Kimco Realty Corporation

Rating Type	Rating	Outlook	Last Rating Action
Long-Term IDR	BBB+	Stable	Affirmed Nov. 30, 2017

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Financial Summary

(USDm)	2015	2016	2017F	2018F
Gross Revenue	1,169.0	1,173.9	1,206.4	1,210.1
Operating EBITDA (Before Income from Associates)	754.1	771.6	798.4	798.8
Operating EBITDA Margin (%)	64.5	65.7	66.2	66.0
REIT Leverage (Excluding Preferred Stock)	6.3x	5.9x	6.7x	6.3x
REIT Fixed Charge Coverage	2.5x	2.8x	2.8x	2.8x
Capital Intensity (Capex/Revenue) [%]	6.7	7.5	7.5	8.3

Source: Fitch

Kimco Realty Corporation's (KIM) Issuer Default Rating (IDR) of 'BBB+' with a Stable Outlook reflects a large, stable and diversified portfolio as demonstrated by the company's good historic and expected operating performance and strong access to capital.

These strengths are balanced by KIM's elevated leverage ratio of 6.6x for the quarter-ended Sept. 30, 2017, weaker contingent liquidity, as measured by the ratio of unencumbered assets to unsecured debt (UA/UD), and weakened access to equity markets, stemming from a large NAV discount at which KIM's common stock currently trades. The company is retaining less cash flow after dividends than peers and less on a historical basis. Fitch Ratings expects leverage will decline from the current level; however, leverage is still expected to sustain at a low to mid-6.0x range, in excess of KIM's stated financial policy of sustaining leverage between 5.0x and 5.5x.

Key Rating Drivers

Higher Leverage: KIM's leverage was 6.6x for the quarter-ended Sept. 30, 2017. The company's debt increased by nearly $600 million since 3Q16 to fund a growing (re)development pipeline, while EBITDA remained largely flat. KIM reduced and maintained leverage at, or below, 6.0x following a brief increase, post-Kimstone transaction, in 2015. Leverage exceeded 6.0x for several quarters and exceeded 6.5x for the past two quarters. KIM's leverage was 7.1x, when including 50% of preferred stock as debt for the quarter-ended Sept. 30, 2017.

On December 11, KIM announced the issuance of $230 million of 5.25% cumulative redeemable preferred stock. Net proceeds are expected to fund 2018 development projects and potentially to redeem outstanding higher-cost preferred stock. Fitch expects KIM's leverage to sustain at a low to mid-6.0x, through the forecast period, aided by the company's liquidation of a portion of its Albertson's investment, but absent any issuance of common equity.

KIM's shares currently trade an estimated 20% to 25% below consensus NAV as retail real estate operators suffered declining share values due to broader brick and mortar retail industry concerns. Assuming market sentiment does not shift back in favor of retail real estate, Fitch anticipates KIM is unlikely to issue shares at the current discount. Fitch expects the company's fixed-charge coverage (FCC) will sustain in a range of 2.0x to 3.0x. KIM maintained a strong FCC at 3.0x, despite higher leverage, for the TTM ended Sept. 30, 2017.

Weaker Contingent Liquidity: Fitch measures KIM's contingent liquidity as the ratio of UA/UD ratio. This ratio was 2.0x, when stressing unencumbered NOI at an 8% capitalization rate. The UA/UD ratio weakened from mid-2.0x as the company used unsecured debt to repay secured mortgage debt and invest in a (re)development pipeline, which currently provides limited unencumbered NOI.

The UA/UD ratio is at the level Fitch typically views as appropriate for investment-grade REITs. If improvement in UA/UD is to occur, KIM will need to continue to unencumber the portfolio as mortgages with high debt yields mature. Stabilization of unencumbered (re)development projects should help improve the ratio.

Capital Access: KIM has demonstrated strong access to the unsecured bond market, likely due to the company's absolute size and size of its issuances, which offer a liquid trading market for its bonds. Further, the company is a consistent bond issuer. In 2017, KIM's bonds have generally priced in line with 'BBB+' rated issuers. However, the company's shares currently trade an estimated 20% to 25% below consensus NAV as retail real estate operators have suffered declining share values due to broader brick and mortar retail industry concerns. Fitch's base case analysis assumes the company does not issue equity due to continued weakness in the company's stock price.

KIM's adjusted funds from operations (AFFO) payout ratio increased steadily, since 2012, as dividend increases outpaced AFFO growth, limiting the amount of capital the company retains. KIM's AFFO payout ratio of 86.3%, through the first nine months of 2017, is higher than the 75% to 80% REIT average in Fitch's rated universe.

Stable, Diversified Portfolio: Same store net operating income (SSNOI) growth has been weaker than peers since 4Q13, but still positive, averaging 2.4% per quarter and 2.9% when including redevelopment. Fitch assumes SSNOI, excluding redevelopment, will grow 1% to 2% annually through the forecast period as occupancy levels remain flat, while the company sustains a low double-digit blended lease rate.

The scale, diversification and laddered leasing within KIM's portfolio provide for generally durable cash flows from operations; 9.2% of annual base rent (ABR) expires on average annually through 2021 including month to month leases (3.2% assuming tenants exercise available extension options). Leasing spreads have continued to increase portfolio cash flows, growing at a blended 12.7% for TTM ended Sept. 30, 2017, exceeding the 12.0% spread in FY16 and 11.1% spread in FY15, but leasing costs have also trended up, negatively impacting effective leasing spreads.

KIM intentionally focused its portfolio within the top metropolitan statistical areas (MSAs) in the country as ranked by per capital income and population density. KIM's portfolio is well diversified with some concentration in the northeast U.S. The company's top seven markets representing 42.3% of ABR are all coastal markets; approximately 30% of ABR is from the New York – Washington D.C. corridor, which includes Philadelphia and Baltimore.

KIM has a well-diversified tenant roster comprised of a mix of national, regional and local retailers. The 25 largest tenants represent a low 34.7% of total ABR as of Sept. 30, 2017, with no tenant representing more than 4.0% of ABR. Overall, many of the top tenants, including The Home Depot, Inc. (A/Stable) and Ahold Delhaize N.V. (BBB/Positive), are strong tenants. The most notable credit concerns relate to Kmart/Sears Holdings (CC) and Toys 'R' Us, Inc. each comprising 0.8% to 1.0% of ABR.

Increased Development Exposure: Exiting the economic downturn, KIM scaled back a pipeline of larger development projects, focusing instead on smaller redevelopment and expansion projects. However, there are five ground-up development projects in the company's current pipeline totaling just under $500 million in estimated costs.

When combined with active redevelopment projects, the unfunded portion of the overall pipeline's costs equaled approximately 4.2% of gross assets as of Sept. 30, 2017. Fitch views this level as manageable but the increase in higher risk, ground-up development activity warrants monitoring, particularly given the extent of speculative development. Fitch estimates approximately one-third of KIM's $493 million pipeline of active developments is preleased as of Sept. 30, 2017.

Fitch expects the company will limit future ground-up development projects once the current pipeline is stabilized and instead focus investment on redeveloping existing assets. Fitch would view this strategy favorably, as it would reduce riskier development exposure, while still strengthening the value and durability of portfolio cash flows.

Stable Outlook: The Stable Outlook reflects Fitch's expectation that KIM will reduce leverage to a level in the low to mid-6.0x range.

Preferred Stock Notching: The two-notch differential between KIM's IDR and Preferred Stock Rating is consistent with Fitch's criteria for corporate entities with an IDR of 'BBB+'. Based on Fitch's *Non-Financial Corporates Hybrids Treatment and Notching Criteria*, these preferred securities are deeply subordinated and have loss absorption elements that would likely result in poor recoveries in the event of a corporate default

Rating Derivation Relative to Peers

Rating Derivation Versus Peers	
Peer Comparison	KIM's credit metrics and internal growth are commensurate with shopping center peers in the 'BBB' category. The company's large and diversified portfolio of 507 assets, held in high barrier to entry markets positions, KIM at the higher range of the rating category, with capital access a factor supporting the IDR of 'BBB+'.

	However, KIM's leverage is in the mid-6.0x range with Fitch expecting leverage to sustain at a low to mid-6.0x, commensurate with 'BBB–' rated peers Brixmor Property Group, Inc. (BBB–/Stable) and DDR Corp. (BBB–/Rating Watch Positive) and significantly higher than Regency Centers Corp. (bbb+*/Stable). In addition, KIM's UA/UD ratio of 2.0x is on the cusp of the level Fitch views as appropriate for investment grade REIT issuers. Federal Realty Investment Trust's (A–/Stable) lower leverage, stronger portfolio demographics, metrics and capital access justify a higher rating.
Parent/Subsidiary Linkage	No Parent/Subsidiary Linkage is applicable.
Country Ceiling	No Country Ceiling constraint was in effect for these ratings.
Operating Environment	No Operating Environment influence was in effect for these ratings.
Other Factors	No Other Factors for these ratings.

*Fitch credit opinion.
Source: Fitch.

Rating Sensitivities

Future Developments That May, Individually or Collectively, Lead to Positive Rating Action

- Fitch's expectation of leverage sustaining below 5.0x, leverage was 6.6x for the quarter-ended Sept. 30, 2017;
- Fitch's expectation of FCC sustaining above 2.5x, coverage was 3.0x for the TTM ended Sept. 30, 2017.

Future Developments That May, Individually or Collectively, Lead to Negative Rating Action

- Fitch's expectation of leverage sustaining above 6.5x;
- Fitch's expectation of FCC sustaining below 2.0x;
- Failure to maintain a UA/UD ratio, based on a stressed 8.0% capitalization rate, above 2.0x.

Liquidity and Debt Structure

Liquidity Coverage at 1.7x: KIM's liquidity coverage is adequate at 1.7x for the period Oct. 1, 2017 to Dec. 31, 2019. Fitch defines liquidity coverage as sources of liquidity (unrestricted cash, availability under its unsecured revolving credit facility and estimated retained cash flow from operating activities less distributions) divided by uses of liquidity (pro rata debt maturities, cost to complete development, redevelopment expenditures and maintenance capex). Fitch estimates KIM is on pace to retain nearly $75 million of operating cash flow in 2017 based on a 86.3% AFFO payout ratio through the first nine months of 2017. The company's payout ratio is higher than the 75% to 80% average in Fitch's rated universe.

Debt Maturities and Liquidity as of Sept. 30, 2017

Consolidated Debt Maturities

($ 000, As of Sept. 30, 2017)

	Secured Debt	Unsecured Debt	Total Debt	% of Total	Weighted Average Rate (%)	Calculated Secured Debt Yield (%)	Secured LTV % @ 6.0% Cap Rate
2017	12,415	—	12,415	0.2	9.4	2.0	300.0
2018	73,663	89,012	162,675	2.9	4.6	13.7	43.8
2019	102,449	299,388	401,837	7.2	5.8	9.4	63.8
2020	101,032	—	101,032	1.8	5.4	16.3	36.9
2021	157,427	497,377	654,804	11.8	3.7	15.6	38.5
2022	156,679	512,817	669,496	12.1	3.5	14.2	42.4
2023	11,912	347,036	358,948	6.5	3.1	23.5	25.5
2024	18,249	395,555	413,804	7.5	2.9	34.5	17.4
2025	—	495,550	495,550	8.9	3.3	—	0.0
2026	—	492,509	492,509	8.9	2.8	—	0.0
Thereafter	217,022	1,571,179	1,788,201	32.2	4.2	15.7	38.2
Total	**850,848**	**4,700,423**	**5,551,271**	**100.0**	**3.8**	**14.1**	**—**

LTV – Loan to value.
Source: Company filings, Fitch.

Healthy Liquidity: KIM's debt maturities are staggered and capital access mitigates any potential concerns surrounding refinancing risk. Additionally, KIM's encumbered properties have NOI yields well in excess of 10%, a positive indicator of potential leveragability. Fitch expects the company will gradually repay some mortgage debt as it comes due to unencumber a larger percentage of NOI, while continuing to use the secured financing market for a select group of assets.

Key Rating Issues

Elevated Leverage

The Issue	KIM's leverage exceeds Fitch's negative rating sensitivity.
Our View	Leverage was 6.6x for the quarter-ended Sept. 30, 2017. The company's debt increased by nearly $600 million since 3Q16 to fund a growing (re)development pipeline, while EBITDA remained largely flat. KIM reduced, and maintained leverage, at or below 6.0x, following a brief increase, post-Kimstone transaction, in 2015. Leverage has now exceeded 6.0x for several quarters and exceeded 6.5x the past two quarters. KIM's leverage was 7.1x, when including 50% of preferred stock as debt for the quarter-ended Sept. 30, 2017. On December 11, KIM announced the issuance of $230 million of 5.25% cumulative redeemable preferred stock. Net proceeds are expected to be used to fund 2018 development projects and potentially to redeem outstanding higher-cost preferred stock. Fitch expects KIM's leverage to sustain at a low to mid-6.0x through the forecast period aided by the company's liquidation of a portion of its Albertson's investment but absent any issuance of common equity. KIM's shares currently trade an estimated 20% to 25% below consensus NAV as retail real estate operators have suffered declining share values due to broader brick and mortar retail industry concerns. Assuming market sentiment does not shift back in favor of retail real estate, Fitch anticipates KIM is unlikely to issue shares at the current discount.
Timeline	Ongoing — Rating Impact: Negative

Stable and Diversified Portfolio

The Issue	KIM's shopping center portfolio, diversified by tenant and geography, demonstrates consistent internal growth.
Our View	SSNOI growth was weaker than peers since 4Q13, but still positive, averaging 2.4% per quarter, or 2.9% when including redevelopment. Fitch assumes SSNOI, excluding redevelopment, will grow 1% to 2% annually through the forecast period as occupancy levels remain flat, while the company sustains low double-digit blended lease rates. KIM has a well-diversified tenant roster comprised of a mix of national, regional and local retailers. The company's 25 largest tenants represent a low 34.7% of total ABR as of Sept. 30, 2017, with no tenant representing more than 4.0% of ABR. Overall, many of the top tenants, which include Home Depot and Ahold Delhaize, are strong issuers. The most notable concerns relate to Kmart/Sears and Toys 'R' Us, each comprising 0.8% to 1.0% of ABR.

Kimco Realty Corporation's Top Tenants

(As of Sept. 30, 2017)			ABR		
	Tenant Name	**Number of Locations**	**$ 000**	**%**	**Average ABR/sf**
1	TJX Companies, Inc.	117	37,042	3.7	12.50
2	The Home Depot, Inc.	26	25,526	2.5	10.35
3	Ahold Delhaize N.V.	26	21,180	2.1	14.84
4	Bed Bath & Beyond, Inc.	63	18,960	1.9	12.88
5	AB Acquisition, LLC (Albertsons, LLC)	39	17,518	1.7	12.04
6	Ross Stores, Inc.	71	16,920	1.7	11.81
7	Wal-Mart Stores, Inc.	22	16,760	1.7	6.82
8	PetSmart, Inc.	58	16,399	1.6	16.46
9	Kohl's Corporation	30	16,315	1.6	7.62
10	Whole Foods Market, Inc.	16	14,317	1.4	23.78
11	Burlington Stores, Inc.	25	13,527	1.3	9.77
12	The Michaels Companies, Inc.	59	12,688	1.3	13.21
13	Petco Animal Supply	56	11,546	1.2	18.90
14	Best Buy Co., Inc.	27	10,915	1.1	13.90
15	Dollar Tree, Inc.	94	10,486	1.0	12.76
16	Toys 'R' Us, Inc.	24	10,024	1.0	11.10
17	Costco Wholesale Corporation	13	9,684	1.0	7.73
18	Office Depot, Inc.	41	9,648	1.0	12.93
19	Staples, Inc.	32	8,817	0.9	16.38
20	The Kroger Co.	23	8,801	0.9	8.36
21	Dick's Sporting Goods, Inc.	15	8,388	0.8	14.41
22	Hobby Lobby Stores, Inc.	20	8,279	0.8	8.25
23	CVS Health Corporation	38	8,185	0.8	21.00
24	Kmart Holding Corp./Sears Holdings Corporation	15	8,158	0.8	6.39
25	Steinhoff International Holdings Limited	70	8,144	0.8	27.79
	Total	**1,020**	**348,227**	**34.6**	**11.60**

ABR – Annualized base rent.
Source: Company filings, Fitch.

The company intentionally focused the portfolio within the top MSAs in the country as ranked by per capital income and population density. KIM's portfolio is well diversified with some concentration in the northeast U.S. The top seven markets, representing 42.3% of ABR are all coastal markets; approximately 30% of ABR is from the New York – Washington D.C. corridor, which includes Philadelphia and Baltimore.

Kimco Realty Corporation's Shopping Center Portfolio by MSA

(As of Sept. 30, 2017)	MSA Rank by Population	Number of Properties	ABR (000s)	% of ABR	ABR/sf
New York, Newark, Jersey City (NY, NJ, PA)	1	64	125,137	12.5	20.61
Baltimore, Columbia, Towson (MD)	21	25	59,520	6.0	19.23
Washington, Arlington, Alexandria (DC, VA, MD, WV)	6	19	53,355	5.3	16.36
Philadelphia, Camden, Wilmington (PA, NJ, DE, MD)	7	27	51,065	5.1	15.55
Miami, Fort Lauderdale, West Palm Beach (FL)	8	29	48,740	4.9	15.41
Los Angeles, Long Beach, Anaheim (CA)	2	24	46,762	4.7	18.23
San Francisco, Oakland, Hayward (CA)	11	15	37,690	3.8	25.84
Phoenix, Mesa, Scottsdale (AZ)	12	13	37,746	3.8	11.38
Houston, The Woodlands, Sugar Land (TX)	5	11	35,299	3.5	14.78
San Diego, Carlsbad (CA)	17	18	31,184	3.1	17.49
Chicago, Naperville, Elgin (IL, IN, WI)	3	14	24,857	2.5	12.23
San Juan, Carolina, Caguas (PR)	28	5	24,539	2.5	16.17
Sacramento, Roseville, Arden, Arcade (CA)	27	6	10,685	2.5	17.33
Dallas, Fort Worth, Arlington (TX)	4	10	23,536	2.4	14.30
Seattle, Tacoma, Bellevue (WA)	15	9	21,312	2.1	17.89
Boston, Cambridge, Newton (MA, NH)	10	16	17,819	1.8	15.89
Riverside, San Bernardino, Ontario (CA)	13	9	17,685	1.8	13.21
Atlanta, Sandy Springs, Roswell (GA)	9	8	16,968	1.7	13.09
Tampa, St. Petersburg, Clearwater (FL)	18	8	15,587	1.6	13.19
Orlando, Kissimmee, Sanford (FL)	23	7	15,279	1.5	18.97
Portland, Vancouver, Hillsboro (OR, WA)	25	8	13,791	1.4	11.98
Denver, Aurora, Lakewood (CO)	19	9	13,195	1.3	13.85
Charlotte, Concord, Gastonia (NC, SC)	22	7	12,565	1.3	13.35
St. Louis (MO, IL)	20	10	12,202	1.2	9.30
Minneapolis, St. Paul, Bloomington (MN, WI)	16	4	11,328	1.1	14.49

MSA – Metropolitan statistical areas. ABR – Annualized base rent.
Source: Company filings

The scale, diversification and laddered leasing within KIM's portfolio provides for generally durable cash flows from operations; 9.2% of ABR expires on average annually through 2021 including month to month leases (3.2% assuming tenants exercise available extension options). Leasing spreads continue to increase portfolio cash flows, growing at a blended 12.7% for the TTM ended Sept. 30, 2017, exceeding the 12.0% spread in FY16 and 11.1% spread in FY15, but leasing costs have also trended up, negatively impacting effective leasing spreads.

Timeline Ongoing Rating Impact Positive

Capital Access

The Issue KIM's historically strong capital access is constrained due to its stock trading at a significant discount to NAV.

Our View KIM's capital access is a key factor in the 'BBB+' rating. KIM demonstrated strong access to the unsecured bond market, likely due to the company's absolute size and size of issuances, which offer a liquid trading market for bonds. Further, the company is a consistent bond issuer. In 2017, KIM's bonds have generally priced in line with 'BBB+' rated issuers.

However, the company's shares currently trade an estimated 20% to 25% below consensus NAV as retail real estate operators suffered declining share values due to broader brick and mortar retail industry concerns. Fitch's base case analysis assumes the company does not issue equity due to continued weakness in the company's stock price. The *Bond Spread Comparison* table below outlines bond spreads above comparable U.S. Treasury securities, at time of issuance, providing a relative comparison of 10-year yields.

Bond Spread Comparison

Issuance Date	Issuer	IDR	Amount ($ Mil.)	Term	Treasury Spread (bps)	Yield to Maturity
Kimco Realty Corporation						
3/22/17	Kimco Realty Corporation	BBB+	400	10.0	145	3.844
Total/Average	**—**	**—**	**400**	**10.0**	**145**	**3.844**
Select BBB+ REITs						
3/8/17	Realty Income Corp.	BBB+	400	9.5	120	3.752
3/22/17	Ventas, Inc.	BBB+	400	10.0	155	3.948

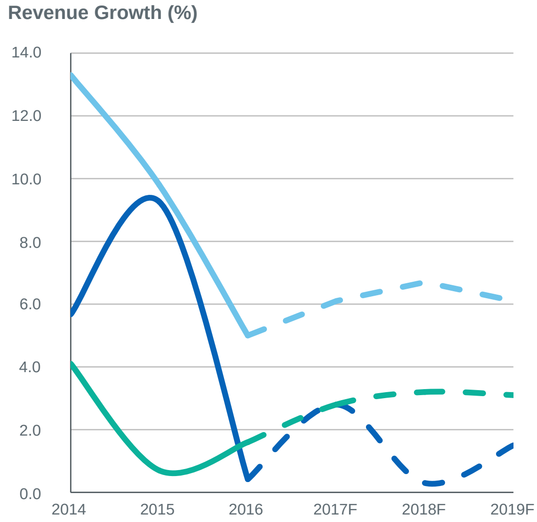
4/3/17	Essex Property Trust, Inc.	BBB+	350	10.0	135	3.694
5/2/17	Mid-America Apartments Communities, Inc.	BBB+	600	10.0	135	3.650
9/6/17	National Retail Properties, Inc.	BBB+	400	10.0	145	3.548
Total/Average	**—**	**—**	**2,150**	**9.9**	**138**	**3.718**
Kimco Realty Corporation Less BBB+ REITs	**—**	**—**	**—**	**—**	**7**	**0.126**

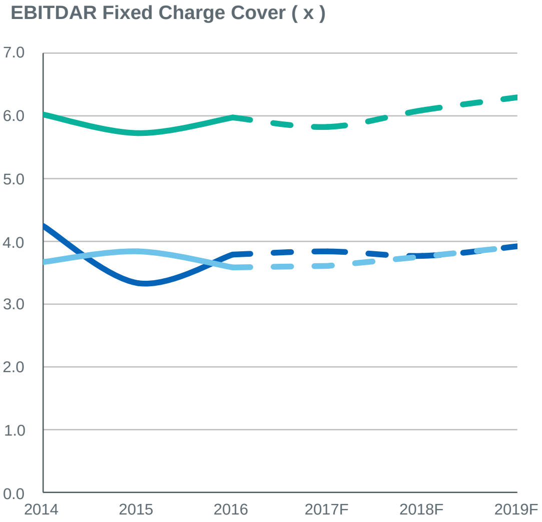
IDR – Issuer Default Rating.
Source: SNL Financial.

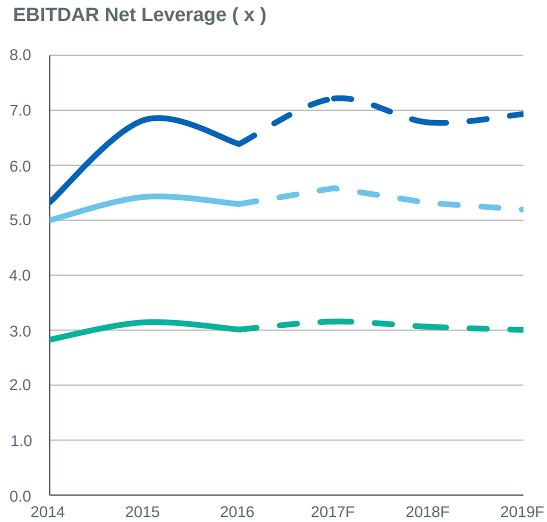
Timeline	Ongoing	Rating Impact	Neutral

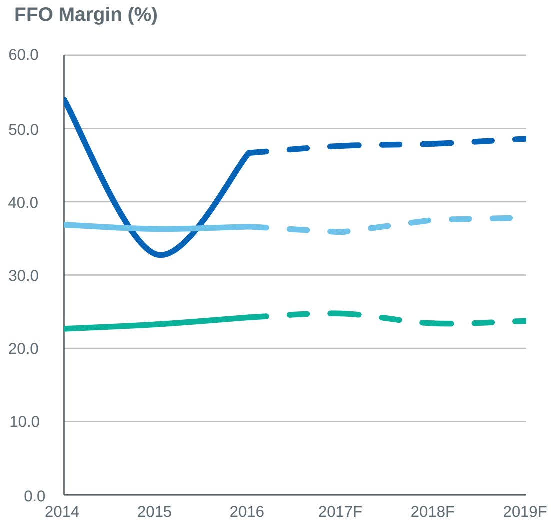
Trends and Forecasts

Kimco Realty Corporation — Developed BBB+ Median — Property/Real Estate Median









Note: Including Fitch expectations
Source: Fitch

Definitions

Revenue Growth: Percentage growth in revenues since previous reporting period.
EBITDAR Fixed Charge Cover: Operating EBITDA+ Operating Lease Expense for Capitalized Leased Assets + Recurring Dividends received from Associates and Equity Method Investments - Dividends paid to Minorities (or, alternatively, net income attributable to non-controlling interests) divided by Gross Interest Expense + Operating Lease Expense for Capitalized Leased Assets.
EBITDAR Net Leverage: Total Adjusted Debt with Equity Credit - Readily Available Cash & Equivalents divided by Operating EBITDA + Operating Lease Expense for Capitalized Leased Assets + Recurring Dividends received from Associates and Equity Method Investments - Dividends paid to Minorities (or, alternatively, net income attributable to non-controlling interests).
FFO Margin: FFO divided by Revenues.

Key Assumptions

Fitch's key assumptions within our rating case for the issuer include:

- Low single-digit SSNOI growth through the forecast period;
- Development yields of 8% and redevelopment yields of 10% on delivered stabilized projects;
- Monetization of the company's investment in Albertson's in 2019–2021;
- Gradual repayment of secured mortgage debt with unsecured debt capital;
- No common equity issuance through the forecast period.

Financial Data

(USDm)	Historical			Forecast		
	Dec 2014	Dec 2015	Dec 2016	Dec 2017F	Dec 2018F	Dec 2019F
SUMMARY INCOME STATEMENT						
Gross Revenue	1,070	1,169	1,174	1,206	1,210	1,229
Revenue Growth (%)	5.7	9.3	0.4	2.8	0.3	1.5
Operating EBITDA (Before Income From Associates)	685	754	772	798	799	810
Operating EBITDA Margin (%)	64.1	64.5	65.7	66.2	66.0	65.9
Operating EBITDAR	700	766	783	809	810	821
Operating EBITDAR Margin (%)	65.4	65.6	66.7	67.1	66.9	66.8
Operating EBIT	427	410	416	436	445	466
Operating EBIT Margin (%)	39.9	35.0	35.5	36.1	36.8	37.9
Gross Interest Expense	-208	-225	-202	-208	-214	-209
Pretax Income (Including Associate Income/Loss)	461	960	459	238	241	427
SUMMARY BALANCE SHEET						
Readily Available Cash and Equivalents	150	152	105	38	165	38
Total Debt With Equity Credit	5,108	5,765	5,514	6,006	5,839	5,921
Total Adjusted Debt with Equity Credit	5,222	5,864	5,602	6,094	5,927	6,009
Net Debt	4,958	5,613	5,409	5,968	5,674	5,883
SUMMARY CASH FLOW STATEMENT						
Operating EBITDA	685	754	772	798	799	810
Cash Interest Paid	-210	-239	-216	-208	-214	-209
Cash Tax	-23	-100	-6	0	0	0
Dividends Received Less Dividends Paid to Minorities (Inflow/(Out)flow)	252	71	78	30	40	40
Other Items Before FFO	-69	-45	-33	-46	-45	-45
Funds Flow From Operations	577	384	548	575	580	597
Change in Working Capital	-9	-3	-14	-10	-14	-13
Cash Flow From Operations (Fitch Defined)	568	381	533	565	566	584
Total Non-Operating/Non-Recurring Cash Flow	0	0	0			
Capital Expenditure	35	-424	-162			
Capital Intensity (Capex/Revenue)	-3.3	36.3	13.8			
Common Dividends	-370	-399	-428			
Net Acquisitions and Divestitures	0	0	0			
Other Investing and Financing Cash Flow Items	74	506	238	-100	0	0
Net Debt Proceeds	-293	94	-536	492	-167	81
Net Equity Proceeds	24	-156	307	0	0	0
Total Change in Cash	39	2	-47	-67	128	-128
DETAIL CASH FLOW STATEMENT						

FFO Margin (%)	53.9	32.8	46.7	47.6	47.9	48.6
CALCULATIONS FOR FORECAST PUBLICATION						
Capex, Dividends, Acquisitions and Other Items Before FCF	-334	-823	-590	-1,024	-271	-793
Free Cash Flow After Acquisitions and Divestitures	234	-442	-56	-459	295	-209
Free Cash Flow Margin (After Net Acquisitions) (%)	21.8	-37.8	-4.8	-38.1	24.3	-17.0
COVERAGE RATIOS						
FFO Interest Coverage (x)	3.2	2.3	3.1	3.3	3.2	3.4
FFO Fixed Charge Coverage (x)	3.0	2.2	3.0	3.2	3.1	3.3
Operating EBITDAR/Interest Paid + Rents (x)	4.2	3.3	3.8	3.8	3.8	3.9
Operating EBITDA/Interest Paid (x)	4.5	3.5	3.9	4.0	3.9	4.1
LEVERAGES RATIOS						
Total Adjusted Debt/Operating EBITDAR (x)	5.5	7.0	6.5	7.3	7.0	7.0
Total Adjusted Net Debt/Operating EBITDAR (x)	5.3	6.8	6.4	7.2	6.8	6.9
Total Debt with Equity Credit/Operating EBITDA (x)	5.4	7.0	6.5	7.3	7.0	7.0
FFO Adjusted Leverage (x)	6.1	8.5	6.8	7.3	7.0	7.0
FFO Adjusted Net Leverage (x)	5.9	8.3	6.7	7.2	6.8	6.9

Source: Fitch.

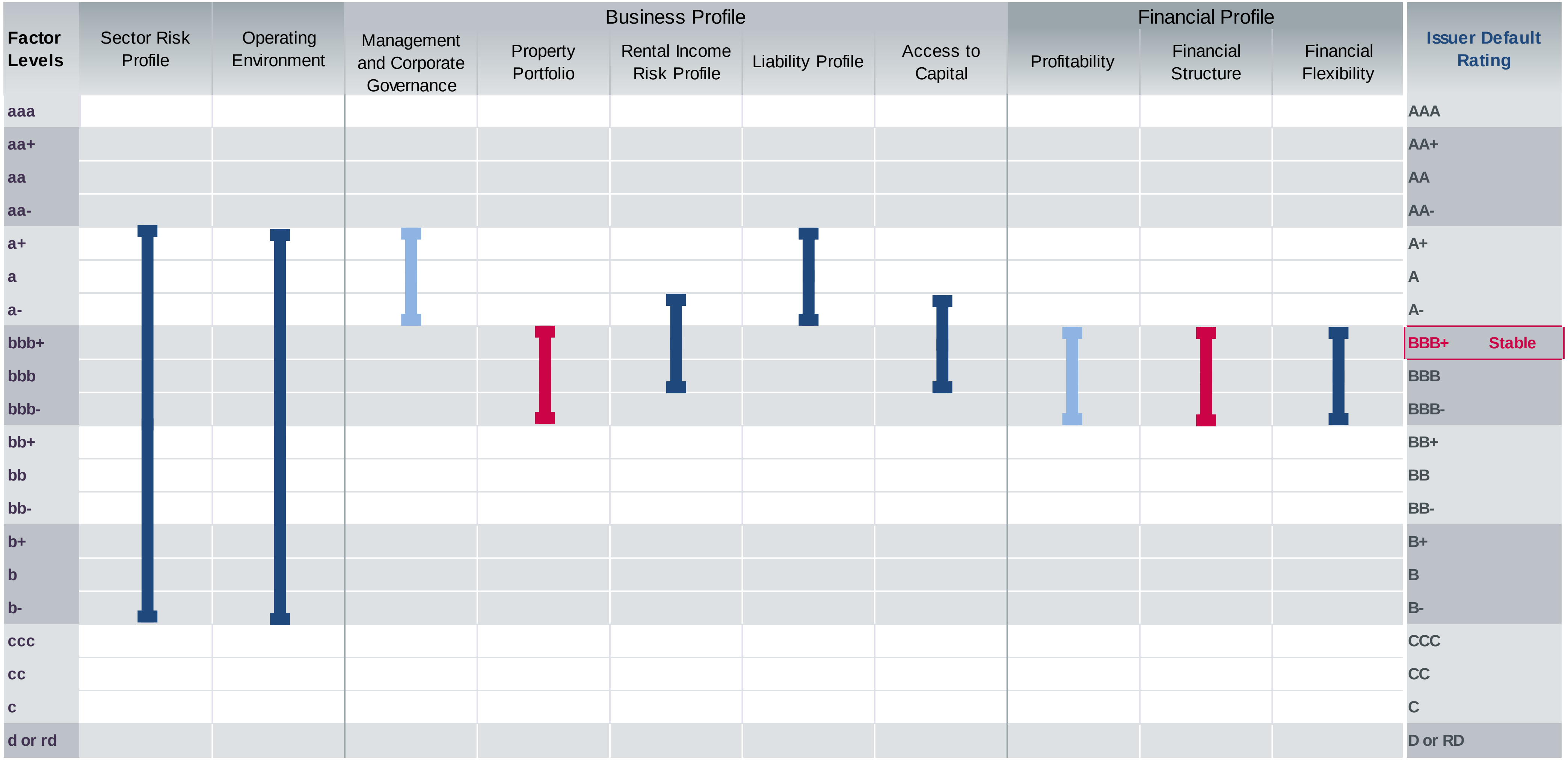
How to Interpret the Forecast Presented

The forecast presented is based on the agency's internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch's rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch's forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch's own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch's own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch's own internal deliberations, where Fitch, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch may update the forecast in future reports but assumes no responsibility to do so.

Rating Navigator

Kimco Realty Corporation

Corporates Ratings Navigator
U.S. Equity REITs and REOCs



FitchRatings

Kimco Realty Corporation

Corporates Ratings Navigator
U.S. Equity REITs and REOCs

Operating Environment

aa-	Economic Environment	aa	Very strong combination of countries where economic value is created and where assets are located.
a+	Financial Access	a	Strong combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	aa	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'aa'.
b-			
ccc			

Management and Corporate Governance

aa-	Management Strategy	a	Coherent strategy and good track record in implementation.
a+	Governance Structure	aa	No record of governance failing. Experienced board exercising effective check and balance to management. No ownership concentration.
a	Group Structure	aa	Transparent group structure.
a-	Financial Transparency	a	High quality and timely financial reporting.
bbb+			

Property Portfolio

a-	Portfolio Liquidity and Ability to Leverage Assets	bbb	Average institutional appetite (buyers/sellers/lenders) in strong markets evidencing liquidity and ability to leverage assets.
bbb+	Investment Granularity	bbb	High portfolio granularity. Top 10 assets comprise 15%–25% of net operating income or value.
bbb	Geographic Strategy	bbb	Strong and focused presence in a given market or two to three markets with appropriate scale. Displays different economic and business cycles.
bbb-	Asset Quality	bbb	Average rent per square foot and occupancy relative to peers.
bb+	Development Exposure	bbb	Development cost-to-complete between 2.5% and 10% of undepreciated assets. Some speculative development.

Rental Income Risk Profile

a	Occupancy	a	Occupancy at 95% or above. Limited occupancy volatility through cycles.
a-	Lease Duration, Same Store NOI Volatility and	bbb	Lease duration between five–seven years with most renewed, sustained SSNOI growth and/or average volatility compared to industry average.
bbb+	Tenant Concentration and Tenant Credit	bbb	Top 10 tenants comprise 15%–25% of annual base rent revenue; average tenant credit risk.
bbb			
bbb-			

Liability Profile

aa-	Debt Maturity Profile	a	Average debt tenor at least seven years. No year represents more than 15% of total debt.
a+	Fixed/Floating Interest Rate Liability Profile	a	Fixed or hedged debt is more than 75% of total debt.
a			
a-			
bbb+			

Access to Capital

a	Sources of Capital	bbb	Some access to some of the following markets: common and preferred equity, unsecured bonds/bank debt, secured debt, and/or joint ventures.
a-	Unencumbered Asset Pool	a	Leveragable unencumbered pool and/or no adverse selection.
bbb+			
bbb			
bbb-			

Profitability

a-	AFFO Payout Ratio	bbb	80%
bbb+			
bbb			
bbb-			
bb+			

Financial Structure

a-	Net Debt/Recurring Operating EBITDA	bbb	6.5x
bbb+	Unencumbered Assets/Net Unsecured	bbb	2.0x at a stressed capitalization rate.
bbb			
bbb-			
bb+			

Financial Flexibility

a-	Financial Discipline	bb	Financial policies in place but flexibility in applying them could lead to temporarily exceeding downgrade guidelines.
bbb+	Liquidity Coverage	a	1.25x
bbb	U.S. REIT Fixed Charge Coverage	bbb	2.5x
bbb-			
bb+			

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

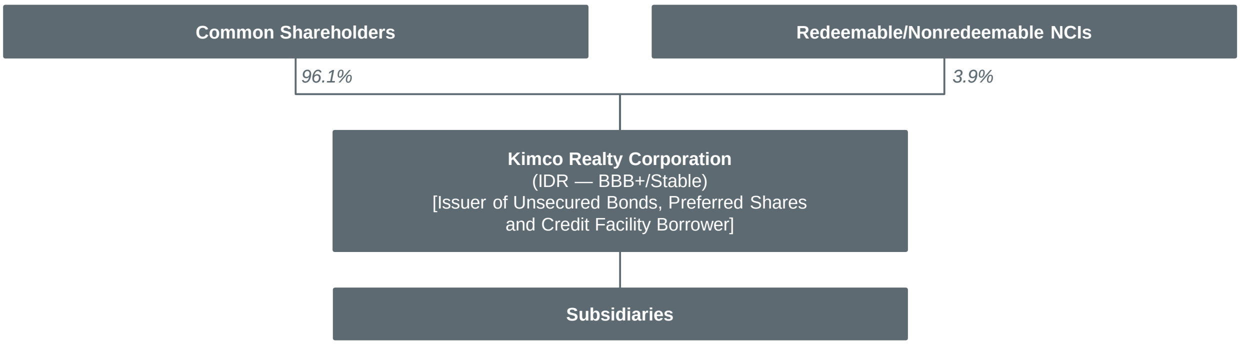
Navigator Version: RN 1.42.2.0

FitchRatings

Corporates Ratings Navigator
U.S. Equity REITs and REOCs

Simplified Group Structure Diagram

Organizational Structure — Kimco Realty Corporation
(As of Sept. 30, 2017)



IDR – Issuer Default Rating. NCI – Noncontrolling interest.
Source: Company reports, Fitch.

Peer Financial Summary as of Sept. 30, 2017

Company	Date	Rating	Gross Revenue (USDm)	Operating EBITDA Margin (%)	REIT Leverage (Excluding Preferred Stock) [TTM]	REIT Fixed Charge Coverage [TTM]	Dividend/AFFO 3Q17 Payout Ratio [%]
Kimco Realty Corporation	2017	BBB+	1,183.4	65.8	6.7x	3.0x	87.4
Federal Realty Investment Trust	2017	A–	837.8	65.8	6.1x	3.8x	81.9
Regency Centers Corp.	2017	bbb+*	980.5	68.0	6.0x	4.4x	65.9
Brixmor Property Group, Inc.	2017	BBB–	1,287.4	66.6	6.7x	3.2x	62.2
DDR Corp.	2017	BBB–	975.9	66.8	6.1x	2.7x	71.4

AFFO – Adjusted funds from operations. *Fitch credit opinion.
Source: Fitch.

Full List of Ratings

	Rating	Outlook	Last Rating Action
Kimco Realty Corporation			
Long-Term IDR	BBB+	Stable	Affirmed Nov. 30, 2017
Senior Unsecured Credit Facility	BBB+		Affirmed Nov. 30, 2017
Senior Unsecured Notes	BBB+		Affirmed Nov. 30, 2017
Preferred Stock	BBB–		Affirmed Nov. 30, 2017

Related Research & Criteria

Exposure Draft: Corporate Rating Criteria (December 2017)

Non-Financial Corporates Notching and Recovery Ratings Criteria (December 2017)

Corporate Rating Criteria (August 2017)

U.S. Equity REITs Handbook (A Detailed Review of Real Estate Investment Trusts – First Edition) (June 2017)

Non-Financial Corporates Hybrids Treatment and Notching Criteria (April 2017)

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