S&P Global
Ratings

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Kimco Realty Corp.

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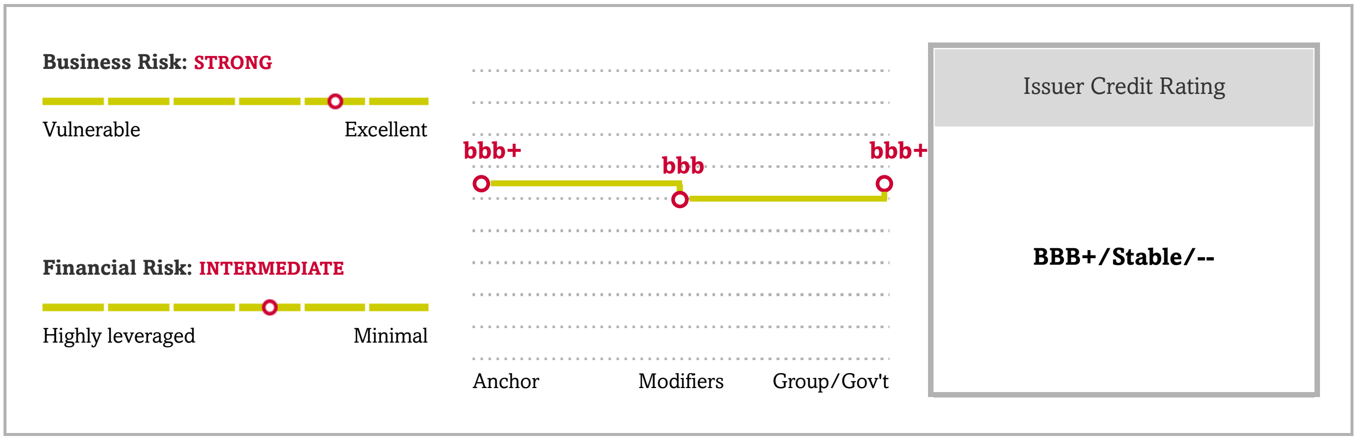
Table Of Contents

Kimco Realty Corp.



Credit Highlights

Overview

Key strengths	Key risks
Leading position as the largest rated strip center REIT.	Fully adjusted credit protection metrics, which include preferred stock as 100% debt, are weaker than those of its peers.
High-quality and well diversified grocery-anchored portfolio, which contributes relatively steady operating performance.	Foot traffic and operating performance have not fully recovered from the disruption related to the COVID-19 pandemic, and many tenants continue to be under financial stress.
Potential monetization of its Albertson's holdings could enhance liquidity and credit metrics.	

Following Kimco Realty Corp's combination with Weingarten, the company became the largest rated strip center REIT, broadening its scope of operations and deepening its reach in key markets. Following Kimco's acquisition of Weingarten, the company increased its asset base to about $20 billion, becoming the largest strip center REIT under our coverage. In our view, this sizable scale solidifies Kimco's competitive position as it broadens its scope of operations with a total of 559 properties, while increasing its presence in Sun Belt markets that will contribute more than 50% of base rent. In addition, we expect the combined portfolio will drive improved operating margins from economies of scale and synergies as well as a greater access to capital at a lower cost of funding.

Kimco has a high-quality and well diversified grocery-anchored portfolio, which contributes relatively steady operating performance. The majority of Kimco's properties are in top MSAs and strategically focused on Coastal and Sun Belt markets. Moreover, nearly 80% of the company's properties are grocery-anchored, which we view favorably given their stable cash flow streams and resiliency to e-commerce pressures compared with traditional retailers. While the COVID-19 pandemic accelerated e-commerce grocery delivery, Kimco's grocers have adapted and performed well throughout the pandemic. However, Kimco has a moderate exposure to small shop tenants (12% of ABR), which have shown higher cyclicality that can result in heightened vacancy rates during a recession. Moreover, government-mandated store closures and capacity restrictions pressured rent collections in 2020. Although we expect operating metrics to improve materially in 2021, we think occupancy at small shops (85.5% as of the second quarter) could remain under pressure, with a modest amount of rent abatements and tenant bankruptcies.

We expect Kimco's credit protection measures will continue improving gradually over the next couple of years as the company's net operating income (NOI) fully recovers and the company monetizes its Albertson's holdings to reduce debt. Kimco's credit protection metrics exhibited temporary deterioration as the pandemic impaired rent collection and occupancy rates. However, favorable recent operating performance boosted EBITDA and improved debt to EBITDA to 7.8x, reflecting a sustained recovery during the first half of 2021. We expect this trend will continue during the second half of the year allowing the company to bring leverage back down to the mid-7x area by year end. This level is consistent with pre-pandemic metrics and we expect additional improvement in 2022 and 2023 as the company:

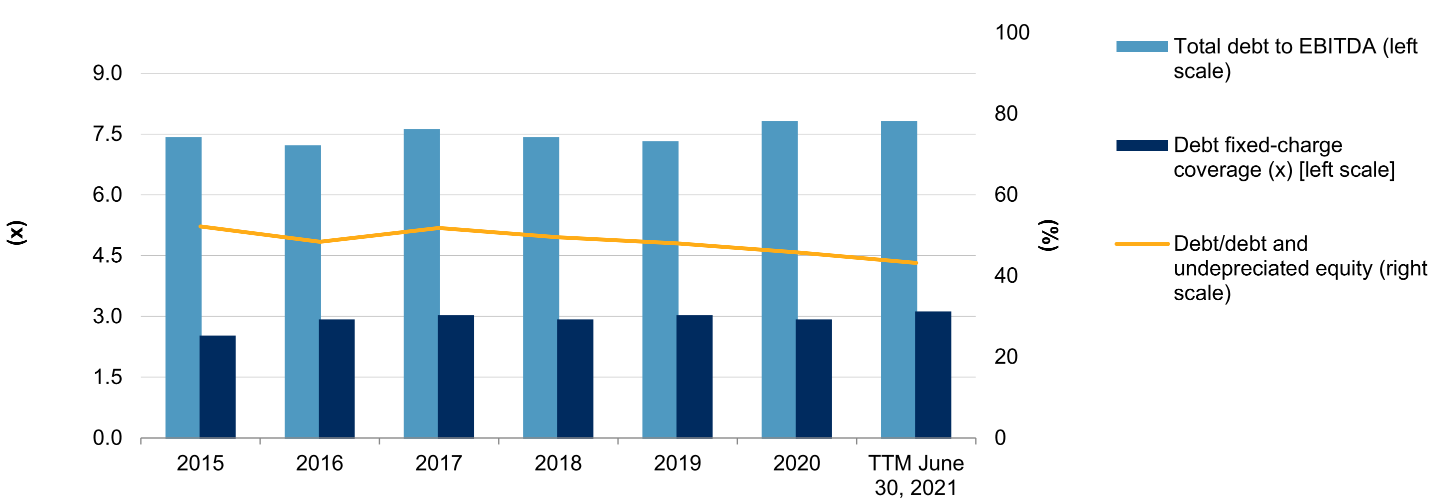
- Fully recovers lost EBITDA;
- Delivers projects under redevelopment;
- Maintains healthy leasing volumes and positive rent spreads;
- Monetizes its Albertson's holdings; and
- Reduce its outstanding debt (including preferred shares).

S&P Global Ratings' fully adjusted debt to EBITDA includes preferred stock as 100% debt (which adds approximately 0.6x to our June 30 trailing 12 month calculation. We believe the opportunity for meaningful deleveraging lies within the potential monetization of Kimco's ownership in Albertsons Cos. Inc. (BB/Stable/--), which was valued at close to $800 million at the end of the second quarter. The timing or amount of proceeds that will pay down debt from the exit options available is uncertain; however, this could be a catalyst for a positive rating action.

Lastly, we expect Kimco's fixed-coverage ratio to improve to the mid-3x area over the next couple of years as it maintains an active liability management and reduces its cost of funding, particularly taking advantage of its lower cost of funding relative to the cost of debt it absorbed with the acquisition of Weingarten.

Chart 1

Kimco Realty Corp.--Key Leverage Metrics



TTM--Trailing 12 months.

Outlook: Stable

The stable outlook reflects our view that the pandemic-related disruption to Kimco's performance will be temporary. Despite uncertainty because of the new Delta variant or other future variants, we expect a gradual and sustained recovery to Kimco's operating and financial metrics over the next few quarters. In our view, additional government-imposed shut downs are unlikely and we believe Kimco (and its tenants) would be relatively well positioned to weather COVID-19-related containment measures.

In addition, the stable outlook incorporates our view that Kimco will successfully integrate the recently acquired Weingarten assets without major hiccups. We expect debt to EBITDA will continue to trend down to the 7x area by 2022.

Downside scenario

We view a downgrade as unlikely over the next two years given our expectations for operating trends to improve and financial policy to remain stable. However, we could consider a lower rating if:

- Tenants become more distressed, resulting in long-lasting weakness in its operating performance;
- Kimco adopts a more aggressive growth strategy that it funds with a large proportion of debt, deteriorating credit protection metrics; or
- Adjusted debt to EBITDA rises to and remains higher than 8.0x or fixed-charge coverage drops below 2x for two to three consecutive quarters.

Upside scenario

We could raise our ratings if Kimco further reduces debt to EBITDA (which includes S&P Global Ratings' adjustments of preferred stock as 100% debt) to at least 5.5x. While we do not consider an upgrade likely over the next 12 to 24 months, we could envision a scenario in which Kimco is able to monetize its Albertson's investment and uses the proceeds to pay down debt, which could enable the company to approach our targeted leverage threshold for an upgrade.

Our Base-Case Scenario

Assumptions

- U.S. GDP grows 6.7% and 3.7% for 2021 and 2022, respectively;
- U.S. CPI of 3.6% and 2.3% for 2021 and 2022, respectively;
- Cash same-property NOI growth of about 10% in 2021 and in the low- to mid-single-digit in 2022;

Key Metrics

	2Q2021A	2021P	2022P
Debt to EBITDA (x)	7.8	8.0–8.5*	7.0-7.5
Fixed-charge coverage (x)	3.1	3.0-3.5	3.5-4.0

*FYE 2021P is distorted by the mismatch in timing of the acquisition of Weingarten, which closed on Aug. 4,

- Development spend of about $130 million in 2021 to complete remaining in process projects, increasing to about $200 million in 2022;
- Approximately $150 million in annual maintenance capital expenditures; and
- Annual dividends (including preferred) between $400 million and $500 million over the next two years.

2021. FYE metrics include all debt assumed with the acquisition and only five months of EBITDA. A--Actual. P--Projected.

Company Description

Jericho, N.Y.-based Kimco is the largest publicly traded owner and operator of open-air shopping centers in North America. As of June 30, 2021, the company owned interests in 398 U.S. shopping centers consisting of 70 million square feet of leasable space, primarily concentrated in the top major metropolitan markets. Kimco closed on its previously announced acquisition of Weingarten on Aug. 4, 2021.

Peer Comparison

Kimco is now the largest strip center landlord we rate. We think the quality of its portfolio is comparable to similarly rated peers. Credit protection measures are somewhat elevated compared with its peers, however, partially as a result of the amount of preferred stock in their capital structure (which we treat as 100% debt).

Table 1

Kimco Realty Corp. -- Peer Comparison

Industry Sector: Real Estate Investment Trust Or Company

	Kimco Realty Corp.	Federal Realty Investment Trust	Regency Centers Corp.	Brixmor Property Group Inc.
Ratings as of Aug. 27, 2019	BBB+/Stable/--	A-/Negative/--	BBB+/Stable/--	BBB-/Stable/--
	TTM as of Jun. 30, 2021	--Fiscal year ended Dec. 31, 2020--		
(Mil. $)				
Revenue	1,243.3	831.0	1,172.3	1,065.1
EBITDA	777.2	517.0	759.8	704.2
Funds from operations (FFO)	537.1	351.5	587.2	476.7
Interest expense	254.9	171.0	195.4	206.0
Cash interest paid	239.3	164.9	170.7	224.0
Cash flow from operations	537.0	341.2	498.1	409.4
Capital expenditure	230.0	44.6	58.1	34.3
Free operating cash flow (FOCF)	307.0	296.6	440.0	375.0
Discretionary cash flow (DCF)	(70.8)	(44.6)	129.8	176.1

Table 1

Kimco Realty Corp. -- Peer Comparison (cont.)

Industry Sector: Real Estate Investment Trust Or Company

	Kimco Realty Corp.	Federal Realty Investment Trust	Regency Centers Corp.	Brixmor Property Group Inc.
Cash and short-term investments	293.2	793.6	376.1	368.7
Debt	6,256.3	3,802.2	4,302.1	4,837.3
Equity	5,196.5	2,526.5	6,058.1	2,680.7
Adjusted ratios				
EBITDA margin (%)	62.5	62.2	64.8	66.1
Return on capital (%)	9.8	4.0	3.8	4.3
EBITDA interest coverage (x)	3.0	3.0	3.9	3.4
FFO cash interest coverage (x)	3.2	3.1	4.4	3.1
Debt/EBITDA (x)	8.0	7.4	5.7	6.9
FFO/debt (%)	8.6	9.2	13.6	9.9
Cash flow from operations/debt (%)	8.6	9.0	11.6	8.5
FOCF/debt (%)	4.9	7.8	10.2	7.8
DCF/debt (%)	(1.1)	(1.2)	3.0	3.6
Debt fixed-charge coverage (x)	2.9	2.9	3.7	3.4
Debt/debt and undepreciated equity (%)	45.8	43.8	33.6	50.0

Business Risk: Strong

Pro forma for the Weingarten acquisition, Kimco's portfolio is large with an undepreciated asset base of about $20 billion. It is well diversified by geography and tenant base, with its top 10 tenants accounting for less than 20% of annualized base rent (ABR). Its top tenants, TJX Cos. Inc., Home Depot Inc., and Albertsons Cos. Inc., represent 3.7%, 2.3%, and 2.0% of its ABR, respectively.

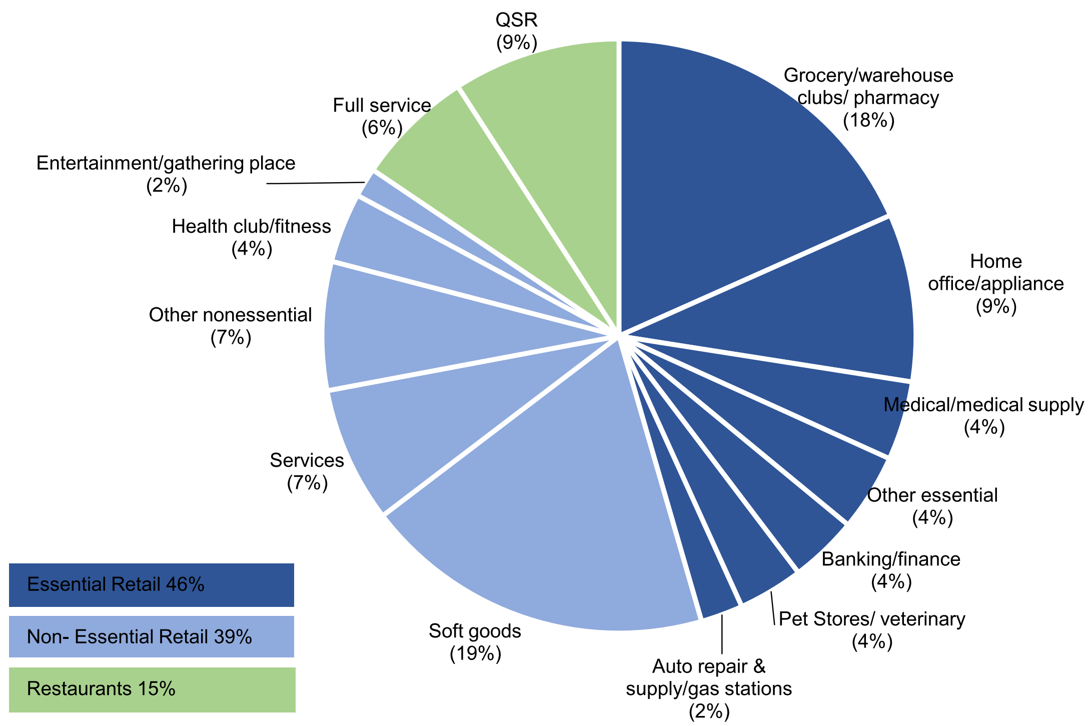
In our view, the recent acquisition of Weingarten further strengthens Kimco's competitive advantage in the shopping center landscape as it will benefit from larger scale, a complementary portfolio of high-quality open-air shopping centers, wider diversification across major metropolitan markets in the U.S., and greater penetration in Sun Belt markets. The combined portfolio will modestly increase occupancy rates, ABR per square foot, exposure to grocers, and its exposure to Sun Belt markets.

During the pandemic, Kimco experienced a temporary operating disruption, but has demonstrated a consistent pace of recovery. At the peak of the pandemic, Kimco's rent collection plunged to 66% in May 2020 and has shown a sustained recovery as tenants reopened, reaching 96.5% at the end of the second quarter of 2021. Moreover, Kimco is on track to collect rent deferred in 2020, which is largely scheduled to be repaid by the end of 2021. As a result, same-site NOI grew 16.7% in the second quarter of 2021 as reflecting a combination of deferred rent collection and improving operating metrics such as occupancy and rental rate growth.

Leased occupancy reached 93.9% as of June 30, 2021, which is a 40-basis-point sequential improvement from the prior quarter. We expect occupancy will continue to improve gradually over the next several quarters. Kimco's portfolio has a relatively high component of grocery-anchored properties and other essential property types, which performed well during the pandemic. Kimco's nonessential properties largely recovered as these were able to reopen, including restaurants and fitness tenants, whose rent collection stood at 91.7% and 89%, respectively as of June 30, 2021. In our view, the small shop portion of the portfolio could delay a full recovery in operating performance as many tenants remain under financial stress.

Chart 2

Annualized Base Rent By Industry



Following the acquisition of Weingarten, we expect Kimco's growth strategy to rely more on redevelopment given the combined robust platform of opportunities across the portfolio, including future mixed-use developments.

Financial Risk: Intermediate

Over the past few years, Kimco has operated a balance sheet that is more leveraged than its peers. We project adjusted debt to EBITDA will decline to the mid- to low-7x area by year-end 2022, with fixed-charge coverage exceeding the 3.5x area. Kimco's debt capital structure is predominantly fixed-rate (97% as of June 30, 2021), with a weighted-average interest rate of 3.36% and a weighted-average maturity of 10.7 years.

In September, Kimco issued $500 million of 2.25% unsecured notes maturing in 2031. Along with borrowings under its revolving credit facility, Kimco will use the proceeds from these notes for general corporate purposes, including to repay outstanding borrowings under its revolving credit facility, which will improve its cost of funding and fixed-charge coverage ratios.

Financial summary

Table 2

Kimco Realty Corp. -- Financial Summary						
Industry Sector: Real Estate Investment Trust Or Company						
		--Fiscal year ended Dec. 31--				
	TTM as of June 30, 2021	**2020**	**2019**	**2018**	**2017**	**2016**
(Mil. $)						
Revenue	1,275.6	1,243.3	1,324.9	1,331.1	1,368.8	1,363.5
EBITDA	788.0	777.2	871.5	888.1	913.6	910.2
Funds from operations (FFO)	557.3	537.1	631.1	618.9	668.2	588.5
Interest expense	244.2	254.9	277.8	294.6	286.5	291.1
Cash interest paid	229.0	239.3	241.4	268.7	259.9	315.7
Cash flow from operations	608.5	537.0	522.3	566.2	556.2	540.4
Capital expenditure	220.6	230.0	428.0	509.3	352.6	207.0
Free operating cash flow (FOCF)	388.0	307.0	94.3	56.9	203.6	333.4
Discretionary cash flow (DCF)	114.5	(70.8)	(975.3)	(496.4)	(577.6)	(107.0)
Cash and short-term investments	230.1	293.2	123.9	153.9	251.8	150.6
Gross available cash	230.1	293.2	123.9	153.9	251.8	150.6
Debt	6,151.8	6,256.3	6,390.5	6,581.5	6,961.4	6,589.3
Equity	5,298.5	5,196.5	4,457.3	4,370.2	4,508.2	4,689.8
Adjusted ratios						
EBITDA margin (%)	61.8	62.5	65.8	66.7	66.7	66.8
Return on capital (%)	9.9	9.8	5.8	5.6	5.4	5.6
EBITDA interest coverage (x)	3.2	3.0	3.1	3.0	3.2	3.1
FFO cash interest coverage (x)	3.4	3.2	3.6	3.3	3.6	2.9
Debt/EBITDA (x)	7.8	8.0	7.3	7.4	7.6	7.2
FFO/debt (%)	9.1	8.6	9.9	9.4	9.6	8.9
Cash flow from operations/debt (%)	9.9	8.6	8.2	8.6	8.0	8.2
FOCF/debt (%)	6.3	4.9	1.5	0.9	2.9	5.1
DCF/debt (%)	1.9	(1.1)	(15.3)	(7.5)	(8.3)	(1.6)
Debt Fixed Charge coverage (x)	3.1	2.9	3.0	2.9	3.0	2.9
Debt / debt and undepreciated equity (%)	43.2	54.8	48.0	49.5	51.8	48.4

Reconciliation

Table 3

Reconciliation Of Kimco Realty Corp. Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. $)

	--Fiscal year ended Dec. 31, 2020--									
Kimco Realty Corp. reported amounts (mil. $)										
	Debt	**Shareholders' equity**	**Revenue**	**EBITDA**	**Operating income**	**Interest expense**	**S&P Global Ratings' adjusted EBITDA**	**Cash flow from operations**	**Dividends**	**Capex**
	5,355.5	5,608.0	1,057.9	621.7	326.1	186.9	777.2	589.9	403.2	243.6
S&P Global Ratings' adjustments										
Cash taxes paid	--	--	--	--	--	--	(0.7)	--	--	--
Cash interest paid	--	--	--	--	--	--	(194.1)	--	--	--
Reported lease liabilities	96.6	--	--	--	--	--	--	--	--	--
Operating leases	--	--	--	10.4	6.2	6.2	(6.2)	4.2	--	--
Debt-like hybrids	489.5	(489.5)	--	--	--	25.4	(25.4)	(25.4)	(25.4)	--
Accessible cash and liquid investments	(293.2)	--	--	--	--	--	--	--	--	--
Capitalized interest	--	--	--	--	--	13.7	(13.7)	(13.7)	--	(13.7)
Share-based compensation expense	--	--	--	23.7	--	--	--	--	--	--
Deconsolidation/consolidation	607.9	--	178.5	114.6	74.3	22.7	--	--	--	--
Nonoperating income (expense)	--	--	--	--	674.9	--	--	--	--	--
Reclassification of interest and dividend cash flows	--	--	--	--	--	--	--	(18.0)	--	--
Noncontrolling interest/minority interest	--	78.0	--	--	--	--	--	--	--	--
Revenue: Other	--	--	6.9	6.9	6.9	--	--	--	--	--
Depreciation and amortization: Impairment charges/(reversals)	--	--	--	--	6.6	--	--	--	--	--
Total adjustments	900.9	(411.5)	185.4	155.5	768.8	68.0	(240.1)	(52.9)	(25.4)	(13.7)
S&P Global Ratings' adjusted amounts										
	Debt	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**FFO**	**Cash flow from operations**	**Dividends paid**	**Capex**
	6,256.3	5,196.5	1,243.3	777.2	1,094.9	254.9	537.1	537.0	377.8	230.0

Liquidity: Strong

We view Kimco's liquidity as strong and believe the company will likely be able to withstand substantially adverse market circumstances over the next 24 months while still having sufficient liquidity to meet its obligations. Kimco maintains a substantial unencumbered pool of wholly owned assets. The company's ratio of secured debt to total assets was very low (1.2%) and NOI generated from unencumbered properties was nearly 90% as of June 30, 2021. This large balance allows Kimco to add secured debt for debt refinancing purposes while having substantial cushion within its bond and facility covenants. We think Kimco will exhibit:

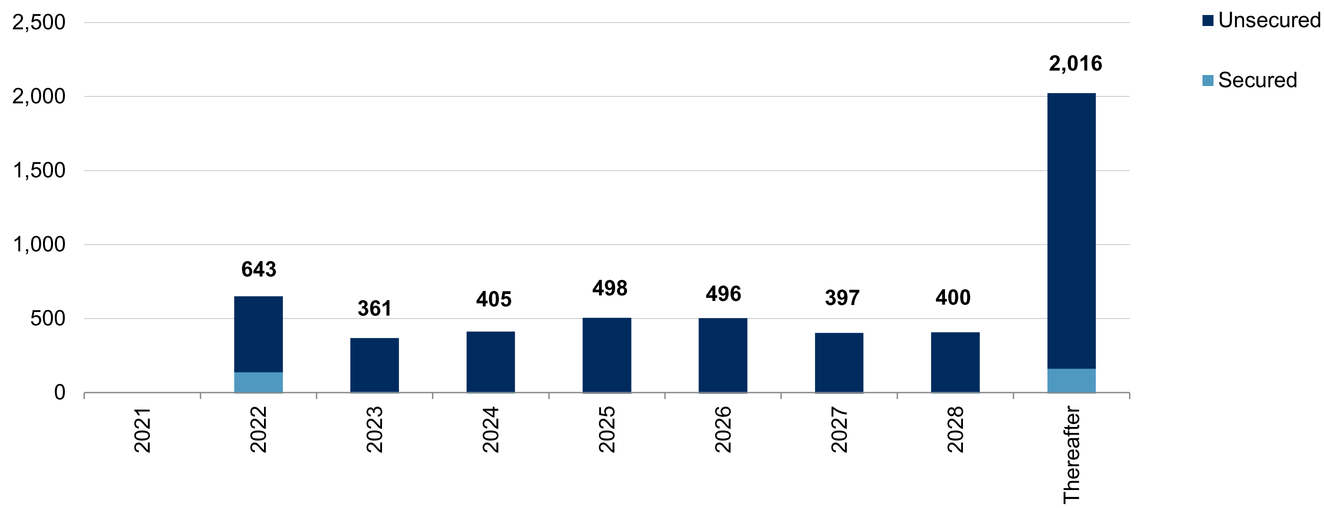
- Sources over uses for the upcoming 12 months of 1.5x or more and remaining above 1.0x over the subsequent 12-month period;
- Positive sources minus uses, even if forecasted EBITDA declines by 15% (a REIT-specific threshold);
- Sufficient covenant headroom for forecasted EBITDA to decline by 15% without the company breaching coverage tests;
- The likely ability to absorb high-impact, low-probability events without refinancing;
- Well-established, solid relationships with banks; and
- A generally high standing in credit markets.

Principal Liquidity Sources	Principal Liquidity Uses
• $230 million in unrestricted cash as of June 30, 2021; • Full availability under its $2 billion revolving credit facility that matures in March 2024 (with two additional six-month extension options to extend that maturity date); and • S&P Global Ratings projects cash funds from operations (FFO) of approximately $720 million to $820 million over the next 12 and 24 months, respectively.	• Principal mortgage amortization of roughly $12 million per year; • Maintenance capital expenditures of approximately $150 million per year (including tenant improvements and leasing commissions; • Acquisitions and development spend of about $200 million over the next 12-24 months; and • Annual dividend distributions of between $400 million and $500 million over the next 24 months.

Debt maturities

Chart 3

Kimco's Debt Maturity Schedule
As of June 30, 2021



Covenant Analysis

Compliance expectations

Kimco was comfortably in compliance with all applicable covenants as of June 30, 2021. We believe the company will maintain a sufficient cushion over the next 12-24 months.

Requirements

The bond indebtedness covenant thresholds and their calculations are as follows as of June 30, 2021:

- Maximum overall indebtedness of 65% (38%);
- Maximum secured indebtedness of 40% (1%);
- Minimum income available for debt service of 1.5x (5.2x); and
- Minimum unencumbered total asset value to total unsecured debt of 1.5x (2.7x).

Issue Ratings - Subordination Risk Analysis

Capital structure

- For investment-grade real estate companies, we typically rate the senior unsecured debt the same as the issuer credit rating, unless the percentage of secured debt exceeds 35% of total undepreciated real estate assets (or 40% of the fair market value of assets).

Analytical conclusions

- Kimco's ratio of secured debt to undepreciated assets was 1.2% as of June 30, 2021, well below the threshold of 35%. Therefore, we rate its unsecured debt 'BBB+', the same level as our issuer credit rating.

Ratings Score Snapshot

Issuer Credit Rating

BBB+/Stable/--

Business risk: Strong

- **Country risk:** Very low
- **Industry risk:** Low
- **Competitive position:** Strong

Financial risk: Intermediate

- **Cash flow/leverage:** Intermediate

Anchor: bbb+

Modifiers

- **Diversification/portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Strong (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Neutral (no impact)

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria - Corporates - Industrials: Key Credit Factors For The Real Estate Industry, Feb. 26, 2018
- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012

- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Insurance - General: Hybrid Capital Handbook: September 2008 Edition, Sept. 15, 2008

Related Research

- REITrends: North American REITs Stay The Recovery Course With Solid Second-Quarter Trends, Sept. 1, 2021
- Kimco Realty Corp.'s Acquisition Of Weingarten Realty Investors Will Enhance The Quality Of Its Portfolio, April 15, 2021

Business And Financial Risk Matrix

	Financial Risk Profile					
Business Risk Profile	Minimal	Modest	**Intermediate**	Significant	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	**a-/bbb+**	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Ratings Detail (As Of September 20, 2021)*

Kimco Realty Corp.		
Issuer Credit Rating		BBB+/Stable/--
Preferred Stock		BBB-
Senior Unsecured		BBB+
Issuer Credit Ratings History		
12-Dec-2008	*Foreign Currency*	BBB+/Stable/--
20-Mar-1998		A-/Stable/--
12-Dec-2008	*Local Currency*	BBB+/Stable/--
16-Jan-1998		A-/Stable/--
08-May-1997		A-/Positive/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.