

CEDAR REALTY TRUST, INC.

Form 10-K

March 06, 2012

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2011

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
(State or other jurisdiction of

incorporation or organization)

42-1241468
(I.R.S. Employer

Identification Number)

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44 South Bayles Avenue, Port Washington, NY
(Address of principal executive offices)

11050-3765
(Zip Code)

Registrant's telephone number, including area code: (516) 767-6492

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

| Title of each class | Name of each exchange on which registered |
|--|---|
| Common Stock, \$0.06 par value | New York Stock Exchange |
| 8-7/8% Series A 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, 2011 of \$5.15 per share, the aggregate market value of the voting stock held by non-affiliates of the registrant was approximately \$345,676,000.

The number of shares outstanding of the registrant's Common Stock \$.06 par value was 69,315,860 on February 29, 2012.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant's definitive proxy statement relating to its 2012 annual meeting of shareholders are incorporated herein by reference.

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Part I.

Items 1 and 2. Business and Properties

General

Cedar Realty Trust, Inc. (the Company), organized in 1984, is a fully-integrated real estate investment trust which focuses primarily on ownership and operation of supermarket-anchored shopping centers straddling the Washington DC to Boston corridor. At December 31, 2011, the Company owned and managed a portfolio of 70 operating properties (excluding properties held for sale/conveyance) totaling approximately 9.6 million square feet of gross leasable area (GLA). In addition, the Company has an ownership interest in 22 operating properties, with approximately 3.7 million square feet of GLA, through its Cedar/RioCan joint venture in which the Company has a 20% interest. The entire managed portfolio, including the Cedar/RioCan properties, was approximately 93.1% leased at December 31, 2011.

During 2011, in keeping with its stated goal of reducing overall leverage to an appropriate level by selling non-core and limited growth potential assets, the Company determined (1) to completely exit the Ohio market, principally the Discount Drug Mart portfolio of drugstore/convenience centers, and concentrate on the mid-Atlantic and Northeast coastal regions (10 properties sold in 2011 and four properties held for sale as of December 31, 2011), (2) to concentrate on grocery-anchored strip centers, by disposing of its mall and single-tenant/triple-net-lease properties (three properties sold in 2011 and 11 properties held for sale as of December 31, 2011), and (3) to focus on improving operations and performance at the Company's remaining properties, and to reduce development activities, by disposing of certain development projects, land acquired for development, and other non-core assets (four properties sold in 2011 and five properties held for sale/conveyance as of December 31, 2011). In addition, discontinued operations reflect the anticipated consummation of the Homburg joint venture buy/sell transactions (seven properties held for sale as of December 31, 2011).

The Company 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 supermarket-anchored shopping centers straddling the Washington DC 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, 2011, the Company owned 98.0% of the Operating Partnership and is its sole general partner. The approximately 1.4 million 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.

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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 supermarket-anchored community 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 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, 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.

The Company's Properties***Consolidated Portfolio***

The following tables summarize information relating to the Company's consolidated portfolio as of December 31, 2011:

| State | September 30, Number of properties | September 30, GLA | September 30, Percentage of GLA |
|------------------------------|--|----------------------|---------------------------------------|
| Pennsylvania | 34 | 5,309,000 | 55.3% |
| Connecticut | 6 | 1,054,000 | 11.0% |
| Massachusetts | 7 | 1,005,000 | 10.5% |
| Maryland | 7 | 836,000 | 8.7% |
| Virginia | 11 | 816,000 | 8.5% |
| New Jersey | 3 | 373,000 | 3.9% |
| New York | 2 | 200,000 | 2.1% |
| Total consolidated portfolio | 70 | 9,593,000 | 100.0% |

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| Tenant | September 30, Number of stores | September 30, GLA | September 30, % of GLA | September 30, Annualized base rent | September 30, Annualized base rent per sq. ft. | September 30, Percentage annualized base rents |
|-------------------------------------|---|----------------------|---------------------------|--|---|---|
| Top twenty tenants (a): | | | | | | |
| Giant Foods | 16 | 981,000 | 10.2% | \$ 14,144,000 | \$ 14.42 | 13.9% |
| LA Fitness | 6 | 251,000 | 2.6% | 4,028,000 | 16.05 | 4.0% |
| Farm Fresh | 6 | 364,000 | 3.8% | 3,909,000 | 10.74 | 3.9% |
| Shaw's | 3 | 180,000 | 1.9% | 2,323,000 | 12.91 | 2.3% |
| Food Lion | 7 | 243,000 | 2.5% | 1,925,000 | 7.92 | 1.9% |
| Dollar Tree | 19 | 194,000 | 2.0% | 1,908,000 | 9.84 | 1.9% |
| Stop & Shop | 3 | 196,000 | 2.0% | 1,802,000 | 9.19 | 1.8% |
| Shop Rite | 2 | 118,000 | 1.2% | 1,695,000 | 18.80 | 1.7% |
| Staples | 5 | 104,000 | 1.1% | 1,682,000 | 16.17 | 1.7% |
| Redner's | 4 | 202,000 | 2.1% | 1,514,000 | 7.50 | 1.5% |
| United Artists | 1 | 78,000 | 0.8% | 1,456,000 | 18.67 | 1.4% |
| Shoppers Food Warehouse | 2 | 120,000 | 1.3% | 1,237,000 | 10.31 | 1.2% |
| Ukrop's | 1 | 63,000 | 0.7% | 1,098,000 | 17.43 | 1.1% |
| Carmike Cinema | 1 | 45,000 | 0.5% | 1,034,000 | 22.98 | 1.0% |
| Rite Aid | 7 | 83,000 | 0.9% | 995,000 | 11.99 | 1.0% |
| Giant Eagle | 1 | 84,000 | 0.9% | 922,000 | 10.98 | 0.9% |
| Marshalls | 4 | 114,000 | 1.2% | 819,000 | 7.18 | 0.8% |
| Dick's Sporting Goods | 1 | 56,000 | 0.6% | 812,000 | 14.50 | 0.8% |
| Home Depot | 1 | 103,000 | 1.1% | 773,000 | 7.50 | 0.8% |
| Acme Markets | 3 | 172,000 | 1.8% | 756,000 | 4.40 | 0.7% |
| Sub-total top twenty tenants | 93 | 3,751,000 | 39.1% | 44,832,000 | 11.95 | 44.2% |
| Remaining tenants | 779 | 5,039,000 | 52.5% | 56,604,000 | 11.23 | 55.8% |
| Sub-total all tenants (b) | 872 | 8,790,000 | 91.6% | \$ 101,436,000 | \$ 11.54 | 100.0% |
| Vacant space | N/A | 803,000 | 8.4% | | | |
| Total | 872 | 9,593,000 | 100.0% | | | |

(a) Several of the tenants listed above share common ownership with other tenants including, without limitation, (1) Giant Foods, Stop & Shop, and Martins at Glen Allen (GLA of 63,000; annualized base rent of \$418,000), (2) Farm Fresh, Shaw's, Shop 'n Save (GLA of 53,000; annualized base rent of \$532,000), Shoppers Food Warehouse, and Acme Markets.

(b) Comprised of large tenants (greater than 15,000 sq. ft.) and small tenants as follows:

| September 30, Annualized | September 30, Annualized base rent | September 30, Percentage annualized |
|-----------------------------|--|---|
|-----------------------------|--|---|

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| | GLA | % of GLA | base rent | per sq. ft. | base rents |
|---------------|------------------|-----------------|-----------------------|--------------------|-------------------|
| Large tenants | 6,224,000 | 70.8% | \$ 61,853,000 | \$ 9.94 | 61.0% |
| Small tenants | 2,566,000 | 29.2% | 39,583,000 | 15.43 | 39.0% |
| Total | 8,790,000 | 100.0% | \$ 101,436,000 | \$ 11.54 | 100.0% |

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| Year of lease expiration | September 30, Number of leases expiring | September 30, GLA expiring | September 30, Percentage of GLA expiring | September 30, Annualized expiring base rents | September 30, Annualized expiring base rents per sq. ft. | September 30, Percentage of annualized expiring base rents |
|--------------------------|--|-------------------------------|---|---|---|---|
| Month-To-Month | 18 | 47,000 | 0.5% | \$ 562,000 | \$ 11.96 | 0.6% |
| 2012 | 107 | 377,000 | 4.3% | 4,364,000 | 11.58 | 4.3% |
| 2013 | 119 | 520,000 | 5.9% | 6,985,000 | 13.43 | 6.9% |
| 2014 | 132 | 1,185,000 | 13.5% | 10,642,000 | 8.98 | 10.5% |
| 2015 | 135 | 1,267,000 | 14.4% | 13,465,000 | 10.63 | 13.3% |
| 2016 | 117 | 1,025,000 | 11.7% | 11,112,000 | 10.84 | 11.0% |
| 2017 | 67 | 815,000 | 9.3% | 9,712,000 | 11.92 | 9.6% |
| 2018 | 36 | 480,000 | 5.5% | 6,478,000 | 13.50 | 6.4% |
| 2019 | 25 | 330,000 | 3.8% | 3,745,000 | 11.35 | 3.7% |
| 2020 | 32 | 884,000 | 10.1% | 8,123,000 | 9.19 | 8.0% |
| 2021 | 29 | 404,000 | 4.6% | 5,698,000 | 14.10 | 5.6% |
| 2022 | 6 | 40,000 | 0.5% | 540,000 | 13.50 | 0.5% |
| Thereafter | 49 | 1,416,000 | 16.1% | 20,010,000 | 14.13 | 19.7% |
| All tenants | 872 | 8,790,000 | 100.0% | \$ 101,436,000 | \$ 11.54 | 100.0% |
| Vacant space | N/A | 803,000 | N/A | | | |
| Total | 872 | 9,593,000 | N/A | | | |

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| Property description | Percent owned | Year acquired | GLA | % occupied | Average base rent per leased sq. ft. | Major tenants (a) |
|-----------------------------------|---------------|---------------|------------------|--------------|--------------------------------------|----------------------------|
| Connecticut (6 properties) | | | | | | |
| Groton Shopping Center | 100% | 2007 | 117,986 | 90.8% | \$ 10.96 | TJ Maxx |
| Jordan Lane | 100% | 2005 | 181,730 | 97.7% | 10.87 | Stop & Shop |
| | | | | | | CW Price |
| | | | | | | Retro Fitness |
| New London Mall | 40% | 2009 | 259,293 | 96.9% | 13.98 | Shoprite |
| | | | | | | Marshalls |
| | | | | | | Homegoods |
| | | | | | | Petsmart |
| | | | | | | AC Moore |
| Oakland Commons | 100% | 2007 | 89,850 | 100.0% | 11.02 | Shaw's |
| | | | | | | Bristol Ten Pin |
| Southington Shopping Center | 100% | 2003 | 155,842 | 98.7% | 6.72 | Wal-Mart |
| | | | | | | NAMCO |
| The Brickyard | 100% | 2004 | 249,553 | 59.7% | 8.39 | Home Depot |
| | | | | | | Syms |
| Total Connecticut | | | 1,054,254 | 88.1% | 10.65 | |
| Maryland (7 properties) | | | | | | |
| Kenley Village | 100% | 2005 | 51,894 | 76.6% | 9.00 | Food Lion |
| Metro Square | 100% | 2008 | 71,896 | 100.0% | 18.68 | Shoppers Food Warehouse |
| Oakland Mills | 100% | 2005 | 58,224 | 100.0% | 13.30 | Food Lion |
| San Souci Plaza | 40% | 2009 | 264,134 | 86.9% | 10.21 | Shoppers Food Warehouse |
| | | | | | | Marshalls |
| | | | | | | Maximum Health and Fitness |
| St. James Square | 100% | 2005 | 39,903 | 100.0% | 11.38 | Food Lion |
| Valley Plaza | 100% | 2003 | 190,939 | 97.2% | 4.75 | K-Mart |
| | | | | | | Ollie's Bargain Outlet |
| | | | | | | Tractor Supply |
| Yorktowne Plaza | 100% | 2007 | 158,982 | 96.8% | 13.85 | Food Lion |
| Total Maryland | | | 835,972 | 93.2% | 10.64 | |

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| Property description | Percent owned | Year acquired | GLA | % occupied | Average base rent per leased sq. ft. | Major tenants (a) |
|-------------------------------------|---------------|---------------|------------------|--------------|--------------------------------------|---|
| Massachusetts (7 properties) | | | | | | |
| Fieldstone Marketplace | 20% | 2005 | 193,970 | 95.8% | 11.09 | Shaw's Flagship Cinema New Bedford Wine and Spirits |
| Kings Plaza | 100% | 2007 | 168,243 | 95.2% | 6.22 | Work Out World CW Price Ocean State Job Lot Savers |
| Norwood Shopping Center | 100% | 2006 | 102,459 | 98.2% | 7.71 | Hannaford Brothers Rocky's Ace Hardware Dollar Tree |
| Price Chopper Plaza | 100% | 2007 | 101,824 | 91.1% | 10.87 | Price Chopper |
| The Shops at Suffolk Downs | 100% | 2005 | 121,251 | 86.8% | 12.64 | Stop & Shop |
| Timpany Plaza | 100% | 2007 | 183,775 | 91.8% | 6.60 | Stop & Shop Big Lots Gardner Theater |
| West Bridgewater Plaza | 100% | 2007 | 133,039 | 96.9% | 8.55 | Shaw's Big Lots Planet Fitness |
| Total Massachusetts | | | 1,004,561 | 93.8% | 8.90 | |
| New Jersey (3 properties) | | | | | | |
| Carl's Corner | 100% | 2007 | 129,582 | 88.5% | 8.92 | Acme Markets Peebles |
| Pine Grove Plaza | 100% | 2003 | 86,089 | 94.4% | 10.44 | Peebles |
| Washington Center Shoppes | 100% | 2001 | 157,394 | 95.6% | 8.86 | Acme Markets Planet Fitness |
| Total New Jersey | | | 373,065 | 92.9% | 9.25 | |
| New York (2 properties) | | | | | | |
| Carman's Plaza | 100% | | | | | |