

CEDAR REALTY TRUST, INC.
Form 10-Q
May 03, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 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 MARCH 31, 2018

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 No.)
44 South Bayles Avenue, Port Washington, New York 11050-3765

(Address of principal executive offices) (Zip Code)

(516) 767-6492

(Registrant's telephone number, including area code)

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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 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 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.

Large accelerated filer

Accelerated filer

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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: At April 30, 2018, there were 91,701,532 shares of Common Stock, \$0.06 par value, outstanding.

CEDAR REALTY TRUST, INC.

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Forward-Looking Statements

Certain statements made in this Form 10-Q or incorporated by reference herein are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and, as such, may involve known and unknown risks, uncertainties and other factors which may cause the Company’s actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements, which are based on certain assumptions and describe the Company’s future plans, strategies and expectations, are generally identifiable by use of the words “may”, “will”, “should”, “estimates”, “projects”, “anticipates”, “believes”, “expects” “future”, and words of similar import, or the negative thereof. Factors which could cause actual results to differ materially from current expectations include, but are not limited to: adverse general economic conditions in the United States and uncertainty in the credit and retail markets; financing risks, such as the inability to obtain new financing or refinancing on favorable terms as the result of market volatility or instability; risks related to the market for retail space generally, including reductions in consumer spending, variability in retailer demand for leased space, tenant bankruptcies, adverse impact of internet sales demand, ongoing consolidation in the retail sector and changes in economic conditions and consumer confidence; risks endemic to real estate and the real estate industry generally; the impact of the Company’s level of indebtedness on operating performance; inability of tenants to meet their rent and other lease obligations; adverse impact of new technology and e-commerce developments on the Company’s tenants; competitive risk; risks related to the geographic concentration of the Company’s properties in the Washington, D.C. to Boston corridor; the effects of natural and other disasters; the inability of the Company to realize anticipated returns from its redevelopment activities; and the risk factors discussed under Part I, Item 1A, “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017.

Except for ongoing obligations to disclose material information as required by the federal securities laws, the Company undertakes no obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. All of the above factors are difficult to predict, contain uncertainties that may materially affect the Company’s actual results and may be beyond the Company’s control. New factors emerge from time to time, and it is not possible for the Company’s management to predict all such factors or to assess the effects of each factor on the Company’s business. Accordingly, there can be no assurance that the Company’s current expectations will be realized.

CEDAR REALTY TRUST, INC.

CONSOLIDATED BALANCE SHEETS

(unaudited)

	March 31, 2018	December 31, 2017
ASSETS		
Real estate:		
Land	\$ 298,743,000	\$ 304,237,000
Buildings and improvements	1,208,901,000	1,230,362,000
	1,507,644,000	1,534,599,000
Less accumulated depreciation	(341,101,000)	(341,943,000)
Real estate, net	1,166,543,000	1,192,656,000
Real estate held for sale	4,120,000	—
Cash and cash equivalents	3,004,000	3,702,000
Restricted cash	3,914,000	3,517,000
Receivables	18,903,000	17,193,000
Other assets and deferred charges, net	42,028,000	35,350,000
TOTAL ASSETS	\$ 1,238,512,000	\$ 1,252,418,000
LIABILITIES AND EQUITY		
Mortgage loans payable	\$ 127,207,000	\$ 127,969,000
Unsecured revolving credit facility	109,500,000	55,000,000
Unsecured term loans	397,309,000	397,156,000
Accounts payable and accrued liabilities	25,338,000	24,519,000
Unamortized intangible lease liabilities	16,952,000	17,663,000
Total liabilities	676,306,000	622,307,000
Commitments and contingencies	—	—
Equity:		
Cedar Realty Trust, Inc. shareholders' equity:		
Preferred stock	159,541,000	207,508,000
Common stock (\$.06 par value, 150,000,000 shares authorized, 91,710,000 and 91,317,000 shares, issued and outstanding, respectively)	5,503,000	5,479,000
Treasury stock (3,370,000 and 3,359,000 shares, respectively, at cost)	(18,458,000)	(18,463,000)
Additional paid-in capital	876,927,000	875,062,000
Cumulative distributions in excess of net income	(474,513,000)	(446,944,000)
Accumulated other comprehensive income	11,562,000	5,694,000
Total Cedar Realty Trust, Inc. shareholders' equity	560,562,000	628,336,000
Noncontrolling interests:		
Minority interests in consolidated joint ventures	(474,000)	(609,000)
Limited partners' OP Units	2,118,000	2,384,000
Total noncontrolling interests	1,644,000	1,775,000

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Total equity	562,206,000	630,111,000
TOTAL LIABILITIES AND EQUITY	\$1,238,512,000	\$1,252,418,000

See accompanying notes to consolidated financial statements

CEDAR REALTY TRUST, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

	Three months ended March 31,	
	2018	2017
REVENUES		
Rents	\$28,161,000	\$28,223,000
Expense recoveries	9,286,000	8,348,000
Other	121,000	203,000
Total revenues	37,568,000	36,774,000
EXPENSES		
Operating, maintenance and management	7,794,000	7,044,000
Real estate and other property-related taxes	5,079,000	4,745,000
General and administrative	4,494,000	4,136,000
Acquisition pursuit costs	-	156,000
Depreciation and amortization	10,054,000	10,418,000
Total expenses	27,421,000	26,499,000
OTHER		
Gain on sale	-	7,099,000
Impairment charges	(21,396,000)	-
Total other	(21,396,000)	7,099,000
OPERATING (LOSS) INCOME	(11,249,000)	17,374,000
NON-OPERATING INCOME AND EXPENSES		
Interest expense	(5,371,000)	(5,429,000)
Total non-operating income and expenses	(5,371,000)	(5,429,000)
NET (LOSS) INCOME	(16,620,000)	11,945,000
Net (income) loss attributable to noncontrolling interests:		
Minority interests in consolidated joint ventures	(135,000)	(137,000)
Limited partners' interest in Operating Partnership	87,000	(32,000)
Total net (income) loss attributable to noncontrolling interests	(48,000)	(169,000)
NET (LOSS) INCOME ATTRIBUTABLE TO CEDAR REALTY TRUST, INC.	(16,668,000)	11,776,000
Preferred stock dividends	(2,799,000)	(3,602,000)
Preferred stock redemption costs	(3,507,000)	-
NET (LOSS) INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$(22,974,000)	\$8,174,000

NET (LOSS) INCOME PER COMMON SHARE ATTRIBUTABLE TO COMMON SHAREHOLDERS (BASIC AND DILUTED)	\$(0.26) \$0.10
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Weighted average number of common shares - basic and diluted	87,623,000	81,734,000
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See accompanying notes to consolidated financial statements

CEDAR REALTY TRUST, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(unaudited)

	Three months ended March	
	31, 2018	2017
Net (loss) income	\$(16,620,000)	\$11,945,000
Other comprehensive income - unrealized gain on change in fair value of cash flow hedges	5,890,000	1,340,000
Comprehensive (loss) income	(10,730,000)	13,285,000
Comprehensive (income) attributable to noncontrolling interests	(70,000)	(174,000)
Comprehensive (loss) income attributable to Cedar Realty Trust, Inc.	\$(10,800,000)	\$13,111,000

See accompanying notes to consolidated financial statements

CEDAR REALTY TRUST, INC.

Consolidated Statement of Equity

Three months ended March 31, 2018

(unaudited)

Cedar Realty Trust, Inc. Shareholders

	Preferred stock		Common stock		Treasury stock, at cost	Additional paid-in capital	Cumulative distributions in excess of net income	Accumulated other comprehensive income
	Shares	Amount	Shares	Amount				
March 31,	8,450,000	\$ 207,508,000	91,317,000	\$5,479,000	\$(18,463,000)	\$875,062,000	\$(446,944,000)	\$5,694,000
Change in ownership, net of change in hedges	—	—	—	—	—	—	(16,668,000)	—
Compensation, net of change in hedges	—	—	393,000	24,000	5,000	222,000	—	—
Series B	(2,000,000)	(47,967,000)	—	—	—	1,458,000	(3,507,000)	—
Dividends, net of change in hedges	—	—	—	—	—	1,000	—	—
Common stock, net of change in hedges	—	—	—	—	—	—	(2,799,000)	—
Noncontrolling interests	—	—	—	—	—	—	(4,595,000)	—
Investment of interest	—	—	—	—	—	184,000	—	—
March 31, 2018	6,450,000	\$ 159,541,000	91,710,000	\$5,503,000	\$(18,458,000)	\$876,927,000	\$(474,513,000)	\$11,562,000

Noncontrolling Interests

	Minority interest in consolidated joint ventures	Limited partners' interest in Operating Partnership	Total	Total Equity
March 31,	\$(609,000)	\$2,384,000	\$1,775,000	\$630,111,000
Change in ownership, net of change in hedges	135,000	(87,000)	48,000	(16,620,000)
Compensation, net of change in hedges	—	22,000	22,000	5,890,000
Series B	—	—	—	251,000
	—	—	—	(50,016,000)

es, net of

	—	—	—	1,000
Dividends	—	—	—	(2,799,000)
Common				
controlling				
	—	(17,000)	(17,000)	(4,612,000)
ment of				
interest	—	(184,000)	(184,000)	—
, 2018	\$(474,000)	\$2,118,000	\$1,644,000	\$562,206,000

See accompanying notes to consolidated financial statements

CEDAR REALTY TRUST, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	Three months ended March 31,	
	2018	2017
OPERATING ACTIVITIES		
Net (loss) income	\$(16,620,000)	\$11,945,000
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Gain on sales	—	(7,099,000)
Impairment charges	21,396,000	—
Straight-line rents	(245,000)	(241,000)
Provision for doubtful accounts	502,000	315,000
Depreciation and amortization	10,054,000	10,418,000
Amortization of intangible lease liabilities, net	(669,000)	(639,000)
Expense relating to share-based compensation, net	974,000	933,000
Amortization of deferred financing costs	292,000	359,000
Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:		
Rents and other receivables	(2,831,000)	(3,048,000)
Prepaid expenses and other	(2,656,000)	(1,014,000)
Accounts payable and accrued liabilities	(97,000)	(1,077,000)
Net cash provided by operating activities	10,100,000	10,852,000
INVESTING ACTIVITIES		
Acquisitions of real estate	—	(28,836,000)
Expenditures for real estate improvements	(6,277,000)	(3,235,000)
Net proceeds from sales of real estate	—	10,372,000
Net cash (used in) investing activities	(6,277,000)	(21,699,000)
FINANCING ACTIVITIES		
Repayments under revolving credit facility	(6,500,000)	(18,000,000)
Advances under revolving credit facility	61,000,000	36,000,000
Mortgage repayments	(785,000)	(834,000)
Noncontrolling interests:		
Distributions to limited partners	(17,000)	(18,000)
Redemptions of preferred stock	(50,016,000)	—
Common stock sales less issuance expenses, net	1,000	3,000
Preferred stock dividends	(3,212,000)	(3,602,000)
Distributions to common shareholders	(4,595,000)	(4,271,000)
Net cash (used in) / provided by financing activities	(4,124,000)	9,278,000
Net (decrease) in cash, cash equivalents and restricted cash	(301,000)	(1,569,000)
Cash, cash equivalents and restricted cash at beginning of year	7,219,000	5,762,000

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Cash, cash equivalents and restricted cash at end of period	\$6,918,000	\$4,193,000
Reconciliation to consolidated balance sheets:		
Cash and cash equivalents	\$3,004,000	\$2,207,000
Restricted cash	3,914,000	1,986,000
Cash, cash equivalents and restricted cash	\$6,918,000	\$4,193,000

See accompanying notes to consolidated financial statements

Cedar Realty Trust, Inc.

Notes to Consolidated Financial Statements

March 31, 2018

(unaudited)

Note 1. Business and Organization

Cedar Realty Trust, Inc. (the “Company”) is a real estate investment trust (“REIT”) that focuses primarily on ownership, operation and redevelopment of grocery-anchored shopping centers in high-density urban markets from Washington, D.C. to Boston. At March 31, 2018, the Company owned and managed a portfolio of 59 operating properties (excluding properties “held for sale”).

Cedar Realty Trust Partnership, L.P. (the “Operating Partnership”) is the entity through which the Company conducts substantially all of its business and owns (either directly or through subsidiaries) substantially all of its assets. At March 31, 2018, the Company owned a 99.6% economic interest in, and was the sole general partner of, the Operating Partnership. The limited partners’ interest in the Operating Partnership (0.4% at March 31, 2018) is represented by Operating Partnership Units (“OP Units”). The carrying amount of such interest is adjusted at the end of each reporting period to an amount equal to the limited partners’ ownership percentage of the Operating Partnership’s net equity. The 347,000 OP Units outstanding at March 31, 2018 are economically equivalent to the Company’s common stock. The holders of OP Units have the right to exchange their OP Units for the same number of shares of the Company’s common stock or, at the Company’s option, for cash.

As used herein, the “Company” refers to Cedar Realty Trust, Inc. and its subsidiaries on a consolidated basis, including the Operating Partnership or, where the context so requires, Cedar Realty Trust, Inc. only.

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation/Basis of Preparation

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and include all of the information and disclosures required by U.S. Generally Accepted Accounting Principles (“GAAP”) for interim reporting. Accordingly, they do not include all of the disclosures required by GAAP for complete financial statement disclosures. In the opinion of management, all adjustments necessary for fair presentation (including normal recurring accruals) have been included. The financial statements are prepared on the accrual basis in accordance with GAAP, which requires management to make estimates and assumptions that affect the disclosure of contingent assets and liabilities, the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the periods covered by the financial statements. Actual results could differ from these estimates. The prior period financial statements reflect certain reclassifications, such as the reclassification of restricted cash and the related accounts on the consolidated statements of cash flows, which had no impact on previously-reported net income attributable to common shareholders or earnings per share. The unaudited consolidated financial statements in this Form 10-Q should be read in conjunction with the audited consolidated financial statements and related notes contained in the Company’s Annual Report on

Form 10-K for the year ended December 31, 2017.

The unaudited consolidated financial statements include the accounts and operations of the Company, the Operating Partnership, its subsidiaries, and certain joint venture partnerships in which it participates. The Company consolidates all variable interest entities for which it is the primary beneficiary.

Supplemental Consolidated Statements of Cash Flows Information

	Three months ended March 31,	
	2018	2017
Supplemental disclosure of cash activities:		
Cash paid for interest	\$5,303,000	\$5,121,000
Supplemental disclosure of non-cash activities:		
Capitalization of interest and financing costs	358,000	175,000

Recently-Adopted Accounting Pronouncements

In May 2014, the FASB issued guidance which amends the accounting for revenue recognition. Under the amended guidance, an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which a company expects to be entitled to and receive in exchange for those goods or services. Leases are specifically excluded

Cedar Realty Trust, Inc.

Notes to Consolidated Financial Statements

March 31, 2018

(unaudited)

from this guidance and will be governed by the applicable lease codification. The guidance, effective January 1, 2018, did not have a material effect on the Company's consolidated financial statements.

In August 2016, the FASB issued guidance that clarifies how an entity should classify certain cash receipts and cash payments on its statement of cash flows. The guidance established that an entity will classify cash payments for debt prepayment or extinguishment costs as financing cash flows. In addition, the guidance provides entities with an alternative to consider regarding the nature of the source of distributions that an investor receives from an equity method investment when classifying distributions received in its cash flow statement (the nature of the distribution approach). Alternatively, entities can elect to classify the distributions received from equity method investees based on the cumulative earnings approach. The guidance, effective January 1, 2018, did not have a material effect on the Company's consolidated financial statements.

In November 2016, the FASB issued guidance that requires entities to show the changes in the total of cash, cash equivalents and restricted cash in the statement of cash flows. When cash, cash equivalents and restricted cash are presented in more than one line item on the balance sheet, the new guidance requires a reconciliation of the totals in the statement of cash flows to the related captions on the balance sheet. This reconciliation can be presented either on the face of the statement of cash flows or in the notes to the financial statements. The guidance, effective January 1, 2018, did not have a material effect on the Company's consolidated financial statements.

In May 2017, the FASB issued guidance which clarifies when changes to the terms or conditions of a share-based payment award must be accounted for as modifications. Under the new guidance, an entity will not apply modification accounting if the awards' fair value, vesting conditions, and the classification of the award as equity or a liability are the same immediately before and after the change. The guidance, effective January 1, 2018, did not have a material effect on the Company's consolidated financial statements.

Recently-Issued Accounting Pronouncements

In February 2016, the FASB issued guidance which amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. The guidance requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase of the leased asset by the lessee. This classification will determine whether the lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than twelve months regardless of their classification. Leases with a term of twelve months or less will be accounted for pursuant to existing guidance for operating leases. The guidance is

expected to result in the recognition of a right-to-use asset and related liability to account for the Company's future obligations under its ground lease and executive office lease agreements for which the Company is the lessee. Additionally, the guidance will require that lessees and lessors capitalize, as initial direct costs, only those costs that are incurred due to the execution of a lease. Under this guidance, allocated payroll costs and other costs that are incurred regardless of whether the lease is obtained will no longer be capitalized as initial direct costs and instead will be expensed as incurred. Lessors will continue to account for leases using an approach that is substantially equivalent to existing guidance for operating and other leases. The new lease accounting guidance requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The guidance would be effective for interim and annual reporting periods beginning after December 15, 2018, with early adoption being permitted. The Company is currently in the process of evaluating the impact the adoption of the guidance will have on its consolidated financial statements.

In June 2016, the FASB issued guidance which enhances the methodology of measuring expected credit losses to include the use of forward-looking information to better calculate credit loss estimates. The guidance will apply to most financial assets measured at amortized cost and certain other instruments, including accounts receivable, straight-line rent receivables, loans, held-to-maturity debt securities, net investments in leases, and off-balance-sheet credit exposures. The guidance will require that the Company estimate the lifetime expected credit loss with respect to these receivables and record allowances that, when deducted from the balance of the receivables, represent the net amounts expected to be collected. The Company will also be required to disclose information about how it developed the allowances, including changes in the factors that influenced the Company's estimate of expected credit losses and the reasons for those changes. The guidance would be effective for interim and annual reporting periods beginning after December 15, 2019. The Company is currently in the process of evaluating the impact the adoption of the guidance will have on its consolidated financial statements.

Cedar Realty Trust, Inc.

Notes to Consolidated Financial Statements

March 31, 2018

(unaudited)

Note 3. Real Estate

Real Estate Held for Sale

The Company, when applicable, conducts a continuing review of the values for all properties “held for sale” based on final sales prices and sales contracts entered into. Impairment charges/reversals, if applicable, are based on a comparison of the carrying values of the properties with either (1) actual sales prices less costs to sell for properties sold, or contract amounts for properties in the process of being sold, (2) estimated sales prices, less costs to sell, based on discounted cash flow or income capitalization analyses, if no contract amounts are being negotiated (see Note 4 - “Fair Value Measurements”), or (3) with respect to land parcels, estimated sales prices, less costs to sell, based on comparable sales completed in the selected market areas. Prior to the Company’s determination to dispose of properties, which are subsequently reclassified to “held for sale”, the Company performed recoverability analyses based on the estimated undiscounted cash flows that were expected to result from the real estate investments’ use and eventual disposal. The projected undiscounted cash flows of each property reflects that the carrying value of each real estate investment would be recovered. However, as a result of the properties’ meeting the “held for sale” criteria, such properties were written down to the lower of their carrying value and estimated fair values less costs to sell.

As of March 31, 2018, Carll’s Corner, located in Bridgeton, New Jersey, and West Bridgewater Plaza, located in West Bridgewater, Massachusetts, have been classified as “real estate held for sale” on the accompanying consolidated balance sheet. The Company recorded impairment charges of \$21.4 million in connection with these properties during 2018.

Note 4. Fair Value Measurements

The carrying amounts of cash and cash equivalents, restricted cash, rents and other receivables, certain other assets, accounts payable and accrued liabilities, and variable-rate debt approximate their fair value due to their terms and/or short-term nature. The fair value of the Company’s investments and liabilities related to share-based compensation were determined to be Level 1 within the valuation hierarchy, and were based on independent values provided by financial institutions.

The fair value of the Company’s fixed rate mortgage loans were estimated using available market information and discounted cash flow analyses based on borrowing rates the Company believes it could obtain with similar terms and maturities. As of March 31, 2018 and December 31, 2017, the aggregate fair values of the Company’s fixed rate mortgage loans payable, which were determined to be Level 3 within the valuation hierarchy, were \$125.9 million and \$127.7 million, respectively; the carrying values of such loans were \$127.2 million and \$128.0 million, respectively. As of March 31, 2018 and December 31, 2017, respectively, the aggregate fair values of the Company’s unsecured revolving credit facility and term loans approximated the carrying values.

The valuation of the assets and liabilities for the Company’s interest rate swaps, which are measured on a recurring basis, were determined to be Level 2 within the valuation hierarchy, and were based on independent values provided by financial institutions. Such valuations were determined using widely accepted valuation techniques, including

discounted cash flow analyses, on the expected cash flows of each derivative. The analyses reflect the contractual terms of the swaps, including the period to maturity, and user-observable market-based inputs, including interest rate curves (“significant other observable inputs”). The fair value calculation also includes an amount for risk of non-performance using “significant unobservable inputs” such as estimates of current credit spreads to evaluate the likelihood of default. The Company has concluded that, as of March 31, 2018, the fair value associated with the “significant unobservable inputs” relating to the Company’s risk of non-performance was insignificant to the overall fair value of the interest rate swap agreements and, as a result, that the relevant inputs for purposes of calculating the fair value of the interest rate swap agreements, in their entirety, were based upon “significant other observable inputs”.

Nonfinancial assets and liabilities measured at fair value in the consolidated financial statements consist of real estate held for sale, which, if applicable, are measured on a nonrecurring basis, and have been determined to be (1) Level 2 within the valuation hierarchy, where applicable, based on the respective contracts of sale, adjusted for closing costs and expenses, or (2) Level 3 within the valuation hierarchy, where applicable, based on estimated sales prices, adjusted for closing costs and expenses, determined by discounted cash flow analyses, income capitalization analyses or a sales comparison approach if no contracts had been concluded. The discounted cash flow and income capitalization analyses include all estimated cash inflows and outflows over a specific holding period and, where applicable, any estimated debt premiums. These cash flows were composed of unobservable inputs which included forecasted rental revenues and expenses based upon existing in-place leases, market conditions and expectations for growth. Capitalization rates and discount rates utilized in these analyses were based upon observable rates that the Company believed to be within a reasonable range of current market rates for the respective properties. The sales comparison approach is utilized for certain

Cedar Realty Trust, Inc.

Notes to Consolidated Financial Statements

March 31, 2018

(unaudited)

land values and includes comparable sales that were completed in the selected market areas. The comparable sales utilized in these analyses were based upon observable per acre rates that the Company believes to be within a reasonable range of current market rates for the respective properties.

Valuations were prepared using internally-developed valuation models. These valuations are reviewed and approved, during each reporting period, by a diverse group of management, as deemed necessary, including personnel from the acquisition, accounting, finance, operations, development and leasing departments, and the valuations are updated as appropriate. In addition, the Company may engage third-party valuation experts to assist with the preparation of certain of its valuations.

The following tables show the hierarchy for those assets measured at fair value on a recurring basis as of March 31, 2018 and December 31, 2017, respectively:

March 31, 2018				
Description	Level 1	Level 2	Level 3	Total
Investments related to deferred				
compensation liabilities (a)	\$618,000	\$—	\$ —	\$618,000
Deferred compensation liabilities (b)	\$619,000	\$—	\$ —	\$619,000
Interest rate swaps asset (a)	\$—	\$11,742,000	\$ —	\$11,742,000

December 31, 2017				
Description	Level 1	Level 2	Level 3	Total
Investments related to deferred				
compensation liabilities (a)	\$552,000	\$—	\$ —	\$552,000
Deferred compensation liabilities (b)	\$544,000	\$—	\$ —	\$544,000
Interest rate swaps asset (a)	\$—	\$6,394,000	\$ —	\$6,394,000
Interest rate swaps liability (b)	\$—	\$511,000	\$ —	\$511,000

(a) Included in other assets and deferred charges, net in the accompanying consolidated balance sheets.

(b) Included in accounts payable and accrued liabilities in the accompanying consolidated balance sheets.

The following table shows the hierarchy for the asset measured at fair value on a non-recurring basis as of March 31, 2018:

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	March 31, 2018			
	Level			
Description	1	2	Level 3	Total
Real estate held for sale	\$—	\$—	\$4,120,000	\$4,120,000

There were no assets measured at fair value on a non-recurring basis as of December 31, 2017. As of March 31, 2018, two retail properties, totaling \$4.1 million, were determined to be Level 3 assets under the hierarchy, and were measured at fair value on a non-recurring basis using an income capitalization approach, consisting of capitalization rates ranging between 8.5% to 9.5%.

Cedar Realty Trust, Inc.

Notes to Consolidated Financial Statements

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Note 5. Mortgage Loans Payable and Credit Facility

The Company has a \$300 million unsecured credit facility which, as amended and restated on September 8, 2017, consists of (1) a \$250 million revolving credit facility, expiring on September 8, 2021, and (2) a \$50 million term loan, expiring on September 8, 2022. The revolving credit facility may be extended, at the Company's option, for an additional one-year period, subject to customary conditions. Under an accordion feature, the facility can be increased to \$750 million, subject to customary conditions and lending commitments. Interest on borrowings under the revolving credit facility component can range from the London Interbank Offered Rate ("LIBOR") plus 135 basis points ("bps") to 195 bps (135 bps at March 31, 2018) and interest on borrowings under the term loan component can range from LIBOR plus 130 to 190 bps (130 bps at March 31, 2018), each based on the Company's leverage ratio. As of March 31, 2018, the Company had \$98.7 million available for additional borrowings under the revolving credit facility.

Debt is composed of the following at March 31, 2018:

March 31, 2018			
Description	Maturity dates	Balance outstanding	Contractual interest rates weighted-average
Fixed-rate mortgages	2021-2026	\$ 127,242,000	4.4%
Unsecured credit facilities:			
Variable-rate:			
Revolving credit facility	Sep 2021 (a)	109,500,000	3.1%
Term loan	Sep 2022	50,000,000	3.1%
Fixed-rate (b):			
Term loan	Feb 2021	75,000,000	3.6%
Term loan	Feb 2022	50,000,000	3.0%
Term loan	Sep 2022 (c)	50,000,000	2.8%
Term loan	Apr 2023	100,000,000	3.2%
Term loan	Sep 2024 (d)	75,000,000	3.3%
		636,742,000	3.4%
Unamortized premium		504,000	
Unamortized debt issuance costs		(3,230,000)	
		\$ 634,016,000	

(a) The revolving credit facility is subject to a one-year extension at the Company's option.

(b) The interest rates on these term loans consist of LIBOR plus a credit spread based on the Company's leverage ratio, for which the Company has interest rate swap agreements which convert the LIBOR rates to fixed rates.

Accordingly, these term loans are presented as fixed-rate debt.

- (c) The current interest rate swap agreement expires in February 2019 at which time a new interest rate swap agreement will begin resulting in an effective interest rate of 3.2%, based on the Company's current leverage ratio.
- (d) The current interest rate swap agreement expires in February 2020 at which time a new interest rate swap agreement will begin resulting in an effective interest ratio of 3.7%, based on the Company's current leverage ratio.

The Company's unsecured credit facility and term loans contain financial covenants including, but not limited to, maximum debt leverage, maximum secured debt, minimum fixed charge coverage, and minimum net worth. In addition, the facility contains restrictions including, but not limited to, limits on indebtedness, certain investments and distributions. Although the credit facility is unsecured, borrowing availability is based on unencumbered property adjusted net operating income, as defined in the agreements. The Company's failure to comply with the covenants or the occurrence of an event of default under the facilities could result in the acceleration of the related debt and exercise of other lender remedies. As of March 31, 2018, the Company is in compliance with all financial covenants. Interest on borrowings under the unsecured credit facility and term loans are based on the Company's leverage ratio.

Cedar Realty Trust, Inc.

Notes to Consolidated Financial Statements

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Derivative Financial Instruments

At March 31, 2018, the Company had \$11.7 million included in other assets and deferred charges, net on the consolidated balance sheet relating to the fair value of the interest rate swaps applicable to the unsecured term loans discussed above. Charges and/or credits relating to the changes in the fair value of the interest rate swaps are made to accumulated other comprehensive income (loss), noncontrolling interests (minority interests in consolidated joint ventures and limited partners' interest), or operations (included in interest expense), as applicable. Over time, the unrealized gains and losses recorded in accumulated other comprehensive loss will be reclassified into earnings as an increase or reduction to interest expense in the same periods in which the hedged interest payments affect earnings. The Company estimates that approximately \$1.1 million of accumulated other comprehensive loss will be reclassified as a charge to earnings within the next twelve months.

The following is a summary of the derivative financial instruments held by the Company at March 31, 2018 and December 31, 2017:

March 31, 2018

Designation/ Cash flow	Derivative	Count	Fair value	Maturity dates	Balance sheet location
Qualifying	Interest rate swaps	7	\$11,742,000	2019-2024	Other assets and deferred charges, net

December 31, 2017

Designation/ Cash flow	Derivative	Count	Fair value	Maturity dates	Balance sheet location
Qualifying	Interest rate swaps	6	\$6,394,000	2019-2024	Other assets and deferred charges, net
Qualifying	Interest rate swaps	1	\$511,000	2021	Accounts payable and accrued liabilities

The notional values of the interest rate swaps held by the Company at March 31, 2018 and December 30, 2017 were \$350.0 million and \$350.0 million, respectively.

The following presents the effect of the Company's derivative financial instruments on the consolidated statements of operations and the consolidated statements of equity for the three months ended March 31, 2018 and 2017, respectively:

		Gain recognized in other comprehensive (loss) income (effective portion) Three months ended March 31,	
Designation/ Cash flow	Derivative	2018	2017
Qualifying	Interest rate swaps	\$5,752,000	\$474,000
		(Loss) recognized in other comprehensive (loss) income reclassified into earnings (effective portion) Three months ended March 31,	
		2018	2017
Classification			
Continuing Operations		\$(138,000)	\$(866,000)

As of March 31, 2018 the Company believes it has no significant risk associated with non-performance of the financial institutions which are the counterparties to its derivative contracts.

Cedar Realty Trust, Inc.

Notes to Consolidated Financial Statements

March 31, 2018

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Note 6. Commitments and Contingencies

The Company is a party to certain legal actions arising in the normal course of business. Management does not expect there to be adverse consequences from these actions that would be material to the Company's consolidated financial statements.

Note 7. Shareholders' Equity

Preferred Stock

The Company is authorized to issue up to 12,500,000 shares of preferred stock. The following tables summarize details about the Company's preferred stock:

	Series B Preferred Stock	Series C Preferred Stock		
Par value	\$0.01	\$0.01		
Liquidation value	\$25.00	\$25.00		
	March 31, 2018		December 31, 2017	
	Series B Preferred Stock	Series C Preferred Stock	Series B Preferred Stock	Series C Preferred Stock
Shares authorized	1,450,000	6,450,000	3,450,000	6,450,000
Shares issued and outstanding	1,450,000	5,000,000	3,450,000	5,000,000
Balance	\$34,767,000	\$124,774,000	\$82,734,000	124,774,000

On January 12, 2018, the Company redeemed 2,000,000 shares of Series B Preferred Stock at a price of \$25.00 per share for an aggregate of \$50.0 million, plus all accrued and unpaid dividends up to (but excluding) the redemption date.

Dividends

The following table provides a summary of dividends declared and paid per share:

	Three months ended March 31,	
	2018	2017
Common stock	\$0.050	\$0.050
7.25% Series B Preferred Stock	\$0.453	\$0.453
6.50% Series C Preferred Stock	\$0.406	\$-

On April 11, 2018, the Company's Board of Directors declared a dividend of \$0.05 per share with respect to its common stock. At the same time, the Board declared dividends of \$0.453125 and \$0.406250 per share with respect to the Company's Series B Preferred Stock and Series C Preferred Stock, respectively. The distributions are payable on May 21, 2018 to shareholders of record on May 11, 2018.

Cedar Realty Trust, Inc.

Notes to Consolidated Financial Statements

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Note 8. Revenues

Rental revenues for the three months ended March 31, 2018 and 2017, respectively, comprise the following:

	Three months ended March 31,	
	2018	2017
Base rents	\$27,159,000	\$27,140,000
Percentage rent	88,000	203,000
Straight-line rents	245,000	241,000
Amortization of intangible lease liabilities, net	669,000	639,000
Total rents	\$28,161,000	\$28,223,000

In April 2018, the Company accepted a payment of \$4.3 million in consideration for permitting a dark anchor tenant to terminate its lease prior to the contractual expiration, which will be reflected in the quarter ended June 30, 2018. This anchor tenant was located at a property held for sale, and while paying its contractual rent prior to lease termination, it had closed and ceased retail operations at the property. The Company recognizes lease termination income when the following conditions are met: (1) the lease termination agreement has been executed, (2) the lease termination fee is determinable, (3) all the Company's landlord services pursuant to the terminated lease have been rendered, and (4) collectability of the lease termination fee is assured.

Note 9. Share-Based Compensation

The following tables set forth certain share-based compensation information for the three months ended March 31, 2018 and 2017, respectively:

	Three months ended March 31,	
	2018	2017
Expense relating to share grants	\$1,081,000	\$979,000
Amounts capitalized	(107,000)	(46,000)
Total charged to operations	\$974,000	\$933,000

The Company's 2017 Stock Incentive Plan (the "2017 Plan") establishes the procedures for the granting of, among other things, restricted stock awards. During the three months ended March 31, 2018, there were 596,000 restricted shares issued, with a weighted average grant date fair value of \$4.94 per share. At March 31, 2018, 3.4 million shares remained available for grants pursuant to the 2017 Plan.

Note 10. Earnings Per Share

Basic earnings per share ("EPS") is calculated by dividing net income (loss) attributable to the Company's common shareholders by the weighted average number of common shares outstanding for the period including participating securities (restricted shares issued pursuant to the Company's share-based compensation program are considered participating securities, as such shares have non-forfeitable rights to receive dividends). Unvested restricted shares are not allocated net losses and/or any excess of dividends declared over net income, as such amounts are allocated entirely to the common shareholders. For the three months ended March 31, 2018 and 2017, the Company had 4.0 million and 3.7 million, respectively, of weighted average unvested restricted shares outstanding. The following table provides a reconciliation of the numerator and denominator of the EPS calculations for the three months ended March 31, 2018 and 2017:

Cedar Realty Trust, Inc.

Notes to Consolidated Financial Statements

March 31, 2018

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	Three months ended March 31,	
	2018	2017
Numerator		
(Loss) income from continuing operations	\$(16,620,000)	\$11,945,000
Preferred stock dividends	(2,799,000)	(3,602,000)
Preferred stock redemptions costs	(3,507,000)	-
Net (income) attributable to noncontrolling interests	(48,000)	(169,000)
Net earnings allocated to unvested shares	(217,000)	(356,000)
Net (loss) income attributable to vested common shares	\$(23,191,000)	\$7,818,000
Denominator		
Weighted average number of vested common shares outstanding	87,623,000	81,734,000
Net (loss) income per common share attributable to common shareholders, basic and diluted	\$(0.26)	\$0.10

Fully-diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into shares of common stock. For 2017, the 5,750,000 common shares that were subject to a forward sale agreements have been excluded from the denominator prior to their issuance on August 1, 2017, as they were anti-dilutive using the treasury stock method. Net loss attributable to noncontrolling interests of the Operating Partnership has been excluded from the numerator and the related OP Units have been excluded from the denominator for the purpose of calculating diluted EPS as there would have been no effect had such amounts been included. The weighted average number of OP Units outstanding were 347,000 and 351,000 for the three months ended March 31, 2018 and 2017, respectively.

Note 11. Subsequent Events

In determining subsequent events, management reviewed all activity from April 1, 2018 through the date of filing this Quarterly Report on Form 10-Q.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the Company's consolidated financial statements and related notes thereto included elsewhere in this report.

Executive Summary

The Company is a fully-integrated real estate investment trust that focuses primarily on ownership, operation and redevelopment of grocery-anchored shopping centers in high-density urban markets from Washington, D.C. to Boston. At March 31, 2018, the Company owned and managed a portfolio of 59 operating properties (excluding properties "held for sale") totaling 8.7 million square feet of gross leasable area ("GLA"). The portfolio was 92.6% leased and 91.6% occupied at March 31, 2018.

The Company derives substantially all of its revenues from rents and operating expense reimbursements received pursuant to 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.

Significant Transactions

Real Estate Held for Sale

As of March 31, 2018, Carll's Corner, located in Bridgeton, New Jersey, and West Bridgewater Plaza, located in West Bridgewater, Massachusetts, have been classified as "real estate held for sale" on the accompanying consolidated balance sheet. The Company recorded impairment charges of \$21.4 million in connection with these properties during 2018.

Equity

Series B Preferred Stock

On January 12, 2018, the Company redeemed 2,000,000 shares of Series B Preferred Stock at a price of \$25.00 per share for an aggregate of \$50.0 million, plus all accrued and unpaid dividends up to (but excluding) the redemption date.

Revenues

In April 2018, the Company accepted a payment of \$4.3 million in consideration for permitting a dark anchor tenant to terminate its lease prior to the contractual expiration, which will be reflected in the quarter ended June 30, 2018. This anchor tenant was located at a property held for sale, and while paying its contractual rent prior to lease termination, it had closed and ceased retail operations at the property.

Critical Accounting Policies

The preparation of the consolidated financial statements in conformity with GAAP requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an ongoing basis, management evaluates its estimates, including those related to revenue recognition and the allowance for doubtful accounts receivable, real estate investments and purchase accounting allocations related thereto, asset impairment, and derivatives used to hedge interest-rate risks. Management's estimates are based both on information that is currently available and on various other assumptions management believes to be reasonable under the circumstances. Actual results could differ from those estimates and those estimates could be different under varying assumptions or conditions.

The Company believes there have been no material changes to the items disclosed as its critical accounting policies under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

Results of Operations

Comparison of three months ended March 31, 2018 to 2017

	2018	2017	Change Dollars	Percent
Revenues	\$37,568,000	\$36,774,000	\$794,000	2.2%
Property operating expenses	(12,873,000)	(11,789,000)	(1,084,000)	9.2%
Property operating income	24,695,000	24,985,000	(290,000)	
General and administrative	(4,494,000)	(4,136,000)	(358,000)	8.7%
Acquisition pursuit costs	—	(156,000)	156,000	n/a
Depreciation and amortization	(10,054,000)	(10,418,000)	364,000	-3.5%
Gain on sale	—	7,099,000	(7,099,000)	n/a
Impairment charges	(21,396,000)	—	(21,396,000)	n/a
Interest expense	(5,371,000)	(5,429,000)	58,000	-1.1%
Net (loss) income	(16,620,000)	11,945,000	(28,565,000)	
Net (income) loss attributable to noncontrolling interests	(48,000)	(169,000)	121,000	
Net (loss) income attributable to Cedar Realty Trust, Inc.	\$(16,668,000)	\$11,776,000	\$(28,444,000)	

Revenues were higher primarily as a result of (1) an increase of \$0.5 million in rental revenues and expense recoveries attributable to the Company's redevelopment properties, (2) an increase of \$0.5 million in rental revenues and expense recoveries attributable to properties acquired in 2017, and (3) an increase of \$0.3 million in rental revenues and expense recoveries attributable to the Company's same-center properties, partially offset by a decrease of \$0.5 million in rental revenues and expense recoveries attributable to properties that were sold or held for sale in 2018 and 2017.

Property operating expenses were higher primarily as a result of (1) an increase of \$0.4 million in property operating expenses attributable to same-center properties, (2) an increase of \$0.3 million in property operating expenses attributable to the Company's redevelopment properties, and (3) an increase of \$0.3 million in property operating expenses attributable to properties acquired in 2017.

General and administrative costs were higher primarily as a result of an increase in legal and professional fees.

Acquisition pursuit costs in 2017 relate to acquisitions the Company chose not to continue to pursue.

Depreciation and amortization expenses were lower primarily as a result of a decrease of \$0.5 million attributable to redevelopment properties, partially offset by an increase of \$0.2 million attributable to properties acquired in 2017.

Gain on sale in 2017 relates to the sale of an outparcel building adjacent to Camp Hill, located in Camp Hill, Pennsylvania on February 1, 2017.

Impairment charges in 2018 relate to certain properties that were classified as "real estate held for sale" in 2018.

Interest expense remained relatively consistent and included (1) a decrease in interest expense of \$0.2 million as a result of an increase in capitalized interest, and (2) a decrease in interest expense of \$0.1 million as a result of a decrease in the overall weighted average outstanding principal balance of debt, offset by an increase in interest expense of \$0.3 million as a result of an increase in the overall weighted average interest rate.

Same-Property Net Operating Income

Same-property net operating income (“same-property NOI”) is a widely-used non-GAAP financial measure for REITs that the Company believes, when considered with financial statements prepared in accordance with GAAP, is useful to investors as it provides an indication of the recurring cash generated by the Company’s properties by excluding certain non-cash revenues and expenses, as well as other infrequent items such as lease termination income which tends to fluctuate more than rents from year to year. Properties are included in same-property NOI if they are owned and operated for the entirety of both periods being compared, except for properties undergoing significant redevelopment and expansion until such properties have stabilized, and properties classified as held for sale. Consistent with the capital treatment of such costs under GAAP, tenant improvements, leasing commissions and other direct leasing costs are excluded from same-property NOI.

The most directly comparable GAAP financial measure is consolidated operating income. Same-property NOI should not be considered as an alternative to consolidated operating income prepared in accordance with GAAP or as a measure of liquidity. Further, same-property NOI is a measure for which there is no standard industry definition and, as such, it is not consistently defined or reported on among the Company's peers, and thus may not provide an adequate basis for comparison among REITs.

The following table reconciles same-property NOI to the Company's consolidated operating income:

	Three months ended March 31,	
	2018	2017
Consolidated operating (loss) income	\$(11,249,000)	\$17,374,000
Add (deduct):		
General and administrative	4,494,000	4,136,000
Acquisition pursuit costs	—	156,000
Gain on sales	—	(7,099,000)
Impairment charges	21,396,000	—
Depreciation and amortization	10,054,000	10,418,000
Straight-line rents	(245,000)	(241,000)
Amortization of intangible lease liabilities	(669,000)	(639,000)
Other adjustments	(23,000)	(101,000)
NOI related to properties not defined as same-property	(3,946,000)	(4,196,000)
Same-property NOI	\$19,812,000	\$19,808,000
Number of same properties	51	51
Same-property occupancy, end of period	92.9	% 91.5 %
Same-property leased, end of period	93.7	% 93.2 %
Same-property average base rent, end of period	\$13.10	\$13.03

Same-property NOI for the comparative three month periods remained flat as the results are driven primarily by (1) an increase in average base rents of \$0.07 per square foot, and (2) an increase in occupancy of 140 basis points, offset by an increase in bad debt expense, which was primarily driven by the expected vacancy of an anchor tenant.

Leasing Activity

The following is a summary of the Company's retail leasing activity during the three months ended March 31, 2018:

Leases signed	GLA	New rent per	Prior rent per	Cash basis % change	Tenant
					improvements per sq.ft. (\$) (a)

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			sq.ft. (\$)	sq.ft. (\$)			
Renewals	38	531,800	12.91	14.02	-7.9	%	3.15
New Leases - Comparable	10	46,900	14.73	14.79	-0.5	%	16.34
New Leases - Non-Comparable (b)	0	0	n/a	n/a	n/a		n/a
Total (c)	48	578,700	13.06	\$14.08	-7.2	%	4.22

(a) Includes both tenant allowance and landlord work. Excludes first generation space.

(b) Includes leases signed at first generation and expansion spaces.

(c) Legal fees and leasing commissions averaged a combined total of \$1.62 per square foot.

Liquidity and Capital Resources

The Company funds operating expenses and other short-term liquidity requirements, including debt service, tenant improvements, leasing commissions, preferred and common dividend distributions and distributions to minority interest partners, if made, primarily from its operations. The Company may also use its revolving credit facility for these purposes. The Company expects to fund long-term liquidity requirements for property acquisitions, redevelopment costs, capital improvements, and maturing debt initially with its revolving credit facility, and ultimately through a combination of issuing and/or assuming additional debt, the sale of equity securities, the issuance of additional OP Units, and/or the sale of properties. Although the Company believes it has access to

secured and unsecured financing, there can be no assurance that the Company will have the availability of financing on completed development projects, additional construction financing, or proceeds from the refinancing of existing debt.

The Company has a \$300 million unsecured credit facility which, as amended and restated on September 8, 2017, consists of (1) a \$250 million revolving credit facility, and (2) a \$50 million term loan. Under an accordion feature, the facility can be increased to \$750 million, subject to customary conditions and lending commitments. As of March 31, 2018, the Company had \$98.7 million available for additional borrowings under the revolving credit facility.

On January 12, 2018, the Company redeemed 2,000,000 shares of Series B Preferred Stock at a price of \$25.00 per share for an aggregate of \$50.0 million, plus all accrued and unpaid dividends up to (but excluding) the redemption date.

The Company's unsecured credit facility and term loans contain financial covenants including, but not limited to, maximum debt leverage, maximum secured debt, minimum fixed charge coverage, and minimum net worth. In addition, the facilities contain restrictions including, but not limited to, limits on indebtedness, certain investments and distributions. Although the credit facilities are unsecured, borrowing availability is based on unencumbered property adjusted net operating income, as defined in the agreements. The Company's failure to comply with the covenants or the occurrence of an event of default under the facilities could result in the acceleration of the related debt and exercise of other lender remedies. As of March 31, 2018, the Company is in compliance with all financial covenants. Interest on borrowings under the unsecured credit facility and term loans are based on the Company's leverage ratio.

Debt is composed of the following at March 31, 2018:

March 31, 2018			
Description	Maturity dates	Balance outstanding	Contractual interest rates weighted-average
Fixed-rate mortgages	2021-2026	\$ 127,242,000	4.4%
Unsecured credit facilities:			
Variable-rate:			
Revolving credit facility	Sep 2021 (a)	109,500,000	3.1%
Term loan	Sep 2022	50,000,000	3.1%
Fixed-rate (b):			
Term loan	Feb 2021	75,000,000	3.6%
Term loan	Feb 2022	50,000,000	3.0%
Term loan	Sep 2022 (c)	50,000,000	2.8%
Term loan	Apr 2023	100,000,000	3.2%
Term loan	Sep 2024 (d)	75,000,000	3.3%
		636,742,000	3.4%
Unamortized premium		504,000	
Unamortized debt issuance costs		(3,230,000)	
		\$ 634,016,000	

(a) The revolving credit facility is subject to a one-year extension at the Company's option.

(b) The interest rates on these term loans consist of LIBOR plus a credit spread based on the Company's leverage ratio, for which the Company has interest rate swap agreements which convert the LIBOR rates to fixed rates. Accordingly, these term loans are presented as fixed-rate debt.

- (c) The current interest rate swap agreement expires in February 2019 at which time a new interest rate swap agreement will begin resulting in an effective interest rate of 3.2%, based on the Company's current leverage ratio.
- (d) The current interest rate swap agreement expires in February 2020 at which time a new interest rate swap agreement will begin resulting in an effective interest ratio of 3.7%, based on the Company's current leverage ratio.

The following table details the Company's debt maturities at March 31, 2018:

Year	Secured Debt		Unsecured Debt		Total
	Scheduled Amortization	Balloon Payments	Revolving Credit Facility	Term Loans	
2018	\$2,265,000	\$-	\$-	\$-	\$2,265,000
2019	3,154,000	-	-	-	3,154,000
2020	3,289,000	-	-	-	3,289,000
2021	2,802,000	22,367,000	109,500,000 (a)	75,000,000	209,669,000
2022	2,313,000	47,597,000	-	150,000,000	199,910,000
Thereafter	4,264,000	39,191,000	-	175,000,000	218,455,000
	\$18,087,000	\$109,155,000	\$109,500,000	\$400,000,000	\$636,742,000

(a) The revolving credit facility is subject to a one-year extension at the Company's option.

Property-specific mortgage loans payable mature at various dates through 2026. The terms of several of the Company's mortgage loans payable require the Company to deposit certain replacement and other reserves with its lenders. Such "restricted cash" is generally available only for property-level requirements for which the reserves have been established, and is not available to fund other property-level or Company-level obligations.

In order to continue qualifying as a REIT, the Company is required to distribute at least 90% of its "REIT taxable income", as defined in the Internal Revenue Code of 1986, as amended (the "Code"). The Company paid common and preferred stock dividends during 2017, and has continued to declare and pay common and preferred stock dividends during 2018. While the Company intends to continue paying regular quarterly dividends, future dividend declarations will continue to be at the discretion of the Board of Directors, and will depend on the cash flow and financial condition of the Company, capital requirements, annual distribution requirements under the REIT provisions of the Code, and such other factors as the Board of Directors may deem relevant.

Net Cash Flows

	Three months ended March 31,	
	2018	2017
Cash flows provided by (used in):		
Operating activities	\$10,100,000	\$10,852,000
Investing activities	\$(6,277,000)	\$(21,699,000)
Financing activities	\$(4,124,000)	\$9,278,000

Operating Activities

Net cash provided by operating activities, before net changes in operating assets and liabilities, was \$15.7 million for the three months ended March 31, 2018 and \$16.0 million for the three months ended March 31, 2017. The decrease was primarily attributable to a slight increase in cash paid for interest.

Investing Activities

Net cash flows used in investing activities were primarily the result of the Company's property acquisitions, expenditures for property improvements and property disposition activities. During the three months ended March 31, 2018 the Company incurred expenditures of \$6.3 million for property improvements. During the three months ended March 31, 2017, the Company acquired a shopping center for \$28.8 million, and incurred expenditures of \$3.2 million for property improvements, which was partially offset by \$10.4 million in proceeds from the sale of an outparcel building.

Financing Activities

During the three months ended March 31, 2018, the Company paid \$50.0 million to partially redeem shares of its Series B Preferred Stock, had \$7.8 million of preferred and common stock distributions, and \$0.8 million of repayments of mortgage obligations, which was partially offset by net borrowings of \$54.5 million under the revolving credit facility. During the three months ended March 31, 2017, the Company had net borrowings of \$18.0 million under the revolving credit facility, which was partially offset by \$7.9 million of preferred and common stock distributions and \$0.8 million of repayments of mortgage obligations.

Funds From Operations

Funds From Operations (“FFO”) is a widely recognized supplemental non-GAAP measure utilized to evaluate the financial performance of a REIT. The Company presents FFO in accordance with the definition adopted by the National Association of Real Estate Investment Trusts (“NAREIT”). NAREIT generally defines FFO as net income attributable to common shareholders (determined in accordance with GAAP), excluding gains (losses) from sales of real estate properties, impairment provisions on real estate properties, plus real estate related depreciation and amortization, and adjustments for partnerships and joint ventures to reflect FFO on the same basis. The Company considers FFO to be an appropriate measure of its financial performance because it captures features particular to real estate performance by recognizing that real estate generally appreciates over time or maintains residual value to a much greater extent than other depreciable assets.

The Company also considers Operating Funds From Operations (“Operating FFO”) to be an additional meaningful financial measure of financial performance because it excludes items the Company does not believe are indicative of its core operating performance, such as non-capitalized acquisition pursuit costs, amounts relating to early extinguishment of debt and preferred stock redemption costs, management transition costs and certain redevelopment costs. The Company believes Operating FFO further assists in comparing the Company’s performance across reporting periods on a consistent basis by excluding such items.

FFO and Operating FFO should be reviewed with net income attributable to common shareholders, the most directly comparable GAAP financial measure, when trying to understand the Company’s operating performance. FFO and Operating FFO do not represent cash generated from operating activities and should not be considered as an alternative to net income attributable to common shareholders or to cash flow from operating activities. The Company’s computations of FFO and Operating FFO may differ from the computations utilized by other REITs and, accordingly, may not be comparable to such REITs.

A reconciliation of net (loss) income attributable to common shareholders to FFO and Operating FFO for the three months ended March 31, 2018 and 2017 is as follows:

	Three months ended March 31,	
	2018	2017
Net (loss) income attributable to common shareholders	\$(22,974,000)	\$8,174,000
Real estate depreciation and amortization	10,004,000	10,375,000
Limited partners' interest	(87,000)	32,000
Gain on sales	—	(7,099,000)
Impairment charges	21,396,000	—
Consolidated minority interests:		
Share of income	135,000	137,000
Share of FFO	(124,000)	(105,000)
FFO applicable to diluted common shares	8,350,000	11,514,000
Preferred stock redemption costs	3,507,000	—
Acquisition pursuit costs	—	156,000
Operating FFO applicable to diluted common shares	\$11,857,000	\$11,670,000
FFO per diluted common share	\$0.09	\$0.13
Operating FFO per diluted common share	\$0.13	\$0.14

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Weighted average number of diluted common shares (a):

Common shares	91,647,000	85,472,000
OP Units	347,000	351,000
	91,994,000	85,823,000

- (a) The weighted average number of diluted common shares used to compute FFO and Operating FFO applicable to diluted common shares includes OP Units and unvested restricted shares that are excluded from the computation of diluted EPS.

Inflation

Inflation has been relatively low in recent years and has not had a significant detrimental impact on the Company's results of operations. There have been indications of inflation in the U.S. economy and elsewhere and some market forecasts indicate an expectation of increased inflation in the near to intermediate term. If inflation rates increase, substantially all of the Company's tenant leases contain provisions designed to partially mitigate the negative impact of inflation in the near term. Such lease provisions include clauses that require tenants to reimburse the Company for inflation-sensitive costs such as real estate taxes and many of the operating expenses it incurs. Significant inflation rate increases over a prolonged period of time may have a material adverse impact on the Company's business.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

One of the principal market risks facing the Company is the risk of interest rate changes, primarily through its variable-rate revolving credit facility and term loans. The Company's objectives with respect to interest rate risk are to limit the impact of interest rate changes on operations and cash flows, and to lower its overall borrowing costs. To achieve these objectives, the Company may borrow at either fixed rates or at variable rates and enter into derivative financial instruments, such as interest rate swaps, to mitigate its interest rate risk. The Company does not enter into derivative or interest rate transactions for speculative purposes. The Company is not directly subject to foreign currency risk.

The Company has entered into forward interest rate swap agreements which convert the LIBOR rates to fixed rates for certain unsecured term loans. At March 31, 2018, the Company had \$11.7 million included in deferred charges and other assets, net, relating to the fair value of the interest rate swaps applicable to certain unsecured term loans.

At March 31, 2018, long-term debt consisted of fixed-rate mortgage loans payable, unsecured term loans, and the Company's unsecured variable-rate credit facility. Excluding unamortized premiums and debt issuance costs, the average interest rate on the \$477.2 million of fixed-rate debt outstanding was 3.5%, with maturities at various dates through 2026. The average interest rate on the \$159.5 million of variable-rate debt outstanding, which consists of the unsecured revolving credit facility and a term loan, was 3.1%. With respect to the \$159.5 million of variable-rate debt, if contractual interest rates either increase or decrease by 100 bps, the Company's interest cost would increase or decrease respectively by approximately \$1.6 million per annum.

With respect to the Company's fixed rate mortgage notes and unsecured term loans, changes in interest rates generally do not affect the Company's interest expense as these notes are at fixed rates for extended terms. Because the Company presently intends to hold its existing fixed-rate debt either to maturity or until the sale of the associated property, these fixed-rate notes pose an interest rate risk to the Company's results of operations and its working capital position only upon the refinancing of that indebtedness. The Company's possible risk is from increases in long-term interest rates that may occur as this may increase the cost of refinancing maturing fixed-rate debt. In addition, the Company may incur prepayment penalties or defeasance costs when prepaying or defeasing debt.

Item 4. Controls and Procedures

The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), designed to ensure that information required to be disclosed in its filings under the Exchange Act is reported within the time periods specified in the rules and regulations of the Securities and Exchange Commission ("SEC"). In this regard, the Company has formed a Disclosure Committee currently comprising several of the Company's executive officers as well as certain other employees with

knowledge of information that may be considered in the SEC reporting process. The Committee has responsibility for the development and assessment of the financial and non-financial information to be included in the reports filed with the SEC, and assists the Company's Chief Executive Officer and Chief Financial Officer in connection with their certifications contained in the Company's SEC filings. The Committee meets regularly and reports to the Audit Committee on a quarterly or more frequent basis. The Company's Chief Executive Officer and Chief Financial Officer have evaluated its disclosure controls and procedures as of March 31, 2018, and have concluded that such disclosure controls and procedures are effective.

During the three months ended March 31, 2018, there have been no changes in the Company's internal controls over financial reporting or in other factors that have materially affected, or are reasonably likely to materially affect, these internal controls over financial reporting. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well-designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Part II Other Information

Item 1. Legal Proceedings

The Company is not presently involved in any litigation, nor, to its knowledge, is any litigation threatened against the Company or its subsidiaries, which is either not covered by the Company's liability insurance, or, in management's opinion, would result in a material adverse effect on the Company's financial position or results of operations.

Item 1A. Risk Factors

There were no material changes to the Risk Factors disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit 31.1 Rule 13a-14(a) Certification of Chief Executive Officer

Exhibit 31.2 Rule 13a-14(a) Certification of Chief Financial Officer

Exhibit 32.1 Section 1350 Certification of Chief Executive Officer

Exhibit 32.2 Section 1350 Certification of Chief Financial Officer

Exhibit 101.INS XBRL Instance Document

Exhibit 101.SCH XBRL Taxonomy Extension Schema Document

Exhibit 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document

Exhibit 101.DEF XBRL Taxonomy Extension Definition Linkbase Document

Exhibit 101.LAB XBRL Taxonomy Extension Label Linkbase Document

Exhibit 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CEDAR REALTY TRUST, INC.

By: /s/ BRUCE J. SCHANZER
Bruce J. Schanzer
President and Chief Executive Officer

(Principal executive officer)

May 3, 2018

By: /s/ PHILIP R. MAYS
Philip R. Mays
Executive Vice President, Chief Financial Officer and
Treasurer

(Principal financial officer)