

KIMCO REALTY CORP  
Form 10-Q  
May 06, 2013

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended March 31, 2013

or

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

For the transition period from                      to

Commission File Number: 1-10899

Kimco Realty Corporation  
(Exact name of registrant as specified in its charter)

Maryland  
(State or other jurisdiction of incorporation or  
organization)

13-2744380  
(I.R.S. Employer Identification No.)

3333 New Hyde Park Road, New Hyde Park, NY 11042  
(Address of principal executive offices) (Zip Code)

(516) 869-9000  
(Registrant's telephone number, including area code)

N/A

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

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

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

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

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

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

As of April 24, 2013, the registrant had 408,754,457 shares of common stock outstanding.

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## PART I FINANCIAL INFORMATION

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KIMCO REALTY CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)  
(in thousands, except share information)

	March 31, 2013	December 31, 2012
<b>Assets:</b>		
Operating real estate, net of accumulated depreciation of \$1,801,679 and \$1,745,462, respectively	\$7,307,210	\$7,104,562
Investments and advances in real estate joint ventures	1,442,240	1,428,155
Real estate under development	97,260	97,263
Other real estate investments	334,082	317,557
Mortgages and other financing receivables	72,361	70,704
Cash and cash equivalents	166,894	141,875
Marketable securities	76,786	36,541
Accounts and notes receivable	164,510	171,540
Other assets	400,492	383,037
<b>Total assets</b>	<b>\$10,061,835</b>	<b>\$9,751,234</b>
<b>Liabilities:</b>		
Notes payable	\$3,337,420	\$3,192,127
Mortgages payable	1,113,653	1,003,190
Dividends payable	99,156	96,518
Other liabilities	469,494	445,843
<b>Total liabilities</b>	<b>5,019,723</b>	<b>4,737,678</b>
Redeemable noncontrolling interests	86,324	81,076
<b>Stockholders' equity:</b>		
Preferred stock, \$1.00 par value, authorized 5,961,200 shares, 102,000 shares issued and outstanding (in series) Aggregate liquidation preference \$975,000	102	102
Common stock, \$.01 par value, authorized 750,000,000 shares issued and outstanding 408,622,972 and 407,782,102 shares, respectively	4,086	4,078
Paid-in capital	5,667,845	5,651,170
Cumulative distributions in excess of net income	(856,620 )	(824,008 )
Accumulated other comprehensive income	(27,678 )	(66,182 )
<b>Total stockholders' equity</b>	<b>4,787,735</b>	<b>4,765,160</b>
Noncontrolling interests	168,053	167,320
<b>Total equity</b>	<b>4,955,788</b>	<b>4,932,480</b>
<b>Total liabilities and equity</b>	<b>\$10,061,835</b>	<b>\$9,751,234</b>

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

KIMCO REALTY CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(Unaudited)  
(in thousands, except per share data)

	Three Months Ended March 31,	
	2013	2012
<b>Revenues</b>		
Revenues from rental properties	\$232,785	\$214,564
Management and other fee income	8,393	9,425
<b>Total revenues</b>	<b>241,178</b>	<b>223,989</b>
<b>Operating expenses</b>		
Rent	3,325	3,263
Real estate taxes	29,855	28,152
Operating and maintenance	28,849	26,415
General and administrative expenses	34,119	34,414
Provision for doubtful accounts	1,960	3,097
Impairment charges	3,198	233
Depreciation and amortization	62,738	59,556
<b>Total operating expenses</b>	<b>164,044</b>	<b>155,130</b>
<b>Operating income</b>	<b>77,134</b>	<b>68,859</b>
<b>Other income/(expense)</b>		
Mortgage financing income	986	2,007
Interest, dividends and other investment income	2,663	164
Other expense, net	(3,485)	(3,597)
Interest expense	(53,624)	(57,283)
Income from other real estate investments	403	727
<b>Income from continuing operations before income taxes, equity in income of joint ventures, gains on change in control of interests and equity in income from other real estate investments</b>	<b>24,077</b>	<b>10,877</b>
Provision for income taxes, net	(15,133)	(4,054)
Equity in income of joint ventures, net	24,111	34,738
Gains on change in control of interests	23,170	2,008
Equity in income of other real estate investments, net	11,163	11,027
<b>Income from continuing operations</b>	<b>67,388</b>	<b>54,596</b>
<b>Discontinued operations</b>		
Income from discontinued operating properties, net of tax	115	1,497
Impairment/loss on operating properties sold, net of tax	(31)	(8,924)
Gain on disposition of operating properties	2,496	11,979
<b>Income from discontinued operations</b>	<b>2,580</b>	<b>4,552</b>

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Gain on sale of operating properties, net of tax	540	-
Net income	70,508	59,148
Net income attributable to noncontrolling interests	(2,738 )	(5,510 )
Net income attributable to the Company	67,770	53,638
Preferred stock dividends	(14,573 )	(15,574 )
Net income available to the Company's common shareholders	\$53,197	\$38,064
Per common share:		
Income from continuing operations:		
-Basic	\$0.12	\$0.09
-Diluted	\$0.12	\$0.09
Net income attributable to the Company:		
-Basic	\$0.13	\$0.09
-Diluted	\$0.13	\$0.09
Weighted average shares:		
-Basic	406,662	406,272
-Diluted	407,666	407,279
Amounts attributable to the Company's common shareholders:		
Income from continuing operations	\$50,605	\$35,754
Income from discontinued operations	2,592	2,310
Net income	\$53,197	\$38,064

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

KIMCO REALTY CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(in thousands)

	Three Months Ended March 31,	
	2013	2012
Net income	\$70,508	\$59,148
Other comprehensive income:		
Change in unrealized gain on marketable securities, net	6,767	1,159
Change in unrealized gain on interest rate swaps, net	-	193
Change in foreign currency translation adjustment, net	33,010	54,178
Other comprehensive income	39,777	55,530
Comprehensive income	110,285	114,678
Comprehensive income attributable to noncontrolling interests	(4,011 )	(8,777 )
Comprehensive income attributable to the Company	\$106,274	\$105,901

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

KIMCO REALTY CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the Three Months Ended March 31, 2013 and 2012  
(in thousands)

	Cumulative Distributions in Excess of Net Income	Accumulated Other Comprehensive Income	Preferred Stock Issued Amount	Common Stock Issued	Common Stock Amount	Paid-in Capital	Total Stockholders' Equity	Noncontrolling Interests	Total Equity	
Balance, January 1, 2012	\$(702,999)	\$(107,660)	954	\$954	406,938	\$4,069	\$5,492,022	\$4,686,386	\$193,757	\$4,880,143
Contributions from noncontrolling interests	-	-	-	-	-	-	-	-	822	822
Comprehensive income:										
Net income	53,638	-	-	-	-	-	-	53,638	5,510	59,148
Other comprehensive income:										
Change in unrealized gain on marketable securities	-	1,159	-	-	-	-	-	1,159	-	1,159
Change in unrealized gain on interest rate swaps	-	193	-	-	-	-	-	193	-	193
Change in foreign currency translation adjustment	-	50,911	-	-	-	-	-	50,911	3,267	54,178
Redeemable noncontrolling interests	-	-	-	-	-	-	-	-	(1,582)	(1,582)
Dividends (\$0.19 per common share; \$0.4156 per Class F Depository	(92,887)	-	-	-	-	-	-	(92,887)	-	(92,887)

Share, \$0.4844 per Class G Depositary Share, \$0.4313 per Class H Depositary Share and \$0.0458 per Class I Depositary Share, respectively)											
Distributions to noncontrolling interests	-	-	-	-	-	-	-	-	(5,362 )	(5,362 )	
Issuance of common stock	-	-	-	-	1,093	11	18,055	18,066	-	18,066	
Surrender of common stock	-	-	-	-	(53 )	-	(1,023 )	(1,023 )	-	(1,023 )	
Repurchase of common stock	-	-	-	-	(1,385 )	(14 )	(26,082 )	(26,096 )	-	(26,096 )	
Issuance of preferred stock	-	-	16	16	-	-	387,214	387,230	-	387,230	
Exercise of common stock options	-	-	-	-	320	3	4,767	4,770	-	4,770	
Amortization of equity awards	-	-	-	-	-	-	4,815	4,815	-	4,815	
Balance, March 31, 2012	\$(742,248)	\$(55,397 )	970	\$970	406,913	\$4,069	\$5,879,768	\$5,087,162	\$196,412	\$5,283,574	
Balance, January 1, 2013	\$(824,008)	\$(66,182 )	102	\$102	407,782	\$4,078	\$5,651,170	\$4,765,160	\$167,320	\$4,932,480	
Contributions from noncontrolling interests	-	-	-	-	-	-	-	-	49	49	
Comprehensive income:											
Net income	67,770	-	-	-	-	-	-	67,770	2,738	70,508	
Other comprehensive income, net of tax:											
Change in unrealized gain on marketable	-	6,767	-	-	-	-	-	6,767	-	6,767	

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securities											
Change in unrealized gain on interest rate swaps	-	-	-	-	-	-	-	-	-	-	-
Change in foreign currency translation adjustment	-	31,737	-	-	-	-	-	31,737	1,273	33,010	
Redeemable noncontrolling interests	-	-	-	-	-	-	-	-	(1,415 )	(1,415 )	
Dividends (\$0.21 per common share; \$0.4313 per Class H Depositary Share and \$0.3750 per Class I Depositary Share, and \$0.3438 per Class J Depositary Share, and \$0.3516 per Class K Depositary Share, respectively)	(100,382)	-	-	-	-	-	-	(100,382 )	-	(100,382 )	
Distributions to noncontrolling interests	-	-	-	-	-	-	-	-	(1,912 )	(1,912 )	
Issuance of common stock	-	-	-	-	555	5	9,078	9,083	-	9,083	
Surrender of restricted stock	-	-	-	-	(90 )	(1 )	(1,948 )	(1,949 )	-	(1,949 )	
Exercise of common stock options	-	-	-	-	376	4	5,768	5,772	-	5,772	
Amortization of equity awards	-	-	-	-	-	-	3,777	3,777	-	3,777	
Balance, March 31, 2013	\$ (856,620)	\$ (27,678 )	102	\$ 102	408,623	\$ 4,086	\$ 5,667,845	\$ 4,787,735	\$ 168,053	\$ 4,955,788	

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



KIMCO REALTY CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in thousands)

	Three Months Ended March 31,	
	2013	2012
<b>Cash flow from operating activities:</b>		
Net income	\$70,508	\$59,148
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization	62,773	64,885
Impairment charges	3,229	9,563
Gain on sale of operating properties	(3,577)	(11,979)
Equity in income of joint ventures, net	(24,111)	(34,738)
Gains on change in control of interests	(23,170)	(2,008)
Equity in income from other real estate investments, net	(11,163)	(11,027)
Distributions from joint ventures and other real estate investments	43,321	60,453
Change in accounts and notes receivable	7,030	13,563
Change in accounts payable and accrued expenses	18,277	17,215
Change in other operating assets and liabilities	6,768	(8,201)
Net cash flow provided by operating activities	149,885	156,874
<b>Cash flow from investing activities:</b>		
Acquisition of and improvements to operating real estate	(83,276)	(142,187)
Acquisition of and improvements to real estate under development	(110)	(47)
Investment in marketable securities	(33,588)	-
Proceeds from sale/repayments of marketable securities	164	84
Investments and advances to real estate joint ventures	(41,153)	(40,090)
Reimbursements of investments and advances to real estate joint ventures	20,958	42,267
Investment in other real estate investments	(22,818)	(2,553)
Reimbursements of investments and advances to other real estate investments	1,050	6,024
Investment in mortgage loans receivable	(5,057)	-
Collection of mortgage loans receivable	6,022	1,635
Investment in other investments	(21,366)	(436)
Reimbursements of other investments	463	8,235
Proceeds from sale of operating properties	17,114	94,589
Net cash flow used for investing activities	(161,597)	(32,479)
<b>Cash flow from financing activities:</b>		
Principal payments on debt, excluding normal amortization of rental property debt	(16,538)	(81,048)
Principal payments on rental property debt	(6,281)	(6,312)
Proceeds from mortgage/construction loan financings	5,374	6,276
Borrowings/(repayments) under unsecured revolving credit facility, net	250,000	(185,570)
Borrowings under unsecured term loan	78,118	-
Repayments under unsecured term loan/notes	(178,309)	-
Financing origination costs	(1,159)	(158)
Redemption of/distribution to noncontrolling interests	(2,502)	(1,912)
Dividends paid	(97,744)	(92,158)
Proceeds from issuance of stock	5,772	392,001
Repurchase of common stock	-	(26,096)

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Net cash flow provided by financing activities	36,731	5,023
Change in cash and cash equivalents	25,019	129,418
Cash and cash equivalents, beginning of year	141,875	112,882
Cash and cash equivalents, end of year	\$166,894	\$242,300
Interest paid during the year (net of capitalized interest of \$219 and \$627, respectively)	\$37,425	\$36,611
Income taxes paid during the year	\$111	\$626

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

KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS

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1. Interim Financial Statements

Principles of Consolidation -

The accompanying Condensed Consolidated Financial Statements include the accounts of Kimco Realty Corporation and Subsidiaries, (the "Company"). The Company's Subsidiaries includes subsidiaries which are wholly-owned, and all entities in which the Company has a controlling financial interest, including where the Company has been determined to be a primary beneficiary of a variable interest entity ("VIE") or meets certain criteria of a sole general partner or managing member in accordance with the Consolidation guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). All inter-company balances and transactions have been eliminated in consolidation. The information furnished in the accompanying Condensed Consolidated Financial Statements is unaudited and reflects all adjustments which are, in the opinion of management, necessary to reflect a fair statement of the results for the interim periods presented, and all such adjustments are of a normal recurring nature. These Condensed Consolidated Financial Statements should be read in conjunction with the Company's 2012 Annual Report on Form 10-K for the year ended December 31, 2012 ("10-K"), as certain disclosures in this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013 that would duplicate those included in the 10-K are not included in these Condensed Consolidated Financial Statements.

Subsequent Events -

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

Income Taxes -

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

## Earnings Per Share -

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

	Three Months Ended March 31,	
	2013	2012
<b>Computation of Basic Earnings Per Share:</b>		
Income from continuing operations	\$67,388	\$54,596
Gain on sale of operating properties, net of tax	540	-
Net income attributable to noncontrolling interests	(2,738 )	(5,510 )
Discontinued operations attributable to noncontrolling interests	(12 )	2,242
Preferred stock dividends	(14,573 )	(15,574 )
Income from continuing operations available to the common shareholders	50,605	35,754
Earnings attributable to unvested restricted shares	(390 )	(338 )
Income from continuing operations attributable to common shareholders	50,215	35,416
Income from discontinued operations attributable to the Company	2,592	2,310
Net income attributable to the Company's common shareholders for basic earnings per share	\$52,807	\$37,726
Weighted average common shares outstanding	406,662	406,272
<b>Basic Earnings Per Share Attributable to the Company's Common Shareholders:</b>		
Income from continuing operations	\$0.12	\$0.09
Income from discontinued operations	0.01	-
Net income	\$0.13	\$0.09
<b>Computation of Diluted Earnings Per Share:</b>		
Income from continuing operations attributable to common shareholders	\$50,215	\$35,416
Income from discontinued operations attributable to the Company	2,592	2,310
Net income attributable to the Company's common shareholders for diluted earnings per share	\$52,807	\$37,726
Weighted average common shares outstanding – basic	406,662	406,272
<b>Effect of dilutive securities (a):</b>		
Equity awards	1,004	1,007
Shares for diluted earnings per common share	407,666	407,279
<b>Diluted Earnings Per Share Attributable to the Company's Common Shareholders:</b>		
Income from continuing operations	\$0.12	\$0.09
Income from discontinued operations	0.01	-
Net income	\$0.13	\$0.09

(a) For the three months ended March 31, 2013 and 2012, the effect of 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. Additionally, there were 12,295,607 and 14,520,258 stock options that were not dilutive at March 31, 2013 and 2012, respectively.

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

#### New Accounting Pronouncements -

In February 2013, the FASB issued new guidance regarding liabilities, Accounting Standards Update ("ASU") 2013-04, Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date ("ASU 2013-04"), effective retrospectively for fiscal years beginning after December 15, 2013 and interim periods within those years. The amendments require an entity to measure obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of the guidance is fixed at the reporting date, as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. In addition, the amendments require an entity to disclose the nature and amount of the obligation, as well as other information about the obligations. The Company is currently assessing the impact that the adoption of ASU 2013-04 will have on the Company's financial position and/or results of operations.

In January 2013, the FASB released ASU 2013-02, Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income ("ASU 2013-02"). This guidance is the culmination of the board's redeliberation on reporting reclassification adjustments from accumulated other comprehensive income. The standard requires that companies present either in a single note or parenthetically on the face of the financial statements, the effect of significant amounts reclassified from each component of accumulated other comprehensive income based on its source (e.g., the release due to cash flow hedges from interest rate contracts) and the income statement line items affected by the reclassification (e.g., interest income or interest expense). If a component is not required to be reclassified to net income in its entirety (e.g., the net periodic pension cost), companies would instead cross reference to the related footnote for additional information (e.g., the pension footnote). The new requirements were effective for public companies in interim and annual reporting periods beginning after December 15, 2012. The adoption of ASU 2013-02 did not have a material impact on the Company's financial statement presentation or disclosures.

In December 2011, the FASB released ASU 2011-11, Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities ("ASU 2011-11"). ASU 2011-11 requires companies to provide new disclosures about offsetting and related arrangements for financial instruments and derivatives. The provisions of ASU 2011-11 are effective for reporting periods beginning on or after January 1, 2013, and are required to be applied retrospectively. The adoption of ASU 2011-11 did not have a material impact on the Company's financial statement disclosures.

#### Reclassifications –

Certain reclassifications have been made to previously recorded amounts to conform to the current year presentation. Specifically, the Company is presenting on its Condensed Consolidated Statements of Income its provision for doubtful accounts as a separate line item included in Operating expenses, which during 2012 was included in Revenues from rental properties. Additionally, the Company made certain other immaterial reclassifications to the Company's Condensed Consolidated Balance Sheets as of December 31, 2012 to conform to the current presentation.

## 2. Operating Property Activities

#### Acquisitions -

During the three months ended March 31, 2013, the Company acquired the following properties, in separate transactions (in thousands):

Property Name	Location	Month Acquired	Purchase Price				GLA*
			Cash	Debt Assumed	Other	Total	
Santee Trolley Square(1)	Santee, CA	Jan-13	\$26,863	\$48,456	\$22,681	\$98,000	311
Shops at Kildeer (2)	Kildeer, IL	Jan-13	-	32,724	-	32,724	168
Village Commons S.C.	Tallahassee, FL	Jan-13	7,100	-	-	7,100	125
Putty Hill Plaza (3)	Baltimore, MD	Jan-13	4,592	9,115	489	14,196	91
Columbia Crossing II S.C.	Columbia, MD	Jan-13	21,800	-	-	21,800	101
Roseville Plaza (Parcel)	Roseville, MN	Jan-13	5,143	-	-	5,143	80
Wilton River Park (4)	Wilton, CT	Mar-13	777	36,000	5,223	42,000	187
			\$66,275	\$126,295	\$28,393	\$220,963	1,063

\* Gross leasable area ("GLA")

- (1) This property was acquired from a joint venture in which the Company had a 45% noncontrolling interest. The Company evaluated this transaction pursuant to the FASB's Consolidation guidance and as such recognized a gain of \$22.7 million, before income tax, from the fair value adjustment associated with the Company's original ownership due to a change in control, which is reflected in the purchase price above in Other.
- (2) This property was acquired from a joint venture in which the Company had a 19% noncontrolling interest. The Company evaluated this transaction pursuant to the FASB's Consolidation guidance. This transaction resulted in a change in control with no gain or loss recognized.
- (3) The Company acquired the remaining 80% interest in an operating property from an unconsolidated joint venture in which the Company had a 20% noncontrolling interest. The Company evaluated this transaction pursuant to the FASB's Consolidation guidance and as such recognized a gain of \$0.5 million from the fair value adjustment associated with the Company's original ownership due to a change in control, which is reflected in the purchase price above in Other.
- (4) The acquisition of this property included the issuance of \$5.2 million of redeemable units, which are redeemable at the option of the holder after one year and earn a yield of 6% per annum, which is included in the purchase price above in Other. In connection with this transaction, the Company provided the sellers a \$5.2 million loan at a rate of 6.5%, which is secured by the redeemable units.

The aggregate purchase price of the properties acquired during the three months ended March 31, 2013 has been allocated as follows (in thousands):

Land	\$	71,797
Buildings		106,554
Above Market Rents		6,300
Below Market Rents		(7,134)
In-Place Leases		11,309
Building Improvements		28,161
Tenant Improvements		5,892
Mortgage Fair Value Adjustment		(2,237)
Other Assets		1,054
Other Liabilities		(733)
	\$	220,963

#### Dispositions –

During the three months ended March 31, 2013, the Company disposed of two operating properties, in separate transactions, for an aggregate sales price of \$10.3 million. These transactions, which are included in Discontinued Operations, resulted in an aggregate gain of \$2.5 million.

#### Impairment Charges -

During the three months ended March 31, 2013, the Company recognized an aggregate impairment charge of \$2.8 million relating to its investment in two operating properties, which is included in Impairment charges under Operating expenses on the Company's Condensed Consolidated Statements of Income. The aggregate book value of these properties was \$17.5 million. The estimated fair value of these properties is based upon purchase price offers aggregating \$14.7 million. These impairment charges resulted from the Company's efforts to market certain assets and management's assessment as to the likelihood and timing of such potential transactions (see Footnote 12).

### 3. Discontinued Operations

The Company reports as discontinued operations, properties held-for-sale as of the end of the current period and assets sold during the period. The results of these discontinued operations are included as a separate component of income on the Condensed Consolidated Statements of Income under the caption Discontinued operations. This reporting has resulted in certain reclassifications of 2012 financial statement amounts.

The components of income and expense relating to discontinued operations for the three months ended March 31, 2013 and 2012 are shown below. These include the results of operations through the date of each respective sale for properties sold during 2013 and 2012 and the operations for the applicable period for those assets classified as held-for-sale as of March 31, 2013 (in thousands):

	Three Months Ended March 31,	
	2013	2012
Discontinued operations:		
Revenues from rental property	\$378	\$12,057
Rental property expenses	(18)	(4,725)
Depreciation and amortization	(35)	(5,330)

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Provision for doubtful accounts	(256	)	(331	)
Interest expense	-		(210	)
Other expense, net	(3	)	(97	)
Income from discontinued operating properties, before income taxes	66		1,364	
Impairment of property carrying value, before income taxes	(31	)	(9,330	)
Gain on disposition of operating properties	2,496		11,979	
Benefit for income taxes, net	49		539	
Income from discontinued operating properties	2,580		4,552	
Net loss/(income) attributable to noncontrolling interests	12		(2,242	)
Income from discontinued operations attributable to the Company	\$2,592		\$2,310	

During the three months ended March 31, 2013, the Company classified as held-for-sale one operating property, comprising 14,600 square feet of GLA. The book value of this property was \$0.2 million, net of accumulated depreciation of \$0.9 million, which is included in Other assets on the Company's Condensed Consolidated Balance Sheets. The book value of this property did not exceed its estimated fair value, less costs to sell, and as such no impairment charge was recognized. The Company's determination of the fair value of this property of \$0.2 million was based upon an executed contract of sale with a third party. In addition, the Company completed the sale of one operating property during the three months ended March 31, 2013 which was classified as held-for-sale during 2012 (this disposition is included in Footnote 2 above).

## 4. Investments and Advances in 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 joint venture investments for which the Company held an ownership interest at March 31, 2013 and December 31, 2012 (in millions, except number of properties):

Venture	Average Ownership Interest	As of March 31, 2013			As of December 31, 2012			The Company's Investment		
		Number of Propertie	GLA	Gross Real Estate	The Company's Investment	Average Ownership Interest	Number of Properties		GLA	Gross Real Estate
Prudential Investment Program ("KimPru" and "KimPru II") (1) (2)	15.0 %	61	10.7	\$ 2,733.0	\$ 170.2	15.0 %	61	10.7	\$ 2,744.9	\$ 170.1
Kimco Income Opportunity Portfolio ("KIR") (2)	45.0 %	58	12.4	1,544.3	140.5	45.0 %	58	12.4	1,543.2	140.3
UBS Programs ("UBS") (2)(7)*	17.9 %	39	5.6	1,260.1	58.0	17.9 %	40	5.7	1,260.1	58.4
BIG Shopping Centers (2)*	37.9 %	21	3.4	518.4	32.4	37.7 %	22	3.6	547.7	31.3
The Canada Pension Plan Investment Board ("CPP") (2)	55.0 %	6	2.4	436.0	148.7	55.0 %	6	2.4	436.1	149.5
Kimco Income Fund (2)(6)	29.8 %	12	1.5	287.3	32.2	15.2 %	12	1.5	287.0	12.3
SEB Immobilier (2)	15.0 %	13	1.8	361.4	1.3	15.0 %	13	1.8	361.2	1.5
Other Institutional Programs (2) (8)	Various	57	2.5	451.6	16.9	Various	58	2.6	499.2	21.3
RioCan	50.0 %	45	9.3	1,349.3	103.5	50.0 %	45			