KIMCO REALTY CORP
Form 10-K
February 15, 2019

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 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 11042-0020

(Address of principal executive offices) (Zip Code)

(516) 869-9000

(Registrant's telephone number, including area code)

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

Title of each class	Name of each exchange on which registered
Common Stock, par value $.01 per share.	New York Stock Exchange
Depositary Shares, each representing one-thousandth of a share of 6.000% Class I Cumulative Redeemable Preferred Stock, $1.00 par value per share.	New York Stock Exchange
Depositary Shares, each representing one-thousandth of a share of 5.500% Class J Cumulative Redeemable Preferred Stock, $1.00 par value per share.	New York Stock Exchange
Depositary Shares, each representing one-thousandth of a share of 5.625% Class K Cumulative Redeemable Preferred Stock, $1.00 par value per share.	New York Stock Exchange
Depositary Shares, each representing one-thousandth of a	New York Stock Exchange

share of 5.125% Class L Cumulative Redeemable Preferred Stock, $1.00 par value per share.	
Depositary Shares, each representing one-thousandth of a share of 5.250% Class M Cumulative Redeemable Preferred Stock, $1.00 par value per share.	New York Stock Exchange

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

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
Emerging growth company	

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately $7.0 billion based upon the closing price on the New York Stock Exchange for such equity on June 30, 2018.

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

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

As of February 6, 2019, the registrant had 421,385,972 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates certain information by reference to the Registrant's definitive proxy statement to be filed with respect to the Annual Meeting of Stockholders expected to be held on April 30, 2019.

Index to Exhibits begins on page 43.

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FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K ("Form 10-K"), together with other statements and information publicly disseminated by Kimco Realty Corporation (the "Company") contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and includes this statement for purposes of complying with the safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe the Company's future plans, strategies and expectations, are generally identifiable by use of the words "believe," "expect," "intend," "anticipate," "estimate," "project," "will," "target," "forecast" or similar expres should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond the Company's control and could materially affect actual results, performances or achievements. Factors which may cause actual results to differ materially from current expectations include, but are not limited to (i) general adverse economic and local real estate conditions, (ii) the inability of major tenants to continue paying their rent obligations due to bankruptcy, insolvency or a general downturn in their business, (iii) financing risks, such as the inability to obtain equity, debt or other sources of financing or refinancing on favorable terms to the Company, (iv) the Company's ability to raise capital by selling its assets, (v) changes in governmental laws and regulations and management's ability to estimate the impact of such changes, (vi) the level and volatility of interest rates and managements' ability to estimate the impact thereof, (vii) 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" and elsewhere in this Form 10-K and in the Company's other filings with the Securities and Exchange Commission ("SEC"). Accordingly, there is no assurance that the Company's expectations will be realized. The Company disclaims any intention or obligation to update the forward-looking statements, whether as a result of new information, future events or otherwise. You are advised to refer to any further disclosures the Company makes or related subjects in the Company's quarterly reports on Form 10-Q and current reports on Form 8-K that the Company files with the SEC.

PART I

Item 1. Business

Overview

Kimco Realty Corporation, a Maryland corporation, is one of North America's largest publicly traded owners and operators of open-air shopping centers. The terms "Kimco," the "Company," "we," "our" and "us" each refer to Kimco Realty Corporation and our subsidiaries, unless the context indicates otherwise. 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 over 60 years. The Company has not engaged, nor does it expect to retain, any REIT advisors in connection with the operation of its properties. As of December 31, 2018, the Company had interests in 437 shopping center properties (the "Combined Shopping Center Portfolio"), aggregating 76.3 million square feet of gross leasable area ("GLA"), located in 27 states and Puerto Rico. In addition, the Company had 290 other property interests, primarily through the Company's preferred equity investments and other real estate investments, totaling 4.7 million square feet of GLA. The Company's ownership interests in real estate consist of its consolidated portfolio and portfolios where the Company owns an economic interest, such as properties in the Company's investment real estate management programs, where the Company partners with institutional investors and also retains management.

The Company's executive offices are located at 3333 New Hyde Park Road, New Hyde Park, New York 11042-0020 and its telephone number is (516) 869-9000. Nearly all operating functions, including leasing, legal, construction, data processing, maintenance, finance and accounting are administered by the Company from its executive offices in New Hyde Park, New York and supported by the Company's regional offices. As of December 31, 2018, a total of 533 persons were employed by the Company.

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

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

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

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

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

Business Objective and Strategies

Strategy Overview

The Company's strategy focuses on:

- improving the quality and locations of its portfolio;
- harvesting the unrealized value in its portfolio; and
- maintaining a strong balance sheet with ample liquidity.

Over the past several years, the Company has transformed its portfolio, focusing on major metropolitan-area U.S. markets, predominantly on the East and West coasts and in the Sunbelt region, which are supported by strong demographics, significant projected population growth, and where the Company perceives significant barriers to entry. As of December 31, 2018, the Company derived 81% of its annualized base rent from its top 20 core markets. Since December 2015, when the Company announced this strategic focus, it has disposed of 260 property interests, for an aggregate gross sales price of $3.8 billion, which includes completing its exit from Latin America and Canada and the substantial liquidation of its assets in Mexico.

The Company's focus on high-quality locations has led to significant opportunities for value creation through the reinvestment in its assets to add density, replace outdated shopping center concepts, and better meet changing consumer demands. Since 2015, the Company has completed 78 redevelopment projects, with a gross investment of $374.8 million and a blended return on investment of 10.0%. In 2018, the Company delivered three Signature Series™ ground-up developments, Grand Parkway Marketplace Phase II, Dania Pointe Phase I, and Lincoln Square, which embody the high-quality characteristics and growth profile of its overall portfolio. The successful completion of Lincoln Square also demonstrates the potential in its residential and mixed-use platform. The Company continues to place strategic emphasis on live/work/play environments and in reinvesting in its existing assets.

The strength and security of the Company's balance sheet remains central to its strategy. The Company's strong balance sheet and liquidity position are evidenced by its investment grade unsecured debt ratings (Baa1/BBB+/BBB+) by all three major ratings agencies. The Company maintains one of the longest debt maturity profiles in the REIT industry, now at 10.5 years. The Company has taken meaningful steps to reduce leverage, and its goal is to further improve its debt coverage metrics as redevelopment and development projects continue to come online and contribute additional cash flow growth.

Business Objective

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

- increasing value of its existing portfolio of properties and generating higher levels of portfolio growth;

increasing cash flows for reinvestment and/or for distribution to shareholders;
continuing growth in desirable demographic areas with successful retailers; and
increasing capital appreciation.

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Operating Strategies

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

To effectively execute these strategies the Company seeks to:

- increase rental rates where possible through the leasing of space to new tenants;
- attract a diverse and robust tenant base across a variety of retailers at its properties, which include grocery store, off-price retailers, discounters, or service-oriented tenants;
- renew leases with existing tenants;
- decrease vacancy levels and duration of vacancy;
- monitor operating costs and overhead;
- redevelop existing shopping centers to obtain the highest and best use to maximize the real estate value;
- provide unmatched tenant services deriving from decades of experience managing retail properties; and
- provide communities with a destination for everyday living goods and services.

The Company reduces its operating and leasing risks through diversification achieved by the geographic distribution of its properties and a large tenant base. As of December 31, 2018, no single open-air shopping center accounted for more than 1.8% of the Company's annualized base rental revenues, including the proportionate share of base rental revenues from properties in which the Company has less than a 100% economic interest, or more than 1.7% of the Company’s total shopping center GLA. Furthermore, at December 31, 2018, the Company’s single largest tenant represented only 3.7% and the Company’s five largest tenants aggregated less than 12.2% of the Company’s annualized base rental revenues, including the proportionate share of base rental revenues from properties in which the Company has less than a 100% economic interest.

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

Investment Strategies

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

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

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

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

Corporate Responsibility and Sustainability

The Company is focused on building a thriving and sustainable business, one that succeeds by delivering long-term value for its stakeholders. The Company takes pride in how it conducts business, including the positive contribution it makes to communities and its initiatives to safeguard the environment.

By investing in technologies and improved processes, the Company has delivered significant year-over-year reductions in energy consumption across its portfolio of properties, including re-thinking how it controls and lights its parking areas, which reduces negative environmental impacts associated with fossil-fuel based energy sources.

The Company's responsibility efforts are not limited to promoting operational efficiency. The Company believes that sustainability leadership also requires an understanding of how environmental, social, and governance issues impact both its customers and the organization's future growth prospects. As a result, it is taking steps to engage with its tenants on these issues and to better understand how the shopping centers it chooses to own and manage can grow in value by viewing them through this unique lens.

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To focus the Company’s corporate responsibility efforts, it has established a set of five strategic program priorities:

- openly engage its key stakeholders;
- lead by example in its operations;
- positively influence tenants & partners;
- enhance its communities; and
- build and retain a quality team.

For the fourth consecutive year, the Company was named to the Dow Jones Sustainability North America Index, remaining the sole U.S. retail owner among eligible companies. The Company also earned the Green Star designation by the Global Real Estate Sustainability Benchmark (“GRESB”) for the fifth year in a row and remains the top-ranked North American company among a peer group of open-air retail property owners. Also, for the first time, the Company achieved perfect scores in the categories of “Management” and “Policy and Disclosure”.

Executive Officers

The following table sets forth information with respect to the executive officers of the Company as of December 31, 2018:

Name	**Age**	**Position**	**Joined Kimco**
Milton Cooper	89	Executive Chairman of the Board of Directors	Co-Founder
Conor C. Flynn	38	Chief Executive Officer	2003
Ross Cooper	36	President and Chief Investment Officer	2006
Glenn G. Cohen	54	Executive Vice President, Chief Financial Officer and Treasurer	1995
David Jamieson	38	Executive Vice President, Chief Operating Officer	2007

Item 1A. Risk Factors

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

Risks Related to Our Business and Operations

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

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

- changes in the national, regional and local economic climate;
- local conditions, including an oversupply of, or a reduction in demand for, space in properties like those that we own;
- trends toward smaller store sizes as retailers reduce inventory and new prototypes;
- increasing use by customers of e-commerce and online store sites;
- the attractiveness of our properties to tenants;
- the ability of tenants to pay rent, particularly anchor tenants with leases in multiple locations;
- tenants who may declare bankruptcy and/or close stores;
- competition from other available properties to attract and retain tenants;
- changes in market rental rates;
- the need to periodically pay for costs to repair, renovate and re-let space;
- ongoing consolidation in the retail sector;
- the excess amount of retail space in a number of markets;
- changes in operating costs, including costs for maintenance, insurance and real estate taxes;
- the expenses of owning and operating properties, which are not necessarily reduced when circumstances such as market factors and competition cause a reduction in income from the properties;
- changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes;
- acts of terrorism and war, acts of God and physical and weather-related damage to our properties; and
- the risk of functional obsolescence of properties over time.

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

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

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

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

At any time, our tenants may experience a downturn in their business that may significantly weaken their financial condition. As a result, our tenants may delay a number of lease commencements, decline to extend or renew leases upon expiration, fail to make rental payments when due, close stores or declare bankruptcy. Any of these actions could result in the termination of tenants' leases and the loss of rental income attributable to these tenants' leases. In the event of a default by a tenant, we may experience delays and costs in enforcing our rights as landlord under the terms of the leases.

In addition, multiple lease terminations by tenants, including anchor tenants, or a failure by multiple tenants to occupy their premises in a shopping center could result in lease terminations or significant reductions in rent by other tenants in the same shopping centers under the terms of some leases. In that event, we may be unable to re-lease the vacated space at attractive rents or at all, and our rental payments from our continuing tenants could significantly decrease. The occurrence of any of the situations described above, particularly involving a substantial tenant with leases in multiple locations, could have a material adverse effect on our financial condition, results of operations and cash flows.

A tenant that files for bankruptcy protection may not continue to pay us rent. A bankruptcy filing by, or relating to, one of our tenants or a lease guarantor would bar all efforts by us to collect pre-bankruptcy debts from the tenant or the lease guarantor, or their property, unless the bankruptcy court permits us to do so. A tenant bankruptcy could delay our efforts to collect past due balances under the relevant leases and could ultimately preclude collection of these sums. If a lease is rejected by a tenant in bankruptcy, we would have only a general unsecured claim for damages. As a result, it is likely that we would recover substantially less than the full value of any unsecured claims we hold, if at all.

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

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

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

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

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

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

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

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

- we may abandon real estate under development opportunities after expending resources and could lose all or part of our investment in such opportunities, including loss of deposits or failure to recover expenses already incurred
- development, construction or operating costs, including increased interest rates and higher materials, transportation, labor, leasing or other costs, may exceed our original estimates
- occupancy rates and rents at a newly completed property may not meet our expectations and may not be sufficient to make the property profitable
- construction or permanent financing may not be available to us on favorable terms or at all
- we may not complete construction and lease-up on schedule due to a variety of factors including construction delays or contractor changes, resulting in increased expenses and construction costs or tenants or operators with the right to terminate pre-construction leases; and
- we may not be able to obtain, or may experience delays in obtaining, necessary zoning, land use, building, occupancy and other required governmental permits and authorizations.

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

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

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

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

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

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

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

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

- potentially inferior financial capacity, diverging business goals and strategies and the need for our venture partner's continued cooperation;
- our inability to take actions with respect to the joint venture activities that we believe are favorable to us if our joint venture partner does not agree;
- our inability to control the legal entity that has title to the real estate associated with the joint venture;
- our lenders may not be easily able to sell our joint venture assets and investments or may view them less favorably as collateral, which could negatively affect our liquidity and capital resources;
- our joint venture partners can take actions that we may not be able to anticipate or prevent, which could result in negative impacts on our debt and equity; and
- our joint venture partners' business decisions or other actions or omissions may result in harm to our reputation or adversely affect the value of our investments.

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

We may not be able to recover our investments in mortgage receivables or other investments, which may result in significant losses to us.

In the event of a default by a borrower, it may be necessary for us to foreclose our mortgage or engage in costly negotiations. Delays in liquidating defaulted mortgage loans and repossessing and selling the underlying properties could reduce our investment returns. Furthermore, in the event of default, the actual value of the property securing the mortgage may decrease. A decline in real estate values will adversely affect the value of our loans and the value of the mortgages securing our loans.

Our mortgage receivables may be or become subordinated to mechanics' or materialmen's liens or property tax liens. In these instances, we may need to protect a particular investment by making payments to maintain the current status of a prior lien or discharge it entirely. Where that occurs, the total amount we recover may be less than our total investment, resulting in a loss. In the event of a major loan default or several loan defaults resulting in losses, our investments in mortgage receivables would be materially and adversely affected.

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

- changes in the national, regional and local economic climate;
- the adverse financial condition of some large retailing companies;
- increasing use by customers of e-commerce and online store sites; and
- ongoing consolidation in the retail sector.

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

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We intend to continue to sell our non-strategic assets and may not be able to recover our investments, which may result in significant losses to us.

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

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

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

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

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

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

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

A cyber incident could:

- disrupt the proper functioning of our networks and systems and therefore our operations and/or those of certain of our tenants;
- result in misstated financial reports, violations of loan covenants and/or missed reporting deadlines;
- result in our inability to properly monitor our compliance with the rules and regulations regarding our qualification as a REIT;
- result in the unauthorized access to, and destruction, loss, theft, misappropriation or release of proprietary, confidential, sensitive or otherwise valuable information of ours or others, which others could use to compete against us or for disruptive, destructive or otherwise harmful purposes and outcomes;
- result in our inability to maintain the building systems relied upon by our tenants for the efficient use of their leased space;
- require significant management attention and resources to remedy and damages that result;
- subject us to claims for breach of contract, damages, credits, penalties or termination of leases or other agreements; or
- damage our reputation among our tenants, investors and associates.

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

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

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

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

Our operations are located in areas that are subject to natural disasters and severe weather conditions such as hurricanes, tornados, earthquakes, snow storms, floods and fires. The occurrence of natural disasters or severe weather conditions can delay new development projects, increase investment costs to repair or replace damaged properties, increase operation costs, increase costs for future property insurance, negatively impact the tenant demand for lease space and cause substantial damages or losses to our properties which could exceed any applicable insurance coverage. If insurance is unavailable to us or is unavailable on acceptable terms, or if our insurance is not adequate to cover business interruption or losses from these events, our financial condition, results of operations and cash flows could be adversely affected.

Risks Related to Our Debt and Equity Securities

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

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

- we could have great difficulty acquiring or developing properties, which would materially adversely affect our investment strategy;
- our liquidity could be adversely affected;
- we may be unable to repay or refinance our indebtedness;

- we may need to make higher interest and principal payments or sell some of our assets on terms unfavorable to us to fund our indebtedness; or
- we may need to issue additional capital stock, which could further dilute the ownership of our existing stakeholders.

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

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

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

Impacts from transition away from London Inter-bank Offered Rate ("LIBOR").

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

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

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

- the extent of institutional investor interest in us;
- the reputation of REITs generally and the reputation of REITs with portfolios similar to ours;

the attractiveness of the securities of REITs in comparison to securities issued by other entities, including securities issued by other real estate companies;
our financial condition and performance;
the market's perception of our growth potential, potential future cash dividends and risk profile;
an increase in market interest rates, which may lead prospective investors to demand a higher distribution rate in relation to the price paid for our shares; and
general economic and financial market conditions.

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

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

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

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

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

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

In order to qualify as a REIT, we must satisfy a number of requirements, including requirements regarding the composition of our assets and a requirement that at least 95% of our gross income in any year be derived from qualifying sources, such as “rents from real property.” Also, we must make distributions to stockholders aggregating annually at least 90% of our REIT taxable income, excluding net capital gains. Furthermore, we own a direct or indirect interest in certain subsidiary REITs which elected to be taxed as REITs for U.S. federal income tax purposes under the Code. Provided that each subsidiary REIT qualifies as a REIT, our interest in such subsidiary REIT will be

treated as a qualifying real estate asset for purposes of the REIT asset tests. To qualify as a REIT, the subsidiary REIT must independently satisfy all of the REIT qualification requirements. The failure of a subsidiary REIT to qualify as a REIT could have an adverse effect on our ability to comply with the REIT income and asset tests, and thus our ability to qualify as a REIT.

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

- we would not be allowed a deduction for dividends to stockholders in computing our taxable income and we would be subject to the regular U.S. federal corporate income tax;
- we could possibly be subject to increased state and local taxes;
- unless we were entitled to relief under statutory provisions, we could not elect to be taxed as a REIT for four taxable years following the year during which we were disqualified; and
- we would not be required to make distributions to stockholders.

Moreover, the Tax Cuts and Jobs Act, enacted on December 22, 2017, has significantly changed the U.S. federal income taxation of U.S. businesses and their owners, including REITs and their stockholders. Changes made by the legislation that could affect us and our stockholders include:

- temporarily reducing individual U.S. federal income tax rates on ordinary income; the highest individual U.S. federal income tax rate has been reduced from 39.6% to 37% (excluding the 3.8% Medicare tax on net investment income) for taxable years beginning after December 31, 2017 and before January 1, 2026;
- permanently eliminating the progressive corporate tax rate structure, with a maximum corporate tax rate of 35%, and replacing it with a flat corporate tax rate of 21%;
- allowing a deduction for certain pass-through business income, including dividends received by our stockholders from us that are not designated by us as capital gain dividends or qualified dividend income, which will allow individuals, trusts, and estates to deduct up to 20% of such amounts for taxable years beginning after December 31, 2017 and before January 1, 2026; REIT dividends, as described herein, will be allowed the full 20% deduction thereby reducing the highest marginal income tax rate on these dividends to 29.6% from 37% (excluding the 3.8% Medicare tax on net investment income);

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- reducing the highest rate of withholding with respect to our distributions to non-U.S. stockholders that are treated as attributable to gains from the sale or exchange of U.S. real property interests from 35% to 21%;
- limiting our deduction for net operating losses arising in taxable years beginning after December 31, 2017 to 80% of REIT taxable income (after the application of the dividends paid deduction);
- generally limiting the deduction for net business interest expense in excess of 30% of a business's adjusted taxable income, except for taxpayers that engage in certain real estate businesses and elect out of this rule (and requiring such electing taxpayers to use the less favorable alternative depreciation system); and
- elimination of the corporate alternative minimum tax.

Many of these changes are effective immediately, without any transition periods or grandfathering for existing transactions. The legislation is unclear in many respects and could be subject to potential amendments and technical corrections, as well as interpretations and implementing regulations by the Treasury and IRS, any of which could lessen or increase certain adverse impacts of the legislation. In addition, it is unclear how these U.S. federal income tax changes will affect state and local taxation, which often uses U.S. federal taxable income as a starting point for computing state and local tax liabilities.

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

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

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

To qualify as a REIT, we generally must distribute to our stockholders at least 90% of our net taxable income each year, excluding net capital gains, and we will be subject to regular corporate income taxes on the amount we distribute that is less than 100% of our net taxable income each year, including capital gains. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. While we have historically satisfied these distribution requirements by making cash distributions to our stockholders, a REIT is permitted to satisfy these requirements by making distributions of cash or

other property, including, in limited circumstances, its own stock. Assuming we continue to satisfy these distribution requirements with cash, we may need to borrow funds to meet the REIT distribution requirements and avoid the payment of income and excise taxes even if the then prevailing market conditions are not favorable for these borrowings. These borrowing needs could result from differences in timing between the actual receipt of cash and inclusion of income for U.S. federal income tax purposes, or the effect of non-deductible capital expenditures, the creation of cash reserves or required debt or amortization payments. These sources, however, may not be available on favorable terms or at all. Our access to third-party sources of capital depends on a number of factors, including the market's perception of our growth potential, our current debt levels, the market price of our common stock, and our current and potential future earnings. We cannot assure you that we will have access to such capital on favorable terms at the desired times, or at all, which may cause us to curtail our investment activities and/or to dispose of assets at inopportune times, and could adversely affect our financial condition, results of operations, cash flows and per share trading price of our common stock.

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

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

Item 1B. Unresolved Staff Comments

None.

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Item 2. Properties

Real Estate Portfolio. As of December 31, 2018, the Company had interests in 437 shopping center properties aggregating 76.3 million square feet of GLA located in 27 states and Puerto Rico. In addition, the Company had 290 other property interests, primarily through the Company’s preferred equity investments and other real estate investments, totaling 4.7 million square feet of GLA. The Company’s portfolio is used by its single reportable segment. Open-air shopping centers comprise the primary focus of the Company's current portfolio. As of December 31, 2018, the Company’s Combined Shopping Center Portfolio, including noncontrolling interests, was 95.6% leased.

The Company's open-air shopping center properties, which are generally owned and operated through subsidiaries or joint ventures, had an average size of 174,108 square feet as of December 31, 2018. The Company generally retains its shopping centers for long-term investment and consequently pursues a program of regular physical maintenance together with redevelopment, major renovations and refurbishing to preserve and increase the value of its properties. This includes renovating existing facades, installing uniform signage, resurfacing parking lots and enhancing parking lot lighting. During 2018, the Company expended $290.9 million in connection with these property improvements as well as tenant improvements while expensing $29.7 million to operations.

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

The Company reduces its operating and leasing risks through diversification achieved by the geographic distribution of its properties and a large tenant base. As of December 31, 2018, no single open-air shopping center accounted for more than 1.8% of the Company's annualized base rental revenues, including the proportionate share of base rental revenues from properties in which the Company has less than a 100% economic interest, or more than 1.7% of the Company’s total shopping center GLA. At December 31, 2018, the Company’s five largest tenants were TJX Companies, The Home Depot, Ahold Delhaize, Petsmart and Albertsons, which represented 3.7%, 2.6%, 2.2%, 1.9% and 1.8%, respectively, of the Company’s annualized base rental revenues, including the proportionate share of base rental revenues from properties in which the Company has less than a 100% economic interest.

A substantial portion of the Company's income consists of rent received under long-term leases. Most of the leases provide for the payment of fixed-base rentals monthly in advance and for the payment by tenants of an allocable share

of the real estate taxes, insurance, utilities and common area maintenance expenses incurred in operating the shopping centers (certain of the leases provide for the payment of a fixed-rate reimbursement of these such expenses). Although many of the leases require the Company to make roof and structural repairs as needed, a number of tenant leases place that responsibility on the tenant, and the Company's standard small store lease provides for reimbursements by the tenant as part of common area maintenance. Additionally, many of the leases provide for reimbursements by the tenant of capital expenditures.

Minimum base rental revenues and operating expense reimbursements accounted for 98% and other revenues, including percentage rents, accounted for 2% of the Company's total revenues from rental properties for the year ended December 31, 2018. The Company's management believes that the base rent per leased square foot for many of the Company's existing leases is generally lower than the prevailing market-rate base rents in the geographic regions where the Company operates, reflecting the potential for future growth. Additionally, a majority of the Company’s leases have provisions requiring contractual rent increases. The Company’s leases may also include escalation clauses, which provide for increases based upon changes in the consumer price index or similar inflation indices.

As of December 31, 2018, the Company’s consolidated operating portfolio, comprised of 53.0 million square feet of GLA, was 95.8% leased. The consolidated operating portfolio consists entirely of properties located in the U.S., inclusive of Puerto Rico. For the period January 1, 2018 to December 31, 2018, the Company increased the average base rent per leased square foot, which includes the impact of tenant concessions, in its consolidated portfolio of open-air shopping centers from $15.43 to $16.22, an increase of $0.79. This increase primarily consists of (i) a $0.32 increase relating to new leases signed net of leases vacated and rent step-ups within the portfolio, (ii) a $0.38 increase relating to dispositions, and (iii) a $0.09 increase relating to acquisitions and stabilized development projects.

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The Company has a total of 5,624 leases in the consolidated operating portfolio. The following table sets forth the aggregate lease expirations for each of the next ten years, assuming no renewal options are exercised. For purposes of the table, the Total Annual Base Rent Expiring represents annualized rental revenue, excluding the impact of straight-line rent, for each lease that expires during the respective year. Amounts in thousands except for number of lease data:

Year Ending December 31,	Number of Leases Expiring	Square Feet Expiring	Total Annual Base Rent Expiring	% of Gross Annual Rent
(1)	150	508	$10,466	1.3 %
2019	594	2,853	$55,322	6.7 %
2020	776	5,282	$88,643	10.8 %
2021	770	5,980	$90,977	11.1 %
2022	804	6,154	$102,944	12.6 %
2023	742	6,102	$101,493	12.4 %
2024	424	4,631	$71,176	8.7 %
2025	227	1,937	$34,896	4.3 %
2026	231	3,654	$51,512	6.3 %
2027	249	3,292	$50,253	6.1 %
2028	326	3,363	$61,518	7.5 %

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

During 2018, the Company executed 1,046 leases totaling over 7.6 million square feet in the Company’s consolidated operating portfolio comprised of 388 new leases and 658 renewals and options. The leasing costs associated with these leases are estimated to aggregate $73.4 million or $27.63 per square foot. These costs include $56.3 million of tenant improvements and $17.1 million of leasing commissions. The average rent per square foot on new leases was $18.03 and on renewals and options was $17.00. The Company will seek to obtain rents that are higher than amounts within its expiring leases, however, there are many variables and uncertainties which can significantly affect the leasing market at any time; as such, the Company cannot guarantee that future leases will continue to be signed for rents that are equal to or higher than current amounts.

Ground-Leased Properties. The Company has interests in 31 consolidated shopping center properties that are subject to long-term ground leases where a third party owns and has leased the underlying land to the Company to construct and/or operate a shopping center. The Company pays rent for the use of the land and generally is responsible for all costs and expenses associated with the building and improvements. At the end of these long-term leases, unless extended, the land together with all improvements reverts to the landowner (See Footnote 1 of the Notes to Consolidated Financial Statements included in this Form 10-K, New Accounting Pronouncements- Leases).

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

Item 3. Legal Proceedings

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

Item 4. Mine Safety Disclosures

Not applicable.

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PART II

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

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

Holders: The number of holders of record of the Company's common stock, par value $0.01 per share, was 2,122 as of January 31, 2019.

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

	Year Ended December 31,	
	2018	**2017**
Dividend paid per share	$1.12	$1.08
Ordinary income	50 %	57 %
Capital gains	45 %	2 %
Return of capital	5 %	41 %

In addition to its common stock offerings, the Company has capitalized on the growth in its business through the issuance of unsecured fixed and floating-rate medium-term notes, underwritten bonds, unsecured bank debt, mortgage debt and construction loans, convertible preferred stock and perpetual preferred stock. Borrowings under the Company's revolving credit facility have also been an interim source of funds to both finance the purchase of properties and other investments and meet any short-term working capital requirements. The various instruments governing the Company's issuance of its unsecured public debt, bank debt, mortgage debt and preferred stock impose

certain restrictions on the Company regarding dividends, voting, liquidation and other preferential rights available to the holders of such instruments. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Footnotes 12, 13 and 16 of the Notes to Consolidated Financial Statements included in this Form 10-K.

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

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

Recent Sales of Unregistered Securities: None.

Issuer Purchases of Equity Securities: During the year ended December 31, 2018, the Company repurchased 278,566 shares for an aggregate purchase price of $4.3 million (weighted average price of $15.44 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 year ended December 31, 2018, the Company repurchased 5,100,000 shares for an aggregate purchase price of $75.1 million (weighted average price of $14.72 per share). These repurchased shares are no longer outstanding.

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Period	**Total Number of Shares Purchased**	**Average Price Paid per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs**	**Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)**
January 1, 2018 – January 31, 2018	56,094	$ 17.69	-	$ -
February 1, 2018 - February 28, 2018	1,764,751	$ 15.09	1,600,000	$ 275.7
March 1, 2018 – March 31, 2018	222	$ 15.21	-	$ 275.7
April 1, 2018 – April 30, 2018	1,067	$ 14.37	-	$ 275.7
May 1, 2018 – May 31, 2018	3,505,277	$ 14.52	3,500,000	$ 224.9
June 1, 2018 – June 30, 2018	1,020	$ 17.40	-	$ 224.9
July 1, 2018 – July 31, 2018	5,427	$ 16.46	-	$ 224.9
August 1, 2018 – August 31, 2018	38,524	$ 16.49	-	$ 224.9
September 1, 2018 – September 30, 2018	3,556	$ 17.11	-	$ 224.9
October 1, 2018 – October 31, 2018	2,628	$ 15.85	-	$ 224.9
November 1, 2018 – November 30, 2018	-	$ -	-	$ 224.9
December 1, 2018 – December 31, 2018	-	$ -	-	$ 224.9
Total	5,378,566	$ 15.44	5,100,000	

Total Stockholder Return Performance: The following performance chart compares, over the five years ended December 31, 2018, the cumulative total stockholder return on the Company's common stock with the cumulative total return of the S&P 500 Index and the cumulative total return of the FTSE NAREIT All Equity REITs Index (the "FTSE NAREIT Equity REITs") prepared and published by the National Association of Real Estate Investment Trusts ("NAREIT"). The FTSE NAREIT Equity REITs is a free-float adjusted, market capitalization-weighted index of U.S. equity REITs. Constituents of the index include all tax-qualified REITs with more than 50% of total assets in qualifying real estate assets other than mortgages secured by real property.

Stockholder return performance, presented annually for the five years ended December 31, 2018, is not necessarily indicative of future results. All stockholder return performance assumes the reinvestment of dividends. The information in this paragraph and the following performance chart are deemed to be furnished, not filed.

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Comparison of 5 year cumulative total return data points

	Dec-13	**Dec-14**	**Dec-15**	**Dec-16**	**Dec-17**	**Dec-18**
Kimco Realty Corporation	$ 100	$ 132	$ 144	$ 143	$ 109	$ 95
S&P 500	$ 100	$ 114	$ 115	$ 129	$ 157	$ 150
FTSE NAREIT Equity REITs	$ 100	$ 130	$ 134	$ 146	$ 153	$ 146

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Item 6. Selected Financial Data

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

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

	Year Ended December 31,				
	2018	**2017**	**2016**	**2015**	**2014**
	(in thousands, except per share data)				
Operating Data:					
Revenues from rental properties (1)	$882,345	$912,670	$893,365	$885,278	$739,917
Reimbursement income (1)	$246,381	$247,563	$239,015	$238,151	$201,036
Other rental property income (1)	$20,877	$23,552	$20,021	$21,045	$17,935
Interest expense (1)	$(183,339)	$(191,956)	$(192,549)	$(218,891)	$(203,759)
Early extinguishment of debt charges	$(12,762)	$(1,753)	$(45,674)	$-	$-
Depreciation and amortization (1)	$(310,380)	$(360,811)	$(355,320)	$(344,527)	$(258,074)
Gain on sale of operating properties/change in control of interests (1)	$229,840	$93,538	$92,823	$132,908	$618
(Provision)/benefit for income taxes, net (1)	$(1,600)	$880	$(78,583)	$(67,325)	$(22,438)
Impairment charges (2)	$(79,207)	$(67,331)	$(93,266)	$(45,383)	$(39,808)
Income from continuing operations	$498,463	$439,671	$386,138	$900,218	$384,895
Net income	$498,463	$439,671	$386,138	$900,143	$435,880
Net income attributable to the Company	$497,795	$426,075	$378,850	$894,115	$424,001
Net income available to the Company's common shareholders	$439,604	$372,461	$332,630	$831,215	$365,707
Earnings per common share:					
Income from continuing operations:					
Basic	$1.02	$0.87	$0.79	$2.01	$0.77
Diluted	$1.02	$0.87	$0.79	$2.00	$0.77
Net income available to the Company's common shareholders:					
Basic	$1.02	$0.87	$0.79	$2.01	$0.89
Diluted	$1.02	$0.87	$0.79	$2.00	$0.89
Weighted average number of shares of common stock:					
Basic	420,641	423,614	418,402	411,319	409,088
Diluted	421,379	424,019	419,709	412,851	411,038
Cash dividends declared per common share	$1.120	$1.090	$1.035	$0.975	$0.915

	December 31, 2018 (in thousands)	2017	2016	2015	2014
Balance Sheet Data:					
Real estate, before accumulated depreciation	$11,877,190	$12,653,446	$12,008,075	$11,568,809	$10,018,226
Total assets	$10,999,100	$11,763,726	$11,230,600	$11,344,171	$10,261,400
Total debt	$4,873,872	$5,478,927	$5,066,368	$5,376,310	$4,595,970
Total stockholders' equity	$5,333,804	$5,394,244	$5,256,139	$5,046,300	$4,774,785
Cash flow provided by operations	$637,936	$614,181	$592,096	$493,701	$629,343
Cash flow provided/(used for) by investing activities	$253,645	$(294,280)	$165,383	$21,365	$126,705
Cash flow used for financing activities	$(986,513)	$(223,874)	$(804,527)	$(512,854)	$(717,494)

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

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

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

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

Critical Accounting Policies

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

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

Revenue Recognition and Recoverability of Trade Accounts Receivable

The Company's primary source of revenue is derived from property leases which produce the Company's Revenues from rental properties, Reimbursement income and Other rental property income. On January 1, 2018, the Company adopted ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), using the modified retrospective method. The adoption of this standard did not result in any material changes to the Company's revenue recognition

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

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 an existing lease agreement and has vacated the leased space. 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 asset or liability is amortized to rental income over the estimated remaining term of the respective leases, which includes the expected renewal option period for below-market leases.

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.

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Trade accounts receivable

The Company makes estimates of the uncollectable trade accounts receivables related to base rents, straight-line rent, expense reimbursements and other revenues. The Company analyzes accounts receivable and historical bad debt levels, customer credit worthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts. In addition, tenants in bankruptcy are analyzed and estimates are made in connection with the expected recovery of pre-petition and post-petition claims. The Company's reported net earnings are directly affected by management's estimate of the collectability of trade accounts receivable.

Real Estate

Depreciable Lives

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

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

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

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

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

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

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

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

Valuation of Joint Venture Investments and Other Investments

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

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

associated with its unconsolidated joint ventures is primarily limited to its carrying value in these investments.

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

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

Realizability of Deferred Tax Assets and Uncertain Tax Positions

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

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

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

Executive Overview

Kimco Realty Corporation is one of North America's largest publicly traded owners and operators of open-air shopping centers. As of December 31, 2018, the Company had interests in 437 shopping center properties aggregating 76.3 million square feet of GLA located in 27 states and Puerto Rico. In addition, the Company had 290 other property interests, primarily through the Company's preferred equity investments and other real estate investments, totaling 4.7 million square feet of GLA.

The executive officers are engaged in the day-to-day management and operation of real estate exclusively with the Company, with nearly all operating functions, including leasing, asset management, maintenance, construction, legal, finance and accounting, administered by the Company.

The following highlights the Company's significant transactions, events and results that occurred during the year ended December 31, 2018:

Financial and Portfolio Information:

- Net income available to the Company's common shareholders increased to $439.6 million, or $1.02 per diluted share for the year ended December 31, 2018 from $372.5 million, or $0.87 per diluted share for the year ended December 31, 2017.
- Funds from operations ("FFO") was $620.7 million or $1.47 per diluted share for the year ended December 31, 2018, as compared to $655.6 million or $1.55 per diluted share for the corresponding period in 2017 (see additional disclosure on FFO beginning on page 36).
- FFO as adjusted was $613.0 million or $1.45 per diluted share for the year ended December 31, 2018, as compared to $644.2 million or $1.52 per diluted share for the corresponding period in 2017 (see additional disclosure on FFO beginning on page 36).

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Same property net operating income ("Same property NOI") increased 2.9% for the year ended December 31, 2018, as compared to the corresponding period in 2017 (see additional disclosure on Same property NOI beginning on page 38).
Executed 1,046 new leases, renewals and options totaling approximately 7.6 million square feet in the consolidated operating portfolio.
The Company's consolidated operating portfolio occupancy at December 31, 2018 was 95.8% as compared to 95.9% at December 31, 2017.

Acquisition and Development Activity (see Footnotes 3 and 4 of the Notes to Consolidated Financial Statements included in this Form 10-K):

Acquired two land parcels adjacent to existing shopping centers located in Ardmore, PA and Elmont, NY, in separate transactions, for an aggregate purchase price of $5.4 million.
Completed and opened three development projects totaling $338.8 million (including capitalized costs of $21.4 million) during the year ended December 31, 2018.

Disposition Activity (see Footnote 5 of the Notes to Consolidated Financial Statements included in this Form 10-K):

During 2018, the Company disposed of 54 operating properties (including the deconsolidation of one property) and seven out-parcels, in separate transactions, for an aggregate sales price of $1.2 billion. These transactions resulted in (i) aggregate gains of $229.8 million and (ii) aggregate impairment charges of $19.7 million.
During 2018, the Company sold 10 land parcels for an aggregate sales price of $9.7 million, which resulted in an aggregate gain of $6.3 million.

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

During January 2018, the underwriting financial institutions for the Class M Preferred Stock exercised the over-allotment option and as a result, the Company issued an additional 1,380,000 Class M Depositary Shares and received net proceeds before expenses of $33.4 million.
During the year ended December 31, 2018, the Company repaid the following notes (dollars in millions):

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

(1)

The Company recorded an early extinguishment of debt charge of $12.8 million resulting from the early repayment of these notes.

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

Also, during 2018, the Company (i) deconsolidated $206.0 million of individual non-recourse mortgage debt relating to an operating property for which the Company no longer holds a controlling interest, (ii) repaid $205.6 million of maturing mortgage debt (including fair market value adjustments of $0.9 million) that encumbered six operating properties and (iii) disposed of a $12.4 million encumbered property through foreclosure.

In August 2018, the Company closed on a construction loan commitment of $67.0 million relating to one development property, which had a balance of $51.0 million outstanding as of December 31, 2018.

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

As of December 31, 2018, the weighted average interest rate was 3.62% and the weighted average maturity profile was 10.5 years.

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The Company faces external factors which may influence its future results from operations. The convenience and availability of e-commerce has continued to have an impact on the retail sector, which could affect our ability to increase or maintain rental rates and our ability to renew expiring leases and/or lease available space. To mitigate the effect of e-commerce on its business, the Company's strategy has been to attract local area customers to its properties by providing a diverse and robust tenant base across a variety of retailers, including grocery stores, off-price retailers, discounters or service-oriented tenants, which offer off-price merchandise and day-to-day necessities rather than high-priced luxury items. In addition, the Company's strategy includes investing capital into high quality assets, which are concentrated in major metro markets, allowing our tenants to generate higher foot traffic resulting in higher sales volume while also disposing of lesser quality assets in less desirable locations. For a further discussion of these and other factors that could impact our future results, performance or transactions, see Item 1A. "Risk Factors."

The Company continues to take steps to strengthen its portfolio in the rapidly changing retail environment. The Company intends to continue to dispose of assets outside its core markets, which will allow it to concentrate its presence in target coastal markets by completing development projects underway and continuing to invest in redevelopment, ultimately producing a stronger portfolio for sustained long-term growth.

Results of Operations

Comparison of Years Ended December 31, 2018 to 2017

The following table presents the comparative results from the Company's Consolidated Statements of Income for the year ended December 31, 2018, as compared to the corresponding period in 2017 (in thousands, except per share data):

	Year Ended December 31,		
	2018	**2017**	**$ Change**
Revenues			
Revenues from rental properties (1)	$882,345	$912,670	$(30,325)
Reimbursement income (1)	246,381	247,563	(1,182)
Other rental property income (1)	20,877	23,552	(2,675)
Management and other fee income	15,159	17,049	(1,890)
Operating expenses			
Rent (2)	(10,929)	(11,145)	216
Real estate taxes	(153,336)	(157,196)	3,860
Operating and maintenance (1) (3)	(164,294)	(169,552)	5,258
General and administrative (1) (4)	(87,797)	(91,690)	3,893
Provision for doubtful accounts	(6,253)	(5,630)	(623)

Impairment charges	(79,207)	(67,331)	(11,876)
Depreciation and amortization	(310,380)	(360,811)	50,431
Gain on sale of operating properties/change in control of interests	229,840	93,538	136,302
Other income/(expense)			
Other income, net	13,041	2,559	10,482
Interest expense	(183,339)	(191,956)	8,617
Early extinguishment of debt charges	(12,762)	(1,753)	(11,009)
(Provision)/benefit for income taxes, net	(1,600)	880	(2,480)
Equity in income of joint ventures, net	71,617	60,763	10,854
Gain on change in control of joint venture interests	-	71,160	(71,160)
Equity in income of other real estate investments, net	29,100	67,001	(37,901)
Net income attributable to noncontrolling interests	(668)	(13,596)	12,928
Preferred stock redemption charges	-	(7,014)	7,014
Preferred dividends	(58,191)	(46,600)	(11,591)
Net income available to the Company's common shareholders	$439,604	$372,461	$67,143
Net income available to the Company's common shareholders:			
Diluted per share	$1.02	$0.87	$0.15

(1) The Company reclassified $247.6 million of Reimbursement income and $23.6 million of Other rental property income from Revenues from rental properties on the Company’s Consolidated Statements of Income for the year ended December 31, 2017. The Company reclassified $26.8 million from General and administrative to Operating and maintenance on the Company’s Consolidated Statements of Income for the year ended December 31, 2017. See Footnote 1 of the Notes to the Consolidated Financial Statements for further discussion.

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

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

(4) General and administrative costs include employee-related expenses (including salaries, bonuses, equity awards, benefits, severance costs and payroll taxes but excluding property management personnel), professional fees, office rent, travel expense and other company-specific expenses.

Net income available to the Company’s common shareholders was $439.6 million for the year ended December 31, 2018, as compared to $372.5 million for the comparable period in 2017. On a diluted per share basis, net income available to the Company’s common shareholders for year ended December 31, 2018, was $1.02 as compared to $0.87 for the comparable period in 2017. For additional disclosure, see Footnote 23 of the Notes to Consolidated Financial Statements included in this Form 10-K.

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The following describes the changes of certain line items included in Net income available to the Company's common shareholders on the Company's Consolidated Statements of Income, which it believes represent items that have significant changes during the year ended December 31, 2018, as compared to the corresponding periods in 2017:

Revenue from rental properties –

The decrease in Revenues from rental properties of $30.3 million is primarily from the combined effect of (i) a decrease in revenues of $63.2 million from properties sold during 2018 and 2017, partially offset by (ii) the completion of certain development/redevelopment projects, tenant buyouts and net growth in the current portfolio, which provided incremental revenues for the year ended December 31, 2018 of $21.6 million, as compared to the corresponding period in 2017, and (iii) the acquisition/consolidation of operating properties during 2018 and 2017, which provided incremental revenues for the year ended December 31, 2018 of $11.3 million, as compared to the corresponding period in 2017.

Real estate taxes –

Real estate taxes decreased $3.9 million primarily due to (i) a decrease of $12.0 million resulting from properties sold during 2018 and 2017, partially offset by (ii) an overall net increase of $6.4 million primarily due to increases in property tax rates and assessments during 2018, as compared to 2017 and (iii) an increase of $1.7 million related to the acquisition/consolidation of operating properties during 2018 and 2017.

Operating and maintenance –

The decrease in Operating and maintenance of $5.3 million is primarily from the combined effect of (i) a decrease in operating costs of $9.4 million from properties sold during 2018 and 2017, partially offset by (ii) an increase of $2.5 million related to the acquisition/consolidation of operating properties and (iii) an increase of $1.6 million primarily related to snow removal costs.

General and administrative –

The decrease in General and administrative costs of $3.9 million is primarily due to a decrease in personnel costs and consulting fees.

Impairment charges –

During the years ended December 31, 2018 and 2017, the Company recognized impairment charges related to adjustments to property carrying values of $79.2 million and $67.3 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, (ii) discounted cash flow models or (iii) third party appraisal. These adjustments to property carrying values were recognized in connection with the Company's efforts to market certain properties, including a property which the Company discontinued its plan to develop and now intends to market it for sale as is, 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. For additional disclosure, see Footnotes 6 and 15 of the Notes to Consolidated Financial Statements included in this Form 10-K.

Depreciation and amortization –

The decrease in Depreciation and amortization of $50.4 million is primarily due to (i) a decrease of $29.1 million related to the acceleration of depreciable lives of assets due to demolition within the Company's redevelopment projects during 2017, as compared to 2018, (ii) a decrease of $15.6 million resulting from property dispositions in 2018 and 2017 and (iii) a decrease related to tenant vacates and write-offs of depreciable assets of $14.5 million, partially offset by (iv) an increase of $8.8 million related to the acquisition/consolidation of operating properties during 2017.

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

During 2018, the Company disposed of 54 operating properties (including the deconsolidation of one property) and seven out-parcels, in separate transactions, for an aggregate sales price of $1.2 billion. These transactions resulted in aggregate gains of $229.8 million and aggregate impairment charges of $19.7 million. During 2017, the Company disposed of 25 operating properties and nine parcels, in separate transactions, for an aggregate sales price of $352.2 million. These transactions resulted in aggregate gains of $93.5 million and aggregate impairment charges of $17.1 million.

Other income, net –

The increase in Other income, net of $10.5 million is primarily due to (i) the recognition of gain on forgiveness of debt of $4.3 million and relief of accrued interest expense of $3.4 million resulting from the foreclosure of an encumbered property during 2018, (ii) the recognition of $4.2 million in income resulting from the receipt of casualty insurance claims in excess of the value of the assets written off, (iii) a reduction in demolition related costs of $3.5 million and (iv) an increase in gains on land sales of $2.9 million, partially offset by (v) the recognition of a net loss on changes in fair value of available-for-sale marketable securities of $3.5 million during 2018 and (vi) an increase in deal costs of $3.2 million related to transactions the Company is no longer pursuing.

Interest expense –

The decrease in Interest expense of $8.6 million for the year ended December 31, 2018, as compared to the corresponding period in 2017, is primarily the result of the repayment of maturing debt during 2018 and 2017 and lower levels of borrowings during the year ended December 31, 2018, as compared to the corresponding period in 2017.

Early extinguishment of debt charges –

During the year ended December 31, 2018, the Company incurred early extinguishment of debt charges of $12.8 million in connection with the optional make-whole provisions of unsecured notes that were repaid prior to maturity. During the year ended December 31, 2017, the Company incurred early extinguishment of debt charges of $1.8 million in connection with the tender premium on Medium Term Notes that were partially tendered prior to maturity.

Equity in income of joint ventures, net –

The increase in Equity in income of joint ventures, net of $10.9 million is primarily due to (i) an increase in net gains of $13.8 million resulting from the sales of properties and ownership interests within various joint venture investments during 2018 as compared to 2017 and (ii) the recognition during 2017 of a cumulative foreign currency translation loss of $4.8 million as a result of the substantial liquidation of the Company’s investments in Canada, partially offset by (iii) lower equity in income of $5.6 million primarily resulting from the sales of properties within various joint venture investments and the acquisition of partnership interests in joint ventures by the Company during 2018 and 2017 and (iv) an increase in impairment charges of $2.1 million recognized during 2018 as compared to 2017.

Gain on change in control of joint venture interests –

During 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 from other real estate investments, net –

The decrease in Equity in income from other real estate investments, net of $37.9 million is primarily due to (i) a decrease of $34.6 million in equity in income from the Albertsons joint venture resulting from cash distributions received in excess of the Company's carrying basis during 2017 and (ii) the recognition in 2017 of a cumulative foreign currency translation gain of $14.8 million as a result of the substantial liquidation of the Company's investments in Canada during 2017, partially offset by (iii) an increase in earnings and profit participation from capital transactions related to Company's Preferred Equity Program of $11.4 million during 2018, as compared to the corresponding period in 2017.

Net income attributable to noncontrolling interests –

The decrease in Net income attributable to noncontrolling interests of $12.9 million 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 stock redemption charges –

During 2017, the Company partially redeemed its Class I Preferred Stock shares, and as a result, the Company recorded a redemption charge of $7.0 million. This $7.0 million charge was subtracted from net income attributable to the Company to arrive at net income available to the Company's common shareholders and used in the calculation of earnings per share for the year ended December 31, 2017.

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Preferred dividends –

The increase in Preferred dividends of $11.6 million 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.

Comparison of Years Ended December 31, 2017 to 2016

The following table presents the comparative results from the Company’s Consolidated Statements of Income for the year ended December 31, 2017, as compared to the corresponding period in 2016 (in thousands, except per share data):

	Year Ended December 31,		
	2017	**2016**	**$ Change**
Revenues			
Revenues from rental properties (1)	$912,670	$893,365	$19,305
Reimbursement income (1)	247,563	239,015	8,548
Other rental property income (1)	23,552	20,021	3,531
Management and other fee income	17,049	18,391	(1,342)
Operating expenses			
Rent	(11,145)	(10,993)	(152)
Real estate taxes	(157,196)	(146,615)	(10,581)
Operating and maintenance (1)	(169,552)	(171,416)	1,864
General and administrative (1)	(91,690)	(86,796)	(4,894)
Provision for doubtful accounts	(5,630)	(5,563)	(67)
Impairment charges	(67,331)	(93,266)	25,935
Depreciation and amortization	(360,811)	(355,320)	(5,491)
Gain on sale of operating properties/change in control of interests (1)	93,538	92,823	715
Other income/(expense)			
Other income, net	2,559	5,425	(2,866)
Interest expense	(191,956)	(192,549)	593
Early extinguishment of debt charges	(1,753)	(45,674)	43,921
Benefit/(provision) for income taxes, net	880	(78,583)	79,463
Equity in income of joint ventures, net	60,763	218,714	(157,951)
Gain on change in control of joint venture interests	71,160	57,386	13,774
Equity in income of other real estate investments, net	67,001	27,773	39,228
Net income attributable to noncontrolling interests	(13,596)	(7,288)	(6,308)
Preferred stock redemption charges	(7,014)	-	(7,014)
Preferred dividends	(46,600)	(46,220)	(380)
Net income available to the Company's common shareholders	$372,461	$332,630	$39,831

Net income available to the Company's common shareholders:			
Diluted per share	$0.87	$0.79	$0.08

(1) The Company reclassified $239.0 million of Reimbursement income and $20.0 million of Other rental property income from Revenues from rental properties on the Company’s Consolidated Statements of Income for the year ended December 31, 2016. The Company reclassified $30.5 million from General and administrative to Operating and maintenance on the Company’s Consolidated Statements of Income for the year ended December 31, 2016. The Company reclassified $6.0 million from Gain on sale of operating properties/change in control of interests to (Provision)/benefit for income taxes, net on the Company’s Consolidated Statements of Income for the year ended December 31, 2016. See Footnote 1 of the Notes to the Consolidated Financial Statements for further discussion.

Net income available to the Company’s common shareholders was $372.5 million for the year ended December 31, 2017, as compared to $332.6 million for the comparable period in 2016. On a diluted per share basis, net income available to the Company for the year ended December 31, 2017 was $0.87 as compared to $0.79 for the comparable period in 2016. For additional disclosure, see Footnote 23 of the Notes to Consolidated Financial Statements included in this Form 10-K.

The following describes the changes of certain line items included in Net income available to the Company’s common shareholders on the Company’s Consolidated Statements of Income, which it believes represent items that have significant changes during the year ended December 31, 2017, as compared to the corresponding periods in 2016:

Revenue from rental properties –

The increase in Revenues from rental properties of $19.3 million is primarily from the combined effect of (i) the acquisition/consolidation of operating properties during 2017 and 2016, which provided incremental revenues for the year ended December 31, 2017 of $43.5 million, as compared to the corresponding period in 2016, and (ii) the completion of certain redevelopment projects, tenant buyouts and net growth in the current portfolio, which provided incremental revenues for the year ended December 31, 2017 of $0.4 million, as compared to the corresponding period in 2016, partially offset by (iii) a decrease in revenues of $24.6 million from properties sold during 2017 and 2016.

Reimbursement income –

The increase in Reimbursement income of $8.5 million is primarily from the combined effect of (i) the acquisition/consolidation of operating properties during 2017 and 2016, which provided incremental revenues for the year ended December 31, 2017 of $12.9 million, as compared to the corresponding period in 2016, and (ii) increased occupancy rates, the nature and timing of spending and net growth in recovery rates for the current portfolio, which provided incremental reimbursement income for the year ended December 31, 2017 of $2.1 million, as compared to the corresponding period in 2016, partially offset by (iii) a decrease in revenues of $6.5 million from properties sold during 2017 and 2016.

Other rental income –

The increase in Other rental income of $3.5 million is primarily from the combined effect of (i) the acquisition/consolidation of operating properties during 2017 and 2016, which provided incremental revenues for the year ended December 31, 2017 of $1.1 million, as compared to the corresponding period in 2016, and (ii) the completion of certain redevelopment projects, tenant buyouts and net growth in the current portfolio, which provided incremental revenues for the year ended December 31, 2017 of $2.4 million, as compared to the corresponding period in 2016.

Real estate taxes –

The increase in Real estate taxes of $10.6 million is primarily due to (i) an increase of $8.4 million related to the acquisition and consolidation of operating properties during 2017 and 2016, and (ii) an overall net increase of $5.0 million primarily due to refunds received during 2016, partially offset by (iii) a decrease of $2.8 million resulting from properties sold during 2017 and 2016.

General and administrative –

The increase in General and administrative costs of $4.9 million due to an increase in severance and personnel costs.

Impairment charges –

During the years ended December 31, 2017 and 2016, the Company recognized impairment charges related to adjustments to property carrying values of $67.3 million and $93.3 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. Also, the Company re-evaluated its long-term plan for a single property due to unfavorable local market conditions. Certain of the calculations to determine fair value utilized unobservable inputs and as such are classified as Level 3 of the fair value hierarchy. For additional disclosure, see Footnotes 6 and 15 of the Notes to Consolidated Financial Statements included in this Form 10-K.

Depreciation and amortization –

The increase in Depreciation and amortization of $5.5 million is primarily due to (i) an increase of $21.8 million related to the acquisition/consolidation of operating properties during 2017 and 2016, and (ii) an increase of $15.2 million related to the acceleration of depreciable lives of assets due to demolition within the Company's redevelopment projects in 2017 and 2016, partially offset by (iii) a decrease of $31.5 million resulting from property dispositions and tenant vacates in 2017 and 2016.

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

During 2017, the Company disposed of 25 operating properties and nine parcels, in separate transactions, for an aggregate sales price of $352.2 million. These transactions resulted in (i) an aggregate gain of $93.5 million and (ii) aggregate impairment charges of $17.1 million. During 2016, the Company disposed of 30 operating properties and two parcels, in separate transactions, for an aggregate sales price of $378.7 million. These transactions resulted in an aggregate gain of $92.8 million and aggregate impairment charges of $37.2 million.

Early extinguishment of debt charges –

During 2017, the Company incurred early Extinguishment of debt charges aggregating $1.8 million in connection with the tender premium on Medium Term Notes that were partially tendered prior to maturity. During 2016, the Company incurred early extinguishment of debt charges aggregating $45.7 million in connection with the optional make-whole provisions of unsecured notes that were repaid prior to maturity and prepayment penalties on a mortgage encumbering 10 operating properties, which the Company also paid prior to the scheduled maturity date.

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(Provision)/benefit for income taxes, net –

The change in (Provision)/benefit for income taxes, net of $79.5 million is primarily due to (i) a decrease in tax expense of $63.5 million resulting from the recognition of a valuation allowance as a result of the Company's merger of its taxable REIT subsidiary into a wholly owned LLC of the Company on August 1, 2016, (ii) a decrease in foreign tax expense of $30.4 million primarily relating to the sale of certain unconsolidated properties during 2016 within the Company's Canadian portfolio which were subject to foreign taxes at a consolidated reporting entity level and (iii) a decrease in tax expense of $6.0 million resulting from the sales of properties during 2017, partially offset by (iv) a decrease in tax benefit of $17.1 million primarily related to impairment charges recognized during 2016, (v) a tax refund during 2016 of $2.0 million resulting from the favorable settlement of a tax audit and (vi) an increase in tax expense of $1.1 million due to effects of changes in U.S. tax law, which lowered corporate tax rates impacting the amounts relating to the Company's deferred tax assets and liabilities within its TRS.

Equity in income of joint ventures, net –

The decrease in Equity in income of joint ventures, net of $158.0 million is primarily due to (i) a decrease in net gains of $158.1 million resulting from fewer sales of properties and ownership interests within various joint venture investments during 2017 as compared to 2016, (ii) lower equity in income of $5.3 million primarily resulting from the sales of properties within various joint venture investments and the acquisition of partnership interests in joint ventures by the Company during 2017 and 2016, and (iii) the recognition of a cumulative foreign currency translation loss of $4.8 million as a result of the substantial liquidation of the Company's investments in Canada during 2017, partially offset by (iv) a decrease in impairment charges of $10.2 million recognized during 2017 as compared to 2016.

Gain on change in control of joint venture interests –

During 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. During 2016, the Company acquired, in separate transactions, a controlling interest in nine operating properties and one development project from certain joint venture partners in which the Company had noncontrolling interests. As a result of these transactions, the Company recorded a gain on change in control of interests of $57.4 million related to the fair value adjustment associated with its previously held equity interest in these operating properties and the development project.

Equity in income from other real estate investments, net –

The increase in Equity in income from other real estate investments, net of $39.2 million is primarily due to (i) an increase of $34.6 million in equity in income from the Albertsons joint venture resulting from cash distributions received in excess of the Company's carrying basis during 2017 and (ii) the recognition of a cumulative foreign currency translation gain of $14.8 million as a result of the substantial liquidation of the Company's investments in Canada during 2017, partially offset by (iii) a decrease in earnings and profit participation from capital transactions related to Company's Preferred Equity Program of $10.1 million during 2017, as compared to the corresponding period in 2016.

Net income attributable to noncontrolling interests –

The increase in Net income attributable to noncontrolling interests of $6.3 million is primarily due to (i) an increase of $10.9 million in equity in income attributable to the Company's noncontrolling partners in the Albertsons joint venture during 2017, partially offset by (ii) lower equity in income of $4.4 million resulting from the redemption of certain noncontrolling interests, the sales of properties within various joint venture investments and/or acquisition/consolidation of ownership interests in joint ventures by the Company during 2017 and 2016.

Preferred stock redemption charges –

During 2017, the Company partially redeemed its Class I Preferred Stock shares and as a result, the Company recorded a non-cash redemption charge of $7.0 million. This $7.0 million charge was subtracted from net income attributable to the Company to arrive at net income available to the Company's common shareholders and used in the calculation of earnings per share for the year ended December 31, 2017.

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.

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

	Year Ended December 31,	
	2018	2017
Cash and cash equivalents, beginning of year	$238,513	$142,486
Net cash flow provided by operating activities	637,936	614,181
Net cash flow provided by/(used for) investing activities	253,645	(294,280)
Net cash flow used for financing activities	(986,513)	(223,874)
Change in cash and cash equivalents	(94,932)	96,027
Cash and cash equivalents, end of year	$143,581	$238,513

Operating Activities

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

Cash flows provided by operating activities for the year ended December 31, 2018, were $637.9 million, as compared to $614.2 million for the comparable period in 2017. The increase of $23.7 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
- a decrease in interest expense; partially offset by
- changes in operating receivables and payables due to timing of receipts and payments; and
- the disposition of operating properties during 2018 and 2017.

During the years ended December 31, 2018 and 2017, the Company capitalized personnel costs of $14.8 million and $16.1 million, respectively, relating to deferred leasing costs.

Investing Activities

Cash flows provided by investing activities were $253.6 million for 2018, as compared to cash flows used for investing activities of $294.3 million for 2017.

Investing activities during 2018 consisted primarily of:

Cash inflows:

- $754.7 million in proceeds from the sale of 54 operating properties (including the deconsolidation of one property), seven out-parcels and 10 land parcels;
- $34.0 million in reimbursements of investments and advances to real estate joint ventures and reimbursements of investments and advances to other real estate investments, primarily related to disposition of properties and loan refinancing within the joint venture portfolio and the Company’s Preferred Equity Program;
- $22.3 million in collection of mortgage loans receivable; and
- $16.2 million in proceeds from insurance casualty claims in connection with Hurricane Maria which damaged several of the Company’s properties in Puerto Rico during 2017.

Cash outflows:

- $526.9 million for improvements to operating real estate related to the Company’s active redevelopment pipeline and improvements to real estate under development;
- $36.1 million for investments in and advances to real estate joint ventures, primarily related to a redevelopment project within the Company’s joint venture portfolio; and
- $10.0 million for acquisition of operating real estate and other related net assets, including two land parcels, and the acquisition of a land parcel at one development project.

Investing activities during 2017 consisted primarily of:

Cash inflows:

- $181.3 million in proceeds from the sale of 25 operating properties and nine parcels; and
- $96.5 million in reimbursements of investments and advances to real estate joint ventures, primarily related to disposition of properties within the joint venture portfolio, and reimbursements of investments and advances to other real estate investments, primarily related to the distribution from the Albertsons joint venture.

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Cash outflows:

- $367.1 million for improvements to operating real estate related to the Company's active redevelopment pipeline and improvements to real estate under development;
- $163.9 million for acquisition of operating real estate and other related net assets, including seven operating properties and six parcels, and acquisition of real estate under development related to one development project;
- $35.3 million for investments in and advances to real estate joint ventures, primarily related to a redevelopment project and the repayment of a mortgage within the Company's joint venture portfolio; and
- $9.8 million for investment in marketable securities.

Acquisitions of Operating Real Estate and Other Related Net Assets

During the years ended December 31, 2018 and 2017, the Company expended $5.4 million and $153.9 million, respectively, towards the acquisition of operating real estate properties. The Company anticipates spending approximately $50.0 million to $75.0 million towards the acquisition of operating properties during 2019. The Company intends to fund these acquisitions with cash flow from operating activities, proceeds from property dispositions and availability under its Credit Facility.

Improvements to Operating Real Estate

During the years ended December 31, 2018 and 2017, the Company expended $290.9 million and $206.8 million, respectively, towards improvements to operating real estate. These amounts consist of the following (in thousands):

	Year Ended December 31,	
	2018	**2017**
Redevelopment and renovations	$220,829	$177,840
Tenant improvements and tenant allowances	67,624	16,995
Other	2,421	11,965
Total (1)	$290,874	$206,800

(1) During the years ended December 31, 2018 and 2017, the Company capitalized interest of $3.6 million and $3.5 million, respectively, and capitalized payroll of $7.1 million and $3.1 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 or adjacent to its existing shopping center properties. The Company anticipates its capital commitment toward these redevelopment projects and re-tenanting efforts during 2019 will be approximately $200.0 million to $250.0 million. The funding of these capital requirements will be provided by proceeds from property dispositions, cash flow from operating activities and availability under the Company's Credit Facility.

Improvements to Real Estate Under Development

The Company is engaged in select real estate development projects, which are expected to be held as long-term investments. As of December 31, 2018, the Company had in progress two active consolidated real estate development projects and one additional project held for future development. During 2018 and 2017, the Company capitalized (i) interest of $13.9 million and $11.0 million, respectively, (ii) real estate taxes, insurance and legal costs of $2.6 million and $5.7 million, respectively, and (iii) payroll of $1.9 million and $3.3 million, respectively, in connection with its real estate development projects. The Company anticipates the total remaining costs to complete its active projects to be approximately $150.0 million to $200.0 million. The Company anticipates its capital commitment toward these development projects during 2019 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 and availability under the Company's Credit Facility.

Financing Activities

Cash flows used for financing activities were $986.5 million for 2018, as compared to $223.9 million for 2017.

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Financing activities during 2018 primarily consisted of the following:

Cash inflows:

- $92.3 million in proceeds from the Company's unsecured revolving credit facility, net;
- $51.0 million in proceeds from construction loan financing at one of the Company's development projects; and
- $33.7 million in proceeds primarily from the exercise of the Class M Preferred Stock over-allotment option.

Cash outflows:

- $529.8 million of dividends paid;
- $315.1 million for the repayment of unsecured notes;
- $217.9 million for principal payments on debt (related to the repayment of debt on six encumbered properties), including normal amortization on rental property debt;
- $75.1 million for the repurchase of common stock;
- $13.3 million for the payment of early extinguishment of debt charges; and
- $6.7 million for redemption/distribution of noncontrolling interests, primarily related to the redemption of certain partnership units by consolidated subsidiaries.

Financing activities during 2017 primarily consisted of:

Cash inflows:

- $1.25 billion in proceeds from issuance of the $500.0 million, the $400.0 million and the $350.0 million unsecured notes;
- $440.9 million in proceeds from issuance of stock, net, including the issuances of Class L Preferred Stock and Class M Preferred Stock; and
- $206.0 million in proceeds from mortgage loan financing.

Cash outflows:

- $702.3 million for principal payments on debt (related to the repayment of debt on 27 encumbered properties), including normal amortization on rental property debt;
- $550.0 million for repayments under unsecured term loan/notes, including $300.0 million of unsecured notes and $250.0 million of unsecured term loan;
- $506.2 million of dividends paid;
- $225.0 million for the partial redemption of Class I Preferred Stock;
- $96.6 million for redemption/distribution of noncontrolling interests, primarily related to the redemption of certain partnership units by consolidated subsidiaries;
- $23.3 million for financing origination costs, primarily related to costs associated with the issuance of unsecured notes; and

$17.1 million for repayments under the Company's unsecured revolving credit facility, net.

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.

Debt maturities for 2019 consist of: $45.6 million of unconsolidated joint venture debt and $26.3 million of debt included in the Company's Preferred Equity Program, assuming the utilization of extension options where available. These debt maturities are anticipated to be repaid through operating cash flows, debt refinancing, unsecured credit facilities, proceeds from sales and partner capital contributions, as deemed appropriate.

The Company intends to maintain strong debt service coverage and fixed charge coverage ratios as part of its commitment to maintain 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.

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

Preferred Stock –

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 year ended December 31, 2018, the Company repurchased 5,100,000 shares for an aggregate purchase price of $75.1 million (weighted average price of $14.72 per share). As of December 31, 2018, the Company had $224.9 million available under this 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 12/31/18**
Consolidated Indebtedness to Total Assets	<65%	37%
Consolidated Secured Indebtedness to Total Assets	<40%	4%

Consolidated Income Available for Debt Service to Maximum Annual Service Charge	>1.50x	6.0x
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 for specific filing information.

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

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

(1) The Company recorded an early extinguishment of debt charge of $12.8 million resulting from the early repayment of these notes.
(2) Represents partial repayments. As of December 31, 2018, these notes had an outstanding balance of $484.9 million.

Credit Facility –

The Company has a $2.25 billion unsecured revolving credit facility (the "Credit Facility") with a group of banks, which is scheduled to expire in March 2021, with two additional six-month options to extend the maturity date, at the Company's discretion, to March 2022. This Credit Facility, which accrues interest at a rate of LIBOR plus 87.5 basis points (3.31% as of December 31, 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 ("CAD"), British Pounds Sterling, Japanese Yen or Euros. Pursuant to the terms of the Credit Facility, the Company, among other things, is subject to covenants requiring the maintenance of (i) maximum leverage ratios on both unsecured and secured debt and (ii) minimum interest and fixed coverage ratios. As of December 31, 2018, the Credit Facility had a balance of $100.0 million outstanding and $0.3 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 12/31/18**
Total Indebtedness to Gross Asset Value (“GAV”)	<60%	38%
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

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

Mortgages and Construction Loan Payable –

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

In August 2018, the Company closed on a construction loan commitment of $67.0 million relating to one development property. This loan commitment is scheduled to mature in August 2020, with six additional six-month options to extend the maturity date to August 2023 and bears interest at a rate of LIBOR plus 180 basis points (4.23% as of December 31, 2018). As of December 31, 2018, the construction loan had a balance of $51.0 million outstanding.

During 2018, the Company disposed of an encumbered property through foreclosure. The transaction resulted in a net decrease in mortgage debt of $12.4 million. In addition, the Company recognized a gain on forgiveness of debt of $4.3 million and relief of accrued interest expense of $3.4 million, both of which are included in Other income, net in the Company's 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 under development projects. As of December 31, 2018, the Company had over 325 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 were $529.8 million, $506.2 million and $474.0 million in 2018, 2017 and 2016, respectively.

Although the Company receives substantially all of its rental payments on a monthly basis, it generally intends to continue paying dividends quarterly. Amounts accumulated in advance of each quarterly distribution will be invested by the Company in short-term money market or other suitable instruments. On October 23, 2018, the Company's Board of Directors declared a quarterly cash dividend of $0.28 per common share payable to shareholders of record on January 2, 2019, which was paid on January 15, 2019. Additionally, on January 29, 2019, the Company's Board of Directors declared a quarterly cash dividend of $0.28 per common share payable to shareholders of record on April 2, 2019, which is scheduled to be paid on April 15, 2019.

The Company's Board of Directors also 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 are scheduled to be paid on April 15, 2019, to shareholders of record on April 1, 2019.

Hurricane Impacts –

The Company incurred no significant damage to its properties in September 2018 as a result of Hurricanes Florence, which primarily hit North and South Carolina, and Michael, which hit the Florida Panhandle.

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.

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 $30.3 million. As of December 31, 2018, the Company has collected property insurance proceeds totaling $20.2 million to date, which exceeds the $16.0 million previously written off due to property damage by $4.2 million. As a result, the Company recognized this excess as income included in Other income, net on the Company's Consolidated Statements of Income for the year ended December 31, 2018.

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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 an extended period of indemnity which provides business interruption coverage in the event the properties have not fully recovered from the storm. During 2018 and 2017, the Company collected business interruption claims totaling $2.8 million and $1.6 million, respectively, from its insurance provider. Although the Company has primarily recovered its business interruption insurance claims, it will continue to assess and process any future business interruption claims for the extended period of indemnity and will submit insurance claims for its losses, if any, under its business interruption insurance policy.

Income Taxes –

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.

Contractual Obligations and Other Commitments

The Company has debt obligations relating to its Credit Facility, unsecured senior notes and mortgages with maturities ranging from one year to 29 years. As of December 31, 2018, the Company's total debt had a weighted average term to maturity of 10.5 years. In addition, the Company has non-cancelable operating leases pertaining to its shopping center portfolio. As of December 31, 2018, the Company had 31 consolidated shopping center properties that are subject to long-term ground leases where a third party owns and has leased the underlying land to the Company to construct and/or operate a shopping center. The following table summarizes the Company's debt maturities (excluding extension options, unamortized debt issuance costs of $55.9 million and fair market value of debt adjustments aggregating $13.1 million) and obligations under non-cancelable operating leases as of December 31, 2018:

	Payments due by period (in millions)						
	2019	**2020**	**2021**	**2022**	**2023**	**Thereafter**	**Total**
Long-Term Debt:							
Principal (1)	$12.7	$160.3	$729.8	$640.1	$365.5	$ 3,008.3	$4,916.7
Interest (2)	$177.9	$175.0	$155.0	$136.6	$113.1	$ 1,260.3	$2,017.9
Operating Leases:							
Ground Leases (3)	$7.9	$7.5	$7.5	$7.4	$7.5	$ 115.4	$153.2
Office Leases	$4.3	$2.4	$2.3	$1.8	$1.5	$ 0.3	$12.6

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

(2) For loans which have interest at floating rates, future interest expense was calculated using the rate as of December 31, 2018.

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

The Company has no secured debt scheduled to mature in 2019. The Company anticipates satisfying the remaining future maturities with a combination of operating cash flows, its Credit Facility, exercise of extension options, where available, and new debt issuances.

The Company has issued letters of credit in connection with completion and repayment guarantees for loans encumbering certain of the Company’s development and redevelopment projects and guarantee of payment related to the Company’s insurance program. As of December 31, 2018, these letters of credit aggregated $41.8 million.

In connection with the construction of its development/redevelopment projects and related infrastructure, certain public agencies require posting of performance and surety bonds to guarantee that the Company’s obligations are satisfied. These bonds expire upon the completion of the improvements and infrastructure. As of December 31, 2018, the Company had $20.6 million in performance and surety bonds outstanding.

The Company has accrued $2.8 million of non-current uncertain tax positions and related interest under the provisions of the authoritative guidance that addresses accounting for income taxes, which are included in Other liabilities on the Company’s Consolidated Balance Sheets at December 31, 2018. These amounts are not included in the table above because a reasonably reliable estimate regarding the timing of settlements with the relevant tax authorities, if any, cannot be made.

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Off-Balance Sheet Arrangements

Unconsolidated Real Estate Joint Ventures

The Company has investments in various unconsolidated real estate joint ventures with varying structures. These joint ventures primarily operate shopping center properties. Such arrangements are generally with third-party institutional investors and individuals. The properties owned by the joint ventures are primarily financed with individual non-recourse mortgage loans, however, the Company, on a selective basis, has obtained unsecured financing for certain joint ventures. As of December 31, 2018, the Company did not guarantee any joint venture unsecured debt. Non-recourse mortgage debt is generally defined as debt whereby the lenders' sole recourse with respect to borrower defaults is limited to the value of the property collateralized by the mortgage. The lender generally does not have recourse against any other assets owned by the borrower or any of the constituent members of the borrower, except for certain specified exceptions listed in the particular loan documents (see Footnote 7 of the Notes to Consolidated Financial Statements included in this Form 10-K). The table below presents debt balances within the Company's unconsolidated joint venture investments for which the Company held noncontrolling ownership interests at December 31, 2018 (dollars in millions):

Joint Venture	**Kimco Ownership Interest**	**Number of Properties**	**Mortgages and Notes Payable, Net (in millions)**	**Number of Encumbered Properties**	**Weighted Average Interest Rate**		**Weighted Average Remaining Term (months)***
Prudential Investment Program (1)	15.0%	42	$ 572.6	13	4.29	%	49.0
Kimco Income Opportunity Portfolio (2)	48.6%	39	651.4	27	4.43	%	40.4
Canada Pension Plan Investment Board	55.0%	4	84.4	1	3.85	%	54.0
Other Joint Venture Programs	Various	24	474.2	14	4.26	%	78.6
Total			**$ 1,782.6**				

* Average remaining term includes extensions

(1) Includes an unsecured term loan of $200.0 million (excluding deferred financing costs of $0.3 million), which is scheduled to mature in August 2019, with two one-year extension options at the joint venture's discretion, and bears interest at a rate equal to LIBOR plus 1.75% (4.18% at December 31, 2018).

(2) Includes an unsecured revolving credit facility with an outstanding balance at December 31, 2018 of $73.3 million (excluding deferred financing costs of $0.3 million), which is scheduled to mature in September 2020, with two

one-year extension options at the joint venture's discretion, and bears interest at a rate equal to LIBOR plus 1.75% (4.18% at December 31, 2018).

As of December 31, 2018, these loans had scheduled maturities ranging from one month to 13 years and bore interest at rates ranging from 2.91% to 7.25%. Approximately $45.6 million of the aggregate outstanding loan balance matures in 2019. These maturing loans are anticipated to be repaid with operating cash flows, debt refinancing, unsecured credit facilities, proceeds from sales and partner capital contributions, as deemed appropriate (see Footnote 7 of the Notes to Consolidated Financial Statements included in this Form 10-K).

Other Real Estate Investments

The Company previously provided capital to owners and developers of real estate properties through its Preferred Equity Program. As of December 31, 2018, the Company's net investment under the Preferred Equity Program was $176.3 million relating to 285 properties, including 273 net leased properties. As of December 31, 2018, these preferred equity investment properties had individual non-recourse mortgage loans aggregating $298.9 million (excluding fair market value of debt adjustments aggregating $15.1 million). These loans have scheduled maturities ranging from six months to six years and bear interest at rates ranging from 4.19% to 10.47%. Due to the Company's preferred position in these investments, the Company's share of each investment is subject to fluctuation and is dependent upon property cash flows. The Company's maximum exposure to losses associated with its preferred equity investments is limited to its invested capital.

Funds From Operations

Funds From Operations ("FFO") is a supplemental non-GAAP financial measure utilized to evaluate the operating performance of real estate companies. 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.

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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 or cash flows from operations as a measure of liquidity. Our method of calculating FFO available to the Company's common shareholders and FFO available to the Company's common shareholders as adjusted may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs.

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 for the three months and years ended December 31, 2018 and 2017 is as follows (in thousands, except per share data):

	Three Months Ended December 31,		**Year Ended December 31,**	
	2018	**2017**	**2018**	**2017**
Net income available to the Company's common shareholders	$73,627	$73,465	$439,604	$372,461
Gain on sale of operating properties/change in control of interests	(49,379)	(31,436)	(229,763)	(92,830)
Gain on sale of joint venture operating properties/change in control of interests	(12,446)	(6,849)	(18,549)	(79,034)
Depreciation and amortization - real estate related	74,086	83,959	305,079	356,191
Depreciation and amortization - real estate joint ventures	10,717	9,835	43,483	39,248
Impairment of depreciable real estate properties	50,050	32,854	83,754	65,148
Benefit for income taxes (2)	-	-	-	(39)
Noncontrolling interests (2)	(421)	(1,688)	(2,891)	(5,583)
FFO available to the Company's common shareholders	**146,234**	**160,140**	**620,717**	**655,562**
Transactional (income)/expense:				
Profit participation from other real estate investments	(129)	(379)	(10,903)	(34,952)
Losses/(gains) from land sales	10	(2,362)	(6,295)	(3,422)
Distribution in excess of basis	-	-	(3,550)	-
Demolition costs	495	3,589	1,487	4,686
Gain on forgiveness of debt	-	(380)	(4,274)	(380)
Prepayment penalties	-	-	12,762	1,753
Severance costs	-	5,190	1,185	5,190
Gain on liquidation of a foreign entity	-	-	-	(14,822)
Insurance proceeds in excess of related loss	(2,722)	-	(4,279)	-
Loss on of marketable securities	1,444	-	3,487	-
Impairments on other investments	2,051	423	2,318	11,766
Preferred stock redemption charges	-	-	-	7,014
Noncontrolling interests (3)	-	-	136	11,338
Other income, net	32	170	252	502
Total transactional expense/(income), net	1,181	6,251	(7,674)	(11,327)
	$147,415	**$166,391**	**$613,043**	**$644,235**

FFO available to the Company's common shareholders as adjusted								
Weighted average shares outstanding for FFO calculations:								
Basic	419,258		423,734		420,641		423,614	
Units	837		961		835		852	
Dilutive effect of equity awards	628		354		629		405	
Diluted	420,723	(1)	425,049	(1)	422,105	(1)	424,871	(1)
FFO per common share – basic	**$0.35**		**$0.38**		**$1.48**		**$1.55**	
FFO per common share – diluted	**$0.35**	(1)	**$0.38**	(1)	**$1.47**	(1)	**$1.55**	(1)
FFO as adjusted per common share – basic	**$0.35**		**$0.39**		**$1.46**		**$1.52**	
FFO as adjusted per common share – diluted	**$0.35**	(1)	**$0.39**	(1)	**$1.45**	(1)	**$1.52**	(1)

(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. FFO would be increased by $228 and $274 for the three months ended December 31, 2018 and 2017, respectively, and $916 and $923 for the years ended December 31, 2018 and 2017, respectively. The effect of other certain convertible units would have an anti-dilutive effect upon the calculation of Income from continuing operations 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 deprecation on depreciable real estate properties, where applicable.

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

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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 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.

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

	Three Months Ended December 31,		**Year Ended December 31,**	
	2018	**2017**	**2018**	**2017**
Net income available to the Company's common shareholders	$73,627	$73,465	$439,604	$372,461
Adjustments:				
Management and other fee income	(2,397)	(4,593)	(15,159)	(17,049)
General and administrative	20,022	27,972	87,797	91,690
Impairment charges	45,352	33,051	79,207	67,331
Depreciation and amortization	74,266	85,024	310,380	360,811
Gain on sale of operating properties/change in control of interests	(49,379)	(31,436)	(229,840)	(93,538)
Interest and other expense, net	44,515	53,380	183,060	191,150
Provision/(benefit) for income taxes, net	2,583	1,344	1,600	(880)
Gain on change in control of joint venture interests	-	-	-	(71,160)
Equity in income of other real estate investments, net	(4,462)	(5,049)	(29,100)	(67,001)
Net (loss)/income attributable to noncontrolling interests	(214)	(330)	668	13,596
Preferred stock redemption charges	-	-	-	7,014

Preferred dividends	14,534	11,431	58,191	46,600
Non same property net operating income	(20,269)	(47,533)	(118,690)	(169,513)
Non-operational expense from joint ventures, net	13,219	9,359	60,417	72,970
Same property NOI	$211,397	$206,085	$828,135	$804,482

Same property NOI increased by $5.3 million or 2.6% for the three months ended December 31, 2018, as compared to the corresponding period in 2017. This increase is primarily the result of (i) an increase of $5.6 million related to lease-up and rent commencements in the portfolio, partially offset by (ii) an increase of $0.2 million of credit losses and (iii) a decrease in other property income of $0.1 million.

Same property NOI increased by $23.7 million or 2.9% for the year ended December 31, 2018, as compared to the corresponding period in 2017. This increase is primarily the result of (i) an increase of $24.6 million related to lease-up and rent commencements in the portfolio, partially offset by (ii) a decrease in other property income of $0.5 million and (iii) an increase of $0.4 million of credit losses.

Effects of Inflation

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

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New Accounting Pronouncements

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

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company's primary market risk exposure is interest rate risk. The Company periodically evaluates its exposure to short-term interest rates and will, from time-to-time, enter into interest rate protection agreements which mitigate, but do not eliminate, the effect of changes in interest rates on its floating-rate debt. The Company has not, and does not plan to, enter into any derivative financial instruments for trading or speculative purposes. The following table presents the Company's aggregate fixed rate and variable rate debt obligations outstanding, including fair market value adjustments and unamortized deferred financing costs, as of December 31, 2018, with corresponding weighted-average interest rates sorted by maturity date. The table does not include extension options where available (amounts in millions).

	2019	2020	2021	2022	2023	Thereafter	Total	Fair Value
Secured Debt								
Fixed Rate	$ -	$104.5	$150.7	$151.2	$11.9	$ 24.1	$442.4	$434.9
Average Interest Rate	-	5.47 %	5.39 %	4.05 %	3.23 %	6.85 %	4.97 %	
Variable Rate	$ -	$50.0	$-	$-	$-	$ -	$50.0	$51.5
Average Interest Rate	-	4.23 %	-	-	-	-	4.23 %	
Unsecured Debt								
Fixed Rate	$ -	$-	$483.2	$495.9	$347.7	$ 2,959.0	$4,285.8	$4,028.8
Average Interest Rate	-	-	3.20 %	3.40 %	3.13 %	3.59 %	3.49 %	
Variable Rate	$ -	$-	$95.7	$-	-	$ -	$95.7	$97.6
Average Interest Rate	-	-	3.31 %	-	-	-	3.31 %	

Based on the Company's variable-rate debt balances, interest expense would have increased by $1.5 million for the year ended December 31, 2018, if short-term interest rates were 1.0% higher. The Company has not, and does not plan to, enter into any derivative financial instruments for trading or speculative purposes.

The Company's revenues and equity in income (including gains on sales and impairment losses) from its foreign investments in U.S. dollar equivalents and their respective local currencies are as follows (in millions):

	2018	2017	2016
Revenues from consolidated in USD:			
Mexico	$-	$0.3	$0.6
Revenues from consolidated in local currencies:			
Mexico (Mexican Pesos "MXN")	-	5.7	11.3
Equity in income/(loss) from unconsolidated joint ventures and preferred equity investments in USD:			
Canada (1)	$3.2	$(1.3)	$152.6
Mexico (2)	$(0.7)	$(0.3)	$(3.6)
Equity in income/(loss) from unconsolidated joint ventures and preferred equity investments in local currencies:			
Canada (CAD) (1)	4.5	(1.7)	199.5
Mexico (MXN) (2)	(12.9)	(6.3)	29.2

(1) Includes impairment charge of $3.4 million (CAD 4.3 million) related to the pending sale of a property for the year ended December 31, 2017. In addition, includes gains of $0.8 million (CAD 1.0 million) and $141.9 million (CAD 185.9 million) on disposition of equity interests for the years ended December 31, 2018 and 2016, respectively.

(2) Includes impairment charge of $0.6 million (MXP 11.0 million) related to pending sale of land parcel for the year ended December 31, 2018. In addition, includes equity losses of $5.2 million for the year ended December 31, 2016 related to foreign investments for which the reporting currency is denominated in USD and not subject to foreign translation exposure.

At December 31, 2018, the Company's foreign real estate investments in their local currency had an aggregate carrying amount of 39.7 million Mexican Pesos (USD $4.1 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 Consolidated Statements of Income. During the year ended December 31, 2018, the Company recognized a net foreign currency loss of $0.2 million.

Item 8. Financial Statements and Supplementary Data

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

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

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control Over Financial Reporting

There have not been any changes in the Company’s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth fiscal quarter ended December 31, 2018, that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in the *Internal Control - Integrated Framework* (*2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control - Integrated Framework (2013)*, our management concluded that our internal control over financial reporting was effective as of December 31, 2018.

The effectiveness of our internal control over financial reporting as of December 31, 2018, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated by reference to "Proposal 1—Election of Directors," "Corporate Governance," "Committees of the Board of Directors," "Executive Officers" and "Other Matters" in our definitive proxy statement to be filed with respect to the Annual Meeting of Stockholders expected to be held on April 30, 2019 ("Proxy Statement").

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

Item 11. Executive Compensation

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

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

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

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

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

Item 14. Principal Accounting Fees and Services

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

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PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) 1. Financial Statements –

The following consolidated financial information is included as a separate section of this annual report on Form 10-K.

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2 . Financial Statement Schedules -

Schedule II -	Valuation and Qualifying Accounts for the years ended December 31, 2018, 2017 and 2016	93
Schedule III -	Real Estate and Accumulated Depreciation as of December 31, 2018	94
Schedule IV -	Mortgage Loans on Real Estate as of December 31, 2018	96

All other schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule.

3. Exhibits -

The exhibits listed on the accompanying Index to Exhibits are filed as part of this report. 43

Item 16. Form 10-K Summary

None.

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INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	File No.	Date of Filing	Exhibit Number	
3.1(a)	Articles of Restatement of Kimco Realty Corporation, dated January 14, 2011	10-K	1-10899	02/28/11	3.1(a)	
3.1(b)	Amendment to Articles of Restatement of Kimco Realty Corporation, dated May 8, 2014	10-K	1-10899	02/27/17	3.1(b)	
3.1(c)	Articles Supplementary of Kimco Realty Corporation, dated November 8, 2010	10-K	1-10899	02/28/11	3.1(b)	
3.1(d)	Articles Supplementary of Kimco Realty Corporation, dated March 12, 2012	8-A12B	1-10899	03/13/12	3.2	
3.1(e)	Articles Supplementary of Kimco Realty Corporation, dated July 17, 2012	8-A12B	1-10899	07/18/12	3.2	
3.1(f)	Articles Supplementary of Kimco Realty Corporation, dated November 30, 2012	8-A12B	1-10899	12/03/12	3.2	
3.1(g)	Articles Supplementary of Kimco Realty Corporation, dated August 8, 2017	8-A12B	1-10899	08/08/17	3.3	
3.1(h)	Articles Supplementary of Kimco Realty Corporation, dated December 12, 2017	8-A12B	1-10899	12/12/17	3.3	
3.2	Amended and Restated Bylaws of Kimco Realty Corporation, dated February 25, 2009	10-K	1-10899	02/27/09	3.2	
4.1	Agreement of Kimco Realty Corporation pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K	S-11	333-42588	09/11/91	4.1	
4.2	Indenture dated September 1, 1993, between Kimco Realty Corporation and Bank of New York (as successor to IBJ Schroder Bank and Trust Company)	S-3	333-67552	09/10/93	4(a)	
4.3	First Supplemental Indenture, dated August 4, 1994, between Kimco Realty Corporation and Bank of New York (as successor to IBJ Schroder Bank and Trust Company)	10-K	1-10899	03/28/96	4.6	
4.4	Second Supplemental Indenture, dated April 7, 1995, between Kimco Realty Corporation and Bank of New York (as successor to IBJ Schroder Bank and Trust Company)	8-K	1-10899	04/07/95	4(a)	
4.5	Third Supplemental Indenture, dated June 2, 2006, between Kimco Realty Corporation and The Bank of New York, as Trustee	8-K	1-10899	06/05/06	4.1	
4.6	Fourth Supplemental Indenture, dated April 26, 2007, between Kimco Realty Corporation and The Bank of New York, as Trustee	8-K	1-10899	04/26/07	1.3	
4.7	Fifth Supplemental Indenture, dated September 24, 2009, between Kimco Realty Corporation and The Bank of New York Mellon, as Trustee	8-K	1-10899	09/24/09	4.1	

4.8	Sixth Supplemental Indenture, dated May 23, 2013, between Kimco Realty Corporation and The Bank of New York Mellon, as Trustee	8-K	1-10899	05/23/13	4.1
4.9	Seventh Supplemental Indenture, dated April 24, 2014, between Kimco Realty Corporation and The Bank of New York Mellon, as Trustee	8-K	1-10899	04/24/14	4.1
10.1	Amended and Restated Stock Option Plan	10-K	1-10899	03/28/95	10.3
10.2	Second Amended and Restated 1998 Equity Participation Plan of Kimco Realty Corporation (restated February 25, 2009)	10-K	1-10899	02/27/09	10.9
10.3	Form of Indemnification Agreement	10-K	1-10899	02/27/09	99.1
10.4	Agency Agreement, dated July 17, 2013, by and among Kimco North Trust III, Kimco Realty Corporation and Scotia Capital Inc., RBC Dominion Securities Inc., CIBC World Markets Inc. and National Bank Financial Inc.	10-Q	1-10899	08/02/13	99.1
10.5	Kimco Realty Corporation Executive Severance Plan, dated March 15, 2010	8-K	1-10899	03/19/10	10.5
10.6	Restated Kimco Realty Corporation 2010 Equity Participation Plan	10-K	1-10899	02/27/17	10.6
10.7	Amendment No. 1 to the Kimco Realty Corporation 2010 Equity Participation Plan	10-K	1-10899	02/23/18	10.7

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Exhibit Number	Exhibit Description	Incorporated by Reference Form	File No.	Date of Filing	Exhibit Number	Filed/ Furnished Herewith
10.8	Form of Performance Share Award Grant Notice and Performance Share Award Agreement	8-K	1-10899	03/19/10	10.8	
10.9	First Amendment to the Kimco Realty Corporation Executive Severance Plan, dated March 20, 2012	10-Q	1-10899	05/10/12	10.3	
10.10	$1.75 Billion Amended and Restated Credit Agreement, dated March 17, 2014, among Kimco Realty Corporation, the subsidiaries of Kimco party thereto, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent	8-K	1-10899	03/20/14	10.1	
10.11	$2.25 Billion Amended and Restated Credit Agreement, dated February 1, 2017, among Kimco Realty Corporation, the subsidiaries of Kimco party thereto, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent	8-K	1-10899	02/02/17	10.1	
10.12	Credit Agreement, dated January 30, 2015, among Kimco Realty Corporation and each of the parties named therein	8-K	1-10899	02/05/15	10.1	
10.13	Consulting Agreement, dated June 11, 2015, between Kimco Realty Corporation and David B. Henry	8-K	1-10899	06/12/15	10.1	
21.1	Significant Subsidiaries of the Company	—	—	—	—	*
23.1	Consent of PricewaterhouseCoopers LLP	—	—	—	—	*
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	—	—	—	—	**
99.1	Property Chart	—	—	—	—	*
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	—	—	—	—	*

* Filed herewith

** Furnished herewith

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SIGNATURES

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

KIMCO REALTY CORPORATION

By: /s/ Conor C. Flynn
Conor C. Flynn

Chief Executive Officer

Dated: February 15, 2019

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

Signature	Title	Date
/s/ Milton Cooper Milton Cooper	Executive Chairman of the Board of Directors	February 15, 2019
/s/ Conor C. Flynn Conor C. Flynn	Chief Executive Officer and Director	February 15, 2019
/s/ Richard G. Dooley Richard G. Dooley	Director	February 15, 2019
/s/ Joe Grills Joe Grills	Director	February 15, 2019
/s/ Frank Lourenso Frank Lourenso	Director	February 15, 2019
/s/ Richard Saltzman Richard Saltzman	Director	February 15, 2019
/s/ Philip Coviello	Director	February 15, 2019

Philip Coviello

/s/ Colombe Nicholas Colombe Nicholas	Director	February 15, 2019
/s/ Mary Hogan Preusse Mary Hogan Preusse	Director	February 15, 2019
/s/ Valerie Richardson Valerie Richardson	Director	February 15, 2019
/s/ Glenn G. Cohen Glenn G. Cohen	Executive Vice President - Chief Financial Officer and Treasurer	February 15, 2019
/s/ Paul Westbrook Paul Westbrook	Vice President - Chief Accounting Officer	February 15, 2019

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ANNUAL REPORT ON FORM 10-K

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AND

FINANCIAL STATEMENT SCHEDULES

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders

of Kimco Realty Corporation:

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the consolidated financial statements, including the related notes, as listed in the index appearing under Item 15(a)(1), and the financial statement schedules listed in the index appearing under Item 15(a)(2), of Kimco Realty Corporation and its subsidiaries (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018 based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

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

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

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

Definition and Limitations of Internal Control over Financial Reporting

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

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

/s/ PricewaterhouseCoopers LLP

New York, New York

February 15, 2019

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

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	December 31, 2018	**December 31, 2017**
Assets:		
Real estate:		
Land	$2,822,691	$3,019,284
Building and improvements	8,813,115	9,231,644
Real estate	11,635,806	12,250,928
Less: accumulated depreciation and amortization	(2,385,287)	(2,433,053)
Total real estate, net	9,250,519	9,817,875
Real estate under development	241,384	402,518
Investments in and advances to real estate joint ventures	570,922	483,861
Other real estate investments	192,123	217,584
Mortgages and other financing receivables	14,448	21,838
Cash and cash equivalents	143,581	238,513
Marketable securities	10,302	13,265
Accounts and notes receivable, net	184,528	189,757
Deferred charges and prepaid expenses	156,155	155,472
Other assets	235,138	223,043
Total assets (1)	$10,999,100	$11,763,726
Liabilities:		
Notes payable, net	$4,381,456	$4,596,140
Mortgages and construction loan payable, net	492,416	882,787
Accounts payable and accrued expenses	174,903	185,702
Dividends payable	130,262	128,892
Other liabilities	385,328	431,915
Total liabilities (2)	5,564,365	6,225,436
Redeemable noncontrolling interests	23,682	16,143
Commitments and contingencies (Footnote 19)		
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 421,388,879 and 425,646,380 shares, respectively	4,214	4,256
Paid-in capital	6,117,254	6,152,764

Cumulative distributions in excess of net income	*(787,707*)	*(761,337*)
Accumulated other comprehensive loss	-	*(1,480*)
Total stockholders' equity	*5,333,804*	*5,394,244*
Noncontrolling interests	*77,249*	*127,903*
Total equity	*5,411,053*	*5,522,147*
Total liabilities and equity	$*10,999,100*	$*11,763,726*

(1) Includes restricted assets of consolidated variable interest entities (“VIEs”) at December 31, 2018 and December 31, 2017 of $239,012 and $644,990, respectively. See Footnote 9 of the Notes to Consolidated Financial Statements.

(2) Includes non-recourse liabilities of consolidated VIEs at December 31, 2018 and December 31, 2017 of $143,186 and $417,688, respectively. See Footnote 9 of the Notes to Consolidated Financial Statements.

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

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)

	Year Ended December 31,		
	2018	**2017**	**2016**
Revenues			
Revenues from rental properties	$882,345	$912,670	$893,365
Reimbursement income	246,381	247,563	239,015
Other rental property income	20,877	23,552	20,021
Management and other fee income	15,159	17,049	18,391
Total revenues	1,164,762	1,200,834	1,170,792
Operating expenses			
Rent	(10,929)	(11,145)	(10,993)
Real estate taxes	(153,336)	(157,196)	(146,615)
Operating and maintenance	(164,294)	(169,552)	(171,416)
General and administrative	(87,797)	(91,690)	(86,796)
Provision for doubtful accounts	(6,253)	(5,630)	(5,563)
Impairment charges	(79,207)	(67,331)	(93,266)
Depreciation and amortization	(310,380)	(360,811)	(355,320)
Total operating expenses	(812,196)	(863,355)	(869,969)
Gain on sale of operating properties/change in control of interests	229,840	93,538	92,823
Operating income	582,406	431,017	393,646
Other income/(expense)			
Other income, net	13,041	2,559	5,425
Interest expense	(183,339)	(191,956)	(192,549)
Early extinguishment of debt charges	(12,762)	(1,753)	(45,674)
Income before income taxes, net, equity in income of joint ventures, net, gain on change in control of joint venture interests and equity in income from other real estate investments, net	399,346	239,867	160,848
(Provision)/benefit for income taxes, net	(1,600)	880	(78,583)
Equity in income of joint ventures, net	71,617	60,763	218,714
Gain on change in control of joint venture interests	-	71,160	57,386
Equity in income of other real estate investments, net	29,100	67,001	27,773
Net income	498,463	439,671	386,138

Net income attributable to noncontrolling interests	(668)	(13,596)	(7,288)
Net income attributable to the Company	497,795	426,075	378,850
Preferred stock redemption charges	-	(7,014)	-
Preferred dividends	(58,191)	(46,600)	(46,220)
Net income available to the Company's common shareholders	$439,604	$372,461	$332,630
Per common share:			
Net income available to the Company's common shareholders:			
-Basic	$1.02	$0.87	$0.79
-Diluted	$1.02	$0.87	$0.79
Weighted average shares:			
-Basic	420,641	423,614	418,402
-Diluted	421,379	424,019	419,709

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

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

	Year Ended December 31,		
	2018	**2017**	**2016**
Net income	$*498,463*	$*439,671*	$*386,138*
Other comprehensive income:			
Change in unrealized gains/losses related to available-for-sale securities	-	*(1,542*)	*8*
Change in unrealized value on interest rate swaps	*344*	*631*	*451*
Change in foreign currency translation adjustments	-	*(6,335*)	*(281*)
Other comprehensive income/(loss)	*344*	*(7,246*)	*178*
Comprehensive income	*498,807*	*432,425*	*386,316*
Comprehensive income attributable to noncontrolling interests	*(668*)	*(13,596*)	*(7,288*)
Comprehensive income attributable to the Company	$*498,139*	$*418,829*	$*379,028*

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

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2018, 2017 and 2016

(in thousands)

	Cumulative Distributions in Excess of Net Income	Accumulated Other Comprehensive Income /(Loss)	Preferred Stock Issued	Preferred Stock Amount	Common Stock Issued	Common Stock Amount	Paid-in Capital	Total Stockholders Equity	Noncontrolling Interests	Tota Equ
Balance, January 1, 2016	$(572,335)	$5,588	32	$32	413,431	$4,134	$5,608,881	$5,046,300	$135,651	$5,1
Contributions/deemed contributions from noncontrolling interests	-	-	-	-	-	-	-	-	16,667	16,
Comprehensive income:										
Net income	378,850	-	-	-	-	-	-	378,850	7,288	386
Other comprehensive income:										
Change in unrealized gains on marketable securities	-	8	-	-	-	-	-	8	-	8
Change in unrealized value on interest rate swaps	-	451	-	-	-	-	-	451	-	45
Change in foreign currency translation adjustment	-	(281)	-	-	-	-	-	(281)	-	(28
Redeemable noncontrolling interests income	-	-	-	-	-	-	-	-	(4,349)	(4,
Dividends declared to common and preferred shares	(483,382)	-	-	-	-	-	-	(483,382)	-	(48
Distributions to noncontrolling interests	-	-	-	-	-	-	-	-	(8,522)	(8,
Issuance of common stock	-	-	-	-	10,711	107	286,314	286,421	-	286
Surrender of restricted stock	-	-	-	-	(276)	(3)	(7,005)	(7,008)	-	(7,0
Exercise of common stock options	-	-	-	-	1,168	12	21,048	21,060	-	21,
Amortization of equity awards	-	-	-	-	-	-	13,720	13,720	-	13,
Balance, December 31, 2016	(676,867)	5,766	32	32	425,034	4,250	5,922,958	5,256,139	146,735	5,4

Contributions/deemed contributions from noncontrolling interests	-	-	-	-	-	-	-	-	*48,877*	*48,*
Comprehensive income:										
Net income	*426,075*	-	-	-	-	-	-	*426,075*	*13,596*	*43*
Other comprehensive income:										
Change in unrealized gains/losses on marketable securities	-	*(1,542)*	-	-	-	-	-	*(1,542)*	-	*(1,*
Change in unrealized value on interest rate swaps	-	*631*	-	-	-	-	-	*631*	-	*63*
Change in foreign currency translation adjustments	-	*(6,335)*	-	-	-	-	-	*(6,335)*	-	*(6,*
Redeemable noncontrolling interests income	-	-	-	-	-	-	-	-	*(1,297)*	*(1,*
Dividends declared to common and preferred shares	*(510,545)*	-	-	-	-	-	-	*(510,545)*	-	*(51*
Distributions to noncontrolling interests	-	-	-	-	-	-	-	-	*(13,995)*	*(13*
Issuance of common stock	-	-	-	-	*776*	*8*	*(8)*	-	-	-
Issuance of preferred stock	-	-	*18*	*18*	-	-	*439,401*	*439,419*	-	*43*
Surrender of restricted stock	-	-	-	-	*(248)*	*(2)*	*(5,697)*	*(5,699)*	-	*(5,*
Exercise of common stock options	-	-	-	-	*84*	-	*1,526*	*1,526*	-	*1,5*
Amortization of equity awards	-	-	-	-	-	-	*18,983*	*18,983*	-	*18,*
Redemption of preferred stock	-	-	*(9)*	*(9)*	-	-	*(224,991)*	*(225,000)*	-	*(22*
Redemption/conversion of noncontrolling interests	-	-	-	-	-	-	*592*	*592*	*(66,013)*	*(65*
Balance, December 31, 2017	*(761,337)*	*(1,480)*	*41*	*41*	*425,646*	*4,256*	*6,152,764*	*5,394,244*	*127,903*	*5,5*
Impact of change in accounting principles										
ASU 2017-05 (1)	*8,098*	-	-	-	-	-	-	*8,098*	-	*8,0*
ASU 2016-01 (1)	*(1,136)*	*1,136*	-	-	-	-	-	-	-	-
Balance, January 1, 2018, as adjusted	*(754,375)*	*(344)*	*41*	*41*	*425,646*	*4,256*	*6,152,764*	*5,402,342*	*127,903*	*5,5*
Contributions/deemed contributions from noncontrolling interests	-	-	-	-	-	-	-	-	*109*	*10*
Comprehensive income:										
Net income	*497,795*	-	-	-	-	-	-	*497,795*	*668*	*49*
Other comprehensive income:										

Change in unrealized value on interest rate swaps	-	*344*	-	-	-	-	-	*344*	-	*34*
Redeemable noncontrolling interests income	-	-	-	-	-	-	-	-	*(373)*	*(37*
Dividends declared to common and preferred shares	*(531,127)*	-	-	-	-	-	-	*(531,127)*	-	*(53*
Distributions to noncontrolling interests	-	-	-	-	-	-	-	-	*(2,663)*	*(2,*
Issuance of common stock	-	-	-	-	*1,101*	*11*	*(11)*	-	-	-
Issuance of preferred stock	-	-	*2*	*2*	-	-	*33,112*	*33,114*	-	*33,*
Repurchase of common stock	-	-	-	-	*(5,100)*	*(51)*	*(75,075)*	*(75,126)*	-	*(75*
Surrender of restricted stock	-	-	-	-	*(300)*	*(3)*	*(4,357)*	*(4,360)*	-	*(4,*
Exercise of common stock options	-	-	-	-	*42*	*1*	*591*	*592*	-	*59*
Amortization of equity awards	-	-	-	-	-	-	*16,548*	*16,548*	-	*16,*
Acquisition/deconsolidation of noncontrolling interests	-	-	-	-	-	-	*1,203*	*1,203*	*(48,395)*	*(47*
Adjustment of redeemable noncontrolling interests to estimated fair value	-	-	-	-	-	-	*(7,521)*	*(7,521)*	-	*(7,*
Balance, December 31, 2018	$*(787,707)*	$-	*43*	$*43*	*421,389*	$*4,214*	$*6,117,254*	$*5,333,804*	$*77,249*	$*5,4*

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

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

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year Ended December 31,		
	2018	**2017**	**2016**
Cash flow from operating activities:			
Net income	$498,463	$439,671	$386,138
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	310,380	360,811	355,320
Impairment charges	79,207	67,331	93,266
Deferred taxes	-	807	55,068
Early extinguishment of debt charges	12,762	1,753	45,674
Equity award expense	18,221	21,563	19,071
Gain on sale of operating properties, net	(229,840)	(93,538)	(92,823)
Gain on change in control of joint venture interests	-	(71,160)	(57,386)
Equity in income of joint ventures, net	(71,617)	(60,763)	(218,714)
Equity in income from other real estate investments, net	(29,100)	(67,001)	(27,773)
Distributions from joint ventures and other real estate investments	104,626	58,189	90,589
Change in accounts and notes receivable	5,229	(7,934)	(6,571)
Change in accounts payable and accrued expenses	(9,175)	4,417	(7,886)
Change in Canadian withholding tax receivable	-	12,996	23,571
Change in other operating assets and liabilities	(51,220)	(52,961)	(65,448)
Net cash flow provided by operating activities	637,936	614,181	592,096
Cash flow from investing activities:			
Acquisition of operating real estate and other related net assets	(5,407)	(153,854)	(203,190)
Improvements to operating real estate	(290,874)	(206,800)	(143,489)
Acquisition of real estate under development	(4,592)	(10,010)	(51,588)
Improvements to real estate under development	(235,988)	(160,257)	(72,759)
Investment in marketable securities	(63)	(9,822)	(2,466)
Proceeds from sale of marketable securities	957	3,146	1,937
Investments in and advances to real estate joint ventures	(36,139)	(35,291)	(86,453)
Reimbursements of investments and advances to real estate joint ventures	21,127	55,839	71,656
Distributions from liquidation of real estate joint ventures	-	-	138,475
Return of investment from liquidation of real estate joint ventures	-	-	191,902
Investment in other real estate investments	(524)	(666)	(233)
Reimbursements of investments and advances to other real estate investments	12,878	40,709	11,019
Investment in other financing receivable	(125)	-	-
Collection of mortgage loans receivable	22,299	1,405	921
Investment in other investments	(857)	-	-

Reimbursements of other investments	-	-	500
Proceeds from sale of operating properties	754,731	181,321	304,600
Proceeds from sale of development properties	-	-	4,551
Proceeds from insurance casualty claims	16,222	-	-
Net cash flow provided by/(used for) investing activities	253,645	(294,280)	165,383
Cash flow from financing activities:			
Principal payments on debt, excluding normal amortization of rental property debt	(204,746)	(687,117)	(700,853)
Principal payments on rental property debt	(13,113)	(15,186)	(19,039)
Proceeds from mortgage and construction loan financings	50,972	206,000	-
Proceeds/(repayments) under the unsecured revolving credit facility, net	92,254	(17,143)	26,445
Proceeds from issuance of unsecured notes	-	1,250,000	1,400,000
Repayments under unsecured notes/term loan	(315,095)	(550,000)	(1,261,850)
Payment of early extinguishment of debt charges	(13,308)	(2,631)	(45,674)
Change in other financing liablities	(4,528)	911	1,367
Contributions from noncontrolling interests	109	1,422	-
Redemption/distribution of noncontrolling interests	(6,660)	(96,599)	(12,594)
Dividends paid	(529,756)	(506,172)	(474,045)
Proceeds from issuance of stock, net	33,705	440,946	307,395
Redemption of preferred stock	-	(225,000)	-
Repurchase of common stock	(75,126)	-	-
Financing origination costs	(1,221)	(23,305)	(25,679)
Net cash flow used for financing activities	(986,513)	(223,874)	(804,527)
Net change in cash and cash equivalents	(94,932)	96,027	(47,048)
Cash and cash equivalents, beginning of year	238,513	142,486	189,534
Cash and cash equivalents, end of year	$143,581	$238,513	$142,486
Interest paid during the year including payment of early extinguishment of debt charges of $13,308, $2,631 and $45,674, respectively (net of capitalized interest of $17,549, $14,480 and $5,618, respectively)	$199,701	$192,155	$252,482
Income taxes paid/(received) during the year (net of refunds received of $1,007, $16,118 and $113,934, respectively)	$514	$(14,456)	$6,090

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

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. Summary of Significant Accounting Policies:

Business and Organization

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

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

Basis of Presentation

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

Use of Estimates

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

Reclassifications

Certain amounts in the prior period have been reclassified in order to conform with the current period’s presentation. In conjunction with the adoption of Accounting Standard Update (“ASU”) *2014-09* discussed below, the Company reclassified *$247.6* million and *$239.0* million to Reimbursement income and *$23.6* million and *$20.0* million to Other rental property income from Revenues from rental properties on the Company’s Consolidated Statements of Income for the years ended *December 31, 2017* and *2016,* respectively. The Company reclassified *$26.8* million and *$30.5* 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 Consolidated Statements of Income for the years ended *December 31, 2017* and *2016,* respectively. In addition, in accordance with the SEC’s Disclosure Update and Simplification release, dated *August 18, 2018,* the Company moved the Gains on sale of operating properties/change in control of interests line on the Company’s Consolidated Statements of Income within Operating income and as a result reclassified *$6.0* million from Gain on sale of operating properties/change in control of interests to (Provision)/benefit for income taxes, net on the Company’s Consolidated Statements of Income for the year ended *December 31, 2016.*

Subsequent Events

The Company has evaluated subsequent events and transactions for potential recognition or disclosure in its consolidated financial statements.

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

Real Estate

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

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

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

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

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

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

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

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

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

Real Estate Under Development

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

Investments in Unconsolidated Joint Ventures

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

The Company's joint ventures and other real estate investments primarily consist of co-investments with institutional and other joint venture partners in open-air shopping center properties, consistent with its core business. These joint ventures typically obtain non-recourse *third*-party financing on their property investments, thus contractually limiting the Company's exposure to losses primarily to the amount of its equity investment; and due to the lender's exposure to losses, a lender typically will require a minimum level of equity in order to mitigate its risk. The Company, on a limited selective basis, has obtained unsecured financing for certain joint ventures. These unsecured financings *may* be guaranteed by the Company with guarantees from the joint venture partners for their proportionate amounts of any

guaranty payment the Company is obligated to make. As of *December 31, 2018,* the Company did *not* guaranty any unsecured joint venture debt.

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

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

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

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

Other Real Estate Investments and Other Assets

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

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

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

Other assets include investments for which the Company applies the cost method of accounting. The Company recognizes as income distributions from net accumulated earnings of the investee since the date of acquisition. The net accumulated earnings of an investee subsequent to the date of investment are recognized by the Company only to the extent distributed by the investee. Distributions received in excess of earnings subsequent to the date of investment are considered a return of investment and are recorded as reductions of cost of the investment. For the periods presented, there have been no events or changes in circumstances that may have a significant adverse effect on the fair value of the Company's cost-method investments. Other assets include the Company's investment in Albertsons Companies, Inc, an owner/operator of grocery stores. The Company accounts for this investment under the cost method of accounting, as it does not have significant influence over this investment (See Footnote 8 of the Notes to the Consolidated Financial Statements).

Mortgages and Other Financing Receivables

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

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

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

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

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

Cash and Cash Equivalents

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

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 recognizes changes in the fair value of equity investments with readily determinable fair values in net income. Previously, changes in fair value of the Company's available-for-sale marketable securities were recognized in Accumulated other comprehensive loss ("AOCI") on the Company's Consolidated Balance Sheets. 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 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 Consolidated Statements of Changes in Equity.

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

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

Deferred Leasing Costs

Costs incurred in obtaining tenant leases, included in deferred charges and prepaid expenses in the accompanying Consolidated Balance Sheets, are capitalized and amortized on a straight-line basis, over the terms of the related leases, as applicable. Such capitalized costs include salaries, lease incentives and related costs of personnel directly involved in successful leasing efforts. Deferred leasing costs are classified as operating activities on the Company's Consolidated Statements of Cash Flows.

Effective *January 1, 2019,* in accordance with the adoption of ASU *2016-02, Leases (Topic 842)* ("ASU *2016-02"*), indirect internal leasing costs previously capitalized will be expensed. However, external leasing costs will continue to be capitalized. Previously, capitalized indirect internal leasing costs were recognized in Other assets, on the Company's Consolidated Balance Sheets and upon adoption of ASU *2016-02* will be recognized in net income.

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

Software Development Costs

Expenditures for major software purchases and software developed for internal use are capitalized and amortized on a straight-line basis generally over a *three* to *five*-year period. The Company's policy provides for the capitalization of external direct costs of materials and services associated with developing or obtaining internal use computer software. In addition, the Company also capitalizes certain payroll and payroll-related costs for employees who are directly associated with internal use computer software projects. The amount of payroll costs that can be capitalized with respect to these employees is limited to the time directly spent on such projects. Costs associated with preliminary project stage activities, training, maintenance and all other post-implementation stage activities are expensed as incurred. As of *December 31, 2018* and *2017,* the Company had unamortized software development costs of *$4.3* million and *$6.2* million, respectively, which is included in Other assets on the Company's Consolidated Balance Sheets. The Company expensed *$5.3* million, *$4.6* million and *$8.0* million in amortization of software development costs during the years ended *December 31, 2018, 2017* and *2016,* respectively.

Deferred Financing Costs

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

Revenue, Trade Accounts Receivable and Gain Recognition

On *January 1, 2018,* the Company adopted ASU *2014-09, Revenue from Contracts with Customers (Topic 606)*, ("Topic *606"*) using the modified retrospective method applying it to any open contracts as of *January 1, 2018,* for which the Company did *not* identify any open contracts. The Company also utilized the practical expedient for which the Company was *not* required to restate revenue from contracts that began and were completed within the same annual reporting period. Results for reporting periods beginning after *January 1, 2018,* are presented under Topic *606,* while prior period amounts are *not* adjusted and continue to be reported in accordance with our historic accounting under Revenue Recognition (Topic *605*). The new guidance provides a unified model to determine how revenue is recognized. To determine the proper amount of revenue to be recognized, the Company performs the following steps:

(i) identify the contract with the customer, (ii) identify the performance obligations within the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations and (v) recognize revenue when (or as) a performance obligation is satisfied. As of *December 31, 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 is derived from property 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 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 an existing lease agreement and has vacated the leased space. 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 asset or liability is amortized to rental income over the estimated remaining term of the respective leases, which includes the expected renewal option period for below-market leases.

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

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 Company plans to elect the lessor practical expedient upon the effective date of ASU *2016-02.* Under this expedient the Company anticipates combining the lease components and non-lease components (CAM) and such will account for the for the combined components under ASU *2016-02.* See New Accounting Pronouncements below for further details.

Other rental property income

Other rental property income totaled *$20.9* million, *$23.6* million and *$20.0* million for the years ended *December 31, 2018, 2017* and *2016,* 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, seasonal leases, etc. The majority of the revenue derived from these sources are through lease agreements/arrangements and are recognized in accordance with the lease terms described in the lease. The Company has TIF agreements with certain municipalities and receives payments in accordance with the agreements. TIF reimbursement income is recognized on a cash-basis when received.

Management and other fee income

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

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

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

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

Trade Accounts Receivable

The Company makes estimates of the uncollectable trade accounts receivables related to base rents, straight-line rent, expense reimbursements and other revenues. The Company analyzes accounts receivable and historical bad debt levels, customer credit worthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts. In addition, tenants in bankruptcy are analyzed and estimates are made in connection with the expected recovery of pre-petition and post-petition claims. The Company's reported net earnings are directly affected by management's estimate of the collectability of trade accounts receivable.

Accounts and notes receivable in the accompanying Consolidated Balance Sheets are net of estimated unrecoverable amounts of *$10.3* million and *$9.2* million of billed accounts receivable and *$10.2* million and *$7.9* million of straight-line rent receivable at *December 31, 2018* and *2017,* respectively.

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

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 Consolidated Statements of Changes in Equity and an adjustment to Investments in and advances to real estate joint ventures on the Company’s Consolidated Balance Sheets. As of *December 31, 2017,* the Company had aggregate net deferred gains of *$8.1* million relating to partial disposals of *two* operating real estate properties prior to the adoption of ASU *2017-05,* of which *$6.9* million was included in Investments in and advances to real estate joint ventures and *$1.2* million was included in Other liabilities on the Company’s Consolidated Balance Sheets. The Company had deferred these gains in accordance with prior guidance due to its continuing involvement in the entities which acquired the operating real estate properties.

During the year ended *December 31, 2018,* the Company sold a portion of its investment in an operating property to its partner and amended the partnership agreement to provide for joint control of the entity. As a result of the amendment, the Company *no* longer consolidates the entity and recognized a gain on change in control of *$6.8* million, in accordance with the adoption of ASU *2017-05* (See Footnote *5* to the Notes to the Company’s Consolidated Financial Statements for additional disclosure regarding disposals), which is included in Gain on sale of operating properties/change in control of interests on the Company’s Consolidated Statements of Income.

Income Taxes

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

Additionally, in connection with the Tax Relief Extension Act of *1999* (the "RMA"), which became effective *January 1, 2001,* the Company is permitted to participate in activities which it was precluded from previously in order to maintain its qualification as a REIT, so long as these activities are conducted in entities which elect to be treated as taxable REIT subsidiaries (“TRS”) under the Code, subject to certain limitations. Certain subsidiaries of the Company have made a joint election with the Company to be treated as TRSs. A TRS is subject to federal and state income taxes on its income, and the Company includes a provision for taxes in its consolidated financial statements. As such, the Company, through its wholly-owned TRS, has been engaged in various retail real estate related opportunities including retail real estate management and disposition services which primarily focuses on leasing and disposition strategies of retail real estate controlled by both healthy and distressed and/or bankrupt retailers. The Company *may* consider other investments through its TRS should suitable opportunities arise. The Company is subject to and also includes in its tax provision non-U.S. income taxes on certain investments located in jurisdictions outside the U.S. These investments are held by the Company at the REIT level and *not* in the Company’s 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.

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

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

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

Foreign Currency Translation and Transactions

Assets and liabilities of the Company's foreign operations, where it has been determined that the local currency is the functional currency, are translated using year-end exchange rates, and revenues and expenses are translated using exchange rates as determined throughout the year. Gains or losses resulting from translation are included in AOCI, as a separate component of the Company's stockholders' equity. Gains or losses resulting from foreign currency transactions are translated to local currency at the rates of exchange prevailing at the dates of the transactions. The effect of the transaction's gain or loss is included in the caption Other (expense)/income, net in the Consolidated Statements of Income. The Company is required to release cumulative translation adjustment ("CTA") balances into earnings when the Company has substantially liquidated its investment in a foreign entity. As of *December 31, 2018,* the Company had substantially liquidated its investments in Mexico and exited South America and Canada.

Noncontrolling Interests

The Company accounts for noncontrolling interests in accordance with the Consolidation guidance and the Distinguishing Liabilities from Equity guidance issued by the FASB. Noncontrolling interests represent the portion of equity that the Company does *not* own in those entities it consolidates. The Company identifies its noncontrolling

interests separately within the equity section on the Company’s Consolidated Balance Sheets. The amounts of consolidated net earnings attributable to the Company and to the noncontrolling interests are presented separately on the Company’s Consolidated Statements of Income.

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

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

Contingently redeemable noncontrolling interests are recorded at fair value upon issuance. Any change in the fair value or redemption value of these noncontrolling interests is subsequently recognized through Paid-in capital on the Company’s Consolidated Balance Sheets and is included in the Company’s computation of earnings per share (See Footnote 23 of the Notes to the Consolidated Financial Statements).

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

Stock Compensation

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

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

New Accounting Pronouncements

The following table represents ASUs to the FASB's ASC that, as of the year ended *December 31, 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 *2018-17,* Consolidation (Topic *810*) – Targeted Improvements to Related Party Guidance for Variable Interest Entities	The amendment to Topic *810* clarifies the following areas: (i) Applying the variable interest entity (VIE) guidance to private companies under common control, and (ii) Considering indirect interests held through related parties under common control, and for determining whether fees paid to decision makers and service providers are variable interests. This update improves the accounting for those areas, thereby improving general purpose financial reporting. Retrospective adoption is required.	*January 1, 2020;* Early adoption permitted	The adoption of this ASU is *not* expected to have a material impact on the Company's financial position and/or results of operations.
ASU *2018-15,* Intangibles – Goodwill and Other – Internal-Use Software (Subtopic *350-40*): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract	The amendment aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software.	*January 1, 2020;* Early adoption permitted	The adoption of this ASU is *not* expected to have a material impact on the Company's financial position and/or results of operations.
ASU *2018-13,* Fair Value Measurement (Topic *820*): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement	The amendment modifies the disclosure requirements for fair value measurements in Topic *820,* based on the concepts in the FASB Concepts Statement, *Conceptual Framework for Financial Reporting – Chapter 8: Notes to Financial Statements*, including the consideration of costs and benefits.	*January 1, 2020;* Early adoption permitted	The adoption of this ASU is *not* expected to have a material impact on the Company's financial position and/or results of operations.

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

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 *2018-19,* Codification Improvements to Topic *326,* Financial Instruments – Credit Losses	In *November 2018,* the FASB issued ASU *2018-19,* which includes amendments to clarify receivables arising from operating leases are within the scope of the new leases standard (Topic *842*) discussed below and align the implementation date for nonpublic entities' annual financial statements with the implementation date for their interim financial statements. Early adoption is permitted as of the original effective date.		
ASU *2016-02,* Leases (Topic *842*) ASU *2018-01,* Leases (Topic *842*): Land Easement Practical Expedient for Transition to 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	*January 1, 2019;* Early adoption permitted	The Company plans to adopt this standard using the modified retrospective approach, which requires a cumulative-effect adjustment, if any, as of the date of adoption. The Company has identified certain leases and accounting policies which it believes the adoption will impact, including its ground leases, administrative office leases, internal leasing costs and non-lease components.

ASU *2018-10,* Codification Improvements to Topic *842,* Leases ASU *2018-11,* Leases (Topic *842*): Targeted Improvements ASU *2018-20,* Leases (Topic *842*): Narrow-Scope Improvements for Lessors	similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. ASU *2016-02* supersedes the previous leases standard, Leases (Topic *840*). In *January 2018,* the FASB issued ASU *2018-01,* which includes amendments to clarify 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. In *July 2018,* the FASB issued ASU *2018-10,* which includes amendments to clarify certain aspects of the new lease standard. These amendments address the rate implicit in the lease, impairment of the net investment in the lease, lessee reassessment of lease classification, lessor reassessment of lease term and purchase options, variable payments that depend on an index or rate and certain transition adjustments. Additionally, during *July 2018,* the FASB issued ASU *2018-11,* which includes (i) an additional transition method to provide transition relief on comparative reporting at adoption and (ii) an amendment to provide lessors with a practical expedient to combine lease and non-lease components of a contract if certain criteria are met. Under the transition option, companies can opt to *not* apply the new guidance, including its disclosure requirements, in the comparative periods they present in their financial statements in the year of adoption. The practical expedient allows lessors to elect, by class of underlying asset, to combine non-lease and associated lease components when certain criteria are met and	For leases where the Company is a lessee, primarily its ground leases and administrative office leases, the Company will be required to record a right-of-use asset and a lease liability on its Consolidated Balance Sheets upon adoption. While the Company is continuing to assess the potential impact of this standard, it expects to recognize total right-of-use assets and total lease liabilities ranging from *$80.0* million to *$110.0* million upon adoption of this standard. In addition, direct internal leasing costs will continue to be capitalized, however, indirect internal leasing costs previously capitalized will be expensed. The Company expects to incur an expense relating to indirect internal leasing costs ranging from *$11.0* million to *$14.0* million during *2019.* For leases where the Company is a lessor, within the terms of certain of its leases, the Company is entitled to receive reimbursement amounts from tenants for operating expenses such as real estate taxes, insurance and other CAM. The Company plans to elect the lessor practical expedient to combine the lease and non-lease components. The Company expects that the lease components are the predominant component in the majority of its leasing arrangements and will account for the combined component as an operating lease under Topic 842. The Company will also elect to exclude lessor costs paid directly by a

requires them to account for the combined component in accordance with new revenue standard (Topic *606*) if the non-lease components are the predominant component; conversely, if a lessor determines that the lease components are the predominant component, it requires them to account for the combined component as an operating lease in accordance with new leasing standard (Topic *842*).

In *December 2018,* the FASB issued ASU *2018-20,* which includes narrow-scope improvements for lessors. The FASB amended the new leases standard to allow lessors to make an accounting policy election *not* to evaluate whether sales taxes and similar taxes imposed by a governmental authority on a specific lease revenue-producing transaction are the primary obligation of the lessor as owner of the underlying leased asset. The amendments also require a lessor to exclude lessor costs paid directly by a lessee to *third* parties on the lessor's behalf from variable payments and include lessor costs that are paid by the lessor and reimbursed by the lessee in the measurement of variable lease revenue and the associated expense. In addition, the amendments clarify that when lessors allocate variable payments to lease and non-lease components they are required to follow the recognition guidance in the new lease standard for the lease component and other applicable guidance, such as the new revenue standard, for the non-lease component.

lessee to third parties on the lessor's behalf from variable payments and include lessor costs that are paid by the lessor and reimbursed by the lessee in the measurement of variable lease revenue and the associated expense.

The Company currently does *not* believe the adoption will significantly affect the timing of the recognition of its combined lease and non-lease components.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

The following ASUs to the FASB's ASC have been adopted by the Company during the year ended *December 31, 2018:*

ASU	**Description**	**Adoption Date**	**Effect on the financial statements or other significant matters**
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.
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	*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.

	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.		
ASU *2016-01,* Financial Instruments—Overall (Subtopic *825-10*): Recognition and Measurement of Financial Assets and Financial Liabilities ASU *2018-03,* Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic *825-10*): Recognition and Measurement of Financial Assets and Financial Liabilities	The amendment addresses certain aspects of recognition, measurement, presentation and disclosure of financial instruments, including the following: (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. (ii) Simplifies the impairment assessment of those equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment (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	*January 1, 2018*	Effective as of date of adoption, changes in fair value of the Company's available-for-sale marketable securities are recognized in Other income, net on the Company's Consolidated Statements of Income. See above and Footnote *11* in the Notes to the Consolidated Financial Statements for impact from the adoption of this ASU.

	investments (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, and (v) Clarifies that a deferred asset related to available-for-sale securities should be included in an entity's evaluation for a valuation allowance. 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 *2015-14,* Revenue from Contracts with Customers (Topic *606*): Deferral of the Effective Date ASU *2016-08,* Revenue from Contracts with Customers (Topic *606*): Principal versus Agent Considerations ASU *2016-10,* Revenue from Contracts with Customers (Topic *606*): Identifying performance obligations and licensing	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. 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.* Subsequently, in *March 2016,* the FASB issued ASU *2016-08,* which further clarifies the implementation guidance on principal	*January 1, 2018*	The Company's revenue-producing contracts are primarily leases that are *not* within the scope of this standard. Common area maintenance ("CAM") reimbursement revenue, a non-lease component, falls within the scope of Topic 606. Under the practical expedient mentioned above in Topic 842, the Company will be permitted to combine its non-lease and associated lease components. If the non-lease components are the predominant component, the Company will account for the combined component in accordance with the revenue standard (Topic 606). The revenues which are within the scope of this standard include other ancillary income earned through the Company's

ASU *2016-12,* Revenue from Contracts with Customers (Topic *606*): Narrow-scope improvements and practical expedients	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. 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.		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 timing of recognition and amount of these revenues are consistent with the previous recognition and measurement. See above for impact from the adoption of this ASU.
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.	*January 1, 2018*	There was *no* impact to the Company's statement of cash flows.

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

2. Real Estate:

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

	December 31,	
	2018	**2017**
Land:		
Developed land	$*2,783,959*	$*2,971,020*
Undeveloped land	*38,732*	*48,264*
Total land	*2,822,691*	*3,019,284*
Buildings and improvements:		
Buildings	*5,697,269*	*6,047,413*
Building improvements	*1,696,440*	*1,653,581*
Tenant improvements	*730,623*	*753,501*
Fixtures and leasehold improvements	*42,635*	*45,795*
Above-market leases	*133,913*	*153,484*
In-place leases and tenant relationships	*512,235*	*577,870*
Total buildings and improvements	*8,813,115*	*9,231,644*
Real estate	*11,635,806*	*12,250,928*
Accumulated depreciation and amortization (1)	*(2,385,287*)	*(2,433,053*)
Total real estate, net	$*9,250,519*	$*9,817,875*

(1) At *December 31, 2018* and *2017,* the Company had accumulated amortization relating to in-place leases, tenant relationships and above-market leases aggregating *$466,576* and *$459,211,* respectively.

In addition, at *December 31, 2018* and *2017,* the Company had intangible liabilities relating to below-market leases from property acquisitions of *$288.4* million and *$329.3* million, respectively, net of accumulated amortization of *$196.4* million and *$184.5* million, respectively. These amounts are included in the caption Other liabilities on the Company's Consolidated Balance Sheets.

The Company's amortization associated with above-market and below-market leases for the years ended *December 31, 2018, 2017* and *2016* resulted in net increases to revenue of *$14.9* million, *$15.5* million and *$21.4* million, respectively. The Company's amortization expense associated with in-place leases and tenant relationships, which is included in depreciation and amortization, for the years ended *December 31, 2018, 2017* and *2016* was *$47.4* million, *$62.7* million and *$66.6* million, respectively.

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

	2019	2020	2021	2022	2023
Above-market and below-market leases amortization, net	$*13.4*	$*13.5*	$*13.8*	$*12.8*	$*12.5*
In-place leases and tenant relationships amortization	$*(32.4)*	$*(24.7)*	$*(19.1)*	$*(14.6)*	$*(10.9)*

3. <u>Property Acquisitions, Developments and Other Investments:</u>

Acquisition/Consolidation of Operating Properties

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

During the year ended *December 31, 2017,* the Company acquired the following operating properties, in separate transactions, through direct asset purchases or consolidation due to change in control resulting from the purchase of additional interests or obtaining control through the modification of a joint venture investment:

			Purchase Price (in thousands)				
Property Name	**Location**	**Month Acquired/ Consolidated**	**Cash***	**Debt**	**Other Consideration****	**Total**	**GLA*****
Plantation Commons	Plantation, FL (1) (3)	Jan-17	$-	$-	$ *12,300*	$*12,300*	*60*
Gordon Plaza	Woodbridge, VA (1) (3)	Jan-17	-	-	*3,100*	*3,100*	*184*
Plaza del Prado	Glenview, IL	Jan-17	*39,063*	-	-	*39,063*	*142*
Columbia Crossing Parcel	Columbia Crossing, MD	Jan-17	*5,100*	-	-	*5,100*	*25*

The District at Tustin Legacy	Tustin, CA (2) (3)	Apr-17	-	*206,000*	*98,698*	*304,698*	*688*
Jantzen Beach Center	Portland, OR	Jul-17	*131,927*	-	-	*131,927*	*722*
Del Monte Plaza Parcel	Reno, NV	Jul-17	*24,152*	-	-	*24,152*	*83*
Gateway Station Phase II	Burleson, TX	Aug-17	*15,355*	-	-	*15,355*	*79*
Jantzen Beach Center Parcel	Portland, OR	Sep-17	*6,279*	-	-	*6,279*	*25*
Webster Square Outparcel	Nashua, NH	Sep-17	*4,985*	-	-	*4,985*	*22*
Whittwood Town Center	Whittier, CA	Oct-17	*80,397*	*43,000*	-	*123,397*	*783*
123 Coulter Avenue Parcel	Ardmore, PA	Oct-17	*4,808*	-	-	*4,808*	*1*
Fulton Marketplace Parcel	Santa Rosa, CA	Nov-17	*13,162*	-	-	*13,162*	*61*
			$*325,228*	**$*249,000***	**$ *114,098***	**$*688,326***	***2,875***

* The Company utilized an aggregate *$162.4* million associated with Internal Revenue Code *§1031* sales proceeds.

** Includes the Company’s previously held equity interest investment.

*** Gross leasable area ("GLA")

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

(*1*) The Company acquired from its partners, their ownership interest in properties that were held in joint ventures in which the Company had noncontrolling interests. The Company has a controlling interest in these properties and has deemed these entities to be VIEs for which the Company is the primary beneficiary and consolidates these assets.

(*2*) Effective *April 1, 2017,* the Company and its partner amended its joint venture agreement relating to the Company's investment in this property. As a result of this amendment, the Company controls the entity and consolidates the property. This entity is deemed to be a VIE for which the Company is the primary beneficiary.

(*3*) The Company evaluated these transactions pursuant to the FASB's Consolidation guidance and as a result, recognized gains on change in control of interests resulting from the fair value adjustments associated with the Company's previously held equity interests, which are included in the purchase price above in Other Consideration. The Company's current ownership interests and gains on change in control of interests recognized as a result of these transactions are as follows (in thousands):

Property Name	**Previous Ownership Interest**		**Gain on change in control of joint venture interests**
Plantation Commons	*76.25*	%	$ *9,793*
Gordon Plaza	*40.62*	%	*395*
The District at Tustin Legacy	(a)		*60,972*
			$ *71,160*

(a) The Company's share of this investment is subject to change and is based upon a cash flow waterfall provision within the partnership agreement (*54.27%* as of date of consolidation).

Included in the Company's Consolidated Statements of Income are *$0* million, *$31.0* million and *$23.8* million in total revenues from the date of acquisition through *December 31, 2018, 2017* and *2016,* respectively, for operating properties acquired during each of the respective years.

Purchase Price Allocations

The purchase price for these acquisitions is allocated to real estate and related intangible assets acquired and liabilities assumed, as applicable, in accordance with our accounting policies for asset acquisitions. There were *no* operating property acquisitions during the year ended *December 31, 2018.* The purchase price allocations for properties acquired/consolidated during the year ended *December 31, 2017,* are as follows (in thousands):

	Allocation as of December 31, 2017	**Weighted-Average Amortization Period (in Years)**
Land	$ *255,715*	*n/a*
Buildings	*379,148*	*50.0*
Building improvements	*46,613*	*41.5*
Tenant improvements	*14,520*	*7.2*
In-place leases	*56,200*	*7.2*
Above-market leases	*12,197*	*7.8*
Below-market leases	*(77,027*)	*29.5*
Mortgage fair value adjustment	*(8,521*)	*1.3*
Tax increment financing (TIF) contracts	*8,342*	*19.0*
Other assets	*5,090*	*n/a*
Other liabilities	*(3,951*)	*n/a*
Net assets acquired/consolidated	$ *688,326*	

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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KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

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 *$30.3* million. As of *December 31, 2018,* the Company has collected property insurance proceeds totaling *$20.2* million to date, which exceeds the *$16.0* million previously written off due to property damage by *$4.2* million. As a result, the Company recognized this excess as income included in Other income, net on the Company's Consolidated Statements of Income for the year ended *December 31, 2018.*

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 an extended period of indemnity which provides business interruption coverage in the event the properties have *not* fully recovered from the storm. During *2018* and *2017,* the Company collected business interruption claims totaling *$2.8* million and *$1.6* million, respectively, from its insurance provider. Although the Company has primarily recovered its business interruption insurance claims, it will continue to assess and process any future business interruption claims for the extended period of indemnity and will submit insurance claims for its losses, if any, under its business interruption insurance policy.

4. Real Estate Under Development:

The Company is engaged in various real estate development projects for long-term investment. As of *December 31, 2018,* the Company had *two* active real estate development projects and *one* additional project held for future development. The costs incurred to date for these projects are as follows (in thousands):

		December 31,	
Property Name	**Location**	**2018**	**2017**
Dania Pointe (1)	Dania Beach, FL	$ *152,111*	$ *152,841*
Mill Station	Owings Mills, MD	*55,771*	*34,347*
Promenade at Christiana (2)	New Castle, DE	*33,502*	*32,875*
Grand Parkway Marketplace (3)	Spring, TX	-	*43,403*
Lincoln Square (4)		-	*90,479*

	Philadelphia, PA		
Avenues Walk (5)	Jacksonville, FL	-	*48,573*
Total*		$ *241,384*	$ *402,518*

* Includes capitalized costs of interest, real estate taxes, insurance, legal costs and payroll of *$24.9* million and *$27.7* million, as of *December 31, 2018* and *2017,* respectively.

(*1*) During *2018,* the Company acquired a parcel adjacent to this development project for a purchase price of *$4.6* million. Effective *December 31, 2018,* the first phase of this development project, aggregating *$129.7* million (including capitalized costs of *$8.9* million), were placed in service and reclassified into Land and Building and improvements on the Company's Consolidated Balance Sheets. The remaining portion of the project consists of a mixed-use development project.

(*2*) Project to be developed in the future.

(*3*) During *2017,* the Company sold a land parcel at this development project for a sales price of *$2.9* million. In addition, effective *September 30, 2018,* this development project, aggregating *$47.4* million (including capitalized costs of *$5.2* million), was placed in service and reclassified into Land and Building and improvements on the Company's Consolidated Balance Sheets.

(*4*) During *2017,* KIM Lincoln, LLC ("KIM Lincoln"), a wholly owned subsidiary of the Company, and Lincoln Square Property, LP ("Lincoln Member") entered into a joint venture agreement wherein KIM Lincoln has a *90%* controlling interest and Lincoln Member has a *10%* noncontrolling interest (see Footnote 14). The joint venture acquired land parcels in Philadelphia, PA to be held for development for a gross purchase price of *$10.0* million. Based upon the Company's intent to develop the property, the Company allocated the gross purchase price to Real estate under development on the Company's Consolidated Balance Sheets. This joint venture is accounted for as a consolidated VIE (see Footnote *9*). Effective *December 31, 2018,* this development project, aggregating *$161.5* million (including capitalized costs of *$7.1* million), was placed in service and reclassified into Land and Building and improvements on the Company's Consolidated Balance Sheets.

(*5*) During *2018,* the Company reclassified this project to Land on the Company's Consolidated Balance Sheets, as it is *no* longer anticipated to be developed and will be marketed for sale as is. The as is value, estimated fair value, was below the carrying value and as such, the Company recorded an impairment charge of *$37.8* million during the year ended *December 31, 2018 (see Footnote 6).*

During *2018* and *2017,* the Company capitalized (i) interest of *$13.9* million and *$11.0* million, respectively, (ii) real estate taxes, insurance and legal costs of *$2.6* million and *$5.7* million, respectively, and (iii) payroll of *$1.9* million and *$3.3* million, respectively, in connection with these real estate development projects.

5. <u>Dispositions of Real Estate</u> <u>and Assets Held-for-Sale</u>:

Operating Real Estate

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

	Year Ended December 31,		
	2018	**2017**	**2016**
Aggregate sales price/gross fair value	$*1,164.3*	$*352.2*	$*378.7*
Gain on sale of operating properties/change in control of interests	$*229.8*	$*93.5*	$*92.8*
Impairment charges	$*19.7*	$*17.1*	$*37.2*
Number of operating properties sold/deconsolidated	*54*	*25*	*30*
Number of out-parcels sold	*7*	*9*	*2*

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

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

Land Sales

During *2018* and *2016,* the Company sold *10* and *six* land parcels, respectively, for an aggregate sales price of *$9.7* million and *$3.9* million, respectively. These transactions resulted in an aggregate gain of *$6.3* million and *$1.9* million, before income tax expense and noncontrolling interest for the years ended *December 31, 2018* and *2016,* respectively. The gains from these transactions are recorded as other income, which is included in Other income, net on the Company's Consolidated Statements of Income.

Held-for-Sale

At *December 31, 2018,* the Company had *two* consolidated properties classified as held-for-sale at an aggregate carrying amount of *$17.2* million, net of accumulated depreciation of *$5.5* million, which are included in Other assets on the Company's Consolidated Balance Sheets. The Company's determination of the fair value of the properties was based upon executed contracts of sale with *third* parties, which are in excess of the carrying values of the properties.

At *December 31, 2017,* the Company had *three* consolidated properties classified as held-for-sale at an aggregate carrying amount of *$22.4* million, net of accumulated depreciation of *$16.8* million, which are included in Other assets on the Company's Consolidated Balance Sheets. The Company's determination of the fair value of the properties was based upon executed contracts of sale with *third* parties, which are in excess of the carrying values of the

properties.

6. Impairments:

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

The Company's efforts to market certain assets and management's assessment as to the likelihood and timing of such potential transactions and/or the property hold period resulted in the Company recognizing impairment charges for the years ended *December 31, 2018, 2017* and *2016* as follows (in millions):

	2018	2017	2016
Properties marketed for sale (1) (2)	$*59.5*	$*34.0*	$*28.6*
Properties disposed	19.7	*17.1*	*37.2*
Properties held and used (3)	-	*16.2*	*27.5*
Total gross property impairment charges* (4)	*79.2*	*67.3*	*93.3*
Noncontrolling interests	-	-	*(0.4*)
Benefit for income taxes	-	-	*(21.1*)
Total net impairment charges	$*79.2*	$*67.3*	$*71.8*

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

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

(*2*) During *December 2018,* the Company recognized an impairment charge of *$41.0* million related to a development project located in Jacksonville, FL, for which the Company *no* longer intends to develop. The Company's intent is to now market the property as is for sale during *2019.* The Company's decision to discontinue this development project was primarily based upon the expectation of increases in estimated costs to complete the project and unfavorable market conditions which would have a negative impact on the Company's return on its investment. In addition, the Company believes its capital allocation to other projects within its portfolio, which are located within major metro markets, offer a better opportunity for growth and would provide greater value to the Company.

(*3*) During *2017,* the Company recognized an impairment charge of *$16.2* million related to a property for which the Company had re-evaluated its long-term plan for the property due to unfavorable local market conditions.

(*4*) During *2016,* the Company recognized aggregate impairment charges of *$93.3* million, before an income tax benefit of *$21.1* million and noncontrolling interests of *$0.4* million, primarily related to sale of certain operating properties and certain properties maintained in the Company's TRS for which the hold period was re-evaluated in connection with the Merger (see Footnote *21* of the Notes to Consolidated Financial Statements for additional disclosure) and adjustments to property carrying values 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 and the anticipated hold period for such properties.

In addition to the impairment charges above, the Company recognized pretax impairment charges during *2018, 2017* and *2016* of *$6.9* million, *$4.8* million, and *$15.0* million, respectively, relating to certain properties held by various unconsolidated joint ventures in which the Company holds noncontrolling interests. These impairment charges are included in Equity in income of joint ventures, net on the Company's Consolidated Statements of Income (see Footnote *7* of the Notes to Consolidated Financial Statements).

The Company will continue to assess the value of its assets on an on-going basis. Based on these assessments, the Company *may* determine that *one* or more of its assets *may* be impaired and would therefore write-down its carrying basis accordingly.

7. Investment in and Advances to Real Estate Joint Ventures:

The Company and its subsidiaries have investments in and advances to various real estate joint ventures. These joint ventures are engaged primarily in the operation of shopping centers which are either owned or held under long-term operating leases. The Company and the joint venture partners have joint approval rights for major decisions, including those regarding property operations. As such, the Company holds noncontrolling interests in these joint ventures and accounts for them under the equity method of accounting. The table below presents unconsolidated joint venture investments for which the Company held an ownership interest at *December 31, 2018* and *2017* (in millions, except number of properties):

Joint Venture	Ownership Interest	The Company's Investment As of December 31, 2018	2017
Prudential Investment Program ("KimPru" and "KimPru II") (1) (2) (3)	*15.0%*	$*175.2*	$*179.5*
Kimco Income Opportunity Portfolio ("KIR") (2)	*48.6%*	*167.2*	*154.1*
Canada Pension Plan Investment Board ("CPP") (2)	*55.0%*	*135.0*	*105.0*
Other Joint Venture Programs (3) (4)	*Various*	*93.5*	*45.3*
Total*		**$*570.9***	**$*483.9***

* Representing *109* property interests and *23.2* million square feet of GLA, as of *December 31, 2018,* and *118* property interests and *23.5* million square feet of GLA, as of *December 31, 2017.*

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

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

(*3*) 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 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 Consolidated Statements of Changes in Equity. See Footnote *1* to the Notes to the Company's Consolidated Financial Statements for further detail and discussion.

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

(*4*) During *March 2018,* the Company sold a portion of its investment in an operating property to its partner and amended the partnership agreement to provide for joint control of the entity. As a result of the amendment, the Company *no* longer consolidates the entity. As of the date of deconsolidation, the Company had an investment in this unconsolidated property of *$62.4* million. See Footnote *5* to the Notes to the Company's Consolidated Financial Statements for further detail and discussion.

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

	Year Ended December 31,		
	2018	**2017**	**2016**
KimPru and KimPru II	$*15.2*	$*13.0*	$*16.4*
KIR	*38.7*	*36.7*	*44.0*
CPP	*5.1*	*7.2*	*7.7*
Other Joint Venture Programs (1) (2) (3) (4)	*12.6*	*3.9*	*150.6*
Total	**$*71.6***	**$*60.8***	**$*218.7***

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

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

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

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

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

During *2017,* certain of the Company's real estate joint ventures disposed of or transferred interest to joint venture partners in *13* operating properties and a portion of *one* property, in separate transactions, for an aggregate sales price of *$180.8* million. These transactions resulted in an aggregate net gain to the Company of *$7.5* million, for the year ended *December 31, 2017.* In addition, during *2017,* the Company acquired a controlling interest in *three* operating properties from certain joint ventures, in separate transactions, with an aggregate gross fair value of *$320.1* million. See Footnote *3* of the Notes to Consolidated Financial Statements for the operating properties acquired by the Company.

During *2016,* certain of the Company's real estate joint ventures disposed of or transferred interest to joint venture partners in *45* operating properties and *one* land parcel, in separate transactions, for an aggregate sales price of *$1.1* billion. These transactions resulted in an aggregate net gain to the Company of *$151.2* million, before income taxes, for the year ended *December 31, 2016.* In addition, during *2016,* the Company acquired a controlling interest in *nine* operating properties and *one* development project from certain joint ventures, in separate transactions, with an aggregate gross fair value of *$590.1* million.

The table below presents debt balances within the Company's unconsolidated joint venture investments for which the Company held noncontrolling ownership interests at *December 31, 2018* and *2017* (dollars in millions):

	December 31, 2018			**December 31, 2017**		
Joint Venture	**Mortgages and Notes Payable, Net**	**Weighted Average Interest Rate**	**Weighted Average Remaining Term (months)***	**Mortgages and Notes Payable, Net**	**Weighted Average Interest Rate**	**Weighted Average Remaining Term (months)***
KimPru and KimPru II	$*572.6*	*4.29* %	*49.0*	$*625.7*	*3.59* %	*59.8*
KIR	*651.4*	*4.43* %	*40.4*	*702.0*	*4.60* %	*47.5*
CPP	*84.4*	*3.85* %	*54.0*	*84.9*	*2.91* %	*4.0*
Other Joint Venture Programs	*474.2*	*4.26* %	*78.6*	*287.6*	*4.41* %	*27.2*
Total	**$*1,782.6***			**$*1,700.2***		

* Average remaining term includes extensions

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

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

	December 31,	
	2018	**2017**
Assets:		
Real estate, net	$*3,574.1*	$*3,402.1*
Other assets	*227.0*	*208.9*
	$*3,801.1*	$*3,611.0*
Liabilities and Partners’/Members’ Capital:		
Notes payable, net	$*272.7*	$*233.1*
Mortgages payable, net	*1,509.9*	*1,467.1*
Other liabilities	*62.4*	*52.5*
Noncontrolling interests	*16.8*	*15.5*
Partners’/Members’ capital	*1,939.3*	*1,842.8*
	$*3,801.1*	$*3,611.0*

	Year Ended December 31,		
	2018	**2017**	**2016**
Revenues	$*506.3*	$*516.0*	$*597.5*
Operating expenses	*(146.1*)	*(150.7*)	*(178.1*)
Impairment charges	*(20.7*)	*(12.9*)	*(38.6*)
Depreciation and amortization	*(122.5*)	*(116.1*)	*(138.1*)
Gain on sale of operating properties	*60.3*	*26.0*	*296.2*
Interest expense	*(80.1*)	*(81.9*)	*(117.3*)
Other (expense)/income, net	*(4.4*)	*(3.0*)	*20.1*
Net income	$*192.8*	$*177.4*	$*441.7*

Other liabilities included in the Company’s accompanying Consolidated Balance Sheets include accounts with certain real estate joint ventures totaling *$2.5* million and *$2.1* million at *December 31, 2018* and *2017,* respectively. The Company and its subsidiaries have varying equity interests in these real estate joint ventures, which *may* differ from their proportionate share of net income or loss recognized in accordance with GAAP.

The Company's maximum exposure to losses associated with its unconsolidated joint ventures is primarily limited to its carrying value in these investments. Generally, such investments contain operating properties and the Company has determined these entities do *not* contain the characteristics of a VIE. As of *December 31, 2018* and *2017,* the Company's carrying value in these investments was *$570.9* million and *$483.9* million, respectively.

8. 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 *December 31, 2018,* the Company's net investment under the Preferred Equity program was *$176.3* million relating to *285* properties, including *273* net leased properties which are accounted for as direct financing leases. For the year ended *December 31, 2018,* the Company earned *$28.8* million from its preferred equity investments, including *$10.6* million in profit participation earned from six capital transactions. As of *December 31, 2017,* the Company's net investment under the Preferred Equity program was *$201.9* million relating to *357* properties, including *344* net leased properties which are accounted for as direct financing leases. For the year ended *December 31, 2017,* the Company earned *$32.2* million from its preferred equity investments, including *$14.8* million of cumulative foreign currency translation gain recognized as a result of the substantial liquidation of the Company's investments in Canada during *2017.*

As of *December 31, 2018,* these preferred equity investment properties had non-recourse mortgage loans aggregating *$298.9* million (excluding fair market value of debt adjustments aggregating *$15.1* million). These loans have scheduled maturities ranging from *six* months to *six* years and bear interest at rates ranging from *4.19%* to *10.47%.* Due to the Company's preferred position in these investments, the Company's share of each investment is subject to fluctuation and is dependent upon property cash flows. The Company's maximum exposure to losses associated with its preferred equity investments is primarily limited to its invested capital.

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

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

	December 31,	
	2018	**2017**
Assets:		
Real estate, net	$ *110.4*	$ *142.3*
Other assets	*578.8*	*581.2*
	$ *689.2*	$ *723.5*
Liabilities and Partners’/Members’ Capital:		
Mortgages payable, net	$ *314.0*	$ *381.9*
Other liabilities	*3.0*	*6.0*
Partners’/Members’ capital	*372.2*	*335.6*
	$ *689.2*	$ *723.5*

	Year Ended December 31,		
	2018	**2017**	**2016**
Revenues	$ *77.0*	$ *75.4*	$ *102.6*
Operating expenses	*(15.5)*	*(14.7)*	*(27.4)*
Depreciation and amortization	*(4.3)*	*(4.6)*	*(6.7)*
Gain on sale of operating properties	*1.9*	*4.3*	*5.3*
Interest expense	*(16.9)*	*(20.4)*	*(26.7)*
Other expense, net	*(8.2)*	*(5.9)*	*(11.5)*
Net income	$ *34.0*	$ *34.1*	$ *35.6*

Kimsouth (Albertsons) –

Kimsouth Realty Inc. (“Kimsouth”) is a wholly-owned subsidiary of the Company. KRS AB Acquisition, LLC (the “ABS Venture”) was a subsidiary of Kimsouth that had a combined *14.35%* noncontrolling interest (of which the Company held *9.8%* and the *two* other noncontrolling members in the partnership, including Colony NorthStar, Inc. (“Colony NorthStar”) held a *4.3%* ownership interest), in AB Acquisition, LLC (“AB Acquisition”). AB Acquisition was a joint venture which owned grocery operators Albertsons LLC (“Albertsons”), NAI Group Holdings Inc. (“NAI”) and Safeway Inc. (“Safeway”). The Company held a controlling interest in the ABS Venture and consolidated this entity.

During *June 2017,* the Company and ABS Venture received an aggregate cash distribution of *$34.6* million from Albertsons, of which the Company's combined share was *$23.7* million with the remaining *$10.9* million distributed to the *two* noncontrolling interest members in the ABS Venture. This distribution exceeded the Company's carrying basis in its Albertson's investment and as such was recognized as income and is included in Equity in income from other real estate investments, net on the Company's Consolidated Statements of Income.

During *December 2017,* Albertsons, NAI and Safeway were merged into a single corporate entity Albertsons Companies, Inc. ("ACI"). In addition, the Company liquidated the ABS Venture, its consolidated partnership with Colony NorthStar and its other noncontrolling member, which held investments in Albertsons, NAI and Safeway. As a result of these transactions, the Company owns *9.74%* of the common stock of ACI through *two* newly formed wholly-owned partnerships and accounts for this investment on the cost method. The liquidation of the ABS Venture resulted in the elimination of the previous noncontrolling member's, including Colony NorthStar's noncontrolling interest of *$64.9* million, and a corresponding reduction in other assets to reflect the Company's net investment in ACI of *$140.2* million. The Company's net investment in ACI is included in Other assets on the Company's Consolidated Balance Sheets. The previous *two* noncontrolling members own their respective interests in ACI directly and are *no* longer in a joint venture partnership with the Company. As of December 31, 2018, there were no identified events or changes in circumstances that may have a significant adverse effect on the fair value of this cost method investment.

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

9. Variable Interest Entities (“VIE”):

Included within the Company’s operating properties at *December 31, 2018* and *2017,* are *23* 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 *December 31, 2018,* total assets of these VIEs were *$1.1* billion and total liabilities were *$75.2* 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 *December 31, 2018* and *2017,* are *one* 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 because 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 *December 31, 2018,* total assets of this real estate development VIE was *$275.6* million and total liabilities were *$68.0* 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 remaining development costs to be funded for this real estate development project, aggregating *$122.5* million, will be funded with capital contributions from the Company, when contractually obligated, and/or construction loan financing. The Company has *not* provided financial support to these VIEs that it

was *not* previously contractually required to provide.

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

	December 31, 2018	**December 31, 2017**
Number of unencumbered VIEs	*20*	*22*
Number of encumbered VIEs	*4*	*5*
Total number of consolidated VIEs	*24*	*27*
Restricted Assets:		
Real estate, net	$ *229.2*	$ *627.5*
Cash and cash equivalents	*4.4*	*9.8*
Accounts and notes receivable, net	*2.1*	*3.2*
Other assets	*3.3*	*4.5*
Total Restricted Assets	$ *239.0*	$ *645.0*
VIE Liabilities:		
Mortgages and construction loan payable, net	$ *83.8*	$ *340.9*
Other liabilities	*59.4*	*76.8*
Total VIE Liabilities	$ *143.2*	$ *417.7*

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

10. Mortgages and Other Financing Receivables:

The Company has various mortgages and other financing receivables which consist of loans acquired and loans originated by the Company. For a complete listing of the Company's mortgages and other financing receivables at *December 31, 2018,* see Financial Statement Schedule IV included in this annual report on Form *10*-K.

The following table reconciles mortgage loans and other financing receivables from *January 1, 2016* to *December 31, 2018 (*in thousands):

	2018	2017	2016
Balance at January 1,	$*21,838*	$*23,197*	$*23,824*
Additions:			
New mortgage loans	*14,825*	-	-
Foreign currency translation	*116*	*385*	*397*
Amortization of loan discounts	*125*	*112*	*112*
Deductions:			
Loan repayments	*(21,012*)	-	-
Charge off/foreign currency translation	*(155*)	*(449*)	*(213*)
Collections of principal	*(1,287*)	*(1,405*)	*(921*)
Amortization of loan costs	*(2*)	*(2*)	*(2*)
Balance at December 31,	$*14,448*	$*21,838*	$*23,197*

The Company reviews payment status to identify performing versus non-performing loans. As of *December 31, 2018,* the Company had a total of *10* loans, all of which were identified as performing loans.

11. Marketable Securities:

Effective *January 1, 2018,* in accordance with the adoption of ASU *2016-01,* the Company recognizes changes in the fair value of equity investments with readily determinable fair values in net income. 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 Consolidated Statements of Changes in Equity, to reclassify unrealized losses previously reported in AOCI for available-for-sale marketable securities. Also, during the year ended *December 31, 2018,* the Company recognized a net loss on changes in fair value of its available-for-sale marketable securities of *$3.5* million in Other income, net on the Company's Consolidated Statements of Income.

The following is a summary of amounts recorded on the Consolidated Financial Statements for marketable securities at *December 31, 2018* and *2017* (in thousands):

	December 31, 2018	**December 31, 2017**
Available-for-sale:		
Equity securities	$ *9,045*	$ *11,936*
Held-to-maturity:		
Debt securities	*1,257*	*1,329*
Total marketable securities	$ *10,302*	$ *13,265*

During *2017,* the Company acquired available-for-sale marketable equity securities for an aggregate purchase price of *$9.8* million.

As of *December 31, 2018,* the contractual maturities of debt securities classified as held-to-maturity are within the next *five* years. Actual maturities *may* differ from contractual maturities as issuers *may* have the right to prepay debt obligations with or without prepayment penalties.

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, continued

12. Notes Payable:

As of *December 31, 2018* and *2017* the Company's Notes payable, net consisted of the following (dollars in millions):

	Carrying Amount at		**Interest Rate at**		**Maturity Date at**
	December 31,		**December 31,**		
	2018	**2017**	**2018**	**2017**	**December 31, 2018**
Senior unsecured notes	$*4,334.9*	$*4,650.0*	*2.70% -4.45%*	*2.70%-6.88%*	May-2021– Sep-2047
Credit facility	*100.0*	*8.0*	*(a)*	*(a)*	Mar-2021
Deferred financing costs, net	*(53.4*)	*(61.9)*	*n/a*	*n/a*	*n/a*
	$*4,381.5*	**$*4,596.1***	***3.48%****	***3.70%****	

* Weighted-average interest rate

(a) Accrues interest at a rate of LIBOR plus *0.875%* (*3.31%* and *2.28%* at *December 31, 2018* and *2017,* respectively).

During the year ended *December 31, 2017,* the Company issued the following senior unsecured notes (dollars in millions):

Date Issued	**Maturity Date**	**Amount Issued**	**Interest Rate**
Aug-17	Feb-25	$ *500.0*	*3.30%*
Aug-17	Sep-47	$ *350.0*	*4.45%*
Mar-17	Apr-27	$ *400.0*	*3.80%*

During the years ended *December 31, 2018* and *2017,* the Company repaid the following notes (dollars in millions):

Type	**Date Paid**	**Maturity Date**

		Amount Repaid	**Interest Rate**	
Senior unsecured notes (1)	Aug-18	$ *300.0*	*6.875%*	Oct-19
Senior unsecured notes (2)	Jun-18 & Jul-18	$ *15.1*	*3.200%*	May-21
Medium term notes ("MTN") (3)	Aug-17 & Nov-17	$ *300.0*	*4.300%*	Feb-18
Unsecured term loan	Jan-17	$ *250.0*	LIBOR + 0.95%	Jan-17

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

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

(*3*) On *August 1, 2017,* the Company made a tender offer to purchase any and all of these MTN notes outstanding. As a result, the Company accepted the tender of *$211.0* million of its *$300.0* million outstanding MTN notes on *August 10, 2017.* In connection with this tender offer, the Company recorded a tender premium of *$1.8* million resulting from the partial repayment of the MTN notes. In addition, in *November 2017,* the Company redeemed the remaining *$89.0* million outstanding MTN notes.

The scheduled maturities of all notes payable excluding unamortized debt issuance costs of *$53.4* million, as of *December 31, 2018,* were as follows (in millions):

2019	**2020**	**2021**	**2022**	**2023**	**Thereafter**	**Total**