KIMCO REALTY CORP
Form 10-Q
November 05, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Form 10-Q

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

For the quarterly period ended September 30, 2007

OR

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

For the transition period from __________ to __________

Commission file number **1-10899**

Kimco Realty Corporation

(Exact name of registrant as specified in its charter)

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

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)

(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 X **No ___**

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

Large Accelerated filer X **Accelerated filer ___** **Non-accelerated filer ___**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12-b-2 of the Exchange Act).

Yes ___ **No X**

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer’s classes of common stock as of the latest practicable date.

252,708,502 shares outstanding as of October 22, 2007.

PART I

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in thousands, except share information)

	September 30, 2007	**December 31, 2006**
Assets:		
Operating real estate, net of accumulated depreciation of $927,402 and $806,670, respectively	$ 5,022,221	$ 4,156,667
Investments and advances in real estate joint ventures	1,310,014	1,067,918
Real estate under development	1,132,834	1,037,982
Other real estate investments	596,504	451,731
Mortgages and other financing receivables	171,813	162,669
Cash and cash equivalents	45,439	345,065
Marketable securities	213,385	202,659
Accounts and notes receivable	84,274	83,418
Other assets	321,894	361,171
Total Assets	$ 8,898,378	$ 7,869,280
Liabilities:		
Notes payable	$ 3,618,192	$ 2,748,345
Mortgages payable	556,085	567,917
Construction loans payable	242,197	270,981
Dividends payable	103,976	93,222
Other liabilities	455,611	396,614
Total Liabilities	4,976,061	4,077,079
Minority interests	437,060	425,242
Commitments and contingencies		
Stockholders' equity:		
Preferred stock , $1.00 par value, authorized 3,600,000 shares		
Class F Preferred Stock, $1.00 par value, authorized 700,000 shares		
Issued and outstanding 700,000 shares	700	700
Aggregate liquidation preference $175,000		
Common stock, $.01 par value, authorized 750,000,000 shares and 300,000,000 shares, respectively		
Issued 253,213,968 and 251,416,749 shares; outstanding 252,667,388 and 250,870,169, respectively.	2,527	2,509
Paid-in capital	3,227,560	3,178,016
Retained earnings	209,018	140,509
	3,439,805	3,321,734
Accumulated other comprehensive income	45,452	45,225

Total stockholders' equity	3,485,257	3,366,959
Total liabilities and stockholders' equity	$ 8,898,378	$ 7,869,280

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

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

For the Three and Nine Months Ended September 30, 2007 and 2006

(Unaudited)

(in thousands, except per share data)

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2007	**2006**	**2007**	**2006**
Revenues from rental property	$ 173,712	$ 149,124	$ 501,827	$ 431,868
Rental property expenses:				
Rent	(3,029)	(2,914)	(9,011)	(8,643)
Real estate taxes	(21,026)	(19,289)	(59,500)	(55,347)
Operating and maintenance	(21,752)	(18,077)	(65,184)	(52,274)
Mortgage and other financing income	4,084	2,847	11,809	15,758
Management and other fee income	12,700	9,819	43,486	29,554
Depreciation and amortization	(48,131)	(35,666)	(136,265)	(98,021)
General and administrative expenses	(29,552)	(22,618)	(77,042)	(55,899)
Interest, dividends and other investment income	16,083	14,109	30,641	38,453
Other (expense)/income, net	(1,306)	(159)	(5,954)	8,046
Interest expense	(58,978)	(44,863)	(157,817)	(125,690)
Income from continuing operations before income taxes, income from other real estate investments, equity in income of joint ventures, minority interests in income and gain on sale of development properties	**22,805**	**32,313**	**76,990**	**127,805**

(Provision)/benefit for income taxes	(348)	(2,454)	32,740	(775)
Income from other real estate investments	19,846	27,192	66,815	60,939
Equity in income of joint ventures, net	39,310	29,286	111,685	72,798
Minority interests in income, net	(10,625)	(5,722)	(24,441)	(19,479)
Gain on sale of development properties, net of tax of $3,352, $4,262, $8,487 and $9,893, respectively	5,028	6,394	12,731	14,840
Income from continuing operations	**76,016**	**87,009**	**276,520**	**256,128**
Discontinued operations:				
Income from discontinued operating properties	1,558	3,172	32,363	9,924
Minority interests in income	(212)	(30)	(5,771)	(1,604)
Loss on operating properties held for sale/sold	—	—	(1,832)	(813)
Gain on disposition of operating properties, net of tax	267	1,276	5,538	31,331
Income from discontinued operations	**1,613**	**4,418**	**30,298**	**38,838**
Gain on transfer of operating properties	—	—	—	1,394
Gain on sale of operating properties, net of tax	376	—	2,708	—
Total gain on transfer or sale of operating properties, net of tax	**376**	**—**	**2,708**	**1,394**
Income before extraordinary item	**78,005**	**91,427**	**309,526**	**296,360**
Extraordinary gain from joint venture resulting from purchase price allocation, net of tax and minority interest	—	—	50,265	—
Net income	**78,005**	**91,427**	**359,791**	**296,360**
Preferred stock dividends	(2,909)	(2,909)	(8,728)	(8,728)
Net income available to common shareholders	**$ 75,096**	**$ 88,518**	**$ 351,063**	**$ 287,632**
Per common share:				
Income from continuing operations:				
-Basic	**$ 0.29**	**$ 0.35**	**$ 1.07**	**$ 1.05**
-Diluted	**$ 0.29**	**$ 0.34**	**$ 1.05**	**$ 1.03**
Net income :				
-Basic	**$ 0.30**	**$ 0.37**	**$ 1.39**	**$ 1.21**
-Diluted	**$ 0.29**	**$ 0.36**	**$ 1.37**	**$ 1.19**
Weighted average shares outstanding for net income calculations:				
-Basic	**252,327**	**241,002**	**251,925**	**236,789**
-Diluted	**256,497**	**246,146**	**257,090**	**241,960**

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

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Three and Nine Months Ended September 30, 2007 and 2006

(Unaudited)

(in thousands)

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2007	**2006**	**2007**	**2006**
Net income	$ 78,005	$ 91,427	$ 359,791	$ 296,360
Other comprehensive income:				
Change in unrealized gain on marketable securities	(8,129)	(1,429)	(7,513)	(23,709)
Change in unrealized gain/(loss) on foreign currency hedge agreements	(197)	(160)	1,243	179
Foreign currency translation adjustment	3,385	3,493	6,497	5,415
Other comprehensive income	(4,941)	1,904	227	(18,115)
Comprehensive income	$ 73,064	$ 93,331	$ 360,018	$ 278,245

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

KIMCO REALTY CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(in thousands)

	Nine Months Ended September 30,			
	2007		**2006**	
Cash flow from operating activities:				
Net income	$	359,791	$	296,360
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		137,884		102,493
Extraordinary item		(50,265)		—
Loss on operating properties held for sale/sold/transferred		1,832		813
Gain on sale of development properties		(21,218)		(24,733)
Gain on sale/transfer of operating properties		(9,800)		(34,813)
Minority interests in income of partnerships, net		30,212		21,083
Equity in income of joint ventures, net		(111,685)		(72,798)
Income from other real estate investments		(54,852)		(50,954)
Distributions from joint ventures		302,946		104,125
Cash retained from excess tax benefits		(2,408)		—
Change in accounts and notes receivable		(997)		(9,689)
Change in accounts payable and accrued expenses		41,649		52,862
Change in other operating assets and liabilities		(62,762)		(23,876)
Net cash flow provided by operating activities		560,327		360,873
Cash flow from investing activities:				
Acquisition of and improvements to operating real estate		(937,834)		(484,113)

Acquisition of and improvements to real estate under development		(502,998	)		(388,795	)
Investment in marketable securities		(35,127	)		(62,548	)
Proceeds from sale of marketable securities		32,670			52,774	
Proceeds from transferred operating/development properties		61,211			129,880	
Investments and advances to real estate joint ventures		(330,550	)		(226,214	)
Reimbursements of advances to real estate joint ventures		198,420			116,301	
Other real estate investments		(177,030	)		(203,618	)
Reimbursements of advances to other real estate investments		81,380			41,060	
Investment in mortgage loans receivable		(85,601	)		(111,701	)
Collection of mortgage loans receivable		65,906			87,294	
Other investments		(20,439	)		(101,100	)
Reimbursements of other investments		53,228			—	
Settlement of net investment hedges		—			(953	)
Proceeds from sale of operating properties		59,450			74,482	
Proceeds from sale of development properties		175,871			122,408	
Net cash flow used for investing activities		(1,361,443	)		(954,843	)
Cash flow from financing activities:						
Principal payments on debt, excluding normal amortization of rental property debt		(67,964	)		(45,225	)
Principal payments on rental property debt		(10,812	)		(8,126	)
Principal payments on construction loan financings		(53,903	)		(55,217	)
Proceeds from mortgage/construction loan financings		117,293			136,273	
Borrowings under credit facilities		627,369			315,663	
Repayment of borrowings under credit facilities		(938	)		(234,419	)
Proceeds from issuance of unsecured senior notes		300,000			478,947	
Repayment of unsecured senior notes		(105,000	)		(130,000	)
Financing origination costs		(4,369	)		(10,774	)
Redemption of minority interests in real estate partnerships		(59,334	)		(28,388	)
Dividends paid		(280,526	)		(242,750	)
Cash retained from excess tax benefits		2,408			—	
Proceeds from issuance of stock		37,266			444,508	
Net cash flow provided by financing activities		501,490			620,492	
Change in cash and cash equivalents		(299,626	)		26,522	
Cash and cash equivalents, beginning of period		345,065			76,273	
Cash and cash equivalents, end of period	$	45,439		$	102,795	
Interest paid during the period (net of capitalized interest of $19,549, and $15,335, respectively)	$	133,611		$	95,357	
Income taxes paid during the period	$	12,323		$	6,850	

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

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS

1. Interim Financial Statements

Principles of Consolidation -

The accompanying Condensed Consolidated Financial Statements include the accounts of Kimco Realty Corporation (the “Company”), its subsidiaries, all of which are wholly-owned, 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, (“VIE”), in accordance with the provisions and guidance of Financial Accounting Standards Board (“FASB”) Interpretation No. 46(R), Consolidation of Variable Interest Entities (“FIN 46(R)”) or meets certain criteria of a sole general partner or managing member as identified, in accordance with Emerging Issues Task Force (“EITF”) Issue 04-5, Investors Accounting for an Investment in a Limited Partnership when the Investor is the Sole General Partner and the Limited Partners have Certain Rights (“EITF 04-5”). All inter-company balances and transactions have been eliminated in consolidation. The information furnished 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 2006 Annual Report on Form 10-K and current report on Form 8-K dated July 6, 2007.

Income Taxes -

The Company has made an election to qualify, and believes it is operating so as to qualify, as a Real Estate Investment Trust (a “REIT”) for federal income tax purposes. 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 Sections 856 through 860 of the Internal Revenue Code, as amended (the “Code”). However, in connection with the Tax Relief Extension Act of 1999, which became effective January 1, 2001, the Company is permitted to participate in certain activities which it was previously precluded from 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 under the Code. As such, the Company will be subject to federal and state income taxes on the income from these activities.

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In June 2006, the FASB issued Financial Interpretation No. 48, “Accounting for Uncertainty in Income Taxes” (“FIN 48”), which clarifies the accounting for uncertainty in income taxes recognized in a company’s financial statements in accordance with FASB Statement No. 109, “Accounting for Income Taxes”. The interpretation prescribes a recognition threshold and measurement attribute criteria for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The Company adopted the provisions of FIN 48 on January 1, 2007. The Company does not have any material unrecognized tax benefits, therefore the adoption of FIN 48 did not have a material impact on the Company’s financial position or results of operations.

The Company’s policy is to recognize estimated interest and penalties related to unrecognized tax benefits as other expense. The Company believes that it has appropriate support for the income tax positions taken and to be taken on its tax returns and that its accruals for tax liabilities are adequate for all open years (after 2003 for federal and state and after 2001 for Canada) based on an assessment of many factors including past experience and interpretations of tax laws applied to the facts of each matter.

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 September 30,		**Nine Months Ended September 30,**	
	2007	**2006**	**2007**	**2006**
Computation of Basic Earnings Per Share:				
Income from continuing operations before extraordinary gain	$ 76,016	$ 87,009	$ 276,520	$ 256,128
Gain on transfer of operating properties	—	—	—	1,394
Gain on sale of operating properties, net of tax	376	—	2,708	—
Preferred stock dividends	(2,909)	(2,909)	(8,728)	(8,728)
Income from continuing operations before extraordinary gain applicable to common shares	73,483	84,100	270,500	248,794
Income from discontinued operations	1,613	4,418	30,298	38,838
Extraordinary gain	—	—	50,265	—

Net income applicable to common shares	$ 75,096	$ 88,518	$ 351,063	$ 287,632

Weighted average common shares outstanding	252,327	241,002	251,925	236,789
Basic Earnings Per Share:				
Income from continuing operations before extraordinary gain	$ 0.29	$ 0.35	$ 1.07	$ 1.05
Income from discontinued operations	0.01	0.02	0.12	0.16
Extraordinary gain	—	—	0.20	—
Net income	$ 0.30	$ 0.37	$ 1.39	$ 1.21
Computation of Diluted Earnings Per Share:				
Income from continuing operations before extraordinary gain applicable to common shares	$ 73,483	$ 84,100	$ 270,500	$ 248,794
Distributions on convertible units (a)	—	—	—	310
Income from continuing operations before extraordinary gain for diluted earnings per share	73,483	84,100	270,500	249,104
Income from discontinued operations	1,613	4,418	30,298	38,838
Extraordinary gain	—	—	50,265	—
Net income for diluted earnings per share	$ 75,096	$ 88,518	$ 351,063	$ 287,942
Weighted average common shares outstanding – basic	252,327	241,002	251,925	236,789
Effect of dilutive securities:				
Stock options	4,170	5,144	5,165	4,869
Assumed conversion of convertible units (a)	—	—	—	302
Shares for diluted earnings per common share	256,497	246,146	257,090	241,960

Diluted Earnings Per Share:				
Income from continuing operations before extraordinary gain	$ 0.28	$ 0.34	$ 1.05	$ 1.03
Income from discontinued operations	0.01	0.02	0.12	0.16
Extraordinary gain	—	—	0.20	—
Net income	$ 0.29	$ 0.36	$ 1.37	$ 1.19

(a) For the three and nine months ended September 30, 2007 and 2006, 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.

There were approximately 2,971,150 and 2,455,900 stock options that were anti-dilutive at September 30, 2007 and 2006, respectively.

New Accounting Pronouncements -

In September 2006, the FASB issued Statement of Financial Accounting Standards (“SFAS”) No. 157, Fair Value Measurement (“SFAS No. 157”), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurement. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. The impact of adopting SFAS No. 157 is not expected to have a material impact on the Company’s financial position or results of operations.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (“SFAS No. 159”). SFAS No. 159 permits entities to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The impact of SFAS No. 159 is not expected to have a material impact on the Company’s financial position or results of operations.

In June 2007, the AICPA issued Statement of Position 07-1, Clarification of the Scope of the Audit and Accounting Guide for Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies (“SOP 07-1”). SOP 07-1 sets forth more stringent criteria for qualifying as an investment company than does the predecessor Audit Guide. In addition, SOP 07-1 establishes new criteria for a parent company or equity method investor to retain investment company accounting in their consolidated financial statements. Investment companies record all their investments at fair value with changes in value reflected in earnings. SOP 07-1 was to be effective for the Company’s 2008 fiscal year, however, in October 2007 the FASB agreed to propose an indefinite delay of the effective date of SOP 07-1. The impact of adopting SOP 07-1 is not expected to have a material impact on the Company’s financial position or results of operations.

2. Operating Property Activities

Acquisitions -

During the nine months ended September 30, 2007, the Company acquired, in separate transactions, 55 operating properties, comprising an aggregate 3.6 million square feet of a gross leasable area ("GLA"), for an aggregate purchase price of approximately $964.4 million including the assumption of approximately $68.8 million of non-recourse mortgage debt encumbering six of the properties. Details of these transactions are as follows (in thousands):

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			Purchase Price			
Property Name	Location	Month Acquired	Cash	Debt Assumed	Total	GLA
3 Properties	Various	Jan-07 *(1)*	$ 22,535	$19,480	$ 42,015	240
Embry Village	Atlanta, GA	Feb-07	46,800	-	46,800	215
Park Place	Morrisville, NC	Mar-07 *(2)*	10,700	10,700	21,400	170
35 North Third Street	Philadelphia, PA	Mar-07	2,100	-	2,100	2
Waldo's Mexico Portfolio (17 properties)	Various, Mexico	Mar-07	51,500	-	51,500	488
Cranberry Commons II	Pittsburgh, PA	Mar-07 *(3)*	1,431	3,108	4,539	17
Lake Grove	Lake Grove, NY	Apr-07 *(4)*	31,500	-	31,500	158
1628 Walnut St	Philadelphia, PA	Apr-07	3,500	-	3,500	2
2 Properties	Various	Apr-07 *(5)*	62,800	-	62,800	436
Flagler Park	Miami, FL	Apr-07	95,000	-	95,000	350
2 Properties	Various	May-07 *(6)*	36,801	16,800	53,601	169

Suburban Square	Ardmore, PA	May-07	215,000	-	215,000	359
1701 Walnut St	Philadelphia, PA	May-07	12,000	-	12,000	15
30 West 21st St	New York, NY	May-07	6,250	18,750	25,000	5
Chatham Plaza	Savannah, GA	June-07	44,600	-	44,600	199
2 Properties	Various	June-07 *(7)*	16,920	-	16,920	22
Birchwood Portfolio (11 Properties)	Long Island, NY	July-07	92,090	-	92,090	280

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493-497 Commonwealth Ave	Boston, MA	July-07	5,650	-	5,650	20
3 Properties	Philadelphia, PA	July-07 *(8)*	60,890	-	60,890	68
Highlands Square	Clearwater, FL	July-07 *(9)*	4,531	-	4,531	76
Mooresville Crossings	Mooresville, NC	Aug-07	41,000	-	41,000	155
Corona Hills Marketplace	Corona, CA	Aug-07	32,000	-	32,000	149
			$895,598	$68,838	$964,436	3,595

(1) Three properties acquired in separate transactions, located in Alpharetta, GA, Apopka, FL and Southlake, TX.

(2) The Company acquired this property from a joint venture in which the Company holds a 20% non-controlling interest.

(3) The Company acquired this property from a venture in which the Company had a preferred equity investment.

(4) The Company provided a $31.0 million preferred equity investment to a newly formed joint venture in which the Company has a 98% economic interest for the acquisition of this operating property and has determined under the provisions of FIN 46(R) that this joint venture is a VIE and that the Company is the primary beneficiary. As such, the Company has consolidated this entity for accounting and reporting purposes.

(5) The Company acquired, in separate transactions, these two properties located in Chico, CA and Auburn, WA from a joint venture in which the Company holds a 15% non-controlling interest.

(6) Two properties acquired in separate transactions, located in Sparks, NV and San Diego, CA.

(7) Two properties acquired in separate transactions, located in Boston, MA and Philadelphia, PA.

(8) Three mixed use residential/retail properties acquired in separate transactions, located in Philadelphia, PA.

(9) The Company provided a $4.3 million preferred equity investment to a newly formed joint venture in which the Company has a 94% economic interest for the acquisition of this operating property and has determined under the provisions of FIN 46(R) that this joint

venture is a VIE and that the Company is the primary beneficiary. As such, the Company has consolidated this entity for accounting and reporting purposes.

The aggregate purchase price of these properties has been allocated to the tangible and intangible assets and liabilities of the properties in accordance with SFAS No. 141, Business Combinations ("SFAS No. 141") at the date of acquisition, based on evaluation of information and estimates available at such date. As final information regarding the fair value of the assets acquired and liabilities assumed is received and estimates are refined, appropriate adjustments will be made to the purchase price allocation. The allocations are finalized no later than twelve months from the acquisition date. The total aggregate purchase price was allocated as follows:

Land	$ 273,156
Buildings	480,398
Below Market Rents	(47,504)
Above Market Rents	12,618
In-Place Leases	35,628
Other Intangibles	16,669
Building Improvements	154,760
Tenant Improvements	38,711
	$ 964,436

Dispositions -

During the nine months ended September 30, 2007, the Company (i) disposed of six operating properties and completed partial sales of three operating properties, in separate transactions, for an aggregate sales price of approximately $40.0 million, which resulted in an aggregate net gain of approximately $6.4 million, after income tax of approximately $1.6 million, and (ii) transferred one operating property, which was acquired in the first quarter of 2007, to a joint venture in which the Company holds a 15% non-controlling ownership interest for an aggregate price of approximately $4.5 million, which represented the net book value.

During the nine months ended September 30, 2007, FNC Realty Corporation, a consolidated entity in which the Company holds a 53% controlling ownership interest, disposed of, in separate transactions, seven properties and completed the partial sale of an additional property, for an aggregate sales price of $10.4 million. These transactions resulted in pre-tax profits of approximately $4.7 million, before minority interest of $3.3 million. This income has been recorded as Income from other real estate investments in the Company's Condensed Consolidated Statements of Income.

Additionally, during the nine months ended September 30, 2007, two consolidated joint ventures in which the Company had preferred equity investments disposed of, in separate transactions, their respective properties for an aggregate sales price of approximately $66.5 million. As a result of these capital transactions, the Company received approximately $22.1 million of profit participation, before minority interest of approximately $5.6 million. This profit participation has been recorded as income from other real estate investments and is reflected in Income from discontinued operating properties in the Company's Condensed Consolidated Statements of Income.

3. Discontinued Operations

The Company reports as discontinued operations properties held-for-sale and operating properties sold in the current period. The results of these discontinued operations are included in 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 2006 financial statement amounts.

The components of Income from operations relating to discontinued operations for the three and nine months ended September 30, 2007 and 2006 are shown below. These include the results of operations through the date of each respective sale for properties sold during 2007 and 2006 and the operations for the applicable period for those assets classified as held-for-sale as of September 30, 2007 (in thousands):

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2007	**2006**	**2007**	**2006**
Discontinued operations:				
Revenues from rental property	$ 725	$ 5,226	$ 3,795	$ 19,181
Rental property expenses	(294)	(870)	(1,602)	(4,702)
Depreciation and amortization	(432)	(1,300)	(1,619)	(4,471)
Interest expense	(5)	(620)	(9)	(1,914)
Income from other real estate investments	1,412	199	34,709	728
Other income/(expense)	152	537	(2,911)	1,102
Income from discontinued operating properties	1,558	3,172	32,363	9,924
Provision for income taxes	—	(7)	—	(2,096)
Minority interests in income	(212)	(30)	(5,771)	(1,604)
Loss on operating properties held for sale/sold	—	—	(1,832)	(813)
Gain on disposition of operating properties	267	1,283	5,538	33,427
Income from discontinued operations	$ 1,613	$ 4,418	$ 30,298	$ 38,838

During the nine months ended September 30, 2007, the Company classified as held-for-sale ten shopping center properties comprising approximately 0.6 million square feet of GLA. The book value of each of these properties, aggregating approximately $80.7 million, net of accumulated depreciation of approximately $4.9 million, did not exceed each of their estimated fair values. As a result, no adjustment of property carrying value has been recorded. The Company's determination of the fair value for each of these properties, aggregating approximately $116.8 million, is based primarily upon executed contracts of sale with third parties less estimated selling costs. During 2007, the Company completed the sale of five of these properties.

4. Ground-Up Development

The Company is engaged in ground-up development projects which consist of (i) merchant building through the Company's wholly-owned taxable REIT subsidiary, Kimco Developers, Inc. ("KDI"), which develops neighborhood and community shopping centers and the subsequent sale thereof upon completion, (ii) U.S. ground-up development projects which will be held as long-term investments by the Company and (iii) various ground-up development projects located in Mexico for long-term investment. The ground-up development projects generally have substantial pre-leasing prior to the commencement of construction. As of September 30, 2007, the Company had in progress a total of 59 ground-up development projects, including 29 merchant building projects, ten U.S. ground-up development projects and 20 ground-up development projects located throughout Mexico.

Merchant Building -

During the nine months ended September 30, 2007, KDI acquired five land parcels, in separate transactions, for ground-up development of shopping centers and subsequent sale thereof upon completion for an aggregate purchase price of approximately $39.8 million.

During the nine months ended September 30, 2007, KDI sold, in separate transactions, two completed projects, 19 out-parcels, 67.9 acres of undeveloped land, and the residential component of a project for approximately $179.2 million and received approximately $2.0 million of proceeds from completed earn-out requirements on previously sold projects. These transactions resulted in gains of approximately $12.7 million, net of income taxes of $8.5 million.

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Additionally, during the nine months ended September 30, 2007, KDI obtained construction financing on three ground-up development projects for an aggregate loan amount of up to $86.3 million, of which $46.5 million was outstanding as of September 30, 2007. As of September 30, 2007, KDI had 13 loans with total commitments of up to $292.8 million of which $229.2 million has been funded. These loans have original maturities ranging from two to 36 months and interest rates ranging from 7.04% to 7.57% at September 30, 2007.

Additionally, during January 2007, the Company acquired, through a wholly owned taxable REIT subsidiary, land in Fairfax City, VA, for a purchase price of approximately $30.0 million, including the assumption of approximately $1.4 million of construction loan debt, which bears interest at a rate of LIBOR plus 2.25%. The total commitment on the construction loan is $31.3 million and matures in April 2009. As of September 30, 2007, there was $13.0 million funded on the construction loan. The land will be developed into a 0.1 million square foot retail center and will be marketed for sale upon completion. Total estimated project costs are approximately $26.4 million. During September 2007, the Company completed a partial sale of this property for a sales price of approximately $5.9 million. Proceeds of approximately $4.4 million from this sale were used for the partial repayment of the construction loan. There was no gain or loss recognized on this transaction.

Long-term Investment Projects -

During February 2007, the Company acquired undeveloped land in Union, NJ, for a purchase price of approximately $7.7 million. The land will be developed into a 0.2 million square foot retail center with a total estimated project cost of approximately $38.1 million.

During the nine months ended September 30, 2007, the Company acquired, through a newly formed consolidated joint venture, three redevelopment properties in Bronx, NY, for an aggregate purchase price of approximately $21.7 million. The properties will be re-developed into mixed-use residential/retail centers aggregating 0.1 million square feet with a total estimated project costs of approximately $33.4 million.

Additionally, during the nine months ended September 30, 2007, the Company acquired, in separate transactions, land parcels located in Huehuetoca, Ciudad del Carmen, Rosarito, Mazatlan, Los Cabos, Apodaca, and Tijuana, Mexico, for an aggregate purchase price of approximately 872.5 million Mexican Pesos (“MXP”) (approximately USD $78.6 million). The parcels located in Mazatlan and Apodaca will be held for investment or possible future development, where as the remaining land parcels will be developed into retail centers aggregating approximately 2.3 million square feet with a total estimated aggregate project cost of approximately MXP 1.9 billion (approximately USD $169.2 million).

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5. Kimsouth

On May 12, 2006, the Company acquired an additional 48% interest in Kimsouth Realty Inc. (“Kimsouth”) a joint venture investment in which the Company had previously held a 44.5% non-controlling interest, for approximately $22.9 million. As a result of this transaction, the Company’s total ownership increased to 92.5% and the Company became the controlling shareholder. The Company commenced consolidation of Kimsouth upon the closing date. The acquisition of the additional 48% ownership interest has been accounted for as a step acquisition with the purchase price being allocated to the identified assets and liabilities of Kimsouth. As of May 12, 2006, Kimsouth consisted of four properties, three of which were sold/transferred during 2006.

As of May 12, 2006, Kimsouth had approximately $133.0 million of net operating loss carry-forwards (“NOLs”) which could be utilized to offset future taxable income of Kimsouth. The Company evaluated the need for a valuation allowance based on projected taxable income and determined that a valuation allowance of approximately $34.2 million was required. As such, a purchase price adjustment of $17.5 million was recorded.

During June 2006, Kimsouth contributed approximately $51.0 million, of which $47.2 million or 92.5% was provided by the Company, to fund its 15% non-controlling interest in a newly formed joint venture with an investment group to acquire a portion of Albertson’s Inc. To maximize investment returns, the investment group’s strategy with respect to this joint venture, includes refinancing, selling selected stores and the enhancement of operations at the remaining stores. Kimsouth accounts for this investment under the equity method of accounting. During the nine months ended September 30, 2007, this joint venture completed the disposition of certain operating stores and a refinancing of the remaining assets in the joint venture. As a result of these transactions Kimsouth received cash distributions of approximately $138.6 million. Kimsouth has a remaining capital commitment obligation to fund up to an additional $15.0 million for general purposes. Due to this remaining capital commitment, excess cash received over the Company’s investment of approximately $15.0 million is included in Other liabilities in the Condensed Consolidated Balance Sheets.

During the nine months ended September 30, 2007, Kimsouth’s income from the Albertson’s joint venture aggregated approximately $43.6 million, net of income tax. This amount includes (i) an operating loss of approximately $15.1 million, net of an income tax benefit of approximately $10.1 million, (ii) distribution in excess of Kimsouth’s investment of approximately $4.4 million, net of income tax expense of approximately $3.0 million and (iii) an extraordinary gain of approximately $54.3 million, net of income tax expense of approximately $36.2 million, resulting from purchase price allocation adjustments as determined in accordance with FASB No. 141, Business Combinations. In accordance with Accounting Principles Board Opinion 18, The Equity Method of Accounting for Investments in Common Stock,

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the Company has classified its 15% share of the extraordinary gain, net of income taxes, as a separate component on the Company’s Condensed Consolidated Statements of Income.

During 2007, Kimsouth sold its remaining property for an aggregate sales price of approximately $9.1 million. This sale resulted in a gain of approximately $7.9 million, net of income taxes.

As a result of the Albertson’s transaction and the property sale described above, the Company has reduced the valuation allowance that was applied against Kimsouth NOLs resulting in an income tax benefit of approximately $27.4 million. At September 30, 2007, Kimsouth has deferred tax assets of approximately $15.1 million representing the tax effect of approximately $38.6 million of NOL’s that expire from 2021 to 2023. The Company believes that it is more likely than not that a net deferred tax asset of approximately $8.3 million will be realized on future tax returns, primarily from the generation of future taxable income and therefore, a valuation allowance of $6.8 million has been established for a portion of these deferred tax assets.

6. Investments and Advances in Real Estate Joint Ventures

Kimco Prudential Joint Venture (“KimPru”) -

On October 31, 2006, the Company completed the merger of Pan Pacific Retail Properties Inc. ("Pan Pacific"), which had a total transaction value of approximately $4.1 billion, including Pan Pacific's outstanding debt totaling approximately $1.1 billion. As of October 31, 2006, Pan Pacific owned interests in 138 operating properties, which comprised approximately 19.9 million square feet of GLA, located primarily in California, Oregon, Washington and Nevada.

Immediately following the merger, the Company commenced its joint venture agreements with Prudential Real Estate Investors ("PREI") through three separate accounts managed by PREI. In accordance with the joint venture agreements, all Pan Pacific assets and respective non-recourse mortgage debt and a newly obtained $1.2 billion credit facility used to fund the transaction were transferred to the separate accounts. PREI contributed approximately $1.1 billion on behalf of institutional investors in three of its portfolios. The Company holds a 15% non-controlling ownership interest in each of the joint ventures, collectively, KimPru, with a total aggregate investment at closing of approximately $194.8 million. The Company accounts for its investment in KimPru under the equity method of accounting. In addition, the Company will manage the portfolios and earn acquisition fees, leasing commissions, property management fees and construction management fees. For the nine months ended September 30, 2007, the Company earned management fees of approximately $7.9 million and other transaction related fees of approximately $6.2 million.

During the nine months ended September 30, 2007, KimPru sold 23 operating properties, two of which were sold to the Company, in separate transactions, for an aggregate sales price of approximately $426.8 million. The Company did not recognize any gains or losses related to these transactions.

Proceeds from property sales were used to repay a portion of the outstanding balance on the $1.2 billion credit facility. As of September 30, 2007, the balance on the credit facility was $774.3 million.

As of September 30, 2007, the KimPru portfolio was comprised of 114 shopping center properties aggregating approximately 16.2 million square feet of GLA located in 6 states.

During January 2007, the Company and PREI entered into a new joint venture in which the Company holds a 15% non-controlling interest, which acquired 16 operating properties, aggregating 3.3 million square feet of GLA, for an aggregate purchase price of approximately $822.5 million including the assumption of approximately $487.0 million in non-recourse mortgage debt. Six of these properties were transferred from a joint venture in which the Company held a 5% non-controlling ownership interest. One of the properties was transferred from a joint venture in which the Company held a 30% non-controlling ownership interest. As a result of this transaction, the Company recognized profit participation of approximately $3.7 million and recognized 15% of its share of the gain. The Company will manage these properties and accounts for its investment in this joint venture under the equity method of accounting.

Kimco Income REIT ("KIR") -

The Company holds a non-controlling limited partnership interest in KIR and accounts for its investment under the equity method of accounting. Effective July 1, 2006, the Company acquired an additional 1.7% limited partnership interest in KIR, which increased the Company's non-controlling interest to approximately 45.0%. The Company's equity in income of KIR for the nine months ended September 30, 2007 and 2006 was approximately $23.0 million and $17.9 million, respectively, which includes the Company's share of gains from property sales of approximately $5.3 million and $0.7 million, respectively.

During the nine months ended September 30, 2007, KIR disposed of two operating properties for an aggregate sales price of approximately $47.3 million. These sales resulted in an aggregate gain of approximately $11.9 million of which the Company's share was approximately $5.3 million.

In addition, KIR has a master management agreement with the Company, whereby, the Company performs services for fees relating to the management, operation, supervision and maintenance of the joint venture properties. For the nine

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months ended September 30, 2007 and 2006, the Company earned management fees of approximately $2.7 million and $2.5 million, respectively.

As of September 30, 2007, the KIR portfolio was comprised of 64 operating properties aggregating 13.7 million square feet of GLA located in 18 states.

KROP Venture –

During 2001, the Company formed a joint venture (the "Kimco Retail Opportunity Portfolio" or "KROP") with GE Capital Real Estate ("GECRE"), in which the Company has a 20% non-controlling interest and manages the portfolio. The Company accounts for its investment in KROP under the equity method of accounting.

During the nine months ended September 30, 2007, KROP sold six operating properties for an aggregate sales price of approximately $145.7 million. These sales resulted in an aggregate gain of $37.1 million.

During the nine months ended September 30, 2007, KROP transferred ten operating properties for an aggregate sales price of approximately $267.8 million, including approximately $111.6 million of non-recourse mortgage debt, to a new joint venture in which the Company holds a 15% non-controlling ownership interest. As a result of this transaction, the Company has deferred its share of the gain related to its remaining ownership interest in the properties. The Company will manage this new joint venture and accounts for this investment under the equity method of accounting.

Additionally, during March 2007, KROP sold an operating property to the Company for a sales price of approximately $21.4 million including the assumption of $10.7 million in non-recourse mortgage debt. The Company's share of the gain related to this transaction has been deferred.

As of September 30, 2007, the KROP portfolio was comprised of 8 shopping center properties aggregating approximately 1.1 million square feet of GLA located in 6 states. For the nine months ended September 30, 2007, the Company recognized equity in income of KROP of approximately $47.2 million, including profit participation of approximately $34.0 million and gains on sale of approximately $11.6 million. The Company recognized approximately $17.9 million of equity in income during the corresponding period in 2006, including profit participation of approximately $9.3 million. Additionally, during the nine months ended September 30, 2007 and 2006, the Company earned management fees of approximately $1.5 million and $2.8 million, respectively. Also, the Company earned disposition fees of approximately $0.6 million during the nine months ended September 30, 2007.

During August 2006, the Company and GECRE agreed to market for sale the remaining properties within the KROP venture.

Kimco/UBS Joint Ventures ("KUBS") -

The Company has joint venture investments with UBS Wealth Management North American Property Fund Limited ("UBS") in which the Company has non-controlling interests ranging from 15% to 20%. These joint ventures, (collectively "KUBS"), were established to acquire high quality retail properties primarily financed through the use of individual non-recourse mortgages. Capital contributions are only required as suitable opportunities arise and are agreed to by the Company and UBS. The Company manages the properties and accounts for its investment in these joint ventures under the equity method of accounting.

During the nine months ended September 30, 2007, KUBS acquired 12 operating properties comprising an aggregate of approximately 1.0 million square feet of GLA, for an aggregate purchase price of approximately $352.3 million, which included the assumption of approximately $94.6 million of non-recourse mortgage debt.

As of September 30, 2007, the KUBS portfolio was comprised of 43 operating properties aggregating approximately 6.2 million square feet of GLA located in 12 states. For the nine months ended September 30, 2007 and 2006, the Company recognized equity in income of KUBS of approximately $0.7 million and $0.6 million, respectively. Additionally, during the nine months ended September 30, 2007 and 2006, the Company earned management fees of approximately $4.5 million and $1.9 million, respectively.

Other Real Estate Joint Ventures -

During the nine months ended September 30, 2007, the Company acquired, in separate transactions, 161 operating properties, through joint ventures in which the Company has non-controlling interests. These properties were acquired for an aggregate purchase price of approximately $1.1 billion, including the assumption of approximately $571.1 million of non-recourse mortgage debt encumbering 138 of the properties and $153.0 million in proceeds from a new three-year unsecured credit facility obtained by the In Town Suites joint venture. The Company accounts for its investment in these joint ventures under the equity method of accounting. The Company's aggregate investment in these joint ventures was approximately $192.6 million. Details of these transactions are as follows (in thousands):

			Purchase Price			
		Month Acquired				
Property Name	Location		Cash	Debt	Total	GLA
Cypress Towne Center (Phase II)	Houston, TX	Jan-07 *(1)*	$ 2,175	$ 4,039	$ 6,214	30
Perimeter Expo	Atlanta, GA	Mar-07	62,150	-	62,150	176
Cranberry Commons (Phase I)	Pittsburgh, PA	Mar-07 *(2)*	9,961	18,500	28,461	150
Westgate Plaza	Tampa, FL	Mar-07 *(2)*	4,000	8,100	12,100	100
Sequoia Mall & Tower	Visalia, CA	Apr-07	29,550	-	29,550	235

Patio (4 Properties)	Santiago, Chile	Apr-07	5,374	11,148	16,522	95
Cranberry Commons (Phase II)	Pittsburgh, PA	May-07 *(3)*	4,539	-	4,539	17
550 Adelaide Street East	Toronto, Ontario	May-07	9,900	-	9,900	31
K-Mart Shopping Ctr	Pompano Beach, FL					

		Jun-07	7,800	-		7,800	103
American Industries (2 Properties)	Chihuahua, Mexico	Jun-07	3,968	-		3,968	146
Frederick 125th St	New York, NY	Jun-07 *(4)*	5,000	25,000		30,000	20
In Town Suites (127 extended stay residential properties, 16,364 units)	Various	Jun-07	155,800	617,607	*(5)*	773,407	-
American Industries (6 Properties)	Various, Mexico	Jul-07	13,300	-		13,300	202
1150 Provincial Road	Windsor, Ontario	Jul-07	11,346	-		11,346	48
In Town Suites (9 extended stay residential properties, 129 units)	Various	Jul-07	1,156	39,744		40,900	-
2 Properties	Various, Mexico	Jul-07	57,729	-		57,729	246
American Industries	Reyonsa, Mexico	Aug-07	3,579	-		3,579	-
			$387,327	$724,138		$1,111,465	1,599

(1) This property was transferred from KDI.

(2) These properties were transferred from ventures in which the Company had preferred equity investments.

(3) This property was transferred from the Company.

(4) This property was purchased for redevelopment purposes.

(5) Includes approximately $278.6 million of assumed cross-collateralized non-recourse mortgage debt with interest rates ranging from 5.19% to 5.89%, encumbering 86 properties, $186.0 million of new cross-collateralized non-recourse mortgage debt with an interest rate of 5.59%, encumbering 35 properties and a $153.0 million three-year unsecured credit facility, which bears interest at LIBOR plus 0.325% and is guaranteed by the Company. The joint venture partner has pledged its equity interest for any guaranty payment the Company is obligated to pay.

During the nine months ended September 30, 2007, the Company transferred in separate transactions, 50% of its 100% interest in six ground-up development projects in Juarez, Tecamac, Mexicali, Cuaulta, Ciudad Del Carmen and Rosarito, Mexico to a joint venture partner for approximately $39.2 million, which approximated their carrying values. As a result of these transactions, the Company has deconsolidated these entities and now accounts for its investments under the equity method of accounting.

During the nine months ended September 30, 2007, joint ventures in which the Company has non-controlling interests disposed of, in separate transactions, (i) three properties for an aggregate sales price of approximately $129.0 million resulting in an aggregate gain of approximately $27.3 million, of which the Company’s share was approximately $13.1 million and (ii) two vacant parcels of land for an aggregate sales price of $6.7 million, which resulted in no gain or loss.

During August 2007, PL Retail LLC (“PL Retail”), a joint venture in which the Company has a 15% non-controlling ownership interest and manages the portfolio, sold one of its operating properties for a sales price of approximately $40.1 million. The proceeds from the sale were used to pay down an existing mortgage of approximately $28.6 million. The sale resulted in a gain of approximately $13.5 million of which the Company’s share was approximately $2.0 million.

The Company’s maximum exposure to losses associated with its Investments and advances in real estate joint ventures is primarily limited to its carrying value in these investments. As of September 30, 2007, the Company’s carrying value in these investments approximated $1.3 billion.

7. Other Real Estate Investments

Preferred Equity Capital -

The Company maintains a preferred equity program, which provides capital to developers and owners of real estate. During the nine months ended September 30, 2007, the Company provided an aggregate of approximately $81.4 million in investment capital to developers and owners of 57 real estate properties. As of September 30, 2007, the Company’s net investment under the Preferred Equity program was approximately $464.9 million relating to 251 properties. During the nine months ended September 30, 2007, the Company earned from these investments approximately $54.7 million, including $30.3 million in profit participation earned

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from 18 capital transactions. During the nine months ended September 30, 2006, the Company earned approximately $29.8 million from these investments including $8.7 million in profit participation earned from 12 capital transactions.

Two of the capital transactions described above for the nine months ended September 30, 2007, were the result of the transfer of two operating properties, in separate transactions, to a joint venture in which the Company holds a 15% non-controlling interest for an aggregate price of approximately $40.6 million, including the assumption of approximately $26.6 million in non-recourse debt. These sales resulted in an aggregate profit participation of approximately $1.4 million.

Also, included in the capital transactions described above for the nine months ended September 30, 2007, is the transfer of an operating property to the Company for approximately $4.5 million, including the assumption of $3.1 million in non-recourse mortgage debt. As a result of the Company's acquisition of this property, the Company did not recognize any profit participation.

Additionally, during July 2007, the Company invested approximately $81.7 million of preferred equity capital in a portfolio comprised of 403 net leased properties which are divided into 30 master leased pools with each pool leased to individual corporate operators. These properties consist of a diverse array of free-standing restaurants, fast food restaurants, convenience and auto parts stores. The properties are encumbered by third party loans aggregating approximately $442.5 million with interest rates ranging from 5.08% to 10.47% with a weighted average interest rate of 9.3% and maturities ranging from 1.4 years to 15.2 years.

8. Mortgages and Other Financing Receivables

During January 2007, the Company provided approximately $7.0 million as its participation share of a $26.0 million one year bridge loan to a real estate developer. This loan bears interest at a blended fixed rate of 13% per annum and is collateralized by the real estate interest of the developer and is partially guaranteed by the developer. As of September 30, 2007, the Company's outstanding balance on this loan participation was approximately $7.0 million.

During February 2007, the Company provided MXP 87.7 million (approximately USD $8.0 million) in two tranches to an owner of an operating property located in Guadalajara, Mexico. The loan, which is collateralized by the property, bears interest at 11% per annum. The tranches, MXP 10.8 million and MXP 76.9 million, are scheduled to mature in 2008 and 2017, respectively. The Company is entitled to a participation feature of 20% of annual cash flows after debt service and 20% of proceeds from sale or re-finance of the property. As of September 30, 2007, the outstanding balance on this loan was approximately MXP 87.4 million (approximately USD $8.0 million).

Additionally during February 2007, the Company provided a $13.0 million loan to an owner of a shopping center located in Mexico City, Mexico. The loan bears interest at LIBOR plus 2.75% and was scheduled to mature in August 2007, with a month-to-month extension feature at the lender's discretion. As of September 30, 2007, the outstanding balance on this loan was approximately $13.0 million.

During December 2006, the Company provided $5.0 million as its share of a one-year $27.5 million mortgage loan to a real estate developer. The proceeds were used to payoff the existing debt. The loan was collateralized by a parcel of land and bore interest at a fixed rate of 13%, which was payable monthly with any unpaid accrued interest and principal payable at maturity. During April 2007, the Company accepted a pre-payment of $5.6 million as full satisfaction of the loan, which includes $0.6 million relating to a pre-payment penalty.

During August 2006, the Company provided $8.8 million as its share of a $13.2 million twelve-month term loan to a retailer for general corporate purposes. This loan bore interest at a fixed rate of 12.5% with interest payable monthly and a balloon payment for the principal balance at maturity. The loan was collateralized by the underlying real estate of the retailer. Additionally, the Company funded $13.3 million as its share of a $20.0 million revolving Debtor-in-Possession ("DIP") facility to this retailer. The facility bore interest at LIBOR plus 3.0% and had an unused line fee of 0.375%. During April 2007, the Company accepted a pre-payment of approximately $13.4 million from the borrower as full satisfaction of the loans. The $13.4 million was comprised of the remaining term loan balance of $7.5 million, the revolving credit facility of $5.7 million, and approximately $0.2 million in pre-payment penalties.

During April 2007, the Company provided a $30.0 million DIP facility to a medical center. The DIP facility is priced at LIBOR plus 400 basis points per annum (9.57% at September 30, 2007) and is collateralized by certain real estate interests of the borrower. The loan matures at the earlier of (i) two years or (ii) the borrower’s emergence from bankruptcy. As of September 30, 2007, the outstanding balance of this credit facility was approximately $13.0 million.

During April 2007, the Company entered into a CAD $16.7 million (approximately USD $14.7 million) one-year convertible bridge facility with a developer of a ground up retail development project in Ontario, Canada. The facility bears interest at 10% per annum. This facility is secured by the subject property and other properties owned by the borrower and can be converted, at the option of the lender, after one year into a 25% interest in the retail development project. As of September 30, 2007, the outstanding balance of this facility was approximately CAD $16.7 million (approximately USD $16.8 million).

During January 2006, the Company provided approximately $5.2 million as its share of an $11.5 million term loan to a real estate developer for an acquisition of a 59 acre land parcel located in San Antonio, TX. This loan was interest only at a

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fixed rate of 11.0% for a term of one year with a one year extension, payable monthly and collateralized by a first mortgage on the subject property. During August 2007, the Company received a $5.2 million payment as full satisfaction of the loan.

9. Notes Payable

During April 2007, the Company issued $300.0 million of ten-year Senior Unsecured Notes at an interest rate of 5.70% per annum payable semi-annually in arrears. These notes were sold at 99.984% of par value. Net proceeds from the issuance were approximately $297.8 million, after related transaction costs of approximately $2.2 million. The proceeds from this issuance were primarily used to repay a portion of the outstanding balance under the Company’s U.S. revolving credit facility and for general corporate purposes.

During the nine months ended September 30, 2007, the Company repaid its $30.0 million 7.46% fixed rate notes, which matured on May 20, 2007, its $55.0 million 5.75% fixed rate notes, which matured on June 29, 2007 and its $20.0 million 6.96% fixed rate notes, which matured on July 16, 2007.

During August 2007, the Company obtained a $200.0 million unsecured term loan that bears interest at LIBOR plus 0.325%. The term loan was scheduled to mature on December 14, 2007. The Company utilized these proceeds to partially repay the outstanding balance on the Company's U.S. revolving credit facility. As of September 30, 2007, there was $200.0 million outstanding under this term loan at an interest rate of 5.45% per annum. The term loan was fully repaid in October 2007.

10. Supplemental Schedule of Non-Cash Investing / Financing Activities

The following schedule summarizes the non-cash investing and financing activities of the Company for the nine months ended September 30, 2007 and 2006 (in thousands):

	2007	2006
Acquisition of real estate interests by issuance of the Company's common stock and/or assumption of mortgage debt	$ 51,445	$ 220,342
Disposition/transfer of real estate interest by assignment of mortgage debt	$ -	$ 3,863
Acquisition of real estate interests by issuance of redeemable units	$ -	$ 207,496
Proceeds held in escrow through sale of real estate interests	$ -	$ 41,421
Acquisition of real estate interests through proceeds held in escrow	$ 68,031	$ 42,136

Acquisition of real estate through the issuance

of unsecured obligation	$ -	$ 10,586
Declaration of dividends paid in succeeding period	$ 103,976	$ 89,803
Investment in real estate joint venture by contribution of properties	$ 740	$ -
Deconsolidation of Joint Venture:		
Decrease in real estate and other assets	$ 113,074	$ -
Decrease in construction loan and other liabilities	$ 113,074	$ -
Consolidation of Kimsouth:		
Increase in real estate and other assets	$ -	$ 28,377
Increase in mortgages payable and other liabilities	$ -	$ 28,377

11. Incentive Plans

The Company maintains an equity participation plan (the "Plan") pursuant to which a maximum of 42,000,000 shares of the Company's common stock may be issued for qualified and non-qualified options and restricted stock grants. Unless otherwise determined by the Board of Directors at its sole discretion, options granted under the Plan generally vest ratably over a three or five year term, expire ten years from the date of grant and are exercisable at the market price on the date of grant. Restricted stock grants vest 100% on the fifth anniversary of the grant date. In addition, the Plan provides for the granting of certain options to each of the Company's non-employee directors (the "Independent Directors") and permits such Independent Directors to elect to receive deferred stock awards in lieu of directors' fees.

Effective January 1, 2005, the Company adopted the provisions of SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS No. 123(R)"). Accordingly, stock-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as expense over the requisite service period.

The Company recognized stock option compensation expense of $9.0 million and $8.3 million for the nine months ended September 30, 2007 and 2006, respectively. As of September 30, 2007, the Company had $29.6 million of total unrecognized compensation cost related to

unvested stock compensation granted under the Company's Plan. That cost is expected to be recognized over a weighted average period of approximately 3.6 years.

12. Pro Forma Financial Information

As discussed in Note 2, the Company and certain of its affiliates acquired and disposed of interests in certain operating properties during the nine months ended September 30, 2007. The pro forma financial information set forth below is based upon the Company's historical Condensed Consolidated Statements of Income for the nine months ended September 30, 2007 and 2006, adjusted to give effect to these transactions at the beginning of each year.

The pro forma financial information is presented for informational purposes only and may not be indicative of what actual results of operations would have been had the transactions occurred at the beginning of each year, nor does it purport to represent the results of future operations. (Amounts presented in millions, except per share figures.)

	Nine Months ended September 30,	
	2007	2006
Revenues from rental property	$524.6	$476.0
Income before extraordinary gain	$271.2	$241.8
Net income	$321.4	$241.8
Income before extraordinary gain		
per common share:		
Basic	$1.04	$0.98
Diluted	$1.02	$0.96
Net income per common share:		
Basic	$1.24	$0.98
Diluted	$1.22	$0.96

13. Subsequent Events

During October 2007, the Company issued 18,400,000 Depositary Shares (the "Class G Depositary Shares"), after the exercise of an over-allotment option, each representing a one-hundredth fractional interest in a share of the Company's 7.75% Class G Cumulative Redeemable Preferred Stock, par value $1.00 per share (the "Class G Preferred Stock"). Dividends on the Class G Depositary Shares are cumulative and payable quarterly in arrears at the rate of 7.75% per annum based on the $25.00 per share initial offering price, or $1.9375 per annum. The Class G

Depositary Shares are redeemable, in whole or part, for cash on or after October 10, 2012 at the option of the Company, at a redemption price of $25.00 per depositary share, plus any accrued and unpaid dividends thereon. The Class G Depositary Shares are not convertible or exchangeable

for any other property or securities of the Company. Net proceeds from the sale of the Class G Depositary Shares, totaling approximately $444.5 million (after related transaction costs of $15.5 million) will be used for general corporate purposes, which may include funding property acquisitions, investments in the Company's institutional management programs and other investment activities. The Company also used a portion of the proceeds to partially repay amounts outstanding under its U.S. revolving credit facility.

During October 2007, the Company established a $1.5 billion unsecured U.S. revolving credit facility (the "U.S. Credit Facility") with a group of banks, which is scheduled to expire in October 2011. This credit facility, which replaced the Company's $850.0 million unsecured U.S. revolving facility, has made available funds to finance general corporate purposes, including (i) property acquisitions, (ii) investments in the Company's institutional management programs, (iii) development and redevelopment costs and (iv) any short-term working capital requirements. Interest on borrowings under the U.S. Credit Facility accrues at LIBOR plus 0.375% and fluctuates in accordance with changes in the Company's senior debt ratings. As part of this U.S. Credit Facility, the Company has a competitive bid option whereby the Company may auction up to $750.0 million of its requested borrowings to the bank group. This competitive bid option provides the Company the opportunity to obtain pricing below the currently stated spread. A facility fee of 0.125% per annum is payable quarterly in arrears. As part of the U.S. Credit Facility, the Company has a $200.0 million sub-limit which provides it the opportunity to borrow in alternative currencies such as Pounds Sterling, Japanese Yen or Euros. Pursuant to the terms of the U.S. 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.

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

Forward-Looking Statements

This quarterly report on Form 10-Q, together with other statements and information publicly disseminated by 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 include this statement for purposes of complying with these 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" or similar expressions. You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond the Company's control and which 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 economic and local real estate conditions, (ii) the inability of major tenants to continue paying their rent obligations due to bankruptcy, insolvency or general downturn in their business, (iii) financing risks, such as the inability to obtain equity, debt or other sources of financing on favorable terms, (iv) changes in governmental laws and regulations, (v) the level and volatility of interest rates, (vi) the availability of suitable acquisition opportunities and (vii) increases in operating costs. Accordingly, there is no assurance that the Company's expectations will be realized.

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

Executive Summary

Kimco Realty Corporation is one of the nation's largest publicly-traded owners and operators of neighborhood and community shopping centers. As of September 30, 2007, the Company had interests in 1,959 properties, totaling approximately 183 million square feet of gross leaseable area ("GLA") located in 45 states, Canada, Mexico, Chile and Puerto Rico.

The Company is self-administered and self-managed through present management, which has owned and managed neighborhood and community shopping centers for over 45 years. 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 Company, through its taxable REIT subsidiaries, is engaged in various retail real estate-related opportunities including (i) merchant building, through its Kimco Developers, Inc. ("KDI") subsidiary, which is primarily engaged in the ground-up development of neighborhood and community shopping centers and the subsequent sale thereof upon completion, (ii) retail real estate advisory 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 and (iii) acting as an agent or principal in connection with tax deferred exchange transactions. The Company will consider other investments through taxable REIT subsidiaries should suitable opportunities arise.

In addition, the Company continues to capitalize 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 also provides preferred equity capital for real estate entrepreneurs and provides real estate capital and advisory services to both healthy and distressed retailers. The Company also makes selective investments in secondary market opportunities where a security or other investment is, in management's judgment, priced below the value of the underlying real estate.

The Company's strategy is to maintain a strong balance sheet while investing opportunistically and selectively. The Company intends to continue to execute its plan of delivering solid growth in earnings and dividends.

Results of Operations

Revenues from rental property increased $24.6 million or 16.5% to $173.7 million for the three months ended September 30, 2007, as compared with $149.1 million for the corresponding quarter ended September 30, 2006. Similarly, revenues from rental property increased $70.0 million or 16.2% to $501.8 million for the nine months ended September 30, 2007, as compared with $431.9 million for the corresponding nine month period ended September 30, 2006. These net increases resulted primarily from the combined effect of (i) the acquisition of operating properties

during 2006 and the nine months ended September 30, 2007, providing incremental revenues for the three and nine months ended September 30, 2007 of approximately $22.6 million and $65.2 million, respectively, (ii) an overall occupancy increase from the consolidated shopping center portfolio to 95.7% at September 30, 2007, as compared to 94.5% at September 30, 2006, growth in rental rates from renewing expiring leases and the completion of certain redevelopment and development projects and tenant buyouts providing incremental revenues of approximately $3.7 million and $11.0 million, respectively, for the three and nine months ended September 30, 2007 as compared to the corresponding period in 2006,

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offset by (iii) a decrease in revenues of approximately $1.7 million and $6.2 million for the three and nine months ended September 30, 2007, respectively, as compared to the corresponding periods last year, resulting from the transfer of operating properties to various unconsolidated joint venture entities, and the sale of certain properties during 2006 and the nine months ended September 30, 2007.

Rental property expenses, increased approximately $5.5 million or 13.7% to $45.8 million for the three months ended September 30, 2007, as compared with $40.3 million for the corresponding quarter ended September 30, 2006. Similarly, for the nine months ended September 30, 2007, rental property expenses, increased $17.4 million or 15.0% to $133.7 million as compared with $116.3 million for the corresponding period in the preceding year. Additionally, depreciation and amortization increased approximately $12.5 million and $38.2 million for the three and nine months ended September 30, 2007, as compared to the corresponding periods in 2006. These increases in rental property expenses and depreciation and amortization are primarily due to operating property acquisitions during 2007 and 2006 which were partially offset by operating property dispositions including those transferred to various joint venture entities.

Mortgage and other financing income decreased $3.9 million to $11.8 million for the nine months ended September 30, 2007, as compared to $15.8 million for the corresponding period in 2006. This decrease is primarily due to the recognition of accretion income of approximately $6.2 million, resulting from the early pre-payment of a mortgage receivable in 2006 partially offset by an overall increase in interest income on mortgage receivables entered into in 2006 and the nine months ended September 30, 2007.

Management and other fee income increased approximately $2.9 million and $13.9 million, respectively, for the three and nine months ended September 30, 2007, as compared to the corresponding periods in 2006. These increases are primarily due to increased property management fees and other transaction related fees related to the growth in the Company's co-investment programs.

General and administrative expenses increased approximately $6.9 million and $21.1 million, respectively for the three and nine months ended September 30, 2007, as compared to the corresponding periods in 2006. These increases are primarily due to personnel-related costs, primarily due to growth within the Company's co-investment programs and the overall continued growth of the Company.

Interest, dividends and other investment income increased approximately $2.0 million and decreased $7.8 million for the three and nine month periods ended September 30, 2007, respectively, as compared to the corresponding periods in 2006. The increase in the three months ended September 30, 2007, as compared to the corresponding period in 2006 is primarily due to an increase in realized gains of approximately $1.4 million resulting from the sale of certain marketable securities

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during the three months ended September 30, 2007. The decrease in the nine months ended September 30, 2007, as compared to the corresponding period in 2006 is primarily due to a decrease in realized gains of approximately $13.2 million resulting from the sale of certain marketable securities during the corresponding period in 2006, partially offset by an increase in interest income of approximately $4.9 million resulting primarily from growth in the Company's marketable securities portfolio during 2006 and 2007.

Other (expense)/income, net decreased $14.0 million to $6.0 million in expense for the nine months ended September 30, 2007, as compared to $8.0 million in income for the corresponding period in 2006. This decrease is primarily due to (i) the receipt of fewer shares during 2007 as compared to 2006 of Sears Holding Corp. common stock received as partial settlement of Kmart pre-petition claims and (ii) an increase in Canadian withholding tax expense on profit participation proceeds received during 2007 relating to capital transactions from a Canadian preferred equity investment.

Interest expense increased $14.1 million and $32.1 million for the three and nine months ended September 30, 2007, as compared to the corresponding periods in 2006. These increases are due to higher interest rates and higher outstanding levels of debt during these periods as compared to the same periods in the preceding year.

Benefit for income taxes increased $33.5 million for the nine months ended September 30, 2007, as compared to the corresponding period in 2006. This increase is primarily due to the reduction of approximately $27.4 million of NOL valuation allowance and a tax benefit of approximately $10.1 million from operating losses recognized in connection with the Albertson's investment.

Income from other real estate investments decreased $7.3 million to $19.8 million for the three months ended September 30, 2007, as compared to $27.2 million for the corresponding period in 2006. This decrease is primarily due to pre-tax profits earned in 2006 of approximately $7.9 million from the transfer of two properties from Kimsouth to a joint venture in which the Company holds an 18% non-controlling interest. Income from other real estate investments increased $5.9 million to $66.8 million for the nine months ended September 30, 2007, as compared to $60.9 million for the corresponding period in 2006. This increase is primarily due to increased activity in the Company's Preferred Equity program which contributed profit of $54.7 million for the nine months ended September 30, 2007, as compared to $29.8 million for the corresponding periods in 2006, partially offset by pre-tax profits earned in 2006 from the sale/transfer of properties.

Equity in income of real estate joint ventures, net increased $10.0 million to $39.3 million for the three months ended September 30, 2007, as compared to $29.3 million for the corresponding period in 2006. This increase is primarily due to pre-tax income from the Albertson's investment resulting from an additional cash distribution relating to the Albertson's monetization. Similarly, equity in income of

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real estate joint ventures, net increased $38.9 million to $111.7 million for the nine months ended September 30, 2007, as compared with $72.8 million for the corresponding period in 2006. This increase is primarily the result of (i) an increase in equity in income from the Kimco Realty Opportunity Portfolio joint venture investment (“KROP”) primarily resulting from profit participation of approximately $34.0 million and gains on sale/transfer of operating properties during 2007 of which the Company’s share of gains were $11.6 million for the nine months ended September 30, 2007 and (ii) the Company’s growth of its various other real estate joint ventures due to additional capital investments for the acquisition of additional operating properties by the ventures throughout 2006 and the nine months ended September 30, 2007, partially offset by net operating losses from the Albertson’s joint venture of approximately $17.8 million for the nine months ended September 30, 2007.

During the nine months ended September 30, 2007, KDI sold, in separate transactions, two completed projects, 19 out-parcels, 67.9 acres of undeveloped land and the residential component of a project for approximately $179.2 million and received approximately $2.0 million of proceeds from completed earn-out requirements on previously sold projects. These transactions resulted in gains of approximately $12.7 million, net of income taxes of $8.5 million.

During the nine months ended September 30, 2006, KDI sold three recently completed projects, one partnership interest and 21 out-parcels, in separate transactions, for approximately $132.3 million. These sales resulted in gains of approximately $14.8 million, net of income taxes of $9.9 million, which excludes approximately $1.1 million of gains on one of the projects, which was deferred due to the Company’s continued ownership interest.

During the nine months ended September 30, 2007, the Company (i) disposed of six operating properties and completed partial sales of three operating properties, in separate transactions, for an aggregate sales price of approximately $40.0 million, which resulted in an aggregate net gain of approximately $6.4 million, after income tax of approximately $1.6 million and (ii) transferred one operating property, which was acquired in the first quarter of 2007, to a joint venture in which the Company holds a 15% non-controlling ownership interest for an aggregate price of approximately $4.5 million, which represented the net book value.

Additionally, during the nine months ended September 30, 2007, two consolidated joint ventures in which the Company had preferred equity investments disposed of, in separate transactions, their respective properties for an aggregate sales price of approximately $66.5 million. As a result of these capital transactions, the Company received approximately $22.1 million of profit participation, before minority interest of approximately $5.6 million. This profit participation has been recorded as income from other real estate investments and is reflected in Income from discontinued operating properties in the Company’s Condensed Consolidated Statements of Income.

During the nine months ended September 30, 2006, the Company disposed of 15 operating properties for an aggregate sales price of $129.4 million, which resulted in an aggregate net gain of approximately $30.5 million, after income taxes of $2.1 million relating to the sale of one property, and transferred five operating properties to joint ventures in which the Company has 20% non-controlling interests for an aggregate price of approximately $95.4 million, which resulted in a gain of approximately $1.4 million for one transferred property.

Net income for the three and nine months ended September 30, 2007 was $78.0 million and $359.8 million, respectively. Net income for the three and nine months ended September 30, 2006 was $91.4 million and $296.4 million, respectively. On a diluted per share basis, net income decreased $0.07 to $0.29 for the three month period ended September 30, 2007, as compared to $0.36 for the corresponding quarter in the previous year. On a diluted per share basis, net income improved $0.18 to $1.37 for the nine month period ended September 30, 2007, as

compared to $1.19 for the corresponding period in 2006. The decrease for the three months ended September 30, 2007, as compared to the corresponding period in 2006, was primarily due to an increase in non-cash depreciation expense resulting from property acquisitions during the nine months ended September 30, 2007 and 2006. The increase in the nine months ended September 30, 2007, as compared to the corresponding period in 2006, was primarily attributable to (i) an increase in revenues from rental properties primarily due to acquisitions of operating properties during 2006 and the nine months ended September 30, 2007, (ii) an increase in equity in income of real estate joint ventures achieved from profit participation and gains on sale of joint venture operating properties and additional capital investments in the Company's joint venture programs for the acquisition of additional operating properties throughout 2007 and 2006 and (iii) a contribution of $66.1 million related to the Albertson's investment monetization, partially offset by, (iv) a decrease in income resulting from the sale of certain marketable securities during the corresponding periods in 2006.

Tenant Concentration

The Company seeks to reduce its operating and leasing risks through diversification achieved by the geographic distribution of its properties, avoiding dependence on any single property, and a large tenant base. At September 30, 2007, the Company's five largest tenants were The Home Depot, TJX Companies, Sears Holdings, Kohl's, and Wal-Mart, which represented approximately 3.3%, 2.9%, 2.3%, 2.1% and 1.9%, respectively, of the Company's annualized base rental revenues including the proportionate share of base rental revenues from properties in which the Company has less than a 100% economic interest.

Liquidity and Capital Resources

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

	Nine Months Ended September 30,	
	2007	2006
Net cash flow provided by operating activities	$ 560.3	$ 360.9
Net cash flow used for investing activities	$ (1,361.4)	$ (954.8)
Net cash flow provided by financing activities	$ 501.5	$ 620.5

Operating Activities

Cash flows provided from operating activities for the nine months ended September 30, 2007 were approximately $560.3 million, as compared to approximately $360.9 million for the comparable period in 2006. The increase of approximately $199.5 million is primarily attributable to increased cash flows due to (i) the acquisition of properties during 2006 and the nine months ended September 30, 2007, (ii) an increase in revenues from rental properties due to an overall occupancy increase from the consolidated shopping center portfolio, growth in rental rates from renewing expiring leases and the completion of certain re-development and development projects, and (iii) an increase in distributions from joint ventures primarily received from the Company's investment in KROP resulting from the distribution of profit participation proceeds and distributions in excess of basis from the Albertsons investment.

The Company anticipates that cash flows from operating activities will continue to provide adequate capital to fund its operating and administrative expenses, regular debt service obligations and all dividend payments in accordance with REIT requirements in both the short term and long term. In addition, the Company anticipates that cash on hand, borrowings under its revolving credit facilities, issuance of equity and public debt, as well as other debt and equity alternatives, will provide the necessary capital required by the Company. Net cash flow provided by operating activities for the nine months ended September 30, 2007, was primarily attributable to (i) cash flow from the diverse portfolio of rental properties, (ii) the acquisition of operating properties during 2007 and 2006, (iii) new leasing, expansion and re-tenanting of core portfolio properties and (iv) growth in the Company's joint venture and Preferred Equity programs.

Investing Activities

Cash flows used for investing activities for the nine months ended September 30, 2007 were approximately $1.4 billion, as compared to approximately $954.8 million for the comparable period in 2006. This increase in cash utilization of $406.6 million resulted primarily from an increase in acquisition of and improvements to operating real estate and real estate under development and an increase in the

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Company's investments and advances to joint ventures, partially offset by reimbursements of other investments received in 2007 as compared to 2006.

Acquisitions and Redevelopments -

During the nine month period ended September 30, 2007, the Company expended approximately $889.1 million towards acquisition of and improvements to operating real estate.

In addition, the Company has an ongoing program to reformat and re-tenant its properties to maintain or enhance its competitive position in the marketplace. During the nine months ended September 30, 2007, the Company expended approximately $48.7 million in connection with these major redevelopments and re-tenanting projects. The Company anticipates its capital commitment toward these and other redevelopment projects during 2007 will be approximately $75.0 million to $100.0 million. The funding of these capital requirements will be provided by cash flow from operating activities and availability under the Company's revolving lines of credit.

Investments and Advances to Joint Ventures -

During the nine month period ended September 30, 2007, the Company expended approximately $330.6 million for investments and advances to real estate joint ventures and received approximately $198.4 million from reimbursements of advances to real estate joint ventures. In addition, the Company received approximately $53.2 million from reimbursement of other investments.

Ground-up Development -

The Company is engaged in ground-up development projects which consist of (i) merchant building through the Company's wholly-owned taxable REIT subsidiary, KDI, which develops neighborhood and community shopping centers and the subsequent sale thereof upon completion, (ii) U.S. ground-up development projects which will be held as long-term investments by the Company and (iii) various ground-up development projects located in Mexico for long-term investment. The ground-up development projects generally have substantial pre-leasing prior to the commencement of construction. As of September 30, 2007, the Company had in progress a total of 59 ground-up development projects, including 29 merchant building projects, ten U.S. ground-up development projects and 20 ground-up development projects located throughout Mexico.

During the nine months ended September 30, 2007, the Company expended approximately $503.0 million in connection with the purchase of land and construction costs related to these projects. These projects are currently proceeding on schedule and substantially in line with the Company's budgeted costs. The Company anticipates its capital commitment during 2007 toward these and other

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development projects will be approximately $550 million to $600 million. The proceeds from the sales of the completed ground-up development projects, proceeds from construction loans and availability under the Company's revolving lines of credit are expected to be sufficient to fund these anticipated capital requirements.

Dispositions and Transfers -

During the nine month period ended September 30, 2007, the Company received net proceeds of approximately $235.3 million relating to the sale of various operating/development properties and ground-up development projects and approximately $61.2 million from the transfer of operating/development properties to various joint ventures.

Financing Activities

Cash flows provided from financing activities for the nine months ended September 30, 2007 were approximately $501.5 million, as compared to approximately $620.5 million for the comparable period in 2006. This decrease of approximately $119.0 million resulted primarily from (i) a decrease in proceeds received from the issuance of stock and (ii) repayment of unsecured notes, which matured in 2007, partially offset by (i) a decrease in the repayment of borrowings under the revolving credit facilities in 2007 as compared to 2006 and (ii) an increase in borrowings

under the revolving credit facilities in 2007 due to increased acquisitions during the period.

It is management's intention that the Company continually has access to the capital resources necessary to expand and develop its business. As such, the Company intends to operate with and maintain a conservative capital structure with a level of debt to total market capitalization of 50% or less. As of September 30, 2007, the Company's level of debt to total market capitalization was 27%. In addition, the Company intends to maintain strong debt service coverage and fixed charge coverage ratios as part of its commitment to maintaining its investment-grade debt ratings. The Company may, from time-to-time, seek to obtain funds through additional equity offerings, unsecured debt financings and/or mortgage/construction loan financings and other capital alternatives in a manner consistent with its intention to operate with a conservative debt structure.

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 $5.7 billion for the purposes of, among other things, repaying indebtedness, acquiring interests in neighborhood and community shopping centers, funding ground-up development projects, expanding and improving properties in the portfolio and other investments.

The Company had an $850.0 million unsecured revolving credit facility, which was scheduled to expire in July 2008. This credit facility made available funds to both finance the purchase of properties and other investments and meet any short-term working capital requirements. As of September 30, 2007, there was $425.0 million outstanding under this credit facility.

During October 2007, the Company established a $1.5 billion unsecured U.S. revolving credit facility (the "U.S. Credit Facility") with a group of banks, which is scheduled to expire in October 2011. This credit facility, which replaced the Company's $850.0 million unsecured U.S. revolving facility, referred to above, has made available funds to finance general corporate purposes, including (i) property acquisitions, (ii) investments in the Company's institutional management programs, (iii) development and redevelopment costs and (iv) any short-term working capital requirements. Interest on borrowings under the U.S. Credit Facility accrues at LIBOR plus 0.375% and fluctuates in accordance with changes in the Company's senior debt ratings. As part of this U.S. Credit Facility, the Company has a competitive bid option whereby the Company may auction up to $750.0 million of its requested borrowings to the bank group. This competitive bid option provides the Company the opportunity to obtain pricing below the currently stated spread. A facility fee of 0.125% per annum is payable quarterly in arrears. As part of the U.S. Credit Facility, the Company has a $200.0 million sub-limit which provides it the opportunity to borrow in alternative currencies such as Pounds Sterling, Japanese Yen or Euros. Pursuant to the terms of the U.S. Credit Facility, the Company, among other things, is subject to covenants requiring the maintenance of (i) maximum leverage ratios on both secured and unsecured debt and (ii) minimum interest and fixed coverage ratios.

Additionally, the Company has a Canadian denominated ("CAD") $250.0 million unsecured credit facility with a group of banks, which is scheduled to expire in March 2008. Proceeds from this facility are used for general corporate purposes including the funding of Canadian denominated investments. As of September 30, 2007, there was no outstanding balance under this credit facility.

The Company also has a Mexican Peso denominated ("MXP") 500.0 million unsecured revolving credit facility, which is scheduled to expire in May 2008. Proceeds from this facility are used to fund peso denominated investments. As of September 30, 2007, there was no outstanding

balance under this facility.

During August 2007, the Company obtained a $200.0 million unsecured term loan that bears interest at LIBOR plus 0.325%. The term loan was scheduled to mature on December 14, 2007. The Company utilized these proceeds to partially repay the outstanding balance on the Company's U.S. revolving credit facility. As of September 30, 2007, there was $200.0 million outstanding under this term loan at an interest rate of 5.45% per annum. The term loan was fully repaid in October 2007.

The Company has a MTN program pursuant to which it 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.

During April 2007, the Company issued $300.0 million of ten-year Senior Unsecured Notes at an interest rate of 5.70% per annum payable semi-annually in arrears. These notes were sold at 99.984% of par value. Net proceeds from the issuance were approximately $297.8 million, after related transaction costs of approximately $2.2 million. The proceeds from this issuance were primarily used to repay a portion of the outstanding balance under the Company's U.S. revolving credit facility and for general corporate purposes.

During the nine months ended September 30, 2007, the Company repaid its $30.0 million 7.46% fixed rate notes, which matured on May 20, 2007, its $55.0 million 5.75% fixed rate notes, which matured on June 29, 2007 and its $20.0 million 6.96% fixed rate notes which matured on July 16, 2007.

During May 2006, the Company filed a shelf registration statement on Form S-3ASR, 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.

During October 2007, the Company issued 18,400,000 Depositary Shares (the "Class G Depositary Shares"), after the exercise of an over-allotment option, each representing a one-hundredth fractional interest in a share of the Company's 7.75% Class G Cumulative Redeemable Preferred Stock, par value $1.00 per share (the "Class G Preferred Stock"). Dividends on the Class G Depositary Shares are cumulative and payable quarterly in arrears at the rate of 7.75% per annum based on the $25.00 per share initial offering price, or $1.9375 per annum. The Class G Depositary Shares are redeemable, in whole or part, for cash on or after October 10, 2012 at the option of the Company, at a redemption price of $25.00 per depositary share, plus any accrued and unpaid dividends thereon. The Class G Depositary Shares are not convertible or exchangeable for any other property or securities of the Company. Net proceeds from the sale of the Class G Depositary Shares, totaling approximately $444.5 million (after related transaction costs of $15.5 million) will be used for general corporate purposes, which may include funding property acquisitions, investments in the Company's institutional management programs and other investment activities. The Company also used a portion of the proceeds to partially repay amounts outstanding under its U.S. revolving credit facility.

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 ground-up development projects. As of September 30, 2007, the

Company had over 395 unencumbered property interests in its portfolio.

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, which are expected to increase due to property acquisitions, growth in operating income in the existing portfolio and from other investments. 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.

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. Cash dividends paid for the nine months ended September 30, 2007 and 2006 were $280.5 million and $242.8 million, respectively. The Company's Board of Directors declared a quarterly dividend of $0.40 per common share payable to shareholders of record on October 3, 2007, which was paid on October 15, 2007.

Other Commitments

In June 2006, the FASB issued Financial Interpretation No. 48, “Accounting for Uncertainty in Income Taxes” (“FIN 48”), which clarifies the accounting for uncertainty in income taxes recognized in a company’s financial statements in accordance with FASB Statement No. 109, “Accounting for Income Taxes”. The interpretation prescribes a recognition threshold and measurement attribute criteria for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The Company adopted the provisions of FIN 48 on January 1, 2007. The Company does not have any material unrecognized tax benefits, therefore the adoption of FIN 48 did not have a material impact on the Company’s financial position or results of operations.

During June 2007, the Company entered into a non-controlling joint venture to acquire all of the common stock of InTown Suites Management, Inc. This investment was funded with approximately $186.0 million of new cross-collateralized non-recourse mortgage debt with an interest rate of 5.59%, encumbering 35 properties, a $153.0 million three-year unsecured credit facility, which bears interest at LIBOR plus 0.325% and is guaranteed by the Company and the assumption of $278.6 million cross-collateralized non-recourse mortgage debt with interest rates ranging from 5.19% to 5.89%, encumbering 86 properties. The

joint venture partner has pledged its equity interest for any guaranty payment the Company is obligated to pay. The outstanding balance on the three-year unsecured credit facility was $149.0 million as of September 30, 2007.

Effects of Inflation

Many of the Company's 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 may include increases based upon changes in the consumer price index or similar inflation indices. In addition, many of the Company's leases are for ten years or less, which permits the Company to seek to increase rents to market rates upon renewal. Most of the Company's leases 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. The Company periodically evaluates its exposure to short-term interest rates and foreign currency exchange rates and will, from time to time, enter into interest rate protection agreements and/or foreign currency hedge agreements which mitigate, but do not eliminate, the effect of changes in interest rates on its floating-rate debt and fluctuations in foreign currency exchange rates.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company's primary market risk exposure is interest rate risk and fluctuations in foreign currency exchange rate risk. The following table presents the Company's aggregate fixed rate and variable rate domestic and foreign debt obligations outstanding as of September 30, 2007, with corresponding weighted-average interest rates sorted by maturity date. The information is presented in U.S. dollar equivalents, which is the Company's reporting currency. The instruments actual cash flows are denominated in U.S. dollars and Canadian dollars, as indicated by geographic description ($ in USD equivalent in thousands).

	2007	2008	2009	2010	2011	2012+	Total	Fair Value
U.S Dollar Denominated								
Secured Debt								
Fixed Rate	-	$89,850	$71,221	$18,232	$45,510	$306,407	$531,220	$550,263
Average Interest Rate	-	7.18%	6.78%	8.47%	7.43%	6.40%	6.74%	
Variable Rate	$24,393	$120,346	$85,962	$35,959	-	$402	$267,062	$267,062
Average Interest Rate	7.31%	7.21%	7.13%	7.18%	-	7.75%	7.19%	

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Unsecured Debt								
Fixed Rate	$145,000	$125,379	$180,000	$76,163	$361,108	$1,745,262	$2,632,912	$2,621,845
Average Interest Rate	7.09%	4.61%	6.98%	5.54%	6.35%	5.54%	5.79%	
Variable Rate	$202,582	$425,000	-	$5,780	-	-	$633,362	$633,362
Average Interest Rate	5.47%	5.59%	-	7.99%	-	-	5.50%	
Canadian Dollar <u>Denominated</u> Unsecured Debt								
Fixed Rate	-	-	-	$150,822	-	$201,096	$351,918	$346,760
Average Interest Rate	-	-	-	4.45%	-	5.18%	4.87%	

Based on the Company's variable-rate debt balances, interest expense would have increased by approximately $6.8 million for the nine months ended September 30, 2007 if short-term interest rates were 1% higher.

As of September 30, 2007, the Company had (i) Canadian investments totaling CAD $476.8 million (approximately USD $479.4 million) comprised of real estate joint venture investments and marketable securities, (ii) Mexican real estate investments of approximately MXP 6.6 billion (approximately USD $606.6 million) and (iii) Chilean real estate investments of approximately 1.6 billion Chilean Pesos ("CLP") (approximately USD $3.0 million). The foreign currency exchange risk has been partially mitigated through the use of local currency denominated debt and a cross currency swap (the "CC Swap") with major financial institutions. The Company is exposed to credit risk in the event of non-performance by the counter-party to the CC Swap. The Company believes it mitigated its credit risk by entering into the CC Swap with major financial institutions.

The Company has not, and does not plan to, enter into any derivative financial instruments for trading or speculative purposes. As of September 30, 2007, the Company had no other material exposure to market risk.

Item 4. Controls and Procedures

The Company's management, with the participation of the Company's chief executive officer and chief financial officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the Company's chief executive officer and chief financial officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that

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it files or submits under the Exchange Act and were accumulated and communicated to management, including the Company's chief executive officer and chief financial officer, to allow timely decisions regarding disclosures.

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 fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

OTHER INFORMATION

Item 1. 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 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

Exhibits –

4.1 Agreement to File Instruments

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

12.1 Computation of Ratio of Earnings to Fixed Charges

12.2 Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends

31.1 Certification of the Company's Chief Executive Officer, Milton Cooper, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of the Company's Chief Financial Officer, Michael V. Pappagallo, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of the Company's Chief Executive Officer, Milton Cooper, and the Company's Chief Financial Officer, Michael V. Pappagallo, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

KIMCO REALTY CORPORATION

November 5, 2007 (Date)	/s/ Milton Cooper Milton Cooper Chairman of the Board

November 5, 2007	/s/ Michael V. Pappagallo
(Date)	Michael V. Pappagallo
	Chief Financial Officer