

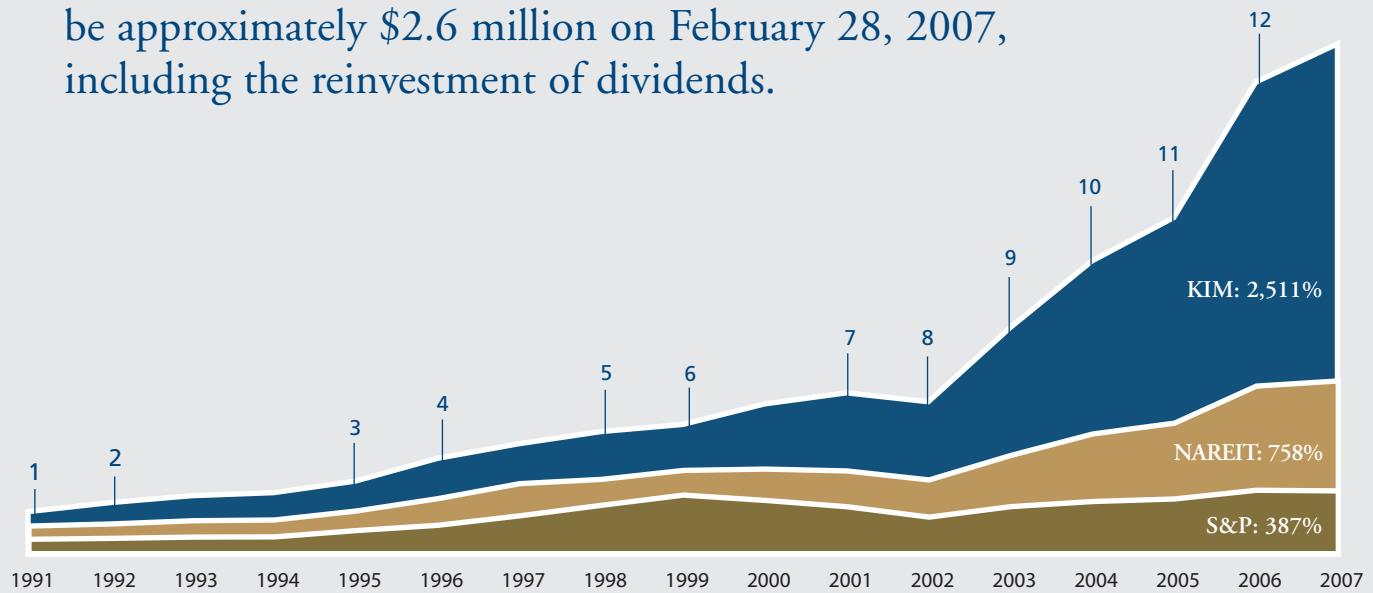
Kimco Realty Corporation

2006 Annual Report

HISTORICAL TOTAL RETURN ANALYSIS

(November 1991 to February 2007)

\$100,000 invested in Kimco shares at the IPO would be approximately \$2.6 million on February 28, 2007, including the reinvestment of dividends.



Indexed TRA (November 1991)

Note: Includes reinvestment of dividends

Source: Bloomberg and Ilios Partners

| | | | | | | |
|---|--|--|---|---|---|--|
| 1 Initial Public Offering November 1991 | 3 First Retailer Services Transaction: Kimco acquires 60 former Woolco store leases | 5 Merger with Price REIT establishing a national platform | 6 Kimco forms the Kimco Income REIT (KIR), establishing the Company's investment management business | 7 Kimco Developers Inc. formed and sells first development project from TRS | 8 Kimco acquires first shopping center in Mexico | 11 Kimco completes property transactions in excess of \$1.2 billion, acquires 1,000th property interest |
| 126 Property Interests | 4 Purchased 16 former Clover Stores and simultaneously leased several to Kohl's | Acquired 94 locations from Venture Stores | Legislation signed establishing Taxable REIT Subsidiaries (TRS) | Kimco forms joint venture with RioCan REIT and acquires first Canadian shopping centers | 9 Merger with Mid-Atlantic REIT increases presence in Maryland and Northern Virginia | 12 Kimco added to the S&P 500 Index |
| 2 Kimco pays first dividend: \$0.44 per share per quarter (pre-splits) | | | | | 10 Kimco and institutional investors acquire Price Legacy Corp. | Acquired Pan Pacific Retail Properties, Inc. and interests in 138 shopping centers |

Company 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 23.8% through February 28, 2007.

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“The only constant is change. To adapt to change, you must be innovative and constantly seek new opportunities.”

Dear Fellow Shareholders, Partners and Associates:

This past November marked our 15th anniversary as a public company. At the time of our IPO in 1991, I kept thinking about the opening lines of *A Tale of Two Cities* – “It was the best of times, it was the worst of times.”

That period was the best of times – available real estate cash flow yields were in the double digits. It was the worst of times as capital was so scarce. Real estate investors could reap tremendous investment returns – if only they could find the capital! Just prior to our IPO, the banks closed their doors to real estate lending. An entire industry – the savings & loans – virtually disappeared and has yet to re-surface. Our IPO price, split-adjusted, was \$4.44 – only eight times the next year’s projected funds from operations (FFO), and our stock carried an 8.6% dividend yield. The total offering was \$128 million, and involved a three-week road trip; we barely squeaked through! Insiders had to buy new shares to make it happen, and the stock traded down after the closing.

And now, 15 years later, once again it is the best of times, and it is the worst of times! It’s the best of times in that we are enjoying a veritable flood of global liquidity; capital remains abundant and much of it thirsts for commercial real estate. The total market cap of all REITs at the time of our IPO was less than \$10 billion, but today there are many REITS that *each* have market caps in excess of that. While it required a three-week road show to raise \$128 million 15 years ago, we were able to raise \$400 million in just one hour at the time of our admission to the S&P 500. And yet it is also the worst of times in that commercial real estate, today, is being offered at prices that would make it difficult for us, as buyers, to generate the kind of investment returns that our shareholders expect. Our world has gone topsy-turvy!

What has remained constant, however, are our dual commitments to our loyal shareholders: To provide a very safe and growing dividend and to provide solid growth in per share FFO and enterprise value. And, equally as important, we seek to meet these commitments by assuming only a modest amount of risk.

In this letter, I would like to share with you our program and strategy that we believe will enable us to continue to honor these commitments despite today’s low initial yields on commercial real estate. Our complementary businesses are, of course, a key ingredient in allowing us to achieve our objectives; so, let’s discuss them.

Core Shopping Center Business:

First, our core shopping center business provides us with a solid foundation for dividend and cash flow stability, along with steady long-term growth. This business provided 60% of Kimco's FFO in 2006. Our occupancy at December 31 was at an all-time high, at 95.5%, which is reflective of strong tenant demand for our space and enhances the opportunities to mine our core real estate portfolio for value-creating projects, including redevelopments. But before providing more detail, I would like to offer some historical perspective.

Kmart filed for bankruptcy in January of 2002, and as a result, our Company had to deal with vacant Kmart boxes that, in the aggregate, negatively affected over 10 million square feet of our shopping center portfolio. Our occupancy plunged to 84%. Kimco had more vacant space than the total square footage owned by many of the shopping center REITs that were then public. Our priority was to increase occupancy through leasing or selling the vacant Kmart; this absorbed a significant amount of our energy for close to four years. But we were ultimately successful. Today none of our remaining Kmart properties are vacant, and we have been able to focus all of our time and energy on creating value, both in our existing portfolio and in our other business initiatives.

Permit me a brief comment on Kmart before we continue. I was a member of the Creditors' Committee of Kmart during the bankruptcy proceedings, and at that time, Kmart was suffering very substantial monthly cash flow losses. There were even concerns that Kmart might become administratively insolvent. Kmart's management did not have a significant financial stake in the business. But Eddie Lampert saw Kmart's potential, and he invested substantial sums in the retailer, gained control, and began managing as an owner. What a difference in the outcome for Kmart – and for Kimco, a significant portion of our lost rent was substantially mitigated by our receipt of Kmart shares in payment of our claims! I firmly believe that a business run by owners with a large stake in its success has an enormous leg up on companies where management does not. An illustration: In the tough, fiercely competitive supermarket business, three of the most outstanding chains are all private – HEB, Wegmans and Publix. We, at Kimco are proud of the fact that the management of your Company continues to maintain a very substantial stake in the ownership of the business.

While never forgetting the past, let's now look ahead. Today we have a significant number of new opportunities within our core shopping center portfolio to further our dual commitments to our shareholders for a safe, growing dividend, and growth in FFO and enterprise value.

We believe that our type of shopping center is a superb long-term investment. The ratio of land value to building value is unusually high compared to offices, apartments and large regional malls. There is generally at least four times as much land as building, and the buildings are mostly of one-story construction. Thanks to changing demographics and economic growth, land values have appreciated and, in many instances, the land can support higher and better uses than simply retail space. This redevelopment strategy, of course, is much more effective when our vacancies are less than 5% instead of over 15%!

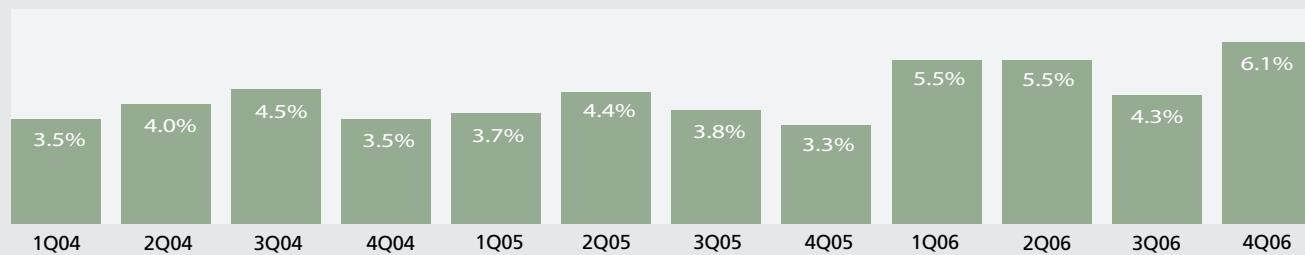
One of many examples that comes to mind is our purchase of Factoria Mall located in the City of Bellevue in the Puget Sound region. Built initially in the 1970s, the property comprises 529,000 square feet of retail space. We felt the property could be redeveloped opportunistically by increasing

the density and adding new uses to an asset that has enjoyed a flourishing retail environment. The result is a reconfigured site plan that adds over 150,000 square feet of additional retail gross leasable area (GLA), 400 residential housing units and a new prototype Safeway and Target, along with a promenade of shops and restaurants with a lifestyle theme.

So our core portfolio is very sound. This is evidenced by our stable and steadily increasing same site net operating income (NOI) growth, which reached 6.1% in the fourth quarter of last year; we do not include lease termination fees, straight-line rent or other GAAP adjustments in same site NOI growth. The following chart provides more detail.

SAME SITE NOI GROWTH

(in percent)



While we are proud of this performance, we also work very hard to continually improve the quality and growth prospects of our core portfolio. We cull from our portfolio those properties that don't fit our long-term strategy. In the last three years, we sold 74 properties, including 19 in 2004, 21 in 2005 and 34 in 2006.

Also, being very mindful of risk, we have designed our core shopping center strategy to mitigate risk through asset, tenant and geographic diversity.

- 1. Asset Diversity.** We have interests in over 1,000 properties, with no single asset accounting for more than 1% of our total gross assets.
- 2. Tenant Diversity.** Only four tenants account for more than 2% of our rental revenue; these include Home Depot (3.8%), TJX (3.1%), Sears (2.9%) and Kohl's (2.4%) – all good credits.
- 3. Geographic Diversity.** We are geographically diverse, as we own assets both inside and outside the U.S.; last year approximately 9% of our FFO cash flows came from Canada and Mexico.

Canada has substantial natural resources per capita and enjoys a strong and stable economy. Mexico, as an investment opportunity is less well-known to some of you, so let me provide a few thoughts. The all-important middle class in Mexico is growing and is being served by an ever-increasing number of retailers. Our major tenants there include Wal-Mart, H-E-B and Home Depot. Mexico has the 13th largest economy in the world, and projections suggest that by the year 2040, it will be the fifth largest. It enjoys a growing population, and there is a shortage of quality retail space. In fact, there is only 1.2 square feet of retail space per capita in Mexico, compared to 20.1 square feet of retail space per capita in the U.S. Currency risk is mitigated by lease provisions that have annual cost-of-living adjustments. We have also begun to invest in Chile, and we are also exploring prospects in other neighboring Latin American countries as well.

We understand, of course, that sometimes favorable investment opportunities will disappear quickly – but can be re-created. Our initial shopping center investments in Canada presented us with unleveraged cap rates that were higher than what was available in the U.S. and, with non-recourse debt leverage available, we enjoyed borrowing rates that were lower than those prevailing in the U.S. As of now, however, our arbitrage advantage in Canada has diminished substantially. We have responded to this challenge by refocusing our efforts in Canada upon development activities; this provides us with a better yield, even when development risk is taken into account.

Investment Management Services

In 2006, our investment management services business contributed 15% of our FFO, and this business has been growing rapidly. I'd therefore like to spend a bit more time discussing the prospects for this business in the context of today's capital markets. Today's hunger for commercial real estate – and its pricing – seems to be a topic that everyone wants to talk about. Are we at an inflection point in the commercial real estate markets? Are prices too high? No one can answer this question, of course, except with hindsight, but I think they are not. From a historical perspective, while commercial real estate prices have risen dramatically, I believe that a substantial part of the rise is simply because this asset class has, for many years, been significantly undervalued by investors, and valuations are now becoming more realistic. Global investors, I would add, have been accustomed to the lower returns for some time.

Of course, even modestly liquid markets tend to be somewhat efficient. Accordingly, much of this prior "cheapness," relative to today's prices, can be explained by some problematic aspects of commercial real estate investments, which have only recently abated. These have included low liquidity, difficulties and complexities in managing directly-owned properties and property portfolios, poor transparency, and the oft-recurring threat of over-supply of newly-developed real estate.



“Our mission is to provide a safe, growing dividend for those shareholders who desire income, and appreciation for those who desire growth and value.”

Milton Cooper
Chairman and Chief Executive Officer

As a result, despite the generally stable cash flows and healthy long-term total returns, prior allocations of capital by institutions to commercial real estate were very low, only a tiny fraction of their total investment portfolios. Today, however, pension funds and other large investors are significantly increasing their real estate allocations – and this is certainly affecting pricing. But it's very important to understand that there is a strong foundation for these increasing allocations. This foundation is built upon greater liquidity, better transparency (perhaps helped by more widely available property information), more efficient property and asset management alternatives and, perhaps, a lower risk of overbuilding due to better market information.

I believe that all of these changes in the commercial real estate landscape have decreased the risks of ownership and have enabled investors to reduce their risk-adjusted return requirements to somewhere in the 6%-7% range for core, high-quality assets. Some have suggested that, today, an “appropriate” return on high-quality commercial real estate should be somewhere between the returns on bonds and on non-REIT equities. If so, on a relative risk-adjusted basis, commercial real estate today may not be overpriced. As of this writing, the 30-year Treasury bond has a yield of 4.6%, with a substantial risk to the purchasing power of the dollars to be received at maturity (the “residual value”).

One may reasonably conclude that many quality commercial real estate assets merit a lower initial cash yield, or cap rate, than Treasury bonds if one believes, as I do, that its residual value 30 years hence will have greater purchasing power. Consider, too, that the P/E ratio on the S&P 500 index is presently 16 times (based upon estimated earnings over the next 12 months), which equates to a 6.2% cap rate – on a *leveraged* basis. As the volatility of stocks has historically been higher than that of real estate, perhaps stocks’ leveraged “cap rate” *should* be higher than cap rates for high-quality, commercial real estate.

This increased commitment to commercial real estate as a strong asset class and portfolio diversifier is driving our investment management services business. The assets of this business have grown from \$1.4 billion to \$14 billion in just the last five years and, while institutional investor interest will ebb and flow over time in response to a number of variables, I think we are still in the early stages of an increasing long-term commitment to this asset class by these institutional investors. Even more important for our shareholders, we believe that our reputation, experience, size, track record and long-standing retailer relationships provide us with a competitive edge in this relatively new industry.

This institutional trend has been mirrored in the world of public real estate. Today, the REIT industry’s total market capitalization is over \$400 billion, compared with less than \$10 billion at the time of our IPO in 1991. The democratization of the ownership of real estate through the REIT format has created a new universe of investors, both individual and institutional. There has been superb transparency for the investor, and there has also been a relatively insignificant number of governance issues. Foreign REITs have now become a part of the global real estate landscape.

Other Business Units

We also have been successful in our other real estate-related businesses, which have made substantial contributions to our earnings and dividend growth. These business units are covered in some detail in the accompanying letter of our splendid associates, Dave Henry, Mike Flynn and Mike Pappagallo. Their letter also explains why 2006 was such a successful year for Kimco and our shareholders.

Peering Into the Future

When I was a young boy, my mother pleaded with me to finish everything that was on my plate because people were starving in Europe and it would be a sin to waste food.

While our shareholders are not starving, they have a very hearty appetite for new and value-creating opportunities, and we are driven to take advantage of every such opportunity. Some of these opportunities are unusual, and go beyond shopping centers, which are our core expertise, but we **do** understand real estate – and we **do** understand risk. How will we approach these opportunities? Many, of course, will be like those we have exploited successfully throughout our history. But others will be unique and, for them, we may form new joint ventures with experienced and talented individuals or organizations outside the Kimco organization. We have worked hard, over many years, to cultivate these imaginative real estate entrepreneurs, both here and abroad. Such a joint venture strategy can eliminate the need to add significantly to overhead and limits our risk but also enables us to provide appropriate incentives to our creative joint venturers. So, as we find new investment opportunities, we will carefully and conservatively review and underwrite them. If we are satisfied that our downside risk is modest, we will seize the opportunity. We won't be "betting the ranch" on any of them and will invest only if we believe that the prospective returns will be outstanding when balanced against the risk.

But the world, of course, is continually changing, and business is becoming ever more global in scope. If we are to remain an opportunistic organization, constantly creating value for our shareholders, we must continue to be flexible and adapt quickly to these ever-changing real estate and business dynamics.

My Thanks

I have tried, in this letter, to explain what we are doing here at Kimco to fulfill our commitment to provide our shareholders with growing cash flows, property values and dividends in a low-return world – without assuming undue risk. We have tried to capture the best opportunities and, at the same time, limit our risk. Our resources for accomplishing these objectives include our deep and talented organization with strong execution skills and a business strategy that focuses on innovation and diversity. We are proud of our wide array of profitable businesses and our asset diversification among many tenants and locations, here and abroad. We will continue to work very hard to justify your continuing confidence in Kimco.

In closing, I want to thank all of our directors and associates at Kimco for their tireless dedication, without which even the best business strategy would be worthless. Thanks, too, to our numerous partners, who have placed in us their faith and confidence. And, as always, we are ever grateful to our loyal shareholders – Kimco is truly a company in which all of us can be proud!

Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. Mullaney".

“Kimco’s growing portfolio of owned and managed retail properties is the largest in the industry.”

Dear Fellow Shareholders, Partners and Associates:

As we have every year since our inception, we have used our creativity and knowledge of commercial real estate to generate yet another outstanding year for Kimco. It was a record year in terms of revenues, net income, earnings per share, funds from operations (FFO), FFO per share and dividends per share. Some of the highlights for the year ended December 31, 2006, are as follows:

- Net income increased 17.8% to \$428.3 million from \$363.6 million. On a diluted common share basis net income for the year increased 11.8% to \$1.70 compared to last year’s \$1.52 per diluted share.
- Funds from operations, a widely accepted supplemental measure of REIT performance, were the highest in your Company’s history, rising 17.1% to \$544.3 million from \$464.7 million. On a diluted per common share basis, the increase was 10.5% to \$2.21 from \$2.00 a year ago.
- Occupancy in the Company’s combined operating portfolio encompassing approximately 138.0 million square feet of gross leasable area was 95.8%, 70 basis points higher than last year.
- The acquisition of properties and investments for your Company’s core holdings portfolio, investment management programs and operating businesses totaled more than \$6.5 billion. This figure includes the acquisitions of Pan Pacific Retail Properties, Inc. (\$4.1 billion) and the agreement reached during 2006 to acquire the Crow Holdings portfolio (\$920 million).
- Our international expansion continues. In addition to Canada and Mexico, the Company formed a joint venture with an established Chilean retail developer, PATIO Gestión Inmobiliaria, S.A.

The Company continues to have one of the strongest balance sheets in the real estate industry, which helps us maintain our A- corporate debt rating. In addition to \$345.0 million in cash, our unused credit facilities exceed \$1.1 billion.

As we look back on your Company’s performance over our first 15 years as a public company, we are proud of what we have accomplished. While gratified, we are also mindful that, our associates and shareholders may wonder: Will Kimco’s performance be as strong in the future as it has been in the past? In other words: Can the Company continue to deliver?

We believe the answer, in a word, is: Yes.

Real Estate: More Than Bricks and Mortar

There are parts of a commercial real estate business that everyone can see: the bricks, mortar and land. An underappreciated fact is that real estate, as much as any other business, is one of human creativity and imagination powered by a potent, powerful intangible: *knowledge*.



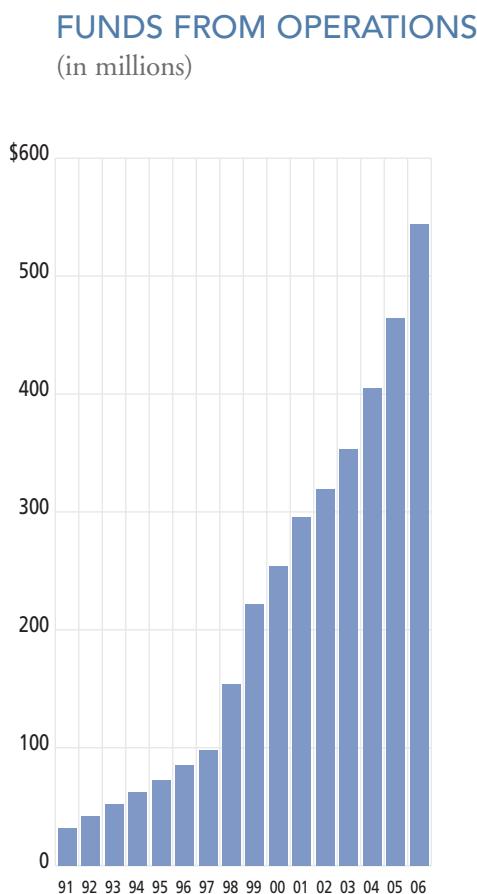
“Harvesting the value of a dream portfolio asset, is the expertise of Kimco’s redevelopment team.”

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

The elements involved in making any commercial property buying decision are knowledge-based. We assess area demographics; tenants and prospective tenants and their long term viability; our relationships with retailers; current leases and renewal dates; potential new lease market rates; the expected internal rate of return and our cost of capital.

To be able to respond wisely to unknown future variables, our business decisions rely on our overall knowledge of general market conditions and the commercial real estate market and our best judgment of where a particular property is in the current real estate cycle; likely future uses (including potential

mixed-use); tenants for the properties; and, of course, our well-developed, well-honed expertise and experience. So while buying a shopping center or land for development is comparatively easy, buying the *right* property, with the *right* tenants (or likely tenants), holding the *right* leases, at the *right* prices, at the *right* time in the market cycle distinguishes an effective, successful commercial real estate operator from one that is not.



Our knowledge of real estate became even more valuable after the passage of the REIT Modernization Act which allowed us to create taxable REIT subsidiaries beginning in 2001. It was the catalyst allowing us to think – and move – beyond the traditional buy-and-hold or build-and-hold REIT model.

The ability to enter into taxable business ventures meant that your Company now:

- 1) Develops properties as a merchant builder realizing the value created by selling;
- 2) Finances retailers in need of capital and seizes opportunities created in bankruptcies; and
- 3) Capitalizes on our knowledge and skills to develop adjunct or complementary businesses.

Again, because real estate is as much a knowledge business as it is one of bricks, mortar and land, we gave thoughtful consideration to the steps we might take to ensure that we meet our dual commitments of growing our dividend and increasing shareholder value within a framework that is non-negotiable for us: prudent risk management and a sound capital structure.

During 2006, we hosted an event for institutional investors during which we outlined our strategy for the continued growth of your Company well into the future. We summarized our business into three platforms as follows:



1. Core Holdings – Comprised of the bulk of our U.S. and international shopping center portfolio, we seek continuous improvement and quality enhancement of our core portfolio;
2. Investment Management – We acquire, operate and manage shopping centers on behalf of institutional investors to leverage our infrastructure and increase Kimco's return on equity; and
3. Kimco Capital Services – We employ an array of complementary business activities, from merchant building to opportunistic investing that capitalize on more than 45 years of knowledge and relationships in real estate.

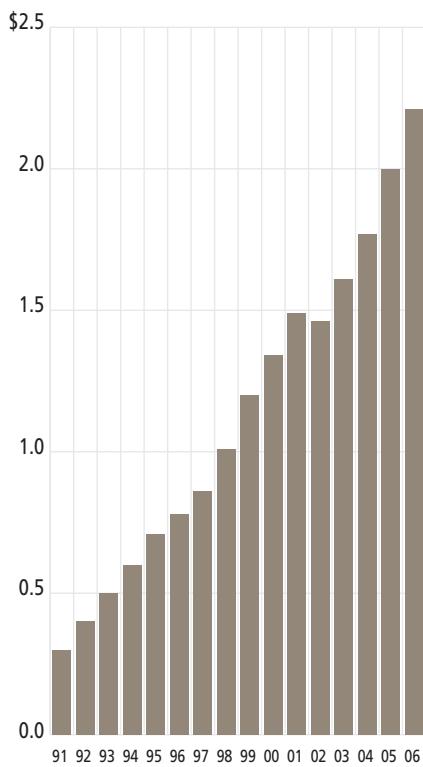
“Our operating businesses are built on our experience, expertise and knowledge of the retail shopping center business.”



David B. Henry
Vice Chairman and Chief Investment Officer

FUNDS FROM OPERATIONS

(per diluted common share)



Core Holdings Portfolio

Our core holdings portfolio, including our growing international portfolio, is the foundation of everything we do. This portfolio provides a constant, reliable source of income from our shopping centers and operating properties in the U.S. and abroad.

Our shopping centers are located in heavily-trafficked thoroughfares with parking facilities that are generally four times as large as the buildings themselves. We seek to add attractively priced shopping centers that meet our investment criteria: below-market leases; anchor stores in the top 25% of the retailer's chain; good demographics; high barriers to entry; and redevelopment and expansion potential.

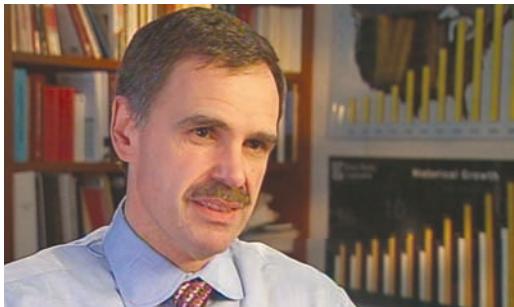
Hylan Plaza Shopping Center in Staten Island, New York, is a good example of just such an acquisition in 2006. Recognizing the value of the single property owned by Atlantic Realty Trust, we patiently acquired stock in the REIT over several years. In March 2006, we purchased the remaining outstanding shares of Atlantic completing the \$82 million acquisition. This asset is located in the fastest-growing borough of New York. Anchor leases at this 358,000 square foot shopping center have short to intermediate terms remaining and in-place rents that are substantially below market. When we recapture the space, rents from this property will increase five fold.

Some of our properties we've held for years. As conditions and circumstances change, we will sell those shopping centers that have become marginal or unproductive. For the other properties, changing circumstances create an opportunity to create added value. Older properties in strong locations can be enhanced, making them more profitable through expansion and/or redevelopment.

When evaluating these properties, measures we consider include: the current and potential retailer mix to ensure that we have the right retailers in place to serve customers; possible expansion via mixed use (*e.g.*, build rental apartments over the retail spaces); and evaluation of which long-time tenants holding below-market leases are amenable to buy-outs so that we can fill the space with new tenants paying the current, higher market rates.

We currently have 27 active redevelopment projects underway with a total anticipated investment of \$125 million for 2007. By redeveloping and refreshing properties, we "pick low-hanging fruit" and continue to generate above average growth in net operating income from our existing pool of assets. We continuously review the entire portfolio for these opportunities.

Internationally, our core holdings portfolio consists of 37 shopping centers totaling 8.1 million square feet of GLA in Canada and 12 stabilized shopping centers totaling 2.1 million square feet of GLA in Mexico. The value of our Canadian properties is well in excess of \$1.0 billion. Given the



“Today Kimco owns or manages 175.4 million square feet of gross leasable area. Our size and scale are unmatched in the retail shopping center business.”

Michael V. Pappagallo
Executive Vice President and Chief Financial Officer

cap rate compression that has occurred in Canadian markets, it is likely that our preferred equity and investment management businesses will continue to be more active than new acquisitions in our core holdings. Canada is a nation with vast natural resources and a growing population, and we continue to look for opportunities to add to our portfolio selectively.

Our portfolio of shopping centers in Mexico continues to grow as we complete development projects that were started in 2005 and 2006. In addition to our 12 stabilized shopping centers, we have 17 centers under development with a projected total investment on completion of \$563 million. Our investment committee has approved 23 additional projects for Mexico representing \$528 million of future investment.

Our enthusiasm for real estate in Mexico extends beyond retail. In 2005 we acquired a 50% interest in a portfolio of 57 net leased industrial buildings through a partnership with American Industries, a premier developer and owner of industrial facilities in Mexico. The partnership has added four additional buildings and is generating superior FFO returns on our investment.

Puerto Rico represents an excellent opportunity to add value to our core holdings. During 2006, we completed the acquisition of seven shopping center properties totaling 2.2 million square feet for \$452 million. Active retailers and retail formats in Puerto Rico are very similar to mainland U.S. shopping centers so transition to this new market has been smooth. Having established a beachhead and put an executive on the ground in Puerto Rico, we can now introduce our other business platforms to the market. In fact, we have already agreed to fund our first preferred equity transaction on the island.

Kimco Investment Management

The current acquisition environment for U.S. shopping centers is challenging. It is difficult to find high-quality shopping center properties which generate an internal rate of return that is above our cost of capital. This challenge has prompted a vigorous response from us: expand our asset management business.

Knowledge developed by operating shopping centers for over 45 years has real economic value, value that can be unlocked in the form of delivering management expertise to institutional partners that desire increased investment performance and diversification from an allocation to direct real estate ownership in their portfolios. We now have more than 15 institutional partners, most being

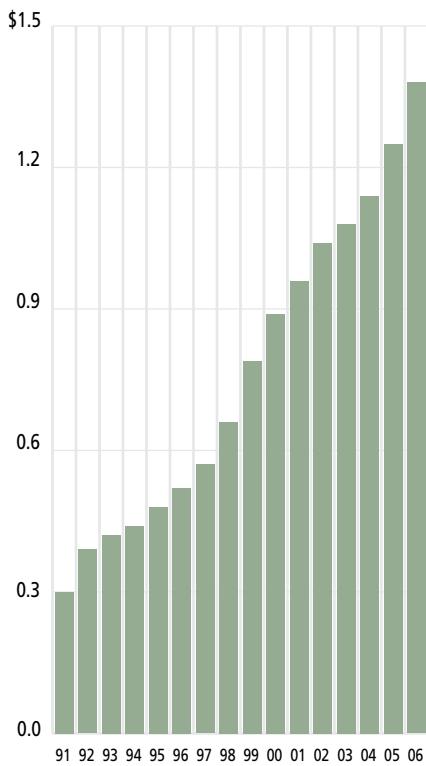


“KDI’s philosophy is to maximize profits while reducing risk. We utilize a group of joint venture partners and local developers to identify the properties before we invest.”

Jerald Friedman
Executive Vice President

insurance companies and pension funds with future liabilities to fund. When we co-invest with these partners we enjoy greater total returns because our management agreements provide various fee structures as well as the opportunity to earn performance-based promoted interests. Kimco’s investment management business contributed approximately \$114 million to FFO for the year, an increase of 56% over 2005.

DIVIDEND GROWTH (per common share)



Among the co-investment partnership agreements we struck in 2006, two are especially noteworthy, the acquisition of Pan-Pacific, and our agreement to acquire Crow Holdings retail portfolio.

Pan Pacific Retail Properties, Inc. was a California-based REIT with 138 shopping centers located throughout California, Nevada and the Pacific Northwest. The properties were highly regarded by institutional investors because of their location in quality markets and stable cash flow. After finalizing the purchase price, Kimco quickly partnered with Prudential Real Estate to complete the acquisition in a single transaction. The benefits to Kimco are clear. We were able to acquire a high quality \$4.0 billion real estate company and expect to generate a high return on our equity investment, while adding to our presence in high growth California markets.

Also with Prudential, Kimco agreed to acquire Crow Holdings retail portfolio for approximately \$920 million as part of a larger transaction between Crow Holdings and GE Real Estate. At the time the properties were marketed, Kimco owned a minority position in seven of the 19 properties. We leveraged our knowledge of these properties and our relationships with Crow, GE and Prudential to negotiate a successful transaction and acquired the portfolio early in 2007.

“The deals are structured so Kimco receives a return of capital prior to our partners returns. Our exposure is less than the market value of the property.”



JoAnn Carpenter
Vice President

We now manage approximately \$14.0 billion of shopping centers in which we hold an economic interest. As evidenced by the speed with which we completed these transactions, Kimco has been extremely successful finding co-investment partners. These partners recognize that our extensive real estate knowledge is critical to the long-term success of their – and our – investment. For our part, our capital commitments are smaller, limiting our risk while leveraging our operating infrastructure. An additional benefit is that management fees are a priority distribution in the cash flow of a property, enhancing the safety and predictability of the income stream. This is another example in which our applied real estate knowledge earns the return that we require. Our management fees enhanced your Company's total return, and we plan to continue to expand our asset management business in the future.

Kimco Capital Services

Because commercial real estate is a dynamic, constantly changing business, we developed several businesses over the past few years by seizing opportunities that we recognized very early to be the “tips of the icebergs” of potentially profitable business lines. Four have become substantial since 2001 and are now businesses in their own rights:

Merchant Development

Among the happy by-products of our Price REIT acquisition in 1998 was the acquisition of a first-class development team. Following the passage of the TRS legislation, we formed Kimco Developers Inc. (KDI) which leverages our knowledge of real estate along with our extensive network of retailer relationships and connections.

COMBINED MAJOR TENANT PROFILE (ranked by annualized base rent)

| Tenant Name ⁽¹⁾ | # of Locations | Leased GLA (in thousands) | % of Leased GLA |
|----------------------------|----------------|------------------------------|-----------------|
| HOME DEPOT | 40 | 3,260 | 4.7% |
| TJX COMPANIES | 124 | 2,336 | 3.4% |
| SEARS HOLDINGS | 52 | 3,466 | 5.0% |
| KOHL'S | 36 | 2,435 | 3.5% |
| WAL-MART | 34 | 2,362 | 3.4% |
| BEST BUY | 42 | 1,055 | 1.5% |
| LINEN 'N THINGS | 33 | 603 | 0.9% |
| ROYAL AHOLD | 32 | 927 | 1.3% |
| BED BATH & BEYOND | 50 | 846 | 1.2% |
| COSTCO | 17 | 1,287 | 1.9% |
| | | 18,577 | 26.8% |

(1) Schedule reflects the ten largest tenants from all tenant leases in which Kimco has an economic ownership interest at their proportionate ratios. Represents approximately 12,800 leases to 7,200 tenants totaling approximately \$1.3 billion of annual base rent.

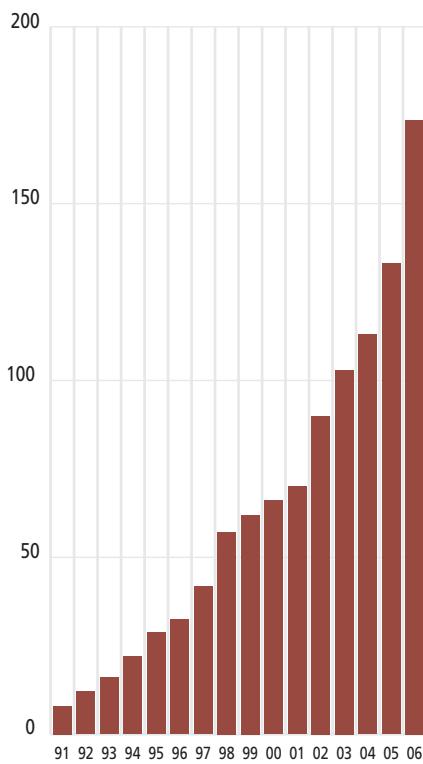


“We invest in private equity opportunities through innovative sale leaseback and leasehold financing transactions.”

Ray Edwards
Vice President

Our development model is unique in our industry because KDI pursues joint venture opportunities with regional partners who have experience and knowledge of their local markets, entitlement processes, construction practices, and neighborhood trends and demographics. While a local developer may have relationships with one or several retailers, Kimco’s relationships include virtually every national retailer in the U.S. Thus, in addition to capital, we are able to offer leasing assistance with appropriate national credit tenants in advance of construction, which mitigates downside risk.

GROSS LEASABLE AREA
(square feet in millions)



Thanks to Kimco’s retailer relationships, we often become aware of planned expansion to new markets and planned store openings. When we target this kind of an opportunity, our *modus operandi* is to gain advance retailer commitments, partner with local developers, buy the land and develop a new property from the ground up.

During 2006 we refined our model in order to maintain an economic interest in high-quality, well-located developments that we would prefer to hold well into the future. For example, we were able to marry a recently completed development, Cypress Towne Center in Cypress, Texas, with one of our institutional partners. This is a wonderful win-win for both us and our partner. We retain an ownership interest and a long-term management contract in addition to recognizing a portion of the developer’s profit, and our partner acquires a high-quality, long-term hold property.

In aggregate, KDI recorded property and development sales of \$260 million for the year and recorded gains on sales of \$25.1 million, a 10.1% increase from 2005. The ability to continue generating profits from KDI is promising; the current active pipeline of projects consists of 28 quality developments totaling approximately \$1.2 billion.

Preferred Equity

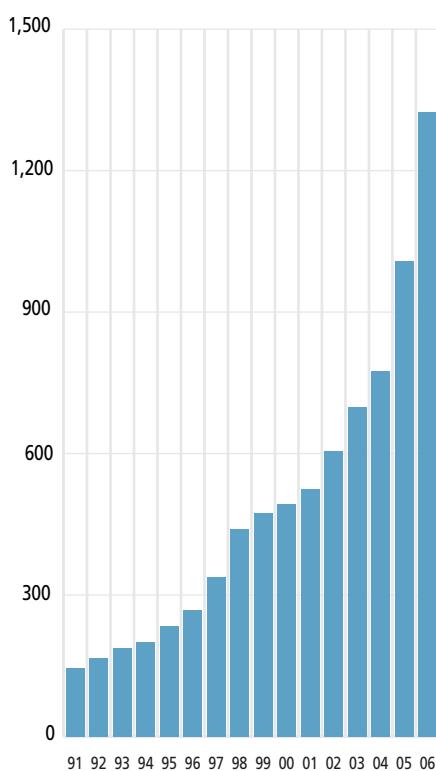
In our preferred equity program, we provide joint venture capital to strong regional and local owners and developers of real estate. In exchange, Kimco receives a preferred return on our invested capital. This preferred position allows us to split profits on the upside while protecting your Company on the downside.

In one of our recent preferred equity transactions, we accumulated an interest in 16 self-storage facilities with an experienced partner over a three year period. In 2006, we liquidated our investment, recovering our initial investment, which averaged \$8.2 million over the life of the transaction, plus \$7.9 million, representing a 33.4% internal rate of return.

Today our preferred equity investments are diversified with properties spread over 22 states and seven provinces in Canada. The majority are in suburban areas with strong demographics. Our average investment per property is only \$2.0 million, and our exposure is always less than the underwritten value of the property.

We currently have \$400 million of preferred equity investments on the books, an increase of \$174 million for the year. Volume in this business has increased every year as current partners bring us repeat business. In addition, we are steadily adding new preferred equity partners which recognize the value of teaming up with one of the largest retail property owners in the world.

TOTAL PROPERTY INTERESTS



Retailer Services

Distressed retailers, including those in bankruptcy, benefit from the assistance that our retailer services business delivers. There is something for both sides when we step in to help retailers dispose of properties and/or leases to maximize the asset values. We have the capital, should it be needed, and the most extensive network of retailer relationships and connections of any REIT operating today. Creative work-out arrangements have included secured financing, sale-leaseback and leasehold financing, asset designation rights agreements, liquidation services and acquisitions.

In 2006, your Company participated in a consortium that engineered the buyout of Albertson's Inc., an underperforming grocery chain that was one of the world's largest food and drug retailers. The consortium acquired 661 operating grocery stores and other related assets. The value of our investment was secured by the underlying real estate. Early in 2007, we received a cash distribution from the consortium that was more than twice our original investment, proving our underwriting was correct.

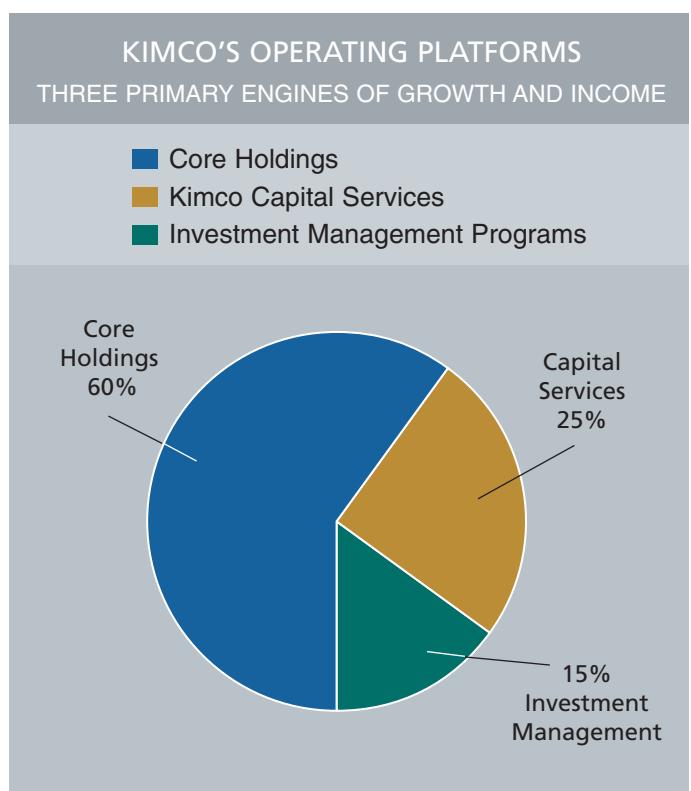
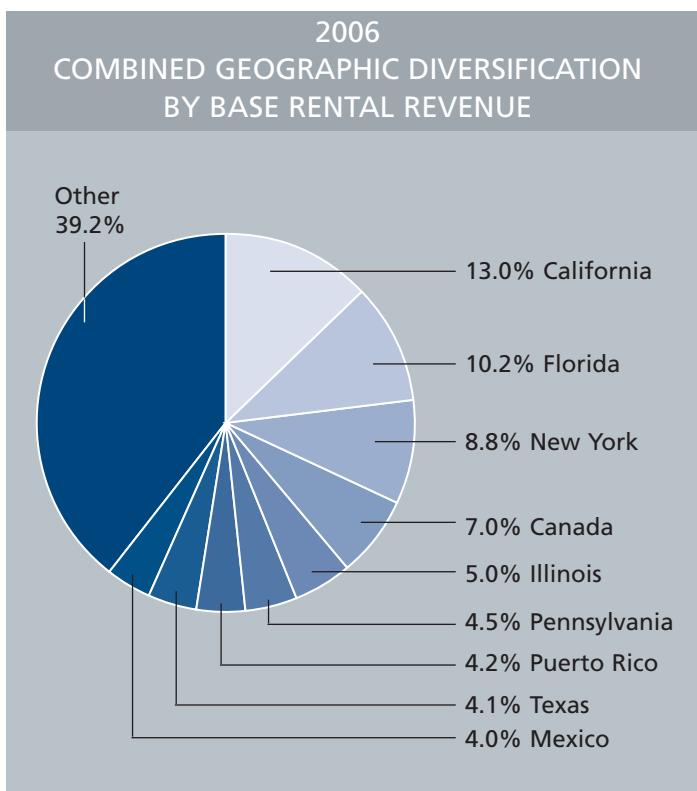
Kimco Select

We created Kimco Select because our keen knowledge of real estate and vast network of contacts periodically makes us aware of opportunities outside of our shopping center specialty area. This business, our most opportunistic, invests in a broad array of non-retail properties and holds investment products and property types mispriced relative to their investment value.

Kimco Select's portfolio includes public securities of real estate companies and retail companies, anything from common and preferred stock to secured and unsecured debentures. We selectively invest in hospitality, industrial, office projects – any asset where we find real estate value and/or arbitrage opportunities.

For example, in 2005 we partnered with Westmont Hospitality Group to purchase a discounted mortgage secured by the Grosvenor Hotel in Orlando Walt Disney World Resort. During 2006, the mortgage was purchased by the property owner at a significant profit to us. In addition, Kimco partnered with Westmont to acquire a portfolio of eight hotels in Canada for \$86 million. Westmont is an experienced hotel operator with a strong track record. We will continue to participate selectively in transactions like this where the risk-adjusted returns meet our underwriting standards.

While many of Kimco Select's investments are short-term; a few are not. Years ago we invested in the Blue Ridge Companies, which owns approximately 16,000 acres of land in the Pocono Mountains area of Pennsylvania. We expect to benefit from the future of residential development of these land holdings.



Our marketable securities portfolio continues to grow both in value (as the market recognizes the underlying value of the real estate) as well as from additional purchases. Likewise, we benefit when mispriced property assets are sold when they reach full value. While these non-retail assets will remain small relative to our core holdings, we expect significant returns when we invest.

Bright Future

Our people, with their creativity and knowledge, are a critical element in Kimco's ability to consistently enter into a broad array of profitable transactions and deliver results year in and year out. An additional element to our success is our structure.

Yes, Kimco has a hierarchy, but we work hard to keep it as flat as possible. This ensures that knowledge and information is widely shared and reaches everyone quickly. Result? Our people are able to make fast decisions, follow through effectively and do what we say we're going to do – powerful advantages in our intensely competitive, constantly changing business.

The pay-off is in our results.

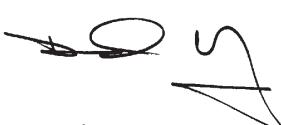
Our core portfolio holdings, including our international assets, grow year after year in value and profitability. Our management business continues to build momentum and attract additional investors. Our complementary business platforms enjoy a constant flow of profitable repeat business. We have the expertise, the assets and the size to take advantage of exceptional opportunities wherever and whenever they occur. The key is that, with our understanding and flexibility, these opportunities are constantly available to us and we are consistently able to transform them into record results.

We close on our 15th year as a public company positioned to deliver growth in earnings and dividends far into the future for our investors, partners and associates.

Sincerely,



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



David B. Henry
Vice Chairman and
Chief Investment Officer



Michael V. Pappagallo
Executive Vice President
and Chief Financial Officer



Portfolio of Properties INTERESTS OWNED OR MANAGED

| Site | Center Name | City | GLA | Site | Center Name | City | GLA |
|-------------------|--------------------------|---------------|----------|-------|--------------------------|------------------|----------|
| Alabama | | | | | | | |
| 9194 | Boaz | Boaz | 27,900* | 1446 | Chico Crossroads | Chico | 264,680 |
| 740 | Bellevue Plaza | Fairfield | 103,161 | 1477 | Sky Park Plaza | Chico | 186,553 |
| 465 | Hoover Center | Hoover | 115,347 | 1405 | Chino Town Square | Chino | 341,577 |
| 949B | Mobile Festival Centre | Mobile | 375,822 | 1406 | Country Fair S.C. | Chino | 168,264 |
| Alaska | | | | | | | |
| 1360 | Glenn Square | Anchorage | 95,000^ | 1335 | Laband Village S.C. | Chino Hills | 73,352 |
| 9246 | Dimond S.C. | Anchorage | 85,163* | 1415 | Gordon Ranch Marketplace | Chino Hills | 128,121 |
| 1108 | Kenai S.C. | Kenai | 146,759 | 544 | Costco Plaza | Chula Vista | 356,335 |
| Arizona | | | | | | | |
| 1121 | Chandler Auto Mall | Chandler | - ^ | 1026B | 280 Metro Center | Colma | 213,532 |
| 1372 | Gilbert Esplanade | Gilbert | - ^ | 546 | Corona Hills Plaza | Corona | 487,048 |
| 578 | Talavi Towne Centre | Glendale | 96,337 | 037 | Covina Town Square | Covina | 269,433 |
| 549 | Costco Plaza | Glendale | 333,388 | 1344 | Cupertino Village | Cupertino | 114,533 |
| 1148/A | North Canyon Ranch | Glendale | 70,428 | 186 | Westlake S.C. | Daly City | 537,496 |
| 1024 | Marana Ina Road | Marana | 191,008 | 1431 | Downey S.C. | Downey | 114,722 |
| 1553 | Marana Spectrum | Marana | - ^ | 1451 | Dublin Retail Center | Dublin | 154,728 |
| 679 | Poca Fiesta S.C. | Mesa | 144,617 | 1028 | Kohl's S.C. | El Cajon | 123,343 |
| 745 | Hayden Plaza South | Mesa | 100,929 | 1167 | Rancho San Diego | El Cajon | 98,474 |
| 1178 | Mesa Riverview | Mesa | 829,000^ | 1316 | Elk Grove Village | Elk Grove | 30,130 |
| 1179 | Mesa Riverview | Mesa | - ^ | 1330 | Waterman Plaza | Elk Grove | 7,880 |
| 1143A | Mesa Pavilions | Mesa | 307,375 | 1440 | Bel Air Village S.C. | Elk Grove | 89,216 |
| 553 | Metro Square | North Phoenix | 230,164 | 1461 | Laguna Park Village | Elk Grove | 34,015 |
| 476 | Peoria Crossings | Peoria | - ^ | 1410 | Encinitas Marketplace | Encinitas | 119,738 |
| 527 | Camelback BMW | Phoenix | 16,410 | 1408 | Del Norte Plaza | Escondido | 132,832 |
| 540 | Hayden Plaza North | Phoenix | 153,180 | 1469 | Northridge Plaza | Fair Oaks | 98,625 |
| 557 | Costco Plaza | Phoenix | 304,331 | 1106 | Kohl's S.C. | Folsom | 108,255 |
| 647 | Plaza @ Mountainside | Phoenix | 131,621 | 1448 | Commonwealth Square | Folsom | 141,310 |
| 1539 | North Mountain Village | Phoenix | 95,329 | 1442 | Brookvale S.C. | Fremont | 131,242 |
| 1180 | Asante Retail Center | Surprise | - ^ | 951A | Fremont Hub | Fremont | 504,782 |
| 1144A | The Groves | Tempe | 228,000 | 1165 | River Park | Fresno | 121,107 |
| 1023 | Valencia Road | Tucson | 190,174 | 1480 | Victorian Walk | Fresno | 102,581 |
| 9244 | Foothills Mall | Tucson | 503,084* | 1413 | Fullerton Town Center | Fullerton | 270,647 |
| California | | | | | | | |
| 541 | Costco Plaza | Alhambra | 195,455 | 1414 | Gardena Gateway Center | Gardena | 65,987 |
| 106 | La Palma S.C. | Anaheim | 15,396 | 1449 | Country Gables S.C. | Granite Bay | 140,184 |
| 1401 | Anaheim Plaza | Anaheim | 345,708 | 1472 | Pine Creek S.C. | Grass Valley | 217,535 |
| 1403 | Brookhurst Center | Anaheim | 185,247 | 1402 | Bixby Hacienda Plaza | Hacienda Heights | 135,012 |
| 1433 | Sycamore Plaza | Anaheim | 105,085 | 0977 | Oceangate Commerce | Hawthorne | 182,605* |
| 1439 | Angels Camp Town Center | Angel's Camp | 77,967 | 9004 | Oceangate II Commerce | Hawthorne | 21,507* |
| 1453 | Elverta Crossing | Antelope | 119,998 | 1450 | Creekside Center | Hayward | 80,911 |
| 1475 | Shops at Bakersfield | Bakersfield | 14,115 | 1422 | Marina Village | Huntington Beach | 148,756 |
| 1419 | Lakewood Plaza | Bellflower | 113,511 | 1317 | Gold Country Center | Jackson | 67,665 |
| 1425 | North County Plaza | Carlsbad | 160,928 | 551 | La Mirada Theater Center | La Mirada | 261,782 |
| 543 | Madison Plaza | Carmichael | 210,306 | 1418 | La Verne Towne Center | La Verne | 231,376 |
| 0269 | Devonshire Plaza | Chatsworth | 75,875* | 1473 | Plaza 580 S.C. | Livermore | 104,363 |
| 1315 | East Avenue Market Place | Chico | 19,560 | 1417 | Kenneth Hahn | Los Angeles | 165,195 |
| | | | | 1435 | Vermont-Slauson S.C. | Los Angeles | 169,744 |
| | | | | 1444 | Canal Farms | Los Banos | 110,535 |
| | | | | 1325 | Raley's Union Square | Manteca | 19,455 |
| | | | | 1465 | Manteca Marketplace | Manteca | 171,953 |
| | | | | 1467 | Mission Ridge Plaza | Manteca | 96,393 |
| | | | | 1312 | Yosemite North S.C. | Merced | 27,350 |
| | | | | 1445 | Century Center | Modesto | 214,772 |
| | | | | 1476 | Shops at Lincoln School | Modesto | 77,863 |
| | | | | 040 | Montebello Town Square | Montebello | 251,489 |



| Site | Center Name | City | GLA | Site | Center Name | City | GLA | | | | |
|--------------------|--------------------------|-------------------|---------|------|-----------------------|--------------|----------|--|--|--|--|
| 1474 | Rheem Valley | Moraga | 163,975 | 1441 | Blossom Valley Plaza | Turlock | 111,612 | | | | |
| 1032 | Morgan Hill | Morgan Hill | 103,362 | 1107 | Kmart S.C. | Tustin | 108,413 | | | | |
| 1327 | South Napa Market Place | Napa | 349,530 | 1420 | Larwin Square S.C. | Tustin | 210,936 | | | | |
| 1336 | Plaza Di Northridge | Northridge | 158,812 | 1434 | Tustin Heights S.C. | Tustin | 138,348 | | | | |
| 1036A | Novato Fair S.C. | Novato | 133,862 | 9074 | Tustin Legacy | Tustin | 626,000^ | | | | |
| 1409 | El Camino North | Oceanside | 366,775 | 1479 | Ukiah Crossroads | Ukiah | 110,565 | | | | |
| 1411 | Fire Mountain | Oceanside | 92,378 | 1424 | Mountain Square | Upland | 273,167 | | | | |
| 1426 | Oceanside Town & Country | Oceanside | 88,414 | 1416 | Granary Square | Valencia | 143,333 | | | | |
| 1436 | Vineyard Village | Ontario | 97,131 | 1456 | Glen Cove Center | Vallejo | 66,000 | | | | |
| 1437 | Vineyard Village East | Ontario | 45,075 | 1471 | Park Place | Vallejo | 150,766 | | | | |
| 1443 | Cable Park | Orangevale | 160,811 | 1466 | Mineral King | Visalia | 46,460 | | | | |
| 556 | Target Plaza | Oxnard | 171,580 | 1423 | Melrose Village Plaza | Vista | 136,922 | | | | |
| 1454 | Fairmont S.C. | Pacifica | 103,081 | 1470 | Olympia Place | Walnut Creek | 114,733 | | | | |
| 1115A | Linda Mar S.C. | Pacifica | 168,871 | 1429 | Pavilions Place | Westminster | 208,660 | | | | |
| 1427 | Palmdale Center | Palmdale | 81,050 | 1463 | Lakewood S.C. | Windsor | 107,769 | | | | |
| 1452 | Eastridge Plaza | Porterville | 81,010 | 1464 | Lakewood Village | Windsor | 127,237 | | | | |
| 1195 | Poway City Centre | Poway | 121,977 | 1481 | Yreka Junction | Yreka | 127,148 | | | | |
| <hr/> | | | | | | | | | | | |
| Colorado | | | | | | | | | | | |
| 685 | Quincy Place S.C. | Aurora | 44,174 | | | | | | | | |
| 689 | East Bank S.C. | Aurora | 152,282 | | | | | | | | |
| 682 | Village on the Park | Aurora | 154,536 | | | | | | | | |
| 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 | | | | | | | | |
| 683 | Englewood Plaza | Englewood | 80,330 | | | | | | | | |
| 367 | Fort Collins S.C. | Fort Collins | 115,862 | | | | | | | | |
| 1248 | Greeley Commons | Greeley | 138,818 | | | | | | | | |
| 1022 | Greenwood Village | Greenwood Village | 196,726 | | | | | | | | |
| 9209 | La Junta | La Junta | 20,500* | | | | | | | | |
| 684 | Heritage West S.C. | Lakewood | 82,581 | | | | | | | | |
| 9180 | Toys R Us | Pueblo | 30,809 | | | | | | | | |
| <hr/> | | | | | | | | | | | |
| Connecticut | | | | | | | | | | | |
| 034 | Branhaven Plaza | Branford | 191,352 | | | | | | | | |
| 1340 | Derby S.C. | Derby | 53,346 | | | | | | | | |
| 029 | Elm Plaza | Enfield | 148,517 | | | | | | | | |
| 548 | West Farm S.C. | Farmington | 184,572 | | | | | | | | |
| 1250 | Farmington Plaza | Farmington | 24,300 | | | | | | | | |
| 500 | Hamden Mart | Hamden | 341,996 | | | | | | | | |
| 554 | Home Depot Plaza | North Haven | 331,919 | | | | | | | | |
| 1251 | Southington Plaza | Southington | 19,410 | | | | | | | | |
| 608 | Waterbury Plaza | Waterbury | 137,943 | | | | | | | | |
| <hr/> | | | | | | | | | | | |
| Delaware | | | | | | | | | | | |
| 1089 | Camden Square | Dover | 4,000 | | | | | | | | |
| 278 | Value City S.C. | Elsmere | 114,530 | | | | | | | | |
| 1055A | Milford Commons | Milford | 61,100 | | | | | | | | |
| 1038A | Brandywine Commons II | Wilmington | 165,805 | | | | | | | | |

* Preferred Equity

^ Property under development or land held for development



Portfolio of Properties INTERESTS OWNED OR MANAGED

| Site | Center Name | City | GLA | Site | Center Name | City | GLA |
|----------------|------------------------------|-------------------|---------|-------|----------------------------|-----------------|----------|
| Florida | | | | | | | |
| 574 | Renaissance Centre | Altamonte Springs | 233,817 | 604 | Peppertree Plaza | Margate | 253,729 |
| 636 | Pearl Arts S.C. | Altamonte Springs | 94,193 | 127 | Nasa Plaza | Melbourne | 168,737 |
| 1573 | Errol Plaza | Apoka | 71,615* | 668 | Shoppes of West Melbourne | Melbourne | 144,439 |
| 9322 | Auburndale | Auburndale | -* | 1386 | Centre of Merritt | Merritt Island | 60,103 |
| 101 | Camino Square | Boca Raton | 73,549 | 129 | Grove Gate S.C. | Miami | 104,908 |
| 1388,A | Bonita Grande Crossings | Bonita Springs | 79,676 | 134 | Coral Way Plaza | Miami | 79,273 |
| 005 | Boynton West S.C. | Boynton Beach | 196,717 | 390 | Miller Road S.C. | Miami | 83,380 |
| 698 | Bayshore Gardens | Bradenton | 162,997 | 522 | Potamkin Toyota I | Miami | 29,166 |
| 1152 | Lakeside Plaza | Bradenton | 30,938 | 523 | Potamkin Toyota II | Miami | 17,117 |
| 1252 | Bradenton Plaza | Bradenton | 18,000 | 524 | Miami Lakes Chevrolet | Miami | 86,900 |
| 011 | Plaza at Brandon Town Center | Brandon | 143,785 | 634 | South Miami S.C. | Miami | 63,604 |
| 9185 | East Brandon | Brandon | -* | 735 | Opa Locka S.C. | Miami | 103,161 |
| 1387 | Coral Pointe S.C. | Cape Coral | 127,016 | 9021 | Mall of the Americas | Miami | 651,011* |
| 1384,A,B | Shops at Santa Barbara | Cape Coral | 42,030 | 1153 | Kendall Lakes Plaza | Miami | 402,801 |
| 739 | Butler Plaza | Casselberry | 103,161 | 1390 | Miller West | Miami | 63,595 |
| 529 | Freedom Ford Service Center | Clearwater | 75,552 | 1247 | Plantation Crossing | Middleburg | 14,000^ |
| 0982 | Northwood Oaks | Clearwater | 84,441* | 1192 | Miramar Town Center | Miramar | -^ |
| 1186 | Curlew Crossing S.C. | Clearwater | 207,071 | 677 | Tri-Cities Shopping Plaza | Mount Dora | 120,430 |
| 623 | Coral Square Promenade | Coral Springs | 55,597 | 761 | Southgate S.C. | New Port Richey | 66,500 |
| 673 | Maplewood Plaza | Coral Springs | 86,342 | 1379 | Cypress Lakes Town Center | N. Lauderdale | 250,209 |
| 135 | Coral Way Plaza | Coral Way | 87,305 | 340 | Ives Dairy Crossing | N. Miami Beach | 108,795 |
| 521 | Gold Coast Lincoln Mercury | Cutler Ridge | 37,640 | 665 | Shady Oaks S.C. | Ocala | 260,435 |
| 1385,A | Addison Center | Delray Beach | 50,906 | 263 | Argyle Village Square S.C. | Orange Park | 50,299 |
| 9002 | Providence Plaza | Deltona | 80,567* | 115 | Sun Plaza | Orlando | 114,434 |
| 174 | Sports Authority Plaza | East Orlando | 131,981 | 121 | Fern Park Plaza | Orlando | 131,646 |
| 1154 | Cypress Creek | Fort Lauderdale | 229,034 | 618 | Sand Lake Plaza | Orlando | 236,486 |
| 1392 | Sanibel Beach Place | Fort Meyers | 74,286 | 638 | Century Plaza | Orlando | 132,856 |
| 525 | Hialeah Dodge | Hialeah | 23,625 | 749 | Lee Road S.C. | Orlando | 103,161 |
| 150 | Oakwood Plaza | Hollywood | 50,000 | 024 | Bayhill Plaza | Orlando | 179,065 |
| 1150, A | Oakwood Plaza North & South | Hollywood | 871,723 | 125 | Grant Square | Orlando | 84,834 |
| 1151,A-C | Oakwood Business Center | Hollywood | 137,196 | 1159 | Millenia Plaza | Orlando | 154,356 |
| 203,B | Homestead Towne Square | Homestead | 209,214 | 1393 | Riverside Landings | Oviedo | 78,179 |
| 141 | Southside Square S.C. | Jacksonville | 51,002 | 9022 | Flamingo Marketplace | Pembroke Pines | 137,259* |
| 207 | Regency Plaza | Jacksonville | 205,696 | 9196 | Perry | Perry | 15,300* |
| 389 | Duval Station | Jacksonville | 72,840 | 251 | Whole Foods Center | Plantation | 57,774 |
| 1034 | Pablo Creek Plaza East | Jacksonville | 74,000^ | 118 | Sample Plaza | Pompano Beach | 66,838 |
| 1189 | Avenues Walk | Jacksonville | 45,000^ | 1126 | Palm Aire Marketplace | Pompano Beach | 140,312 |
| 9174 | Beach & Hodges | Jacksonville | -* | 716 | The Piers S.C. | Port Richey | 103,294 |
| 619 | Marketplace Square | Jensen Beach | 173,491 | 113 | Riviera Square | Riviera Beach | 46,390 |
| 954B | Square One S.C. | Jensen Beach | 197,731 | 392 | Seminole Centre | Sanford | 159,969 |
| 022 | Tradewinds S.C. | Key Largo | 207,332 | 171 | Tuttlebee Plaza | Sarasota | 102,455 |
| 613 | Vine Street Square | Kissimmee | 90,840 | 378 | Southeast Plaza | Sarasota | 129,700 |
| 9355 | Lake Wales | Lake Wales | -* | 9086 | Landings | Sarasota | 148,348* |
| 123 | Merchants Walk | Lakeland | 229,383 | 1391 | Publix at Northridge | Sarasota | 65,320 |
| 9062,A | The Groves | Lakeland | 85,782 | 0495 | Mariner Village | Spring Hill | 69,917* |
| 124 | Wal-Mart Plaza | Largo | 149,472 | 1293 | Riverside Centre S.C. | St. Augustine | 62,942 |
| 139 | Tri-City Plaza | Largo | 215,916 | 128 | Oak Tree Plaza | St. Petersburg | 118,979 |
| 196 | Selmon's Plaza | Largo | 56,668 | 715 | Village Commons S.C. | Tallahassee | 105,655 |
| 120 | Reef Plaza | Lauderdale Lakes | 115,341 | 743 | Busch Plaza | Tampa | 106,986 |
| 290-293 | Ft. Lauderdale Plaza | Lauderhill | 181,416 | 9031 | West Village | Tampa | 100,538* |
| 136 | Leesburg Shops | Leesburg | 13,468 | 9061 | Westgate Plaza | Tampa | 100,200* |
| 0489 | Grove Market S.C. | Loxahatchee | 75,194* | 664,B | Carrollwood Commons | Tampa | 205,634 |
| | | | | 003 | The Plaza at Citrus Park | Tampa | 340,506 |



| Site | Center Name | City | GLA | Site | Center Name | City | GLA |
|---------|-----------------------------|-------------------|----------|---------|------------------------|------------------|----------|
| 1124 | Mission Bell S.C. | Tampa | 181,253 | 695A | Butterfield Square | Downers Grove | 192,639 |
| 0507 | Wellington Marketplace | Wellington | 171,955* | 224/387 | Town & Country S.C. | Elgin | 186,432 |
| 633 | Babies R Us Plaza | West Palm Beach | 80,845 | 397 | Plaza East | Evansville | 192,933 |
| 111/511 | Belmart Plaza | West Palm Beach | 81,073 | 881 | Belleville Road S.C. | Fairview Heights | 192,073 |
| 1152 | Cross County Plaza | West Palm Beach | 357,537 | 862 | Forest Park Mall | Forest Park | 98,371 |
| 208 | Chain O' Lakes Plaza | Winter Haven | 95,188 | 822 | Randall S.C. | Geneva | 110,188 |
| 1112A,B | Shoppes at Amelia Concourse | Yulee | 34,000^ | 153 | Greenwood S.C. | Greenwood | 168,577 |
| | | | | 851 | Griffith Center | Griffith | 114,684 |
| | | | | 1255 | Hillside Plaza | Hillside | 18,650 |
| | | | | 133 | Linwood Square | Indianapolis | 165,220 |
| | | | | 1397 | The Shoppes at Kildeer | Kildeer | 167,477 |
| 1563 | Market at Haynese Bridge | Alpharetta | 130,515 | 145 | Lafayette S.C. | Lafayette | 90,500 |
| 635 | Augusta Square | Augusta | 112,537 | 671 | Sagamore @ 26 S.C. | Lafayette | 238,288 |
| 9058 | Masters Glen | Augusta | 258,325* | 697 | Lafayette Marketplace | Lafayette | 214,876 |
| 044,A,B | Augusta Exchange | Augusta | 530,915 | 1256 | Lake Zurich Plaza | Lake Zurich | 29,938 |
| 1552 | Riverwalk Marketplace | Duluth | 78,025 | 9215 | Lansing Landings | Lansing | 320,184* |
| 724 | Town & Country S.C. | Marietta | 105,405 | 838 | Matteson Center | Matteson | 157,885 |
| 9268 | South Central S.C. | Moultrie | 196,589* | 895 | K's S.C. | Mishawaka | 82,100 |
| 185 | Savannah Centre | Savannah | 187,076 | 839 | Mount Prospect Center | Mount Prospect | 192,547 |
| 632 | Largo Plaza | Savannah | 39,725 | 874 | Mundelen S.C. | Mundelen | 89,692 |
| 048 | Snellville Pavilion | Snellville | 311,033 | 863 | Naper West Plaza | Naperville | 102,327 |
| 1030 | Lowe's S.C. | Valdosta | 175,396 | 1258 | Naperville Plaza | Naperville | 18,710 |
| | | | | 9012 | Lauren's Corner | New Albany | 10,554* |
| | | | | 9013 | Blackiston Mill | New Albany | 31,753* |
| | | | | 9014 | Matthews Center | New Albany | 22,320*^ |
| | | | | 845 | Norridge Center | Norridge | 116,914 |
| | | | | 835 | Oak Lawn Center | Oak Lawn | 164,414 |
| | | | | 337/837 | 22nd Street Plaza | Oakbrook Terrace | 176,263 |
| | | | | 758 | Marketplace of Oaklawn | Oaklawn | 94,707 |
| | | | | 809 | Orland Park S.C. | Orland Park | 131,546 |
| | | | | 175 | Value City S.C. | Ottawa | 60,000 |
| | | | | 832 | Evergreen Square | Peoria | 156,067 |
| | | | | 1184A | Rockford Crossings | Rockford | 89,047 |
| 802 | Beltline Highway S.C. | Alton | 131,188 | 1047 | Free State Bowls | Rolling Meadows | 37,225 |
| 896 | Arlington Heights S.C. | Arlington Heights | 80,040 | 1259 | Round Lake Beach Plaza | Round Lake Beach | 21,000 |
| 890 | Aurora Commons | Aurora | 91,182 | 492 | Streets of Woodfield | Schaumburg | 629,377 |
| 1294A | Yorkshire Plaza | Aurora | 361,984 | 694A | East Woodfield Square | Schaumburg | - ^ |
| 051 | Wind Point S.C. | Batavia | 272,410 | 9198 | Shelbyville | Shelbyville | 14,150* |
| 808 | Belleville S.C. | Belleville | 81,490 | 854 | Skokie Pointe | Skokie | 58,455 |
| 176 | Bloomington Commons | Bloomington | 188,250 | 883 | Erskine Plaza | South Bend | 81,668 |
| 1111 | Oakland Commons S.C. | Bloomington | 73,951 | 183 | Erskine Village | South Bend | 134,414 |
| 825 | Northfield Square Mall | Bradley | 80,535 | 897 | Streamwood S.C. | Streamwood | 81,000 |
| 836 | Calumet Center | Calumet City | 159,647 | 9192 | Tell City | Tell City | 27,000* |
| 848 | Carbondale Mall | Carbondale | 80,535 | 886 | Lake Plaza | Waukegan | 90,555 |
| 043 | Pinetree Plaza | Champaign | 111,720 | 1261 | Waukegan Plaza | Waukegan | 18,843 |
| 870 | Neil Street S.C. | Champaign | 112,000 | 563 | Woodgrove Festival | Woodridge | 161,272 |
| 856 | 87th Street Center | Chicago | 102,011 | | | | |
| 885 | Elston Center | Chicago | 86,894 | | | | |
| 846 | Countryside Plaza | Countryside | 117,005 | | | | |
| 887 | Crestwood Center | Crestwood | 79,903 | | | | |
| 891 | Crystal Lake S.C. | Crystal Lake | 80,390 | | | | |
| 1253 | Crystal Lake Plaza | Crystal Lake | 30,461 | | | | |
| 764 | Downers Grove | Downers Grove | 144,770 | | | | |
| 852 | Downers Grove Center | Downers Grove | 141,906 | | | | |

* Preferred Equity
^ Property under development or land held for development



Portfolio of Properties INTERESTS OWNED OR MANAGED

| Site | Center Name | City | GLA | Site | Center Name | City | GLA | | | | |
|------------------|------------------------|----------------------|----------|--------------|--------------------------------|-----------------|---------|--|--|--|--|
| Iowa | | | | | | | | | | | |
| 812 | Clive Plaza | Clive | 90,000 | 200 | Bangor S.C. | Bangor | 86,422 | | | | |
| 1362 | Metro Crossing | Council Bluffs | - ^ | 1381 | Mallside Plaza | S. Portland | 98,574 | | | | |
| 858 | Davenport Center | Davenport | 91,035 | Maine | | | | | | | |
| 757 | Home Depot S.C. | Des Moines | 149,059 | 1042 | Club Centre | Baltimore | 44,170 | | | | |
| 874 | Dubuque Center | Dubuque | 82,979 | 1092 | Pulaski Industrial Park | Baltimore | - ^ | | | | |
| 9208 | Fort Dodge | Fort Dodge | 33,700* | 1048A | Fullerton Plaza | Baltimore | 152,834 | | | | |
| 9188 | Keokuk | Keokuk | 10,160* | 1052A | Ingleside S.C. | Baltimore | 112,722 | | | | |
| 9210 | Marshalltown | Marshalltown | 22,900* | 1064A | Rolling Road Plaza | Baltimore | 49,629 | | | | |
| 9203 | Newton | Newton | 20,300* | 1067A | Security Square S.C. | Baltimore | 77,287 | | | | |
| 9204 | Oskaloosa | Oskaloosa | 20,700* | 1084D | Wilkens Beltway Plaza | Baltimore | 79,815 | | | | |
| 9189 | Ottumwa | Ottumwa | 22,200* | 1085A | York Road Plaza | Baltimore | 90,903 | | | | |
| 813 | Home Depot S.C. | Southeast Des Moines | 111,847 | 1187A | Putty Hill Plaza | Baltimore | 90,830 | | | | |
| 811 | Waterloo Plaza | Waterloo | 104,074 | 1050A | Greenbrier S.C. | Bel Air | 115,927 | | | | |
| 9199 | West Burlington | West Burlington | 26,100* | 1040 | Clinton Bank | Clinton | 2,544 | | | | |
| 9324 | Bridgewood Plaza | West Des Moines | 53,423* | 1041 | Clinton Bowl | Clinton | - ^ | | | | |
| Kansas | | | | | | | | | | | |
| 814 | Tall Grass Center | East Wichita | 96,011 | 156 | Snowden Square S.C. | Columbia | 50,000 | | | | |
| 805 | Home Depot Center | Overland Park | 120,164 | 216 | Wilde Lake | Columbia | 55,791 | | | | |
| 736 | Topeka S.C. | Topeka | 103,161 | 222 | Lynx Lane Village Center | Columbia | 23,835 | | | | |
| 815 | Shopko S.C. | West Wichita | 96,319 | 212 | Kings Contrivance | Columbia | 86,032 | | | | |
| 751 | Wichita S.C. | Wichita | 103,161 | 235 | River Hill Village Center | Columbia | 105,907 | | | | |
| 561 | Westgate Market | Wichita | 133,771 | 1230A | Famous Dave's Ribs | Columbia | 6,780 | | | | |
| Kentucky | | | | | | | | | | | |
| 267 | Kroger S.C. | Bellevue | 53,695 | 201B | Columbia Crossing | Columbia | 73,299 | | | | |
| 1263 | Florence Plaza | Florence | 38,963 | 206B | Dorsey's Search Village Center | Columbia | 86,456 | | | | |
| 1102A | Turfway Crossing | Florence | 99,578 | 211D,E | Hickory Ridge | Columbia | 100,521 | | | | |
| 795 | Hinkleville Center | Hinkleville | 85,229 | 213B | Harpers Choice | Columbia | 91,165 | | | | |
| 140 | South Park S.C. | Lexington | 258,713 | 2109A | Shoppes at Easton | Easton | 113,330 | | | | |
| 9263 | Owensboro Town Center | Louisville | 156,672* | 1376 | Long Gate S.C. | Ellicott City | 433,467 | | | | |
| 1537 | Maysville Marketsquare | Maysville | 216,119 | 1046A | Enchanted Forest S.C. | Ellicott City | 139,898 | | | | |
| 9191 | Radcliff | Radcliff | 36,900* | 1088 | Villages at Urbana | Fredrick County | 75,677 | | | | |
| Louisiana | | | | | | | | | | | |
| 9187 | Alexandria | Alexandria | 20,400* | 463 | Gaithersburg S.C. | Gaithersburg | 88,277 | | | | |
| 752 | Acadian Village | Baton Rouge | 103,161 | 1562 | Gaithersbowne Plaza | Gaithersburg | 71,329 | | | | |
| 1183 | Hammond Aire Plaza | Baton Rouge | 349,907 | 1037A | Arundel Plaza | Glen Burnie | 249,746 | | | | |
| 9009 | Coursey Commons S.C. | Baton Rouge | 67,755 | 221 | Hagerstown S.C. | Hagerstown | 117,718 | | | | |
| 1025 | Centre at Westbank | Harvey | 181,660 | 173 | Laurel Plaza | Laurel | 75,924 | | | | |
| 274 | Houma Power Center | Houma | 98,586 | 214 | Laurel Plaza | Laurel | 81,550 | | | | |
| 670A | Acadiana Square | Lafayette | 244,733 | 1073 | Southwest | Linthicum | 7,872 | | | | |
| 9202 | Minden | Minden | 27,300* | 1058A | Orchard Square | Lutherville | 12,333 | | | | |
| 9213 | Pineville | Pineville | 32,200* | 1057A | North East Station | North East | 80,190 | | | | |
| 9095 | Bayou Walk | Shreveport | 93,669* | 1264 | Owings Mills Plaza | Owings Mills | 14,564 | | | | |
| 9259 | East Side Plaza | Shreveport | 78,591* | 1056A | New Town Village | Owings Mills | 116,303 | | | | |
| 9200 | Zachary | Zachary | 29,600* | 1059,A | Patriots Office/Patriots Plaza | Pasadena | 38,727 | | | | |
| | | | | 1060 | Perry Hall Square S.C. | Perry Hall | 183,124 | | | | |
| | | | | 1061A | Perry Hall Super Fresh | Perry Hall | 65,059 | | | | |
| | | | | 1078 | Timonium S.C. | Timonium | 127,097 | | | | |
| | | | | 1077A | Timonium Crossing | Timonium | 59,799 | | | | |
| | | | | 1063D-G | Radcliffe Center | Towson | 84,280 | | | | |
| | | | | 1104A | Towson Place | Towson | 669,926 | | | | |
| | | | | 1079 | Waldorf Bowl | Waldorf | 26,128 | | | | |
| | | | | 1080 | Waldorf Firestone | Waldorf | 4,500 | | | | |
| | | | | 1081A | Waverly Woods Village Center | Woodstock | 103,547 | | | | |



| Site | Center Name | City | GLA | Site | Center Name | City | GLA | | | | |
|----------------------|-----------------------------|------------------|----------|-----------------|-----------------------------|--------------|----------|--|--|--|--|
| Massachusetts | | | | | | | | | | | |
| 609 | Barrington Plaza | Great Barrington | 131,235 | 875 | Plaza at De Paul | Bridgeton | 101,592 | | | | |
| 9247 | Haverhill Plaza | Haverhill | 63,203* | 850 | Crystal Center | Crystal City | 100,724 | | | | |
| 1141A | Festival at Hyannis S.C. | Hyannis | 225,634 | 154 | Shop & Save S.C. | Ellisville | 118,080 | | | | |
| 1117A | Shops at the Pond | Marlborough | 104,125 | 744 | Hub S.C. | Independence | 103,161 | | | | |
| 1045A | Del Alba Plaza | Pittsfield | 72,014 | 806 | Independence S.C. | Independence | 184,870 | | | | |
| 1198 | North Quincy Plaza | Quincy | 80,510 | 707 | North Point S.C. | Joplin | 155,416 | | | | |
| 481 | Shrewsbury S.C. | Shrewsbury | 108,418 | 889 | Joplin Mall | Joplin | 80,524 | | | | |
| 1373 | Center at Hobbs Brook | Sturbridge | 231,016 | 833 | Kansas Center | Kansas City | 150,381 | | | | |
| Michigan | | | | | | | | | | | |
| 1266 | Canton Twp. Plaza | Canton Twp. | 40,149 | 244 | Kirkwood Crossing | Kirkwood | 253,662 | | | | |
| 667 | White Lake Commons | Clarkston | 148,973 | 872 | Lemay S.C. | Lemay | 69,498 | | | | |
| 143 | Clawson Center | Clawson | 119,801 | 872 | Manchester S.C. | Manchester | 89,305 | | | | |
| 1267 | Clinton Twp. Plaza | Clinton Twp. | 19,042 | 625 | Primrose Marketplace | Springfield | 277,590 | | | | |
| 1268 | Dearborn Heights Plaza | Dearborn Heights | 15,450 | 869 | Springfield S.C. | Springfield | 203,384 | | | | |
| 146 | Downtown Farmington Center | Farmington | 96,915 | 789 | Primrose Marketplace | Springfield | 84,916 | | | | |
| 1269 | Grand Rapids Plaza | Grand Rapids | 68,632 | 798 | Center Point S.C. | St. Charles | 84,460 | | | | |
| 138 | Maple Hill Mall | Kalamazoo | 261,334 | 598 | Home Depot Plaza | St. Charles | 8,000 | | | | |
| 757 | Southfield S.C. | Lansing | 103,161 | 804 | Kings Highway S.C. | St. Louis | 176,273 | | | | |
| 1270 | Lansing Plaza | Lansing | 18,813 | 831 | Dunn Center | St. Louis | 172,165 | | | | |
| 119 | Century Plaza | Livonia | 10,400 | 829 | Overland Crossing | St. Louis | 170,779 | | | | |
| 335 | Beltline Plaza | Muskegon | 79,215 | 162 | Gravois Plaza | St. Louis | 129,093 | | | | |
| 180 | Novi S.C. | Novi | 60,000 | 834 | South County Center | St. Louis | 128,765 | | | | |
| 1271 | Okemos Plaza | Okemos | 30,520 | 830 | Creve Coeur S.C. | St. Louis | 113,781 | | | | |
| 607 | Cross Creek S.C. | Taylor | 141,549 | 840 | Cave Springs S.C. | St. Peters | 175,121 | | | | |
| 271 | Cambridge Crossing | Troy | 223,041 | | | | | | | | |
| 606 | Green Orchard S.C. | Walker | 338,928 | Missouri | | | | | | | |
| Minnesota | | | | | | | | | | | |
| 1272 | Eden Prairie Plaza | Eden Prairie | 18,388 | 741 | Frederick S.C. | Omaha | 92,332 | | | | |
| 1568 | Hastings Marketplace | Hastings | 97,535 | 1103 | Sorensen Park Plaza | Omaha | 141,000^ | | | | |
| 1558 | The Fountains at Arbor Lake | Maple Grove | 407,686 | Nebraska | | | | | | | |
| 014 | Arbor Lakes Retail Center | Maple Grove | 466,401 | 1503 | Eagle Station | Carson City | 114,078 | | | | |
| 004 | Maplewood Town Center | Maplewood | 111,544 | 1504 | Elko Junction S.C. | Elko | 170,812 | | | | |
| 552 | Ridgedale Festival Center | Minnetonka | 120,220 | 508 | Warm Springs Promenade | Henderson | 156,000^ | | | | |
| 1273 | Roseville Plaza | Roseville | 7,800 | 1505 | Green Valley Town & Country | Henderson | 130,773 | | | | |
| 1274 | St. Paul Plaza | St. Paul | 17,754 | 1501 | Cheyenne Commons | Las Vegas | 362,758 | | | | |
| 785 | Thunderbird Mall | Virginia | 63,550 | 1510 | Sahara Pavilion North | Las Vegas | 333,679 | | | | |
| Mississippi | | | | | | | | | | | |
| 1128 | Turtle Creek Crossing | Hattiesburg | 248,000^ | 1508 | Rainbow Promenade | Las Vegas | 228,279 | | | | |
| 157 | Ridgewood Court | Jackson | 50,000 | 1509 | Renaissance West | Las Vegas | 169,160 | | | | |
| 9212 | Petal | Petal | 30,180* | 1511 | Sahara Pavilion South | Las Vegas | 160,842 | | | | |
| 9064 | Center Park | Ridgeland | 41,079* | 1513 | Winterwood Pavilion | Las Vegas | 144,653 | | | | |
| 9065 | North Regency | Ridgeland | 61,568* | 1502 | Decatur Meadows | Las Vegas | 111,245 | | | | |
| 9066 | Purple Creek | Ridgeland | 81,626* | 1499 | Alamosa Plaza | Las Vegas | 77,650 | | | | |
| Nevada | | | | | | | | | | | |
| 1314A | Del Monte Plaza | Reno | 36,627 | 1313 | Comp USA Center | Reno | 31,710 | | | | |
| 1507 | North Reno | Reno | 129,960 | 1500 | Caughlin Ranch | Reno | 113,488 | | | | |
| 1506 | Mira Loma Center | Reno | 102,907 | 1506 | Winnemucca | Winnemucca | 65,424 | | | | |
| 1512 | West Town | | | | | | | | | | |

* Preferred Equity

^ Property under development or land held for development



Portfolio of Properties INTERESTS OWNED OR MANAGED

| Site | Center Name | City | GLA | Site | Center Name | City | GLA |
|----------------------|------------------------|------------------|----------|---------|------------------------------|------------------|---------|
| New Hampshire | | | | | | | |
| 9237 | Shaw's Plaza | Lancaster | 50,080* | 750 | Concourse Plaza | Bronx | 228,638 |
| 9236 | Kilburn Plaza | Littleton | 34,583* | 1346 | Castle Hill Strauss | Bronx | 3,720 |
| 1012A | Webster Square | Nashua | 182,360 | 1019 | Two Guys Auto Glass | Brooklyn | 7,500 |
| 1345 | New London S.C. | New London | 106,470 | 1020 | Genovese Drug Store | Brooklyn | 10,000 |
| 9233 | Sugar River | Newport | 117,828* | 1130 | Kings Highway S.C. | Brooklyn | 29,671 |
| 620 | Rockingham Mall | Salem | 344,076 | 1131 | Ralph Avenue Homeport | Brooklyn | 41,076 |
| 9234 | Shaw's Plaza | Woodsville | 39,000* | 1347 | Utica Avenue Strauss | Brooklyn | 5,200 |
| 9235 | Rite Aid | Woodsville | 11,280* | 030 | Mill Basin Plaza | Brooklyn | 80,708 |
| New Jersey | | | | | | | |
| 1133 | Bayonne Broadway | Bayonne | 23,901 | 453 | Elmwood Plaza | Buffalo | 141,285 |
| 1276 | Bricktown Plaza | Bricktown | 56,680 | 456 | Tops Plaza | Buffalo | 101,066 |
| 1277 | Bridgewater Plaza | Bridgewater | 45,486 | 605 | Centereach Mall | Centereach | 377,584 |
| 573,A | Bridgewater Promenade | Bridgewater | 378,567 | 1358 | Pathmark S.C. | Centereach | 101,656 |
| 306 | Stop & Shop Plaza | Cherry Hill | 124,750 | 1181 | Central Islip Town Center | Central Islip | 42,000^ |
| 643 | Marlton Plaza | Cherry Hill | 129,809 | 575 | King Kullen Plaza | Commack | 265,409 |
| 1014 | Hillview S.C. | Cherry Hill | 209,185 | 545 | Home Depot Plaza | Copiague | 163,999 |
| 645 | Cinnaminson S.C. | Cinnaminson | 121,852 | 1341 | The Center at East Northport | E. Northport | 26,016 |
| 032 | Millside Plaza | Delran | 77,583 | 1193 | Northport Retail | E. Northport | - ^ |
| 1194A | Delran S.C. | Delran | 37,679 | 132 | Elmont S.C. | Elmont | 27,078 |
| 1278 | Deptford Plaza | Deptford | 29,930 | 284 | Elmont Plaza | Elmont | - |
| 047 | East Windsor Village | East Windsor | 249,029 | 1363 | Airport Plaza | Farmingdale | 443,134 |
| 1375 | Edgewater Commons | Edgewater | 423,620 | 1136 | Franklin Square S.C. | Franklin Square | 17,864 |
| 1191 | Kmart S.C. | Hillsborough | 55,552 | 027 | Meadowbrook Commons | Freeport | 173,031 |
| 1008 | Holmdel Commons II | Holmdel | 234,739 | 025 | North Shore Triangle | Glen Cove | 49,346 |
| 1007 | Holmdel Towne Center | Holmdel | 300,010 | 1098 | Scotia Crossing | Glenville | - ^ |
| 1280 | Howell Plaza | Howell | 30,000 | 354 | Hampton Bays Plaza | Hampton Bays | 70,990 |
| 1281 | Kenvil Plaza | Kenvil | 44,583 | 1556 | Woodbury Centre | Harriman | 227,939 |
| 184 | Strauss Auto Plaza | Linden | 13,340 | 021 | Walgreens of Freeport | Hempstead | 13,905 |
| 1171 | Maple Shade | Moorestown | 201,351 | 1137 | Hicksville S.C. | Hicksville | 35,581 |
| 617 | North Brunswick Plaza | North Brunswick | 409,879 | 1348 | Liberty Avenue Strauss | Jamaica | 5,770 |
| 558 | Piscataway Town Center | Piscataway | 97,348 | 008 | Latham Farms | Latham | 616,130 |
| 615 | Ridgewood S.C. | Ridgewood | 24,280 | 1349 | Merick Blvd. Strauss | Laurelton | 7,435 |
| 1282 | Sea Girt Plaza | Sea Girt | 35,240 | 9184 | Levittown S.C. | Levittown | 47,214 |
| 1160 | Willowbrook Plaza | Wayne | 331,528 | 1017,A | Douglaston S.C. | Little Neck | 48,275 |
| 1283 | West Long Branch Plaza | West Long Branch | 23,379 | 237 | Manhasset Center | Manhasset | 188,608 |
| 614 | Westmont Plaza | Westmont | 192,254 | 1352 | Strauss-East 14th Street | Manhattan | 9,566 |
| 9343 | Whiting Commons | Whiting | 4,000*^ | 1129 | Duane Reade | Maspeth | 22,500 |
| New Mexico | | | | | | | |
| 585 | Sycamore Plaza | Albuquerque | 37,758 | 028 | Merrick Commons | Merrick | 107,871 |
| 586 | Plaza Paseo Del Norte | Albuquerque | 183,912 | 041 | Galleria at Crystal Run | Middletown | 80,000 |
| 591 | Juan Tabo Plaza | Albuquerque | 59,722 | 020 | Munsey Park | Munsey Park | 72,748 |
| 1536 | Country Club Center | Albuquerque | 74,656 | 1145 | Levitz Plaza | Nesconset | 55,580 |
| 9182 | Toys R Us | Las Cruces | 30,686 | 1138 | North Massapequa S.C. | North Massapequa | 29,610 |
| New York | | | | | | | |
| 1134 | Bayridge S.C. | Bayridge | 21,106 | 1018 | American Muffler Shop | Oceanside | 1,856 |
| 1357 | Market at Bay Shore | Bayshore | 176,622 | 116 | Manetto Hill Plaza | Plainview | 88,222 |
| 1135 | Bellmore S.C. | Bellmore | 24,802 | 218 | 44 Plaza | Poughkeepsie | 167,668 |
| 360 | Bridgehampton Commons | Bridgehampton | 287,587 | 1351 | Strauss-Jamaica Avenue | Queens Village | 14,649 |
| | | | | 149/426 | West Gates S.C. | Rochester | 185,153 |
| | | | | 601 | Richmond S.C. | Staten Island | 212,325 |
| | | | | 674 | Greenridge Plaza | Staten Island | 101,337 |
| | | | | 1285 | Staten Island Plaza | Staten Island | 14,560 |
| | | | | 1339 | Hylan Plaza | Staten Island | 356,779 |
| | | | | 1343 | Forest Avenue Plaza | Staten Island | 47,270 |
| | | | | 031 | Forest Avenue S.C. | Staten Island | 177,118 |
| | | | | 109 | Syosset S.C. | Syosset | 32,124 |
| | | | | 1161 | Westbury S.C. | Westbury | 398,602 |



| Site | Center Name | City | GLA | Site | Center Name | City | GLA | | | | |
|-----------------------|------------------------------|---------------|----------|-----------------|--------------------------|------------------|---------|--|--|--|--|
| 1140 | White Plains S.C. | White Plains | 24,577 | 308/310 | Oak Creek Plaza | Dayton | 213,666 | | | | |
| 801 | Shoprite S.C. | Yonkers | 43,560 | 006 | Northpark Center | Huber Heights | 318,468 | | | | |
| 1350 | Romaine Avenue Strauss | Yonkers | 10,329 | 437/637 | Tops Plaza | Kent | 106,500 | | | | |
| North Carolina | | | | | | | | | | | |
| 1096 | Burlington Commerce Park | Burlington | - ^ | 399 | Mentor Plaza | Mentor | 103,910 | | | | |
| 696 | Wellington Park | Cary | 102,787 | 417 | Erie Commons | Mentor | 235,577 | | | | |
| 483 | Crossroads Plaza | Cary | 86,015 | 714 | Mallwoods Centre | Miamisburg | 6,000 | | | | |
| 002,A | Centrum @ Crossroads | Cary | 315,797 | 409 | Middleburg Heights Plaza | Middleburg Hgts. | 104,342 | | | | |
| 959B | Park Place S.C. | Cary | 169,901 | 414 | Tops Plaza | North Olmstead | 99,862 | | | | |
| 380/384 | Tyvola Mall | Charlotte | 233,800 | 486 | High Park Center | Orange Township | - ^ | | | | |
| 192 | Independence Square | Charlotte | 139,269 | 276 | Sharonville Plaza | Sharonville | 130,704 | | | | |
| 144 | Woodlawn Marketplace | Charlotte | 62,300 | 018 | Tri-County Commons | Springdale | 253,510 | | | | |
| 639 | Oakcreek Village | Durham | 116,186 | 404 | Salem Plaza | Trotwood | 141,616 | | | | |
| 016 | New Hope Commons | Durham | 408,292 | 130 | Arlington Square | Upper Arlington | 160,702 | | | | |
| 528 | Franklin Ford | Franklin | 26,326 | 9207 | Wauseon | Wauseon | 13,100* | | | | |
| 275 | Landmark Station | Greensboro | 103,494 | 178/423 | Westerville Plaza | Westerville | 242,124 | | | | |
| 1094 | Senate/Hillsborough Crossing | Hillsborough | - ^ | 234 | Town Square | Wickliffe | 128,180 | | | | |
| 1177 | Shoppes @ Midway Plantation | Knightdale | 188,000^ | 410 | Chardon Bishop Plaza | Willoughby Hills | 157,424 | | | | |
| 1033 | The Centrum | Pineville | 269,710 | Oklahoma | | | | | | | |
| 177 | Pleasant Valley Promenade | Raleigh | 372,023 | 9195 | Durant | Durant | 32,200* | | | | |
| 955D | Millpond Offices | Raleigh | 16,030 | 9211 | Newcastle | Newcastle | 11,600* | | | | |
| 479 | Edgewater Place | Raleigh | 87,000^ | 001,A | Parkway Plaza | Norman | 262,624 | | | | |
| 477A | Wakefield Crossings II | Raleigh | - ^ | 555 | Centennial Plaza | Oklahoma City | 233,797 | | | | |
| 478 | Wakefield Crossings | Raleigh | - ^ | 876 | Broadway Plaza | Oklahoma City | 103,027 | | | | |
| 126 | Cloverdale Plaza | Winston-Salem | 137,433 | 9197 | Shawnee | Shawnee | 35,640* | | | | |
| Ohio | | | | | | | | | | | |
| 910 | Harvest Plaza | Akron | 75,866 | 810 | Woodlands Marketplace | South Tulsa | 4,090 | | | | |
| 419 | West Market Plaza | Akron | 138,363 | Oregon | | | | | | | |
| 220 | Barberton S.C. | Barberton | 101,801 | 9181 | Toys R Us | Albany | 22,700 | | | | |
| 345 | Beavercreek Plaza | Beavercreek | 119,410 | 1514 | Albany Plaza | Albany | 109,891 | | | | |
| 246 | Kmart Plaza | Brunswick | 171,223 | 1516 | Canby Square S.C. | Canby | 115,701 | | | | |
| 242 | Cambridge Square | Cambridge | 78,065 | 1377 | Clackamas Promenade | Clackamas | 236,713 | | | | |
| 188 | Belden Village Commons | Canton | 172,419 | 1518 | Gresham Town Fair | Gresham | 265,765 | | | | |
| 405 | Cross Pointe S.C. | Centerville | 125,058 | 1525 | Oregon Trail Center | Gresham | 208,276 | | | | |
| 017 | Colerain Towne Center | Cincinnati | 378,901 | 1527 | Powell Valley Junction | Gresham | 107,583 | | | | |
| 413 | Ridgewater Plaza | Cincinnati | 223,731 | 1528 | Rockwood Plaza | Gresham | 92,872 | | | | |
| 415 | Glenway Plaza | Cincinnati | 121,242 | 1519 | Hermiston Plaza | Hermiston | 149,196 | | | | |
| 420 | Cassinelli Square | Cincinnati | 308,277 | 1531 | Sunset Esplanade | Hillsboro | 260,954 | | | | |
| 482 | Glenway Crossing | Cincinnati | 88,317 | 1533 | Tanasbourne Village | Hillsboro | 210,992 | | | | |
| 513 | Ridgewater Plaza | Cincinnati | 89,742 | 1520 | Hood River S.C. | Hood River | 108,554 | | | | |
| 1286 | Highland Plaza | Cincinnati | 19,748 | 1557 | McMinnville | McMinnville | - ^ | | | | |
| 1287 | Montgomery Plaza | Cincinnati | 39,069 | 1521 | Medford Center | Medford | 335,043 | | | | |
| 401 | Morse Plaza | Columbus | 191,089 | 1515 | Bear Creek Plaza | Medford | 183,850 | | | | |
| 402 | South Hamilton S.C. | Columbus | 142,743 | 1523 | Milwaukie Marketplace | Milwaukie | 185,859 | | | | |
| 403 | Olentangy Plaza | Columbus | 129,008 | 1530 | Southgate S.C. | Milwaukie | 50,862 | | | | |
| 407 | West Broad Plaza | Columbus | 135,650 | 1524 | Oregon City S.C. | Oregon City | 246,855 | | | | |
| 424 | South High Plaza | Columbus | 99,262 | 1532 | Sunset Mall | Portland | 115,635 | | | | |
| 019 | Georgesville Square | Columbus | 254,152 | 1522 | Menlo Park Plaza | Portland | 112,755 | | | | |
| 597 | North West Square | Columbus | 112,862 | 1517 | East Burnside Plaza | Portland | 38,363 | | | | |
| 131 | Shiloh Springs Plaza | Dayton | 163,131 | 1529 | Sandy Marketplace | Sandy | 101,438 | | | | |
| 406 | Value City Plaza | Dayton | 116,374 | 1526 | Pioneer Plaza | Springfield | 96,027 | | | | |
| | | | | 1534 | Troutdale Market | Troutdale | 98,137 | | | | |

* Preferred Equity

^ Property under development or land held for development*



Portfolio of Properties INTERESTS OWNED OR MANAGED

| Site | Center Name | City | GLA | Site | Center Name | City | GLA | | | | |
|---------------------|-----------------------------|-------------------|----------|-----------------------|------------------------------|---------------|----------|--|--|--|--|
| Pennsylvania | | | | | | | | | | | |
| 649 | Center Square S.C. | Blue Bell | 120,211 | 1291 | Whitehall Plaza | Whitehall | 18,645 | | | | |
| 1288 | Brookhaven Plaza | Brookhaven | 6,300 | 0502 | Loyal Plaza | Williamsport | 293,825* | | | | |
| 1338 | Carlisle Marketplace | Carlisle | 90,289 | 371 | Mount Rose Plaza | York | 58,244 | | | | |
| 1199 | Chambersburg Crossing | Chambersburg | 251,000^ | 372 | West Market St. Plaza | York | 35,500 | | | | |
| 1083A | Wayne Plaza | Chambersburg | 129,754 | Puerto Rico | | | | | | | |
| 460 | Chippewa Plaza | Chippewa | 215,206 | 1369 | Rexville Town Center | Bayamon | 186,400 | | | | |
| 148 | Duquesne Plaza | Duquesne | 69,733 | 1365,A-C | Plaza Centro | Caguas | 572,188 | | | | |
| 223 | Ridge Pike Plaza | Eagleville | 165,385 | 1366,A-C | Los Colobos | Carolina | 570,610 | | | | |
| 312 | Norriton Square | East Norriton | 133,569 | 1371 | Manati Villa Maria S.C. | Manati | 69,640 | | | | |
| 210 | Pocono Plaza | East Stroudsburg | 168,506 | 1367,A | Western Plaza | Mayaguez | 348,593 | | | | |
| 661 | Eastwick Wellness Center | Eastwick | 36,511 | 1368 | Ponce Town Center | Ponce | 192,701 | | | | |
| 469 | Acme Supermarket S.C. | Exton | 60,685 | 1370 | Trujillo Alto Plaza | Trujillo Alto | 201,324 | | | | |
| 658 | Whiteland Town Center | Exton | 85,184 | Rhode Island | | | | | | | |
| 1289 | Exton Plaza | Exton | 47,134 | 691 | Marshalls Plaza | Cranston | 129,907 | | | | |
| 0191 | Fairview Plaza | Fairview Township | 71,979* | 1011 | Mashpaug Commons | Providence | 71,735 | | | | |
| 651 | Bucks Crossing | Feasterville | 86,575 | South Carolina | | | | | | | |
| 375 | Gettysburg Plaza | Gettysburg | 14,584 | 631 | Westwood Plaza | Charleston | 186,740 | | | | |
| 158 | Westmoreland Mall | Greensburg | 50,000 | 254 | St. Andrews Center | Charleston | 128,658 | | | | |
| 0266 | Halifax Plaza | Halifax Township | 54,150* | 646 | Crossroads Center | Florence | 113,922 | | | | |
| 326 | Hamburg Wellness Center | Hamburg | 15,400 | 676 | Gallery S.C. | Greenville | 148,532 | | | | |
| 193A | Harrisburg East S.C. | Harrisburg | 175,917 | 1147 | Cherrydale Point | Greenville | 295,928 | | | | |
| 656 | Township Line S.C. | Havertown | 80,938 | 622/692 | North Rivers Marketplace | N. Charleston | 267,632 | | | | |
| 723 | Village Mall | Horsham | 105,569 | Tennessee | | | | | | | |
| 1337 | Horsham Point | Horsham | 75,206 | 1356 | Harpeth Village | Bellevue | 53,000^ | | | | |
| 0268 | Newport Plaza | Howe Township | 66,789* | 253 | Red Bank S.C. | Chattanooga | 50,588 | | | | |
| 659 | Ralph's Corner S.C. | Landsdale | 84,470 | 168 | Hamilton Crossing S.C. | Chattanooga | 50,000 | | | | |
| 1110A | Holiday Center | Monroeville | 143,200 | 1559 | Germantown Collection | Germantown | 55,297 | | | | |
| 049 | Montgomery Square | Montgomery | 257,565 | 1181,A | Rivergate Station | Madison | 240,318 | | | | |
| 648 | Morrisville S.C. | Morrisville | 2,437 | 282 | Old Towne Village | Madison | 175,593 | | | | |
| 342 | New Kensington S.C. | New Kensington | 108,950 | 007 | Northside Marketplace | Madison | 189,401 | | | | |
| 526 | Northeast Auto Outlet | Philadelphia | 75,303 | 594 | Trolley Station | Memphis | 167,243 | | | | |
| 650 | Frankford Avenue S.C. | Philadelphia | 82,345 | 484 | Hickory Ridge Commons | Memphis | 87,962 | | | | |
| 660 | The Gallery | Philadelphia | 133,309 | 1538 | Memphis Retail Center | Memphis | 51,542 | | | | |
| 1290 | Philadelphia Plaza | Philadelphia | 14,143 | 013 | Wolfchase Bed, Bath & Beyond | Memphis | 40,000 | | | | |
| 1353 | Strauss-Washington Avenue | Philadelphia | 9,343 | 588 | The Shoppes at Rivergate | Nashville | 172,135 | | | | |
| 1361 | Great Northeast Plaza | Philadelphia | 294,751 | 583 | Marketplace at Rivergate | Nashville | 109,012 | | | | |
| 294 | Cottman & Castor S.C. | Philadelphia | 198,721 | 004 | Hickory Hollow S.C. | Nashville | 99,909 | | | | |
| 612 | Cottman & Bustleton Center | Philadelphia | 274,412 | 9206 | Pulaski, TN | Pulaski | 28,100* | | | | |
| 1185 | Allegheny Garage | Pittsburgh | 467,927 | Texas | | | | | | | |
| 1566 | Wexford | Pittsburgh | 130,824 | 1309 | Creme De La Creme | Allen | 21,162 | | | | |
| 9020 | Cranberry Commons | Pittsburgh | 166,789* | 879 | Westgate Plaza | Amarillo | 343,989 | | | | |
| 1062A | Pottstown Plaza | Pottstown | 161,727 | 879A | Shops at Soncy | Amarillo | 142,747 | | | | |
| 389 | Crossroads Plaza | Richboro | 110,357 | 866 | Arlington Center | Arlington | 96,127 | | | | |
| 464 | Carnegie | Scott Township | 69,288 | 589 | Center of the Hills | Austin | 157,852 | | | | |
| 1070A | Shrewsbury Square S.C. | Shrewsbury | 94,706 | | | | | | | | |
| 760 | County Line Plaza | Souderton | 67,396 | | | | | | | | |
| 288 | Springfield S.C. | Springfield | 212,188 | | | | | | | | |
| 662 | Upper Darby Wellness Center | Upper Darby | 48,936 | | | | | | | | |
| 385 | Century III Mall | West Mifflin | 84,279 | | | | | | | | |
| 653 | Whitehall Mall | Whitehall | 84,524 | | | | | | | | |
| 1190 | Macarthur Towne Center | Whitehall | 151,418 | | | | | | | | |



| Site | Center Name | City | GLA | Site | Center Name | City | GLA |
|---------|-----------------------------|----------------|----------|---------|-------------------------------|------------------|----------|
| 1116 | Parmer Crossing | Austin | 108,028 | 010A | Fairway Marketplace | Pasadena | 240,907 |
| 1565 | Teakwood Plaza | Austin | 33,181 | 9205 | Plainview | Plainview | 31,720* |
| 9023 | Parkline S.C. | Austin | 92,030* | 768A | Parker Plaza S.C. | Plano | 149,343 |
| 9067 | South Brook S.C. | Austin | 54,651* | 572 | Richardson Plaza | Richardson | 115,579 |
| 9068 | Homestead | Austin | 88,829* | 0978 | Sunset Ridge S.C. | San Antonio | 102,363* |
| 9069 | Arboretum Crossing | Austin | 40,000* | 9054 | San Mar Plaza | San Marcos | 185,092* |
| 9072 | Lincoln Village | Austin | 178,700* | 9071 | Southlake Marketplace | Southlake | 133,772* |
| 9175 | Round Rock West | Austin | 131,039* | 1567,A | Southlake Oaks | Southlake | 37,447 |
| 9176 | Century South | Austin | 210,520* | 042 | Fountains on the Lake | Stafford | 589,201 |
| 564 | Arboretum Crossing | Austin | 191,760 | 1099A,B | Temple Towne Center | Temple | 274,786 |
| 1378 | Sunset Valley Marketfair | Austin | 209,393 | 9193 | Tyler | Tyler | 35,840* |
| 1380 | Westbank Market | Austin | 138,422 | 1003 | Market Street-The Woodlands | Woodlands | 456,000^ |
| 823 | Baytown Village S.C. | Baytown | 86,240 | | | | |
| 9201 | Belton | Belton | 28,060* | | | | |
| 1197 | Las Tiendas Plaza | Brownsville | 197,000^ | | | | |
| 496 | Gateway Station | Burleson | 64,000^ | | | | |
| 9214 | Carrollton | Carrollton | 14,950* | | | | |
| 9243 | Trinity Mills S.C. | Carrollton | 18,740* | | | | |
| 1308 | Creme De La Creme | Colleyville | 20,188 | | | | |
| 1555 | Conroe Marketplace | Conroe | 299,921 | | | | |
| 1310 | Creme de la Creme | Coppell | 20,425 | | | | |
| 878 | Islands Plaza S.C. | Corpus Christi | 125,454 | | | | |
| 170 | Big Town Mall | Dallas | - | | | | |
| 1561 | Preston Forest Village | Dallas | 171,988 | 1292 | Alexandria Plaza | Alexandria | 28,800 |
| 9005 | Hillside Village | Dallas | 166,625* | 1039A | Burke Town Plaza | Burke | 124,148 |
| 565 | Cityplace Market | Dallas | 83,867 | 467 | Southpark S.C. | Colonial Heights | 60,909 |
| 816 | Accent Plaza | East Plano | 100,598 | 1227A | Waffle House | Dumfries | 1,702 |
| 1100 | Montgomery Plaza | Fort Worth | 200,000^ | 1560 | Main Street Marketplace | Fairfax | 101,332 |
| 9097 | Fossil Creek | Fort Worth | 68,492* | 1570 | Old Towne Village | Fairfax | -^ |
| 1396 | Preston Lebanon Crossing | Frisco | 106,000^ | 547 | Costco Plaza | Fairfax | 323,262 |
| 9070 | Republic Square | Georgetown | 115,158* | 1200A | Central Park | Fredericksburg | 272,398* |
| 1354 | Lake Prairie Towne Crossing | Grand Prairie | 69,000^ | 1241A | Firestone Tire | Fredericksburg | 7,200 |
| 1122A | The Centre at Copperfield | Harris County | 144,055 | 1071A | Skyline Village | Harrisonburg | 107,438 |
| 567 | Center at Baybrook | Houston | 397,899 | 1569 | Battlefield Marketplace | Leesburg | 314,968 |
| 719 | Sharpstown Court | Houston | 84,188 | 672 | Festival at Manassas | Manassas | 117,525 |
| 817 | Westheimer Plaza | Houston | 96,500 | 1076A | Sudley Towne Plaza | Manassas | 107,233 |
| 1006 | Northwest Marketplace | Houston | 185,332 | 1162 | Pentagon Centre | Pentagon City | 337,429 |
| 1086A | Cypress Towne Center | Houston | 30,000^ | 462 | Westpark Center | Richmond | 84,683 |
| 655A | Woodforest S.C. | Houston | 113,831 | 800 | Burlington Coat Center | Richmond | 128,612 |
| 1355 | Copperwood Village | Houston | 350,398 | 1235A | BB & T - Colonia | Richmond | 3,060 |
| 1086B | Cypress Towne Center | Houston | 196,044 | 1123 | Valley View S.C. | Roanoke | 81,789 |
| 9151 | Killeen Marketplace | Killeen | -^* | 952A | Towne Square | Roanoke | 301,740 |
| 9150 | Lake Jackson Marketplace | Lake Jackson | -^* | 1295,A | Doc Stone Commons | Stafford | 101,042 |
| 1125 | Rio Norte S.C. | Laredo | 257,981 | 1228A | Chick-fil-A | Stafford | 4,211 |
| 568 | Shops at Vista Ridge | Lewisville | 74,837 | 1231A | Ruby Tuesday's | Stafford | 4,400 |
| 569 | Vista Ridge Plaza | Lewisville | 123,560 | 1236A | Carlos O'Kelly's Mexican Cafe | Stafford | 7,310 |
| 590 | Vista Ridge Plaza | Lewisville | 93,668 | 1239A | Dairy Queen | Stafford | 3,549 |
| 678 | South Plains Plaza | Lubbock | 108,326 | 1332A | Stafford Marketplace | Stafford | 331,730 |
| 256 | Kroger Plaza | Mesquite | 79,550 | 1021A | Potomac Run Plaza | Sterling | 361,079 |
| 570/571 | Mesquite Town Centre Plaza | Mesquite | 209,766 | 1175A | Dulles Town Crossing | Sterling | 737,503 |
| 1016 | New Braunfels | N. Braunfels | 86,479 | 225 | Gordon Plaza | Woodbridge | 150,793 |
| 9190 | Pampa | Pampa | 16,160* | 1072A | Smoketown Plaza | Woodbridge | 272,174 |
| 010 | Fairway Plaza | Pasadena | 169,190 | 915-920 | Smoketown Station | Woodbridge | 494,048 |

* Preferred Equity

^ Property under development or land held for development

* Represents 37 net leased properties at Central Park



Portfolio of Properties INTERESTS OWNED OR MANAGED



Total Number of Properties Owned or Managed 1,348[†]
 Total GLA Owned or Managed 161.9 million[§]

[†]Total includes 61 properties in the American Industry portfolio, Mexico, 90 non-retail assets, and 51 Newkirk properties

§ Total includes 6.4 million square feet in the American Industry portfolio, 10.9 million square feet of non-retail assets, and excludes 2.5 million

§ Total includes 6.4 million square feet in the American Industry portfolio, 10.9 million square feet of non-retail assets, and excludes 2.5 million square feet in Newkirk properties and 11.0 million square feet of projected leasable area related to the ground-up development projects

Reconciliation From Net Income To Funds From Operations

(in thousands, except share information)

| | 2006 | 2005 | 2004 | 2003 | 2002 |
|--|-------------------|-------------------|-------------------|-------------------|----------------------|
| Funds from Operations | | | | | |
| Net income | \$ 428,259 | \$ 363,628 | \$ 297,137 | \$ 307,879 | \$ 245,668 |
| Gain on disposition of operating properties, net of minority interests | (71,776) | (31,611) | (15,390) | (50,834) | (12,778) |
| Gain on disposition of joint venture operating properties | (16,549) | (13,776) | (4,045) | — | — |
| Depreciation and amortization | 144,319 | 108,032 | 102,872 | 89,068 | 76,674 |
| Depreciation and amortization - real estate joint ventures, net of minority interests | 71,731 | 50,059 | 36,400 | 29,456 | 17,779 |
| Preferred stock redemption costs | — | — | — | (7,788) | — |
| Preferred stock dividends | (11,638) | (11,638) | (11,638) | (14,669) | (18,437) |
| Funds from Operations | \$ 544,346 | \$ 464,694 | \$ 405,336 | \$ 353,112 | \$ 308,906(2) |
| Per Common Share | | | | | |
| Basic | \$ 2.27 | \$ 2.05 | \$ 1.82 | \$ 1.65 | \$ 1.48 |
| Diluted | \$ 2.21(1) | \$ 2.00(1) | \$ 1.77(1) | \$ 1.61(1) | \$ 1.46(1) |
| Weighted Average Shares Outstanding | | | | | |
| Basic | 239,552 | 226,641 | 222,859 | 214,184 | 208,916 |
| Diluted | 250,315(1) | 235,634(1) | 231,909(1) | 222,337(1) | 211,938(1) |
| <p>(1) Reflects the potential impact if certain units were converted to common stock at the beginning of the period. Funds from operations would be increased by \$8,587, \$6,693, \$6,113, \$5,771, and \$1,423 for the years ended December 31, 2006, 2005, 2004, 2003, and 2002, respectively.</p> <p>(2) 2002 FFO was reduced from \$1.52 to \$1.46 for the year ended December 31, 2002 to include gains on early extinguishment of debt of \$22,255 and adjustments to property carrying values of (\$33,030).</p> | | | | | |
| Reconciliation of diluted net income per common share to diluted funds from operations per common share | | | | | |
| Diluted earnings per common share | \$ 1.70 | \$ 1.52 | \$ 1.26 | \$ 1.31 | \$ 1.08 |
| Depreciation and amortization | 0.58 | 0.46 | 0.44 | 0.40 | 0.36 |
| Depreciation and amortization - real estate joint ventures, net of minority interests | 0.29 | 0.21 | 0.16 | 0.13 | 0.08 |
| Gain on disposition of operating properties, net of minority interests | (0.29) | (0.13) | (0.07) | (0.23) | (0.06) |
| Gain on disposition of joint venture operating properties | (0.07) | (0.06) | (0.02) | — | — |
| FFO per diluted common share | \$ 2.21 | \$ 2.00 | \$ 1.77 | \$ 1.61 | \$ 1.46 |

Selected Financial Data

The following table sets forth selected, historical consolidated financial data for the Company and should be read in conjunction with the Consolidated Financial Statements of the Company and Notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included in this Annual Report.

The Company believes that the book value of its real estate assets, which reflects the historical costs of such real estate assets less accumulated depreciation, is not indicative of the current market value of its properties. Historical operating results are not necessarily indicative of future operating performance.

| Year ended December 31, (2) | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---------------------|--------------|--------------|--------------|--------------|
| (in thousands, except per share information) | | | | | |
| Operating Data: | | | | | |
| Revenues from rental property (1) | \$ 593,880 | \$ 505,557 | \$ 490,901 | \$ 448,203 | \$ 399,725 |
| Interest expense (3) | \$ 172,888 | \$ 126,901 | \$ 106,239 | \$ 101,438 | \$ 83,916 |
| Depreciation and amortization (3) | \$ 141,070 | \$ 101,432 | \$ 95,398 | \$ 79,322 | \$ 64,318 |
| Gain on sale of development properties | \$ 37,276 | \$ 33,636 | \$ 16,835 | \$ 17,495 | \$ 15,880 |
| Gain on transfer/sale of operating properties, net (3) | \$ 2,460 | \$ 2,833 | — | \$ 3,177 | \$ — |
| Provision for income taxes | \$ 16,542 | \$ 10,989 | \$ 8,320 | \$ 8,514 | \$ 12,904 |
| Income from continuing operations | \$ 345,131 | \$ 325,947 | \$ 274,110 | \$ 234,827 | \$ 225,316 |
| Income per common share, from continuing operations: | | | | | |
| Basic | \$ 1.39 | \$ 1.39 | \$ 1.18 | \$ 0.99 | \$ 0.99 |
| Diluted | \$ 1.36 | \$ 1.36 | \$ 1.16 | \$ 0.98 | \$ 0.98 |
| Weighted average number of shares of common stock: | | | | | |
| Basic | 239,552 | 226,641 | 222,859 | 214,184 | 208,916 |
| Diluted | 244,615 | 230,868 | 227,143 | 217,540 | 210,922 |
| Cash dividends declared per common share | \$ 1.38 | \$ 1.27 | \$ 1.16 | \$ 1.10 | \$ 1.05 |
| December 31, | | | | | |
| | 2006 | 2005 | 2004 | 2003 | 2002 |
| Balance Sheet Data: | | | | | |
| Real estate, before accumulated depreciation | \$6,001,319 | \$4,560,406 | \$4,092,222 | \$4,174,664 | \$3,398,971 |
| Total assets | \$7,869,280 | \$5,534,636 | \$4,749,597 | \$4,641,092 | \$3,758,350 |
| Total debt | \$3,587,243 | \$2,691,196 | \$2,118,622 | \$2,154,948 | \$1,576,982 |
| Total stockholders' equity | \$3,366,959 | \$2,387,214 | \$2,236,400 | \$2,135,846 | \$1,908,800 |
| Cash flow provided by operations | \$ 455,569 | \$ 410,797 | \$ 365,176 | \$ 308,632 | \$ 278,931 |
| Cash flow used for investing activities | \$ (246,221) | \$ (716,015) | \$ (299,597) | \$ (637,636) | \$ (396,655) |
| Cash flow provided by (used for) financing activities | \$ 59,444 | \$ 343,271 | \$ (75,647) | \$ 341,330 | \$ 59,839 |

(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) All years have been adjusted to reflect the impact of operating properties sold during the years ended December 31, 2006, 2005, 2004 and 2003 and properties classified as held for sale as of December 31, 2006, which are reflected in discontinued operations in the Consolidated Statements of Income.

(3) Does not include amounts reflected in discontinued operations.

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 includes this statement for purposes of complying with these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe the Company's future plans, strategies and expectations, are generally identifiable by use of the words "believe," "expect," "intend," "anticipate," "estimate," "project" or similar expressions. You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond the Company's control and which could materially affect actual results, performances or achievements. Factors which may cause actual results to differ materially from current expectations include, but are not limited to, (i) general economic and local real estate conditions, (ii) the inability of major tenants to continue paying their rent obligations due to bankruptcy, insolvency or general downturn in their business, (iii) financing risks, such as the inability to obtain equity, debt, or other sources of financing on favorable terms, (iv) changes in governmental laws and regulations, (v) the level and volatility of interest rates and foreign currency exchange 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.

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.

Executive Summary

Kimco Realty Corporation is one of the nation's largest publicly-traded owners and operators of neighborhood and community shopping centers. As of January 31, 2007, the Company had interests in 1,348 properties totaling approximately 175.4 million square feet of GLA located in 45 states, Canada, Mexico and Puerto Rico.

The Company is self-administered and self-managed through present management, which has owned and managed neighborhood and community shopping centers for over 45 years. The executive officers are engaged in the day-to-day management and operation of real estate exclusively with the Company, with nearly all operating functions, including leasing, asset management, maintenance, construction, legal, finance and accounting, administered by the Company.

In connection with the Tax Relief Extension Act of 1999 (the "RMA"), which became effective January 1, 2001, the Company is 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 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 KDI subsidiary, which is primarily engaged in the ground-up development of neighborhood and community shopping centers and the subsequent sale thereof upon completion, (ii) retail real estate advisory and disposition services, which primarily focuses on leasing and disposition strategies of retail real estate controlled by both healthy and distressed and/or bankrupt retailers and (iii) acting as an agent or principal in connection with tax deferred exchange transactions. The Company will consider other investments through taxable REIT subsidiaries should suitable opportunities arise.

In addition, the Company continues to capitalize on its established expertise in retail real estate by establishing other ventures in which the Company owns a smaller equity interest and provides management, leasing and operational support for those properties. The Company also provides preferred equity capital for real estate entrepreneurs and provides real estate capital and advisory services to both healthy and distressed retailers. The Company also makes selective investments in secondary market opportunities where a security or other investment is, in management's judgment, priced below the value of the underlying real estate.

The Company's strategy is to maintain a strong balance sheet while investing opportunistically and selectively. The Company intends to continue to execute its plan of delivering solid growth in earnings and dividends. As a result of the improved 2006 performance, the Board of Directors increased the quarterly dividend per common share to \$0.36 from \$0.33, effective for the third quarter of 2006.

Critical Accounting Policies

The Consolidated Financial Statements of the Company include the accounts of the Company, its wholly-owned subsidiaries and all entities in which the Company has a controlling interest including where the Company has been determined to be a primary beneficiary of a variable interest entity in accordance with the provisions and guidance of Interpretation No. 46 (R), Consolidation of Variable Interest Entities or meets certain criteria of a sole general partner or managing member in accordance with Emerging Issues Task Force ("EITF") Issue 04-5, Investor's Accounting for an Investment in a Limited Partnership when the Investor is the Sole General Partner and the Limited Partners have Certain Rights ("EITF 04-5"). The Company applies these provisions to each of its joint venture investments to determine whether the cost, equity or consolidation method of accounting is appropriate. 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, valuation of real estate and realizability of deferred tax assets. 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. Operating expense reimbursements are recognized as earned. Rental income may also include payments received in connection with lease termination agreements. In addition, leases typically provide for reimbursement to the Company of common area maintenance, real estate taxes and other operating expenses.

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.

Real Estate

The Company's investments in real estate properties are stated 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.

Upon acquisition of operating real estate properties, the Company estimates the fair value of acquired tangible assets (consisting of land, building and improvements) and identified intangible assets and liabilities (consisting of above and below-market leases, in-place leases and tenant relationships) and assumed debt in accordance with Statement of Financial Accounting Standards ("SFAS") No. 141, Business Combinations. Based on these estimates, the Company allocates the purchase price to the applicable assets and liabilities. The Company utilizes methods similar to those used by independent appraisers in estimating the fair value of acquired assets and liabilities. The useful lives of amortizable intangible assets are evaluated each reporting period with any changes in estimated useful lives being accounted for over the revised remaining useful life.

Depreciation and amortization are provided on the straight-line method over the estimated useful lives of the assets, as follows:

| | |
|--|---|
| Buildings | 15 to 50 years |
| Fixtures, building and leasehold improvements (including certain identified intangible assets) | 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 represents ground-up development of neighborhood and community shopping center projects which are subsequently sold upon completion and projects which the Company may hold as long-term investments. These assets are carried at cost. The cost of land and buildings under development includes 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 of personnel directly involved 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 SFAS 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 (including any related amortizable intangible assets or liabilities) 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.

Results of Operations

Comparison 2006 to 2005

Revenues from rental property increased \$88.3 million or 17.5% to \$593.9 million for the year ended December 31, 2006, as compared with \$505.6 million for the corresponding period ended December 31, 2005. This net increase resulted primarily from the combined effect of (i) the acquisition of operating properties during 2005 and 2006, providing incremental revenues for the year ended December 31, 2006 of approximately \$72.3 million, (ii) an overall increase in shopping center portfolio occupancy to 95.5% at December 31, 2006, as compared to 94.6% at December 31, 2005 and the completion of certain redevelopment and development projects providing incremental revenues of approximately \$33.6 million for the year ended December 31, 2006 as compared to the corresponding period in 2005, offset by (iii) a

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

decrease in revenues of approximately \$17.6 million for the year ended December 31, 2006, as compared to the corresponding period in 2005, resulting from the transfer of operating properties to various unconsolidated joint venture entities, tenant buyouts, and the sale of certain properties during 2005 and 2006.

Rental property expenses, including depreciation and amortization, increased approximately \$67.4 million or 28.7% to \$302.5 million for the year ended December 31, 2006, as compared with \$235.1 million for the corresponding year ended December 31, 2005. This increase is primarily due to operating property acquisitions during 2006 and 2005 which were partially offset by operating property dispositions including those transferred to various joint venture entities.

Mortgage and other financing income decreased \$8.8 million to \$18.8 million for the year ended December 31, 2006, as compared to \$27.6 million for the corresponding period in 2005. This decrease is primarily due to the recognition in 2005 of a prepayment fee of \$14.0 million received by the Company relating to the early repayment by Shopko of its outstanding loan with the Company, offset by accretion income of approximately \$6.2 million received in 2006, resulting from an early pre-payment of a mortgage receivable in June 2006, which had been acquired at a discount.

Management and other fee income increased approximately \$10.2 million for the year ended December 31, 2006, as compared to the corresponding period in 2005. This increase is primarily due to incremental fees earned from the Kimsouth portfolio and growth in the Company's other co-investment programs.

General and administrative expenses increased approximately \$20.9 million for the year ended December 31, 2006, as compared to the corresponding period in 2005. This increase is primarily due to personnel-related costs including the non-cash expensing of stock options granted, attributable to the growth of the Company.

Interest, dividends and other investment income increased approximately \$26.1 million for the year ended December 31, 2006, as compared to the corresponding period in 2005. This increase is primarily due to greater realized gains on the sale of certain marketable securities and increased interest and dividend income as a result of higher cash balances and the growth in the marketable securities portfolio during 2006 and 2005.

Interest expense increased \$46.0 million for the year ended December 31, 2006, as compared to the corresponding period in 2005. This increase is due to higher interest rates and higher outstanding levels of debt during this period as compared to the same period in the preceding year.

Income from other real estate investments increased \$20.3 million to \$77.1 million for the year ended December 31, 2006, as compared to \$56.8 million for the corresponding period in 2005. This increase is primarily due to (i) increased investment in the Company's Preferred Equity program which contributed \$40.1 million for the year ended December 31, 2006, including \$12.2 million of profit participation earned from 16 capital transactions,

as compared to \$32.8 million for the corresponding period in 2005, including \$12.6 million of profit participation earned from six capital transactions and (ii) pre-tax profits of \$7.9 million from the transfer of two properties from Kimsouth to a joint venture in which the Company has an 18% non-controlling interest. These profits exclude amounts that have been deferred as a result of the Company's continued ownership interest.

Equity in income of real estate joint ventures, net increased \$29.5 million to \$106.9 million for the year ended December 31, 2006, as compared to \$77.5 million for the corresponding period in 2005. This increase is primarily attributable to (i) increase in equity in income from the KROP primarily resulting from profit participation of approximately \$22.2 million and gains from the sale of nine operating properties, one land parcel and one out-parcel during 2006 of which the pro-rata share of gains to the Company were \$9.9 million for the year ended December 31, 2006, and (ii) the Company's growth of its various other real estate joint ventures. The Company has made additional capital investments in these and other joint ventures for the acquisition of additional shopping center properties by the ventures throughout 2005 and 2006.

During 2006, KDI sold six recently completed projects, its partnership interest in one project and 30 out-parcels, in separate transactions, for approximately \$260.0 million. These sales resulted in gains of approximately \$25.1 million, after income taxes of \$12.2 million. These gains exclude approximately \$1.1 million of gain relating to one project, which was deferred due to the Company's continued ownership interest.

During 2005, KDI, sold in separate transactions, 41 out-parcels and six recently completed projects for approximately \$264.1 million. These sales provided gains of approximately \$22.8 million, after income taxes of approximately \$10.8 million.

During 2006, the Company disposed of (i) 28 operating properties and one ground lease, for an aggregate sales price of \$270.5 million, which resulted in an aggregate net gain of approximately \$71.7 million, net of income taxes of \$2.8 million relating to the sale of two properties, and (ii) transferred five operating properties, to joint ventures in which the Company has 20% non-controlling interests for an aggregate price of approximately \$95.4 million, which resulted in a gain of approximately \$1.4 million from one transferred property.

During 2005, the Company disposed of, in separate transactions, (i) 20 operating properties for an aggregate sales price of approximately \$93.3 million, (ii) transferred three operating properties to KROP for an aggregate price of approximately \$49.0 million, and (iii) transferred 52 operating properties to various joint ventures in which the Company has non-controlling interests ranging from 15% to 50% for an aggregate price of approximately \$183.1 million. For the year ended December 31, 2005, these transactions resulted in gains of approximately \$31.9 million and a loss on sale/transfer from four of the properties for \$5.2 million.

Net income for the year ended December 31, 2006 was \$428.3 million. Net income for the year ended December 31, 2005 was \$363.6 million. On a diluted per share basis, net income improved \$0.18 to \$1.70 for the year ended December 31, 2006, as compared to \$1.52 for the corresponding period in 2005. These increases are attributable to (i) an increase in revenues from rental properties primarily due to acquisitions in 2005 and 2006, (ii) increased income from other real estate investments primarily due to increased investments in the Company's Preferred Equity program, (iii) an increase in equity in income of real estate joint ventures achieved from profit participation and gains on sale of joint venture operating properties and additional capital investment in the Company's joint venture programs for the acquisition of additional operating properties throughout 2006 and 2005, (iv) increased gains on sales of operating properties in 2006 and (v) increased income contributed from the marketable securities portfolio in 2006 as compared to 2005, partially offset by, (vi) an increase in interest expense due to higher interest rates and increased borrowings during 2006.

Comparison 2005 to 2004

Revenues from rental property increased \$14.7 million or 3.0% to \$505.6 million for the year ended December 31, 2005, as compared with \$490.9 million for the year ended December 31, 2004. This net increase resulted primarily from the combined effect of (i) acquisitions during 2005 and 2004 providing incremental revenues of \$33.8 million for the year ended December 31, 2005, and (ii) an overall increase in shopping center portfolio occupancy to 94.6% at December 31, 2005, as compared to 93.6% at December 31, 2004 and the completion of certain redevelopment projects and tenant buyouts providing incremental revenues of approximately \$18.1 million for the year ended December 31, 2005, as compared to the corresponding period in 2004, offset by (iii) a decrease in revenues of approximately \$37.2 million for the year ended December 31, 2005, as compared to the corresponding period in 2004, resulting from the sale of certain properties and the transfer of operating properties to various unconsolidated joint venture entities during 2005 and 2004.

Rental property expenses, including depreciation and amortization, increased approximately \$13.5 million or 6.1% to \$235.1 million for the year ended December 31, 2005, as compared with \$221.6 million for the preceding year. These increases are primarily due to operating property acquisitions during 2005 and 2004, which were partially offset by property dispositions and operating properties transferred to various unconsolidated joint venture entities.

Mortgage and other financing income increased \$12.6 million to \$27.6 million for the year ended December 31, 2005, as compared to \$15.0 million for the year ended December 31, 2004. This increase primarily relates to a \$14.0 million prepayment fee received by the Company relating to the early repayment by Shopko of its outstanding loan with the Company.

Management and other fee income increased approximately \$5.0 million to \$30.5 million for the year ended December 31, 2005, as compared to \$25.5 million in the corresponding period in 2004. This increase is primarily due to incremental fees earned from growth in the co-investment programs.

General and administrative expenses increased approximately \$13.3 million to \$56.8 million for the year ended December 31, 2005, as compared to \$43.5 million in the preceding calendar year. This increase is primarily due to (i) a \$1.4 million increase in professional fees, due in part to compliance with section 404 of the Sarbanes-Oxley Act, (ii) a \$3.0 million increase due to the non-cash expensing of the value attributable to stock options granted and (iii) increased personnel and systems related costs associated with the growth of the Company.

Interest, dividends and other investment income increased approximately \$9.6 million to \$28.3 million for the year ended December 31, 2005, as compared to \$18.7 million in 2004. This increase is primarily due to greater dividend income and realized gains on the sale of certain marketable securities during 2005 as compared to the preceding year.

Interest expense increased \$20.7 million to \$126.9 million for the year ended December 31, 2005, as compared with \$106.2 million for the year ended December 31, 2004. This increase is primarily due to an overall increase in average borrowings outstanding during the year ended December 31, 2005, as compared to the preceding year, resulting from the funding of investment activity during 2005.

Income from other real estate investments increased \$26.6 million to \$56.7 million for the year ended December 31, 2005, as compared to \$30.1 million for the preceding year. This increase is primarily due to increased investment in the Company's Preferred Equity program, which contributed income of \$32.8 million during 2005, including an aggregate of approximately \$12.6 million of profit participation earned from six capital transactions during 2005, as compared to \$11.4 million in 2004.

Equity in income of real estate joint ventures, net increased \$21.1 million to \$77.5 million for the year ended December 31, 2005, as compared with \$56.4 million for the corresponding period in 2004. This increase is primarily attributable to (i) the increased equity in income from KIR resulting from the sale of two operating properties during 2005 which provided an aggregate gain of \$20.2 million, of which the pro-rata share to the Company was \$8.7 million, (ii) increased equity in income in three joint venture investments resulting from the sale of two operating properties and one development property during 2005, which provided aggregate gains of approximately \$17.9 million, of which the pro-rata share to the Company was approximately \$8.8 million, and (iii) the Company's growth of its various other real estate joint ventures. The Company has made additional capital investments in these and other joint ventures for the acquisition of additional shopping center properties throughout 2005 and 2004.

During 2005, KDI, the Company's wholly-owned development taxable REIT subsidiary, in separate transactions, sold six

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

completed projects and 41 out-parcels for approximately \$264.1 million. These sales provided gains of approximately \$22.8 million, after income taxes of approximately \$10.8 million.

During 2004, KDI, in separate transactions, sold five completed projects, three completed phases of projects and 28 out-parcels for approximately \$169.4 million. These sales provided gains of approximately \$12.4 million, after income taxes of approximately \$4.4 million.

During 2005, the Company (i) disposed of, in separate transactions, 20 operating properties for an aggregate sales price of approximately \$93.3 million, (ii) transferred three operating properties to KROP for an aggregate price of approximately \$49.0 million, (iii) transferred 52 operating properties to various joint ventures in which the Company has non-controlling interests ranging from 15% to 50% for an aggregate price of approximately \$183.1 million. For the year ended December 31, 2005, these transactions resulted in gains of approximately \$31.9 million and a loss on sale/transfer from four of the properties for \$5.2 million.

During 2004, the Company (i) disposed of, in separate transactions, 16 operating properties and one ground lease for an aggregate sales price of approximately \$81.1 million, including the assignment of approximately \$8.0 million of non-recourse mortgage debt encumbering one of the properties; cash proceeds of approximately \$16.9 million from the sale of two of these properties were used in a 1031 exchange to acquire shopping center properties located in Roanoke, VA, and Tempe, AZ, (ii) transferred 17 operating properties to KROP for an aggregate price of approximately \$197.9 million and (iii) transferred 21 operating properties to various co-investment ventures in which the Company has non-controlling interests ranging from 10% to 30% for an aggregate price of approximately \$491.2 million. For the year ended December 31, 2004, these dispositions resulted in gains of approximately \$15.8 million and a loss on sale from three of the properties of approximately \$5.1 million.

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 2004 that its investment in an operating property comprised of approximately 0.1 million square feet of GLA, with a net book value of \$3.8 million, might not be fully recoverable. Based upon management's assessment of current market conditions and lack of demand for the property, the Company reduced its anticipated holding period of this investment. As a result of the reduction in the anticipated holding period, together with reassessment of the potential future operating cash flow for the property and the effects of current market conditions, the Company determined that its investment in this asset was not fully recoverable and recorded an adjustment of property carrying value of approximately \$3.0 million in 2004. This adjustment was included, along with the related property operations in the line Income from discontinued operating properties, in the Company's Consolidated Statements of Income.

Net income for the year ended December 31, 2005, was \$363.6 million, compared to \$297.1 million for the year ended December 31, 2004. On a diluted per share basis, net income increased \$0.26 to \$1.52 for the year ended December 31, 2005, as compared to \$1.26 for the previous year. This increase is attributable to (i) increased income from other real estate investments, primarily from the Company's Preferred Equity program, (ii) an increase in equity in income of real estate joint ventures achieved from gains on sales of joint venture operating properties and additional capital investments in the Company's joint venture programs for the acquisition of additional shopping center properties throughout 2005 and 2004, (iii) increased income contributed from mortgage and other financing receivables as compared to last year and (iv) increased gains on sale/transfer of development and operating properties during 2005, as compared to the same period during 2004.

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, 2006, the Company's five largest tenants were The Home Depot, TJX Companies, Sears Holdings, Kohl's and Wal-Mart, which represented approximately 3.5%, 2.9%, 2.5%, 2.2% and 2.1%, respectively, of the Company's annualized base rental revenues, including the proportionate share of base rental revenues from properties in which the Company has less than a 100% economic interest.

Liquidity and Capital Resources

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

| Year Ended December 31, | 2006 | 2005 | 2004 |
|---|------------------|-----------|-----------|
| Net cash flow provided by operating activities | \$ 455.6 | \$ 410.8 | \$ 365.2 |
| Net cash flow used for investing activities | \$(246.2) | \$(716.0) | \$(299.6) |
| Net cash flow provided by (used for) financing activities | \$ 59.4 | \$ 343.3 | \$ (75.6) |

Operating Activities

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. Net cash flow provided by operating

activities for the year ended December 31, 2006, was primarily attributable to (i) cash flow from the diverse portfolio of rental properties, (ii) the acquisition of operating properties during 2005 and 2006, (iii) new leasing, expansion and re-tenanting of core portfolio properties and (iv) growth in the Company's joint venture and Preferred Equity programs.

Investing Activities

Acquisitions and Redevelopments

During the year ended December 31, 2006, the Company expended approximately \$484.8 million towards acquisition of and improvements to operating real estate. (See Note 3 of the Notes to the Consolidated Financial Statements included in this Annual Report.)

The Company has an ongoing program to reformat and re-tenant its properties to maintain or enhance its competitive position in the marketplace. During the year ended December 31, 2006, the Company expended approximately \$62.2 million in connection with these major redevelopments and re-tenanting projects. The Company anticipates its capital commitment toward these and other redevelopment projects during 2007 will be approximately \$125.0 million to \$150.0 million. The funding of these capital requirements will be provided by cash flow from operating activities and availability under the Company's revolving lines of credit.

Investments and Advances to Real Estate Joint Ventures

During the year ended December 31, 2006, the Company expended approximately \$472.7 million for investments and advances to real estate joint ventures and received approximately \$183.4 million from reimbursements of advances to real estate joint ventures. (See Note 7 of the Notes to the Consolidated Financial Statements included in this Annual Report.)

Ground-up Development

The Company is engaged in ground-up development projects which consists of (i) merchant building through the Company's wholly-owned taxable REIT subsidiary, KDI, which develops neighborhood and community shopping centers and the subsequent sale thereof upon completion, (ii) U.S. ground-up development projects which will be held as long-term investments by the Company and (iii) various ground-up development projects located in Mexico and Canada for long-term investment. All ground-up development projects generally have substantial pre-leasing prior to the commencement of construction. As of December 31, 2006, the Company had in progress a total of 45 ground-up development projects including 23 merchant building projects, six domestic ground-up development projects, and 16 ground-up development projects located throughout Mexico.

During the year ended December 31, 2006, the Company expended approximately \$619.1 million in connection with the purchase of land and construction costs related to these projects and those sold during 2006. These projects are currently proceeding on schedule and substantially in line with the Company's

budgeted costs. The Company anticipates its capital commitment during 2007 toward these and other development projects will be approximately \$550 million to \$600 million. The proceeds from the sales of the completed ground-up development projects, proceeds from construction loans and availability under the Company's revolving lines of credit are expected to be sufficient to fund these anticipated capital requirements. (See Note 3 of the Notes to the Consolidated Financial Statements included in this Annual Report.)

Dispositions and Transfers

During the year ended December 31, 2006, the Company received net proceeds of approximately \$342.8 million relating to the sale of various operating properties and ground-up development projects and approximately \$1.2 billion from the transfer of operating properties to various joint ventures. (See Notes 3 and 7 of the Notes to the Consolidated Financial Statements included in this Annual Report.)

Financing Activities

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, 2006, the Company's level of debt to total market capitalization was 23%. In addition, the Company intends to maintain strong debt service coverage and fixed charge coverage ratios as part of its commitment to maintaining its investment-grade debt ratings. The Company may, from time to time, seek to obtain funds through additional equity offerings, unsecured debt financings and/or mortgage/construction loan financings and other capital alternatives in a manner consistent with its intention to operate with a conservative debt structure.

Since the completion of the Company's IPO in 1991, the Company has utilized the public debt and equity markets as its principal source of capital for its expansion needs. Since the IPO, the Company has completed additional offerings of its public unsecured debt and equity, raising in the aggregate over \$4.9 billion. Proceeds from public capital market activities have been used 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. In March 2006, the Company was added to the S & P 500 Index, an index containing the stock of 500 Large Cap corporations, most of which are U.S. corporations.

The Company has an \$850.0 million unsecured revolving credit facility, which is scheduled to expire in July 2008. This credit facility has made available funds to both finance the purchase of properties and other investments and meet any short-term working capital requirements. As of December 31, 2006, there was no outstanding balance under this credit facility.

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

The Company also has a three-year CAD \$250.0 million unsecured credit facility with a group of banks. This facility bore interest at the CDOR Rate, as defined, plus 0.50%, and is scheduled to expire in March 2008. During January 2006, the facility was further amended to reduce the borrowing spread to 0.45% and to modify the covenant package to conform to the Company's \$850.0 million U.S. Credit Facility. Proceeds from this facility are used for general corporate purposes, including the funding of Canadian denominated investments. As of December 31, 2006, there was no outstanding balance under this credit facility.

Additionally, the Company has a three-year MXP 500.0 million unsecured revolving credit facility. This facility bears interest at the TIIE Rate, as defined therein, plus 1.00% and is scheduled to expire in May 2008. Proceeds from this facility are used to fund peso denominated investments. As of December 31, 2006, there was no outstanding balance under this credit facility.

The Company has a MTN program pursuant to which it may, from time-to-time, offer for sale its senior unsecured debt for any general corporate purposes, including (i) funding specific liquidity requirements in its business, including property acquisitions, development and redevelopment costs and (ii) managing the Company's debt maturities. (See Note 11 of the Notes to Consolidated Financial Statements included in this Annual Report.)

During March 2006, the Company issued \$300.0 million of fixed rate unsecured senior notes under its MTN program. This fixed rate MTN matures March 15, 2016 and bears interest at 5.783% per annum. The proceeds from this MTN issuance were primarily used to repay a portion of the outstanding balance under the Company's U.S. revolving credit facility and for general corporate purposes.

During June 2006, the Company entered into a third supplemental indenture, under the indenture governing its medium-term notes and senior notes, which amended the (i) total debt test and secured debt test by changing the asset value definition from undepreciated real estate assets to total assets, with total assets being defined as undepreciated real estate assets, plus other assets (but excluding goodwill and amortized debt costs) and (ii) maintenance of unencumbered total asset value covenant by increasing the requirement of the ratio of unencumbered total asset value to outstanding unsecured debt from 1 to 1 to 1.5 to 1. Additionally, the same amended covenants were adopted within the Canadian supplemental indenture, which governs the 4.45% Canadian Debentures due in 2010. As a result of the amended covenants, the Company has increased its borrowing capacity by approximately \$2.0 billion.

During August 2006, Kimco North Trust III, a wholly-owned subsidiary of the Company, completed the issuance of \$200.0 million Canadian denominated senior unsecured notes. The notes bear interest at 5.18% and mature on August 16, 2013. The proceeds were used by Kimco North Trust III, to pay down

outstanding indebtedness under existing credit facilities, to fund long-term investments in Canadian real estate and for general corporate purposes.

In connection with the October 31, 2006, Pan Pacific merger transaction, the Company assumed \$650.0 million of unsecured notes payable, including \$20.0 million of fair value debt premiums. These notes bear interest at fixed rates ranging from 4.70% to 7.95% per annum and have maturity dates ranging from June 29, 2007 to September 1, 2015 (see Recent Developments – Operating Real Estate Joint Venture Investments - Pan Pacific Retail Properties Inc. and Note 7 of the Notes to Consolidated Financial Statements included in this Annual Report).

During 2006, the Company repaid its \$30.0 million 6.93% fixed rate notes, which matured on July 20, 2006, \$100.0 million floating rate notes, which matured on August 1, 2006, and \$55.0 million 7.50% fixed rate notes, which matured on November 5, 2006.

In addition to the public equity and debt markets as capital sources, the Company may, from time-to-time, obtain mortgage financing on selected properties and construction loans to partially fund the capital needs of KDI. As of December 31, 2006, the Company had over 390 unencumbered property interests in its portfolio.

During March 2006, the Company completed a primary public stock offering of 10,000,000 shares of Common Stock. The net proceeds from this sale of Common Stock, totaling approximately \$405.5 million (after related transaction costs of \$2.5 million) were primarily used to repay the outstanding balance under the Company's U.S. revolving credit facility, partial repayment of the outstanding balance under the Company's Canadian denominated credit facility and for general corporate purposes.

During March 2006, the shareholders of Atlantic Realty approved a proposed merger with the Company, and the closing occurred on March 31, 2006. As consideration for this transaction, the Company issued Atlantic Realty shareholders 1,274,420 shares of Common Stock, excluding 748,510 shares of Common Stock that were to be received by the Company, at a price of \$40.41 per share. (See Note 17 of the Notes to Consolidated Financial Statements included in this Annual Report.)

During May 2006, the Company filed a shelf registration statement on Form S-3ASR, which is effective for a term of three years, for the unlimited future offerings, from time to time, of debt securities, preferred stock, depositary shares, common stock and common stock warrants.

On September 25, 2006, Pan Pacific stockholders approved the proposed merger with the Company and the closing occurred on October 31, 2006. Under the terms of the merger agreement, the Company agreed to acquire all of the outstanding shares of Pan Pacific for a total merger consideration of \$70.00 per share. As permitted under the merger agreement, the Company elected to issue \$10.00 per share of the total merger consideration in the form of Common Stock. As such, the Company issued 9,185,847

million shares of Common Stock valued at approximately \$407.7 million (see Note 7 of the Notes to Consolidated Financial Statements included in this Annual Report).

During 2006, the Company received approximately \$43.8 million through employee stock option exercises and the dividend reinvestment program.

In connection with its intention to continue to qualify as a REIT for federal income tax purposes, the Company expects to continue paying regular dividends to its stockholders. These dividends will be paid from operating cash flows, which are expected to increase due to property acquisitions, growth in operating income in the existing portfolio and from other investments. Since cash used to pay dividends reduces amounts available for capital investment, the Company generally intends to maintain a conservative dividend payout ratio, reserving such amounts as it considers necessary for the expansion and renovation of shopping centers in its portfolio, debt reduction, the acquisition of interests in new properties and other investments as suitable opportunities arise and such other factors as the Board of Directors considers appropriate. Cash dividends paid increased to \$332.6 million in 2006, compared to \$293.3 million in 2005 and \$265.3 million in 2004.

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.

Contractual Obligations and Other Commitments

The Company has debt obligations relating to its revolving credit facilities, MTNs, senior notes, mortgages and construction loans with maturities ranging from less than one year to 29 years. As of December 31, 2006, the Company's total debt had a weighted average term to maturity of approximately 5.7 years. In addition, the Company has non-cancelable operating leases pertaining to its shopping center portfolio. As of December 31, 2006, the Company has 82 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 20 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, 2006 (in millions):

| | There- after | | | | | | Total |
|---------------------|-----------------|---------|---------|---------|---------|-----------|-----------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | | |
| Long-Term Debt | \$457.0 | \$302.0 | \$254.5 | \$241.4 | \$410.2 | \$1,922.2 | \$3,587.3 |
| Operating Leases | | | | | | | |
| Ground Leases | \$ 14.9 | \$ 14.8 | \$ 14.3 | \$ 12.4 | \$ 10.1 | \$ 175.8 | \$ 242.3 |
| Retail Store Leases | \$ 4.6 | \$ 4.0 | \$ 3.6 | \$ 3.2 | \$ 2.6 | \$ 2.2 | \$ 20.2 |

The Company has \$250.0 million of medium term notes, \$42.8 million of mortgage debt and \$164.2 million of construction loans maturing in 2007. The Company anticipates satisfying

these maturities with a combination of operating cash flows, its unsecured revolving credit facilities, new debt issuances and the sale of completed ground-up development projects.

The Company has issued letters of credit in connection with completion and repayment guarantees for construction loans encumbering certain of the Company's ground-up development projects and guaranty of payment related to the Company's insurance program. These letters of credit aggregate approximately \$34.9 million.

During October 2006, the Company closed on the Pan Pacific merger, which had a total value of approximately \$4.1 billion. Funding for this transaction was provided by approximately \$1.3 billion of new individual non-recourse mortgage loans encumbering 51 properties, a \$1.2 billion two year credit facility provided by a consortium of banks and guaranteed by the joint venture partners described below and the Company, the issuance of 9,185,847 shares of Common Stock valued at approximately \$407.7 million, which was based upon the average closing price of Common Stock over the ten trading days immediately preceding the closing date, the assumption of approximately \$630.0 million of unsecured bonds and approximately \$289.4 million of existing non-recourse mortgage debt encumbering 23 properties and approximately \$300.0 million in cash. With respect to the \$1.2 billion guaranteed by the Company, PREI, as defined below, guaranteed reimbursement to the Company of 85% of any guaranty payment the Company is obligated to make. The Company evaluated this guarantee in connection with the provisions of FASB Interpretation No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others and determined that the impact did not have a material effect on the Company's financial position or results of operations.

Immediately following the merger, the Company commenced its joint venture agreements with Prudential Real Estate Investors ("PREI") through three separate accounts managed by PREI. In accordance with the joint venture agreements, all Pan Pacific assets and the approximate \$1.6 billion of non-recourse mortgage debt and the \$1.2 billion credit facility mentioned above were transferred to the separate accounts. PREI contributed approximately \$1.1 billion on behalf of institutional investors in three of its portfolios. The Company holds 15% non-controlling ownership interests in each of these joint ventures, with a total aggregate investment of approximately \$194.8 million, and will account for these investments under the equity method of accounting. In addition, the Company will manage the portfolios and earn acquisition fees, leasing commissions, property management fees and construction management fees.

During 2006, an entity in which the Company has a preferred equity investment, located in Montreal, Canada, obtained a non-recourse construction loan, which is collateralized by the respective land and project improvements. Additionally, the Company has provided a guaranty to the lender and the developer partner has provided an indemnity to the Company for 25% of all debt.

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

As of December 31, 2006, there was CAD \$40.0 million (approximately USD \$35.8 million) outstanding on this construction loan.

Additionally, during 2006, KROP obtained a one year \$15.0 million unsecured term loan, which bears interest at LIBOR plus 0.5%. This loan is guaranteed by the Company and GCRE has guaranteed reimbursement to the Company of 80% of any guaranty payment the Company is obligated to make.

In connection with the construction of its development projects and related infrastructure, certain public agencies require performance and surety bonds be posted to guarantee that the Company's obligations are satisfied. These bonds expire upon the completion of the improvements and infrastructure. As of December 31, 2006, there were approximately \$92.5 million bonds outstanding.

Additionally, the RioCan Venture, an entity in which the Company holds a 50% non-controlling interest, has a CAD \$7.0 million (approximately USD \$6.0 million) letter of credit facility. This facility is jointly guaranteed by RioCan and the Company and had approximately CAD \$3.9 million (approximately USD \$3.4 million) outstanding as of December 31, 2006, relating to various development projects.

During 2005, a joint venture entity in which the Company has a non-controlling interest obtained a CAD \$22.5 million (approximately USD \$19.3 million) credit facility to finance the construction of a 0.1 million square foot shopping center property located in Kamloops, B.C. This facility bears interest at Royal Bank Prime Rate ("RBP") plus 0.5% per annum and is scheduled to mature in May 2007. The Company and its partner in this entity each have a limited and several guarantee of CAD \$7.5 million (approximately USD \$6.4 million) on this facility. As of December 31, 2006, there was CAD \$21.0 million (approximately USD \$18.0 million) outstanding on this facility.

During 2005, PL Retail entered into a \$39.5 million unsecured revolving credit facility, which bears interest at LIBOR plus 0.675% and was scheduled to mature in February 2007. During 2007, the loan was extended to February 2008 at a reduced rate of LIBOR plus 0.45%. This facility is guaranteed by the Company and the joint venture partner has guaranteed reimbursement to the Company of 85% of any guaranty payment the Company is obligated to make. As of December 31, 2006, there was \$39.5 million outstanding under this facility.

Additionally, during 2005, the Company acquired three operating properties and one land parcel, through joint ventures, in which the Company holds 50% non-controlling interests. Subsequent to these acquisitions, the joint ventures obtained four

individual one-year loans aggregating \$20.4 million with interest rates ranging from LIBOR plus 0.50% to LIBOR plus 0.55%. During 2006, these term loans were extended for an additional year. These loans are jointly and severally guaranteed by the Company and the joint venture partner.

During 2006, the Company obtained construction financing on three ground-up development projects for an original loan commitment amount of up to \$83.8 million of which approximately \$36.0 million was outstanding at December 31, 2006. As of December 31, 2006, the Company had a total of 13 construction loans with total commitments of up to \$330.9 million of which \$271.0 million had been funded to the Company. These loans had maturities ranging from two months to 31 months and interest rates ranging from 6.87% to 7.32% at December 31, 2006.

Off-Balance Sheet Arrangements

Ground-Up Development Joint Ventures

At December 31, 2006, the Company has three ground-up development projects through unconsolidated joint ventures in which the Company has 50% non-controlling interests. Two projects are financed with individual non-recourse construction loans and one term loan with total aggregate loan commitments of up to \$249.4 million of which \$128.6 million has been funded. These loans have variable interest rates ranging from 5.82% to 8.25% at December 31, 2006, and maturities ranging from four months to 10 months.

Unconsolidated Real Estate Joint Ventures

The Company has investments in various unconsolidated real estate joint ventures with varying structures. 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 (see Note 7 of the Notes to Consolidated Financial Statements included in this Annual Report). These investments include the following joint ventures:

| Venture | Kimco Ownership Interest | Number of Properties | Total GLA (in thousands) | Non-Recourse Mortgage Payable (in millions) | Recourse Notes Payable (in millions) | Number of Encumbered Properties | Average Interest Rate | Weighted Average Term (months) |
|----------------|--------------------------|----------------------|--------------------------|---|--------------------------------------|---------------------------------|-----------------------|--------------------------------|
| KimPru | 15.00% | 137 | 19,645 | \$1,545.1 | \$1,235.3(c) | 72 | 5.73% | 63.8 |
| KIR | 45.00% | 66 | 13,996 | \$1,080.7 | \$ 14.0 | 64 | 7.06% | 49.9 |
| KROP | 20.00% | 25 | 3,606 | \$ 318.9(b) | \$ 15.0(c) | 25 | 6.30% | 41.8 |
| PL Retail | 15.00% | 23 | 5,809 | \$ 682.2 | \$ 39.5(c) | 23 | 6.48% | 30.7 |
| KUBS | 18.93%(a) | 31 | 4,994 | \$ 592.2 | \$ — | 31 | 5.59% | 96.7 |
| RioCan Venture | 50.00% | 34 | 8,140 | \$ 641.4 | \$ — | 34 | 6.32% | 69.9 |

(a) Ownership % is a blended rate.

(b) KROP has entered into a series of interest rate cap agreements to mitigate the impact of changes in interest rates on its variable-rate mortgage agreements. Such mortgage debt is collateralized by the individual shopping center property and is payable in monthly installments of principal and interest.

(c) See *Contractual Obligations and Other Commitments* regarding guarantees by the Company and its joint venture partners.

The Company has various other unconsolidated real estate joint ventures with varying structures. As of December 31, 2006, these unconsolidated joint ventures had individual non-recourse mortgage loans aggregating approximately \$2.2 billion. The Company's pro-rata share of these non-recourse mortgages was approximately \$734.1 million. (See Note 7 of the Notes to Consolidated Financial Statements included in this Annual Report.)

Other Real Estate Investments

The Company maintains a Preferred Equity program, which provides capital to developers and owners of real estate properties. The Company accounts for its preferred equity investments under the equity method of accounting. As of December 31, 2006, the Company's net investment under the Preferred Equity Program was approximately \$400.4 million relating to 215 properties. As of December 31, 2006, these preferred equity investment properties had individual non-recourse mortgage loans aggregating approximately \$1.2 billion. Due to the Company's preferred position in these investments, the Company's pro-rata share of each investment is subject to fluctuation and is dependent upon property cash flows. The Company's maximum exposure to losses associated with its preferred equity investments is primarily limited to its invested capital.

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, Accounting for Leases (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, 2006, 16 of these properties were sold, whereby the proceeds from the sales were used to pay down the

mortgage debt by approximately \$29.1 million. As of December 31, 2006, the remaining 14 properties were encumbered by third-party non-recourse debt of approximately \$53.8 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 recourse 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 July 2006, the FASB issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109, Accounting for Income Taxes ("FIN 48"), regarding accounting for and disclosure of uncertain tax positions. This guidance seeks to reduce the diversity in practice associated with certain aspects of the recognition and measure-

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

ment related to accounting for income taxes. This interpretation is effective for fiscal years beginning after December 15, 2006. The Company is currently assessing the provisions of FIN 48, but does not expect its adoption to have a material impact on the Company's financial position or results of operations.

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

Additionally in September 2006, the United States Securities and Exchange Commission staff issued Staff Accounting Bulletin No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements ("SAB 108"), which provides interpretive guidance on how registrants should quantify financial statement misstatements. SAB 108 requires registrants to quantify misstatements using both balance sheet and income statement approaches and to evaluate whether either approach results in quantifying an error that is material in light of relative quantitative and qualitative factors. For transition purposes, the registrants will be permitted to restate prior period financial statements or recognize the cumulative effect of initially applying SAB 108 through an adjustment to beginning retained earnings in the year of adoption. SAB 108 is effective for annual financial statements covering the first fiscal year ending after November 15, 2006. The impact of adopting SAB 108 did not have a material impact on the Company's financial position or results of operations.

In December 2006, the FASB issued FASB Staff Position No. EITF 00-19-2, Accounting for Registration Payment Arrangements. EITF 00-19-2 addresses an issuer's accounting for registration payment arrangements and specifies that the contingent obligation to make future payments or otherwise transfer

consideration under a registration payment arrangement, whether issued as a separate agreement or included as a provision of a financial instrument or other agreement, should be separately recognized and measured in accordance with FASB Statement No. 5, Accounting for Contingencies. The guidance in EITF 00-19-2 amends FASB Statements No. 133, Accounting for Derivative Instruments and Hedging Activities, No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity, and FASB Interpretation No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others ("FIN 45"), to include scope exceptions for registration payment arrangements. EITF 00-19-2 further clarifies that a financial instrument subject to a registration payment arrangement should be accounted for in accordance with other applicable generally accepted accounting principles (GAAP) without regard to the contingent obligation to transfer consideration pursuant to the registration payment arrangement. EITF 00-19-2 shall be effective immediately for registration payment arrangements and the financial instruments subject to those arrangements that are entered into or modified subsequent to the date of issuance of this EITF, or for financial statements issued for fiscal years beginning after December 15, 2006, and interim periods within those fiscal years. The Company does not expect the adoption of EITF 00-19-2 to have a material impact on the Company's financial position or results of operations.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities ("SFAS No. 159"). SFAS No. 159 permits entities to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Company is currently assessing the impact of SFAS No. 159 on the Company's financial position or results of operations.

Quantitative and Qualitative Disclosures About Market Risk

The Company's primary market risk exposure is interest rate risk. The following table presents the Company's aggregate fixed rate and variable rate domestic and foreign debt obligations outstanding as of December 31, 2006, with corresponding weighted-average interest rates sorted by maturity date. The information is presented in U.S. dollar equivalents, which is the Company's reporting currency. The instruments actual cash flows are denominated in U.S. dollars and Canadian dollars, as indicated by geographic description (\$USD equivalent in millions).

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012+ | Total | Fair Value |
|--------------------------------|---------|----------|----------|---------|---------|-----------|-----------|------------|
| U.S. Dollar Denominated | | | | | | | | |
| Secured Debt | | | | | | | | |
| Fixed Rate | \$ 26.5 | \$ 94.8 | \$ 49.2 | \$ 19.9 | \$ 46.7 | \$ 304.5 | \$ 541.6 | \$ 555.6 |
| Average Interest Rate | 8.06% | 7.21% | 7.83% | 8.39% | 7.42% | 6.53% | 6.99% | |
| Variable Rate | \$173.5 | \$ 81.5 | \$ 25.3 | \$ 16.4 | \$ — | \$ 0.6 | \$ 297.3 | \$ 297.3 |
| Average Interest Rate | 7.22% | 7.04% | 6.91% | 7.35% | — | 8.25% | 7.15% | |
| Unsecured Debt | | | | | | | | |
| Fixed Rate | \$250.0 | \$ 125.7 | \$ 180.0 | \$ 76.5 | \$363.4 | \$1,445.7 | \$2,441.3 | \$2,457.9 |
| Average Interest Rate | 6.83% | 4.61% | 6.98% | 5.55% | 6.36% | 5.50% | 5.83% | |
| Variable Rate | \$ 6.9 | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 6.9 | \$ 6.9 |
| Average Interest Rate | 8.00% | — | — | — | — | — | 8.00% | |

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012+ | Total | Fair Value |
|------------------------------------|------|------|------|----------|------|----------|----------|------------|
| Canadian Dollar Denominated | | | | | | | | |
| Unsecured Debt | | | | | | | | |
| Fixed Rate | \$ — | \$ — | \$ — | \$ 128.6 | \$ — | \$ 171.5 | \$ 300.1 | \$ 297.9 |
| Average Interest Rate | — | — | — | 4.45% | — | 5.18% | 4.87% | |

Based on the Company's variable-rate debt balances, interest expense would have increased by approximately \$3.0 million in 2006 if short-term interest rates were 1.0% higher.

As of December 31, 2006, the Company had Canadian investments totaling approximately CAD \$801.3 million (approximately USD \$687.2 million) comprised of real estate joint venture investments and marketable securities. In addition, the Company has Mexican real estate investments of approximately MXP 5.0 billion (approximately USD \$463.2 million). The foreign currency exchange risk has been partially mitigated through the use of local currency denominated debt, inflation

adjusted leases, and a cross currency swap (the "CC Swap"). The Company is exposed to credit risk in the event of non-performance by the counter-party to the CC Swap. The Company believes it has mitigated its credit risk by entering into the CC Swap with a major financial institution.

The Company has not, and does not plan to, enter into any derivative financial instruments for trading or speculative purposes. As of December 31, 2006, the Company had no other material exposure to market risk.

Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth fiscal quarter to which this report relates that have materially affected, or are reasonable likely to materially affect, the Company's internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management,

including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in Internal Control-Integrated Framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2006.

Our management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2006 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Report of Independent Registered Public Accounting Firm

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

We have completed integrated audits of Kimco Realty Corporation's consolidated financial statements and of its internal control over financial reporting as of December 31, 2006, in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

Consolidated financial statements

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income and comprehensive income, of shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Kimco Realty Corporation and its subsidiaries at December 31, 2006 and 2005, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2006, 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements 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.

Internal control over financial reporting

Also, in our opinion, management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that the Company maintained effective internal control over financial reporting as of December 31, 2006 based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on criteria established in *Internal Control - Integrated Framework* issued by the COSO. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the

standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP

New York, New York

February 27, 2007

Consolidated Balance Sheets

(in thousands, except share information)

| | December 31, 2006 | December 31, 2005 |
|--|----------------------|----------------------|
| Assets: | | |
| Real Estate | | |
| Rental property | | |
| Land | \$ 978,819 | \$ 686,123 |
| Building and improvements | 3,984,518 | 3,263,162 |
| | 4,963,337 | 3,949,285 |
| Less, accumulated depreciation and amortization | 806,670 | 740,127 |
| | 4,156,667 | 3,209,158 |
| Real estate under development | 1,037,982 | 611,121 |
| | 5,194,649 | 3,820,279 |
| Real estate, net | 1,067,918 | 735,648 |
| Investment and advances in real estate joint ventures | | |
| Other real estate investments | 451,731 | 283,035 |
| Mortgages and other financing receivables | 162,669 | 132,675 |
| Cash and cash equivalents | 345,065 | 76,273 |
| Marketable securities | 202,659 | 206,452 |
| Accounts and notes receivable | 83,418 | 64,329 |
| Deferred charges and prepaid expenses | 95,163 | 84,022 |
| Other assets | 266,008 | 131,923 |
| | \$ 7,869,280 | \$ 5,534,636 |
| Liabilities & Stockholders' Equity: | | |
| Notes payable | \$ 2,748,345 | \$ 2,147,405 |
| Mortgages payable | 567,917 | 315,336 |
| Construction loans payable | 270,981 | 228,455 |
| Accounts payable and accrued expenses | 256,890 | 119,605 |
| Dividends payable | 93,222 | 78,168 |
| Other liabilities | 139,724 | 135,609 |
| | 4,077,079 | 3,024,578 |
| Minority interests | 425,242 | 122,844 |
| Commitments and contingencies | | |
| Stockholders' Equity | | |
| Preferred stock, \$1.00 par value, authorized 3,600,000 shares | | |
| Class F Preferred Stock, \$1.00 par value, authorized 700,000 shares | | |
| Issued and outstanding 700,000 shares | 700 | 700 |
| Aggregate liquidation preference \$175,000 | | |
| Common stock, \$.01 par value, authorized 300,000,000 shares | | |
| Issued 251,416,749 shares; outstanding 250,870,169 at December 31, 2006; | | |
| Issued and outstanding 228,059,056 shares at December 31, 2005 | 2,509 | 2,281 |
| Paid-in capital | 3,178,016 | 2,255,332 |
| Retained earnings | 140,509 | 59,855 |
| | 3,321,734 | 2,318,168 |
| Accumulated other comprehensive income | 45,225 | 69,046 |
| | 3,366,959 | 2,387,214 |
| | \$ 7,869,280 | \$ 5,534,636 |

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

Consolidated Statements of Income

(in thousands, except share information)

| | Year Ended December 31, | | |
|--|-------------------------|-------------------|-------------------|
| | 2006 | 2005 | 2004 |
| Revenues from rental property | \$ 593,880 | \$ 505,557 | \$ 490,901 |
| Rental property expenses: | | | |
| Rent | 11,786 | 10,267 | 10,794 |
| Real estate taxes | 75,515 | 64,731 | 63,250 |
| Operating and maintenance | 74,178 | 58,715 | 52,162 |
| | 161,479 | 133,713 | 126,206 |
| | 432,401 | 371,844 | 364,695 |
| Mortgage and other financing income | 18,816 | 27,586 | 15,032 |
| Management and other fee income | 40,684 | 30,474 | 25,445 |
| Depreciation and amortization | (141,070) | (101,432) | (95,398) |
| General and administrative expenses | (77,683) | (56,799) | (43,524) |
| Interest, dividends and other investment income | 54,417 | 28,350 | 18,701 |
| Other income, net | 9,522 | 5,400 | 10,031 |
| Interest expense | (172,888) | (126,901) | (106,239) |
| | 164,199 | 178,522 | 188,743 |
| Provision for income taxes | (4,387) | (165) | (3,919) |
| Income from other real estate investments | 77,062 | 56,751 | 30,127 |
| Equity in income of real estate joint ventures, net | 106,930 | 77,454 | 56,385 |
| Minority interests in income, net | (26,254) | (12,260) | (9,660) |
| Gain on sale of development properties | | | |
| net of tax of \$12,155, \$10,824 and \$4,401, respectively | 25,121 | 22,812 | 12,434 |
| Income from continuing operations | 342,671 | 323,114 | 274,110 |
| Discontinued operations: | | | |
| Income from discontinued operating properties | 14,004 | 14,337 | 12,749 |
| Minority interest from discontinued operating properties | (1,497) | (476) | (481) |
| Loss on operating properties held for sale/sold | (1,421) | (5,098) | (5,064) |
| Gain on disposition of operating properties, net of tax | 72,042 | 28,918 | 15,823 |
| Income from discontinued operations | 83,128 | 37,681 | 23,027 |
| Gain on transfer of operating properties | 1,394 | 2,301 | — |
| Loss on transfer of operating property | — | (150) | — |
| Gain on sale of operating properties, net of tax | 1,066 | 682 | — |
| | 2,460 | 2,833 | — |
| Net income | 428,259 | 363,628 | 297,137 |
| Preferred stock dividends | (11,638) | (11,638) | (11,638) |
| Net income available to common shareholders | \$ 416,621 | \$ 351,990 | \$ 285,499 |
| Per common share: | | | |
| Income from continuing operations: | | | |
| -Basic | \$ 1.39 | \$ 1.39 | \$ 1.18 |
| -Diluted | \$ 1.36 | \$ 1.36 | \$ 1.16 |
| Net income : | | | |
| -Basic | \$ 1.74 | \$ 1.55 | \$ 1.28 |
| -Diluted | \$ 1.70 | \$ 1.52 | \$ 1.26 |
| Weighted average common shares outstanding: | | | |
| -Basic | 239,552 | 226,641 | 222,859 |
| -Diluted | 244,615 | 230,868 | 227,143 |

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

Consolidated Statements of Comprehensive Income

(in thousands)

| | Year Ended December 31, | | |
|---|-------------------------|------------|------------|
| | 2006 | 2005 | 2004 |
| Net income | \$ 428,259 | \$ 363,628 | \$ 297,137 |
| Other comprehensive income: | | | |
| Change in unrealized gain/(loss) on marketable securities | (26,467) | 26,689 | 28,594 |
| Change in unrealized (loss) on warrants | — | — | (8,252) |
| Change in unrealized gain/(loss) on foreign currency hedge agreements | 143 | 2,536 | (15,102) |
| Change in foreign currency translation adjustment | 2,503 | 2,040 | 15,675 |
| Other comprehensive income | (23,821) | 31,265 | 20,915 |
| Comprehensive income | \$ 404,438 | \$ 394,893 | \$ 318,052 |

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

Consolidated Statements of Stockholders' Equity

For the Years Ended December 31, 2006, 2005 and 2004

(in thousands, except per share information)

| | Preferred Stock | Common Stock | | Paid-in Capital | Retained Earnings / (Cumulative Distributions in Excess of Net Income) | Accumulated Other Comprehensive Income | Total Stockholders' Equity |
|--|-----------------|---------------|----------------|-----------------|--|--|----------------------------|
| | Issued | Amount | | Issued | Amount | | |
| Balance, January 1, 2004 | 700 | \$ 700 | 221,248 | \$ 2,212 | \$ 2,146,180 | \$ (30,112) | \$ 2,135,846 |
| Net income | | | | | | 297,137 | 297,137 |
| Dividends (\$1.16 per common share; \$1.6625 | | | | | | (270,774) | (270,774) |
| Class F Depositary Share, respectively) | | | | | | | |
| Issuance of common stock | | 226 | 2 | 5,419 | | | 5,421 |
| Exercise of common stock options | | 3,380 | 34 | 46,023 | | | 46,057 |
| Amortization of stock option expense | | | | 1,798 | | | 1,798 |
| Other comprehensive income | | | | | | 20,915 | 20,915 |
| Balance, December 31, 2004 | 700 | 700 | 224,854 | 2,248 | 2,199,420 | (3,749) | 37,781 |
| Net income | | | | | | 363,628 | 363,628 |
| Dividends (\$1.27 per common share; \$1.6625 | | | | | | (300,024) | (300,024) |
| Class F Depositary Share, respectively) | | | | | | | |
| Issuance of common stock | | 242 | 3 | 6,837 | | | 6,840 |
| Exercise of common stock options | | 2,963 | 30 | 44,467 | | | 44,497 |
| Amortization of stock option expense | | | | 4,608 | | | 4,608 |
| Other comprehensive income | | | | | | 31,265 | 31,265 |
| Balance, December 31, 2005 | 700 | 700 | 228,059 | 2,281 | 2,255,332 | 59,855 | 69,046 |
| Net income | | | | | | 428,259 | 428,259 |
| Dividends (\$1.38 per common share; \$1.6625 | | | | | | (347,605) | (347,605) |
| Class F Depositary Share, respectively) | | | | | | | |
| Issuance of common stock | | 20,614 | 206 | 870,465 | | | 870,671 |
| Exercise of common stock options | | 2,197 | 22 | 42,007 | | | 42,029 |
| Amortization of stock option expense | | | | 10,212 | | | 10,212 |
| Other comprehensive income | | | | | | (23,821) | (23,821) |
| Balance, December 31, 2006 | 700 | \$ 700 | 250,870 | \$ 2,509 | \$ 3,178,016 | \$ 140,509 | \$ 45,225 |
| | | | | | | | |

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

Consolidated Statements of Cash Flows

(in thousands, except share information)

| | Year Ended December 31, | | |
|--|-------------------------|------------------|------------------|
| | 2006 | 2005 | 2004 |
| Cash flow from operating activities: | | | |
| Net income | \$ 428,259 | \$ 363,628 | \$ 297,137 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 144,767 | 108,042 | 102,872 |
| Loss on operating properties held for sale/sold/transferred | 1,421 | 5,248 | 8,029 |
| Gain on sale of development properties | (37,276) | (33,636) | (16,835) |
| Gain on sale/transfer of operating properties | (77,300) | (31,901) | (15,823) |
| Minority interests in income of partnerships, net | 27,751 | 12,446 | 9,660 |
| Equity in income of real estate joint ventures, net | (106,930) | (77,454) | (56,385) |
| Income from other real estate investments | (54,494) | (40,562) | (23,571) |
| Distributions from joint ventures | 152,099 | 116,765 | 94,994 |
| Cash retained from excess tax benefits | (2,926) | — | — |
| Change in accounts and notes receivable | (17,778) | (12,156) | (1,742) |
| Change in accounts payable and accrued expenses | 38,619 | 10,606 | 2,850 |
| Change in other operating assets and liabilities | (40,643) | (10,229) | (36,010) |
| Net cash flow provided by operating activities | 455,569 | 410,797 | 365,176 |
| Cash flow from investing activities: | | | |
| Acquisition of and improvements to operating real estate | (547,001) | (431,514) | (351,369) |
| Acquisition of and improvements to real estate under development | (619,083) | (452,722) | (204,631) |
| Investment in marketable securities | (86,463) | (93,299) | (70,864) |
| Proceeds from sale of marketable securities | 83,832 | 46,692 | 22,278 |
| Proceeds from transferred operating/development properties | 1,186,851 | 128,537 | 342,496 |
| Investments and advances to real estate joint ventures | (472,666) | (267,287) | (203,569) |
| Reimbursements of advances to real estate joint ventures | 183,368 | 130,590 | 80,689 |
| Other real estate investments | (254,245) | (123,005) | (113,663) |
| Reimbursements of advances to other real estate investments | 74,677 | 26,969 | 34,045 |
| Investment in mortgage loans receivable | (154,894) | (82,305) | (136,637) |
| Collection of mortgage loans receivable | 125,003 | 90,709 | 103,819 |
| Other investments | (123,609) | (3,152) | (1,551) |
| Reimbursements of other investments | 16,113 | — | — |
| Settlement of net investment hedges | (953) | (34,580) | — |
| Proceeds from sale of operating properties | 110,404 | 89,072 | 43,077 |
| Proceeds from sale of development properties | 232,445 | 259,280 | 156,283 |
| Net cash flow used for investing activities | (246,221) | (716,015) | (299,597) |
| Cash flow from financing activities: | | | |
| Principal payments on debt, excluding normal amortization of rental property debt | (61,758) | (66,794) | (54,322) |
| Principal payments on rental property debt | (11,062) | (8,296) | (7,848) |
| Principal payments on construction loan financings | (79,399) | (98,002) | (66,950) |
| Proceeds from mortgage/construction loan financings | 174,087 | 265,418 | 348,386 |
| Borrowings under revolving credit facilities | 317,661 | 210,188 | 336,675 |
| Repayment of borrowings under revolving credit facilities | (653,219) | (156,486) | (100,000) |
| Proceeds from issuance of unsecured notes | 478,947 | 672,429 | 200,000 |
| Repayment of unsecured notes/term loan | (185,000) | (200,250) | (514,000) |
| Financing origination costs | (11,442) | (9,538) | — |
| Redemption of minority interests in real estate partnerships | (31,554) | (21,024) | (3,781) |
| Dividends paid | (332,552) | (293,345) | (265,254) |
| Cash retained from excess tax benefits | 2,926 | — | — |
| Proceeds from issuance of stock | 451,809 | 48,971 | 51,447 |
| Net cash flow provided by (used for) financing activities | 59,444 | 343,271 | (75,647) |
| Change in cash and cash equivalents | 268,792 | 38,053 | (10,068) |
| Cash and cash equivalents, beginning of year | 76,273 | 38,220 | 48,288 |
| Cash and cash equivalents, end of year | \$ 345,065 | \$ 76,273 | \$ 38,220 |
| Interest paid during the year (net of capitalized interest of \$22,741, \$12,587, and \$8,732, respectively) | \$ 153,664 | \$ 121,087 | \$ 108,117 |
| Income taxes paid during the year | \$ 9,350 | \$ 13,763 | \$ 10,694 |

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

Notes to Consolidated Financial Statements

(in thousands, except share information)

Amounts relating to the number of buildings, square footage, tenant and occupancy data and estimated project costs are unaudited.

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 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, as amended (the "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, (ii) retail real estate advisory and disposition services which primarily focuses on leasing and disposition strategies of retail real estate controlled by both healthy and distressed and/or bankrupt retailers and (iii) acting as an agent or principal in connection with tax deferred exchange transactions.

The Company 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, 2006, the Company's single largest neighborhood and community shopping center accounted for only 1.6% 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, 2006, the Company's five largest tenants were The Home Depot, TJX Companies, Sears Holdings, Kohl's and Wal-Mart, which represented approximately 3.5%, 2.9%, 2.5%, 2.2% and 2.1%, 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, including complementary services that capitalize on the Company's established retail real estate expertise. The Company does not distinguish its principal

business 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 of America ("GAAP").

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 entities in which the Company has a controlling interest, including where the Company has been determined to be a primary beneficiary of a variable interest entity in accordance with the provisions and guidance of Interpretation No. 46(R), Consolidation of Variable Interest Entities ("FIN 46(R)") or meets certain criteria of a sole general partner or managing member as identified in accordance with Emerging Issues Task Force ("EITF") Issue 04-5, Investor's Accounting for an Investment in a Limited Partnership when the Investor is the Sole General Partner and the Limited Partners have Certain Rights ("EITF 04-5"). All intercompany balances and transactions have been eliminated in consolidation.

GAAP requires 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, the collectability of trade accounts receivable and the realizability of deferred tax assets. Application of these assumptions requires the exercise of judgment as to future uncertainties and, as a result, actual results could differ from these estimates.

Minority Interests

Minority interests represent the portion of equity that the Company does not own in those entities it consolidates as a result of having a controlling interest or determined that the Company was the primary beneficiary of a variable interest entity in accordance with the provisions and guidance of FIN 46(R).

Minority interests also include partnership units issued from consolidated subsidiaries of the Company in connection with certain property acquisitions. These units have a stated redemption value or a redemption amount based upon the Adjusted Current Trading Price, as defined, of the Company's common stock ("Common Stock") and provide the unit holders various rates of return during the holding period. The unit holders generally have the right to redeem their units for cash at any time after one year from issuance. The Company typically has the option to settle redemption amounts in cash or Common Stock for the issuance of convertible units. The Company evaluates the terms of the partnership units issued in accordance with Statement of Financial Accounting Standards ("SFAS") No. 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity, and EITF D-98, Classification and Measurement of Redeemable Securities, to determine if the

Notes to Consolidated Financial Statements *(continued)*

units are mandatorily redeemable, and as such accounts for them accordingly.

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 (including any related amortizable intangible assets or liabilities) 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.

Upon acquisition of real estate operating properties, the Company estimates the fair value of acquired tangible assets (consisting of land, building and improvements) and identified intangible assets and liabilities (consisting of above and below-market leases, in-place leases and tenant relationships), assumed debt and redeemable units issued in accordance with SFAS No. 141, Business Combinations ("SFAS No. 141"), at the date of acquisition, based on evaluation of information and estimates available at that date. Based on these estimates, the Company allocates the initial purchase price to the applicable assets and liabilities. As final information regarding fair value of the assets acquired and liabilities assumed is received and estimates are refined, appropriate adjustments are made to the purchase price allocation. The allocations are finalized within twelve months of the acquisition date.

The Company utilizes methods similar to those used by independent appraisers in estimating the fair value of acquired assets and liabilities. The fair value of the tangible assets of an acquired property considers the value of the property "as-if-vacant". The fair value reflects the depreciated replacement cost of the permanent assets, with no trade fixtures included.

In allocating the purchase price to identified intangible assets and liabilities of an acquired property, the value of above-market and below-market leases is estimated based on the present value of the difference between the contractual amounts to be paid pursuant to the leases and management's estimate of the market lease rates and other lease provisions (i.e., expense recapture, base rental changes, etc.) measured over a period equal to the estimated remaining term of the lease. The capitalized above-market or below-market intangible is amortized to rental income over the estimated remaining term of the respective leases. Mortgage debt

premiums are amortized into interest expense over the remaining term of the related debt instrument. Unit discounts and premiums are amortized into Minority interest in income, net over the period from the date of issuance to the earliest redemption date of the units.

In determining the value of in-place leases, management considers current market conditions and costs to execute similar leases in arriving at an estimate of the carrying costs during the expected lease-up period from vacant to existing occupancy. In estimating carrying costs, management includes real estate taxes, insurance, other operating expenses and estimates of lost rental revenue during the expected lease-up periods and costs to execute similar leases including leasing commissions, legal and other related costs based on current market demand. In estimating the value of tenant relationships, management considers the nature and extent of the existing tenant relationship, the expectation of lease renewals, growth prospects, and tenant credit quality, among other factors. The value assigned to in-place leases and tenant relationships is amortized over the estimated remaining term of the leases. If a lease were to be terminated prior to its scheduled expiration, all unamortized costs relating to that lease would be written off.

Depreciation and amortization are provided on the straight-line method over the estimated useful lives of the assets, as follows:

| | |
|--|---|
| Buildings | 15 to 50 years |
| Fixtures, building and leasehold improvements (including certain identified intangible assets) | 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. The useful lives of amortizable intangible assets are evaluated each reporting period with any changes in estimated useful lives being accounted for over the revised remaining useful life.

Real Estate Under Development

Real estate under development represents both the ground-up development of neighborhood and community shopping center projects which are subsequently sold upon completion and projects which the Company may hold as long-term investments. These properties are carried at cost. The cost of land and buildings under development includes 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 of personnel directly involved 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 assets held for resale or the current and projected undiscounted cash

flows of these assets to be held as long-term investments is less than the net carrying value, the carrying value would be adjusted 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 cash contributions and distributions. Earnings for each investment are recognized in accordance with each respective investment agreement and where applicable, based upon an allocation of the investment's net assets at book value as if the investment was hypothetically liquidated at the end of each reporting period.

The Company's joint ventures and other real estate investments primarily consist of co-investments with institutional and other joint venture partners in neighborhood and community shopping center properties, consistent with its core business. These joint ventures typically obtain non-recourse third-party financing on their property investments, thus contractually limiting the Company's exposure to losses to the amount of its equity investment; and due to the lender's exposure to losses, a lender typically will require a minimum level of equity in order to mitigate its risk. The Company's exposure to losses associated with its unconsolidated joint ventures is primarily limited to its carrying value in these investments.

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 and such difference is deemed to be other than temporary. 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.

Other Real Estate Investments

Other real estate investments primarily consist of preferred equity investments for which the Company provides capital to developers and owners of real estate. The Company typically accounts for its preferred equity investments on the equity method of accounting, whereby earnings for each investment are recognized in accordance with each respective investment agreement and based upon an allocation of the investment's net assets at book value as if the investment was hypothetically liquidated at the end of each reporting period.

Mortgages and Other Financing Receivables

Mortgages and other financing receivables consist of loans acquired and loans originated by the Company. Loan receivables are recorded at stated principal amounts net of any discount or premium or deferred loan origination costs or fees. The related discounts or premiums on mortgages and other loans purchased are amortized or accreted over the life of the related loan receiv-

able. The Company defers certain loan origination and commitment fees, net of certain origination costs, and amortizes them as an adjustment of the loan's yield over the term of the related loan. The Company evaluates the collectibility of both interest and principal on each loan to determine whether it is impaired. A loan is considered to be impaired, when based upon current information and events, it is probable that the Company will be unable to collect all amounts due according to the existing contractual terms. When a loan is considered to be impaired, the amount of loss is calculated by comparing the recorded investment to the value determined by discounting the expected future cash flows at the loan's effective interest rate or to the value of the underlying collateral if the loan is collateralized. Interest income on performing loans is accrued as earned. Interest income on impaired loans is recognized on a cash basis.

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 \$0.6 million and \$6.7 million at December 31, 2006 and 2005, respectively.

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

Marketable Securities

The Company classifies its existing marketable equity securities as available-for-sale in accordance with the provisions of SFAS 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 Accumulated 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 of 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. Such capitalized costs include salaries and related costs of personnel directly involved in successful leasing efforts.

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

Notes to Consolidated Financial Statements *(continued)*

these leases also provide for percentage rents based upon the level of sales achieved by the lessee. These percentage rents are recognized once the required sales level is achieved. Rental income may also include payments received in connection with lease termination agreements. 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.

Management and other fee income consist of property management fees, leasing fees, property acquisition and disposition fees, development fees and asset management fees. These fees arise from contractual agreements with third parties or with entities in which the Company has a partial non-controlling interest. Management and other fee income, including acquisition and disposition fees, are recognized as earned under the respective agreements. Management and other fee income related to partially owned entities is recognized to the extent attributable to the unaffiliated interest.

Gains and losses from the sale of depreciated operating property and ground-up development projects are generally recognized using the full accrual method in accordance with SFAS No. 66, Accounting for Sales of Real Estate ("SFAS No. 66"), provided that various criteria relating to the terms of sale and subsequent involvement by the Company with the properties are met.

Gains and losses on transfers of operating properties result from the sale of a partial interest in properties to unconsolidated joint ventures and are recognized using the partial sale provisions of SFAS No. 66.

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.

Income Taxes

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 Code.

In connection with the RMA, which became effective January 1, 2001, the Company is permitted to participate in certain activities which it was previously precluded from in order to maintain its qualification as a REIT, so long as these activities are conducted in entities which elect to be treated as taxable 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 carry-forwards. 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 the Company's 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 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, net in the Consolidated Statements of Income.

Derivative/Financial Instruments

The Company measures its derivative instruments at fair value and records 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. Changes in the fair value of foreign currency hedges that are designated and effective as net investment hedges are included in the cumulative translation component of OCI to the extent they are economically effective and are subsequently reclassified to earnings when the hedged investments are sold or otherwise disposed of. 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 fluctuations 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 entered, 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. These derivative instruments were designated and qualified as cash flow, fair value or foreign currency hedges (see Note 16).

Earnings Per Share

On July 21, 2005, the Company's Board of Directors declared a two-for-one split (the "Stock Split") of the Company's common stock which was effected in the form of a stock dividend paid on August 23, 2005, to stockholders of record on August 8, 2005. 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):

| | 2006 | 2005 | 2004 |
|---|------------------|------------|------------|
| <i>Computation of Basic Earnings Per Share:</i> | | | |
| Income from continuing operations | \$342,671 | \$ 323,114 | \$ 274,110 |
| Gain on transfer/sale of operating properties, net | 2,460 | 2,833 | — |
| Preferred stock dividends | (11,638) | (11,638) | (11,638) |
| Income from continuing operations applicable to common shares | 333,493 | 314,309 | 262,472 |
| Income from discontinued operations | 83,128 | 37,681 | 23,027 |
| Net income applicable to common shares | \$416,621 | \$ 351,990 | \$ 285,499 |
| Weighted average common shares outstanding | 239,552 | 226,641 | 222,859 |
| <i>Basic Earnings Per Share:</i> | | | |
| Income from continuing operations | \$ 1.39 | \$ 1.39 | \$ 1.18 |
| Income from discontinued operations | 0.35 | 0.16 | 0.10 |
| Net income | \$ 1.74 | \$ 1.55 | \$ 1.28 |
| <i>Computation of Diluted Earnings Per Share:</i> | | | |
| Income from continuing operations applicable to common shares (a) | \$333,493 | \$ 314,309 | \$ 262,472 |
| Income from discontinued operations | 83,128 | 37,681 | 23,027 |
| Net income for diluted earnings per share | \$416,621 | \$ 351,990 | \$ 285,499 |
| Weighted average common shares outstanding — Basic | 239,552 | 226,641 | 222,859 |
| Effect of dilutive securities (a): | | | |
| Stock options/deferred stock awards | 5,063 | 4,227 | 4,284 |
| Shares for diluted earnings per share | 244,615 | 230,868 | 227,143 |
| <i>Diluted Earnings Per Share:</i> | | | |
| Income from continuing operations | \$ 1.36 | \$ 1.36 | \$ 1.16 |
| Income from discontinued operations | 0.34 | 0.16 | 0.10 |
| Net income | \$ 1.70 | \$ 1.52 | \$ 1.26 |

(a) The effect of the assumed conversion of certain convertible units had an anti-dilutive effect upon the calculation of Income from continuing operations per share. Accordingly, the impact of such conversions has not been included in the determination of diluted earnings per share calculations.

In addition, there were approximately 71,250, 2,195,400 and 1,648,750 stock options that were anti-dilutive as of December 31, 2006, 2005 and 2004, respectively.

Stock Compensation

The Company maintains an equity participation plan (the "Plan") pursuant to which a maximum of 42,000,000 shares of Common Stock may be issued for qualified and non-qualified options and restricted stock grants. Options granted under the Plan generally vest ratably over a three or five year term, expire ten years from the date of grant and are exercisable at the market price on the date of grant, unless otherwise determined by the Board of Directors at its sole discretion. Restricted stock grants generally vest 100% on the fifth anniversary of the grant. 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.

Prior to January 1, 2003, the Company accounted for the Plan under 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). Effective January 1, 2003, the Company adopted the prospective method provisions of SFAS No. 148, Accounting for Stock-Based Compensation – Transition and Disclosure an Amendment of FASB Statement No. 123 ("SFAS No. 148"), which applies the recognition provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation ("SFAS No. 123") to all employee awards granted, modified or settled after January 1, 2003.

During December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS No. 123(R)"), which is a revision of Statement 123. SFAS No. 123(R) supersedes Opinion 25. Generally, the approach in SFAS No. 123(R) is similar to the approach described in Statement 123. However, SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the statement of operations based on their fair values. Pro-forma disclosure is no longer an alternative under SFAS No. 123(R). SFAS No. 123(R) was effective for fiscal years beginning after December 31, 2005. The Company began expensing stock based employee compensation with its adoption of the prospective method provisions of SFAS No. 148, effective January 1, 2003, as a result, the adoption of SFAS No. 123(R) did not have a material impact on the Company's financial position or results of operations.

Notes to Consolidated Financial Statements *(continued)*

The non-cash expense related to stock-based employee compensation included in the determination of net income is less than that which would have been recognized if the fair value based method had been applied to all awards since the original effective date of SFAS No. 123. There was no difference in amounts for the year ended December 31, 2006. 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 (amounts presented in thousands, except per share data):

| | 2005 | 2004 |
|---|-------------------|------------|
| Net income, as reported | \$ 363,628 | \$ 297,137 |
| Add: Stock based employee compensation expense included in reported net income | 4,608 | 1,650 |
| Deduct: Total stock based employee compensation expense determined under fair value based method for all awards | (5,206) | (3,316) |
| Pro Forma Net Income — Basic | \$ 363,030 | \$ 295,471 |
| Earnings Per Share | | |
| Basic — as reported | \$ 1.55 | \$ 1.28 |
| Basic — pro forma | \$ 1.55 | \$ 1.27 |
| Net income for diluted earnings per share | \$ 351,990 | \$ 285,499 |
| Add: Stock based employee compensation expense included in reported net income | 4,608 | 1,650 |
| Deduct: Total stock based employee compensation expense determined under fair value based method for all awards | (5,206) | (3,316) |
| Pro Forma Net Income — Diluted | \$ 351,392 | \$ 283,833 |
| Earnings Per Share | | |
| Diluted — as reported | \$ 1.52 | \$ 1.26 |
| Diluted — pro forma | \$ 1.52 | \$ 1.25 |

The pro forma adjustments to net income and net income per diluted common share assume fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing formula. The more significant assumptions underlying the determination of such fair values for options granted during the year ended December 2005 and 2004 were as follows:

| | 2005 | 2004 |
|--|----------------|---------|
| Weighted average fair value of options granted | \$ 3.21 | \$ 2.14 |
| Weighted average risk-free interest rates | 4.03% | 3.30% |
| Weighted average expected option lives | 4.80 | 3.72 |
| Weighted average expected volatility | 18.01% | 16.69% |
| Weighted average expected dividend yield | 5.30% | 5.59% |

New Accounting Pronouncements

In July 2006, the FASB issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes – an interpretation

of FASB Statement No. 109, Accounting for Income Taxes (“FIN 48”), regarding accounting for and disclosure of uncertain tax positions. This guidance seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. This interpretation is effective for fiscal years beginning after December 15, 2006. The Company is currently assessing the provisions of FIN 48, but does not expect its adoption to have a material impact on the Company’s financial position or results of operations.

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

Additionally in September 2006, the United States Securities and Exchange Commission staff issued Staff Accounting Bulletin No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements (“SAB 108”), which provides interpretive guidance on how registrants should quantify financial statement misstatements. SAB 108 requires registrants to quantify misstatements using both balance sheet and income statement approaches and to evaluate whether either approach results in quantifying an error that is material in light of relative quantitative and qualitative factors. For transition purposes, the registrants will be permitted to restate prior period financial statements or recognize the cumulative effect of initially applying SAB 108 through an adjustment to beginning retained earnings in the year of adoption. SAB 108 is effective for annual financial statements covering the first fiscal year ending after November 15, 2006. The impact of adopting SAB 108 did not have a material impact on the Company’s financial position or results of operations.

In December 2006, the FASB issued FASB Staff Position No. EITF 00-19-2, Accounting for Registration Payment Arrangements. EITF 00-19-2 addresses an issuer’s accounting for registration payment arrangements and specifies that the contingent obligation to make future payments or otherwise transfer consideration under a registration payment arrangement, whether issued as a separate agreement or included as a provision of a financial instrument or other agreement, should be separately recognized and measured in accordance with FASB Statement No. 5, Accounting for Contingencies. The guidance in EITF 00-19-2 amends FASB Statements No. 133, Accounting for Derivative Instruments and Hedging Activities, No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity, and FASB Interpretation No. 45, Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others (“FIN 45”), to include scope exceptions for registration payment arrangements. EITF 00-19-2 further clarifies that a financial

instrument subject to a registration payment arrangement should be accounted for in accordance with other applicable generally accepted accounting principles (GAAP) without regard to the contingent obligation to transfer consideration pursuant to the registration payment arrangement. EITF 00-19-2 shall be effective immediately for registration payment arrangements and the financial instruments subject to those arrangements that are entered into or modified subsequent to the date of issuance of this EITF, or for financial statements issued for fiscal years beginning after December 15, 2006, and interim periods within those fiscal years. The Company does not expect the adoption of EITF 00-19-2 to have a material impact on the Company's financial position or results of operations.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities ("SFAS No. 159"). SFAS No. 159 permits entities to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Company is currently assessing the impact of SFAS No. 159 on the Company's financial position or results of operations.

2. Real Estate:

The Company's components of Rental property consist of the following (in thousands):

| December 31, | 2006 | 2005 |
|---|---------------------|---------------------|
| Land | \$ 978,819 | \$ 686,123 |
| Buildings and improvements | | |
| Buildings | 2,980,369 | 2,696,194 |
| Building improvements | 301,584 | 180,005 |
| Tenant improvements | 528,479 | 334,765 |
| Fixtures and leasehold improvements | 22,216 | 17,088 |
| Other rental property (1) | 151,870 | 35,110 |
| | 4,963,337 | 3,949,285 |
| Accumulated depreciation and amortization | (806,670) | (740,127) |
| Total | \$ 4,156,667 | \$ 3,209,158 |

(1) At December 31, 2006 and 2005, Other rental property consisted of intangible assets including \$88,328 and \$23,539, respectively, of in-place leases, \$15,705 and \$7,366, respectively, of tenant relationships, and \$47,837 and \$4,205, respectively, of above-market leases.

In addition, at December 31, 2006 and 2005, the Company had intangible liabilities relating to below-market leases from property acquisitions of approximately \$120.6 million and \$50.1 million, respectively. These amounts are included in the caption Other liabilities in the Company's Consolidated Balance Sheets.

3. Property Acquisitions, Developments and Other Investments:

Operating Properties

Acquisition of Existing Shopping Centers —

During the years 2006, 2005 and 2004, the Company acquired operating properties, in separate transactions, at aggregate costs of approximately \$1.1 billion, \$278.0 million and \$440.5 million, respectively.

Included in the 2006 acquisitions is the acquisition of interests in seven shopping center properties, located in Caguas, Carolina, Mayaguez, Trujillo Alto, Ponce, Manati, and Bayamon, Puerto Rico, valued at an aggregate \$451.9 million. The properties were acquired through the issuance of units from a consolidated subsidiary and consist of approximately \$158.6 million of floating and fixed-rate redeemable units, approximately \$45.8 million of redeemable units, which are redeemable at the option of the holder, the assumption of approximately \$131.2 million of non-recourse mortgage debt encumbering six of the properties and approximately \$116.3 million in cash. The Company has the option to settle the redemption of the \$45.8 million redeemable units with Common Stock or cash.

The aggregate purchase price of these Puerto Rico properties has been allocated to the tangible and intangible assets and liabilities of the properties in accordance with SFAS No. 141. The total purchase price includes intangible liabilities of approximately \$0.6 million for the value attributed to assumed mortgage debt premiums, net, below market rents of approximately \$37.4 million and fair value unit adjustments of approximately \$28.6 million, including unit premiums of approximately \$13.5 million.

Ground-Up Development —

The Company is engaged in ground-up development projects which consists of (i) merchant building through the Company's wholly-owned taxable REIT subsidiary, KDI, which develops neighborhood and community shopping centers and the subsequent sale thereof upon completion, (ii) U.S. ground-up development projects which will be held as long-term investments by the Company and (iii) various ground-up development projects located in Mexico and Canada for long-term investment. The ground-up development projects generally have substantial pre-leasing prior to the commencement of construction. As of December 31, 2006, the Company had in progress a total of 45 ground-up development projects including 23 merchant building projects, six domestic ground-up development projects, and 16 ground-up development projects located throughout Mexico. These projects are currently proceeding on schedule and substantially in line with the Company's budgeted costs of approximately \$1.8 billion.

During the years 2006, 2005 and 2004, KDI expended approximately \$287.0 million, \$363.1 million and \$205.2 million, respectively, in connection with the purchase of land and construction costs related to its ground-up development projects.

Notes to Consolidated Financial Statements *(continued)*

These merchant building acquisition and development costs have been funded principally through proceeds from sales of completed projects and construction financings.

During 2006, the Company acquired land in Chambersburg, PA and Anchorage, AK, in separate transactions, for an aggregate purchase price of approximately \$12.2 million. The properties will be developed into retail centers with approximately 0.7 million square feet of GLA with total estimated project costs of approximately \$62.7 million.

During June 2006, the Company acquired, through a newly formed joint venture in which the Company has a non-controlling interest, a 0.1 million square foot development project in Puerto Vallarta, Mexico, for a purchase price of 65.4 million Mexican Pesos ("MXP") (approximately USD \$5.7 million). Total estimated project costs are approximately USD \$7.3 million.

During 2006, the Company acquired, in separate transactions, nine parcels of land located in various cities throughout Mexico, for an aggregate purchase price of approximately MXP 1.3 billion (approximately USD \$119.3 million). The properties were at various stages of construction at acquisition and will be developed into retail centers aggregating approximately 3.4 million square feet. Total estimated remaining project costs are approximately USD \$324.2 million.

During 2005, the Company acquired, in separate transactions, various parcels of land located in Mesa, AZ and Nampa, ID for an aggregate purchase price of approximately \$28.7 million. These properties will be developed into retail centers with an aggregate of approximately 2.2 million square feet of GLA with a total estimated aggregate project cost of approximately \$190.7 million.

During May and June 2005, the Company acquired, in separate transactions, two parcels of land located in Saltillo and Pachuca, Mexico, for an aggregate purchase price of approximately \$14.6 million. The properties will be developed into retail centers with an aggregate total project cost of approximately \$34.1 million.

During June 2005, the Company acquired land in Tustin, CA, through a newly formed joint venture in which the Company has a 50% non-controlling interest, for a purchase price of approximately \$23.0 million. The property will be developed into a 1.0 million square foot retail center with a total estimated project cost of approximately \$176.8 million. The purchase of the land was funded through a new construction loan which bears interest at LIBOR plus 1.70% and is scheduled to mature in October 2007. As of December 31, 2006, this construction loan had an outstanding balance of approximately \$103.0 million. During October 2006, the Company sold two parcels, in separate transactions, for an aggregate price of \$21.7 million. No gain or loss was recognized on these transactions.

Additionally, during 2005, the Company acquired, in separate transactions, six parcels of land located in various cities throughout Mexico, through newly formed joint ventures in which the Company has non-controlling interests, for an aggregate purchase

price of approximately \$42.1 million. The properties were at various stages of construction at acquisition and will be developed into retail centers with a projected total aggregate cost of approximately \$133.1 million.

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"). In connection with the merger, 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 included re-tenanting, repositioning and disposition of the properties. As of January 1, 2006, Kimsouth consisted of five properties.

During May 2006, the Company acquired an additional 48% interest in Kimsouth for approximately \$22.9 million, which increased the Company's total ownership to 92.5%. As a result of this transaction, the Company became the controlling shareholder and has therefore, commenced consolidation of Kimsouth upon the closing date. The acquisition of the additional 48% ownership interest has been accounted for as a step acquisition with the purchase price being allocated to the identified assets and liabilities of Kimsouth.

As of May 12, 2006, Kimsouth had approximately \$133.0 million of net operating loss carry-forwards ("NOLs"), which may be utilized to offset future taxable income of Kimsouth. The Company evaluated the need for a valuation allowance based on projected taxable income and determined that a valuation allowance of approximately \$34.2 million was required. As such, a purchase price adjustment of \$17.5 million was recorded (see Note 22 for additional information).

During June 2006, Kimsouth contributed approximately \$51.0 million, of which \$47.2 million or 92.5% was provided by the Company, to fund its 15% non-controlling interest in a newly formed joint venture with an investment group to acquire a portion of Albertson's Inc. To maximize investment returns, the investment group's strategy with respect to this joint venture, includes refinancing, selling selected stores and the enhancement of operations at the remaining stores. This investment is included in Other assets in the Consolidated Balance Sheets. During February 2007, this joint venture completed the disposition of certain operating stores and a refinancing of the remaining assets in the joint venture. As a result of these transactions Kimsouth received a cash distribution of approximately \$121.3 million.

During July 2006, Kimsouth contributed approximately \$3.7 million to fund its 15% non-controlling interest in a newly formed joint venture with an investment group to acquire 50 grocery anchored operating properties. During September 2006, Kimsouth contributed an additional \$2.2 million to this joint

venture to acquire an operating property in Sacramento, CA, comprising approximately 0.1 million square feet of GLA, for a purchase price of approximately \$14.5 million. This joint venture investment is included in Investment and advances in real estate joint ventures in the Consolidated Balance Sheets.

During 2006, Kimsouth sold two properties for an aggregate sales price of approximately \$9.8 million and transferred two properties to a joint venture in which the Company has an 18% non-controlling interest for an aggregate price of approximately \$54.0 million, which included the repayment of approximately \$23.1 million in mortgage debt.

During 2005, Kimsouth disposed of seven shopping center properties, in separate transactions, for an aggregate sales price of approximately \$78.9 million, including the assignment of approximately \$23.7 million of mortgage debt encumbering two of the properties. During 2005, the Company recognized pre-tax profits from the Kimsouth investment of approximately \$4.9 million, which is included in the caption Income from other real estate investments on the Company's Consolidated Statements of Income.

Selected financial information for Kimsouth prior to consolidation is as follows (in millions):

| | December 31, 2005 |
|--|-------------------|
| Assets: | |
| Real estate held for sale | \$ 56.7 |
| Other assets | 6.5 |
| | \$ 63.2 |
| Liabilities and Stockholders' Equity: | |
| Mortgages payable | \$ 29.4 |
| Other liabilities | 0.7 |
| Stockholders' equity | 33.1 |
| | \$ 63.2 |

| | January 1 to May 12, 2006 | Year Ended December 31, 2005 | 2004 |
|---|------------------------------|---------------------------------|----------|
| Revenues from rental property | \$ 1.8 | \$ 9.0 | \$ 21.8 |
| Operating expenses | (0.8) | (6.9) | (7.5) |
| Interest | (0.8) | (3.1) | (7.9) |
| Depreciation and amortization | — | (0.3) | (4.5) |
| Other, net | (7.7) | (0.5) | (0.4) |
| | (7.5) | (1.8) | 1.5 |
| Gain on disposition of properties | 1.9 | 12.6 | 8.7 |
| Adjustment of property carrying values | — | (2.4) | (14.3) |
| Net income/(loss) | \$ (5.6) | \$ 8.4 | \$ (4.1) |

FNC Realty Corporation —

On July 27, 2005, Frank's Nursery and Crafts, Inc. ("Frank's") emerged from bankruptcy protection pursuant to a bankruptcy court approved plan of reorganization as FNC Realty Corporation ("FNC"). Pursuant to the plan of reorganization, the Company received common shares of FNC representing an approximate

27% ownership interest in exchange for its interest in Frank's. In addition, the Company acquired an additional 24.5% interest in the common shares of FNC for cash of approximately \$17.0 million, thereby increasing the Company's ownership interest to approximately 51%. The Company also acquired approximately \$42.0 million of fixed rate 7% convertible senior notes issued by FNC. As a result of the increase in ownership interest from 27% to 51%, the Company became the controlling shareholder and therefore, commenced consolidation of FNC effective July 27, 2005.

As of July 27, 2005, FNC had approximately \$154.0 million of NOLs, which may be utilized to offset future taxable income of FNC. As Frank's had recurring losses and was in bankruptcy, the realization of the NOLs was uncertain. Accordingly a full valuation allowance was previously recorded against the deferred tax asset relating to these NOLs. Of the total amount of available NOLs, the Company has estimated approximately \$124.0 million is unrestricted and \$30.0 million is restricted (limited to utilization of \$1.1 million per year).

The Company has evaluated the level of valuation allowance required and determined, based upon the expected investment strategy for FNC, that approximately \$27.0 million of the allowance should be reduced and recorded as an adjustment to the purchase price. (See Note 22 for additional information.)

As of July 27, 2005, FNC held interests in 55 properties with approximately \$16.1 million of non-recourse mortgage debt encumbering 16 of the properties. These loans bore interest at fixed rates ranging from 4.00% to 7.75% and maturity dates ranging from June 2012 through June 2022. During December 2005, FNC pre-paid, without penalty, an aggregate \$4.8 million of mortgage debt encumbering five of its properties. During 2006, FNC pre-paid, with a pre-payment penalty of approximately \$1.2 million, an aggregate \$7.0 million of mortgage debt encumbering six of its properties. The mortgage debt bore interest at a 7.75% fixed rate per annum and was scheduled to mature in August of 2014. As of December 31, 2006, FNC had approximately \$2.1 million of non-recourse mortgage debt encumbering three properties. These remaining loans bear interest at fixed rates ranging from 7.00% to 7.31% and maturity dates ranging from June 2012 through June 2022.

The Company's investment strategy with respect to FNC includes re-tenanting, re-developing and disposition of the properties. From July 27, 2005, through December 31, 2005, FNC disposed of nine properties, in separate transactions, for an aggregate sales price of approximately \$9.4 million. During 2006, FNC disposed of an additional eight properties and one out-parcel, in separate transactions, for an aggregate sales price of approximately \$25.1 million. Additionally during 2006, FNC purchased one operating property adjacent to an existing property for \$3.5 million.

JPG Self Storage —

During 2005, the Company acquired ten self-storage facilities through an existing joint venture in which the Company held an

Notes to Consolidated Financial Statements *(continued)*

approximate 93.5% economic interest, for a purchase price of approximately \$39.9 million including the assumption of approximately \$7.5 million of non-recourse fixed-rate mortgage debt encumbering three of the properties. Upon completing this purchase, this entity owned 17 self-storage facilities located in various states. The joint venture had cross-collateralized 14 of these properties with approximately \$44.0 million of non-recourse floating-rate mortgage debt which was scheduled to mature in November 2007 and had an interest rate of LIBOR plus 2.75%. Based upon the provisions of FIN 46(R), the Company had determined that this entity was a VIE. The Company had further determined that the Company was the primary beneficiary of this VIE and had therefore consolidated this entity for financial reporting purposes. During November and December 2005, this entity disposed of, in separate transactions, four self-storage properties for an aggregate sales price of approximately \$18.6 million resulting in an aggregate gain of approximately \$5.8 million. Proceeds from these sales were used to pay down approximately \$9.8 million of mortgage debt and provided distributions to the partners. As a result of these transactions, the Company's economic interest had significantly decreased and the entity became subject to the reconsideration provisions of FIN 46(R). Based upon this reconsideration event and the provision of FIN 46(R), the Company determined that this entity was no longer a VIE and therefore deconsolidated this entity and accounts for this investment under the equity method of accounting within the Company's Preferred Equity program.

These operating property acquisitions, development costs and other investments have been funded principally through the application of proceeds from the Company's public equity and unsecured debt issuances, proceeds from mortgage and construction financings, availability under the Company's revolving lines of credit and issuance of various partnership units.

4. Dispositions of Real Estate:

Operating Real Estate —

During 2006, the Company disposed of (i) 28 operating properties and one ground lease for an aggregate sales price of approximately \$270.5 million, which resulted in an aggregate net gain of approximately \$71.7 million, net of income taxes of \$2.8 million relating to the sale of two properties, and (ii) transferred five operating properties, to joint ventures in which the Company has 20% non-controlling interests for an aggregate price of approximately \$95.4 million, which resulted in a gain of approximately \$1.4 million from one transferred property.

During November 2006, the Company disposed of a vacant land parcel located in Bel Air, MD, for approximately \$1.8 million resulting in a \$1.6 million gain on sale. This gain is included in Other income, net on the Company's Consolidated Statements of Income.

During 2005, the Company (i) disposed of, in separate transactions, 20 operating properties for an aggregate sales price

of approximately \$93.3 million, (ii) transferred three operating properties to KROP, as defined below, for an aggregate price of approximately \$49.0 million and (iii) transferred 52 operating properties to various joint ventures in which the Company has non-controlling interests ranging from 15% to 50% for an aggregate price of approximately \$183.1 million. For the year ended December 31, 2005, these transactions resulted in gains of approximately \$31.9 million and a loss on sale/transfer from four of the properties of approximately \$5.2 million.

During June 2005, the Company disposed of a vacant land parcel located in New Ridge, MD, for approximately \$5.6 million resulting in a \$4.6 million gain on sale. This gain is included in Other income, net on the Company's Consolidated Statements of Income.

During 2004, the Company (i) disposed of, in separate transactions, 16 operating properties and one ground lease for an aggregate sales price of approximately \$81.1 million, including the assignment of approximately \$8.0 million of non-recourse mortgage debt encumbering one of the properties; cash proceeds of approximately \$16.9 million from the sale of two of these properties were used in a 1031 exchange to acquire shopping center properties located in Roanoke, VA, and Tempe, AZ, (ii) transferred 17 operating properties to KROP, as defined below, for an aggregate price of approximately \$197.9 million and (iii) transferred 21 operating properties, comprising approximately 3.2 million square feet of GLA, to various co-investment ventures in which the Company has non-controlling interests ranging from 10% to 30% for an aggregate price of approximately \$491.2 million.

Merchant Building —

During 2006, KDI sold, in separate transactions, six of its recently completed projects, its partnership interest in one project and 30 out-parcels for approximately \$260.0 million. These sales resulted in pre-tax gains of approximately \$37.3 million.

During 2005, KDI sold, in separate transactions, six of its recently completed projects, and 41 out-parcels for approximately \$264.1 million. These sales resulted in pre-tax gains of approximately \$33.6 million.

During 2004, KDI sold, in separate transactions, five of its recently completed projects, three completed phases of projects and 29 out-parcels for approximately \$170.2 million. These sales resulted in pre-tax gains of approximately \$16.8 million.

5. 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 December 2004 that its investment in an operating property comprised of approximately 0.1 million square feet of GLA, with a book value of approximately \$3.8 million, net of accumulated depreciation of approximately \$2.6 million, may

not be fully recoverable. Based upon management's assessment of current market conditions and lack of demand for the property, the Company reduced its anticipated holding period for this investment. As a result, the Company determined that its investment in this asset was not fully recoverable and recorded an adjustment of property carrying value of approximately \$3.0 million to reflect the property's estimated fair value. The Company's determination of estimated fair value was based upon third-party purchase offers less estimated closing costs. This property was subsequently sold during 2005 and this adjustment was included along with the related property operations in the line Income from discontinued operations in the Company's Consolidated Statements of Income.

6. Discontinued Operations and Assets Held for Sale:

In accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets ("SFAS No. 144") the Company reports as discontinued operations assets held-for-sale (as defined by SFAS No. 144) as of the end of the current period and assets sold subsequent to the adoption of SFAS No. 144. All results of these discontinued operations are included in a separate component of income on the Consolidated Statements of Income under the caption Discontinued operations. This has resulted in certain reclassifications of 2006, 2005 and 2004 financial statement amounts.

The components of Income from discontinued operations for each of the three years in the period ended December 31, 2006, are shown below. These include the results of operations through the date of each respective sale for properties sold during 2006, 2005 and 2004 and a full year of operations for those assets classified as held-for-sale as of December 31, 2006 (in thousands):

| | 2006 | 2005 | 2004 |
|--|------------------|-----------|-----------|
| Discontinued Operations: | | | |
| Revenues from rental property | \$ 15,318 | \$ 27,757 | \$ 33,670 |
| Rental property expenses | (2,774) | (7,925) | (9,369) |
| Income from property operations | 12,544 | 19,832 | 24,301 |
| Depreciation and amortization | (3,697) | (6,610) | (7,473) |
| Interest expense | (380) | (1,382) | (1,779) |
| Income from other real estate investments | 3,705 | 1,192 | — |
| Other income/(expense) | 1,832 | 1,305 | (2,300) |
| Income from discontinued operating properties | 14,004 | 14,337 | 12,749 |
| Provision for income taxes | (2,096) | — | — |
| Minority interest in income from discontinued operating properties | (1,497) | (476) | (481) |
| Loss on operating properties held for sale/sold | (1,421) | (5,098) | (5,064) |
| Gain on disposition of operating properties | 74,138 | 28,918 | 15,823 |
| Income from discontinued operations | \$ 83,128 | \$ 37,681 | \$ 23,027 |

During 2006, the Company reclassified as held-for-sale 13 operating properties comprising 0.8 million square feet of GLA. The aggregate book value of these properties was approximately \$36.5 million, net of accumulated depreciation of approximately \$5.9 million. The book value of one property exceeded its estimated fair value by approximately \$0.6 million, and as a result, the Company recorded a loss resulting from an adjustment of property carrying value of approximately \$0.6 million. The remaining properties had fair values exceeding their book values, and as a result, no adjustment of property carrying value was recorded. The Company's determination of the fair value for each of these properties, aggregating approximately \$50.0 million, is based primarily upon executed contracts of sale with third parties less estimated selling costs. The Company completed the sale of ten of these operating properties during 2006.

During 2005, the Company reclassified as held-for-sale four operating properties comprising approximately 0.6 million square feet of GLA. The book value of each of these properties, aggregating approximately \$42.2 million, net of accumulated depreciation of approximately \$9.4 million, did not exceed each of their estimated fair values. As a result, no adjustment of property carrying value was recorded. The Company's determination of the fair value for each of these properties, aggregating approximately \$61.4 million, was based upon executed contracts of sale with third parties less estimated selling costs. The Company completed the sale of these properties during 2005 and 2006.

During December 2004, the Company reclassified as held-for-sale an operating property located in Melbourne, FL, comprising approximately 0.1 million square feet of GLA. The Company completed the sale of this property during 2005.

During 2004, the Company reclassified as held-for-sale two operating properties comprising approximately 0.3 million square feet of GLA. The book value of these properties, aggregating approximately \$8.7 million, net of accumulated depreciation of approximately \$4.2 million, exceeded their estimated fair value. The Company's determination of the fair value of these properties, aggregating approximately \$4.5 million, was based upon contracts of sale with third parties less estimated selling costs. As a result, the Company had recorded a loss resulting from an adjustment of property carrying values of \$4.2 million. During 2004, the Company completed the sale of these properties.

7. Investment and Advances in Real Estate Joint Ventures:

Kimco Prudential Joint Venture ("KimPru") —

On July 9, 2006, the Company entered into a definitive merger agreement with Pan Pacific Retail Properties Inc. ("Pan Pacific"). Under the terms of the agreement, the Company agreed to acquire all of the outstanding shares of Pan Pacific for total merger consideration of \$70.00 per share. As permitted under the merger agreement, the Company elected to issue \$10.00 per share of the total merger consideration in the form of Common Stock to

Notes to Consolidated Financial Statements *(continued)*

be based upon the average closing price of the Common Stock over ten trading days immediately preceding the closing date.

On September 25, 2006, Pan Pacific stockholders approved the proposed merger and the closing occurred on October 31, 2006. In addition to the merger consideration of \$70.00 per share, Pan Pacific stockholders also received \$0.2365 per share as a pro-rata portion of Pan Pacific's regular \$0.64 per share dividend for each day between September 26, 2006 and the closing date.

The transaction had a total value of approximately \$4.1 billion, including Pan Pacific's outstanding debt totaling approximately \$1.1 billion. As of October 31, 2006, Pan Pacific owned interests in 138 operating properties, which comprised approximately 19.9 million square feet of GLA, located primarily in California, Oregon, Washington and Nevada.

Funding for this transaction was provided by approximately \$1.3 billion of new individual non-recourse mortgage loans encumbering 51 properties, a \$1.2 billion two-year credit facility, which bears interest at LIBOR plus 0.375% provided by a consortium of banks and guaranteed by the joint venture partners described below and the Company, the issuance of 9,185,847 shares of Common Stock valued at approximately \$407.7 million, the assumption of approximately \$630.0 million of unsecured bonds and approximately \$289.4 million of existing non-recourse mortgage debt encumbering 23 properties and approximately \$300.0 million in cash. With respect to the \$1.2 billion guarantee by the Company, PREI, as defined below, guaranteed reimbursement to the Company of 85% of any guaranty payment the Company is obligated to make.

Immediately following the merger, the Company commenced its joint venture agreements with Prudential Real Estate Investors ("PREI") through three separate accounts managed by PREI. In accordance with the joint venture agreements, all Pan Pacific assets and the respective non-recourse mortgage debt and the \$1.2 billion credit facility mentioned above were transferred to the separate accounts. PREI contributed approximately \$1.1 billion on behalf of institutional investors in three of its portfolios. The Company holds 15% non-controlling ownership interests in each of these joint ventures, collectively, KimPru, with a total aggregate investment of approximately \$194.8 million. In addition, the Company will manage the portfolios and earn acquisition fees, leasing commissions, property management fees and construction management fees.

The above mentioned mortgages bear interest at rates ranging from 4.92% to 8.30% and have maturities ranging from eight months to 119 months.

During November 2006, KimPru sold an operating property for a sales price of \$5.3 million. There was no gain or loss recognized in connection with this sale.

Kimco Income REIT ("KIR") —

The Company has a non-controlling limited partnership interest in KIR and manages the portfolio. Effective July 1, 2006, the Company acquired an additional 1.7% limited partnership

interest in KIR, which increased the Company's total non-controlling interest to approximately 45.0%.

During 2006, KIR disposed of two operating properties and one land parcel, in separate transactions, for an aggregate sales price of approximately \$15.2 million. These sales resulted in an aggregate gain of approximately \$4.4 million of which the Company's share was approximately \$1.9 million.

During 2005, KIR disposed of two operating properties and one out-parcel, in separate transactions, for an aggregate sale price of approximately \$51.2 million. These sales resulted in an aggregate gain of approximately \$20.2 million of which the Company's shares was approximately \$8.7 million. In connection with the sale of one of the operating properties, KIR incurred a \$2.0 million loan defeasance charge, of which the Company's share was approximately \$0.9 million.

Additionally during 2005, KIR purchased one shopping center property located in Delran, NJ, for approximately \$4.6 million.

In April 2005, KIR entered into a three-year \$30.0 million unsecured revolving credit facility which bears interest at LIBOR plus 1.40%. As of December 31, 2006, there was an outstanding balance of \$14.0 million under this credit facility.

As of December 31, 2006, the KIR portfolio was comprised of 66 shopping center properties aggregating approximately 14.0 million square feet of GLA located in 19 states.

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. Capital contributions will only be required as suitable opportunities arise and are agreed to by the Company and RioCan.

As of December 31, 2006, the RioCan Venture was comprised of 34 operating properties consisting of approximately 8.1 million square feet of GLA.

Kimco / G.E. Joint Venture ("KROP") —

During 2001, the Company formed a joint venture (the "Kimco Retail Opportunity Portfolio" or "KROP") with GE Capital Real Estate ("GCRE"), in which the Company has a 20% non-controlling interest and manages the portfolio.

During 2006, KROP acquired one operating property from the Company for an aggregate purchase price of approximately \$3.5 million.

During 2006, KROP sold three operating properties to a joint venture in which the Company has a 20% non-controlling interest for an aggregate sales price of approximately \$62.2 million. These sales resulted in an aggregate gain of approximately \$26.7 million. As a result of its continued 20% ownership interest in these properties, the Company has deferred recognition

of its share of these gains. In addition, KROP sold one operating property to a joint venture in which the Company has a 19% non-controlling interest for an aggregate sales price of \$96.0 million. This sale resulted in a gain of approximately \$42.3 million. As a result of its continued 19% ownership interest in this property, the Company recognized 1% of the gain.

Additionally, during 2006, KROP sold nine operating properties, one out-parcel and one land parcel, in separate transactions, for an aggregate sales price of approximately \$171.4 million. These sales resulted in an aggregate gain of approximately \$49.6 million of which the Company's share was approximately \$9.9 million.

During 2006, KROP obtained one non-recourse, non-cross collateralized variable rate mortgage for \$14.0 million on a property previously unencumbered with a rate of LIBOR plus 1.10%.

Additionally during 2006, KROP obtained a one-year \$15.0 million unsecured term loan, which bears interest at LIBOR plus 0.5%. This loan is guaranteed by the Company and GCRE has guaranteed reimbursement to the Company of 80% of any guaranty payment the Company is obligated to make.

During 2005, KROP acquired four operating properties and one out-parcel, in separate transactions, for an aggregate purchase price of approximately \$74.6 million, including the assumption of approximately \$26.2 million of individual non-recourse mortgage debt encumbering two of the properties and preferred units of approximately \$4.2 million associated with another property.

During 2005, KROP disposed of three unencumbered operating properties and two out-parcels, in separate transactions, for an aggregate sales price of approximately \$60.3 million. These sales resulted in an aggregate gain of approximately \$18.3 million of which the Company's share was approximately \$3.7 million.

During 2005, KROP obtained ten-year individual non-recourse, non-crossed collateralized fixed-rate mortgages aggregating approximately \$21.9 million on two of its previously unencumbered properties with rates ranging from 5.2% to 5.3%.

During 2005, KROP obtained two non-recourse, non-crossed collateralized variable rate mortgages for a total of \$25.7 million on two properties with rates of LIBOR plus 1.30% and 1.65% with terms of two and three years, respectively.

As of December 31, 2006, the KROP portfolio was comprised of 25 operating properties aggregating approximately 3.6 million square feet of GLA located in 10 states.

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

Kimco/UBS Joint Ventures ("KUBS") —

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

During 2006, KUBS acquired 15 operating properties for an aggregate purchase price of approximately \$447.8 million, which included approximately \$136.8 million of non-recourse debt encumbering 13 properties, with maturities ranging from three to ten years and bear interest at rates ranging from 4.74% to 6.20%.

Additionally during 2006, KUBS acquired one operating property from the Company, and five operating properties from joint ventures in which the Company has 15% to 20% non-controlling interests, for an aggregate purchase price of approximately \$297.0 million, including the assumption of approximately \$93.2 million of non-recourse mortgage debt encumbering two of the properties, with maturities ranging from six to seven years with interest rates ranging from 5.64% to 5.88%.

During 2005, KUBS acquired two operating properties for an aggregate purchase price of approximately \$30.5 million and purchased eight operating properties from the Company for an aggregate purchase price of approximately \$213.1 million. KUBS obtained individual non-recourse mortgages on five of the properties acquired from the Company aggregating \$56.9 million.

As of December 31, 2006, the KUBS portfolio was comprised of 31 operating properties aggregating approximately 5.0 million square feet of GLA located in 11 states.

PL Retail —

The Company acquired the Price Legacy Corporation through a newly formed joint venture, PL Retail LLC ("PL Retail"), in which the Company has a 15% non-controlling interest and manages the portfolio. In connection with this transaction, PL Retail acquired 33 operating properties aggregating approximately 7.6 million square feet of GLA located in ten states. To partially fund the acquisition, the Company provided PL Retail approximately \$30.6 million of secured mezzanine financing. This interest-only loan bore interest at a fixed rate of 7.5% and matured in December 2006. The Company also provided PL Retail a secured short-term promissory note of approximately \$8.2 million. This interest only note bore interest at LIBOR plus 4.50% and was scheduled to mature in June 2005. During 2005, this note was amended to bear interest at LIBOR plus 6.0% and is now payable on demand. As of December 31, 2006, there was no outstanding balances due the Company on the mezzanine financing or promissory note.

Notes to Consolidated Financial Statements *(continued)*

During 2006, PL Retail sold one operating property for a sales price of approximately \$42.1 million, which resulted in a gain of approximately \$3.9 million of which the Company's share was approximately \$0.6 million.

Additionally during 2006, PL Retail sold one of its operating properties to a newly formed joint venture in which the Company has a 19% non-controlling interest for a sales price of approximately \$109.0 million. As a result of the Company's continued ownership no gain was recognized from this transaction. Proceeds of approximately \$17.0 million from these sales were used by PL Retail to repay the remaining balance of mezzanine financing and the promissory note which were previously provided by the Company.

During 2005, PL Retail entered into a \$39.5 million unsecured revolving credit facility, which bears interest at LIBOR plus 0.675% and was scheduled to mature in February 2007. During 2007, the loan was extended to February 2008 at a reduced rate of LIBOR plus 0.45%. This facility is guaranteed by the Company and the joint venture partner has guaranteed reimbursement to the Company of 85% of any guaranty payment the Company is obligated to make. As of December 31, 2006, there was \$39.5 million outstanding under this facility.

During the year ended December 31, 2005, PL Retail disposed of nine operating properties, in separate transactions, for an aggregate sales price of approximately \$81.4 million, which represented the approximate carrying values of the properties. Proceeds of approximately \$22.0 million were used to partially repay the mezzanine financing and promissory note that were provided by the Company.

As of December 31, 2006, PL Retail consisted of 23 operating properties aggregating approximately 5.8 million square feet of GLA located in seven states.

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 and development of shopping centers which are either owned or held under long-term operating leases.

During 2006, the Company acquired, in separate transactions, 36 operating properties and one ground lease, through joint ventures in which the Company has non-controlling interests. These properties were acquired for an aggregate purchase price of approximately \$726.7 million, including approximately \$419.5 million of non-recourse mortgage debt encumbering 20 of the properties. The Company's aggregate investment in these joint

ventures was approximately \$90.4 million. Details of these transactions are as follows (in thousands):

| Property Name | Location | Month Acquired | Purchase Price | | | | |
|--|--------------------------------------|----------------|----------------|-----------|-----------|-------|--|
| | | | Cash | Debt | Total | GLA | |
| Stabilus Building | Saltillo, Cahuila, Mexico | Jan-06 | \$ 2,600 | — | \$ 2,600 | 63 | |
| American Industries (3 Locations) | Chihuahua & San Luis Postosi, Mexico | Feb-06 | 12,200 | — | 12,200 | 224 | |
| Crème de la Crème (2 Locations) | Allen & Colleyville, TX | Feb-06 | 2,409 | 7,229 | 9,638 | 41 | |
| Five free-standing locations | CO, OR, NM, NY | Mar-06 | 7,000 | — | 7,000 | 162 | |
| Edgewater Commons | Edgewater, NJ | Mar-06 | 44,104 | 74,250 | 118,354 | 424 | |
| Long Gate Shopping Ctr | Ellicot City, MD | Mar-06 | 36,330 | 40,200 | 76,530 | 433 | |
| Clackamas Promenade | Clakamas, OR | Mar-06 | 35,240 | 42,550 | 77,790 | 237 | |
| Westmont Portfolio (8 Locations) | Various, Canada | Mar-06 | 16,066 | 69,572 | 85,638 | 358 | |
| Crow Portfolio (3 Locations) | FL and TX | Apr-06 | 46,698 | 66,200 | 112,898 | 678 | |
| Great Northeast Plaza | Philadelphia, PA | Apr-06 | 36,500 | — | 36,500 | 290 | |
| Cessna Building | Chihuahua, Mexico | Apr-06 | 2,060 | — | 2,060 | 62 | |
| Crème de la Crème | Coppell, TX | Jun-06 | 1,325 | 4,275 | 5,600 | 20 | |
| Westmont Portfolio | Houston, TX | Jun-06 | 14,000 | 47,200 | 61,200 | 460 | |
| Werner II | Juarez, Mexico | Jun-06 | 1,800 | — | 1,800 | 200 | |
| Cypress Towne Center | Cypress, TX | Aug-06 | 13,332 | 25,650 | 38,982 | 196 | |
| Bustleton Dunkin Donuts (ground lease) | Philadelphia, PA | Aug-06 | 1,000 | — | 1,000 | 2 | |
| American Industries | Juarez, Mexico | Aug-06 | 8,000 | — | 8,000 | 187 | |
| American Industries (ITT) | Chihuahua, Mexico | Nov-06 | 3,152 | — | 3,152 | 57 | |
| American Industries (Columbus) | Juarez, Mexico | Nov-06 | 2,174 | — | 2,174 | 39 | |
| American Industries (Zodiac) | Chihuahua, Mexico | Nov-06 | 3,100 | — | 3,100 | 80 | |
| Conroe Marketplace | Conroe, TX | Dec-06 | 18,150 | 42,350 | 60,500 | 244 | |
| | | | \$307,240 | \$419,476 | \$726,716 | 4,457 | |

During January 2006, the Company transferred 50% of its 60% interest in an operating property in Guadalajara, Mexico, to a joint venture partner for approximately \$12.8 million, which approximated its carrying value. As a result of this transaction, the Company now holds a 30% non-controlling interest and continues to account for its investment under the equity method of accounting.

During June 2006, the Company transferred 50% of its 60% interest in a development property located in Tijuana, Baja California, Mexico, to a joint venture partner for approximately \$6.4 million, which approximated its carrying value. As a result of this transaction, the Company now holds a 30% non-controlling interest and continues to account for its investment under the equity method of accounting.

During August 2006, the Company sold 50% of its 100% interest in a development property located in Monterrey, Mexico, to a joint venture partner for approximately \$9.6 million, which approximated its carrying value. The Company accounts for its remaining 50% interest under the equity method of accounting.

During 2006, joint ventures in which the Company has non-controlling interests ranging from 10% to 50%, disposed of, in separate transactions, six properties for an aggregate sales price of approximately \$62.4 million. These sales resulted in an aggregate gain of approximately \$8.1 million, of which the Company's share was approximately \$2.0 million.

During 2005, the Company acquired, in separate transactions, 69 operating properties through joint ventures in which the Company has non-controlling interests. These properties were acquired for an aggregate purchase price of approximately \$641.1 million, including approximately \$317.0 million of non-recourse mortgage debt encumbering 57 of the properties. The Company's aggregate investment in these joint ventures was approximately \$124.0 million. Details of these transactions are as follows (in thousands):

| Property Name | Location | Month Acquired | Purchase Price | | | |
|---|--------------------|----------------|----------------|------------|-----------|-------|
| | | | Cash | Debt | Total | GLA |
| Kmart Building | Hillsborough, NJ | Apr-05 | \$ 2,100 | \$1,900(a) | \$ 4,000 | 56 |
| Hyatt Regency Cancun | Cancun, Mexico | May-05 | 19,700 | — | 19,700 | 306 |
| Fremont Hub | Freemont, CA | Jun-05(b) | 80,654 | 42,500 | 123,154 | 503 |
| One City Center | Houston, TX | Jul-05 | 14,600 | 76,500 | 91,100 | 593 |
| The Grove at Lakeland | Lakeland, FL | Jul-05 | 8,000 | — | 8,000 | 105 |
| North Quincy | Quincy, MA | Jul-05 | 7,204 | 7,796 | 15,000 | 81 |
| Riverside Center | St. Augustine, FL | Aug-05 | 5,560 | — | 5,560 | 63 |
| Greeley S.C. | Greeley, CO | Sept-05 | 21,000 | — | 21,000 | 139 |
| American Industries Portfolio (57 properties) | Various, Mexico | Oct-05 | 110,500 | 167,037 | 277,537 | 5,608 |
| Docstone Commons | Stafford, VA | Nov-05 | 17,525 | — | 17,525 | 101 |
| MacArthur Towne Center | Whitehall, PA | Nov-05 | 17,150 | — | 17,150 | 151 |
| The Center at East Northport | East Northport, NY | Nov-05 | 9,000 | — | 9,000 | 26 |
| Cambridge Crossing | Troy, MI | Dec-05 | 11,108 | 21,257 | 32,365 | 223 |
| | | | \$324,101 | \$316,990 | \$641,091 | 7,955 |

(a) This loan is jointly and severally guaranteed by the joint venture partners, including the Company.

(b) The Company acquired an additional 25% interest in this joint venture.

During March 2005, the Company transferred 50% of the Company's 95% interest in a developed property located in Huehuetoca, Mexico, to a joint venture partner for approximately \$5.3 million, which approximated its carrying value. As a result

of this transaction, the Company now holds a 47.5% non-controlling interest and has deconsolidated the investment. The Company accounts for its investment under the equity method of accounting.

During July 2005, the Company transferred a developed property located in Reynosa, Mexico, to a newly formed joint venture in which the Company has a 50% non-controlling interest, for a price of approximately \$6.9 million. The Company accounts for this investment under the equity method of accounting.

During September 2005, the Company transferred 45 operating properties, comprising approximately 0.3 million square feet of GLA, located in Virginia and Maryland to a newly formed unconsolidated joint venture in which the Company has a 15% non-controlling interest. The transfer price was approximately \$85.3 million including the assignment of approximately \$65.0 million of cross-collateralized non-recourse mortgage debt encumbering all of the properties.

During 2005, the Company transferred, in separate transactions, five operating properties comprising approximately 0.7 million square feet of GLA, to newly formed joint ventures in which the Company has 20% non-controlling interests, for an aggregate price of approximately \$85.6 million, including the assignment of approximately \$40.2 million of mortgage debt encumbering three of the properties.

Summarized financial information for these real estate joint ventures is as follows (in millions):

| December 31, | 2006 | 2005 |
|--|-------------|------------|
| Assets: | | |
| Real estate, net | \$ 11,858.0 | \$ 6,470.4 |
| Other assets | 418.4 | 308.5 |
| | \$ 12,276.4 | \$ 6,778.9 |
| Liabilities and Partners' Capital: | | |
| Mortgages payable | \$ 6,931.5 | \$ 4,443.6 |
| Notes payable | 1,388.5 | 58.7 |
| Construction loans | 24.2 | 69.6 |
| Other liabilities | 176.8 | 144.0 |
| Minority interest | 107.1 | 81.9 |
| Partners' capital | 3,648.3 | 1,981.1 |
| | \$ 12,276.4 | \$ 6,778.9 |
| Year Ended December 31, | | |
| Revenues from rental property | \$1,007.1 | \$759.0 |
| Operating expenses | (287.6) | (214.0) |
| Interest | (323.7) | (247.1) |
| Depreciation and amortization | (223.3) | (153.7) |
| Other, net | (13.1) | (8.4) |
| | (847.7) | (623.2) |
| Income from continuing operations | 159.4 | 135.8 |
| Discontinued Operations: | | |
| Income/(loss) from discontinued operations | 8.1 | (1.7) |
| Gain on dispositions of properties | 134.6 | 52.5 |
| Net income | \$ 302.1 | \$186.6 |
| | | \$138.3 |

Notes to Consolidated Financial Statements *(continued)*

Other liabilities in the accompanying Consolidated Balance Sheets include accounts with certain real estate joint ventures totaling approximately \$13.5 million and \$13.2 million at December 31, 2006 and 2005, 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 GAAP.

The Company's maximum exposure to losses associated with its unconsolidated joint ventures is primarily limited to its carrying value in these investments. As of December 31, 2006 and 2005, the Company's carrying value in these investments approximated \$1.1 billion and \$735.6 million, respectively.

8. Other Real Estate Investments:

Preferred Equity Capital —

The Company maintains a Preferred Equity program, which provides capital to developers and owners of real estate properties. During 2006 the Company provided, in separate transactions, an aggregate of approximately \$223.9 million in investment capital to developers and owners of 101 real estate properties. During 2005, the Company provided, in separate transactions, an aggregate of approximately \$84.3 million in investment capital to developers and owners of 79 real estate properties. As of December 31, 2006, the Company's net investment under the Preferred Equity program was approximately \$400.4 million relating to 215 properties. For the years ended December 31, 2006, 2005 and 2004, the Company earned approximately \$40.1 million, including \$12.2 million of profit participation earned from 16 capital transactions, \$32.8 million, including \$12.6 million of profit participation earned from six capital transactions, and \$11.4 million, including \$3.9 million of profit participation earned from four capital transactions, respectively, from these investments.

Summarized financial information relating to the Company's preferred equity investments is as follows (in millions):

| December 31, | 2006 | 2005 |
|---|-------------------|------------|
| Assets: | | |
| Real estate, net | \$ 1,683.8 | \$ 945.0 |
| Other assets | 113.4 | 65.5 |
| | \$ 1,797.2 | \$ 1,010.5 |
| Liabilities and Partners' Capital: | | |
| Notes and mortgages payable | \$ 1,239.7 | \$ 703.3 |
| Other liabilities | 55.2 | 19.7 |
| Partners' capital | 502.3 | 287.5 |
| | \$ 1,797.2 | \$ 1,010.5 |
| Year Ended December 31, | 2006 | 2005 |
| Revenues from Rental Property | \$ 177.6 | \$ 118.5 |
| Operating expenses | (58.6) | (42.0) |
| Interest | (61.6) | (38.9) |
| Depreciation and amortization | (34.2) | (19.3) |
| Other, net | (4.4) | (1.2) |
| | (158.8) | (50.5) |
| | 18.8 | 17.1 |
| Gain on disposition of properties | 49.4 | 49.8 |
| Net income | \$ 68.2 | \$ 66.9 |
| | | \$ 15.5 |

The Company's maximum exposure to losses associated with its preferred equity investments is primarily limited to its invested capital. As of December 31, 2006 and 2005, the Company's invested capital in its preferred equity investments approximated \$400.4 million and \$225.9 million, respectively.

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 which lease the stores pursuant to net lease agreements. Income from the investment in these retail store leases during the years ended December 31, 2006, 2005 and 2004, was approximately \$1.3 million, \$9.1 million and \$3.9 million, respectively. These amounts represent sublease revenues during the years ended December 31, 2006, 2005 and 2004, of approximately \$8.2 million, \$17.8 million and \$13.3 million, respectively, less related expenses of \$5.7 million, \$7.4 million and \$8.0 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 non-cancelable 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): 2007, \$7.4 and \$4.6; 2008, \$6.6 and \$4.0; 2009, \$5.8 and \$3.6; 2010, \$5.0 and \$3.2; 2011, \$4.0 and \$2.6; and thereafter, \$2.8 and \$2.2, respectively.

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 SFAS No. 13, Accounting for Leases (as amended).

From 2002 to 2005, 14 of these properties were sold, whereby the proceeds from the sales were used to pay down the mortgage debt by approximately \$27.1 million.

During 2006, an additional two properties were sold, whereby the proceeds from the sales were used to pay down the mortgage debt by approximately \$1.2 million. As of December 31, 2006, the remaining 14 properties were encumbered by third-party non-recourse debt of approximately \$48.4 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 recourse 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.

At December 31, 2006 and 2005, the Company's net investment in the leveraged lease consisted of the following (in millions):

| | 2006 | 2005 |
|---------------------------------------|---------|---------|
| Remaining net rentals | \$ 62.3 | \$ 68.9 |
| Estimated unguaranteed residual value | 40.5 | 43.8 |
| Non-recourse mortgage debt | (48.4) | (52.8) |
| Unearned and deferred income | (50.7) | (55.9) |
| Net investment in leveraged lease | \$ 3.7 | \$ 4.0 |

9. Mortgages and Other Financing Receivables:

During January 2006, the Company provided approximately \$16.0 million as its share of a \$50.0 million junior participation in a \$700.0 million first mortgage loan, in connection with a private investment firm's acquisition of a retailer. This loan participation bore interest at LIBOR plus 7.75% per annum and had a two-year term with a one-year extension option and was collateralized by certain real estate interests of the retailer. During June 2006, the borrower elected to pre-pay the outstanding loan balance of approximately \$16.0 million in full satisfaction of this loan.

Additionally, during January 2006, the Company provided approximately \$5.2 million as its share of an \$11.5 million term loan to a real estate developer for the acquisition of a 59 acre land parcel located in San Antonio, TX. This loan is interest only at a fixed rate of 11.0% for a term of two years payable monthly and collateralized by a first mortgage on the subject property. As of December 31, 2006, the outstanding balance on this loan was approximately \$5.2 million.

During February 2006, the Company committed to provide a one year \$17.2 million credit facility at a fixed rate of 8.0% for a term of nine months and 9.0% for the remaining term to a real estate investor for the recapitalization of a discount and entertainment mall that it currently owns. During 2006, this facility was fully paid and was terminated.

During April 2006, the Company provided two separate mortgages aggregating \$14.5 million on a property owned by a real estate investor. Proceeds were used to payoff the existing first mortgage, buyout the existing partner and for redevelopment of the property. The mortgages bear interest at 8.0% per annum and mature in 2008 and 2013. These mortgages are collateralized by the subject property. As of December 31, 2006, the aggregate outstanding balance on these mortgages was approximately \$15.0 million, including \$0.5 million of accrued interest.

During May 2006, the Company provided a CAD \$23.5 million collateralized credit facility at a fixed rate of 8.5% per annum for a term of two years to a real estate company for the execution of its property acquisitions program. The credit facility is guaranteed by the real estate company. The Company was issued 9,811 units, valued at approximately USD \$0.1 million, and warrants to purchase up to 0.1 million shares of the real estate company as a loan origination fee. During August 2006, the Company increased the credit facility to CAD \$45.0 million and

received an additional 9,811 units, valued at approximately USD \$0.1 million, and warrants to purchase up to 0.1 million shares of the real estate company. As of December 31, 2006, the outstanding balance on this credit facility was approximately CAD \$3.6 million (approximately USD \$3.1 million).

During September 2005, a newly formed joint venture, in which the Company had an 80% interest, acquired a 90% interest in a \$48.4 million mortgage receivable for a purchase price of approximately \$34.2 million. This loan bore interest at a rate of three-month LIBOR plus 2.75% per annum and was scheduled to mature on January 12, 2010. A 626-room hotel located in Lake Buena Vista, FL collateralized the loan. The Company had determined that this joint venture entity was a VIE and had further determined that the Company was the primary beneficiary of this VIE and had therefore consolidated it for financial reporting purposes. During March 2006, the joint venture acquired the remaining 10% of this mortgage receivable for a purchase price of approximately \$3.8 million. During June 2006, the joint venture accepted a pre-payment of approximately \$45.2 million from the borrower as full satisfaction of this loan.

During August 2006, the Company provided \$8.8 million as its share of a \$13.2 million 12-month term loan to a retailer for general corporate purposes. This loan bears interest at a fixed rate of 12.50% with interest payable monthly and a balloon payment for the principal balance at maturity. The loan is collateralized by the underlying real estate of the retailer. Additionally, the Company funded \$13.3 million as its share of a \$20.0 million revolving Debtor-in-Possession facility to this retailer. The facility bears interest at LIBOR plus 3.00% and has an unused line fee of 0.375%. This credit facility is collateralized by a first priority lien on all the retailer's assets. As of December 31, 2006, the Company's share of the outstanding balance on this loan and credit facility was approximately \$7.6 million and \$4.9 million, respectively.

During September 2006, the Company provided a MXP 57.3 million (approximately USD \$5.3 million) loan to an owner of an operating property in Mexico. The loan, which is collateralized by the property, bears interest at 12.0% per annum and matures in 2016. The Company is entitled to a participation feature of 25% of annual cash flows after debt service and 20% of the gain on sale of the property. As of December 31, 2006, the outstanding balance on this loan was approximately MXP 57.8 million (approximately USD \$5.3 million).

During November 2006, the Company committed to provide a MXP 124.8 million (approximately USD \$11.5 million) loan to an owner of a land parcel in Acapulco, Mexico. The loan, which is collateralized with an operating property owned by the borrower, bears interest at 10% per annum and matures in 2016. The Company is entitled to a participation feature of 20% of excess cash flows and gains on sale of the property. As of December 31, 2006, the outstanding balance on this loan was MXP 12.8 million (approximately USD \$1.2 million).

Notes to Consolidated Financial Statements *(continued)*

During December 2006, the Company provided \$5.0 million as its share of a one-year \$27.5 million mortgage loan to a real estate developer. The proceeds were used to payoff the existing debt. The loan is collateralized by a parcel of land and bears interest at a fixed rate of 13%, which is payable monthly with any unpaid accrued interest and principal payable at maturity. As of December 31, 2006, the outstanding balance on this loan was \$5.0 million.

During May 2002, the Company provided a secured \$15 million three-year term loan and a secured \$7.5 million revolving credit facility to Frank's at an interest rate of 10.25% per annum collateralized by 40 real estate interests. Interest was payable quarterly in arrears. During 2003, the revolving credit facility was amended to increase the total borrowing capacity to \$17.5 million. During January 2004, the revolving loan was further amended to provide up to \$33.75 million of borrowings from the Company. During September 2004, Frank's filed for protection under Chapter 11 of the U.S. Bankruptcy Code. The Company committed to provide an additional \$27.0 million of Debtor-in-Possession financing with a term of one year at an interest rate of Prime plus 1.00% per annum. During July 2005, Frank's emerged from bankruptcy as FNC and repaid all outstanding amounts owed to the Company under the revolving credit facility and Debtor-in-Possession financing (See Note 3 of the Notes to Consolidated Financial Statements included in this Annual Report).

During April 2005, the Company provided a construction loan commitment of up to MXP 53.5 million (approximately USD \$5.0 million) to a developer for the construction of a new retail center in Acapulco, Mexico. The loan bears interest at a fixed rate of 11.75% and provides for an additional 20% participation of property cash flow, as defined. This facility is collateralized by the related property and matures in May 2015. As of December 31, 2006, there was approximately MXP 53.5 million (USD \$4.9 million) outstanding on this loan.

Additionally, during April 2005, a newly formed joint venture, in which the Company has a 50% non-controlling interest, provided a retailer with a three-year \$28.0 million revolving line of credit at a floating interest rate of Prime plus 5.5% per annum. The facility also provides for a 3.0% unused line fee and a 2.50% origination fee. The facility is collateralized by certain real estate interests of the borrower. As of December 31, 2006, the outstanding balance on this facility was \$25.5 million of which the Company's share was \$12.8 million.

During May 2005, a newly formed joint venture, in which the Company has a 44.38% Debtor-in-Possession financing to a healthcare facility that recently filed for protection under the bankruptcy code and is closing its operations. The term of this loan was two years and bore interest at prime plus 2.5%. The loan was collateralized by a hospital building, a six-story commercial building, a 12-story 133-unit apartment complex and various other building structures. During April 2006, the healthcare

facility paid the outstanding balance on the loan and the loan was terminated.

Additionally, during May 2005, the Company acquired four mortgage loans collateralized by individual properties with an aggregate face value of approximately \$16.6 million for approximately \$14.3 million. These performing loans, which provide for monthly payments of principal and interest, bear interest at a fixed-rate of 7.57% and mature on June 1, 2019. As of December 31, 2006, there was an aggregate of approximately \$13.8 million outstanding on these loans.

During October 2005, the Company provided a construction loan commitment of up to \$38.1 million to a developer for acquisition and redevelopment of a retail center located in Richland Township, PA. The loan is interest only at a rate of LIBOR plus 2.20% and matures in October of 2007. As of December 31, 2006, the outstanding balance on this loan was approximately \$12.6 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 received principal and interest payments on a monthly basis. During January 2003, the Company sold a \$37.0 million participation interest in this loan to an unaffiliated third party. The interest rate on the \$37.0 million participation interest is a variable rate based on LIBOR plus 3.50%. The Company continued to act as the servicer for the full amount of the loan. During December 2005, Shopko elected to prepay the outstanding loan balance of approximately \$46.7 million in full satisfaction of this loan. Shopko, also paid a prepayment penalty to the Company of \$14.0 million.

During December 2005, the Company provided a construction loan commitment of up to MXP 39.9 million (approximately USD \$3.7 million) to a developer for the construction of a new retail center in Magno Deco, Mexico. The loan bears interest at a fixed rate of 11.75% and provides for an additional 20% participation of property cash flow, as defined. This loan is collateralized by the related property and matures in May 2015. As of December 31, 2006, there was approximately MXP 30.3 million (USD \$2.8 million) outstanding on this loan.

During July 2004, the Company provided an \$11.0 million five-year term loan to a retailer at a floating interest rate of Prime plus 3.0% per annum or, at the borrower's election, LIBOR plus 5.5% per annum. The facility was interest only, payable monthly in arrears and was collateralized by certain real estate interests of the borrower. During December 2005, the borrower elected to prepay the outstanding loan balance of \$11.0 million in full satisfaction of this loan.

During September 2004, the Company acquired a \$3.5 million mortgage receivable for \$2.7 million. The interest rate on this mortgage loan was Prime plus 1.0% per annum with principal and interest paid monthly. This loan was scheduled to mature in February 2006 and was collateralized by a shopping center comprising 0.3 million square feet of GLA in Wilkes-Barre, PA.

During May 2005, the borrower elected to prepay the outstanding loan balance in full satisfaction of this loan.

10. Marketable Securities:

The amortized cost and estimated fair values of securities available-for-sale and held-to-maturity at December 31, 2006 and 2005, are as follows (in thousands):

| | December 31, 2006 | | | |
|-----------------------------|----------------------|------------------------|-------------------|----------------------|
| | Gross Amortized Cost | Gross Unrealized Gains | Unrealized Losses | Estimated Fair Value |
| Available-for-sale: | | | | |
| Equity securities | \$ 82,910 | \$ 38,718 | \$(1,775) | \$ 119,853 |
| Held-to-maturity: | | | | |
| Other debt securities | 82,806 | 3,451 | (639) | 85,618 |
| Total marketable securities | \$165,716 | \$ 42,169 | \$(2,414) | \$ 205,471 |
| | | | | |
| | December 31, 2005 | | | |
| | Gross Amortized Cost | Gross Unrealized Gains | Unrealized Losses | Estimated Fair Value |
| Available-for-sale: | | | | |
| Equity securities | \$ 85,613 | \$ 63,466 | \$ (56) | \$ 149,023 |
| Held-to-maturity: | | | | |
| Other debt securities | 57,429 | 3,615 | (1,953) | 59,091 |
| Total marketable securities | \$ 143,042 | \$ 67,081 | \$(2,009) | \$ 208,114 |

As of December 31, 2006, the contractual maturities of Other debt securities classified as held-to-maturity are as follows: within one year, \$1.5 million; after one year through five years, \$36.7 million; after five years through 10 years, \$27.0 million and after 10 years, \$17.6 million. Actual maturities may differ from contractual maturities as issuers may have the right to prepay debt obligations with or without prepayment penalties.

11. 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, 2006, a total principal amount of approximately \$1.4 billion in senior fixed-rate MTNs was outstanding. These fixed-rate notes had maturities ranging from five months to nine years as of December 31, 2006, and bear interest at rates ranging from 3.95% to 7.90%. Interest on these fixed-rate senior unsecured notes is payable semi-annually in arrears. Proceeds from these issuances were primarily used 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 obligations of the Company.

During March 2006, the Company issued \$300.0 million of fixed rate unsecured senior notes under its MTN program. This fixed rate MTN matures March 15, 2016 and bears interest at 5.783% per annum. The proceeds from this MTN issuance were primarily used to repay a portion of the outstanding balance under the Company's U.S. revolving credit facility and for general corporate purposes.

During June 2006, the Company entered into a third supplemental indenture, under the indenture governing its medium-term notes and senior notes, which amended the (i) total debt test and secured debt test by changing the asset value definition from undepreciated real estate assets to total assets, with total assets being defined as undepreciated real estate assets, plus other assets (but excluding goodwill and amortized debt costs) and (ii) maintenance of unencumbered total asset value covenant by increasing the requirement of the ratio of unencumbered total asset value to outstanding unsecured debt from 1 to 1 to 1.5 to 1. Additionally, the same amended covenants were adopted within the Canadian supplemental indenture, which governs the 4.45% Canadian Debentures due in 2010. In connection with the consent solicitation, the Company incurred costs aggregating approximately \$5.8 million, of which \$1.8 million was related to costs paid to third parties, which were expensed. The remaining \$4.0 million was related to fees paid to note holders, which were capitalized and are being amortized over the remaining term of the notes.

During 2006, the Company repaid its (i) \$30.0 million 6.93% fixed rate notes, which matured on July 20, 2006, (ii) \$100.0 million floating rate notes, which matured August 1, 2006 and (iii) \$55.0 million 7.50% fixed rate notes, which matured on November 5, 2006.

During August 2006, Kimco North Trust III, a wholly-owned entity of the Company, completed the issuance of \$200.0 million Canadian denominated senior unsecured notes. The notes bear interest at 5.18% and mature on August 16, 2013. The proceeds were used by Kimco North Trust III, to pay down outstanding indebtedness under the existing Canadian credit facility and to fund long-term investments in Canadian real estate.

In connection with the October 31, 2006 Pan Pacific merger transaction, the Company assumed \$650.0 million of unsecured notes payable, including \$20.0 million of fair value debt premiums. These notes bear interest at fixed rates ranging from 4.70% to 7.95% per annum and have maturity dates ranging from June 29, 2007 to September 1, 2015.

During February 2005, the Company issued \$100.0 million of fixed-rate unsecured senior notes under its MTN program. This fixed-rate MTN matures in February 2015 and bears interest at 4.904% per annum. The proceeds from this MTN issuance were primarily used for the repayment of all \$20.0 million of the Company's fixed-rate notes that matured in April 2005, which bore interest at 7.91%, all \$10.25 million of the Company's fixed-

Notes to Consolidated Financial Statements *(continued)*

rate notes that matured in May 2005, which bore interest at 7.30%, and partial repayment of the Company's \$100.0 million fixed-rate notes which matured in June 2005, and bore interest at 6.73%.

During June 2005, the Company issued \$200.0 million of fixed-rate unsecured senior notes under its MTN program. This fixed-rate MTN matures in June 2014 and bears interest at 4.82% per annum. The proceeds from this issuance were primarily used to repay a portion of the outstanding balance under the Company's U.S. revolving credit facility and for general corporate purposes.

During November 2005, the Company issued an aggregate \$250.0 million of fixed-rate unsecured senior notes under its MTN program. The Company issued a \$150.0 million MTN which matures in November 2015 and bears interest at 5.584% per annum and a \$100.0 million MTN which matures in February 2011 and bears interest at 5.304% per annum. Proceeds from these MTN issuances were used for general corporate purposes and to repay a portion of the outstanding balance under the Company's U.S. revolving credit facility. A portion of the outstanding balance related to the repayment of the Company's \$50.0 million 7.68% fixed-rate notes, which matured on November 1, 2005 and repayment of the Company's \$20.0 million 6.83% fixed-rate notes, which matured on November 14, 2005.

During April 2005, Kimco North Trust III completed the issuance of \$150.0 million Canadian denominated senior unsecured notes. The notes bear interest at 4.45% and mature on April 21, 2010. The Company has provided a full and unconditional guarantee of the notes. The proceeds were used by Kimco North Trust III to pay down outstanding indebtedness under existing credit facilities, to fund long-term investments in Canadian real estate and for general corporate purposes.

As of December 31, 2006, the Company had a total principal amount of \$1.3 billion in fixed-rate unsecured senior notes. These fixed-rate notes had maturities ranging from six months to nine years as of December 31, 2006, and bear interest at rates ranging from 4.45% to 7.95%. Interest on these fixed-rate senior unsecured notes is payable semi-annually in arrears.

The scheduled maturities of all unsecured notes payable as of December 31, 2006, were approximately as follows (in millions): 2007, \$256.9; 2008, \$125.7; 2009, \$180.0; 2010, \$205.1; 2011, \$363.4 and thereafter, \$1,617.2.

The Company has an \$850.0 million unsecured revolving credit facility (the "Credit Facility"), which is scheduled to expire in July 2008. Under the Credit Facility funds may be borrowed for general corporate purposes, including the funding of (i) property acquisitions, (ii) development and redevelopment costs and (iii) any short-term working capital requirements. Interest on borrowings under the Credit Facility accrue at a spread (currently 0.45%) to LIBOR and fluctuates in accordance with changes in the Company's senior debt ratings. As part of this Credit Facility, the Company has a competitive bid option whereby the Company may auction up to \$425.0 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 0.45%. A facility fee of 0.125% per annum is payable quarterly in arrears. In addition, the Company has a \$200.0 million sub-limit which provides it the opportunity to borrow in alternative currencies such as Pounds Sterling, Japanese Yen or Euros. Pursuant to the terms of the Credit Facility, the Company, among other things, is (i) subject to maintaining certain maximum leverage ratios on both unsecured senior corporate debt and minimum unencumbered asset and equity levels and (ii) restricted from paying dividends in amounts that exceed 95% of funds from operations, as defined. As of December 31, 2006, there was no outstanding balance under the Credit Facility.

Additionally, the Company has a CAD \$250.0 million unsecured revolving credit facility with a group of banks. This facility originally bore interest at the CDOR Rate, as defined, plus 0.50% and is scheduled to expire in March 2008. During January 2006, the facility was amended to reduce the borrowing spread to 0.45% and to modify the covenant package to conform to the Company's \$850.0 million U.S. credit facility. Proceeds from this facility are used for general corporate purposes including the funding of Canadian-denominated investments. As of December 31, 2006, there was no outstanding balance under this facility.

The Company also has a three-year MXP 500.0 million unsecured revolving credit facility. This facility bears interest at the TIIE Rate, as defined, plus 1.00% and is scheduled to expire in May 2008. Proceeds from this facility are used to fund peso-denominated investments. As of December 31, 2006, there was no outstanding balance under this facility.

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.

12. Mortgages Payable:

During 2006, the Company (i) obtained an aggregate of approximately \$52.7 million of individual non-recourse mortgage debt on five operating properties, (ii) assumed approximately \$253.6 million of individual non-recourse mortgage debt relating to the acquisition of 19 operating properties, including approximately \$2.9 million of fair value debt adjustments, (iii) consolidated approximately \$27.1 million of non-recourse mortgage debt

relating to the purchase of additional ownership interests in various entities, (iv) paid off approximately \$61.9 million of individual non-recourse mortgage debt that encumbered 16 operating properties, and (v) assigned approximately \$3.9 million of non-recourse mortgage debt relating to the sale of an operating property.

During 2005, the Company (i) obtained an aggregate of approximately \$95.6 million of individual non-recourse mortgage debt on 53 operating properties, (ii) assumed approximately \$79.7 million of individual non-recourse mortgage debt relating to the acquisition of 11 operating properties, including approximately \$6.3 million of fair value debt adjustments, (iii) consolidated approximately \$33.2 million of non-recourse mortgage debt relating to the purchase of additional ownership interest in various entities, (iv) assigned approximately \$119.8 million of individual non-recourse mortgage debt relating to the transfer of 49 operating properties to various co-investment ventures in which the Company has non-controlling interests ranging from 10% to 30%, (v) paid off approximately \$66.9 million of individual non-recourse mortgage debt that encumbered 11 operating properties, (vi) deconsolidated approximately \$41.4 million of non-recourse mortgage debt relating to the reduction of the Company's economic interest in a joint venture and (vii) assigned approximately \$7.8 million of non-recourse mortgage debt relating to the sale of an operating property.

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 2035. Interest rates range from approximately 4.95% to 10.50% (weighted-average interest rate of 7.0% as of December 31, 2006). The scheduled principal payments of all mortgages payable, excluding unamortized fair value debt adjustments of approximately \$14.3 million, as of December 31, 2006, were approximately as follows (in millions): 2007, \$45.1; 2008, \$95.3; 2009, \$56.0; 2010, \$29.3; 2011, \$38.8 and thereafter, \$289.1.

13. Construction Loans Payable:

During 2006, the Company obtained construction financing on three ground-up development projects for an aggregate original loan commitment amount of up to \$83.8 million, of which approximately \$36.0 million was outstanding at December 31, 2006. The Company assigned a \$7.2 million construction loan, which bore interest at LIBOR plus 1.75% and was scheduled to mature in November 2006, in connection with the sale of its partnership interest in one project. As of December 31, 2006, the Company had a total of 13 construction loans with total commitments of up to \$330.9 million, of which \$271.0 million had been funded. These loans had maturities ranging from two to 31 months and variable interest rates ranging from 6.87% to 7.32% at December 31, 2006. These construction loans are collateralized by the respective projects and associated tenants' leases. The scheduled maturities of all construction loans payable as of

December 31, 2006, were approximately as follows (in millions): 2007, \$164.3; 2008, \$81.5 and 2009, \$25.2.

During 2005, the Company obtained a term loan and construction financing on two ground-up development projects for an aggregate original loan commitment amount of up to \$50.5 million, of which approximately \$22.4 million was outstanding at December 31, 2005. As of December 31, 2005, the Company had a total of 15 construction loans with total commitments of up to \$343.5 million, of which \$228.5 million had been funded. These loans had maturities ranging from four to 31 months and variable interest rates ranging from 6.04% to 6.64% at December 31, 2005. These construction loans are collateralized by the respective projects and associated tenants' leases. The scheduled maturities of all construction loans payable as of December 31, 2005, were approximately as follows (in millions): 2006, \$87.7; 2007, \$86.3 and 2008, \$54.5.

14. Minority Interests:

Minority interests represent the portion of equity that the Company does not own in those entities it consolidates as a result of having a controlling interest or determined that the Company was the primary beneficiary of variable interest entity in accordance with the provisions and guidance of FIN 46(R).

Minority interests includes approximately \$233.0 million of units, including premiums of approximately \$13.5 million and a fair market value adjustment of approximately \$15.1 million (the "Units"), related to interests acquired in seven shopping center properties located throughout Puerto Rico during 2006. The properties were acquired through the issuance of approximately \$158.6 million of non-convertible units, approximately \$45.8 million of convertible units, the assumption of approximately \$131.2 million of non-recourse debt and \$116.3 million in cash. The Company is restricted from disposing of these assets, other than through a tax free transaction until November 2015.

The Units consist of (i) approximately 81.8 million Preferred A Units par value \$1.00 per unit, which pay the holder a return of 7.0% per annum on the Preferred A Par Value and are redeemable for cash by the holder at anytime after one year or callable by the Company any time after six months and contain a promote feature based upon an increase in net operating income of the properties capped at a 10.0% increase, (ii) 2,000 Class A Preferred Units, par value \$10,000 per unit, which pay the holder a return equal to LIBOR plus 2.0% per annum on the Class A Preferred Par Value and are redeemable for cash by the holder at anytime after November 30, 2010, (iii) 2,627 Class B-1 Preferred Units, par value \$10,000 per unit, which pay the holder a return equal to 7.0% per annum on the Class B-1 Preferred Par Value and are redeemable by the holder at anytime after November 30, 2010 for cash or at the Company's option, shares of the Company's common stock, equal to the Cash Redemption Amount, as defined, (iv) 5,673 Class B-2 Preferred Units, par value \$10,000 per units, which pay the holder a return equal to 7.0% per annum on the Class B-2 Preferred par value and are redeemable for cash

Notes to Consolidated Financial Statements *(continued)*

by the holder at anytime after November 30, 2010 and (v) 640,001 Class C DownReit Units, valued at an issuance price of \$30.52 per unit which pay the holder a return at a rate equal to the Company's common stock dividend and are redeemable by the holder at anytime after November 30, 2010, for cash or at the Company's option, shares of the Company's common stock equal to the Class C Cash Amount, as defined.

Also included in Minority interests are approximately \$41.6 million, including a discount of \$0.3 million and a fair market value adjustment of \$3.8 million, in redeemable units (the "Redeemable Units"), issued by the Company related to the acquisition of two shopping center properties located in Bay Shore and Centereach, NY during 2006. The properties were acquired through the issuance of \$24.2 million of Redeemable Units, which are redeemable at the option of the holder; approximately \$14.0 million of fixed rate Redeemable Units and the assumption of approximately \$23.4 million of non-recourse debt. The Redeemable Units consist of (i) 13,963 Class A Units, par value \$1,000 per unit, which pay the holder a return of 5% per annum of the Class A par value and are redeemable for cash by the holder at anytime after April 3, 2011 or callable by the Company anytime after April 3, 2016, and (ii) 647,758 Class B Units, valued at an issuance price of \$37.24 per unit, which pay the holder a return at a rate equal to the Company's common stock dividend and are redeemable by the holder at anytime after April 3, 2007 for cash or at the option of the Company for Common Stock at a ratio of 1:1, or callable by the Company anytime after April 3, 2026. The Company is restricted from disposing of these assets, other than through a tax free transaction, until April 2016 and April 2026 for the Centereach, NY, and Bay Shore, NY, assets, respectively.

Minority interests also includes 138,015 convertible units issued during 2006, by the Company, which are valued at approximately \$5.3 million, including a fair market value adjustment of \$0.3 million, related to an interest acquired in an office building located in Albany, NY. These units are redeemable at the option of the holder after one year for cash or at the option of the Company for the Company's common stock at a ratio of 1:1. The holder is entitled to a distribution equal to the dividend rate of the Company's common stock. The Company is restricted from disposing of these assets, other than through a tax free transaction, until January 2017.

Minority interests also includes approximately 4.8 million convertible units (the "Convertible Units") issued by the Company valued at \$80.0 million related to an interest acquired in a shopping center property located in Daly City, CA, in 2002. The Convertible Units are convertible at a ratio of 1:1 into Common Stock and are entitled to a distribution equal to the dividend rate of the Company's common stock multiplied by 1.1057.

15. 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, reasonably approximate their fair values except those listed below, for which fair values are reflected. The valuation method used to estimate fair value for fixed-rate debt and minority interests relating to mandatorily redeemable non-controlling interests associated with finite-lived subsidiaries of the Company is based on discounted cash flow analyses. The fair values for marketable securities are based on published or securities dealers' estimated market values. Such fair value estimates are not necessarily indicative of the amounts that would be realized upon disposition. The following are financial instruments for which the Company's estimate of fair value differs from the carrying amounts (in thousands):

| | December 31, | | | |
|---|------------------|----------------------|------------------|----------------------|
| | 2006 | | 2005 | |
| | Carrying Amounts | Estimated Fair Value | Carrying Amounts | Estimated Fair Value |
| Marketable Securities | \$ 202,659 | \$ 205,471 | \$ 206,452 | \$ 208,114 |
| Notes Payable | \$ 2,748,345 | \$ 2,762,751 | \$ 2,147,405 | \$ 2,172,031 |
| Mortgages Payable | \$ 567,917 | \$ 581,846 | \$ 315,336 | \$ 330,897 |
| Mandatorily Redeemable | | | | |
| Minority Interests (termination dates ranging from 2019 – 2027) | \$ 1,263 | \$ 4,436 | \$ 1,782 | \$ 4,934 |

16. 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 generally used by the Company are interest rate swaps, foreign currency exchange forward contracts, cross currency swaps and equity 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.

During 2006, the Company entered into two interest rate swaps, with notional amounts of \$21.5 million and \$6.25 million, respectively. The interest rate swaps are designated as cash flow hedges and mature in 2016 and 2009, respectively. The change in fair value of the interest rate swaps representing unrealized losses recorded in OCI, as of December 31, 2006, was approximately \$0.1 million.

As of December 31, 2005, the Company had foreign currency forward contracts designated as net investment hedges of its Canadian investments in real estate aggregating approximately CAD \$5.2 million. During 2006, the Company settled its remaining CAD forward contracts. In addition, the Company had a cross currency interest rate swap with an aggregate notional amount of approximately MXP 82.4 million (approximately USD

\$7.6 million) designated as a hedge of its Mexican real estate investments at December 31, 2006 and 2005, respectively.

The Company has designated these foreign currency agreements as net investment hedges of the foreign currency exposure of its net investment in Canadian and Mexican real estate operations. These agreements are highly effective in reducing the exposure to fluctuations in exchange rates. As such, gains and losses on these net investment hedges were reported in the same manner as a translation adjustment in accordance with SFAS No. 52, Foreign Currency Translation. During 2006 and 2005, respectively, \$0.2 million and \$0.7 million of unrealized losses and \$0.3 and \$3.2 million of unrealized gains were included in the cumulative translation adjustment relating to the Company's net investment hedges of its Canadian and Mexican investments.

During 2001, the Company acquired warrants to purchase 2.5 million shares of common stock of a Canadian REIT. The Company designated the warrants as a cash flow hedge of the variability in expected future cash outflows upon purchasing the common stock. The change in fair value of the warrants representing unrealized gains was recorded in OCI. The net unrealized gains, since inception recorded in OCI as of December 31, 2004, were approximately \$12.5 million. The Company exercised its warrants in October of 2004. During 2006, the Company sold 0.53 million shares of common stock of the Canadian REIT (2005: 0.2 million) resulting in a reclassification of \$2.1 million of OCI balance to earnings as Other income, net (2005: \$0.7 million).

The following tables summarize the notional values and fair values of the Company's derivative financial instruments as of December 31, 2006 and 2005:

As of December 31, 2006

| Hedge Type | Notional Value | Rate | Maturity (in millions USD) | Fair Value |
|--|--|------------------------|----------------------------|-----------------|
| MXP cross currency swap — net investment | MXP 82.4 million | 7.227% | 10/07 | \$ 0.10 |
| Interest rate swaps — cash flow | \$6.25 million — \$21.5 million | 6.455% — 6.669% | 3/09 — 3/16 | (\$0.10) |
| Interest rate caps — marked to market | \$53.8 million — \$150 million | 6.500% | 7/09 — 8/08 | \$ 0.03 |

As of December 31, 2005

| Hedge Type | Notional Value | Rate | Maturity | Fair Value (in millions USD) |
|--|-------------------|---------|----------|------------------------------|
| Foreign currency forwards — net investment | CAD \$5.2 million | 1.4013% | 7/06 | (\$0.80) |
| MXP cross currency swap — net investment | MXP 82.4 million | 7.227% | 10/07 | (\$0.20) |

As of December 31, 2006 and 2005, respectively, these derivative instruments were reported at their fair value as other liabilities of (\$0.1) million and (\$1.0) million and other assets of \$0.1 million and \$0.0 million. The Company expects to reclassify to earnings less than \$1.0 million of the current OCI balance during the next 12 months.

17. Preferred Stock, Common Stock and Convertible Unit Transactions:

During March 2006, the Company completed a primary public stock offering of 10,000,000 shares of the Company's common stock. The net proceeds from this sale of Common Stock, totaling approximately \$405.5 million (after related transaction costs of \$2.5 million) were primarily used to repay the outstanding balance under the Company's U.S. revolving credit facility, partial repayment of the outstanding balance under the Company's Canadian denominated credit facility and for general corporate purposes.

During March 2006, the shareholders of Atlantic Realty Trust ("Atlantic Realty") approved the proposed merger with the Company and the closing occurred on March 31, 2006. As consideration for this transaction, the Company issued Atlantic Realty shareholders 1,274,420 shares of Common Stock, excluding 748,510 shares of Common Stock that were to be received by the Company, at a price of \$40.41 per share.

On September 25, 2006, Pan Pacific stockholders approved the proposed merger with the Company and the closing occurred on October 31, 2006. Under the terms of the merger agreement, the Company agreed to acquire all of the outstanding shares of Pan Pacific for total merger consideration of \$70.00 per share. As permitted under the merger agreement, the Company elected to issue \$10.00 per share of the total merger consideration in the form of Common Stock. As such, the Company issued 9,185,847 shares of Common Stock valued at \$407.7 million, which was based upon the average closing price of the Common Stock over the ten trading days immediately preceding the closing date.

During 2006, the Company acquired interests in seven shopping center properties located throughout Puerto Rico. The properties were acquired through the issuance of approximately \$158.6 million of non-convertible units, approximately \$45.8 million of convertible units, approximately \$131.2 million of non-recourse debt and \$116.3 million in cash.

The convertible units consist of (i) 2,627 Class B-1 Preferred Units, par value \$10,000 per unit and 640,001 Class C DownREIT Units, valued at an issuance price of \$30.52 per unit. Both the Class B-1 Units and the Class C DownREIT Units are redeemable by the holder at anytime after November 30, 2010 for cash or at the Company's option, shares of the Company's common stock.

The number of shares of Common Stock issued upon conversion of the Class B-1 Preferred Units would be equal to the Class B-1 Cash Redemption Amount, as defined, which ranges from \$6,000 to \$14,000 per Class B-1 Preferred Unit depending on the Common Stock's Adjusted Current Trading Price, as defined, divided by the average daily market price for the 20 consecutive trading days immediately preceding the redemption date.

Prior to January 1, 2009, the number of shares of Common Stock issued upon conversion of the Class C DownREIT Units would be equal to the Class C Cash Amount which equals the number of Class C DownREIT Units being redeemed, multiplied

Notes to Consolidated Financial Statements *(continued)*

by the Adjusted Current Trading Price, as defined. After January 1, 2009, if the Adjusted Current Trading Price is greater than \$36.62 then the Class C Cash Amount shall be an amount equal to the Adjusted Current Trading Price per Class C DownREIT Unit. If the Adjusted Current Trading Price is greater than \$24.41 but less than \$36.62, then the Class C Cash Amount shall be an amount equal to \$30.51 per Class C DownREIT Unit; or is less than \$24.41, then the Class C Cash Amount shall be an amount per Class C DownREIT Unit equal to the Adjusted Current Trading Price Multiplied by 1.25.

During April 2006, the Company acquired interests in two shopping center properties, located in Bay Shore and Centereach, NY, valued at an aggregate \$61.6 million. The properties were acquired through the issuance of units from a consolidated subsidiary and consist of approximately \$24.2 million of Redeemable Units, which are redeemable at the option of the holder, approximately \$14.0 million of fixed rate Redeemable Units and the assumption of approximately \$23.4 million of non-recourse mortgage debt. The Company has the option to settle the redemption of the \$24.2 million redeemable units with Common Stock, at a ratio of 1:1, or cash.

During June 2006, the Company acquired an interest in an office property, located in Albany, NY, valued at approximately \$39.9 million. The property was acquired through the issuance of approximately \$5.0 million of redeemable units from a consolidated subsidiary, which are redeemable at the option of the holder after one year, and the assumption of approximately \$34.9 million of non-recourse mortgage debt. The Company has the option to settle the redemption with Common Stock, at a ratio of 1:1, or cash.

During June 2003, the Company issued 7,000,000 Depositary Shares (the "Class F Depositary Shares"), each such Class F Depositary Share representing a one-tenth fractional interest of a share of the Company's 6.65% Class F Cumulative Redeemable Preferred Stock, par value \$1.00 per share (the "Class F Preferred Stock"). Dividends on the Class F Depositary Shares are cumulative and payable quarterly in arrears at the rate of 6.65% per annum based on the \$25.00 per share initial offering price, or \$1.6625 per annum. The Class F Depositary Shares are redeemable, in whole or part, for cash on or after June 5, 2008, at the option of the Company, at a redemption price of \$25.00 per Depositary Share, plus any accrued and unpaid dividends thereon. The Class F Depositary Shares are not convertible or exchangeable for any other property or securities of the Company.

Voting Rights - As to any matter on which the Class F Preferred Stock, ("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 F 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 F Depositary Share), 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.

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 4.8 million Convertible Units which are convertible at a ratio of 1:1 into the Company's common stock. The unit holder has the right to convert the Convertible Units at 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 \$16.785 per share, the unit holder would be entitled to additional shares; however, the maximum number of additional shares is limited to 503,932 based upon a floor Common Stock price of \$15.180. The Company has the option to settle the conversion in cash. Dividends on the Convertible Units are paid quarterly at the rate of the Company's common stock dividend multiplied by 1.1057.

18. Supplemental Schedule of Non-Cash Investing/Financing Activities:

The following schedule summarizes the non-cash investing and financing activities of the Company for the years ended December 31, 2006, 2005 and 2004 (in thousands):

| | 2006 | 2005 | 2004 |
|--|-------------|-----------|-----------|
| Acquisition of real estate interests by issuance of Common Stock and/or assumption of debt | \$1,627,058 | \$ 73,400 | \$151,987 |
| Acquisition of real estate interest by issuance of redeemable units | \$ 247,475 | \$ — | \$ 28,349 |
| Disposition/transfer of real estate interest by assignment of downREIT units | \$ — | \$ 4,236 | \$ 24,114 |
| Acquisition of real estate interests through proceeds held in escrow | \$ 140,802 | \$ — | \$ 69,681 |
| Disposition/transfer of real estate interests by assignment of mortgage debt | \$ 293,254 | \$166,108 | \$320,120 |
| Proceeds held in escrow through sale of real estate interest | \$ 39,210 | \$ 19,217 | \$ 9,688 |
| Acquisition of real estate through the issuance of an unsecured obligation | \$ 10,586 | \$ — | \$ — |
| Notes received upon disposition of real estate interests | \$ — | \$ — | \$ 6,277 |
| Declaration of dividends paid in succeeding period | \$ 93,222 | \$ 78,169 | \$ 71,497 |
| Consolidation of FNC: | | | |
| Increase in real estate and other assets | \$ — | \$ 57,812 | \$ — |
| Increase in mortgage payable and other liabilities | \$ — | \$ 57,812 | \$ — |
| Consolidation of Kimsouth: | | | |
| Increase in real estate and other assets | \$ 28,377 | \$ — | \$ — |
| Increase in mortgage payable and other liabilities | \$ 28,377 | \$ — | \$ — |

19. Transactions with Related Parties:

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 had maturities of less than one year and bore interest at rates ranging from LIBOR plus 2.0% to LIBOR plus 4.0%. As of December 31, 2006 and 2005, KROP had no outstanding short-term interim financing amounts due to GCRE or the Company. The Company earned approximately \$61,000 and \$24,000 during 2006 and 2005, respectively, related to such interim financing.

During 2006, the Company, along with its joint venture partner, provided Kimco Retail Opportunity Portfolio II ("KROP II") short-term interim financing for all acquisitions by KROP II for which a mortgage was not in place at the time of closing. All such financing had maturities of less than one year and bore interest at a rate of LIBOR plus 2.0%. At December 31, 2006, KROP II had a total of approximately \$22.2 million of outstanding short-term interim financing due to GCRE and the Company, of which the Company's share is 50%. The Company earned approximately \$248,000 during 2006, 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.

In December 2004, in conjunction with the Price Legacy transaction, the Company, which holds a 15% non-controlling interest, provided the acquiring joint venture approximately \$30.6 million of secured mezzanine financing. This interest-only loan bore interest at a fixed rate of 7.5% per annum payable monthly in arrears and was scheduled to mature in December 2006. The Company also provided PL Retail a secured short-term promissory note for approximately \$8.2 million. This interest only note bore interest at LIBOR plus 4.5% and was scheduled to mature in June 2005. During 2005, this note was amended to bear interest at LIBOR plus 6.0% and is payable on demand. During 2006, PL Retail fully repaid the Company the mezzanine financing and the promissory note.

Reference is made to Note 7 for additional information regarding transactions with related parties.

20. 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, 2006, 2005 and 2004.

The future minimum revenues from rental property under the terms of all non-cancellable tenant leases, assuming no new or renegotiated leases are executed for such premises, for future years are approximately as follows (in millions): 2007, \$436.5; 2008, \$401.7; 2009, \$363.5; 2010, \$321.3; 2011, \$276.5 and thereafter, \$1,461.5.

Minimum rental payments under the terms of all non-cancellable operating leases pertaining to the Company's shopping center portfolio for future years are approximately as follows (in millions): 2007, \$14.9; 2008, \$14.8; 2009, \$14.2; 2010, \$12.4; 2011, \$10.1 and thereafter, \$175.8.

During October 2006, the Company completed the Pan Pacific merger, which had a total value of approximately \$4.1 billion. Funding for this transaction was provided by approximately \$1.3 billion of new individual non-recourse mortgage debt encumbering 51 properties, a \$1.2 billion two year credit facility provided by a consortium of banks and guaranteed by the joint venture partners described below and the Company, the issuance of 9,185,847 shares of Common Stock valued at approximately \$407.7 million, which was based upon the average closing price of Common Stock over the ten trading days immediately preceding the closing date, the assumption of approximately \$630.0 million of unsecured bonds and approximately \$289.4 million of existing non-recourse mortgage debt encumbering 23 properties and approximately \$300.0 million in cash. With respect to the \$1.2 billion guarantee by the Company, PREI, as defined below, guaranteed reimbursement to the Company of 85% of any guaranty payment the Company is obligated to make. The Company evaluated this guarantee in connection with the provisions of FASB Interpretation No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others and determined that the impact did not have a material effect on the Company's financial position or results of operations.

Immediately following the merger, the Company commenced its joint venture agreements with Prudential Real Estate Investors ("PREI") through three separate accounts managed by PREI. In accordance with the joint venture agreements, all Pan Pacific assets and the respective non-recourse mortgage debt and the \$1.2 billion credit facility mentioned above were transferred to the separate accounts. PREI contributed approximately \$1.1 billion on behalf of institutional investors in three of its portfolios. The Company holds 15% non-controlling ownership interests in each of these joint ventures, collectively KimPru, with a total aggregate investment of approximately \$194.8 million, and will account for these investments under the equity method of accounting. In

Notes to Consolidated Financial Statements *(continued)*

addition, the Company will manage the portfolios and earn acquisition fees, leasing commissions, property management fees and construction management fees.

During 2006, an entity in which the Company has a preferred equity investment, located in Montreal, Canada, obtained a non-recourse construction loan, which is collateralized by the respective land and project improvements. Additionally, the Company has provided a guaranty to the lender and the developer partner has provided an indemnity to the Company for 25% of all debt. As of December 31, 2006, there was CAD \$40.0 million (approximately USD \$35.8 million) outstanding on this construction loan.

Additionally, during 2006, KROP obtained a one-year \$15.0 million unsecured term loan, which bears interest at LIBOR plus 0.5%. This loan is guaranteed by the Company and GCRE has guaranteed reimbursement to the Company of 80% of any guaranty payment the Company is obligated to make.

The Company has issued letters of credit in connection with completion and repayment guarantees for construction loans encumbering certain of the Company's ground-up development projects and guaranty of payment related to the Company's insurance program. These letters of credit aggregate approximately \$34.9 million.

In connection with the construction of its development projects and related infrastructure, certain public agencies require performance and surety bonds be posted to guarantee that the Company's obligations are satisfied. These bonds expire upon the completion of the improvements and infrastructure. As of December 31, 2006, there were approximately \$92.5 million bonds outstanding.

Additionally, the RioCan Venture, an entity in which the Company holds a 50% non-controlling interest, has a CAD \$7.0 million (approximately USD \$6.0 million) letter of credit facility. This facility is jointly guaranteed by RioCan and the Company and had approximately CAD \$3.9 million (approximately USD \$3.4 million) outstanding as of December 31, 2006, relating to various development projects.

During 2005, a joint venture entity in which the Company has a non-controlling interest obtained a CAD \$22.5 million (approximately USD \$19.3 million) credit facility to finance the construction of a 0.1 million square foot shopping center located in Kamloops, B.C. This facility bears interest at the Canadian Prime Rate plus 0.5% per annum and is scheduled to mature in May 2007. The Company and its partner in this entity each have a limited and several guarantee of CAD \$7.5 million (approximately USD \$6.4 million) related to this facility. As of December 31, 2006, there was CAD \$21.0 million (approximately USD \$18.0 million) outstanding on this facility.

Additionally, during 2005, the Company acquired three operating properties and one land parcel, through joint ventures in which the Company holds 50% non-controlling interests. Subsequent to these acquisitions, the joint ventures obtained four one year term loans aggregating \$20.4 million with interest rates

ranging from LIBOR plus 0.50% to LIBOR plus 0.55%. During 2006, these term loans were extended for an additional year. These loans are jointly and severally guaranteed by the Company and the joint venture partner.

During 2005, PL Retail entered into a \$39.5 million unsecured revolving credit facility, which bears interest at LIBOR plus 0.675% and was scheduled to mature in February 2007. During 2007, the loan was extended to February 2008 at a reduced rate of LIBOR plus 0.45%. This facility is guaranteed by the Company and the joint venture partner has guaranteed reimbursement to the Company of 85% of any guaranty payment the Company is obligated to make. As of December 31, 2006, there was \$39.5 million outstanding under this facility.

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business. These matters are generally covered by insurance. Management believes that the final outcome of such matters will not have a material adverse effect on the financial position, results of operations or liquidity of the Company.

21. Incentive Plans:

The Company maintains a stock option plan (the "Plan") pursuant to which a maximum of 42,000,000 shares of the Company's common stock may be issued for qualified and non-qualified options. Options granted under the Plan generally vest ratably over a three or five-year term, expire ten years from the date of grant and are exercisable at the market price on the date of grant, unless otherwise determined by the Board at 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.

During December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS No. 123(R)"), which is a revision of Statement 123. SFAS No. 123(R) supersedes Opinion 25. Generally, the approach in SFAS No. 123(R) is similar to the approach described in Statement 123. However, SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the statement of operations based on their fair values. Pro-forma disclosure is no longer an alternative under SFAS No. 123(R). SFAS No. 123(R) is effective for fiscal years beginning after December 31, 2005. The Company began expensing stock based employee compensation with its adoption of the prospective method provisions of SFAS No. 148, effective January 1, 2003, as a result, the adoption of SFAS No. 123(R) did not have a material impact on the Company's financial position or results of operations.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing formula. The more significant assumptions underlying the determination of such fair

values for options granted during 2006, 2005 and 2004 were as follows:

| Year Ended December 31, | 2006 | 2005 | 2004 |
|---|----------------|---------|---------|
| Weighted average fair value of options granted | \$ 5.55 | \$ 3.21 | \$ 2.14 |
| Weighted average risk-free interest rates | 4.72% | 4.03% | 3.30% |
| Weighted average expected option lives (in years) | 6.50 | 4.80 | 3.72 |
| Weighted average expected volatility | 17.70% | 18.01% | 16.69% |
| Weighted average expected dividend yield | 4.39% | 5.30% | 5.59% |

Information with respect to stock options under the Plan for the years ended December 31, 2006, 2005 and 2004, is as follows:

| | Shares | Weighted-Average Exercise Price Per Share |
|---|-------------------|---|
| Options outstanding, January 1, 2004 | 15,111,610 | \$ 15.62 |
| Exercised | (3,379,748) | \$ 13.63 |
| Granted | 3,887,500 | \$ 27.72 |
| Forfeited | (379,790) | \$ 19.25 |
| Options outstanding, December 31, 2004 | 15,239,572 | \$ 19.06 |
| Exercised | (2,963,910) | \$ 14.23 |
| Granted | 2,515,200 | \$ 31.15 |
| Forfeited | (239,566) | \$ 23.59 |
| Options outstanding, December 31, 2005 | 14,551,296 | \$ 22.06 |
| Exercised | (2,196,947) | \$ 17.80 |
| Granted | 2,805,650 | \$ 39.91 |
| Forfeited | (366,406) | \$ 28.13 |
| Options outstanding, December 31, 2006 | 14,793,593 | \$ 25.93 |
| Options exercisable — | | |
| December 31, 2004 | 8,135,762 | \$ 14.95 |
| December 31, 2005 | 8,167,681 | \$ 17.63 |
| December 31, 2006 | 8,826,881 | \$ 20.37 |

The exercise prices for options outstanding as of December 31, 2006, range from \$9.46 to \$46.88 per share. The weighted-average remaining contractual life for options outstanding as of December 31, 2006, was approximately 7.3 years. Options to purchase 5,969,396, 3,817,066, and 6,332,266 shares of the Company's common stock were available for issuance under the Plan at December 31, 2006, 2005 and 2004, respectively.

Cash received from options exercised under the Plan was approximately \$39.1 million, \$42.2 million and \$46.1 million for the years ended December 31, 2006, 2005, and 2004, respectively. The total intrinsic value of options exercised during 2006, 2005 and 2004 was approximately \$42.2 million, \$46.2 million, and \$36.2 million, respectively.

The Company recognized stock options expense of \$10.2 million, \$4.6 million and \$1.7 million for the years ended December 31, 2006, 2005, and 2004, respectively. As of December 31, 2006, the Company had \$25.6 million of total unrecognized compensation cost related to unvested stock compensation granted under the Company's Plan. That cost is expected to be recognized over a weighted average period of approximately 2.7 years.

The Company maintains a 401(k) retirement plan covering substantially all officers and employees, which permits participants to defer up to the maximum allowable amount determined by the Internal Revenue Service 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 (capped at \$170,000), is fully vested and funded as of December 31, 2006. The Company contributions to the plan were approximately \$1.3 million, \$1.1 million and \$1.0 million for the years ended December 31, 2006, 2005 and 2004, respectively.

22. 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.

Notes to Consolidated Financial Statements *(continued)*

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, 2006, 2005 and 2004 (in thousands):

| | 2006 (Estimates) | 2005 (Actual) | 2004 (Actual) |
|---|---------------------|------------------|------------------|
| GAAP net income | \$ 427,000 | \$363,628 | \$297,137 |
| Less: GAAP net income of taxable REIT subsidiaries | (33,795) | (21,666) | (19,396) |
| GAAP net income from REIT operations (a) | 393,205 | 341,962 | 277,741 |
| Net book depreciation in excess of tax depreciation | 22,563 | 9,865 | 4,716 |
| Deferred/prepaid/above and below market rents, net | (15,438) | (7,398) | (7,200) |
| Exercise of non-qualified stock options | (21,994) | (29,144) | (28,022) |
| Book/tax differences from investments in real estate joint ventures | (8,586) | (19,048) | (6,350) |
| Book/tax difference on sale of property | (50,164) | (14,181) | (18,799) |
| Valuation adjustment of foreign currency contracts | 142 | 2,537 | (21,697) |
| Book adjustment of property carrying values | 650 | — | 7,116 |
| Other book/tax differences, net | (11,586) | 6,773 | 8,419 |
| Adjusted taxable income subject to 90% dividend requirements | \$ 308,792 | \$291,366 | \$215,924 |

Certain amounts in the prior periods have been reclassified to conform to the current year presentation.

(a) - 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 (in thousands):

For the years ended December 31, 2006 and 2004 cash dividends paid exceeded the dividends paid deduction and amounted to \$333,111 and \$265,254, respectively. For the year ended December 31, 2005, cash dividends paid were equal to the dividend paid deduction and amounted to \$293,345.

Characterization of Distributions:

The following characterizes distributions paid for the years ended December 31, 2006, 2005 and 2004, (in thousands):

| | 2006 | 2005 | 2004 |
|-----------------------------|-------------------|-------------|------------|
| Preferred Dividends | | | |
| Ordinary income | \$ 8,200 | 70% | \$ 10,009 |
| Capital gain | 3,438 | 30% | 1,629 |
| | \$ 11,638 | 100% | 86% |
| | \$ 11,638 | 100% | \$ 11,638 |
| | \$ 11,638 | 100% | 100% |
| Common Dividends | | | |
| Ordinary income | \$ 211,803 | 66% | \$ 242,268 |
| Capital gain | 89,856 | 28% | 39,439 |
| Return of capital | 19,255 | 6% | — |
| | \$ 320,914 | 100% | 86% |
| | \$ 320,914 | 100% | \$ 210,501 |
| | \$ 320,914 | 100% | 83% |
| Total dividends distributed | \$ 332,552 | \$293,345 | \$265,254 |

Taxable REIT Subsidiaries ("TRS"):

The Company is subject to federal, state and local income taxes on the income from its TRS activities, which include Kimco Realty Services ("KRS"), a wholly owned subsidiary of the Company, and the consolidated entities of FNC, Kimsouth and Blue Ridge Real Estate Company/Big Boulder Corporation.

Income taxes have been provided for on the asset and liability method as required by SFAS 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 taxable income for book purposes and provision for income taxes relating to the Company's TRS and taxable entities which have been consolidated for accounting reporting purposes, for the years ended December 31, 2006, 2005 and 2004, are summarized as follows (in thousands):

| | 2006 | 2005 | 2004 |
|--|------------------|-----------|-----------|
| Income before income taxes | \$ 54,522 | \$ 32,920 | \$ 27,716 |
| Less provision for income taxes: | | | |
| Federal | 17,581 | 9,446 | 6,939 |
| State and local | 3,146 | 1,808 | 1,381 |
| Total tax provision | 20,727 | 11,254 | 8,320 |
| GAAP net income from taxable REIT subsidiaries | \$ 33,795 | \$ 21,666 | \$ 19,396 |

The Company's deferred tax assets and liabilities at December 31, 2006 and 2005, were as follows (in millions):

| | 2006 | 2005 |
|---------------------------|----------------|---------|
| Deferred tax assets: | | |
| Operating losses | \$ 97.3 | \$ 59.4 |
| Other | 17.3 | 16.3 |
| Valuation allowance | (68.0) | (33.8) |
| Total deferred tax assets | 46.6 | 41.9 |
| Deferred tax liabilities | (8.6) | (12.8) |
| Net deferred tax assets | \$ 38.0 | \$ 29.1 |

Deferred tax assets and deferred tax liabilities are included in the caption Other assets and Other liabilities on the accompanying Consolidated Balance Sheets at December 31, 2006 and 2005. Operating losses and the valuation allowance are due to the Company's consolidation of FNC and Kimsouth for accounting and reporting purposes. At December 31, 2006, FNC had approximately \$138.4 million of net operating loss carry forwards that expire from 2022 through 2025, with a tax value of approximately \$54.0 million. A valuation allowance of \$33.8 million has been established for a portion of these deferred tax assets. At December 31, 2006, Kimsouth had approximately \$111.1 million of net operating loss carrying forwards that expire from 2021 to 2023, with a tax value of approximately \$43.3 million. A valuation allowance for \$34.2 million has been established for a portion of these deferred tax assets. Other deferred tax assets and deferred tax liabilities relate primarily to differences in the timing of the recognition of income/(loss) between the GAAP and tax basis of accounting for (i) real estate joint ventures, (ii) other real estate investments and (iii) other deductible temporary differences. The Company believes that, based on its operating strategy and consistent history of profitability, it is more likely than not that the net deferred tax assets of \$38.0 million will be realized on future tax returns, primarily from the generation of future taxable income.

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):

| | 2006 | 2005 | 2004 |
|---|------------------|-----------|----------|
| Federal provision at statutory tax rate (35%) | \$ 19,083 | \$ 11,522 | \$ 9,700 |
| State and local taxes, net of federal benefit | 3,544 | 2,140 | 1,801 |
| Other | (1,900) | (2,408) | (3,181) |
| | \$ 20,727 | \$ 11,254 | \$ 8,320 |

23. Supplemental Financial Information:

The following represents the results of operations, expressed in thousands except per share amounts, for each quarter during the years 2006 and 2005:

| | 2006 (Unaudited) | | | |
|----------------------------------|-------------------------|-------------------|-------------------|-------------------|
| | Mar. 31 | June 30 | Sept. 30 | Dec. 31 |
| Revenues from rental property(1) | \$ 138,107 | \$ 147,847 | \$ 150,673 | \$ 157,253 |
| Net income | \$ 96,195 | \$ 108,738 | \$ 91,427 | \$ 131,899 |
| Net income per common share: | | | | |
| Basic | \$.41 | \$.44 | \$.37 | \$.52 |
| Diluted | \$.40 | \$.43 | \$.36 | \$.51 |

| | 2005 (Unaudited) | | | |
|----------------------------------|------------------|------------|------------|------------|
| | Mar. 31 | June 30 | Sept. 30 | Dec. 31 |
| Revenues from rental property(1) | \$ 124,916 | \$ 122,443 | \$ 125,803 | \$ 132,396 |
| Net income | \$ 86,780 | \$ 83,837 | \$ 85,343 | \$ 107,668 |
| Net income per common share: | | | | |
| Basic | \$.37 | \$.36 | \$.36 | \$.46 |
| Diluted | \$.37 | \$.35 | \$.36 | \$.44 |

(1) All periods have been adjusted to reflect the impact of operating properties sold during 2006 and 2005 and properties classified as held for sale as of December 31, 2006, which are reflected in the caption Discontinued operations on the accompanying Consolidated Statements of Income.

Accounts and notes receivable in the accompanying Consolidated Balance Sheets net of estimated unrecoverable amounts, were approximately \$8.5 million at December 31, 2006 and 2005.

24. Pro Forma Financial Information (Unaudited):

As discussed in Notes 3, 4 and 5, the Company and certain of its subsidiaries acquired and disposed of interests in certain operating properties during 2006. 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, 2006 and 2005, adjusted to give effect to these transactions at the beginning of each year.

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

| Year ended December 31, | 2006 | 2005 |
|-------------------------------|-----------------|----------|
| Revenues from rental property | \$ 630.5 | \$ 601.0 |
| Net income | \$ 316.1 | \$ 247.6 |
| Net income per common share: | | |
| Basic | \$ 1.27 | \$ 1.04 |
| Diluted | \$ 1.24 | \$ 1.02 |

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.

Core-Based Statistical Areas (CBSAs)

Metropolitan and Micropolitan Statistical Areas are collectively referred to as Core-Based Statistical Areas. Metropolitan statistical areas have at least one urbanized area of 50,000 or more population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties. Micropolitan statistical areas are a new set of statistical areas that have at least one urban cluster of at least 10,000 but less than 50,000 population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties.

Debt Service

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

Debtor in Possession (DIP)

A company that continues to operate while going through Chapter 11 bankruptcy proceedings.

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)

A supplemental non-GAAP financial measurement used as a standard in the real estate industry to measure and compare the operating performance of real estate companies. Equal to a REIT's net income, excluding gains 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.

Internal Growth

The maximum rate of growth a given company is able to achieve without funding additional investment.

Leasehold Interest in Real Estate

Financial interest in real estate evidenced by a contract (lease) whereby 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 collateralized by the mortgage.

1031 Exchange

A 1031 exchange allows sellers to defer 100% 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 basic 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, the provisions of which 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.

Stock Split

Occurred on December 22, 1995, December 21, 2001, and August 24, 2005, when Kimco issued new shares of stock at a rate of 0.5, 0.5, and 1.0, respectively for each share owned by shareholders of record in the form of a stock dividend. This action in turn lowered the market price of Kimco stock to a level proportionate to the pre-split price.

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 is required to pay federal income tax without disqualifying the Company's REIT status.

Total Market Capitalization

The total market value of outstanding common stock, the liquidation value of preferred stock and all outstanding indebtedness.

Total Return

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

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 Corporation and Blue Ridge Real Estate/Big Boulder Corporation and a former trustee of MassMutual Corporate Investors and MassMutual Participation Investors.

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 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. From 1993 to 2003, 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 and Co-Chairman of the Board of certain BlackRock Mutual Funds and Director Emeritus of Duke University Management Company.

F. Patrick Hughes

Mr. Hughes has been a director since September 2003. Mr. Hughes previously served as CEO, President and Trustee of Mid-Atlantic Realty Trust since its formation in 1993. Mr. Hughes is the former President, Chief Operating Officer and Director of BTR Realty, Inc., having served in such capacity from 1990 to 1993. Mr. Hughes served as CFO and Senior Vice President from 1974 until 1990.

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.

Richard B. Saltzman

Elected to the Board of Directors in July 2003. Mr. Saltzman is President of Colony Capital LLC, an international real estate investment management firm. Prior to joining Colony, Mr. Saltzman spent 24 years in the investment banking business, primarily specializing in real estate-related businesses and investments. Most recently, he was a Managing Director and Vice Chairman of Merrill Lynch's investment banking division. As a member of the investment banking operating committee, he oversaw the firm's global real estate, hospitality and restaurant businesses.

Corporate Directory

Executive Officers

Milton Cooper
*Chairman and
Chief Executive Officer*

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

David B. Henry
*Vice Chairman and
Chief Investment Officer*

Michael V. Pappagallo
*Executive Vice President and
Chief Financial 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*

Senior Management

Antonio Acevedo
*Vice President, Kimco Realty
Corporation Subsidiaries
Puerto Rico*

Edward Boomer
*Managing Director,
Canada*

William Brown
*Vice President, Kimco Realty
Corporation Subsidiaries*

JoAnn Carpenter
Vice President

Ralph Conti
*Vice President, Kimco
Developers, Inc.*

Joseph V. Denis
*Vice President,
Construction*

Paul Dooley
Vice President

Richard Elwood
*Vice President, KRC Mexico
Acquisition Corporation*

Fredrick Kurz
Managing Director

Steven Reisinger
*Vice President, KRC Mexico
Acquisition Corporation*

Joe Stevens
*Vice President, Kimsouth
Realty, Inc.*

Seth Layton
*Executive Vice President,
Florida Region*

David Lukes
Executive Vice President

Ruth Mitteldorf
*Vice President, Kimco
Developers, Inc.*

Barbara Pooley
*Vice President, Investor
Relations*

Robert D. Nadler
President, Central Region

Howard Overton
*Executive Vice President,
Western Region*

Scott Onufrey
*Vice President,
Investment Management*

Julio Ramon
*Director of Finance,
Joint Ventures*

Bruce Rubenstein
*Vice President,
Legal Operations*

Michael Schindler
*Vice President,
Tax Planning & Strategy*

Edward Senenman
Vice President, Acquisitions

Tom Simmons
*President, Mid-Atlantic
Region*

Daniel Slattery
*Executive Vice President,
Kimco Developers, Inc.*

Thomas Taddeo
*Vice President,
Chief Information Officer*

John Visconsi
*Senior Vice President,
Western Region*

Paul Weinberg
*Vice President, Human
Resources*

Joshua Weinkrane
*Vice President, Northeast
Region*

Paul Westbrook
Director of Accounting

Joel Yarmak
*Vice President, Financial
Operations*

Executive Offices

3333 New Hyde Park Road
Suite 100
New Hyde Park, NY 11042
516-869-9000
www.kimcorealty.com

Regional Offices

Leasing

Mesa, AZ
480-890-1600
Irvine, CA
949-252-3880
Sacramento, CA
916-349-7474
Vista, CA
760-727-1002
Walnut Creek, CA
925-977-9011
Hartford, CT
860-561-0545
Hollywood, FL
954-923-8330

Largo, FL
727-536-3287
Margate, FL
954-977-7340
Sanford, FL
407-302-4400
Rosemont, IL
847-299-1160
Columbia, MD
443-367-0110
Lutherville, MD
410-684-2000
Charlotte, NC
704-367-0131
Cary, NC
919-859-7499

New York, NY
212-972-7456
White Plains, NY
914-301-9403
Canfield, OH
330-702-8000
Dayton, OH
937-434-5421
Dallas, TX
214-692-3581
Houston, TX
832-242-6913
Woodbridge, VA
703-583-0071
Bellevue, WA
423-373-3500

Development
Los Angeles, CA
310-284-6000

Lisle, IL
630-322-9200

Canada
Toronto, ON
416-593-6622

Mexico
Selma, TX
210-566-7610

Puerto Rico
Caguas, PR
787-767-5410

Corporate Directory

Counsel

Latham & Watkins
New York, NY

Auditors

PricewaterhouseCoopers LLP
New York, NY

Registrar and Transfer Agent

The Bank of New York
Shareholder Relations Department
P.O. Box 11258
Church Street Station
New York, NY 10286
1-866-557-8695
Website: www.stockbny.com
Email: Shareowners@bankofny.com

Stock Listings

NYSE—Symbols KIM, KIMprF

On June 14, 2006, the Company's Chief Executive Officer submitted to the New York Stock Exchange the annual certification required by Section 303A.12(a) of the NYSE Company Manual. In addition, the Company has filed with the Securities and Exchange Commission as exhibits to its Form 10-K for the fiscal year ended December 31, 2006, the certifications, required pursuant to Section 302 of the Sarbanes-Oxley Act, of its Chief Executive Officer and Chief Financial Officer relating to the quality of its public disclosure.

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:

Barbara Pooley
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 2007 Annual Meeting of Stockholders scheduled to be held on May 17, 2007, at 270 Park Avenue, New York, NY, Floor 11, 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 3,507 as of March 23, 2007.

Stock Price and Dividend Information

| | Stock Price | | Dividends Paid Per Common Share |
|----------------|-------------|---------|---------------------------------|
| | High | Low | |
| 2006: | | | |
| First Quarter | \$42.00 | \$32.02 | \$0.330 |
| Second Quarter | \$40.57 | \$34.20 | \$0.330 |
| Third Quarter | \$43.15 | \$36.18 | \$0.360 |
| Fourth Quarter | \$47.13 | \$42.13 | \$0.360(a) |
| 2005: | | | |
| First Quarter | \$29.09 | \$25.90 | \$0.305 |
| Second Quarter | \$30.00 | \$26.17 | \$0.305 |
| Third Quarter | \$33.35 | \$29.19 | \$0.330 |
| Fourth Quarter | \$33.21 | \$27.81 | \$0.330(b) |

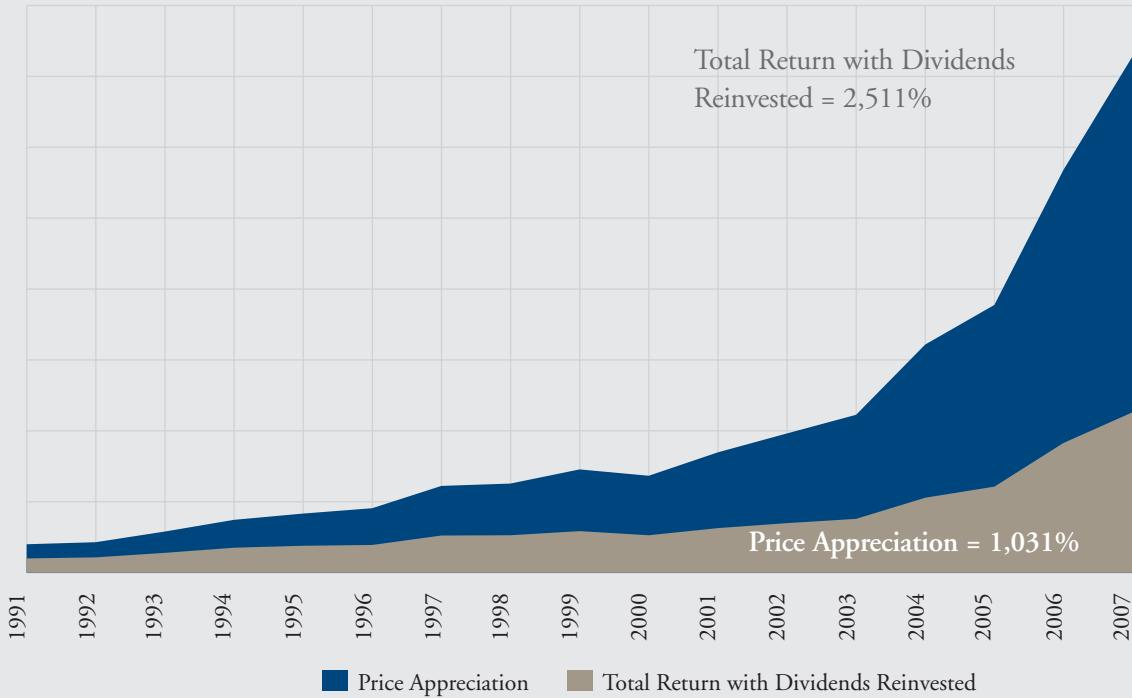
(a) Paid on January 16, 2007, to stockholders of record on January 2, 2007.

(b) Paid on January 17, 2006, to stockholders of record on January 3, 2006.



Direct Stock Purchase and Dividend Reinvestment Plan

Experience the Power of Dividend Reinvestment (November 1991 to February 2007)



Indexed TRA (November 1991)

Source: Bloomberg and Ilios Partners

KIMCO INVESTOR VIDEO PRESENTATION

To hear directly from Kimco's management team, visit www.kimcorealty.com to see Kimco's Investor Day 2006 video or call 516.869.7288 for a free copy.

Call today to learn how to reinvest your dividend or purchase shares directly from Kimco.

1.866.557.8695

The Company's Direct Stock Purchase and Dividend Reinvestment Plan provides investors with the following advantages:

- a low-cost method to acquire Kimco common stock
- an efficient way to reinvest dividends in Kimco stock to acquire additional shares without a brokerage commission
- account credited with both full and fractional shares
- simplified record-keeping with easy-to-read account statements

Simply call the number listed above to enroll today.

Kimco Realty Corporation

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New Hyde Park, NY 11042
Tel: 516-869-9000 Fax: 516-869-9001
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