

## **FITCH: KIMCO REALTY CORPORATION'S CREDIT METRICS UNAFFECTED BY SUPERVALU TRANSACTION**

Fitch Ratings-New York-14 January 2013: Kimco Realty Corporation's credit metrics and profile will be unaffected by the company's participation in the SUPERVALU transaction due to the minimal capital investment and non-recourse structure of the venture's debt, according to Fitch Ratings.

Investing in distressed retailers to ultimately acquire or profit from the underlying real estate is not a new strategy for Kimco and the transaction is a continuation of an existing (and profitable) partnership. However, Fitch differentiates direct investments in retailers (albeit those with a real estate portfolio) from owning and operating retail real estate due to the nature and volatility of cash flows. Fitch considers this recent transaction to be a slight departure away from Kimco's core strategy of owning and operating retail real estate and its recent steps in reducing its exposure to non-core assets.

Kimco will hold a 15% interest in the Cerberus Capital Management L.P.-led investor consortium that agreed to acquire five grocery banners from SUPERVALU (SVU, Issuer Default Rating: 'CCC' by Fitch) for \$100 million in cash plus the assumption of \$3.2 billion in debt. In June 2006, Kimco entered into another Cerberus-led venture that acquired a portfolio of stores from Albertsons, Inc. with the remainder being acquired by SUPERVALU. Kimco's maximum additional contribution to the consortium will be \$76.5 million.

The most recent acquisition will reconstitute the original Albertsons portfolio (minus many assets that have been sold since 2006) in addition to adding new brands. Fitch expects the consortium will execute a similar strategy of disposing stores (including potentially to Kimco), and improving operations to maximize the value of the real estate and distributing the proceeds amongst the members.

Similar to Kimco's existing non-controlling interest, earnings from the investment will not be captured in Fitch's calculation of recurring operating EBITDA. As such, leverage will be unaffected though it will benefit to the extent that future distributions increase cash balances or reduce net debt.

Fitch currently rates Kimco as follows:

- Issuer Default Rating 'BBB+';
- Unsecured revolving credit facility 'BBB+';
- Senior unsecured term loan 'BBB+';
- Senior unsecured notes 'BBB+';
- Preferred stock 'BBB-'.

The Rating Outlook is Stable.

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Additional information is available at 'www.fitchratings.com'. The ratings above were unsolicited and have been provided by Fitch as a service to investors.

Applicable Criteria and Related Research:

- 'Treatment and Notching of Hybrids in Nonfinancial Corporate and REIT Credit Analysis' (Dec. 13, 2012);
- 'Recovery Rating and Notching Criteria for Equity REITs' (Nov. 12, 2012);
- 'Corporate Rating Methodology' (Aug. 8, 2012);
- 'Criteria for Rating U.S. Equity REITs and REOCs' (Feb. 27, 2012).

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Treatment and Notching of Hybrids in Nonfinancial Corporate and REIT Credit Analysis  
[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=696670](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=696670)  
Recovery Ratings and Notching Criteria for Equity REITs  
[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=693751](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=693751)  
Corporate Rating Methodology  
[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=684460](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=684460)  
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