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PRESENTATION

Operator

Good day, and welcome to the Kimco Realty Corporation First Quarter 2017 Earnings Conference Call. (Operator Instructions) Please note, this event is being recorded.

I would now like to turn the conference over to Mr. David Bujnicki, Senior Vice President, Investor Relations and Strategy. Please go ahead.

David F. Bujnicki - *Kimco Realty Corporation - SVP of IR and Strategy*

Thanks, so much. Good morning, and thank you for joining Kimco's First Quarter Earnings Call. With me on the call this morning is Conor Flynn, Chief Executive Officer; Ross Cooper, President and Chief Investment Officer; Glenn Cohen, CFO; David Jamieson, Chief Operating Officer; as well as other members of our executive team, including Milton and Ray Edwards.

As a reminder, statements made during the course of this call may be deemed forward-looking. It is important to note that the company's actual results could differ materially from those projected in such forward-looking statements due to a variety of risks, uncertainties and other factors. Please refer to the company's SEC filings that address such factors.

During this presentation, management may make reference to certain non-GAAP financial measures that we believe help investors better understand Kimco's operating results. Examples include, but are not limited to, funds from operations and net operating income. Reconciliations of these non-GAAP financial measures are available on our website.

With that, I'll turn the call over to Conor.

Conor C. Flynn - *Kimco Realty Corporation - CEO and Director*

Thanks, Dave, and good morning, everyone. Today I'll provide a high-level overview of our first quarter 2017 performance and current market trends. Ross will then cover our transactions this quarter, and Glenn will provide details on key metrics and 2017 guidance outlook. To paraphrase Mark Twain, reports on the death of retail real estate have been greatly exaggerated, and Kimco's strong first quarter is living proof.

5 years ago, we embarked upon a major program to improve the quality of our portfolio, focusing on areas of significant barriers to entry, higher density and incomes, strong retailer demand, emphasizing grocers and off-price retailers.

Our leasing volume is validated in the success of our transformation and helping to offset the challenging retail environment the industry is currently experiencing. As an example of our strengthened portfolio, which, given the size and diverse location, has always been defensive in nature, our top 5 markets, which are entirely coastal, contribute 50% of our rental revenues versus 35% when we began our transformation.

Today, we are experiencing the rightsizing of the retail landscape, as numerous chains announced store closures and embrace the omnichannel experience that consumers have come to expect and demand. While e-commerce is not nearly as profitable as the physical store, retailers understand that in an on-demand world, those who offer a frictionless experience regardless of channel will thrive, as consumers continue to spend at record levels.

A few of our retailers are starting to effectively evolve their business models to take advantage of their brick-and-mortar retail, offering discounted services and pricing for online orders shipped to the physical store that cannot be matched by a pure online retailer. Wal-Mart and Home Depot are the perfect examples of this.

As Milton is fond of saying, when it comes to retail real estate, the only constant is change, and Kimco is adapting to this evolving landscape by working hard to deliver both the product and an experience to tenants and shoppers commensurate with this new world order. And that is why at many of sites you'll see more health and wellness, more service providers, more food and restaurants, more entertainment and more experiential retailing.

Our leasing volume is the highest in 10-plus years. Our team is laser-focused on this most important part of our business. We are constantly challenging our entire team to do even better, and they have. We backfilled 5 former Sports Authority boxes this quarter and continue to see demand for the remaining locations from grocers, off-price, fitness and entertainment concepts.

Despite the normal seasonal vacancies usually experienced in the post-holiday season, our gross occupancy remained flat quarter-over-quarter. More importantly, leasing spreads remained strong, fueled by the significant mark-to-market opportunities embedded in our portfolio.

And while retailer weaknesses is dominating the media, many retailers, the majority of them our tenants, are thriving. Of our top 20 tenants, 7 have recently hit all-time highs in their stock price, and many have large new store opening plans. For example, TJX, Ross and Burlington in aggregate have announced expansion plans in excess of 300 stores. While we are not immune from store closures, we continue to believe we are in the sweet spot of retail and will continue to generate interest from high-quality tenants that will drive more traffic and more sales to the surrounding retail stores.

We've built our business plan, the 2020 Vision, with a focus on balance sheet strength and the ability to deliver sustainable cash flow growth in different cycles. The good news is, the plan is working. The balance sheet is strong and affords ample financial flexibility, and we have created a portfolio and pipeline with multiple levers that will deliver both organic and value creation for the foreseeable future.

Of particular note is our development and redevelopment pipeline, which is starting to bear fruit, highlighted by our Grand Parkway project in Houston, which is now open for business. Our redevelopments, a core competency of Kimco's, are expected to yield incremental returns of 9% to 12%, and we have several major redevelopment projects under way that will create additional flagship assets with high growth profiles. We believe investing in our business and growing organically is the right way to create long-term shareholder value. As I said earlier, we have a plan, and the plan is working.

And now I will turn the call over to Ross.

Ross Cooper - *Kimco Realty Corporation - President and CIO*

Thank you, Conor. The first quarter transaction activity has been a continuation of our 2020 Vision goals and objectives, which include a disciplined approach towards acquisitions and dispositions. The acquisition environment remains ultra-competitive with opportunities hard to unearth, as the pricing power for high-quality core assets remains in favor of the seller. While this is no surprise in the major markets of Southern California, New York Metro and other coastal gateway regions, we have more recently seen bidding wars for institutional assets take place in Chicago, Minneapolis, Houston and Dallas. We remain steadfast, seeking opportunities to selectively buy assets that fit the disciplined strategy we have set forth. One such example is Plaza Del Prado in the affluent North Shore of Chicago. This unique asset provided immediate upside with the renewal of a bank outparcel at 10x the prior rent as well as the ability to create future value through a possible early lease extension with a grocery anchor and a new outparcel. There is also an incremental lease-up opportunity at the site with LOIs already under way just 90 days in the fee acquisition.

Adjacent parcel acquisitions remain a focus for us, as we closed on the purchase of a former Staples box at our Columbia Crossing Shopping Center in Columbia, Maryland. Sandwiched in between T.J. Maxx and Dick's, we have already executed a lease with HomeGoods at an attractive return on investment. As Conor indicated in his remarks, the retail environment is changing, and it is imperative that we continue to evaluate future investments with an eye towards the evolving dynamics. We have directed our investment team to focus on those assets with a strong growth trajectory either from below-market leases or adaptable site plans with redevelopment potential as well as considering existing and prospective tenant quality and space needs. Regarding new development opportunities, we are taking a strict and cautious approach and believe that urban core, infill retail projects with multi-family or other vertical development opportunities are the future.

The investment in Lincoln Square in Center City Philadelphia fits the mold. Our investment was made alongside Alterra Property Group, our partner who has significant multi-family development and management experience. We entered the project with substantial leasing interest already in place, which we helped finalize into executed deals prior to closing, including a small-format Target, PetSmart and an exciting specialty grocer. In addition, we have secured in-place entitlements which enabled us to break ground the day after closing on the land. The development of 322 multi-family units above the retail provides for the urban infill, mixed-use environment that we believe will pay dividends into the future.

On the disposition side, the first quarter sales amounted to $113.2 million of gross value, with Kim's share of $65.8 million. The blended cap rate on the 8 centers sold was approximately 7.5%.

Currently, we have several assets under contract in the low-6s, and even sub-6 cap rate in a few cases, highlighting the quality of the remaining assets for sale. In terms of our 2017 acquisition and disposition guidance, we remain comfortable with the dollar amounts and cap rates previously established. We remain focused on continuing to further enhance and upgrade the portfolio through a disciplined capital recycling strategy. Glenn will now walk you through this quarter's financial results.

Glenn Gary Cohen - *Kimco Realty Corporation - CFO, EVP and Treasurer*

Thanks, Ross, and good morning. As we begin the second year of our 2020 Vision strategy, we remain confident about achieving the objectives set out in our 5-year plan. Our transformed portfolio, internal -- and internal growth levers remained solid, and we are well positioned to deliver growth, as lease-up continues and redevelopments and developments come online.

2017 is off to an excellent start with strong first quarter operating and financial results. NAREIT FFO per share was $0.37 for the first quarter 2017 compared to NAREIT FFO per share for the first quarter 2016 of $0.38, which included $0.01 per share from a preferred equity profit participation. FFO as adjusted, or recurring FFO, which excludes nonoperating impairments and transactional income and expense, was $155.8 million for the first quarter of 2017 as compared to $152.9 million for the same quarter last year, with $0.37 per diluted share for both quarters.

Our results were favorably impacted by increased base rents, improved bad debt expense totaling $7.5 million, and the implementation of our strategic initiatives, which lowered interest expense, G&A and tax expense by $11.1 million. Offsetting these positive factors were lower lease termination fees, reduced below-market rent amortization and lower FFO contribution from joint ventures.

Our modest growth reflects last year's disposition of Canadian and U.S. properties totaling $982 million and the investment of over $390 million in our development pipeline which will begin to generate NOI and FFO in the second half of this year, as our first completed development project, Grand Parkway, comes online. Our 4 other active development projects, Dania, Christiana, Owings Mills and Lincoln Square, will begin to come online in varies points during 2018 and 2019 and will be key contributors to our future growth.

Our operating portfolio continues to perform very well. U.S. occupancy is a healthy 95.3%, with anchor occupancy steady at 97.3%, and small shop occupancy at 89.6%, so down 30 basis points from year-end. This modest decline is typical for the period directly after the holiday season. U.S. occupancy is down 10 basis points from year-end. First quarter occupancy was impacted by approximately 70 basis points relating to the remaining Sports Authority vacancies. We have leased a total of 14 former TSA boxes and have LOIs or active prospects on 11 of the remaining 13 TSA boxes.

Leasing activity during the quarter was brisk, delivering new leasing spreads of 17.9%, renewals and options exercised at 10.1% and combined leasing spreads of 10.9%.

Same-site NOI growth was positive 2.2% for the first quarter, driven by minimum rent increases of 150 basis points and improved credit loss of 130 basis points, offset by lower recoveries of 80 basis points.

The comparable lower recoveries are attributable to a significant real estate tax refund received last year at one of the properties. Same-site NOI growth includes 10 basis points from redevelopments. In addition, there was no impact on first quarter same-site growth from the Sports Authority bankruptcy, as we had previously reserved the TSA rents in the first quarter of 2016.

We continue our efforts to enhance our balance sheet. We completed a new $2.25 billion revolving credit facility, with borrowings priced at LIBOR plus 87.5 basis points. This new 5-year facility with a final maturity date in 2022 replaces our $1.75 billion revolving credit facility, which was priced at LIBOR plus 92.5 basis points, and was used to repay our maturing $250 million bank term loan, which was priced at LIBOR plus 95 basis points.

Also, we issued a $400 million 10-year unsecured bond at a coupon of 3.8%. Proceeds from this issuance were used to repay our maturing 2017 mortgage debt with a weighted average interest rate of 5.71%. Our weighted average debt maturity profile now stands at almost 9 years, one of the longest in the REIT industry.

We are reaffirming our FFO per share guidance range of $1.50 to $1.54. Our guidance range does not include any transactional income or expense, which we will incorporate as it occurs. As a result, our NAREIT-defined FFO per share guidance range and our FFO as adjusted per share guidance remain the same. We are also reaffirming our full year 2017 same-site NOI growth range of 2% to 3%, which includes the negative impact we expect to incur from the Sports Authority bankruptcy of approximately 225 basis points in the second quarter. In addition, we are reaffirming our expected year-end occupancy range of 95.8% to 96.2%.

And with that, we'd be happy to answer your questions.

David F. Bujnicki - *Kimco Realty Corporation - SVP of IR and Strategy*

We're ready move to Q&A portion of the call. (Operator Instructions) Phil, take our first caller.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Okay, our first question comes from Craig Schmidt of Bank of America.

Justin Devery - *BofA Merill Lynch, Research - Analyst*

This is Justin in for Craig. Could you talk about your densification efforts and maybe what we could expect in both the near and long term?

Conor C. Flynn - *Kimco Realty Corporation - CEO and Director*

Absolutely. I think we've been pretty consistent with our message there that our goal for our redevelopment program is to really unlock the highest and best use of the asset, and a lot of what we're working on is putting the entitlements in place to add density. So when we look at future projects, we always look to see what was the supply and demand is in the certain area that we're developing and understand the different risks involved with the project and ultimately the return on our investment. So for now, we've identified 2 projects that are active, our Pentagon and our Lincoln Square projects, and we continue to look through the portfolio for future opportunities and continue to look at the highest and best use of the real estate.

Justin Devery - *BofA Merill Lynch, Research - Analyst*

And just as a follow-up to that, can you talk about what types of qualities do you look for in a partner when you're looking at a mixed-use project to handle the residential component?

Conor C. Flynn - *Kimco Realty Corporation - CEO and Director*

Absolutely. Typically what we do is, we look for a partner that's a local expert, someone that has a great track record, someone that has product in the close proximity, where they can use that to their advantage and understand the market inside and out. We understand that we're the retail expert. So what we bring to the table is really a showcase of what we're doing at Lincoln Square, what we were able to use our expertise to negotiate and execute the deals with Target and PetSmart and others. And so we really want to focus the JV strategy on mixed-use with partnering with the best-in-class in that local jurisdiction.

Operator

Our next question comes from Nick Yulico from UBS.

Greg McGinniss - *UBS Investment Bank, Research Division - Associate Analyst*

This is Greg on for Nick. Just a quick question about the re-leasing spreads and TI spend. I was just wondering if you could elaborate on the difference between redevelopment versus TI and landlord cost?

Conor C. Flynn - *Kimco Realty Corporation - CEO and Director*

Our redevelopment is very self-explanatory. We use the definition where we're changing the square footage of the site plan. We think that that's the simplest definition that makes sense. So that's why redevelopment has a category unto itself regarding TI and CapEx spend, whereas if it's a renewal or an option, that's really an in-place tenant that we're working to keep in place and to extend term with.

Greg McGinniss - *UBS Investment Bank, Research Division - Associate Analyst*

Great, okay. And so even though the GLA is changing, this is still being considered for the -- that releasing spread then?

Conor C. Flynn - *Kimco Realty Corporation - CEO and Director*

If the GLA is changing it will be a redevelopment, and then we will count it as -- yes, if it's a new lease, then it will be a new lease. If it's a renewal, typically, those are not counted in renewal spread.

Operator

Okay. Our next question comes from Julio Portalatin from Citi.

Christine McElroy - *Citigroup Inc, Research Division - Director*

Glenn, I just wanted to follow up on your comment on same-store NOI growth and how you're thinking about the rest of the year. Specifically on Q2, how could the growth rate be impacted by some of the moving parts last year with Sports Authority and the reversal of some of the bad debt there. And then just looking into the back half of the year, you have your full year range. But just given all the uncertainty in the environment and everything we've been hearing about store closings and bankruptcies, how could that be impacted potentially by some of the stuff that you'd know about versus what you don't know about, and maybe as you go into further in the year and there's maybe some rent relief negotiations to consider there?

Glenn Gary Cohen - *Kimco Realty Corporation - CFO, EVP and Treasurer*

Sure, Christie. As I mentioned in my opening remarks, we remain confident in our guidance range of the 2% to 3% level. As we look -- and also as I said, as we mentioned, in the second quarter, there will be an impact related to Sports Authority. The Sports Authority impact in the second quarter has a negative impact of about 225 basis points. So when you take that in over the full year, it averages about 56 basis points on a quarterly basis. That already is baked into our credit loss analysis for the full year, which is why we remain confident about where we are. We've -- as long as there's not massive bankruptcies, which we don't expect, we've accounted for the store closings that we see already. So we remain confident that we'll make our 2% to 3% range for the full year. The second quarter, though, will be impacted. It's going to be very muted because you're starting with a negative 225 basis point decline to start with. So it's going to be lower definitely in the second quarter, but as we go through the back end of the year, it definitely improves in the third quarter and fourth quarter.

Christine McElroy - *Citigroup Inc, Research Division - Director*

Okay, and then just a sort of apart from some of the bankruptcy stuff that we've seen. How -- have you seen any change in sort of the rate at which some of the larger-format retailers are renewing space or exercising their options? And then on the demand side, have you seen any change in demand from retailers that are expanding that have open to buy? Is there any slowing of that pace?

Conor C. Flynn - *Kimco Realty Corporation - CEO and Director*

It's a good question, Christie. I think, when we look at our portfolio, we have not experienced any change in demand from our retailer base. It's clearly driven by a few categories that are the shining stars in retail today. I mean, off-price, we've talked about TJX, Ross, Burlington, Nordstrom Rack, those are really driving forces for us. And then you include the fitness category and the specialty grocers that are taking new deals today. We have not seen any rent relief requests of any material size throughout the portfolio, which is really a great indicator to show how strong the portfolio is operating. And one of the best thing I could tell you, when we look at our 5 Sports Authority leases that we backfilled this quarter, there were 5 different tenants that took the spaces. So that just shows the diversity of demand that we're dealing with, and when we look at our pipeline, we think that, that absorption rate is just continuing to build momentum through the rest of the year.

Operator

Our next question comes from Wes Golladay from RBC Capital Markets.

Wes Golladay - *RBC Capital Markets, LLC, Research Division - Associate*

When you look at what you baked in for the tenant environment for the rest of the year, are you expecting more liquidations or just more of a Chapter 11 environment?

Conor C. Flynn - *Kimco Realty Corporation - CEO and Director*

We anticipate that it'll be more of a restructuring going on with some of the tenants that have already filed. hhgregg obviously one that we anticipated, and that will probably -- we were anticipating getting all 8 of those back. So we've planned accordingly for the store closures that have been announced, and we continue to see strong demand. So we feel like we are in a good position.

Wes Golladay - *RBC Capital Markets, LLC, Research Division - Associate*

Okay. And then with hhgregg, it looks like it was in Avenues Walk. Was that just a legacy project? Or are you still working with tenants that could be on the watch list for your development pipeline?

Conor C. Flynn - *Kimco Realty Corporation - CEO and Director*

That was back in 2008. So you're spot on there. We continue to work on leases there to try and backfill that spot.

Operator

Our next question comes from Daniel Santos from Sandler O'Neill.

Daniel Santos - *Sandler O'Neill & Partners, Equity Research - Associate*

My first question is, just generally speaking, how can we sort of reconcile your strong leasing stats with what the never-ending sort of negative retail headlines?

Conor C. Flynn - *Kimco Realty Corporation - CEO and Director*

When you look at past, the retail headlines, I think you've got to look at the categories of retail that are thriving. And it's really the off-price segment that really has perfected the treasure hunt. When you look at TJX and their release, they talk about how their traffic is actually increasing. When you look at what Home Depot and Lowe's are doing in the home improvement section, it's really impressive and how they've integrated the online channels with the physical brick-and-mortar. When you look at what Walmart has done with taking advantage of their physical stores in announcing really pricing power that if you ship online order to the store, you actually get a further discount, which is the first move, I think, in terms of our physical brick-and-mortars taking advantage of their network of stores. So again, it's obviously -- there's a lot of headlines out there regarding certain categories, and beauty is another just perfect example of just look what Ulta and Sephora are doing. And then you layer in fitness and some of the health and wellness and medical categories, it's clear that we're shifting more towards service, restaurants, food, things that are driving traffic to the shopping center, and that's where we're positioned to really take advantage of it.

Daniel Santos - *Sandler O'Neill & Partners, Equity Research - Associate*

Okay, that's helpful. And just as a sort of follow-up to that. Over the last few years, we've seen a lot of retailers invest in their Internet presence. Have you seen those dollars come back to the physical stores? Or are they still mainly focusing on the Internet?

Conor C. Flynn - *Kimco Realty Corporation - CEO and Director*

There's still a balance right now, where retailers are trying to figure out the right balance of where to invest their dollars. All the retailers acknowledge that their physical store base is where they're most profitable, but they realize they need to have that offering to remove any pain points in the shopping experience. And so when you look at Home Depot and when you look at Lowe's, they've been investing heavily, yet also investing in the physical stores. So there is a balance, I think, that a few of our retailers have found, and I think they are going to be setting the model going forward to how to really integrate and how to be able to take advantage of both channels.

Operator

Our next question comes from Collin Mings of Raymond James.

Collin Mings - *Raymond James & Associates, Inc., Research Division - Analyst*

First question, just Glenn. Can you just update us on how you're thinking about the preferreds that are callable this year?

Glenn Gary Cohen - *Kimco Realty Corporation - CFO, EVP and Treasurer*

Sure. So we have 3 preferreds. One's at 6% for $400 million, one's at 5.5% for $225 million and one is $175 million at 5 5/8%. If you look at where the preferred market is today, for us, we're probably, if you went to it, it's probably around 5.5%. So there's really not a whole lot of gap or upside in redeeming in one preferred for the other. More importantly, what we'll focus on is, we have all this optionality, and at the right time, where if the capital is available, we will use it to redeem those preferreds and that'll help reduce overall debt levels, including preferreds over time, which is really part of the 2020 Vision, which we think will help lead toward being put on a positive outlook and an upgrade at some point by the time we get to 2020.

Collin Mings - *Raymond James & Associates, Inc., Research Division - Analyst*

Okay. And then just switching gears, as far as one of your peers earlier this week discussed opportunities really to debox some properties to free up some more small shop space, I mean, just curious. As you think about your development pipeline, Conor, just how do you see opportunities there? And how are you kind of positioning your redevelopment pipeline? And do you kind of agree with that mind-set of, "Hey, there could be some opportunities to debox some properties?"

Conor C. Flynn - *Kimco Realty Corporation - CEO and Director*

It's all very, very location-specific. Clearly, if there isn't a demand for a box in a certain location, you've got to look at alternatives. What we've found is that we have plenty of activity in our redevelopment pipeline to show that whether it's off-price, grocery, fitness, to take advantage of the space that we are creating in addition to what's existing on the property. So it's all location-specific. And again, it's really what the highest and best return on that location. We don't have many deboxing activities going on today. It's something we look at constantly. But again, when we look at our portfolio, we think that our redevelopments are well positioned to take advantage of really the sweet spot of retail today.

Operator

(Operator Instructions) Our next question comes from Richard Hill of Morgan Stanley.

Ronald Kamdem - *Morgan Stanley, Research Division - Research Associate*

This is Ronald Kamdem on Richard Hill's line. I was just curious -- just looking for high-level commentary on cap rates on assets. Obviously, you guys have a disposition guidance this year and looking for a 7% blended cap rate. But just if you can provide any color on what you're seeing specifically in secondary and tertiary markets, what's your trajectory for cap rates.

Ross Cooper - *Kimco Realty Corporation - President and CIO*

Sure, happy to answer that. As we look at the cap rates particularly in those markets, they've been relatively stable. I think we've mentioned over the last few quarters that they were shifting a little bit higher. We have not seen any material change the beginning part of this year. There is still plenty of demand from private buyers and institutions that are looking to take advantage of a bit of an arbitrage opportunity. So as we mentioned -- I mean, the first quarter, we hit about mid-7s on our cap rates. We have several deals in the pipeline that we expect to close in the second and third quarters that are in some cases 6% and below. So there's no doubt that there is interest-level even outside of the core markets. Now when you do look at the core markets, those have been extremely aggressively priced. And a few examples, whether it be power or grocery, we've seen in Dallas and Chicago power centers in the low-5 cap range. We've seen grocery in Maryland and Irving, Texas in the 4s and 5s. A lifestyle kind of power center in Philadelphia just transacted at a flat 4% cap. So there is extreme demand and limited supply for high-quality real estate, and we're seeing plenty of activity on the secondary and tertiary markets as well.

Ronald Kamdem - *Morgan Stanley, Research Division - Research Associate*

Great. And then just the second one just really quick from me is just updated thoughts on just Albertsons and what your outlook is there.

Raymond Edwards - *Kimco Realty Corporation - EVP of Retailer Services*

This is Ray. With respect to Albertsons, really it's been no change. We're still focused the company on executing an IPO at the right time. Fortunately, we are very strong business at about $2.8 billion, $2.9 billion of EBITDA and about $0.5 billion of free cash flow last year. So we're very comfortable. The business is running very, very well, and it's getting past the headwinds of deflation. And so we're optimistic that in the near term, we will execute on a way to monetize the investment.

Operator

(Operator Instructions) Our next question comes from Nikita Bely from JPMorgan.

Nikita Bely - *JP Morgan Chase & Co, Research Division - Analyst*

Can you talk a little bit about the pace of development lease-up, and given the environment, has it slowed at all in last couple of months in last quarter or so?

Conor C. Flynn - *Kimco Realty Corporation - CEO and Director*

Happy to. We actually haven't seen any slowdown in our development projects. Now each of our development projects has a special case of why we think it's appropriate to take on the development process, and the strength of the underlying real estate, I think, is why there hasn't been a slowdown. And when you look at the supply coming online, it's very, very muted. I mean, we were at 38-year lows in terms of new supply coming online. And so when retailers are looking to grow store count, they are still sometimes challenged to find those opportunities, especially in markets where they're trying to penetrate. So we feel very good about the pipeline, the strength of the demand and the retailer base that we're working with to continue to prelease projects.

Nikita Bely - *JP Morgan Chase & Co, Research Division - Analyst*

And maybe a little different question, different topic. What's your view on JVs in general? Like, how do you look at them? And in your view, what are the advantages and disadvantages from their perspective of, like, simplifying the company going forward?

Conor C. Flynn - *Kimco Realty Corporation - CEO and Director*

Well, we did take on a massive simplification effort and have reduced our JVs dramatically from the previous high. We do think that it's appropriate if a partner brings us a deal that we would not normally be able to take advantage of on our -- by ourselves, and that situation, like a Lincoln Square, is a perfect example of that, where we do believe our partner is valid and can add value to the property longer term. We also like to think that the Lincoln Square is a perfect example of a partnership that enhances each other. We are not a multi-family expert. We acknowledge that. So we want to make sure that when we partner with someone, that's the partner that enhances the project going forward. So those are the ones that we think make total sense.

Operator

Our next question comes from Greg Schweitzer of Deutsche Bank.

Gregory Schweitzer - *Deutsche Bank AG, Research Division - Research Associate*

I just wanted to get an update on the heath of the grocery environment, perhaps anything anecdotal from conversations you've been having, and also how you're thinking about risk from the grocers, both from moving to the mall near one of your centers or what threats from the likes of Amazon.

Conor C. Flynn - *Kimco Realty Corporation - CEO and Director*

When we look at our grocery business, obviously, we are invested in Albertsons, and Ray gave a quick recap there of the business, and we think that they have a good business model and continue to battle food deflation but see it coming to an end in the near term. So other than that, when we look at new deals we did for the quarter, we did a deal with Sprouts Farmers Market. We continue to see specialty grocers, whether it's Trader Joe's or others that really enhance the traffic generation at our projects. And then the traditional grocers still are finding ways to create value. There has been a lot of consolidation, whether it's Kroger or Albertsons, and we continue to think that going forward, it's a great way for us to add a traffic driver to our locations that don't have a grocery component. We are watching closely and working with Lidl. And that's coming in this year. They are going to be a competitor, and I think that there'll be a nice new addition to some of our locations that don't currently have a grocery component. But it's very competitive. We do see the strong continuing to thrive. Publix is another great example of one that continues to dominate. And depending on the location, we think our portfolio has a lot of opportunity to continue to add grocery components.

Operator

Okay. There are no further questions. This concludes our question-and-answer session. I would like to turn the conference back over to Mr. David Bujnicki for closing remarks.

David F. Bujnicki - *Kimco Realty Corporation - SVP of IR and Strategy*

Thanks, Phil. I'd like to thank everybody that participated on our call today. More information is available on our website. Thanks so much.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.
