

KIMCO REALTY CORP
Form 10-Q
July 27, 2018

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended June 30, 2018

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

(State or other jurisdiction of incorporation or organization)

13-2744380

(I.R.S. Employer Identification No.)

3333 New Hyde Park Road, New Hyde Park, NY 11042

(Address of principal executive offices) (Zip Code)

(516) 869-9000

(Registrant's telephone number, including area code)

N/A

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post 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 12-b-2 of the Exchange Act.

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

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.

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

As of July 17, 2018, the registrant had 421,382,113 shares of common stock outstanding.

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in thousands, except share information)

	June 30, 2018	December 31, 2017
Assets:		
Operating real estate, net of accumulated depreciation of \$2,395,195 and \$2,433,053, respectively	\$9,126,945	\$9,817,875
Investments in and advances to real estate joint ventures	568,698	483,861
Real estate under development	529,759	402,518
Other real estate investments	187,785	217,584
Mortgages and other financing receivables	31,127	21,838
Cash and cash equivalents	305,577	238,513
Marketable securities	13,131	13,265
Accounts and notes receivable, net	180,451	189,757
Other assets	348,310	378,515
Total assets (1)	\$ 11,291,783	\$ 11,763,726
Liabilities:		
Notes payable, net	\$4,591,178	\$4,596,140
Mortgages payable, net	477,538	882,787
Dividends payable	130,262	128,892
Other liabilities	587,676	617,617
Total liabilities (2)	5,786,654	6,225,436
Redeemable noncontrolling interests	16,151	16,143
Commitments and Contingencies		
Stockholders' equity:		
Preferred stock, \$1.00 par value, authorized 5,996,240 shares, 42,580 and 41,200 shares issued and outstanding (in series), respectively; Aggregate liquidation preference \$1,064,500 and \$1,030,000, respectively	43	41
Common stock, \$.01 par value, authorized 750,000,000 shares issued and outstanding 421,387,540 and 425,646,380 shares, respectively	4,214	4,256
Paid-in capital	6,117,862	6,152,764
Cumulative distributions in excess of net income	(710,981)	(761,337)
Accumulated other comprehensive income/(loss)	72	(1,480)
Total stockholders' equity	5,411,210	5,394,244

Noncontrolling interests	77,768	127,903
Total equity	5,488,978	5,522,147
Total liabilities and equity	\$ 11,291,783	\$ 11,763,726

Includes restricted assets of consolidated variable interest entities (“VIEs”) at June 30, 2018 and December 31, 2017 (1) of \$109,987 and \$644,990, respectively. See Footnote 7 of the Notes to Condensed Consolidated Financial Statements.

(2) Includes non-recourse liabilities of consolidated VIEs at June 30, 2018 and December 31, 2017 of \$107,215 and \$417,688, respectively. See Footnote 7 of the Notes to Condensed Consolidated Financial Statements.

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

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues				
Revenues from rental properties	\$222,651	\$225,774	\$453,066	\$453,485
Reimbursement income	61,206	60,971	124,922	119,100
Other rental property income	5,526	6,098	11,112	9,649
Management and other fee income	4,020	4,333	8,381	8,530
Total revenues	293,403	297,176	597,481	590,764
Operating expenses				
Rent	2,742	2,765	5,560	5,548
Real estate taxes	37,274	38,747	77,708	77,016
Operating and maintenance	41,325	42,703	84,656	85,277
General and administrative	24,029	19,965	46,427	42,195
Provision for doubtful accounts	1,051	2,096	3,182	3,500
Impairment charges	22,873	29,719	30,519	31,336
Depreciation and amortization	79,760	95,270	161,142	187,344
Total operating expenses	209,054	231,265	409,194	432,216
Operating income	84,349	65,911	188,287	158,548
Other income/(expense)				
Other income, net	3,277	1,439	9,456	2,712
Interest expense	(46,434)	(46,090)	(96,377)	(92,572)
Income from continuing operations before income taxes, net, equity in income of joint ventures, net, gain on change in control of interests and equity in income from other real estate investments, net	41,192	21,260	101,366	68,688
Benefit for income taxes, net	720	1,034	668	1,527
Equity in income of joint ventures, net	19,040	13,169	35,953	27,902
Gain on change in control of interests	-	60,972	-	71,160
Equity in income of other real estate investments, net	9,617	38,356	19,593	42,043
Income from continuing operations	70,569	134,791	157,580	211,320

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Gain on sale of operating properties/change in control of interests	95,240	19,883	152,211	21,569
Net income	165,809	154,674	309,791	232,889
Net income attributable to noncontrolling interests	(423)	(11,258)	(315)	(12,740)
Net income attributable to the Company	165,386	143,416	309,476	220,149
Preferred dividends	(14,534)	(11,555)	(29,123)	(23,110)
Net income available to the Company's common shareholders	\$150,852	\$131,861	\$280,353	\$197,039
Per common share:				
Net income available to the Company:				
-Basic	\$0.36	\$0.31	\$0.66	\$0.46
-Diluted	\$0.36	\$0.31	\$0.66	\$0.46
Weighted average shares:				
-Basic	420,731	423,650	422,060	423,516
-Diluted	421,928	424,944	423,236	424,084

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

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income	\$ 165,809	\$ 154,674	\$ 309,791	\$ 232,889
Other comprehensive income:				
Change in unrealized value related to available-for-sale securities	-	(1,647)	-	(1,619)
Change in unrealized value on interest rate swap	138	17	416	205
Change in foreign currency translation adjustments	-	1,218	-	1,721
Other comprehensive income	138	(412)	416	307
Comprehensive income	165,947	154,262	310,207	233,196
Comprehensive income attributable to noncontrolling interests	(423)	(11,258)	(315)	(12,740)
Comprehensive income attributable to the Company	\$ 165,524	\$ 143,004	\$ 309,892	\$ 220,456

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

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Six Months Ended June 30, 2018 and 2017

(Unaudited)

(in thousands)

	Cumulative Distribution in Excess of Net Income	Accumulated Other Comprehensive Income/(Loss)	Preferred Stock Amount	Common Stock Issued	Common Stock Amount	Paid-in Capital	Total Stockholders Equity	Noncontrolling Interests	Total 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	-	-	-	-	-	-	-	-	48,604	48,604
Comprehensive income:										
Net income	220,149	-	-	-	-	-	-	220,149	12,740	232,889
Other comprehensive income, net of tax:										
Change in unrealized value on marketable securities	-	(1,619)	-	-	-	-	-	(1,619)	-	(1,619)
Change in unrealized value on interest rate swaps	-	205	-	-	-	-	-	205	-	205
Change in foreign currency translation adjustment	-	1,721	-	-	-	-	-	1,721	-	1,721
Redeemable noncontrolling interests income	-	-	-	-	-	-	-	-	(1,109)	(1,109)
Dividends (\$0.54 per common share; \$0.75000 per Class I Depositary Share, \$0.68750 per Class J Depositary Share, and \$0.70312 per Class K Depositary Share, respectively)	(252,953)	-	-	-	-	-	-	(252,953)	-	(252,953)
Distributions to noncontrolling interests	-	-	-	-	-	-	-	-	(12,691)	(12,691)
Issuance of common stock	-	-	-	-	776	8	(8)	-	-	-

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Surrender of restricted common stock	-	-	-	-	(224)	(2)	(5,322)	(5,324)	-	(5,324)
Exercise of common stock options	-	-	-	-	51	-	973	973	-	973
Amortization of equity awards	-	-	-	-	-	-	12,032	12,032	-	12,032
Balance at June 30, 2017	\$(709,671)	\$6,073	32	\$32	425,637	\$4,256	\$5,930,633	\$5,231,323	\$194,279	\$5,425,602
Balance at December 31, 2017, as previously reported	\$(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 at 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
Comprehensive income:										
Net income	309,476	-	-	-	-	-	-	309,476	315	309,791
Other comprehensive income:										
Change in unrealized value on interest rate swap	-	416	-	-	-	-	-	416	-	416
Redeemable noncontrolling interests income	-	-	-	-	-	-	-	-	(185)	(185)
Dividends (\$0.56 per common share; \$0.75000 per Class I Depositary Share, \$0.68750 per Class J Depositary Share, \$0.70312 per Class K Depositary Share, \$0.64062 per Class L Depositary Share and \$0.65626 per Class M Depositary Share, respectively)	(266,082)	-	-	-	-	-	-	(266,082)	-	(266,082)
Distributions to noncontrolling interests	-	-	-	-	-	-	-	-	(1,870)	(1,870)
Issuance of common stock	-	-	-	-	1,075	11	(11)	-	-	-
Repurchase of common stock	-	-	-	-	(5,100)	(51)	(75,075)	(75,126)	-	(75,177)
Surrender of restricted common stock	-	-	-	-	(236)	(2)	(3,490)	(3,492)	-	(3,494)
Exercise of common stock options	-	-	-	-	3	-	30	30	-	30
Amortization of equity awards	-	-	-	-	-	-	9,329	9,329	-	9,329
Issuance of preferred stock	-	-	2	2	-	-	33,112	33,114	-	33,114
Acquisition/deconsolidation of noncontrolling interests	-	-	-	-	-	-	1,203	1,203	(48,395)	(47,192)

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Balance at June 30, 2018	\$(710,981)	\$72	43	\$43	421,388	\$4,214	\$6,117,862	\$5,411,210	\$77,768	\$5,4
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(1) Represents the impact of change in accounting principles for its respective Accounting Standard Updates ("ASU"). See Footnote 2 of the Notes to Condensed Consolidated Financial Statements for additional disclosure.

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

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(in thousands)

	Six Months Ended	
	June 30,	
	2018	2017
Cash flow from operating activities:		
Net income	\$309,791	\$232,889
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	161,142	187,344
Impairment charges	30,519	31,336
Equity award expense	10,423	13,775
Gain on sale of operating properties/change in control of interests	(152,211)	(21,569)
Gain on change in control of interests	-	(71,160)
Equity in income of joint ventures, net	(35,953)	(27,902)
Equity in income of other real estate investments, net	(19,593)	(42,043)
Distributions from joint ventures and other real estate investments	67,005	27,678
Change in accounts and notes receivable	9,306	4,916
Change in accounts payable and accrued expenses	(5,139)	(10,506)
Change in other operating assets and liabilities	(23,304)	(24,724)
Net cash flow provided by operating activities	351,986	300,034
Cash flow from investing activities:		
Acquisition of operating real estate and other related net assets	(3,337)	(56,036)
Improvements to operating real estate	(127,380)	(81,280)
Acquisition of real estate under development	(4,592)	(10,010)
Improvements to real estate under development	(121,393)	(91,729)
Investments in marketable securities	(63)	(9,822)
Proceeds from sale/repayments of marketable securities	129	1,846
Investments in and advances to real estate joint ventures	(15,240)	(22,704)
Reimbursements of investments in and advances to real estate joint ventures	5,228	15,793
Investments in and advances to other real estate investments	(353)	(569)
Reimbursements of investments in and advances to other real estate investments	10,444	39,751
Collection of mortgage loans receivable	5,427	514
Proceeds from sale of operating properties	472,781	66,803
Proceeds from insurance casualty claims	6,500	-
Net cash flow provided by/(used for) investing activities	228,151	(147,443)
Cash flow from financing activities:		

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Principal payments on debt, excluding normal amortization of rental property debt	(175,209)	(463,572)
Principal payments on rental property debt	(6,852)	(8,129)
(Repayments)/proceeds under the unsecured revolving credit facility, net	(7,746)	449,958
Proceeds from issuance of unsecured notes	-	400,000
Repayments under unsecured notes/term loan	(6,365)	(250,000)
Financing origination costs	(11)	(14,936)
Payment of early extinguishment of debt charges	(546)	(708)
Contributions from noncontrolling interests	-	1,284
Redemption/distribution of noncontrolling interests	(5,454)	(14,695)
Dividends paid	(264,711)	(252,793)
Proceeds from issuance of stock, net	33,144	973
Repurchase of common stock	(75,126)	-
Change in other financing liabilities	(4,197)	640
Net cash flow used for financing activities	(513,073)	(151,978)
Net change in cash and cash equivalents	67,064	613
Cash and cash equivalents, beginning of the period	238,513	142,486
Cash and cash equivalents, end of the period	\$305,577	\$143,099
Interest paid during the period (net of capitalized interest of \$8,199 and \$6,442 respectively)	\$96,974	\$96,306

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

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Business and Organization

Kimco Realty Corporation and subsidiaries (the "Company"), affiliates and related real estate joint ventures are engaged principally in the ownership, management, development and operation of open-air shopping centers, which are anchored generally by grocery stores, discount department stores, or drugstores. Additionally, the Company provides complementary services that capitalize on the Company's established retail real estate expertise.

The Company elected status as a Real Estate Investment Trust (a "REIT") for federal income tax purposes beginning in its taxable year ended December 31, 1991 and operates in a manner that enables the Company to maintain its status as a REIT. As a REIT, with respect to each taxable year, the Company must distribute at least 90 percent of its taxable income (excluding capital gain) and does not pay federal income taxes on the amount distributed to its shareholders. The Company is not generally subject to federal income taxes if it distributes 100 percent of its taxable income. Most states, where the Company holds investments in real estate, conform to the federal rules recognizing REITs. Certain subsidiaries have made a joint election with the Company to be treated as taxable REIT subsidiaries ("TRSs"), which permit the Company to engage in certain business activities which the REIT may not conduct directly. A TRS is subject to federal and state income taxes on its income, and the Company includes, when applicable, a provision for taxes in its condensed consolidated financial statements. 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 subsidiaries. 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.

2. Summary of Significant Accounting Policies

Principles of Consolidation -

The accompanying Condensed 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. The information presented in the accompanying Condensed Consolidated Financial Statements is unaudited and reflects all adjustments which are, in the opinion of management, necessary to reflect a fair statement of the results for the interim periods presented, and all such adjustments are of a normal recurring nature. These Condensed Consolidated Financial Statements should be read in conjunction with the Company's audited Annual Report on Form 10-K for the year ended December 31, 2017 (the “10-K”), as certain disclosures in this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018, that would duplicate those included in the 10-K are not included in these Condensed Consolidated Financial Statements.

Reclassifications -

Certain amounts in the prior period have been reclassified in order to conform with the current period's presentation. The Company reclassified \$7.3 million and \$15.6 million of costs related to property management and services of the Company's operating properties from General and administrative to Operating and maintenance on the Company's Condensed Consolidated Statements of Income for the three and six months ended June 30, 2017, respectively. In conjunction with the adoption of Accounting Standard Update (“ASU”) 2014-09 discussed below, the Company reclassified \$61.0 million and \$119.1 million of Reimbursement income and \$6.1 million and \$9.6 million of Other rental property income from Revenues from rental properties on the Company's Condensed Consolidated Statements of Income for the three and six months ended June 30, 2017, respectively. In addition, the Company reclassified \$5.3 million of tax withholdings for surrender of restricted common stock from Net cash flow provided by operating activities to Net cash flow used for financing activities on the Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2017.

Subsequent Events -

The Company has evaluated subsequent events and transactions for potential recognition or disclosure in its condensed consolidated financial statements (see Footnote 10 to the Notes to the Company's Condensed Consolidated Financial Statements).

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 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 now 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

income (“AOCI”) on the Company’s Condensed Consolidated Balance Sheets. As of December 31, 2017, the Company had aggregate unrealized losses related to its available-for-sale marketable securities of \$1.1 million, which were included in AOCI on the Company’s Condensed Consolidated Balance Sheets. In connection with the adoption of ASU 2016-01, the Company recorded a cumulative-effect adjustment of \$1.1 million to its beginning retained earnings as of January 1, 2018, which is reflected in Cumulative distributions in excess of net income on the Company’s Condensed Consolidated Statements of Changes in Equity.

Table of Contents*Revenue 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 are 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 June 30, 2018, 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 revenue are leases which fall under the scope of Leases (Topic 840). The revenues which will be impacted by the adoption of Topic 606 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, lease termination fees and tax increment financing (“TIF”) contracts. The Company elected to disaggregate its revenue streams into the following line items on the Company’s Condensed Consolidated Statements of Income: Revenues from rental properties, Reimbursement income, Other rental property income and Management and other fee income. The Company believes that these are the proper disaggregated categories as they are the best depiction of its revenue streams both qualitatively and quantitatively.

Revenues from rental properties

Revenues from rental properties 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. 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 a lease agreement in place. The performance obligation of the Company is the termination of the lease agreement which occurs upon consideration received and execution of the termination agreement. 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 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.

Reimbursement income

Leases typically provide for reimbursement to the Company of common area maintenance costs (“CAM”), real estate taxes and other operating expenses. Operating expense reimbursements are recognized as earned. The lease component relating to CAM reimbursement revenue will be within the scope of Topic 606, upon the effective date of ASU 2016-02, Leases (Topic 842). See New Accounting Pronouncements below for further details.

Other rental property income

Other rental property income totaled \$11.1 million and \$9.6 million for the six months ended June 30, 2018 and 2017, respectively, which mainly consists of 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, fireworks sales, 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.

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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.

Gains on sales of operating 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 Condensed Consolidated Statements of Changes in Equity and an adjustment to Investments in and advances to real estate joint ventures on the Company's Condensed 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 Condensed 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.

During the six months ended June 30, 2018, the Company sold a portion of its investment in a consolidated 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 and recognized a gain on change in control of \$6.8 million, in accordance with the adoption of ASU 2017-05 (See Footnote 3 to the Notes to the Company's Condensed Consolidated Financial Statements for additional disclosure regarding disposals), which is included in Gain on sale of operating properties/change in controls of interests on the Company's Condensed Consolidated Statements of Income.

Table of Contents*New Accounting Pronouncements –*

The following table represents ASUs to the FASB's ASC that, as of June 30, 2018, 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 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments	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.	January 1, 2020; Early adoption permitted	The Company is still assessing the impact on its financial position and/or results of operations.
ASU 2016-02, Leases (Topic 842)	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	January 1, 2019; Early adoption permitted	The Company continues to evaluate the effect the adoption will have on the Company's financial position and/or results of operations. However, the Company currently believes that the adoption will not have a material impact for operating leases where it is a lessor and will continue to record revenues from rental properties for its operating leases on a straight-line basis. However, for leases where the Company is a lessee, primarily for the Company's ground leases and administrative office leases, the Company will be required to record a lease liability and a right of use asset on its Consolidated Balance Sheets at present value upon adoption. In addition, direct internal leasing costs will continue to be capitalized, however, indirect internal leasing costs previously capitalized will be expensed. Within the terms of the Company's leases where the Company is the lessor, the Company is entitled to
ASU 2018-01, Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842			
ASU 2018-10, Codification Improvements to Topic 842, Leases			

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 land easements are within the scope of the new leases 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 and are to be accounted for or contain leases under Topic 842. Early adoption is permitted as of the original effective date.

The FASB approved an exposure draft in March 2018 which provided lessors with a practical expedient by class of underlying assets to not separate non-lease components from the lease component. However, the practical expedient would be limited to circumstances in which: 1) the timing and pattern of revenue recognition are the same for the non-lease component and the related lease component; and, 2) the combined single lease component would be classified as an operating lease.

In July 2018, the FASB issued ASU 2018-10, which includes amendments to clarify certain aspects of the new leases 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.

receive reimbursement amounts from tenants for operating expenses such as real estate taxes, insurance and other CAM. Upon adoption of this ASU, CAM reimbursement revenue will be accounted for in accordance with ASU 2016-12 Revenue from Contracts with Customers (Topic 606). The Company continues to evaluate the effect the adoption will have on this source of revenue. However, the Company currently does not believe the adoption will significantly affect the timing of the recognition of the Company's CAM reimbursement revenue.

ASU 2017-09,
Compensation –
Stock
Compensation
(Topic 718):
Scope of
Modification
Accounting

The amendment provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. Under the new guidance, modification accounting is required only if the fair value, the vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions. The new guidance will be applied prospectively to awards modified on or after the adoption date.

January 1,
2018

There was no material impact to the Company's financial position and/or results of operations.

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The following ASUs to the FASB's ASC have been adopted by the Company during the six months ended June 30, 2018:

ASU	Description	Adoption Date	Effect on the financial statements or other significant matters
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	The amendment clarifies that a financial asset is within the scope of Subtopic 610-20 if it meets the definition of an in substance nonfinancial asset and defines the term in substance nonfinancial asset. ASU 2017-05 also clarifies that nonfinancial assets within the scope of Subtopic 610-20 may include nonfinancial assets transferred within a legal entity to a counterparty. Subtopic 610-20, which was issued in May 2014 as part of ASU 2014-09, discussed below, provides guidance for recognizing gains and losses from the transfer of nonfinancial assets in contracts with noncustomers. An entity is required to apply the amendments in ASU 2017-05 at the same time it applies the amendments in ASU 2014-09 discussed below. An entity may elect to apply the amendments in ASU 2017-05 either retrospectively to each period presented in the financial statements in accordance with the guidance on accounting changes in ASC Topic 250, Accounting Changes and Error Corrections, paragraphs 10-45-5 through 10-45-10 (i.e. the retrospective approach) or retrospectively with a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption (i.e. the modified retrospective approach). An entity may elect to apply all of the amendments in ASU 2017-05 and ASU 2014-09 using the same transition method, or alternatively may elect to use different transition methods.	January 1, 2018	The Company adopted the provisions of Subtopic 610-20 using the modified retrospective approach. The Company has applied the guidance to disposals of nonfinancial assets (including real estate assets) within the scope of Subtopic 610-20, see above for impact from the adoption of this ASU.
ASU 2016-01, Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial	The amendment addresses certain aspects of recognition, measurement, presentation and disclosure of financial instruments, including the following:	January 1, 2018	Effective as of date of adoption, changes in fair value of the Company's available-for-sale

<p>Assets and Financial Liabilities</p> <p>ASU 2018-03, Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities</p>	<p>(i) Requires equity investments (excluding those investments accounted for under the equity method of accounting or those that result in consolidation of the investee) with readily determinable fair values to be measured at fair value with the changes in fair value recognized in net income; however, an entity may choose to measure equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.</p> <p>(ii) Simplifies the impairment assessment of those equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment</p> <p>(iii) Eliminates the disclosure of the method(s) and significant assumptions used to estimate the fair value for financial instruments measured at amortized cost and changes the fair value calculation for those investments</p> <p>(iv) Changes the disclosure in other comprehensive income for financial liabilities that are measured at fair value in accordance with the fair value options for financial instruments</p> <p>(v) Clarifies that a deferred asset related to available-for-sale securities should be included in an entity's evaluation for a valuation allowance.</p>	<p>Fiscal years beginning after December 15, 2017, and interim periods within those fiscal years beginning after June 15, 2018.</p>	<p>marketable securities are recognized in Other income, net on the Company's Condensed Consolidated Statements of Income. See above and Footnote 9 in the Notes to the Condensed Consolidated Financial Statements for impact from the adoption of this ASU.</p>
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The amendments clarify certain aspects of the guidance issued in ASU 2016-01, discussed below, primarily impacting the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments.

ASU 2014-09, Revenue from Contracts with Customers (Topic 606)	ASU 2014-09 is a comprehensive new revenue recognition model requiring a company to recognize revenue to depict the transfer of goods or services to a customer at an amount reflecting the consideration it expects to receive in exchange for those goods or services. In adopting ASU 2014-09, companies may use either a full retrospective or a modified retrospective approach. ASU 2014-09 was anticipated to be effective for the first interim period within annual reporting periods beginning after December 15, 2016, and early adoption was not permitted.	January 1, 2018	The Company's revenue-producing contracts are primarily leases that are not within the scope of this standard, except for the lease component relating to common area maintenance ("CAM") reimbursement revenue, which will be within the scope of this standard upon the effective date of ASU 2016-02, Leases (Topic 842).
ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date			

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ASU 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations

In August 2015, the FASB issued ASU 2015-14, which delayed the effective date of ASU 2014-09 by one year making it effective for the first interim period within annual reporting periods beginning after December 15, 2017.

ASU 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying performance obligations and licensing

Subsequently, in March 2016, the FASB issued ASU 2016-08, which further clarifies the implementation guidance on principal versus agent considerations, and in April 2016, the FASB issued ASU 2016-10, an update on identifying performance obligations and accounting for licenses of intellectual property.

ASU 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-scope improvements and practical expedients

Additionally, in May 2016, the FASB issued ASU 2016-12, which includes amendments for enhanced clarification of the guidance. Early adoption is permitted as of the original effective date.

ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash

This amendment requires entities to show the changes in the total of cash, cash equivalents, restricted cash, and restricted cash equivalents in the statement of cash flows. The amendment should be applied using a retrospective transition method to each period presented.

The revenues which are within the scope of this standard include other ancillary income earned through the Company's operating properties as well as fees for services performed at various unconsolidated joint ventures which the Company manages. These fees primarily include property and asset management fees, leasing fees, development fees and property acquisition/disposition fees. The Company believes the timing of recognition and amount of these revenues will be generally consistent with the previous recognition and measurement. See above for impact from the adoption of this ASU.

January 1, 2018

There was no impact to the Company's financial position and/or results of operations.

3. Operating Property Activities

Acquisitions and Dispositions –

During January 2018, the Company acquired a land parcel adjacent to an existing shopping center located in Ardmore, PA for a purchase price of \$3.4 million.

The table below summarizes the Company's disposition activity relating to consolidated operating properties and parcels (dollars in millions):

	Six Months Ended June 30,	
	2018	2017
Aggregate sales price	\$833.1	\$157.3
Gain on sale of operating properties/change in control of interests	\$152.2	\$21.6
Impairment charges	\$9.9	\$2.4
Number of operating properties sold/deconsolidated	35	11
Number of out-parcels sold	2	5

Included in the table above, during the six months ended June 30, 2018, the Company sold a portion of its investment in a consolidated 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 2 to the Notes to the Company's Condensed Consolidated Financial Statements for additional discussion). The Company now 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 Condensed 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).

During the six months ended June 30, 2018, the Company disposed of five land parcels, in separate transactions, for an aggregate sales price of \$4.7 million, which resulted in an aggregate gain of \$2.1 million, included in Other income, net on the Company's Condensed Consolidated Statements of Income.

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At June 30, 2018, the Company had three consolidated properties classified as held-for-sale at an aggregate carrying amount of \$10.2 million (including accumulated depreciation of \$4.8 million), which are included in Other assets on the Company's Condensed Consolidated Balance Sheets. The Company's determination of the fair value of the properties was based upon executed contracts of sale with third parties. The book value of one of these properties exceeded its estimated fair value, less costs to sell, and as such an impairment charge of \$0.3 million was recognized. Additionally, the Company reclassified \$3.1 million in mortgage debt related to one of these properties to Other liabilities on the Company's Condensed Consolidated Balance Sheets.

Impairments –

During the six months ended June 30, 2018, the Company recognized aggregate impairment charges of \$30.5 million. These impairment charges consist of (i) \$20.6 million related 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 period for such properties and (ii) \$9.9 million related to the sale of certain operating properties, as discussed above. 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. See Footnote 12 to the Notes to the Company's Condensed Consolidated Financial Statements for fair value disclosure.

4. Real Estate Under Development

The Company is engaged in various real estate development projects for long-term investment. As of June 30, 2018, the Company had in progress a total of four active real estate development projects and two additional projects held for future development.

The costs incurred to date for these real estate development projects are as follows (in thousands):

Property Name	Location	June 30, 2018	December 31, 2017
Grand Parkway Marketplace	Spring, TX	\$46,727	\$43,403
Dania Pointe (1)	Dania Beach, FL	218,870	152,841
Mill Station	Owings Mills, MD	42,085	34,347

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Lincoln Square	Philadelphia, PA	140,175	90,479
Avenues Walk (2)	Jacksonville, FL	48,573	48,573
Promenade at Christiana (3)	New Castle, DE	33,329	32,875
Total (4)		\$529,759	\$402,518

These costs include expenditures for phase I and phase II offsite and infrastructure requirements. During the six (1) months ended June 30, 2018, the Company acquired a parcel adjacent to this development project for a purchase price of \$4.6 million.

(2) Mixed-use project to be developed in the future.

(3) Land held for future development.

(4) Includes capitalized costs of interest, real estate taxes, insurance, legal costs and payroll of \$36.5 million and \$27.7 million, as of June 30, 2018 and December 31, 2017, respectively.

During the six months ended June 30, 2018, the Company capitalized (i) interest of \$6.7 million, (ii) real estate taxes, insurance and legal costs of \$1.2 million and (iii) payroll of \$0.9 million, in connection with these real estate development projects.

5. Investments in and Advances to Real 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 joint venture investments for which the Company held an ownership interest at June 30, 2018 and December 31, 2017 (in millions, except number of properties):

Joint Venture	Ownership Interest	The Company's Investment	
		June 30, 2018	December 31, 2017
Prudential Investment Program ("KimPru" and "KimPru II") (1) (2) (3)	15.0%	\$183.9	\$179.5
Kimco Income Opportunity Portfolio ("KIR") (2)	48.6%	160.2	154.1
Canada Pension Plan Investment Board ("CPP") (2)	55.0%	117.4	105.0
Other Joint Venture Programs (3) (4)	Various	107.2	45.3
Total*		\$568.7	\$483.9

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* Representing 116 property interests and 23.9 million square feet of GLA, as of June 30, 2018, and 118 property interests and 23.5 million square feet of GLA, as of December 31, 2017.

Represents four separate joint ventures, with four separate accounts managed by Prudential Global Investment (1) Management (“PGIM”), three of these ventures are collectively referred to as KimPru and the remaining venture is referred to as KimPru II.

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

As of December 31, 2017, the Company had aggregate net deferred gains of \$6.9 million relating to the disposal of operating properties prior to the adoption of ASU 2017-05. These deferred gains were included in the Company’s investment above, of which \$5.1 million related to KimPru II and \$1.8 million related to Other Joint Venture (3) Programs. Upon adoption, the Company recorded a cumulative-effect adjustment of \$6.9 million to its beginning retained earnings as of January 1, 2018 on the Company’s Condensed Consolidated Statements of Changes in Equity. See Footnote 2 to the Notes to the Company’s Condensed Consolidated Financial Statements for further detail and discussion.

During March 2018, the Company sold a portion of its investment in a consolidated operating property to its partner and amended the partnership agreement to provide for joint control of the entity. As a result of the (4) 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. See Footnotes 2 and 3 to the Notes to the Company’s Condensed Consolidated Financial Statements for further detail and discussion.

The table below presents the Company’s share of net income for the above investments which is included in Equity in income of joint ventures, net on the Company’s Condensed Consolidated Statements of Income for the three and six months ended June 30, 2018 and 2017 (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
Joint Venture	2018	2017	2018	2017
KimPru and KimPru II	\$2.7	\$3.2	\$5.6	\$6.5
KIR	9.9	7.2	18.9	16.6
CPP	1.3	1.3	2.5	2.9
Other Joint Venture Programs (1)	5.1	1.5	9.0	1.9
Total	\$19.0	\$13.2	\$36.0	\$27.9

During the three months ended June 30, 2018, a joint venture investment distributed cash proceeds resulting from (1) 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 as such was recognized as income.

During the six months ended June 30, 2018, certain of the Company's real estate joint ventures disposed of four operating properties, in separate transactions, for an aggregate sales price of \$37.9 million. These transactions resulted in an aggregate net gain to the Company of \$3.5 million for the six months ended June 30, 2018.

During the six months ended June 30, 2017, certain of the Company's real estate joint ventures disposed of six operating properties and a portion of one property, in separate transactions, for an aggregate sales price of \$49.3 million. These transactions resulted in an aggregate net gain to the Company of \$0.1 million, before income taxes, for the six months ended June 30, 2017. In addition, during the six months ended June 30, 2017, the Company acquired a controlling interest in three operating properties from certain joint ventures, in separate transactions, for an aggregate sales price 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 June 30, 2018 and December 31, 2017 (dollars in millions):

Joint Venture	As of June 30, 2018			Weighted Average Remaining Term (months)*	As of December 31, 2017			
	Mortgages and Notes Payable, Net	Weighted Average Interest Rate			Mortgages and Notes Payable, Net	Weighted Average Interest Rate		
KimPru and KimPru II	\$623.1	3.96	%	53.8	\$625.7	3.59	%	59.8
KIR	686.6	4.63	%	41.8	702.0	4.60	%	47.5
CPP	84.3	3.64	%	60.1	84.9	2.91	%	4.0
Other Joint Venture Programs	487.1	4.18	%	82.8	287.6	4.41	%	27.2
Total	\$1,881.1				\$1,700.2			

* Includes extension options

6. Other Real Estate Investments and Other Assets

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 June 30, 2018, the Company's net investment under the Preferred Equity Program was \$172.1 million relating to 286 properties, including 273 net leased properties. During the six months ended June 30, 2018, the Company recognized income of \$19.5 million from its preferred equity investments, including \$10.0 million in profit participation earned from five capital transactions. These amounts are included in Equity in income of other real estate investments, net on the Company's Condensed Consolidated Statements of Income.

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Albertsons -

As of June 30, 2018, the Company owns 9.74% of the common stock of Albertsons Companies, Inc. (“ACI”) through two wholly-owned partnerships and accounts for this investment on the cost method. The Company’s net investment of \$140.2 million in ACI is included in Other assets on the Company’s Condensed Consolidated Balance Sheets.

On February 20, 2018, ACI announced the execution of a definitive merger agreement under which ACI will acquire all the outstanding shares of Rite Aid Corporation (NYSE: RAD) (“RAD”). This agreement is subject to customary closing conditions. During June 2018, RAD scheduled a special stockholder meeting for August 9, 2018 for its stockholders of record to vote on the proposed merger with ACI. In addition, RAD announced that the registration statement on Form S-4 filed, in connection with this proposed merger, has been declared effective by the Securities and Exchange Commission. Upon completion of the proposed merger, the Company expects to account for its net investment in ACI as an available-for-sale marketable security, with the related changes in fair value recognized in net income.

7. Variable Interest Entities (“VIE”)

Included within the Company’s consolidated operating properties at June 30, 2018 and December 31, 2017, are 22 and 24 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 June 30, 2018, total assets of these VIEs were \$891.3 million and total liabilities were \$69.6 million. At December 31, 2017, total assets of these VIEs were \$1.2 billion and total liabilities were \$383.5 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 June 30, 2018 and December 31, 2017, are two and three consolidated entities that are VIEs, respectively, for which the Company is the primary beneficiary. These entities have been established to develop real estate properties to hold as long-term investments.

The Company's involvement with these entities is through its majority ownership and management of the properties. These entities were deemed VIEs primarily based on the fact that the equity investments at risk are not sufficient to permit the entities to finance their activities without additional financial support. The initial equity contributed to these entities 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 these VIEs as a result of its controlling financial interest. At June 30, 2018, total assets of these real estate development VIEs were \$350.4 million and total liabilities were \$37.6 million. At December 31, 2017, total assets of these real estate development VIEs were \$307.9 million and total liabilities were \$34.2 million.

Substantially all the projected development costs to be funded for these two real estate development projects, approximately \$25.0 million to \$75.0 million, will be funded with capital contributions from the Company, when contractually obligated. The Company has not provided financial support to these VIEs that it was not previously contractually required to provide.

All liabilities of these consolidated 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 table below summarizes the consolidated VIEs and the classification of the Restricted Assets and VIE Liabilities on the Company's Condensed Consolidated Balance Sheets are as follows (dollars in millions):

	As of June 30, 2018	As of December 31, 2017
Number of unencumbered VIEs	21	22
Number of encumbered VIEs	3	5
Total number of consolidated VIEs	24	27
Restricted Assets:		
Real estate, net	\$ 102.6	\$ 627.5
Cash and cash equivalents	3.5	9.8
Accounts and notes receivable, net	1.4	3.2
Other assets	2.5	4.5
Total Restricted Assets	\$ 110.0	\$ 645.0
VIE Liabilities:		
Mortgages payable, net	\$ 35.3	\$ 340.9
Other liabilities	71.9	76.8
Total VIE Liabilities	\$ 107.2	\$ 417.7

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8. 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. The Company reviews payment status to identify performing versus non-performing loans. As of June 30, 2018, the Company had a total of 11 loans aggregating \$31.1 million, of which all were identified as performing loans.

During the six months ended June 30, 2018, the Company sold an operating property for a sales price of \$20.8 million. In conjunction with this sale, the Company issued mortgage financing of \$14.7 million which is scheduled to mature on December 20, 2018 and bears interest at a rate equal to the greater of (i) 5.00% or (ii) LIBOR plus 300 basis points (5.09% as of June 30, 2018). This loan is collateralized by the property.

Additionally, during the six months ended June 30, 2018, the Company received full payment relating to one mortgage receivable which had an aggregate outstanding balance of \$5.7 million Canadian dollars (USD \$4.5 million). This loan bore interest at a rate of 7.00% and matured in May 2018.

9. Marketable Securities

Effective January 1, 2018, in accordance with the adoption of ASU 2016-01, the Company now recognizes changes in the fair value of equity investments with readily determinable fair values in net income. In addition, the Company recorded a cumulative-effect adjustment of \$1.1 million to its beginning retained earnings as of January 1, 2018, which is reflected in Cumulative distributions in excess of net income on the Company's Condensed Consolidated Statements of Changes in Equity, to reclassify unrealized losses previously reported in AOCI for available-for-sale marketable securities. Also, during the six months ended June 30, 2018, the Company recognized a net loss on changes in fair value of its available-for-sale marketable securities of \$0.1 million in Other income, net on the Company's Condensed Consolidated Statements of Income.

10. Notes and Mortgages Payable

Notes Payable -

In June 2018, the Company repurchased \$6.4 million of its \$500.0 million Senior Unsecured Notes which bear interest at an annual rate of 3.20% and are scheduled to mature in May 2021. As of June 30, 2018, these Senior Unsecured Notes had an outstanding balance of \$493.6 million.

On July 24, 2018, the Company issued a notice of redemption for all of its \$300.0 million 6.875% Senior Unsecured Notes (the "Senior Notes") which are scheduled to mature in October 2019. The Senior Notes will be redeemed on August 23, 2018 (the "Redemption Date") at a redemption price ("Redemption Price") equal to the greater of (i) 100% of the aggregate principal amount of the Senior Notes to be redeemed and (ii) the sum, as determined by an independent investment banker to be appointed by the Company, of the remaining scheduled payments of principal and interest in respect of the Senior Notes being redeemed (exclusive of any interest accrued to, but excluding, the Redemption Date) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points, plus, in either case, accrued and unpaid interest to, but excluding, the Redemption Date. The Redemption Price will be determined on August 20, 2018.

Mortgages Payable -

During the six months ended June 30, 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 \$176.0 million of maturing mortgage debt (including fair market value adjustments of \$0.8 million) that encumbered four operating properties.

Additionally, during the six months ended June 30, 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 in the Company's Condensed Consolidated Statements of Income.

11. Noncontrolling Interests

Noncontrolling interests represent the portion of equity that the Company does not own in entities it consolidates as a result of having a controlling interest or 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 Condensed 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 Condensed Consolidated Statements of Income. During the six months ended June 30, 2018, there were various transactions that had an impact

on noncontrolling interest. See Footnotes 3 and 5 to the Notes to Condensed Consolidated Financial Statements for additional information regarding specific transactions.

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In addition, during the six months ended June 30, 2018, the Company acquired its partners' interests in three consolidated entities, in two separate transactions, for an aggregate purchase price of \$3.4 million. These transactions resulted in a net decrease in Noncontrolling interest of \$4.6 million and a corresponding net increase in Paid-in capital of \$1.2 million on the Company's Condensed Consolidated Balance Sheets. There are no remaining partners in two of these consolidated entities.

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 Condensed Consolidated Balance Sheets.

12. Fair Value Measurements

All financial instruments of the Company are reflected in the accompanying Condensed 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):

	June 30, 2018		December 31, 2017	
	Carrying	Estimated	Carrying	Estimated
	Amounts	Fair Value	Amounts	Fair Value
Notes payable, net (1)	\$4,591,178	\$4,338,371	\$4,596,140	\$4,601,479

Mortgages payable, net (2) \$477,538 \$470,651 \$882,787 \$881,427

- 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 (1) fair value amounts classified as Level 2 as of June 30, 2018 and December 31, 2017, were \$4.3 billion and \$4.6 billion, respectively. The estimated fair value amounts classified as Level 3 as of June 30, 2018 and December 31, 2017, were \$0 and \$1.9 million, respectively.
- (2) The Company determined that its valuation of Mortgages payable, net 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.

The tables below present the Company's financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2018 and December 31, 2017, aggregated by the level in the fair value hierarchy within which those measurements fall (in thousands):

	Balance at			
	June 30, 2018	Level 1	Level 2	Level 3
Assets:				
Marketable equity securities	\$ 11,838	\$ 11,838	\$ -	\$ -
Interest rate swaps	\$ 72	\$ -	\$ 72	\$ -
	Balance at			
	December 31, 2017	Level 1	Level 2	Level 3
Assets:				
Marketable equity securities	\$ 11,936	\$ 11,936	\$ -	\$ -
Liabilities:				
Interest rate swaps	\$ 344	\$ -	\$ 344	\$ -

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Assets measured at fair value on a non-recurring basis during the six months ended June 30, 2018 and the year ended December 31, 2017, are as follows (in thousands):

	Balance at June 30, 2018	Level 1	Level 2	Level 3
Real estate	\$117,070	\$ -	\$ -	\$117,070
Investments in real estate joint ventures (1)	\$62,429	\$ -	\$ -	\$62,429

	Balance at December 31, 2017	Level 1	Level 2	Level 3
Real estate	\$108,313	\$ -	\$ -	\$108,313

(1) Fair value measurement as of date of deconsolidation. See Footnotes 3 and 5 to the Notes to the Company's Condensed Consolidated Financial Statements for further detail and discussion.

During the six months ended June 30, 2018 and 2017, the Company recognized impairment charges related to adjustments to property carrying values of \$30.5 million and \$31.3 million, respectively. 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 models, the capitalization rates primarily range from 8.5% to 9.0% and discount rates primarily range from 9.50% to 10.0% 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. (See Footnote 3 to the Notes to the Company's Condensed Consolidated Financial Statements for additional discussion regarding impairment charges).

13. Preferred Stock and Common Stock

The Company's outstanding Preferred Stock is detailed below:

As of June 30, 2018

Class of Preferred Stock	Shares Authorized	Shares Issued and Outstanding	Liquidation Preference (in thousands)	Dividend Rate	Annual		Optional	
					Dividend per Depository Share	Par Value	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					

During January 2018, the underwriting financial institutions for the Class M Preferred Stock issuance elected to exercise the over-allotment option and as a result, the Company issued an additional 1,380,000 Class M Depository (1) 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 over-allotment issuance.

As of December 31, 2017

Class of Preferred Stock	Shares Authorized	Shares Issued and Outstanding	Liquidation Preference (in thousands)	Dividend Rate	Annual		Optional	
					Dividend per Depository Share	Par Value	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	10,580	9,200	230,000	5.250	% \$ 1.31250	\$ 1.00	12/20/2022	
		41,200	\$ 1,030,000					

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. During the six months ended June 30, 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 June 30, 2018, the Company had \$224.9 million available under this common share repurchase program.

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The following schedule summarizes the non-cash investing and financing activities of the Company for the six months ended June 30, 2018 and 2017 (in thousands):

	2018	2017
Proceeds deposited in escrow through sale of real estate interests	\$-	\$89,770
Disposition of real estate interests through the issuance of mortgage receivables	\$14,700	\$-
Disposition of real estate interests by foreclosure of debt	\$7,444	\$-
Forgiveness of debt due to foreclosure	\$12,415	\$-
Surrender of restricted common stock	\$3,492	\$5,324
Declaration of dividends paid in succeeding period	\$130,262	\$124,679
Capital expenditures accrual	\$75,760	\$45,898
Deemed contribution from noncontrolling interest	\$-	\$10,000
Consolidation of Joint Ventures:		
Increase in real estate and other assets	\$-	\$325,981
Increase in mortgages payable, other liabilities and noncontrolling interests	\$-	\$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 payable, other liabilities and noncontrolling interests	\$248,274	\$-

15. 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 Condensed Consolidated 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 for performance shares, both of which are intended to estimate the fair value of the awards at the grant date. Fair value of restricted shares is calculated based on the price on the date of grant.

The Company recognized expenses associated with its equity awards of \$10.4 million and \$13.8 million for the six months ended June 30, 2018 and 2017, respectively. As of June 30, 2018, the Company had \$37.1 million of total unrecognized compensation cost related to unvested stock compensation granted under the Plans. That cost is expected to be recognized over a weighted average period of approximately 3.1 years.

16. Accumulated Other Comprehensive Income

In accordance with the adoption of ASU 2016-01, the Company recorded a cumulative-effect adjustment of \$1.1 million to beginning retained earnings as of January 1, 2018, which is reflected in Cumulative distributions in excess of net income on the Company's Condensed Consolidated Statements of Changes in Equity, to reclassify unrealized losses previously reported in AOCI for available-for-sale marketable securities (See Footnotes 2 and 9 to the Notes to the Company's Condensed Consolidated Financial Statements for additional disclosure).

The following tables display the change in the components of accumulated other comprehensive income for the six months ended June 30, 2018 and 2017 (in thousands):

	Unrealized Gain/(Loss)			
	on Interest Rate Swap			
Balance as of January 1, 2018, as adjusted	\$	(344)	
Other comprehensive income before reclassifications		416		
Amounts reclassified from AOCI		-		
Net current-period other comprehensive income		416		
Balance as of June 30, 2018	\$	72		

	Foreign	Unrealized	Unrealized	
	Currency	Gains	Loss on	Total
	Translation	Related to	Interest	
	Adjustments	Available-	Rate	
		for-Sale	Swaps	
		Securities		
Balance as of January 1, 2017	\$ 6,335	\$ 406	\$ (975) \$5,766
Other comprehensive income before reclassifications	1,721	(1,619) 205	307
Amounts reclassified from AOCI	-	-	-	-
Net current-period other comprehensive income	1,721	(1,619) 205	307
Balance as of June 30, 2017	\$ 8,056	\$ (1,213) \$ (770) \$6,073

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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):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
<i>Computation of Basic and Diluted Earnings Per Share:</i>				
Net income available to the Company's common shareholders	\$150,852	\$131,861	\$280,353	\$197,039
Earnings attributable to participating securities	(863)	(647)	(1,472)	(1,070)
Net income available to the Company's common shareholders for basic earnings per share	149,989	131,214	278,881	195,969
Distributions on convertible units	282	259	521	29
Net income available to the Company's common shareholders for diluted earnings per share	\$150,271	\$131,473	\$279,402	\$195,998
Weighted average common shares outstanding – basic	420,731	423,650	422,060	423,516
Effect of dilutive securities (1):				
Equity awards	350	432	352	505
Assumed conversion of convertible units	847	862	824	63
Weighted average common shares outstanding – diluted	421,928	424,944	423,236	424,084
Net income available to the Company's common shareholders:				
Basic earnings per share	\$0.36	\$0.31	\$0.66	\$0.46
Diluted earnings per share	\$0.36	\$0.31	\$0.66	\$0.46

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 (1) in the determination of diluted earnings per share calculations. Additionally, there were 3.2 million and 4.0 million stock options that were not dilutive as of June 30, 2018 and 2017, respectively, and 2.3 million shares of restricted stock that were not dilutive for the three months ended June 30, 2018.

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.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This Quarterly Report on Form 10-Q, 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 exercise caution 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 foreign currency exchange rates and managements' ability to estimate the impact thereof, (vii) risks related to the Company's international operations, (viii) the availability of suitable acquisition, disposition, development and redevelopment opportunities, and risks related to acquisitions not performing in accordance with our expectations, (ix) valuation and risks related to the Company's joint venture and preferred equity investments, (x) valuation of marketable securities and other investments, (xi) increases in operating costs, (xii) changes in the dividend policy for the Company's common and preferred stock and the Company's ability to pay dividends at current levels, (xiii) 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, (xiv) impairment charges, (xv) unanticipated changes in the Company's intention or ability to prepay certain debt prior to maturity and/or hold certain securities until maturity and (xvi) the risks and uncertainties identified under Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year-ended December 31, 2017. 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 Current Reports on Form 8-K that the Company files with the Securities and Exchange Commission ("SEC").

The following discussion should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and Notes thereto. These unaudited financial statements include all adjustments which are, in the opinion of management, necessary to reflect a fair statement of the results for the interim periods presented, and all such adjustments are of a normal recurring nature.

Executive 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. 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 real estate investment trust ("REIT") and has owned and operated open-air shopping centers for 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 June 30, 2018, the Company had interests in 460 shopping center properties (the "Combined Shopping Center Portfolio"), aggregating 78.7 million square feet of gross leasable area ("GLA"), located in 28 states and Puerto Rico. In addition, the Company had 296 other property interests, primarily through the Company's preferred equity investments and other real estate investments, totaling 5.0 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 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 day-to-day necessities rather than high-priced luxury items, and (iii) maintain a strong balance sheet.

The Company's investment strategy is to invest capital into high quality assets which are concentrated in major metro markets that provide opportunity for growth while disposing of lesser quality assets in more undesirable locations. Through this strategy, the Company has steadily progressed in its transformation of 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 metro 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.

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The Company's investment strategy also includes the retail re-tenanting, renovation and expansion of its existing centers and acquired centers. 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 and pursuing redevelopment opportunities to increase overall value within its portfolio.

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 Company accepts sales prices for any of these assets that are less than their net carrying values, the Company would be required to take impairment charges and such amounts could be material.

Results of Operations*Comparison of the three and six months ended June 30, 2018 and 2017*

The following table presents the comparative results from the Company's Condensed Consolidated Statements of Income for the three and six months ended June 30, 2018, as compared to the corresponding periods in 2017 (in thousands, except per share data):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	2017	\$ Change	2018	2017	\$ Change
Revenues						
Revenues from rental properties	\$222,651	\$225,774	\$(3,123)	\$453,066	\$453,485	\$(419)
Reimbursement income	61,206	60,971	235	124,922	119,100	5,822
Other rental property income	5,526	6,098	(572)	11,112	9,649	1,463
Management and other fee income	4,020	4,333	(313)	8,381	8,530	(149)
Operating expenses						
Rent (1)	(2,742)	(2,765)	23	(5,560)	(5,548)	(12)
Real estate taxes	(37,274)	(38,747)	1,473	(77,708)	(77,016)	(692)
Operating and maintenance (2)	(41,325)	(42,703)	1,378	(84,656)	(85,277)	621

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General and administrative (3)	(24,029)	(19,965)	(4,064)	(46,427)	(42,195)	(4,232)
Provision for doubtful accounts	(1,051)	(2,096)	1,045	(3,182)	(3,500)	318
Impairment charges	(22,873)	(29,719)	6,846	(30,519)	(31,336)	817
Depreciation and amortization	(79,760)	(95,270)	15,510	(161,142)	(187,344)	26,202
Other income/(expense)						
Other income, net	3,277	1,439	1,838	9,456	2,712	6,744
Interest expense	(46,434)	(46,090)	(344)	(96,377)	(92,572)	(3,805)
Benefit for income taxes, net	720	1,034	(314)	668	1,527	(859)
Equity in income of joint ventures, net	19,040	13,169	5,871	35,953	27,902	8,051
Gain on change in control of interests	-	60,972	(60,972)	-	71,160	(71,160)
Equity in income of other real estate investments, net	9,617	38,356	(28,739)	19,593	42,043	(22,450)
Gain on sale of operating properties/change in control of interests	95,240	19,883	75,357	152,211	21,569	130,642
Net income attributable to noncontrolling interests	(423)	(11,258)	10,835	(315)	(12,740)	12,425
Preferred dividends	(14,534)	(11,555)	(2,979)	(29,123)	(23,110)	(6,013)
Net income available to the Company's common shareholders	\$ 150,852	\$ 131,861	\$ 18,991	\$ 280,353	\$ 197,039	\$ 83,314
Net income available to the Company:						
Diluted per common share	\$0.36	\$0.31	\$0.05	\$0.66	\$0.46	\$0.20

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

Operating and maintenance expense consists of property related costs including repairs and maintenance costs,

(2) roof repair, landscaping, parking lot repair, snow removal, utilities, property insurance costs, security, personnel costs related to property management services and various other property related expenses.

General and administrative costs include employee-related expenses (including salaries, bonuses, equity awards,

(3) benefits, severance costs and payroll taxes but excluding property management personnel), professional fees, office rent, travel expense and other company-specific expenses.

The following describes the activity of certain line items from the Company's Condensed Consolidated Statements of Income, which it believes represent items that have significant changes during the three months and/or six months ended June 30, 2018, as compared to the corresponding periods in 2017:

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Revenue from rental properties –

The decrease in Revenues from rental properties of \$3.1 million for the three months ended June 30, 2018, as compared to the corresponding period in 2017, is primarily from the combined effect of (i) a decrease in revenues of \$15.5 million from properties sold during 2018 and 2017, partially offset by (ii) the completion of certain redevelopment projects, tenant buyouts and net growth in the current portfolio, providing incremental revenues for the three months ended June 30, 2018, of \$10.5 million, as compared to the corresponding period in 2017, and (iii) the acquisition/consolidation of operating properties during 2017, providing incremental revenues for the three months ended June 30, 2018, of \$1.9 million, as compared to the corresponding period in 2017.

Reimbursement income –

The increase in Reimbursement income of \$5.8 million for the six months ended June 30, 2018, as compared to the corresponding period in 2017, is primarily from the combined effect of (i) increased occupancy rates, nature and timing of spending and net growth in recovery rates for the current portfolio, providing incremental reimbursement income for the six months ended June 30, 2018, of \$7.5 million, as compared to the corresponding period in 2017, and (ii) the acquisition/consolidation of operating properties during 2017, providing incremental reimbursement income for the six months ended June 30, 2018, of \$3.1 million, as compared to the corresponding period in 2017, partially offset by (iii) a decrease in reimbursement income of \$4.8 million from properties sold during 2018 and 2017.

General and administrative –

The increase in General and administrative costs of \$4.1 million and \$4.2 million for the three and six months ended June 30, 2018, respectively, as compared to the corresponding periods in 2017, is primarily due to an increase in severance and personnel costs.

Impairment charges –

During the six months ended June 30, 2018 and 2017, the Company recognized impairment charges related to adjustments to property carrying values of \$30.5 million and \$31.3 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

are classified as Level 3 of the fair value hierarchy.

Depreciation and amortization –

The decrease in Depreciation and amortization of \$15.5 million for the three months ended June 30, 2018, as compared to the corresponding period in 2017, is primarily due to (i) a decrease of \$10.7 million related to the acceleration of depreciable lives of assets within the Company's redevelopment projects associated with demolition during the three months ended June 30, 2018, as compared to the corresponding period in 2017, (ii) a decrease related to tenant vacates of \$4.6 million during the three months ended June 30, 2018, as compared to the corresponding period in 2017 and (iii) a decrease of \$3.2 million resulting from property dispositions in 2018 and 2017, partially offset by (iv) an increase of \$3.0 million related to the acquisition/consolidation of operating properties during 2017.

The decrease in Depreciation and amortization of \$26.2 million for the six months ended June 30, 2018, as compared to the corresponding period in 2017, is primarily due to (i) a decrease of \$20.8 million related to the acceleration of depreciable lives of assets within the Company's redevelopment projects associated with demolition during the six months ended June 30, 2018, as compared to the corresponding period in 2017 (ii) a decrease related to tenant vacates of \$7.2 million during the six months ended June 30, 2018, as compared to the corresponding period in 2017 and (iii) a decrease of \$5.1 million resulting from property dispositions in 2018 and 2017, partially offset by (iv) an increase of \$6.9 million related to the acquisition/consolidation of operating properties during 2017.

Other income, net –

The increase in Other income, net of \$6.7 million for the six months ended June 30, 2018, as compared to the corresponding period in 2017, is primarily due to (i) the recognition of gain on forgiveness of debt of \$4.3 million and relief of accrued interest of \$3.4 million resulting from the foreclosure of an encumbered property during 2018, partially offset by (ii) a decrease of \$0.8 million due to foreign currency losses during the six months ended June 30, 2018, as compared to the corresponding period in 2017.

Interest expense –

The increase in Interest expense of \$3.8 million for the six months ended June 30, 2018, as compared to the corresponding period in 2017, is primarily the result of higher interest rates and higher levels of borrowings during the six months ended June 30, 2018, as compared to the corresponding period in 2017, partially offset by the repayment of maturing debt during 2018 and 2017.

Equity in income of joint ventures, net –

The increase in Equity in income of joint ventures, net of \$5.9 million for the three months ended June 30, 2018, as compared to the corresponding period in 2017, is primarily due to (i) an increase in net gains of \$5.1 million resulting from the sale of properties and capital transactions within various joint venture investments during 2018, as compared to the corresponding period in 2017, and (ii) a decrease in impairment charges of \$0.8 million recognized during 2018, as compared to 2017.

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The increase in Equity in income of joint ventures, net of \$8.1 million for the six months ended June 30, 2018, as compared to the corresponding period in 2017, is primarily due to (i) an increase in net gains of \$6.1 million resulting from the sale of properties and capital transactions within various joint venture investments during 2018, as compared to the corresponding period in 2017, and (ii) a decrease in impairment charges of \$1.9 million recognized during 2018, as compared to 2017.

Gain on change in control of interests –

During the six months ended June 30, 2017, the Company acquired, in separate transactions, a controlling interest in three operating properties from certain joint venture partners in which the Company had noncontrolling interests. As a result of these transactions, the Company recorded an aggregate gain on change in control of interests of \$71.2 million related to the fair value adjustment associated with its previously held equity interest in these operating properties.

Equity in income of other real estate investments, net –

The decrease in Equity in income of other real estate investments, net of \$28.7 million for the three months ended June 30, 2018, as compared to the corresponding period in 2017, is primarily due to (i) a decrease of \$34.6 million in equity in income from the ACI joint venture resulting from cash distributions received in excess of the Company's carrying basis during 2017, partially offset by (ii) an increase in earnings and profit participation from capital transactions related to Company's Preferred Equity Program of \$5.9 million during 2018, as compared to the corresponding period in 2017.

The decrease in Equity in income of other real estate investments, net of \$22.5 million for the six months ended June 30, 2018, as compared to the corresponding period in 2017, is primarily due to (i) a decrease of \$34.6 million in equity in income from the ACI joint venture resulting from cash distributions received in excess of the Company's carrying basis during 2017, partially offset by (ii) an increase in earnings and profit participation from capital transactions related to Company's Preferred Equity Program of \$12.1 million during 2018, as compared to the corresponding period in 2017.

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

During the six months ended June 30, 2018, the Company disposed/deconsolidated of 35 operating properties and two out-parcels, in separate transactions, for an aggregate sales price of \$833.1 million. These transactions resulted in (i) an aggregate gain of \$152.2 million and (ii) aggregate impairment charges of \$9.9 million.

During the six months ended June 30, 2017, the Company disposed of 11 consolidated operating properties and five out-parcels, in separate transactions, for an aggregate sales price of \$157.3 million. These transactions resulted in (i) an aggregate gain of \$21.6 million and (ii) aggregate impairment charges of \$2.4 million.

Net income attributable to noncontrolling interests –

The decrease in Net income attributable to noncontrolling interests of \$10.8 million and \$12.4 million for the three and six months ended June 30, 2018, respectively, as compared to the corresponding periods in 2017, is primarily due to equity in income allocated to the Company's noncontrolling interest members as a result of a distribution in excess of basis in the Albertsons joint venture during 2017.

Preferred dividends –

The increase in Preferred dividends of \$3.0 million and \$6.0 million for the three and six months ended June 30, 2018, respectively, as compared to the corresponding periods in 2017, is primarily due to the issuances of Class L Preferred Stock and Class M Preferred Stock in 2017 and 2018, partially offset by the partial redemption of Class I Preferred Stock in 2017.

Net income available to the Company's common shareholders and Diluted earnings per share –

Net income available to the Company's common shareholders was \$150.9 million for the three months ended June 30, 2018, as compared to \$131.9 million for the three months ended June 30, 2017. On a diluted per share basis, net income available to the Company for the three months ended June 30, 2018, was \$0.36 as compared to \$0.31 for the three months ended June 30, 2017. These changes are primarily attributable to (i) an increase in gains on sale of operating properties, (ii) a decrease in depreciation and amortization, (iii) a decrease in net income attributable to noncontrolling interests, (iv) a decrease in impairment charges, (v) an increase in equity in income of joint ventures, net, primarily resulting from the sales of properties and capital transactions within various joint venture investments, and (vi) increased profitability from the Company's operating properties, partially offset by, (vii) a decrease from gain on change in control of interests, (viii) a decrease in equity in income of other real estate investments, net, (ix) an increase in general and administrative expenses and (x) an increase in preferred dividends.

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Net income available to the Company's common shareholders was \$280.4 million for the six months ended June 30, 2018, as compared to \$197.0 million for the six months ended June 30, 2017. On a diluted per share basis, net income available to the Company for the six months ended June 30, 2018, was \$0.66 as compared to \$0.46 for the six months ended June 30, 2017. These changes are primarily attributable to (i) an increase in gains on sale of operating properties, including gain on change in control of interests, (ii) a decrease in depreciation and amortization, (iii) a decrease in net income attributable to noncontrolling interests, (iv) an increase in equity in income of joint ventures, net, primarily resulting from the sales of properties and capital transactions within various joint venture investments, (v) an increase in other income, net, and (vi) incremental earnings due to the acquisition of operating properties during 2017, as well as increased profitability from the Company's operating properties, (vii) increased profitability from the Company's operating properties, partially offset by (viii) a decrease from gain on change in control of interests, (ix) a decrease in equity in income of other real estate investments, net, (x) an increase in preferred dividends and (xi) an increase in general and administrative expenses.

Tenant Concentration

The Company seeks to reduce its operating and leasing risks through diversification achieved by the geographic distribution of its properties and a large tenant base. At June 30, 2018, the Company's five largest tenants were TJX Companies, Home Depot, Ahold Delhaize USA, Albertsons and PetSmart, which represented 3.6%, 2.5%, 2.3%, 1.8% 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.

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 millions):

	Six Months Ended	
	June 30,	
	2018	2017
Cash and cash equivalents, beginning of the period	\$238,513	\$142,486
Net cash flow provided by operating activities	351,986	300,034
Net cash flow provided by/(used for) investing activities	228,151	(147,443)
Net cash flow used for financing activities	(513,073)	(151,978)

Change in cash and cash equivalents	67,064	613
Cash and cash equivalents, end of the period	\$305,577	\$143,099

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 six months ended June 30, 2018, were \$352.0 million, as compared to \$300.0 million for the comparable period in 2017. The increase of \$52.0 million is primarily attributable to:

- the acquisition of operating properties during 2017;
- new leasing, expansion and re-tenanting of core portfolio properties;
- an increase in distributions from the Company's joint venture programs; and
- changes in operating assets and liabilities due to timing of receipts and payments; partially offset by an increase in interest expense.

During the six months ended June 30, 2018 and 2017, the Company capitalized personnel costs of \$6.4 million and \$6.5 million, respectively, relating to deferred leasing costs.

Investing Activities

Cash flows provided by investing activities were \$228.2 million for the six months ended June 30, 2018, as compared to cash flows used for investing activities of \$147.4 million for the comparable period in 2017.

Investing activities during 2018 consisted primarily of:

Cash inflows:

- \$472.8 million in proceeds from the sale of 35 consolidated operating properties, two out-parcels and five land parcels;

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\$15.7 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 disposition of properties and loan refinancing within the joint venture portfolio and the Company's Preferred Equity Program;
\$6.5 million in proceeds from insurance casualty claims; and
\$5.4 million in collection of mortgage loans receivable.

Cash outflows:

\$248.8 million for improvements to operating real estate related to the Company's active redevelopment pipeline and improvements to real estate under development;
\$15.2 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
\$7.9 million for the acquisition of operating real estate and other related net assets, including one land parcel, and the acquisition of real estate under development related to one development project.

Investing activities during 2017 consisted primarily of:

Cash inflows:

\$66.8 million in proceeds from the sale of operating properties related to 11 consolidated operating properties and five out-parcels; and
\$55.5 million in reimbursements of investments in and advances to real estate joint ventures, primarily related to the disposition of properties within the joint venture portfolio, and reimbursements of investments in and advances to other real estate investments, primarily related to the distribution from the Albertsons joint venture.

Cash outflows:

\$173.0 million for improvements to operating real estate related to the Company's active redevelopment pipeline and improvements to real estate under development;
\$66.0 million for acquisition of operating real estate and other related net assets, including four consolidated operating properties and a parcel, and acquisition of real estate under development related to a development project;
\$22.7 million for investments in and advances to real estate joint ventures, primarily related to a redevelopment project within one joint venture and the repayment of a mortgage in another joint venture; and
\$9.8 million for investment in marketable securities.

Acquisitions of Operating Real Estate and Other Related Net Assets -

During the six months ended June 30, 2018 and 2017, the Company expended \$3.3 million and \$56.0 million, respectively, towards the acquisition of operating real estate properties and parcels adjacent to operating real estate properties. The Company continues to transform the quality of its portfolio by disposing of lesser quality assets and

acquiring larger, higher quality properties in key markets identified by the Company. The Company anticipates spending up to \$25.0 million towards the acquisition of operating properties for the remainder of 2018, if suitable opportunities arise. The Company intends to fund these acquisitions with proceeds from property dispositions.

Improvements to Operating Real Estate -

During the six months ended June 30, 2018 and 2017, the Company expended \$127.4 million and \$81.3 million, respectively, towards improvements to operating real estate. These amounts consist of the following (in thousands):

	Six Months Ended	
	June 30,	
	2018	2017
Redevelopment and renovations	\$93,140	\$66,934
Tenant improvements and tenant allowances	33,585	10,047
Other	655	4,299
Total improvements (1)	\$ 127,380	\$ 81,280

During the six months ended June 30, 2018 and 2017, the Company capitalized payroll of \$3.4 million and \$1.4 (1) million, respectively, and capitalized interest of \$1.5 million and \$1.2 million, respectively, in connection with the Company's improvements to operating real estate.

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 the remainder of 2018 will be approximately \$125.0 million to \$200.0 million. The funding of these capital requirements will be provided by proceeds from property dispositions, cash flow from operating activities, construction financing, where applicable, and availability under the Company's Credit Facility.

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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 June 30, 2018, the Company had in progress a total of four active real estate development projects and two additional projects held for future development. During the six months ended June 30, 2018 and 2017, the Company expended \$121.4 million and \$91.7 million, respectively, towards improvements to real estate under development. The Company capitalized (i) interest of \$6.7 million and \$5.2 million, (ii) real estate taxes, insurance and legal costs of \$1.2 million and \$1.7 million and (iii) payroll of \$0.9 million and \$2.2 million during the six months ended June 30, 2018 and 2017, respectively, in connection with these real estate development projects. The Company anticipates the total remaining costs to complete these four active projects to be approximately \$125.0 million to \$200.0 million. The Company anticipates its capital commitment toward these development projects for the remainder of 2018 will be approximately \$100.0 million to \$150.0 million. The funding of these capital requirements will be provided by proceeds from property dispositions, cash flow from operating activities, construction financing, where applicable, and availability under the Company's Credit Facility.

Financing Activities

Cash flow used for financing activities were \$513.1 million for the six months ended June 30, 2018, as compared to \$152.0 million for the comparable period in 2017.

Financing activities during 2018 primarily consisted of the following:

Cash inflows:

\$33.1 million in proceeds from the exercise of the Class M Preferred Stock over-allotment option.

Cash outflows:

\$264.7 million of dividends paid;

\$182.1 million for principal payments on debt (related to the repayment of debt on four encumbered properties), including normal amortization on rental property debt;

\$75.1 million for the repurchase of common stock;

\$14.1 million for repayments of unsecured revolving credit facility, net, and partial repayment of Senior Unsecured Note; and

\$5.5 million for redemption/distribution of noncontrolling interests, primarily related to the redemption of certain partnership units by consolidated subsidiaries.

Financing activities during 2017 primarily consisted of:

Cash inflows:

\$450.0 million in proceeds from unsecured revolving credit facility, net; and
\$400.0 million in proceeds from issuance of Senior Unsecured Notes.

Cash outflows:

\$471.7 million for principal payments on debt (related to the repayment of debt on 22 encumbered properties), including normal amortization on rental property debt;
\$252.8 million of dividends paid;
\$250.0 million for repayment of unsecured term loan;
\$14.9 million for financing origination costs, primarily related to costs associated with the issuance of Senior Unsecured Notes; and
\$14.7 million for redemption/distribution of noncontrolling interests.

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 has stabilized and the unsecured debt markets are functioning well and credit spreads are at manageable levels.

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Debt maturities for the remainder of 2018 consist of \$68.1 million of unconsolidated joint venture debt, assuming the utilization of extension options where available. These maturities are anticipated to be repaid through operating cash flows, debt refinancing, unsecured credit facilities, proceeds from property sales or 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 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 \$13.8 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.

Preferred Stock-

During January 2018, the underwriting financial institutions for the Class M Preferred Stock 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 over-allotment issuance.

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. During the six months ended June 30, 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 June 30, 2018, the Company had \$224.9 million available under this common share repurchase program.

Senior Notes –

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 6/30/18
Consolidated Indebtedness to Total Assets	<65%	38%
Consolidated Secured Indebtedness to Total Assets	<40%	4%
Consolidated Income Available for Debt Service to Maximum Annual Service Charge	>1.50x	5.6x
Unencumbered Total Asset Value to Consolidated Unsecured Indebtedness	>1.50x	2.6x

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 to our Annual Report on Form 10-K for the year ended December 31, 2017 for specific filing information.

In June 2018, the Company repurchased \$6.4 million of its \$500.0 million Senior Unsecured Note which bears interest at annual rate of 3.20% and is scheduled to mature in May 2021. As of June 30, 2018, this Senior Unsecured Note had an outstanding balance of \$493.6 million.

On July 24, 2018, the Company issued a notice of redemption for all of its \$300.0 million 6.875% Senior Unsecured Notes (the “Senior Notes”) which are scheduled to mature in October 2019. The Senior Notes will be redeemed on August 23, 2018 (the “Redemption Date”) at a redemption price (“Redemption Price”) equal to the greater of (i) 100% of the aggregate principal amount of the Senior Notes to be redeemed and (ii) the sum, as determined by an independent investment banker to be appointed by the Company, of the remaining scheduled payments of principal and interest in respect of the Senior Notes being redeemed (exclusive of any interest accrued to, but excluding, the Redemption Date) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points, plus, in either case, accrued and unpaid interest to, but excluding, the Redemption Date. The Redemption Price will be determined on August 20, 2018.

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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 (2.94% as of June 30, 2018), 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 June 30, 2018, the Credit Facility had no balance outstanding and \$0.5 million appropriated for letters of credit.

Pursuant to the terms of the Credit Facility, the Company, among other things, 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 6/30/18
Total Indebtedness to Gross Asset Value (“GAV”)	<60%	36%
Total Priority Indebtedness to GAV	<35%	3%
Unencumbered Asset Net Operating Income to Total Unsecured Interest Expense	>1.75x	4.2x
Fixed Charge Total Adjusted EBITDA to Total Debt Service	>1.50x	3.0x

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 Payable –

During the six months ended June 30, 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 \$176.0 million of maturing mortgage debt (including fair market value adjustments of \$0.8 million) that encumbered four operating properties.

Additionally, during the six months ended June 30, 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 in the Company's Condensed Consolidated Statements of Income.

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 development projects. As of June 30, 2018, the Company had over 340 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 conservative dividend payout ratio, reserving 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 for the six months ended June 30, 2018 and 2017 were \$264.7 million and \$252.8 million, 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 April 24, 2018, the Company's Board of Directors declared a quarterly cash dividend of \$0.28 per common share payable to shareholders of record on July 3, 2018, which was paid on July 16, 2018. Additionally, on July 24, 2018, the Company's Board of Directors declared a quarterly cash dividend of \$0.28 per common share payable to shareholders of record on October 2, 2018, which is scheduled to be paid on October 15, 2018.

The Board of Directors declared quarterly dividends with respect to the Company's various classes of cumulative redeemable preferred shares (Classes I, J, K, L and M). All dividends on the preferred shares were paid on July 16, 2018 to shareholders of record on July 3, 2018. Additionally, the Board of Directors also declared quarterly dividends with respect to the Company's various series of cumulative redeemable preferred shares (Classes I, J, K, L and M). All dividends on the preferred shares are scheduled to be paid on October 15, 2018, to shareholders of record on October 1, 2018.

Hurricane Impact –

On September 20, 2017, Hurricane Maria struck Puerto Rico as a Category 4 hurricane which resulted in widespread damage, flooding, and power outages. The Company has interests in seven operating properties located throughout Puerto Rico, aggregating 2.2 million square feet of GLA, which were variously impacted by the hurricane. The Company maintains a comprehensive property insurance policy on these properties with total coverage of up to \$62.0 million, as well as business interruption insurance with coverage up to \$39.3 million in the aggregate, subject to a collective deductible of \$1.2 million.

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The Company expects to collect property insurance proceeds (net of deductible) equal to the replacement cost of its damaged property, currently estimated to be approximately \$30.9 million. The Company expects that the final replacement cost claim will exceed the amount previously written off due to property damage (\$16.0 million) and that this excess amount will be recorded, net of the deductible, as income by the Company upon full settlement and collection of the casualty insurance claim. As of June 30, 2018, the Company has collected property insurance proceeds totaling \$10.5 million to date and has a remaining receivable balance of \$5.5 million, which is included in Other assets on the Company's Condensed Consolidated Balance Sheets.

The Company's business interruption insurance covers lost revenues as a result of the hurricane for a period of up to one year. After the expiration of one year following the loss, the policy has 365 days of extended period of indemnity which provides business interruption coverage in the event the properties have not fully recovered from the storm. As of June 30, 2018, the Company has collected business interruption claims totaling \$3.7 million to date from its insurance provider. The Company is still in the process of assessing current and future business interruption insurance losses and will submit insurance claims for its estimated losses under its business interruption insurance policy.

Other –

The Company is subject to taxes on its activities in Canada, Puerto Rico 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 Canada, Puerto Rico 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.

Funds From Operations

Funds From Operations ("FFO") is a supplemental non-GAAP financial measure utilized to evaluate the operating performance of real estate companies. The National Association of Real Estate Investment Trusts ("NAREIT") defines FFO as net income/(loss) available to the Company's common shareholders computed in accordance with generally accepted accounting principles in the United States ("GAAP"), excluding (i) gains or losses from sales of operating real estate assets and change in control of interests, plus (ii) depreciation and amortization of operating properties and (iii) impairment of depreciable real estate and in substance real estate equity investments and (iv) after adjustments for unconsolidated partnerships and joint ventures calculated to reflect FFO on the same basis.

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 performances, which does not represent cash generated from operating activities in accordance with GAAP and therefore should not be considered an alternative for net income 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.

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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 as follows (in thousands, except per share data):

	Three Months Ended		Six Months Ended June	
	June 30,		30,	
	2018	2017	2018	2017
Net income available to the Company's common shareholders	\$150,852	\$131,861	\$280,353	\$197,039
Gain on sale of operating properties/change in control of interests	(95,163)	(19,763)	(152,134)	(20,861)
Gain on sale of joint venture operating properties/change in control of interests	(1,510)	(60,955)	(3,549)	(72,185)
Depreciation and amortization - real estate related	77,250	94,121	156,242	184,970
Depreciation and amortization - real estate joint ventures	11,611	10,311	20,895	19,851
Impairment of operating properties	22,720	21,048	30,366	23,643
Benefit for income taxes (2)	-	-	-	(39)
Noncontrolling interests (2)	(507)	(1,627)	(2,059)	(2,282)
FFO available to the Company's common shareholders	165,253	174,996	330,114	330,136
Transactional (income)/expense:				
Profit participation from other real estate investments	(5,561)	(34,573)	(10,289)	(34,573)
Gain from land sales	(1,625)	(450)	(2,078)	(1,060)
Demolition costs	573	189	573	464
Impairments on other investments	200	9,531	267	9,708
Severance costs	492	-	1,185	-
Gain on forgiveness of debt	-	-	(4,274)	-
Noncontrolling interests (3)	-	11,033	136	11,338
Loss/(gain) on marketable securities	(24)	-	1,486	(30)
Distribution in excess of basis	(3,550)	-	(3,550)	-
Other income, net	(29)	16	(29)	522
Total transactional income, net	(9,524)	(14,254)	(16,573)	(13,631)
FFO available to the Company's common shareholders as adjusted	\$155,729	\$160,742	\$313,541	\$316,505
Weighted average shares outstanding for FFO calculations:				
Basic	420,731	423,650	422,060	423,516
Units	935	960	927	854
Dilutive effect of equity awards	350	432	352	505
Diluted	422,016 (1)	425,042	423,339 (1)	424,875
FFO per common share – basic	\$0.39	\$0.41	\$0.78	\$0.78
FFO per common share – diluted	\$0.39	(1) \$0.41	\$0.78	(1) \$0.78
FFO as adjusted per common share – basic	\$0.37	\$0.38	\$0.74	\$0.75
FFO as adjusted per common share – diluted	\$0.37	(1) \$0.38	\$0.74	(1) \$0.75

(1)

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 \$261 and \$267 for the three months ended June 30, 2018 and 2017, respectively and \$525 and \$459 for the six months ended June 30, 2018 and 2017. 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.

(2) Related to gains, impairment and depreciation on operating properties, where applicable.

(3) Related to transactional (income)/expense, where applicable.

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 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.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income available to the Company's common shareholders	\$150,852	\$131,861	\$280,353	\$197,039
Adjustments:				
Management and other fee income	(4,020)	(4,333)	(8,381)	(8,530)
General and administrative	24,029	19,965	46,427	42,195
Impairment charges	22,873	29,719	30,519	31,336
Depreciation and amortization	79,760	95,270	161,142	187,344
Interest and other expense, net	43,157	44,651	86,921	89,860
Benefit for income taxes, net	(720)	(1,034)	(668)	(1,527)
Gain on change in control of interests	-	(60,972)	-	(71,160)
Equity in income of other real estate investments, net	(9,617)	(38,356)	(19,593)	(42,043)
Gain on sale of operating properties/change in control of interests	(95,240)	(19,883)	(152,211)	(21,569)
Net income attributable to noncontrolling interests	423	11,258	315	12,740
Preferred dividends	14,534	11,555	29,123	23,110
Non same property net operating income	(26,833)	(32,054)	(58,175)	(65,756)
Non-operational expense from joint ventures, net	15,136	18,648	29,508	39,031
Same property NOI	\$214,334	\$206,295	\$425,280	\$412,070

Same property NOI increased by \$8.0 million or 3.9% for the three months ended June 30, 2018, as compared to the corresponding period in 2017. This increase is primarily the result of (i) an increase of \$6.2 million related to lease-up and rent commencements in the portfolio, (ii) an increase in other property income of \$1.3 million and (iii) a decrease of \$0.5 million of credit loss.

Same property NOI increased by \$13.2 million or 3.2% for the six months ended June 30, 2018, as compared to the corresponding period in 2017. This increase is primarily the result of (i) an increase of \$10.9 million related to lease-up and rent commencements in the portfolio, (ii) an increase in other property income of \$1.9 million and (iii) a decrease of \$0.4 million of credit loss.

Leasing Activity

During the six months ended June 30, 2018, the Company executed 579 leases totaling over 5.0 million square feet in the Company's consolidated operating portfolio comprised of 195 new leases and 384 renewals and options. The leasing costs associated with new leases are estimated to aggregate \$36.4 million or \$25.30 per square foot. These costs include \$28.3 million of tenant improvements and \$8.1 million of external leasing commissions. The average

rent per square foot on new leases was \$16.05 and on renewals and options was \$15.80.

Tenant Lease Expirations

At June 30, 2018, the Company has a total of 5,735 leases in the U.S. 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 lease data:

Year Ending December 31,	Number of Leases	Square Feet	Total Annual	% of Gross	
	Expiring	Expiring	Base Rent Expiring	Annual Rent	
(1)	148	359	\$ 8,207	1.0	%
2018	189	734	\$ 14,503	1.7	%
2019	791	4,982	\$ 84,302	10.2	%
2020	800	5,619	\$ 92,131	11.1	%
2021	801	6,407	\$ 96,318	11.6	%
2022	822	6,707	\$ 108,070	13.0	%
2023	712	6,470	\$ 102,575	12.4	%
2024	276	3,436	\$ 52,861	6.4	%
2025	220	1,856	\$ 33,481	4.0	%
2026	227	3,650	\$ 51,354	6.2	%
2027	251	3,477	\$ 53,010	6.4	%
2028	286	3,030	\$ 53,196	6.4	%

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

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The Company's primary market risk exposures are interest rate risk and foreign currency exchange rate risk. The Company has not, 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 debt obligations outstanding, including fair market value adjustments and unamortized deferred financing costs, as of June 30, 2018, with corresponding weighted-average interest rates sorted by maturity date. The table does not include extension options where available. Amounts are in millions.

	2018	2019	2020	2021	2022	Thereafter	Total	Fair Value
<u>Secured Debt</u>								
Fixed Rate	\$ -	\$2.2	\$134.4	\$153.4	\$153.4	\$34.1	\$477.5	\$470.7
Average Interest Rate	-	5.29 %	5.29 %	5.39 %	4.05 %	5.56 %	4.94 %	
<u>Unsecured Debt</u>								
Fixed Rate	\$ -	\$299.6	\$-	\$491.6	\$495.4	\$3,304.6	\$4,591.2	\$4,338.4
Average Interest Rate	-	6.88 %	-	3.20 %	3.40 %	3.54 %	3.71 %	

At June 30, 2018, the Company's foreign real estate investments in their local currency had an aggregate carrying amount of 51.4 million Mexican Pesos (USD \$4.7 million). Currency fluctuations between local currency and the U.S. dollar for the Company's foreign monetary assets and liabilities result in foreign currency gains/losses which are recognized in Other income, net in the Company's Condensed Consolidated Statements of Income. During the six months ended June 30, 2018, the Company recognized a net foreign currency loss of \$0.1 million.

Item 4. 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, as of the end of such period, the Company's disclosure controls and procedures are effective.

There have not been any changes in the Company's internal control over financial reporting during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II

OTHER INFORMATION

Item 1. Legal Proceedings

The following information supplements and amends our discussion set forth under Part I, Item 3 "Legal Proceedings" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

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 1A. Risk Factors

There are no material changes from risk factors as previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2017.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

During the six months ended June 30, 2018, the Company repurchased 228,431 shares for an aggregate purchase price of \$3.5 million (weighted average price of \$15.21 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. During the six months ended June 30, 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). These repurchased shares are no longer outstanding.

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, 2018 – January 31, 2018	56,094	\$17.69	-	\$-
February 1, 2018 – February 28, 2018	164,751	14.38	1,600,000	275.7
March 1, 2018 – March 31, 2018	222	15.21	-	275.7
April 1, 2018 – April 30, 2018	1,067		-	275.7
May 1, 2018 – May 31, 2018	5,277	14.45	3,500,000	224.9
June 1, 2018 – June 30, 2018	1,020	17.40	-	224.9
Total	228,431	\$15.21	5,100,000	

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

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Item 6. Exhibits

Exhibits –

4.1 Agreement to File Instruments

Kimco Realty Corporation (the “Registrant”) hereby agrees to file with the Securities and Exchange Commission, upon request of the Commission, all instruments defining the rights of holders of long-term debt of the Registrant and its consolidated subsidiaries, and for any of its unconsolidated subsidiaries for which financial statements are required to be filed, and for which the total amount of securities authorized thereunder does not exceed 10 percent of the total assets of the Registrant and its subsidiaries on a consolidated basis.

- 12.1 Computation of Ratio of Earnings to Fixed Charges
- 12.2 Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends
- 31.1 Certification of the Company’s Chief Executive Officer, Conor C. Flynn, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of the Company’s Chief Financial Officer, Glenn G. Cohen, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 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.
- 101.INS XBRL Instance 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

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SIGNATURES

Pursuant to the requirements 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

July 27, 2018 /s/ Conor C. Flynn
(Date) Conor C. Flynn
Chief Executive Officer

July 27, 2018 /s/ Glenn G. Cohen
(Date) Glenn G. Cohen
Chief Financial Officer