

Rating Action: Moody's affirms Kimco's Baa1 rating; stable outlook

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Approximately \$4 Billion of Debt Securities Affected

New York, January 15, 2013 -- Moody's Investors Service has affirmed the ratings of Kimco Realty Corporation (senior debt at Baa1) with a stable outlook.

The following ratings were affirmed with a stable outlook:

Kimco Realty Corporation -- Senior unsecured debt at Baa1; senior unsecured debt shelf at (P)Baa1; preferred stock at Baa2; preferred stock shelf at (P)Baa2.

Kimco North Trust III -- Senior unsecured guaranteed Canadian debentures at Baa1.

Pan Pacific Retail Properties, Inc. -- Senior unsecured debt at Baa1.

RATINGS RATIONALE

The current Baa1 senior debt ratings reflect the REIT's solid franchise in the community and shopping center business, large and well-diversified portfolio, good liquidity position, and excellent property management and leasing platform. The REIT has re-aligned its business strategy over the past few years to concentrate on reducing the non-core businesses, such as merchant building and other ancillary businesses, to focus on its core operations.

The stable outlook reflects Moody's expectation that Kimco will continue to maintain its good credit profile coupled with adequate liquidity. It also reflects our expectation that the REIT will continue to realign its business to focus on its core retail business.

Kimco's has a good liquidity profile with access to a \$1.75 billion revolving credit facility that provides liquidity to its US, Canadian and Mexican retail real estate operations. As of 3Q12, there was 99% available on the facility. Kimco's liquidity position was strengthened through issuances of approximately \$1.2 billion of preferred stock and term notes in 2012. The REIT's FFO payout ratio is modest at 61%, enhancing its financial flexibility.

Kimco's overall effective and secured leverage profile, including pro-rata share of joint ventures and fixed charge coverage, has shown improvement. The REIT's consolidated effective leverage, which includes preferred stock, is 46% (without JV interests) as of 3Q12. Secured debt comprises a modest portion of the REIT's capital structure at 9% of gross assets at cost (without JV interests) at 3Q12. The unencumbered asset base of the REIT's core portfolio is solid at 83% of total assets on a gross book basis. Fixed charge coverage has improved to 2.3x at 3Q12 for the past few years -- up from 2.0x at YE09, but is still low for the REIT's current rating. EBITDA margins remain healthy at 67%, but are still lower than historical standards when the REIT enjoyed margins of over 70%.

Kimco has a strong and diverse franchise in the US and Canadian retail real estate business, focused principally on owning and operating a portfolio of high quality necessity-based neighborhood and community shopping centers comprising 135 million square feet. Portfolio occupancy for its total shopping portfolio at 3Q12 was 93.7%. Kimco's portfolio is well-diversified with minimal geographic or tenant concentrations. As of 3Q12, the REIT derived approximately 12.6% of its annualized base rent from core portfolio properties located in California, 10.4% in Canada, 9.0% in Florida, and 7.9% in New York. Kimco's top 25 tenants, national retail and supermarket chains, accounted for approximately 33% of annualized based rent. Moody's also has a very high regard for Kimco's management team, which possesses a strong expertise in both the retail sector and retail real estate, and has a long and successful track record managing the REIT's diverse business lines.

Upward rating movement would be challenging as Kimco needs to further solidify its metrics within the Baa1 rating range. A downgrade of Kimco's ratings would be prompted by fixed charge coverage (not including JVs) falling below 2.1x; net debt to EBITDA (not including JVs) above 6.0x; and prolonged deterioration in NOI (three-plus quarters). Any pressure on the REIT's liquidity position would also result in a downgrade.

The last rating action for Kimco was taken on September 21, 2010, at which time Moody's affirmed Kimco's Baa1 ratings and changed the outlook to stable, from negative.

Kimco Realty Corporation [NYSE: KIM], headquartered in New Hyde Park, New York, USA, is a real estate investment trust (REIT) that owns and operates North America's largest portfolio of neighborhood and community shopping centers, with interests in 922 retail properties comprising approximately 135 million square feet of leasable space located across 44 US states, Puerto Rico, Canada, Mexico and South America. At September 30, 2012, Kimco had book assets of \$10.1 billion and total equity of \$5.2 billion.

The principal methodology used in this rating was Moody's Approach for REITs and Other Commercial Property Firms published in July 2010. Please see the Credit Policy page on www.moody.com for a copy of this methodology.

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