

CEDAR REALTY TRUST, INC.  
Form 10-K  
February 23, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934  
COMMISSION FILE NUMBER: 001-31817

CEDAR REALTY TRUST, INC.

(Exact name of registrant as specified in its charter)

Maryland	42-1241468
(State or other jurisdiction of	(I.R.S. Employer
incorporation or organization)	Identification Number)

44 South Bayles Avenue, Port Washington, NY	11050-3765
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code: (516) 767-6492	

Securities registered pursuant to Section 12(b) of the Act:

Edgar Filing: CEDAR REALTY TRUST, INC. - Form 10-K

Title of each class	Name of each exchange on which registered
Common Stock, \$0.06 par value	New York Stock Exchange
7-1/4% Series B Cumulative Redeemable Preferred Stock, \$25.00	
Liquidation Value	New York Stock Exchange
Securities registered pursuant to Section 12(g) of the Act: None	

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes      No

Based on the closing sales price on June 30, 2016 of \$7.43 per share, the aggregate market value of the voting stock held by non-affiliates of the registrant was approximately \$606,862,000.

The number of shares outstanding of the registrant's Common Stock \$.06 par value was 85,420,135 on February 17, 2017.

**DOCUMENTS INCORPORATED BY REFERENCE:**

Portions of the registrant's definitive proxy statement relating to its 2017 annual meeting of shareholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

---

CEDAR REALTY TRUST, INC.

TABLE OF CONTENTS

PART I

1 and 2.	<u>Business and Properties</u>	3
1A.	<u>Risk Factors</u>	10
1B.	<u>Unresolved Staff Comments</u>	22
3.	<u>Legal Proceedings</u>	22
4.	<u>Mine Safety Disclosures</u>	22

PART II

	<u>Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity</u>	
5.	<u>Securities</u>	23
6.	<u>Selected Financial Data</u>	25
7.	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	27
7A.	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	37
8.	<u>Financial Statements and Supplementary Data</u>	39
9.	<u>Changes in and Disagreements With Accountants on Accounting and Financial Disclosure</u>	71
9A.	<u>Controls and Procedures, including Management Report on Internal Control Over Financial Reporting</u>	71
9B.	<u>Other information</u>	74

PART III

10.	<u>Directors, Executive Officers and Corporate Governance</u>	74
11.	<u>Executive Compensation</u>	74
12.	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	74
13.	<u>Certain Relationships and Related Transactions, and Director Independence</u>	74
14.	<u>Principal Accountant Fees and Services</u>	74

PART IV

15.	<u>Exhibits and Financial Statement Schedules</u>	75
16.	<u>Form 10-K Summary</u>	77

## Part I.

### Items 1 and 2. Business and Properties

#### General

Cedar Realty Trust, Inc. (the “Company”) is a fully-integrated real estate investment trust that focuses primarily on ownership and operation of grocery-anchored shopping centers straddling the Washington, D.C. to Boston corridor. At December 31, 2016, the Company owned and managed a portfolio of 61 operating properties (excluding properties “held for sale”) totaling approximately 9.1 million square feet of gross leasable area (“GLA”). The portfolio was 91.9% leased and 89.9% occupied at December 31, 2016.

The Company, organized in 1984, has elected to be taxed as a real estate investment trust (“REIT”) under applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”). To qualify as a REIT under those provisions, the Company must have a preponderant percentage of its assets invested in, and income derived from, real estate and related sources. The Company’s objectives are to provide to its shareholders a professionally-managed real estate portfolio consisting primarily of grocery-anchored shopping centers straddling the Washington, D.C. to Boston corridor, which will provide substantial cash flow, currently and in the future, taking into account an acceptable modest risk profile, and which will present opportunities for additional growth in income and capital appreciation.

The Company, organized as a Maryland corporation, has established an umbrella partnership structure through the contribution of substantially all of its assets to Cedar Realty Trust Partnership L.P. (the “Operating Partnership”), organized as a limited partnership under the laws of Delaware. The Company conducts substantially all of its business through the Operating Partnership. At December 31, 2016, the Company owned 99.6% of the Operating Partnership and is its sole general partner. The 351,000 limited Operating Partnership Units (“OP Units”) are economically equivalent to the Company’s common stock and are convertible into the Company’s common stock at the option of the holders on a one-to-one basis.

The Company derives substantially all of its revenues from rents and operating expense reimbursements received pursuant to long-term leases. The Company’s operating results therefore depend on the ability of its tenants to make the payments required by the terms of their leases. The Company focuses its investment activities on grocery-anchored shopping centers. The Company believes that, because of the need of consumers to purchase food and other staple goods and services generally available at such centers, its type of “necessities-based” properties should provide relatively stable revenue flows even during difficult economic times.

The Company, the Operating Partnership, their subsidiaries and affiliated partnerships are separate legal entities. For ease of reference, the terms “we”, “our”, “us”, “Company” and “Operating Partnership” (including their respective subsidiaries and affiliates) refer to the business and properties of all these entities, unless the context otherwise requires. The Company’s executive offices are located at 44 South Bayles Avenue, Port Washington, New York 11050-3765 (telephone 516-767-6492). The Company also maintains property management, construction management and/or leasing offices at several of its shopping-center properties. The Company’s website can be accessed at [www.cedarrealtytrust.com](http://www.cedarrealtytrust.com), where a copy of the Company’s Forms 10-K, 10-Q, 8-K and other filings with the Securities and Exchange Commission (“SEC”) can be obtained free of charge. These SEC filings are added to the website as soon as reasonably practicable. The Company’s Code of Ethics, corporate governance guidelines and committee charters are also available on the website. Information on the website is not part of this Form 10-K.

#### The Company’s Properties

The following tables summarize information relating to the Company’s portfolio as of December 31, 2016:

State	Number of properties	GLA	Percentage of GLA	
Pennsylvania	26	4,619,100	50.6	%
Massachusetts	8	1,258,300	13.8	%
Connecticut	7	1,133,500	12.4	%
Maryland / Washington, D.C.	7	930,000	10.2	%
Virginia	8	556,300	6.1	%
New Jersey	4	436,900	4.8	%
New York	1	193,700	2.1	%
Total portfolio	61	9,127,800	100.0	%

3

---

Tenant Concentration

Tenant	Number of stores	GLA	% of GLA	Annualized base rent	Annualized base rent per sq. ft.	Percentage annualized base rents
<b>Top twenty tenants (a):</b>						
Giant Foods	10	643,000	7.0 %	\$ 10,587,000	\$ 16.47	9.6 %
LA Fitness	6	240,000	2.6 %	3,994,000	16.64	3.6 %
Shop Rite	3	182,000	2.0 %	2,977,000	16.36	2.7 %
Stop & Shop	3	211,000	2.3 %	2,786,000	13.20	2.5 %
Dollar Tree	22	224,000	2.5 %	2,373,000	10.59	2.1 %
Farm Fresh	4	196,000	2.1 %	2,264,000	11.55	2.0 %
Home Depot	2	253,000	2.8 %	2,101,000	8.30	1.9 %
Big Y	2	106,000	1.2 %	1,926,000	18.17	1.7 %
Staples	5	106,000	1.2 %	1,721,000	16.24	1.6 %
BJ's Wholesale Club	1	118,000	1.3 %	1,683,000	14.26	1.5 %
Marshalls	6	170,000	1.9 %	1,465,000	8.62	1.3 %
United Artist	1	78,000	0.9 %	1,454,000	18.64	1.3 %
Shaw's	2	125,000	1.4 %	1,431,000	11.45	1.3 %
Shoppers Food Warehouse	2	120,000	1.3 %	1,267,000	10.56	1.1 %
Ukrop's Supermarket	1	63,000	0.7 %	1,233,000	19.57	1.1 %
Walmart	3	192,000	2.1 %	1,193,000	6.21	1.1 %
Planet Fitness	5	96,000	1.1 %	1,188,000	12.38	1.1 %
Redner's	3	159,000	1.7 %	1,159,000	7.29	1.0 %
Kohl's	2	147,000	1.6 %	1,113,000	7.57	1.0 %
Home Goods	4	111,000	1.2 %	992,000	8.94	0.9 %
Sub-total top twenty tenants	87	3,540,000	38.8 %	44,907,000	12.69	40.5 %
Remaining tenants	761	4,663,000	51.1 %	65,862,000	14.12	59.5 %
Sub-total all tenants (b)	848	8,203,000	89.9 %	\$ 110,769,000	\$ 13.50	100.0 %
Vacant space	N/A	925,000	10.1 %			
Total	848	9,128,000	100.0 %			

(a) Several of the tenants listed above share common ownership with other tenants:

(1) Giant Foods, Stop & Shop and Food Lion (GLA of 109,000; annualized base rent of \$818,000), (2) Farm Fresh and Shoppers Food Warehouse, (3) Dollar Tree and Family Dollar (GLA of 29,000; annualized base rent of \$329,000), (4) Marshalls, Home Goods, and TJ Maxx (GLA of 54,000; annualized base rent of \$514,000), and (5) Shaw's and Acme Markets (GLA of 117,000; annualized base rent of \$542,000).

(b) Comprised of large tenants (15,000 or more GLA) and small tenants as follows:

	Occupied GLA	Percentage of occupied GLA	Annualized base rent	Annualized base rent per sq. ft.	Percentage annualized base rents
Large tenants	5,740,000	70.0 %	\$ 62,856,000	\$ 10.95	56.7 %
Small tenants	2,463,000	30.0 %	47,913,000	19.45	43.3 %
Total	8,203,000	100.0 %	\$ 110,769,000	\$ 13.50	100.0 %





## Lease Expirations

Year of lease expiration	Number of leases expiring	GLA expiring	Percentage of GLA expiring	Annualized expiring base rents	Annualized expiring base rents per sq. ft.	Percentage of annualized expiring base rents
Month-To-Month	53	232,000	2.8 %	\$3,648,000	\$ 15.72	3.3 %
2017	106	827,000	10.1 %	11,196,000	13.54	10.1 %
2018	125	960,000	11.7 %	14,244,000	14.84	12.9 %
2019	119	858,000	10.5 %	10,956,000	12.77	9.9 %
2020	118	1,502,000	18.3 %	17,712,000	11.79	16.0 %
2021	118	991,000	12.1 %	14,376,000	14.51	13.0 %
2022	58	381,000	4.6 %	5,376,000	14.11	4.9 %
2023	22	154,000	1.9 %	2,076,000	13.48	1.9 %
2024	30	581,000	7.1 %	7,716,000	13.28	7.0 %
2025	29	476,000	5.8 %	6,588,000	13.84	5.9 %
2026	27	214,000	2.6 %	3,348,000	15.64	3.0 %
2027	14	157,000	1.9 %	1,932,000	12.31	1.7 %
Thereafter	29	870,000	10.6 %	11,601,000	13.33	10.5 %
All tenants	848	8,203,000	100.0 %	\$110,769,000	\$ 13.50	100.0 %
Vacant space	N/A	925,000	N/A			
Total portfolio	848	9,128,000	N/A			

## Real Estate Summary

Property Description	Year acquired	GLA	Percent occupied	Average base rent per leased sq. ft.	Major Tenants (a) Name	GLA
<b>Connecticut</b>						
Big Y Shopping Center	2013	101,105	100.0 %	\$ 23.00	Big Y	63,817
Brickyard Plaza	2004	227,598	94.2 %	8.90	Home Depot	103,003
					Kohl's	58,966
					Michaels	21,429
					Petsmart	20,405
Groton Shopping Center	2007	121,825	89.7 %	11.85	TJ Maxx	30,000
					Goodwill	21,306
					Aldi	17,825
Jordan Lane	2005	177,504	99.2 %	11.47	Stop & Shop	60,632
					Fallas	39,280
					Cardio Fitness	20,283
New London Mall	2009	259,566	88.1 %	14.70	Shop Rite	64,017
					Marshalls	30,627
					Home Goods	25,432
					Petsmart	23,500
					A.C. Moore	20,932
Oakland Commons	2007	90,100	100.0 %	6.37	Walmart	54,911
					Bristol Ten Pin	35,189
Southington Center	2003	155,842	98.5 %	7.38	Walmart	95,482
					NAMCO	20,000
Total Connecticut		1,133,540	94.7 %	11.76		
<b>Maryland / Washington, D.C.</b>						
East River Park	2015	150,107	93.2 %	21.26	Safeway	40,000
					District of Columbia	34,400
Metro Square	2008	71,896	100.0 %	19.96	Shoppers Food Warehouse	58,668
Oakland Mills	2005	58,224	100.0 %	14.44	Weis Markets	43,470
San Souci Plaza (b)	2009	264,134	78.4 %	10.67	Shoppers Food Warehouse	61,466
					Marshalls	27,000
					Maximum Health and Fitness	15,612
Shoppes at Arts District	2016	35,676	100.0 %	35.74	Busboys and Poets	9,889
					Yes! Organic Market	7,169
Valley Plaza	2003	190,939	95.8 %	5.61	K-Mart	95,810
					Ollie's Bargain Outlet	41,888
					Tractor Supply	32,095
Yorktowne Plaza	2007	158,982	85.8 %	13.24	Food Lion	37,692
Total Maryland / Washington, D.C.		929,958	89.5 %	13.90		
<b>Massachusetts</b>						

Edgar Filing: CEDAR REALTY TRUST, INC. - Form 10-K

Fieldstone Marketplace	2005/2012	151,995	92.4	%	11.52	Shaw's	68,000
						New Bedford Wine and Spirits	15,180
Franklin Village Plaza	2004/2012	303,144	89.9	%	21.48	Stop & Shop	75,000
						Marshalls	26,890
						Team Fitness	15,807
Kings Plaza	2007	168,243	95.2	%	6.77	Work Out World	42,997
						Fallas	28,504
						Ocean State Job Lot	20,300
						Savers	19,339
Norwood Shopping Center	2006	97,756	98.2	%	10.20	Big Y	42,598
						Planet Fitness	18,830
						Dollar Tree	16,798
The Shops at Suffolk Downs	2005	121,320	100.0	%	14.14	Stop & Shop	74,977
Timpany Plaza	2007	183,775	92.7	%	7.69	Tops	59,947
						Big Lots	28,027
						Gardner Theater	27,576
Webster Plaza	2007	98,984	62.6	%	13.90	Planet Fitness	18,681
West Bridgewater Plaza	2007	133,039	94.0	%	8.73	Shaw's	57,315
						Pump N Jump	25,000
						Planet Fitness	15,000
Total Massachusetts		1,258,256	91.2	%	12.64		

6

Edgar Filing: CEDAR REALTY TRUST, INC. - Form 10-K

Property Description	Year acquired	GLA	Percent occupied	Average base rent per leased sq. ft.	Major Tenants (a) Name	GLA
<b>New Jersey</b>						
Carl's Corner	2007	129,582	46.3 %	13.05	Peebles	18,858
Glenwood Village	2016	63,844	89.9 %	19.51	Super Foodtown	28,505
Pine Grove Plaza	2003	86,089	91.9 %	11.21	Peebles	24,963
Washington Center Shoppes	2001	157,394	92.3 %	9.67	Acme Markets	66,046
					Planet Fitness	20,742
<b>Total New Jersey</b>		<b>436,909</b>	<b>78.2 %</b>	<b>12.27</b>		
<b>New York</b>						
Carman's Plaza	2007	193,736	50.6 %	20.38	Home Goods	25,806
					Department of Motor Vehicle	19,310
<b>Pennsylvania</b>						
Academy Plaza	2001	137,415	88.4 %	14.67	Acme Markets	50,918
Camp Hill	2002	463,967	98.6 %	14.89	Boscov's	159,040
					Giant Foods	92,939
					LA Fitness	45,000
					Orthopedic Inst of PA	40,904
					Barnes & Noble	24,908
					Staples	20,000
Colonial Commons	2011	461,914	97.8 %	14.64	Giant Foods	67,815
					Dick's Sporting Goods	56,000