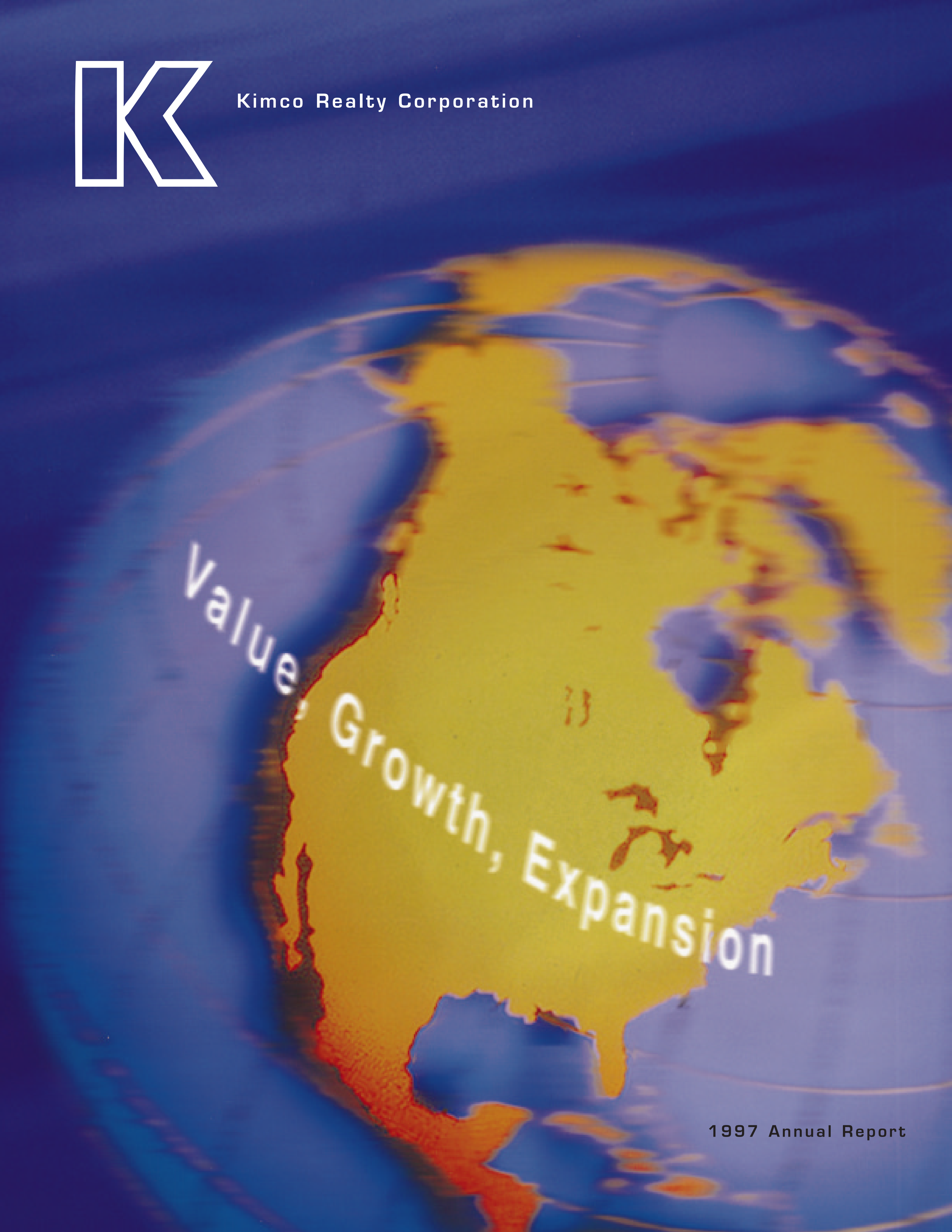
Kimco Realty Corporation



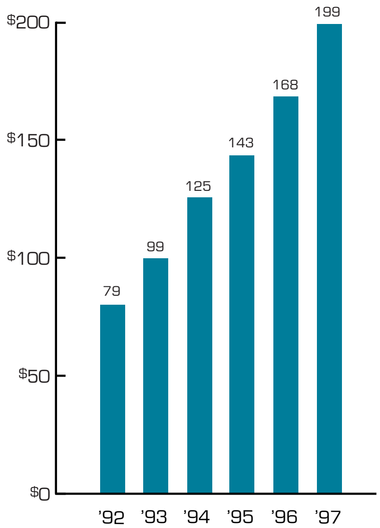
1997 Annual Report

Value, Growth, Expansion

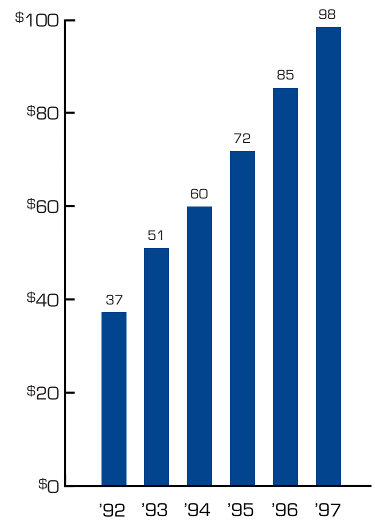
Kimco Realty Corporation, a publicly-traded real estate investment trust ("REIT"), owns and operates the nation's largest portfolio of neighborhood and community shopping centers (measured by gross leasable area) with interests in 343 properties comprising approximately 42.2 million square feet of leasable area in 38 states. The Company also manages an additional 27 properties comprising approximately 3.4 million square feet of leasable area. Since incorporation in 1966, the Company has specialized in the acquisition, development and management of well-located centers with strong growth potential. Self-administered and self-managed, the Company's

focus is to increase the cash flow and enhance the value of its shopping center properties through strategic re-tenanting, redevelopment, renovation and expansion, and to make selective acquisitions of neighborhood and community shopping centers which have below market-rate leases or other cash flow growth potential. The Company will consider investments outside of its mainstream neighborhood and community shopping center business and in geographic markets where it does not presently operate should suitable opportunities arise. The Company's common shares are traded on the New York Stock Exchange under the symbol KIM.

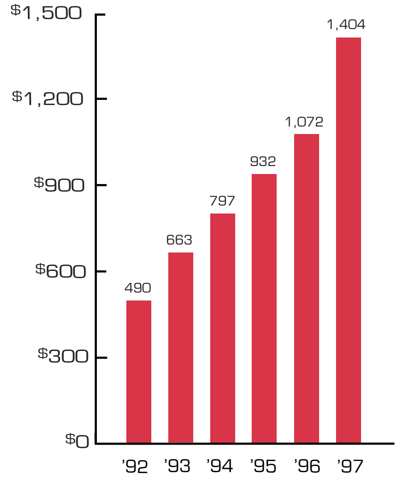
Revenues from Rental Property
(In millions)



Funds from Operations
(In millions)



Real Estate Assets, Before Depreciation
(In millions)



Stock Price and Dividend Information

	Stock Price		
Period	High	Low	Dividends Per Common Share(1)
1996:			
First Quarter	$28.00	$25.25	.39
Second Quarter	$28.50	$25.63	.39
Third Quarter	$30.25	$26.50	.39
Fourth Quarter	$34.88	$28.38	.39
1997:			
First Quarter	**$34.63**	**$31.75**	**.43**
Second Quarter	**$33.38**	**$30.25**	**.43**
Third Quarter	**$36.19**	**$31.75**	**.43**
Fourth Quarter	**$35.50**	**$30.50**	**.43**

(1) The Company has determined that all dividends paid to its common and preferred stockholders during calendar year 1997 represent ordinary dividend income.

Dear Fellow Shareholders:

Our operating results for 1997 were excellent. Strong acquisition activity fueled an 11.0% increase in our Funds from Operations (FFO), on a per share basis. Mike Flynn's letter, which follows mine, will give you more details and insight into our accomplishments in 1997. Mike's enthusiasm for Kimco is not only expressed in words. Many of our associates have said that when Mike talks about Kimco, his face lights up and they are reminded of that old song "When Irish Eyes are Smiling." We are blessed with Mike's intuition, which has uncanny accuracy for people and property.

Milton Cooper

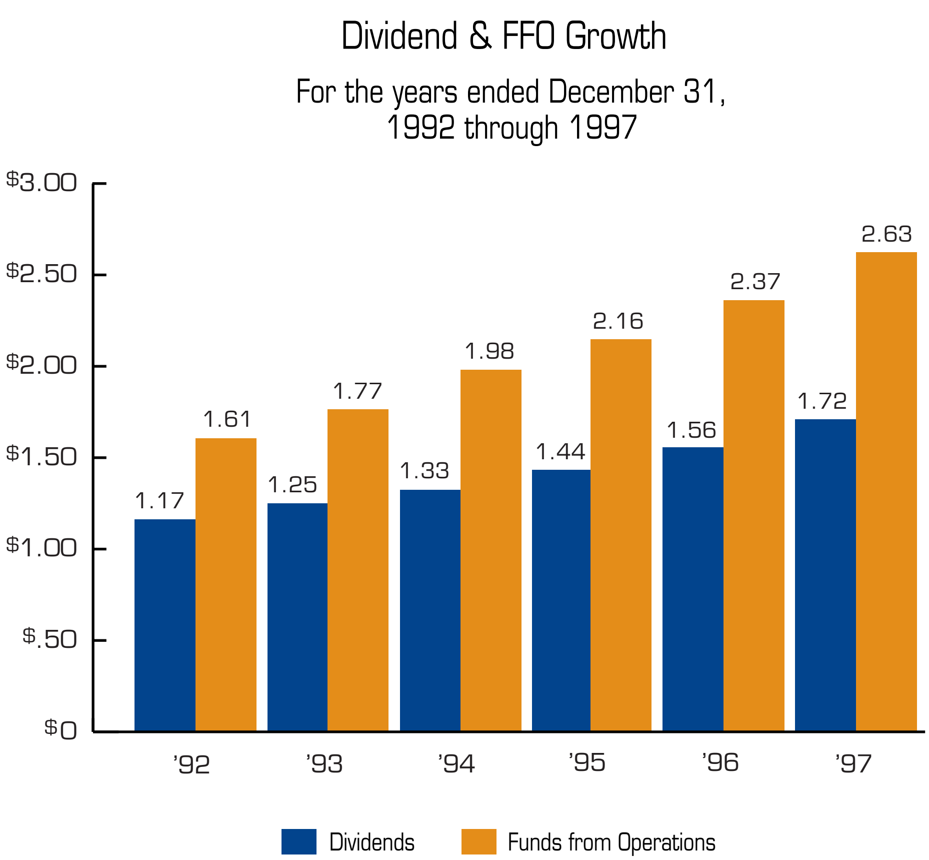
I'd like to discuss with you the steps we are taking to maximize shareholder value by capitalizing on developments in the economy and the real estate markets. As many of you know, a key to Kimco's success since we developed our first shopping center in 1959 has been our management's ability to stay ahead of the curve on changes in the marketplace. Simply put, understanding the environment in which we operate, anticipating opportunities and managing change to exploit those opportunities constitute the essential resources needed to have the best ability to deliver returns on investment that meet or exceed expectations. We are fortunate to have a group of veteran shareholder-managers who have done that consistently well.

The real estate market today is undergoing a sea change that spells great opportunity. To fully understand the future and the direction I believe we must take, we must first review our history and our record in successfully evolving our strategies to serve our shareholders.

The Past: Getting Ahead of the Curve

Kimco has always focused on maximizing return while minimizing risk. When we built our first shopping center in 1959, the annual rent from a major tenant was about $1.00 per square foot. Since then, rent inflation has provided Kimco with a portfolio of properties that have risen in value and income. Rents eventually rise to market levels as leases negotiated years ago, when rents were lower, expire and are renewed at higher market rates. These properties have been a bank account of built-in growth. In 1997, we signed new leases for 1.7 million square feet at an average minimum base rental of $9.07 per square foot versus the average base rental rate in the portfolio of $6.31 per square foot. This has been the core of our operations and a key driver of FFO growth. Acquiring properties at below-market prices, redeveloping them and bringing in new tenants will continue to propel Kimco forward, just as it has for the past 39 years.

In the late 1980s and early 1990s , we saw another chance to get ahead of the curve. Overbuilding created an enormous glut of real estate. This spelled opportunity to buy good properties at bargain prices. Real estate had become a dirty word. Even insurance companies and banks, the traditional sources of financing, drew back from the capital markets. That's why in 1991 we decided to become a publicly-traded company. Once again, we were a pioneer and innovator. A publicly-traded real estate investment trust wasn't easy to sell to Wall Street investors back then. The capital we raised in our first and subsequent public offerings has been put to good use. Below is a chart showing our dividend and FFO growth, on a per share basis.



Value, Growth, Expansion

The Present: Growth Through Selective Investing

We continue to buy properties at prices where the expected returns are in excess of our long-term cost of capital. Since our initial public offering, a flood of real estate companies have tapped the public equity markets. Financial institutions have returned to real estate lending, their competitive aggressiveness supported by their ability to securitize mortgages on Wall Street. This new market is vast, vibrant and highly liquid. With money once again chasing real estate, it has become more challenging to acquire properties with returns above our true cost of capital. That doesn't mean we aren't continuing to find and buy suitable properties. It only means that we are vigilant to ensure that we stick to our criteria.

Where are we now? Kimco now has a portfolio of more than 42 million square feet and a market capitalization exceeding $2 billion. We have geographic diversity with a presence in 38 states. We have solid relationships with many leading retailers that are long-standing tenants. We continue to buy properties with below-market rents or other cash flow growth potential inherent in them. In particular, we have been selectively buying distressed properties and redeveloping them. When we are successful in redevelopment and renting the properties to new tenants at market rents, we earn an increase in our property values. This is a good business.

The Future: Forming the Levered REIT

Today we are in a consolidating industry and we are furthering that trend. This June, we expect to close on the acquisition of The Price REIT for about $840 million in Kimco securities and assumption of debt. The combination of Kimco and Price REIT will create the first truly national non-mall retail shopping center REIT. We are very enthusiastic about the assets that Price REIT brings to our shareholders: greater size and market capitalization in a consolidating industry; presence in key growth markets, primarily in the western United States; a more diversified tenant base, including high-quality, household-name tenants such as Home Depot and Costco, and a high-caliber management team with a strong track record in property development that will strengthen and deepen our management capability. We welcome with great enthusiasm to the Kimco family Joe Kornwasser, Jerry Friedman and the entire Price team.

After the merger has been completed, we will resume our consideration of the concept of creating a levered income REIT in a spinoff in which Kimco would retain a significant equity interest. We see this potential new vehicle as a reasoned response to current market conditions and the restrictions that REITs must live with. We believe it would capitalize on the realities of today's real estate market, including low inflation, readily available mortgage funding and an ample supply of high-grade properties providing strong rental income from creditworthy retailers.

These properties, together with the availability of attractively priced property-specific mortgage financing, represent an underexploited investment opportunity. However, to best realize the investment values from these properties, a higher-than-normal amount of debt leverage is called for which, in turn, requires a new capital structure. Kimco sees the concept of a levered REIT as a possible form of entry into this new exciting segment of real estate investing.

If the levered REIT concept is implemented, it is expected that Price REIT President and Chief Executive Officer Joseph Kornwasser would become chairman of the new entity, and Lawrence Kronenberg, Price REIT's Executive Vice President of Finance, the new entity's chief financial officer. With their extensive experience in developing and operating premium properties, they are ideal candidates for these positions.

Kimco has thrived on seeing and exploiting opportunities where others saw only obstacles. With a dedicated and skilled management team, we have honed our skills in managing the business in a constantly changing environment to create shareholder value. I believe that 1998 will be no different in that respect. We enter the year very optimistic about our prospects. We look forward to completing our merger with Price REIT, and generating strong growth from our core activities of acquiring and developing shopping center properties across the country.

Martin Kimmel, my long-time friend and co-founder of Kimco and I have the bulk of our net worth in Kimco common stock. Since our IPO we have not sold a single share and have consistently bought shares. We have absolute confidence in the remarkable ability of our dedicated and talented associates. We are grateful to a marvelous management team and will do everything in our power to continue to deserve both their loyalty and yours.

Sincerely,

Milton Cooper
Chairman

As the nation's largest community and shopping center REIT, Kimco posted another record-setting year in 1997 primarily from our core operations and selective acquisitions where Kimco is uniquely qualified to create additional value.

I am pleased to report that 1997 was another record-setting year for Kimco Realty and in many respects was our best year yet. We achieved an all-time high level of acquisitions while internal growth from the company's portfolio continued to be strong. For the sixth consecutive year, we increased our dividend. This was accomplished through diligent execution of our strategy to create value for our shareholders through ongoing redevelopment and re-tenanting of our existing shopping center properties as well as making selective acquisitions with important long-term growth potential.

Michael J. Flynn

During 1997, Kimco Realty:

Acquired interests in 64 shopping centers and retail properties with about 8 million square feet of leasable area for a total of $276 million. The Price REIT, which we expect to acquire this Spring, completed acquisitions of 14 shopping centers totaling 2.3 million square feet for $225 million in 1997. The combined companies made more than $500 million in acquisitions. In contrast, we acquired $101 million in properties in 1996.

Signed new leases for premises comprising about 1.7 million square feet of leasable area. We invested $61 million in redevelopment, renovation and expansion programs at our shopping centers.

Increased Funds from Operations available to our common shareholders to $98.2 million, or $2.63 per share, from the 1996 level of $85.1 million, or $2.37 per share. Net income rose to $85.8 million, or $1.80 per share, from $73.8 million, or $1.61 per share, in 1996.

Increased our dividend by 11.6 percent from $1.72 per share in 1997 to $1.92 per share for 1998.

I'm gratified to report that these key financial indicators have increased each year since Kimco went public in November 1991. This consistent year-over-year improvement has come primarily from our core operations. In large measure, this performance is a tribute to our experienced and dedicated team of managers and associates.

The beginning of a new year is a good time to take stock of our accomplishments and to outline for our shareholders the path we are pursuing in 1998.

From our first shopping center developed 39 years ago, we now own and operate the nation's largest portfolio of neighborhood and community shopping centers. We own or have interests in 343 properties comprising more than 42 million square feet of space

Integral to Kimco's long-term success is the ability of our leasing and in-house legal professionals to expedite the leasing process, which fosters our relationships with some of the country's strongest retailers.

located throughout 38 states. As we look to acquire properties, we are focusing on states with above-average population growth, particularly in the South, the Rocky Mountain states and the West Coast. Among our more recent acquisitions have been several shopping centers located in these major growth markets.

The completion of our expected merger with The Price REIT will significantly augment Kimco's presence in these fast-growing areas. Price REIT, which specializes in retail shopping centers characterized by the presence of one or two very large retailers like Home Depot and Costco, has property interests in 16 states including Arizona, California, Texas and Washington.

It is important to note that while the retail shopping center sector nationally continues to operate under financial pressure, Kimco is well positioned with solid relationships with some of the country's strongest retailers including Wal*Mart, Kmart, Kroger, Kohl's, TJX Companies and many more.

Over the years, we have found that the retail shopping centers we acquire and manage buffer us from the economic cycles because they provide consumers with basic goods and services. In recent years, we have seen major niche retailers like Home Depot and Bed Bath & Beyond address the needs of a growing number of value-oriented consumers. As we move forward, we will continue to diversify our tenant base focusing on the "bread-and-butter" retailers as well as the burgeoning niche retailers that cater to value-oriented consumers.

Redevelopment, expansions and renovations to our shopping centers offer Kimco great opportunity to create value. In 1997, we completed several significant redevelopments:

The Manetto Hills Shopping Center in Plainview, New York, was redeveloped to create a new 52,000 square foot Waldbaums store. The project involved demolishing five units and constructing the new Waldbaums facility.

For Charles Town Plaza in West Virginia, Kimco demolished portions of the shopping center, redesigned the center and created a new 144,000 square foot Wal*Mart to anchor the shopping center.

As a result of these activities, our internal growth continues to be strong and we have significant potential within our existing portfolio. The average base rental in our portfolio was $6.31 per square foot at the end of 1997 while the average base rental for new leases signed during 1997 was $9.07.

Key to our acquisition philosophy is to select properties based on the intrinsic value of the real estate—good properties in good locations—where Kimco is uniquely qualified to create additional value. This frequently means acquiring properties where certain tenants are under-performing or where the properties have vacancies, thus requiring re-tenanting

Through our twice-weekly forum linking our executive and regional offices, a cornerstone of Kimco's management philosophy is the ability to share industry and internal information provided by our associates' experience and in-house technology.

or redevelopment. Our Venture Stores portfolio acquisition in 1997 is an example of this philosophy.

In two transactions, we acquired interests in 56 Venture Stores properties for a total of $170 million and leased back the properties to Venture at below-market rents. The real estate is in good retail locations in cities such as Chicago, St. Louis and Kansas City. Venture Stores has recently filed for bankruptcy court protection. While bankruptcy matters create uncertainties, we are hopeful that this may offer us possible opportunities to enhance the value of these properties.

An important facet of Kimco's growth is the contribution of our Management Information System team. Headed by Alex Weiss, this group has been charged with increasing system capabilities and capacity to stay ahead of the company's growth objective while increasing the productivity of all our associates.

In 1997, mapping and demographics capabilities were incorporated into the system, providing our leasing team with high-quality marketing materials in a timely and economical manner. The MIS team has been working on making sure that the computer systems will be ready for the Year 2000 and expect to complete the project by the end of 1998. Kimco also has launched its Internet site on the world wide web (www.kimcorealty.com), to distribute information faster and more economically.

In 1998 we look forward to even better performance for our shareholders. We have already closed on approximately $110 million in acquisitions during the first quarter of 1998. Our ongoing redevelopment schedule already includes plans for more than a dozen major projects. Our strong, skillful management team is ready for significant growth and enthusiastic about our future prospects.

We are dedicated to taking advantage of market opportunities through a disciplined approach to property valuation and cost-management to insure that Kimco remains a leader in the industry, delivering to our shareholders returns that meet or exceed expectations.

Michael J. Flynn

Michael J. Flynn
President

It is our aim to find real estate investments that will provide superior returns because they are currently misperceived.

Milton Cooper outlined for you in our 1996 annual report the mission he envisioned for Kimco Select Investments; that is, to find real estate opportunities outside of Kimco's traditional neighborhood and community shopping centers. Since then, the opportunities that the real estate markets have presented have dictated how this vision is being realized. During Kimco Select's first year of operation, we have acquired and committed about $40 million in a variety of real estate related investments and property types. There has been a common thread: Value. It is our aim to find real estate investments that will provide superior returns because they are currently misperceived and their prices reflect issues that we consider transitory, rather than permanent impairments of true value.

David M. Samber

To clarify what we mean by misperceived properties and the ways we believe we can accomplish superior returns, I will review some of our activities this year. Our largest investments have arisen out of opportunities with the Levitz Furniture Corporation. For many years a leading furniture retailer, Levitz has recently encountered financial reverses because of merchandising errors. Well before the Company filed for bankruptcy protection in 1997, we began investigating the potential of its retail real estate. Acquired over the past 20 years, Levitz is blessed with some of the country's finest retail locations. Shortly after the bankruptcy announcement, we purchased from an insurance company its interest in a first mortgage loan, secured by two of Levitz's finest locations—Paramus, New Jersey, and Carle Place, New York. Were Levitz to close these stores, our analysis indicates that their value as collateral is several times the balance remaining on our mortgage.

In January 1998, we completed the acquisition of three Levitz warehouse/showroom locations in the Chicago area. At the closing, we simultaneously entered into a 15-year lease for the showroom portion of each property with Heilig-Meyers, the country's largest furniture retailer. We are currently planning the redevelopment of the 100,000-square-foot former warehouse at each site. We believe that this redevelopment will create a property with a value substantially greater than our purchase price.

In November, we opened in Philadelphia the first of two hybrid medical/retail Wellness Centers that we are joint-venturing with Anchor Health Properties, a Wilmington, Delaware-based innovator in the health care delivery field. Anchored by a hospital-sponsored outpatient, or ambulatory care facility, our Wellness Centers include related and complementary retail shops and a restaurant tied together to the medical facilities. Mercy Hospital, a well-capitalized, long-term leader in the Philadelphia health care community, leases the majority of each facility. We have begun construction of a third Center anchored by another strong hospital, and plan to commence development of several more this year.

Anchored by a hospital-sponsored outpatient, or ambulatory care facility, our Wellness Centers include related and complementary retail shops and a restaurant tied together to the medical facilities.

Smaller investments in 1997 included participation in a first mortgage loan in three public parking garages and a joint venture interest in an office building in downtown Miami purchased at half of its replacement cost. As you can see, it is hard to put our activities in neat categories.

At Kimco Select, we believe that the best values in today's marketplace are those that are least susceptible to conventional analysis or financing and/or require hands-on redevelopment to create value. These obscure assets represent the most inefficient sector of the current real estate market. Because of our extensive experience and expertise, we believe we have a competitive advantage in finding these opportunities. We hope that in the coming year, we will begin to realize the values in these investments. It is our mission to identify value in real estate and to realize superior returns for our shareholders.

David M. Samber

Mercy Hospital, a long-term leader in the Philadelphia health care community anchors two Wellness Centers we opened in 1997.

Value, Growth, Expansion

Board of Directors

Milton Cooper
Chairman of the Board

Martin S. Kimmel
Chairman (Emeritus) of the Board

Michael J. Flynn
Vice Chairman of the Board

Richard G. Dooley
Executive Vice President and
Chief Investment Officer—Retired
Massachusetts Mutual Life
Insurance Company

Joe Grills
Chief Investment Officer—Retired
IBM Retirement Funds

Frank Lourenso
Executive Vice President
The Chase Manhattan Bank

Kimco Realty
Corporation

Portfolio Of Properties

Portfolio of Property

	CITY	CENTER NAME	GLA
ALABAMA			
*731	Birmingham	East Town Shopping Plaza	103,161
*734	Birmingham	Red Mountain Plaza	103,161
*740	Fairfield	Fairfield S.C.	103,161
ARKANSAS			
*767	Little Rock	Little Rock S.C.	79,902
*754	North Little Rock	North Little Rock S.C.	106,029
ARIZONA			
679	Mesa	Poca Fiesta S.C.	146,492
*745	Mesa	Hayden Plaza South	103,161
640	Phoenix	Hayden Plaza North	186,575
647	Phoenix	Plaza @ Mountainside	124,052
CALIFORNIA			
106	Anaheim	LaPalma S.C.	15,306
COLORADO			
682	Aurora	Village on the Park	145,626
685	Aurora	Quincy Place S.C.	44,270
689	Aurora	East Bank S.C.	152,181
*780	Colorado Springs	Woodman Valley S.C.	61,453
686	Colorado Springs	Spring Creek S.C.	107,798
*781	Colorado Springs	Hancock Plaza S.C.	64,452
680	Denver	West 38th Street S.C.	18,405
683	Englewood	Phar-Mor Plaza	80,330
684	Lakewood	Heritage West S.C.	83,304
CONNECTICUT			
500	Hamden	Hamden Mart	341,502
608	Waterbury	Bradlees Plaza	136,153
DELAWARE			
278	Elsmere	Value City S.C.	111,600
FLORIDA			
636	Altamonte Springs	Pearl Arts S.C.	94,193
101	Boca Raton	Camino Square S.C.	73,549
152	Bradenton	Bradenton Plaza	24,700
*739	Casselberry	Butler Plaza	103,161
641	Clearwater	Countryside Square	177,700
623	Coral Springs	Coral Square Promenade	46,497
673	Coral Springs	Maplewood Plaza	83,500
*776	Daytona Beach	Holly Hill Plaza	90,930
147	Ft. Pierce	Kmart Plaza	210,460
203	Homestead	Homestead Towne Square	160,819
*727	Jacksonville	Normandy Mall	102,997
619	Jensen Beach	Marketplace Square	170,291
613	Kissimmee	Vine Street Square	130,983
124	Largo (West)	Wal-Mart Plaza	149,472
139	Largo (East)	Tri-City Plaza	215,916
196	Largo (Central)	East Bay Junction	56,630
120	Lauderdale Lakes	Reef Plaza	112,476
240	Lauderhill	Babies R Us Plaza	184,601
136	Leesburg	Leesburg Shops	13,468
604	Margate	Peppertree Plaza	256,030
127	Melbourne	NASA Plaza	168,797
616	Melbourne (North)	Northgate S.C.	131,851
668	Melbourne	Shoppes at W. Melbourne	148,003
129	Miami	Grove Gate S.C.	104,968
134	Miami (Coral Way)	Coral Way Plaza	74,973
135	Miami	Coral Way Plaza	87,305
390	Miami (SW Dade)	Miller Road S.C.	81,780
*735	Miami (Opa Locka)	Carol City S.C.	103,161
677	Mt. Dora	Tri-Cities Shopping Plaza	118,150
340	N. Miami Beach	Ives Dairy Crossing	110,221
198	New Port Richey	Port Richey S.C.	9,000
*761	New Port Richey	Southgate S.C.	65,000
665	Ocala	Shady Oaks S.C.	249,125
114	Orlando	Miami Subs	2,800
115	Orlando (West)	Sun Plaza	114,434
121	Orlando (NE)	Fern Park Plaza	131,894
125	Orlando (Central)	Grant Square	103,480
174	Orlando (East)	Sports Authority Plaza	124,798
618	Orlando (South)	Sand Lake Plaza	230,704
638	Orlando	Century Plaza	129,036
*749	Orlando	Lee Road S.C.	103,161
195	Palatka	Big Lots Plaza	72,216
*726	Pensacola	Pensacola S.C.	102,997
251	Plantation	Whole Foods Center	60,414
118	Pompano Beach	Sample Plaza	63,838
113	Riviera Beach	Riviera Square	46,390
392	Sanford	Seminole Centre	301,801
171	Sarasota (West)	Tuttle Bee Plaza	103,085
378	Sarasota (Central)	Southeast Plaza	109,273
634	South Miami	South Miami S.C.	60,804
128	St. Petersburg	Oak Tree Plaza	119,179
*725	Tallahassee	Tallahassee Center	100,000
664	Tampa	Carrollwood Commons	109,408
*743	Tampa	Busch Plaza S.C.	106,986
*769	Tarpon Springs	Tarpon Springs Center	66,242
111	West Palm Beach	Belmart Plaza	74,326
633	West Palm Beach	Babies R Us Plaza	80,845
208	Winter Haven	Chain O' Lakes Plaza	88,400
GEORGIA			
442	Atlanta	Atlanta Center	165,314
*720	Atlanta	Outlet S.C. Mall	102,997
635	Augusta	Augusta Square	119,930
137	Forest Park	Forest Park Plaza	100,452
159	Gainesville	Gainesville Towne Center	142,288
187	Macon	Macon Plaza	127,260
*724	Marietta	Town & Country S.C.	105,405
185	Savannah	Savannah Center	187,302
632	Savannah	Largo Plaza	88,480
215	Warner Robins	Robins Plaza	101,230
ILLINOIS			
122	Addison	Lake Street Plaza	93,289
176	Bloomington	Bloomington Commons	175,530
825	Bradley	Northfield Square	80,300
836	Calumet City	Calumet Center	197,386
848	Carbondale	Carbondale Center	80,535
853	Chicago	Venture S.C.	109,441
856	Chicago	81st Street Center	104,263

Interests Owned or Managed

CITY		CENTER NAME	GLA
885	Chicago	Elston Center	87,563
846	Countryside	Countryside Center	117,456
868	Cresthill	Cresthill Center	90,313
887	Crestwood	Crestwood Center	79,903
*722	Dekalb	Northland Plaza S.C.	80,562
695	Downers Grove	Butterfield Square	182,624
852	Downers Grove	Downers Grove Center	144,559
224	Elgin (387)	Town & Country S.C.	178,539
862	Forest Park	Forest Park Mall	98,371
822	Geneva	Venture S.C.	104,000
*755	Homewood	Washington Park Plaza	106,029
838	Matteson	Matteson Center	165,623
839	Mt. Prospect	Mt. Prospect Center	165,603
863	Naperville	Naper West Plaza	102,615
865	Niles	Niles Center	101,775
845	Norridge	Norridge Center	116,914
*758	Oak Lawn	Marketplace of Oaklawn	94,707
835	Oak Lawn	Oak Lawn Center	165,623
837	Oakbrook Terrace	Venture S.C.	169,034
693	Orland Park	Orland Square	166,000
175	Ottawa	Value City S.C.	60,000
832	Peoria	Evergreen Square	158,407
694	Schaumburg	E. Woodfield Square	167,690
855	Schaumburg	Schaumburg Center	104,910
854	Skokie	Skokie Center	106,600
Indiana			
864	E. Washington	E. Washington Center	89,042
397	Evansville	Plaza East	193,007
398	Evansville	Plaza West	147,775
153	Greenwood	Greenwood S.C.	157,160
851	Griffith	Griffith Center	114,870
107	Indianapolis	Eagledale S.C.	75,000
132	Indianapolis	Felbram S.C.	27,400
133	Indianapolis	Linwood Square	166,104
388	Indianapolis	Target 31 South S.C.	178,610
145	Lafayette	Lafayette S.C.	90,500
671	Lafayette	Target S.C.	176,940
*732	Lafayette	Lafayette Square	103,161
849	Merrillville	Merrillville Center	101,887
*721	Terre Haute	Terre Haute S.C.	102,997
*777	Terre Haute	South Third Street S.C.	73,828
Iowa			
812	Clive	Venture S.C.	90,000
858	Davenport	Davenport Center	91,035
813	Des Moines	Venture S.C.	96,400
847	Dubuque	Dubuque Center	83,705
*773	Spencer	Southpark Center	53,361
811	Waterloo	Venture S.C.	96,000
Kansas			
814	E. Wichita	Venture S.C.	96,100
843	Roeland Park	Roeland Center	131,901
*884	Shawnee	Shawnee Center	80,235
*736	Topeka	Topeka S.C.	103,161
815	W. Wichita	Venture S.C.	97,000
*751	Wichita	Wichita S.C.	103,161

CITY		CENTER NAME	GLA
Kentucky			
267	Bellevue	Kroger S.C.	53,695
140	Lexington	South Park S.C.	259,928
Louisiana			
666	Baton Rouge	Hammond Aire Plaza	257,856
*752	Baton Rouge	Baton Rouge S.C.	103,161
670	Lafayette	Acadiana Square	150,936
297	New Orleans	Lake Forest S.C.	190,000
Maryland			
221	Hagerstown	Hagerstown S.C.	115,718
173	Laurel	Laurel Plaza	75,882
214	Laurel	Laurel Plaza	81,550
*766	Salisbury	Salisbury S.C.	79,902
Massachusetts			
238	Leominster	Searstown Mall	595,594
609	Great Barrington	Barrington Plaza	135,435
Michigan			
667	Clarkson	White Lake Commons	156,864
143	Clawson	Clawson Center	177,797
146	Farmington	Downtown Farmington Center	97,038
383	Flint	Hallwood Plaza	243,847
226	Grand Haven	South Shore Plaza	87,430
*747	Lansing	Southfield S.C.	103,161
119	Livonia	Century Plaza	44,185
335	Muskegon	Beltline Plaza	71,235
607	Taylor	Cross Creek S.C.	121,364
606	Walker	Green Orchard S.C.	284,143
Minnesota			
*785	Virginia	Thunderbird Mall	63,550
Mississippi			
*782	Biloxi	Edgewater Square	61,453
*746	Jackson	Ellis Isle S.C.	103,161
Missouri			
875	Bridgeton	Bridgeton Center	102,420
873	Cape Girardeau	Girardeau Center	79,960
*850	Crystal City	Crystal Center	100,724
154	Ellisville	Shop & Save S.C.	118,080
169	Hazelwood	Kmart S.C.	130,780
*744	Independence	Hub S.C.	103,161
165	Jennings	Jennings S.C.	155,095
833	Kansas City	Kansas Center	157,938
842	Kansas City	Gladstone Center	147,989
244	Lemay	Lemay S.C.	73,281
826	O'Fallon	O'Fallon Center	50,000
625	Springfield	Primrose Marketplace	271,552
162	St. Louis	Gravois Plaza	163,821
829	St. Louis	Overland Center	162,901
831	St. Louis	Dunn Center	164,191
834	St. Louis	South County Plaza	116,222
844	St. Louis	Deer Creek Center	165,809
840	St. Peters	Cave Springs Crossing	167,397

CITY		CENTER NAME	GLA
MONTANA			
*774	Bozeman	Main Mall S.C.	49,694
NEBRASKA			
*741	Omaha	Frederick S.C.	92,332
NEW HAMPSHIRE			
620	Salem	Rockingham Mall	332,951
NEW JERSEY			
*787	Audubon	Black Horse Pike S.C.	69,984
306	Cherry Hill	Fashion Square	121,673
643	Cherry Hill	Marlton Plaza	129,809
645	Cinnaminson	Cinnaminson S.C.	121,084
617	N. Brunswick	N. Brunswick Plaza	409,879
615	Ridgewood	Ridgewood S.C.	24,280
614	Westmont	Westmont Plaza	195,824
*756	Willingboro	Willingboro Village	80,280
*765	Woodbury Heights	Oak Valley Plaza	82,857
NEW YORK			
360	Bridgehampton	Bridgehampton Commons	281,632
453	Buffalo	Elmwood Plaza	141,070
454	Buffalo	Shops @ Seneca	153,500
456	Buffalo, Amherst	Tops Plaza	101,066
395	Carle Place	Voice Road Plaza	132,318
605	Centereach	Centereach Mall	371,028
701	Great Neck	Great Neck Shops	14,385
354	Hampton Bays	Hampton Bays Plaza	70,990
307	Nanuet	Nanuet Mall South	70,829
116	Plainview	Manetto Hill Plaza	88,206
218	Poughkeepsie	44 Plaza	180,064
105	Riverhead	East End Commons	107,806
425	Rochester	Irondequoit S.C.	144,459
426	Rochester (149)	West Gates S.C.	185,153
427	Rochester	Henrietta S.C.	123,000
601	Staten Island	Richmond S.C.	210,990
674	Staten Island	Greenridge Plaza	98,247
109	Syosset	Syosset S.C.	32,124
801	Yonkers	Shop Rite S.C.	43,560
NORTH CAROLINA			
144	Charlotte	Woodlawn Marketplace	110,300
192	Charlotte	Independence Square	135,257
380	Charlotte (384)	Tyvola Mall	227,883
639	Durham	Oakcreek Village S.C.	116,195
602	Gastonia	Akers Center	235,607
177	Raleigh	Pleasant Valley Promenade	374,395
126	Winston-Salem	Cloverdale S.C.	137,929
OHIO			
245	Akron	Harvest Plaza	56,975
419	Akron	West Market Plaza	138,363
430	Akron	Hills Plaza	149,054
457	Akron (657)	Hills Plaza	219,632
220	Barberton	Barberton S.C.	119,975
345	Beavercreek	Beavercreek Plaza	126,137
421	Bedford	Meadowbrook Square	133,147
411	Brooklyn	Hills Plaza	133,563
246	Brunswick	Kmart Plaza	171,223

CITY		CENTER NAME	GLA
242	Cambridge	Cambridge Square	95,955
182	Canton	Canton Hills S.C.	63,712
188	Canton	Beldon Village Commons	161,675
422	Canton	Canton Hills S.C.	99,267
439	Canton	Hills Plaza	150,900
405	Centerville	Cross Pointe S.C.	115,378
413	Cincinnati	Ridge Plaza	139,985
415	Cincinnati	Glenway Plaza	128,950
420	Cincinnati	Cassinelli Square	321,537
233	Cleveland	Greenlite S.C.	82,411
102	Columbus	Whitehall S.C.	112,813
401	Columbus	Morse Plaza	191,789
402	Columbus	S. Hamilton S.C.	140,993
403	Columbus	Olentangy Plaza	129,008
407	Columbus	West Broad Plaza	135,650
424	Columbus	S. High Plaza	99,262
*775	Columbus	Columbus Square	79,902
131	Dayton	Shiloh Springs Plaza	163,131
308	Dayton (310)	Oak Creek Plaza	215,891
309	Dayton (311/313)	Woodman Plaza	120,520
404	Dayton	Salem Plaza	141,616
406	Dayton	Value City Plaza	123,148
408	Elyria	Kmart Plaza	103,400
437	Kent	Hills Plaza	103,500
325	Lima	Eastgate Plaza	194,130
440	Massillon	Hills Plaza	102,632
399	Mentor	Hills Plaza	103,871
417	Mentor	Erie Commons	271,914
409	Middleburg Hgts.	Hills Plaza	104,342
414	North Olmstead	Hills Plaza	99,862
*729	Northwood	Northwood S.C.	103,161
276	Sharonville	Kmart Plaza	130,715
320	Springboro Pike	Southland 75 S.C.	99,007
416	Springfield	Kmart Plaza	131,628
*728	Toledo	Toledo S.C.	102,997
130	Upper Arlington	Arlington Square	149,412
423	Westerville (178)	Westerville Plaza	240,224
234	Wickliffe	Town Square	128,180
410	Willoughby Hills	Willoughby Plaza	146,885
*730	Youngstown	Youngstown S.C.	102,908
OKLAHOMA			
*871	Oklahoma City	South Shields S.C.	108,808
876	Oklahoma City	Venture S.C.	96,418
882	Oklahoma City	Rockwell Plaza	73,600
*859	Tulsa	Venture S.C.	93,748
810	S. Tulsa	Venture S.C.	96,100
PENNSYLVANIA			
653	Allentown	Whitehall Mall	84,524
649	Blue Bell	Center Square S.C.	116,055
341	Braddock Hills	Braddock Hills	109,717
148	Duquesne	Duquesne Plaza	69,733
223	Eagleville	Ridge Pike Plaza	165,385
312	E. Norriton	Norriton Square	134,960
210	E. Stroudsburg	Pocono Plaza	167,654
661	Eastwick	The Wellness Place	38,753
110	Erie	Erie Mini Mart	2,196

CITY		CENTER NAME	GLA
658	Exton	Whiteland Town Center	85,184
651	Feasterville	Bucks County Mall	86,575
375	Gettysburg	Gettysburg Plaza	30,706
193	Harrisburg	Harrisburg East S.C.	175,917
227	Harrisburg	Harrisburg West S.C.	152,565
656	Havertown	Township Line S.C.	80,938
* 723	Horsham	Village Mall	105,569
659	Landsdale	Ralph's Corner S.C.	71,760
243	Middletown	Olmsted Plaza	140,481
373	Middletown	Middletown Plaza	35,747
648	Morrisville	Morrisville S.C.	117,511
342	New Kensington	New Kensington S.C.	106,624
343	Penn Hills	Hills Plaza	110,517
294	Philadelphia	Cottman-Castor S.C.	214,970
612	Philadelphia	Cottman-Bustleton Center	275,033
650	Philadelphia	Frankford Avenue S.C.	82,345
660	Philadelphia	The Gallery	133,309
389	Richboro	Crossroads Plaza	80,737
* 760	Souderton	Souderton S.C.	68,380
288	Springfield	Springfield S.C.	218,907
663	Trexlertown	The Wellness Place	50,000
374	Upper Allen	Upper Allen Plaza	59,470
662	Upper Darby	The Wellness Place	52,657
652	Warrington	Warrington S.C.	82,338
249	West Mifflin	Kennywood Mall	194,776
385	West Mifflin	Century III Mall	84,279
370	York	Eastern Blvd. Plaza	61,979
371	York	Mount Rose Plaza	53,011
372	York	W. Market St. Plaza	35,500

Rhode Island

691	Cranston	Marshalls Plaza	129,887

South Carolina

379	Aiken	Heritage Square	132,345
254	Charleston	St. Andrews Center	167,003
631	Charleston	Westwood Plaza	188,161
646	Florence	Crossroads Center	113,922
692	N. Charleston	North Rivers S.C.	247,908
676	Greenville	The Gallery S.C.	97,340

Tennessee

253	Chattanooga	Red Bank S.C.	44,288
287	Hendersonville	Hendersonville Plaza	6,400
282	Nashville	Old Towne Village	176,256

CITY		CENTER NAME	GLA

Texas

879	Amarillo	Amarillo Center	103,589
866	Arlington	Arlington Center	96,127
823	Baytown	Baytown Village S.C.	103,800
* 878	Corpus Christi	Venture Plaza	108,022
828	Corsicana	Distribution Center	350,000
170	Dallas	Big Town Mall	566,829
270	Dallas	Big Town Center	101,040
819	Duncanville	Venture S.C.	96,500
816	E. Plano	Venture S.C.	96,700
* 748	El Paso	El Paso S.C.	103,161
* 783	Euless	Euless Town Center	61,453
824	Ft. Worth	Venture S.C.	106,000
642	Garland	Kroger Center	41,364
820	Garland	Venture S.C.	103,600
230	Houston	Kroger S.C.	45,494
655	Houston	Woodforest S.C.	112,560
821	Houston	Beltway Plaza Center	106,000
877	Houston	Westheimer Crossing	106,000
* 867	Irving	Irving Center	99,770
678	Lubbock	South Plains Plaza	108,326
* 742	Lubbock	Lubbock S.C.	103,161
256	Mesquite	Kroger Plaza	79,550
818	N. Arlington	Venture S.C.	97,000
* 768	Plano	Parker Plaza S.C.	79,902
* 771	San Antonio	San Pedro Avenue S.C.	79,902
* 778	Temple	Market Place S.C.	61,453
817	W. Oaks (Houston)	Venture S.C.	96,500
* 738	Waco	Parkdale S.C.	101,093

Utah

103	Ogden	Kmart S.C.	121,425

Virginia

672	Manassas	Festival @ Manassas	117,525
800	Richmond	Burlington Coat Center	121,550
* 786	Stafford	Brafferton Center	61,453
* 753	Virginia Beach	Virginia Beach S.C.	103,161
225	Woodbridge	Gordon Plaza	186,142

West Virginia

330	Charles Town	Charles Town Plaza	201,313
285	Huntington	Hills Plaza	3,500
376	Martinsburg	Martin's Food Plaza	43,212

Wisconsin

381	Racine	Badger Plaza	153,530

TOTAL NUMBER OF PROPERTY INTERESTS	370
TOTAL GLA	45,614,283

** Denotes retail store lease relating to the anchor store premises in a neighborhood and community shopping center. The premises are subleased to a national retailer(s) which lease the space pursuant to a net lease agreement(s).*

Kimco Realty Corporation

Financial Highlights

	Year Ended December 31,				
	1997	1996	1995	1994	1993
	(in thousands, except per share data)				
Operating Data:					
Revenues from rental property [1]	**$ 198,929**	$ 168,144	$ 143,132	$ 125,272	$ 98,854
Depreciation and amortization	**$ 30,053**	$ 27,067	$ 26,188	$ 23,478	$ 19,898
Income before extraordinary items	**$ 85,836** [3]	$ 73,827 [3]	$ 51,922	$ 41,071	$ 35,159 [4]
Income per common share, before extraordinary items:					
Basic	**$ 1.80** [3]	$ 1.61 [3]	$ 1.33	$ 1.17	$ 1.17 [4]
Diluted	**$ 1.78** [3]	$ 1.59 [3]	$ 1.32	$ 1.16	$ 1.17 [4]
Interest expense	**$ 31,745**	$ 27,019	$ 25,585	$ 20,483	$ 17,203
Weighted average number of shares of common stock outstanding:					
Basic	**37,388**	35,906	33,388	30,072	28,657
Diluted	**37,850**	36,219	33,633	30,264	28,783
Cash dividends per common share	**$ 1.72**	$ 1.56	$ 1.44	$ 1.33	$ 1.25

	December 31,				
	1997	1996	1995	1994	1993
Balance Sheet Data:					
Real estate, before accumulated depreciation	**$1,404,196** [5]	$1,072,056 [5]	$ 932,390 [5]	$ 796,611	$ 662,874
Total assets	**$1,343,890**	$1,023,033	$ 884,242	$ 736,709	$ 652,823
Total debt	**$ 531,614**	$ 364,655	$ 389,223	$ 372,999	$ 290,886

	Year Ended December 31,				
	1997	1996	1995	1994	1993
Other Data:					
Funds from Operations [2]:					
Net Income	**$ 85,836**	$ 73,827	$ 51,922	$ 40,247	$ 34,573
Depreciation and amortization	**30,053**	27,067	26,188	23,478	19,898
(Gain) loss on sales of properties and early repayment of mortgage debt	**(244)**	(802)	(370)	824	(2,895)
Preferred stock dividends	**(18,438)**	(16,134)	(7,631)	(5,812)	(1,582)
Other	**976**	1,148	2,019	901	875
Funds from Operations	**$ 98,183**	$ 85,106	$ 72,128	$ 59,638	$ 50,869
Cash flow provided by operations	**$ 125,108**	$ 101,892	$ 74,233	$ 62,933	$ 54,886
Cash flow used for investing activities	**$ (280,823)**	$ (144,027)	$(127,261)	$(142,183)	$(119,788)
Cash flow provided by financing activities	**$ 149,269**	$ 63,395	$ 58,248	$ 37,047	$ 109,384

(1) Does not include revenues from rental property relating to unconsolidated joint ventures or revenues relating to the investment in retail store leases.

(2) Most industry analysts and equity REITs, including the Company, generally consider funds from operations ("FFO") to be an appropriate supplemental measure of the performance of an equity REIT. In March 1995, the National Association of Real Estate Investment Trusts ("NAREIT") modified the definition of FFO, among other things, to eliminate adding back amortization of deferred financing costs and depreciation of non-real estate items to net income when computing FFO. The Company adopted this new method as of January 1, 1996. FFO is defined as net income applicable to common shares before depreciation and amortization, extraordinary items, gains or losses on sales of real estate, plus FFO of unconsolidated joint ventures determined on a consistent basis. FFO does not represent cash generated from operating activities in accordance with generally accepted accounting principles and therefore should not be considered an alternative for net income as a measure of results of operations, or for cash flows from operations calculated in accordance with generally accepted accounting principles as a measure of liquidity. In addition, the comparability of the Company's FFO with the FFO reported by other REITs may be affected by the differences that may exist regarding certain accounting policies relating to expenditures for repairs and other recurring items.

(3) Includes $.2 million or $.01 per share in 1997 and $.8 million or $.02 per share in 1996 relating to non-recurring gains from the disposition of a shopping center property in each year.

(4) Includes approximately $3.4 million, or $.12 per share, in non-recurring gains related to the sale of a shopping center and a casualty claim related to a joint venture property.

(5) Does not include the Company's investment in retail store leases.

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

Results of Operations

Comparison of 1997 to 1996

Revenues from rental property increased approximately $30.8 million, or 18.3% to $198.9 million for the year ended December 31, 1997, as compared with $168.1 million for the year ended December 31, 1996. This increase resulted primarily from the combined effect of (i) the acquisition of 14 shopping center properties and 49 retail properties during 1997 providing revenues from rental property of $6.1 million and $14.0 million, respectively (ii) the full year impact related to the 39 property interests acquired in 1996 and (iii) new leasing and re-tenanting within the portfolio at improved rental rates providing an increase in the overall occupancy level from 87% at December 31, 1996 to 90% at December 31, 1997.

Rental property expenses, including depreciation and amortization, increased approximately $18.2 million, or 18.8%, to $115.2 million for the year ended December 31, 1997, as compared with $97.0 million for the preceding calendar year. Rent, real estate taxes and depreciation and amortization charges contributed significantly to this net increase in rental property expenses (increasing $3.5 million, $6.5 million and $3.0 million, respectively, for the year ended December 31, 1997 as compared to the preceding year) primarily due to the 14 shopping center properties and 49 retail properties acquired during 1997 and the 39 property interests acquired during 1996. Interest expense increased approximately $4.7 million between the respective periods reflecting higher average outstanding borrowings during calendar year 1997 resulting from (i) the issuance of an aggregate $100 million unsecured medium-term notes during 1997 and (ii) the assumption of approximately $73.2 million of mortgage debt in connection with the acquisition of certain property interests during 1997, as compared to the preceding year.

The Company has interests in various retail store leases relating to the anchor store premises in neighborhood and community shopping centers. These premises have been substantially sublet to retailers which lease the stores pursuant to net lease agreements. Income from the investment in retail store leases during the years ended December 31, 1997 and 1996 was $3.6 million in each year.

General and administrative expenses increased approximately $1.3 million to $11.6 million for the year ended December 31, 1997, as compared to $10.3 million for the preceding calendar year. This increase is primarily attributable to increased senior management and staff levels during 1997 and 1996.

During 1997, the Company disposed of a property in Troy, OH. Cash proceeds from the disposition totaling $1.6 million, together with an additional $8.3 million cash investment, were used to acquire an exchange shopping center property located in Ocala, FL.

Net income for the year ended December 31, 1997 of approximately $85.8 million represented an improvement of approximately $12.0 million, as compared with net income of approximately $73.8 million for the preceding calendar year. After adjusting for the gains on the sale of shopping center properties during both periods, net income for 1997 increased by $12.6 million, or $.20 per share, compared to 1996. This substantially improved performance was primarily attributable to property acquisitions and redevelopments and increased leasing activity which strengthened operating profitability.

Comparison of 1996 to 1995

Revenues from rental property increased approximately $25.0 million, or 17.5% to $168.1 million for the year ended December 31, 1996, as compared with $143.1 million for the year ended December 31, 1995. This increase resulted primarily from the combined effect of shopping center acquisitions during the respective periods (39 property interests in 1996 and 18 property interests in 1995) as well as new leasing and re-tenanting within the portfolio at improved rental rates.

Rental property expenses, including depreciation and amortization, increased approximately $8.1 million, or 9.1%, to $97.0 million for the year ended December 31, 1996, as compared with $88.9 million for the preceding calendar year. This increase is primarily due to property acquisitions and renovations within the existing portfolio during the respective periods which gave rise to an overall increase in real estate taxes and depreciation and amortization expenses, as well as increased snow removal costs during 1996. Interest charges increased approximately $1.4 million between the respective periods reflecting higher average outstanding borrowings during calendar year 1996 as compared to the preceding year.

During July 1995, certain subsidiaries of the Company obtained interests in retail store leases relating to the anchor store premises in neighborhood and community shopping centers. These premises have been substantially sublet to retailers which lease the stores pursuant to net lease agreements. Income from the investment in retail store leases during the years ended December 31, 1996 and 1995 were $3.6 and $1.8 million, respectively.

General and administrative expenses increased approximately $1.5 million to $10.3 million for the year ended December 31, 1996, as compared to $8.8 million for the preceding calendar year. This increase is primarily attributable to increased senior management and staff levels during 1996 and 1995.

Other income, net increased approximately $3.3 million for the year ended December 31, 1996 as compared with the preceding year. This increase is primarily attributable to interest earned on funds raised through public equity offerings during 1996 and held in short-term income producing investments pending the acquisition of interests in neighborhood and community shopping center properties.

During September 1996, the Company disposed of a property in Watertown, NY. Cash proceeds from the disposition totaling $1.8 million, together with an additional $2.2 million cash investment, were used to acquire an exchange shopping center property during January 1997.

Net income for the year ended December 31, 1996 of approximately $73.8 million represented an improvement of approximately $21.9 million, as compared with net income of approximately $51.9 million for the preceding calendar year. After adjusting for the gain on the sale of a shopping center property during 1996, net income for 1996 increased by $21.1 million, or $.26 per share, compared to 1995. This substantially improved performance was primarily attributable to property acquisitions and redevelopments, the investment in retail store leases and sustained leasing activity which strengthened operating profitability.

Liquidity and Capital Resources

Completion of the Company's IPO, which resulted in net cash proceeds of approximately $116 million, permitted the Company to significantly deleverage its real estate portfolio and has made available the public debt and equity markets as the Company's principal source of capital for the future. A $100 million, unsecured revolving credit facility established in June 1994, which is scheduled to expire in June 2000, and an additional $150 million interim unsecured revolving credit facility established in March 1998, scheduled to expire in June 1998, have made available funds to both finance the purchase of properties and meet any short-term working capital requirements. It is the Company's intention to extend the term of the $150 million interim revolving credit facility and establish it as a continuing part of the Company's total unsecured revolving credit availability. As of December 31, 1997 there were no borrowings under the revolving credit facility. The Company has also implemented a $150 million 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 and redevelopment costs and (ii) better managing the Company's debt maturities. (See Note 7 of the Notes to Consolidated Financial Statements included in this Annual Report.)

Since the IPO, the Company has completed additional offerings of its public unsecured debt and equity raising in the aggregate over $1.15 billion for the purposes of repaying indebtedness, acquiring neighborhood and community shopping centers and for expanding and improving properties in the 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 and growth in rental revenues in the existing portfolio and from other sources. 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 as suitable opportunities arise, and such other factors as the Board of Directors considers appropriate.

Cash dividends paid increased to $82.6 million in 1997, compared to $69.8 million in 1996 and $53.9 million in 1995. The Company's dividend payout ratio, based on funds from operations on a per common share basis, for 1997, 1996 and 1995 was approximately 65.4%, 65.8%, and 66.7%, respectively.

Although the Company receives most of its rental payments on a monthly basis, it 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.

The Company anticipates its capital commitment toward redevelopment projects during 1998 will be approximately $30 million. It is management's intention that the Company continually have access to the capital resources necessary to expand and develop its business. Accordingly, the Company may seek to obtain funds through additional equity offerings or debt financings, including an increase in the Company's unsecured revolving credit facility, in a manner consistent with its intention to operate with a conservative debt capitalization policy.

The Company anticipates that cash flows from operations 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. Cash flows from operations as reported in the Consolidated Statements of Cash Flows increased to $125.1 million for 1997 from $101.9 million for 1996 and $74.2 million for 1995.

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 Percentage Rents, which generally increase as prices rise, and/or escalation clauses, which generally increase rental rates during the terms of the leases. Such escalation clauses include increases in the consumer price index or similar inflation indices. In addition, many of the Company's leases are for terms of less than 10 years, which permits the Company to seek to increase rents upon renewal to market rates. 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 will, from time to time, enter into interest rate protection agreements which mitigate, but do not eliminate, the effect of changes in interest rates on its floating-rate loans.

New Accounting Pronouncements

In 1997 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130—"Reporting Comprehensive Income" which established standards for reporting and displaying comprehensive income and its components. In 1997 the Financial Accounting Standards Board also issued Statement of Financial Accounting Standards No. 131—"Disclosures about Segments of an Enterprise and Related Information" which established standards for reporting information about operating segments. The Company is required to adopt these two standards with its December 31, 1998 financial statements. The Company is currently evaluating the effect, if any, these statements will have on the Company's financial presentation.

Forward-looking Statements

This Annual Report includes certain forward-looking statements reflecting the Company's and management's intentions and expectations, however, many factors which may affect the actual results are difficult to predict. Factors that may cause actual results to differ materially from current expectations include general economic conditions, local real estate conditions, increases in interest rates and increases in operating costs. Accordingly, there is no assurance that the Company's expectations will be realized.

To the Board of Directors and Stockholders of
Kimco Realty Corporation:

We have audited the accompanying consolidated balance sheets of Kimco Realty Corporation (the "Company") and Subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Kimco Realty Corporation and Subsidiaries as of December 31, 1997 and 1996, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1997 in conformity with generally accepted accounting principles.

Coopers & Lybrand L.L.P.

New York, New York
February 27, 1998, except for Note 17,
for which the date is March 5, 1998.

Consolidated Balance Sheets

	December 31, 1997	December 31, 1996
Assets:		
Real Estate		
Rental property		
Land	**$ 212,019,596**	$ 165,636,244
Buildings and improvements	**1,190,828,854**	905,033,615
	1,402,848,450	1,070,669,859
Less, accumulated depreciation and amortization	**207,408,091**	180,552,647
	1,195,440,359	890,117,212
Undeveloped land	**1,347,709**	1,386,127
Real estate, net	**1,196,788,068**	891,503,339
Investment in retail store leases	**15,938,041**	18,994,321
Investments and advances in real estate joint ventures	**9,794,142**	15,143,222
Cash and cash equivalents	**30,978,178**	37,425,206
Accounts and notes receivable	**16,203,454**	13,986,138
Deferred charges and prepaid expenses	**21,260,041**	17,854,754
Other assets	**52,928,200**	28,125,581
	$1,343,890,124	$1,023,032,561
Liabilities & Stockholders' Equity:		
Notes payable	**$ 410,250,000**	$ 310,250,000
Mortgages payable	**121,363,908**	54,404,939
Accounts payable and accrued expenses	**34,288,409**	21,983,886
Dividends payable	**22,545,806**	18,720,819
Other liabilities	**7,590,856**	7,242,868
	596,038,979	412,602,512
Minority interests in partnerships	**4,531,934**	4,659,080
Commitments and contingencies		
Stockholders' equity		
Preferred Stock, $1 par value, authorized 5,000,000 and 930,000 shares, respectively		
Class A Preferred Stock, authorized 345,000 shares		
Issued and outstanding 300,000 shares	**300,000**	300,000
Aggregate liquidation preference $75,000,000		
Class B Preferred Stock, authorized 230,000 shares		
Issued and outstanding 200,000 shares	**200,000**	200,000
Aggregate liquidation preference $50,000,000		
Class C Preferred Stock, authorized 460,000 shares		
Issued and outstanding 400,000 shares	**400,000**	400,000
Aggregate liquidation preference $100,000,000		
Common stock, $.01 par value,		
Authorized 100,000,000, and 50,000,000 shares, respectively		
Issued and outstanding 40,394,805 and 36,215,055 shares, respectively	**403,948**	362,151
Paid-in capital	**857,658,054**	719,601,956
Cumulative distributions in excess of net income	**(115,642,791)**	(115,093,138)
	743,319,211	605,770,969
	$1,343,890,124	$1,023,032,561

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

Consolidated Statements of Income

	Year Ended December 31,		
	1997	1996	1995
Revenues from rental property	**$198,929,403**	$168,144,419	$143,132,165
Rental property expenses:			
Rent	**4,873,200**	1,417,263	1,301,340
Real estate taxes	**26,345,685**	19,815,808	16,869,710
Interest	**31,744,762**	27,019,283	25,585,063
Operating and maintenance	**22,194,628**	21,659,620	18,935,374
Depreciation and amortization	**30,052,714**	27,066,709	26,187,794
	115,210,989	96,978,683	88,879,281
Income from rental property	**83,718,414**	71,165,736	54,252,884
Income from investment in retail store leases	**3,571,946**	3,631,845	1,810,505
	87,290,360	74,797,581	56,063,389
Management fee income	**3,276,152**	3,447,577	3,736,062
General and administrative expenses	**(11,651,341)**	(10,333,924)	(8,831,626)
Equity in income (losses) of real estate joint ventures, net	**1,116,988**	820,083	(288,582)
Minority interests in income of partnerships, net	**(463,522)**	(470,441)	(215,656)
Other income, net	**6,023,813**	4,764,062	1,458,212
Income before gain on sale of shopping center	**85,592,450**	73,024,938	51,921,799
Gain on sale of shopping center	**243,995**	801,955	—
Net income	**$ 85,836,445**	$ 73,826,893	$ 51,921,799
Net income applicable to common shares	**$ 67,398,745**	$ 57,692,418	$ 44,291,243
Net income per common share:			
Basic	**$ 1.80**	$ 1.61	$ 1.33
Diluted	**$ 1.78**	$ 1.59	$ 1.32

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

Consolidated Statements of Stockholders' Equity

For the Years Ended December 31, 1997, 1996 and 1995

	Preferred Stock		Common Stock			Cumulative Distributions	Total
	Issued	Amount	Issued	Amount	Paid-in Capital	in Excess of Net Income	Stockholders' Equity
Balance, December 31, 1994	300,000	$300,000	30,097,896	$300,979	$430,935,721	$(109,335,607)	$322,201,093
Net income						51,921,799	51,921,799
Dividends ($1.47 per common share; $1.9375 and $.99757 per Class A and Class B Depositary Share, respectively)						(57,251,375)	(57,251,375)
Issuance of preferred stock	200,000	200,000			47,975,027		48,175,027
Issuance of common stock			3,592,871	35,929	82,724,947		82,760,876
Exercise of common stock options			40,581	405	676,127		676,532
Balance, December 31, 1995	500,000	500,000	33,731,348	337,313	562,311,822	(114,665,183)	448,483,952
Net income						73,826,893	73,826,893
Dividends ($1.60 per common share; $1.9375, $2.125 and $1.59943 per Class A, Class B and Class C Depositary Share, respectively)						(74,254,848)	(74,254,848)
Issuance of preferred stock	400,000	400,000			96,037,337		96,437,337
Issuance of common stock			2,320,125	23,201	58,087,001		58,110,202
Exercise of common stock options			163,582	1,637	3,165,796		3,167,433
Balance, December 31, 1996	900,000	900,000	36,215,055	362,151	719,601,956	(115,093,138)	605,770,969
Net income						85,836,445	85,836,445
Dividends ($1.77 per common share; $1.9375, $2.125 and $2.0938 per Class A, Class B and Class C Depositary Share, respectively)						(86,386,098)	(86,386,098)
Issuance of common stock			4,000,000	40,000	134,293,408		134,333,408
Exercise of common stock options			179,750	1,797	3,762,690		3,764,487
Balance, December 31, 1997	**900,000**	**$900,000**	**40,394,805**	**$403,948**	**$857,658,054**	**$(115,642,791)**	**$743,319,211**

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

Consolidated Statements of Cash Flows

	Year Ended December 31,		
	1997	1996	1995
Cash flow from operating activities:			
Net income	**$ 85,836,445**	$ 73,826,893	$ 51,921,799
Adjustments for noncash items—			
Depreciation and amortization	**30,052,714**	27,066,709	26,187,794
Gain on sale of shopping center	**(243,995)**	(801,955)	—
Minority interests in income of partnerships, net	**463,522**	470,441	215,656
Equity in (income) losses of real estate joint ventures, net	**(1,116,988)**	(820,083)	288,582
Change in accounts and notes receivable	**(2,217,316)**	2,626,760	(940,256)
Change in accounts payable and accrued expenses	**12,304,523**	2,730,442	1,162,406
Change in other operating assets and liabilities	**28,736**	(3,207,396)	(4,602,986)
Net cash flow provided by operations	**125,107,641**	101,891,811	74,232,995
Cash flow from investing activities:			
Acquisition of and improvements to real estate	**(261,225,536)**	(140,916,684)	(105,139,671)
Investment in retail store leases	**—**	—	(23,026,673)
Investment in real estate joint ventures	**(4,625,068)**	—	(6,523,502)
Investment in marketable securities	**(11,138,247)**	(4,935,008)	(2,470,990)
Advances to affiliated companies	**(14,036,000)**	—	—
Construction advances to real estate joint ventures	**—**	—	(1,870,500)
Reimbursement of advances to real estate joint ventures	**8,651,653**	—	6,794,928
Proceeds from sale of shopping center	**1,550,000**	1,825,000	4,975,582
Net cash flow used for investing activities	**(280,823,198)**	(144,026,692)	(127,260,826)
Cash flow from financing activities:			
Principal payments on debt, excluding normal amortization of rental property debt	**(4,650,000)**	(8,299,980)	(29,037,746)
Principal payments on rental property debt, net	**(1,618,255)**	(1,267,816)	(1,221,912)
Change in notes payable	**100,000,000**	(15,000,000)	20,050,000
Dividends paid	**(82,561,111)**	(69,751,755)	(53,885,490)
Proceeds from issuance of stock	**138,097,895**	157,714,972	122,343,419
Net cash flow provided by financing activities	**149,268,529**	63,395,421	58,248,271
Increase(decrease) in cash and cash equivalents	**(6,447,028)**	21,260,540	5,220,440
Cash and cash equivalents, beginning of year	**37,425,206**	16,164,666	10,944,226
Cash and cash equivalents, end of year	**$ 30,978,178**	$ 37,425,206	$ 16,164,666
Supplemental schedule of noncash investing/financing activity:			
Acquisition of real estate interests by issuance of common stock and/or assumption of debt	**$ 73,227,224**	$ —	$ 38,714,717
Declaration of dividends paid in succeeding year	**$ 22,545,806**	$ 18,720,819	$ 14,217,726

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

1. Summary of Significant Accounting Policies:

Business

Kimco Realty Corporation (the "Company"), its subsidiaries, affiliates and related real estate joint ventures are engaged principally in the operation of neighborhood and community shopping centers which are anchored generally by discount department stores, supermarkets or drugstores. Additionally, the Company provides management services for shopping centers owned by affiliated entities and various real estate joint ventures.

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 December 31, 1997, the Company's single largest neighborhood and community shopping center accounted for only 1.9% of the Company's annualized base rental revenues and only 1.0% of the Company's total shopping center gross leasable area ("GLA"). At December 31, 1997, the Company's five largest tenants include Venture, Kmart Corporation, Kohl's, Wal*Mart and TJX Companies, which represent approximately 11.7%, 4.1%, 3.4%, 2.7% and 2.2%, respectively, of the Company's annualized base rental revenues.

Principles of Consolidation and Estimates

The accompanying Consolidated Financial Statements include the accounts of the Company, its subsidiaries, all of which are wholly-owned, and all majority-owned partnerships. All significant intercompany balances and transactions have been eliminated in consolidation.

Generally accepted accounting principles require the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during a reporting period. Actual results may differ from such estimates.

Real Estate

Real estate assets are stated at cost, less accumulated depreciation and amortization. Such carrying amounts would be adjusted, if necessary, to reflect an impairment in the value of the assets. Depreciation and amortization are provided on the straight-line method over the estimated useful lives of the assets, as follows:

Buildings	15 to 39 years
Fixtures and leasehold improvements	Terms of leases or useful lives, whichever is shorter

Expenditures for maintenance and repairs are charged to operations as incurred. Significant renovations are capitalized.

Investments in Real Estate Joint Ventures

Investments in real estate joint ventures are accounted for on the equity method.

Deferred Leasing and Financing Costs

Costs incurred in obtaining tenant leases and long-term financing, included in deferred charges and prepaid expenses in the accompanying Consolidated Balance Sheets, are amortized over the terms of the related leases or debt agreements, as applicable.

Revenue Recognition

Minimum revenues from rental property are recognized on a straight-line basis over the terms of the related leases.

Income Taxes

The Company and its subsidiaries file a consolidated Federal income tax return. 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 the Code.

Per Share Data

In 1997 the Financial Accounting Standards Board issued Financial Accounting Standards No. 128—"Earnings Per Share". Statement 128 replaces the presentation of primary and fully diluted earnings per share ("EPS") pursuant to Accounting Principles Board Opinion No. 15 with the presentation of basic and diluted EPS. Basic EPS excludes dilution and is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted into common shares and then shared in the earnings of the Company.

The following table sets forth the reconciliation between basic and diluted weighted average number of shares outstanding for each period:

	1997	1996	1995
Basic EPS—weighted average number of common shares outstanding	**37,387,984**	35,906,029	33,388,004
Effect of dilutive securities—Stock options	**462,076**	312,993	244,633
Diluted EPS—weighted average number of common shares	**37,850,060**	36,219,022	33,632,637

New Accounting Pronouncements

In 1997 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130—"Reporting Comprehensive Income" which established standards for reporting and displaying comprehensive income and its components. In 1997 the Financial Accounting Standards Board also issued Statement of Financial Accounting Standards No. 131—"Disclosures about Segments of an Enterprise and Related Information" which established standards for reporting information about operating segments. The Company is required to adopt these two standards with its December 31, 1998 financial statements. The Company is currently evaluating the effect, if any, these statements will have on the Company's financial presentation.

Reclassifications

Certain account balances in the accompanying Consolidated Balance Sheet as of December 31, 1996, have been reclassified to conform with the current year presentation.

2. Shopping Center Acquisitions:

During the years 1997, 1996 and 1995 certain subsidiaries of the Company acquired real estate interests in various shopping center properties at aggregate costs of approximately $146 million, $39 million and $83 million, respectively. These acquisitions have been funded principally through the application of proceeds from the Company's public unsecured debt and equity offerings. (See Notes 7 and 11.)

3. Retail Property Acquisitions:

In August 1997, certain subsidiaries of the Company acquired certain real estate assets from a retailer consisting of interests in 49 fee and leasehold properties totaling approximately 5.9 million square feet of leasable area located in Illinois, Missouri, Texas, Oklahoma, Kansas, Indiana and Iowa. The aggregate price was approximately $130 million, consisting of $70.5 million in cash and the assumption of approximately $59.5 million of existing mortgage debt on certain of these properties. The mortgage debt bears interest at 10.54% per annum and cannot be repaid without penalty, until its maturity on July 1, 2000. In addition, the Company was granted (i) an option to acquire two other properties for $4.5 million, (ii) an option to acquire up to 11 additional properties should certain conditions be satisfied and (iii) rights of first refusal, for a period of five years, to acquire 31 additional properties containing 4.2 million square feet of leasable area. The transaction also included approximately 573,000 square feet of retail space substantially occupied by other retailers and approximately 165,000 square feet of available retail space. Simultaneously with this transaction, the Company entered into a long-term unitary net lease covering all premises occupied by this retailer pursuant to which this seller/tenant may remain in occupancy and continue to conduct business in these premises.

During August 1996, certain subsidiaries of the Company acquired interests in 16 retail properties, including two properties to which the Company and its affiliates already held fee title, for $21.8 million in cash. These property interests were acquired from a retailer which had elected to discontinue operation of its discount department store division.

During January 1996, certain subsidiaries of the Company entered into two sale-leaseback transactions pursuant to which it acquired fee title to 16 retail properties located in Texas, Iowa, Oklahoma, Illinois and Kansas for a purchase price of $40 million. Simultaneously, the Company executed two long-term unitary net leases covering the 16 locations pursuant to which the seller/tenant may remain in occupancy and continue to conduct business in these premises. During July 1997, the Company consented to the modification of these two unitary net lease agreements whereby the Company entered into two unitary net lease agreements with another retailer on 9 of the retail properties and a new unitary lease with the seller/tenant on the remaining 7 locations.

These retail property acquisitions have been funded principally through the application of proceeds from the Company's public unsecured debt and equity offerings. (See Notes 7 and 11.)

4. Investment in Retail Store Leases:

The Company has interests in various retail store leases relating to the anchor store premises in neighborhood and community shopping centers. These premises have been substantially sublet to retailers which lease the stores pursuant to net lease agreements. Income from the investment in these retail store leases during the years ended December 31, 1997 and 1996 was approximately $3.6 million in each year. These amounts represent sublease revenues during the years ended December 31, 1997 and 1996 of approximately $20.9 million and $21.0 million, respectively, less related expenses of $15.2 million and $15.2 million, respectively, and an amount, which in management's estimate, reasonably provides for the recovery of the investment over a period representing the expected remaining term of the retail store leases. The Company's future minimum revenues under the terms of all noncancelable tenant subleases and future minimum obligations through the remaining terms of its retail store leases are as follows (in millions of dollars): 1998, $20.3 and $15.4; 1999, $19.3 and $14.2; 2000, $16.5 and $12.3; 2001, $13.1 and $9.8; 2002, $9.5 and $7.2; and thereafter, $26.3 and $18.4, respectively.

5. Investments and Advances in Real Estate Joint Ventures:

The Company and its subsidiaries have investments in and advances to various real estate joint ventures. These joint ventures are engaged in the operation of shopping centers which are either owned or held under long-term operating leases. Summarized financial information for the recurring operations of these real estate joint ventures is as follows (in millions of dollars):

	December 31,	
	1997	1996
Assets:		
Real estate, net	**$58.3**	$41.5
Other assets	**7.8**	4.0
	$66.1	$45.5
Liabilities and Partners' Capital/(Deficit):		
Mortgages payable	**$63.5**	$30.3
Other liabilities	**19.7**	15.1
Partners' Capital/(Deficit)	**(17.1)**	.1
	$66.1	$45.5

	Years Ended December 31,		
	1997	1996	1995
Revenues from rental property	**$14.8**	$11.2	$ 8.3
Operating expenses	**(3.6)**	(2.9)	(2.1)
Mortgage interest	**(3.1)**	(2.5)	(2.4)
Depreciation and amortization	**(2.2)**	(2.2)	(2.0)
Other, net	**(1.8)**	(1.3)	(1.2)
Net income	**$ 4.1**	$ 2.3	$ .6

Other liabilities in the accompanying Consolidated Balance Sheets include accounts with certain real estate joint ventures totaling approximately $5.1 and $4.1 million at December 31, 1997 and 1996, respectively. The Company and its subsidiaries have varying equity interests in these real estate joint ventures which may differ from their proportionate share of net income or loss recognized in accordance with generally accepted accounting principles.

6. Cash and Cash Equivalents:

Cash and cash equivalents (demand deposits in banks, commercial paper and certificates of deposit with original maturities of three months or less) includes tenants' security deposits, escrowed funds and other restricted deposits approximating $10.1 million and $2.4 million at December 31, 1997 and 1996, respectively.

Cash and cash equivalent balances may, at a limited number of banks and financial institutions, exceed insurable amounts. The Company believes it mitigates its risks by investing in or through major financial institutions. Recoverability of investments is dependent upon the performance of the issuers.

7. Notes Payable:

The Company has implemented a $150 million unsecured medium-term notes ("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 acquisition and redevelopment costs, and (ii) better managing the Company's debt maturities.

During May and July 1997, the Company issued under its MTN program $100 million in fixed-rate senior unsecured medium-term notes (the "1997 Notes"). These notes have maturities ranging from ten to twelve years, and bear interest ranging from 6.96% to 7.56%. Interest on these notes is payable semi-annually in arrears.

As of December 31, 1997, a total principal amount of $160.25 million, including the 1997 notes, in fixed-rate senior unsecured notes had been issued under the MTN program primarily for the acquisition of neighborhood and community shopping centers and the expansion and improvement of properties in the Company's portfolio. These notes have maturities ranging from ten to twelve years and bear interest at rates ranging from 6.70% to 7.91%. Interest on these fixed-rate senior unsecured notes is payable semiannually in arrears.

As of December 31, 1997, the Company had $100 million in Floating Rate Senior Notes due 1999 bearing interest at LIBOR plus .50% (6.3% at December 31, 1997). Interest on these floating-rate, senior unsecured notes resets and is payable quarterly in arrears.

As of December 31, 1997, the Company had $100 million in 6.5% fixed-rate unsecured Senior Notes due 2003. Interest on these senior unsecured notes is paid semi-annually in arrears.

During August 1996, the Company redeemed its $50 million unsecured Floating Rate Senior Notes due in 1998. These Floating Rate Senior Notes, redeemable at par at the option of the Company after May 11, 1996 and bearing interest at LIBOR plus .50%, were refinanced with a $50 million floating-rate unsecured medium-term note issued under the Company's MTN program. This floating-rate medium-term note is due in 1998 and bears interest at LIBOR plus .12% (6.0% at December 31, 1997). Interest on this floating-rate, senior unsecured medium-term note resets and is payable quarterly in arrears.

In accordance with the terms of the Indenture pursuant to which the Company's senior, unsecured notes have been issued, the Company is (a) subject to maintaining certain maximum leverage ratios on both unsecured senior corporate and secured debt, minimum debt service coverage ratios and minimum equity levels, and (b) restricted from paying dividends in amounts that exceed by more than $26 million the funds from operations, as defined, generated through the end of the calendar quarter most recently completed prior to the declaration of such dividend; however, this dividend limitation does not apply to any distributions necessary to maintain the Company's qualification as a REIT providing the Company is in compliance with its total leverage limitations.

The Company maintains a $100 million, unsecured revolving credit agreement with a group of banks. Borrowings under this facility are available for general corporate purposes, including property acquisitions and redevelopment. Interest on borrowings accrues at a spread (currently .50%) to LIBOR or money-market rates, as applicable, which fluctuates in accordance with changes in the Company's senior debt ratings. A fee approximating .14% per annum is payable on that portion of the facility which remains unused. Pursuant to the terms of the agreement, the Company, among other things, is (a) subject to maintaining certain maximum leverage ratios on both unsecured senior corporate and secured debt, a minimum debt service coverage ratio and minimum unencumbered asset and equity levels, and (b) restricted from paying dividends in amounts that exceed 90% of funds from operations, as defined, plus 10% of the Company's stockholders' equity determined in accordance with generally accepted accounting principles. There were no borrowings outstanding under this facility at December 31, 1997. This revolving credit facility is scheduled to expire in June 2000.

8. Mortgages Payable:

Mortgages payable, collateralized by certain shopping center properties and related tenants' leases, are generally due in monthly installments of principal and/or interest which mature at various dates through 2008. Interest rates range from approximately 6.8% to 12.9% (weighted average interest rate of 9.5% as of December 31, 1997). The scheduled maturities of all mortgages payable as of December 31, 1997, are approximately as follows (in millions of dollars): 1998, $7.9; 1999, $22.6; 2000, $61.6; 2001, $5.7; 2002, $1.2; and thereafter, $22.4.

Three of the Company's properties are encumbered by approximately $13.5 million in floating-rate, tax-exempt mortgage bond financing. The rates on the bonds are reset annually, at which time bondholders have the right to require the Company to repurchase the bonds. The Company has engaged a remarketing agent for the purpose of offering for resale those bonds that are tendered to the Company. All bonds tendered for redemption in the past have been remarketed and the Company has arrangements, including letters of credit, with banks to both collateralize the principal amount and accrued interest on such bonds and to fund any repurchase obligations.

9. KC Holdings, Inc.:

To facilitate the Company's November 1991 initial public stock offering (the "IPO"), forty-six shopping center properties and certain other assets, together with indebtedness related thereto, were transferred to subsidiaries of KC Holdings, Inc. ("KC Holdings"), a newly-formed corporation that is owned by the stockholders of the Company prior to the IPO. The Company continues to manage eighteen of these shopping center properties and was granted ten-year, fixed-price options to reacquire the real estate assets owned by KC Holdings' subsidiaries, subject to any liabilities outstanding with respect to such assets at the time of an option exercise. As of December 31, 1997, KC Holdings' subsidiaries had conveyed 14 shopping centers back to the Company and had disposed of ten additional centers in transactions with third parties. The members of the Company's Board of Directors who are not also shareholders of KC Holdings unanimously approved the purchase of each of the 14 shopping centers that have been reacquired by the Company from KC Holdings.

Selected financial information for the twenty-two properties owned by KC Holdings' subsidiaries as of and for the year ended December 31, 1997, is as follows: Real estate, net of accumulated depreciation and amortization, $55.0 million; Notes and mortgages payable, $61.2 million;

Revenues from rental property, $11.2 million; Loss from rental operations, $.2 million, after depreciation and amortization deductions of $2.1 million; Income adjustment for real estate joint ventures, net, $.3 million.

10. Fair Value Disclosure of Financial Instruments:

All financial instruments of the Company are reflected in the accompanying Consolidated Balance Sheets at amounts which, in management's estimation based upon an interpretation of available market information and valuation methodologies (including discounted cash flow analyses with regard to fixed rate debt) considered appropriate, reasonably approximate their fair values. Such fair value estimates are not necessarily indicative of the amounts that would be realized upon disposition of the Company's financial instruments.

11. Preferred and Common Stock Offerings:

On September 30, 1997, the Company completed a primary public stock offering of 4,000,000 shares of common stock at $35.50 per share. The net proceeds from this sale of common stock, totaling approximately $134.5 million (after related transaction costs of approximately $7.5 million), have been used primarily for the acquisition of neighborhood and community shopping centers.

On February 2, 1996, the Company completed a primary public stock offering of 2,200,000 shares of common stock at $26.50 per share. The net proceeds from this sale of common stock, totaling approximately $55.0 million (after related transaction costs of approximately $3.4 million), have been used primarily for the acquisition of neighborhood and community shopping centers.

On April 10, 1996, the Company completed a public offering of 4,000,000 Depositary Shares (the "Class C Depositary Shares") at $25.00 per share, each such Class C Depositary Share representing 1/10 of a share of the Company's 8-3/8% Class C Cumulative Redeemable Preferred Stock (the "Class C Preferred Stock"), par value $1.00 per share. The cash proceeds to the Company, net of related transaction costs of approximately $3.6 million, totaling approximately $96.4 million, were used for the acquisition of interests in neighborhood and community shopping centers, and the redevelopment, expansion and improvement of properties in the Company's portfolio.

Dividends on the Class C Depositary Shares are cumulative and payable quarterly in arrears at the rate of 8-3/8% per annum based on the $25 per share initial offering price, or $2.0938 per depositary share. The Class C Depositary Shares are redeemable, in whole or in part, for cash on or after April 15, 2001 at the option of the Company at a redemption price of $25 per depositary share, plus any accrued and unpaid dividends thereon. The redemption price of the Class C Preferred Stock may be paid solely from the sale proceeds of other capital stock of the Company, which may include other classes or series of preferred stock. The Class C Depositary Shares are not convertible or exchangeable for any other property or securities of the Company. The Class C Preferred Stock (represented by the Class C Depositary Shares outstanding) ranks pari passu with the Company's 7-3/4% Class A Cumulative Redeemable Preferred Stock and 8-1/2% Class B Cumulative Redeemable Preferred Stock as to voting rights, priority for receiving dividends and liquidation preferences as set forth below.

The Company has outstanding 3,000,000 Depositary Shares (the "Class A Depositary Shares"), each such Class A Depositary Share representing 1/10 of a share of the Company's 7-3/4% Class A Cumulative Redeemable Preferred Stock (the "Class A Preferred Stock"), par value $1.00 per share, and 2,000,000 Depositary Shares (the "Class B Depositary Shares"), each such Class B Depositary Share representing 1/10 of a share of the Company's 8-1/2% Class B Cumulative Redeemable Preferred Stock (the "Class B Preferred Stock"), par value $1.00 per share.

Dividends on the Class A Depositary Shares are cumulative and payable quarterly in arrears at the rate of 7-3/4% per annum based on the $25 per share initial offering price, or $1.9375 per depositary share. The Class A Depositary Shares are redeemable, in whole or in part, for cash on or after September 23, 1998 at the option of the Company, at a redemption price of $25 per depositary share, plus any accrued and unpaid dividends thereon. The Class A Depositary Shares are not convertible or exchangeable for any other property or securities of the Company. The Class A Preferred Stock (represented by the Class A Depositary Shares outstanding) ranks pari passu with the Company's Class B Preferred Stock and Class C Preferred Stock as to voting rights, priority for receiving dividends and liquidation preferences as set forth below.

Dividends on the Class B Depositary Shares are cumulative and payable quarterly in arrears at the rate of 8-1/2% per annum based on the $25 per share initial offering price, or $2.125 per depositary share. The Class B Depositary Shares are redeemable, in whole or in part, for cash on or after July 15, 2000 at the option of the Company at a redemption price of $25 per depositary share, plus any accrued and unpaid dividends thereon. The redemption price of the Class B Preferred Stock may be paid solely from the sale proceeds of other capital stock of the Company, which may include other classes or series of preferred stock. The Class B Depositary Shares are not convertible or exchangeable for any other property or securities of the Company. The Class B Preferred Stock (represented by the Class B Depositary Shares outstanding) ranks pari passu with the Company's Class A Preferred Stock and Class C Preferred Stock as to voting rights, priority for receiving dividends and liquidation preferences as set forth below.

Voting Rights—As to any matter on which the Class A Preferred Stock, Class B Preferred Stock and Class C Preferred Stock (collectively, the "Preferred Stock") may vote, including any action by written consent, each share of Preferred Stock shall be entitled to 10 votes, each of which 10 votes may be directed separately by the holder thereof. With respect to each share of Preferred Stock, the holder thereof may designate up to 10 proxies, with each such proxy having the right to vote a whole number of votes (totaling 10 votes per share of Preferred Stock). As a result, each Class A, each Class B and each Class C Depositary Share is entitled to one vote.

Liquidation Rights—In the event of any liquidation, dissolution or winding up of the affairs of the Company, the Preferred Stockholders are entitled to be paid, out of the assets of the Company legally available for distribution to its stockholders, a liquidation preference of $250.00 per share ($25 per Class A, Class B and Class C Depositary Share, respectively), plus an amount equal to any accrued and unpaid dividends to the date of payment, before any distribution of assets is made to holders of the Company's common stock or any other capital stock that ranks junior to the Preferred Stock as to liquidation rights.

12. Dispositions of Real Estate:

During June 1997, the Company disposed of a property in Troy, OH. Proceeds from the disposition totaling approximately $1.6 million, together with an additional $8.3 million cash investment, were used to acquire an exchange shopping center property located in Ocala, FL.

During September 1996, the Company disposed of a property in Watertown, NY. Proceeds from the disposition totaling approximately $1.8 million in cash, together with an additional $2.2 million cash investment, were used to acquire an exchange shopping center property located in Lafayette, IN during January 1997.

13. Transactions with Related Parties:

The Company provides management services for shopping centers owned principally by affiliated entities and various real estate joint ventures in which certain stockholders of the Company have economic interests. Such services are performed pursuant to management agreements which provide for fees based upon a percentage of gross revenues from the properties and other direct costs incurred in connection with management of the centers. The Consolidated Statements of Income include management fee income from KC Holdings of approximately $.6 million, $.6 million, and $.6 million during years 1997, 1996 and 1995, respectively.

Reference should be made to Notes 5 and 9 for further information regarding transactions with related parties.

14. Commitments and Contingencies:

The Company and its subsidiaries are engaged in the operation of shopping centers which are either owned or held under long-term leases which expire at various dates through 2076. The Company and its subsidiaries, in turn, lease premises in these centers to tenants pursuant to lease agreements which provide for terms ranging generally from 5 to 25 years and for annual minimum rentals plus incremental rents based on operating expense levels and tenants' sales volumes. Annual minimum rentals plus incremental rents based on operating expense levels comprised approximately 98%, 97% and 97% of total revenues from rental property for the years ended December 31, 1997, 1996 and 1995, respectively.

The future minimum revenues from rental property under the terms of all noncancelable tenant leases, assuming no new or renegotiated leases are executed for such premises, for future years are approximately as follows (in millions of dollars): 1998, $175.1; 1999, $165.8; 2000, $153.1; 2001, $139.2; 2002, $126.1; and thereafter, $1,206.9.

Minimum rental payments under the terms of all noncancelable operating leases pertaining to its shopping center portfolio for future years are approximately as follows (in millions of dollars): 1998, $9.8; 1999, $9.4; 2000, $8.8; 2001, $7.5; 2002, $6.6; and thereafter, $79.6.

15. Incentive Plans:

The Company maintains a stock option plan (the "Plan") pursuant to which a maximum 3,000,000 shares of the Company's common stock may be issued for qualified and non-qualified options. Options granted under the Plan generally vest ratably over a three-year term, expire ten years from the date of grant and are exercisable at the market price on the date of grant, unless otherwise determined by the Board in its sole discretion.

Information with respect to stock options under the Plan for years 1997, 1996 and 1995 is as follows:

	Shares	Weighted Average Exercise Price Per Share
Options outstanding,		
December 31, 1994	1,069,269	$19.87
Exercised	(40,581)	$16.67
Granted	423,540	$24.96
Options outstanding,		
December 31, 1995	1,452,228	$21.44
Exercised	(163,582)	$19.36
Granted	315,500	$28.32
Options outstanding,		
December 31, 1996	1,604,146	$23.01
Exercised	(179,750)	$20.94
Granted	470,700	$31.72
Options outstanding,		
December 31, 1997	1,895,096	$25.37
Options exercisable—		
December 31, 1995	762,204	$19.45
December 31, 1996	954,175	$20.84
December 31, 1997	1,126,093	$22.39

The exercise prices for options outstanding as of December 31, 1997 range from $13.33 to $34.19 per share. The weighted average remaining contractual life for options outstanding as of December 31, 1997 was approximately 7.6 years. Options to purchase 329,673, 800,373 and 1,115,873 shares of the Company's common stock were available for issuance under the Plan at December 31, 1997, 1996 and 1995, respectively.

The Company has elected to adopt the disclosure-only provisions of Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation". Accordingly, no compensation cost has been recognized with regard to options granted under the Plan in the accompanying Consolidated Statements of Income. If stock-based compensation costs had been recognized based on the estimated fair values at the dates of grant for options awarded during 1997, 1996 and 1995, net income and net income per common share for these calendar years would have been reduced by approximately $.7 million, or $.02 per share, $.4 million, or $.01 per share, and $.1 million, or less than $.01 per share, respectively.

These pro forma adjustments to net income and net income per common share assume fair values of each option grant estimated using the Black-Scholes option pricing formula. The more significant assumptions underlying the determination of such fair values for options granted during 1997, 1996 and 1995 include: (i) weighted average risk-free interest rates of 6.18%, 6.24% and 6.02%, respectively; (ii) weighted average expected option lives of 8.2 years, 7.25 years and 6.13 years, respectively; (iii) an expected volatility of 15.65%, 15.79% and 15.79%, respectively, and (iv) an expected dividend yield of 6.44%, 6.82% and 6.82%, respectively. The per share weighted average fair value at the dates of grant for options awarded during 1997, 1996 and 1995 was $3.02, $2.50 and $2.14, respectively.

The Company maintains a 401(k) retirement plan covering substantially all officers and employees which permits participants to defer up to a maximum 10% of their eligible compensation. This deferred compensation, together with Company matching contributions which generally equal employee deferrals up to a maximum of 5%, is fully vested and funded as of December 31, 1997. Company contributions to the plan totaled less than $.3 million for each of years 1997, 1996 and 1995.

16. Supplemental Financial Information:

The following summary represents the results of operations, expressed in thousands except per share amounts, for each quarter during years 1997 and 1996.

	1997 (Unaudited)			
	Mar. 31	**June 30**	**Sept. 30**	**Dec. 31**
Revenues from rental property	**$45,195**	**$45,276**	**$50,823**	**$57,635**
Net income	**$20,604**	**$21,045**	**$20,641**	**$23,546**
Net income, per common share:				
Basic	**$ .44**	**$ .45**	**$ .44**	**$ .47**
Diluted	**$ .44**	**$ .45**	**$ .43**	**$ .46**

	1996 (Unaudited)			
	Mar. 31	June 30	Sept. 30	Dec. 31
Revenues from rental property	$41,662	$42,444	$40,837	$43,201
Net income	$15,928	$18,439	$19,833	$19,627
Net income, per common share:				
Basic	$ .38	$ .39	$ .42	$ .42
Diluted	$ .38	$ .39	$ .41	$ .41

Interest paid during years 1997, 1996 and 1995 approximated $29.9 million, $26.9 million and $25.0 million, respectively.

Accounts and notes receivable in the accompanying Consolidated Balance Sheets are net of estimated unrecoverable amounts of approximately $1.8 million and $1.4 million, respectively, at December 31, 1997 and 1996.

17. Subsequent Events:

Property Acquisitions/Disposition

In January 1998, the Company acquired seven neighborhood and community shopping center properties comprising approximately 632,000 square feet of GLA in the Denver, CO market for approximately $43.6 million, including the assumption of $4.2 million of mortgage debt. These properties are primarily anchored by supermarket or drugstore tenants.

In addition, the Company, through an affiliated entity, acquired interests in three retail properties in the Chicago, IL market comprising approximately 516,000 square feet of GLA for an aggregate purchase price of approximately $23.7 million. These properties include approximately 70,000 square feet of showroom space and adjoining warehouses of approximately 100,000 square feet at each location. Simultaneous with this transaction, the Company leased, to a national furniture retailer, the showroom portion of each property under individual long-term leases. The Company is currently planning the redevelopment of the warehouse portion of each property.

The Company disposed of a property in Pinellas Park, FL during January 1998. Cash proceeds from the disposition totaling $2.3 million will be used to acquire an exchange shopping center property.

Price REIT Merger

On January 13, 1998, the Company and The Price REIT, Inc., a Maryland corporation ("Price REIT") signed a definitive agreement to merge, (the "Merger"). Pursuant to the terms of the Agreement and Plan of Merger dated January 13, 1998, as amended March 5, 1998 (the "Merger Agreement"), Price REIT will be merged into a newly formed wholly-owned subsidiary of the Company.

The transaction is intended, for financial accounting purposes, to be accounted for as a purchase. Under the terms of the Merger Agreement each share of Price REIT common stock will be exchanged for a combination of the Company's common stock and Kimco depositary shares (the "Class D Depositary Shares"), each depositary share representing a 1/10 of a share interest in a new issue of Kimco 7.5% Class D Cumulative Convertible Preferred Stock (the "Class D Convertible Preferred Stock") having an aggregate value of at least $45 based on the "Kimco Average Price" (as defined herein) and the liquidation preference of the Class D Depositary Shares (collectively, the "Merger Consideration"). The Merger, which is expected to be completed in mid-1998, is subject to customary closing conditions, including certain regulatory approvals and the approval of the issuance of the Merger Consideration by the stockholders of the Company and the approval of the Merger by the stockholders of Price REIT.

The Merger Agreement provides for a pre-closing adjustment to the number of shares of the Company's common stock and Class D Depositary Shares issuable per share of Price REIT common stock in order to ensure that Price REIT stockholders will receive at least, and possibly more than, $45 in the Company's securities per Price REIT share. Specifically, in the event that the average closing price of the Company's common stock (the "Kimco Average Price" as defined herein) ending on and including the seventh trading day immediately preceding the date of the Company's 1998 annual meeting of stockholders plus $10 is less than $45, the amount of Class D Depositary Shares will be increased up to a maximum of $11.25 of Class D Depositary Shares (based on a liquidation preference of $25 per Class D Depositary Share) to arrive at a value of $45. To the extent that the issuance of $11.25 of Class D Depositary Shares would still result in less than $45 of combined value, the number of shares of the Company's common stock issuable per Price REIT share will be increased in order to arrive at a total of $45 delivered in the Company's securities. However, the Company may elect to terminate the Merger Agreement in the event its Average Price (the "Average Price", as defined herein) during a specified calculation period or the closing price on the scheduled closing date or on either of the two days prior to the scheduled closing date is less than $32.

In the event that the "Kimco Average Price" (as defined herein) plus $10 is greater than $45, each share of Price REIT common stock would continue to be converted into one share of the Company's common stock and the amount of Class D Depositary Shares will be decreased by 50% of the amount by which the Kimco Average Price referred to above plus $10 exceeds $45. However, Price REIT stockholders will never receive less than $9 of Class D Depositary Shares. Thus, as a result of the merger, Price REIT stockholders will obtain the benefit of 50% of the increase in value of the Company's common stock as reflected in the Kimco Average Price between $35 and $37, and 100% of any increase above $37.

As used herein, the "Kimco Average Price" shall be the average of Average Prices (as defined herein) of the Company's common stock for fifteen (15) randomly selected trading days within the thirty (30) consecutive trading days ending on and including the seventh trading day immediately preceding the date of the Company's 1998 annual meeting of stockholders. As used herein, the "Average Price" for any date means the average of the daily high and low prices of the Company's common stock on the New York Stock Exchange (the "NYSE") as reported in The Wall Street Journal, or if not reported thereby, by another authoritative source. The random selection of trading days shall be made under the joint supervision of the financial advisors retained by the Company and Price REIT in connection with the transactions contemplated hereby.

The dividend rate on the Class D Depositary Shares will be 7.5 % per annum, or, if greater, the dividend on the shares of the Company's common stock into which a Class D Depositary Share is convertible plus $0.0275 quarterly. The Class D Depositary Shares will be convertible into the Company's common stock at a conversion price of $40.25 per share at any time by the holder and may be redeemed by the Company at the conversion price in shares of the Company's common stock at any time after the third anniversary of the Merger if for any 20 trading days during a rolling 30 day consecutive trading-day period the Company's common stock closing price exceeds $48.30, subject to certain adjustments. The Class D Depositary Shares are expected to be listed on the NYSE.

The Merger Agreement also provides that each party will be entitled to a Break-Up Fee in the amount of $12,500,000 or reimbursement of expenses up to $2,000,000 in the event the agreement is terminated under various circumstances. The Company has also agreed that if it elects to terminate the Merger Agreement because its common stock price closes below $32, Price REIT will be entitled to receive $6,250,000.

Financings

On March 2, 1998, the Company obtained an additional $150 million interim unsecured credit facility to both finance the purchase of properties and meet any short-term working capital requirements. The terms of this interim facility are substantially the same as those under the Company's $100 million revolving credit facility (See Note 7). This facility is scheduled to expire in June 1998, however, it is the Company's intention to extend the term of this facility and establish it as a continuing part of the Company's total unsecured revolving credit availability.

18. Pro Forma Financial Information (Unaudited):

The Company and certain of its subsidiaries acquired and disposed of interests in shopping center properties during 1997. The pro forma financial information set forth below is based upon the Company's historical Consolidated Statements of Income for years 1997 and 1996, adjusted to give effect to these transactions as of January 1, 1996.

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 on January 1, 1996, nor does it purport to represent the results of operations for future periods. (Amounts presented in millions of dollars, except per share figures.)

Years Ended December 31,	**1997**	1996
Revenues from rental property	**$212.5**	$187.8
Net Income	**$ 90.8**	$ 80.5
Net Income, per common share	**$ 1.94**	$ 1.79

Corporate Directory

Directors

Martin S. Kimmel
Chairman (Emeritus) of the Board

Milton Cooper
Chairman of the Board

Michael J. Flynn
Vice Chairman of the Board

Richard G. Dooley
Executive Vice President and
Chief Investment Officer—Retired
Massachusetts Mutual
Life Insurance Company

Joe Grills
Chief Investment Officer—Retired
IBM Retirement Funds

Frank Lourenso
Executive Vice President
The Chase Manhattan Bank

Officers

Milton Cooper
Chairman and Chief Executive Officer

Michael J. Flynn
Vice Chairman and President

Joseph V. Denis
Vice President, Construction

Bruce M. Kauderer
Vice President, Legal
General Counsel and Secretary

Michael V. Pappagallo
Chief Financial Officer

Alex Weiss
Vice President,
Management Information Systems

Executive Offices

3333 New Hyde Park Road
Suite 100
New Hyde Park, NY 11042
516-869-9000

Regional Offices

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561-477-5818

Cleveland, OH
216-292-8284

Dayton, OH
513-434-5421

Orlando, FL
407-834-7004

Philadelphia, PA
215-322-2750

Tampa, FL
813-536-3287

Counsel

Latham & Watkins
New York, NY

Auditors

Coopers & Lybrand L.L.P.
New York, NY

Registrar and Transfer Agent

Bank Boston, N.A.
c/o Boston EquiServe, L.P.
P.O. Box 8040
Boston, MA 02266-8040
781-575-3400

Stock Listing

NYSE — Symbols KIM, KIMprA, KIMprB, KIMprC

Annual Report—Form 10-K

A copy of the Company's Annual Report to the Securities and Exchange Commission on Form 10-K may be obtained at no cost to stockholders by writing to:

Investor Relations
Kimco Realty Corporation
3333 New Hyde Park Road
Suite 100
New Hyde Park, NY 11042

Annual Meeting of Stockholders

Stockholders of Kimco Realty Corporation are cordially invited to attend the 1998 Annual Meeting of Stockholders scheduled to be held on the date, time and place listed in the enclosed Proxy Statement.

Dividend Reinvestment and Common Stock Purchase Plan

The Company's Dividend Reinvestment and Common Stock Purchase Plan provides common and preferred stockholders with an opportunity to conveniently and economically acquire Kimco common stock. Stockholders may have their dividends automatically directed to our transfer agent to purchase common shares without paying any brokerage commissions. Requests for booklets describing the Plan, enrollment forms and any correspondence or questions regarding the Plan should be directed to:

Bank Boston, N.A.
c/o Boston EquiServe, L.P.
Dividend Reinvestment
P.O. Box 8040
Boston, MA 02266-8040

Holders of Record

Holders of record of the Company's common stock, par value $.01 per share, totaled 572 as of February 27, 1998.

Designed by Curran & Connors, Inc.

Kimco
Realty
Corporation

3333 New Hyde Park Road
Suite 100
New Hyde Park, NY 11042

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516-869-9000
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