) |
|  | MANATI VILLA MARIA SC | PR | 2,781,447 | 5,673,119 | 2,094,131 | 2,606,588 | 7,942,109 | 10,548,697 | 4,525,240 |  | 6,023,457 |  | - | 2006(A) |
|  | PONCE TOWNE CENTER | PR | 14,432,778 | 28,448,754 | 5,768,656 | 14,903,024 | 33,747,164 | 48,650,188 | 19,949,200 |  | 28,700,988 |  | - | 2006(A) |
|  | TRUJILLO ALTO PLAZA | PR | 12,053,673 | 24,445,858 | 4,160,691 | 12,289,288 | 28,370,934 | 40,660,222 | 16,191,666 |  | 24,468,556 |  | - | 2006(A) |
|  | ST. ANDREWS CENTER | SC | 730,164 | 3,132,092 | 19,228,255 | 730,164 | 22,360,347 | 23,090,511 | 11,976,196 |  | 11,114,315 |  | - | 1978(C) |
|  | WESTWOOD PLAZA | SC | 1,744,430 | 6,986,094 | 14,906,065 | 1,726,833 | 21,909,756 | 23,636,589 | 5,165,514 |  | 18,471,075 |  | - | 1995(A) |
|  | WOODRUFF SHOPPING CENTER | SC | 3,110,439 | 15,501,117 | 1,432,523 | 3,465,199 | 16,578,880 | 20,044,079 | 4,322,201 |  | 15,721,878 |  | - | 2010(A) |
|  | FOREST PARK | SC | 1,920,241 | 9,544,875 | 346,991 | 1,920,241 | 9,891,866 | 11,812,107 | 2,004,610 |  | 9,807,497 |  | - | 2012(A) |
|  | OLD TOWNE VILLAGE | TN | - | 4,133,904 | 4,225,635 | - | 8,359,539 | 8,359,539 | 6,305,704 |  | 2,053,835 |  | - | 1978(C) |
|  | CENTER OF THE HILLS | TX | 2,923,585 | 11,706,145 | 2,807,467 | 2,923,585 | 14,513,612 | 17,437,197 | 6,518,477 |  | 10,918,720 |  | - | 2008(A) |
|  | GATEWAY STATION | TX | 1,373,692 | 28,145,158 | 3,206,734 | 1,374,880 | 31,350,704 | 32,725,584 | 5,695,545 |  | 27,030,039 |  | - | 2011(A) |
|  | LAS TIENDAS PLAZA | TX | 8,678,107 | - | 27,150,115 | 7,943,925 | 27,884,297 | 35,828,222 | 7,285,108 |  | 28,543,114 |  | - | 2005(C) |
|  | GATEWAY STATION PHASE II | TX | 4,140,176 | 12,020,460 | 553,163 | 4,143,385 | 12,570,414 | 16,713,799 | 932,420 |  | 15,781,379 |  | - | 2017(A) |
|  | CONROE MARKETPLACE | TX | 18,869,087 | 50,756,554 | (2,832,551) | 10,841,611 | 55,951,479 | 66,793,090 | 9,022,177 |  | 57,770,913 |  | - | 2015(A) |
|  | MONTGOMERY PLAZA | TX | 10,739,067 | 63,065,333 | (80,216) | 10,738,796 | 62,985,388 | 73,724,184 | 11,999,283 |  | 61,724,901 |  | 26,595,768 | 2015(A) |
|  | PRESTON LEBANON CROSSING | TX | 13,552,180 | - | 28,236,289 | 12,163,694 | 29,624,775 | 41,788,469 | 8,736,842 |  | 33,051,627 |  | - | 2006(C) |
|  | LAKE PRAIRIE TOWN CROSSING | TX | 7,897,491 | - | 29,154,281 | 6,783,464 | 30,268,308 | 37,051,772 | 6,972,594 |  | 30,079,178 |  | - | 2006(C) |
|  | CENTER AT BAYBROOK | TX | 6,941,017 | 27,727,491 | 12,216,842 | 6,928,120 | 39,957,230 | 46,885,350 | 19,040,838 |  | 27,844,512 |  | - | 1998(A) |
|  | CYPRESS TOWNE CENTER | TX | 6,033,932 | - | 1,692,407 | 2,251,666 | 5,474,673 | 7,726,339 | 1,395,230 |  | 6,331,109 |  | - | 2003(C) |
|  | CYPRESS TOWNE CENTER | TX | 12,329,195 | 36,836,381 | 1,284,624 | 8,644,145 | 41,806,055 | 50,450,200 | 5,402,128 |  | 45,048,072 |  | - | 2016(A) |
|  | CYPRESS TOWNE CENTER (PHASE II) | TX | 2,061,477 | 6,157,862 | (1,361,233) | 270,374 | 6,587,732 | 6,858,106 | 1,078,562 |  | 5,779,544 |  | - | 2016(A) |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | THE CENTRE AT COPPERFIELD | TX | 6,723,267 | 22,524,551 | 535,094 | 6,723,357 | 23,059,555 | 29,782,912 | 4,363,874 |  | 25,419,038 |  | - | 2015(A) |
|  | COPPERWOOD VILLAGE | TX | 13,848,109 | 84,183,731 | 2,426,984 | 13,848,109 | 86,610,715 | 100,458,824 | 15,800,229 |  | 84,658,595 |  | - | 2015(A) |
|  | ATASCOCITA COMMONS SHOP.CTR. | TX | 16,322,636 | 54,587,066 | 69,797 | 16,099,004 | 54,880,495 | 70,979,499 | 10,294,449 |  | 60,685,050 |  | 27,437,752 | 2013(A) |
|  | TOMBALL CROSSINGS | TX | 8,517,427 | 28,484,450 | 984,756 | 7,964,894 | 30,021,739 | 37,986,633 | 5,662,946 |  | 32,323,687 |  | - | 2013(A) |
|  | COPPERFIELD VILLAGE SHOP.CTR. | TX | 7,827,639 | 34,864,441 | 559,127 | 7,827,639 | 35,423,568 | 43,251,207 | 6,027,248 |  | 37,223,959 |  | - | 2015(A) |
|  | KROGER PLAZA | TX | 520,340 | 2,081,356 | 1,516,222 | 520,340 | 3,597,578 | 4,117,918 | 2,129,182 |  | 1,988,736 |  | - | 1995(A) |
|  | ACCENT PLAZA | TX | 500,414 | 2,830,835 | - | 500,414 | 2,830,835 | 3,331,249 | 1,682,377 |  | 1,648,872 |  | - | 1996(A) |
|  | WOODBRIDGE SHOPPING CENTER | TX | 2,568,705 | 6,813,716 | 336,541 | 2,568,705 | 7,150,257 | 9,718,962 | 1,866,150 |  | 7,852,812 |  | - | 2012(A) |
|  | GRAND PARKWAY MARKETPLACE | TX | 25,363,548 | - | 67,924,523 | 21,937,009 | 71,351,062 | 93,288,071 | 3,610,553 |  | 89,677,518 |  | - | 2014(C) |
|  | GRAND PARKWAY MARKET PLACE II | TX | 13,436,447 | - | 39,195,867 | 12,556,112 | 40,076,202 | 52,632,314 | 1,284,912 |  | 51,347,402 |  | - | 2015(C) |
|  | BURKE TOWN PLAZA | VA | - | 43,240,068 | (5,722,399) | - | 37,517,669 | 37,517,669 | 6,742,193 |  | 30,775,476 |  | - | 2014(A) |
|  | OLD TOWN PLAZA | VA | 4,500,000 | 41,569,735 | (15,127,129) | 3,052,800 | 27,889,806 | 30,942,606 | 6,810,932 |  | 24,131,674 |  | - | 2007(A) |
|  | POTOMAC RUN PLAZA | VA | 27,369,515 | 48,451,209 | 2,971,845 | 27,369,515 | 51,423,054 | 78,792,569 | 15,085,558 |  | 63,707,011 |  | - | 2008(A) |
|  | DULLES TOWN CROSSING | VA | 53,285,116 | 104,175,738 | 287,938 | 53,285,116 | 104,463,676 | 157,748,792 | 20,981,140 |  | 136,767,652 |  | - | 2015(A) |
|  | DOCSTONE COMMONS | VA | 3,839,249 | 11,468,264 | 473,394 | 3,903,963 | 11,876,944 | 15,780,907 | 1,275,976 |  | 14,504,931 |  | - | 2016(A) |
|  | DOCSTONE O/P - STAPLES | VA | 1,425,307 | 4,317,552 | (883,709) | 1,167,588 | 3,691,562 | 4,859,150 | 537,430 |  | 4,321,720 |  | - | 2016(A) |
|  | STAFFORD MARKETPLACE | VA | 26,893,429 | 86,449,614 | 764,107 | 26,893,429 | 87,213,721 | 114,107,150 | 14,820,039 |  | 99,287,111 |  | - | 2015(A) |
|  | GORDON PLAZA | VA | - | 3,330,621 | 25,700 | - | 3,356,321 | 3,356,321 | 332,168 |  | 3,024,153 |  | - | 2017(A) |
|  | AUBURN NORTH | WA | 7,785,841 | 18,157,625 | 8,622,701 | 7,785,841 | 26,780,326 | 34,566,167 | 8,556,745 |  | 26,009,422 |  | - | 2007(A) |
|  | THE MARKETPLACE AT FACTORIA | WA | 60,502,358 | 92,696,231 | 10,936,949 | 60,502,358 | 103,633,180 | 164,135,538 | 22,857,472 |  | 141,278,066 |  | 53,871,190 | 2013(A) |
|  | FRONTIER VILLAGE SHOPPING CTR. | WA | 10,750,863 | 44,860,769 | 96,299 | 10,750,863 | 44,957,068 | 55,707,931 | 7,746,343 |  | 47,961,588 |  | - | 2012(A) |
|  | GATEWAY SHOPPING CENTER | WA | 6,937,929 | 11,270,322 | 9,165,688 | 6,937,929 | 20,436,010 | 27,373,939 | 1,751,684 |  | 25,622,255 |  | - | 2016(A) |
|  | OLYMPIA WEST OUTPARCEL | WA | 360,000 | 799,640 | 100,360 | 360,000 | 900,000 | 1,260,000 | 171,276 |  | 1,088,724 |  | - | 2012(A) |
|  | FRANKLIN PARK COMMONS | WA | 5,418,825 | 11,988,657 | 3,869,221 | 5,418,825 | 15,857,878 | 21,276,703 | 2,561,188 |  | 18,715,515 |  | - | 2015(A) |
|  | SILVERDALE PLAZA | WA | 3,875,013 | 33,109,418 | 86,051 | 3,755,613 | 33,314,869 | 37,070,482 | 7,096,657 |  | 29,973,825 |  | - | 2012(A) |
| OTHER PROPERTY INTERESTS | |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | EL MIRAGE | AZ | 6,786,441 | 503,987 | (1,890,428) | 5,400,000 | - | 5,400,000 | - |  | 5,400,000 |  | - | 2008(C) |
|  | ASANTE RETAIL CENTER | AZ | 8,702,635 | 3,405,683 | (1,068,846) | 11,039,472 | - | 11,039,472 | - |  | 11,039,472 |  | - | 2004(C) |
|  | SURPRISE SPECTRUM | AZ | 4,138,760 | 94,572 | (94,572) | 4,138,760 | - | 4,138,760 | - |  | 4,138,760 |  | - | 2008(C) |
|  | LAKE WALES S.C. | FL | 601,052 | - | - | 601,052 | - | 601,052 | - |  | 601,052 |  | - | 2009(A) |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | LOWES S.C. | FL | 1,620,203 | - | (1,399,538) | 220,665 | - | 220,665 | - |  | 220,665 |  | - | 2007(A) |
|  | TREASURE VALLEY | ID | 6,501,240 | - | (5,520,565) | 519,811 | 460,864 | 980,675 | 460,864 |  | 519,811 |  | - | 2005(C) |
|  | LINWOOD-INDIANAPOLIS | IN | 31,045 | - | - | 31,045 | - | 31,045 | - |  | 31,045 |  | - | 1991(A) |
|  | FLINT - VACANT LAND | MI | 101,424 | - | (10,000) | 91,424 | - | 91,424 | - |  | 91,424 |  | - | 2012(A) |
|  | CHARLOTTE SPORTS & FITNESS CTR | NC | 500,754 | 1,858,643 | 499,465 | 500,754 | 2,358,108 | 2,858,862 | 1,931,270 |  | 927,592 |  | - | 1986(A) |
|  | SENATE/HILLSBOROUGH CROSSING | NC | 519,395 | - | (169,395) | 350,000 | - | 350,000 | - |  | 350,000 |  | - | 2003(A) |
|  | WAKEFIELD COMMONS III | NC | 6,506,450 | - | (5,397,400) | 1,475,214 | (366,164) | 1,109,050 | 235,612 |  | 873,438 |  | - | 2001(C) |
|  | WAKEFIELD CROSSINGS | NC | 3,413,932 | - | (3,276,783) | 137,149 | - | 137,149 | - |  | 137,149 |  | - | 2001(C) |
|  | HILLSBOROUGH PROMENADE | NJ | 11,886,809 | - | (6,632,045) | 5,006,054 | 248,710 | 5,254,764 | 63,957 |  | 5,190,807 |  | - | 2001(C) |
|  | KEY BANK BUILDING | NY | 1,500,000 | 40,486,755 | (8,111,240) | 668,637 | 33,206,878 | 33,875,515 | 20,274,158 |  | 13,601,357 |  | - | 2006(A) |
|  | NORTHPORT LAND PARCEL | NY | - | 14,460 | 93,975 | - | 108,435 | 108,435 | 3,215 |  | 105,220 |  | - | 2012(A) |
|  | MERRY LANE (PARKING LOT) | NY | 1,485,531 | 1,749 | 876,876 | 1,485,531 | 878,625 | 2,364,156 | - |  | 2,364,156 |  | - | 2007(A) |
|  | JERICHO ATRIUM | NY | 10,624,099 | 20,065,496 | 3,449,673 | 10,624,099 | 23,515,169 | 34,139,268 | 4,475,829 |  | 29,663,439 |  | - | 2016(A) |
|  | BIRCHWOOD PARK | NY | 3,507,162 | 4,126 | (1,511,288) | 2,000,000 | - | 2,000,000 | - |  | 2,000,000 |  | - | 2007(A) |
|  | HIGH PARK CTR RETAIL | OH | 3,783,875 | - | (3,298,325) | 485,550 | - | 485,550 | - |  | 485,550 |  | - | 2001(C) |
|  | MCMINNVILLE PLAZA | OR | 4,062,327 | - | 33,920 | 4,062,327 | 33,920 | 4,096,247 | - |  | 4,096,247 |  | - | 2006(C) |
|  | COULTER AVE. PARCEL | PA | 577,630 | 1,348,019 | 15,311,765 | 16,795,296 | 442,118 | 17,237,414 | 46,612 |  | 17,190,802 |  | - | 2015(A) |
|  | BLUE RIDGE | Various | 12,346,900 | 71,529,796 | (52,520,857) | 3,554,097 | 27,801,742 | 31,355,839 | 19,111,024 |  | 12,244,815 |  | - | 2005(A) |
|  | MICROPROPERTIES | TX | 528,534 | 1,090,980 | (1,266,986) | 220,492 | 132,036 | 352,528 | 70,806 |  | 281,722 |  | - | 2012(A) |
| BALANCE OF PORTFOLIO (4) | | Various | 1,907,178 | 65,127,203 | (23,978,562) | 116 | 43,055,703 | 43,055,819 | 5,108,323 |  | 37,947,496 |  | - |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| TOTALS | | | 2,913,545,177 | 6,905,751,796 | 2,109,979,480 | 3,008,324,499 | 8,920,951,954 | 11,929,276,453 | 2,500,052,642 |  | 9,429,223,811 |  | 484,008,122 |  |

|  |  |
| --- | --- |
| (1) | The negative balance for costs capitalized subsequent to acquisition could include parcels/out-parcels sold, assets held-for-sale, provision for losses and/or demolition of part of a property for redevelopment. |
| (2) | Includes fair market value of debt adjustments, net and deferred financing costs, net. |  |
| (3) | Shopping center includes active real estate under development project or land held for development. |  |
| (4) | Includes fixtures, leasehold improvements and other costs capitalized. |  |

|  |
| --- |
| Depreciation and amortization are provided on the straight-line method over the estimated useful lives of the assets as follows: |

|  |  |
| --- | --- |
| Buildings and building improvements (in years) | 5 to 50 |
| Fixtures, building and leasehold improvements | Terms of leases or useful lives, whichever is shorter |
| (including certain identified intangible assets) |  |

|  |
| --- |
| The aggregate cost for Federal income tax purposes was approximately $10.0 billion at December 31, 2019. |
|  |
| The changes in total real estate assets for the years ended December 31, 2019, 2018 and 2017 are as follows: |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
| Balance, beginning of period |  | $ | 11,877,190,495 |  |  | $ | 12,653,444,998 |  |  | $ | 12,008,075,148 |  |
| Additions during period: |  |  |  |  |  |  |  |  |  |  |  |  |
| Acquisitions |  |  | 43,970,631 |  |  |  | 3,420,020 |  |  |  | 438,125,265 |  |
| Improvements |  |  | 404,210,910 |  |  |  | 554,408,568 |  |  |  | 414,955,609 |  |
| Transfers from unconsolidated joint ventures |  |  | - |  |  |  | - |  |  |  | 329,194,717 |  |
| Change in exchange rate |  |  | - |  |  |  | - |  |  |  | 1,035,816 |  |
| Deductions during period: |  |  |  |  |  |  |  |  |  |  |  |  |
| Sales |  |  | (190,859,948 | ) |  |  | (767,246,512 | ) |  |  | (315,954,464 | ) |
| Transfers to operating lease right-of-use assets, net |  |  | (8,525,554 | ) |  |  | - |  |  |  | - |  |
| Transfers to unconsolidated joint ventures |  |  | - |  |  |  | (315,728,832 | ) |  |  | - |  |
| Assets held for sale |  |  | (116,747,783 | ) |  |  | (69,741,938 | ) |  |  | (56,187,719 | ) |
| Adjustment for fully depreciated assets |  |  | (43,080,882 | ) |  |  | (72,992,791 | ) |  |  | (107,660,366 | ) |
| Adjustment of property carrying values |  |  | (36,881,416 | ) |  |  | (108,373,018 | ) |  |  | (58,139,008 | ) |
| Balance, end of period |  | $ | 11,929,276,453 |  |  | $ | 11,877,190,495 |  |  | $ | 12,653,444,998 |  |

|  |
| --- |
| The changes in accumulated depreciation for the years ended December 31, 2019, 2018 and 2017 are as follows: |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
| Balance, beginning of period |  | $ | 2,385,287,743 |  |  | $ | 2,433,052,747 |  |  | $ | 2,278,291,645 |  |
| Additions during period: |  |  |  |  |  |  |  |  |  |  |  |  |
| Depreciation for year |  |  | 260,533,557 |  |  |  | 293,667,298 |  |  |  | 368,919,387 |  |
| Deductions during period: |  |  |  |  |  |  |  |  |  |  |  |  |
| Sales |  |  | (55,437,757 | ) |  |  | (239,277,690 | ) |  |  | (86,798,173 | ) |
| Transfers to operating lease liabilities |  |  | (1,342,030 | ) |  |  | - |  |  |  | - |  |
| Transfers to unconsolidated joint ventures |  |  | - |  |  |  | (11,634,554 | ) |  |  | - |  |
| Assets held for sale |  |  | (32,642,081 | ) |  |  | (17,527,267 | ) |  |  | (19,699,746 | ) |
| Adjustment for fully depreciated assets/other |  |  | (56,346,790 | ) |  |  | (72,992,791 | ) |  |  | (107,660,366 | ) |
| Balance, end of period |  | $ | 2,500,052,642 |  |  | $ | 2,385,287,743 |  |  | $ | 2,433,052,747 |  |

|  |
| --- |
| Reclassifications: |
| Certain Amounts in the Prior Period Have Been Reclassified in Order to Conform with the Current Period's Presentation. |

89

[Table of Contents](#toc)

|  |
| --- |
| **KIMCO REALTY CORPORATION AND SUBSIDIARIES** |
| **SCHEDULE IV - MORTGAGE LOANS ON REAL ESTATE** |
| **As of December 31, 2019** |
| **(in thousands)** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Description** |  | **Interest**  **Rate** | |  |  | **Final**  **Maturity**  **Date** |  | **Periodic**  **Payment**  **Terms (a)** |  | **Prior Liens** | |  |  | **Original Face**  **Amount**  **of Mortgages** | |  |  | **Carrying Amount of Mortgages (b)** | |  |  | **Principal**  **Amount of**  **Loans**  **Subject to**  **Delinquent Principal**  **or Interest** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Mortgage Loans:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Retail*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Las Vegas, NV |  |  | 12.00% |  |  | May-33 |  | I |  |  | - |  |  |  | 3,075 |  |  |  | 3,075 |  |  |  | - |  |
| Walker, MI |  |  | 4.00% |  |  | Dec-24 |  | P& I |  |  | - |  |  |  | 3,750 |  |  |  | 3,750 |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Nonretail*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Commack, NY |  |  | 7.41% |  |  | Oct-26 |  | P& I |  |  | - |  |  |  | 1,354 |  |  |  | 301 |  |  |  |  |  |
| Melbourne, FL |  |  | 6.88% |  |  | Dec-30 |  | P&I |  |  |  |  |  |  | 500 |  |  |  | 261 |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  | **$** | **-** |  |  | **$** | **8,679** |  |  | **$** | **7,387** |  |  | **$** | **-** |  |
| **Other Financing Loans:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Nonretail*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Charlie Browns License |  |  | 2.28% |  |  | Apr-27 |  | P& I |  |  |  |  |  |  | 600 |  |  |  | 291 |  |  |  |  |  |
| RONA Capital Partners |  |  | 6.20% |  |  | May-20 |  | P&I |  |  |  |  |  |  | 175 |  |  |  | 150 |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  | **$** | **-** |  |  | **$** | **9,454** |  |  | **$** | **7,828** |  |  | **$** | **-** |  |

|  |
| --- |
| (a)  I = Interest only; P&I = Principal & Interest. |
| (b)  The aggregate cost for Federal income tax purposes was approximately $7.8 million as of December 31, 2019. |
|  |
| For a reconciliation of mortgage and other financing receivables from January 1, 2017 to December 31, 2019, see Footnote 10 of the Notes to the Consolidated Financial Statements  included in this Form 10-K. |
|  |
| The Company feels it is not practicable to estimate the fair value of each receivable as quoted market prices are not available. |
|  |
| The cost of obtaining an independent valuation on these assets is deemed excessive considering the materiality of the total receivables. |

90