KIMCO
REALTY CORPORATION

2007 ANNUAL REPORT

Kimco Realty Corporation is the largest owner, operator and manager of neighborhood and community shopping centers in the Western Hemisphere. We have equity interests in 1,973 properties totaling 183 million square feet – holdings that create value for communities, retailers and our investors. Since our initial public offering in 1991, through the end of 2007, Kimco has generated a

total annualized return for shareholders in excess of 20%.

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Dear Fellow Shareholders, Partners and Associates:

In 2007, Kimco established two new records, and we're proud of the one we had control over. We achieved a record 17.2% increase in our funds from operations per share – but also saw a record 19% decline in the market value of our common shares. Stock markets can be fickle, indeed! Nevertheless, Kimco enjoyed an outstanding year as measured by a number of yardsticks, all of which are contributing to long-term shareholder value. Accomplishments during 2007 include:

- Funds from operations ("FFO"), a widely accepted measure of REIT performance, were the highest in our history at $669.8 million, a 23.1% increase from $544.3 million in 2006. On a per diluted share basis, funds from operations grew 17.2% to $2.59 per share in 2007 from $2.21 per share in 2006.
- Occupancy at year end was 96.3%, the highest in the company's history.
- Growth in same-store net operating income averaged 4.1%.
- The dividend to shareholders increased by 11.1% to $1.60 per share from $1.44 per share.
- We continued our international expansion, doubling our retail assets in Mexico from 28 to 58 properties, adding 4.5 million square feet of shopping center space. We also added four centers in Chile and established a joint venture in Brazil.
- We provided yet more flexibility to our balance sheet by expanding our credit capacity by approximately $700 million, ending the year with total credit facilities of $1.8 billion.

These achievements were ignored by the stock market, which, of course, has disappointed us. We should remember, however, that the market does periodically reward – and punish – companies for short-term issues having little to do with their longer-term business accomplishments and prospects. So permit me to outline in this letter Kimco's *raison d'etre*, where we are now, and our strategy for the future.

Milton Cooper
Chairman and
Chief Executive Officer

Why We Love Open-Air Shopping Centers

Our passion for the ownership of open-air shopping centers was inspired many years ago by the film, "Gone With The Wind," when Thomas Mitchell, playing the role of Gerald O'Hara, said to Vivien Leigh (Scarlett), "Do you mean to tell me, Katie Scarlett O'Hara, that Tara, that land, doesn't mean anything to you? Why, land is the only thing in the world worth workin' for, worth fightin' for, worth dyin' for, because it is the only thing that lasts."

After viewing the movie, I left the theatre and instantly wanted to become a Land Baron! If my parents were Rockefellers or Astors, I might have had a shot at this, but my father was an immigrant from Minsk – and land was the furthest thing from his mind!

I believe that well-located land in a growing economy is one of the best, and least risky, long-term investments. It is irreplaceable, indestructible, and a natural hedge against inflation.

But, like cows, which are unproductive unless fed and provided for, raw land provides no cash flow (indeed, because of real estate taxes, cash flow is negative). There have always been real estate investments with very high land components, such as parking lots, drive-in theatres and orange groves, that could generate income – but they have not been of an asset class that allowed a substantial portion of the purchase price to be financed through non-recourse mortgages. Such mortgages, of course, limit the investor's risk.

In 1958, a New England retailer, Zayre Department Stores, was desirous of opening its first discount store in Florida, and came to see us. The total cost of construction was $7 per square foot, and what intrigued us was that, since parking was required, the development project required five times as much land as building space. The rent stream from the tenant's lease would be adequate to service a non-recourse mortgage that would finance 90% of the total cost and provide a return to the equity investors. The mortgage would be fully amortized over time while the land increased in value.

So, our tenant's lease enabled us to "land bank." We immediately became attracted to – and passionate about – the open-air shopping center business! Our basic thesis, then and now, is that the appreciation of well-located land, over time, creates substantial value for its owner, and certainly more than offsets depreciation of the modest, one-story buildings sitting on that land.

This is, of course, the rationale for the reporting by REIT organizations of FFO, a process which adds depreciation expense to GAAP net income – the very real depreciation of the building is offset, at the least, by a like amount of land appreciation. And that rationale is much more compelling for open-air shopping centers with a large land component than for office buildings, apartment houses, industrial properties, hotels and other property types.

We also believe that the best open-air shopping center investments, from the point of view of both safety and long-term cash flow growth, are centers that are occupied under leases with below-market rents.

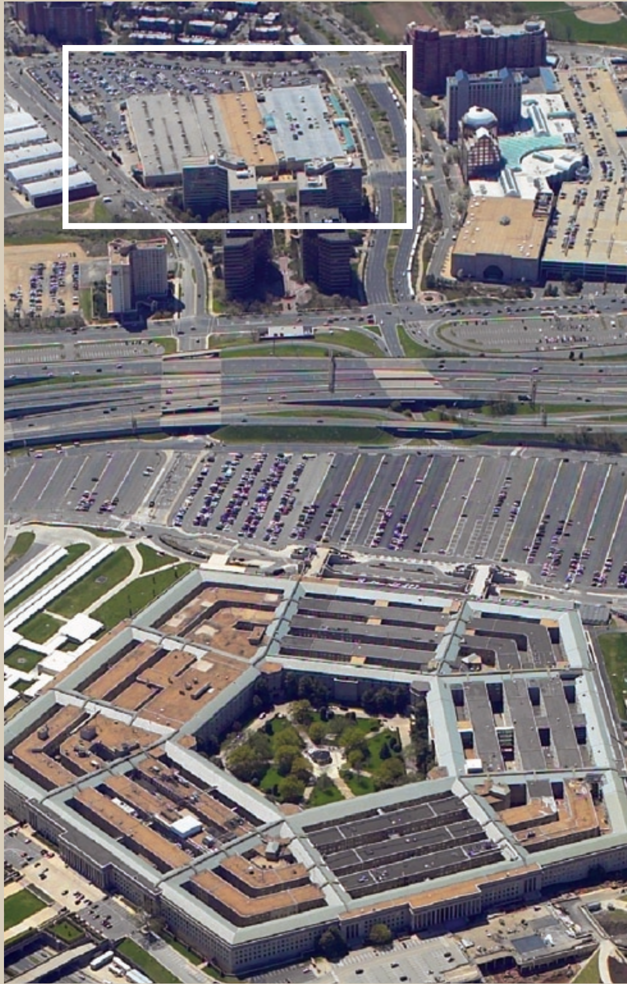
Long-term leases with credit-worthy tenants have bond-like characteristics; this is our defense. The future residual value of the land is our offense. Of course, the credit quality of the tenant is vital if the rent for the tenant's space is at market or above. But, credit quality is not quite so important if the tenant is paying rent of $100,000 per annum and market rent, for similar space, based on location and other factors, is $200,000 per annum. Below-market leases, therefore, allow us, over time, to harvest the difference between the market rent and the contract rent, which will drive meaningful growth in our cash flows as rents are brought up to market value. Furthermore, below-market leases provide protection from extended cash flow declines if the retailer goes out of business.

Kimco Realty, including its pre-IPO predecessors, has owned and developed shopping centers since 1958. As a result, our portfolio enjoys many leases whose commencement dates go back many, many years. Set forth below is a schedule of lease commencement dates for square footage in the Kimco portfolio where leases were entered into more than 15 years ago.

Real estate is a cyclical business, and there will be periods where tenants encounter economic difficulties – and owners may have to endure temporary reductions of rental streams. (We experienced this, for instance, when Kmart Corporation filed for bankruptcy in 2002.) Nevertheless, I do believe that our retail tenants, most of whom sell items that are everyday necessities, e.g., groceries, prescriptions and services, will be less affected in difficult economic periods than those tenants whose sales volumes depend on discretionary, high-end purchases.

A History of Long-Term, Stable Relationships

Date of Lease Commencement	Properties 100% Owned by Kimco	Square Footage	Properties Owned by Joint Venture	Square Footage	Total Properties	Total Square Footage
Prior to 12/31/73	64	1,124,151	23	565,386	87	1,689,537
1974 thru 1983	130	2,583,107	83	2,194,251	213	4,777,358
1984 thru 1993	803	10,921,196	642	11,484,027	1,445	22,405,223
GRAND TOTALS	**997**	**14,628,454**	**748**	**14,243,664**	**1,745**	**28,872,118**



Kimco's Pentagon Centre promises to create significant incremental value over time.

The long-term growth prospects for our rental streams are not just limited to bringing below-market rents up to market. Many of our shopping centers were developed years ago in new suburbs. These suburbs have now become mature suburbs, where land available for new development is in very short supply. Some of our shopping centers will eventually have a much higher value as space for office buildings or residential projects. An example is our Pentagon Centre, located in very close proximity to the Pentagon. Perhaps the aerial photo of our property (above) best illustrates my point. We will seek, whenever possible, to acquire or build properties of this type, as they create incremental value for our shareholders over time.

Our Institutional Joint Ventures – The Funds Management Business

Economics 101 teaches us that price is a function of supply and demand. An increase in supply causes downward pressure on price. It follows that when a company issues common stock it increases its supply, often resulting in a decrease in stock price. This is particularly true if new shares are issued at a dilutive price, such as below a company's net asset value. Furthermore, equity is normally the most expensive form of capital. Thus, we are normally reluctant to issue new Kimco shares to fund our growth initiatives.

One way around this dilemma, of course, is to retain accumulated earnings, and use that for expansion capital. However, the ability of a REIT to do this is limited, as it must distribute at least 90% of its taxable net income each year to maintain its REIT status. Indeed, a REIT's retained cash flow is generally limited to the amount by which its "adjusted" funds from operations (FFO, less straight-lined rents and routine property capital expenditures), or "AFFO," exceeds its dividend payout.

In 2007, our REIT AFFO, when coupled with the after-tax earnings of our taxable subsidiary, exceeded our dividend requirements by roughly $270 million. At the same time, Kimco's new investments totaled about $2.9 billion last year; this amount substantially exceeded our retained cash flow. Accordingly, if these investments were made solely for the REIT's own account, we would have had to raise $2.7 billion of new capital – and, since Kimco is committed to maintaining a very strong balance sheet with equity

comprising at least two-thirds of its capital structure, it is obvious that a substantial equity offering would have been required. This compels us to place much of our new property investments into institutional joint ventures. In these joint ventures, Kimco co-invests and manages so that the returns on our investment, including management fees, provide a total return that is very satisfactory and exceeds our cost of capital. It also allows us to team up with institutions that have a lower cost of capital, and a long-term time horizon.

Kimco is committed to creating value for its shareholders. And, to do this, we must invest our capital at a spread to its cost. Despite a modest weakening in the pricing of some real estate in some markets, as well as a slowing U.S. economy, desirable properties are not being offered at fire-sale prices, and investment yields that are available today do not provide a sufficient spread over our cost of capital. Accordingly, we continue to look kindly upon the investment management business, and we believe that the returns available from that business mandate that we continue to grow it.

In addition to shopping centers, we have created for our interested institutional investors a fund to invest in retail land in Mexico. We have made a modest cash capital contribution, and we manage the Mexico Land and Development Fund. While we remain optimistic about the virtues of investing in land in excellent locations, Kimco will continue to be very selective, and will not normally buy and inventory land for its own account.

As our company has always sought to be innovative and opportunistic, capturing unique real estate-related investment opportunities, we plan to expand our investment management business with new concepts that will benefit both our institutional clients and our shareholders. We very much like this business, and expect that it will continue to generate attractive returns with only modest risk.

Our Development Business

Kimco began its business many years ago purely as a developer. Suburbs were growing, retailers were expanding, and there were very few quality suburban shopping centers that were available for purchase. We shifted our emphasis to acquiring shopping centers in the 1980's, when liquidity improved and purchase prices became more attractive. We eventually re-entered the development business with the acquisition of The Price REIT, which had a very active development backlog. The development business has always been cyclical, but has been a profitable business for us – after-tax yields for the past three years have averaged 13.3%. We are blessed with a talented group of people who understand the development business, and have been successful with the merchant developer model (that is, build and sell). The time frame from the commencement of construction through the realization of a gain on a sale was usually less than two years. And the wind was at our backs, as a significant decline in capitalization rates, together with an expanding development inventory, provided us with very attractive returns.

But, of course, the profitable development of new shopping centers is joined at the hip with the appetites of retailers to expand their locations. And that expansion is often fueled, in substantial part, by new housing and growth in subdivisions. Retailers like to see a proliferation of new rooftops when they commit to leasing space in new shopping centers. But the significant slow-down in new home construction in response to over-supply, rising unsold home inventories and the reduced availability of home mortgages is significantly reducing the retailers' thirst for expansion.

In our view, development remains a very good business. However, the merchant building model, which has delivered relatively quick and substantial developers' profits in a very hospitable environment, may no longer create as much value as a business model which focuses on fewer but potentially more profitable developments, many of which will require as long as five to seven years to reach full fruition. We will adapt to this changing environment by creating an institutional joint venture model with a build-and-hold strategy. We will again co-invest – but our investors must accept a timeframe that will require them to be patient with respect to the realization of their investment gains. Although the period from commencement to the harvesting of gains may be longer, we will earn both long-term management fees and a fair share of the value created.

Our Global Initiative

In 2001, we entered Canada, our first initiative outside of the U.S. The rationale for investment in Canada was compelling. We were able to acquire interests in centers that were, in many instances, occupied by the same retailers as in our U.S. centers, and we were able to do so at higher cap rates and at lower interest rates. (At that time, the Canadian Dollar was equivalent to 66 cents per U.S. Dollar and Canadian retail property cap rates averaged 9 ¾%.) It didn't take long for other investors, as well, to recognize these investment opportunities, and now cap rates in the U.S. and Canada are similar. We are still bullish on Canadian real estate, but our picnic is over!

South of the border, we are now the largest owner of retail real estate in Mexico. Mexico has an expanding middle class – new suburbs and housing developments are springing up and growing rapidly. In short, it's a dream scenario for retailers, and our U.S.-based tenants such as Home Depot, Wal-Mart, Best Buy, Costco and HEB are all expanding their operations quickly in Mexico. We have equity interests in 34 completed centers and 24 more under development, comprising more than 12 million square feet.

Kimco also has equity interests in an additional 8 million square feet of net-leased industrial and warehouse space in Mexico with strong U.S. tenants such as Goodyear, Cessna and Hallmark. We continue to be very excited about the long-term investment opportunities in Mexico, and we have developed the resources and partnerships to take advantage of them.

Looking further south, we have established retail joint ventures with four local partners in South America (three in Chile and one in Brazil). Chile, Brazil and Peru all represent growth areas for us, and we anticipate forming a Kimco-sponsored South America fund to increase our presence in these markets.

We believe that our ability to expand our business outside of the U.S. will be significantly enhanced, over time, with our new relationship with Valad Property Group, an Australia-based property fund manager, investor, developer and investment banker. Kimco and Valad have very similar business models and strong funds management platforms. Dave Henry, our Vice Chairman and Chief Investment Officer, who has known Valad management for years, and I think the world of Steven Day, Valad's CEO, and I am confident that our two firms can indeed enhance each other's growth prospects over time.

Other Business Units

We have been very active in developing other complementary business activities during the past several years, including our Kimco Developers, Inc., Kimco Preferred Equity, Kimco Retailer Services and Kimco Select units. These are operating businesses in which we have been successful over an extended period of time, and they have contributed to our earnings growth.

These enterprises are often countercyclical, and therefore can provide us with opportunities during economic downturns that others may not have – in particular, our Retailer Services business has thrived in times of stress, as we utilize our talents and long-standing relationships to work with troubled retailers.

We also use our contacts and relationships to capture opportunities outside of the retail real estate space. Of course, we will always approach only those investments with partners that have the requisite level of expertise and solid track records.

Most often, our required investment in each transaction is modest, as we attempt to disperse risk. However, the payback can be quite substantial in relation to the investment. Such was the case with our investment in a consortium to acquire certain business operations of the Albertsons grocery chain, which has already returned over 2 ½ times our original investment of $50 million. We expect that we will generate even greater returns over the next few years as the Albertsons' business team executes on its business strategy.

Dividends

Kimco maintains a conservative dividend policy. Over the past five years, our dividends have averaged only 61% of our FFO, and this has enabled us to retain ample free cash flow to grow our business. We have increased our dividend each year since our IPO in 1991; last year our dividend was increased by 11.1%, reflecting continued growth in our FFO and our confidence in the future. A safe, growing dividend is a keystone of our philosophy.

Peering Into The Future

Our strategy must be influenced, in the short term, by changes in the U.S. economy. For the past few years, our nation has had a "negative savings" rate. Simply put, this means that the American consumer has spent more than he or she has earned. The shortfall had to be made up by borrowing – and the borrowing was predicated on the rising equity values of American homes. But the party is now over – and consumer spending growth is receding from the levels of the past few years.

Retailers are, of course, aware of this and have become more cautious; they are, for the most part and with some exceptions, slowing the opening of new stores. Kimco's growth expectations will not be exempt from the effects of this slowdown; it will have an effect. And yet, I believe that we enjoy some insulation from the severity of a downturn.

A good part of our tenant base consists of retailers – grocery, drug and discount stores – that sell every-day staples, and their sales shouldn't be affected by a consumer retrenchment in the same way as fashion or apparel retailers.

Also, our income stream is stable, thanks to many long-term leases with good credits; these leases have bond-like characteristics, providing downside protection in difficult economic environments. We have been through many cycles in our history and have prospered even in times of stress.

In order to seize the opportunities that may be created by disruptions in the financial markets and the economy, one must have access to capital. One of the cornerstones of our business philosophy is to maintain a strong balance sheet, with low debt. We have been successful in this, and capital should continue to be available to us as opportunities arise.

But the availability of capital must be supplemented by a management team that can execute and act quickly, using good, solid business judgment. We are so fortunate to have the talented team that we do – a team that weighs, in equal measure, both opportunity and risk. I am grateful for the energy and dedication of our Kimco team, along with the many partners and associates that have helped us grow and prosper. Above all else, we will continue to dedicate ourselves to perform well for all those who rely upon us.

Sincerely,

Milton Cooper
Chairman and Chief Executive Officer

Villages at Urbana

Frederick County, Maryland

Kimco Realty Corporation owns interests in
946 shopping centers totaling 144 million square feet.

Suburban Square
Ardmore, Pennsylvania

Chambersburg Crossing, Chambersburg, Pennsylvania

Airport Plaza
Farmingdale, New York

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

Right: ***David Lukes***
Executive Vice President

Our Foundation

Neighborhood and community shopping centers have been the foundation of Kimco's business since Marty Kimmel and Milton Cooper developed their first shopping center in Miami in 1958 – 50 years ago. Since then, Kimco has grown to include almost 1,000 shopping center properties across the U.S., Canada, Mexico and Chile.

With the aim of delivering above average growth from these properties, as well as remaining well protected in more adverse economic conditions, Kimco has always sought properties with below-market rents in strong demographic markets. We find that these properties, while often undervalued in our portfolio, offer substantial upside. For example, Richmond Shopping Center in Staten Island, New York, has approximately 68% of its gross leasable area ("GLA") coming up for renewal in the next three to five years. This market is in high demand from retailers; if we did nothing else but bring expiring rents up to market, the net asset value of the property would increase by approximately $50 million. Overall, we estimate we would have $250-$300 million in incremental value in our portfolio simply by bringing rents up to market, even though such value cannot be recognized when pricing our properties using current net operating income ("NOI") flows.

Redevelopment

Our redevelopment strategy allows us to create value for our shareholders by satisfying the constant and growing demand for new housing, office buildings, medical facilities and retail space in high-density areas. We focus on maximizing value from our existing low-density properties by thoroughly analyzing the highest and best use for such centers, thereby helping to solve a critical planning problem for mature communities. Our initiatives include adding density to existing sites (Cupertino Village in northern California), re-tenanting to better meet current demographics (Plaza del Sol in Phoenix, Arizona), as well as completely reconfiguring older centers in first-ring suburban communities to better serve local market demand (Westlake Shopping Center in Daly City, California).

Factoria Marketplace in Bellevue, Washington, illustrates the value we create through several of these measures. Originally built in the 1970s and expanded through the 1990s, the 529,000-square-foot, enclosed mall was developed in phases to support the growing population of Bellevue.

Flagler Park Plaza, Miami, Florida

William Brown
Senior Vice President, Redevelopment

TARGET

Current redevelopment plans include reconfiguring the center's retail and common space, and converting the facility into an open-air venue. Once completed, the redesigned Factoria Marketplace will boast 151,000 square feet of additional retail space, larger interior common areas and exterior pedestrian plazas, more than 400 new residential units and expanded outdoor dining opportunities. In addition to providing capital for this project, Kimco will leverage its strong relationships with virtually every national retailer to secure leasing arrangements with appropriate, credit-worthy national tenants in advance of construction.

Factoria Marketplace

Bellevue, Washington

David B. Henry
Vice Chairman and
Chief Investment Officer

"Kimco's business model provides multiple ways to sustain growth through changing economic cycles."

Evolving Strategy

Kimco's business model provides multiple ways to sustain growth through changing economic cycles. In good times, rents increase rapidly and the underlying value of Kimco's real estate assets rises. In stable economic periods, rents increase more modestly, but solid growth still occurs in our portfolio as our below-market rents are brought up to market value. In more difficult times, Kimco's shopping center portfolio maintains a defensive posture due to the more stable, recession-resistant characteristics of our retailers; the higher degree of credit-worthiness of such tenants, and the staggered expiration of our leases.

In recent years, Kimco has aggressively pursued growth through the investment management model. Since 1998, when we established our investment management business, we have grown the number of properties we manage to almost 350 with 14 different institutional partners. With approximately $14 billion in assets under management, we have successfully leveraged our management expertise and increased our total returns through various fee structures and promoted interests. For example, in 2007, we recognized $39.3 million of promoted interest from our joint venture with GE Real Estate, as well as $13 million in acquisition and disposition fees from this and other joint ventures. This is in addition to the $42 million earned as recurring income from ongoing management and other fees. In total, our 2007 FFO from investment management programs grew by more than $57 million, or 44%, from 2006.

We continue to adapt different products to our investment management model. This year, we added the Mexico Land and Development Fund, a $325 million discretionary fund to acquire land for future sale or development in Mexico. We are forming future funds for additional greenfield development and urban redevelopment projects in Mexico and throughout South America. Additionally, we expect that our strategic alliance with Australia's Valad Property Group, launched in the first quarter of 2008, will enhance our institutional partner network, bringing further depth to our investment management business.

Working Together for Sustained Growth

Lauren Holden *Senior Portfolio Manager* — ***Edward Senenman*** *Vice President, Acquisitions* — ***Scott Onufrey*** *Vice President, Investment Management*

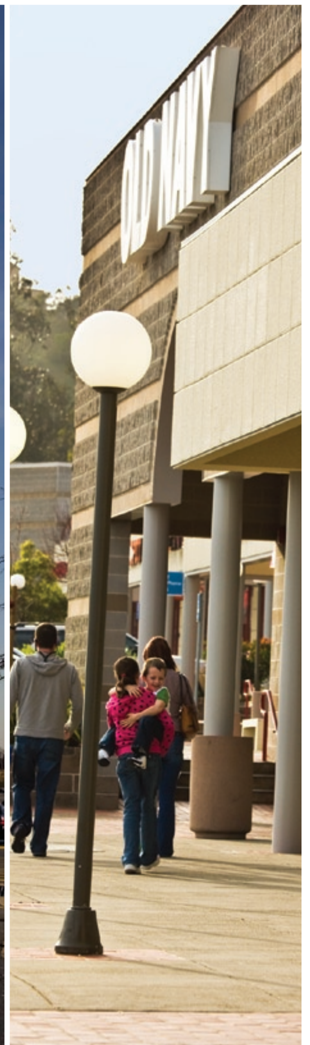
Westlake Shopping Center, Daly City, California

Fremont Hub

Fremont, California

Towson Place

Towson, Maryland



Centro Sur Plaza

Mexico

We have interests in over 140 properties in Latin America totaling 21 million square feet, including 24 centers under development.

“Latin America represents a land of opportunity for Kimco – a young, growing population and increasing stability, liquidity, and prosperity are generating unprecedented demand for retail.”

Michael Melson
Vice President, KRC Mexico

International Expansion

Latin America has been one of the fastest-growing segments of our business. In 2007, we increased our investments there by almost $350 million, adding more than 50 new properties. Bolstered by a developing middle class, shifting demographics and a more efficient financial infrastructure, Mexico has been our primary investment target. The number of operating properties Kimco owns in Mexico has nearly tripled in the past year, from 12 to 34. We also initiated eight new development projects and grew our American Industries industrial portfolio by 18 properties in 2007. In Chile, we entered the market with the acquisition of four properties in Santiago through a 50/50 joint venture with Patio S.A.

Improving marketplace dynamics in both Mexico and Chile offer a more attractive climate for investing. Both countries have well-established governments and banking infrastructures, and their retail markets are growing and becoming increasingly sophisticated as the rising middle class demands more and better shopping venues. At the end of 2007, Kimco had 24 properties under development totaling more than nine million square feet. Investment in these properties will exceed $750 million when completed. Beyond Mexico and Chile, we are also exploring new investments in Brazil, Peru and Costa Rica.

Latin American Team Spearheads Rapid Expansion

left to right: ***Jonathan Lipsky,*** *Director, Investment;* ***Steven Reisinger,*** *Director of Finance;* ***Francisco Covarrubias,*** *Director, Investment;* ***Fernando Garcia,*** *Director, Investment;* ***Marla Naylor,*** *Real Estate, Investment Closer;* ***Jose Villamizar,*** *Controller*

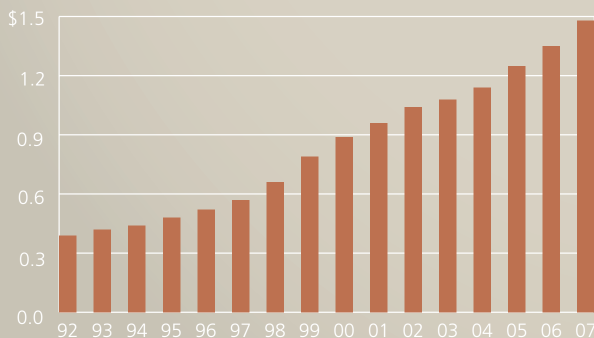
"Our strong balance sheet, well-staggered debt maturity schedule and ample liquidity position will be crucial as we navigate through the choppy credit markets in 2008."

Glenn G. Cohen
Vice President and Treasurer

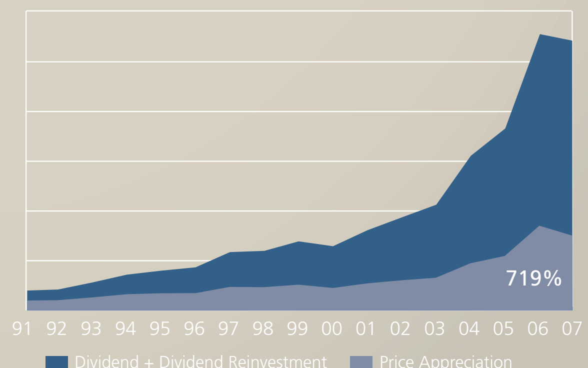
Capital Structure

From the time our company went public in 1991, a consistent theme for Kimco has been to maintain a strong balance sheet and have the necessary access to capital to grow the business and take advantage of opportunities in good times and bad. During 2007, we experienced both favorable and challenging economic conditions. During the first half of the year, investment capital was readily available and in April, we were able to issue a $300 million, 5.70% fixed-rate, ten-year unsecured bond. In addition, we sourced over $1 billion of non-recourse mortgages at very attractive rates for our joint-venture programs. During the second half of the year, however, the credit crisis began in earnest and raising capital became more difficult, as spreads on both unsecured and secured debt widened dramatically. As the capital markets began their meltdown, we were in the process of renewing our $850 million revolving credit facility, which was scheduled to mature in July 2008. We are pleased to report that we agreed with a syndicate of 29 banks on a new four-year, $1.5 billion revolving credit facility with a one-year extension option, a reduced spread and more flexible terms. In addition, during October 2007, we were able to tap the public preferred equity market, raising $460 million of 7.75% perpetual preferred stock, with no stated maturity date. We were also successful in renewing our $250 million, Canadian Dollar-denominated revolving credit facility for an additional three years, with a one-year extension option, under similar terms as our earlier $1.5 billion facility. As a result of these refinancing actions, we closed 2007 with approximately $1.4 billion in immediate liquidity with a debt-to-market capitalization of just 30%. Our strong balance sheet, well-staggered debt maturity schedule and ample liquidity position will be crucial as we navigate through the choppy credit markets in 2008.

Kimco's dividend has grown 9.3% on an annualized basis since our IPO.



Experience the power of dividend reinvestment.



Ensuring Success – From Start to Finish

Adela Miller
Director of Developement and Construction

Eliot Stedman
Senior Property Manager

Michael Landstad
Assistant Property Manager

Mesa Riverview, a 1.2 million square foot center located in Mesa, Arizona, is anchored by Wal-Mart, Bass Pro Shops, Cinemark Theatre and Home Depot.

“Even more important than our business model itself is the ability of our people to adapt to changes in economic, real estate and credit cycles.”

Michael V. Pappagallo
Executive Vice President and
Chief Financial Officer

Strategic Positioning

The dramatic changes in credit markets and economic conditions that began in mid-2007 have jolted the commercial real estate industry out of the euphoria that existed for much of the past five years. The dramatic decline and volatility of REIT stock prices has dampened the allure of commercial real estate investments, and has challenged expectations for short-term operating results. Under these challenging conditions, it is even more important to reaffirm our longer-term business objectives.

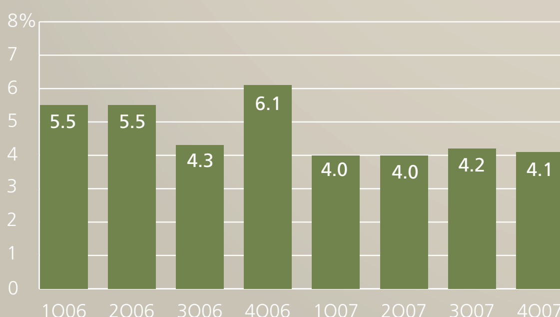
Our stated goal is to maintain average earnings growth of 10% a year over the long term, and dividend growth at a similar pace. We recognize that growth in any single year may be higher or lower, so our focus is on achieving long-term, sustainable earnings patterns that will foster continuing increases in the enterprise value, and ultimately shareholder value. We believe two conditions are necessary to accomplish this goal: the right business model, and the right people. We feel we have both.

Our business model contains all of the necessary components to maintain our growth over the long term: a high-quality, diverse shopping center portfolio with intrinsic growth and redevelopment potential; a funds management platform that benefits from extensive relationships and a strong track record of performance; a commitment to international expansion, especially in the fast-growing markets of Mexico and other parts of Latin America; a lineup of nimble business units able to seize newly emerging growth opportunities in fast-changing markets, and a rock-solid balance sheet to facilitate access to capital. Even more important than the model itself is the ability of our people to adapt the model to changes in economic, real estate and credit cycles. The pace of change continues to accelerate, and the immediacy of information and global interdependencies require companies to dramatically increase their reaction time to those changes.

The most well-defined and adaptive business strategy has little value unless it can be executed, and execution is ultimately dependent on people. This is our competitive advantage. Our associates are singularly focused on the success of the company as a whole. Our culture is one that insists on integrity and fair dealing, and, in turn, fosters teamwork and open communication. An adaptive business model can not work unless people are willing to face the realities of the market and embrace change. Kimco is fortunate to have an abundance of people who see opportunity in change, and who respond rapidly to capitalize on it.

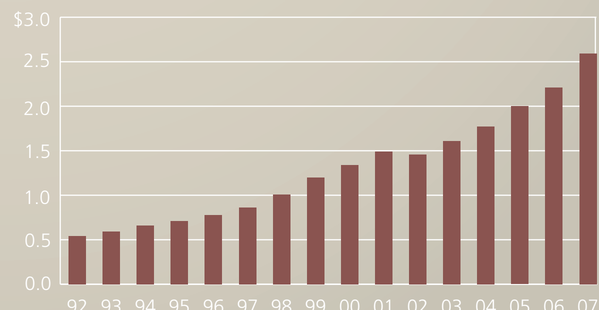
Same store NOI growth has exceeded 4% for each of the last 8 quarters.

Same Store NOI Growth



Annual growth in funds from operations has averaged 11.1% since our IPO.

Funds From Operations (per diluted common share)



Reconciliation From Net Income To Funds From Operations

(in thousands, except per share data)(unaudited)

	2007	2006	2005	2004	2003
Funds From Operations					
Net income	**$ 442,830**	$ 428,259	$ 363,628	$ 297,137	$ 307,879
Gain on disposition of operating properties, net of minority interests	**(5,914)**	(71,776)	(31,611)	(15,390)	(50,834)
Gain on disposition of joint venture operating properties	**(44,826)**	(16,549)	(13,776)	(4,045)	—
Depreciation and amortization	**187,779**	144,319	108,032	102,872	89,068
Depreciation and amortization - real estate jv's, net of minority interests	**109,611**	71,731	50,059	36,400	29,456
Preferred stock redemption costs	**—**	—	—	—	(7,788)
Preferred stock dividends	**(19,659)**	(11,638)	(11,638)	(11,638)	(14,669)
Funds from Operations	**$ 669,821**	$ 544,346	$ 464,694	$ 405,336	$ 353,112
Per common share					
Basic	**$ 2.66**	$ 2.27	$ 2.05	$ 1.82	$ 1.65
Diluted	**$ 2.59(1)**	$ 2.21(1)	$ 2.00(1)	$ 1.77(1)	$ 1.61(1)
Weighted Average Shares Outstanding					
Basic	**252,129**	239,552	226,641	222,859	214,184
Diluted	**262,824(1)**	250,315(1)	235,634(1)	231,909(1)	222,337(1)

(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 $10,083, $8,587, $6,693, $6,113 and $5,771 for the years ended December 31, 2007, 2006, 2005, 2004 and 2003, respectively.*

Reconciliation of diluted net income per common share to diluted funds from operations per common share

	2007	2006	2005	2004	2003
Diluted earnings per common share	**$ 1.65**	$ 1.70	$ 1.52	$ 1.26	$ 1.31
Depreciation and amortization	**0.71**	0.58	0.46	0.44	0.40
Depreciation and amortization - real estate jv's, net of minority interests	**0.42**	0.29	0.21	0.16	0.13
Gain on disposition of operating properties, net of minority interests	**(0.02)**	(0.29)	(0.13)	(0.07)	(0.23)
Gain on disposition of joint venture operating properties	**(0.17)**	(0.07)	(0.06)	(0.02)	—
FFO per diluted common share	**$ 2.59**	$ 2.21	$ 2.00	$ 1.77	$ 1.61

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 on Form 10-K.

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)	**2007**	2006	2005	2004	2003
	(in thousands, except per share information)				
Operating Data:					
Revenues from rental property (1)	**$ 681,553**	$ 587,547	$ 501,569	$ 488,021	$ 446,096
Interest expense (3)	**$ 213,674**	$ 170,677	$ 126,432	$ 105,898	$ 101,351
Depreciation and amortization (3)	**$ 189,650**	$ 139,263	$ 100,517	$ 94,651	$ 78,817
Gain on sale of development properties (4)	**$ 40,099**	$ 37,276	$ 33,636	$ 16,835	$ 17,495
Gain on transfer/sale of operating properties, net (3)	**$ 2,708**	$ 2,460	$ 2,833	$ —	$ 3,177
Benefit for income taxes (5)	**$ 30,346**	$ —	$ —	$ —	$ —
Provision for income taxes (6)	**$ —**	$ 17,253	$ 10,989	$ 8,320	$ 8,514
Income from continuing operations (7)	**$ 361,934**	$ 345,309	$ 324,894	$ 273,393	$ 234,195
Income per common share, from continuing operations:					
Basic	**$ 1.36**	$ 1.39	$ 1.38	$ 1.17	$ 0.99
Diluted	**$ 1.33**	$ 1.36	$ 1.36	$ 1.15	$ 0.97
Weighted average number of shares of common stock:					
Basic	**252,129**	239,552	226,641	222,859	214,184
Diluted	**257,058**	244,615	230,868	227,143	217,540
Cash dividends declared per common share	**$ 1.52**	$ 1.38	$ 1.27	$ 1.16	$ 1.10

December 31,	**2007**	2006	2005	2004	2003
Balance Sheet Data:					
Real estate, before accumulated depreciation	**$ 7,325,035**	$ 6,001,319	$4,560,406	$4,092,222	$4,174,664
Total assets	**$ 9,097,816**	$ 7,869,280	$5,534,636	$4,749,597	$4,641,092
Total debt	**$ 4,216,415**	$ 3,587,243	$2,691,196	$2,118,622	$2,154,948
Total stockholders' equity	**$ 3,894,574**	$ 3,366,959	$2,387,214	$2,236,400	$2,135,846
Cash flow provided by operations	**$ 665,989**	$ 455,569	$ 410,797	$ 365,176	$ 308,632
Cash flow used for investing activities	**$ (1,507,611)**	$ (246,221)	$ (716,015)	$ (299,597)	$ (637,636)
Cash flow provided by (used for) financing activities	**$ 584,056**	$ 59,444	$ 343,271	$ (75,647)	$ 341,330

(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, 2007, 2006, 2005, 2004 and 2003 and properties classified as held for sale as of December 31, 2007, which are reflected in discontinued operations in the Consolidated Statements of Income.

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

(4) Amounts exclude income taxes

(5) Does not include amounts reflected in discontinued operations and extraordinary gain. Amounts include income taxes related to gain on sale of development properties, gain on transfer/sale of operating properties, and adjustment for property carrying value.

(6) Amounts include income taxes related to gain on sale of development properties and gain on transfer/sale of operating properties.

(7) Amounts include gain on transfer/sale of operating properties, net of tax.

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

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 December 31, 2007, the Company had interests in 1,973 properties totaling approximately 183 million square feet of GLA located in 45 states, Canada, Mexico, Puerto Rico and Chile.

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 wholly owned taxable REIT subsidiaries, which are 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 focus 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 2007 performance, the Board of Directors increased the quarterly dividend per common share to $0.40 from $0.36, effective for the third quarter of 2007.

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

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

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, joint venture investments 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 materially 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 (primarily consisting of land, building, building improvements and tenant improvements) and identified intangible assets and liabilities (primarily consisting of above and below-market leases, in-place leases and tenant relationships), assumed debt and redeemable units issued 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 and building improvements	15 to 50 years
Fixtures, leasehold and tenant 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.

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.

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 2007 to 2006

	2007	2006	Increase/ (Decrease)	% change
	(amounts in thousands)			
Revenues from rental property (1)	**$681.6**	$587.5	$94.1	16.0%
Rental property expenses: (2)				
Rent	**$ 12.1**	$ 11.5	$ 0.6	5.2%
Real estate taxes	**83.6**	74.6	9.0	12.1%
Operating and maintenance	**90.0**	72.7	17.3	23.8%
	$185.7	$158.8	$26.9	16.9%
Depreciation and amortization (3)	**$189.7**	$139.3	$50.4	36.2%

(1) *Revenues from rental property increased primarily from the combined effect of (i) the acquisition of operating properties during 2006 and 2007, providing incremental revenues of approximately $85.5 million, (ii) an overall occupancy increase from the consolidated shopping center portfolio to 95.9% at December 31, 2007, as compared to 95.1% at December 31, 2006, due to growth in rental rates from renewing expiring leases, the completion of certain redevelopment and development projects and tenant buyouts providing incremental revenues of approximately $14.6 million for the year ended December 31, 2007 as compared to the corresponding period in 2006, offset by (iii) a decrease in revenues of approximately $6.0 million for the year ended December 31, 2007 as compared to the corresponding period in 2006, resulting from the transfer of operating properties to various unconsolidated joint venture entities, and the sale of certain properties during 2007 and 2006.*

(2) *Rental property expenses increased primarily due to operating property acquisitions during 2007 and 2006 which were partially offset by operating property dispositions including those transferred to various joint venture entities.*

(3) *Depreciation and amortization increased primarily due to operating property acquisitions during 2007 and 2006 which were partially offset by operating property dispositions including those transferred to various joint venture entities.*

Mortgage and other financing income decreased $4.6 million to $14.2 million for the year ended December 31, 2007, as compared to $18.8 million for the corresponding period in 2006. This decrease is primarily due to the recognition of accretion income of approximately $6.2 million, resulting from the early prepayment of a mortgage receivable in 2006 partially offset by an overall increase in interest income on mortgage receivables entered into in 2007 and 2006.

Management and other fee income increased approximately $14.2 million for the year ended December 31, 2007, as compared to the corresponding period in 2006. This increase is primarily due to increased property management fees and other transaction related fees related to the growth in the Company's co-investment programs.

General and administrative expenses increased approximately $26.6 million for the year ended December 31, 2007, as compared to the corresponding period in 2006. This increase is primarily due to personnel-related costs, primarily due to growth within the Company's co-investment programs and the overall continued growth of the Company.

Interest, dividends and other investment income decreased approximately $24.9 million for the year ended December 31,

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

2007, as compared to the corresponding period in 2006. This decrease is primarily due to a decrease in realized gains resulting from the sale of certain marketable securities during 2007 as compared to the corresponding period in 2006.

Other (expense)/income, net decreased approximately $19.5 million to $10.6 million of an expense for the year ended December 31, 2007, as compared to $8.9 million in income for the corresponding period in 2006. This decrease is primarily due to (i) the receipt of fewer shares during 2007 as compared to 2006 of Sears Holding Corp. common stock received as partial settlement of Kmart pre-petition claims and (ii) an increase in Canadian withholding charges on profit participation proceeds received during 2007 relating to capital transactions from a Canadian preferred equity investment.

Interest expense increased approximately $43.0 million for the year ended December 31, 2007, as compared to the corresponding period in 2006. This increase is due to higher interest rates and higher outstanding levels of debt during the year ended December 31, 2007, as compared to the same period in 2006.

Benefit for income taxes increased $48.9 million for the year ended December 31, 2007, as compared to the corresponding period in 2006. This increase is primarily due to the reduction of approximately $31.2 million of NOL valuation allowance and a tax benefit of approximately $10.1 million from operating losses recognized in connection with the Albertson's investment.

Equity in income of real estate joint ventures, net increased $67.8 million to $173.4 million for the year ended December 31, 2007, as compared to $105.5 million for the corresponding period in 2006. This increase is primarily the result of (i) an increase in equity in income from the Kimco Realty Opportunity Portfolio ("KROP") joint venture investment primarily resulting from profit participation of approximately $39.3 million and gains on sale/transfer of operating properties during 2007 of which the Company's share of gains were $12.8 million for the year ended December 31, 2007, (ii) an increase in equity in income from the Kimco Income Opportunity Portfolio ("KIR") joint venture investment primarily resulting from gains on sale of operating properties during 2007 of which the Company's share of gains was $20.7 million for the year ended December 31, 2007 and (iii) the Company's growth of its various other real estate joint ventures due to additional capital investments for the acquisition of additional operating properties by the ventures throughout 2007 and 2006, partially offset by net operating losses and excess cash distribution from the Albertson's joint venture of approximately $7.9 million during 2007.

During 2007, the Company sold, in separate transactions, (i) four recently completed merchant building projects, (ii) 26 out-parcels, (iii) 74.3 acres of undeveloped land and (iv) completed partial sales of two projects, for aggregate total proceeds of approximately $310.5 million and approximately $3.3 million of proceeds from completed earn-out requirements on previously sold projects. These transactions resulted in gains of approximately $24.1 million, after income taxes of $16.0 million.

As part of the Company's ongoing analysis of its merchant building projects, the Company has determined that for two of its projects, located in Jacksonville, FL and Anchorage, AK, the recoverable value will not exceed their estimated cost. This is primarily due to adverse changes in local market conditions and the uncertainty of those conditions in the future. As a result, the Company has recorded an aggregate pre-tax adjustment of property carrying value on these projects for the year ended December 31, 2007, of $8.5 million, representing the excess of the carrying value of the projects over their estimated fair value.

During 2006, the Company sold six recently completed merchant building 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 2007, the Company (i) disposed of six operating properties and completed partial sales of three operating properties, in separate transactions, for an aggregate sales price of approximately $40.0 million, which resulted in an aggregate net gain of approximately $6.4 million, after income tax of approximately $1.6 million and (ii) transferred one operating property, which was acquired in the first quarter of 2007, to a joint venture in which the Company holds a 15% non-controlling ownership interest for an aggregate price of approximately $4.5 million, which represented the net book value.

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

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.

Net income for the year ended December 31, 2007 was $442.8 million or $1.65 on a diluted per share basis as compared to $428.3 million or $1.70 on a diluted per share basis for the corresponding period in 2006. This change is primarily attributable to (i) an increase in revenues from rental properties primarily due to acquisitions of operating properties during 2007 and 2006, (ii) an increase in equity in income of real estate joint ventures achieved

from profit participation and gains on sale of joint venture operating properties and additional capital investments in the Company's joint venture programs for the acquisition of additional operating properties throughout 2007 and 2006, (iii) earnings of $75.5 million related to the Albertson's investment monetization, partially offset by, (iv) a decrease in income resulting from the sale of certain marketable securities during the corresponding period in 2006 and (v) a decrease in gains on sale of operating properties in 2007 as compared to 2006.

Comparison 2006 to 2005

	2006	2005	Increase/ (Decrease)	% change
	(amounts in thousands)			
Revenues from rental property (1)	**$587.5**	$501.6	$85.9	17.1%
Rental property expenses: (2)				
Rent	**$ 11.5**	$ 10.0	$ 1.5	15.0%
Real estate taxes	**74.6**	64.1	10.5	16.4%
Operating and maintenance	**72.7**	58.2	14.5	24.9%
	$158.8	$132.3	$26.5	20.0%
Depreciation and amortization (3)	**$139.3**	$100.5	$38.8	38.6%

(1) *Revenues from rental property increased primarily from the combined effect of (i) the acquisition of operating properties during 2006 and 2005, 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 95.1% 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 decrease in revenues of approximately $20.0 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.*

(2) *Rental property expenses increased 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.*

(3) *Depreciation and amortization increased 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 prepayment 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 $20.8 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 and the overall continued growth of the Company.

Interest, dividends and other investment income increased approximately $27.5 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 as compared to 2005.

Interest expense increased $44.2 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 $28.1 million to $105.5 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 joint venture 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 Company's share of gains was $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 2006 and 2005.

During 2006, the Company sold six recently completed merchant building 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.

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

During 2005, the Company sold, in separate transactions, 41 out-parcels and six recently completed merchant building 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 2006 and 2005, (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.

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, 2007, the Company's five largest tenants were The Home Depot, TJX Companies, Sears Holdings, Kohl's and Wal-Mart, which represented approximately 3.2%, 2.8%, 2.3%, 2.0% and 1.9%, respectively, of the Company's annualized base rental revenues, including the proportionate share of base rental revenues from properties in which the Company has less than a 100% economic interest.

Liquidity and Capital Resources

The Company's capital resources include access to liquidity in the capital markets, mortgage and construction loan financing and immediate access to unsecured revolving credit facilities with aggregate bank commitments of approximately $1.8 billion.

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

Year Ended December 31,	**2007**	2006	2005
Net cash flow provided by operating activities	**$ 666.0**	$ 455.6	$ 410.8
Net cash flow used for investing activities	**$ (1,507.6)**	$ (246.2)	$ (716.0)
Net cash flow provided by financing activities	**$ 584.1**	$ 59.4	$ 343.3

Operating Activities

Cash flows provided from operating activities for the year ended December 31, 2007 were approximately $666.0 million, as compared to approximately $455.6 million for the comparable period in 2006. The increase of approximately $210.4 million is primarily attributable to increased cash flows due to (i) the acquisition of properties during 2007 and 2006, (ii) an increase in revenues from rental properties due to an overall occupancy increase from the consolidated shopping center portfolio, growth in rental rates from lease renewals and the completion of certain re-development and development projects and (iii) an increase in distributions from joint ventures primarily received from the Company's investment in KROP resulting from the distribution of profit participation proceeds and distributions from the Albertson's investment.

The Company anticipates that cash flows from operating activities will continue to provide adequate capital to fund its operating and administrative expenses, regular debt service obligations and all dividend payments in accordance with REIT requirements in both the short term and long term. In addition, the Company anticipates that cash on hand, borrowings under its revolving credit facilities, issuance of equity and public debt, as well as other debt and equity alternatives, will provide the necessary capital required by the Company. Net cash flow provided by operating activities for the year ended December 31, 2007, was primarily attributable to (i) cash flow from the diverse portfolio of rental properties, (ii) the acquisition of operating properties during 2007 and 2006, (iii) new leasing, expansion and re-tenanting of core portfolio properties and (iv) growth in the Company's joint venture and Preferred Equity programs.

Investing Activities

Cash flows used for investing activities for the year ended December 31, 2007 were approximately $1.5 billion, as compared to approximately $246.2 million for the comparable period in 2006. This increase in cash utilization of $1.3 billion resulted primarily from an increase in acquisition of and improvements to operating real estate and real estate under development and a

decrease in proceeds received from transferred operating/development properties, partially offset by reimbursements of advances to real estate joint ventures received in 2007 as compared to 2006.

Acquisitions and Redevelopments

During the year ended December 31, 2007, the Company expended approximately $1.0 billion 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, 2007, the Company expended approximately $70.1 million in connection with these major redevelopments and re-tenanting projects. The Company anticipates its capital commitment toward these and other redevelopment projects during 2008 will be approximately $90.0 million to $110.0 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, 2007, the Company expended approximately $413.2 million for investments and advances to real estate joint ventures and received approximately $293.5 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 consist of (i) merchant building through the Company's wholly-owned taxable REIT subsidiaries, which develop neighborhood and community shopping centers and the subsequent sale thereof upon completion, (ii) U.S. ground-up development projects which will be held as long-term investments by the Company and (iii) various ground-up development projects located in Mexico for long-term investment. (See Recent Developments - International Real Estate Investments and Note 3 of the Notes to Consolidated Financial Statements included in this Annual Report.) The ground-up development projects generally have significant pre-leasing prior to the commencement of construction. As of December 31, 2007, the Company had in progress a total of 60 ground-up development projects including 27 merchant building projects, nine U.S. ground-up development projects, and 24 ground-up development projects located throughout Mexico.

During the year ended December 31, 2007, the Company expended approximately $640.9 million in connection with the purchase of land and construction costs related to these projects and those sold during 2007. The Company anticipates its capital commitment during 2008 toward these and other development projects will be approximately $200.0 million to $250.0 million. The proceeds from the sales of completed ground-up development projects, proceeds from construction loans and availability under the Company's revolving lines of credit are expected to be sufficient to fund these anticipated capital requirements.

Dispositions and Transfers

During the year ended December 31, 2007, the Company received net proceeds of approximately $359.2 million relating to the sale of various operating properties and ground-up development projects and approximately $69.9 million 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

Cash flows provided from financing activities for the year ended December 31, 2007 were approximately $584.1 million, as compared to approximately $59.4 million for the comparable period in 2006. This increase of approximately $524.7 million resulted primarily from (i) an increase in borrowings under the Company's revolving credit facilities in 2007 due to increased investment activity during 2007, (ii) an increase in proceeds from mortgage/construction loan financing and (iii) a decrease in the repayment of borrowings under the revolving credit facilities in 2007 as compared to 2006, partially offset by an increase in dividends paid.

It is management's intention that the Company continually has access to the capital resources necessary to expand and develop its business. As such, the Company intends to operate with and maintain a conservative capital structure with a level of debt to total market capitalization of 50% or less. As of December 31, 2007, the Company's level of debt to total market capitalization was 30%. 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 common and preferred equity offerings, unsecured debt financings and/or mortgage/construction loan financings and other capital alternatives in a manner consistent with its intention to operate with a conservative debt structure.

Since the completion of the Company's IPO in 1991, the Company has utilized the public debt and equity markets as its principal source of capital for its expansion needs. Since the IPO, the Company has completed additional offerings of its public unsecured debt and equity, raising in the aggregate over $5.7 billion. 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.

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

During October 2007, the Company established a new $1.5 billion unsecured U.S. revolving credit facility (the "U.S. Credit Facility") with a group of banks, which is scheduled to expire in October 2011. This credit facility, which replaced the Company's $850.0 million unsecured U.S. revolving facility, which was scheduled to expire in July 2008, has made available funds to finance general corporate purposes, including (i) property acquisitions, (ii) investments in the Company's institutional management programs, (iii) development and redevelopment costs and (iv) any short-term working capital requirements. Interest on borrowings under the U.S. Credit Facility accrues at LIBOR plus 0.375% and fluctuates in accordance with changes in the Company's senior debt ratings. As part of this U.S. Credit Facility, the Company has a competitive bid option whereby the Company may auction up to $750.0 million of its requested borrowings to the bank group. This competitive bid option provides the Company the opportunity to obtain pricing below the currently stated spread. A facility fee of 0.125% per annum is payable quarterly in arrears. As part of the U.S. Credit Facility, the Company has a $200.0 million sub-limit which provides it the opportunity to borrow in alternative currencies such as Pounds Sterling, Japanese Yen or Euros. Pursuant to the terms of the U.S. Credit Facility, the Company, among other things, is subject to covenants requiring the maintenance of (i) maximum leverage ratios on both secured and unsecured debt and (ii) minimum interest and fixed coverage ratios. As of December 31, 2007, there was approximately $259.0 million outstanding under this credit facility, of which approximately $9.0 million (approximately 4.5 million Pounds Sterling) was outstanding under the alternative currency sub-limit.

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 0.45%, and was scheduled to expire in March 2008. During October 2007, the facility was amended to modify the covenant package to conform to the Company's U.S. Credit Facility. The facility was further amended in January 2008, to extend the maturity date to 2011, with an additional one-year extension option, at a reduced rate of CDOR plus 0.375%, subject to change in accordance with the Company's senior debt ratings. Proceeds from this facility are used for general corporate purposes, including the funding of Canadian denominated investments. As of December 31, 2007, 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%, subject to change in accordance with the Company's senior debt ratings, and is scheduled to mature in May 2008 with an additional one-year extension option. Proceeds from this facility are used to fund peso denominated investments. As of December 31, 2007, there was MXP 250.0 million (approximately USD $22.9 million) outstanding under this credit facility.

The Company is currently negotiating a five-year fixed rate MXP 1.0 billion term loan. Proceeds from this loan will be used to pay the outstanding balance on the MXP 500.0 million unsecured revolving credit facility and for funding Mexican denominated investments.

During August 2007, the Company obtained a $200.0 million unsecured term loan that bore interest at LIBOR plus 0.325%. The term loan was scheduled to mature on December 14, 2007. The Company utilized these proceeds to partially repay the outstanding balance on the Company's U.S. Credit Facility. The term loan was fully repaid in October 2007.

The Company has 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. (See Note 11 of the Notes to Consolidated Financial Statements included in this Annual Report.)

During April 2007, the Company issued $300.0 million of ten-year Senior Unsecured Notes at an interest rate of 5.70% per annum payable semi-annually in arrears. These notes were sold at 99.984% of par value. Net proceeds from the issuance were approximately $297.8 million, after related transaction costs of approximately $2.2 million. The proceeds from this issuance were primarily used to repay a portion of the outstanding balance under the Company's U.S. Credit Facility and for general corporate purposes. These notes were issued in conjunction with a fourth supplemental indenture, which removed the financial covenant requirements for this issuance and future offerings under the indenture as amended.

During the year ended December 31, 2007, the Company repaid the following senior unsecured notes: (i) its $30.0 million 7.46% fixed rate notes, which matured on May 20, 2007, (ii) its $55.0 million 5.75% fixed rate notes, which matured on June 29, 2007, (iii) its $20.0 million 6.96% fixed rate notes which matured on July 16, 2007, (iv) its $50.0 million 7.86% fixed rate notes, which matured on November 1, 2007, (v) its $50.0 million 7.90% fixed rate notes, which matured on December 7, 2007 and (vi) its $10.0 million 6.70% fixed rate notes, which matured on December 14, 2007. Additionally, the Company repaid its $35.0 million 4.96% fixed rate Senior Unsecured Notes, which matured on November 30, 2007.

In addition to the public equity and debt markets as capital sources, the Company may, from time-to-time, obtain mortgage financing on selected properties and construction loans to partially fund the capital needs of its ground-up development projects. As of December 31, 2007, the Company had over 390 unencumbered property interests in its portfolio.

During 2007, the Company (i) obtained an aggregate of approximately $285.8 million of non-recourse mortgage debt on 12 operating properties, (ii) assumed approximately $83.7 million of individual non-recourse mortgage debt relating to the acquisition

of eight operating properties, including approximately $2.5 million of fair value debt adjustments and (iii) paid off approximately $81.6 million of individual non-recourse mortgage debt that encumbered 11 operating properties.

During 2007, the Company obtained individual construction loans on five merchant building projects and assumed one loan in connection with the acquisition of a merchant building project. Additionally, the Company repaid construction loans on three merchant building projects. As of December 31, 2007, the Company had a total of 15 construction loans with commitments of up to $360.3 million of which approximately $245.9 million has been funded. These loans had scheduled maturities ranging from one month to 33 months (excluding any extension options which may be available to the Company) and bear interest at rates ranging from 6.78% to 7.48% at December 31, 2007.

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

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

During 2007, the Company received approximately $38.1 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 $384.5 million in 2007, compared to $332.6 million in 2006 and $293.3 million in 2005.

Although the Company receives substantially all of its rental payments on a monthly basis, it generally intends to continue paying dividends quarterly. Amounts accumulated in advance of each quarterly distribution will be invested by the Company in short-term money market or other suitable instruments. The Company's Board of Directors declared a quarterly dividend of $0.40 per common share payable to shareholders of record on January 2, 2008, which was paid on January 15, 2008.

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 28 years. As of December 31, 2007, the Company's total debt had a weighted average term to maturity of approximately 5.5 years. In addition, the Company has non-cancelable operating leases pertaining to its shopping center portfolio. As of December 31, 2007, the Company has 79 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 19 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, 2007 (in millions):

	2008	2009	2010	2011	2012	There-after	Total
Long-Term Debt, including interest (1)(2)	$ 742.9	$523.6	$500.7	$817.0	$405.8	$2,448.4	$5,438.4
Operating Leases							
Ground Leases	$ 11.4	$ 10.9	$ 9.0	$ 6.7	$ 6.0	$ 115.6	$ 159.6
Retail Store Leases	$ 3.9	$ 3.7	$ 3.6	$ 3.1	$ 2.0	$ 1.3	$ 17.6

(1) maturities utilized do not reflect extension options, which range from six months to two years.

(2) for loans which have interest at floating rates, future interest expense was calculated using the rate as of December 31, 2007.

The Company has $100.0 million of medium term notes, $25.3 million of senior unsecured notes, $84.4 million of mortgage debt and $260.9 million of construction loans scheduled to mature in

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

2008. 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 $30.7 million.

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

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

During June 2007, the Company entered into a joint venture, in which the Company has a non-controlling ownership interest, and acquired all of the common stock of InTown Suites Management, Inc. This investment was funded with approximately $186.0 million of new cross-collateralized non-recourse mortgage debt with a fixed interest rate of 5.59%, encumbering 35 properties, a $153.0 million three-year unsecured credit facility, which bears interest at LIBOR plus 0.325% and is guaranteed by the Company and the assumption of $278.6 million cross-collateralized non-recourse mortgage debt with fixed interest rates ranging from 5.19% to 5.89%, encumbering 86 properties. The joint venture partner has pledged its equity interest for any guaranty payment the Company is obligated to pay. The outstanding balance on the three-year unsecured credit facility was $149.0 million as of December 31, 2007. The joint venture obtained an interest rate swap at 5.37% on $128.0 million of this debt. The swap is designated as a cash flow hedge and as such adjustments are recorded in Other comprehensive income.

During 2007, the Company entered into a joint venture, in which the Company has a non-controlling ownership interest, to acquire a property in Houston, Texas. This investment was funded with a $24.5 million one-year unsecured credit facility with an additional one-year extension option, which bears interest at LIBOR plus 0.375% and is guaranteed by the Company. The outstanding balance on this credit facility as of December 31, 2007 was $24.5 million.

During April 2007, the Company entered into a joint venture, in which the Company has a 50% non-controlling ownership interest to acquire a property in Visalia, CA. Subsequent to this acquisition the joint venture obtained a three-year $6.0 million three-year promissory note which bears interest at LIBOR plus 0.75%, and has an extension option of two-years. This loan is jointly and severally guaranteed by the Company and the joint venture partner. As of December 31, 2007, the outstanding balance on this loan was $6.0 million.

The KimPru joint ventures, entities in which the Company holds a 15% non-controlling interest, with Prudential Real Estate Investors ("PREI") through three separate accounts managed by PREI obtained a $1.2 billion two-year credit facility provided by a consortium of banks and guaranteed by the Company. PREI guaranteed reimbursement to the Company of 85% of any guaranty payment the Company is obligated to make. As of December 31, 2007, there was $702.5 million outstanding under this credit facility, which bears interest at LIBOR plus 0.45% and is scheduled to mature in October 2008.

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, 2007, there was CAD $72.6 million (approximately USD $74.0 million) outstanding on this construction loan.

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, 2007, there were approximately $90.4 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 $7.1 million) letter of credit facility. This facility is jointly guaranteed by RioCan and the Company and had approximately CAD $5.5 million (approximately USD $5.6 million) outstanding as of December 31, 2007, relating to various development projects.

During 2005, an entity in which the Company has a preferred equity investment obtained a CAD $22.5 million (approximately USD $22.9 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 March 2008. The Company and its partner in this entity each have a limited and several guarantee of CAD $7.5 million (approximately USD $7.6 million) on this facility. As of December 31, 2007, there was CAD $21.1 million (approximately USD $21.5 million) outstanding on this facility.

During 2005, PL Retail, a joint venture in which the Company holds a 15% non-controlling interest, entered into a $39.5 million unsecured revolving credit facility, which bears interest at LIBOR plus 0.45% and was scheduled to mature in February 2008. During 2008, the loan was extended to February 2009. 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, 2007, there was $24.6 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 2007, one of these properties was sold for a sales price of approximately $10.5 million, including the pay down of $5.0 million of debt. During 2007, two of these term loans were extended until May 2008 and one was extended until October 2008. As of December 31, 2007, there was an aggregate of $15.4 million outstanding on these loans. These loans are jointly and severally guaranteed by the Company and the joint venture partner.

Off-Balance Sheet Arrangements

Merchant Building Joint Ventures

At December 31, 2007, the Company has two merchant building projects through unconsolidated joint ventures in which the Company has 50% non-controlling interests. One project is financed with a $113.0 million ten-year permanent note, which bears interest at a rate of 5.55% per annum. The other project is financed with a term loan, which is 50% guaranteed by the Company, with a commitment of up to $28.0 million of which $28.0 million was outstanding as of December 31, 2007. This loan bears interest at LIBOR plus 1.55%, or 6.78% at December 31, 2007, and is scheduled to mature in September 2008.

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 (c)	15.00%	127	19,837	$2,085.5	$702.5(b)	92	5.66%	70.1
KIR (d)	45.00%	63	13,117	$1,018.7	$ —	61	6.96%	41.4
PL Retail (e)	15.00%	22	5,578	$ 658.2	$ 24.6(b)	22	6.17%	26.0
KUBS (f)	17.89%(a)	43	6,166	$ 770.2	$ —	43	5.70%	89.2
RioCan Venture (g)	50.00%	35	8,199	$ 763.9	$ —	35	6.12%	67.0

(a) Ownership % is a blended rate.
(b) See Contractual Obligations and Other Commitments regarding guarantees by the Company and its joint venture partners.
(c) Represents the Company's joint ventures with Prudential Real Estate Investors.
(d) Represents the Kimco Income REIT, formed in 1998.
(e) Represents the Company's joint venture formed from the acquisition of the Price Legacy Corporation.
(f) Represents the Company's joint ventures with UBS Wealth Management North American Property Fund Limited.
(g) Represents the Company's joint venture with RioCan Real Estate Investment Trust.

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

The Company has various other unconsolidated real estate joint ventures with varying structures. As of December 31, 2007, these unconsolidated joint ventures had individual non-recourse mortgage loans aggregating approximately $2.9 billion. The Company's share of these non-recourse mortgages was approximately $707.7 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, 2007, the Company's net investment under the Preferred Equity Program was approximately $484.1 million relating to 258 properties. As of December 31, 2007, these preferred equity investment properties had individual non-recourse mortgage loans aggregating approximately $1.7 billion. Due to the Company's preferred position in these investments, the Company's 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.

Additionally, during July 2007, the Company invested approximately $81.7 million of preferred equity capital in a portfolio comprised of 403 net leased properties which are divided into 30 master leased pools with each pool leased to individual corporate operators. These properties consist of a diverse array of free-standing restaurants, fast food restaurants, convenience and auto parts stores. As of December 31, 2007 these properties were encumbered by third party loans aggregating approximately $433.0 million with interest rates ranging from 5.08% to 10.47% with a weighted average interest rate of 9.3% and maturities ranging from 1.4 years to 15.2 years.

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, 2007, 18 of these properties were sold, whereby the proceeds from the sales were used to pay down the mortgage debt by approximately $32.1 million. As of December 31, 2007, the remaining 12 properties were encumbered by third-party non-recourse debt of approximately $48.8 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 September 2006, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 157, Fair Value Measurement ("SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurement. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. During February 2008, the FASB issued a Staff Position that will (i) partially defer the effective date of SFAS No. 157 for one year for certain nonfinancial assets and nonfinancial liabilities and (ii) remove certain leasing transactions from the scope of SFAS No. 157. The impact of adopting SFAS No. 157 is not expected to have a material impact on the Company's financial position or results of operations.

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

In June 2007, the AICPA issued Statement of Position 07-1, Clarification of the Scope of the Audit and Accounting Guide for Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies ("SOP 07-1"). SOP 07-1 sets forth more stringent criteria for qualifying as an investment company than does the predecessor Audit Guide. In addition, SOP 07-1 establishes new criteria for a parent company or equity method investor to retain investment company accounting in their consolidated financial statements. Investment companies record all their investments at fair value with changes in value reflected in earnings. SOP 07-1 was to be effective for the Company's 2008 fiscal year, however, in October 2007 the FASB agreed to propose an indefinite delay, and, in February 2008, the FASB issued a final Staff Position to indefinitely delay the effective date of SOP 07-1.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations ("SFAS No. 141(R)"). The objective of this statement is to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. To accomplish that, this Statement establishes principles and requirements for how the acquirer: (i) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree, (ii) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase and (iii) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. This statement applies prospectively to business combinations for which the acquisition date is on or after the first annual reporting period beginning on or after December 15, 2008. An entity may not apply it before that date. The Company is currently assessing the impact the adoption of SFAS No. 141(R) would have on the Company's financial position and results of operations.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements, an Amendment of ARB No. 51("SFAS No. 160"). A noncontrolling interest, sometimes called a minority interest, is the portion of equity in a subsidiary not attributable, directly or indirectly, to a parent. The objective of this statement is to improve the relevance, comparability, and transparency of the financial information that a reporting entity provides in its consolidated financial statements by establishing accounting and reporting standards that require: (i) the ownership interests in subsidiaries held by parties other than the parent be clearly identified, labeled, and presented in the consolidated statement of financial position within equity, but separate from the parent's equity, (ii) the amount of consolidated net income attributable to the parent and to the non-controlling interest be clearly identified and presented on the face of the consolidated statement of income, (iii) changes in a parent's ownership interest while the parent retains its controlling financial interest in its subsidiary be accounted for consistently and requires that they be accounted for similarly, as equity transactions, (iv) when a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary be initially measured at fair value, the gain or loss on the deconsolidation of the subsidiary is measured using the fair value of any noncontrolling equity investment rather than the carrying amount of that retained investment and (v) entities provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The Company is currently assessing the impact the adoption of SFAS No. 160 would have on the Company's financial position and 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, 2007, with corresponding weighted-average interest rates sorted by maturity date. The information is presented in U.S. dollar equivalents, which is the Company's reporting currency. The instruments' actual cash flows are denominated in U.S. dollars, Canadian dollars and Mexican pesos as indicated by geographic description ($USD equivalent in millions).

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

	2008	2009	2010	2011	2012	2013+	Total	Fair Value
U.S. Dollar Denominated								
Secured Debt								
Fixed Rate	$ 84.4	$ 60.7	$ 18.0	$ 45.1	$ 52.8	$ 435.2	$ 696.2	$ 682.1
Average Interest Rate	7.18%	7.04%	8.47%	7.43%	7.26%	6.20%	6.61%	
Variable Rate	$ 260.9	$ 73.1	$ 54.1	$ —	$ —	$ 0.4	$ 388.5	$ 388.5
Average Interest Rate	6.00%	6.69%	6.70%	—	—	7.25%	5.71%	
Unsecured Debt								
Fixed Rate	$ 125.3	$ 180.0	$ 76.1	$ 360.3	$ 217.0	$ 1,528.1	$ 2,486.8	$ 2,454.9
Average Interest Rate	4.61%	6.98%	5.54%	6.35%	6.00%	5.47%	5.71%	
Variable Rate	$ 2.4	$ —	$ 6.5	$ 259.0	$ —	$ —	$ 267.9	$ 267.9
Average Interest Rate	6.25%	—	7.52%	5.28%	—	—	5.35%	
Canadian Dollar Denominated								
Unsecured Debt								
Fixed Rate	$ —	$ —	$ 151.8	$ —	$ —	$ 202.4	$ 354.2	$ 349.4
Average Interest Rate	—	—	4.45%	—	—	5.18%	4.87%	
Mexican Pesos Denominated								
Unsecured Debt								
Variable Rate	$ 22.9	$ —	$ —	$ —	$ —	$ —	$ 22.9	$ 22.9
Average Interest Rate	8.92%	—	—	—	—	—	8.92%	

Based on the Company's variable-rate debt balances, interest expense would have increased by approximately $6.8 million in 2007 if short-term interest rates were 1.0% higher.

As of December 31, 2007, the Company had (i) Canadian investments totaling CAD $476.8 million (approximately USD $482.5 million) comprised of real estate joint venture investments and marketable securities, (ii) Mexican real estate investments of approximately MXP 8.0 billion (approximately USD $734.8 million) and (iii) Chilean real estate investments of approximately 1.6 billion Chilean Pesos ("CLP") (approximately USD $3.0 million). The foreign currency exchange risk has been partially mitigated through the use of local currency denominated debt. The Company has not, and does not plan to, enter into any derivative financial instruments for trading or speculative purposes. As of December 31, 2007, 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.

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, 2007.

The effectiveness of our internal control over financial reporting as of December 31, 2007 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:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income and comprehensive income, of shareholders' equity and cash flow present fairly, in all material respects, the financial position of Kimco Realty Corporation and its Subsidiaries at December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included 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. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide 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.

New York, New York
February 27, 2008

Consolidated Balance Sheets

(in thousands, except share information)

	December 31, 2007	December 31, 2006
Assets:		
Real Estate		
Rental property		
Land	**$ 1,262,879**	$ 978,819
Building and improvements	**4,917,750**	3,984,518
	6,180,629	4,963,337
Less, accumulated depreciation and amortization	**977,444**	806,670
	5,203,185	4,156,667
Real estate under development	**1,144,406**	1,037,982
Real estate, net	**6,347,591**	5,194,649
Investments and advances in real estate joint ventures	**1,246,917**	1,067,918
Other real estate investments	**615,016**	451,731
Mortgages and other financing receivables	**153,847**	162,669
Cash and cash equivalents	**87,499**	345,065
Marketable securities	**212,988**	202,659
Accounts and notes receivable	**88,017**	83,418
Deferred charges and prepaid expenses	**121,690**	95,163
Other assets	**224,251**	266,008
Total assets	**$ 9,097,816**	$ 7,869,280
Liabilities & Stockholders' Equity:		
Notes payable	**$ 3,131,765**	$ 2,748,345
Mortgages payable	**838,736**	567,917
Construction loans payable	**245,914**	270,981
Accounts payable and accrued expenses	**161,526**	163,668
Dividends payable	**112,052**	93,222
Other liabilities	**265,090**	232,946
Total liabilities	**4,755,083**	4,077,079
Minority interests	**448,159**	425,242
Commitments and contingencies		
Stockholders' equity:		
Preferred Stock , $1.00 par value, authorized 3,232,000 and 3,600,000 shares, respectively		
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		
Class G Preferred Stock, $1.00 par value, authorized 184,000 shares		
Issued and outstanding 184,000 shares	**184**	—
Aggregate liquidation preference $460,000		
Common stock, $.01 par value, authorized 750,000,000 and 300,000,000 shares, respectively		
Issued 253,350,144 and 251,416,749, shares; outstanding 252,803,564		
and 250,870,169, respectively.	**2,528**	2,509
Paid-in capital	**3,677,509**	3,178,016
Retained earnings	**180,005**	140,509
	3,860,926	3,321,734
Accumulated other comprehensive income	**33,648**	45,225
Total stockholders' equity	**3,894,574**	3,366,959
Total liabilities and stockholders' equity	**$ 9,097,816**	$ 7,869,280

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

Consolidated Statements of Income

(in thousands, except per share data)

	Year Ended December 31,		
	2007	2006	2005
Revenues from rental property	**$ 681,553**	$ 587,547	$ 501,569
Rental property expenses:			
Rent	**(12,131)**	(11,531)	(10,012)
Real estate taxes	**(83,571)**	(74,607)	(64,067)
Operating and maintenance	**(90,013)**	(72,701)	(58,167)
Mortgage and other financing income	**14,197**	18,816	27,586
Management and other fee income	**54,844**	40,684	30,474
Depreciation and amortization	**(189,650)**	(139,263)	(100,517)
General and administrative expenses	**(103,882)**	(77,324)	(56,475)
Interest, dividends and other investment income	**30,951**	55,822	28,345
Other (expense)/income, net	**(10,590)**	8,928	5,071
Interest expense	**(213,674)**	(170,677)	(126,432)
Income from continuing operations before income taxes, income from other real estate investments, equity in income of joint ventures, minority interests in income, gain on sale of development properties and adjustment of property carrying values	**78,034**	**165,694**	**177,375**
Benefit/(provision) for income taxes	**44,490**	(4,387)	(165)
Income from other real estate investments	**78,524**	77,062	56,751
Equity in income of joint ventures, net	**173,363**	105,525	77,454
Minority interests in income, net	**(34,144)**	(26,166)	(12,164)
Gain on sale of development properties, net of tax of $16,040, $12,155 and $10,824, respectively	**24,059**	25,121	22,812
Adjustment of property carrying values, net of tax of $3,400, $0 and $0, respectively	**(5,100)**	—	—
Income from continuing operations	**359,226**	**342,849**	**322,063**
Discontinued operations:			
Income from discontinued operating properties	**32,773**	13,914	15,485
Minority interests in income	**(5,848)**	(1,585)	(573)
Loss on operating properties held for sale/sold	**(1,832)**	(1,421)	(5,098)
Gain on disposition of operating properties, net of tax	**5,538**	72,042	28,918
Income from discontinued operations	**30,631**	**82,950**	**38,732**
Gain on transfer of operating properties	**—**	1,394	2,301
Loss on transfer of operating property	**—**	—	(150)
Gain on sale of operating properties, net of tax	**2,708**	1,066	682
Total gain on transfer or sale of operating properties, net of tax	**2,708**	**2,460**	**2,833**
Income before extraordinary item	**392,565**	**428,259**	**363,628**
Extraordinary gain from joint venture resulting from purchase price allocation, net of tax and minority interest	**50,265**	—	—
Net income	**442,830**	**428,259**	**363,628**
Preferred stock dividends	**(19,659)**	(11,638)	(11,638)
Net income available to common shareholders	**$ 423,171**	**$ 416,621**	**$ 351,990**
Per common share:			
Income from continuing operations:			
-Basic	**$ 1.36**	**$ 1.39**	**$ 1.38**
-Diluted	**$ 1.33**	**$ 1.36**	**$ 1.36**
Net income :			
-Basic	**$ 1.68**	**$ 1.74**	**$ 1.55**
-Diluted	**$ 1.65**	**$ 1.70**	**$ 1.52**
Weighted average shares:			
-Basic	**252,129**	239,552	226,641
-Diluted	**257,058**	244,615	230,868

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

Consolidated Statements of Comprehensive Income

(in thousands)

	Year ended December 31,		
	2007	2006	2005
Net income	**$ 442,830**	$ 428,259	$ 363,628
Other comprehensive income:			
Change in unrealized gain/(loss) on marketable securities	**(25,803)**	(26,467)	26,689
Change in unrealized gain/(loss) on foreign currency hedge agreements	**(1,470)**	143	2,536
Change in foreign currency translation adjustment	**15,696**	2,503	2,040
Other comprehensive income	**(11,577)**	(23,821)	31,265
Comprehensive income	**$ 431,253**	$ 404,438	$ 394,893

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

Consolidated Statements of Stockholders' Equity

(in thousands, except per share information)

	Preferred Stock		Common Stock					
	Issued	Amount	Issued	Amount	Paid-in Capital	Retained Earnings / (Cumulative Distributions in Excess of Net Income)	Accumulated Other Comprehensive Income	Total Stockholders' Equity
Balance, January 1, 2005	700	$ 700	224,854	$ 2,248	$ 2,199,420	$ (3,749)	$ 37,781	$ 2,236,400
Net income						363,628		363,628
Dividends ($1.27 per common share; $1.6625 Class F Depositary Share, respectively)						(300,024)		(300,024)
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	2,387,214
Net income						428,259		428,259
Dividends ($1.38 per common share; $1.6625 Class F Depositary Share, respectively)						(347,605)		(347,605)
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	3,366,959
Net income						442,830		442,830
Dividends ($1.52 per common share; $1.6625 Class F Depositary Share, and $0.4359 per Class G Depositary Share, respectively)						(403,334)		(403,334)
Issuance of common stock			50	1	2,413			2,414
Exercise of common stock options			1,884	18	40,546			40,564
Issuance of Class G Preferred Stock	184	184			444,283			444,467
Amortization of stock option expense					12,251			12,251
Other comprehensive income							(11,577)	(11,577)
Balance, December 31, 2007	**884**	**$ 884**	**252,804**	**$ 2,528**	**$ 3,677,509**	**$ 180,005**	**$ 33,648**	**$ 3,894,574**

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

Consolidated Statements of Cash Flows

(in thousands)

	Year Ended December 31,		
	2007	2006	2005
Cash flows from operating activities:			
Net income	**$ 442,830**	$ 428,259	$ 363,628
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**191,270**	144,767	108,042
Extraordinary item	**(50,265)**	—	—
Loss on operating properties held for sale/sold/transferred	**1,832**	1,421	5,248
Adjustment of property carrying values	**8,500**	—	—
Gain on sale of development properties	**(40,099)**	(37,276)	(33,636)
Gain on sale/transfer of operating properties	**(9,800)**	(77,300)	(31,901)
Minority interests in income of partnerships, net	**39,992**	27,751	12,446
Equity in income of joint ventures, net	**(173,363)**	(106,930)	(77,454)
Income from other real estate investments	**(64,046)**	(54,494)	(40,562)
Distributions from joint ventures	**403,032**	152,099	116,765
Cash retained from excess tax benefits	**(2,471)**	(2,926)	—
Change in accounts and notes receivable	**(4,876)**	(17,778)	(12,156)
Change in accounts payable and accrued expenses	**1,361**	38,619	10,606
Change in other operating assets and liabilities	**(77,908)**	(40,643)	(10,229)
Net cash flows provided by operating activities	**665,989**	455,569	410,797
Cash flows from investing activities:			
Acquisition of and improvements to operating real estate	**(1,077,202)**	(547,001)	(431,514)
Acquisition of and improvements to real estate under development	**(640,934)**	(619,083)	(452,722)
Investment in marketable securities	**(55,235)**	(86,463)	(93,299)
Proceeds from sale of marketable securities	**35,525**	83,832	46,692
Proceeds from transferred operating/development properties	**69,869**	1,186,851	128,537
Investments and advances to real estate joint ventures	**(413,172)**	(472,666)	(267,287)
Reimbursements of advances to real estate joint ventures	**293,537**	183,368	130,590
Other real estate investments	**(192,890)**	(254,245)	(123,005)
Reimbursements of advances to other real estate investments	**87,925**	74,677	26,969
Investment in mortgage loans receivable	**(97,592)**	(154,894)	(82,305)
Collection of mortgage loans receivable	**94,720**	125,003	90,709
Other investments	**(26,688)**	(123,609)	(3,152)
Reimbursements of other investments	**55,361**	16,113	—
Settlement of net investment hedges	**—**	(953)	(34,580)
Proceeds from sale of operating properties	**59,450**	110,404	89,072
Proceeds from sale of development properties	**299,715**	232,445	259,280
Net cash flows used for investing activities	**(1,507,611)**	(246,221)	(716,015)
Cash flow from financing activities:			
Principal payments on debt, excluding normal amortization of rental property debt	**(82,337)**	(61,758)	(66,794)
Principal payments on rental property debt	**(14,014)**	(11,062)	(8,296)
Principal payments on construction loan financings	**(78,295)**	(79,399)	(98,002)
Proceeds from mortgage/construction loan financings	**413,488**	174,087	265,418
Borrowings under credit facilities	**627,369**	317,661	210,188
Repayment of borrowings under credit facilities	**(343,553)**	(653,219)	(156,486)
Proceeds from issuance of unsecured senior notes	**300,000**	478,947	672,429
Repayment of unsecured senior notes	**(250,000)**	(185,000)	(200,250)
Financing origination costs	**(10,819)**	(11,442)	(9,538)
Redemption of minority interests in real estate partnerships	**(80,972)**	(31,554)	(21,024)
Dividends paid	**(384,502)**	(332,552)	(293,345)
Cash retained from excess tax benefits	**2,471**	2,926	—
Proceeds from issuance of stock	**485,220**	451,809	48,971
Net cash flows provided by financing activities	**584,056**	59,444	343,271
Change in cash and cash equivalents	**(257,566)**	268,792	38,053
Cash and cash equivalents, beginning of year	**345,065**	76,273	38,220
Cash and cash equivalents, end of year	**$ 87,499**	$ 345,065	$ 76,273
Interest paid during the year (net of capitalized interest of $25,505, $22,741, and $12,587, respectively)	**$ 215,121**	$ 153,664	$ 121,087
Income taxes paid during the year	**$ 14,292**	$ 9,350	$ 13,763

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 it's wholly-owned taxable REIT subsidiaries including Kimco Developers, Inc. ("KDI"), which are 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, 2007, the Company's single largest neighborhood and community shopping center accounted for only 1.7% 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, 2007, the Company's five largest tenants were The Home Depot, TJX Companies, Sears Holdings, Kohl's and Wal-Mart, which represented approximately 3.2%, 2.8%, 2.3%, 2.0% and 1.9%, respectively, of the Company's annualized base rental revenues, including the proportionate share of base rental revenues from properties in which the Company has less than a 100% economic interest.

The principal business of the Company and its consolidated subsidiaries is the ownership, development, management and operation of retail shopping centers, 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 and related intangible assets and liabilities, 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 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 estimated holding period, 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, building improvements and tenant 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 and building improvements	15 to 50 years
Fixtures, leasehold and tenant 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

Notes to Consolidated Financial Statements *(continued)*

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 receivable. 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 collectability 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 at December 31, 2007 and 2006.

Cash and cash equivalent balances may, at a limited number of banks and financial institutions, exceed insurable amounts. The Company believes it mitigates risk 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.

On a periodic basis, management assesses whether there are any indicators that the value of the Company's marketable securities may be impaired. A marketable security is impaired only if management's estimate of fair value of the security is less than the carrying value of the security 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 security over the estimated fair value in the security.

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 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 consists 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 are 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. The Company provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not.

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

Notes to Consolidated Financial Statements *(continued)*

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):

	2007	2006	2005
Computation of Basic Earnings Per Share:			
Income from continuing operations before extraordinary gain	**$ 359,226**	$ 342,849	$322,063
Gain on transfer of operating properties, net			
Gain on sale of operating	**—**	1,394	2,151
properties, net of tax	**2,708**	1,066	682
Preferred stock dividends	**(19,659)**	(11,638)	(11,638)
Income from continuing operations before extraordinary gain applicable to common shares	**342,275**	333,671	313,258
Income from discontinued operations	**30,631**	82,950	38,732
Extraordinary gain	**50,265**	—	—
Net income applicable to common shares	**$ 423,171**	$ 416,621	$351,990
Weighted average common shares outstanding	**252,129**	239,552	226,641
Basic Earnings Per Share:			
Income from continuing operations before extraordinary gain	**$ 1.36**	$ 1.39	$ 1.38
Income from discontinued operations	**0.12**	0.35	0.17
Extraordinary gain	**0.20**	—	—
Net income	**$ 1.68**	$ 1.74	$ 1.55
Computation of Diluted Earnings Per Share:			
Income from continuing operations before extraordinary gain for diluted earnings per share (a)	**$ 342,275**	$ 333,671	$313,258
Income from discontinued operations	**30,631**	82,950	38,732
Extraordinary gain	**50,265**	—	—
Net income for diluted earnings per share	**$ 423,171**	$ 416,621	$351,990
Weighted average common shares outstanding – Basic	**252,129**	239,552	226,641
Effect of dilutive securities (a):			
Stock options/deferred stock awards	**4,929**	5,063	4,227
Shares for diluted earnings per common share	**257,058**	244,615	230,868
Diluted Earnings Per Share:			
Income from continuing operations before extraordinary gain	**$ 1.33**	$ 1.36	$ 1.36
Income from discontinued operations	**0.12**	0.34	0.16
Extraordinary gain	**0.20**	—	—
Net income	**$ 1.65**	$ 1.70	$ 1.52

(a) The effect of the assumed conversion of certain convertible units had an anti-dilutive effect upon the calculation of Income from continuing operations before extraordinary gain 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 3,017,400, 71,250, and 2,195,400 stock options that were anti-dilutive as of December 31, 2007, 2006 and 2005, 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 year term for options granted prior to August 1, 2005 or five year term for options granted after August 1, 2005, 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.

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 years ended December 31, 2007 or 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 2005 (amounts presented in thousands, except per share data):

	2005
Net income, as reported	$363,628
Add: Stock based employee compensation expense included in reported net income	4,608
Deduct: Total stock based employee compensation expense determined under fair value based method for all awards	(5,206)
Pro Forma Net Income – Basic	$363,030
Earnings Per Share	
Basic – as reported	$ 1.55
Basic – pro forma	$ 1.55
Net income for diluted earnings per share	$351,990
Add: Stock based employee compensation expense included in reported net income	4,608
Deduct: Total stock based employee compensation expense determined under fair value based method for all awards	(5,206)
Pro Forma Net Income – Diluted	$351,392
Earnings Per Share	
Diluted – as reported	$ 1.52
Diluted – pro forma	$ 1.52

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 were as follows:

	2005
Weighted average fair value of options granted	$ 3.21
Weighted average risk-free interest rates	4.03%
Weighted average expected option lives	4.80
Weighted average expected volatility	18.01%
Weighted average expected dividend yield	5.30%

New Accounting Pronouncements

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. During February 2008, the FASB issued a Staff Position that will (i) partially defer the effective date of SFAS No. 157, for one year for certain nonfinancial assets and nonfinancial liabilities and (ii) remove certain leasing transactions from the scope of SFAS No. 157. The impact of adopting SFAS No. 157 is not expected to have a material impact on the Company's financial position or results of operations.

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

In June 2007, the AICPA issued Statement of Position 07-1, Clarification of the Scope of the Audit and Accounting Guide for Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies ("SOP 07-1"). SOP 07-1 sets forth more stringent criteria for qualifying as an investment company than does the predecessor Audit Guide. In addition, SOP 07-1 establishes new criteria for a parent company or equity method investor to retain investment company accounting in their consolidated financial statements. Investment companies record all their investments at fair value with changes in value reflected in earnings. SOP 07-1 was to be effective for the Company's 2008 fiscal year, however, in October 2007 the FASB agreed to propose an indefinite delay and in February 2008, the FASB issued a final Staff Position to indefinitely delay the effective date of SOP 07-1.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations ("SFAS No. 141(R)"). The objective of this statement is to improve the relevance, representation,

Notes to Consolidated Financial Statements *(continued)*

faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. To accomplish that, this Statement establishes principles and requirements for how the acquirer: (i) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree, (ii) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase and (iii) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. This statement applies prospectively to business combinations for which the acquisition date is on or after the first annual reporting period beginning on or after December 15, 2008. An entity may not apply it before that date. The Company is currently assessing the impact the adoption of SFAS No 141(R) would have on the Company's financial position and results of operations.

In December 2007, the FASB issued SFAS No. 160, Non-Controlling Interest in Consolidated Financial Statements in Amendment of ARB No. 51 ("SFAS No. 160"). A non-controlling interest, sometimes called a minority interest, is the portion of equity in a subsidiary not attributable, directly or indirectly, to a parent. The objective of this statement is to improve the relevance, comparability, and transparency of the financial information that a reporting entity provides in its consolidated financial statements by establishing accounting and reporting standards that require: (i) the ownership interest in subsidiaries held by parties other than the parent be clearly identified, labeled, and presented in the consolidated statement of financial position within equity, but separate from the parent's equity, (ii) the amount of consolidated net income attributable to the parent and to the non-controlling interest be clearly identified and presented on the face of the consolidated statement of income, (iii) changes in a parent's ownership interest while the parent retains its controlling financial interest in its subsidiary be accounted for consistently and requires that they be accounted for similarly, as equity transactions, (iv) when a subsidiary is deconsolidated, any retained non-controlling equity investment in the former subsidiary be initially measured at fair value, the gain or loss on the deconsolidation of the subsidiary is measured using the fair value of any non-controlling equity investment rather than the carrying amount of that retained investment, and (v) entities provide sufficient disclosures that clearly identity and distinguish between the interest of the parent and the interest of the non-controlling owners. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The Company is currently assessing the impact the adoption of SFAS No. 160 would have on the Company's financial position and results of operations.

Reclassification

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

2. Real Estate:

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

December 31,	2007	2006
Land	**$1,262,879**	$ 978,819
Buildings and improvements		
Buildings	**3,559,464**	2,980,369
Building improvements	**566,720**	301,584
Tenant improvements	**549,490**	528,479
Fixtures and leasehold improvements	**33,932**	22,216
Other rental property (1)	**208,144**	151,870
	6,180,629	4,963,337
Accumulated depreciation and amortization	**(977,444)**	(806,670)
Total	**$5,203,185**	$4,156,667

(1) At December 31, 2007 and 2006, Other rental property consisted of intangible assets including $130,598 and $88,328 respectively, of in-place leases, $21,555 and $15,705 respectively, of tenant relationships, and $55,991 and $47,837 respectively, of above-market leases.

In addition, at December 31, 2007 and 2006, the Company had intangible liabilities relating to below-market leases from property acquisitions of approximately $182.3 million and $120.6 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 property acquisitions, ground-up 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.

Operating Properties
Acquisition of Operating Properties —

During the year ended December 31, 2007, the Company acquired, in separate transactions, 61 operating properties, comprising an aggregate 4.4 million square feet of GLA, for an aggregate purchase price of approximately $1.1 billion including the assumption of approximately $114.3 million of non-recourse mortgage debt encumbering nine of the properties. Details of these transactions are as follows (in thousands):

			Purchase Price			
Property Name	Location	Month Acquired	Cash	Debt Assumed	Total	GLA
U.S. acquisitions:						
3 Properties	Various	Jan-07(1)	$ 22,535	$ 19,480	$ 42,015	240
Embry Village	Atlanta, GA	Feb-07	46,800	—	46,800	215
Park Place	Morrisville, NC	Mar-07(2)	10,700	10,700	21,400	170
35 North Third Street	Philadelphia, PA	Mar-07	2,100	—	2,100	2
Cranberry Commons II	Pittsburgh, PA	Mar-07(3)	1,431	3,108	4,539	17
Lake Grove	Lake Grove, NY	Apr-07(4)	31,500	—	31,500	158
1628 Walnut St	Philadelphia, PA	Apr-07	3,500	—	3,500	2
2 Properties	Various	Apr-07(5)	62,800	—	62,800	436
Flagler Park	Miami, FL	Apr-07	95,000	—	95,000	350
2 Properties	Various	May-07(6)	36,801	16,800	53,601	169
Suburban Square	Ardmore, PA	May-07	215,000	—	215,000	359
1701 Walnut St	Philadelphia, PA	May-07	12,000	—	12,000	15
30 West 21st St	New York, NY	May-07	6,250	18,750	25,000	5
Chatham Plaza	Savannah, GA	June-07	44,600	—	44,600	199
2 Properties	Various	June-07(7)	16,920	—	16,920	22
Birchwood Portfolio (11 Properties)	Long Island, NY	July-07	92,090	—	92,090	280
493-497 Commonwealth Ave	Boston, MA	July-07	5,650	—	5,650	20
3 Properties	Philadelphia, PA	July-07(8)	60,890	—	60,890	68
Highlands Square	Clearwater, FL	July-07(9)	4,531	—	4,531	76
Mooresville Crossings	Mooresville, NC	Aug-07	41,000	—	41,000	155
Corona Hills Marketplace	Corona, CA	Aug-07	32,000	—	32,000	149
127-129 Newbury St	Boston, MA	Oct-07	11,600	—	11,600	9
Talavi	Glendale, AZ	Nov-07(10)	12,500	—	12,500	109
Wayne Plaza	Chambersburg, PA	Nov-07(2)	6,849	14,289	21,138	132
Rockford Crossing	Rockford, IL	Dec-07(2)	3,867	11,033	14,900	89
Center at Westbank	Harvey, LA	Dec-07(2)	11,551	20,149	31,700	182
			890,465	114,309	1,004,774	3,628
Mexican Acquisitions:						
Waldo's Mexico Portfolio (17 properties)	Various, Mexico	Mar-07	51,500	—	51,500	488
Gran Plaza Cancun	Mexico	Dec-07	38,909	—	38,909	273
			$ 980,874	$ 114,309	$1,095,183	4,389

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

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

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

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

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

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

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

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

(9) The Company provided a $4.3 million preferred equity investment to a newly formed joint venture in which the Company has a 94% economic interest for the acquisition of this operating property and has determined under the provisions of FIN 46(R) that this joint venture is a VIE and that the Company is the primary beneficiary. As such, the Company has consolidated this entity for accounting and reporting purposes.

(10) The Company acquired an additional 50% ownership interest in this operating property, as such the Company now holds a 100% interest in this property and consolidates it for financial reporting purposes.

During 2006, the Company acquired, in separate transactions, 40 operating properties, comprising an aggregate 4.8 million square feet of GLA, for an aggregate purchase price of approximately $1.1 billion, including the assumption of approximately $297.7 million of non-recourse mortgage debt encumbering 20 of the properties, issuance of approximately $247.6 million of redeemable units relating to 10 properties and issuance of approximately $51.5 million of Common Stock relating to one property. Details of these transactions are as follows (in thousands):

			Purchase Price			
Property Name	Location	Month Acquired	Cash	Debt Assumed/ Stock or Units Issued	Total	GLA
Portfolio – 19 properties	Various: CA, NV, & HI	Jan-06	$ 114,430	$ 19,124	$ 133,554	815
Groves at Lakeland	Lakeland, FL	Feb-06	1,500	—	1,500	105
625 Broadway	New York, NY	Feb-06	36,600	27,750	64,350	83
387 Bleecker Street	New York, NY	Feb-06	3,700	2,960	6,660	—
Cupertino Village	Cupertino, CA	Mar-06	27,400	38,000	65,400	115
Poway Center	Poway, CA	Mar-06(1)	3,500	—	3,500	16
Plaza Centro	Caguas, PR	Mar-06	35,731	71,774(2)	107,505	438
Los Colobos	Carolina, PR	Mar-06	36,684	41,719(2)	78,403	343
Hylan Plaza	Staten Island, NY	Mar-06	—	81,800(3)	81,800	358
Tyler St Plaza	Riverside, CA	Apr-06	10,100	—	10,100	86
Market at Bay Shore	Bay Shore, NY	Apr-06	—	39,673(2)	39,673	177
Pathmark S.C.	Centereach, NY	Apr-06	—	21,955(2)	21,955	102
Western Plaza	Mayaguez, PR	June-06	4,562	30,378(2)	34,940	226
Mallside Plaza	Portland, ME	June-06	23,100	—	23,100	91
Pearl Towers	Albany, NY	June-06	—	39,868(2)	39,868	253
19 Greenwich	New York, NY	Sept-06	1,010	4,040	5,050	—
Western Plaza	Mayaguez, PR	Sept-06	1,900	19,443(2)	21,343	126

Notes to Consolidated Financial Statements *(continued)*

			Purchase Price			
Property Name	Location	Month Acquired	Cash	Debt Assumed/ Stock or Units Issued	Total	GLA
Los Colobos	Carolina, PR	Sept-06	2,034	24,414(2)	26,448	228
Plaza Centro	Caguas, PR	Sept-06	16,165	9,185(2)	25,350	139
Trujillo Alto Plaza	Trujillo Alto, PR	Sept-06	7,379	26,058(2)	33,437	201
Ponce Town Center	Ponce, PR	Oct-06	3,679	38,974(2)	42,653	193
Villa Maria S.C.	Manati, PR	Oct-06	1,382	6,825(2)	8,207	70
100 Van Dam Street	New York, NY	Oct-06	3,650	16,400	20,050	—
Rexville Town Center	Bayamon, PR	Nov-06	6,813	66,766(2)	73,579	186
Fountains at Arbor Lakes	Maple Grove, MN	Dec-06	95,025	—	95,025	407
			$ 436,344	$ 627,106	$1,063,450	4,758

(1) Acquired additional square footage of existing property.

(2) Represents the value of units issued and/or debt assumed, see additional disclosure below.

(3) Represents the value of Common Stock issued by the Company relating to the merger transaction with Atlantic Realty, including $30.3 million issued to the Company's subsidiaries representing the 37% of Atlantic Realty previously owned (See Note 17 of the Notes to Consolidated Financial Statements included in this annual report on Form 10-K).

Included in the 2006 acquisitions above 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. During 2007, the holders of the $45.8 million in redeemable units, redeemed $26.3 million of such units. The Company opted to settle these units in cash. Additionally, during 2007, $3.0 million of the $158.6 million in floating and fixed rate redeemable units were redeemed by the holders. The aggregate remaining value of the units is included in Minority interests on the Company's Consolidated Balance Sheets.

During April 2006, the Company acquired interests in two shopping center properties, included in the table above, 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 or cash. During 2007, $1.1 million of the $24.2 million in redeemable units were redeemed by the holder in cash at the option of the Company. The aggregate remaining value of the units is included in Minority interests on the Company's Consolidated Balance Sheets.

During June 2006, the Company acquired an interest in an office property, included in the table above, 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 of the redeemable units with Common Stock or cash. The aggregate value of the units is included in Minority interests on the Company's Consolidated Balance Sheets.

The aggregate purchase price of the above mentioned 2007 and 2006 properties have been allocated to the tangible and intangible assets and liabilities of the properties in accordance with SFAS No. 141, at the date of acquisition, based on evaluation of information and estimates available at such date. As final information regarding the fair value of the assets acquired and liabilities assumed is received and estimates are refined, appropriate adjustments will be made to the purchase price allocation. The allocations are finalized no later than twelve months from the acquisition date. The total aggregate purchase price was allocated as follows:

	2007	2006
Land	**$ 327,970**	$ 335,224
Buildings	**623,311**	410,146
Below Market Rents	**(62,802)**	(38,681)
Above Market Rents	**13,629**	35,293
In-Place Leases	**41,281**	73,847
Other Intangibles	**10,181**	7,215
Building Improvements	**105,716**	84,405
Tenant Improvements	**35,897**	156,001
	$1,095,183	$1,063,450

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 subsidiaries, which develop neighborhood and community shopping centers and the subsequent sale thereof upon completion, (ii) U.S. ground-up development projects which will be held as long-term investments by the Company and (iii) various ground-up development projects located in Mexico for long-term investment. The ground-up development projects generally have significant pre-leasing prior to the commencement of construction. As of December 31, 2007, the Company had in progress a total of 60 ground-up development projects including 27 merchant building projects, nine U.S. ground-up development projects, and 24 ground-up development projects located throughout Mexico.

Merchant Building —

During the years 2007, 2006 and 2005, the Company expended approximately $269.6 million, $287.0 million and $385.3 million, respectively, in connection with the purchase of land and construction costs related to its merchant building projects. These costs have been funded principally through proceeds from sales of completed projects and construction loans.

Long-term Ground-up Development —

During 2007, the Company expended approximately $7.7 million in connection with the purchase of undeveloped land in Union, NJ, which will be developed into a 0.2 million square foot retail center and approximately $21.5 million in connection with the purchase of three redevelopment properties located in Bronx, NY, which will be redeveloped into mixed-use residential/retail centers aggregating 0.1 million square feet. These projects have a total estimated project cost of approximately $71.5 million.

During 2007, the Company acquired, in separate transactions, nine land parcels located in various cities throughout Mexico, for an aggregate purchase price of approximately MXP 1.1 billion (approximately USD $94.8 million). Seven of these land parcels will be developed into retail centers aggregating approximately 2.8 million square feet of GLA with a total estimated aggregate project cost of approximately MXP 2.3 billion (approximately USD $210.2 million).

During 2007, the Company acquired, through a newly formed joint venture in which the Company has a controlling ownership interest, a 0.3 million square foot development project in Neuvo Vallarta, Mexico, for a purchase price of approximately MXP 119.5 million (approximately USD $11.0 million). Total estimated project costs are approximately USD $28.3 million.

During 2007, 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 Tuxtepec, Mexico, for a purchase price of MXP 48.6 million (approximately USD $4.4 million). Total estimated project costs are approximately USD $14.4 million.

During 2006, the Company acquired land in Chambersburg, PA and Anchorage, AK 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 Puerta Vallarta, Mexico, for a purchase price of MXP 65.4 million (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 $312.4 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 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 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 had 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 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. Kimsouth accounts for this investment under the equity method of accounting. During the year ended December 31, 2007, this joint venture completed the disposition of certain operating stores and a refinancing of the remaining assets in the joint venture. As a result of these transactions Kimsouth received cash distributions of approximately $148.6 million. Kimsouth has a remaining capital commitment obligation to fund up to an additional $15.0 million for general purposes. Due to this remaining capital commitment, $15.0 million is included in Other liabilities in the Company's Consolidated Balance Sheets.

Notes to Consolidated Financial Statements *(continued)*

During the year ended December 31, 2007, Kimsouth's income from the Albertson's joint venture aggregated approximately $49.6 million, net of income tax. This amount includes (i) an operating loss of approximately $15.1 million, net of an income tax benefit of approximately $10.1 million, (ii) distribution in excess of Kimsouth's investment of approximately $10.4 million, net of income tax expense of approximately $6.9 million, and (iii) an extraordinary gain of approximately $54.3 million, net of income tax expense of approximately $36.2 million, resulting from purchase price allocation adjustments as determined in accordance with SFAS No. 141. In accordance with Accounting Principles Board Opinion 18, The Equity Method of Accounting for Investments in Common Stock, the Company has classified its 15% share of the extraordinary gain, net of income taxes, as a separate component on the Company's Consolidated Statements of Income.

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

As a result of the Albertson's transaction and the property sale described above, the Company has reduced the valuation allowance that was applied against the Kimsouth NOLs resulting in an income tax benefit of approximately $31.2 million. At December 31, 2007, Kimsouth has deferred tax assets of approximately $14.8 million representing the tax effect of approximately $37.9 million of NOLs that expire from 2021 to 2023. The Company believes that it is more likely than not that a net deferred tax asset of approximately $11.7 million will be realized on future tax returns, primarily from the generation of future taxable income and therefore, a valuation allowance of $3.1 million has been established for a portion of these deferred tax assets.

During 2007, the Albertson's joint venture acquired two operating properties for approximately $20.3 million, including the assumption of $18.5 million in non-recourse mortgage debt.

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.

4. Dispositions of Real Estate:

Operating Real Estate —

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

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

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

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 (expense), 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 (expense), net on the Company's Consolidated Statements of Income.

Merchant Building —

During 2007, the Company sold, in separate transactions, (i) four of its recently completed merchant building projects, (ii) 26 out-parcels, (iii) 74.3 acres of undeveloped land, and (iv) completed partial sales of two projects, for an aggregate total proceeds of approximately $310.5 million and received approximately $3.3 million of proceeds from completed earn-out requirements on previously sold projects. These sales resulted in pre-tax gains of approximately $40.1 million.

During 2006, the Company 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, the Company 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.

5. Adjustment of Property Carrying Values:

As part of the Company's ongoing analysis of its merchant building projects, the Company has determined that for two of its projects, located in Jacksonville, FL and Anchorage, AK, the recoverable value will not exceed their estimated cost. This is primarily due to adverse changes in local market conditions and the uncertainty of those conditions in the future. As a result, the Company has recorded an aggregate pre-tax adjustment of property carrying value on these projects for the year ended December 31, 2007, of $8.5 million, representing the excess of the carrying values of the projects over their estimated fair values.

6. Discontinued Operations and Assets Held for Sale:

The Company reports as discontinued operations assets held-for-sale as of the end of the current period and assets sold during the period. 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 2007, 2006, and 2005 financial statement amounts.

The components of Income from discontinued operations for each of the three years in the period ended December 31, 2007, are shown below. These include the results of operations through the date of each respective sale for properties sold during 2007, 2006, and 2005 and a full year of operations for those assets classified as held-for-sale as of December 31, 2007 (in thousands):

	2007	2006	2005
Discontinued operations:			
Revenues from rental property	**$ 4,449**	$21,651	$31,746
Rental property expenses	**(1,794)**	(5,369)	(9,381)
Depreciation and amortization	**(1,620)**	(5,503)	(7,525)
Interest expense	**(9)**	(2,590)	(1,851)
Income from other real estate investments	**34,740**	3,705	1,192
Other (expense)/income	**(2,993)**	2,020	1,304
Income from discontinued operating properties	**32,773**	13,914	15,485
Provision for income taxes	**—**	(2,096)	—
Minority interest in income	**(5,848)**	(1,585)	(573)
Loss on operating properties held for sale/sold	**(1,832)**	(1,421)	(5,098)
Gain on disposition of operating properties	**5,538**	74,138	28,918
Income from discontinued operations	**$30,631**	$82,950	$38,732

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

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 these operating properties during 2006 and 2007.

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

Notes to Consolidated Financial Statements *(continued)*

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.

7. Investment and Advances in Real Estate Joint Ventures:

Kimco Prudential Joint Ventures ("KimPru") —

On July 9, 2006, the Company entered into a definitive merger agreement with Pan Pacific Retail Properties Inc. ("Pan Pacific"), which closed on October 31, 2006. 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 be based upon the average closing price of the Common Stock over ten trading days immediately preceding the closing date. Within a day of the merger, the Company commenced its planned joint venture agreements with Prudential Real Estate Investors ("PREI") through three separate accounts managed by PREI, whereby, PREI contributed approximately $1.1 billion. In accordance with the joint venture agreements, all Pan Pacific assets and the respective debt were transferred to the separate accounts. There was no difference between the Company's basis in the assets contributed and the amount of the equity the Company was credited with in the separate accounts. The Company holds 15% non-controlling ownership interests in each of these joint ventures and accounts for these investments under the equity method of accounting.

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 bore interest at LIBOR plus 0.375% in the first year, and is currently at LIBOR plus 0.45% provided by a consortium of banks and guaranteed by the joint venture partners 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 guarantee by the Company, PREI guaranteed reimbursement to the Company of 85% of any guaranty payment the Company is obligated to make.

As of December 31, 2007 the above mentioned mortgages bear interest at rates ranging from 4.92% to 8.30% and have maturities ranging from 15 months to 106 months.

The following reconciliation describes the sources and uses of funds related to the acquisition of Pan Pacific, the commencement of the Company's joint venture agreements with PREI, and provides a reconciliation of the Company's aggregate initial investment in the three joint ventures of approximately $194.8 million (in millions):

Total Purchase Price	**$ 4,100.0**
Less:	
New individual non-recourse mortgage loans	**(1,300.0)**
Two-year credit facility	**(1,200.0)**
Assumed mortgages	**(289.4)**
Amount to be funded	**$ 1,310.6**
Funding Provided:	
Company Common Stock issued	**$ 407.7**
Pan Pacific bonds assumed by the Company	**630.0**
Cash	**272.9**
Amount funded	**$ 1,310.6**
Reconciliation of the Company's Investment:	
Company Common Stock issued	**$ 407.7**
Pan Pacific bonds assumed by the Company	**630.0**
Acquisition costs	**1.8**
	1,039.5
Less:	
Cash proceeds to the Company from PREI's contribution into the joint ventures	**(844.7)**
Company's initial investment	**$ 194.8**

During 2007, KimPru sold, in separate transactions, 27 operating properties, two of which were sold to the Company and one development property in separate transactions, for an aggregate sales price of approximately $517.0 million. These sales resulted in an aggregate loss of approximately $2.8 million, of which the Company's share was approximately $0.4 million.

Proceeds from property sales were used to repay a portion of the outstanding balance on the $1.2 billion credit facility. As of December 31, 2007, there was $702.5 million outstanding under this credit facility, which currently bears interest at LIBOR plus 45.0 bps and is scheduled to mature in October 2008.

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.

Additionally, during January 2007, the Company and PREI entered into a new joint venture in which the Company holds a 15% non-controlling interest, which acquired 16 operating properties, aggregating 3.3 million square feet of GLA, for an aggregate purchase price of approximately $822.5 million,

including the assumption of approximately $487.0 million in non-recourse mortgage debt. Six of these properties were transferred from a joint venture in which the Company held a 5% non-controlling ownership interest. One of the properties was transferred from a joint venture in which the Company held a 30% non-controlling ownership interest. As a result of this transaction, the Company recognized profit participation of approximately $3.7 million and recognized its share of the gain. The Company will manage these properties and accounts for its investment in this joint venture under the equity method of accounting.

As of December 31, 2007, the KimPru portfolio was comprised of 127 shopping center properties aggregating approximately 19.8 million square feet of GLA located in 6 states.

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 2007, KIR disposed of three operating properties, in separate transactions, for an aggregate sales price of approximately $149.3 million. These sales resulted in an aggregate gain of approximately $46.0 million of which the Company's share was approximately $20.7 million.

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.

In April 2005, KIR entered into a three-year (plus two one-year extension options) $30.0 million unsecured revolving credit facility which bears interest at LIBOR plus 1.40%. As of December 31, 2007, there was no outstanding balance under this credit facility and as of December 31, 2006, there was an outstanding balance of $14.0 million under this credit facility.

As of December 31, 2007, the KIR portfolio was comprised of 63 shopping center properties aggregating approximately 13.1 million square feet of GLA located in 18 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, 2007, the RioCan Venture was comprised of 34 operating properties and one joint venture investment consisting of approximately 8.2 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 ("GECRE"), in which the Company has a 20% non-controlling interest and manages the portfolio. During August 2006, the Company and GECRE agreed to market for sale the properties within the KROP venture.

During 2007, KROP sold seven operating properties for an aggregate sales price of approximately $162.9 million. These sales resulted in an aggregate gain of $43.1 million of which the Company's share was approximately $8.6 million.

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

Additionally, during 2007, KROP sold four operating properties to the Company for an aggregate sales price of approximately $89.1 million, including the assumption of $41.9 million in non-recourse mortgage debt. The Company's share of the gains related to these transactions has been deferred.

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 deferred the portion of its gain attributable to its continued ownership interest.

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 bore interest at LIBOR plus 0.5%. This loan is guaranteed by the Company and GECRE has guaranteed reimbursement to the Company of 80% of any guaranty payment the Company is obligated to make. During 2007, this loan was fully paid off.

Notes to Consolidated Financial Statements *(continued)*

As of December 31, 2007, the KROP portfolio was comprised of four operating properties aggregating approximately 0.6 million square feet of GLA located in three states.

The Company's equity in income from KROP for the year ended December 31, 2007, exceeded 10% of the Company's income from continuing operations, as such the Company is providing summarized financial information for KROP as follows (in millions):

December 31,	2007	2006
Assets:		
Real estate, net	**$137.4**	$ 492.5
Other assets	**4.5**	19.8
	$141.9	$ 512.3
Liabilities and Members' Capital:		
Mortgages payable	**$113.4**	$ 337.6
Notes payable	**—**	22.2
Other liabilities	**3.8**	8.3
Minority interest	**3.9**	4.4
Members' capital	**20.8**	139.8
	$141.9	$ 512.3

Year Ended December 31,	2007	2006	2005
Revenues from rental property	**$ 17.1**	$ 54.7	$ 86.1
Operating expenses	**(4.8)**	(14.5)	(22.7)
Interest	**(7.2)**	(17.9)	(27.4)
Depreciation and amortization	**(5.2)**	(15.8)	(24.6)
Other, net	**(0.7)**	(0.6)	(1.2)
	(17.9)	(48.8)	(75.9)
Income/(loss) from continuing operations	**(0.8)**	5.9	10.2
Discontinued Operations:			
Income from discontinued operations	**3.1**	5.4	0.9
Gain on dispositions of properties	**147.8**	110.1	6.2
Net income	**$150.1**	$ 121.4	$ 17.3

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 2007, KUBS acquired twelve operating properties for an aggregate purchase price of approximately $354.3 million, which included approximately $94.6 million of assumed non-recourse debt encumbering eight properties and $73.5 million of new non-recourse debt encumbering four properties. These mortgage loans have combined maturities ranging from four to seventeen years and interest rates ranging from 5.29% to 8.39%.

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%.

As of December 31, 2007, the KUBS portfolio was comprised of 43 operating properties aggregating approximately 6.2 million square feet of GLA located in 12 states.

PL Retail —

During December 2004, 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 was repaid during 2006.

During 2007, PL Retail sold one operating property for a sales price of $40.1 million which resulted in a gain of approximately $13.5 million, of which the Company's share was approximately $2.0 million. Proceeds from this sale were used to partially pay down the outstanding balance on PL Retail's revolving credit facility described below.

During 2007, PL Retail obtained two non-recourse mortgage loans for an aggregate total of $84.0 million on a previously unencumbered property which bears interest at LIBOR plus 1.15% and 2.55%, respectively. These mortgage loans are scheduled to mature in May 2010.

Additionally during 2007, PL Retail obtained a non-recourse mortgage loan for $48.9 million on three properties, which bears interest at 5.95% and is scheduled to mature in September 2012.

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 bore interest at LIBOR plus 0.675% and was scheduled to mature in February 2007. During 2007, the loan was extended to February 2009 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, 2007, there was $24.6 million outstanding under this facility.

As of December 31, 2007, PL Retail consisted of 22 operating properties aggregating approximately 5.6 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 2007, the Company acquired, in separate transactions, 177 operating properties, through joint ventures in which the Company has various non-controlling interests. These properties were acquired for an aggregate purchase price of approximately $1.3 billion, including the assumption of approximately $612.1 million of non-recourse mortgage debt encumbering 142 of the properties and $177.5 million in proceeds from unsecured credit facilities obtained by two joint ventures. The Company accounts for its investment in these joint ventures under the equity method of accounting. The Company's aggregate investment in these joint ventures was approximately $261.1 million. Details of these transactions are as follows (in thousands):

			Purchase Price			
Property Name	Location	Month Acquired	Cash	Debt	Total	GLA
Cypress Towne Center (Phase II)	Houston, TX	Jan-07(1)	$ 2,175	$ 4,039	$ 6,214	30
Perimeter Expo	Atlanta, GA	Mar-07	62,150	—	62,150	176
Cranberry Commons (Phase I)	Pittsburgh, PA	Mar-07(2)	9,961	18,500	28,461	150
Westgate Plaza	Tampa, FL	Mar-07(2)	4,000	8,100	12,100	100
Sequoia Mall & Tower	Visalia, CA	Apr-07	29,550	—	29,550	235
Patio (4 Properties)	Santiago, Chile	Apr-07	5,374	11,148	16,522	95
Cranberry Commons (Phase II)	Pittsburgh, PA	May-07(3)	4,539	—	4,539	17
550 Adelaide Street East	Toronto, Ontario	May-07	9,900	—	9,900	31
K-Mart Shopping Ctr	Pompano Beach, FL	Jun-07	7,800	—	7,800	103
American Industries (2 Properties)	Chihuahua, Mexico	Jun-07	3,968	—	3,968	146
Frederick 125th St	New York, NY	Jun-07(4)	5,000	25,000	30,000	20
In Town Suites (127 extended stay residential properties, 16,364 units)	Various	Jun-07	155,800	617,607(5)	773,407	—
American Industries (6 Properties)	Various, Mexico	Jul-07	13,300	—	13,300	202
1150 Provincial Road	Windsor, Ontario	Jul-07	11,346	—	11,346	48
In Town Suites (9 extended stay residential properties, 129 units)	Various	Jul-07	1,156	39,744	40,900	—
2 Properties	Various, Mexico	Jul-07	57,729	—	57,729	246
American Industries	Reynosa, Mexico	Aug-07	3,579	—	3,579	—
California Portfolio (3 Properties)	Various, CA (6)	Oct-07	7,900	31,300	39,200	600
In Town Suites (extended stay residential property, 129 units)	Louisville, KY	Oct-07	3,150	—	3,150	—
American Industries (9 Properties)	Various, Mexico	Oct-07	44,535	—	44,535	483
Harston Woods (1 Property, 411 residential units)	Euless, TX	Nov-07	2,300	9,700	12,000	—
Willowick (1 Property, 171 residential units)	Houston, TX	Nov-07	14,051	24,500	38,551	—
American Industries	Chihuahua, Mexico	Dec-07	5,600	—	5,600	—
			$ 464,863	$ 789,638	$1,254,501	2,682

(1) This property was transferred from KDI.
(2) These properties were transferred from ventures in which the Company had preferred equity investments.
(3) This property was transferred from the Company.
(4) This property was purchased for redevelopment purposes.
(5) Includes approximately $278.6 million of assumed cross-collateralized non-recourse mortgage debt with interest rates ranging from 5.19% to 5.89%, encumbering 86 properties, $186.0 million of new cross-collateralized non-recourse mortgage debt with an interest rate of 5.59%, encumbering 35 properties and a $153.0 million three-year unsecured credit facility, which bears interest at LIBOR plus 0.325% (5.55% as of December 31, 2007), and is guaranteed by the Company. The joint venture partner has pledged its equity interest for any guaranty payment the Company is obligated to pay.
(6) Three properties acquired located in Pleasanton, CA, Laguna Hills, CA and San Diego, CA.

During 2007, the Company transferred in separate transactions, 50% of its 100% interest in seven projects located in Juarez, Tecamac, Mexicali, Cuaulta, Ciudad Del Carmen, Tijuana, and Rosarito, Mexico to a joint venture partner for approximately $48.3 million, which approximated their carrying values. As a result of these transactions, the Company has deconsolidated these entities and now accounts for its investments under the equity method of accounting.

During 2007, joint ventures in which the Company has non-controlling interests disposed of, in separate transactions, (i) seven properties for an aggregate sales price of approximately $467.3 million resulting in an aggregate gain of approximately $42.7 million, of which the Company's share was approximately $24.9 million, and (ii) two vacant parcels of land for an aggregate sales price of $6.7 million, which resulted in no gain or loss.

Notes to Consolidated Financial Statements *(continued)*

During 2006, the Company acquired, in separate transactions, 36 operating properties and one ground lease, through joint ventures in which the Company has various 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	Purchase Price Debt	Purchase Price 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.

Summarized financial information for these real estate joint ventures (excluding KROP, which is presented separately above) is as follows (in millions):

December 31,	2007	2006
Assets:		
Real estate, net	**$ 12,176.0**	$11,345.0
Other assets	**1,317.5**	419.0
	$ 13,493.5	$11,764.0
Liabilities and Partners'/Members' Capital:		
Mortgages payable	**$ 7,901.1**	$ 6,593.9
Notes payable	**917.6**	1,366.3
Construction loans	**39.8**	24.2
Other liabilities	**278.6**	168.4
Minority interest	**101.3**	102.6
Partners'/Members' capital	**4,255.1**	3,508.6
	$ 13,493.5	$11,764.0

Year Ended December 31,	2007	2006	2005
Revenues from rental property	**$ 1,452.0**	$ 952.4	$ 672.9
Operating expenses	**(435.4)**	(273.1)	(191.3)
Interest	**(497.9)**	(305.9)	(219.7)
Depreciation and amortization	**(383.8)**	(207.5)	(129.1)
Other, net	**(18.2)**	(12.4)	(7.2)
	(1,335.3)	(798.9)	(547.3)
Income from continuing operations	**116.7**	153.5	125.6
Discontinued Operations:			
Income/(loss) from discontinued operations	**2.2**	2.8	(2.6)
Gain on dispositions of properties	**164.5**	24.6	46.3
Net income	**$ 283.4**	$ 180.9	$ 169.3

Other liabilities included in the Company's accompanying Consolidated Balance Sheets include accounts with certain real estate joint ventures totaling approximately $16.9 million and $13.5 million at December 31, 2007 and 2006, 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, 2007 and 2006, the Company's carrying value in these investments approximated $1.2 billion and $1.1 billion, 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 2007 the Company provided, in separate transactions, an aggregate of approximately $103.6 million in investment capital to developers and owners of 61 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. As of December 31, 2007, the Company's net investment under the Preferred Equity program was approximately $484.1 million relating to 258 properties. For the years ended December 31, 2007, 2006 and 2005, the Company earned approximately $63.5 million including $30.5 million of profit participation earned from 18 capital transactions, $40.1 million, including $12.2 million of profit participation earned from 16 capital transactions, and $32.8 million, including $12.6 million of profit participation earned from six capital transactions, respectively, from these investments.

Two of the capital transactions described above for the year ended December 31, 2007, were the result of the transfer of two operating properties, in separate transactions, to a joint venture in which the Company holds a 15% non-controlling interest for an aggregate price of approximately $40.6 million, including the assumption of approximately $26.6 million in non-recourse debt. These sales resulted in an aggregate profit participation of approximately $1.4 million.

Also, included in the capital transactions described above for the year ended December 31, 2007, was the transfer of an operating property to the Company for approximately $4.5 million, including the assumption of $3.1 million in non-recourse mortgage debt. As a result of the Company's acquisition of this property, the Company did not recognize any profit participation.

Additionally, during 2007, the Company invested approximately $81.7 million of preferred equity capital in a portfolio comprised of 403 net leased properties which are divided into 30 master leased pools with each pool leased to individual corporate operators. These properties consist of a diverse array of free-standing restaurants, fast food restaurants, convenience and auto parts stores. As of December 31, 2007, these properties were encumbered by third party loans aggregating approximately $433.0 million with interest rates ranging from 5.08% to 10.47% with a weighted average interest rate of 9.3% and maturities ranging from 1.4 years to 15.2 years.

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

December 31,	**2007**	2006
Assets:		
Real estate, net	**$ 2,223.3**	$ 1,683.8
Other assets	**701.3**	113.4
	$ 2,924.6	$ 1,797.2
Liabilities and Partners'/Members' Capital:		
Notes and mortgages payable	**$ 2,157.7**	$ 1,239.7
Other liabilities	**86.2**	55.2
Partners'/Members' capital	**680.7**	502.3
	$ 2,924.6	$ 1,797.2

Year Ended December 31,	**2007**	2006	2005
Revenues from Rental Property	**$ 266.3**	$ 177.6	$ 118.5
Operating expenses	**(87.5)**	(58.6)	(42.0)
Interest	**(111.1)**	(61.6)	(38.9)
Depreciation and amortization	**(60.3)**	(34.2)	(19.3)
Other, net	**(1.1)**	(4.4)	(1.2)
	6.3	18.8	17.1
Gain on disposition of properties	**90.5**	49.4	49.8
Net income	**$ 96.8**	$ 68.2	$ 66.9

The Company's maximum exposure to losses associated with its preferred equity investments is primarily limited to its invested capital. As of December 31, 2007 and 2006, the Company's invested capital in its preferred equity investments approximated $484.1 million and $400.4 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 who lease the stores pursuant to net lease agreements. Income from the investment in these retail store leases during the years ended December 31, 2007, 2006 and 2005, was approximately $1.2 million, $1.3 million and $9.1 million, respectively. These amounts represent sublease revenues during the years ended December 31, 2007, 2006 and 2005, of approximately $7.7 million, $8.2 million and $17.8 million, respectively, less related expenses of $5.5 million, $5.7 million and $7.4 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): 2008, $6.3 and $3.9; 2009, $5.9 and $3.7; 2010, $5.2 and $3.6; 2011, $4.1 and $3.1; 2012, $2.3 and $2.0 and thereafter, $1.0 and $1.3, respectively.

Notes to Consolidated Financial Statements *(continued)*

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 2006, 16 of these properties were sold, whereby the proceeds from the sales were used to pay down the mortgage debt by approximately $28.3 million.

During 2007, an additional two properties were sold, whereby the proceeds from the sales were used to pay down the mortgage debt by approximately $3.0 million. As of December 31, 2007, the remaining 12 properties were encumbered by third-party non-recourse debt of approximately $48.8 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 obligation has been offset against the related net rental receivable under the lease.

At December 31, 2007 and 2006, the Company's net investment in the leveraged lease consisted of the following (in millions):

	2007	2006
Remaining net rentals	**$ 55.0**	$ 62.3
Estimated unguaranteed residual value	**36.0**	40.5
Non-recourse mortgage debt	**(43.9)**	(48.4)
Unearned and deferred income	**(43.3)**	(50.7)
Net investment in leveraged lease	**$ 3.8**	$ 3.7

9. Mortgages and Other Financing Receivables:

The Company has various mortgages and other financing receivables which consist of loans acquired and loans originated by the Company. For a complete listing of the Company's mortgages and other financing receivables at December 31, 2007, see Financial Statement Schedule IV included on page 132 of this annual report Form 10-K.

Reconciliation of Mortgage loans and other financing receivables on Real Estate:

The following table reconciles Mortgage loans and other financing receivables on Real Estate from January 1, 2005 to December 31, 2007:

	2007	2006	2005
Balance at January 1	**$ 162,669**	$ 132,675	$ 140,717
Additions:			
New mortgage loan	**62,362**	104,892	90,886
Additions under existing mortgage loans	**38,122**	54,815	6,920
Capitalized loan costs	**675**	1,305	377
Amortization of discount	**271**	673	865
Deductions:			
Collections of principal	**(105,277)**	(97,501)	(103,860)
Charge Off	**(1,837)**	(609)	(1,000)
Amortization of premium	**(2,298)**	(33,003)	(1,513)
Amortization of loan costs	**(840)**	(578)	(717)
Balance at December 31	**$ 153,847**	$ 162,669	$ 132,675

10. Marketable Securities:

The amortized cost and estimated fair values of securities available-for-sale and held-to-maturity at December 31, 2007 and 2006, are as follows (in thousands):

	December 31, 2007			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-sale:				
Equity securities	**$ 114,896**	**$ 24,846**	**$ (13,706)**	**$ 126,036**
Held-to-maturity:				
Other debt securities	**86,952**	**3,747**	**(4,284)**	**86,415**
Total marketable securities	**$ 201,848**	**$ 28,593**	**$ (17,990)**	**$ 212,451**

	December 31, 2006			
	Amortized Cost	Gross Unrealized Gains	Gross 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

For each of the securities in the Company's portfolio with unrealized losses, the Company reviews the underlying cause of the decline in value and the estimated recovery period, as well as the severity and duration of the decline. In the Company's evaluation, the Company considers its ability and intent to hold these investments for a reasonable period of time sufficient for the Company to recover its cost basis. At December 31, 2007, the aggregate unrealized loss of $18.0 million relates to marketable securities with an aggregate fair value of $83.3 million. The Company does not believe that the decline in value of any of these securities is other-than-temporary at December 31, 2007.

As of December 31, 2007, the contractual maturities of Other debt securities classified as held-to-maturity are as follows: within one year, $1.4 million; after one year through five years, $39.2 million; after five years through 10 years, $28.9 million; and after 10 years, $17.5 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.

During the year ended December 31, 2007, the Company repaid the following Senior Unsecured Notes: (i) its $30.0 million 7.46% fixed rate notes, which matured on May 20, 2007, (ii) its $55.0 million 5.75% fixed rate notes, which matured on June 29, 2007, (iii) its $20.0 million 6.96% fixed rate notes which matured on July 16, 2007, (iv) its $50.0 million 7.86% fixed rate notes, which matured on November 1, 2007, (v) its $50.0 million 7.90% fixed rate notes, which matured on December 7,2007 and (vi) its $10.0 million 6.70% fixed rate notes, which matured on December 14, 2007. Additionally, the Company repaid its $35.0 million 4.96% fixed rate Senior Unsecured Notes, which matured on November 30, 2007.

As of December 31, 2007, a total principal amount of approximately $1.3 billion in senior fixed-rate MTNs was outstanding. These fixed-rate notes had maturities ranging from seven months to eight years as of December 31, 2007, and bear interest at rates ranging from 3.95% to 7.56%. 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 unamortized 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.

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 April 2007, the Company issued $300.0 million of ten-year Senior Unsecured Notes at an interest rate of 5.70% per annum payable semi-annually in arrears. These notes were sold at 99.984% of par value. Net proceeds from the issuance were approximately $297.8 million, after related transaction costs of approximately $2.2 million. The proceeds from this issuance were primarily used to repay a portion of the outstanding balance under the Company's U.S. Credit Facility and for general corporate purposes. These notes were issued in conjunction with a fourth supplemental indenture, which removed the financial covenant requirements for this issuance and future offerings under the indenture as amended.

As of December 31, 2007, the Company had a total principal amount of $1.2 billion in fixed-rate unsecured senior notes. These fixed-rate notes had maturities ranging from nine months to nine years as of December 31, 2007, and bear interest at rates ranging from 4.70% to 7.95%. Interest on these fixed-rate senior unsecured notes is payable semi-annually in arrears.

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.

Notes to Consolidated Financial Statements *(continued)*

At December 31, 2007, the remaining notes bear interest at fixed rates ranging from 4.70% to 7.95% per annum and have maturity dates ranging from September 18, 2008 to September 1, 2015.

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, 2007, were approximately as follows (in millions): 2008, $125.3; 2009, $180.0; 2010, $76.0; 2011, $360.3; 2012, $217.0; and thereafter, $1,528.1.

During October 2007, the Company established a new $1.5 billion unsecured U.S. revolving credit facility (the "U.S. Credit Facility") with a group of banks, which is scheduled to expire in October 2011. This credit facility, which replaced the Company's $850.0 million unsecured U.S. revolving facility which was scheduled to expire in July 2008, has made available funds to finance general corporate purposes, including (i) property acquisitions, (ii) investments in the Company's institutional management programs, (iii) development and redevelopment costs, and (iv) any short-term working capital requirements. Interest on borrowings under the U.S. Credit Facility accrues at LIBOR plus 0.375% and fluctuates in accordance with changes in the Company's senior debt ratings. As part of this U.S. Credit Facility, the Company has a competitive bid option whereby the Company may auction up to $750.0 million of its requested borrowings to the bank group. This competitive bid option provides the Company the opportunity to obtain pricing below the currently stated spread. A facility fee of 0.125% per annum is payable quarterly in arrears. As part of the U.S. Credit Facility, the Company has a $200.0 million sub-limit which provides it the opportunity to borrow in alternative currencies such as Pounds Sterling, Japanese Yen or Euros. Pursuant to the terms of the U.S. Credit Facility, the Company, among other things, is subject to covenants requiring the maintenance of (i) maximum leverage ratios on both unsecured and secured debt, and (ii) minimum interest and fixed coverage ratios. As of December 31, 2007, there was approximately $259.0 million outstanding under this credit facility, of which approximately $9.0 million (approximately 4.5 million Pounds Sterling) was outstanding under the alternative currency sub-limit.

During August 2007, the Company obtained a $200.0 million unsecured term loan that bore interest at LIBOR plus 0.325%. The term loan was scheduled to mature on December 14, 2007. The Company utilized these proceeds to partially repay the outstanding balance on the Company's U.S. revolving credit facility. The term loan was fully repaid in October 2007.

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 0.45%, and was scheduled to expire in March 2008. During October 2007, the facility was amended to modify the covenant package to conform to the Company's U.S. Credit Facility. The facility was further amended in January 2008, to extend the maturity date to 2011, with an additional one-year extension option, at a reduced rate of CDOR plus 0.375%, subject to change in accordance with the Company's senior debt ratings. Proceeds from this facility are used for general corporate purposes, including the funding of Canadian denominated investments. As of December 31, 2007, 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%, subject to change in accordance with the Company's senior debt ratings, and is scheduled to mature in May 2008 with an additional one-year extension option. Proceeds from this facility are used to fund peso denominated investments. As of December 31, 2007, there was MXP 250.0 million (approximately USD $22.9 million) outstanding under this credit facility.

The Company is currently negotiating a five-year fixed rate MXP 1.0 billion term loan. Proceeds from this loan will be used to pay the outstanding balance on the MXP 500.0 million unsecured revolving credit facility and fund Mexican denominated investments.

In accordance with the terms of the Indenture, as amended, pursuant to which the Company's senior unsecured notes, except for the $300.0 million issued under the fourth supplemental indenture, described above, 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 2007, the Company (i) obtained an aggregate of approximately $285.8 million of individual non-recourse mortgage debt on 12 operating properties, (ii) assumed approximately $83.7 million of individual non-recourse mortgage debt relating to the acquisition of eight operating properties, including approximately $2.5 million of fair value debt adjustments, (iii) obtained approximately $3.2 million of additional funding on three previously encumbered properties, and (iv) paid off approximately $81.6 million of individual non-recourse mortgage debt that encumbered 11 operating properties.

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.

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 6.6% as of December 31, 2007). The scheduled principal payments of all mortgages payable, excluding unamortized fair value debt adjustments of approximately $11.3 million, as of December 31, 2007, were approximately as follows (in millions): 2008, $212.9; 2009, $78.2; 2010, $47.6; 2011, $52.3; 2012, $57.4; and thereafter, $379.0.

13. Construction Loans Payable:

During 2007, the Company obtained construction financing on five merchant building projects and assumed one loan associated with a separate project for an aggregate original loan commitment amount of up to $187.1 million, of which approximately $80.9 million was outstanding at December 31, 2007. As of December 31, 2007, the Company had a total of 15 construction loans with total commitments of up to $360.3 million, of which $245.9 million had been funded. These loans have scheduled maturities ranging from one month to 33 months (excluding any extension options which may be available to the Company) and bear interest at rates ranging from 6.60% to 7.48% at December 31, 2007. 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, 2007, were approximately as follows (in millions): 2008, $143.9, 2009, $66.1 and 2010, $35.9.

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.

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 a variable interest entity in accordance with the provisions and guidance of FIN 46(R).

During 2006 the Company acquired 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, the assumption of approximately $131.2 million of non-recourse debt and $116.3 million in cash. Minority interests related to these acquisitions was 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"). The Company is restricted from disposing of these assets, other than through a tax free transaction until November 2015.

The Units consisted 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 unit, 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 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.

During 2007, 2,438 units, or $24.4 million, of the Class B-1 Preferred Units were redeemed and 61,804 units, or $1.9 million, of the Class C DownREIT Units were redeemed under the Loan provision of the Agreement. The Company opted to settle these units in cash not stock. Additionally, 300 units, or $3.0 million, of the Class B-2 Preferred Units were redeemed through transfer to a charitable organization, as permitted under the provisions of the Agreement. Minority interest relating to the units was $187.6 million and $230.6 million as of December 31, 2007 and 2006, respectively.

Notes to Consolidated Financial Statements *(continued)*

During 2006 the Company acquired two shopping center properties located in Bay Shore and Centereach, NY during 2006. 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. 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.

During 2007, 30,000 units, or $1.1 million par value, of the Class B Units were redeemed by the holder in cash at the option of the Company. Minority interest relating to the units was $40.4 million and $41.6 million as of December 31, 2007 and 2006 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,			
	2007		2006	
	Carrying Amounts	Estimated Fair Value	Carrying Amounts	Estimated Fair Value
Marketable Securities	**$ 201,848**	**$ 212,451**	$ 202,659	$ 205,471
Notes Payable	**$3,131,765**	**$3,095,004**	$ 2,748,345	$ 2,762,751
Mortgages Payable	**$ 838,738**	**$ 824,609**	$ 567,917	$ 581,846
Mandatorily Redeemable Minority Interests (termination dates ranging from 2019 – 2027)	**$ 3,070**	**$ 6,521**	$ 1,263	$ 4,436

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 2007, the Company entered into an interest rate swap with a notional amount of $18.75 million (which commenced on May 15, 2007). The interest rate swap is designated as a cash flow hedge and is hedging the variability of floating rate interest payments on the debt of a consolidated subsidiary. No hedge ineffectiveness on this cash flow hedge was recognized during 2007. For the year ended December 31, 2007, the change in net unrealized gains/losses on this hedge was reported in the consolidated statements of stockholders' equity as a $0.2 million net loss. Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense as interest payments are made on the variable-rate debt. The change in net unrealized gains/losses on cash flow hedges reflects a reclassification of $28,000 of net unrealized gains from accumulated other comprehensive income to reduce interest expense for the year ended December 31, 2007.

As of December 31, 2006, the Company had two interest rate swaps with notional amounts of $21.5 million and $6.25 million outstanding that were designated as cash flow hedges. During

2007, these swaps were early terminated for a gain of $0.1 million. For the year ending December 31, 2007 and 2006, the change in net unrealized gains/losses on these hedges was reported in the consolidated statements of stockholders' equity as a $0.3 million (net gain) and $0.1 million (net loss), respectively. The change in net unrealized gains/losses on cash flow hedges reflects a reclassification of $21,000 of net unrealized gains from accumulated other comprehensive income to reduce interest expense for the year ended December 31, 2007.

As of December 31, 2006, 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. This cross currency interest rate swap matured during October 2007. Additionally, the Company had foreign currency forward contracts designated as net investment hedges of its Canadian investments in real estate that the Company settled during 2006. These agreements were 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 2007 and 2006, respectively, $0.0 million and $0.2 million of unrealized losses and $0.3 million and $0.3 million of unrealized gains were included in the cumulative translation adjustment relating to the Company's net investment hedges of its Mexican and Canadian investments.

The following tables summarize the notional values and fair values of the Company's derivative financial instruments as of December 31, 2007 and 2006:

As of December 31, 2007

Hedge Type	Notional Value	Rate	Maturity	Fair Value (in millions USD)
Interest rate swaps - cash flow	**$18.75 million**	**5.062%**	**5/09**	**($0.20)**

As of December 31, 2006

Hedge Type	Notional Value	Rate	Maturity	Fair Value (in millions USD)
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)

As of December 31, 2007 and 2006, respectively, these derivative instruments were reported at their fair value as other liabilities of ($0.2 million) and ($0.1) million and other assets of $0.0 million and $0.1 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 October 2007, the Company issued 18,400,000 Depositary Shares (the "Class G Depositary Shares"), after the exercise of an over-allotment option, each representing a one-hundredth fractional interest in a share of the Company's 7.75% Class G Cumulative Redeemable Preferred Stock, par value $1.00 per share (the "Class G Preferred Stock"). Dividends on the Class G Depositary Shares are cumulative and payable quarterly in arrears at the rate of 7.75% per annum based on the $25.00 per share initial offering price, or $1.9375 per annum. The Class G Depositary Shares are redeemable, in whole or part, for cash on or after October 10, 2012 at the option of the Company, at a redemption price of $25.00 per depositary share, plus any accrued and unpaid dividends thereon. The Class G Depositary Shares are not convertible or exchangeable for any other property or securities of the Company. Net proceeds from the sale of the Class G Depositary Shares, totaling approximately $444.5 million (after related transaction costs of $15.5 million) were used for general corporate purposes, including funding property acquisitions, investments in the Company's institutional management programs and other investment activities. The Company also used a portion of the proceeds to partially repay amounts outstanding under its U.S. Credit Facility. The Class G Preferred Stock (represented by the Class G Depositary Shares outstanding) ranks pari passu with the Company's Class F Preferred Stock as to voting rights, priority for receiving dividends and liquidation preference as set forth below.

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. The Class F Preferred Stock (represented by the Class F Depositary Shares outstanding) ranks pari passu with the Company's Class G Preferred Stock as to voting rights, priority for receiving dividends and liquidation preference as set forth below.

Voting Rights - As to any matter on which the Class F Preferred Stock may vote, including any action by written consent, each share of Class F 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 Class F 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 Class F Preferred Stock). As a result, each Class F Depositary Share is entitled to one vote.

As to any matter on which the Glass G Preferred Stock may vote, including any action by written consent, each share of the Class G Preferred Stock shall be entitled to 100 votes, each of which 100 votes may be directed separately by the holder thereof. With respect to each share of Class G Preferred Stock, the holder

Notes to Consolidated Financial Statements *(continued)*

thereof may designate up to 100 proxies, with each such proxy having the right to vote a whole number of votes (totaling 100 votes per share of Class G Preferred Stock). As a result, each Class G 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 Class F Preferred share and $2,500.00 per Class G Preferred share ($25.00 per Class F and Class G 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 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. During 2007, 2,438 units, or $24.4 million, of the Class B-1 Preferred Units were redeemed and 61,804 units, or $1.9 million, of the Class C DownREIT Units were redeemed under the Loan provision of the Agreement. The Company opted to settle these units in cash. Additionally, 300 units, or $3.0 million, of the Class B-2 Preferred Units were redeemed through transfer to a charitable organization, as permitted under the provisions of the Agreement.

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 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 2007, 30,000 units, or $1.1 million par value, of the Class B Units were redeemed by the holder. The Company opted to settle these units in 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 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, 2007, 2006 and 2005 (in thousands):

	2007	2006	2005
Acquisition of real estate interests by issuance of Common Stock and/or assumption of debt	**$ 82,614**	$ 1,627,058	$ 73,400
Acquisition of real estate interest by issuance of redeemable units	**$ —**	$ 247,475	$ —
Disposition/transfer of real estate interest by assignment of downREIT units	**$ —**	$ —	$ 4,236
Acquisition of real estate interests through proceeds held in escrow	**$ 68,031**	$ 140,802	$ —
Disposition/transfer of real estate interests by assignment of mortgage debt	**$ —**	$ 293,254	$ 166,108
Proceeds held in escrow through sale of real estate interest	**$ —**	$ 39,210	$ 19,217
Acquisition of real estate through the issuance of an unsecured obligation	**$ —**	$ 10,586	$ —
Investment in real estate joint venture by contribution of property	**$ 740**	$ —	$ —
Deconsolidation of Joint Venture:			
Decrease in real estate and other assets	**$113,074**	$ —	$ —
Decrease in construction loan and other liabilities	**$113,074**	$ —	$ —
Declaration of dividends paid in succeeding period	**$112,052**	$ 93,222	$ 78,169
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:

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, 2007 and 2006, KROP II had a total of approximately $0.00 and $22.2 million, respectively, of outstanding short-term interim financing due to GECRE and the Company, of which the Company's share is 50%. The Company earned approximately $178,000 and $248,000 during 2007 and 2006, respectively, 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 repaid during 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 was payable on demand. During 2006, PL Retail fully repaid to the Company the promissory note.

Ripco Real Estate Corp., was formed in 1991 and employs approximately 40 professionals and serves numerous retailers, REITS and developers. Ripco's business activities include serving as a leasing agent and representative for national and regional retailers including Target, Best Buy, Kohls and many others, providing real estate brokerage services and principal real estate investing. Mr. Todd Cooper, an officer and 50% shareholder of Ripco, is a son of Mr. Milton Cooper, Chief Executive Officer and Chairman of the Board of Directors of the Company. During 2007 and 2006, the Company paid brokerage commissions of $257,385 and $266,191, respectively, to Ripco for services rendered primarily as leasing agent for various national tenants in shopping center properties owned by the Company. The Company believes that the brokerage commissions paid were at or below the customary rates for such leasing services. Additionally, the Company has the following joint venture investments with Ripco.

During 2005, the Company acquired three operating properties and one land parcel, through joint ventures, in which the Company and Ripco each hold 50% non-controlling interests for an aggregate purchase price of approximately $27.1 million, including the assumption of approximately $9.3 million of non-recourse mortgage debt encumbering two of the properties. The Company accounts for its investment in these joint ventures under the equity method of accounting. 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 2007, one of these properties was sold for a sales price of approximately $10.5 million, including the pay down of $5.0 million of debt. During 2007, two of these term

Notes to Consolidated Financial Statements *(continued)*

loans were extended until May 2008 and one was extended until October 2008. As of December 31, 2007, there was an aggregate of $15.4 million outstanding on these loans. These loans are jointly and severally guaranteed by the Company and the joint venture partner.

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 2095. 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, 2007, 2006 and 2005.

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): 2008, $503.3; 2009, $466.0; 2010, $420.0; 2011, $370.4; 2012, $319.7 and thereafter; $1,601.8.

Minimum rental payments under the terms of all non-cancelable operating leases pertaining to the Company's shopping center portfolio for future years are approximately as follows (in millions): 2008, $11.4; 2009, $10.9; 2010, $9.0; 2011, $6.7; 2012, $6.0; and thereafter, $115.6.

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

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

During June 2007, the Company entered into a joint venture, in which the Company has non-controlling interest, and acquired all of the common stock of InTown Suites Management, Inc. This investment was funded with approximately $186.0 million of new cross-collateralized non-recourse mortgage debt with an interest rate of 5.59%, encumbering 35 properties, a $153.0 million three-year unsecured credit facility, which bears interest at LIBOR plus 0.325% and is guaranteed by the Company and the assumption of $278.6 million cross-collateralized non-recourse mortgage debt with interest rates ranging from 5.19% to 5.89%, encumbering 86 properties. The joint venture partner has pledged its equity interest for any guaranty payment the Company is obligated to pay. The outstanding balance on the three-year unsecured credit facility was $149.0 million as of December 31, 2007. The joint venture obtained an interest rate swap at 5.37% on $128 million of this debt. The swap is designated as a cash flow hedge and as such adjustments are recorded in other comprehensive income.

During 2007, the Company entered into a joint venture, in which the Company has a non-controlling ownership interest, to acquire a property in Houston, Texas. This investment was funded with a $24.5 million one-year unsecured credit facility, with an additional one-year extension option, which bears interest at LIBOR plus 0.375% and is guaranteed by the Company. The outstanding balance on this credit facility as of December 31, 2007 was $24.5 million.

During April 2007, the Company entered into a joint venture, in which the Company has a 50% non-controlling ownership interest to acquire a property in Visalia, CA. Subsequent to this acquisition the joint venture obtained a $6.0 million three-year promissory note which bears interest at LIBOR plus 0.75% and has an extension option of two-years. This loan is jointly and severally guaranteed by the Company and the joint venture partner. As of December 31, 2007, the outstanding balance on this loan was $6.0 million.

In October 2007, the Company formed a wholly-owned captive insurance company, Kimco Insurance Company, Inc., ("KIC"), which provides general liability insurance coverage for all losses below the deductible under our third-party policy. The Company entered into the Insurance Captive as part of its overall risk management program and to stabilize its insurance costs, manage exposure and recoup expenses through the functions of the captive program. The Company capitalized KIC in accordance with the applicable regulatory requirements. KIC established annual premiums based on projections derived from the past loss experience of the Company's properties. KIC has engaged an independent third party to perform an actuarial estimate of future projected claims, related deductibles and projected expenses necessary to fund associated risk management programs. Premiums paid to KIC may be adjusted based on this estimate. Like premiums paid to third-party insurance companies, premiums paid to KIC may be reimbursed by tenants pursuant to specific lease terms. The Company believes that the addition of KIC will provide increased comprehensive insurance coverage at an overall lower cost than would otherwise be available in the market.

The KimPru joint ventures, entities in which the Company holds a 15% non-controlling interest, with PREI through three separate accounts managed by PREI obtained a two-year credit facility provided by a consortium of banks and guaranteed by the Company. PREI guaranteed reimbursement to the Company of 85% of any guaranty payment the Company is obligated to make. As of December 31, 2007, there was $702.5 million outstanding under this credit facility.

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, 2007, there was CAD $72.6 million (approximately USD $74.0 million) outstanding on this construction loan.

Additionally, during 2006, KROP obtained a one-year $15.0 million unsecured term loan, which bore interest at LIBOR plus 0.5%. This loan was guaranteed by the Company and GECRE had guaranteed reimbursement to the Company of 80% of any guaranty payment the Company was obligated to make. During 2007, KROP paid down the remaining balance of the loan.

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 $30.7 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, 2007, there were approximately $90.4 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 $7.1 million) letter of credit facility. This facility is jointly guaranteed by RioCan and the Company and had approximately CAD $5.5 million (approximately USD $5.6 million) outstanding as of December 31, 2007, 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 $22.9 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 March 2008. The Company and its partner in this entity each have a limited and several guarantee of CAD $7.5 million (approximately USD $7.6 million) on this facility. As of December 31, 2007, there was CAD $21.1 million (approximately USD $21.5 million) outstanding on this facility.

During 2005, PL Retail entered into a $39.5 million unsecured revolving credit facility, which bore interest at LIBOR plus 0.675% and was scheduled to mature in February 2007. During 2007, the loan was extended to February 2009 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, 2007, there was $24.6 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.

The Company evaluated these guarantees 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.

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 year term for grants issued prior to August 1, 2005 and five-year term for grants issued after August 1, 2005, 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.

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The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing formula. The assumption for expected volatility has a significant affect on the grant date fair value. Volatility is determined based on the historical equity of common stock for the most recent historical period equal to the expected term of the options. The more significant assumptions underlying the determination of fair values for options granted during 2007, 2006, and 2005 were as follows:

Year Ended December 31,	**2007**	2006	2005
Weighted average fair value of options granted	**$ 7.41**	$ 5.55	$ 3.21
Weighted average risk-free interest rates	**4.50%**	4.72%	4.03%
Weighted average expected option lives (in years)	**6.50**	6.50	4.80
Weighted average expected volatility	**19.01%**	17.70%	18.01%
Weighted average expected dividend yield	**3.77%**	4.39%	5.30%

Information with respect to stock options under the Plan for the years ended December 31, 2007, 2006, and 2005, is as follows:

	Shares	Weighted-Average Exercise Price Per Share	Aggregate Intrinsic value (in millions)
Options outstanding, January 1, 2005	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	$145.8
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	$281.4
Exercised	(1,884,421)	$20.22	
Granted	2,971,900	$41.41	
Forfeited	(257,618)	$35.87	
Options outstanding, December 31, 2007	**15,623,454**	**$29.39**	**$133.7**
Options exercisable —			
December 31, 2005	8,167,681	$17.63	$118.0
December 31, 2006	8,826,881	$20.37	$217.0
December 31, 2007	**9,307,184**	**$23.10**	**$123.8**

The exercise prices for options outstanding as of December 31, 2007, range from $10.67 to $53.14 per share. The Company estimates forfeitures based on historical data. The weighted-average remaining contractual life for options outstanding as of December 31, 2007, was approximately 7.1 years. The weighted average remaining contractual term of options currently exercisable as of December 31, 2007 was approximately 5.8 years. Options to purchase 2,996,321, 5,969,396, and 3,817,066, shares of the Company's common stock were available for issuance under the Plan at December 31, 2007, 2006, and 2005, respectively.

Cash received from options exercised under the Plan was approximately $38.1 million, $39.1 million, and $42.2 million for the years ended December 31, 2007, 2006, and 2005, respectively. The total intrinsic value of options exercised during 2007, 2006, and 2005 was approximately $54.4 million, $42.2 million, and $46.2 million, respectively.

The Company recognized stock options expense of $12.2 million, $10.2 million, and $4.6 million for the years ended December 31, 2007, 2006, and 2005, respectively. As of December 31, 2007, the Company had $27.7 million of total unrecognized compensation cost related to unvested stock compensation granted under the Company's Plan. That cost is expected to be recognized over a weighted average period of approximately 3.6 years.

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, 2007. The Company contributions to the plan were approximately $1.5 million, $1.3 million, and $1.1 million for the years ended December 31, 2007, 2006, and 2005, 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.

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, 2007, 2006 and 2005 (in thousands):

	2007 (Estimated)	2006 (Actual)	2005 (Actual)
GAAP net income	$ 442,830	$ 428,259	$ 363,628
Less: GAAP net income of taxable REIT subsidiaries	(98,542)	(33,795)	(21,666)
GAAP net income from REIT operations (a)	344,288	394,464	341,962
Net book depreciation in excess of tax depreciation	30,843	23,826	9,865
Deferred/prepaid/above and below market rents, net	(17,345)	(11,964)	(7,398)
Exercise of non-qualified stock options	(21,019)	(26,822)	(29,144)
Book/tax differences from investments in real estate joint ventures	18,965	(7,127)	(19,048)
Book/tax difference on sale of property	(24,177)	(49,003)	(14,181)
Valuation adjustment of foreign currency contracts	51	142	2,537
Other book/tax differences, net	5,892	(5,219)	6,773
Adjusted taxable income subject to 90% dividend requirements	$ 337,498	$ 318,297	$ 291,366

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, 2007 and 2006 cash dividends paid exceeded the dividends paid deduction and amounted to $384,502 and $332,552, 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, 2007, 2006, and 2005, (in thousands):

	2007		2006		2005	
Preferred Dividends						
Ordinary income	$ 7,123	61%	$ 8,200	70%	$ 10,009	86%
Capital gain	4,515	39%	3,438	30%	1,629	14%
	$ 11,638	100%	$ 11,638	100%	$ 11,638	100%
Common Dividends						
Ordinary income	$ 207,587	56%	$ 211,803	66%	$ 242,268	86%
Capital gain	131,558	35%	89,856	28%	39,439	14%
Return of capital	33,719	9%	19,255	6%	—	—
	$ 372,864	100%	$ 320,914	100%	$ 281,707	100%
Total dividends distributed	$ 384,502		$ 332,552		$ 293,345	

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, 2007, 2006, and 2005, are summarized as follows (in thousands):

	2007	2006	2005
Income before income taxes	$109,057	$54,522	$32,920
Less provision for income taxes:			
Federal	6,565	17,581	9,446
State and local	3,950	3,146	1,808
Total tax provision	10,515	20,727	11,254
GAAP net income from taxable REIT subsidiaries	$98,542	$33,795	$21,666

The Company's deferred tax assets and liabilities at December 31, 2007 and 2006, were as follows (in thousands):

	2007	2006
Deferred tax assets:		
Operating losses	$ 64,728	$ 97,288
Other	19,163	17,258
Valuation allowance	(36,826)	(68,018)
Total deferred tax assets	47,065	46,528
Deferred tax liabilities	(11,663)	(8,571)
Net deferred tax assets	$ 35,402	$ 37,957

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, 2007 and 2006. 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, 2007, FNC had approximately $128.1 million of net operating loss carry forwards that expire from 2022 through 2025, with a tax value of approximately $50.0 million. A valuation allowance of $33.8 million has been established for a portion of these deferred tax assets. At December 31, 2007, Kimsouth had approximately $37.9 million of net operating loss carrying forwards that expire from 2021 to 2023, with a tax value of approximately $14.8 million. A valuation allowance for $3.1 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

Notes to Consolidated Financial Statements *(continued)*

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 $35.4 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):

	2007	2006	2005
Federal provision at statutory tax rate (35%)	**$ 38,170**	$ 19,083	$ 11,522
State and local taxes, net of federal Benefit	**7,089**	3,544	2,140
Other	**(3,552)**	(1,900)	(2,408)
Valuation allowance decrease	**(31,192)**	—	—
	$ 10,515	$ 20,727	$ 11,254

23. Supplemental Financial Information:

The following represents the results of operations, expressed in thousands except per share amounts, for each quarter during the years 2007 and 2006:

	2007 (Unaudited)			
	Mar. 31	June 30	Sept. 30	Dec. 31
Revenues from rental property (1)	**$ 158,020**	**$ 170,094**	**$ 173,712**	**$ 179,727**
Net income	**$ 153,764**	**$ 128,022**	**$ 78,005**	**$ 83,039**
Net income per common share:				
Basic	**$ .60**	**$ .50**	**$ .30**	**$ .28**
Diluted	**$ .59**	**$ .49**	**$ .29**	**$ .28**

	2006 (Unaudited)			
	Mar. 31	June 30	Sept. 30	Dec. 31
Revenues from rental property (1)	$ 136,838	$ 145,907	$ 149,124	$ 155,678
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

(1) All periods have been adjusted to reflect the impact of operating properties sold during 2007 and 2006 and properties classified as held for sale as of December 31, 2007, 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 $9.0 million and $8.5 million at December 31, 2007 and 2006, respectively.

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 2007. 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, 2007 and 2006, adjusted to give effect to these transactions at the beginning of each year.

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

Year ended December 31,	**2007**	2006
Revenues from rental property	**$719.7**	$ 655.3
Income before extraordinary gain	**$347.6**	$ 322.2
Net income	**$397.8**	$ 322.2
Net income before extraordinary gain per common share:		
Basic	**$ 1.30**	$ 1.30
Diluted	**$ 1.28**	$ 1.27
Net income per common share:		
Basic	**$ 1.50**	$ 1.30
Diluted	**$ 1.47**	$ 1.27

Glossary of Terms

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 in 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 in 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 principal 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 available to common shareholders, 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 rule that permits a tenant in bankruptcy to eliminate its obligations to pay rent under a lease, subject to certain payments to landlords for damages.

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

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.

Stock Split
An increase in the number of outstanding shares of a company's stock, such that the proportionate equity of each shareholder remains the same. Kimco split its stock on December 22, 1995, December 21, 2001, and August 24, 2005, when shareholders of record received new shares in the form of a stock dividend at a rate of 0.5, 0.5, and 1.0, respectively, for each share owned. 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.

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.

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 Merrill Lynch Mutual Funds and Director Emeritus of Duke University Management Company.

F. Patrick Hughes

Director of the Company 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 of BTR Realty, Inc. 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

Director of the the Company since 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

Jerald Friedman
Executive Vice President

David R. Lukes
Executive Vice President

Glenn G. Cohen
Vice President and Treasurer

Bruce Rubenstein
Vice President, General Counsel and Secretary

Corporate Management

Paul Dooley
Vice President, Property Tax/Insurance

Leah Landro
Vice President, Organizational Development and Compensation Systems

Barbara M. Pooley
Vice President, Finance and Investor Relations

Julio Ramon
Director of Finance, Joint Ventures

Michael D. Schindler
Vice President, Tax Planning & Strategy

Thomas Taddeo
Vice President, Chief Information Officer

Paul Weinberg
Vice President, Human Resources

Paul Westbrook
Director of Accounting

Joel Yarmak
Vice President, Financial Operations

Operations Management

Edward Boomer
Managing Director, Canada

William Brown
Senior Vice President, Redevelopment

Michael Melson
Vice President, KRC Mexico

Scott Onufrey
Vice President, Investment Management

Edward Senenman
Vice President, Acquisitions

Daniel Slattery
Executive Vice President, Kimco Developers, Inc.

JoAnn Carpenter
Vice President, Kimco Preferred Equity

Raymond Edwards
Vice President, Retailer Services

Fredrick Kurz
Vice President Kimco Select

Antonio Acevedo
Director of Real Estate, Puerto Rico

Ralph Conti
Vice President, Kimco Developers, Inc.

Joseph V. Denis
Vice President, Construction

Conor Flynn
Vice President, Western Region

Lauren Holden
Senior Portfolio Manager

Seth Layton
Executive Vice President, Florida Region

Ruth Mitteldorf
Vice President, Finance Kimco Developers, Inc.

Robert D. Nadler
President, Central Region

Paul Puma
Vice President, Southeast Region

Steven Reisinger
Vice President, Finance KRC Mexico

Tom Simmons
President, Mid-Atlantic Region

John Visconsi
SeniorVice President, Western Region

Joshua Weinkranz
Vice President, Northeast Region

Executive Offices

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949-252-3880

Sacramento, CA
916-791-0600

Vista, CA
760-727-1002

Walnut Creek, CA
925-977-9011

Hartford, CT
860-561-0545

Hollywood, FL
954-923-8444

Largo, FL
727-536-3287

Margate, FL
954-977-7340

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410-684-2000

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212-972-7456

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330-702-8000

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937-434-5421

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Lisle, IL
630-322-9200

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Toronto, ON
416-593-6622

Mexico
San Antonio, TX
210-566-7610

Puerto Rico
Caguas, PR
787-704-2670

Shareholder Information

Counsel

Latham & Watkins
New York, NY

Auditors

PricewaterhouseCoopers LLP
New York, NY

Registrar and Transfer Agent

The Bank of New York Mellon
P.O. Box 358015
Pittsburgh, PA 15252-8015
1-866-557-8695
Website:
www.bnymellon/shareowner/isd
Email:
shrrelations@bnymellon.com

Stock Listings

NYSE—Symbols
KIM, KIMprF, KIMprG

On June 13, 2007, 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, 2007, 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 M. Pooley
Vice President,
Finance and Investor Relations
Kimco Realty Corporation
3333 New Hyde Park Road, Suite 100
New Hyde Park, NY 11042
1-866-831-4297
E-mail: ir@kimcorealty.com

Annual Meeting of Stockholders

Stockholders of Kimco Realty Corporation are cordially invited to attend the 2008 Annual Meeting of Stockholders scheduled to be held on May 13, 2008, 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 Mellon
P.O. Box 358015
Pittsburgh, PA 15252-8015
1-866-557-8695

Holders of Record

Holders of record of the Company's common stock, par value $.01 per share, totaled 3,413 as of March 17, 2008.

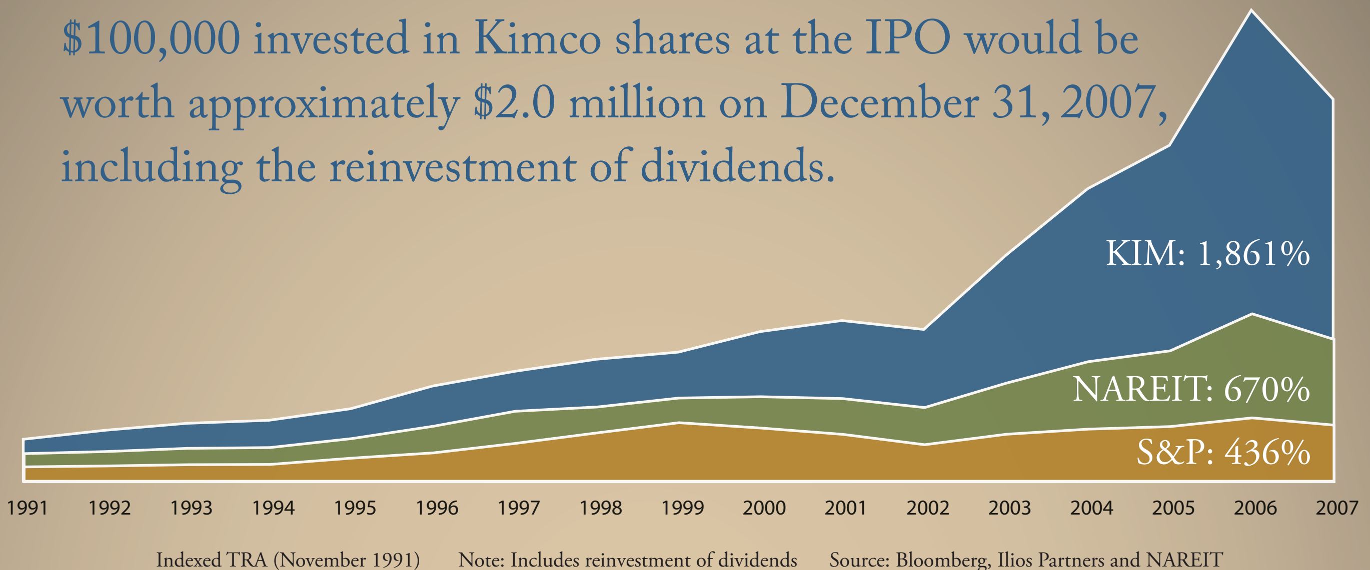
Stock Price and Dividend Information

	Stock Price		Dividends Paid Per
	High	Low	Common Share
2007:			
First Quarter	$53.60	$43.59	$0.36
Second Quarter	$50.36	$36.92	$0.36
Third Quarter	$47.58	$33.74	$0.40
Fourth Quarter	$47.69	$34.74	$0.40(a)
2006:			
First Quarter	$42.00	$32.02	$0.33
Second Quarter	$40.57	$34.20	$0.33
Third Quarter	$43.15	$36.18	$0.36
Fourth Quarter	$47.13	$42.13	$0.36(b)

(a) Paid on January 15, 2008, to stockholders of record on January 2, 2008.
(b) Paid on January 16, 2007, to stockholders of record on January 2, 2007.

Historical Total Return Analysis

(November 1991 to December 31, 2007)



Indexed TRA (November 1991) Note: Includes reinvestment of dividends Source: Bloomberg, Ilios Partners and NAREIT

Direct Stock Purchase and Dividend Reinvestment Plan

Experience the Power of Dividend Reinvestment

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 to acquire additional shares of Kimco stock 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.

Visit Kimco's web site: www.kimcorealty.com

KIMCO REALTY CORPORATION

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