Platform for Growth

Kimco Realty Corporation

2002 Annual Report

Financial Highlights

(thousands, except per share amounts)

	2002	2001	Percent Change
Operating Data			
Net income	$ 245,668	$ 236,538	3.9%
Net income per common share:			
Basic	$ 2.18	$ 2.20	-0.9%
Diluted	$ 2.16	$ 2.16	0.0%
Funds from operations	$ 319,681	$ 295,872	8.0%
Funds from operations per common share:			
Basic	$ 3.06	$ 3.07	-0.3%
Diluted	$ 3.03	$ 2.99	1.3%
Balance Sheet Data			
Operating real estate, net of accumulated depreciation	$ 2,669,648	$2,543,956	4.9%
Investments and advances in real estate joint ventures	$ 412,672	$ 272,920	51.2%
Real estate under development	$ 212,765	$ 204,530	4.0%
Total assets	$ 3,756,878	$3,384,779	11.0%
Total debt	$ 1,576,982	$1,328,079	18.7%
Shareholders book equity	$ 1,907,328	$1,890,804	0.9%

Note: See Glossary of Terms on page 58.

Corporate Profile

Kimco Realty Corporation, operating as a real estate investment trust (REIT), is the largest publicly traded owner and operator of neighborhood and community shopping centers in North America. In addition, the Company develops retail properties for sale, invests in real estate related securities and mortgages secured by retail real estate, and provides capital and expertise to retailers with surplus real estate.

Kimco held its initial public offering in November 1991, and has generated a total annualized return for shareholders, including the reinvestment of dividends, of 19.6 percent through March 31, 2003.

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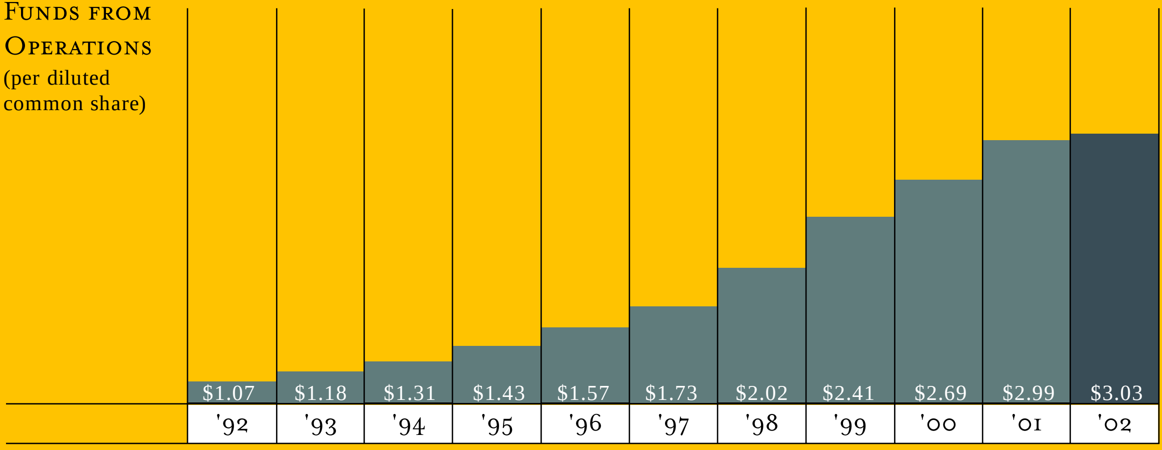
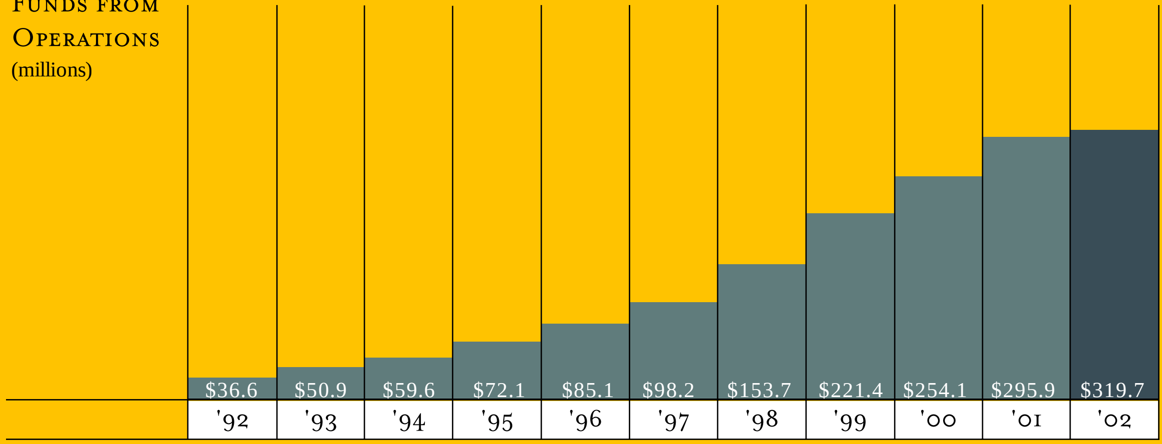
Though 2002 was a difficult retail climate, Kimco again produced record earnings

Funds from Operations
(per diluted common share)



Funds from Operations
(millions)



"I feel confident that our motivated and dedicated Associates will continue our Kimco tradition of providing a safe and growing dividend while further increasing shareholder value over many years."

MILTON COOPER
Chairman and Chief Executive Officer

DEAR FELLOW SHAREHOLDERS:

Nothing is ever easy in business, but 2002 was a particularly challenging year. We faced severe headwinds, due to the bankruptcy of Kmart, our largest tenant, and one of the oldest and largest discount retailers.

Despite this, we had a record year in earnings. This is a tribute to our talented, hard-working group of Associates. There is truth in the old adage, "When the going gets tough, the tough get going!" Mike Flynn and Dave Henry will review in some detail the Company's accomplishments during the year 2002.

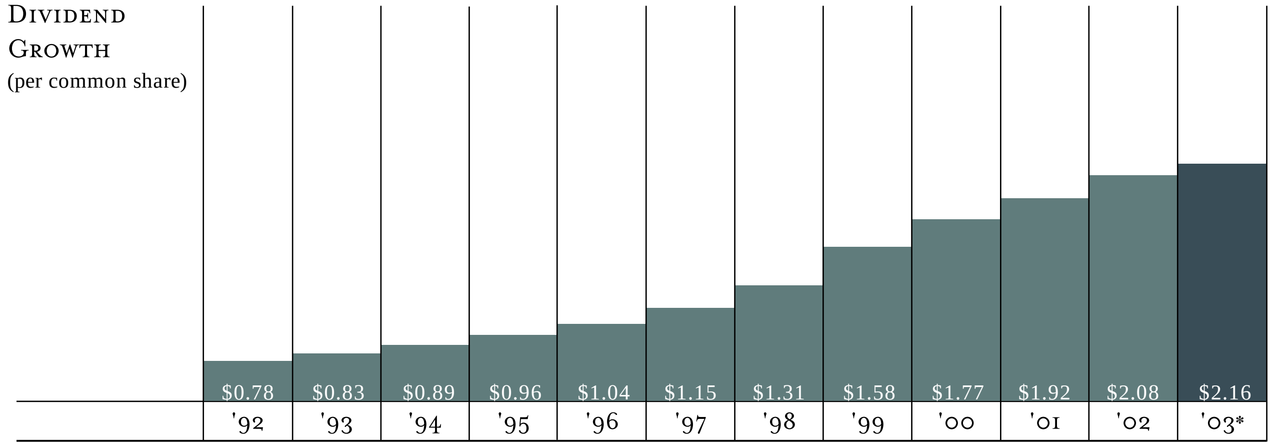
I would like to share with you our two-pronged business strategy. We have one for our Parent REIT, which has sometimes been described as "Kimco Classic." And we have another for our taxable REIT subsidiary, which was organized to take advantage of the REIT Modernization Act that permits REITs to form taxable subsidiaries that may engage in previously precluded profit-making activities. Like any other corporation that pays taxes, our taxable subsidiary is able to retain after-tax earnings for redeployment into new growth opportunities.

THE PARENT REIT

The strategy for the Parent REIT is framed by our commitment to our Shareholders to keep the dividend sacrosanct and growing. To do this in light of the present economy — with prevalent fears of the possibility of deflation, diminished consumer confidence and a shrinking manufacturing base— requires great discipline. We must keep Parent REIT debt levels low. Our properties must be intensely managed, with expenses controlled, and asset managers who treat each property as if they owned it personally.

The Parent REIT portfolio contains over 380 properties that are debt free. Fortunately, there are still many leases in place with below-market rents that may generate higher revenues as the leases are renewed. We also feel that we have opportunities to increase occupancy rates.

Thus our strategy for the Parent REIT remains focused on maintaining a safe and growing dividend for those of our Shareholders who rely on our dividends.



* Current annualized quarterly dividend.

THE TAXABLE SUBSIDIARY

Our taxable subsidiary operates several enterprises run by highly motivated, accountable, skilled entrepreneurs who deeply understand the retail real estate business. Mike and Dave have commented on these businesses in their letter. In essence, our strategic vision is that these businesses will self-generate capital to be deployed at high returns, with the Parent REIT insulated from any financing responsibility.

Several of these businesses are counter-cyclical and should do well despite the weak economic climate. An example is Ray Edwards' Kimco Retail Properties Solutions, which renders services to retailers who want to monetize the value of their real estate.

The returns from the application of this management talent require a minimum of capital and can be substantial. The retention of after-tax earnings is not only a source of capital for additional growth but also reduces the need for additional share offerings. The successful execution of this strategy should create significant additional value for our Shareholders.

THE BOTTOM LINE

It's all in the execution! Good blocking and tackling is essential. And for that, you need a culture that attracts and keeps the best people. I am so pleased with our team, its high motivation, its high energy and high integrity. Their vibrancy and enthusiasm is evident when you meet with them. I feel confident that our motivated and dedicated Associates will continue our Kimco tradition of providing a safe and growing dividend, while further increasing shareholder value over many years. I remain grateful to our wonderful group of Associates, strategic partners, professionals and friends who deserve to share in our continuing success.

Milton Cooper
Chairman and Chief Executive Officer

MIKE FLYNN
Vice Chairman, President and Chief Operating Officer

DAVE HENRY
Vice Chairman and Chief Investment Officer

DEAR FELLOW SHAREHOLDERS:

As Milton mentioned in his letter, 2002 was another record year for Kimco. Your company generated net income of $245.7 million, a 3.9 percent increase from 2001, and Funds From Operations (FFO) improved to $319.7 million, an 8.0 percent increase from 2001. Both net income and FFO were the highest in the Company's history. Net income per diluted common share was $2.16, equaling Kimco's 2001 net income per share amount and FFO per diluted common share was $3.03, exceeding 2001 FFO per share by 1.3 percent.

While the per share increases are not what we have become accustomed to at Kimco, the challenges we faced and overcame during 2002 make our record performance unusually gratifying. Kmart Corp. filed for Chapter 11 bankruptcy protection early in 2002 and ultimately rejected their lease obligations on 31 locations Kimco leased to them. We have made excellent progress retenanting and disposing of the former Kmart sites, and only two stores remain with limited re-leasing activity. Early in 2003, Kmart announced a plan of reorganization which included closing 326 of their stores; nine are leased from Kimco's parent portfolio and three are leased from the Kimco Income REIT (KIR). Because we have been selected by Kmart to jointly market 317 closed stores, we are cautiously optimistic that we can turn a difficult situation into a positive one. Furthermore, the announced store closings in our portfolio are manageable given the low average rent and the quality of the locations.

We remain extremely excited by Kimco's strategy as outlined in Milton's letter. This strategy, enjoying a strong portfolio of real estate assets complemented by strong operating businesses, proved to be successful in 2002. Income generated by Kimco's property management and operating businesses helped the Company to withstand the loss of rent from the Kmart locations and to produce solid results. With our diversified tenant base, entrepreneurial operating businesses and talented team we believe Kimco's strategy will continue to produce record results in 2003.

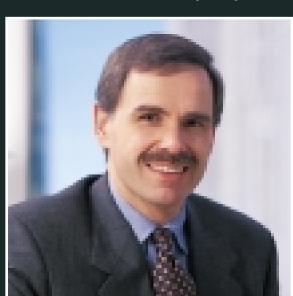
SHOPPING CENTER PORTFOLIOS

As of February 7, 2003, Kimco owned interests in 607 properties totaling approximately 90 million square feet of gross leasable area (GLA). This portfolio includes 538 shopping centers, 41 retail store leases, 22 ground up developments, two regional malls and four underdeveloped parcels of land. We believe this represents the largest portfolio of any publicly traded owner and operator of neighborhood and community shopping centers as measured by GLA. We break down our shopping center portfolios into two categories: (1) properties that Kimco holds in its parent company portfolio (Parent Portfolio) as part of its long-term value added strategy and (2) properties in which the Company owns an interest and retains a management contract, providing additional fee income.

"With our diversified tenant base, entrepreneurial operating businesses and talented team we believe Kimco's strategy will continue to produce record results in 2003."

In the Parent Portfolio, occupancy stood at 87.8 percent at December 31, 2002, representing a decline of 2.3 percent for the year. This portfolio was negatively impacted by the bankruptcies and store closings of several large retailers. If you remove the lease rejections and terminations by Kmart, Ames and Shopko, occupancy would have *increased* by 60 basis points. During 2002, we signed 380 new leases in the Parent Portfolio totaling almost 4.0 million square feet at an average rent of $7.18 per square foot. We believe these statistics illustrate the overall health of the balance of our portfolio of approximately 7,000 leases and 4,000 tenants. Looking forward, we have a number of prospects for filling existing vacancies and our goal is to achieve 90 percent occupancy by year-end.

One significant addition to our Parent Portfolio illustrates the strategy that Kimco has successfully employed for years. In October 2002, we acquired the Westlake Shopping Center located in Daly City, California, a suburb of San Francisco, for approximately $80 million. This is a classic example of how Kimco seeks ways to find opportunities to add value for our shareholders through professional leasing and management. More details on this transaction, which was spearheaded by Jeff Olson, just one among many of Kimco's talented young entrepreneurs, are included as a sidebar to this letter.



MICHAEL V. PAPPAGALLO
Vice President and
Chief Financial Officer

Mike Pappagallo has been a Vice President and Chief Financial Officer of the Company since May of 1997. He leads a talented team of professionals responsible for all financial activities of the Company including accounting, tax, treasury, planning and analysis, investor relations, and operational processes.

Mike's extensive experience has guided Kimco through numerous transactions and operational challenges. His team smoothly integrated the Price REIT into Kimco's day-to-day operations in 1998, executed the Company's vision to form the Kimco Income REIT (KIR) in 1999, has established procedures and accounting for complex transactions such as the asset designation rights transactions related to the Hechinger and Montgomery Ward bankruptcies and negotiated the terms and structures for the KROP and RioCan joint ventures.

During 2002, Kimco's financial operations successfully integrated the Kimsouth portfolio of 38 properties into its accounting systems, issued $337 million of unsecured bonds and provided transactional support for more than 115 investment transactions.

Canada

During the fall of 2001, Kimco formed a 50/50 joint venture with RioCan REIT, Canada's largest REIT, to acquire a quality portfolio of shopping centers in Canada. At the time, we recognized that the real estate fundamentals were very strong, retail store per capita is approximately one-half US levels, markets are supply constrained as a result of the strict zoning processes and retailers have been achieving strong operating results. We also recognized a disparity in the pricing of shopping centers in Canada relative to the US. During 2001, capitalization rates on high quality US shopping centers had dropped below 9 percent (indicating strong pricing for US retail assets) and we saw the opportunity to acquire well-leased shopping centers in Canada generating unleveraged income returns in excess of 10 percent.

"In addition to generating excellent returns on our equity, we have been gratified by the increase in our portfolio's value. Capitalization rates in Canada today have drifted down towards US levels, which has increased the value of properties we already own."

Thus far, we have acquired 28 shopping center properties totaling 6.7 million square feet in five Canadian Provinces. In approximately 15 months the venture has invested approximately C$853.7 million, which is roughly $543.6 million USD. Real estate fundamentals in Canada continue to be excellent, and our portfolio is currently 97.7 percent leased to a large mix of Canadian and US retailers. Canadian shopping centers are similar in size and tenant mix to US shopping centers so we believe this expansion with our partners in the North is consistent with Kimco's core strengths in retail real estate.

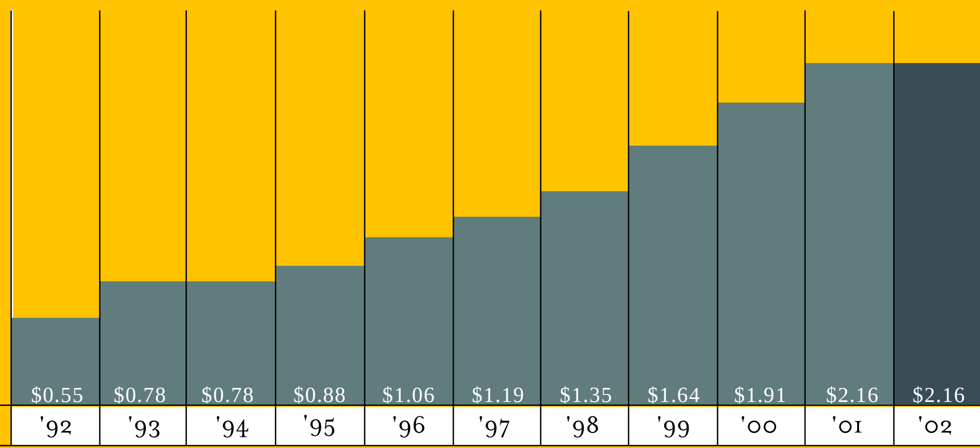
Our venture with RioCan contributed approximately $10.4 million to FFO for the year and we are optimistic that rents and income will continue to grow. In addition to generating excellent returns on our equity, we have been gratified by the increase in our portfolio's value. Capitalization rates in Canada today have drifted down towards US levels, which has increased the value of properties we already own. We will continue to selectively augment our Canadian portfolio and focus on areas where we can continue to generate double-digit returns on our investments.

Mexico

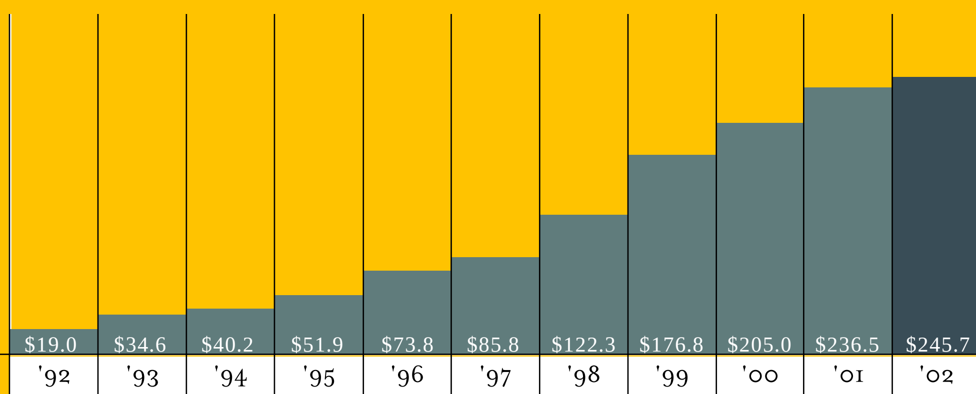
Our research led us to the conclusion that real estate fundamentals for shopping centers in Mexico are also excellent. Mexico is the 9th largest economy in the world with a gross domestic product of $624 billion. With a population of more than 100 million and retail space per capita that is just 1/26th of the US market, major retailers were bound to take notice. A number of them, including Wal-Mart, Home Depot, HEB, Costco and Safeway, have expanded into Mexico, with excellent results.

In October 2002, we acquired our first two shopping centers in Mexico, one in Saltillo for $22.9 million and one in Monterrey for $12.8 million. Planigrupo, one of Mexico's leading commercial developers, developed both of these shopping centers in conjunction with the anchor tenant HEB. HEB is one of the most successful supermarket operators in the Southwestern United States and they have continued their success in Mexico. Early in 2003, we reached an agreement with GE Real Estate to create a joint venture under which each company will invest up to $75 million of equity. With more than 30 real estate professionals in Mexico, GE Real Estate makes an ideal partner to help us build a select portfolio of high quality properties and to provide opportunities for our tenants across North America.

Earnings Per Share
(diluted)



Net Income
(in millions)



During 2002, Kimco acquired the Westlake Shopping Center located in Daly City, California. Jeff Olson, Director of West Coast Acquisitions, spearheaded this property acquisition. Acquired in a competitive bidding process, the owners selected Kimco despite receiving some higher offers, in part because they would receive Kimco shares as consideration. Westlake is a prime example of what Kimco looks for when purchasing properties for its core portfolio. The 485,318 square foot property is well located in a supply-constrained market that has significant barriers to entry; it has a tenant mix that can be improved through professional leasing and management, and has current rental rates that are well below market.

The center, surrounded by more than 500,000 people, is situated on more than 25 acres of land located one quarter mile from the San Francisco city line. Kimco has numerous tenants interested in the Company's preliminary redevelopment plans for Westlake Shopping Center.

Jeff Olson
Director of West Coast Acquisitions

MANAGED PORTFOLIOS

Kimco Income REIT

Kimco Income REIT (KIR) was formed in 1998 as a result of our desire to create a portfolio of stabilized, income-producing properties matched with a low cost of capital. The KIR strategy is to acquire well-leased, high-quality shopping centers leased to credit tenants. Each property is then mortgaged at approximately 75% loan to value, which locks in an investment spread and isolates risk to each individual property. In spring 1999, we welcomed the New York State Common Retirement Fund, State Farm and two other quality institutions as partners in this venture. Kimco owns a 43.3 percent interest in this portfolio which started with 19 shopping centers valued at approximately $105 million. KIR now owns 70 shopping centers amounting to approximately $1.6 billion in book value.

KIR has become a meaningful contributor to Kimco's operating results, generating $29.5 million in FFO , an increase of 25.5 percent from the $23.5 million received in 2001. KIR provided 9.2 percent of the Company's gross FFO in 2002, up from 8.0 percent in 2001. In addition, Kimco recorded management fees of $4.4 million from the KIR venture, an increase of $1.1 million over 2001. KIR was Kimco's first significant joint venture with institutional partners, and we believe it is an excellent example of how Kimco will continue to create long-term management income and earn excellent returns on the Company's invested capital.

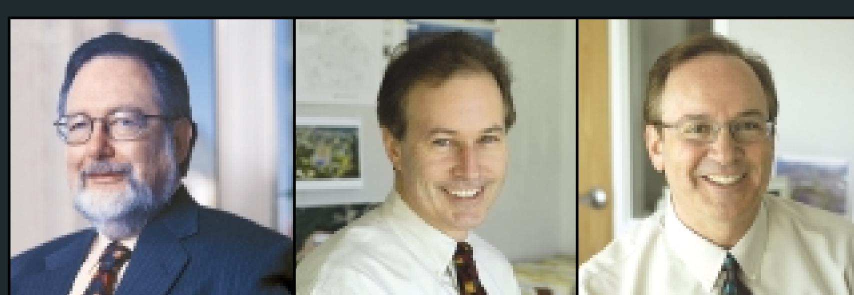
Kimco Retail Opportunity Portfolio

In 2002 we made our first investments on behalf of the Kimco Retail Opportunity Portfolio (KROP), our joint venture with GE Real Estate. KROP was formed to opportunistically acquire shopping centers with value creation potential or advantageous pricing. Kimco owns a 20 percent interest in KROP and manages the porfolio for the venture. In April, KROP acquired nine shopping centers in Columbia, Maryland and proceeded to acquire seven more centers throughout the year. Kimco's equity investment in KROP contributed $1.3 million to

Kimco Developers Inc.

Jerald Friedman is President of Kimco Developers, Inc. (KDI). Jerry, together with Dan Slattery, Executive Vice President and Norm Brody, Vice President, leads a team of professionals that scour the country for new ground-up development opportunities. KDI, formed as a separate subsidiary of Kimco as a result of the REIT Modernization Act, employs a merchant building strategy of developing shopping centers, selling them upon completion and recycling the capital into new projects.

KDI's current pipeline, consisting of 19 projects totaling 4.7 million square feet of developable area, is located throughout the US. The Company believes KDI minimizes development risk by teaming up with local developers that have taken the projects through the entitlement process. Additionally, construction only begins after receiving tenant commitments for approximately 90.0 percent of the to-be-built area. KDI's active projects include anchor tenants such as Target, Kohl's, Home Depot, Lowe's, Kroger and HEB.



Jerry Friedman Dan Slattery Norm Brody

FFO, and, more importantly, generated $2.3 million in fee income. Again, KROP is an excellent example of how Kimco can grow its recurring management fee base from long-term joint venture agreements with first class institutional partners.

Kimsouth Realty, Inc.

The most recent example of Kimco's ability to leverage its expertise in shopping center ownership and operation is its recent investment in Kimsouth Realty Inc. Kimsouth was formed in November 2002, when Konover Property Trust was merged into PSCO Acquisition Corporation, an entity in which Kimco owns a 44.5 percent interest. At the time of acquisition, Kimsouth's assets consisted of 38 shopping centers, mostly grocery anchored, located throughout the Southeast. Kimco has teamed up with an institutional partner to generate higher returns from this portfolio.

> "We are pleased to report that great strides have been made towards broadening our income sources and generating increasing returns through the efforts of our talented associates."

Our strategy for Kimsouth, owned in our Taxable REIT Subsidiary, is to stabilize the portfolio and dispose of properties opportunistically. We believe there is hidden potential in these assets that Kimco can unlock. In addition to its equity investment, Kimco is acting as an advisor to this venture, and we anticipate a meaningful contribution to FFO from our equity investment and the fees to be earned from Kimsouth in 2003.

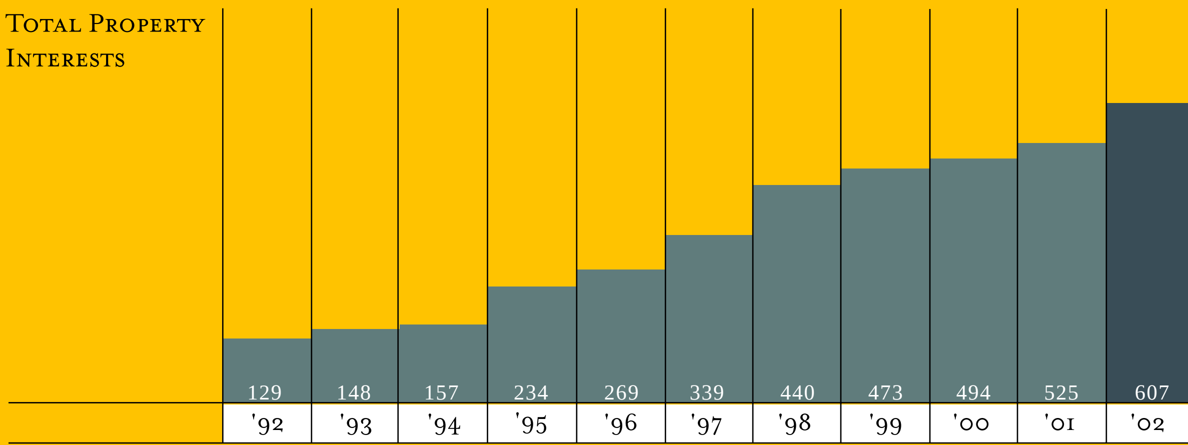
In addition to these portfolios, we enjoy management contracts for 29 additional properties. We expect this number to grow in the coming years as we sell properties we develop or acquire, and retain a small equity investment. Our first example of this is our Cedar Hill property that we developed from the ground up and sold to a third party for syndication. We were then retained to manage the property under a long-term incentive management contract. Because of our ability to leverage our size and resources, profit margins on these contracts can exceed 50 percent.

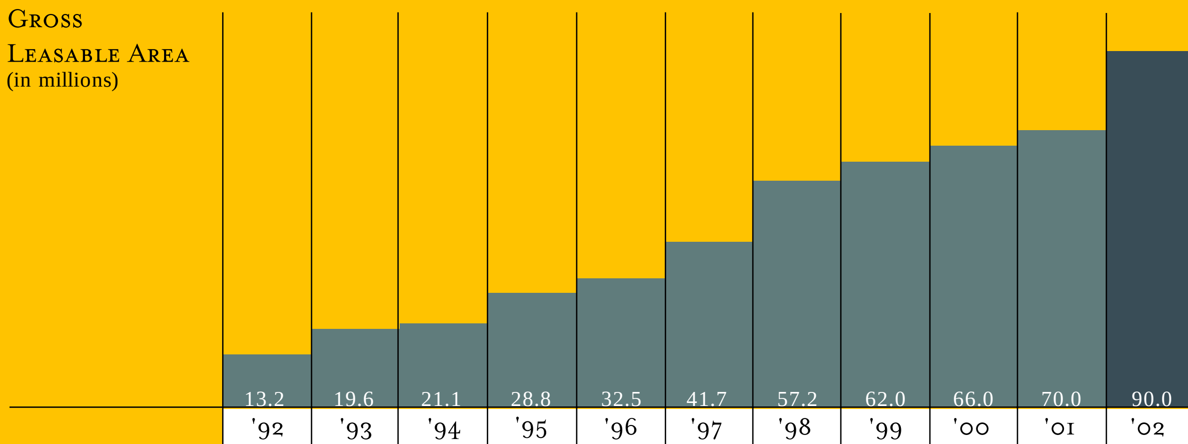
OPERATING BUSINESSES

In last years Annual Report, we discussed several Kimco operating businesses with growth potential. We are pleased to report that great strides have been made towards broadening our income sources and generating increasing returns through the efforts of our talented Associates. Throughout this report we have featured a number of our key professionals and their business responsibilities. A summary of their activities follows:

Kimco Developers, Inc.

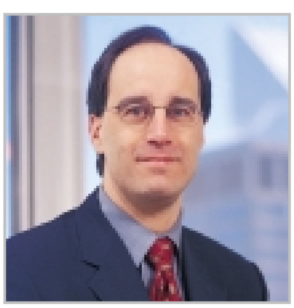
Kimco Developers, Inc. (KDI) is our merchant building business. KDI's strategy is to build high quality shopping centers and sell them upon stabilization to capture the developer's profit. Utilizing the Taxable REIT Subsidiary structure, KDI self-generates capital and creates retained earnings for Kimco. We believe significant pre-leasing and the short cycle of development minimizes the risk inherent in any development business. KDI generated $15.9 million in gains on sales of completed development projects and partial sales of completed phases or out parcels. Driven by tenant demand, Jerry Friedman and his team continue to find high quality sites for development.





Retail Property Solutions

Retail Property Solutions, led by Ray Edwards, provides capital to retailers and retail landlords secured by their leased or fee owned property interests. During 2002, Ray and his team acquired asset designation rights to 54 former Kmart locations, which indirectly led to the 2003 joint marketing agreement with Kmart to dispose their interest in more than 300 additional locations.



Ray Edwards

Retail Property Solutions has assisted retailers monetize their assets through; asset designation rights purchases as in the Montgomery Ward, Kmart and Hechinger transactions; secured financing, as in the Ames debtor in possession financing and revolving credit facility transactions; sandwich lease purchases, as in the acquisition of retail store leases from Woolco; and sale leasebacks, as in the Venture transaction. Kimco's expertise in selecting quality retail sites, releasing vacancies and understanding retailers' needs has allowed the Company to generate substantial earnings from providing Retail Property Solutions.

Retail Property Solutions

Retail Property Solutions (RPS) is in the business of helping retailers or retail landlords monetize their leased or fee owned real estate. Ray Edwards, who leads this business, continued to generate excellent returns on short-term capital investments. The Montgomery Ward asset designation rights transaction continued to contribute to our bottom line, as did our joint marketing agreement with Kmart and we are in the midst of concluding a series of profitable loans to Ames. RPS generated pre-tax income from the Montgomery Ward transaction of approximately $34.6 million and $11.3 million in 2001 and 2002 respectively. We are confident that this business will prosper against a backdrop of continuing economic uncertainty.

Kimco Select Investments

Kimco Select Investments, led by David Samber, a Kimco veteran of 30 years, continued to find new investment opportunities in the secondary market for retail real estate. David and his team carefully focus on real estate values when underwriting their investments in mortgages, mortgage-backed securities and other opportunistic investments. Their underwriting skill, foresight and patience were highlighted in a 1999 transaction in which Kimco reaped the benefits of during 2002. Recognizing that several mortgaged Service Merchandise locations were much more valuable than indicated by the related mortgage debt, David and his team acquired the secured debt at a substantial discount. During 2002, the mortgages were paid off at par value, along with all past due interest. The investment generated an internal rate of return (IRR) of approximately 17.0 percent.

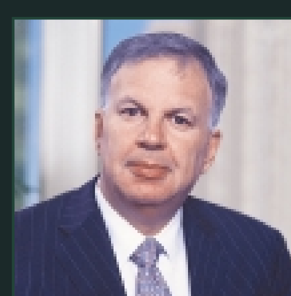
Preferred Equity Investments

During 2001, we formed our Preferred Equity Capital business, led by JoAnn Carpenter and John Greenwood. We were able to make substantial progress establishing our strategy of providing capital to developers and owners to acquire, renovate or recapitalize their shopping centers. Kimco provides equity capital in situations where we have carefully underwritten a

Kimco Select Investments

David Samber, Chief Executive officer of Kimco Select Investments, joined Kimco in 1973. Kimco Select seeks to achieve superior risk-adjusted returns by uncovering investments in real estate, mortgage loans and both public and private securities for which the pricing does not reflect the underlying value or quality of the real estate. These investments include secondary market purchases of secured and unsecured debt obligations of retailers and real estate companies; origination of mortgage loans to non-investment grade owners of real estate; and purchases of vacant or underforming properties.

Kimco Select recently completely a secondary market purchase of the senior unsecured debt of CKE Restaurants, the parent of the Hardee's and Carl's Jr. restaurant chains, which owns the land and / or buildings related to almost 50% of their restaurant locations. They provided a first mortgage loan to Shopko Stores secured by 13 high volume stores and a key distribution center. Additionally, David's team acquired a vacant former Hechinger property and simultaneously retenanted the entire building with Burlington Coat Factory.



David Samber

property and our exposure is less than the price we would be prepared to pay to purchase the asset. Kimco brings more than just capital to these transactions; we enjoy numerous tenant relationships and apply our extensive real estate expertise to these shopping centers. This creates a winning formula for Kimco and the property owner. Furthermore, we enter into transactions only where we have an opportunity to participate in the future success of the real estate through a participation in the property cash flow and residual value. We have made 12 investments to date and expect this business to become a steady contributor to our FFO over the next few years.

2003 Outlook

Despite the prevailing economic conditions, we continue to have confidence in our strategy. We own a large, diverse pool of unencumbered shopping centers, we have a number of initiatives that should be able to capitalize on opportunities in times of stress and we work side by side with a world class team of professionals and high quality institutional partners. We believe 2003 could be one of our strongest performances ever.

Sincerely,

Michael J. Flynn
Vice Chairman, President
and Chief Operating Officer

David B. Henry
Vice Chairman and
Chief Investment Officer

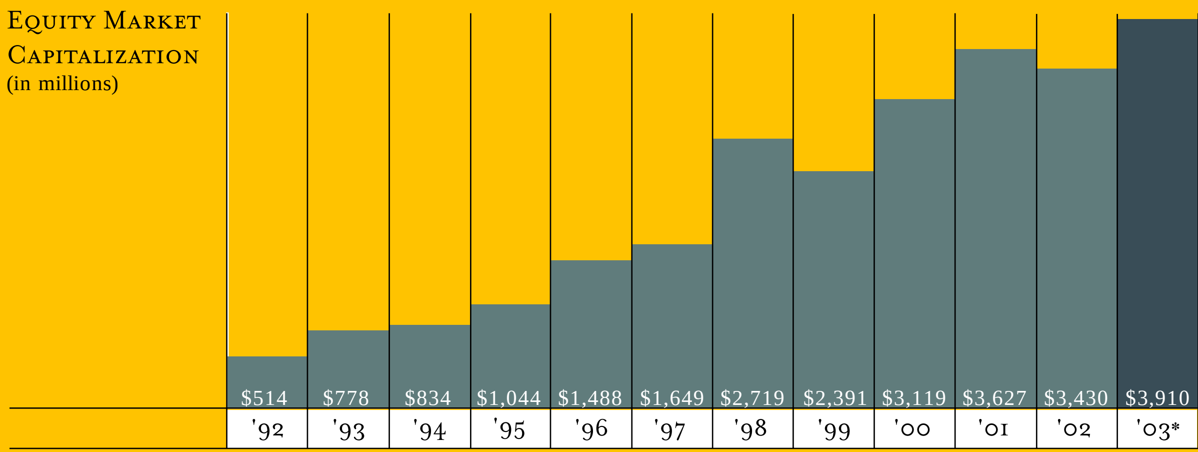
Preferred Equity Capital

Kimco's Preferred Equity Capital business unit partners with strong regional property owners and developers to acquire, build, recapitalize, renovate or redevelop shopping centers. JoAnn Carpenter, Managing Director, joined Kimco to help lead this effort. Prior to joining Kimco she was with GE Real Estate where she served in various roles including overseeing GE Real Estate's joint venture program.

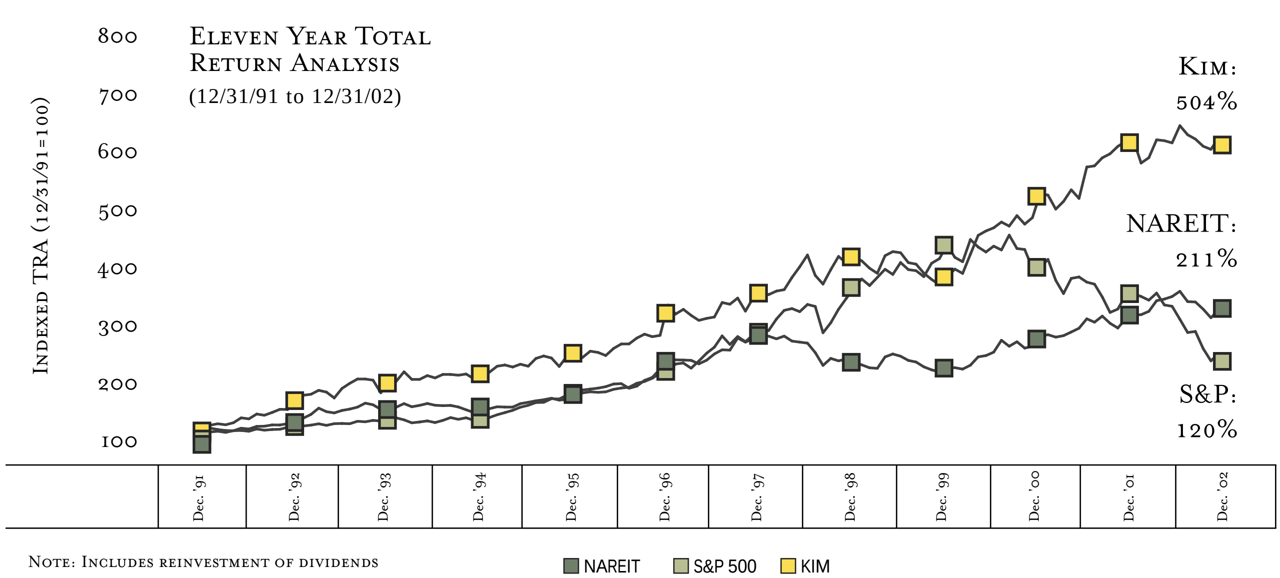
JoAnn Carpenter

The Kimco Preferred Equity Program has invested approximately $33.0 million in 12 geographically diverse shopping centers. Supermarkets anchor eight of the shopping centers in addition to sites anchored by Wal-Mart and Costco. Kimco has participating interests in each of the properties and it's investment is senior to that of the property owner.

$10,000 invested in Kimco shares at the IPO would be approximately $76,056 at March 31, 2003, including the reinvestment of dividends.

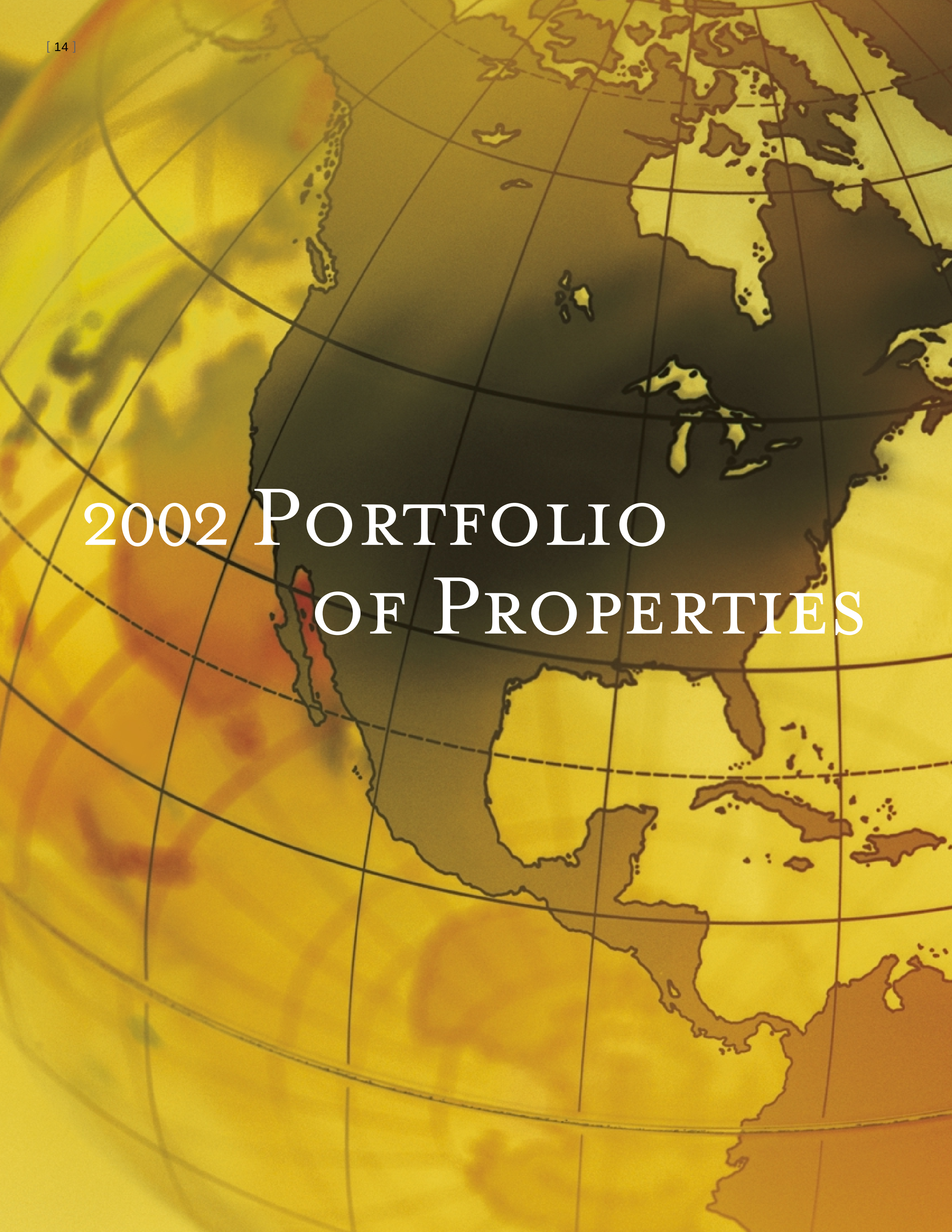


* As of March 31, 2003



Note: Includes reinvestment of dividends
Source: NAREIT

2002 Portfolio of Properties



Portfolio of Properties

Interests Owned or Managed

Alabama

Site	Center Name	City	GLA
347	Bell South	Birmingham	132,450
465	Hoover Center	Birmingham	115,347
480	Fairfield S.C.	Birmingham	86,566
731	East Town S.C.	Birmingham	103,161
740	Belleview Plaza	Birmingham	103,161
949	Festival Center	Mobile	525,505

Arizona

Site	Center Name	City	GLA
429	Four Peaks Plaza	Phoenix	56,000
436	Hamstra Square	Phoenix	71,000
443	Gilbert Fiesta	Phoenix	39,000
476	Peoria Crossings	Phoenix	259,000
540	Hayden Plaza North	Phoenix	143,643
549	Costco Plaza	Phoenix	333,388
553	Metro Square	Phoenix	230,164
557	Costco Plaza	Phoenix	333,382
576-578/9	Talavi Towne Center	Phoenix	111,825
580	Costco Plaza	Phoenix	236,015
582	Goodyear	Phoenix	–
647	Plaza at Mountainside	Phoenix	131,621
679	Poca Fiesta S.C.	Phoenix	146,492
745	Hayden Plaza South	Phoenix	103,161
1002	Avondale Fiesta	Phoenix	–

Arkansas

Site	Center Name	City	GLA
754	North Little Rock S.C.	Little Rock	106,029
366	Staples Superstore	Russellville	24,049

California

Site	Center Name	City	GLA
037	Covina Town Square	Los Angeles	263,699
038	Torrance Promenade	Los Angeles	266,917
040	Montebello Town Square	Los Angeles	250,439
106	La Palma S.C.	Los Angeles	15,396
541	Costco Plaza	Los Angeles	200,634
551	La Mirada Theater Center	Los Angeles	288,471
559	Home Depot Plaza	Orange County	134,400
546	Corona Hills Plaza	Riverside	486,958
762	Palm Plaza S.C.	Riverside	341,612
543	Madison Plaza	Sacramento	212,811
039	Vista Balboa Center	San Diego	117,410
544	Costco Plaza	San Diego	371,222
705	Santee Town Center	San Diego	103,903
–	Santee Trolly Square	San Diego	272,000
186	Westlake S.C.	San Francisco	485,318
759	Magnolia Square S.C.	San Francisco	42,066
951	POB Fremont Hub	San Francisco	489,225
324	The Center	Stockton	152,919
556	Target Plaza	Ventura	171,580

Colorado

Site	Center Name	City	GLA
686	Spring Creek S.C.	Colorado Springs	107,310
780	Woodman Valley S.C.	Colorado Springs	61,453
680	West 38th Street S.C.	Denver	18,405
682	Village on the Park	Denver	145,754
683	Englewood Plaza	Denver	80,330
684	Heritage West S.C.	Denver	82,581
685	Quincy Place S.C.	Denver	44,174
689	East Bank S.C.	Denver	152,981
367	Fort Collins S.C.	Fort Collins	117,862

Connecticut

Site	Center Name	City	GLA
029	Elm Plaza	Hartford	162,459
548	West Farm S.C.	Hartford	184,572
034	Branhaven Plaza	New Haven	191,496
500	Hamden Mart	New Haven	341,502
554	Home Depot Plaza	New Haven	331,919
608	Waterbury Plaza	New Haven	137,943

Delaware

Site	Center Name	City	GLA
278	Value City S.C.	Wilmington	114,530
501	Blue Hen	Dover	–

Florida

Site	Center Name	City	GLA
118	Sample Plaza	Fort Lauderdale	66,838
120	Reef Plaza	Fort Lauderdale	115,341
150	Ft. Lauderdale Plaza	Fort Lauderdale	50,000
251	Whole Foods Center	Fort Lauderdale	60,414
290-293	Ft.Lauderdale S.C.	Fort Lauderdale	181,476
604	Peppertree Plaza	Fort Lauderdale	260,896
623	Coral Square Promenade	Fort Lauderdale	55,597
673	Maplewood Plaza	Fort Lauderdale	86,342
933	Festival Center	Fort Lauderdale	135,056
936	Festival Center	Fort Lauderdale	132,226
147	Kmart Plaza	Fort Pierce	210,460
619	Marketplace Square	Fort Pierce	173,356
954	Square One S.C.	Fort Pierce	197,731
141	Southside Square S.C.	Jacksonville	51,000
207	Regency Plaza	Jacksonville	203,536
928	Crossroads@Mandarin	Jacksonville	72,136
022	Tradewinds S.C.	Key Largo	207,361
123	Merchants Walk	Lakeland	229,383
208	Chain O' Lakes Plaza	Lakeland	92,428
136	Leesburg Shops	Leesburg	13,468
127	Nasa Plaza	Melbourne	168,737
616	Northgate S.C.	Melbourne	131,851
668	Shoppes of West Melbourne	Melbourne	148,660
934	Lake Washington Crossing	Melbourne	118,828
129	Grove Gate S.C.	Miami	104,968
134	Coral Way Plaza	Miami	79,273
135	Coral Way Plaza	Miami	87,305
203	Homestead Towne Square	Miami	208,794
340	Ives Dairy Crossing	Miami	108,795
390	Miller Road S.C.	Miami	83,380
634	South Miami S.C.	Miami	63,604
702	Grove Gate S.C.	Miami	1,615
735	Opa Locka S.C.	Miami	103,161
665	Shady Oaks S.C.	Ocala	254,459
024	Bayhill Plaza	Orlando	179,065
115	Sun Plaza	Orlando	114,434
121	Fern Park Plaza	Orlando	131,646
125	Grant Square	Orlando	110,788
174	Sports Authority Plaza	Orlando	131,981
392	Seminole Centre	Orlando	155,753
574	Renaissance Centre	Orlando	271,095
613	Vine Street Square	Orlando	130,983
618	Sand Lake Plaza	Orlando	236,486
636	Pearl Arts S.C.	Orlando	94,193
638	Century Plaza	Orlando	127,806
677	Tri-Cities Shopping Plaza	Orlando	118,150

Portfolio of Properties cont'd.

Interests Owned or Managed

Site	Center Name	City	GLA
	Florida cont'd.		
739	Butler Plaza	Orlando	103,161
749	Lee Road S.C.	Orlando	103,161
195	Big Lots Plaza	Palatka	82,730
445	Panama City S.C.	Panama City	52,000
726	Pensacola S.C.	Pensacola	102,997
929	Eastgate Plaza	Pensacola	181,910
152	Lakeside Plaza	Sarasota	30,938
171	Tuttlebee Plaza	Sarasota	102,485
378	Southeast Plaza	Sarasota	128,177
698	Bayshore Gardens	Sarasota	162,997
317/318	Governors Marketplace	Tallahassee	211,000
715	Village Commons S.C.	Tallahassee	105,535
725	Tallahassee Center	Tallahassee	100,000
003	Plaza at Citrus Park	Tampa	324,846
011	Plaza at Brandon Town Center	Tampa	143,785
124	Wal-Mart Plaza	Tampa	149,472
128	Oak Tree Plaza	Tampa	118,979
139	Tri-City Plaza	Tampa	215,916
196	East Bay Junction	Tampa	59,730
470	Northwoods Centers	Tampa	79,000
664/A	Carrollwood Commons	Tampa	127,837
716	The Piers S.C.	Tampa	103,294
743	Busch Plaza	Tampa	106,986
761	Southgate S.C.	Tampa	66,500
005	Boynton West S.C.	West Palm Beach	197,362
101	Camino Square	West Palm Beach	73,549
111/511	Belmart Plaza	West Palm Beach	77,286
113	Riviera Square	West Palm Beach	46,390
633	Babies R Us Plaza	West Palm Beach	80,845
914	Lake Point Centre	West Palm Beach	119,570
	Georgia		
048	Snellville Pavilion	Atlanta	311,164
159	Gainesville Towne Center	Atlanta	142,468
338	Winn Dixie Supermarket	Atlanta	47,182
442	Atlanta Center	Atlanta	165,314
724	Town & Country S.C.	Atlanta	105,405
635	Augusta Square	Augusta	119,930
044/A/B	Augusta Exchange	Augusta	533,039
187	Macon Plaza	Macon	127,260
215	Robins Plaza	Macon	111,355
923A	Merchants Festival	Marietta	151,820
185	Savannah Centre	Savannah	187,076
632	Largo Plaza	Savannah	88,325
	Illinois		
802	Beltline Highway S.C.	Alton	159,824
808	Belleville S.C.	Belleville	81,490
176	Bloomington Commons	Bloomington	188,250
848	Carbondale Mall	Carbondale	80,535
043	Pinetree Plaza	Champaign	111,720
870	Neil Street S.C.	Champaign	102,615
051	Wind Point S.C.	Chicago	272,416
122	Lake Street Plaza	Chicago	93,289
563	Woodgrove Festival	Chicago	163,573
693	Orland Square	Chicago	166,000
694	East Woodfield Square	Chicago	167,690
695	Butterfield Square	Chicago	192,639
722	Northland Plaza S.C.	Chicago	80,562
758	Marketplace of Oaklawn	Chicago	94,707
764	Downers Grove	Chicago	144,670

Site	Center Name	City	GLA
809	Orland Park S.C.	Chicago	131,546
822	Randall S.C.	Chicago	104,688
835	Oak Lawn Center	Chicago	165,337
836	Calumet Center	Chicago	197,383
837	22nd Street Plaza	Chicago	165,100
838	Matteson Center	Chicago	136,885
839	Mount Prospect Center	Chicago	192,789
845	Norridge Center	Chicago	116,914
846	Countryside Plaza	Chicago	121,894
852	Downers Grove Center	Chicago	141,906
853	Kostner S.C.	Chicago	109,441
854	Skokie Pointe	Chicago	58,455
856	87th Street Center	Chicago	104,264
860	Elgin S.C.	Chicago	100,342
862	Forest Park Mall	Chicago	98,371
863	Naper West Plaza	Chicago	101,827
874	Mundelien S.C.	Chicago	85,018
885	Elston Center	Chicago	86,894
886	Lake Plaza	Chicago	90,555
887	Crestwood Center	Chicago	79,903
890	Aurora Commons	Chicago	91,182
891	Crystal Lake S.C.	Chicago	80,390
893	Peterson Avenue S.C.	Chicago	80,042
896	Arlington Heights S.C.	Chicago	80,040
898	Addison Center	Chicago	115,130
897	Streamwood S.C.	Chicago	81,000
224/387	Town & Country S.C.	Chicago	178,920
881	Bellville Road S.C.	Fairview Heights	192,073
755	Washington Park Plaza	Homewood	106,029
825	Northfield Square Mall	Kankakee	80,535
175	Value City S.C.	Ottawa	60,000
832	Evergreen Square	Peoria	156,067
799	MacArthur Boulevard S.C.	Springfield	115,526
	Indiana		
397	Plaza East	Evansville	193,472
398	Plaza West	Evansville	149,182
851	Griffith Center	Gary	114,684
132	Felbram S.C.	Indianapolis	27,400
133	Linwood Square	Indianapolis	165,220
153	Greenwood S.C.	Indianapolis	168,577
388	Target 31 South S.C.	Indianapolis	185,589
864	East Washington Center	Indianapolis	96,476
145	Lafayette S.C.	Lafayette	90,500
671	Sagamore at 26 S.C.	Lafayette	183,440
697	Lafayette Marketplace	Lafayette	214,876
732	Lafayette Square	Lafayette	103,161
883	Erskine Plaza	South Bend	81,668
895	K's S.C.	South Bend	82,100
777	South Third Street S.C.	Terre Haute	73,828
	Iowa		
858	Davenport Center	Davenport	91,035
250	University Park	Des Moines	109,434
757	Home Depot S.C.	Des Moines	156,506
812	Clive Plaza	Des Moines	90,000
813	Home Depot S.C.	Des Moines	111,847
847	Dubuque Center	Dubuque	82,979
773	Southport Center	Spencer	53,361
811	Waterloo Plaza	Waterloo	96,000

Site	Center Name	City	GLA
	Kansas		
805	Home Depot Center	Kansas City	162,982
736	Topeka S.C.	Topeka	103,161
561	Westgate Market	Wichita	133,771
751	Wichita S.C.	Wichita	103,161
814	Tall Grass Center	Wichita	96,011
815	Shopko S.C.	Wichita	96,319
	Kentucky		
267	Kroger S.C.	Bellevue	53,695
795	Hinkleville Center	Hinkleville	85,229
140	South Park S.C.	Lexington	258,713
	Louisiana		
666	Hammond Aire Plaza	Baton Rouge	350,006
752	Arcadian Village	Baton Rouge	103,161
274	Houma Power Center	Houma	98,586
670	Acadiana Square	Lafayette	226,933
297	Lake Forest S.C.	New Orleans	190,000
349	Winn-Dixie Supermarket	New Orleans	59,000
	Maine		
200	Bangor S.C.	Bangor	86,422
	Maryland		
156	Snowden Square S.C.	Baltimore	50,000
201	Columbia Crossing	Baltimore	73,299
202	Dobbin Center	Baltimore	58,902
206	Dorsey's Search Village Center	Baltimore	86,456
211/A	Hickory Ridge	Baltimore	100,505
212	Kings Contrivance	Baltimore	86,032
213	Harper's Choice	Baltimore	108,567
216	Wilde Lake	Baltimore	52,291
222	Lynx Lane	Baltimore	23,835
228	Long Reach Village Center	Baltimore	88,452
231	Oakland Mills Village	Baltimore	58,224
235	River Hill Village Center	Baltimore	101,707
560	Costco Plaza	Baltimore	209,831
675	Glen Burnie S.C.	Baltimore	60,173
463	Gaithersburg S.C.	Gaithersburg	87,061
221	Hagerstown S.C.	Hagerstown	117,718
468	Landover Center	Landover	232,903
173	Laurel Plaza	Laurel	75,924
214	Laurel Plaza	Laurel	81,550
	Massachuesetts		
033	Foxborough Plaza	Boston	118,844
238	Searstown Mall	Boston	662,804
481	Shrewsbury S.C.	Boston	108,418
609	Barrington Plaza	Pittsfield	134,817
	Michigan		
119	Century Plaza	Detroit	44,185
143	Clawson Center	Detroit	179,572
146	Downtown Farmington Center	Detroit	97,038
607	Cross Creek S.C.	Detroit	141,549
667	White Lake Commons	Detroit	168,102
383	Hallwood Plaza	Flint	248,347
335	Beltline Plaza	Grand Rapids	79,215
606	Green Orchard S.C.	Grand Rapids	338,928
138	Maple Hill Mall	Kalamazoo	369,607
747	Southfield S.C.	Lansing	103,161
	Minnesota		
785	Thunderbird Mall	Duluth	63,550
014	Arbor Lakes Retail Center	Minneapolis	466,401
552	Ridgedale Festival Center	Minneapolis	120,220
1004	Maplewood Town Center	Minneapolis	96,376

Site	Center Name	City	GLA
	Mississippi		
157	Ridgewood Court	Jackson	50,000
746	Ellis Isle S.C.	Jackson	103,161
	Missouri		
873	West Park Mall	Cape Girardeau	80,803
707	North Point S.C.	Joplin	155,416
889	Joplin Mall	Joplin	80,524
744	Hub S.C.	Kansas City	103,161
806	Independence S.C.	Kansas City	184,870
833	Kansas Center	Kansas City	150,381
625	Primrose Marketplace	Springfield	277,560
789	Primrose Marketplace	Springfield	84,916
869	Springfield S.C.	Springfield	202,926
154	Shop & Save S.C.	St. Louis	118,080
162	Gravois Plaza	St. Louis	130,096
169/699	Hazelwood Plaza	St. Louis	149,230
244	Lemay S.C.	St. Louis	73,281
598	Home Depot Plaza	St. Louis	8,000
798	Center Point S.C.	St. Louis	84,460
803	Kirkwood Crossing	St. Louis	204,864
804	Kings Highway S.C.	St. Louis	176,333
829	Overland Crossing	St. Louis	193,875
830	Creve Coeur S.C.	St. Louis	113,781
831	Dunn Center	St. Louis	174,967
834	South County Center	St. Louis	128,765
840	Cave Springs Crossing	St. Louis	176,719
850	Crystal Center	St. Louis	100,724
872	Manchester S.C.	St. Louis	89,305
875	Plaza at De Paul	St. Louis	101,592
	Nebraska		
741	Frederick S.C.	Omaha	92,332
	Nevada		
036	Charleston Plaza	Las Vegas	234,496
508	Warm Springs Promenade	Las Vegas	215,000
1009	Canyon Pointe at Summerlin	Las Vegas	156,576
	New Hampshire		
1012	Webster Square	Nashua	179,610
620	Rockingham Mall	Salem	344,076
	New Jersey		
1007	Holmdel Towne Center	Monmouth	296,784
787	Black Horse Pike S.C.	Audubon	69,984
615	Ridgewood S.C.	Bergen	24,280
306	Super G Plaza	Cherry Hill	124,750
643	Marlton Plaza	Cherry Hill	129,809
032	Millside Plaza	Delran	161,128
184	Strauss Auto Plaza	Linden	13,340
441	Hillsborough Promenade	Middlesex	315,000
558	Piscataway Town Center	Middlesex	97,348
573/A	The Promenade	Middlesex	506,545
587	Franklin Towne Center	Middlesex	138,364
596	Oak Park Commons	Middlesex	136,939
617	North Brunswick Plaza	Middlesex	409,879
645	Cinnaminson S.C.	Middlesex	121,852
945	Cinnaminson S.C.	Middlesex	16,556
047	East Windsor Village	Trenton	249,029
614	Westmont Plaza	Westmont	192,380
	New Mexico		
586	Plaza Paseo Del Norte	Albuquerque	183,912
591	Juan Tabo Plaza	Albuquerque	59,722
585	Sycamore Plaza	Albuquerque	37,735

Portfolio of Properties cont'd.

Interests Owned or Managed

Site	Center Name	City	GLA
	New York		
008	Latham Farms	Albany	616,130
750	Concourse Plaza	Bronx	208,149
030	Mill Basin Plaza	Brooklyn	80,708
453	Elmwood Plaza	Buffalo	141,077
454	Shops at Seneca	Buffalo	153,125
456	Topps Plaza	Buffalo	101,066
020	Munsey Park	Long Island	72,748
021	Walgreens of Freeport	Long Island	13,905
025	North Shore Triangle	Long Island	49,346
027	Meadowbrook Commons	Long Island	173,031
028	Merrick Commons	Long Island	107,871
105	East End Commons	Long Island	176,888
109	Syosset S.C.	Long Island	32,124
116	Manetto Hill Plaza	Long Island	88,222
237	Manhasset Center	Long Island	273,943
354	Hampton Bays Plaza	Long Island	70,990
360	Bridgehampton Commons	Long Island	287,587
395	Voice Road Plaza	Long Island	131,452
545	Home Depot Plaza	Long Island	163,999
575	King Kullen Plaza	Long Island	265,409
605	Centereach Mall	Long Island	380,128
701	Great Neck Shops	Long Island	14,385
307	Nanuet Mall South	Nanuet	70,632
041	Galleria at Crystal Run	Newburg	80,000
218	44 Plaza	Poughkeepsie	167,668
315	Rite Aid	Pulaski	7,195
149/426	West Gates S.C.	Rochester	185,153
332	Tops Market	Rochester	78,000
425	Irondequoit S.C.	Rochester	17,995
427	Henrietta S.C.	Rochester	129,238
031	Forest Avenue S.C.	Staten Island	177,118
601	Richmond S.C.	Staten Island	210,875
674	Greenridge Plaza	Staten Island	101,337
336	Tops Market	Syracuse	55,405
026	Yonkers S.C.	Yonkers	56,361
801	Shoprite S.C.	Yonkers	43,560
	North Carolina		
–	Brunswick Center	Brunswick	–
144	Woodlawn Marketplace	Charlotte	110,300
192	Independence Square	Charlotte	139,269
602	Akers Center	Charlotte	240,957
380/384	Tyvola Mall	Charlotte	253,979
126	Cloverdale Plaza	Greensboro	137,868
275	Landmark Station	Greensboro	100,794
550	Wendover Ridge	Greensboro	41,387
939	Stanton Square	Greenville	125,094
935/A	Festival Center	Hickory	144,239
002	Centrum at Crossroads	Raleigh	315,797
016	New Hope Commons	Raleigh	408,292
177	Pleasant Valley Promenade	Raleigh	374,395
431	Hope Valley Farms	Raleigh	76,000
477	Wakefield Commons II	Raleigh	–
478	Wakefield Crossings	Raleigh	–
479	Edgewater Place	Raleigh	75,873
483	Crossroads Plaza	Raleigh	86,015
485	Wakefield Commons I	Raleigh	83,965
639	Oakcreek Village	Raleigh	116,186
696	Wellington Park	Raleigh	102,787
908	Durham NC Festival	Raleigh	131,825
910	Eastgate	Raleigh	52,575
940	Tower Shopping Center	Raleigh	152,273
941A	Peak Plaza	Raleigh	67,402
943	Celebration S.C.	Raleigh	125,937
1005	Sutton Square S.C.	Raleigh	101,965
955B	Mill Pond Village	Raleigh	110,001
956A	Waverly Place	Raleigh	181,380
959A	Park Place S.C.	Raleigh	139,794
904	Bolling Creek	Roanoke Rapids	41,090
931A	Gateway Plaza Wilson NC	Wilson	167,207
	Ohio		
220	Barberton S.C.	Akron	118,826
245	Harvest Plaza	Akron	76,438
419	West Market Plaza	Akron	138,363
430	Romig Road S.C.	Akron	149,054
437/637	Tops Plaza	Akron	106,500
457/657	Akron Plaza	Akron	231,754
242	Cambridge Square	Cambridge	98,533
182	Canton S.C.	Canton	67,589
188	Belden Village Commons	Canton	173,069
333	Rite Aid	Canton	10,944
346	Rite Aid	Canton	10,363
422	Canton S.C.	Canton	99,267
439	Atlantic Boulevard S.C.	Canton	150,900
017	Colerain Towne Center	Cincinnati	378,901
018	Tri-County Commons	Cincinnati	243,047
276	Sharonville Plaza	Cincinnati	130,715
413	Ridgewater Plaza	Cincinnati	224,758
415	Glenway Plaza	Cincinnati	121,242
420	Cassinelli Square	Cincinnati	321,537
482	Glenway Crossing	Cincinnati	88,317
513	Ridgewater Plaza	Cincinnati	89,742
233	Greenlite S.C.	Cleveland	69,383
234	Town Square	Cleveland	128,180
246	Kmart Plaza	Cleveland	171,223
399	Mentor Plaza	Cleveland	103,910
409	Middleburg Heights Plaza	Cleveland	104,342
410	Chardon Bishop Plaza	Cleveland	156,219
411	Brooklyn Plaza	Cleveland	133,563
414	Tops Plaza	Cleveland	99,862
417	Erie Commons	Cleveland	271,259
019	Georgesville Square	Columbus	234,702
130	Arlington Square	Columbus	160,806
178/423	Westerville Plaza	Columbus	242,124
401	Morse Plaza	Columbus	191,089
402	South Hamilton S.C.	Columbus	142,743
403	Olentangy Plaza	Columbus	129,008
407	West Broad Plaza	Columbus	135,650
424	South High Plaza	Columbus	99,262
486	High Park Center	Columbus	–
597	North West Square	Columbus	113,183
1013	Market Square at Montrose	Copley	496,535
006	Northpark Center	Dayton	318,468
131	Shiloh Springs Plaza	Dayton	163,131
308/310	Oak Creek Plaza	Dayton	213,728
309/311/313	Woodman Plaza	Dayton	119,575
320	Southland 75 S.C.	Dayton	126,422
345	Beavercreek Plaza	Dayton	148,210
404	Salem Plaza	Dayton	141,616
405	Cross Pointe S.C.	Dayton	120,814
406	Value City Plaza	Dayton	116,374
416	Kmart Plaza	Dayton	131,628

Site	Center Name	City	GLA
	Ohio cont'd.		
325	Eastgate Plaza	Lima	193,633
714	Mallwoods Centre	Miamisburg	12,600
316	Rite Aid	Mt. Gilead	10,507
728	Toledo S.C.	Toledo	102,997
729	Northwood S.C.	Toledo	103,161
	Oklahoma		
857	Midwest City S.C.	Midwest City	99,433
001/A	Parkway Plaza	Oklahoma City	262,624
555	Centennial Plaza	Oklahoma City	232,635
876	Broadway Plaza	Oklahoma City	103,027
810	Woodlands Marketplace	Tulsa	100,190
859	Sheridan Plaza	Tulsa	93,748
	Pennsylvania		
653	Whitehall Mall	Allentown	84,524
210	Pocono Plaza	East Stroudsburg	168,506
319	Rite Aid	Elizabeth	7,076
375	Gettysburg Plaza	Gettysburg	30,706
326	Hamburg Wellness Center	Hamburg	15,400
227	Harrisburg West S.C.	Harrisburg	154,896
243	Olmsted Plaza	Harrisburg	140,481
373	Middletown Plaza	Harrisburg	38,953
374	Upper Allen Plaza	Harrisburg	59,470
193A	Harrisburg East S.C.	Harrisburg	175,917
049	Montgomery Square	Philadelphia	257,565
223	Ridge Pike Plaza	Philadelphia	165,385
288	Springfield S.C.	Philadelphia	218,907
294	Cottman & Castor S.C.	Philadelphia	114,970
312	Norriton Square	Philadelphia	136,635
389	Crossroads Plaza	Philadelphia	105,807
469	Acme Supermarket S.C.	Philadelphia	60,685
612	Cottman-Bustleton Center	Philadelphia	277,533
649	Center Square S.C.	Philadelphia	120,211
650	Frankford Avenue S.C.	Philadelphia	82,345
651	Bucks Crossing	Philadelphia	86,575
656	Township Line S.C.	Philadelphia	80,938
658	Whiteland Town Center	Philadelphia	85,184
659	Ralph's Corner S.C.	Philadelphia	84,470
660	The Gallery	Philadelphia	133,309
661	Eastwick Wellness Center	Philadelphia	36,511
662	Upper Darby Wellness Center	Philadelphia	48,936
723	Village Mall	Philadelphia	105,569
760	Souderton S.C.	Philadelphia	68,380
148	Duquesne Plaza	Pittsburg	69,733
158	Westmoreland Mall South	Pittsburg	50,000
249	Kennywood Mall	Pittsburg	193,878
341	Braddock Hills	Pittsburg	109,717
342	New Kensington S.C.	Pittsburg	106,624
343	Penn Hills Plaza	Pittsburg	110,517
385	Century III Mall	Pittsburg	84,279
460	Chippewa Plaza	Pittsburg	215,206
464	Carnegie	Pittsburg	69,288
329	Equitrans	Waynesberg	21,000
370	Eastern Boulevard Plaza	York	61,979
371	Mount Rose Plaza	York	59,016
372	West Market Street Plaza	York	35,500
	Rhode Island		
691	Marshalls Plaza	Providence	129,907
	South Carolina		
379	Heritage Square	Aiken	11,200
353	Winn-Dixie Supermarket	Bennettsville	49,936
254	St. Andrews Center	Charleston	169,813
622/692	North Rivers Marketplace	Charleston	267,102
631	Westwood Plaza	Charleston	191,140
937	Patriots Plaza	Charleston	115,632

Site	Center Name	City	GLA
646	Crossroads Center	Florence	113,922
676	Gallery S.C.	Greenville	148,532
925	University Shoppes	Myrtle Beach	54,124
927/A	Braves Village	Myrtle Beach	59,762
932	Grove Park	Orangeburg	106,617
938	Robertson Corners	Walterboro	47,640
	Tennessee		
168	Hamilton Crossing	Chattanooga	50,000
253	Red Bank S.C.	Chattanooga	44,288
013	Wolfchase Bed, Bath & Beyond	Memphis	40,000
348	Kroger Supermarket	Memphis	51,072
484	Hickory Ridge Commons	Memphis	87,962
594	Trolley Station	Memphis	167,243
004	Hickory Hollow S.C.	Nashville	99,909
007	Northside Marketplace	Nashville	189,299
282	Old Towne Village	Nashville	184,506
583	Marketplace at Rivergate	Nashville	109,012
588	The Shoppes at Rivergate	Nashville	172,135
	Texas		
879	Westgate Plaza	Amarillo	342,859
879A	Shops at Soncy	Amarillo	142,747
564	Arboretum Crossing	Austin	191,760
589	Center of the Hills	Austin	157,852
444	Dowlen Town Center	Beaumont	46,000
878	Islands Plaza S.C.	Corpus Christi	125,454
160	Plaza Rios S.C.	Dallas	105,195
170	Big Town Mall	Dallas	581,595
172	Dallas Center	Dallas	50,000
256	Kroger Plaza	Dallas	79,550
270	Big Town Mall	Dallas	101,040
339	Walgreens Plaza	Dallas	13,905
344	Walgreens S.C.	Dallas	13,905
565	Cityplace Market	Dallas	83,867
566	Broadmoor Village	Dallas	62,000
568	Shops at Vista Ridge	Dallas	74,837
569	Vista Ridge Plaza	Dallas	124,089
570/571	Mesquite Town Centre Plaza	Dallas	209,579
572	Richardson Plaza	Dallas	115,579
590	Vista Ridge Plaza	Dallas	93,668
642	Kroger Center	Dallas	41,364
712	Cedar Hill Crossing	Dallas	187,800
768	Parker Plaza S.C.	Dallas	79,902
816	Accent Plaza	Dallas	100,598
819	Skyline Plaza	Dallas	96,500
820	Broadway Center	Dallas	103,600
236	Village By The Parks II	Fort Worth	75,247
783	Euless Town Center	Fort Worth	61,453
818	Randol Plaza	Fort Worth	97,000
827	Richland Center	Fort Worth	–
866	Arlington Center	Fort Worth	96,127
496B	Gateway Station	Fort Worth	282,000
010	Fairway Plaza	Houston	169,203
010A	Fairway Plaza II	Houston	241,172
042	Fountains on the Lake	Houston	585,901
487	Tomball Crossings	Houston	53,000
567	Center at Baybrook	Houston	434,997
655	Woodforest S.C.	Houston	113,831
719	Sharpstown Court	Houston	84,188
817	Westheimer Plaza	Houston	96,500
823	Baytown Village S.C.	Houston	86,240
1006	Northwest Marketplace	Houston	183,024
255A	Stafford Plaza	Houston	95,032
778	Market Place S.C.	Kileen	61,453
678	South Plains Plaza	Lubbock	108,326
717	Forum at Olympia Parkway	San Antonio	69,000
717A	Forum at Olympia Parkway	San Antonio	493,425
771	San Pedro Avenue S.C.	San Antonio	79,902

Portfolio of Properties cont'd.

Interests Owned or Managed

Site	Center Name	City	GLA
	Texas cont'd.		
738	Parkdale S.C.	Waco	101,093
1003	Market Street	Woodlands	104,000
	Utah		
103	Costco S.C.	Salt Lake City	121,449
	Virginia		
953	University Mall	Blacksburg	167,461
907	Brookneal Commons	Brookneal	28,161
922	Market Square	Danville	55,909
547	Costco Plaza	Fairfax	323,262
466	Skyline Village Plaza	Harrisonburg	31,111
944	Dukes Plaza	Harrisonburg	139,956
912	Keysville Square	Keysville	40,227
672	Festival at Manassas	Manassas	117,525
334	Sports Authority S.C.	Norfolk	41,262
462	Westpark Center	Richmond	84,683
467	Colonial Heights	Richmond	60,909
800	Burlington Coat Center	Richmond	128,612
930	Food Lion Plaza	Richmond	50,280
952	Towne Square	Roanoke	301,561
753	Virginia Beach S.C.	Virginia Beach	103,161
225	Gordon Plaza	Woodbridge	189,563
915-920	Smoketown Station	Woodbridge	495,347
	Washington		
542	Cordata Center	Bellingham	188,885
035	Pavilions Center	Seattle	200,209
050	Parkway Super Center	Seattle	467,452
163	Marysville Town Center	Seattle	226,038
167	Franklin Park Commons	Spokane	129,785
	West Virginia		
314	Lowe's Home Center	Charleston	129,046
330	Charles Town Plaza	Charles Town	208,048
322	Rite Aid	Danville	18,000
376	Martin's Food Plaza	Martinsburg	43,212
595	Riverwalk Plaza	South Charleston	188,589
328	Rite Aid	Huntington	10,800
	Wisconsin		
381	Badger Plaza	Racine	157,150
CANADA			
	Alberta		
510	Shoppes @ Shawnessy	Calgary	163,000
509	Shawnessy Towne Centre	Calgary	306,368
512	Brentwood Village	Calgary	314,862
514	South Edmonton Common	Edmonton	291,695
911	Centre Grande Prairie	Edmonton	63,413
	British Columbia		
517	Parkwood Place S.C.	Prince George	372,725
518	Peninsula Village S.C.	Surrey	170,766
515	Clearbrook Town Centre	Vancouver	188,252
516	Junction S.C.	Vancouver	256,547
519	Abbotsford Power Center	Vancouver	198,574
531	Langley Gate S.C.	Vancouver	151,802
533	Strawberry Hill S.C.	Vancouver	330,317
534	Tillicum Centre	Vancouver	411,781

Site	Center Name	City	GLA
	Ontario		
978	Walker Place	Burlington	69,857
535	Lincoln Fields Centre	Ottawa	287,566
538	Boulevard Centre I	Ottawa	217,446
539	Boulevard Centre II	Ottawa	
791	Boulevard Centre III	Ottawa	
797	RioCan Centre Sudbury	Sudbury	152,175
536	Kendalwood Park Plaza	Toronto	154,445
537	404 Town Centre	Toronto	249,426
770	Shoppers World Albion	Toronto	343,207
793	New Market	Toronto	–
911	Leaside Centre	Toronto	133,035
976	Thickson Ridge Power Centre	Toronto	322,464
980	Shoppers World Danforth	Toronto	323,769
981	Dufferin	Toronto	–
	Prince Edward Island		
733	Charlottetown Mall	Charlottetown	390,027
	Quebec		
921	Place Greenfield Park	Greenfieldd Park	374,693
977	Centre Jacques-Caartier	Longueil	212,628
610	Centre Regional Chateauguay	Montreal	211,556
MEXICO			
189	Plaza Real Sendero Norte	Monterrey	109,000
181	Plaza Real Saltillo	Saltillo	174,000

Total Number of Properties Owned or Managed	**633**
Total GLA Owned or Managed	**89,920,303**

Selected Financial Data

(in thousands, except per share information)

Year ended December 31,[3]	2002	2001	2000	1999	1998
Operating Data:					
Revenues from rental property[1]	$ 450,829	$ 450,408	$ 441,336	$ 417,999	$ 329,652
Interest expense	$ 86,896	$ 88,592	$ 91,870	$ 83,553	$ 64,285
Depreciation and amortization	$ 74,223	$ 71,717	$ 69,052	$ 65,316	$ 50,117
Gain on sale of development properties	$ 15,879	$ 13,418	$ —	$ —	$ —
Gain on sale of operating properties	$ —	$ 3,040	$ 3,962	$ 1,552	$ 901
Provision for income taxes	$ 12,904	$ 19,376	$ —	$ —	$ —
Income from continuing operations	$ 248,570	$ 226,241	$ 193,925	$ 168,616	$ 124,112
Income per common share, from continuing operations:					
Basic	$ 2.20	$ 2.09	$ 1.81	$ 1.57	$ 1.32
Diluted	$ 2.19	$ 2.05	$ 1.79	$ 1.57	$ 1.31
Weighted average number of shares of common stock:					
Basic	104,458	96,317	92,688	90,709	75,106
Diluted	105,969	101,163	93,653	91,466	75,961
Cash dividends declared per common share	$ 2.10	$ 1.96	$ 1.81	$ 1.64	$ 1.37

As of December 31,	2002	2001	2000	1999	1998
Balance Sheet Data:					
Real estate, before accumulated depreciation	$3,398,971	$3,201,364	$3,114,503	$2,951,050	$3,023,902
Total assets	$3,756,878	$3,384,779	$3,171,348	$3,007,476	$3,051,178
Total debt	$1,576,982	$1,328,079	$1,325,663	$1,249,571	$1,289,561
Total stockholders' equity	$1,907,328	$1,890,084	$1,704,339	$1,605,435	$1,585,019

Year ended December 31,[3]	2002	2001	2000	1999	1998
Other Data:					
Funds from Operations[2]:					
Net income	$ 245,668	$ 236,538	$ 205,025	$ 176,778	$ 122,266
Depreciation and amortization	76,674	74,209	71,129	67,416	51,348
Depreciation and amortization— real estate joint ventures	17,779	12,718	8,277	5,239	788
(Gain) on disposition of operating properties	(12,778)	(3,040)	(3,962)	(1,552)	(901)
(Gain)/loss on early extinguishment of debt	(22,255)	—	—	—	4,900
Adjustment of property carrying values	33,030	—	—	—	—
Preferred stock dividends	(18,437)	(24,553)	(26,328)	(26,478)	(24,654)
Funds from operations	$ 319,681	$ 295,872	$ 254,141	$ 221,403	$ 153,747
Cash flow provided by operations	$ 278,931	$ 287,444	$ 250,546	$ 237,153	$ 158,706
Cash flow used for investing activities	$ (396,655)	$ (157,193)	$ (191,626)	$ (205,219)	$ (630,229)
Cash flow (used for) provided by financing activities	$ 59,839	$ (55,501)	$ (67,899)	$ (47,778)	$ 484,465

(1) Does not include (i) revenues from rental property relating to unconsolidated joint ventures, (ii) revenues relating to the investment in retail stores leases and (iii) revenues from properties included in discontinued operations.

(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. FFO is defined as net income applicable to common shares before depreciation and amortization, extraordinary items, gains or losses on sales of operating real estate, plus the pro-rata amount of depreciation and amortization of unconsolidated joint ventures determined on a consistent basis. Given the nature of the Company's business as a real estate owner and operator, the Company believes that FFO is helpful to investors as a measure of its operational performance because it excludes various items included in net income that do not relate to or are not indicative of our operating performance such as various non-recurring items, gains and losses on sales of real estate and real estate related depreciation and amortization, which can make periodic and peer analyses of operating performance more difficult to compare. 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 liquidity. In addition, the comparability of the Company's FFO with the FFO reported by other REITs may be affected by the differences that exist regarding certain accounting policies relating to expenditures for repairs and other recurring items.

(3) All years have been adjusted to reflect the impact of operating properties sold during 2002 and properties classified as held for sale as of December 31, 2002 which are reflected in discontinued operations in the Consolidated Statements of Income.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in this Annual Report. 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.

Critical Accounting Policies

The Consolidated Financial Statements of the Company include the accounts of the Company, its wholly-owned subsidiaries and all partnerships in which the Company has a controlling interest. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying Consolidated Financial Statements and related notes. In preparing these financial statements, management has made its best estimates and assumptions that affect the reported amounts of assets and liabilities. These estimates are based on, but not limited to, historical results, industry standards and current economic conditions, giving due consideration to materiality. The most significant assumptions and estimates relate to revenue recognition and the recoverability of trade accounts receivable, depreciable lives and valuation of real estate. Application of these assumptions requires the exercise of judgment as to future uncertainties and, as a result, actual results could differ from these estimates.

Revenue Recognition and Accounts Receivable

Base rental revenues from rental property are recognized on a straight-line basis over the terms of the related leases. Certain of these leases also provide for percentage rents based upon the level of sales achieved by the lessee. These percentage rents are recorded once the required sales level is achieved. In addition, leases typically provide for reimbursement to the Company of common area maintenance, real estate taxes and other operating expenses. Operating expense reimbursements are recognized as earned. Rental income may also include payments received in connection with lease termination agreements.

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

The Company believes that its revenue recognition policy is in compliance with generally accepted accounting principles and in accordance with the Securities and Exchange Commission's Staff Accounting Bulletin No. 101, Revenue Recognition.

Real Estate

Land, buildings and fixtures and leasehold improvements are recorded at cost, less accumulated depreciation and amortization. Expenditures for maintenance and repairs are charged to operations as incurred. Significant renovations and replacements, which improve and extend the life of the asset, are capitalized.

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

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

Real estate under development on the Company's Consolidated Balance Sheets represent ground-up development projects which are held for sale upon completion. These assets are carried at cost and no depreciation is recorded. The cost of land and buildings under development include specifically identifiable costs. The capitalized costs include pre-construction costs essential to the development of the property, development costs, construction costs, interest costs, real estate taxes, salaries and related costs and other costs incurred during the period of development. The Company ceases cost capitalization when the property is held available for occupancy upon substantial completion of tenant improvements, but no later than one year from the completion of major construction activity. If in management's opinion, the estimated net sales price of these assets is less than the net carrying value, an adjustment to the carrying value would be recorded to reflect the estimated fair value of the property. A gain on the sale of these assets is generally recognized using the full accrual method in accordance with the provisions of Statement of Financial Accounting Standard No. 66, Accounting for Real Estate Sales.

Long Lived Assets

On a periodic basis, management assesses whether there are any indicators that the value of the real estate properties may be impaired. A property value is considered impaired only if management's estimate of current and projected operating cash flows (undiscounted and without interest charges) of the property over its remaining useful life is less than the net carrying value of the property. Such cash flow projections consider factors such as expected future operating income, trends and prospects, as well as the effects of demand, competition and other factors. To the extent impairment has occurred, the carrying value of the property would be adjusted to an amount to reflect the estimated fair value of the property.

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

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

Results of Operations

Comparison 2002 to 2001

Revenues from rental property increased $0.4 million or 0.1% to $450.8 million for the year ended December 31, 2002, as compared with $450.4 million for the year ended December 31, 2001. This net increase resulted primarily from the combined effect of (i) the acquisition of 13 operating properties during 2002, providing revenues of $5.1 million for the year ended December 31, 2002, (ii) the full year impact related to the three operating properties acquired in 2001 providing incremental revenues of $2.3 million, and (iii) the completion of certain development and redevelopment projects, tenant buyouts and new leasing within the portfolio providing incremental revenues of approximately $20.5 million as compared to the corresponding year ended December 31, 2001, offset by (iv) an overall decrease in shopping center portfolio occupancy to 87.8% at December 31, 2002 as compared to 90.4% at December 31, 2001 due primarily to the bankruptcy filing of Kmart Corporation ("Kmart") and Ames Department Stores, Inc. ("Ames") and subsequent rejection of leases resulting in a decrease of revenues of approximately $25.1 million as compared to the preceding year, and (v) sales of certain shopping center properties throughout 2001 and 2002, resulting in a decrease of revenues of approximately $2.4 million as compared to the preceding year.

Rental property expenses, including depreciation and amortization, increased $11.0 million or 5.9% to $196.8 million for the year ended December 31, 2002 as compared to $185.8 million for the preceding year. The rental property expense component of real estate taxes increased approximately $7.3 million or 13.1% for the year ended December 31, 2002 as compared with the year ended December 31, 2001. This increase relates primarily to the payment of real estate taxes by the Company on certain Kmart anchored locations where Kmart previously paid the real estate taxes directly to the taxing authorities. The rental property expense component of operating and maintenance increased approximately $1.5 million or 3.2% for the year ended December 31, 2002 as compared with the year ended December 31, 2001. This increase is primarily due to property acquisitions during 2002 and 2001, renovations within the portfolio and higher professional fees relating to tenant bankruptcies.

Equity in income of real estate joint ventures, net increased $15.4 million to $35.6 million for the year ended December 31, 2002, as compared to $20.2 million for the year ended December 31, 2001. This increase is primarily attributable to the equity in income from the Kimco Income REIT joint venture investment, the RioCan joint venture investment, and the KROP joint venture investment as described below.

During 1998, the Company formed KIR, a limited partnership established to invest in high quality retail properties financed primarily through the use of individual non-recourse mortgages. The Company has a 43.3% non-controlling limited partnership interest in KIR, which the Company manages, and accounts for its investment in KIR under the equity method of accounting. Equity in income of KIR increased $3.1 million to $16.3 million for the year ended December 31, 2002, as compared to $13.2 million for the preceding year. This increase is primarily due to the Company's increased capital investment in KIR totaling $23.8 million during 2002 and $30.8 million during 2001. The additional capital investments received by KIR from the Company and its other institutional partners were used to purchase additional shopping center properties throughout calendar year 2002 and 2001.

During October 2001, the Company formed a joint venture (the "RioCan Venture") with RioCan Real Estate Investment Trust ("RioCan", Canada's largest publicly traded REIT measured by gross leasable area ("GLA")), in which the Company has a 50% non-controlling interest, to acquire retail properties and development projects in Canada. As of December 31, 2002, the RioCan Venture consisted of 28 shopping center properties and four development projects with approximately 6.7 million square feet of GLA. The Company's equity in income from the RioCan Venture increased approximately $8.7 million to $9.1 million for the year ended December 31, 2002, as compared to $0.4 million for the preceding year.

During October 2001, the Company formed the Kimco Retail Opportunity Fund ("KROP"), a joint venture with GE Capital Real Estate ("GECRE") which the Company manages and has a 20% interest. The purpose of this venture is to acquire established, high-growth potential retail properties in the United States. As of December 31, 2002, KROP consisted of 15 shopping center properties with

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

approximately 1.5 million square feet of GLA. During the year ended December 31, 2002, the Company's equity in income from KROP was approximately $0.9 million.

Minority interests in income of partnerships, net increased $0.7 million to $2.4 million as compared to $1.7 million for the preceding year. This increase is primarily due to the acquisition of a shopping center property acquired through a newly formed partnership by issuing approximately 2.4 million downREIT units valued at $80 million. The downREIT units are convertible at a ratio of 1:1 into the Company's common stock and are entitled to a distribution equal to the dividend rate on the Company's common stock multiplied by 1.1057.

Income from other real estate investments decreased $22.1 million to $16.0 million as compared to $38.1 million for the preceding year. This decrease is primarily due to the decrease in income from the Montgomery Ward asset designation rights transactions described below.

During March 2001, the Company, through a taxable REIT subsidiary, formed a real estate joint venture (the "Ward Venture") in which the Company has a 50% interest, for purposes of acquiring asset designation rights for substantially all of the real estate property interests of the bankrupt estate of Montgomery Ward LLC and its affiliates. These asset designation rights have provided the Ward Venture the ability to direct the ultimate disposition of the 315 fee and leasehold interests held by the bankrupt estate, of which 303 transactions have been completed to date. During the year ended December 31, 2002 the Ward Venture completed transactions of 32 properties. The pre-tax profits from the Ward Venture decreased approximately $23.3 million to $11.3 million for the year ended December 31, 2002 as compared to $34.6 million for the preceding year.

Mortgage financing income increased $17.1 million to $19.4 million for the year ended December 31, 2002 as compared to $2.3 million for the year ended December 31, 2001. This increase is primarily due to increased interest income earned related to certain real estate lending activities during the year ended December 31, 2002.

Effective January 1, 2001, the Company has elected taxable REIT subsidiary status for its wholly-owned development subsidiary ("KDI"). KDI is primarily engaged in the ground-up development of neighborhood and community shopping centers and the subsequent sale thereof upon completion. During the year ended December 31, 2002, KDI sold four projects and eight out-parcels, in separate transactions, for approximately $128.7 million, including the assignment of approximately $17.7 million of mortgage debt encumbering one of the properties. These sales resulted in pre-tax gains of approximately $15.9 million.

During the year ended December 31, 2001, KDI sold two of its recently completed projects and five out-parcels, in separate transactions, for approximately $61.3 million, which resulted in pre-tax profits of $13.4 million.

Management and other fee income increased approximately $6.4 million to $14.2 million for the year ended December 31, 2002 as compared to $7.8 million for the year ended December 31, 2001. This increase is primarily due to (i) a $1.1 million increase in management fees from KIR resulting from the growth of the KIR portfolio, (ii) $2.3 million of management and acquisition fees relating to the KROP joint venture activities during the year ended December 31, 2002 and (iii) increased property management activity providing incremental fee income of approximately $3.0 million.

Other income/(loss), net increased approximately $4.7 million to $2.5 million for the year ended December 31, 2002 as compared to the preceding calendar year. This increase is primarily due to pre-tax profits earned from the Company's participation in ventures established to provide inventory liquidation services to regional retailers in bankruptcy.

Interest expense decreased $1.7 million or 1.9% to $86.9 million for the year ended December 31, 2002, as compared with $88.6 million for the year ended December 31, 2001. This decrease is primarily due to reduced interest costs on the Company's floating-rate revolving credit facilities and remarketed reset notes which was partially offset by an increase in borrowings during the year ended December 31, 2002, as compared to the preceding year.

General and administrative expenses increased approximately $3.2 million for the year ended December 31, 2002, as compared to the preceding calendar year. This increase is primarily due to higher costs related to the growth of the Company including (i) increased senior management and staff levels, (ii) increased system related costs and (iii) other personnel related costs.

The Company had previously encumbered seven Kmart sites with individual non-recourse mortgages aggregating approximately $70.8 million as part of its strategy to reduce its exposure to Kmart Corporation. As a result of the Kmart bankruptcy filing in January of 2002 and the subsequent rejection of leases including leases at these encumbered sites, the Company, during July 2002, had suspended debt services payments on these loans and was actively negotiating with the respective lenders. During December 2002, the Company reached agreement with certain lenders in connection with four of these locations. The Company paid approximately $24.2 million in full satisfaction of these loans which aggregated approximately $46.5 million. The Company recognized a gain on early extinguishment of debt of approximately $22.3 million.

During December 2002, the Company identified two operating properties, comprised of approximately 0.2 million square feet of GLA, as "Held for Sale" in accordance with FASB No. 144. The book value of these properties, aggregating approximately $28.4 million, net of accumulated depreciation of approximately $2.9 million, exceeded their estimated fair value. The Company's determination of the fair value of these properties, aggregating approximately

$7.9 million, is based upon executed contracts of sale with third parties less estimated selling costs. As a result, the Company recorded an adjustment of property carrying values of $20.5 million. This adjustment is included, along with the related property operations for the current and comparative years, in the caption Income/(loss) from discontinued operations on the Company's Consolidated Statements of Income.

As part of the Company's periodic assessment of its real estate properties with regard to both the extent to which such assets are consistent with the Company's long-term real estate investment objectives and the performance and prospects of each asset, the Company determined in the fourth quarter of 2002, that its investment in four operating properties, comprised of an aggregate 0.4 million square feet of GLA with an aggregate net book value of approximately $23.8 million, may not be fully recoverable. Based upon management's assessment of current market conditions and the lack of demand for the properties, the Company has reduced its potential holding period of these investments. As a result of the reduction in the anticipated holding period, together with a reassessment of the projected future operating income of the properties and the effects of current market conditions, the Company has determined that its investment in these assets was not fully recoverable and has recorded an adjustment of property carrying value aggregating approximately $12.5 million.

During 2002, the Company, (i) disposed of, in separate transactions, 12 operating properties for an aggregate sales price of approximately $74.5 million, including the assignment/repayment of approximately $22.6 million of mortgage debt encumbering three of the properties and, (ii) terminated five leasehold positions in locations where a tenant in bankruptcy had rejected its lease. These dispositions resulted in net gains of approximately $12.8 million for the year ended December 31, 2002. In accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets ("FASB No. 144"), the operations and net gain on disposition of these properties have been included in the caption Discontinued operations on the Company's Consolidated Statements of Income.

During 2001, the Company, in separate transactions, disposed of three operating properties, including the sale of a property to KIR, and a portion of another operating property comprising in the aggregate approximately 0.6 million square feet of GLA. Cash proceeds from these dispositions aggregated approximately $46.7 million, which resulted in a net gain of approximately $3.0 million. Cash proceeds from the sale of the operating property in Elyria, OH totaling $5.8 million, together with an additional $7.1 million cash investment, were used to acquire an exchange shopping center property located in Lakeland, FL during August 2001.

Net income for the year ended December 31, 2002 was $245.7 million as compared to $236.5 million for the year ended December 31, 2001, representing an increase of $9.2 million. This increase reflects the combined effect of increased contributions from the investments in KIR, KROP, the RioCan Venture and other financing investments, reduced by lower income resulting from tenant bankruptcies and subsequent rejection of leases and a decrease in profits from the Ward Venture.

Comparison 2001 to 2000

Revenues from rental property increased $9.1 million or 2.1% to $450.4 million for the year ended December 31, 2001, as compared with $441.3 million for the year ended December 31, 2000. This net increase resulted primarily from the combined effect of (i) the acquisition of three operating properties during 2001, providing revenues of $1.3 million for the year ended December 31, 2001, (ii) the full year impact related to the 12 operating properties acquired in 2000 providing incremental revenues of $3.5 million, and (iii) the completion of certain development and redevelopment projects and new leasing within the portfolio providing incremental revenues of approximately $11.9 million as compared to the corresponding year ended December 31, 2000, offset by (iv) the commencement of new redevelopment projects and tenant buyouts causing a temporary increase in vacancy, sales of certain shopping center properties throughout 2001 and 2000 and an overall decrease in shopping center portfolio occupancy to 90.1% at December 31, 2001 as compared to 92.9% at December 31, 2000 due primarily to bankruptcies of tenants and subsequent rejections of leases resulting in a decrease of revenues of approximately $7.6 million as compared to the preceding year.

Rental property expenses, including depreciation and amortization, increased $9.2 million or 5.2% to $185.8 million for the year ended December 31, 2001 as compared to $176.6 million for the preceding year. The rental property expense components of real estate taxes and operating and maintenance increased approximately $1.8 million and $4.4 million, respectively, for the year ended December 31, 2001 as compared with the year ended December 31, 2000. Depreciation and amortization increased $2.7 million for the year ended December 31, 2001 as compared to the preceding year. These increases are primarily due to property acquisitions during 2001 and 2000, renovations within the existing portfolio, the completion of certain redevelopment and development projects, and increased snow removal costs during 2001.

Equity in income of real estate joint ventures, net increased $5.6 million to $20.2 million for the year ended December 31, 2001 as compared to $14.6 million for the year ended December 31, 2000. This increase is primarily attributable to the KIR transaction described below.

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

During 1998, the Company formed KIR, a limited partnership established to invest in high quality retail properties financed primarily through the use of individual non-recourse mortgages. At the time of the formation, the Company contributed 19 property interests to KIR. On April 28, 1999, KIR sold a significant interest in the partnership to institutional investors. As a result, the Company holds a non-controlling limited partnership interest in KIR and accounts for its investment in KIR under the equity method of accounting. Equity in income of KIR increased $3.7 million to $13.2 million for the year ended December 31, 2001, as compared to $9.5 million for the preceding year. This increase is primarily due to the Company's increased capital investment in KIR totaling $30.8 million during 2001 and $29.6 million during 2000. The additional capital investments received by KIR from the Company and its other institutional partners were used to purchase additional shopping center properties throughout calendar years 2001 and 2000.

Income from other real estate investments, increased approximately $30.4 million to $38.1 million for the year ended December 31, 2001 as compared with $7.7 million for the year ended December 31, 2000. This increase is primarily due to the Montgomery Ward asset designation rights transaction described below.

During March 2001, the Company, through a taxable REIT subsidiary, formed a real estate joint venture (the "Ward Venture") in which the Company has a 50% interest, for purposes of acquiring asset designation rights for substantially all of the real estate property interests of the bankrupt estate of Montgomery Ward LLC and its affiliates. These asset designation rights have provided the Ward Venture the ability to direct the ultimate disposition of the 315 fee and leasehold interests held by the bankrupt estate. The Ward Venture has completed transactions on 271 properties, and the Company has recognized pre-tax profits of approximately $34.6 million for the year ended December 31, 2001.

Mortgage financing income increased approximately $0.8 million to $2.3 million for the year ended December 31, 2001 as compared to $1.5 million for the year ended December 31, 2000. This increase is primarily due to increased interest income earned related to certain real estate lending activities during the year ended December 31, 2001.

Effective January 1, 2001, the Company has elected taxable REIT subsidiary status for its wholly owned development subsidiary, KDI. KDI is primarily engaged in the ground-up development of neighborhood and community shopping centers and the subsequent sale thereof upon completion. During the year ended December 31, 2001, KDI sold two of its recently completed projects and five outparcels, in separate transactions, for approximately $61.3 million, which resulted in pre-tax profits of $13.4 million.

Interest, dividends and other investment income increased approximately $0.9 million to $17.3 million for the year ended December 31, 2001 as compared to $16.4 million for the year ended December 31, 2000. Interest, dividends and other investment income is primarily comprised of interest income, dividend income and realized gains related to the Company's investments and sales of certain marketable equity and debt securities.

Interest expense decreased $3.3 million or 3.6% to $88.6 million for the year ended December 31, 2001, as compared with $91.9 million for the year ended December 31, 2000. This decrease is primarily due to reduced interest costs on the Company's floating-rate revolving credit facility and remarketed reset notes during the year ended December 31, 2001, as compared to the preceding year.

General and administrative expenses increased approximately $3.2 million for the year ended December 31, 2001, as compared to the preceding calendar year. This increase is primarily due to higher costs related to the growth of the Company including (i) increased senior management and staff levels, (ii) increased system related costs and (iii) other personnel related costs. In addition, the Company issued a stock grant award to a newly appointed executive officer of the Company valued at approximately $1.1 million during 2001.

During 2001, the Company, in separate transactions, disposed of three operating properties, including the sale of a property to KIR, and a portion of another operating property comprising in the aggregate approximately 0.6 million square feet of GLA. Cash proceeds from these dispositions aggregated approximately $46.7 million, which resulted in a net gain of approximately $3.0 million. Cash proceeds from the sale of the operating property in Elyria, OH totaling $5.8 million, together with an additional $7.1 million cash investment, was used to acquire an exchange shopping center property located in Lakeland, FL during August 2001.

During 2000, the Company, in separate transactions, disposed of ten shopping center properties. Sale prices from two of these dispositions aggregated approximately $4.5 million, which approximated their aggregate net book value. Sale prices from eight of these dispositions aggregated approximately $29.7 million, which resulted in net gains of approximately $4.0 million.

Net income for the year ended December 31, 2001 was $236.5 million as compared to $205.0 million for the year ended December 31, 2000, representing an increase of $31.5 million. This improved performance reflects the combined effect of internal growth and property acquisitions in the core portfolio, profits from KDI, income from the investment in KIR and profits from the Ward Venture investment, which strengthened profitability.

Tenant Concentrations

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, 2002, the Company's five largest tenants, were Kmart

Corporation, The Home Depot, Kohl's, TJX Companies, and Wal-Mart, which represented approximately 4.5%, 2.8%, 2.7%, 2.5% and 1.9%, respectively, of the Company's annualized base rental revenues, including the proportionate share of base rental revenues from properties in which the Company has less than a 100% economic interest.

On January 22, 2002, Kmart filed for protection under Chapter 11 of the U.S. Bankruptcy Code. As of the filing date, Kmart occupied 69 locations (excluding the KIR portfolio which includes six Kmart locations), representing 12.6% of the Company's annualized base rental revenues and 13.3% of the Company's total shopping center GLA. During 2002, Kmart rejected its leases at 31 locations, representing approximately $30.8 million of annualized base rental revenues and approximately 3.2 million square feet of GLA. As of December 31, 2002, Kmart represented 4.5% of annualized base rents and 6.9% of leased GLA.

During December 2002, the Company disposed of, in separate transactions, seven former Kmart sites, comprised of approximately 0.7 million square feet of GLA, for an aggregate sales price of approximately $40.8 million.

The Company has currently leased or is under agreement to lease 11 of the rejected locations, has terminated four ground lease locations and has received offers to purchase three of these sites. The Company is reviewing the offers received and is actively marketing the remaining six locations to prospective tenants, however, no assurances can be provided that these locations will be leased in the near term or at comparable rents previously paid by Kmart.

The Company previously encumbered seven of these rejected locations with individual non-recourse mortgage loans totaling approximately $70.8 million. Annualized interest expense on these loans was approximately $5.6 million. During July 2002, the Company suspended debt service payments on these loans and was actively negotiating with the respective lenders. During December 2002, the Company reached agreements with certain lenders in connection with four of these locations. The Company paid approximately $24.2 million in full satisfaction of these loans aggregating approximately $46.5 million and the Company recognized a gain on early extinguishment of debt of approximately $22.3 million. Also, during December 2002, the Company re-tenanted one of these sites and has brought the mortgage loan encumbering this property current.

During February 2003, the Company reached agreement with the lender in connection with the remaining two encumbered sites. The Company paid approximately $8.3 million in full satisfaction of these loans which aggregated approximately $14.7 million and the Company will recognize a gain on early extinguishment of debt of approximately $6.2 million during the first quarter of 2003.

On January 14, 2003, Kmart announced it would be closing an additional 326 locations of which nine of these locations (excluding the KIR portfolio which includes three additional locations and Kimsouth which includes two additional locations) are leased from the Company. The annualized base rental revenues from these nine locations are approximately $4.3 million. The Company had previously encumbered one of these properties with an individual non-recourse mortgage loan. The annualized interest expense for the one encumbered property is approximately $0.8 million. As of the date of this filing of this Annual Report, the Company has not been notified directly by Kmart as to the timing of the store closings or whether the leases will be assigned or rejected. Until such time as the leases are rejected, in accordance with the bankruptcy proceedings, Kmart remains obligated for payments of rent and operating expenses at these locations and all other remaining locations.

Effective May 1, 2003, the Company has agreed to a five-year rent reduction at six Kmart locations, representing approximately 0.6 million square feet of GLA. The average rent was reduced from $8.01 per square foot to $5.57 per square foot, or approximately $1.5 million of annualized base rent.

The Company generally will have the right to file claims in connection with these rejected leases for lost rent equal to three years of rental obligations as well as other amounts related to obligations under the leases. Actual amounts to be received in satisfaction of these claims will be subject to Kmart's final plan of reorganization and the availability of funds to pay creditors such as the Company.

Liquidity and Capital Resources

It is management's intention that the Company continually have access to the capital resources necessary to expand and develop its business. As such, the Company intends to operate with and maintain a conservative capital structure with a level of debt to total market capitalization of 50% or less. As of December 31, 2002 the Company's level of debt to total market capitalization was 31%. In addition, the Company intends to maintain strong debt service coverage and fixed charge coverage ratios as part of its commitment to maintaining its investment-grade debt ratings. The Company may, from time to time, seek to obtain funds through additional equity offerings, unsecured debt financings and/or mortgage financings and other debt and equity alternatives in a manner consistent with its intention to operate with a conservative debt structure.

Since the completion of the Company's IPO in 1991, the Company has utilized the public debt and equity markets as its principal source of capital for its expansion needs. Since the IPO, the Company has completed additional offerings of its public unsecured debt and equity, raising in the aggregate over $2.7 billion for the purposes of, among other things, repaying indebtedness, acquiring interests in neighborhood and community shopping centers, funding ground-up development projects, expanding and improving properties in the portfolio and other investments.

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

The Company has a $250.0 million, unsecured revolving credit facility, which is scheduled to expire in August 2003. This credit facility has made available funds to both finance the purchase of properties and meet any short-term working capital requirements. As of December 31, 2002 there was $40.0 million outstanding under this credit facility. The Company intends to renew this facility prior to the maturity date.

During July 2002, the Company further enhanced its liquidity position by establishing an additional $150.0 million unsecured revolving credit facility. During December 2002, the Company paid down the outstanding balance and terminated this facility.

The Company also has a $200.0 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, development and redevelopment costs and (ii) managing the Company's debt maturities. (See Note 10 of the Notes to Consolidated Financial Statements included in this Annual Report.) As of December 31, 2002, the Company had $98.0 million available for issuance under the MTN program.

In addition to the public equity and debt markets as capital sources, the Company may, from time to time, obtain mortgage financing on selected properties. As of December 31, 2002, the Company had over 380 unencumbered property interests in its portfolio.

During May 2001, the Company filed a shelf registration statement on Form S-3 for up to $750.0 million of debt securities, preferred stock, depositary shares, common stock and common stock warrants. As of December 31, 2002, the Company had $288.7 million available for issuance under this shelf registration statement.

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 operating income 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 and other investments as suitable opportunities arise, and such other factors as the Board of Directors considers appropriate.

Cash dividends paid increased to $235.6 million in 2002, compared to $209.8 million in 2001 and $189.9 million in 2000. The Company's dividend payout ratio, based on funds from operations on a per-basic common share basis, for 2002, 2001 and 2000 was approximately 68.0%, 62.5% and 64.6%, respectively.

Although the Company receives substantially all of its rental payments on a monthly basis, it generally intends to continue paying dividends quarterly. Amounts accumulated in advance of each quarterly distribution will be invested by the Company in short-term money market or other suitable instruments.

The Company anticipates its capital commitment toward redevelopment projects during 2003 will be approximately $30.0 million to $50.0 million. Additionally, the Company anticipates its capital commitment toward ground-up development during 2003 will be approximately $160.0 million to $200.0 million. The proceeds from the sales of development properties and proceeds from construction loans in 2003 should be sufficient to fund the ground-up development capital requirements.

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 was $278.9 million for 2002, $287.4 million for 2001 and $250.5 million for 2000.

Contractual Obligations and Other Commitments

The Company has debt obligations relating to its revolving credit facility, MTNs, senior notes, mortgages and construction loans with maturities ranging from one to 22 years. As of December 31, 2002, the Company's total debt had a weighted average term to maturity of approximately five years. In addition, the Company has non-cancelable operating leases pertaining to its shopping center portfolio. As of December 31, 2002, the Company has certain shopping center properties that are subject to long-term ground leases where a third party owns and has leased the underlying land to the Company to construct and/or operate a shopping center. In addition, the Company has non-cancelable operating leases pertaining to its retail store lease portfolio. The following table summarizes the Company's debt maturities and obligations under non-cancelable operating leases as of December 31, 2002 (in millions):

	2003	2004	2005	2006	2007	Thereafter	Total
Long-Term Debt	$147.3	$223.9	$221.3	$118.8	$206.1	$659.6	$1,577.0
Operating Leases:							
Ground Leases	$ 10.9	$ 10.8	$ 10.1	$ 9.5	$ 9.0	$125.1	$ 174.5
Retail Store Leases	$ 9.5	$ 8.5	$ 7.3	$ 5.8	$ 3.9	$ 4.2	$ 39.2

The Company has $100.0 million of unsecured senior notes and $7.3 million of construction loans maturing in 2003. In addition, the Company's unsecured revolving credit facility, which is scheduled to mature in August 2003, had $40.0 million outstanding as of December 2002. The Company anticipates satisfying these maturities with a combination of operating cash flows, its unsecured revolving credit facility and new debt financings. The Company intends to renew its unsecured revolving credit facility prior to the maturity date.

The Company has issued letters of credit in connection with the collateralization of tax-exempt mortgage bonds, completion guarantees for certain construction projects, and guaranty of payment related to the Company's insurance program. These letters of credit aggregate approximately $14.9 million.

Additionally, the RioCan Venture, an entity in which the Company holds a 50% non-controlling interest, has a CAD $5.0 million (approximately USD $3.2 million) letter of credit facility. This facility is jointly guaranteed by RioCan and the Company and has approximately CAD $1.0 million (approximately USD $0.6 million) outstanding as of December 31, 2002 relating to various development projects.

During 2002, the Company obtained construction financing on eight ground-up development properties for an aggregate loan amount of up to $119.8 million. As of December 31, 2002, approximately $38.9 million was outstanding.

Unconsolidated Real Estate Joint Ventures

The Company has investments in a number of unconsolidated real estate joint ventures with varying structures. These investments include the Company's 43.3% non-controlling interest in KIR, the Company's 50% non-controlling interest in the RioCan Venture, the Company's 20% non-controlling interest in KROP, and varying interests in other real estate joint ventures. These joint ventures operate either shopping center properties or are established for development projects. Such arrangements are generally with third party institutional investors, local developers and individuals. The properties owned by the joint ventures are primarily financed with individual non-recourse mortgage loans. Non-recourse mortgage debt is generally defined as debt whereby the lenders' sole recourse with respect to borrower defaults is limited to the value of the property collateralized by the mortgage. The lender generally does not have recourse against any other assets owned by the borrower or any of the constituent members of the borrower, except for certain specified exceptions listed in the particular loan documents.

The KIR joint venture was established for the purpose of investing in high quality real estate properties financed primarily with individual non-recourse mortgages. The Company believes that these properties are appropriate for financing with greater leverage than the Company traditionally uses. As of December 31, 2002, KIR had interests in 68 properties comprising 14.0 million square feet of GLA. As of December 31, 2002, KIR had obtained individual non-recourse mortgage loans on 67 of these properties aggregating approximately $1,103.7 million. These non-recourse mortgage loans have maturities ranging from one to 16 years and rates ranging from 5.95% to 8.52%. In addition, KIR maintains a secured revolving credit facility with a syndicate of banks, which is scheduled to expire in November 2003. This facility is collateralized by the unfunded subscriptions of certain partners, including those of the Company. The facility has an aggregate availability of up to $100.0 million based upon the amount of unfunded subscription commitments of certain partners. During January 2003, the aggregate availability under the credit facility was reduced to $90.0 million. Under the terms of the facility, funds may be borrowed for general corporate purposes including the acquisition of institutional quality properties. Borrowings under the facility accrue interest at Libor plus 0.80%. As of December 31, 2002, there was $15.0 million outstanding under this facility. As of December 31, 2002, the Company's pro-rata share of non-recourse mortgages and other debt obligations relating to the KIR joint venture was approximately $484.4 million. The Company also has unfunded capital commitments to KIR in the amount of approximately $55.9 million as of December 31, 2002. (See Note 6 of the Notes to Consolidated Financial Statements included in this Annual Report.)

The RioCan Venture was established with RioCan Real Estate Investment Trust to acquire properties and development projects in Canada. As of December 31, 2002, the RioCan Venture consisted of 28 shopping center properties and four development projects with approximately 6.7 million square feet of GLA. As of December 31, 2002, the RioCan Venture had obtained individual, non-recourse mortgage loans on 26 of these properties aggregating approximately CAD $519.1 million (USD $329.3 million). These non-recourse mortgage loans have maturities ranging from one to 12 years and rates ranging from 5.82% to 10.31%. As of December 31, 2002 the Company's pro-rata share of non-recourse mortgage loans relating to the RioCan Venture was approximately CAD $259.6 million (USD $164.6 million). (See Note 6 of the Notes to Consolidated Financial Statements included in this Annual Report.)

The Kimco Retail Opportunity Fund ("KROP"), a joint venture with GE Capital Real Estate ("GECRE") was established to acquire high-growth potential retail properties in the United States. As of December 31, 2002, KROP consisted of 15 shopping center properties with approximately 1.5 million square feet of GLA. During 2002, KROP obtained a cross-collateralized mortgage with a 5-year term aggregating $73.0 million on eight properties with an interest rate of LIBOR plus 1.8%. During 2002, $1.9 million of this mortgage was repaid upon the sale of one of the collateralized properties. The interest on this mortgage is payable in monthly installments with principal due in full upon maturity. Additionally, KROP assumed mortgage debt of approximately $29.5 million in connection with the acquisition of three shopping centers, with fixed interest rates ranging from 7.38% to 8.64%. Such mortgage debt is collateralized by the individual shopping center property and is payable in monthly installments of principal and interest. At December 31, 2002 the weighted average interest rate for all mortgage debt outstanding was 4.65% per annum. As of December 31, 2002, the Company's pro-rata share of non-recourse mortgage loans relating to the KROP joint venture was approximately $20.0 million. Additionally, the Company along with its joint venture partner have provided interim financing ("Short-term Notes") for all acquisitions without a mortgage in place at the time of closing. As of December 31, 2002 KROP has outstanding Short-term Notes of $17.3 million due each the Company and GECRE. These short-term notes all have maturities of less than one year with rates ranging from Libor plus 4.0% to 4.25%. (See Note 6 of the Notes to Consolidated Financial Statements included in this Annual Report.)

The Company has various other unconsolidated real estate joint ventures with ownership interests ranging from 4% to 50%. As of December 31, 2002, these unconsolidated joint ventures had individual non-recourse mortgage loans aggregating approximately $187.9 million. The Company's pro-rata share of these non-recourse mortgages was approximately $78.9 million. (See Note 6 of the Notes to Consolidated Financial Statements included in this Annual Report.)

Other Real Estate Investments

During November 2002, the Company, through its taxable REIT subsidiary, together with Prometheus Southeast Retail Trust, completed the merger and privatization of Konover Property Trust, which has been renamed Kimsouth Realty, Inc., ("Kimsouth"). The Company acquired 44.5% of the common stock of Kimsouth, which consisted primarily of 38 retail shopping center properties comprising approximately 17.4 million square feet of GLA. Total acquisition value was approximately $280.9 million including approximately $216.2 million in mortgage debt. On December 23, 2002, Kimsouth obtained a cross-collateralized three-year mortgage, aggregating $21.3 million at a variable rate of Libor plus 3.0% which replaced (i) a secured line of credit for $8.0 million and (ii) a construction loan for $17.6 million. All mortgages, which are collateralized by the individual shopping center properties, are due in monthly installments. The scheduled maturities of all mortgages payable as of December 31, 2002, are approximately as follows (in millions): 2003: $74.7; 2004: $2.9; 2005: $30.3; 2006: $3.2; 2007: $45.3 and thereafter, $28.6. At December 31, 2002, the weighted average interest rate for all mortgage debt outstanding was 7.47% per annum.

During June 2002, the Company acquired a 90% equity participation interest in an existing leveraged lease of 30 properties. The properties are leased under a long-term bond-type net lease whose primary term expires in 2016, with the lessee having certain renewal option rights. The Company's cash equity investment was approximately $4.0 million. This equity investment is reported as a net investment in leveraged lease in accordance with SFAS No. 13 (as amended). The net investment in leveraged lease reflects the original cash investment adjusted by remaining net rentals, estimated unguaranteed residual value, unearned and deferred income, and deferred taxes relating to the investment.

As of December 31, 2002, four of these properties were sold whereby the proceeds from the sales were used to paydown the mortgage debt by approximately $9.6 million. As of December 31, 2002, the remaining 26 properties were encumbered by third-party non-recourse debt of approximately $86.0 million that is scheduled to fully amortize during the primary term of the lease from a portion of the periodic net rents receivable under the net lease. As an equity participant in the leveraged lease, the Company has no general obligation for principal or interest payments on the debt, which is collateralized by a first mortgage lien on the properties and collateral assignment of the lease. Accordingly, this debt has been offset against the related net rental receivable under the lease.

Effects of Inflation

Many of the Company's leases contain provisions designed to mitigate the adverse impact of inflation. Such provisions include clauses enabling the Company to receive payment of additional rent calculated as a percentage of tenants' gross sales above pre-determined thresholds, which generally increase as prices rise, and/or escalation clauses, which generally increase rental rates during the terms of the leases. Such escalation clauses often include increases based upon changes in the consumer price index or similar inflation indices. In addition, many of the Company's leases are for terms of less than 10 years, which permits the Company to seek to increase rents to market rates upon renewal. Most of the Company's leases require the tenant to pay an allocable share of operating expenses, including common area maintenance costs, real estate taxes and insurance, thereby reducing the Company's exposure to increases in costs and operating expenses resulting from inflation. The Company periodically evaluates its exposure to short-term interest rates and foreign currency exchange rates and will, from time to time, enter into interest rate protection agreements and/or foreign currency hedge agreements which mitigate, but do not eliminate, the effect of changes in interest rates on its floating-rate debt and fluctuations in foreign currency exchange rates.

New Accounting Pronouncements

In August 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets ("FASB No. 144"), which supercedes SFAS No. 121. FASB No. 144 requires that long-lived assets that are to be disposed of by sale be measured at the lower of book value or fair value less cost to sell. FASB No. 144 retains the requirements of SFAS No. 121 regarding impairment loss recognition and measurement. In addition, it requires that one accounting model be used for long-lived assets to be disposed of by sale and broadens the presentation of discontinued operations to include more disposal transactions. FASB No. 144 is effective for fiscal years beginning after December 15, 2001. Effective January 1, 2002, the Company adopted FASB No. 144. The impact of adoption of FASB No. 144 did not have a material adverse impact on the Company's financial position or results of operations.

In April 2002, the FASB issued SFAS No. 145, Rescission of FASB No. 4, 44, and 64, Amendment of FASB No. 13 and Technical Corrections ("FASB No. 145"). This statement eliminates the requirement to report gains and losses from extinguishment of debt as extraordinary unless they meet the criteria of APB Opinion 30. Debt extinguishments that were classified as extraordinary in prior periods presented that do not meet the criteria of APB Opinion 30 shall be reclassified. FASB No. 145 is effective for fiscal years beginning after May 15, 2002. During 2002, the Company elected early adoption of the provisions of FASB No. 145. The impact of adopting this statement did not have a material adverse impact on the Company's financial position or results of operations.

In July 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities ("FASB 146"). This statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force ("EITF") Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). For purpose of this statement, an exit or disposal activity is initiated when management, having the authority to approve the action, commits to an exit or disposal plan or otherwise disposes of a long-lived asset (disposal group) and, if the activity involves the termination of employees, the criteria for a plan of termination of this statement are met. The provisions of this statement shall be effective for exit or disposal activities initiated after December 31, 2002. The impact of the adoption of FASB No. 146 is not expected to have a material adverse impact on the Company's financial position or results of operations.

In November 2002, FASB issued FASB Interpretation No. 45 ("FIN 45"), Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others (an interpretation of FASB Statements No. 5, 57 and 107 and rescission of FASB Interpretation No. 34). FIN 45 clarifies the requirements of FASB Statement No. 5, Accounting for Contingencies. It requires that upon issuance of a guarantee, the guarantor must recognize a liability for the fair value of the obligation it assumes under that guarantee regardless of whether or not the guarantor receives separate identifiable consideration (i.e., a premium). The Company has adopted the new disclosure requirements, which are effective beginning with 2002 calendar year-end financials. FIN 45's provisions for initial recognition and measurement are effective on a prospective basis to guarantees issued or modified after December 31, 2002. The adoption of FIN 45 is not expected to have a material adverse impact on the Company's financial position or results of operations.

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation – Transition and Disclosure an amendment of FASB Statement No. 123 ("FASB No. 148"). This Statement amends FASB Statement No. 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of Statement 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The transition and annual disclosure provision of FASB No. 148 shall be applied for fiscal years ending after December 15, 2002. The new interim disclosure provisions are effective for the first interim period beginning after December 15, 2002. Effective January 1, 2003, the Company will adopt the prospective method provisions of FASB No. 148, which will apply the recognition provisions of FASB No. 123 to all employee awards granted, modified or settled after January 1, 2003. The adoption is not expected to have a material adverse impact on the Company's results of operations.

In January 2003, the FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities ("FIN 46"), the primary objective of which is to provide guidance on the identification of entities for which control is achieved through means other than voting rights ("variable interest entities" or "VIEs") and to determine when and which business enterprise should consolidate the VIE (the "primary beneficiary"). This new model applies when either (i) the equity investors (if any) do not have a controlling financial interest or (ii) the equity investment at risk is insufficient to

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

finance that entity's activities without additional financial support. In addition, FIN 46 requires additional disclosures. The Company is assessing the impact of this interpretation on its accounting for its investments in unconsolidated joint ventures (see Note 6 of the Notes to Consolidated Financial Statements included in this Annual Report.)

Quantitative and Qualitative Disclosures About Market Risk

As of December 31, 2002, the Company had approximately $280.0 million of floating-rate debt outstanding including $40.0 million on its unsecured revolving credit facility. The interest rate risk on $185.0 million of such debt has been mitigated through the use of interest rate swap agreements (the "Swaps") with major financial institutions. The Company is exposed to credit risk in the event of non-performance by the counter-party to the Swaps. The Company believes it mitigates its credit risk by entering into these Swaps with major financial institutions. The Company believes the interest rate risk represented by the remaining $95.0 million of floating-rate debt is not material to the Company or its overall capitalization.

As of December 31, 2002, the Company has Canadian investments totaling CAD $204.5 million (approximately USD $130.2 million) comprised of marketable securities and a real estate joint venture. In addition, the Company has Mexican real estate investments of MXN $383.7 million (approximately USD $35.7 million). The foreign currency exchange risk has been mitigated through the use of foreign currency forward contracts (the "Forward Contracts") and a cross currency swap (the "CC Swap") with major financial institutions. The Company is exposed to credit risk in the event of non-performance by the counter-party to the Forward Contracts and the CC Swap. The Company believes it mitigates its credit risk by entering into the Forward Contracts and the CC Swap with major financial institutions.

The Company has not, and does not plan to, enter into any derivative financial instruments for trading or speculative purposes. As of December 31, 2002, the Company had no other material exposure to market risk.

Forward-Looking Statements

This Annual Report, together with other statements and information publicly disseminated by Kimco Realty Corporation (the "Company" or "Kimco") contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of complying with these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe the Company's future plans, strategies and expectations, are generally identifiable by use of the words "believe," "expect," "intend," "anticipate," "estimate," "project" or similar expressions. You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond the Company's control and which could materially affect actual results, performances or achievements. Factors which may cause actual results to differ materially from current expectations include, but are not limited to, (i) general economic and local real estate conditions, (ii) the inability of major tenants to continue paying their rent obligations due to bankruptcy, insolvency or general downturn in their business, (iii) financing risks, such as the inability to obtain equity or debt financing on favorable terms, (iv) changes in governmental laws and regulations, (v) the level and volatility of interest rates (vi) the availability of suitable acquisition opportunities and (vii) increases in operating costs. Accordingly, there is no assurance that the Company's expectations will be realized.

REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows present fairly, in all material respects, the financial position of Kimco Realty Corporation and Subsidiaries (collectively, the "Company") at December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America. 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 of these statements in accordance with auditing standards generally accepted in the United States of America, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the consolidated financial statements, effective January 1, 2002 the Company adopted the provisions of Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which requires that the results of operations, including any gain or loss on sale, relating to real estate that has been disposed of or is classified as held for sale after initial adoption be reported in discontinued operations for all periods presented.

PricewaterhouseCoopers LLP

New York, New York
March 18, 2003

Consolidated Balance Sheets

(in thousands, except share information)

	December 31, 2002	December 31, 2001
Assets:		
Real Estate		
Rental property		
Land	**$ 518,268**	$ 540,927
Building and improvements	**2,666,626**	2,454,559
	3,184,894	2,995,486
Less, accumulated depreciation and amortization	**516,558**	452,878
	2,668,336	2,542,608
Real estate under development	**212,765**	204,530
Undeveloped land parcels	**1,312**	1,348
Real estate, net	**2,882,413**	2,748,486
Investment and advances in real estate joint ventures	**412,672**	272,920
Other real estate investments	**99,542**	7,613
Mortgages and other financing receivables	**94,024**	53,611
Cash and cash equivalents	**35,962**	93,847
Marketable securities	**66,992**	82,997
Accounts and notes receivable	**55,012**	48,074
Deferred charges and prepaid expenses	**50,149**	38,031
Other assets	**60,112**	39,200
	$3,756,878	$3,384,779
Liabilities & Stockholders' Equity:		
Notes payable	**$1,302,250**	$1,035,250
Mortgages payable	**230,760**	286,929
Construction loans payable	**43,972**	5,900
Accounts payable and accrued expenses	**94,784**	68,323
Dividends payable	**59,646**	57,345
Other liabilities	**24,198**	32,573
	1,755,610	1,486,320
Minority interests in partnerships	**93,940**	8,375
Commitments and contingencies		
Stockholders' Equity		
Preferred stock, $1.00 par value, authorized 5,000,000 shares		
Class A Preferred Stock, $1.00 par value, authorized 345,000 shares		
Issued and outstanding 300,000 shares	**300**	300
Aggregate liquidation preference $75,000		
Class B Preferred Stock, $1.00 par value, authorized 230,000 shares		
Issued and outstanding 200,000 shares	**200**	200
Aggregate liquidation preference $50,000		
Class C Preferred Stock, $1.00 par value, authorized 460,000 shares		
Issued and outstanding 400,000 shares	**400**	400
Aggregate liquidation preference $100,000		
Class D Convertible Preferred Stock, $1.00 par value, authorized 700,000 shares		
Issued and outstanding 0 and 92,390 shares, respectively	**—**	92
Aggregate liquidation preference $0 and $23,098, respectively		
Common stock, $.01 par value, authorized 200,000,000 shares		
Issued and outstanding 104,601,828 and 103,352,570 shares, respectively	**1,046**	1,034
Paid-in capital	**1,984,820**	1,976,442
Cumulative distributions in excess of net income	**(85,367)**	(93,131)
	1,901,399	1,885,337
Accumulated other comprehensive income	**7,401**	7,310
Notes receivable from officer stockholders	**(1,472)**	(2,563)
	1,907,328	1,890,084
	$3,756,878	$3,384,779

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

Consolidated Statements of Income

(in thousands, except per share data)

Year Ended December 31,	2002	2001	2000
Real estate operations:			
Revenues from rental property	$450,829	$450,408	$441,336
Rental property expenses:			
Rent	12,392	12,649	12,205
Real estate taxes	62,991	55,717	53,931
Operating and maintenance	47,214	45,759	41,373
	122,597	114,125	107,509
	328,232	336,283	333,827
Equity in income of real estate joint ventures, net	35,569	20,217	14,570
Minority interests in income of partnerships, net	(2,430)	(1,682)	(2,054)
Income from other real estate investments	16,038	38,113	7,710
Mortgage financing income	19,424	2,318	1,557
Gain on sale of development properties	15,879	13,418	—
Management and other fee income	14,193	7,797	6,131
Depreciation and amortization	(74,223)	(71,717)	(69,052)
Income from real estate operations	352,682	344,747	292,689
Other investments:			
Interest, dividends and other investment income	18,557	17,286	16,432
Other income/(loss), net	2,532	(2,184)	(1,803)
	21,089	15,102	14,629
Interest expense	(86,896)	(88,592)	(91,870)
General and administrative expenses	(31,904)	(28,680)	(25,485)
Gain on early extinguishment of debt	19,033	—	—
Adjustment of property carrying values	(12,530)	—	—
Gain on disposition of operating properties, net	—	3,040	3,962
Income from continuing operations before income taxes	261,474	245,617	193,925
Provision for income taxes	(12,904)	(19,376)	—
Income from continuing operations	248,570	226,241	193,925
Discontinued operations:			
Income/(loss) from discontinued operating properties (including adjustment of property carrying values of ($20,500) in 2002 and gain on early extinguishment of debt of $3,222 in 2002)	(15,680)	10,297	11,100
Gain on disposition of operating properties, net	12,778	—	—
Income/(loss) from discontinued operations	(2,902)	10,297	11,100
Net income	245,668	236,538	205,025
Preferred stock dividends	(18,437)	(24,553)	(26,328)
Net income available to common shareholders	$227,231	$211,985	$178,697
Per common share:			
Income from continuing operations			
Basic	$ 2.20	$ 2.09	$ 1.81
Diluted	$ 2.19	$ 2.05	$ 1.79
Net Income			
Basic	$ 2.18	$ 2.20	$ 1.93
Diluted	$ 2.16	$ 2.16	$ 1.91

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

Consolidated Statements of Comprehensive Income

(in thousands)

Year Ended December 31,	**2002**	2001	2000
Net income	**$245,668**	$236,538	$205,025
Other comprehensive income:			
Change in unrealized gain/(loss) on marketable securities	**(4,456)**	8,784	—
Change in unrealized gain/(loss) on interest rate swaps	**3,264**	(3,884)	—
Change in unrealized gain on warrants	**1,524**	2,410	—
Change in unrealized gain on foreign currency hedge agreements	**195**	—	—
Foreign currency translation adjustment	**(436)**	—	—
Other comprehensive income	**91**	7,310	—
Comprehensive income	**$245,759**	$243,848	$205,025

Consolidated Statements of Stockholders' Equity

For the Years Ended December 31, 2002, 2001 and 2000

(in thousands, except per share information)

	Preferred Stock		Common Stock			Cumulative Distributions in Excess of Net Income	Accumulated Other Comprehensive Income	Notes Receivable from Officer Stockholders	Total Stockholders' Equity
	Issued	Amount	Issued	Amount	Paid-in Capital				
Balance, December 31, 1999	1,329	$1,329	91,194	$ 913	$1,729,973	$(122,959)	$ —	$(3,821)	$1,605,435
Net income						205,025			205,025
Dividends ($1.81 per common share; $1.9375, $2.125, $2.0938, and $1.875 per Class A, Class B, Class C, and Class D Depositary Share, respectively)						(195,176)			(195,176)
Issuance of common stock			3,234	31	86,718				86,749
Exercise of common stock options			289	3	4,933			(387)	4,549
Repurchase of Class D Preferred Stock	(11)	(11)			(2,494)				(2,505)
Collection of notes receivable								262	262
Balance, December 31, 2000	1,318	1,318	94,717	947	1,819,130	(113,110)	—	(3,946)	1,704,339
Net income						236,538			236,538
Dividends ($1.96 per common share; $1.9375, $2.125, $2.0938, and $1.8409 per Class A, Class B, Class C, and Class D Depositary Share, respectively)						(216,559)			(216,559)
Issuance of common stock			3,906	40	122,103				122,143
Exercise of common stock options			1,694	17	34,919			(850)	34,086
Collection of notes receivable								2,233	2,233
Conversion of Class D Preferred Stock to common stock	(326)	(326)	3,036	30	290				(6)
Accumulated other comprehensive income							7,310		7,310
Balance, December 31, 2001	992	992	103,353	1,034	1,976,442	(93,131)	7,310	(2,563)	1,890,084
Net income						245,668			245,668
Dividends ($2.10 per common share; $1.9375, $2.125, $2.0938, and $1.8409 per Class A, Class B, Class C, Class D Depositary Share, respectively)						(237,904)			(237,904)
Issuance of common stock			80	1	2,523				2,524
Exercise of common stock options			308	3	5,771			(555)	5,219
Collection of notes receivable								1,646	1,646
Conversion of Class D Preferred Stock to common stock	(92)	(92)	861	8	84				—
Accumulated other comprehensive income							91		91
Balance, December 31, 2002	**900**	**$ 900**	**104,602**	**$1,046**	**$1,984,820**	**$ (85,367)**	**$7,401**	**$(1,472)**	**$1,907,328**

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

Consolidated Statements of Cash Flows

(in thousands)

Year Ended December 31,	2002	2001	2000
Cash flow from operating activities:			
Net income	$ 245,668	$ 236,538	$ 205,025
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	76,674	74,209	71,129
Adjustment of property carrying values	33,031	—	—
Gain on sale of development properties	(15,879)	(13,418)	—
Gain on sale of operating properties	(12,778)	(3,040)	(3,962)
Gain on early extinguishment of debt	(22,255)	—	—
Minority interests in income of partnerships, net	2,430	1,682	2,054
Equity in income of real estate joint ventures, net	(35,569)	(20,217)	(14,570)
Income from other real estate investments	(13,222)	(33,518)	(2,298)
Change in accounts and notes receivable	(6,938)	(1,956)	(12,806)
Change in accounts payable and accrued expenses	12,612	3,607	(1,176)
Change in other operating assets and liabilities	15,157	43,557	7,150
Net cash flow provided by operating activities	278,931	287,444	250,546
Cash flow from investing activities:			
Acquisition of and improvements to operating real estate	(240,528)	(63,403)	(158,515)
Acquisition of and improvements to real estate under development	(113,450)	(107,364)	—
Investment in marketable securities	(39,183)	(29,070)	(45,616)
Proceeds from sale of marketable securities	49,396	36,427	16,055
Redemption of minority interests in real estate partnerships	—	(7,133)	—
Investments in joint ventures	(11,419)	(1,382)	—
Reimbursements of investments in joint ventures	12,800	—	—
Investments and advances to real estate joint ventures	(161,649)	(88,532)	(30,066)
Reimbursements of advances to real estate joint ventures	16,665	24,824	2,400
Other real estate investments	(69,288)	—	—
Reimbursements of advances to other real estate investments	1,179	—	—
Investments and advances to affiliated companies	—	(100)	(6,866)
Investment in mortgage loans receivable	(123,242)	(36,099)	—
Collection of mortgage loans receivable	89,053	5,952	2,967
Collection of note receivable	400	—	—
Investment in and advances received from designation rights	263	—	—
Proceeds from sale of operating properties	84,139	46,766	28,015
Proceeds from sale of development properties	108,209	61,921	—
Net cash flow used for investing activities	(396,655)	(157,193)	(191,626)
Cash flow from financing activities:			
Principal payments on debt, excluding normal amortization of rental property debt	(30,689)	(4,587)	(17,024)
Principal payments on construction loan financings	(801)	—	—
Principal payments on rental property debt	(5,931)	(5,126)	(4,510)
Repayment of medium-term notes	(110,000)	—	(60,000)
Proceeds from issuance of medium-term notes	102,000	—	210,000
Repayment of senior notes	—	—	(100,000)
Proceeds from issuance of senior notes	235,000	—	—
Repayment of borrowings under senior term loan	—	—	(52,000)
Borrowings under revolving credit facilities	269,000	10,000	90,000
Repayment of borrowings under revolving credit facilities	(229,000)	(55,000)	(45,000)
Financing origination costs	—	—	(2,863)
Proceeds from mortgage financings	28,900	51,230	44,396
Proceeds from construction loan financings	38,873	—	—
Payment of unsecured obligation	(11,300)	—	(18,172)
Dividends paid	(235,602)	(209,785)	(189,896)
Payment for repurchase of stock	—	—	(2,505)
Proceeds from issuance of stock	9,389	157,767	79,675
Net cash flow provided by (used for) financing activities	59,839	(55,501)	(67,899)
Change in cash and cash equivalents	(57,885)	74,750	(8,979)
Cash and cash equivalents, beginning of year	93,847	19,097	28,076
Cash and cash equivalents, end of year	$ 35,962	$ 93,847	$ 19,097
Interest paid during the year	$ 93,066	$ 89,016	$ 89,857
Income taxes paid during the year	$ 12,035	$ 24,888	$ —
Supplemental schedule of noncash investing/financing activities:			
Acquisition of real estate interests by assumption of mortgage debt	$ 3,477	$ 17,220	$ 30,986
Acquisition of real estate interest by issuance of convertible downREIT units	$ 80,000	$ —	$ —
Acquisition of real estate through purchase of partnership interests	$ 6,638	$ —	$ —
Investment in real estate joint ventures by issuance of stock and contribution of property	$ —	$ 3,420	$ —
Disposition of real estate interests by assignment of mortgage debt	$ 28,747	$ —	$ 9,124
Proceeds held in escrow from sale of real estate interests	$ 5,433	$ —	$ 2,700
Notes received upon disposition of real estate interests	$ —	$ 400	$ —
Notes received upon exercise of stock options	$ 555	$ 850	$ 387
Declaration of dividends paid in succeeding period	$ 59,646	$ 57,345	$ 50,570

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

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies:

Business

Kimco Realty Corporation (the "Company" or "Kimco"), 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. The Company also provides property management services for shopping centers owned by affiliated entities, various real estate joint ventures and unaffiliated third parties.

Additionally, in connection with the Tax Relief Extension Act of 1999 (the "RMA"), which became effective January 1, 2001, the Company is now permitted to participate in activities which it was precluded from previously in order to maintain its qualification as a Real Estate Investment Trust ("REIT"), so long as these activities are conducted in entities which elect to be treated as taxable subsidiaries under the Internal Revenue Code, subject to certain limitations. As such, the Company, through its taxable REIT subsidiaries, is engaged in various retail real estate related opportunities including (i) merchant building, through its Kimco Developers, Inc. ("KDI") subsidiary, which is primarily engaged in the ground-up development of neighborhood and community shopping centers and the subsequent sale thereof upon completion and (ii) retail real estate advisory and disposition services which primarily focuses on leasing and disposition strategies of retail real estate controlled by both healthy and distressed and/or bankrupt retailers.

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, 2002, the Company's single largest neighborhood and community shopping center accounted for only 1.2% of the Company's annualized base rental revenues and only 0.8% of the Company's total shopping center gross leasable area ("GLA"). At December 31, 2002, the Company's five largest tenants include Kmart Corporation, The Home Depot, Kohl's, TJX Companies and Wal-Mart, which represented approximately 4.5%, 2.8%, 2.7%, 2.5% and 1.9%, respectively, of the Company's annualized base rental revenues, including the proportionate share of base rental revenues from properties in which the Company has less than a 100% economic interest.

The principal business of the Company and its consolidated subsidiaries is the ownership, development, management and operation of retail shopping centers. The Company does not distinguish or group its operations on a geographical basis for purposes of measuring performance. Accordingly, the Company believes it has a single reportable segment for disclosure purposes in accordance with accounting principles generally accepted in the United States.

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 partnerships in which the Company has a controlling interest. All significant intercompany balances and transactions have been eliminated in consolidation.

Generally accepted accounting principles ("GAAP") 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. The most significant assumptions and estimates relate to the valuation of real estate, depreciable lives, revenue recognition and the recoverability of trade accounts receivable. Application of these assumptions requires the exercise of judgment as to future uncertainties and, as a result, actual results could differ from these estimates.

Real Estate

Real estate assets are stated at cost, less accumulated depreciation and amortization. If there is an event or a change in circumstances that indicates that the basis of a property may not be recoverable, then management will assess any impairment in value by making a comparison of (i) the current and projected operating cash flows (undiscounted and without interest charges) of the property over its remaining useful life and (ii) the net carrying amount of the property. If the current and projected operating cash flows (undiscounted and without interest charges) are less than the carrying value of the property, the carrying value would be adjusted to an amount to reflect the estimated fair value of the property.

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

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 and replacements, which improve and extend the life of the asset, are capitalized.

Real Estate Under Development

Real estate under development represents the ground-up development of neighborhood and community shopping centers which are held for sale upon completion. These properties are carried at cost and no depreciation is recorded on these assets. The cost of land and buildings under development include specifically identifiable costs. The capitalized costs include pre-construction costs essential to the development of the property, development costs, construction costs, interest costs, real estate taxes, salaries and related costs and other costs incurred during the period of development. The Company ceases cost capitalization when the property is held available for occupancy upon substantial completion of tenant improvements, but no later than one year from the completion of major construction activity. If in management's opinion, the net sales price of these assets is less than the net carrying value, the carrying value would be written down to an amount to reflect the estimated fair value of the property.

Investments in Unconsolidated Joint Ventures

The Company accounts for its investments in unconsolidated joint ventures under the equity method of accounting as the Company exercises significant influence, but does not control these entities. These investments are recorded initially at cost and subsequently adjusted for equity in earnings and cash contributions and distributions.

On a periodic basis, management assesses whether there are any indicators that the value of the Company's investments in unconsolidated joint ventures may be impaired. An investment's value is impaired only if management's estimate of the fair value of the investment is less than the carrying value of the investment. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the investment over the estimated fair value of the investment.

Marketable Securities

The Company classifies its existing marketable equity securities as available-for-sale in accordance with the provisions of Statement of Financial Accounting Standard No. 115, Accounting for Certain Investments in Debt and Equity Securities. These securities are carried at fair market value, with unrealized gains and losses reported in stockholders' equity as a component of Other Comprehensive Income ("OCI"). Gains or losses on securities sold are based on the specific identification method.

All debt securities are classified as held-to-maturity because the Company has the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are stated at amortized cost, adjusted for amortization of premiums and accretion discounts to maturity.

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

Base rental revenues from rental property are recognized on a straight-line basis over the terms of the related leases. Certain of these leases also provide for percentage rents based upon the level of sales achieved by the lessee. These percentage rents are recorded once the required sales level is achieved. In addition, leases typically provide for reimbursement to the Company of common area maintenance costs, real estate taxes and other operating expenses. Operating expense reimbursements are recognized as earned.

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 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 Section 856 through 860 of the Internal Revenue Code, as amended (the "Code").

In connection with the RMA, which became effective January 1, 2001, the Company is now permitted to participate in certain activities which it was previously precluded from in order to maintain its qualification as a REIT, so long as these activities are conducted in entities which elect to be treated as taxable subsidiaries under the Code. As such, the Company is subject to federal and state income taxes on the income from these activities.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled.

Foreign Currency Translation and Transactions

Assets and liabilities of our foreign operations are translated using year-end exchange rates, and revenues and expenses are translated using exchange rates as determined throughout the year. Gains or losses resulting from translation are included in accumulated other comprehensive income ("OCI"), as a separate component of the Company's stockholders' equity. Gains or losses resulting from foreign currency transactions are translated to local currency at the rates of exchange prevailing at the dates of the transactions. The effect of the transaction's gain or loss is included in the caption Other income/(loss), net in the Consolidated Statements of Income.

Notes to Consolidated Financial Statements (continued)

Derivative / Financial Instruments

Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standard No. 133, Accounting for Derivative Instruments and Hedging Activities ("FASB No. 133"), as amended. FASB No. 133 establishes accounting and reporting standards for derivative instruments. This accounting standard requires the Company to measure derivative instruments at fair value and to record them in the Consolidated Balance Sheet as an asset or liability, depending on the Company's rights or obligations under the applicable derivative contract. In addition, the fair value adjustments will be recorded in either stockholders' equity or earnings in the current period based on the designation of the derivative. The effective portions of changes in fair value of cash flow hedges are reported in OCI and are subsequently reclassified into earnings when the hedged item affects earnings. The changes in fair value of derivative instruments which are not designated as hedging instruments and the ineffective portions of hedges are recorded in earnings for the current period.

The Company utilizes derivative financial instruments to reduce exposure to fluctuations in interest rates, foreign currency exchange rates and market fluctuation on equity securities. The Company has established policies and procedures for risk assessment and the approval, reporting and monitoring of derivative financial instrument activities. The Company has not, and does not plan to enter into financial instruments for trading or speculative purposes. Additionally, the Company has a policy of only entering into derivative contracts with major financial institutions. The principal financial instruments used by the Company are interest rate swaps, foreign currency exchange forward contracts, cross currency swaps and warrant contracts. In accordance with the provisions of FASB No. 133, these derivative instruments were designated and qualified as either cash flow, fair value or foreign currency hedges (see Note 15).

Earnings Per Share

On October 24, 2001, the Company's Board of Directors declared a three-for-two split (the "Stock Split") of the Company's common stock which was effected in the form of a stock dividend paid on December 21, 2001 to stockholders of record on December 10, 2001. All share and per share data included in the accompanying Consolidated Financial Statements and Notes thereto have been adjusted to reflect this Stock Split.

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

	2002	2001	2000
Computation of Basic Earnings Per Share:			
Income from continuing operations applicable to common shares	$230,133	$201,688	$167,597
Income/(loss) from discontinued operations	(2,902)	10,297	11,100
Net income applicable to common shares	$227,231	$211,985	$178,697
Weighted average common shares outstanding	104,458	96,317	92,688
Basic Earnings Per Share:			
Income from continuing operations	$ 2.20	$ 2.09	$ 1.81
Income/(loss) from discontinued operations	(.02)	0.11	0.12
Net income	$ 2.18	$ 2.20	$ 1.93
Computation of Diluted Earnings Per Share:			
Income from continuing operations applicable to common shares	$230,133	$201,688	$167,597
Dividends on Class D Convertible Preferred Stock	—	6,115	(a)
Dividends on convertible downREIT units	1,423	—	—
Income from continuing operations for diluted earnings per share	231,556	207,803	167,597
Income/(loss) from discontinued operations	(2,902)	10,297	11,100
Net income for diluted earnings per share	$228,654	$218,100	$178,697
Weighted average common shares outstanding—Basic	104,458	96,317	92,688
Effect of dilutive securities:			
Stock options	999	1,139	965
Assumed conversion of Class D Preferred stock to common stock	4	3,707	(a)
Assumed conversion of down REIT units	508	—	—
Shares for diluted earnings per share	105,969	101,163	93,653
Diluted Earnings Per Share:			
Income from continuing operations	$ 2.19	$ 2.05	$ 1.79
Income/(loss) from discontinued operations	(.03)	0.11	0.12
Net income	$ 2.16	$ 2.16	$ 1.91

(a) In 2000, the effect of the assumed conversion of the Class D Preferred Stock had an anti-dilutive effect upon the calculation of net income per common share. Accordingly, the impact of such conversion has not been included in the determination of diluted earnings per common share.

The Company applies the intrinsic value-based method of accounting prescribed by Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations including FASB Interpretation No. 44, Accounting for Certain Transactions involving Stock Compensation (an interpretation of APB Opinion No. 25), issued in March 2000, to account for stock-based employee compensation plans. Under this method, compensation cost is recognized for awards of shares of common stock or stock options to directors, officers and employees of the Company and consolidated subsidiaries only if the quoted market price of the stock at the grant date (or other measurement date, if later) is greater than the amount the grantee must pay to acquire the stock. The following table illustrates the effect on net income and earnings per share if the fair value based method had been applied to all outstanding stock awards in each period:

	Year Ended December 31, 2002	2001	2000
Net income, as reported	**$245,668**	$236,538	$205,025
Deduct: Total stock based employee compensation expense determined under fair value based method for all awards	**(3,153)**	(2,702)	(2,190)
Pro Forma Net Income—Basic	**$242,515**	$233,836	$202,835
Earnings Per Share Basic—as reported	**$ 2.18**	$ 2.20	$ 1.93
Basic—pro forma	**$ 2.15**	$ 2.17	$ 1.90
Net income for diluted earnings per share	**$228,654**	$218,100	$178,697
Deduct: Total stock based employee compensation expense determined under fair value based method for all awards	**(3,153)**	(2,702)	(2,190)
Pro Forma Net Income—Diluted	**$225,501**	$215,398	$176,507
Earnings Per Share Diluted—as reported	**$ 2.16**	$ 2.16	$ 1.91
Diluted—pro forma	**$ 2.13**	$ 2.13	$ 1.88

New Accounting Pronouncements

In August 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets ("FASB No. 144"), which supercedes SFAS No. 121. FASB No. 144 requires that long-lived assets that are to be disposed of by sale be measured at the lower of book value or fair value less cost to sell. FASB No. 144 retains the requirements of SFAS No. 121 regarding impairment loss recognition and measurement. In addition, it requires that one accounting model be used for long-lived assets to be disposed of by sale and broadens the presentation of discontinued operations to include more disposal transactions. Effective January 1, 2002, the Company adopted FASB No. 144. The adoption of FASB No. 144 did not have a material adverse impact on the Company's financial position or results of operations (see Note 5).

In April 2002, the FASB issued SFAS No. 145, Rescission of FASB No. 4, 44, and 64, Amendment of FASB No. 13 and Technical Corrections ("FASB No. 145"). This statement eliminates the requirement to report gains and losses from extinguishment of debt as extraordinary unless they meet the criteria of APB Opinion 30. Debt extinguishments that were classified as extraordinary in prior periods presented that do not meet the criteria of APB Opinion 30 shall be reclassified. FASB No. 145 is effective for fiscal years beginning after May 15, 2002. During 2002, the Company elected early adoption of the provisions of FASB No. 145. The impact of adopting this statement did not have a material adverse impact on the Company's financial position or results of operations.

In July 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities ("FASB 146"). This statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force ("EITF") Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). For purpose of this statement, an exit or disposal activity is initiated when management, having the authority to approve the action, commits to an exit or disposal plan or otherwise disposes of a long-lived asset (disposal group) and, if the activity involves the termination of employees, the criteria for a plan of termination of this statement are met. The provisions of this statement shall be effective for exit or disposal activities initiated after December 31, 2002. The impact of the adoption of FASB No. 146 is not expected to have a material adverse impact on the Company's financial position or results of operations.

In November 2002, the FASB issued FASB Interpretation No. 45 ("FIN 45"), Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others (an interpretation of FASB Statements No. 5, 57 and 107 and rescission of FASB Interpretation No. 34). FIN 45 clarifies the requirements of FASB Statement No. 5, Accounting for Contingencies. It requires that upon issuance of a guarantee, the guarantor must recognize a liability for the fair value of the obligation it assumes under the guarantee regardless of whether or not the guarantor receives separate identifiable consideration (i.e., a premium). The Company has adopted the new disclosure requirements, which are effective beginning with 2002 calendar year-end financials. FIN 45's provision for initial recognition and measurement are effective on a prospective basis to guarantees issued or modified after

December 31, 2002. The adoption of FIN 45 is not expected to have a material adverse impact on the Company's financial position or results of operations.

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation – Transition and Disclosure an amendment of FASB Statement No. 123 ("FASB No. 148"). This statement amends FASB Statement No. 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this statement amends the disclosure requirements of FASB Statement No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The transition and annual disclosure provisions of FASB No. 148 shall be applied for fiscal years ending after December 15, 2002. The new interim disclosure provisions are effective for the first interim period beginning after December 15, 2002. Effective January 1, 2003, the Company will adopt the prospective method provisions of FASB No. 148, which will apply the recognition provisions of FASB No. 123 to all employee awards granted, modified or settled after January 1, 2003. The adoption is not expected to have a material adverse impact on the Company's financial position or results of operations.

In January 2003, the FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities ("FIN 46"), the primary objective of which is to provide guidance on the identification of entities for which control is achieved through means other than voting rights ("variable interest entities" or "VIEs") and to determine when and which business enterprise should consolidate the VIE (the "primary beneficiary"). This new model applies when either (i) the equity investors (if any) do not have a controlling financial interest or (ii) the equity investment at risk is insufficient to finance that entity's activities without additional financial support. In addition, FIN 46 requires additional disclosures. The Company is assessing the impact of this interpretation on its accounting for its investments in unconsolidated joint ventures. The Company's exposure to losses associated with these unconsolidated joint ventures is limited to its carrying value in these investments (see Note 6).

Reclassifications

Certain reclassifications of prior years' amounts have been made to conform with the current year presentation.

2. Property Acquisitions, Developments and Other Investments:

Operating Properties—

During the years 2002, 2001 and 2000 the Company acquired wholly owned real estate interests, in separate transactions, at aggregate costs of approximately $258.7 million, $21.1 million and $62.5 million, respectively.

Ground-Up Development Properties—

Effective January 1, 2001, the Company elected taxable REIT subsidiary status for its wholly owned development subsidiary, Kimco Developers, Inc. ("KDI"). KDI is primarily engaged in the ground-up development of neighborhood and community shopping centers and the subsequent sale thereof upon completion.

During the years 2002, 2001 and 2000 certain subsidiaries and affiliates of the Company expended approximately $148.6 million, $119.4 million and $74.0 million, respectively, in connection with the purchase of land and construction costs related to its ground-up development projects.

Other Investments—

During October 2002, the Company purchased from various joint venture partners, the remaining interest in a property located in Harrisburg, PA for an aggregate purchase price of $0.5 million. This property is now 100% owned by the Company.

During June 2001, the Company purchased from an unaffiliated partner the remaining 20% interest in a property located in Skokie, IL for an aggregate purchase price of approximately $0.8 million. The property is now 100% owned by the Company.

Additionally, during June 2001, the Company purchased from an unaffiliated partner the remaining 10% interest in a property located in Smithtown, NY for an aggregate purchase price of approximately $2.5 million. The property is now 100% owned by the Company.

During December 2001, the Company purchased the remaining 10% interest in Kimco Select Investments, a New York general partnership for an aggregate price of approximately $1.7 million. Kimco Select Investments was formed in 1997 to provide the Company, through its 90% ownership interest, the opportunity to make investments outside of its core neighborhood and community shopping center business.

These property acquisitions and other investments have been funded principally through the application of proceeds from the Company's public unsecured debt issuances, equity offerings and proceeds from mortgage and construction financings (see Notes 10, 11, 12 and 16).

3. Dispositions of Real Estate:

During 2002, the Company, (i) disposed of, in separate transactions, 12 operating properties for an aggregate sales price of approximately $74.5 million, including the assignment/repayment of approximately $22.6 million of mortgage debt encumbering three of the properties and (ii) terminated five leasehold positions in locations where a tenant in bankruptcy had rejected its lease. These transactions resulted in net gains of approximately $12.8 million (see Note 5).

During 2002, KDI sold four of its recently completed projects and eight out-parcels for approximately $128.7 million including the assignment of approximately $17.7 million in mortgage debt encumbering one of the properties. The sales resulted in pre-tax gains of approximately $15.9 million.

During 2001, the Company, in separate transactions, disposed of three operating properties (including the sale of a property to KIR) and a portion of another operating property, comprising approximately 0.6 million square feet of GLA. Cash proceeds from these dispositions aggregated approximately $46.7 million which resulted in a net gain of approximately $3.0 million. Cash proceeds from the disposition of the operating property in Elyria, OH, totaling $5.8 million, together with an additional $7.1 million cash investment, was used to acquire an exchange shopping center property located in Lakeland, FL during August 2001.

During 2001, KDI sold two of its recently completed projects and five out-parcels for approximately $61.3 million, which resulted in pre-tax profits of $13.4 million.

4. Adjustment of Property Carrying Values:

As part of the Company's periodic assessment of its real estate properties with regard to both the extent to which such assets are consistent with the Company's long-term real estate investment objectives and the performance and prospects of each asset, the Company determined in the fourth quarter of 2002, that its investment in four operating properties comprised of an aggregate 0.4 million square feet of GLA with an aggregate net book value of approximately $23.8 million, may not be fully recoverable. Based upon management's assessment of current market conditions and lack of demand for the properties, the Company has reduced its anticipated holding period of these investments. As a result of the reduction in the anticipated holding period, together with a reassessment of the potential future operating income of the properties and the effects of current market conditions, the Company determined that its investment in these assets was not fully recoverable and has recorded an adjustment of property carrying values aggregating approximately $12.5 million.

5. Discontinued Operations and Assets Held for Sale:

In August 2001, the FASB issued Statement of Financial Accounting Standard No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets ("FASB 144"). FASB 144 established criteria beyond that previously specified in Statement of Financial Accounting Standard No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of ("FASB 121"), to determine when a long-lived asset is classified as held for sale, and it provides a single accounting model for the disposal of long-lived assets. FASB 144 was effective beginning January 1, 2002. In accordance with FASB 144, the Company now reports as discontinued operations assets held for sale (as defined by FASB 144) and assets sold in the current period. All results of these discontinued operations, are included in a separate component of income on the Consolidated Statements of Income under Discontinued operations. This change has resulted in certain reclassifications of 2001 and 2000 financial statement amounts.

The components of Income/(loss) from operations related to discontinued operations for each of the three years in the period ended December 31, 2002 are shown below. These include the results of operations through the date of each respective sale for properties sold during 2002 and a full year of operations for those assets classified as held for sale as of December 31, 2002, (in thousands):

	2002	2001	2000
Discontinued Operations:			
Revenues from rental property	**$ 9,275**	$18,208	$18,070
Rental property expenses	**(4,455)**	(4,280)	(4,456)
Income from property operations	**4,820**	13,928	13,614
Depreciation and amortization	**(2,451)**	(2,492)	(2,078)
Interest expense	**(787)**	(840)	(230)
Gain on early extinguishment of debt	**3,222**	—	—
Adjustment of property carrying values	**(20,500)**	—	—
Other	**16**	(299)	(206)
Income/(loss) from discontinued operating properties	**(15,680)**	10,297	11,100
Gain on disposition of operating properties, net	**12,778**	—	—
Income/(loss) from discontinued operations	**$ (2,902)**	$10,297	$11,100

During November 2002, the Company disposed of an operating property located in Chicago, IL. Net proceeds from this sale of approximately $8.0 million were accepted by a lender in full satisfaction of an outstanding mortgage loan of approximately $11.5 million. The Company recognized a gain on early extinguishment of debt of approximately $3.2 million.

During December 2002, the Company identified two operating properties, comprised of approximately 0.2 million square feet of GLA, as "Held for Sale" in accordance with FASB No. 144. The book value of these properties, aggregating approximately $28.4 million, net of accumulated depreciation of approximately $2.9 million, exceeded their estimated fair value. The Company's determination of the fair value of these properties, aggregating approximately $7.9 million, is based upon executed contracts of sale with third parties less estimated selling costs. As a result, the Company recorded an adjustment of property carrying values of $20.5 million. This adjustment is included, along with the related property operations for the current and comparative years, in the caption Income/(loss) from discontinued operations on the Company's Consolidated Statements of Income.

6. Investment and Advances in Real Estate Joint Ventures:

Kimco Income REIT ("KIR")—

During 1998, the Company formed KIR, an entity that was established for the purpose of investing in high quality real estate properties financed primarily with individual non-recourse mortgages. These properties include, but are not limited to, fully developed properties with strong, stable cash flows from credit-worthy retailers with long-term leases. The Company originally held a 99.99% limited partnership interest in KIR. Subsequent to KIR's formation, the Company sold a significant portion of its original interest to an institutional investor and admitted three other limited partners. As of December 31, 2002, KIR has received total capital commitments of $569.0 million, of which the Company subscribed for $247.0 million and the four limited partners subscribed for $322.0 million. The Company has a 43.3% non-controlling limited partnership interest in KIR and accounts for its investment under the equity method of accounting.

During 2002, the limited partners in KIR contributed $55.0 million towards their respective capital commitments, including $23.8 million by the Company. As of December 31, 2002, KIR had unfunded capital commitments of $129.0 million, including $55.9 million from the Company.

The Company's equity in income from KIR for the years ended December 31, 2002, 2001 and 2000 was approximately $16.3 million, $13.2 million and $9.5 million, respectively.

In addition, KIR entered into a master management agreement with the Company, whereby, the Company will perform services for fees related to management, leasing, operations, supervision and maintenance of the joint venture properties. For the years ended December 31, 2002, 2001 and 2000, the Company (i) earned management fees of approximately $4.4 million, $3.3 million and $2.0 million, respectively, (ii) received reimbursement of administrative fees of approximately $1.0 million, $1.4 million and $1.4 million, respectively, and (iii) earned leasing commissions of approximately $0.8 million, $0.3 million and $0.1 million, respectively.

During 2002, KIR purchased five shopping center properties, in separate transactions, aggregating approximately 1.8 million square feet of GLA for approximately $213.5 million, including the assumption of approximately $63.1 million of mortgage debt encumbering two of the properties.

During July 2002, KIR disposed of a shopping center property in Aurora, IL for an aggregate sales price of approximately $2.4 million, which represented the approximate book value of the property.

As of December 31, 2002, the KIR portfolio was comprised of 68 shopping center properties aggregating approximately 14.0 million square feet of GLA located in 21 states.

During 2002, KIR obtained individual non-recourse, non-cross collateralized fixed-rate ten year mortgages aggregating approximately $170.3 million on seven of its previously unencumbered properties with rates ranging from 5.95% to 7.38% per annum. The net proceeds were used to finance the acquisition of various shopping center properties.

During the year ended December 31, 2001, KIR purchased 12 shopping center properties (including one property from the Company for $37.0 million), in separate transactions, aggregating 2.9 million square feet of GLA for approximately $349.0 million, including the assumption of approximately $40.2 million of mortgage debt.

During December 2001, KIR disposed of a shopping center property in Lake Mary, FL for an aggregate sales price of approximately $2.4 million. This disposition resulted in a gain of approximately $0.5 million. Proceeds from this sale were used to acquire an exchange shopping center property.

During 2001, KIR obtained individual non-recourse, non-cross collateralized fixed-rate mortgages aggregating approximately $280.0 million on 14 of its previously unencumbered properties with terms ranging from 7 to 10 years and rates ranging from 6.76% to 7.69% per annum. The net proceeds were used to finance the acquisition of various shopping center properties.

KIR maintains a secured revolving credit facility with a syndicate of banks, which is scheduled to expire in November 2003. This facility is collateralized by the unfunded subscriptions of certain partners, including those of the Company. The facility has an aggregate availability of up to $100.0 million based upon the amount of unfunded subscription commitments of certain partners. During January 2003, the aggregate availability under the credit facility was reduced to $90.0 million. Under the terms of the facility, funds may be borrowed for general corporate purposes, including the acquisition of institutional quality properties. Borrowings under the facility accrue interest at LIBOR plus 0.80%. As of December 31, 2002, there was $15.0 million outstanding under this facility.

RioCan Investments—

During October 2001, the Company formed a joint venture (the "RioCan Venture") with RioCan Real Estate Investment Trust ("RioCan") in which the Company has a 50% non-controlling interest, to acquire retail properties and development projects in Canada. The acquisition and development projects are to be sourced and managed by RioCan and are subject to review and approval by a joint oversight committee consisting of RioCan management and the Company's management personnel. The Company has committed a total equity investment of up to CAD $250.0 million Canadian dollars ("CAD") for the acquisition of retail properties and development projects. Capital contributions will only be required as suitable opportunities arise and are agreed to by the Company and RioCan. During 2002, the RioCan Venture acquired 24 shopping center properties and four development properties, in separate transactions, comprising approximately 5.7 million square feet of GLA for an aggregate purchase price of approximately CAD $683.7 million (approximately USD $435.8 million) including the assumption of approximately CAD $321.5 million (approximately USD $203.1 million) in mortgage debt encumbering 13 of the properties.

During October 2001, the RioCan Venture acquired a portfolio of four shopping center properties located in British Columbia for an aggregate purchase price of approximately CAD $170.0 million (approximately USD $107.8 million) including the assumption of approximately CAD $108.5 million (approximately USD $68.8 million) in mortgage debt.

As of December 31, 2002, the RioCan Venture was comprised of 28 operating properties and four development properties consisting of approximately 6.7 million square feet of GLA.

Kimco / G.E. Joint Venture—

During 2001, the Company formed a joint venture (the "Kimco Retail Opportunity Portfolio" or "KROP") with GE Capital Real Estate ("GECRE"), in which the Company has a 20% non-controlling interest and manages the portfolio. The purpose of this joint venture is to acquire established high growth potential retail properties in the United States. Total capital commitments to KROP from GECRE and the Company are for $200.0 million and $50.0 million, respectively, and such commitments are funded proportionately as suitable opportunities arise and are agreed to by GECRE and the Company.

During 2002, GECRE and the Company contributed approximately $39.0 million and $9.8 million, respectively, towards their capital commitments. Additionally, GECRE and the Company provided short-term interim financing for all acquisitions made by KROP without a mortgage in place at the time of acquisition. All such financing bears interest at rates ranging from Libor plus 4.0% to 4.25% and have maturities of less than one year. As of December 31, 2002, outstanding balances relating to short-term interim financing is $17.3 million each for GECRE and the Company.

During 2002, KROP purchased 16 shopping centers aggregating 1.6 million square feet of GLA for approximately $177.8 million, including the assumption of approximately $29.5 million of mortgage debt encumbering three of the properties.

During October 2002, KROP disposed of a shopping center in Columbia, MD for an aggregate sales price of approximately $2.9 million, which resulted in a gain of approximately $0.7 million.

During 2002, KROP obtained a cross-collateralized mortgage with a five-year term aggregating $73.0 million on eight properties with an interest rate of Libor plus 1.8%. Upon the sale of one of the collateralized properties, $1.9 million was repaid during 2002. In order to mitigate the risks of interest rate fluctuations associated with this variable rate obligation, KROP entered into an interest rate cap agreement for the notional value of this mortgage.

Other Real Estate Joint Ventures—

The Company and its subsidiaries have investments in and advances to various other real estate joint ventures. These joint ventures are engaged primarily in the operation of shopping centers which are either owned or held under long-term operating leases.

During 2002, the Company acquired seven former Service Merchandise locations, in separate transactions, through a venture in which the Company has a 42.5% non-controlling interest. These properties were purchased for an aggregate purchase price of approximately $20.9 million. In November 2002, the joint venture obtained mortgages on two of these locations for approximately $7.0 million. The venture has signed leases for six of these locations and is actively negotiating with other retailers to lease the remaining location.

During July 2002, the Company acquired a property located in Kalamazoo, MI, through a joint venture in which the Company has a 50% non-controlling interest. The property was purchased for an aggregate purchase price of approximately $6.0 million.

During December 2002, the Company acquired an outparcel of an existing property located in Tampa, Fl, through a joint venture in which the Company has a 50% non-controlling interest. The property was purchased for an aggregate purchase price of approximately $4.9 million.

Additionally, during 2002, the Company, in separate transactions, disposed of two operating properties through a joint venture in which the Company has a 50% non-controlling interest. The properties were located in Tempe, AZ and Glendale, AZ and sold for approximately $19.2 million and $1.7 million, respectively.

During March 2001, the Company exercised its option to acquire a 50% non-controlling interest in a joint venture from KC Holdings, Inc. ("KC Holdings"), an entity formed in connection with the Company's initial public stock offering in November 1991. This joint venture consists of three shopping center properties located in Buffalo, NY, comprising approximately 0.4 million square feet of GLA. The joint venture was acquired for an aggregate option price of approximately $3.5 million, paid approximately $2.7 million in cash and $0.8 million in shares of the Company's common stock (29,638 shares valued at $27.67 per share). The members of the Company's Board of Directors who are not also shareholders of KC Holdings, unanimously approved the Company's purchase of this joint venture investment.

Notes to Consolidated Financial Statements (continued)

Summarized financial information for the recurring operations of these real estate joint ventures, is as follows (in millions):

	December 31, 2002	December 31, 2001
Assets:		
Real estate, net	**$2,511.8**	$1,676.4
Other assets	**132.5**	94.1
	$2,644.3	$1,770.5
Liabilities and Partners' Capital:		
Notes Payable	**$ 49.6**	$ 15.0
Mortgages payable	**1,720.6**	1,189.5
Other liabilities	**116.6**	72.6
Minority Interest	**10.8**	14.8
Partners' capital	**746.7**	478.6
	$2,644.3	$1,770.5

	Year Ended December 31, 2002	2001	2000
Revenues from rental property	**$ 314.8**	$ 209.4	$135.0
Operating expenses	**(78.2)**	(52.9)	(32.8)
Interest	**(108.0)**	(74.5)	(44.8)
Depreciation and amortization	**(41.6)**	(31.0)	(19.8)
Other, net	**(4.5)**	(3.0)	(1.6)
	(232.3)	(161.4)	(99.0)
Net income	**$ 82.5**	$ 48.0	$ 36.0

Other liabilities in the accompanying Consolidated Balance Sheets include accounts with certain real estate joint ventures totaling approximately $5.3 million and $8.7 million at December 31, 2002 and 2001, 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.

7. Other Real Estate Investments:

Ward Venture—

During March 2001, through a taxable REIT subsidiary, the Company formed a real estate joint venture, (the "Ward Venture") in which the Company has a 50% interest, for purposes of acquiring asset designation rights for substantially all of the real estate property interests of the bankrupt estate of Montgomery Ward LLC and its affiliates. These asset designation rights have provided the Ward Venture the ability to direct the ultimate disposition of the 315 fee and leasehold interests held by the bankrupt estate. The asset designation rights expired in August 2002 for the leasehold positions and expire in December 2004 for the fee owned locations. During the marketing period, the Ward Venture will be responsible for all carrying costs associated with the properties until the property is designated to a user. As of December 31, 2002, there were 12 properties which continue to be marketed.

During 2002, the Ward Venture completed transactions on 32 properties, and the Company recognized pre-tax profits of approximately $11.3 million.

During 2001, the Ward Venture completed transactions on 271 properties, and the Company recognized pre-tax profits from the Ward Venture of approximately $34.6 million.

Leveraged Lease—

During June 2002, the Company acquired a 90% equity participation interest in an existing leveraged lease of 30 properties. The properties are leased under a long-term bond-type net lease whose primary term expires in 2016, with the lessee having certain renewal option rights. The Company's cash equity investment was approximately $4.0 million. This equity investment is reported as a net investment in leveraged lease in accordance with FASB No. 13 (as amended).

During 2002, four of these properties were sold whereby the proceeds from the sales were used to pay down the mortgage debt by approximately $9.6 million. As of December 31, 2002, the remaining 26 properties were encumbered by third-party non-recourse debt of approximately $86.0 million that is scheduled to fully amortize during the primary term of the lease from a portion of the periodic net rents receivable under the net lease. As an equity participant in the leveraged lease, the Company has no general obligation for principal or interest payments on the debt, which is collateralized by a first mortgage lien on the properties and collateral assignment of the lease. Accordingly, this obligation has been offset against the related net rental receivable under the lease.

The net investment in leveraged lease reflects the original cash investment adjusted by remaining net rentals of approximately $94.8 million, estimated unguaranteed residual value of approximately $65.2 million, non-recourse mortgage debt of approximately ($86.0) million and unearned and deferred income of approximately ($70.0) million.

Kmart Venture—

During July 2002, the Company formed the Kmart Venture in which the Company has a 60% controlling participation for purposes of acquiring asset designation rights for 54 former Kmart locations. The total commitment to Kmart by the Kmart Venture, prior to the profit sharing arrangement commencing, is approximately $43.0 million. As of December 31, 2002, the Kmart Venture has completed transactions on 35 properties and has funded the total commitment of approximately $43.0 million to Kmart.

Kimsouth—

During November 2002, the Company, through its taxable REIT subsidiary, together with Prometheus Southeast Retail Trust, completed the merger and privatization of Konover Property Trust, which has been renamed Kimsouth Realty, Inc., ("Kimsouth"). The Company acquired 44.5% of the common stock of Kimsouth, which consisted primarily of 38 retail shopping center properties comprising approximately 4.6 million square feet of GLA. Total acquisition value was approximately $280.9 million including approximately $216.2 million in mortgage debt. The Company's investment strategy with respect to Kimsouth includes re-tenanting, repositioning and disposition of the properties. During December 2002, Kimsouth sold its joint venture interest in one property to its joint venture partner for net proceeds of approximately $4.6 million and disposed of a single property for net proceeds of approximately $2.9 million.

Selected financial information for Kimsouth as of December 31, 2002, is as follows: real estate, net of accumulated depreciation, $282.3 million; other assets $38.3 million; mortgages payable $185.0 million; other liabilities $3.6 million.

Preferred Equity Capital—

During 2002, the Company established a preferred equity program, which provides capital to developers and owners of shopping centers. During 2002, the Company provided, in separate transactions, an aggregate of approximately $25.6 million in investment capital to developers and owners of nine shopping centers.

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 sublet to retailers who lease the stores pursuant to net lease agreements. Income from the investment in these retail store leases during the years ended December 31, 2002, 2001 and 2000 was approximately $0.8 million, $3.2 million and $4.0 million, respectively. These amounts represent sublease revenues during the years ended December 31, 2002, 2001 and 2000 of approximately $13.9 million, $16.8 million and $19.0 million, respectively, less related expenses of $11.7 million, $12.2 million and $13.6 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 noncancellable tenant subleases and future minimum obligations through the remaining terms of its retail store leases, assuming no new or renegotiated leases are executed for such premises, for future years are as follows (in millions): 2003, $12.2 and $9.5; 2004, $10.7 and $8.5; 2005, $8.8 and $7.3; 2006, $7.8 and $5.8; 2007, $5.2 and $3.9 and thereafter, $6.5 and $4.2, respectively.

8. Mortgages and Other Financing Receivables:

During August 2001, the Company, through a joint venture in which the Company had a 50% interest, provided $27.5 million of debtor-in-possession financing (the "Ames Loan") to Ames Department Stores, Inc. ("Ames"), a retailer in bankruptcy. This loan bore interest at prime plus 6.0%, was collateralized by all real estate owned by Ames and was scheduled to mature in August 2003.

During September 2002, the Ames Loan, was restructured as a two-year $100.0 million secured revolving loan of which the Company has a 40% interest. This revolving loan is collateralized by all of Ames' real estate interests. The loan bears interest at 8.5% per annum and provides for contingent interest upon the successful disposition of the Ames properties. The outstanding balance on the revolving loan at December 31, 2002 was approximately $4.1 million.

During March 2002, the Company provided a $15.0 million three-year loan to Gottchalks, Inc., at an interest rate of 12.0% per annum collateralized by three properties. The Company receives principal and interest payments on a monthly basis. As of December 31, 2002, the outstanding loan balance was approximately $14.3 million.

During March 2002, the Company provided a $50.0 million ten-year loan to Shopko Stores Inc., at an interest rate of 11.0% per annum collateralized by 15 properties. The Company receives principal and interest payments on a monthly basis. As of December 31, 2002, the outstanding loan balance was approximately $49.8 million.

During May 2002, the Company provided a $15.0 million three-year loan to Frank's Nursery & Crafts, Inc. ("Frank's"), at an interest rate of 10.25% per annum collateralized by 40 real estate interests. Interest is payable quarterly in arrears. An additional $7.5 million revolving loan at an interest rate of 10.25% per annum was also established. As of December 31, 2002 there were no borrowings outstanding on the additional revolving loan. As an inducement to make these loans, Frank's issued the Company approximately 4.4 million warrants with an exercise price of $1.15 per share.

9. 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 $0.1 million at December 31, 2002 and 2001.

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.

Notes to Consolidated Financial Statements (continued)

10. Notes Payable:

The Company has implemented a 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 acquisitions, development and redevelopment costs, and (ii) managing the Company's debt maturities.

As of December 31, 2002, a total principal amount of $507.25 million, in senior fixed-rate MTNs had been issued under the MTN program primarily for the acquisition of neighborhood and community shopping centers, the expansion and improvement of properties in the Company's portfolio and the repayment of certain debt of the Company. These fixed-rate notes had maturities ranging from five to twelve years at the time of issuance and bear interest at rates ranging from 5.98% to 7.91%. Interest on these fixed-rate senior unsecured notes is payable semi-annually in arrears.

During July 2002, the Company issued an aggregate $102.0 million of unsecured debt under its MTN program. These issuances consisted of (i) an $85.0 million floating-rate MTN which matures in August 2004 and bears interest at Libor plus 0.50% per annum and (ii) a $17.0 million fixed-rate MTN which matures in July 2012 and bears interest at 5.98% per annum. The proceeds from these MTN issuances were used toward the repayment of a $110.0 million floating-rate MTN which matured in August 2002. In addition, the Company entered into an interest rate swap agreement on the $85.0 million floating-rate MTN which effectively fixed the interest rate at 2.3725% per annum until November 2003.

During November 2002, the Company issued $35.0 million of 4.961% fixed-rate Senior Notes due 2007 (the "2007 Notes"). Interest on the 2007 Notes is payable semi-annually in arrears. Net proceeds from the issuance totaling approximately $34.9 million, after related transaction costs of approximately $0.1 million, were primarily used to repay outstanding borrowings on the Company's unsecured credit facilities.

Also, during November 2002, the Company issued $200.0 million of 6% fixed-rate Senior Notes due 2012 (the "2012 Notes"). Interest on the 2012 Notes is payable semi-annually in arrears. The Notes were sold at 99.79% of par value. Net proceeds from the issuance totaling approximately $198.3 million, after related transaction costs of approximately $1.3 million, were primarily used to repay outstanding borrowings on the Company's unsecured credit facilities.

As of December 31, 2002, the Company has a total principal amount of $570.0 million, in fixed-rate unsecured senior notes. These fixed-rate notes have maturities ranging from 2003 through 2012 and bear interest at rates ranging from 4.96% to 7.50%. Interest on these fixed-rate senior unsecured notes is payable semi-annually in arrears.

As of December 31, 2002, the Company had outstanding $100.0 million of remarketed reset notes, which mature in August 2008. The interest rate spread applicable to each period is determined pursuant to a remarketing agreement between the Company and a financial institution. The current interest rate is LIBOR plus 1.25% per annum, and interest is payable quarterly in arrears. During November 2002, the Company entered into an interest rate swap agreement which effectively fixed the interest rate at 3.03% per annum through August 2003.

In accordance with the terms of the Indenture, as amended, 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 $26.0 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.

During August 2000, the Company established a $250.0 million, unsecured revolving credit facility (the "Credit Facility") with a group of banks which is scheduled to expire in August 2003. The Company intends to renew the Credit Facility prior to the maturity date. This Credit Facility has made available funds for general corporate purposes, including the funding of property acquisitions, development and redevelopment costs. Interest on borrowings accrues at a spread (currently 0.65%) to LIBOR or money-market rates, as applicable, which fluctuates in accordance with changes in the Company's senior debt ratings. The Company's senior debt ratings are currently A-/stable from Standard & Poors and Baa1/stable from Moody's Investor Services. As part of this Credit Facility, the Company has a competitive bid option where the Company may auction up to $100.0 million of its requested borrowings to the bank group. This competitive bid option provides the Company the opportunity to obtain pricing below the currently stated spread to LIBOR of 0.65%. A facility fee of 0.15% per annum is payable quarterly in arrears. 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. As of December 31, 2002, there was $40.0 million outstanding under this Credit Facility.

During July 2002, the Company further enhanced its liquidity position by establishing an additional $150.0 million unsecured revolving credit facility. During December 2002, the Company paid down the outstanding balance and terminated this facility.

The scheduled maturities of all unsecured senior notes payable as of December 31, 2002 are approximately as follows (in millions): 2003, $140.0; 2004, $185.0; 2005, $200.25; 2006, $85.0; 2007, $195.0 and thereafter, $497.0.

11. Mortgages Payable:

As part of the Company's strategy to reduce its exposure to Kmart Corporation, the Company had previously encumbered seven Kmart sites with individual non-recourse mortgages aggregating approximately $70.8 million. As a result of the Kmart bankruptcy filing in January 2002 and the subsequent rejection of leases including these encumbered sites, the Company, during July 2002, had suspended debt service payments on these loans and began active negotiations with the respective lenders.

During December 2002, the Company reached agreement with certain lenders in connection with four of these locations. The Company paid approximately $24.2 million in full satisfaction of the loans encumbering these properties which aggregated $46.5 million and the Company recognized a gain on early extinguishment of debt of approximately $22.3 million (see Note 5).

During December 2002, the Company re-tenanted one location and has brought the mortgage loan encumbering this property current.

During February 2003, the Company reached agreement with the lender in connection with the two remaining encumbered locations. The Company paid approximately $8.3 million in full satisfaction of these loans which aggregated approximately $14.7 million and will recognize a gain on early extinguishment of debt of approximately $6.2 million during the first quarter of 2003.

During 2001, the Company obtained four individual non-recourse fixed-rate mortgage loans providing aggregate proceeds to the Company of approximately $51.2 million. These ten-year loans mature in 2011 and have effective interest rates ranging from 7.31% to 7.64% per annum.

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 2023. Interest rates range from approximately 6.50% to 9.50% (weighted average interest rate of 7.82% as of December 31, 2002). The scheduled maturities of all mortgages payable as of December 31, 2002, are approximately as follows (in millions): 2003, $0.0; 2004, $8.8; 2005, $14.6; 2006, $33.8; 2007, $11.1 and thereafter, $162.5.

Two of the Company's properties are encumbered by approximately $11.1 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.

12. Construction Loans Payable:

During 2002, the Company obtained construction financing on eight ground-up development projects for an aggregate loan amount of up to $119.8 million, of which approximately $38.9 million has been funded as of December 31, 2002. These loans have maturities ranging from 18 to 36 months and a weighted average interest rate of 4.38% at December 31, 2002.

The scheduled maturities of all construction loans payable as of December 31, 2002, are approximately as follows (in millions): 2003, $7.3; 2004, $30.2; and 2005, $6.5.

13. KC Holdings:

To facilitate the Company's November 1991 initial public stock offering (the "IPO"), 46 shopping center properties and certain other assets, together with indebtedness related thereto, were transferred to subsidiaries of KC Holdings, a newly-formed corporation that is owned by the stockholders of the Company prior to the IPO. The Company was granted ten-year, fixed-price acquisition options (the "Acquisition 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. During the Acquisition Options period, which expired in November 2001, KC Holdings' subsidiaries had conveyed 29 shopping centers and a 50% interest in a joint venture consisting of three properties back to the Company. Additionally, KC Holdings' subsidiaries 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 these properties that have been reacquired by the Company from KC Holdings. The Company manages three of KC Holdings' four remaining shopping center properties pursuant to a management agreement (See Note 17).

14. 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 except those listed below for which fair values are reflected. Such fair value estimates are not necessarily indicative of the amounts that would be realized upon disposition of the

Company's financial instruments. The following are financial instruments for which the Company's estimate of fair value differs from the carrying amounts (in thousands):

	December 31, 2002	
	Carrying Amounts	Fair Value
Notes payable	$1,302,250	$1,353,884
Mortgages payable	$ 230,760	$ 282,361

15. Financial Instruments - Derivatives and Hedging:

The Company is exposed to the effect of changes in interest rates, foreign currency exchange rate fluctuations and market value fluctuations of equity securities. The Company limits these risks by following established risk management policies and procedures including the use of derivatives.

The principal financial instruments currently used by the Company are interest rate swaps, foreign currency exchange forward contracts, cross currency swaps and warrant contracts. The Company, from time to time, hedges the future cash flows of its floating-rate debt instruments to reduce exposure to interest rate risk principally through interest rate swaps with major financial institutions. The Company has interest-rate swap agreements on its $85.0 million floating-rate MTN and on its $100.0 million floating-rate remarketed reset notes, which have been designated and qualified as cash flow hedges. The Company has determined that these swap agreements are highly effective in offsetting future variable interest cash flows related to the Company's debt portfolio. For the year ended December 31, 2002, the change in the fair value of the interest rate swaps was $3.3 million which was recorded in OCI a component of stockholders' equity, with a corresponding liability reduction for the same amount.

During 2002, the Company entered into foreign currency forward contracts on its Canadian investment in marketable securities in the amount of approximately CAD $31.2 million (approximately USD $19.9 million). The Company has designated these foreign currency forward contracts as fair value hedges. The Company expects these forward contracts to be highly effective in limiting its exposure to the variability in the fair value of its Canadian investments as it relates to changes in the exchange rate. The gain or loss on the forward contracts will be recognized currently in earnings and the gain or loss on the Canadian investments attributable to changes in the exchange rate will be recognized currently in earnings and shall adjust the carrying amount of the hedged investments.

As of December 31, 2002, the Company had foreign currency forward contracts on its Canadian investments in real estate aggregating approximately CAD $173.3 million (approximately USD $110.3 million). In addition, the Company had foreign currency forward contracts and a cross currency swap aggregating $383.7 million pesos ("MXN")(approximately USD $35.7 million) on its Mexican real estate investments. The Company has designated these foreign currency agreements as hedges of the foreign currency exposure of its net investment in Canadian and Mexican real estate operations. The Company believes that these agreements are highly effective in reducing the exposure to fluctuations in the exchange rate. The gains and losses on these net investment hedges are recorded in OCI with a corresponding asset or liability for the same amount. Similarly, the foreign currency translation gains and losses on the Canadian and Mexican investments attributable to changes in the exchange rate will also be recorded in OCI.

During 2001, the Company acquired warrants to purchase the common stock of a Canadian REIT. The Company has designated the warrants as a cash flow hedge of the variability in expected future cash outflows upon purchasing the common stock. The Company has determined the hedged cash outflow is probable and expected to occur prior to the expiration date of the warrants. The Company has determined that the warrants are fully effective. For the year ended December 31, 2002, the change in fair value of the warrants was a loss of approximately $0.1 million which was recorded in OCI with a corresponding asset for the same amount.

The following table summarized the notional values and fair values of the Company's derivative financial instruments as of December 31, 2002:

Hedge Type	Notional Value	Rate	Maturity	Fair Value (in millions)
Interest rate swap—cash flow	$185.0 million	1.78%–1.8725%	8/03–11/03	($0.6)
Foreign currency forwards—fair value	CAD $31.2 million	1.5882–1.5918	9/03–4/05	$0.1
Warrants—cash flow	2,500,000 shares of common stock	CAD $11.02	9/06	$2.3
Foreign currency forwards—net investment	CAD $173.3 million	1.5527–1.6194	1/05–8/05	$1.3
Foreign currency forwards—net investment	MXN $243.8 million	10.57–12.14	9/06	($0.5)
MXN cross currency swap—net investment	MXN $139.9 million	7.227	10/07	($0.4)

As of December 31, 2002, these derivative instruments were reported at their fair value as other liabilities of $1.5 million and other assets of $3.7 million. During the next 12 months, the Company expects to reclassify to earnings as expense approximately $0.6 million of the current balance in accumulated OCI primarily related to the fair value of the interest rate swaps.

16. Preferred Stock, Common Stock and DownREIT Unit Transactions:

During October 2002, the Company acquired an interest in a shopping center property located in Daly City, CA valued at $80.0 million through the issuance of approximately 2.4 million downREIT units (the "Units") which are convertible at a ratio of 1:1 into the Company's common stock. The downREIT unit holder has the right to convert the Units any time after one year. In addition, the Company has the right to mandatorily require a conversion after ten years. If at the time of conversion the common stock price for the 20 previous trading days is less than $33.57 per share the unit holder would be entitled to additional shares, however, the maximum number of additional shares is limited to 251,966 based upon a floor common stock price of $30.36. The Company has the option to settle the conversion in cash. Dividends on the Units are paid quarterly at the rate of the Company's common stock dividend multiplied by 1.1057. The value of the units is included in Minority interests in partnerships on the accompanying Consolidated Balance Sheets.

During March 2001, the Company issued 29,638 shares of common stock at $27.67 per share in connection with the exercise of its option to acquire a 50% interest in a joint venture consisting of three shopping center properties from KC Holdings.

During November 2001, the Company completed a primary public stock offering of 2,250,000 shares of common stock priced at $32.85 per share. The net proceeds from this sale of common stock, totaling approximately $70.1 million (after related transaction costs of $3.8 million) was used primarily to invest equity capital in a new joint venture formed with G.E. Capital Real Estate and for additional equity capital in KIR (see Note 6).

During December 2001, the Company completed a primary public stock offering of 1,500,000 shares of common stock priced at $33.57 per share. The net proceeds from this sale of common stock, totaling approximately $47.6 million (after related transaction costs of $2.7 million) was used for general corporate purposes, including (i) the investment of additional equity capital in KIR (see Note 6) and (ii) the development, redevelopment and expansion of properties in the Company's portfolio.

Additionally, during November 2001, the Company announced the redemption of all outstanding depositary shares of the Company's 7-1/2% Class D Cumulative Convertible Preferred Stock (the "Class D Preferred Stock") in exchange for shares of the Company's common stock. The Board of Directors set January 3, 2002 as the mandatory redemption date on which all outstanding depositary shares of Class D Preferred Stock would be redeemed. Holders of the Class D Preferred Stock on the redemption date received 0.93168 shares of the Company's common stock, as adjusted for the Company's three-for-two common stock split, for each depositary share redeemed. During 2001, 3,258,642 depositary shares of the Class D Preferred Stock were voluntarily converted to common stock by the holders. On January 3, 2002, the remaining 923,900 depositary shares of the Class D Preferred Stock were redeemed for common stock by the Company and a final dividend payment of 43.4680 cents per Class D Depositary share was paid on January 15, 2002.

At December 31, 2002, the Company had outstanding 3,000,000 Depositary Shares (the "Class A Depositary Shares"), each such Class A Depositary Share representing a one-tenth fractional interest of a share of the Company's 7-3/4% Class A Cumulative Redeemable Preferred Stock, par value $1.00 per share (the "Class A Preferred Stock"), 2,000,000 Depositary Shares (the "Class B Depositary Shares"), each such Class B Depositary Share representing a one-tenth fractional interest of a share of the Company's 8-1/2% Class B Cumulative Redeemable Preferred Stock, par value $1.00 per share (the "Class B Preferred Stock") and 4,000,000 Depositary Shares (the "Class C Depositary Shares"), each such Class C Depositary Share representing a one-tenth fractional interest of a share of the Company's 8-3/8% Class C Cumulative Redeemable Preferred Stock, par value $1.00 per share (the "Class C Preferred Stock").

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 $25.00 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 $25.00 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 $25.00 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.

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 $25.00 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 $25.00 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 Class A Preferred Stock and Class B 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 Stock holders 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 ($25.00 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.

17. Transactions with Related Parties:

During 2002, the Company, along with its joint venture partner provided KROP short-term interim financing for all acquisitions by KROP for which a mortgage was not in place at the time of closing. All such financing bears interest at rates ranging from Libor plus 4.0% and 4.25% and have maturities of less than one year. As of December 31, 2002, KROP had outstanding short-term interim financing to GECRE and the Company totaling $17.3 million each. The Company earned $0.8 million during 2002 related to such interim financing.

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 less than $0.4 million for each of the years ended December 31, 2002, 2001 and 2000, respectively.

In November 1991 the Company was granted Acquisition Options to reacquire the real estate assets owned by KC Holdings' subsidiaries. The remaining Acquisition Options expired in November 2001 with regard to the real estate assets which the Company had not reacquired.

In March 2001, the Company exercised its option to acquire a 50% interest in a joint venture from KC Holdings. The joint venture consists of three shopping center properties located in Buffalo, NY. This joint venture interest was acquired for an aggregate option price of approximately $3.5 million, paid approximately $2.7 million in cash and $0.8 million in shares of the Company's common stock (29,638 shares valued at $27.67 per share).

Reference is made to Notes 6, 13, and 16 for additional information regarding transactions with related parties.

18. Commitments and Contingencies:

The Company and its subsidiaries are primarily engaged in the operation of shopping centers which are either owned or held under long-term leases which expire at various dates through 2087. 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 99% of total revenues from rental property for each of the three years ended December 31, 2002, 2001 and 2000, respectively.

The future minimum revenues from rental property under the terms of all noncancellable tenant leases, assuming no new or renegotiated leases are executed for such premises, for future years are approximately as follows (in millions): 2003, $335.3; 2004, $309.7; 2005, $282.2; 2006, $250.8; 2007, $222.0 and thereafter, $1,333.3.

Minimum rental payments under the terms of all noncancellable operating leases pertaining to its shopping center portfolio for future years are approximately as follows (in millions): 2003, $10.9; 2004, $10.8; 2005, $10.1; 2006, $9.5; 2007, $9.0 and thereafter, $125.1.

The Company has issued letters of credit in connection with the collateralization of tax-exempt mortgage bonds, completion guarantees for certain construction projects, and guaranty of payment related to the Company's insurance program. These letters of credit aggregate approximately $14.9 million.

Additionally, the RioCan Venture, an entity in which the Company holds a 50% non-controlling interest, has a CAD $5.0 million (approximately USD $3.2 million) letter of credit facility. This facility is jointly guaranteed by RioCan and the Company and has approximately CAD $1.0 million (approximately USD $0.6 million) outstanding as of December 31, 2002 relating to various development projects.

During 2002, the limited partners in KIR, an entity in which the Company holds a 43.3% non-controlling interest, contributed $55.0 million towards their respective capital commitments, including $23.8 million by the Company. As of December 31, 2002, KIR had unfunded capital commitments of $129.0 million, including $55.9 million from the Company.

KIR maintains a secured revolving credit facility with a syndicate of banks, which is scheduled to expire in November 2003. This facility is collateralized by the unfunded subscriptions of certain partners, including those of the Company. The facility has an aggregate availability of up to $100.0 million based upon the amount of unfunded subscription commitments of certain partners. During January 2003, the aggregate availability under the credit facility was reduced to $90.0 million. As of December 31, 2002, there was $15.0 million outstanding under this facility.

19. Incentive Plans:

The Company maintains a stock option plan (the "Plan") pursuant to which a maximum 13,500,000 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. In addition, the Plan provides for the granting of certain options to each of the Company's non-employee directors (the "Independent Directors") and permits such Independent Directors to elect to receive deferred stock awards in lieu of directors' fees.

Information with respect to stock options under the Plan for the years ended December 31, 2002, 2001 and 2000 is as follows:

	Shares	Weighted Average Exercise Price Per Share
Options outstanding, December 31, 1999	4,869,138	$20.56
Exercised	(290,106)	$17.03
Granted	1,347,637	$27.09
Forfeited	(387,874)	$19.07
Options outstanding, December 31, 2000	5,538,795	$22.44
Exercised	(1,694,227)	$20.62
Granted	2,119,175	$30.71
Forfeited	(54,390)	$25.76
Options outstanding, December 31, 2001	5,909,353	$25.90
Exercised	(307,831)	$18.76
Granted	1,562,525	$31.27
Forfeited	(61,974)	$27.99
Options outstanding, December 31, 2002	**7,102,073**	**$27.37**
Options exercisable— December 31, 2000	2,921,737	$20.13
December 31, 2001	2,369,288	$21.98
December 31, 2002	**3,298,417**	**$24.06**

The exercise prices for options outstanding as of December 31, 2002 range from $14.17 to $33.67 per share. The weighted average remaining contractual life for options outstanding as of December 31, 2002 was approximately 7.8 years. Options to purchase 1,731,321, 3,293,846 and 913,042 shares of the Company's common stock were available for issuance under the Plan at December 31, 2002, 2001 and 2000, 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, net income and net income per diluted common share for the years ended December 31, 2002, 2001 and 2000 would have been reduced by approximately $3.2 million or $0.03 per diluted share, $2.7 million or $0.03 per diluted share and $2.2 million or $0.03 per diluted share, respectively. Effective January 1, 2003, the Company will adopt the prospective method provisions of FASB No. 148, which will apply the recognition provisions of FASB No. 123 to all employee awards granted, modified or settled after January 1, 2003.

Notes to Consolidated Financial Statements (continued)

These pro forma adjustments to net income and net income per diluted 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 2002, 2001 and 2000 include: (i) weighted average risk-free interest rates of 3.06%, 4.85% and 5.69%, respectively; (ii) weighted average expected option lives of 4.1 years, 5.5 years, and 4.4 years, respectively; (iii) an expected volatility of 16.12%, 15.76% and 15.82%, respectively, and (iv) an expected dividend yield of 6.87%, 6.74% and 6.95%, respectively. The per share weighted average fair value at the dates of grant for options awarded during 2002, 2001 and 2000 was $1.50, $1.98 and $2.05, 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% of their eligible compensation, is fully vested and funded as of December 31, 2002. Company contributions to the plan were approximately $0.7 million, $0.7 million and $0.6 million for the years ended December 31, 2002, 2001 and 2000, respectively.

20. Income Taxes:

The Company elected to qualify as a REIT in accordance with the Code commencing with its taxable year which began January 1, 1992. To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including a requirement that it currently distribute at least 90% of its adjusted REIT taxable income to its stockholders. It is management's intention to adhere to these requirements and maintain the Company's REIT status. As a REIT, the Company generally will not be subject to corporate federal income tax, provided that distributions to its stockholders equal at least the amount of its REIT taxable income as defined under the Code. If the Company fails to qualify as a REIT in any taxable year, it will be subject to federal income taxes at regular corporate rates (including any applicable alternative minimum tax) and may not be able to qualify as a REIT for four subsequent taxable years. Even if the Company qualifies for taxation as a REIT, the Company is subject to certain state and local taxes on its income and property and federal income and excise taxes on its undistributed taxable income. In addition, taxable income from non-REIT activities managed through taxable REIT subsidiaries is subject to federal, state and local income taxes.

Reconciliation between GAAP Net Income and Federal Taxable Income:

The following table reconciles GAAP net income to taxable income for the years ended December 31, 2002, 2001 and 2000 (in thousands):

	2002 (Estimated)	2001 (Actual)	2000 (Actual)
GAAP net income	$245,668	$236,538	$205,025
Less: GAAP net income of taxable REIT subsidiaries	(23,573)	(29,063)	—
GAAP net income from REIT operations (Note 1)	222,095	207,475	205,025
Net book depreciation in excess of tax depreciation	4,043	3,612	2,889
Deferred and prepaid rents	(5,800)	(6,647)	(7,117)
Exercise of non-qualified stock options	(3,000)	(15,354)	(2,534)
Book/tax depreciation differences from investments in real estate joint ventures	(1,929)	(3,206)	(2,253)
Other book/tax differences, net	18,365	12,863	(14,240)
Adjusted taxable income subject to 90% dividend requirements	$233,774	$198,743	$181,770

Note 1 – All adjustments to "GAAP net income from REIT operations" are net of amounts attributable to minority interest and taxable REIT subsidiaries.

Reconciliation between Cash Dividends Paid and Dividends Paid Deductions:

Cash dividends paid were equal to the dividends paid deduction for the years ended December 31, 2002, 2001 and 2000, and amounted to (in thousands) $235,602, $209,785 and $189,896, respectively.

Characterization of Distributions:

The following characterizes distributions paid for the years ended December 31, 2002, 2001 and 2000 (in thousands):

	2002		2001		2000	
Preferred Dividends						
Ordinary income	$ 17,935	96%	$ 26,253	100%	$ 26,376	100%
Capital gain	764	4%	—	—	—	—
	$ 18,699	100%	$ 26,253	100%	$ 26,376	100%
Common Dividends						
Ordinary income	$208,040	96%	$174,380	95%	$163,520	100%
Capital gain	8,863	4%	—	—	—	—
Return of capital	—	—	9,152	5%	—	—
	$216,903	100%	$183,532	100%	$163,520	100%
Total dividends distributed	$235,602		$209,785		$189,896	

Taxable REIT Subsidiaries ("TRS"):

Commencing January 1, 2001, the Company is subject to federal, state and local income taxes on the income from its TRS activities.

Income taxes have been provided for on the asset and liability method as required by Statement of Financial Accounting Standard No. 109, Accounting for Income Taxes. Under the asset and liability method, deferred income taxes are recognized for the temporary differences between the financial reporting basis and the tax basis of the TRS assets and liabilities.

The Company's TRS income and provision for income taxes for the years ended December 31, 2002 and 2001, are summarized as follows (in thousands):

	2002	2001
Taxable income before income taxes	**$36,477**	$48,439
Less provision for income taxes:		
Federal	**10,538**	15,682
State and local	**2,366**	3,694
Total tax provision	**12,904**	19,376
TRS net income	**$23,573**	$29,063

There was no provision for income taxes for the year ended December 31, 2000.

Deferred tax assets of approximately $4.4 million as of December 31, 2002 and 2001 and deferred tax liabilities of approximately $1.7 million as of December 31, 2002, are included in the caption Other assets and Other liabilities on the accompanying Consolidated Balance Sheets at December 31, 2002 and 2001, respectively. These deferred tax assets and liabilities relate primarily to differences in the timing of the recognition of income/(loss) between GAAP and tax basis of accounting of (i) real estate joint ventures, (ii) other real estate investments and (iii) other deductible temporary differences.

The income tax provision differs from the amount computed by applying the statutory federal income tax rate to taxable income before income taxes as follows (in thousands):

	2002	2001
Federal provision at statutory tax rate (35%)	**$12,767**	$16,954
State and local taxes, net of federal benefit	**2,010**	2,422
Other	**(1,873)**	—
	$12,904	$19,376

21. Supplemental Financial Information:

The following represents the results of operations, expressed in thousands except per share amounts, for each quarter during years 2002 and 2001:

	2002 (Unaudited)			
	Mar. 31	June 30	Sept. 30	Dec. 31
Revenues from rental property [(1)]	**$112,255**	**$112,494**	**$110,191**	**$115,891**
Net income	**$ 60,894**	**$ 61,055**	**$ 60,756**	**$ 62,963**
Net income per common share:				
Basic	**$ .54**	**$ .54**	**$ .54**	**$ .56**
Diluted	**$ .53**	**$ .54**	**$ .53**	**$ .56**

	2001 (Unaudited)			
	Mar. 31	June 30	Sept. 30	Dec. 31
Revenues from rental property [(1)]	$116,469	$113,695	$109,974	$110,270
Net income	$ 56,053	$ 59,352	$ 59,250	$ 61,883
Net income per common share:				
Basic	$ .52	$ .55	$ .55	$ .58
Diluted	$ .51	$ .55	$ .54	$ .56

(1) All periods have been adjusted to reflect the impact of operating properties sold during 2002 and properties classified as held for sale as of December 31, 2002 which are reflected in Discontinued operations in the Consolidated Statements of Income.

Accounts and notes receivable in the accompanying Consolidated Balance Sheets are net of estimated unrecoverable amounts of approximately $5.8 million and $4.3 million at December 31, 2002 and 2001, respectively.

22. Pro Forma Financial Information (Unaudited):

As discussed in Notes 2 and 3, the Company and certain of its subsidiaries acquired and disposed of interests in certain operating properties during 2002. The pro forma financial information set forth below is based upon the Company's historical Consolidated Statements of Income for the years ended December 31, 2002 and 2001, adjusted to give effect to these transactions as of January 1, 2001.

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, 2001, nor does it purport to represent the results of operations for future periods. (Amounts presented in millions, except per share figures.)

	Years ended December 31,	
	2002	2001
Revenues from rental property	**$473.8**	$478.1
Net income	**$235.6**	$237.7
Net income per common share:		
Basic	**$ 2.08**	$ 2.21
Diluted	**$ 2.06**	$ 2.17

Corporate Directory

Executive Officers

Milton Cooper
Chairman and
Chief Executive Officer

Michael J. Flynn
President and
Chief Operating Officer

David B. Henry
Chief Investment Officer

Thomas A. Caputo
Executive Vice President

Glenn G. Cohen
Vice President and Treasurer

Raymond Edwards
Vice President

Jerald Friedman
Executive Vice President

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

Michael V. Pappagallo
Vice President and
Chief Financial Officer

David Samber
Chief Executive Officer
Kimco Select Investments

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860-678-7799

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703-583-0071

Corporate Directory

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PricewaterhouseCoopers LLP
New York, NY

Registrar and Transfer Agent

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Shareholder Relations Department
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Church Street Station
New York, NY 10286
1-866-557-8695
Website: www.stockbny.com
Email: Shareowner-svcs@bankofny.com

Stock Listings

NYSE—Symbols KIM, KIMprA, KIMprB, KIMprC

Investor Relations

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

Scott G. Onufrey
Vice President
Kimco Realty Corporation
3333 New Hyde Park Road, Suite 100
New Hyde Park, NY 11042
516-869-7288
E-mail: ir@kimcorealty.com

Annual Meeting of Stockholders

Stockholders of Kimco Realty Corporation are cordially invited to attend the 2003 Annual Meeting of Stockholders scheduled to be held on May 15, 2003, at 270 Park Avenue, New York, NY, Floor 11, Room C at 10:00 a.m.

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:

The Bank of New York
Kimco Realty Corporation
P.O. Box 1958
Newark, NJ 07101-9774
1-866-557-8695

Holders of Record

Holders of record of the Company's common stock, par value $.01 per share, totaled 1,265 as of April 3, 2003.

Stock Price and Dividend Information

	Stock Price		Dividends Paid Per
	High	Low	Common Share[1]
2001:			
First Quarter	$30.08	$27.17	$0.48
Second Quarter	$31.57	$27.33	$0.48
Third Quarter	$33.30	$29.50	$0.48
Fourth Quarter	$34.07	$31.33	$0.48
2002:			
First Quarter	**$33.50**	**$29.00**	**$0.52**
Second Quarter	**$33.87**	**$31.00**	**$0.52**
Third Quarter	**$33.20**	**$25.96**	**$0.52**
Fourth Quarter	**$33.08**	**$27.77**	**$0.52**

(1) The Company has determined that the $2.08 dividend per share paid during 2002 represented 96% ordinary income to its stockholders and 4% capital gain. The $1.92 dividend per share paid during 2001 represented 95% ordinary income to its stockholders and 5% return of capital.

Glossary of Terms

Asset Designation Rights
Rights to assign, sell, transfer or reject a bankrupt estate's title and interest in leased or owned properties. Kimco acquired Asset Designation Rights from the former Montgomery Ward stores in 2001 and the former Hechinger stores in 1999.

Debt Service
The periodic payment of principle and interest on unsecured bonds, mortgages or other borrowings.

Fee Simple Ownership Real Estate (Fee)
Fee ownership of real estate is a fee without limitation or restrictions on transfer of ownership.

Fixed Charges
Payment of debt service plus preferred stock dividend payments and ground lease payments.

Funds From Operations (FFO)
The most commonly accepted and reported measure of REIT operating performance. Equal to a REIT's net income, excluding gains or losses from sales of property, and adding back real estate depreciation.

Gross Leasable Area (GLA)
Measure of the total amount of leasable space in a commercial property.

Leasehold Interest in Real Estate
Financial interest in real estate evidenced by a contract (lease) which one receives the use of real estate or facilities for a specified term and for a specified rent.

Lease Rejection
Bankruptcy rules permit a tenant in bankruptcy to eliminate its obligations to pay rent under a lease subject to certain payments to landlords for damages.

Non-Recourse Mortgage Debt
Non-recourse mortgage debt is generally defined as debt whereby the lenders' sole recourse with respect to borrower defaults is limited to the value of the property collaterized by the mortgage.

1031 Exchange
A 1031 exchange allows sellers to defer 100 percent of the Federal and State capital gains taxes associated with the sale of property held for investment purposes. Kimco facilitates exchanges by matching buyers of exchange properties with sellers of investment properties or by selling properties from its portfolio of net leased properties to exchange buyers.

Payout Ratio
The ratio of a REIT's annual dividend rate to its FFO on a per share basis.

Real Estate Investment Trust (REIT)
A REIT is a company dedicated to owning, and in most cases, operating income-producing real estate, such as shopping centers, offices, and warehouses. Some REITs also engage in financing real estate.

REIT Modernization Act of 1999
Federal tax law change whose provisions allow a REIT to own up to 100% of stock of a taxable REIT subsidiary that can provide services to REIT tenants and others. The law also changed the minimum distribution requirement from 95% to 90% of a REIT's taxable income – consistent with the rules for REITs from 1960 to 1980.

Revolving Credit Facility
Credit agreement with a lending institution or institutions, which the Company may withdraw funds as needed at a variable rate of interest. Kimco's credit agreement has a limit of $250 million and accrues interest at a spread of 0.65 percent to LIBOR (London Interbank Offered Rate).

Stock Split
Occurred on December 22, 1995 and December 21, 2001 when Kimco issued new shares of stock at a rate of 0.5 shares for each share owned by shareholders of record in the form of a stock dividend. This action in turn lowered the current market price of its stock to a level that is proportionate to pre-split prices.

Taxable REIT Subsidiary (TRS)
Created by the REIT Modernization Act of 1999. A TRS is a subsidiary of a REIT that may provide services to the REIT's tenants and others and required to pay Federal income tax without disqualifying the Company's REIT status.

Total Market Capitalization
The total market value of a REIT's (or other company's) outstanding common stock and indebtedness.

Total Return
A stock's dividend income plus capital appreciation, before taxes and commissions.

Unsecured Claim / Unsecured Debt
A right to payment of indebtedness without recourse to specific assets of the debtors. Corporate bonds are an example of unsecured debt, unpaid lease liabilities are an example of an unsecured claim.

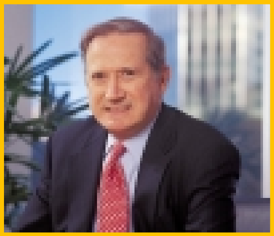
Board of Directors

Martin S. Kimmel

Chairman (Emeritus) of the Board of Directors of the Company since November 1991. Chairman of the Board of Directors of the Company for more than five years prior to the Company's IPO. Founding member of the Company's predecessor in 1966.

Milton Cooper

Chairman of the Board of Directors of the Company since November 1991. Founding member of the Company's predecessor in 1966. Mr. Cooper is also a director of Getty Realty Corp. and Blue Ridge Real Estate/Big Boulder Corporation and a former trustee of MassMutual Corporate Investors and MassMutual Participation Investors. He also serves as a member of the Executive Committee of the Board of Governors of the National Association of Real Estate Investment Trusts (NAREIT).



Michael J. Flynn

Vice Chairman of the Board of Directors of the Company since January 1996 and, since January 1997, President and Chief Operating Officer; Director of the Company since December 1991. Chairman of the Board and President of Slattery Associates, Inc. for more than five years prior to joining the Company in 1996. Mr. Flynn is also Chairman of the Board of Directors of Blue Ridge Real Estate/Big Boulder Corporation.

David B. Henry

Vice Chairman of the Board of Directors since May of 2001 and Chief Investment Officer of the Company. Mr. Henry joined Kimco Realty Corporation after 23 years at General Electric where he was Chief Investment Officer and Senior Vice President of GE Capital Real Estate and Chairman of GE Capital Investment Advisors.

Richard G. Dooley

Director of the Company since December 1991. Consultant to, and from 1978 to 1993, Executive Vice President and Chief Investment Officer of Massachusetts Mutual Life Insurance Company.

Joe Grills

Director of the Company since January 1997. Chief Investment Officer for the IBM Retirement Funds from 1986 to 1993. Mr. Grills is also a Director of certain Merrill Lynch Mutual Funds and Duke University Management Company.

Frank Lourenso

Director of the Company since December 1991. Executive Vice President of J.P. Morgan Chase & Co. since 1990. Senior Vice President of J.P. Morgan Chase for more than five years prior to that time.

Kimco Realty Corporation

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