

KIMCO REALTY CORP
Form 10-Q
August 08, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 1-10899

Kimco Realty Corporation

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

13-2744380
(I.R.S. Employer Identification No.)

3333 New Hyde Park Road, New Hyde Park, NY 11042

(Address of principal executive offices - zip code)

(516) 869-9000

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12-b of the Exchange Act.

Large Accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12-b-2 of the Exchange Act).

Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

252,225,755 shares outstanding as of July 20, 2007.

PART I

FINANCIAL INFORMATION

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KIMCO REALTY CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in thousands, except share information)

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	JUNE 30, 2007	DECEMBER 31, 2006
Assets:		
Operating real estate, net of accumulated depreciation of \$883,094 and \$806,670, respectively	\$ 4,831,752	\$ 4,156,667
Investments and advances in real estate joint ventures	1,273,382	1,067,918
Real estate under development	1,115,980	1,037,982
Other real estate investments	461,734	451,731
Mortgages and other financing receivables	176,070	162,669
Cash and cash equivalents	109,531	345,065
Marketable securities	228,579	202,659
Accounts and notes receivable	90,364	83,418
Other assets	337,858	361,171
 Total Assets	 \$ 8,625,250	 \$ 7,869,280
Liabilities:		
Notes payable	\$ 3,414,047	\$ 2,748,345
Mortgages payable	563,975	567,917
Construction loans payable	213,193	270,981
Dividends payable	93,697	93,222
Other liabilities	419,141	396,614
 Total Liabilities	 4,704,053	 4,077,079
 Minority interests	 421,194	 425,242
 Commitments and contingencies		
Stockholders' equity:		
Preferred stock , \$1.00 par value, authorized 3,600,000 shares		
Class F Preferred Stock, \$1.00 par value, authorized 700,000 shares		
Issued and outstanding 700,000 shares	700	700
Aggregate liquidation preference \$175,000		
Common stock, \$.01 par value, authorized 750,000,000 and 300,000,000 shares, respectively		
Issued 252,735,515 and 251,416,749 shares; outstanding 252,188,935 and 250,870,169, respectively.	2,522	2,509
Paid-in capital	3,211,398	3,178,016
Retained earnings	234,990	140,509
	3,449,610	3,321,734
Accumulated other comprehensive income	50,393	45,225
 Total stockholders' equity	 3,500,003	 3,366,959
 Total liabilities and stockholders' equity	 \$ 8,625,250	 \$ 7,869,280

The accompanying notes are an integral part of these condensed consolidated financial statements.

KIMCO REALTY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

For the Three and Six Months Ended June 30, 2007 and 2006

(Unaudited)

(in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2007	2006	2007	2006
Revenues from rental property	\$ 170,785	\$ 145,986	\$ 328,879	\$ 282,902
Rental property expenses:				
Rent	(3,097)	(2,881)	(5,981)	(5,730)
Real estate taxes	(19,952)	(19,151)	(38,606)	(36,074)
Operating and maintenance	(22,579)	(17,134)	(43,486)	(34,223)
Mortgage and other financing income	4,586	8,716	7,724	12,910
Management and other fee income	13,740	12,340	30,786	19,735
Depreciation and amortization	(46,910)	(34,289)	(88,596)	(62,397)
General and administrative expenses	(24,810)	(16,564)	(47,508)	(33,295)
Interest, dividends and other investment income	8,315	12,054	14,558	24,344
Other (expense)/income, net	(865)	(3,134)	(4,572)	8,305
Interest expense	(52,672)	(41,374)	(98,930)	(80,928)
Income from continuing operations before income taxes, income from other real estate investments, equity in income of joint ventures, minority interests in income, and gain on sale of development properties	26,541	44,569	54,268	95,549
Benefit for income taxes	2,974	3,257	33,088	1,680
Income from other real estate investments	32,450	15,430	46,969	33,747
Equity in income of joint ventures, net	42,215	26,761	72,375	43,512
Minority interests in income, net	(9,681)	(8,015)	(13,815)	(13,757)
Gain on sale of development properties, net of tax of \$3,533, \$4,423, \$5,134 and 5,632, respectively	5,300	6,635	7,703	8,447

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Income from continuing operations	99,799	88,637	200,588	169,178
Discontinued operations:				
Income from discontinued operating properties	22,736	2,598	30,722	6,699
Minority interest in income	(5,403)	(1,501)	(5,559)	(1,574)
Loss on operating properties held for sale/sold	(1,832)	(813)	(1,832)	(813)
Gain on disposition of operating properties, net of tax	2,476	18,429	5,271	30,055
Income from discontinued operations	17,977	18,713	28,602	34,367
Gain on transfer of operating properties	—	1,394	—	1,394
Gain on sale of operating properties, net of tax	1,606	—	2,332	—
Total gain on transfer or sale of operating properties, net of tax	1,606	1,394	2,332	1,394
Income before extraordinary item	119,382	108,744	231,522	204,939
Extraordinary gain from joint venture resulting from purchase price allocation, net of tax and minority interest	8,640	—	50,265	—
Net income	128,022	108,744	281,787	204,939
Preferred stock dividends	(2,909)	(2,909)	(5,819)	(5,819)
Net income available to common shareholders	\$ 125,113	\$ 105,835	\$ 275,968	\$ 199,120
Per common share:				
Income from continuing operations:				
-Basic	\$ 0.39	\$ 0.36	\$ 0.78	\$ 0.70
-Diluted	\$ 0.38	\$ 0.35	\$ 0.77	\$ 0.69
Net income :				
-Basic	\$ 0.50	\$ 0.44	\$ 1.10	\$ 0.85
-Diluted	\$ 0.49	\$ 0.43	\$ 1.07	\$ 0.83
Weighted average shares outstanding for net income calculations:				
-Basic	252,074	240,554	251,721	234,647
-Diluted	257,398	246,048	257,422	240,065

The accompanying notes are an integral part of these condensed consolidated financial statements.

KIMCO REALTY CORPORATION AND SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****For the Three and Six Months Ended June 30, 2007 and 2006**

(Unaudited)

(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Net income	\$ 128,022	\$ 108,744	\$ 281,787	\$ 204,939
Other comprehensive income:				
Change in unrealized gain/(loss) on marketable securities	85	(3,390)	616	(22,280)
Change in unrealized gain on foreign currency hedge agreements	1,217	149	1,440	339
Foreign currency translation adjustment	11,341	2,580	3,112	1,922
Other comprehensive income	12,643	(661)	5,168	(20,019)
Comprehensive income	\$ 140,665	\$ 108,083	\$ 286,955	\$ 184,920

The accompanying notes are an integral part of these condensed consolidated financial statements.

KIMCO REALTY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(in thousands)

	Six Months Ended June 30,	
	2007	2006
Cash flow from operating activities:		
Net income	\$ 281,787	\$ 204,939
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	89,321	65,527
Extraordinary item	(50,265)	—
Loss on operating properties held for sale/sold/transferred	1,832	813
Gain on sale of development properties	(12,837)	(14,079)
Gain on sale/transfer of operating properties	(9,158)	(33,537)
Minority interests in income of partnerships, net	19,374	15,336
Equity in income of joint ventures, net	(72,375)	(43,512)
Income from other real estate investments	(41,701)	(25,696)
Distributions from joint ventures	239,417	69,237
Cash retained from excess tax benefits	(2,158)	—
Change in accounts and notes receivable	(7,212)	545
Change in accounts payable and accrued expenses	7,367	16,810
Change in other operating assets and liabilities	(50,588)	(16,248)
Net cash flow provided by operating activities	392,804	240,135
Cash flow from investing activities:		
Acquisition of and improvements to operating real estate	(700,686)	(395,144)
Acquisition of and improvements to real estate under development	(377,038)	(240,860)
Investment in marketable securities	(32,474)	(53,641)
Proceeds from sale of marketable securities	11,358	38,736
Proceeds from transferred operating/development properties	45,392	77,003
Investments and advances to real estate joint ventures	(273,326)	(132,919)
Reimbursements of advances to real estate joint ventures	120,219	62,821
Other real estate investments	(56,783)	(135,924)
Reimbursements of advances to other real estate investments	59,855	26,326
Investment in mortgage loans receivable	(72,205)	(89,130)

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Collection of mortgage loans receivable	59,826	79,627
Other investments	(826)	(95,533)
Reimbursements of other investments	52,739	—
Proceeds from sale of operating properties	36,991	53,729
Proceeds from sale of development properties	102,510	71,516
Net cash flow used for investing activities	(1,024,448)	(733,393)
Cash flow from financing activities:		
Principal payments on debt, excluding normal amortization of rental property debt	(64,675)	(12,056)
Principal payments on rental property debt	(7,210)	(4,970)
Principal payments on construction loan financings	(47,819)	(32,963)
Proceeds from mortgage/construction loan financings	82,205	97,573
Borrowings under revolving credit facilities	425,534	171,068
Repayment of borrowings under revolving credit facilities	(938)	(234,419)
Proceeds from issuance of unsecured notes	300,000	300,000
Repayment of unsecured notes/term loan	(85,000)	—
Financing origination costs	(3,992)	(9,246)
Redemption of minority interests in real estate partnerships	(45,394)	(7,132)
Dividends paid	(186,829)	(160,427)
Cash retained from excess tax benefits	2,158	—
Proceeds from issuance of stock	28,070	431,903
Net cash flow provided by financing activities	396,110	539,331
Change in cash and cash equivalents	(235,534)	46,073
Cash and cash equivalents, beginning of period	345,065	76,273
Cash and cash equivalents, end of period	\$ 109,531	\$ 122,346