

CEDAR REALTY TRUST, INC.
Form 10-K
February 14, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

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

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

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

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Title of each class	Name of each exchange on which registered
Common Stock, \$0.06 par value	New York Stock Exchange
7-1/4% Series B Cumulative Redeemable Preferred Stock, \$25.00 Liquidation Value	New York Stock Exchange
6-1/2% Series C 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 every Interactive Data File required to be submitted 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 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, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer Accelerated filer

Non-accelerated filer

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

Based on the closing sales price on June 30, 2018 of \$4.72 per share, the aggregate market value of the voting stock held by non-affiliates of the registrant was approximately \$414,299,000.

The number of shares outstanding of the registrant's Common Stock \$.06 par value was 89,104,577 on February 11, 2019.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant's definitive proxy statement relating to its 2019 annual meeting of shareholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

CEDAR REALTY TRUST, INC.

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Part I.

Items 1 and 2. Business and Properties

General

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 December 31, 2018, the Company owned and managed a portfolio of 58 operating properties (excluding properties “held for sale”) totaling 8.7 million square feet of gross leasable area (“GLA”). The portfolio was 91.0% leased and 90.7% occupied at December 31, 2018.

The Company, organized in 1984, has elected to be taxed as a real estate investment trust (“REIT”) under applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”). To qualify as a REIT under those provisions, the Company must have a preponderant percentage of its assets invested in, and income derived from, real estate and related sources. The Company’s objectives are to provide to its shareholders a professionally-managed real estate portfolio consisting primarily of grocery-anchored shopping centers from Washington, D.C. to Boston, 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, 2018, the Company owned 99.4% of the Operating Partnership and is its sole general partner. The 553,000 limited partnership units in the Operating Partnership (“OP Units”) are economically equivalent to the Company’s common stock and are redeemable at the option of the holder. Such redemptions are payable in cash or in shares of the Company’s common stock, one a one-to-one basis, at the option of the Company.

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

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

The Company’s Properties

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The following tables summarize information relating to the Company's portfolio as of December 31, 2018:

State	Number of properties	GLA	Percentage of GLA	
Pennsylvania	24	4,357,000	49.9	%
Massachusetts	7	1,124,000	12.9	%
Connecticut	7	1,142,000	13.1	%
Maryland / Washington, D.C.	8	992,000	11.4	%
Virginia	7	493,000	5.6	%
New Jersey	3	307,000	3.5	%
New York	1	195,000	2.2	%
Delaware	1	119,000	1.4	%
Total portfolio	58	8,729,000	100.0	%

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Tenant Concentration

Tenant	Number of stores	GLA	Percentage of GLA	Annualized base rent	Annualized base rent per sq. ft.	Percentage annualized base rents
Top twenty tenants (a):						
Giant Foods	8	538,000	6.2 %	\$8,857,000	\$ 16.46	8.1 %
Shop Rite	4	250,000	2.9 %	4,212,000	16.85	3.9 %
Stop & Shop	4	271,000	3.1 %	2,966,000	10.94	2.7 %
LA Fitness	5	199,000	2.3 %	2,766,000	13.90	2.5 %
Dollar Tree	22	226,000	2.6 %	2,542,000	11.25	2.3 %
Big Y	2	106,000	1.2 %	2,006,000	18.92	1.8 %
Home Depot	2	253,000	2.9 %	1,977,000	7.81	1.8 %
Staples	5	106,000	1.2 %	1,773,000	16.73	1.6 %
BJ's Wholesale Club	1	118,000	1.4 %	1,683,000	14.26	1.5 %
United Artists	1	78,000	0.9 %	1,538,000	19.72	1.4 %
Kroger	2	125,000	1.4 %	1,528,000	12.22	1.4 %
Marshalls	6	170,000	1.9 %	1,497,000	8.81	1.4 %
Food Lion	4	163,000	1.9 %	1,460,000	8.96	1.3 %
Shoppers Food Warehouse	2	120,000	1.4 %	1,267,000	10.56	1.2 %
Planet Fitness	5	99,000	1.1 %	1,237,000	12.49	1.1 %
Walmart	3	192,000	2.2 %	1,193,000	6.21	1.1 %
Redner's	3	159,000	1.8 %	1,159,000	7.29	1.1 %
Kohl's	2	147,000	1.7 %	1,129,000	7.68	1.0 %
Home Goods	4	105,000	1.2 %	1,044,000	9.94	1.0 %
Petsmart	3	63,000	0.7 %	971,000	15.41	0.9 %
Sub-total top twenty tenants	88	3,488,000	40.0 %	42,805,000	12.27	39.2 %
Remaining tenants	755	4,426,000	50.7 %	66,256,000	14.97	60.8 %
Sub-total all tenants (b)	843	7,914,000	90.7 %	\$109,061,000	\$ 13.78	100.0 %
Vacant space	N/A	815,000	9.3 %			
Total	843	8,729,000	100.0 %			

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

(1) Giant Foods, Stop & Shop and Food Lion, 2) Shoppers Food Warehouse and Farm Fresh (GLA of 17,000; annualized base rent of \$93,000), and (3) Marshalls, Home Goods, and TJ Maxx (GLA of 54,000; annualized base rent of \$529,000).

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

	Occupied GLA	Percentage of occupied GLA	Annualized base rent	Annualized base rent per sq. ft.	Percentage annualized base rents
Large tenants	5,473,000	69.2 %	\$59,899,000	\$ 10.95	54.9 %

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Small tenants	2,441,000	30.8	%	49,162,000	20.13	45.1	%
Total	7,914,000	100.0	%	\$ 109,061,000	\$ 13.78	100.0	%

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Lease Expirations

Year of lease expiration	Number of leases expiring	GLA expiring	Percentage of GLA expiring	Annualized expiring base rents	Annualized expiring base rents per sq. ft.	Percentage of annualized expiring base rents
Month-To-Month	46	193,000	2.4 %	\$3,168,000	\$ 16.41	2.9 %
2019	105	703,000	8.9 %	10,320,000	14.68	9.5 %
2020	133	1,343,000	17.0 %	16,812,000	12.52	15.4 %
2021	131	931,000	11.8 %	14,616,000	15.70	13.4 %
2022	106	608,000	7.7 %	9,420,000	15.49	8.6 %
2023	76	609,000	7.7 %	8,496,000	13.95	7.8 %
2024	62	858,000	10.8 %	10,656,000	12.42	9.8 %
2025	40	583,000	7.4 %	7,800,000	13.38	7.2 %
2026	30	263,000	3.3 %	3,804,000	14.46	3.5 %
2027	34	319,000	4.0 %	4,248,000	13.32	3.9 %
2028	34	393,000	5.0 %	4,872,000	12.40	4.5 %
2029	21	481,000	6.1 %	5,772,000	12.00	5.3 %
Thereafter	25	630,000	8.0 %	9,077,000	14.41	8.3 %
All tenants	843	7,914,000	100.0 %	\$109,061,000	\$ 13.78	100.0 %
Vacant space	N/A	815,000	N/A			
Total portfolio	843	8,729,000	N/A			