

CEDAR REALTY TRUST, INC.

Form 10-K

March 07, 2013

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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, 2012**

**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)**

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<b>Maryland</b> (State or other jurisdiction)	<b>42-1241468</b> (I.R.S. Employer
of incorporation or organization)	Identification Number)
<b>44 South Bayles Avenue, Port Washington, NY</b> (Address of principal executive offices)	<b>11050-3765</b> (Zip Code)
<b>Registrant's telephone number, including area code: (516) 767-6492</b>	

**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
7-1/4% Series B Cumulative Redeemable Preferred Stock, \$25.00 Liquidation Value	New York Stock Exchange

**Securities registered pursuant to Section 12(g) of the Act: None**

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

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

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

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

Large accelerated filer  Accelerated filer

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

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

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Based on the closing sales price on June 30, 2012 of \$5.05 per share, the aggregate market value of the voting stock held by non-affiliates of the registrant was approximately \$345,457,000.

The number of shares outstanding of the registrant's Common Stock \$.06 par value was 71,794,750 on February 28, 2013.

### **DOCUMENTS INCORPORATED BY REFERENCE:**

Portions of the registrant's definitive proxy statement relating to its 2013 annual meeting of shareholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

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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 grocery-anchored shopping centers straddling the Washington DC to Boston corridor. At December 31, 2012, the Company owned and managed a portfolio of 67 operating properties (excluding properties held for sale/conveyance) totaling approximately 9.8 million square feet of gross leasable area (GLA). The portfolio was 91.9% occupied and 92.7% leased at December 31, 2012.

In keeping with its stated goal of reducing overall leverage to an appropriate level by selling non-core assets, the Company determined in 2011 (1) to completely exit the Ohio market, principally the Discount Drug Mart portfolio of drugstore/convenience centers, and concentrate on the region straddling the Washington DC to Boston corridor, (2) to concentrate on grocery-anchored strip centers, by disposing of its mall and single-tenant/triple-net-lease properties, (3) to focus on improving operations and performance at the Company's remaining properties, and (4) to reduce development activities, by disposing of certain development projects, land acquired for development, and other non-core assets.

On October 10, 2012, the Company concluded definitive agreements with RioCan Real Estate Investment Trust (RioCan) to exit the 20% Cedar / 80% RioCan joint venture that owned 22 retail properties. On October 12, 2012, the Company concluded definitive agreements with Homburg Invest Inc. (HII) relating to the application of the buy/sell provisions of the joint venture agreements for each of the nine properties owned by the joint venture. See Management's Discussion and Analysis of Financial Condition and Results of Operations - Significant Transactions below for additional information relating to these transactions.

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 grocery-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, 2012, the Company owned 99.6% of the Operating Partnership and is its sole general partner. The approximately 281,000 limited Operating Partnership Units (OP Units) are economically equivalent to the Company's common stock and are convertible into the Company's common stock at the option of the holders on a one-to-one basis.

The Company derives substantially all of its revenues from rents and operating expense reimbursements received pursuant to long-term leases. The Company's operating results

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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 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](http://www.cedarrealtytrust.com), where a copy of the Company's Forms 10-K, 10-Q, 8-K and other filings with the Securities and Exchange Commission (SEC) can be obtained free of charge. These SEC filings are added to the website as soon as reasonably practicable. The Company's Code of Ethics, corporate governance guidelines and committee charters are also available on the website.

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

The following tables summarize information relating to the Company's consolidated portfolio as of December 31, 2012:

<b>State</b>	<b>Number of properties</b>	<b>GLA</b>	<b>Percentage of GLA</b>
Pennsylvania	31	5,241,641	53.4%
Massachusetts	8	1,308,908	13.3%
Connecticut	6	1,049,125	10.7%
Maryland	7	835,972	8.5%
Virginia	11	817,392	8.3%
New Jersey	3	373,065	3.8%
New York	1	194,082	2.0%
Total consolidated portfolio	67	9,820,185	100.0%

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Tenant	Number of stores	GLA	% of GLA	Annualized base rent	Annualized base rent per sq. ft.	Percentage annualized base rents
<b>Top twenty tenants (a):</b>						
Giant Foods	14	912,000	9.3%	\$ 13,789,000	\$ 15.12	12.8%
LA Fitness	7	282,000	2.9%	4,447,000	15.77	4.1%
Farm Fresh	6	364,000	3.7%	3,909,000	10.74	3.6%
Stop & Shop	4	271,000	2.8%	2,805,000	10.35	2.6%
Dollar Tree	19	194,000	2.0%	1,928,000	9.94	1.8%
Food Lion	7	243,000	2.5%	1,925,000	7.92	1.8%
Staples	5	104,000	1.1%	1,701,000	16.36	1.6%
Shop Rite	2	118,000	1.2%	1,695,000	14.36	1.6%
Redner's	4	202,000	2.1%	1,514,000	7.50	1.4%
United Artist	1	78,000	0.8%	1,411,000	18.09	1.3%
Shaw's	2	125,000	1.3%	1,389,000	11.11	1.3%
Marshall's	6	170,000	1.7%	1,366,000	8.04	1.3%
Shoppers Food Warehouse	2	120,000	1.2%	1,237,000	10.31	1.2%
Ukrop's	1	63,000	0.6%	1,163,000	18.46	1.1%
Kohl's Department Store	2	149,000	1.5%	1,113,000	7.47	1.0%
Carmike Cinema	1	45,000	0.5%	1,034,000	22.98	1.0%
Giant Eagle	1	84,000	0.9%	922,000	10.98	0.9%
Wal-Mart	2	150,000	1.5%	838,000	5.59	0.8%
Dick's Sporting Goods	1	56,000	0.6%	812,000	14.50	0.8%
Rite Aid	5	54,000	0.5%	799,000	14.80	0.7%
<b>Sub-total top twenty tenants</b>	<b>92</b>	<b>3,784,000</b>	<b>38.5%</b>	<b>45,797,000</b>	<b>12.10</b>	<b>42.6%</b>
<b>Remaining tenants</b>	<b>821</b>	<b>5,244,000</b>	<b>53.4%</b>	<b>61,639,000</b>	<b>11.75</b>	<b>57.4%</b>
<b>Sub-total all tenants (b)</b>	<b>913</b>	<b>9,028,000</b>	<b>91.9%</b>	<b>\$ 107,436,000</b>	<b>\$ 11.90</b>	<b>100.0%</b>
<b>Vacant space</b>	<b>N/A</b>	<b>792,000</b>	<b>8.1%</b>			
<b>Total</b>	<b>913</b>	<b>9,820,000</b>	<b>100.0%</b>			

- (a) Several of the tenants listed above share common ownership with other tenants including, without limitation, (i) Giant Foods, Stop & Shop, and Martin's at Glen Allen (GLA of 63,000; annualized base rent of \$418,000), and (ii) Farm Fresh, Shaw's, Shop n Save (GLA of 53,000; annualized base rent of \$412,000), Shoppers Food Warehouse, and Acme Markets (GLA of 172,000; annualized base rent of \$756,000).
- (b) Comprised of large tenants (greater than 15,000 sq. ft.) and small tenants as follows:

	GLA	% of GLA	Annualized base rent	Annualized base rent per sq. ft.	Percentage annualized base rents
Large tenants	6,322,000	70.0%	\$ 63,681,000	\$ 10.07	59.3%
Small tenants	2,706,000	30.0%	43,755,000	16.17	40.7%
<b>Total</b>	<b>9,028,000</b>	<b>100.0%</b>	<b>\$ 107,436,000</b>	<b>\$ 11.90</b>	<b>100.0%</b>





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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 rent per sq. ft.	Percentage of annualized expiring base rents
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