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KIM - Q1 2020 Kimco Realty Corp Earnings Call

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OVERVIEW:

Co. reported 1Q20 NAREIT FFO of $160.5m and NAREIT FFO per diluted share of $0.37.

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PRESENTATION

Operator

Good morning, and welcome to Kimco's First Quarter 2020 Earnings Call. (Operator Instructions) Please note, this event is being recorded.

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

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

Good morning, and thank you for joining Kimco's First Quarter 2020 Earnings Call, from wherever you find yourself following social distancing guidelines.

Obviously, hosting this call remotely from our homes is a new dynamic, and we hope to make the best of it, even with the occasional dog barking and kids yelling in the background.

The Kimco management team participating on the call today includes Conor Flynn, Kimco's CEO; Ross Cooper, President and Chief Investment Officer; Glenn Cohen, our CFO; Dave Jamieson, Kimco's Chief Operating Officer; as well as other members of our executive team that are available to answer questions during the course of this call.

As a reminder, statements made during the course of this call may be deemed forward-looking, and it's 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. Reconciliations of these non-GAAP financial measures can be found in the Investor Relations area of our website.

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

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

Good morning, and thanks for joining us.

Today, we will take a bit of a modified approach to our quarterly call. I will give you an overview of how we have confronted the challenges posed by COVID-19 and how we plan to move forward as the country begins to reemerge. Glenn will follow with the recap of the numbers for Q1 and our desirable liquidity position.

First, on behalf of the entire Kimco team, I want to thank all the first responders, medical professionals, volunteers, grocery store workers and essential retailers that risk their own personal safety to serve and help all of us. They are the true heroes and their effort should not be forgotten. And on a personal note, I also want to thank all of you for your support in my personal bout with the virus. Your e-mails, texts and thoughts were as powerful as any vaccination and were a big part of my recovery.

I would also like to recognize the entire Kimco team for their tireless efforts to ensure our centers continue to provide essential goods and services to our local communities. All of our centers are open and operating, and we will continue to provide our shoppers, our vendors, our employees and our extended Kimco family with a safe experience. Our best health and safety practices have been shared with companies, both small and large, so that we can help those with less resources and more critical needs.

As an organization, we are battle-tested, having successfully weathered both industry-specific cycles and macroeconomic downturns. That said, this current situation is unprecedented and poses new challenges. We have been working seamlessly and remotely since mid-March, focusing all our efforts, as Milton reminds us, to survive so we can thrive. Our strategy is focused on exactly that, managing through the current environment with an eye to positioning ourselves to thrive when the economy opens back up.

Our strategy for dealing with COVID-19 was one we implemented quickly to try and help those most in need. Time was of the essence on all fronts, and a wait-and-see approach was never considered. First, we prioritized liquidity. Glenn will give the details on how we bolstered our balance sheet, which included securing a well-timed term loan at very advantageous rates with extension rights. With a well-heeled balance sheet and cash position, Kimco will not only survive, but is in a strong position to prosper. Moreover, we wanted to have available resources, not only for our own use, but to help our retailers, many of whom don't have the same access to capital.

Next, we refocused our operations by shifting more resources to the front line. Our team has worked tirelessly to develop new approaches and launch new programs that address the numerous tenant requests. Our significant investment in cloud-hosted technologies from companies like Salesforce, MRI, Microsoft and Zoom have streamlined our operations and created efficiencies across the organization. These investments have allowed us to roll out programs of size and scale rapidly across the country. In addition, we deployed custom-developed tools to help us manage and quickly address tenant communications related to COVID-19 concerns. All this has provided us tremendous real-time data that allows us to react quickly and be proactive. We have led by example, as a number of our peers are following our lead in technology, website architecture and tenant assistant programs.

Our Tenant Assistance Program, or TAP, is a multi-pronged approach to give our tenants the valuable resources in a time of need, free of charge. At the end of March, we encouraged our small shop mom-and-pops to embrace TAP, which provides them with a free legal adviser to navigate the numerous state and federal programs available for small businesses to help them weather this storm. We also engaged quickly to give these small businesses the opportunity to know that the rent for April was not hanging over their heads so they could focus on the government assistance programs and try and keep as many employees as possible. In addition to legal advisers, we have helped identify lenders to work with our small shop tenants applying for the PPP loans. By our last count, just under 600 tenants have participated in the program.

For the month of April, we have collected cash rent totaling 60% of our billed rent. We fielded rent deferral requests for 35% of scheduled rent from tenants and have worked out deferral plans that equal approximately 14% of the April rent. For the month of May, we are still in the grace period for a number of leases that allow our retailers to pay over the first few weeks of the month. To date, May rent collections are tracking near the same level as April through the first week of the month.

Each of our deferral programs is confidential and cater directly to the needs of the tenant. We are in a very fluid environment, and we plan to proactively address the challenges ahead by quickly implementing any required changes while keeping an eye on the long term. As such, we don't want to speculate and instead focus on the facts and provide accurate information as the situation continues to unfold. We are working to maintain occupancy and bridge our tenants to the other side of the pandemic. We are also on the alert for dislocation opportunities. We have not seen any assets of quality trade in this environment yet, but we are ready if and when they present themselves. At the same time, until we get a clearer picture of the landscape, we have hit the pause button on assets we were considering adding to the portfolio before the COVID-19 crisis hit.

Our development and redevelopment pipeline remains largely on track, and we're in the fortuitous position of having limited projects in the active phase. Our 2 main projects, Dania in Florida and Hylan in Staten Island, are very close to completion and will be tremendous assets for Kimco long term.

After a temporary delay, we received approvals to continue construction at The boulevard at the former Hylan Shopping Center as it was determined to be essential due to the Shoprite grocery anchor. We are hopeful that this Signature Series asset will open later this year. At Dania point, construction has been ongoing, with Urban Outfitters and Anthropologie beginning to build out their newly leased spaces.

While we recognize that the pandemic may pose challenges surrounding the schedule of inspections and achieving final signoffs, we remain optimistic that we'll be able to complete these 2 projects on schedule. As previously noted, we have postponed nearly $100 million of capital expenditures originally planned for this year as a way to further our already strong liquidity position.

Our strategy of focusing on grocery-anchored centers and mixed-use assets continues to validate our approach as these assets are outperforming, especially in this current environment. Our first 2 Class A multifamily projects, Lincoln Square in the heart of Philadelphia, and The Witmer in Washington, D.C., are both operational. And despite the recent shelter in place orders, we've been able to continue leasing activity at both with virtual tours. Based on the success of both the Lincoln Square and The Witmer, we are continuing to expand upon our existing 4,500 multifamily units that are currently entitled, and our new goal over the next 5 years is to have over 10,000 units entitled.

Perhaps never before has the local grocery, pharmacy and the central physical brick-and-mortar retail has been more important. And while I anticipate e-commerce will continue to accelerate in this stay-at-home period as pandemic, it is important to note that the lion's share of e-commerce deliveries are originating at the store base. We anticipate curbside pickup, combined with click and collect, to be another trend that will accelerate both during the current pandemic and on the other side.

We have launched the Kimco curbside pickup program, and we are already working with our tenants to implement a proprietary system to provide for curbside pickup in our parking lots. We want to help our retailers embrace the new normal of retail and help them ramp back up sales upon reopening with a full suite of services that are now expected by our shoppers. We know the road ahead is not going to be easy, but with persistence and a laser focus on what we can control, we will be positioned to thrive over time.

Glenn?

Glenn G. Cohen - *Kimco Realty Corporation - Executive VP, CFO & Treasurer*

Thanks, Conor, and good morning.

Clearly, we are all experiencing an unprecedented health crisis that is causing a global financial recession or what some may view as a global depression. It is times like these that bring out the best in all of us. I echo Conor's sentiments, in that we salute all the workers on the front lines who are caring for the sick and ensuring that we have the most vital essentials, such as groceries, medicine and medical office and pet supplies. And I cannot be prouder of how the entire Kimco organization is handling this crisis.

We are fortunate to have significantly invested in our technology infrastructure, which has enabled us to quickly convert from a multi-office setting to a work-at-home environment for 500 associates within 24 hours. What was truly amazing is we have never skipped a beat. As a matter of fact, communication and productivity across the entire organization is at the highest level. We've positioned the company to withstand the severity of the current situation and come out stronger on the other side, of which I will elaborate on shortly.

2020 was off to a solid start as the first quarter results will demonstrate. Let me provide some color on the first quarter and spend some time on our balance sheet strength and significant liquidity position.

As a reminder, beginning in 2020, we are reporting only on NAREIT-defined FFO. If we recognize a unique transactional gain or charge, we'll definitely be sure to point it out.

NAREIT FFO came in at $160.5 million or $0.37 per diluted share for the first quarter of 2020. This compares to $158.4 million or $0.38 per diluted share for the first quarter of 2019. Our first quarter results include a decrease in NOI of $7.5 million. This decrease was driven by net disposition activity during 2019, lowering NOI by $11.4 million and higher credit loss of $2.8 million due in part from the bankruptcy filings of Pier 1, Modell's and Fairway. NOI benefited from $3.1 million of incremental development NOI from our Lincoln Square, Dania Pointe, Mill Station and Grand Parkway projects, and organic rental growth of $6.1 million. FFO for the first quarter 2020 also benefited from lower G&A expense of $4.8 million and reduced financing costs of $5.8 million, with the latter resulting from the redemption of $575 million of perpetual preferred stock last year.

We issued a $350 million, 3.7% 30-year bond and 9.5 million shares of common stock at $21.03 per share to fund the preferred redemptions during 2019.

The successful transformation of our operating portfolio has put us in a strong position to weather the COVID-19 impact, but we realized there remain challenges ahead. Pro rata occupancy stands at 96%, down 40 basis points from a year ago, but flat to 3/31/19 results. Anchor occupancy is at an impressive 98.6%, down 30 basis points from year-end, but up 80 basis points from a year ago. Small shop occupancy is at 88.8%, down 50 basis points from year-end primarily due to the vacates from Dress Barn and Pier 1.

Pro rata leasing spreads remained strong during the quarter at 7.3% comprised of new leasing spreads of positive 13.3% and renewals and options of a positive 6.8%. Same-site NOI growth was positive 1.5% for the first quarter 2020 versus a comp of 3.7% in the same quarter last year primarily driven by minimum rent increases, which contributed 230 basis points and increased percentage rent, which added 30 basis points. Offsetting these increases in same-site NOI is higher credit loss from the bankruptcies previously mentioned. All in all, a solid first quarter.

Now let's spend some time on our balance sheet and sizable liquidity position. During the first 4 months of 2020, we have significantly fortified our liquidity position with the execution of 4 key transactions. In January, we completed the $225 million refinancing for our KIR joint venture comprised of a $75 million 5-year unsecured term loan used to pay off maturing mortgage debt, and a new $150 million 4-year, plus 1-year option unsecured revolving credit facility with zero drawn on it. The pricing for the term loan is at LIBOR plus 135 bps with the revolver pricing at LIBOR plus 120 basis points.

In February, we completed a new $2 billion revolving credit facility priced at LIBOR plus 77.5 basis points. It's due in 2025, including options, and replaced our previous $2.25 billion revolver, which was scheduled to mature in March of '21.

We ended the first quarter with $675 million drawn, including $300 million drawn in mid-March as a precautionary measure as the COVID-19 crisis was unfolding. Earlier this month, we subsequently repaid this $300 million.

In April, we closed on a new $75 million mortgage on a joint venture property, replacing a $66 million secured loan that was the largest individual joint venture debt that was scheduled to mature in 2020. The new 7-year loan has a fixed rate coupon of 3.13%.

And then lastly, in April, we completed a new $590 million term loan priced at LIBOR plus 140 basis points, with 15 banks participating. This loan has a final maturity date in April of 2022.

As of today, we have nearly $600 million of cash on the balance sheet, $1.6 billion of availability on our revolving credit facility and over 320 unencumbered assets, which represents approximately 80% of our total NOI. Combined, we have the most liquidity by far of any REIT in the open-air sector, and it puts us in excellent shape to withstand the crisis, assist our tenants who need the most help and provide maximum flexibility to be opportunistic should suitable transactions arise.

Our weighted average debt maturity profile is 10.1 years, one of the longest in the entire REIT industry, and we only have $114 million of pro rata debt maturing for the remainder of 2020. In addition, we have significant cushion with respect to our bank and bond covenants and are confident that we could access the unsecured bond market if we deemed it desirable.

As previously announced, as a result of the uncertainty and lack of visibility regarding the extent of the COVID-19 impact, we have withdrawn guidance for 2020. In addition, out of abundance of caution, the Board has decided to temporarily suspend the common dividend. The Board will monitor our performance and economic outlook on a monthly basis and intends, at a later date, to reinstate the common dividend during 2020 to an amount at least equal to our REIT taxable income.

Certainly, there are many unknowns, including the timing of the country reopening, the pace of getting back to some semblance of a new normal and the financial health of specific companies. But we remain confident that with our abundant liquidity position, long debt maturity profile, superior portfolio and incredible team, we will, as Milton says, not only survive, but thrive.

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

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

Before we start the Q&A, I just want to offer a reminder that you may ask a question with an additional follow-up. If you have further questions, you're more than welcome to rejoin the queue.

Grant, you may take the first caller in the Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question will come from Christine McElroy with Citigroup.

Christine McElroy Tulloch - *Citigroup Inc, Research Division - Director & Senior Analyst*

So Conor, I guess this is for you. We've seen April collection rates from you and all of your peers. The variance among the group is not that wide, but it's there. How should the investment community be looking at April collections in the context of what's the most important thing is, which is ultimately the entire collectibility of these rents? So some national tenants are playing hard ball but should ultimately be in a position to pay, while local and maybe regionals are getting a little bit more support from the government and landlords. What are sort of the most important factors we should be considering ultimately?

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

Christy, it's a good question. I think it's so early on in the pandemic that the first month of collections that everybody is tracking should be taken with a grain of salt, I think, because the real question mark is how long this will last and how deep it will go. And so we're still sort of in the early innings of it.

And you're spot-on in terms of the lion's share of what we did early on was to help our small shop tenants because we felt -- we've been pretty clear from the get-go that we think our large national retailers who have the balance sheets and the cash-on-hand position to pay their rent should pay their rent, so we can use our balance sheet to go and help the small shops, the ones that don't have the balance sheet or the cash positions to weather the storm. And so the first month that you're seeing being reported, I would say that the lion's share of the numbers that are reported probably capture something similar, where the bigger players are paying a portion or all of their rents and then the smaller mom-and-pops are probably working through this to try and make sure that they survive and get to the other side of it.

So as it progresses, I think, obviously, May will be important and June, and the reopenings will be critical, right? So you've started to see now a few states starting to reopen. And anecdotally, we've heard a few of our retailers from store managers say that, so far, so good. They've been pleasantly surprised. So we continue to monitor the situation, but again, taking with the grain of salt that it is extremely early.

Christine McElroy Tulloch - *Citigroup Inc, Research Division - Director & Senior Analyst*

Okay. And then about half of your projected CapEx reduction is in leasing CapEx. How much of this is a function of just you expect lower leasing volume in this environment versus a concerted effort to pull back on leasing incentives? And in that context, how much is the current environment, where many tenants are not respecting that long-term lease contract, how does that change your view on the economics and the risk associated with some of these upfront leasing costs and how much you're willing to invest?

David Jamieson - *Kimco Realty Corporation - Executive VP & COO*

Christy, it's Dave. So it's a bit of a layered question. So let me just try to break it down a little bit to make sure I address everything that you did ask.

As it relates to the leasing CapEx, right now, a lot of that is deferred CapEx. And not necessarily we won't be doing, but will probably be pushed into 2021. We are anticipating that there will be some delays in terms of RCD commencements and/or the leasing volume itself may be accelerated in the back half of this year as we start to get better visibility into the situation with COVID and the reopening of markets, and then targeting those retailers that are actively looking to expand because there are a number of them that are looking at this as a real opportunity to continue to strengthen their own brick-and-mortar portfolios. So that's where we'll typically see it.

As it relates to sourcing of deals and how we evaluate new deals going forward, we've always taken a very hard look at the quality of the tenant and their balance sheet, and that will continue. Throughout this, it's always been a historic focus, and it will remain a focus because it's really at these times is where that matters most. And those with the strong balance sheet and great operating fundamentals will be the ones that continue to thrive during this time and then on the back end of it as well.

Operator

Our next question will come from Greg McGinniss with Scotia.

Greg McGinniss - *Scotiabank Global Banking and Markets, Research Division - Analyst*

Glenn, Kimco has done a really good job in making sure that it has liquidity to survive, and this is not necessarily a unique position for Kimco operating in this difficult environment. But how are you thinking about managing leverage throughout the shutdown and once we get on to the other side of this pandemic?

And then Ross, if you wouldn't mind commenting on the transaction environment and your ability to help fund in the expenses with dispositions, that would be appreciated as well.

Glenn G. Cohen - *Kimco Realty Corporation - Executive VP, CFO & Treasurer*

I mean look, leverage has always continued to be a focus for us. The liquidity that we have right now has not had an impact on leverage because you have -- it's really net debt, right? You have cash that we've put on the balance sheet or debt that we've repaid with some of that liquidity. So we really haven't moved -- the leverage really hasn't moved. And you see that both in the numbers at the end of the first quarter and where I would expect it to be even at the end of the second quarter.

Again, leverage is an important thing. We keep a very close eye on it. We are a strong BBB+, Baa1-rated company, which is important to us. We still have desires to get us to a positive outlook. And I think we're doing really all the right things around that, where the rating agencies will see a difference. I mean, tapping the bank market and having 15 banks participate in this environment is fairly unique.

I do feel, as I mentioned in my prepared remarks, that we have clear access to the bond market if we wanted to do it, so -- and again, we feel like we're in pretty good shape on that standpoint, and leverage will continue to be a focus of trying to reduce it further.

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

Yes. And as it relates to the second part of the question, I would just say that the current market is really taking a bit of a wait-and-see approach to really better determine the longer-term impacts to cash flow, to tenancy. We have seen a few smaller deals trying to structure around the situation with master leases, escrows or holdbacks, but it's really a pretty de minimis component of the overall transaction market.

In terms of our own portfolio and utilizing dispositions, I mean, we are extremely confident in the portfolio transformation that we've undertaken over the last 5 to 7 years. As you know, our intent coming into this year, pre-COVID, was to have a very modest level of dispositions, and really, that hasn't changed even in the midst of this. You'll see a very light second and third quarter from a disposition and transaction overall standpoint for Kimco. As we get into the fourth quarter, we may evaluate a couple of deals if the market defrosts to a certain extent. But we do not anticipate utilizing dispositions as a major funding mechanism in any meaningful way.

Greg McGinniss - *Scotiabank Global Banking and Markets, Research Division - Analyst*

Great. And Conor, you've shown a clear focus on helping out the smaller shop tenants. And I'm just curious how successful your tenants have been at obtaining the PPP funds with guidance from the Tenant Assistance Program. Do you have any stats on maybe how many tenants have applied for and received funds?

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

Yes. It's obviously something we focused on. And I'll tell you that the first round was uninspiring because typically, as you've seen some of those stats come out, it sort of reflected exactly what we saw in our small shop tenants that around 5% of them were only successful in the first round. But the good news is we've seen quite a few be very successful in the rounds following it. And we think that since they've made tweaks to the program and it's been more focused on the small shop and the small restaurant and the mom-and-pop, we think that they have the tools now to get through the window and be successful on obtaining those funds.

So we're cautiously optimistic that -- obviously, they did it extremely fast and had to get it out there, and there were some loopholes in there that people took advantage of. But now, we think that the small shops that we have, have the right tools in place and are ready to go and hopefully get the PPP loans so that they can make it to the other side of this. So we're cautiously optimistic that they've made the changes needed.

Operator

Our next question will come from Alexander Goldfarb with Piper Sandler.

Alexander Goldfarb - *Piper Sandler & Co., Research Division - MD & Senior Research Analyst*

First, just on the dividend. You guys suspended the common dividend, but it sounds like you're still going to pay the preferred. So based on where you've paid the common so far and presumably you're going to pay preferreds the rest of the year, do you guys need to pay a common dividend in the balance of the year to satisfy tax compliance with the REIT status?

Glenn G. Cohen - *Kimco Realty Corporation - Executive VP, CFO & Treasurer*

Alex, it's Glenn. Based on where we are currently and based on our own internal forecast, the answer is yes, we would still need to pay a further dividend to cover taxable income.

Alexander Goldfarb - *Piper Sandler & Co., Research Division - MD & Senior Research Analyst*

Can you share how much is it -- are you close to the line? Are you still on the tee box and you still...

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

Yes, we can't share that, Alex.

Glenn G. Cohen - *Kimco Realty Corporation - Executive VP, CFO & Treasurer*

I would say, it's on its way out. It's just -- again, it's too early. There's a lot of moving parts that go into it, but we -- as I mentioned, we would still need -- based on the current forecast, there would be a need for further dividend to make our -- make our distributions equal 100% of our taxable income.

Alexander Goldfarb - *Piper Sandler & Co., Research Division - MD & Senior Research Analyst*

Okay, great. And then the second question is, just in speaking to REITs -- other REITs out there, it sounds like tenants have credit -- as part of their bank lending, they have to be current on all of their leases, et cetera. But some of the tenants have been seeking waivers from their creditors so that if they don't pay their leases, they're not in default of their credit. Do you know how many of your tenants have sought those waivers out from their banks?

David Jamieson - *Kimco Realty Corporation - Executive VP & COO*

Alex, this is Dave. We don't. We haven't really had that discussion with the retailers and they haven't brought it up to my attention.

Operator

Our next question will come from Rich Hill with Morgan Stanley.

Richard Hill - *Morgan Stanley, Research Division - Head of U.S. REIT Equity & Commercial Real Estate Debt Research and Head of U.S. CMBS*

Conor, I'm glad to hear you feeling better.

I want to come back to -- to start off coming back to a question Christy asked about maybe ability to defer expenses. I'm thinking back to how much CapEx you were able to reduce during the GFC. But maybe, Conor, if you're thinking about fully loaded CapEx, both reoccurring and then development and redevelopment CapEx, how much do you think you could reduce that from your run rate in 2019?

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

Thanks for that. It's nice to be back in the saddle. That's for sure.

Look, we look at our CapEx and our OpEx really on a site-by-site basis. And we have multiyear CapEx and OpEx plans. And so what we do is we go through that in detail to figure out what is required to be sure that the operating plan keeps the shopping center as safe as possible, making sure that the required upgrades are done and that the more -- the needs and the wants, I guess, are separated. So we obviously prioritize the needs and then we push out the wants. And that's just on the capital plan for each and every asset.

On the offensive CapEx, when we look at our development and redevelopment plan, we continue to think that our asset base is ripe for redevelopment. And as I mentioned in my comments, we think we're really only in the early innings of the entitlement plans that we've placed these last few years. We've been successful with gaining traction on the multifamily entitlement plan. We think that we're, again, probably going to double the amount of entitlements in the next few years, mainly because of we see the path ahead.

Now the question is, is how much of that can we activate and how much would be put in that -- in the active pipeline? In this environment, we're probably going to hit the pause button on taking on projects ourselves, but we may look at ground leasing or doing some other projects that way that limit the amount of capital that we would have to implement in the project but look at the value creation over the long term. And again, it's all about the long-term here.

We know that we're in an unprecedented situation. But typically, what we've seen in the past, at least when I was out west when we went through the last crisis, we were very, very successful on the entitlement plans during the downturn. Many times, cities and states are in desperate need of raising taxes and capital, and they loosen up their grip a little bit on the entitlement plan. So we might be actually even more successful on our entitlements in a situation like this than we even expected.

And so the key for us is securing the entitlements. And then as we've talked about before, it's that decision tree of where our cost of capital is and do we elect to sell the entitlement rights? Do we elect to ground these entitlement rights? Do we elect to joint venture the entitlement rights or do we elect to self develop? And I think in this current situation, the likelihood of doing self-development is very slim. But we do think that long-term value creation on entitlements is critical to our success and critical to our shareholders.

Richard Hill - *Morgan Stanley, Research Division - Head of U.S. REIT Equity & Commercial Real Estate Debt Research and Head of U.S. CMBS*

Got it. I think that's pretty helpful color.

I wanted to talk about your negotiations with tenants, maybe not just what you're hearing currently. But I think what a lot of -- what I'm certainly trying to understand -- what I think a lot of us are trying to understand is, does the structural dynamic change over the medium to long term? So I'm curious, are you hearing about any tenants wanting to stay in your properties but maybe go to more of a percentage rent structure? Are any tenants asking for lower rents? I would think that there was a fair amount of tenants still are very viable and want to be involved but are maybe needing a little bit more cushion than they did previously. So I'm curious, are you engaging any of those discussions yet? Or is it still too early days?

David Jamieson - *Kimco Realty Corporation - Executive VP & COO*

Yes. This is Dave. It's a great question. It is very much still the early days. I mean, when -- despite it feeling like almost a decade that we've been through this, it's really only been about 6 weeks. So keeping that in context. The way we've approached this is really wanting to take a very methodical and measured approach, one month at a time, have those discussions as needed, as they arise. And then we continue to get more visibility through the course of the summer and then into the fall to better understand exactly what the outcome and the long-term implications will be.

From the retailer side, they -- a lot of our retailers, again, as I mentioned earlier, see this long-term as an opportunity to continue to strengthen their portfolio and will be wanting to expand. And they are starting to reopen their locations as markets start to open as well. So for us, it's going to be a very measured approach. And as we get further along, we'll have better visibility into the longer-term outcome.

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

Okay. One point just to add to that, I think it's important to know, and retailers are prioritizing this, as they look at their opportunity set and they see their boxes. And the differentiator for Kimco is that we have third parties validate that our market rents on our anchor boxes are 55% below market. And so when they look at their fleet of stores, they recognize which stores they need to protect because they're not going to be able to replace that type of economic deal.

And so I think one thing you're probably going to see is there's going to be a limited amount of landlords through this as well as on the other side of this that have the capital to invest in some of the larger and the junior box type of deals that are out there. So I would anticipate that you're going to see those anchor tenants, those junior anchors that are successful prioritize the spaces that they have that are either on ground leases or significantly below market rents. And we think that's a differentiator for Kimco.

Operator

Our next question will come from Craig Schmidt with Bank of America.

Craig Schmidt - *BofA Merrill Lynch, Research Division - Director*

On the deferred rental agreements, when are you generally targeting for the payback of the deferred rent? And are you getting any other control rights as you enter into these deferral agreements?

David Jamieson - *Kimco Realty Corporation - Executive VP & COO*

Yes. This is Dave, Craig. It really is a case-by-case analysis. We treat each retailer on its own in those discussions. And so they will vary based on needs and wants on both sides. And again, we've wanted to take a very measured approach here, just addressing it one month at a time.

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

We do think Craig there are -- we have seen opportunities, Craig, to recapture control areas and things like that, that would open up some redevelopment entitlement opportunities. But as Dave said, it really is every individual tenant, every site, every lease is a little bit different, so you have to go one by one.

Craig Schmidt - *BofA Merrill Lynch, Research Division - Director*

Okay, great. And then just turning to the Kimco's curbside pickup program. I wondered, a, how you're monitoring it; and does the national rollout seem to be imminent?

David Jamieson - *Kimco Realty Corporation - Executive VP & COO*

Yes, yes. So this is -- so we first launched it in Texas. And Texas is going to be one of the first markets to open and require curbside. So Grand Parkway is actually fully deployed at this point with stalls and play. And as those retailers have started to open, we've seen both local and nationals utilize it.

We anticipated curbside to be a trend into the future at some point. It's been an ongoing dialogue for years now at various events in our conversations with our retail partners. COVID, what that did was really just accelerate this trend that was imminent. And so for us, we were able to get out in front of it very, very quickly because we were already working on plans to deploy. And our system, being centralized, we're able to offer those retailers specific zones in which they can utilize for their curbside pickup and then they communicate directly with their tenant -- or their shoppers on what zones to go to, and then those shoppers call the retailer to identify exactly what stall they're in.

So thus far, it's early, right? We're about a week or 2 into our initial deployment in Texas, but the response right now has been very favorable.

And as it relates to the balance of the national program, we've been already in process with that, and we'll have again a very measured approach on that rollout. But the way the trend is going is that curbside will just be one of those other tools that retailers and landlords will be working collectively to ensure that we service the customer in the best way possible.

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

Craig, we think it's a way to get customers more comfortable coming back to the shopping center as well. So one of the key challenges that we focused on is helping our small shop tenants as well as getting the customer to a level of comfort so that they can go back to their daily needs and services when the states are allowed to open back up. And we feel that because most of our grocery stores, our big-box tenants and our home improvement centers have been open through this, that the customer is actually comfortable with that program that they've been very successful. Our retailers have reported a 200%-plus growth in curbside pickup. So we figured why not take the best practices of our largest national tenants and share that with our small shop tenants so that they can hopefully rebound quickly and that we also invite the customer back to the shopping center in a way that gives them the comfort level that I think is going to be required to make sure that we rebound as quickly as possible.

Craig Schmidt - *BofA Merrill Lynch, Research Division - Director*

Yes, it does seem like a good way to facilitate the -- towards the reopening.

Operator

Our next question will come from Samir Khanal with Evercore ISI.

Samir Khanal - *Evercore ISI Institutional Equities, Research Division - MD & Equity Research Analyst*

So Conor, I guess, the question I had was on co-tenancy risks. I mean, how should we think about that I guess in the portfolio, especially as it relates to some of the bigger -- the box or centers or the newer developments that you had? I assume there are leases that are tied to some of these nonessentials, right, the gyms, the theaters. I mean, if they were to potentially restructure or even close doors, I mean how does that trickle through, I guess the rents of the other tenants there?

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

Yes. Cotenancy risk for us is pretty minimal. When you think about the way that cotenancy has been drafted in a lot of these leases, it does vary case by case. But predominantly across our portfolio, a cotenancy clause has a number of tenants having to go dark in order for it to be triggered. And so if you think about that typically a shopping center has maybe 3 to 5 anchors, typically, a cotenancy clause in our portfolio needs at least 2 to 3 of those anchors to be dark in order for it to be triggered. And we do come into this from a position of strength.

If you think about the multiyear repositioning that we've gone through, if you think about the balance sheet and how we position it to go long, and if you think about our occupancy from an anchor perspective at over 98%, in a lot of ways, we've been preparing for this. Now we knew that the cycle was going to end. We never would a guess it was going to end this way. But in a lot of ways, we've been preparing for this. And a lot of the deferral programs that we've been talking to tenants as well are allowing us to sort of water down those cotenancy clauses or give us even a little bit more strength on the other side of it. So hopefully, that helps.

Samir Khanal - *Evercore ISI Institutional Equities, Research Division - MD & Equity Research Analyst*

And I guess my second one is on the grocers, right? I mean, can you provide an update on maybe even Albertsons here? What's the potential to even monetize that investment at this point? I mean clearly, the grocery sector has been pretty solid here during the pandemic, and Albertsons has certainly reduced their debt position here. So how should we think about that?

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

It's Ray Edwards. Hope you and your family are safe and healthy.

For Albertsons, I think you might have seen on Tuesday night, they refiled and updated their S1 based on the fiscal year-end for them, which was in February. And they really have performed extremely well. Their comp store sales were up in March like 47%. And I think over the first 2 months, over 30%. And they've done a great job, as you mentioned, on the balance sheet and improving their debt profile. So they feel very -- they feel they're in a great position, on potentially an IPO, but the markets are the market. So we have to work with the underwriters, see what the right thing is to do on that front, and we'll execute at the right time. But they're really focused right now on running the business, and it's much more complicated today for them than it was 2 months ago. So we want to, as owners, make sure they execute correctly and make the company as strong as it can be.

Operator

Our next question will come from Mike Muellerwith JPMorgan.

Michael Mueller - *JP Morgan Chase & Co, Research Division - Senior Analyst*

I know the game plans for deferrals, but how are you thinking about the risks that with so many people out of work that this could turn into cuts and permanent closures if sales are slow to come back?

David Jamieson - *Kimco Realty Corporation - Executive VP & COO*

Yes. It's Dave again. So again, it's so early in the cycle to really make any real forecast on what the longer-term outcome will be. So for us, with the deferment program, we've been wanting to take it one month at a time, gain better visibility into the program into how COVID is going to have these impacts on the retailers and employment, et cetera, longer term. And then in which case, we'll be able to address that. But our focus has always been on the tenant retention out of the gate as COVID started. And we're exhausting all of our resources to ensure that they have the appropriate support to survive and thrive through this long term.

Michael Mueller - *JP Morgan Chase & Co, Research Division - Senior Analyst*

Got it. Are you operating with a view, though, that this is worse than the GFC or better or just similar?

David Jamieson - *Kimco Realty Corporation - Executive VP & COO*

It's unprecedented in a lot of ways, and it's a very different outcome. This was a -- I think the Great Recession was a financial crisis. This was a social crisis, initially, and now, we're starting to see how it evolves and how it plays, but it's still early days. So I'd hate to forecast exactly what the expectation would be longer term here until we start to see a little bit more into the future.

Glenn G. Cohen - *Kimco Realty Corporation - Executive VP, CFO & Treasurer*

It's Glenn. I'll -- a little bit more to his point. Again, this is a health crisis that it's turning into a financial crisis. A lot of these companies, like really, the strong retailers that -- many of them that are closed today, they're not closed because their business was bad or they had bad inventory. They're closed because of the pandemic that we're in. So it's very difficult to compare it to the great financial crisis. I mean, look at unemployment. Unemployment's at 14.7%. You have 30 million people that are out of work temporarily or on furlough. But different than the crisis -- great financial crisis, the government has been incredibly positive about pumping liquidity, helping the consumer, giving them $600 checks on top of the unemployment. So it is very different. Again -- the end, though, is it's too early to really tell where we're going to come out. So we just take it a day at a time, a week at a time and a month at a time.

Operator

Our next question will come from Derek Johnston with Deutsche Bank.

Derek Johnston - *Deutsche Bank AG, Research Division - Research Analyst*

I wanted to go back to the Tenant Assistance Program real quickly. How can it become more substance versus PR? And I say that respectfully, right? So how have you invested in tweaking the approach to filing for the program so that more tenants actually see relief in round 2? And/or is it a buy-in issue with local tenants? So bottom line, what can you do to generate a higher success rate going forward?

David Jamieson - *Kimco Realty Corporation - Executive VP & COO*

Yes. This is Dave. And so yes, so with the program, to start, we had -- as Conor mentioned in his prepared remarks, we have over 600 tenants already through the program itself or participating currently in the program. To ensure that we bolster the effectiveness of it, too, we also aligned ourselves with local banks that seem to have the greatest success early on in terms of getting the loans to the end customer, which was our retailer.

When we look at the program to date, I think it has been very effective. We have over $20 million either approved and/or submitted for loans. So when you think about substance, I think that's very substantive. And we continue to work through this. And if the program, as it relates to the government in terms of government assistance, continues to expand we have the infrastructure in place to continue to support that and to provide further assistance to those retailers as they navigate the PPP process and the other submittal processes for assistance.

Derek Johnston - *Deutsche Bank AG, Research Division - Research Analyst*

Okay, great. And then just secondly, with respect to Albertsons, if an IPO is successful, could you just remind us how your stake would be treated and/or taxed?

Glenn G. Cohen - *Kimco Realty Corporation - Executive VP, CFO & Treasurer*

Yes. It's Glenn. So if it gets -- if something was to get done, you have to step back and look at where we are. We have a basis of about $140 million. A portion of the investment was previously held in the REIT. And then there's another portion that was in our TRS, which has now been merged back into the REIT. We know that based on the studies that we've done and where we stand that the max tax is roughly $50 million in total on everything, irrespective of how big -- how much capital you would get from a transaction. So what's going to happen is, if it was to go public, the investment that we have today, which is on the cost method, would then turn into a marketable security, and you would mark-to-market the unsold shares on your balance sheet. And then the cash you're getting is basically like a free equity offering. You get all this cash with no impact to NOI because we're not generating any NOI from the investment.

Operator

Our next question comes from Jeremy Metz with BMO Capital Markets.

Jeremy Metz - *BMO Capital Markets Equity Research - Director & Analyst*

Conor, I was just hoping to get a little more color on the dividend here and the decision to suspend it versus possibly cut it. You still have a decent amount of CapEx need even with the slight reduction you outlined. AFFO coverage was pretty tight before this. So was there a thought at all to use this opportunity to just better rightsize it now? And is that something maybe we should be looking at in the coming quarters, and therefore, suspending it was just the right first step? Or how should we think about that?

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

Jeremy, it's a good question. Look, I think we're all very much in the early innings of this pandemic, and we want to get more color on how May plays out, how June plays out and really see the amount of rent we're collecting before we can really get an understanding of hopefully how the economy opens back up and how our retailers respond. And so it's all about clarity. And I think the Board has discussed a number of different scenarios of what may or may not happen. And the tricky part is is nobody has a perfect crystal ball with what we're dealing with today. And so the suspension is exactly that. And we did comment that it will be reviewed monthly because we do want to keep the Board in constant communication to understand all the ins and outs that we are seeing and the different scenarios that may play out and the taxable income piece that's going to be critically important as well. So there's a lot of different scenarios that may play out.

We think suspending it was the right move today. We think we're viewing it monthly is the right move going forward. In that way, we can move quickly if and when we need to -- and we know we need to reinstate it. We made that comment before. We made it in the press release. We made it in our remarks. And so it will be reinstated in 2020. And we just have to understand what that level at the right point is going to be as things clear up a little bit more.

Jeremy Metz - *BMO Capital Markets Equity Research - Director & Analyst*

Yes, that's helpful. And second one for me, in terms of the deferrals that were granted, the 14% that was mentioned, does this cover some tenants that were in the paying camp for April? And if so, how much is from that group that actually paid in April versus, coming from that bucket, that didn't?

David Jamieson - *Kimco Realty Corporation - Executive VP & COO*

Can you just, I guess, clarify the question? Just wanting to better understand what was asked.

Jeremy Metz - *BMO Capital Markets Equity Research - Director & Analyst*

Yes. I think these deferrals get thought of as being granted towards the 40% that didn't pay you April, and were in reality, I think some of the tenants that have paid did so to gain more favorable standing. And so I guess what I'm trying to figure out is, of the deferrals that were granted, did some of those come from that tenant base that paid in April versus the bucket that didn't?

David Jamieson - *Kimco Realty Corporation - Executive VP & COO*

Got it. Yes, it varies. It's really case by case. Those -- sometimes in the early discussions, as all this started to unfold, some retailers tried to take a very hard position early on, and then that position evolved and changed, acknowledging that they have financial obligations to meet, and so they paid April rent with nothing tied to that. But it really is always a case by case. So it's hard to, I would say, contextualize exactly it being one thing or another.

Jeremy Metz - *BMO Capital Markets Equity Research - Director & Analyst*

So just -- I guess, just -- so can we assume that there possibly were some tenants that paid April that might get rent deferred for May or June? Is that -- I guess that's where I was going with it is, are there potential future expectations we need to be thinking about from tenants that paid that they're not just so clean as this is a group that didn't gain and those are the only ones getting deferrals?

David Jamieson - *Kimco Realty Corporation - Executive VP & COO*

Yes, yes. I mean, that could very much be part of the discussion as well as, as Conor mentioned earlier, other considerations in terms of loosening restrictions within leases and providing more favorable terms to ourselves, the landlord. That will enable us to do other things in the future. So it's -- all of those points are discussions and negotiating points on the table.

Operator

Our next question will come from Vince Tibone with Green Street Advisors.

Vince Tibone - *Green Street Advisors, Inc. - Analyst of Retail*

Ross, could you provide a little more color on the conversations taking place in the transactions market today, how are people thinking about stabilized NOI and cap rates in this environment?

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

Sure. I know it's early for you. That really is the challenge today is that the lack of clarity that the retailers have in terms of the opening. It's very difficult for -- an acquisition to take place when the NOI is so uncertain. So as I mentioned previously, there are opportunities or attempts to try and box in what that risk may be. So you have seen some conversations related to trying to understand which tenants are paying, which tenants are not paying, who you may want to try to box-in an escrow agreement for to cover some rent for a period of time. But I would say right now, the vast majority of investors or owners that have capital are really a bit on the sidelines right now, just waiting to see how it unfolds.

If there becomes a period of more distress or dislocation, I think we and some others are ready to take advantage of it. But right now, it's really been a situation where I heard a quote that I like that, "In the first quarter, the planes that were in the air landed and not a lot of planes have taken off since." So we're waiting to see when there's clearance to fly again.

Vince Tibone - *Green Street Advisors, Inc. - Analyst of Retail*

Makes sense. I mean, in your mind, what needs to change maybe to unfreeze the transaction market? I mean, is it just more a country reopening, the rent collection levels getting back to normal-ish levels? Or what's the biggest criteria in your mind to kind of get things moving again?

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

Yes. First and foremost, there needs to be a comfort level in the country that it's safe to reemerge and to start shopping again and for these retailers to open. Even in some of the states and the counties where reopening plans have started to exist, not all the retailers have opened yet, even if they're capable or allowed to legally. So we're still a little bit early in people getting comfortable, whether it be testing capacity or ultimately a vaccine. So as soon as I think there's a return to normalcy and there's a better understanding of which retailers and which categories of retail will open and what that looks like. Are there capacity issues? Are F&B, theaters, fitness, going to be able to return back to 100% capacity? As soon as we have more clarity in that scenario, I think both investors and lenders will become a little bit more comfortable in loosening the purse strings and starting to invest again.

Vince Tibone - *Green Street Advisors, Inc. - Analyst of Retail*

That makes sense. That's helpful color. One more, just a quick one for me, if I could. What is the pre-leasing level at The Boulevard? Is that impacted at all in recent months due to the pandemic?

David Jamieson - *Kimco Realty Corporation - Executive VP & COO*

Yes. Right now, we were in -- we're close to 90% on the pre-leasing with The Boulevard, and nothing has changed at this point. So we continue to do our fit-out work with all the retail tenants. As Conor mentioned earlier, the -- it was deemed essential. We got the waiver. Shoprite is underway. We're going through the inspections. And then for the balance of the shopping center, we continue to do our fit-out work.

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

Huge kudos to our team that went above and beyond to get those waivers because it was not easy, and to get it expeditiously and get it back to having the construction workers on-site was not easy. So I thank all the team that's been working on that because it's been pretty incredible to see how a site that was closed down, in essence, from the shutdown to quickly ramp back up was pretty impressive.

Operator

Our next question will come from Floris Van Dijkum with Compass Point.

Floris Van Dijkum - *Compass Point Research & Trading, LLC, Research Division - Analyst*

Quick -- can you remind us, again, what your breakeven rent collection is to cover your ongoing expenses?

Glenn G. Cohen - *Kimco Realty Corporation - Executive VP, CFO & Treasurer*

Floris, it's Glenn. If you look at like run rate, total expenses, G&A, operating expenses at property level, interest expense, all that kind of stuff, it runs about $150 million a quarter. So somewhere roughly in around $50 million a month.

Floris Van Dijkum - *Compass Point Research & Trading, LLC, Research Division - Analyst*

So -- and what percentage of the cash rents would you need to collect to get to that level?

Glenn G. Cohen - *Kimco Realty Corporation - Executive VP, CFO & Treasurer*

Well, we're above that with our 60%. So we're more than covered with where we are.

Floris Van Dijkum - *Compass Point Research & Trading, LLC, Research Division - Analyst*

Is that in the -- okay, but is that in the mid-50s?

Glenn G. Cohen - *Kimco Realty Corporation - Executive VP, CFO & Treasurer*

It's probably around the 50% level. I have to do the math, specifically, but it's around that.

Floris Van Dijkum - *Compass Point Research & Trading, LLC, Research Division - Analyst*

Okay. Another question maybe for you, Glenn, as well. Your straight-line receivables, it doesn't appear like you've taken any write-downs on any of that. Could you walk us through how you think about some of your riskier tenancies? And also maybe talk about that in terms of the bad debt, which was $4 million relative to the $1.7 million last year. How much of -- has the COVID impacted your thinking about your tenants?

Glenn G. Cohen - *Kimco Realty Corporation - Executive VP, CFO & Treasurer*

Let me just talk generally about just AR reserves as it relates to us. We, as a practice, have always had reserves against straight line. So the number that appears in our supplemental, that is net of reserves. So we have reserves up already and pretty robust policies and procedures and how we analyze tenants as we go forward. Now the pandemic makes us review those procedures and policies to make sure they're sufficient for the current environment, but we have always had -- and we may be a little different than others. We've always had reserves against straight line, good times and bad. So we -- you don't see a whole lot of movement there because that actually is a netted number. So there is a sizable reserve against straight-line today.

On the AR, the billed AR, and what we call unbilled AR, which is our -- the CAM, the tax that you're accruing as you go along, we have very significant reserves there as well. And again, very -- again, what we believe are extremely very robust policies about how we look at it. And we go tenant by tenant, lease by lease in making determinations about the appropriate level of reserves. Now do I think the reserves will go up in the second quarter? I do. But I think as of 3/31, the reserves are very adequate and clear about where things are. So I don't -- you'll see movement, but I'm not expecting drastic movement as it relates to our AR.

The $4 million that you saw for the quarter, which is -- it's roughly 138 basis points. As you know, we carry in our forecast and our budget around 100 basis points for a year. So that at 138 basis points is roughly 35 basis points for the quarter. So even relative to our original plan, we still have 65 basis points available to us. And I would also tell you that a portion of the reserve taken was really related to 1 tenant that's still operating. So -- and that was really the Fairway Grocer in Plainview for us. That was about $1 million of the reserve. They're still operating, so that may come back to us, too.

Operator

Our next question will come from Haendel St. Juste with Mizuho.

Haendel E. St. Juste - *Mizuho Securities USA LLC, Research Division - MD of Americas Research & Senior Equity Research Analyst*

Yes. I'm glad to hear everyone's doing well, especially you, Conor.

So my first question is on the nonessential rent on your COVID update slide. That bucket comprises just under half of your rent, 43%, it looks like? And it looks like you collected 42% from that group in April and received deferral request for another 21%. So I'm trying to get a sense of how we should understand that. What do you expect from the 37% who have not requested the referrals? And then maybe you could share some thoughts on how you see the probability of collections for this group overall versus, say, the essential, and if we could see a narrowing of the gap between that and the 86% you collected in the essential bucket?

David Jamieson - *Kimco Realty Corporation - Executive VP & COO*

Sure. So I'll try to break this down a little bit and make sure I address all parts of your question. So for those that have not requested any deferrals at this time, it could be for a variety of reasons. One, they're continuing to operate or they're still paying or they can be closed and paying. It also means that they just they've been going through the loan process and wanting to wait to see -- gain more visibility into what type of assistance they could secure to meet their financial obligations with us and our lease. We have seen that actually happen a couple of times for those that had requested deferrals, had since called us back and said that they're willing to pay rent because they just got the PPP loan. So they're able to meet that obligation. So it really does vary.

In terms of collectibility on the back end, again, it is still too early to tell. We're only 6, 7 weeks into this. So you're going to have to play that out a little bit further to understand exactly as markets start to reopen and these retailers start to get back in the swing what that looks like. And I do apologize, but I think you have one last part to your question.

Haendel E. St. Juste - *Mizuho Securities USA LLC, Research Division - MD of Americas Research & Senior Equity Research Analyst*

I was just looking for some perspective on the two buckets, if we could see some narrowing. And I think you somewhat addressed it, but the crux of my question was there's a big chunk here that hasn't either paid or requested deferrals and was really trying to get some clarity on what the nature of conversations on what you understood to be the current situation there.

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

Okay. Yes. I think what I just mentioned probably answers that best.

Haendel E. St. Juste - *Mizuho Securities USA LLC, Research Division - MD of Americas Research & Senior Equity Research Analyst*

That's helpful. And then maybe a question for you, Glenn. I just want to clarify on the collection numbers we're seeing here. It looks like it's based on ABR. In other words, total occupied -- total potential rent, not necessarily based on an occupancy-based numbers in a sense that if you had lower occupancy, you would benefit because you have less rent to collect. Just wanted to make sure because there's a lot of numbers being thrown out there in the industry right now. Some are based on total potential ABR, assuming 100% occupancy. Some are based on current occupied ABR. Some are putting CAM in that figure. So it's important. I just want to make sure we understand what's being reflected here.

Glenn G. Cohen - *Kimco Realty Corporation - Executive VP, CFO & Treasurer*

It's strictly based on billed AR. It's simple. It's not complicated. It's the billed AR for the month of April.

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

And I think you're talking about what would it be if you included the CAM and the other recoveries. It's comparable to what we collected.

Operator

Our next question will come from Chris Lucas with Capital One.

Christopher Lucas - *Capital One Securities, Inc., Research Division - Senior VP & Lead Equity Research Analyst*

I guess two quick ones for me. As it relates to the deferrals, do you guys have like a weighted average duration by ABR that you could provide just in terms of how long the deferrals are across your -- the 14%?

David Jamieson - *Kimco Realty Corporation - Executive VP & COO*

Right now. I mean, similar to how -- I think I addressed this earlier, it really is a case-by-case situation. And as I also stated earlier, some of these deferments that were issued to some of these retailers have started to get paid back just because they've secured the loan, so it is still very fluid. We'll have better visibility as we progress through this over the next couple of months.

Christopher Lucas - *Capital One Securities, Inc., Research Division - Senior VP & Lead Equity Research Analyst*

Okay. And then, Glenn, earlier in your comments you mentioned something about a mortgage, I think, you did. It looks like there was a JV mortgage that you pushed out 90 days. I guess I'm just curious as to what you're seeing in the direct lending market in terms of how people are underwriting, or if they're not, if they pull back, just maybe some commentary about what's going on in the mortgage market would be really helpful.

Glenn G. Cohen - *Kimco Realty Corporation - Executive VP, CFO & Treasurer*

Yes. So we have a property in the Bronx, Concourse Plaza, right near the Yankee Stadium that was really a development project over time with our partner. We're 50-50 partners. So we had a loan that was maturing. In 2020, and we sourced a new loan for higher proceeds actually at $75 million and closed on it in early April. So it's a new 7-year loan at 3.13%, so actually cost savings for the partnership and extended the term out much longer. Look, the mortgage market is very, very specific as to the property that you're looking to finance, for a while, the CMBS market froze for a bit. Bank lending has its level of challenges, I would say, more of the money -- big money center bank than it is at the regional banks. I think the regional banks are still very active. The other thing I could give you just some visibility on is -- again, on the residential side, the Fannie and Freddie market is completely operating and functioning. And for the right assets, you can still clearly get mortgages and financing for term at incredibly low rates.

Christopher Lucas - *Capital One Securities, Inc., Research Division - Senior VP & Lead Equity Research Analyst*

On the multifamily side, construction financing, have you guys looked at that in terms of what's available and how that's being underwritten and the price?

Glenn G. Cohen - *Kimco Realty Corporation - Executive VP, CFO & Treasurer*

We really haven't. We don't have actually any construction financing. As a matter of fact, the one construction loan that we did have, which was on Dania, which was $67 million, we paid off during the first quarter. So we actually have no construction financing. We haven't been outsourcing it. I believe if we wanted to -- quite candidly, if we wanted to get construction financing, I think with the banking relationships that we have, we could obtain it, but it's not something that we are doing at the moment.

Operator

Our next question will come from Collin Mings with Raymond James.

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

I just wanted to go back to the transaction market, and you touched on Albertsons, specifically, a bit. But if we just reflect on Kimco's history and the PLUS business, can you maybe just expand on your potential appetite for any similar opportunistic investments as this cycle plays out? And how would you balance these types of investments versus, obviously, the near-term focus on liquidity or potentially ramping back up some redevelopment opportunities you've discussed?

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

Sure. I think when you look at the strategy of Kimco, we've always had the opportunity bucket where we look at retailers that are real estate-rich, and that's how close to 10 years ago, we wound up with the Albertsons investment of owning close to 10% of that grocery chain. They still own and control close to 50% of their real estate. And the original thesis there was that the real estate alone was so valuable that it would make sense long term. And clearly, the operations now have been a shining star in the grocery sector.

We still believe that there's going to be opportunities for that, what we call the PLUS business going forward. We have been focused on making sure that we try and harvest our existing PLUS business investments before we go and start to make new investments just again so we can build on the wonderful track record that we've had over the decades of investing in those types of opportunities. That being said, we think it's a differentiator for Kimco. We think there's going to be opportunities ahead of us where the PLUS business will be utilized and come in handy to really create opportunities because we do think there's going to be a significant amount of dislocation. And if we're one of the few that have the capability to underwrite, the capability to invest, we think it will reward our shareholders.

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

Okay, okay. So it sounds like that does remain, again, more of an intermediate to longer-term priority?

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

We always have it as part of our differentiated strategy. We obviously have a very solid Tier 1 portfolio where we are laser-focused on executing our 2020 vision strategy. If you think about over the past 2 years, how we've transformed the asset base, how we've gone long on the balance sheet, a lot of the effort that we've made has really positioned ourselves to be ready for this type of environment so that the mothership can continue to hopefully outperform. But the bucket that we have for the PLUS business is always unique and opportunistic when those present -- when those opportunities present themselves. And so we're ready, we think it's a differentiator for us, and we think it will really reward our shareholders in the long term.

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

Okay. And then, Dave, you spent some time discussing the curbside program, but to the extent social distancing becomes more of a focus going forward, are there any other longer-term changes you've already started to work on with tenants in terms of expanding outdoor seating for restaurants? Or anything else along that line as you just think about the actual physical location or the physical layout of your properties?

David Jamieson - *Kimco Realty Corporation - Executive VP & COO*

Yes. Yes, great question. I mean you absolutely know that with your example, the outdoor seating is something that we're already talking to our restaurant operators with. And we've actually been surveying each of them to analyze those that already have outdoor seating, those that want to expand capacity, areas in the shopping center that we can support that capacity. How do we -- do we manage it in a centralized fashion with the appropriate social distancing measures? Do we support the individual restaurants and the outdoor seating that they need? So all of that is very much on the table and under consideration. Between our development team, property management team, construction team and leasing folks, everyone is really directly engaged in best understanding how we can best serve our tenant base and the needs going forward.

Obviously, the situation will evolve, different municipalities and counties have different restrictions. And that's what we've seen through the outset is you really have to take this case by case, but we take all 400 of our assets and have been doing very much a deep dive on how do we reformat both for the short-term and then what are more longer-term solutions that will be more permanent.

Operator

Our next question will come from Ki Bin Kim with SunTrust.

Ki Bin Kim - *SunTrust Robinson Humphrey, Inc., Research Division - MD*

So you have about 3.5% of rent expiring this year. You have about another 1% that's month-to-month. What is the kind of current game plan to address those? And how will those negotiations go in this type of environment?

David Jamieson - *Kimco Realty Corporation - Executive VP & COO*

Sure. Yes, this is Dave. So in terms of the current renewals and the discussions, pre-COVID, those have been ongoing. They were happening pre-COVID. And even as we're going through the first 6 weeks here, those discussions continue. Again, the quality of our real estate has vastly improved over the years. And so our 400 locations really service the community well and service the retailers extremely well. I think what this has proven is that being close to your customer in these markets is really essential. And we've been able to service that in the brick-and-mortar strategy. It will be critical long-term to service all these different options to the customer, whether it be curbside, BOPIS, which has been an evolving trend. And that looks to us will be in play for the long-term here, and it's really been growing over the last couple of years. So we feel good about that.

And then in terms of those that are month-to-month and how we address those, we are really looking at it in a very measured way. We don't want to get too far out in front of it. Similar to what we did with the Great Recession, is we can do shorter-term renewals for the time being. Let's get more visibility to how this looks long-term and then we can address the longer-term renewal on the back end there.

Ki Bin Kim - *SunTrust Robinson Humphrey, Inc., Research Division - MD*

I guess what I was asking for about...

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

Similar to what we've done in the past -- sorry, Ki Bin. Similar to what we've done in the past recession, in the past Great Recession, we adopted the phrase, "love the one you're with." We recognize that the existing tenant base is your best friend right about now, and so we're working with making sure that we love the one you're with and bridge them to the other side of this.

Ki Bin Kim - *SunTrust Robinson Humphrey, Inc., Research Division - MD*

Okay. And does that translate into perhaps just shorter-term leases for now for the longer-term leases that have been expiring?

David Jamieson - *Kimco Realty Corporation - Executive VP & COO*

Not necessarily. Again, it's case by case. It's hard to paint a broad brush on it because each situation is different. And when you look at -- the majority of our retail shopping centers have essential components to it with grocery. Over 77% of our ABR is associated with shopping centers that have a grocery component to it. Those are the areas that people want to be in. I mean, it's been proven that through this pandemic that having the essential component is really key. And for those other retailers that can co-tenant across that or alongside it, they really do want to stay in those centers longer term. But it's really hard to paint a broad brush over questions like that.

Ki Bin Kim - *SunTrust Robinson Humphrey, Inc., Research Division - MD*

Yes. I appreciate that. And Glenn, did you -- was there a change in the lease spread definition? If I look at the supplemental, is there some language that suggested that?

Glenn G. Cohen - *Kimco Realty Corporation - Executive VP, CFO & Treasurer*

No. No, our lease spread definition hasn't changed.

Ki Bin Kim - *SunTrust Robinson Humphrey, Inc., Research Division - MD*

Okay.

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

Yes. We just changed the format in the presentation the way it looks.

Ki Bin Kim - *SunTrust Robinson Humphrey, Inc., Research Division - MD*

Okay. I just noticed that the 4Q number changed versus what you reported for 4Q, last quarter, that's why.

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

No, they definitely didn't change. It was just a presentation change.

Operator

Our next question comes from Tammi Fique with Wells Fargo.

Tamara Fique - *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

Glad you're feeling well, Conor. Just following up on the commentary you made about loving the one you're with. Certainly, there are a number of tenants that you may not love quite as much as others. I guess, is this also an opportunity to address lower credit tenancy where you may want to remerchandise longer-term? Or is occupancy preservation at such a critical level that maybe that's not a consideration at this point?

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

No, that's a good question. And I think you look at each and every situation and each and every site individually to make the best business plan for the long term. And so we're always looking to upgrade tenancy. We're always looking to improve the credit quality as well as the potentially -- I personally think there's going to be a lot of opportunity to add a lot of grocers to our sites that don't currently have a grocery anchor. And we're working on that right now. We're already close to 80% grocery-anchored. I think we're going to be up over 80%. That's a challenge that we've laid out for ourselves. But that being said, we recognize that a lot of retailers are going to have their expansion plans put on pause, except for those that maybe have been operating through this pandemic. And so we do want to take it case by case.

And the small shops to me are critically important because I think they're the secret sauce in terms of connecting with the community. Every shopping center has sort of the major national credit tenants that people are used to shopping and love. But I think the real important part of the shopping center is that secret sauce, the local mom-and-pop because it's typically a generational owner or someone from the community or someone that they really connect with. And I think that's where we really want to shine in this type of environment is helping those folks get to the other side of it.

Tamara Fique - *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

Okay, got it. And then I guess some of your peers are looking to extend loans to their small shop tenants. I'm curious if you've given any thoughts to doing that.

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

Yes. It's actually something we've talked about when we were rolling out the TAP program and looked at doing ourselves. But then we realized we should probably prioritize the government programs that are in place because, in essence, they're there for a reason, and we figured let's make sure the tenants that we have access those programs first and take advantage of those programs. And then as we watch the PPP program closely and see how it's playing out, if we need to, we have the ability, obviously, with our balance sheet to step in and help those in need. But right now, the priority is to focus on the PPP.

Tamara Fique - *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

Okay. Great. And then if I could sneak one more. And I'm curious if you are seeing any differences in collectibility based upon geography.

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

We really haven't seen much difference. It's -- right now, it's pretty consistent across the board.

Operator

Our next question will come from Linda Tsai with Jefferies.

Linda Tsai - *Jefferies LLC, Research Division - Equity Analyst*

Any sense of the breakdown in April rent collection for anchors versus the small shops?

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

It's in the supplemental. Chris -- you'll find in the supplemental in our COVID business update, Linda.

Linda Tsai - *Jefferies LLC, Research Division - Equity Analyst*

Okay. I think, by and large, the anchors were paid, and then it just varied a lot across the small shops, right?

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

Yes. 73% of our anchors paid and 44% of our non-anchors paid for April.

Linda Tsai - *Jefferies LLC, Research Division - Equity Analyst*

And then when you look at the pipeline of retailers announcing restructurings, are there any strategies to best mitigate the impact of upcoming increases? Maybe anything you can do to maintain occupancy on a short or medium-term basis? And then do you think your scale helps you in this context?

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

Our scale and our diversity definitely helps. I mean, when you look at the diversity of tenant base across the portfolio, it's pretty incredible how diverse we are, especially when you take into the geographic diversity on top of the tenant diversity. Clearly, we're watching the credit markets closely. Our tenants are some of the -- our top 50, we have the highest investment-grade credits of our peer group. But we're watching closely how that plays out. Clearly, there's been a lot of reorganizations, a lot of debt for equity swaps that we've been watching in other sectors. But we're going to monitor that closely and continue to evaluate the opportunities.

Operator

Our last question today comes from Christine McElroy with Citi Group.

Michael Bilerman - *Citigroup Inc. Exchange Research - Research Analyst*

It's Michael Bilerman with Christy. Conor, it's great to hear you're doing better.

I wanted to sort of ask you -- and I think, obviously, you're doing a lot of stuff on the deferral and working with your tenants. I assume you're paying a royalty fee to Steven Stills for Love the One You're With as well. But how do you think about providing equity and stepping into retailers? It's obviously been a hallmark of Kimco for a long time. Ray has been leading those initiatives. Do you view that as an opportunity today to invest into retail. Put aside the deferrals and the loans, but try to make commitments and roll out a much more significant program on that end?

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

Michael, thanks for those comments.

Yes, no. We look at it the same way we've always looked at it. We want to be opportunistic when those events create dislocation, where retailers that are real estate-rich need a partner to come in and unlock the value of that real estate. So we're very careful on who we invest in and why. You can sort of look at our track record back to decades of all the investments we've made, and it's pretty consistent theme across the board. We like retailers that are real estate-rich. We typically think we have the capacity to underwrite it. We have the capacity, if we need to, to take back the real estate and help unlock the value there.

And so that's what we've been focused on over the years. It's been a good track record for us. We want to see the current PLUS investments pay off. We anticipate them to continue to perform, and hopefully, there'll be some more dislocation in the near-term that will create opportunities for us, so that we believe as a differentiator can really shine and create a lot of value for our shareholders.

Michael Bilerman - *Citigroup Inc. Exchange Research - Research Analyst*

I guess, is that an initiative right now? You obviously have had relationships with private equity firms. I'm just trying to get a sense of -- obviously, a lot of these retailers are struggling. Chapter 11 filings are rising pretty dramatically. So I just don't know whether that's an active dialogue. And I respect that your market...

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

It Is. It is. Yes, no. It is. It's part of our strategy. It's always been a Kimco differentiator. It always will be, and we've been looking at that. It's lumpy, as you know. It's not the easiest thing to model, which I know sometimes cause you a lot of aches, but we do think it's an opportunity for us at the right time. And we haven't seen it happen yet, but we think the window is going to be opening here shortly for us to take advantage of it.

Michael Bilerman - *Citigroup Inc. Exchange Research - Research Analyst*

And then on the dividend, and so it was a suspension and you're going to review it monthly. What happens when you do reinstate? Do you view that as a -- that you'll want to catch up and pay the -- whatever dividends didn't get paid in the quarter? Is it just then when you reinstate it, it's just going to be on a go-forward basis at whatever new rate you will feel comfortable with from a payout ratio perspective? How should the market think about the suspension?

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

Yes. It's a good question, Michael. It is very, very early. We're going to take it month-to-month. We use that monthly review specifically because we do think we're going to have to have these updated calls monthly with our board to give them where we sit from May, from June, from July, and then reinstate it where we think we'll have confidence, obviously, in covering it and have it be sustainable for the long term.

We know that the dividend is critically important to the investment thesis of Kimco shareholders, and we want it to be tied to taxable income and to our cash flow. And as we get more information, as the Board digests the information that's coming in daily, weekly, monthly, we'll be in a position to reinstate it where we believe that for the long term, it will be in a good spot, not only for the existing but to grow over time.

Michael Bilerman - *Citigroup Inc. Exchange Research - Research Analyst*

Right. So in this case, you may have a top-up dividend to meet taxable income and then a new run rate quarterly dividend that you'll feel comfortable going into the future?

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

It will really depend, obviously, on the situation that's transpiring in front of us. A lot of options are available to us, a lot of levers that we can use, but that is part of the -- that is one of the optionality that we have that we can look at when we get a little deeper into it.

Michael Bilerman - *Citigroup Inc. Exchange Research - Research Analyst*

And you feel from paying it in stock, with having the ability to go 90% stock, that the idea of just suspending was a better outcome than giving script to your shareholders.

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

We felt like suspension was the right approach at this point just because there's such a lack of clarity. Obviously, with the change from 80% to 90% of a stock issuance of a dividend, that's an interesting option as well. And again, we've -- it's a Board discussion that we've been having regularly. We'll continue to monitor the situation. And I believe that as this gets a little bit deeper and we get the ability to see a little bit more clarity, then we'll have more information at our hands to put it back in place at the right level.

Michael Bilerman - *Citigroup Inc. Exchange Research - Research Analyst*

Okay. And the last thing, with some of the states and municipalities that have reopened, do you have any tenant sales from the stores the restaurants that have opened in your portfolio? Is there any anecdotes that you can share about the pent-up demand that's going on in the economy when things do reopen?

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

We don't have any specific sales yet, obviously, since it's only been a couple of days. But we have seen -- we do have conversations with store managers that we have relationships with. And obviously, the curbside pickup program that we've launched, we have a lot of dialogue surrounding that. They've been very pleasantly surprised with the curbside pickup and the accessibility and the use of it. They've been happy so far. So we're continuing to monitor that closely, but we don't have any sales data yet.

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to David Bujnicki for any closing remarks.

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

Thank you for participating on our call today. I'm available to answer any follow-up questions you may have.

I hope you and your families are staying safe and healthy during this crisis, and hopefully, by next call, we can do this in a more normalized setting.

Thank you, everybody. Bye-bye.

Operator

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