

CEDAR REALTY TRUST, INC.
Form 10-K
February 19, 2016
Table of Contents

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, 2015

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)

<p>Maryland (State or other jurisdiction of incorporation or organization)</p> <p>44 South Bayles Avenue, Port Washington, NY (Address of principal executive offices)</p> <p>Registrant's telephone number, including area code: (516) 767-6492</p>	<p>42-1241468 (I.R.S. Employer Identification Number)</p> <p>11050-3765 (Zip Code)</p>
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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
7-1/4% Series B Cumulative Redeemable Preferred Stock, \$25.00 Liquidation Value	New York Stock Exchange
Securities registered pursuant to Section 12(g) of the Act: None	

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

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

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

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

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

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

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Based on the closing sales price on June 30, 2015 of \$6.40 per share, the aggregate market value of the voting stock held by non-affiliates of the registrant was approximately \$520,049,000.

The number of shares outstanding of the registrant's Common Stock \$.06 par value was 84,982,435 on February 12, 2016.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant's definitive proxy statement relating to its 2016 annual meeting of shareholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

Table of Contents

CEDAR REALTY TRUST, INC.

TABLE OF CONTENTS

PART I

1 and 2.	<u>Business and Properties</u>	3
1A.	<u>Risk Factors</u>	13
1B.	<u>Unresolved Staff Comments</u>	24
3.	<u>Legal Proceedings</u>	24
4.	<u>Mine Safety Disclosures</u>	24

PART II

5.	<u>Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	24
6.	<u>Selected Financial Data</u>	27
7.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	29
7A.	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	43
8.	<u>Financial Statements and Supplementary Data</u>	45
9.	<u>Changes in and Disagreements With Accountants on Accounting and Financial Disclosure</u>	85
9A.	<u>Controls and Procedures, including Management Report on Internal Control Over Financial Reporting</u>	85
9B.	<u>Other information</u>	88

PART III

10.	<u>Directors, Executive Officers and Corporate Governance</u>	88
11.	<u>Executive Compensation</u>	88
12.	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	88
13.	<u>Certain Relationships and Related Transactions, and Director Independence</u>	88
14.	<u>Principal Accountant Fees and Services</u>	88

PART IV

15.	<u>Exhibits and Financial Statement Schedules</u>	89
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Table of Contents

Part I.

Items 1 and 2. Business and Properties

General

The Company is a fully-integrated real estate investment trust that focuses primarily on ownership and operation of grocery-anchored shopping centers straddling the Washington DC to Boston corridor. At December 31, 2015, the Company owned and managed a portfolio of 60 operating properties (excluding properties held for sale) totaling approximately 9.5 million square feet of gross leasable area (GLA). The portfolio was 91.5% leased and 90.5% occupied at December 31, 2015.

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, 2015, the Company owned 99.6% of the Operating Partnership and is its sole general partner. The 352,000 limited Operating Partnership Units (OP Units) are economically equivalent to the Company's common stock and are convertible into the Company's common stock at the option of the holders on a one-to-one basis.

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

The Company, the Operating Partnership, their subsidiaries and affiliated partnerships are separate legal entities. For ease of reference, the terms we, our, us, Company and Operating Partnership (including their respective subsidiaries and affiliates) refer to the business and properties of all these entities, unless the context otherwise requires. The Company's executive offices are located at 44 South Bayles Avenue, Port Washington, New York 11050-3765 (telephone 516-767-6492). The Company also maintains property management, construction management and/or leasing offices at several of its shopping-center properties. The Company's website can be accessed at www.cedarrealtytrust.com, 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

Table of Contents

charters are also available on the website. Information on the website is not part of this Form 10-K.

The Company's Properties

The following tables summarize information relating to the Company's portfolio as of December 31, 2015:

State	Number of properties	GLA	Percentage of GLA
Pennsylvania	27	5,006,000	52.9%
Massachusetts	8	1,308,000	13.8%
Connecticut	7	1,128,000	11.9%
Maryland / Washington DC	6	894,000	9.5%
Virginia	8	556,000	5.9%
New Jersey	3	373,000	3.9%
New York	1	194,000	2.1%
Total consolidated portfolio	60	9,459,000	100.0%

Table of Contents**Tenant Concentration**

Tenant	Number of stores	GLA	% of GLA	Annualized base rent	Annualized base rent per sq. ft.	Percentage annualized base rents
Top twenty tenants (a):						
Giant Foods	12	785,000	8.3%	\$ 11,862,000	\$ 15.11	10.4%
LA Fitness	7	282,000	3.0%	4,859,000	17.23	4.3%
Shop Rite	3	182,000	1.9%	2,945,000	16.18	2.6%
Stop & Shop	4	271,000	2.9%	2,913,000	10.75	2.5%
Farm Fresh	4	196,000	2.1%	2,264,000	11.55	2.0%
Home Depot	2	253,000	2.7%	2,101,000	8.30	1.8%
Staples	6	125,000	1.3%	2,040,000	16.32	1.8%
Dollar Tree	19	190,000	2.0%	2,019,000	10.63	1.8%
BJ's Wholesale Club	1	118,000	1.2%	1,683,000	14.26	1.5%
United Artists	1	78,000	0.8%	1,454,000	18.64	1.3%
Marshalls	6	170,000	1.8%	1,437,000	8.45	1.3%
Shaw's	2	125,000	1.3%	1,431,000	11.45	1.3%
Big Y	1	64,000	0.7%	1,404,000	21.94	1.2%
Shoppers Food Warehouse	2	120,000	1.3%	1,267,000	10.56	1.1%
Ukrop's Supermarket	1	63,000	0.7%	1,233,000	19.57	1.1%
Walmart	3	192,000	2.0%	1,193,000	6.21	1.0%
Redners	3	159,000	1.7%	1,155,000	7.26	1.0%
Food Lion	4	152,000	1.6%	1,118,000	7.36	1.0%
Kohl's	2	147,000	1.6%	1,113,000	7.57	1.0%
Home Goods	4	111,000	1.2%	1,080,000	9.73	0.9%
Sub-total top twenty tenants	87	3,783,000	40.0%	46,571,000	12.31	40.8%
Remaining tenants	790	4,775,000	50.5%	67,678,000	14.17	59.2%
Sub-total all tenants (b)	877	8,558,000	90.5%	\$ 114,249,000	\$ 13.35	100.0%
Vacant space	N/A	901,000	9.5%			
Total	877	9,459,000	100.0%			

(a) Several of the tenants share common ownership with other tenants: (1) Giant Foods and Stop & Shop, (2) Farm Fresh and Shoppers Food Warehouse, (3) Dollar Tree and Family Dollar (GLA of 47,000; annualized base rent of \$468,000), (4) Marshalls, Home Goods and TJ Maxx (GLA of 79,000; annualized base rent of \$764,000), (5) Shaw's and Acme Markets (GLA of 172,000; annualized base rent of \$794,000), and (6) Food Lion and Hannaford Brothers (GLA of 43,000; annualized base rent of \$522,000).

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

	Occupied GLA	% of occupied GLA	Annualized base rent	Annualized base rent per sq. ft.	Percentage annualized base rents
Large tenants	5,938,000	69.4%	\$ 65,653,000	\$ 11.06	57.5%
Small tenants	2,620,000	30.6%	48,596,000	18.55	42.5%
Total	8,558,000	100.0%	\$ 114,249,000	\$ 13.35	100.0%

Table of Contents**Lease Expirations**

Year of lease expiration	Number of leases expiring	GLA expiring	Percentage of GLA expiring	Annualized expiring base rents	Annualized of expiring base rent per sq. ft.	Percentage of annualized expiring base rents
Month-To-Month	63	236,000	2.8%	\$ 3,120,000	\$ 13.22	2.7%
2016	128	557,000	6.5%	8,376,000	\$ 15.04	7.3%
2017	125	887,000	10.4%	12,636,000	\$ 14.25	11.1%
2018	113	952,000	11.1%	13,872,000	\$ 14.57	12.1%
2019	115	940,000	11.0%	11,580,000	\$ 12.32	10.1%
2020	125	1,596,000	18.6%	19,068,000	\$ 11.95	16.7%
2021	62	791,000	9.2%	10,008,000	\$ 12.65	8.8%
2022	28	203,000	2.4%	3,012,000	\$ 14.84	2.6%
2023	20	159,000	1.9%	1,920,000	\$ 12.08	1.7%
2024	27	520,000	6.1%	7,152,000	\$ 13.75	6.3%
2025	26	510,000	6.0%	7,200,000	\$ 14.12	6.3%
2026	16	174,000	2.0%	2,508,000	\$ 14.41	2.2%
Thereafter	29	1,033,000	12.1%	13,797,000	\$ 13.36	12.1%
All tenants	877	8,558,000	100.0%	\$ 114,249,000	\$ 13.35	100.0%
Vacant space	N/A	901,000	N/A			
Total portfolio	877	9,459,000	N/A			

Table of Contents**Real Estate Summary**

Property description	Year acquired	GLA	Percent occupied	Average base rent per sq. ft. (a)	Major tenants (b)
<u>Connecticut</u>					
Big Y Shopping Center	2013	101,105	100.0%	\$ 22.87	Big Y
Brickyard Plaza	2004	227,193	85.4%	8.69	Home Depot Kohl's Michaels
Groton Shopping Center	2007	117,186	82.5%	11.87	TJ Maxx Goodwill
Jordan Lane	2005	177,504	99.2%	11.30	Stop & Shop Fallas Cardio Fitness
New London Mall	2009	259,566	94.4%	15.20	Shop Rite Marshalls Home Goods PetSmart A.C. Moore
Oakland Commons	2007	90,100	100.0%	6.37	Walmart Bristol Ten Pin
Southington Center	2003	155,842	98.5%	7.30	Walmart NAMCO
Total Connecticut		1,128,496	93.6%	11.88	
<u>Maryland / Washington DC</u>					
East River Park	2015	150,107	93.2%	20.90	Safeway District of Columbia
Metro Square	2008	71,896	100.0%	19.83	Shoppers Food Warehouse
Oakland Mills	2005	58,224	100.0%	14.15	Food Lion
San Souci Plaza (c)	2009	264,134	78.7%	10.63	Shoppers Food Warehouse Marshalls Maximum Health and Fitness
Valley Plaza	2003	190,939	100.0%	5.27	K-Mart Ollie's Bargain Outlet Tractor Supply
Yorktowne Plaza	2007	158,982	86.2%	13.79	Food Lion
Total Maryland / Washington DC		894,282	90.1%	12.76	
<u>Massachusetts</u>					
Fieldstone Marketplace	2005/2012	193,970	94.0%	10.65	Shaw's

					Flagship Cinema
					New Bedford Wine and Spirits
Franklin Village Plaza	2004/2012	303,096	89.0%	21.00	Stop & Shop
					Marshalls
					Team Fitness

Table of Contents

Property description	Year acquired	GLA	Percent occupied	Average base rent per sq. ft. (a)	Major tenants (b)
<u>Massachusetts (continued)</u>					
Kings Plaza	2007	168,243	95.2%	6.76	Work Out World Fallas Ocean State Job Lot Savers
Norwood Shopping Center	2006	102,459	100.0%	9.76	Hannaford Brothers Planet Fitness Dollar Tree
The Shops at Suffolk Downs	2005	121,320	100.0%	14.02	Stop & Shop
Timpany Plaza	2007	183,775	98.9%	7.50	Stop & Shop Big Lots Gardner Theater
Webster Plaza	2007	101,824	42.5%	14.11	Aubuchon Hardware
West Bridgewater Plaza	2007	133,039	78.1%	9.82	Shaw's Planet Fitness
Total Massachusetts		1,307,726	89.1%	12.35	
<u>New Jersey</u>					
Carl's Corner	2007	129,582	88.7%	8.85	Acme Markets Peebles
Pine Grove Plaza	2003	86,089	91.9%	10.75	Peebles
Washington Center Shoppes	2001	157,394	93.1%	9.64	Acme Markets Planet Fitness
Total New Jersey		373,065	91.3%	9.63	
<u>New York</u>					
Carman's Plaza	2007	193,736	48.8%	23.52	Home Goods Department of Motor Vehicle
<u>Pennsylvania</u>					
Academy Plaza	2001	137,415	94.5%	14.53	Acme Markets
Camp Hill	2002	464,765	98.2%	14.59	Boscov's Giant Foods LA Fitness Orthopedic Inst of PA Barnes & Noble Staples

Table of Contents

Property description	Year acquired	GLA	Percent occupied	Average base rent per sq. ft. (a)	Major tenants (b)
<u>Pennsylvania (continued)</u>					
Colonial Commons	2011	461,914	96.8%	13.72	Giant Foods Dick's Sporting Goods LA Fitness Home Goods Ross Dress For Less Marshalls JoAnn Fabrics David's Furniture Office Max Old Navy
Crossroads II	2008	133,717	93.9%	20.16	Giant Foods
Fairview Commons	2007	52,964	68.1%	11.16	Grocery Outlet
Fort Washington Center	2002	41,000	100.0%	21.83	LA Fitness
Gold Star Plaza	2006	71,720	97.8%	9.02	Redner's
Golden Triangle	2003	202,943	94.6%	13.17	LA Fitness Marshalls Staples Just Cabinets Aldi
Halifax Plaza	2003	51,510	100.0%	12.75	Giant Foods
Hamburg Square	2004	99,580	86.9%	6.43	Redner's Peebles
Lawndale Plaza	2015	93,040	97.7%	18.23	Shop Rite
Maxatawny Marketplace	2011	58,339	100.0%	12.21	Giant Foods
Meadows Marketplace	2004/2012	91,518	100.0%	16.07	Giant Foods
Mechanicsburg Giant	2005	51,500	100.0%	22.57	Giant Foods
Newport Plaza	2003	64,489	100.0%	11.81	Giant Foods
Northside Commons	2008	69,136	100.0%	10.10	Redner's
Palmyra Shopping Center	2005	111,051	89.9%	7.06	Weis Markets Goodwill
Port Richmond Village	2001	154,908	87.0%	14.12	Thriftway Pep Boys
Quartermaster Plaza	2014	456,602	92.4%	14.33	Home Depot BJ's Wholesale Club Planet Fitness Staples PetSmart

Table of Contents

Property description	Year acquired	GLA	Percent occupied	Average base rent per sq. ft. (a)	Major tenants (b)
<u>Pennsylvania (continued)</u>					
River View Plaza	2003	226,786	88.5%	19.86	United Artists Avalon Carpet Pep Boys Staples
South Philadelphia	2003	283,415	74.9%	14.71	Shop Rite Ross Dress For Less LA Fitness Modell s
Swede Square	2003	100,816	95.5%	17.67	LA Fitness
The Commons	2004	203,426	65.2%	11.01	Bon-Ton TJ Maxx
The Point	2000	268,037	99.0%	12.63	Burlington Coat Factory Giant Foods A.C. Moore Staples
Trexler Mall	2005	337,297	96.4%	9.81	Kohl s Bon-Ton Lehigh Wellness Partners Oxyfit Gym Marshalls Home Goods
Trexlertown Plaza	2006	319,529	73.0%	13.53	Giant Foods Hobby Lobby Big Lots Tractor Supply
Upland Square	2007	398,098	93.9%	17.84	Giant Foods Carmike Cinema LA Fitness Best Buy TJ Maxx Bed, Bath & Beyond A.C. Moore Staples
Total Pennsylvania		5,005,515	91.1%	14.18	

Table of Contents

Property description	Year acquired	GLA	Percent occupied	Average base rent per sq. ft. (a)	Major tenants (b)
Virginia					
Coliseum Marketplace	2005	106,648	100.00%	16.80	Farm Fresh Michaels
Elmhurst Square	2006	66,250	86.24%	9.57	Food Lion
Fredericksburg Way	2005	63,000	100.00%	19.58	Ukrop's Supermarket
General Booth Plaza	2005	71,639	98.32%	14.18	Farm Fresh
Glen Allen Shopping Center	2005	63,328	100.00%	7.14	Giant Foods
Kempsville Crossing	2005	79,512	92.69%	11.09	Walmart Farm Fresh
Oak Ridge Shopping Center	2006	38,700	92.25%	10.79	Food Lion
Suffolk Plaza	2005	67,216	100.00%	9.90	Farm Fresh
Total Virginia		556,293	96.6%	12.83	
Total Portfolio		9,459,113	90.5%	\$ 13.35	

- (a) Average base rent is calculated as the aggregate, annualized contractual minimum rent for all occupied spaces divided by the aggregate GLA of all occupied spaces as of December 31, 2015. Tenant concessions are reflected in this measure except for a limited number of short-term (generally one to three months) free rent concessions provided to new tenants that took occupancy prior to the end of the reporting period but within the concession period. Average base rent would have been \$13.23 per square foot if all such free rent concessions were reflected.
- (b) Major tenants are determined as tenants with 15,000 or more sq.ft of GLA, tenants at single-tenant properties, or the largest tenant at a property, based on GLA.
- (c) The Company has a 40% ownership interest in this joint venture

The terms of the Company's retail leases generally vary from tenancies at will to 25 years, excluding renewal options. Anchor tenant leases are typically for 10 to 25 years, with one or more renewal options available to the lessee upon expiration of the initial lease term. By contrast, smaller store leases are typically negotiated for five-year terms. The longer terms of major tenant leases serve to protect the Company against significant vacancies and to assure the presence of strong tenants which draw consumers to its centers. The shorter terms of smaller store leases allow the Company under appropriate circumstances to adjust rental rates periodically and, where possible, to upgrade or adjust the overall tenant mix.

Most leases contain provisions requiring tenants to pay their pro rata share of real estate taxes, insurance and certain operating costs. Some leases also provide that tenants pay percentage rent based upon sales volume generally in excess of certain negotiated minimums.

Excluding properties held for sale, Giant Food Stores, LLC and Stop & Shop, Inc., each of which is owned by Ahold N.V., a Netherlands corporation, leased an aggregate of approximately 11% of the Company's GLA at December 31, 2015, and accounted for an aggregate of approximately 12% of the Company's total revenues during 2015. No other tenant leased more than 10% of GLA at December 31, 2015, or contributed more than 10% of total revenues during 2015.

Table of Contents

Executive Offices

The Company's executive offices are located at 44 South Bayles Avenue, Port Washington, New York, pursuant to a lease which lease expires in February 2020.

Competition

The Company believes that competition for the acquisition and operation of grocery-anchored shopping centers is highly fragmented. It faces competition from institutional investors, public and private REITs, owner-operators engaged in the acquisition, ownership and leasing of shopping centers, as well as from numerous local, regional and national real estate developers and owners in each of its markets. It also faces competition in leasing available space at its properties to prospective tenants. Competition for tenants varies depending upon the characteristics of each local market in which the Company owns and manages properties. The Company believes that the principal competitive factors in attracting tenants in its market areas are location, price and other lease terms, the presence of anchor tenants, the mix, quality and sales results of other tenants, and maintenance, appearance, access and traffic patterns of its properties.

Environmental Matters

Under various federal, state, and local laws, ordinances and regulations, an owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or other contaminants at property owned, leased, managed or otherwise operated by such person, and may be held liable to a governmental entity or to third parties for property damage, and for investigation and cleanup costs in connection with such contamination. The cost of investigation, remediation or removal of such substances may be substantial, and the presence of such substances, or the failure to properly remediate such conditions, may adversely affect the owner's, lessor's or operator's ability to sell or rent such property or to arrange financing using such property as collateral. In connection with the ownership, operation and management of real estate, the Company may potentially become liable for removal or remediation costs, as well as certain other related costs and liabilities, including governmental fines and injuries to persons and/or property. Generally, the Company's tenants must comply with environmental laws and meet any remediation requirements. In addition, leases typically impose obligations on tenants to indemnify the Company from any compliance costs the Company may incur as a result of environmental conditions on the property caused by the tenant. However, if a lease does not require compliance and/or indemnification, or if a tenant fails to or cannot comply, the Company could be forced to pay these costs.

The Company believes that environmental studies conducted at the time of acquisition with respect to its properties did not reveal any material environmental liabilities for which the Company is responsible and that would have a material adverse effect on its business, results of operations or liquidity. However, no assurances can be given that existing environmental studies with respect to any of the properties reveal all environmental liabilities, that any prior owner of or tenant at a property did not create a material environmental condition not known to the Company, or that a material environmental condition does not otherwise exist at any one or more of its properties. If a material environmental condition does in fact exist, it could have an adverse impact upon the Company's financial condition, results of operations and liquidity.

Table of Contents

Employees

As of December 31, 2015, the Company had 67 employees (66 full-time and one part-time). The Company believes that its relations with its employees are good.

Item 1A. Risk Factors

Set forth below are the risk factors that we believe are material to our investors. This section contains forward-looking statements. You should refer to the explanation of the qualifications and limitation on forward-looking statements appearing elsewhere in this Annual Report on Form 10-K

Economic conditions in the U.S. economy in general, and any uncertainty in the credit markets and retail environment, could adversely affect our ability to continue to pay dividends or cause us to reduce further the amount of our dividends.

We paid dividends totaling \$0.20 per share during each of 2015, 2014 and 2013. However, any downturn in the state of the U.S. economy, weakness in capital markets and/or difficult retail environment may cause us to reduce or suspend the payment of dividends.

Any volatility or instability in the credit markets could adversely affect our ability to obtain new financing or to refinance existing indebtedness.

Any instability in the credit markets may negatively impact our ability to access debt financing, to arrange property-specific financing or to refinance our existing debt as it matures on favorable terms or at all. As a result, we may be forced to seek potentially less attractive financings, including equity investments, on terms that may not be favorable to us. In doing so, we may be compelled to dilute the interests of existing shareholders that could also adversely reduce the trading price of our common stock.

Our properties consist primarily of grocery-anchored shopping centers. Our performance therefore is linked to economic conditions in the market for retail space generally.

Our properties consist primarily of grocery-anchored shopping centers, and our performance therefore is linked to economic conditions in the market for retail space generally. This also means that we are subject to the risks that affect the retail environment generally, including the levels of consumer spending, the willingness of retailers to lease space in our shopping centers, tenant bankruptcies, the impact of internet sales on the demand for retail space, ongoing consolidation in the retail sector, and changes in economic conditions and consumer confidence. A downturn in the U.S. economy and reduced consumer spending could impact our tenants' ability to meet their lease obligations due to poor operating results, lack of liquidity or other reasons, and therefore decrease the revenue generated by our properties and/or the value of our properties. Our ability to lease space and negotiate and maintain favorable rents could also be negatively impacted by the state of the U.S. economy. Moreover, the demand for leasing space in our shopping centers could also significantly decline during a significant downturn in the U.S. economy that could result in a decline in our occupancy percentage and reduction in rental revenues. Any sustained levels of high unemployment can be expected to have a serious negative impact on consumer spending and sales by tenants at our shopping centers.

In addition, increases in energy costs in this country may cause shoppers to restrict their trips by automobile to shopping centers, reduce their purchases of gasoline and other products

Table of Contents

from the fuel service stations at several of our properties, as well as reduce their levels of discretionary spending, all of which, in turn, could adversely affect sales at our properties.

The geographic concentration of our properties in the Washington DC to Boston corridor exposes us to greater economic risks than if the distribution of our properties encompassed a broader region.

Our properties are located largely in the region that straddles the Washington DC to Boston corridor, which exposes us to greater economic risks than if our properties were more diversely located (in particular, 27 of our properties are located in Pennsylvania). Any adverse economic or real estate developments resulting from the regulatory environment, business climate, fiscal problems or weather in such regions could have an adverse impact on our prospects. In addition, the economic condition of each of our markets may be dependent on one or more industries. An economic downturn in one of these industry sectors may result in an increase in tenant vacancies, which may harm our performance in the affected markets.

Our performance and value are subject to risks associated with real estate assets and with the real estate industry.

Our performance and value are subject to risks associated with real estate assets and with the real estate industry, including, among other things, risks related to adverse changes in national, regional and local economic and market conditions. Our continued ability to make expected distributions to our shareholders depends on our ability to generate sufficient revenues to meet operating expenses, future debt service and capital expenditure requirements. Events and conditions generally applicable to owners and operators of real property that are beyond our control may decrease cash available for distribution and the value of our properties. These events and conditions include, but may not be limited to, the following:

1. local oversupply, increased competition or declining demand for real estate;
2. local economic conditions, which may be adversely impacted by plant closings, business layoffs, industry slow-downs, weather conditions, natural disasters and other factors;
3. non-payment or deferred payment of rent or other charges by tenants, either as a result of tenant-specific financial ills, or general economic events or circumstances adversely affecting consumer disposable income or credit;
4. vacancies or an inability to rent space on acceptable terms;
5. increased operating costs, including real estate taxes, insurance premiums, utilities, and repairs and maintenance;
6. volatility and/or increases in interest rates, or the non-availability of funds in the credit markets in general;

7. increased costs of complying with current, new or expanded governmental regulations;
8. the relative illiquidity of real estate investments;
9. changing market demographics;

Table of Contents

10. changing traffic patterns; and

11. an inability to refinance maturing debt in acceptable amounts and/or on acceptable terms.

The level of our indebtedness and any constraints on credit may impede our operating performance, and put us at a competitive disadvantage.

The level of our indebtedness may harm our business and operating results by (1) requiring us to use a substantial portion of our available liquidity to pay required debt service and/or repayments or establish additional reserves, which would reduce amounts available for distributions, (2) placing us at a competitive disadvantage compared to competitors that have less debt or debt at more favorable terms, (3) making us more vulnerable to economic and industry downturns and reducing our flexibility in responding to changing business and economic conditions, and (4) limiting our ability to borrow more money for operations or capital expenditures. In addition, increases in interest rates may impede our operating performance and put us at a competitive disadvantage. Further, payments of required debt service or amounts due at maturity, or creation of additional reserves under loan agreements, could adversely affect our liquidity. Our organizational documents do not limit the level or amount of debt that we may incur, no do we have a policy limiting our debt to any particular level.

As substantially all of our revenues are derived from rental income, failure of tenants to pay rent or delays in arranging leases and occupancy at our properties could seriously harm our operating results and financial condition.

Substantially all of our revenues are derived from rental income from our properties. Our tenants may experience a downturn in their respective businesses and/or in the economy generally at any time that may weaken their financial condition. As a result, any such tenants may delay lease commencement, fail to make rental payments when due, decline to extend a lease upon its expiration, become insolvent, or declare bankruptcy. Any leasing delays, failure to make rental or other payments when due, or tenant bankruptcies, could result in the termination of tenants' leases, which would have a negative impact on our operating results. In addition, adverse market and economic conditions and competition may impede our ability to renew leases or re-let space as leases expire, which could harm our business and operating results.

Our business may be seriously harmed if a major tenant fails to renew its lease(s) or vacates one or more properties and prevents us from re-leasing such premises by continuing to pay base rent for the balance of the lease terms. In addition, the loss of such a major tenant could result in lease terminations or reductions in rent by other tenants at the affected properties, as provided in their respective leases. Excluding properties held for sale, no tenant leased more than 10% of GLA at December 31, 2015 or contributed more than 10% of total revenues during 2015, except for Giant Food Stores, LLC and Stop & Shop, Inc., each of which is owned by Ahold N.V., a Netherlands corporation, which leased an aggregate of approximately 11% of our GLA at December 31, 2015, and accounted for an aggregate of approximately 12% of our total revenues, during 2015.

We may be restricted from re-leasing space based on existing exclusivity lease provisions with some of our tenants. In these cases, the leases contain provisions giving the tenant the exclusive right to sell particular types of merchandise or provide specific types of services within the particular retail center, which limits the ability of other tenants within that center to sell such merchandise or provide such services. When re-leasing space after a vacancy by one of such other tenants, such lease provisions may limit the number and types of prospective tenants for the vacant

Table of Contents

space. The failure to re-lease space or to re-lease space on satisfactory terms could harm operating results.

We face potential material adverse effects from tenant bankruptcies.

Any bankruptcy filings by, or relating to, one of our tenants or a lease guarantor would generally bar efforts by us to collect pre-bankruptcy debts from that tenant, or lease guarantor, unless we receive an order permitting us to do so from the bankruptcy court. A bankruptcy by a tenant or lease guarantor could delay efforts to collect past due balances, and could ultimately preclude full or, in fact, any collection of such sums. If a lease is affirmed by the tenant in bankruptcy, all pre-bankruptcy balances due under the lease must generally be paid in full. However, if a lease is disaffirmed by a tenant in bankruptcy, we would have only an unsecured claim for damages, which would be paid normally only to the extent that funds are available, and only in the same percentage as is paid to all other members of the same class of unsecured creditors. In addition, we may be unable to replace the tenant at current rental rates. It is possible, and indeed likely, that we would recover substantially less than, or in fact no portion of, the full value of any unsecured claims we hold, and would be required to write off any straight-line rent receivable recorded for such tenant, which may in turn harm our financial condition.

New Technology developments may negatively impact our tenants and our business.

We may be adversely affected by developments in new technology which may cause the business of certain of our tenants to become substantially diminished or functionally obsolete, with the result that such tenants may be unable to pay rent, become insolvent, file for bankruptcy protection, close their stores, or terminate their leases. Examples of the potentially adverse effects of new technology on retail businesses include, among other things, the effect of e-books and small screen readers on book stores, and increased sales of many products on-line.

Recent annual increases in on-line sales have also caused many retailers to sell products on-line on their websites with pick-ups at a store or warehouse or through deliveries, which may have the effect of decreasing the reported amount of their in-store sales and the amount of rent we are able to collect from them. With respect to grocer tenants, on-line grocery orders have become increasingly available, particularly in urban areas, but have not yet become a major factor affecting grocers in our portfolio. We cannot predict with certainty how growth in internet sales will impact the demand for space at our properties or how much revenue will be generated at bricks and mortar store locations in the future. If we are unable to anticipate and respond promptly to trends in retailer and consumer behavior, our occupancy levels and financial results could suffer.

Competition may impede our ability to renew leases or re-let spaces as leases expire, which could harm our business and operating results.

We also face competition from similar retail centers within our respective trade areas that may affect our ability to renew leases or re-let space as leases expire. Certain national retail chain bankruptcies and resulting store closings/lease disaffirmations have generally resulted in increased available retail space which, in turn, has resulted in increased competitive pressure to renew tenant leases upon expiration and to find new tenants for vacant space at such properties. In addition, any new competitive properties that are developed within the trade areas of our existing properties may result in increased competition for customer traffic and creditworthy tenants. Increased competition for tenants may require us to make tenant and/or capital improvements to properties beyond those that we would otherwise have planned to make. Any unbudgeted tenant and/or capital improvements we undertake may reduce cash that would otherwise be available for

Table of Contents

distributions to shareholders. Ultimately, to the extent we are unable to renew leases or re-let space as leases expire, our business and operations could be negatively impacted.

The financial covenants in our loan agreements may restrict our operating or acquisition activities, which may harm our financial condition and operating results.

The financial covenants in our loan agreements may restrict our operating or acquisition activities, which may harm our financial condition and operating results. Our unsecured credit facilities and the mortgages on our properties contain customary negative covenants, such as those that limit our ability, without the prior consent of the lender, to sell or otherwise transfer any ownership interest, to further mortgage the applicable property, to enter into leases, or to discontinue insurance coverage. Our ability to borrow under our unsecured revolving credit facility is subject to compliance with these financial and other covenants, including restrictions on the maximum availability, which is based on the adjusted net operating income of designated unencumbered properties, the payment of dividends, and overall restrictions on the amount of indebtedness we can incur. If we breach covenants in our debt agreements, the lenders could declare a default and require us to repay the debt immediately and, if the debt is secured, take possession of the property or properties securing the loan.

Our properties may be subject to impairment charges

On a periodic basis, we assess whether there are any indicators that the value of its held-for-use real estate assets and other investments may be impaired. Held-for-use real estate assets are impaired only if the estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property are less than the carrying value of the property. We estimate of cash flows, it considers factors such as expected future operating income, trends and prospects, the effects of demand, competition and other factors. If we are evaluating the potential sale of an asset or development alternatives, the future cash flow considerations include the most likely course of action at the balance sheet date based on current plans, intended holding periods and available market information including a market discount rate applied to the estimated future proceeds. We are required to make subjective assessments as to whether there are impairments in the value of its real estate assets and other investments. These assessments have a direct impact on our earnings because recording an impairment charge results in an immediate negative adjustment to earnings. There can be no assurance that we will not take additional charges in the future related to the impairment our assets. Any future impairment could have a material adverse effect on our results of operations in the period in which the charge is taken.

Our capital migration strategy entails various risks

We intend to sell properties and reinvest those proceeds in the acquisition of higher quality properties in our target markets, the development and redevelopment of our properties, or use the proceeds to pay down debt. While we hope to minimize the dilutive effect of these sales on our earnings, in the near term the returns on the disposed assets are likely to exceed the returns we are able to achieve through the reinvestment of those proceeds. Also, in the event we are unable to sell these assets for amounts equal to or in excess of their current carrying values, we would be required to recognize an impairment charge. Any such impairment charges or earnings dilution could materially and adversely affect our business, financial condition, operating results and cash flows and the market price of our publicly traded securities.

Table of Contents

Competition and saturation in our existing markets may limit our ability for further growth in these geographic regions.

Numerous commercial developers and real estate companies compete with us seeking properties for acquisition in our existing target markets. This competition may operate to reduce the properties available for acquisition in these markets, increase the cost of the properties we acquire, reduce the rate of return on these properties, and interfere with our ability to attract and retain tenants.

High barriers to entry in the Washington DC to Boston corridor due to mature economies, road patterns, density of population, restrictions on development, and high land costs, coupled with large numbers of often overlapping government jurisdictions, may make it difficult for us to continue to grow in these areas.

Commercial real estate investments are relatively illiquid.

Real estate investments are relatively illiquid. Our ability to promptly sell one or more properties in our portfolio in response to changing economic, financial and investment conditions is limited. The real estate market is affected by many factors, such as general economic conditions, supply and demand, availability of financing, interest rates and other factors that are beyond our control. We cannot be certain that we will be able to sell any property for the price and other terms we seek, or that any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot estimate with certainty the length of time needed to find a willing purchaser and to complete the sale of a property. We may be required to expend funds to correct defects or to make improvements before a property can be sold. Factors that impede our ability to dispose of properties could adversely affect our financial condition and operating results.

Our success depends on key personnel whose continued service is not guaranteed.

Our success depends on the efforts of key personnel, whose continued service is not guaranteed. Key personnel could be lost because we could not offer, among other things, competitive compensation programs. The loss of services of key personnel could materially and adversely affect our operations because of diminished relationships with lenders, sources of equity capital, construction companies, and existing and prospective tenants, and the ability to conduct our business and operations without material disruption.

Natural disasters and severe weather conditions could have an adverse impact on our cash flow and operating results.

Some of our properties could be subject to potential natural or other disasters. In addition, we may acquire properties that are located in areas which are subject to natural disasters. Properties could also be affected by increases in the frequency or severity of hurricanes or other storms, whether such increases are caused by global climate changes or other factors. The occurrence of natural disasters or severe weather conditions can increase investment costs to repair or replace damaged properties, increase operating costs, increase future property insurance costs, and/or negatively impact the tenant demand for lease space. If insurance is unavailable to us, or is unavailable on acceptable terms, or if our insurance is not adequate to cover business interruption or losses from such events, our earnings, liquidity and/or capital resources could be adversely affected.

Table of Contents

Our redevelopment activities may not yield anticipated returns, which would harm our operating results and reduce funds available for distributions to shareholders.

Redevelopment projects entail considerable risks, including:

Time lag between commencement and completion, leaving us exposed to higher-than-estimated construction costs, including labor and material costs;

Failure or inability to obtain construction or permanent financing on favorable terms;

Expenditure of money and time on projects that may never be completed;

Inability to secure key anchor or other tenants;

Inability to achieve projected rental rates or anticipated pace of lease-up;

Delays in completion relating to weather, labor disruptions, construction or zoning delays; and

Higher costs incurred than originally estimated.

The failure of our redevelopment projects to yield their anticipated return could have a material adverse effect on our business and operating results.

Property ownership through joint ventures could limit our control of those investments and reduce their expected return.

As of December 31, 2015, we owned two of our operating properties through consolidated joint ventures. Our joint ventures, and joint ventures we may enter into in the future, may involve risks not present with respect to our wholly owned properties, including the following:

We may share decision-making authority with our joint venture partners regarding certain major decisions affecting the ownership or operation of the joint venture and the joint venture property, such as, but not limited to, (1) additional capital contribution requirements, (2) signing of major leases, (3) obtaining debt financing, and (4) obtaining consent prior to the sale or transfer of our interest in the joint venture to a third party, which may prevent us from taking actions that are opposed by our joint venture partners;

Our joint venture partners might become bankrupt or fail to fund their share of required capital contributions, which may delay construction or development of a property or increase our financial commitment to the

joint venture;

Our joint venture partners may have business interests or goals with respect to the property that conflict with our business interests and goals, which could increase the likelihood of disputes regarding the ownership, management or disposition of the property;

Disputes may develop with our joint venture partners over decisions affecting the property or the joint venture, which may result in litigation or arbitration that would increase our expenses and distract our officers and/or trustees from focusing their time and effort on our business, and possibly disrupt the day-to-day operations of the property such as by delaying the implementation of important decisions until the conflict is resolved; and

The activities of a joint venture could adversely affect our ability to qualify as a REIT.

Table of Contents

Potential losses may not be covered by insurance.

Potential losses may not be covered by insurance. We carry comprehensive liability, fire, flood, extended coverage and rental loss insurance under a blanket policy covering all of our properties. We believe the policy specifications and insured limits are appropriate and adequate given the relative risk of loss, the cost of the coverage and industry practice. We do not carry insurance for losses related to war, nuclear accidents, and nuclear, biological and chemical occurrences from terrorist's acts. Some of the insurance, such as those covering losses due to wind, floods and earthquakes, is subject to limitations involving large deductibles or co-payments and policy limits that may not be sufficient to cover losses. The availability of insurance coverage may decrease and the prices for insurance may increase as a consequence of significant losses incurred by the insurance industry and other factors outside our control. As a result, we may be unable to renew or duplicate our current insurance coverage in adequate amounts or at reasonable prices. In addition, insurance companies may no longer offer coverage against certain types of losses, such as losses due to terrorist acts and toxic mold, or, if offered, the expense of obtaining these types of insurance may not be justified. Additionally, certain tenants have termination rights in respect of certain casualties. If we receive casualty proceeds, we may not be able to reinvest such proceeds profitably or at all, and we may be forced to recognize taxable gain on the affected property. If we experience losses that are uninsured or that exceed policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged.

We could incur significant costs related to government regulation and litigation over environmental matters and various other federal, state and local regulatory requirements.

All real property and the operations conducted on real property are subject to federal, state and local laws, ordinances and regulations relating to hazardous materials, environmental protection and human health and safety. Accordingly, we or our tenants may be required to investigate and clean up certain hazardous or toxic substances released on properties we own or operate, and also may be required to pay other related costs. Our leases typically impose obligations on our tenants to indemnify us for any compliance costs we may incur as a result of environmental conditions on the property caused by the tenant. If a tenant fails to or is unable to comply, we could be forced to pay these costs. If not addressed, environmental conditions could impair our ability to sell or re-lease the affected properties in the future, result in lower sales prices or rent payments, and restrict our ability to borrow funds using the affected properties as collateral.

We could incur significant costs related to government regulations and litigation over environmental matters. Under various federal, state and local laws, ordinances and regulations, an owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or other contaminants at property owned, leased, managed or otherwise operated by such person, and may be held liable to a governmental entity or to third parties for property damage, and for investigation, remediation and cleanup costs in connection with such contamination. The cost of investigation, remediation or removal of such substances may be substantial, and the presence of such substances, or the failure to properly remediate such conditions, may adversely affect the owner's, lessor's or operator's ability to sell or rent such property or to arrange financing using such property as collateral. We may be liable without regard to whether we knew of, or were responsible for, the environmental contamination and with respect to properties we have acquired, whether the contamination occurred before or after the acquisition.

We believe environmental studies conducted at the time of acquisition with respect to all of our properties did not reveal any material environmental liabilities for which the Company is

Table of Contents

responsible, and we are unaware of any subsequent environmental matters that would have created a material liability. If one or more of our properties were not in compliance with federal, state and local laws, including environmental laws, we could be required to incur additional costs to bring the property into compliance. If we incur substantial costs to comply with such requirements, our business and operations could be adversely affected. If we fail to comply with such requirements, we might additionally incur governmental fines or private damage awards. There can be no assurance that existing requirements will not change or that future requirements will not require us to make significant unanticipated expenditures that will adversely impact our business and operations.

The Americans with Disabilities Act of 1990 (the ADA) could require us to take remedial steps with respect to our properties.

Our existing properties, as well as properties we may acquire, may be required to comply with Title III of the ADA. We may incur significant costs to comply with the ADA, as amended, and similar laws, which require that all public accommodations meet federal requirements related to access and use by disabled persons, and with various other federal, state and local regulatory requirements, such as state and local fire and life safety requirements.

If we fail to continue as a REIT, our distributions will not be deductible, and our income will be subject to taxation, thereby reducing earnings available for distribution.

If we do not continue to qualify as a REIT, our distributions will not be deductible, and our income will be subject to taxation, reducing earnings available for distribution. We have elected to be taxed as a REIT under the Code. A REIT will generally not be subject to federal and substantially all state and local income taxation on that portion of its income that qualifies as REIT taxable income, to the extent that it distributes at least 90% of its taxable income to its shareholders and complies with certain other requirements. In addition, we would be subject to a 4% excise tax if we fail to distribute sufficient income to meet a minimum distribution test based on our ordinary income, capital gain and aggregate undistributed income from prior years. If we did not continue to qualify as a REIT, we would also likely be subject to state and local income taxes in certain of the jurisdictions in which our properties are located. Even if we qualify as a REIT for federal income tax purposes, we may be subject to certain state and local income and franchise taxes and to federal income and excise taxes on our undistributed taxable income.

We intend to make distributions to shareholders to comply with the requirements of the Code. However, differences in timing between the recognition of taxable income and the actual receipt of cash could require us to sell assets, borrow funds or pay a portion of the dividend in common stock to meet the 90% distribution requirement of the Code. Certain assets generate substantial differences between taxable income and income recognized in accordance with accounting principles generally accepted in the United States (GAAP). Such assets include, without limitation, operating real estate that was acquired through structures that may limit or completely eliminate the depreciation deduction that would otherwise be available for income tax purposes. As a result, the Code requirement to distribute a substantial portion of our otherwise net taxable income in order to maintain REIT status could cause us to (1) distribute amounts that could otherwise be used for future acquisitions, capital expenditures or repayment of debt, (2) borrow on unfavorable terms, (3) sell assets on unfavorable terms, or (4) if necessary, pay a portion of our common dividend in common stock. If we fail to obtain debt or equity capital in the future, it could limit our operations and our ability to grow, which could have a material adverse effect on the value of our common stock.

Table of Contents

Dividends paid by REITS generally do not qualify for reduced tax rates.

Dividends payable by REITs do not qualify for reduced tax rates under the Code. Currently, the maximum federal individual tax rate for nonqualified dividends payable is 39.6%; qualified dividends from most C corporations received by individuals are subject to a reduced maximum federal rate of 20%. In addition to these rates, certain high income individuals may be subject to an additional 3.8% tax on certain investment income, including dividends and capital gains. As a REIT, our distributions to individual shareholders generally are not eligible for the reduced rates and are, consequently, taxed at ordinary income rates. The more favorable federal tax rates applicable to regular corporate dividends may result in the stock of REITs being perceived to be less attractive than the stock of corporations that pay dividends qualifying for reduced rates of tax, which may adversely affect the value of the stock of REITs.

We face risks relating to cybersecurity attacks, loss of confidential information and other business disruptions.

We rely extensively on computer systems to manage our business and process transactions. Our business is at risk from and may be impacted by cybersecurity attacks, including attempts to gain unauthorized access to our confidential data and other electronic security breaches. Such cyber-attacks can range from individual attempts to gain unauthorized access to our information technology systems to more sophisticated security threats. While we employ a number of measures to prevent, detect and mitigate these threats including password protection, backup servers and annual penetration testing, there is no guarantee such efforts will be successful in preventing a cyber-attack. Cybersecurity incidents, depending on their nature and scope, could potentially lead to the compromise of confidential information, improper use of our systems and networks, manipulation and destruction of data, system downtimes and operational disruptions, which in turn could adversely affect our reputation, competitiveness and results of operations. In the event a security breach or failure results in the disclosure of sensitive tenant or other third-party data, or the transmission of harmful/malicious code to third parties, we could be subject to liability or claims.

Future terrorist attacks could harm the demand for, and the value of, our properties.

Future terrorist attacks, such as the attacks that occurred in New York, Pennsylvania and Washington DC on September 11, 2001, and other acts of terrorism or war, could harm the demand for, and the value of, our properties. Terrorist attacks could directly impact the value of our properties through damage, destruction, loss or increased security costs, and the availability of insurance for such acts may be limited or may be subject to substantial cost increases. To the extent that our tenants are impacted by future attacks, their ability to continue to honor obligations under their existing leases could be adversely affected.

Our charter and Maryland law contain provisions that may delay, defer or prevent a change of control transaction and depress our stock price.

Our charter and Maryland law contain provisions that may delay, defer or prevent a change of control transaction and depress the price of our common stock. The charter, subject to certain exceptions, authorizes directors to take such actions as are necessary and desirable relating to qualification as a REIT, and to limit any person to beneficial ownership of no more than 9.9% of the outstanding shares of our common stock. Our Board of Directors, in its sole discretion, may exempt a proposed transferee from the ownership limit, but may not grant an exemption from the ownership limit to any proposed transferee whose direct or indirect ownership could jeopardize our status as a REIT. These restrictions on transferability and ownership will not apply if our Board

Table of Contents

of Directors determines that it is no longer in our best interests to continue to qualify as, or to be, a REIT. This ownership limit may delay or impede a transaction or a change of control that might involve a premium price for our common stock or otherwise be in the best interests of shareholders. Based on our ability to determine the underlying beneficial ownership interests of the holders of our common stock, our Board of Directors has waived the ownership limit to permit companies affiliated with each of Inland American Real Estate Trust, Inc. (Inland), Blackrock, Inc. and Cohen and Steers Capital Management, Inc. to acquire up to 14%, 14.9% and 15%, respectively, of our common stock. In addition, Inland has agreed to various voting restrictions and standstill provisions.

We may authorize and issue stock and OP Units without shareholder approval. Our charter authorizes the Board of Directors to issue additional shares of common or preferred stock, to issue additional OP Units, to classify or reclassify any unissued shares of common or preferred stock, and to set the preferences, rights and other terms of such classified or unclassified shares. We have agreed not to use our preferred stock for anti-takeover purposes or in connection with a shareholder rights plan unless we obtain shareholder approval. Certain provisions of the Maryland General Corporation Law (the MGCL) may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change of control under circumstances that otherwise could provide the holders of shares of our common stock with the opportunity to realize a premium over the then-prevailing market price of such shares, including:

1. business combination provisions that, subject to limitations, prohibit certain business combinations between us and an interested stockholder (defined generally as any person or an affiliate thereof who beneficially owns 10% or more of the voting power of our shares) for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter imposes special appraisal rights and special stockholder voting requirements on these combinations; and
2. control share provisions that provide that our control shares (defined as shares that, when aggregated with other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a control share acquisition (defined as the direct or indirect acquisition of ownership or control of control shares) have no voting rights except to the extent approved by our shareholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

We have opted out of these provisions of the MGCL. However, the Board of Directors may, by resolution, elect to opt in to the business combination provisions of the MGCL, and we may, by amendment to our bylaws, opt in to the control share provisions of the MGCL.

We could be subject to litigation that may negatively impact our cash flows, financial condition and results of operations.

From time to time, we may be a defendant in lawsuits and regulatory proceedings relating to our business. Due to the inherent uncertainties of litigation and regulatory proceedings, we cannot accurately predict the ultimate outcome of any such litigation or proceedings. We could experience a negative impact to our cash flows, financial condition and results of operations due to an unfavorable outcome.

Table of Contents

The market value of our debt and equity securities is subject to various factors that may cause significant fluctuations or volatility.

As with other publicly traded securities, the market price of our publicly traded securities depends on various factors which may change from time-to-time and are often out of our control. Among the conditions that may affect the market price of our publicly traded securities are the following:

the extent of institutional investor interest in us;

the market perception of our business compared to other REITS;

the market perception of retail REITs, in general, compared to other investment alternatives;

our financial condition and performance, including changes in our funds from operations, operating funds from operations, or earnings estimates;

the market's perception of our growth potential and potential future cash dividends;

our credit or analyst ratings;

any future issuances of equity or debt securities;

additions or departures of key management personnel;

strategic actions by us or our competitors, such as acquisitions or restructurings;

an increase in market interest rates; and

general economic and financial market conditions.

These factors may cause the market price of our common stock to decline, in some cases regardless of our financial condition, results of operations, business or prospects. It is impossible to ensure that the market price of our common stock will not fall in the future. A decrease in the market price of our common stock could reduce our ability to raise additional equity in the public markets. Selling common stock at a decreased market price would have a dilutive impact on existing stockholders.

Item 1B. Unresolved Staff Comments: None

Item 3. 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 4. Mine Safety Disclosures: Not applicable
Part II.**

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Dividend Information

A corporation electing REIT status is required to distribute at least 90% of its REIT taxable income, as defined in the Code, to continue qualification as a REIT. In keeping with its stated goal of reducing overall leverage, and in order to maximize financial flexibility, the Company paid dividends totaling \$0.20 per share during 2015, 2014 and 2013. While the Company

Table of Contents

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.

Market Information

The Company had 85,049,127 shares of common stock outstanding held by approximately 700 shareholders of record at December 31, 2015. The Company believes it has more than 7,200 beneficial holders of its common stock. The Company's shares trade on the NYSE under the symbol CDR. The following table sets forth, for each quarter for the last two years, (1) the high, low, and closing prices of the Company's common stock, and (2) dividends paid:

Quarter ended	Market price range			Dividends paid
	High	Low	Close	
<u>2015</u>				
March 31	\$ 8.36	\$ 7.09	\$ 7.49	\$ 0.05
June 30	\$ 7.64	\$ 6.37	\$ 6.40	\$ 0.05
September 30	\$ 7.06	\$ 5.75	\$ 6.21	\$ 0.05
December 31	\$ 7.40	\$ 6.16	\$ 7.08	\$ 0.05
<u>2014</u>				
March 31	\$ 6.79	\$ 5.70	\$ 6.11	\$ 0.05
June 30	\$ 6.35	\$ 5.86	\$ 6.25	\$ 0.05
September 30	\$ 6.57	\$ 5.85	\$ 5.90	\$ 0.05
December 31	\$ 7.51	\$ 5.86	\$ 7.34	\$ 0.05

Table of Contents**Stockholder Return Performance Presentation**

The following line graph sets forth for the period January 1, 2011 through December 31, 2015, a comparison of the percentage change in the cumulative total stockholder return on the Company's common stock compared to the cumulative total return of the Russell 2000 index and the National Association of Real Estate Investment Trusts Equity REIT Total Return Index. The graph assumes that the shares of the Company's common stock were bought at the price of \$100 per share and that the value of the investment in each of the Company's common stock and the indices was \$100 at the beginning of the period. The graph further assumes the reinvestment of dividends when paid.

<i>Index</i>	<i>Period Ending</i>					
	01/01/11	12/31/11	12/31/12	12/31/13	12/31/14	12/31/15
Cedar Realty Trust, Inc.	100.00	74.23	94.57	116.13	140.55	139.46
Russell 2000	100.00	95.82	111.49	154.78	162.35	155.18
NAREIT All Equity REIT Index	100.00	108.28	129.62	133.32	170.68	175.51

Table of Contents**Item 6. Selected Financial Data**

	Years ended December 31,				
	2015	2014	2013	2012	2011
Operations data:					
Total revenues	\$ 149,207,000	\$ 148,184,000	\$ 139,598,000	\$ 135,726,000	\$ 129,988,000
Expenses:					
Property operating expenses	44,590,000	44,786,000	42,319,000	39,387,000	42,943,000
General and administrative	15,004,000	14,356,000	13,980,000	14,277,000	10,740,000
Management transition charges and employee termination costs			106,000	1,172,000	6,875,000
Acquisition transaction costs	1,238,000	2,870,000	182,000	116,000	1,436,000
Depreciation and amortization	38,594,000	38,700,000	44,405,000	43,289,000	41,862,000
Total expenses	99,426,000	100,712,000	100,992,000	98,241,000	103,856,000
Other:					
Gain on sales		6,413,000	609,000	997,000	130,000
Impairment reversals / (charges)	212,000	(3,148,000)	172,000	(5,499,000)	(7,148,000)
Total other	212,000	3,265,000	781,000	(4,502,000)	(7,018,000)
Operating income	49,993,000	50,737,000	39,387,000	32,983,000	19,114,000
Non-operating income and expense:					
Interest expense	(28,272,000)	(32,301,000)	(34,762,000)	(38,289,000)	(40,963,000)
Early extinguishment of debt costs	(105,000)	(825,000)	(106,000)	(2,607,000)	
Equity in income of unconsolidated joint ventures				1,481,000	1,671,000
Gain (loss) on exit from unconsolidated joint ventures				30,526,000	(7,961,000)
Total non-operating income and expense	(28,377,000)	(33,126,000)	(34,868,000)	(8,889,000)	(47,253,000)
Income (loss) from continuing operations	21,616,000	17,611,000	4,519,000	24,094,000	(28,139,000)
Income (loss) from discontinued operations	165,000	11,080,000	9,683,000	9,921,000	(80,375,000)
Net income (loss)	21,781,000	28,691,000	14,202,000	34,015,000	(108,514,000)
	365,000	290,000	246,000	(4,309,000)	4,953,000

Net loss (income) attributable
to noncontrolling interests

Net income (loss) attributable to Cedar Realty Trust, Inc.	22,146,000	28,981,000	14,448,000	29,706,000	(103,561,000)
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Preferred stock dividends and redemption costs	(14,408,000)	(14,408,000)	(15,579,000)	(19,817,000)	(14,200,000)
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Net income (loss) attributable to common shareholders	\$ 7,738,000	\$ 14,573,000	\$ (1,131,000)	\$ 9,889,000	\$ (117,761,000)
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Net income (loss) per
common share attributable to
common shareholders (basic
and diluted):

Continuing operations	\$ 0.09	\$ 0.04	\$ (0.17)	\$ 0.05	\$ (0.64)
Discontinued operations	0.00	0.14	0.14	0.08	(1.15)

	\$ 0.09	\$ 0.18	\$ (0.03)	\$ 0.13	\$ (1.79)
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Dividends to common shareholders	\$ 17,001,000	\$ 15,841,000	\$ 14,434,000	\$ 14,402,000	\$ 24,705,000
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Per common share	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.36
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Weighted average number of
common shares - basic and
diluted

	81,356,000	75,311,000	68,381,000	68,017,000	66,387,000
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Table of Contents**Item 6. Selected Financial Data (continued)**

	Years ended December 31,				
	2015	2014	2013	2012	2011
Balance sheet data:					
Real estate, net	\$ 1,249,195,000	\$ 1,208,962,000	\$ 1,199,346,000	\$ 1,194,444,000	\$ 1,131,475,000
Real estate held for sale/conveyance	14,402,000	16,508,000	70,757,000	107,097,000	248,461,000
Investment in unconsolidated joint ventures					44,743,000
Other assets	57,985,000	61,309,000	61,823,000	68,362,000	87,484,000
Total assets	\$ 1,321,582,000	\$ 1,286,779,000	\$ 1,331,926,000	\$ 1,369,903,000	\$ 1,512,163,000
Mortgage loans payable/ credit facilities/ term loans	\$ 677,022,000	\$ 665,388,000	\$ 719,792,000	\$ 745,168,000	\$ 736,689,000
Mortgage loans payable - real estate held for sale/conveyance			22,848,000	39,306,000	141,259,000
Other liabilities	47,018,000	46,140,000	53,638,000	63,679,000	73,827,000
Total liabilities	724,040,000	711,528,000	796,278,000	848,153,000	951,775,000
Noncontrolling interest - limited partners mezzanine OP Units		396,000	414,000	623,000	4,616,000
Equity:					
Cedar Realty Trust, Inc. shareholders equity	596,050,000	569,552,000	527,677,000	513,656,000	493,843,000
Noncontrolling interests	1,492,000	5,303,000	7,557,000	7,471,000	61,929,000
Total equity	597,542,000	574,855,000	535,234,000	521,127,000	555,772,000
Total liabilities and equity	\$ 1,321,582,000	\$ 1,286,779,000	\$ 1,331,926,000	\$ 1,369,903,000	\$ 1,512,163,000

Other data:

Funds From Operations (FFO) (a)	\$ 45,104,000	\$ 40,273,000	\$ 44,868,000	\$ 26,717,000	\$ 26,520,000
Operation Funds From Operations (Operating FFO) (a)	\$ 46,447,000	\$ 42,545,000	\$ 36,413,000	\$ 35,813,000	\$ 34,205,000
Cash flows provided by (used in):					
Operating activities	\$ 59,136,000	\$ 50,885,000	\$ 49,494,000	\$ 50,362,000	\$ 39,098,000
Investing activities	\$ (47,876,000)	\$ 49,116,000	\$ (15,072,000)	\$ 50,340,000	\$ (64,093,000)
Financing activities	\$ (12,676,000)	\$ (100,475,000)	\$ (37,971,000)	\$ (105,250,000)	\$ 22,899,000
Square feet of GLA	9,459,000	9,247,000	9,450,000	9,316,000	9,065,000
Percent occupied	90.5%	92.9%	92.6%	92.0%	91.7%
Average annualized base rent per square foot	\$ 13.35	\$ 12.73	\$ 12.31	\$ 12.05	\$ 11.65

(a) See Item 7 - Management Discussion and Analysis of Financial Condition and Results of Operations for a reconciliation of FFO and Operating FFO to net income (loss) attributable to common shareholders.

Table of Contents

Item 7. 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

Cedar Realty Trust, Inc. (the Company) is a fully-integrated real estate investment trust that focuses primarily on ownership and operation of grocery-anchored shopping centers straddling the Washington DC to Boston corridor. At December 31, 2015, the Company owned and managed a portfolio of 60 operating properties (excluding properties held for sale) totaling approximately 9.5 million square feet of gross leasable area (GLA). The portfolio was 91.5% leased and 90.5% occupied at December 31, 2015.

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, 2015, the Company owned 99.6% of the Operating Partnership and is its sole general partner. The 352,000 limited Operating Partnership Units (OP Units) are economically equivalent to the Company's common stock and are convertible into the Company's common stock at the option of the holders on a one-to-one basis.

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

Significant Transactions - 2015

Acquisitions

On January 23, 2015, the Company acquired the New London Mall joint venture partner's 60% ownership interest, giving the Company a 100% ownership interest in this property, which is located in New London, Connecticut. The purchase price for the interest was \$27.3 million, consisting of \$10.9 million in cash, and \$16.4 million representing the 60% share of the in-place mortgage financing. As the property was previously controlled and consolidated by the Company, the acquisition of the 60% noncontrolling ownership interest was recorded as a capital transaction.

On February 27, 2015, the Company acquired Lawndale Plaza, located in Philadelphia, Pennsylvania. The purchase price for the property, which was unencumbered, was \$25.2 million. The Company incurred costs of \$0.5 million in connection with this acquisition.

On December 23, 2015, the Company acquired East River Park, located in Washington D.C. The purchase price for the property was \$39.0 million, of which \$20.5 million was funded from the assumption of a mortgage loan payable bearing interest at the rate of 3.9% per annum and maturing in September 2022. The Company incurred costs of \$0.7 million in connection with this acquisition.

Table of Contents**Dispositions**

During 2015, the Company sold the following properties:

Property	Location	GLA	Date Sold	Sales Price
<u>Continuing operations:</u>				
Kenley Village	Hagerstown, MD	51,894	5/28/2015	\$ 2,275,000
Circle Plaza	Shamokin Dam, PA	92,171	7/22/2015	1,800,000
				\$ 4,075,000
<u>Discontinued operations:</u>				
Huntingdon Plaza	Huntingdon, PA	142,845	2/2/2015	\$ 2,200,000

Debt

On February 5, 2015, the Company amended its existing \$310 million unsecured credit facility. In addition, on February 5, 2015, the Company closed on \$100 million of new unsecured term loans. See Liquidity and Capital Resources below for additional details.

During 2015, the Company repaid the following mortgage loans payable:

Property	Repayment Date	Principal Payoff Amount
New London Mall	February 1, 2015	\$ 27,365,000
Oak Ridge Shopping Center	March 11, 2015	\$ 3,155,000
Pine Grove Plaza	June 1, 2015	\$ 5,139,000
Quartermaster Plaza	July 1, 2015	\$ 41,327,000
Groton Shopping Center	July 1, 2015	\$ 10,953,000
Jordan Lane	August 2, 2015	\$ 11,682,000
Southington Center	August 2, 2015	\$ 5,129,000
Oakland Mills	September 1, 2015	\$ 4,385,000

Equity

On January 12, 2015, the Company concluded a public offering of 5,750,000 shares of its common stock (including 750,000 shares relating to the exercise of an over-allotment option by the underwriters), and realized net proceeds, after offering expenses, of approximately \$41.9 million.

On April 25, 2015, the demand registration rights afforded to the holders of the mezzanine OP Units expired and, accordingly, such OP Units now meet the requirements for equity classification.

The Company had at-the-market offering programs, which expired on May 29, 2015, under which it could offer and sell, from time-to-time, shares of its common and preferred stock. Prior to the expiration of these programs, there were

no shares sold during 2015.

Table of Contents

Summary of Critical Accounting Policies

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States (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 has identified the following critical accounting policies, the application of which requires significant judgments and estimates:

Revenue Recognition

Rental income with scheduled rent increases is recognized using the straight-line method over the respective terms of the leases. The aggregate excess of rental revenue recognized on a straight-line basis over base rents under applicable lease provisions is included in straight-line rents receivable on the consolidated balance sheet. Leases also generally contain provisions under which the tenants reimburse the Company for a portion of property operating expenses and real estate taxes incurred; such income is recognized in the periods earned. In addition, certain operating leases contain contingent rent provisions under which tenants are required to pay a percentage of their sales in excess of a specified amount as additional rent. The Company defers recognition of contingent rental income until those specified targets are met.

The Company must make estimates as to the collectability of its accounts receivable related to base rent, straight-line rent, expense reimbursements and other revenues. Management analyzes accounts receivable by considering tenant creditworthiness, current economic conditions, and changes in tenants' payment patterns when evaluating the adequacy of the allowance for doubtful accounts receivable. These estimates have a direct impact on net income, because a higher bad debt allowance would result in lower net income, whereas a lower bad debt allowance would result in higher net income.

Real Estate Investments

Real estate investments are carried at cost less accumulated depreciation. The provision for depreciation is calculated using the straight-line method based on estimated useful lives. Expenditures for maintenance, repairs and betterments that do not materially prolong the normal useful life of an asset are charged to operations as incurred. Expenditures for betterments that substantially extend the useful lives of real estate assets are capitalized.

Real estate investments include costs of development and redevelopment activities, and construction in progress. Capitalized costs, including interest and other carrying costs during the construction and/or renovation periods, are included in the cost of the related asset and charged to operations through depreciation over the asset's estimated useful life. The Company is required to make subjective estimates as to the useful lives of its real estate assets for purposes of determining the amount of depreciation to reflect on an annual basis. These assessments have a direct impact on net income. A shorter estimate of the useful life of an asset would have the effect of increasing

Table of Contents

depreciation expense and lowering net income, whereas a longer estimate of the useful life of an asset would have the effect of reducing depreciation expense and increasing net income.

A variety of costs are incurred in the acquisition, development and leasing of a property, such as pre-construction costs essential to the development of the property, development costs, construction costs, interest costs, real estate taxes, salaries and related costs, and other costs incurred during the period of development. After a determination is made to capitalize a cost, it is allocated to the specific component of a project that is benefited. The Company ceases capitalization on the portions substantially completed and occupied, or held available for occupancy, and capitalizes only those costs associated with the portions under construction. The Company considers a construction project as substantially completed and held available for occupancy upon the completion of tenant improvements, but not later than one year from cessation of major development activity. Determination of when a development project is substantially complete and capitalization must cease involves a degree of judgment. The effect of a longer capitalization period would be to increase capitalized costs and would result in higher net income, whereas the effect of a shorter capitalization period would be to reduce capitalized costs and would result in lower net income.

The Company allocates the fair value of real estate acquired to land, buildings and improvements. In addition, the fair value of in-place leases is allocated to intangible lease assets and liabilities. The fair value of the tangible assets of an acquired property is determined by valuing the property as if it were vacant, which value is then allocated to land, buildings and improvements based on management's determination of the fair values of such assets. In valuing an acquired property's intangibles, factors considered by management include an estimate of carrying costs during the expected lease-up periods, such as real estate taxes, insurance, other operating expenses, and estimates of lost rental revenue during the expected lease-up periods based on its evaluation of current market demand. Management also estimates costs to execute similar leases, including leasing commissions, tenant improvements, legal and other related costs.

The values of acquired above-market and below-market leases are recorded based on the present values (using discount rates which reflect the risks associated with the leases acquired) of the differences between the contractual amounts to be received and management's estimate of market lease rates, measured over the terms of the respective leases that management deemed appropriate at the time of the acquisitions. Such valuations include a consideration of the non-cancellable terms of the respective leases as well as any applicable renewal period(s). The fair values associated with below-market rental renewal options are determined based on the Company's experience and the relevant facts and circumstances that existed at the time of the acquisitions. The values of above-market leases are amortized to rental income over the terms of the respective non-cancelable lease periods. The portion of the values of below-market leases associated with the original non-cancelable lease terms are amortized to rental income over the terms of the respective non-cancelable lease periods. The portion of the values of the leases associated with below-market renewal options that are likely of exercise are amortized to rental income over the respective renewal periods. The value of other intangible assets (including leasing commissions, tenant improvements, etc.) is amortized to expense over the applicable terms of the respective leases. If a lease were to be terminated prior to its stated expiration or not renewed, all unamortized amounts relating to that lease would be recognized in operations at that time.

Management is required to make subjective assessments in connection with its valuation of real estate acquisitions. These assessments have a direct impact on net income, because (1) above-market and below-market lease intangibles are amortized to rental income, and (2) the value of other intangibles is amortized to expense. Accordingly, higher allocations to below-market lease liability and other intangibles would result in higher rental income and amortization expense,

Table of Contents

whereas lower allocations to below-market lease liability and other intangibles would result in lower rental income and amortization expense.

Management reviews each real estate investment for impairment whenever events or circumstances indicate that the carrying value of a real estate investment may not be recoverable. The review of recoverability is based on an estimate of the future cash flows that are expected to result from the real estate investment's use and eventual disposition. These estimates of cash flows consider factors such as expected future operating income, trends and prospects, as well as the effects of leasing demand, competition and other factors. If an impairment event exists due to the projected inability to recover the carrying value of a real estate investment, an impairment loss is recorded to the extent that the carrying value exceeds estimated fair value. A real estate investment held for sale is carried at the lower of its carrying amount or estimated fair value, less the cost of a potential sale. Depreciation and amortization are suspended during the period the property is held for sale. Management is required to make subjective assessments as to whether there are impairments in the value of its real estate properties. These assessments have a direct impact on net income, because an impairment loss is recognized in the period that the assessment is made.

New Accounting Pronouncements

See Note 2 of Notes to Consolidated Financial Statements included in Item 8 below for information relating to new accounting pronouncements.

Results of Operations**Comparison of 2015 to 2014**

	2015	2014	Change	
			Dollars	Percent
Revenues	\$ 149,207,000	\$ 148,184,000	\$ 1,023,000	0.7%
Property operating expenses	(44,590,000)	(44,786,000)	196,000	-0.4%
Property operating income	104,617,000	103,398,000	1,219,000	
General and administrative	(15,004,000)	(14,356,000)	(648,000)	4.5%
Acquisition costs	(1,238,000)	(2,870,000)	1,632,000	n/a
Depreciation and amortization	(38,594,000)	(38,700,000)	106,000	-0.3%
Gain on sales		6,413,000	(6,413,000)	n/a
Impairment reversals / (charges)	212,000	(3,148,000)	3,360,000	n/a
Interest expense	(28,272,000)	(32,301,000)	4,029,000	-12.5%
Early extinguishment of debt costs	(105,000)	(825,000)	720,000	n/a
Income from continuing operations	21,616,000	17,611,000	4,005,000	
Discontinued operations:				
Income from operations	12,000	1,647,000	(1,635,000)	n/a
Impairment reversals	153,000	47,000	106,000	n/a
Gain on extinguishment of debt obligations		1,423,000	(1,423,000)	n/a
Gain on sales		7,963,000	(7,963,000)	n/a
Net income	21,781,000	28,691,000	(6,910,000)	

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Net loss attributable to noncontrolling interests	365,000	290,000	75,000
Net income attributable to Cedar Realty Trust, Inc.	\$ 22,146,000	\$ 28,981,000	\$ (6,835,000)

Table of Contents

Revenues were higher as a result of (1) an increase of \$4.1 million in rental revenues and expense recoveries attributable to properties acquired in 2015 and 2014, (2) an increase of \$1.1 million in base rental revenue, percentage rental revenue and expense recoveries attributable to the Company's same-center properties, (3) an increase of \$1.0 million in rental revenues and expense recoveries attributable to the Company's redevelopment properties, and (4) an increase of \$0.5 million in other income, offset by (1) a decrease of \$4.1 million in rental revenues and expense recoveries attributable to properties that were sold in 2015 and 2014, and (2) a decrease of \$1.6 million in straight-line revenue and amortization of intangible lease liabilities revenue attributable to the Company's same-center properties.

Property operating expenses were lower as a result of (1) a decrease of \$0.9 million in property operating expenses attributable to properties that were sold in 2015 and 2014, (2) a decrease of \$0.6 million in other operating expenses, primarily bad debt expense, repairs and maintenance, and non-billable expenses, and (3) a decrease of \$0.1 million in payroll and payroll related costs, offset by an increase of \$1.4 million in property operating expenses attributable to properties acquired in 2015 and 2014.

General and administrative costs were higher primarily as a result of increased costs across various administrative items.

Acquisition costs in 2015 relate to the purchase of Lawndale Plaza, located in Philadelphia, Pennsylvania and East River Park, located in Washington D.C. Acquisition costs in 2014 relate to the purchase of Quartermaster Plaza, located in Philadelphia, Pennsylvania.

Depreciation and amortization expenses were lower as a result of (1) a decrease of \$1.1 million in depreciation and amortization expenses attributable to properties that were sold in 2015 and 2014, and (2) a decrease of \$0.5 million in depreciation and amortization expenses attributable to the Company's same-center properties, offset by an increase of \$1.3 million in depreciation and amortization expenses attributable to a property acquired in 2015 and 2014.

Gain on sales in 2014 relates to the sales of Carbondale Plaza, located in Carbondale, Pennsylvania, and Virginia Little Creek, located in Norfolk, Virginia.

Impairment reversals / (charges) in 2015 and 2014 relate to the impairment reversals and impairment charges attributable to properties that were sold or held for sale in 2015 and 2014 that did not qualify for discontinued operations treatment.

Interest expense was lower (1) by \$2.0 million as a result of a decrease in the overall outstanding principal balance of debt, (2) by \$1.8 million as a result of a decrease in the overall weighted average interest rate, (3) by \$0.6 million as a result of a decrease in amortization of deferred financing costs, offset by a \$0.3 million decrease in capitalized interest.

Early extinguishment of debt costs in 2015 and 2014 2013 relates to defeasement fees and the accelerated write-off of unamortized fees associated with the prepayment of certain mortgage loans payable.

Discontinued operations for 2015 and 2014 include the results of operations, impairment reversals, gain on extinguishment of debt obligations, and gain on sales attributable to properties that qualified for treatment as discontinued operations.

Table of Contents**Comparison of 2014 to 2013**

	2014	2013	Change	
			Dollars	Percent
Revenues	\$ 148,184,000	\$ 139,598,000	\$ 8,586,000	6.2%
Property operating expenses	(44,786,000)	(42,319,000)	(2,467,000)	5.8%
Property operating income	103,398,000	97,279,000	6,119,000	
General and administrative	(14,356,000)	(13,980,000)	(376,000)	2.7%
Employee termination costs		(106,000)	106,000	n/a
Acquisition costs	(2,870,000)	(182,000)	(2,688,000)	n/a
Depreciation and amortization	(38,700,000)	(44,405,000)	5,705,000	-12.8%
Gain on sales	6,413,000	609,000	5,804,000	n/a
Impairment (charges) / reversals	(3,148,000)	172,000	(3,320,000)	n/a
Interest expense	(32,301,000)	(34,762,000)	2,461,000	-7.1%
Early extinguishment of debt costs	(825,000)	(106,000)	(719,000)	n/a
Income from continuing operations	17,611,000	4,519,000	13,092,000	
Discontinued operations:				
Income from operations	1,647,000	2,280,000	(633,000)	-27.8%
Impairment reversals / (charges)	47,000	(3,049,000)	3,096,000	n/a
Gain on extinguishment of debt obligations	1,423,000	10,452,000	(9,029,000)	n/a
Gain on sales	7,963,000		7,963,000	n/a
Net income	28,691,000	14,202,000	14,489,000	
Net loss attributable to noncontrolling interests	290,000	246,000	44,000	
Net income attributable to Cedar Realty Trust, Inc.	\$ 28,981,000	\$ 14,448,000	\$ 14,533,000	

Revenues were higher as a result of (1) an increase of \$8.9 million in rental revenues and expense recoveries attributable to a properties acquired in 2014 and 2013, (2) an increase of \$1.4 million in rental revenues and expense recoveries attributable to the Company's same-center properties, and (3) an increase of \$0.6 million in rental revenues and expense recoveries attributable to the Company's redevelopment properties, offset by (1) a decrease of \$2.0 million in rental revenues and expense recoveries attributable to properties that were initially classified as real estate held for sale in 2014, and (2) a decrease of \$0.2 million in management fee income related to the Cedar/RioCan joint venture; the management agreement was terminated effective January 31, 2013.

Property operating expenses were higher primarily as a result of (1) an increase of \$1.5 million in property operating expenses at properties acquired in 2014 and 2013, (2) a \$0.7 million increase in snow removal costs, and (3) a \$0.6 million increase in other operating expenses, primarily repairs and maintenance and non-billable expenses.

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

Acquisition costs in 2014 relate to the purchase of Quartermaster Plaza, located in Philadelphia, Pennsylvania. Acquisition costs in 2013 relate to the purchase of Big Y Shopping Center, located in Fairfield County, Connecticut.

Table of Contents

Depreciation and amortization expenses were lower as a result of (1) accelerated depreciation of \$6.7 million in 2013 relating to the redevelopment and lease up of vacant spaces which required the demolition of certain existing buildings resulting in accelerated depreciation expense, and (2) a reduction of \$1.5 million in depreciation and amortization expense related to properties classified in 2014 as real estate held for sale as depreciation is no longer being recorded as the carrying values of these properties are now measured at the lower of depreciated cost or fair value, less cost to sell, offset by an increase of \$2.5 million in depreciation and amortization expenses relating to properties acquired in 2014 and 2013.

Gain on sales in 2014 relates to the sales of properties treated as held for sale/ subsequent to December 31, 2013. Gain on sales in 2013 relates to the sales of land parcels treated as held for sale .

Impairment charges/(reversals) in 2014 relate to the impairments of properties classified in 2014 as real estate held for sale. Impairment charges/(reversals) in 2013 relates to the \$1.1 million partial cash recovery on a loan receivable previously written off, offset by \$0.9 million of impairments relating to a property and land parcels.

Interest expense was lower primarily as a result of (1) by \$1.7 million as a result of a lower weighted average interest rate, and (2) by \$0.9 million as a result of a decrease in the overall outstanding principal balance of debt.

Early extinguishment of debt costs in 2014 and 2013 relates to defeasement fees and the accelerated write-off of unamortized fees associated with the prepayment of certain mortgage loans payable.

Discontinued operations for 2014 and 2013 include the results of operations, impairment reversals/(charges), net, gain on extinguishment of debt obligations, and gain on sales attributable to properties that qualified for treatment as discontinued operations.

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

Table of Contents

	Years ended December 31,	
	2015	2014
Consolidated operating income	\$ 49,993,000	\$ 50,737,000
Add (deduct):		
General and administrative	15,004,000	14,356,000
Acquisition costs	1,238,000	2,870,000
Gain on sales		(6,413,000)
Impairment (reversals) / charges	(212,000)	3,148,000
Depreciation and amortization	38,594,000	38,700,000
Corporate costs included in property expenses		
charges to all properties	4,621,000	4,660,000
Straight-line rents	(506,000)	(761,000)
Amortization of intangible lease liabilities	(3,125,000)	(4,322,000)
Internal management fees charged to same center properties	(3,554,000)	(3,499,000)
Other adjustments	147,000	309,000
Consolidated NOI	102,200,000	99,785,000
Less NOI related to properties not defined as same-property	(20,575,000)	(19,706,000)
Same-property NOI	\$ 81,625,000	\$ 80,079,000
Number of same properties	52	52
Same-property occupancy, end of period	91.4%	93.5%
Same-property leased, end of period	92.6%	93.9%
Same-property average base rent, end of period	\$ 13.24	\$ 12.89

Same-property NOI for the comparative periods increased by 1.9%. The results reflect an increase in average base rent of \$0.35 per square foot, partially offset by a reduction in occupancy of 210 basis points (bps).

Leasing Activity

The following is a summary of the Company's leasing activity during 2015:

	Leases signed	GLA	New rent per sq.ft. (\$)	Prior rent per sq.ft. (\$)	Cash basis % change	Tenant improvements per sq.ft. (\$) (a)
Renewals	97	801,300	12.51	11.40	9.7%	0.00
New Leases - Comparable	33	162,200	13.71	12.61	8.7%	23.70
New Leases - Non-Comparable	10	100,700	12.36	n/a	n/a	15.54
Total (b)	140	1,064,200	12.67	n/a	n/a	5.38

- (a) Includes both tenant allowance and landlord work. Excludes first generation space.
- (b) Legal fees and leasing commissions averaged a combined total of \$2.34 per square foot.

Table of Contents**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 \$310 million unsecured credit facility which, as amended on February 5, 2015, consists of (1) a \$260 million revolving credit facility, expiring on February 5, 2019, and (2) a \$50 million term loan, expiring on February 5, 2020. 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 LIBOR plus 135 bps to 195 bps (135 bps at December 31, 2015) and interest on borrowings under the term loan component can range from LIBOR plus 130 to 190 bps (130 bps at December 31, 2015), each based on the Company's leverage ratio. As of December 31, 2015, the Company had \$182.0 million available for additional borrowings under the revolving credit facility.

On February 5, 2015, the Company closed \$100 million of new unsecured term loans comprised of a five-year \$50 million term loan maturing February 5, 2020 (all of which was borrowed at closing), and a seven-year \$50 million term loan maturing February 5, 2022 (all of which was borrowed on June 26, 2015). Interest on borrowings under the five-year \$50 million term loan can range from LIBOR plus 130 to 190 bps (130 bps at December 31, 2015) and interest on borrowings under the seven-year \$50 million term loan can range from LIBOR plus 155 bps to 215 bps (155 bps at December 31, 2015), each based on the Company's leverage ratio. Additionally, the Company entered into forward interest rate swap agreements which convert the LIBOR rates to fixed rates for these term loans beginning on July 1, 2015 through their maturities. Based on the Company's leverage ratio as of December 31, 2015, the effective fixed interest rates are 2.8% for the five-year \$50 million term loan and 3.3% for the seven-year \$50 million term loan.

The Company has \$150 million of unsecured term loans comprised of a five-year \$75 million term loan, maturing on February 11, 2019, and a seven-year \$75 million term loan, maturing on February 11, 2021. Interest on borrowings under the five-year \$75 million term loan can range from LIBOR plus 130 bps to 190 bps (130 bps at December 31, 2015) and interest on borrowings under the seven-year \$75 million term loan can range from LIBOR plus 170 bps to 230 bps (170 bps at December 31, 2015), each based on the Company's leverage ratio. Additionally, the Company has entered into forward interest rate swap agreements which convert the LIBOR rates to fixed rates for these term loans through their maturities. Based on the Company's leverage ratio as of December 31, 2015, the effective fixed interest rates are 2.9% for the five-year \$75 million term loan and 4.0% for the seven-year \$75 million term loan, respectively.

The Company's unsecured credit facility and term loans contain financial covenants

Table of Contents

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 agreement. The Company's failure to comply with the covenants or the occurrence of an event of default under the facility could result in the acceleration of the related debt. As of December 31, 2015, the Company is in compliance with all financial covenants.

Debt is comprised of the following at December 31, 2015:

Description	Balance outstanding	Interest rates	
		Weighted - average	Range
Fixed-rate mortgages	\$ 299,022,000	5.0%	3.1% - 7.5%
Unsecured credit facilities:			
Variable-rate:			
Revolving credit facility	78,000,000	1.7%	
Term loan	50,000,000	1.7%	
Fixed-rate:			
Term loan	75,000,000	2.9%	
Term loan	50,000,000	2.8%	
Term loan	75,000,000	4.0%	
Term loan	50,000,000	3.3%	
	\$ 677,022,000	3.7%	

The following table details the Company's debt maturities at December 31, 2015:

Year	Secured Debt		Unsecured Debt		Total
	Scheduled Amortization	Balloon Payments	Revolving Credit Facility	Term Loans	
2016	\$ 5,068,000	\$ 124,216,000	\$	\$	\$ 129,284,000
2017	3,082,000	60,478,000			63,560,000
2018	2,814,000	18,007,000			20,821,000
2019	2,725,000		78,000,000(a)	75,000,000	155,725,000
2020	2,696,000	8,849,000		100,000,000	111,545,000
2021	1,988,000	22,367,000		75,000,000	99,355,000
2022	1,616,000	40,148,000		50,000,000	91,764,000
Thereafter	4,496,000	472,000			4,968,000
	\$ 24,485,000	\$ 274,537,000	\$ 78,000,000	\$ 300,000,000	\$ 677,022,000

(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 2029. 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.

Table of Contents

On January 12, 2015, the Company concluded a public offering of 5,750,000 shares of its common stock (including 750,000 shares relating to the exercise of an over-allotment option by the underwriters), and realized net proceeds, after offering expenses, of approximately \$41.9 million.

The Company had at-the-market offering programs, which expired on May 29, 2015, under which it could offer and sell, from time-to-time, shares of its common and preferred stock. During 2015, there were no shares sold under these programs.

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 2014, and has continued to declare and pay common and preferred stock dividends during 2015. 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.

Contractual obligations and commercial commitments

The following table sets forth the Company's significant debt repayment, interest and operating lease obligations at December 31, 2015

	2016	2017	2018	Maturity Date 2019	2020	Thereafter	Total
Debt:							
Mortgage loans payable	\$ 129,284,000	\$ 63,560,000	\$ 20,821,000	\$ 2,725,000	\$ 11,545,000	\$ 71,087,000	\$ 299,022,000
Unsecured revolving credit facility (a)				78,000,000			78,000,000
Unsecured term loans				75,000,000	100,000,000	125,000,000	300,000,000
Interest payments (b)	24,483,000	16,013,000	14,872,000	11,469,000	8,828,000	7,609,000	83,274,000
Operating lease obligations	1,562,000	1,029,000	878,000	892,000	461,000	13,429,000	18,251,000
Total	\$ 155,329,000	\$ 80,602,000	\$ 36,571,000	\$ 168,086,000	\$ 120,834,000	\$ 217,125,000	\$ 778,547,000

(a) Subject to a one-year extension option.

(b)

Represents interest payments expected to be incurred on the Company's debt obligations as of December 31, 2015, including interest that may subsequently be capitalized. For variable-rate debt, the rate in effect at December 31, 2015 is assumed to remain in effect until the maturities of the respective obligations. In addition, the Company has outstanding construction commitments totaling approximately \$1.1 million at December 31, 2015.

Table of Contents**Net Cash Flows**

	2015	2014	2013
Cash flows provided by (used in):			
Operating activities	\$ 59,136,000	\$ 50,885,000	\$ 49,494,000
Investing activities	\$ (47,876,000)	\$ 49,116,000	\$ (15,072,000)
Financing activities	\$ (12,676,000)	\$ (100,475,000)	\$ (37,971,000)

Operating Activities

Net cash provided by operating activities, before net changes in operating assets and liabilities, was \$62.6 million, \$57.3 million and \$53.2 million for 2015, 2014 and 2013, respectively. The approximately \$5.3 million increase between 2015 and 2014 was primarily attributable to a reduction in interest expense of \$4.8 million. The approximately \$4.1 million increase between 2014 and 2013 was primarily attributable to a reduction in interest expense of \$3.8 million.

Investing Activities

Net cash flows (used in) provided by investing activities were primarily the result of the Company's property disposition activities, property acquisitions and expenditures for property improvements. During 2015, the Company acquired shopping centers for \$43.0 million, and incurred expenditures of \$12.7 million for property improvements, offset by \$5.9 million in proceeds received from the sales of properties classified as held for sale, and received \$1.9 million in construction escrows and other. During 2014, the Company received \$102.1 million in proceeds from sales of properties classified as held for sale and received \$2.1 million in construction escrows and other, offset by the purchase of a shopping center for \$38.9 million, and expenditures of \$16.3 million for property improvements. During 2013, the Company purchased a shopping center for \$32.8 million, had expenditures of \$20.3 million for property improvements, offset by \$34.7 million in proceeds from sales of properties classified as held for sale, and received \$2.2 million in construction escrows and other, and a \$1.1 million repayment of a note receivable.

Financing Activities

During 2015, the Company made \$114.8 million of repayments of mortgage obligations, \$31.4 million of preferred and common stock distributions, \$11.2 million for the purchase of a joint venture minority interests share, and \$2.9 million of payments for debt financing costs, which was offset by borrowings of \$100.0 million under its new term loans, proceeds, net of issuance expenses, of \$41.7 million in sales of its common stock, and \$6.0 million of net borrowings under the revolving credit facility. During 2014, the Company made \$177.1 million of repayments of mortgage loans payable, \$81.5 million of net repayments under the revolving credit facility, \$30.2 million of preferred and common stock distributions, \$1.3 million in payments of debt financing costs, \$1.0 million of distributions to consolidated joint venture minority interests and limited partners, and a \$0.4 million payment for the redemption of OP Units, offset by borrowings of \$150.0 million under new term loans, and proceeds, net of issuance expenses, of \$41.2 million from the sale of common stock. During 2013, the Company made \$77.1 million of repayments of mortgage loans payable, a \$75.0 million repayment of a term loan, \$35.0 million for the redemption of the 8.875% Series A Cumulative Redeemable Preferred Stock, \$28.9 million of preferred and common stock distributions, \$1.9 million in payments of debt financing costs, a \$1.6 million payment for the purchase of the remaining minority interest in a consolidated joint venture,

Table of Contents

\$0.7 million of distributions to consolidated joint venture minority interests and limited partners, and a \$0.2 million payment for the redemption of OP Units, offset by \$72.5 million of net advances under the revolving credit facility, \$59.8 million of proceeds, net of issuance expenses, from the sale of shares of its 7.25% Series B Cumulative Redeemable Preferred Stock, and a \$50.0 million advance under a term loan.

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 acquisition costs, employee termination costs, amounts relating to early extinguishment of debt and preferred stock redemption 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 income (loss) attributable to common shareholders to FFO and Operating FFO for the years ended December 31, 2015, 2014 and 2013 is as follows:

Table of Contents

	Years ended December 31,		
	2015	2014	2013
Net income (loss) attributable to common shareholders	\$ 7,738,000	\$ 14,573,000	\$ (1,131,000)
Real estate depreciation and amortization	38,354,000	38,365,000	45,280,000
Limited partners interest	28,000	80,000	1,000
Impairment (reversals) / charges	(365,000)	3,101,000	2,877,000
Gain on sales		(14,376,000)	(609,000)
Consolidated minority interests:			
Share of loss	(393,000)	(370,000)	(247,000)
Share of FFO	(258,000)	(1,100,000)	(1,303,000)
FFO applicable to diluted common shares	45,104,000	40,273,000	44,868,000
Early extinguishment of debt costs	105,000	825,000	543,000
Acquisition costs	1,238,000	2,870,000	182,000
Gain on extinguishment of debt obligations		(1,423,000)	(10,452,000)
Employee termination costs			106,000
Preferred stock redemption costs			1,166,000
Operating FFO applicable to diluted common shares	\$ 46,447,000	\$ 42,545,000	\$ 36,413,000
FFO per diluted common share	\$ 0.53	\$ 0.51	\$ 0.62
Operating FFO per diluted common share	\$ 0.54	\$ 0.54	\$ 0.50
Weighted average number of diluted common shares:			
Common shares	84,850,000	78,985,000	72,204,000
OP Units	378,000	433,000	297,000
	85,228,000	79,418,000	72,501,000

Inflation

Inflation has been relatively low in recent years and has not had a significant detrimental impact on the Company's results of operations. Should inflation rates increase in the future, 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 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 7A. 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

Table of Contents

enter into derivative or interest rate transactions for speculative purposes. The Company is not 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 December 31, 2015, the Company had \$3,945,000 included in accounts payable and accrued liabilities on the consolidated balance sheet relating to the fair value of the interest rate swaps applicable to certain unsecured term loans. Based on the Company's leverage ratio at December 31, 2015, the following table details the unsecured term loans which are subject to interest rate swap agreements:

Amount	Effective date	Maturity date	Effective fixed interest rate
\$ 75,000,000	July 2014	February 2019	2.9%
\$ 75,000,000	July 2014	February 2021	4.0%
\$ 50,000,000	July 2015	February 2020	2.8%
\$ 50,000,000	July 2015	February 2022	3.3%

At December 31, 2015, long-term debt consisted of fixed-rate mortgage loans payable, unsecured term loans, and the Company's unsecured variable-rate credit facility. The average interest rate on the \$549.0 million of fixed-rate debt outstanding was 4.2%, with maturities at various dates through 2029. The average interest rate on the \$128.0 million of variable-rate debt outstanding, which consists of the unsecured revolving credit facility and a term loan, was 1.7%. With respect to the \$128.0 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 \$1.3 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 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.

Table of Contents

Item 8. Financial Statements and Supplementary Data

<u>Report of Independent Registered Public Accounting Firm.</u>	46
<u>Consolidated Balance Sheets, December 31, 2015 and 2014</u>	47
<u>Consolidated Statements of Operations, years ended December 31, 2015, 2014 and 2013</u>	48
<u>Consolidated Statements of Comprehensive Income, years ended December 31, 2015, 2014 and 2013</u>	49
<u>Consolidated Statements of Equity, years ended December 31, 2015, 2014 and 2013</u>	50-51
<u>Consolidated Statements of Cash Flows, years ended December 31, 2015, 2014 and 2013</u>	52
<u>Notes to Consolidated Financial Statements</u>	53-79
<u>Schedule Filed As Part Of This Report</u>	
<u>Schedule III Real Estate and Accumulated Depreciation, December 31, 2015</u>	80-84

All other schedules have been omitted because the required information is not present, is not present in amounts sufficient to require submission of the schedule, or is included in the consolidated financial statements or notes thereto.

Table of Contents

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of

Cedar Realty Trust, Inc.

We have audited the accompanying consolidated balance sheets of Cedar Realty Trust, Inc. (the Company) as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedule listed in the Index at Item 15 (a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cedar Realty Trust, Inc. at December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, the Company changed its method for reporting discontinued operations effective January 1, 2014.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Cedar Realty Trust, Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 19, 2016 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

New York, New York
February 19, 2016

Table of Contents

CEDAR REALTY TRUST, INC.
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2015	2014
ASSETS		
Real estate:		
Land	\$ 323,859,000	\$ 312,868,000
Buildings and improvements	1,226,168,000	1,163,305,000
	1,550,027,000	1,476,173,000
Less accumulated depreciation	(300,832,000)	(267,211,000)
Real estate, net	1,249,195,000	1,208,962,000
Real estate held for sale	14,402,000	16,508,000
Cash and cash equivalents	2,083,000	3,499,000
Restricted cash	5,592,000	7,859,000
Receivables	17,912,000	18,405,000
Other assets and deferred charges, net	32,398,000	31,546,000
TOTAL ASSETS	\$ 1,321,582,000	\$ 1,286,779,000
LIABILITIES AND EQUITY		
Mortgage loans payable	\$ 299,022,000	\$ 393,388,000
Unsecured revolving credit facility	78,000,000	72,000,000
Unsecured term loans	300,000,000	200,000,000
Accounts payable and accrued liabilities	23,831,000	22,364,000
Unamortized intangible lease liabilities	23,187,000	23,776,000
Total liabilities	724,040,000	711,528,000
Noncontrolling interest - limited partners mezzanine OP Units		396,000
Commitments and contingencies		
Equity:		
Cedar Realty Trust, Inc. shareholders' equity:		
Preferred stock (\$.01 par value, 12,500,000 shares authorized): Series B (\$25.00 per share liquidation value, 10,000,000 shares authorized, 7,950,000 issued and outstanding)	190,661,000	190,661,000
Common stock (\$.06 par value, 150,000,000 shares authorized, 85,049,000 and 79,213,000 shares, issued and outstanding, respectively)	5,103,000	4,753,000
Treasury stock (3,182,000 and 3,344,000 shares, respectively, at cost)	(17,284,000)	(18,803,000)
Additional paid-in capital	825,979,000	791,174,000
Cumulative distributions in excess of net income	(404,350,000)	(395,087,000)

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Accumulated other comprehensive loss	(4,059,000)	(3,146,000)
Total Cedar Realty Trust, Inc. shareholders' equity	596,050,000	569,552,000
Noncontrolling interests:		
Minority interests in consolidated joint ventures	(970,000)	2,872,000
Limited partners' OP Units	2,462,000	2,431,000
Total noncontrolling interests	1,492,000	5,303,000
Total equity	597,542,000	574,855,000
TOTAL LIABILITIES AND EQUITY	\$ 1,321,582,000	\$ 1,286,779,000

See accompanying notes to consolidated financial statements

Table of Contents

CEDAR REALTY TRUST, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Years ended December 31,		
	2015	2014	2013
REVENUES			
Rents	\$ 116,739,000	\$ 116,505,000	\$ 110,353,000
Expense recoveries	31,834,000	31,392,000	28,691,000
Other	634,000	287,000	554,000
Total revenues	149,207,000	148,184,000	139,598,000
EXPENSES			
Operating, maintenance and management	25,401,000	26,604,000	24,418,000
Real estate and other property-related taxes	19,189,000	18,182,000	17,901,000
General and administrative	15,004,000	14,356,000	13,980,000
Employee termination costs			106,000
Acquisition costs	1,238,000	2,870,000	182,000
Depreciation and amortization	38,594,000	38,700,000	44,405,000
Total expenses	99,426,000	100,712,000	100,992,000
OTHER			
Gain on sales		6,413,000	609,000
Impairment reversals / (charges)	212,000	(3,148,000)	172,000
Total other	212,000	3,265,000	781,000
OPERATING INCOME	49,993,000	50,737,000	39,387,000
NON-OPERATING INCOME AND EXPENSES			
Interest expense	(28,272,000)	(32,301,000)	(34,762,000)
Early extinguishment of debt costs	(105,000)	(825,000)	(106,000)
Total non-operating income and expense	(28,377,000)	(33,126,000)	(34,868,000)
INCOME FROM CONTINUING OPERATIONS	21,616,000	17,611,000	4,519,000
DISCONTINUED OPERATIONS			
Income from operations	12,000	1,647,000	2,280,000
Impairment reversals / (charges)	153,000	47,000	(3,049,000)
Gain on extinguishment of debt obligations		1,423,000	10,452,000
Gain on sales		7,963,000	
Total income from discontinued operations	165,000	11,080,000	9,683,000

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NET INCOME	21,781,000	28,691,000	14,202,000
Net loss (income) attributable to noncontrolling interests:			
Minority interests in consolidated joint ventures	393,000	370,000	247,000
Limited partners interest in Operating Partnership	(28,000)	(80,000)	(1,000)
Total net loss attributable to noncontrolling interests	365,000	290,000	246,000
NET INCOME ATTRIBUTABLE TO CEDAR REALTY TRUST, INC.	22,146,000	28,981,000	14,448,000
Preferred stock dividends	(14,408,000)	(14,408,000)	(14,413,000)
Preferred stock redemption costs			(1,166,000)
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ 7,738,000	\$ 14,573,000	\$ (1,131,000)
NET INCOME (LOSS) PER COMMON SHARE ATTRIBUTABLE TO COMMON SHAREHOLDERS (BASIC AND DILUTED)			
Continuing operations	\$ 0.09	\$ 0.04	\$ (0.17)
Discontinued operations	0.00	0.14	0.14
	\$ 0.09	\$ 0.18	\$ (0.03)
Weighted average number of common shares - basic and diluted	81,356,000	75,311,000	68,381,000

See accompanying notes to consolidated financial statements

Table of Contents**CEDAR REALTY TRUST, INC.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Years ended December 31,		
	2015	2014	2013
Net income	\$ 21,781,000	\$ 28,691,000	\$ 14,202,000
Other comprehensive income - unrealized (loss) gain on change in fair value of cash flow hedges:	(918,000)	(1,858,000)	1,260,000
Comprehensive income	20,863,000	26,833,000	15,462,000
Comprehensive loss attributable to noncontrolling interests	370,000	305,000	243,000
Comprehensive income attributable to Cedar Realty Trust, Inc.	\$ 21,233,000	\$ 27,138,000	\$ 15,705,000

See accompanying notes to consolidated financial statements

Table of Contents

CEDAR REALTY TRUST, INC.
CONSOLIDATED STATEMENT OF EQUITY
Years ended December 31, 2015, 2014 and 2013

	Preferred stock		Cedar Realty Trust, Inc. Shareholders			Cumulative distributions in excess of net income	Accumulated other comprehensive (loss)		
	Shares	\$25.00 Liquidation value	Common stock Shares	\$0.06 Par value	Treasury stock, at cost				Additional paid-in capital
Balance at December 31, 2013	6,837,000	163,669,000	71,817,000	4,309,000	(21,702,000)	748,194,000	(378,254,000)	(2,560,000)	51,000,000
Gain on sale of property							14,448,000		1,000,000
Loss on sale of property								1,257,000	
Issuance of common stock			378,000	23,000	1,511,000	1,814,000			1,000,000
Repurchase of common stock	2,521,000	61,874,000				(2,025,000)			5,000,000
Issuance of preferred stock	(1,408,000)	(34,882,000)				1,056,000	(1,166,000)		(3,000,000)
Net income			2,000			(64,000)			(1,000,000)
Losses to equity							(14,413,000)		(1,000,000)
Dividends/ distributions							(14,434,000)		(1,000,000)
Issuance of common stock			3,000			24,000			1,000,000
OP									

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of									
ners						(498,000)			
of									
ing						(504,000)			
of									
ing									
E, ER	7,950,000	\$ 190,661,000	72,200,000	\$ 4,332,000	\$ (20,191,000)	\$ 747,997,000	\$ (393,819,000)	\$ (1,303,000)	\$ 52
							28,981,000		2
gain									
n									
f								(1,843,000)	(
d									
on,			60,000	4,000	1,388,000	1,947,000			
ock									
et			6,902,000	414,000		40,749,000			4
ock							(14,408,000)		(1
as to									
s/ ing							(15,841,000)		(1
s of									
to			51,000	3,000		368,000			
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of									
ners									
E, ER	7,950,000	\$ 190,661,000	79,213,000	\$ 4,753,000	\$ (18,803,000)	\$ 791,174,000	\$ (395,087,000)	\$ (3,146,000)	\$ 56
							22,146,000		2

gain									
n									
f									
									(913,000)
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on,		44,000	3,000	1,519,000	877,000				
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et		5,752,000	345,000		41,396,000				4
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							(14,408,000)		(1
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ners							19,000		
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ing							(7,767,000)		(
E,									
ER	7,950,000	\$ 190,661,000	85,049,000	\$ 5,103,000	\$ (17,284,000)	\$ 825,979,000	\$ (404,350,000)	\$ (4,059,000)	\$ 59

Table of Contents

	Noncontrolling Interests			
	Minority interests in consolidated joint ventures	Limited partners OP Units	Total	Total equity
BALANCE, DECEMBER 31, 2012	6,081,000	1,390,000	7,471,000	521,127,000
Net income (loss)	(247,000)	3,000	(244,000)	14,204,000
Unrealized gain on change in fair value of cash flow hedges		3,000	3,000	1,260,000
Share-based compensation, net				3,348,000
Net proceeds from sales of Series B shares				59,849,000
Redemption of Series A shares				(34,992,000)
Common stock sales and issuance expenses, net				(64,000)
Preferred stock dividends				(14,413,000)
Distributions to common shareholders/noncontrolling interests	(665,000)	(38,000)	(703,000)	(15,137,000)
Conversions of OP Units into common stock		(24,000)	(24,000)	
Issuance of OP Units		1,500,000	1,500,000	1,500,000
Redemptions of OP Units		(10,000)	(10,000)	(10,000)
Reallocation adjustment of limited partners interest		531,000	531,000	33,000
Acquisition of noncontrolling interest	(1,048,000)		(1,048,000)	(1,552,000)
Disposition of noncontrolling interest	81,000		81,000	81,000
BALANCE, DECEMBER 31, 2013	4,202,000	3,355,000	7,557,000	535,234,000
Net income (loss)	(370,000)	69,000	(301,000)	28,680,000
Unrealized gain on change in fair value of cash flow hedges		(13,000)	(13,000)	(1,856,000)
Share-based compensation, net				3,339,000
Common stock sales and issuance expenses, net				41,163,000
Preferred stock dividends				(14,408,000)
Distributions to common shareholders/noncontrolling interests	(960,000)	(74,000)	(1,034,000)	(16,875,000)
Conversions of OP Units into common stock		(371,000)	(371,000)	
Redemptions of OP Units		(437,000)	(437,000)	(437,000)
Reallocation adjustment of limited partners interest		(98,000)	(98,000)	15,000
BALANCE, DECEMBER 31, 2014	\$ 2,872,000	\$ 2,431,000	\$ 5,303,000	\$ 574,855,000
Net income (loss)	(393,000)	28,000	(365,000)	21,781,000
Unrealized gain on change in fair value of cash flow hedges		(5,000)	(5,000)	(918,000)
Share-based compensation, net				2,399,000
Common stock sales and issuance expenses, net				41,741,000
Preferred stock dividends				(14,408,000)
Distributions to common shareholders/noncontrolling interests		(76,000)	(76,000)	(17,077,000)
Conversions/Redemption of OP Units		(289,000)	(289,000)	(7,000)
Reclassification of mezzanine OP Units		385,000	385,000	385,000

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Reallocation adjustment of limited partners interest		(12,000)	(12,000)	7,000
Acquisition of noncontrolling interest	(3,449,000)		(3,449,000)	(11,216,000)
BALANCE, DECEMBER 31, 2015	\$ (970,000)	\$ 2,462,000	\$ 1,492,000	\$ 597,542,000

See accompanying notes to consolidated financial statements

Table of Contents**CEDAR REALTY TRUST, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Years ended December 31,		
	2015	2014	2013
OPERATING ACTIVITIES			
Net income	\$ 21,781,000	\$ 28,691,000	\$ 14,202,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Impairment (reversals) / charges	(365,000)	3,101,000	2,877,000
Gain on extinguishment of debt obligations		(1,423,000)	(10,452,000)
Gain on sales		(14,376,000)	(609,000)
Straight-line rents	(506,000)	(761,000)	(1,481,000)
Provision for doubtful accounts	1,463,000	1,985,000	1,572,000
Depreciation and amortization	38,594,000	38,700,000	45,663,000
Amortization of intangible lease liabilities	(3,125,000)	(4,322,000)	(4,446,000)
Expense relating to share-based compensation, net	3,168,000	3,531,000	3,701,000
Amortization (including accelerated write-off) of deferred financing costs	1,611,000	2,158,000	2,162,000
Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:			
Rents and other receivables, net	(1,346,000)	(2,989,000)	(1,606,000)
Prepaid expenses and other	(1,929,000)	(2,460,000)	(2,696,000)
Accounts payable and accrued liabilities	(210,000)	(950,000)	607,000
Net cash provided by operating activities	59,136,000	50,885,000	49,494,000
INVESTING ACTIVITIES			
Acquisition of real estate	(42,991,000)	(38,861,000)	(32,818,000)
Expenditures for real estate improvements	(12,698,000)	(16,254,000)	(20,288,000)
Net proceeds from sales of real estate	5,891,000	102,124,000	34,713,000
Repayment of note receivable			1,100,000
Construction escrows and other	1,922,000	2,107,000	2,221,000
Net cash (used in) provided by investing activities	(47,876,000)	49,116,000	(15,072,000)
FINANCING ACTIVITIES			
Repayments under revolving credit facility	(186,400,000)	(231,500,000)	(105,000,000)
Advances under revolving credit facility	192,400,000	150,000,000	177,500,000
Advances under term loans	100,000,000	150,000,000	50,000,000
Repayment under term loan			(75,000,000)
Mortgage repayments	(114,828,000)	(177,094,000)	(77,069,000)
Payments of debt financing costs	(2,879,000)	(1,312,000)	(1,893,000)
Noncontrolling interests:			
Purchase of joint venture minority interests share	(11,216,000)		(1,552,000)

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Distributions to consolidated joint venture minority interests		(960,000)	(665,000)
Distributions to limited partners	(78,000)	(86,000)	(52,000)
Redemptions of OP Units	(7,000)	(437,000)	(170,000)
Common stock sales less issuance expenses, net	41,741,000	41,163,000	(64,000)
Net proceeds from sales of preferred stock			59,849,000
Redemption of preferred stock			(34,992,000)
Preferred stock dividends	(14,408,000)	(14,408,000)	(14,429,000)
Distributions to common shareholders	(17,001,000)	(15,841,000)	(14,434,000)
Net cash (used in) financing activities	(12,676,000)	(100,475,000)	(37,971,000)
Net (decrease) in cash and cash equivalents	(1,416,000)	(474,000)	(3,549,000)
Cash and cash equivalents at beginning of period	3,499,000	3,973,000	7,522,000
Cash and cash equivalents at end of period	\$ 2,083,000	\$ 3,499,000	\$ 3,973,000

See accompanying notes to consolidated financial statements

Table of Contents

Cedar Realty Trust, Inc.

Notes to Consolidated Financial Statements

December 31, 2015

Note 1. Business and Organization

Cedar Realty Trust, Inc. (the Company) is a real estate investment trust (REIT) that focuses primarily on ownership and operation of grocery-anchored shopping centers straddling the Washington, DC to Boston corridor. At December 31, 2015, the Company owned and managed a portfolio of 60 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 December 31, 2015, 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 December 31, 2015) 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 352,000 OP Units outstanding at December 31, 2015 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 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 (VIEs) for which it is the primary beneficiary. Generally, a VIE is an entity with one or more of the following characteristics: (1) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support, (2) as a group, the holders of the equity investment at risk (a) lack the power through voting or similar rights to make decisions about the entity's activities that significantly impact the entity's performance, (b) have no obligation to absorb the expected losses of the entity, or (c) have no right to receive the expected residual returns of the entity, or (3) the equity investors have voting rights that are not proportional to their economic interests, and substantially all of the entity's activities either involve, or are conducted on behalf of, an investor that has disproportionately fewer voting rights. A VIE is required to be consolidated by its primary beneficiary. The primary beneficiary of a VIE has (1) the power to direct the activities that most significantly impact the entity's economic performance, and (2) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could be significant to the VIE. Significant judgments related to these determinations include estimates about the current and future fair values, performance of real estate held by these VIEs, and general market conditions.

The Company has a 60%-owned joint venture originally formed to develop the project known as Crossroads II. This joint venture is consolidated as it is deemed to be a VIE and the Company is the primary beneficiary. The Company

(1) guaranteed all related debt, (2) does not

Table of Contents

Cedar Realty Trust, Inc.

Notes to Consolidated Financial Statements

December 31, 2015

require its partners to fund additional capital requirements, (3) has an economic interest greater than its voting proportion and (4) directs the management activities that significantly impact the performance of the joint venture. At December 31, 2015, this VIE owned real estate with a carrying value of \$39.9 million and no mortgage loan payable.

With respect to its consolidated joint venture property at San Souci Plaza, the Company is the general partner and has a partnership interest of 40% at December 31, 2015. As the entity is not a VIE, and the Company is the sole general partner and exercises substantial operating control over the entity, the Company has determined that the entity should be consolidated.

On January 23, 2015, the Company acquired the New London Mall joint venture partner's 60% ownership interest, giving the Company a 100% ownership interest in this property, which is located in New London, Connecticut (See Note 3 - Real Estate). Prior to the acquisition of the joint venture partner's ownership interest, as the entity was not a VIE, and the Company was the sole general partner and exercised substantial operating control over the entity, the Company determined that the entity should be consolidated.

The accompanying financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States (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.

Real Estate Investments

Real estate investments are carried at cost less accumulated depreciation. The provision for depreciation is calculated using the straight-line method based upon the estimated useful lives of the respective assets of between 3 and 40 years, with buildings being depreciated at the upper end of the range. Depreciation expense amounted to \$35.0 million, \$35.0 million and \$41.1 million for 2015, 2014 and 2013, respectively. Expenditures for betterments that substantially extend the useful lives of the assets are capitalized. Expenditures for maintenance, repairs, and betterments that do not substantially prolong the normal useful life of an asset are charged to operations as incurred.

Real estate investments include costs of ground-up development and redevelopment activities, and construction in progress. Capitalized costs, including interest and other carrying costs during the construction and/or renovation periods, are included in the cost of the related asset and charged to operations through depreciation over the asset's estimated useful life. A variety of costs are incurred in the development and leasing of a property, such as pre-construction costs essential to the development of the property, development costs, construction costs, interest costs, real estate taxes, salaries and related costs, and other costs incurred during the period of development. After a determination is made to capitalize a cost, it is allocated to the specific component of a project that is benefited. The Company ceases capitalization on the portions substantially completed and occupied, or held available for occupancy, and capitalizes only those costs associated with the portions under development. The Company considers a construction project to be substantially completed and held available for occupancy upon the completion of tenant

improvements, but not later than one year from cessation of major construction activity.

Table of Contents

Cedar Realty Trust, Inc.

Notes to Consolidated Financial Statements

December 31, 2015

The Company allocates the fair value of real estate acquired to land, buildings and improvements. In addition, the fair value of in-place leases is allocated to intangible lease assets and liabilities. The fair value of the tangible assets of an acquired property is determined by valuing the property as if it were vacant, which value is then allocated to land, buildings and improvements based on management's determination of the fair values of these assets. In valuing an acquired property's intangibles, factors considered by management include an estimate of carrying costs during the expected lease-up periods, such as real estate taxes, insurance, other operating expenses, and estimates of lost rental revenue during the expected lease-up periods based on its evaluation of current market demand. Management also estimates costs to execute similar leases, including leasing commissions, tenant improvements, legal and other related costs.

The values of acquired above-market and below-market leases are recorded based on the present values (using discount rates which reflect the risks associated with the leases acquired) of the differences between the contractual amounts to be received and management's estimate of market lease rates, measured over the terms of the respective leases that management deemed appropriate at the time of the acquisitions. Such valuations include a consideration of the non-cancellable terms of the respective leases as well as any applicable renewal periods. The fair values associated with below-market rental renewal options are determined based on the Company's experience and the relevant facts and circumstances that existed at the time of the acquisitions. The values of above-market leases are amortized to rental income over the terms of the respective non-cancelable lease periods. The portion of the values of below-market leases associated with the original non-cancelable lease terms are amortized to rental income over the terms of the respective non-cancelable lease periods. The portion of the values of the leases associated with below-market renewal options that are likely of exercise are amortized to rental income over the respective renewal periods. The value of other intangible assets (including leasing commissions, tenant improvements, etc.) is amortized to expense over the applicable terms of the respective leases. If a lease were to be terminated prior to its stated expiration or not renewed, all unamortized amounts relating to that lease would be recognized in operations at that time.

Management reviews each real estate investment for impairment whenever events or circumstances indicate that the carrying value of a real estate investment may not be recoverable. The review of recoverability of real estate investments held for use is based on an estimate of the future cash flows that are expected to result from the real estate investment's use and eventual disposition. These cash flows consider factors such as expected future operating income, trends and prospects, as well as the effects of leasing demand, capital expenditures, competition and other factors. If an impairment event exists due to the projected inability to recover the carrying value of a real estate investment, an impairment loss is recorded to the extent that the carrying value exceeds estimated fair value.

Sales of real estate are recognized only when sufficient down payments have been obtained, possession and other attributes of ownership have been transferred to the buyer and the Company has no significant continuing involvement. The Company believes these criteria were met for all real estate sold during 2015, 2014 and 2013.

Properties Held For Sale

The Company follows the guidance for reporting discontinued operations, whereby a disposal of an individual property or group of properties is required to be reported in discontinued operations only if the disposal represents a strategic shift that has, or will have, a major effect on

Table of Contents

Cedar Realty Trust, Inc.

Notes to Consolidated Financial Statements

December 31, 2015

the Company's operations and financial results. The results of operations for those properties not meeting such criteria are reported in continuing operations in the consolidated statements of operations. The provisions of the guidance were applied prospectively, i.e., for properties classified as held for sale subsequent to December 31, 2013. The results of operations for all properties classified as held for sale prior to the adoption of the guidance were reported as discontinued operations in the consolidated statements of operations.

The carrying values of the assets and liabilities of properties determined to be held for sale, principally the net book values of the real estate and the related mortgage loans payable expected to be assumed by the buyers, are reclassified as held for sale on the Company's consolidated balance sheets at the time such determinations are made, on a prospective basis only. In addition, the Company anticipates that sales of all such properties remaining classified as held for sale at the balance sheet date will be concluded within one year from such date.

The Company 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 analyses, if no contract amounts were as yet being negotiated (see Note 5 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.

Cash and Cash Equivalents / Restricted Cash

Cash and cash equivalents consist of cash in banks and short-term investments with original maturities when purchased of less than ninety days, and include cash at consolidated joint ventures of \$0.2 million and \$0.8 million at December 31, 2015 and 2014, respectively.

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.

Fair Value Measurements

The accounting guidance for fair value measurement establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels:

Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Table of Contents

Cedar Realty Trust, Inc.

Notes to Consolidated Financial Statements

December 31, 2015

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible while also considering counterparty credit risk in the assessment of fair value.

Revenue Recognition and Receivables

Management has determined that all of the Company's leases with its various tenants are operating leases. Rental income with scheduled rent increases is recognized using the straight-line method over the respective non-cancelable terms of the leases. The aggregate excess of rental revenue recognized on a straight-line basis over the contractual base rents is included in receivables on the consolidated balance sheet. Leases also generally contain provisions under which the tenants reimburse the Company for a portion of property operating expenses and real estate taxes incurred, generally attributable to their respective allocable portions of gross leasable area. Such income is recognized in the periods earned. In addition, a limited number of operating leases contain contingent rent provisions under which tenants are required to pay, as additional rent, a percentage of their sales in excess of a specified amount. The Company defers recognition of contingent rental income until those specified sales targets are met. Revenues also include items such as lease termination fees, which tend to fluctuate more than rents from year to year. Termination fees are fees that the Company has agreed to accept in consideration for permitting certain tenants to terminate their lease prior to the contractual expiration. 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.

The Company must make estimates as to the collectability of its accounts receivable related to base rent, straight-line rent, percentage rent, expense reimbursements and other revenues. When management analyzes accounts receivable and evaluates the adequacy of the allowance for doubtful accounts, it considers such things as historical bad debts, tenant creditworthiness, current economic trends, current developments relevant to a tenant's business specifically and to its business category generally, and changes in tenants' payment patterns. The allowance for doubtful accounts was \$4.4 million and \$4.3 million at December 31, 2015 and 2014, respectively. The provision for doubtful accounts (included in operating, maintenance and management expenses) was \$1.4 million, \$1.9 million and \$1.8 million in 2015, 2014 and 2013, respectively.

Income Taxes

The Company has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the Code). A REIT will generally not be subject to federal income taxation on that portion of its income that qualifies as REIT taxable income, to the extent that it distributes at least 90% of such REIT taxable income to its shareholders and complies with certain other requirements. As of December 31, 2015, the Company was in compliance with all REIT

Table of Contents

Cedar Realty Trust, Inc.

Notes to Consolidated Financial Statements

December 31, 2015

requirements.

The Company follows a two-step approach for evaluating uncertain federal, state and local tax positions. Recognition (step one) occurs when an enterprise concludes that a tax position, based solely on its technical merits, is more-likely-than-not to be sustained upon examination. Measurement (step two) determines the amount of benefit that more-likely-than-not will be realized upon settlement. Derecognition of a tax position that was previously recognized would occur when a company subsequently determines that a tax position no longer meets the more-likely-than-not threshold of being sustained. The Company has not identified any uncertain tax positions which would require an accrual.

Derivative Financial Instruments

The Company occasionally utilizes derivative financial instruments, principally interest rate swaps, to manage its exposure to fluctuations in interest rates. The Company has established policies and procedures for risk assessment, and the approval, reporting and monitoring of derivative financial instruments. Derivative financial instruments must be effective in reducing the Company's interest rate risk exposure in order to qualify for hedge accounting. When the terms of an underlying transaction are modified, or when the underlying hedged item ceases to exist, all changes in the fair value of the instrument are marked-to-market with changes in value included in net income for each period until the derivative financial instrument matures or is settled. Any derivative financial instrument used for risk management that does not meet the hedging criteria is marked-to-market with the changes in value included in net income. The Company has not entered into, and does not plan to enter into, derivative financial instruments for trading or speculative purposes.

Share-Based Compensation

The Company's 2012 Stock Incentive Plan (the "2012 Plan") establishes the procedures for the granting of, among other things, restricted stock awards. The maximum number of shares of the Company's common stock that may be issued pursuant to the 2012 Plan is 4.5 million (see Note 15 "Share-Based Compensation"), and the maximum number of shares that may be granted to a participant in any calendar year may not exceed 500,000. All grants issued pursuant to the 2012 Plan generally vest (1) at the end of designated time periods for time-based grants, or (2) upon the completion of a designated period of performance for performance-based grants and satisfaction of performance criteria. Time-based grants are valued according to the market price for the Company's common stock at the date of grant. For performance-based grants, the Company generally engages an independent appraisal company to determine the value of the shares at the date of grant, taking into account the underlying contingency risks associated with the performance criteria. The value of all grants are being expensed on a straight-line basis over their respective vesting periods (irrespective of achievement of the performance-based grants) adjusted, as applicable, for forfeitures. For restricted share grants subject to graded vesting, the amounts expensed are at least equal to the measured expense of each vested tranche. Based on the terms of the 2012 Plan, those grants of restricted shares that are contributed to the Rabbi Trusts are classified as treasury stock on the Company's consolidated balance sheet.

Table of Contents**Cedar Realty Trust, Inc.****Notes to Consolidated Financial Statements****December 31, 2015*****Supplemental Consolidated Statements of Cash Flows Information***

	Years ended December 31,		
	2015	2014	2013
Supplemental disclosure of cash activities:			
Cash paid for interest	\$ 27,521,000	\$ 32,275,000	\$ 36,114,000
Supplemental disclosure of non-cash activities:			
Capitalization of interest and financing costs	409,000	757,000	915,000
Conversions of OP Units into common stock	282,000	371,000	24,000
Issuance of OP Units in connection with a property acquisition			(1,500,000)
Mortgage loans payable assumed upon acquisition	(20,462,000)	(53,439,000)	
Mortgage loans payable assumed by buyer		15,557,000	
Deed-in-lieu of foreclosure of properties:			
Real estate transferred		(6,238,000)	(4,724,000)
Mortgage loans payable and related obligations settled		7,661,000	13,878,000

Recently-Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued guidance which amends the accounting for revenue recognition. Under the amended guidance, a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The guidance would be effective for interim and annual reporting periods beginning after December 15, 2017, with early adoption not 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 August 2014, the FASB issued guidance which requires management to evaluate whether there are conditions and events that raise substantial doubt about an entity's ability to continue as a going concern, and to provide disclosures when it is probable that the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued. The guidance is effective for annual periods ending after December 15, 2016, with early adoption being permitted. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

In February 2015, the FASB issued guidance which amends the current consolidation requirements, including introducing a separate consolidation analysis specific to limited partnerships and other similar entities. Under the analysis, limited partnerships and other similar entities will be considered a variable interest entity unless the limited

partners hold substantive kick-out rights or participating rights. The guidance is effective for interim and annual reporting periods beginning after December 15, 2015, 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 April 2015, the FASB issued guidance which amends the balance sheet presentation for debt issuance costs. Under the amended guidance, a company will present unamortized debt issuance costs as a direct deduction from the carrying amount of that debt liability. The guidance is to be applied on a retrospective basis, and is effective for annual reporting periods beginning

Table of Contents**Cedar Realty Trust, Inc.****Notes to Consolidated Financial Statements****December 31, 2015**

after December 15, 2015, with early adoption being permitted. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

In September 2015, the FASB issued guidance which requires, if the initial accounting for a business combination is incomplete as of the end of the reporting period in which the acquisition occurs, that the acquirer record provisional amounts based on information available at the acquisition date. The acquirer would then adjust these amounts in the current period, as it obtains more information about facts and circumstances that existed as of the acquisition date. Under the prior guidance, the acquirer must revise comparative information on the income statements and balance sheets for any prior periods affected. The guidance is effective for interim and annual reporting periods beginning after December 15, 2015. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

Note 3. Real Estate

Real estate activity for 2015 and 2014 is comprised of the following:

	Years ended December 31,	
	2015	2014
<u>Cost</u>		
Balance, beginning of year	\$ 1,476,173,000	\$ 1,450,951,000
Properties held for sale	(4,599,000)	(81,223,000)
Properties acquired	65,313,000	91,241,000
Impairments		(6,000)
Improvements and betterments	13,140,000	15,210,000
Balance, end of the year	\$ 1,550,027,000	\$ 1,476,173,000
<u>Accumulated depreciation</u>		
Balance, beginning of the year	\$ 267,211,000	\$ 251,605,000
Properties held for sale	(1,380,000)	(18,523,000)
Depreciation expense	35,001,000	34,129,000
Balance, end of the year	\$ 300,832,000	\$ 267,211,000
Net book value	\$ 1,249,195,000	\$ 1,208,962,000

At December 31, 2015, certain of the Company's shopping center properties were pledged as collateral for mortgage loans payable. See Note 9 - Mortgage Loans Payable and Credit Facilities.

2015 Acquisitions

On January 23, 2015, the Company acquired the New London Mall joint venture partner's 60% ownership interest, giving the Company a 100% ownership interest in this property, which is located in New London, Connecticut. The purchase price for the interest was \$27.3 million,

Table of Contents

Cedar Realty Trust, Inc.

Notes to Consolidated Financial Statements

December 31, 2015

consisting of \$10.9 million in cash, and \$16.4 million representing the 60% share of the in-place mortgage financing. As the property was previously controlled and consolidated by the Company, the acquisition of the 60% noncontrolling ownership interest was recorded as a capital transaction.

On February 27, 2015, the Company acquired Lawndale Plaza, located in Philadelphia, Pennsylvania. The purchase price for the property, which was unencumbered, was \$25.2 million. The Company incurred costs of \$0.5 million in connection with this acquisition.

On December 23, 2015, the Company acquired East River Park, located in Washington D.C. The purchase price for the property was \$39.0 million, of which \$20.5 million was funded from the assumption of a mortgage loan payable bearing interest at the rate of 3.9% per annum and maturing in September 2022. The Company incurred costs of \$0.7 million in connection with this acquisition. In addition, the purchase price has been preliminarily allocated to real estate assets and liabilities assumed, as applicable, in accordance with accounting policies for business combinations, with such valuations to be finalized when valuation studies are complete.

2014 Acquisition

On March 21, 2014, the Company acquired Quartermaster Plaza located in Philadelphia, Pennsylvania. The purchase price for the property was approximately \$92.3 million, of which approximately \$53.4 million was funded from the assumption of (1) a \$42.1 million mortgage loan payable, bearing interest at the rate of 5.3% per annum and maturing in October 2015, and (2) an \$11.3 million mortgage loan payable, bearing interest at the rate of 5.5% per annum and payable in October 2014 (repaid in June 2014), with the remainder being funded from the Company's unsecured revolving credit facility. The Company incurred costs of \$2.9 million in connection with this acquisition.

Properties Held For Sale Subsequent to December 31, 2013

At December 31, 2015, Liberty Marketplace, located in Dubois, Pennsylvania was classified as real estate held for sale. On February 11, 2016, the Company sold the property for \$15.0 million, which approximated its carrying value. In addition, during 2015 and 2014, the Company sold the properties listed below which did not meet the criteria set forth in the guidance for reporting discontinued operations that was adopted in 2014:

Table of Contents**Cedar Realty Trust, Inc.****Notes to Consolidated Financial Statements****December 31, 2015**

Property	Location	Date Sold	Sales Price	Gain on Sale
2015				
Kenley Village	Hagerstown, MD	5/28/2015	\$ 2,275,000	\$
Circle Plaza	Shamoking Dam, PA	7/22/2015	1,800,000	
			\$ 4,075,000	\$
2014				
Fairview Plaza	New Cumberland, PA	5/27/2014	\$ 12,450,000	\$ 3,810,000
Carbondale Plaza	Carbondale, PA	7/18/2014	10,700,000	123,000
Virginia Little Creek	Norfolk, VA	8/22/2014	9,850,000	2,209,000
Annie Land Plaza	Lovingston, VA	9/26/2014	3,500,000	
Smithfield Plaza	Smithfield, VA	10/21/2014	12,350,000	
St. James Square	Hagerstown, MA	11/5/2014	4,125,000	271,000
			\$ 52,975,000	\$ 6,413,000

The Company recorded reversals of impairments of \$0.2 million in 2015, in addition to impairment charges of \$3.4 million in 2014, relating to these properties, which are included in continuing operations in the accompanying consolidated statements of operations.

Land Parcels

During 2014 and 2013, the Company sold the following land parcels:

Property	Location	Date Sold	Sales Price	Gain on Sale
2014				
Blue Mountain Commons land parcel	Harrisburg, PA	10/22/2014	\$ 350,000	\$
2013				
Huntingdon Plaza land parcel	Huntingdon, PA	3/29/2013	\$ 390,000	\$ 266,000
Upland Square land parcel	Pottstown, PA	11/8/2013	1,700,000	215,000
Oregon Pike land parcel	Lancaster, PA	12/23/2013	1,451,000	
			\$ 3,541,000	\$ 481,000

The Company recorded reversals of impairments of \$0.3 million in 2014, in addition to impairment charges of \$0.9 million in 2013, respectively, relating to land parcels, which are included in continuing operations in the accompanying consolidated statements of operations.

Table of Contents**Cedar Realty Trust, Inc.****Notes to Consolidated Financial Statements****December 31, 2015****Note 4 Discontinued Operations**

The following is a summary of the components of income from discontinued operations applicable to properties classified as such prior to the adoption in 2014 of guidance for reporting discontinued operations:

	Years ended December 31,		
	2015	2014	2013
REVENUES			
Rents	\$ 38,000	\$ 2,698,000	\$ 9,963,000
Expense recoveries and other	1,000	918,000	2,754,000
Total revenues	39,000	3,616,000	12,717,000
EXPENSES			
Operating, maintenance and management	20,000	783,000	3,655,000
Real estate and other property-related taxes	7,000	555,000	2,632,000
Depreciation and amortization			1,258,000
Interest		631,000	2,455,000
Early extinguishment of debt costs			437,000
Total expenses	27,000	1,969,000	10,437,000
Income from operations	12,000	1,647,000	2,280,000
Impairment reversals / (charges)	153,000	47,000	(3,049,000)
Gain on extinguishment of debt obligations		1,423,000	10,452,000
Gain on sales		7,963,000	
Total income from discontinued operations	\$ 165,000	\$ 11,080,000	\$ 9,683,000

2015 Transaction

On February 2, 2015, the Company sold Huntingdon Plaza, located in Huntingdon, Pennsylvania, for \$2.2 million. Upon the sale of Huntingdon Plaza, the Company has no other properties for which the results are classified under the prior accounting guidance for discontinued operations.

2014 Transactions

During 2014, the Company sold or conveyed the following properties classified as discontinued operations:

Table of Contents**Cedar Realty Trust, Inc.****Notes to Consolidated Financial Statements****December 31, 2015**

Property	Location	Date Sold	Sales Price	Gain on Sale
Harbor Square (f/k/a Shore Mall)	Egg Harbor, NJ	2/25/2014	\$ 25,000,000	\$
McCormick Place	Olmstead, OH	5/6/2014	2,679,000(a)	
Gahanna Discount Drug Mart Plaza	Columbus, OH	5/27/2014	4,982,000(a)	
Townfair Center	Indiana, PA	5/29/2014	22,600,000	1,472,000
Lake Raystown Plaza	Huntingdon, PA	6/25/2014	19,500,000	6,491,000
			\$ 74,761,000	\$ 7,963,000

(a) Lender accepted a deed-in-lieu of foreclosure on the property. Sales price represents mortgage loan payable, accrued interest and other expenses forgiven upon title transfer.

On May 6, 2014, the McCormick Place lender accepted and recorded the deed to the property, thus completing the deed-in-lieu of foreclosure process in full satisfaction of the mortgage loan payable and related accrued interest aggregating \$2.7 million. Based on the \$1.8 million carrying value of the property, the Company recorded a \$0.8 million gain on the extinguishment of a debt obligation in the second quarter of 2014, which is included in discontinued operations in the accompanying consolidated statement of operations.

On May 27, 2014, the Gahanna Discount Drug Mart Plaza lender accepted and recorded the deed to the property, thus completing the deed-in-lieu of foreclosure process in full satisfaction of the mortgage loan payable and related accrued interest aggregating \$5.0 million. Based on the \$4.3 million carrying value of the property, the Company recorded a \$0.6 million gain on the extinguishment of a debt obligation in the second quarter of 2014, which is included in discontinued operations in the accompanying consolidated statement of operations.

2013 Transactions

During 2013, the Company sold or conveyed the following properties classified as discontinued operations:

Property	Location	Date Sold	Sales Price	Gain on Sale
East Chestnut	Lancaster, PA	1/2/2013	\$ 3,100,000	\$
Columbia Mall	Bloomsburg, PA	4/17/2013	2,775,000	
Heritage Crossing	Limerick, PA	5/9/2013	9,400,000	
Westlake Discount Drug Mart Plaza	Westlake, OH	6/5/2013	2,240,000	
Dunmore Shopping Center	Dunmore, PA	11/8/2013	4,000,000	
Roosevelt II	Philadelphia, PA	11/14/2013	13,878,000(a)	

Oakhurst Plaza	Harrisburg, PA	12/11/2013	11,000,000	
			\$ 46,393,000	\$

- (a) Lender accepted a deed-in-lieu of foreclosure on the property. Sales price represents mortgage loan payable, accrued interest and other expenses forgiven upon title transfer.

Table of Contents

Cedar Realty Trust, Inc.

Notes to Consolidated Financial Statements

December 31, 2015

On June 5, 2013, the Company sold, through a short sale, Westlake Discount Drug Mart Plaza for net proceeds of \$2.1 million. As of that date, the balance of the mortgage loan payable secured by the sold property, including accrued interest and real estate taxes, totaled \$3.4 million. The lender accepted the net proceeds of \$2.1 million in full satisfaction of the mortgage loan payable and related accrued interest. As a result, the Company recorded a \$1.3 million gain on the extinguishment of a debt obligation during the second quarter of 2013, which is included in discontinuing operations in the accompanying consolidated statements of operations.

On November 14, 2013, the Roosevelt II lender accepted and recorded the deed to the property, thus completing the deed-in-lieu of foreclosure process in full satisfaction of the mortgage loan payable and related accrued interest aggregating \$13.9 million. Based on the \$4.7 million carrying value of the property, the Company recorded a \$9.2 million gain on the extinguishment of a debt obligation of in the fourth quarter of 2013, which is included in discontinued operations in the accompanying consolidated statements of operations.

Note 5. 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 December 31, 2015 and December 31, 2014, 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 approximately \$308.1 million and \$410.8 million, respectively; the carrying values of such loans were \$299.0 million and \$393.4 million, respectively. As of December 31, 2015 and December 31, 2014, respectively, the aggregate fair values of the Company's variable-rate unsecured revolving credit facility and term loan approximated their carrying values.

The valuation of the 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 December 31, 2015, 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.

Table of Contents**Cedar Realty Trust, Inc.****Notes to Consolidated Financial Statements****December 31, 2015**

Nonfinancial assets and liabilities measured at fair value in the consolidated financial statements consist of real estate held for sale, which are measured on a nonrecurring basis, 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, direct capitalization analyses or a sales comparison approach if no contracts had been concluded. The discounted cash flow and direct 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 comprised 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 was utilized for certain land values and include 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 believed 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 December 31, 2015 and December 31, 2014, respectively:

Description	December 31, 2015			Total
	Level 1	Level 2	Level 3	
Investments related to deferred compensation liabilities (a)	\$ 539,000	\$	\$	\$ 539,000
Share-based compensation liabilities (b)	\$ 529,000	\$	\$	\$ 529,000
Interest rate swaps liability (b)	\$	\$ 3,945,000	\$	\$ 3,945,000

Description	December 31, 2014			Total
	Level 1	Level 2	Level 3	
	\$ 492,000	\$	\$	\$ 492,000

Investments related to deferred compensation liabilities (a)			
Share-based compensation liabilities (b)	\$ 487,000	\$	\$ 487,000
Interest rate swaps liability (b)	\$	\$ 2,777,000	\$ 2,777,000

- (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.

Table of Contents**Cedar Realty Trust, Inc.****Notes to Consolidated Financial Statements****December 31, 2015**

The following tables show the hierarchy for those assets measured at fair value on a non-recurring basis as of December 31, 2015 and December 31, 2014, respectively:

Description	December 31, 2015			Total
	Level 1	Level 2	Level 3	
Real estate held for sale	\$	\$ 14,402,000	\$	\$ 14,402,000

Description	December 31, 2014			Total
	Level 1	Level 2	Level 3	
Real estate held for sale	\$	\$ 3,424,000	\$ 13,084,000	\$ 16,508,000

The following table details the quantitative information regarding Level 3 assets measured at fair value on a non-recurring basis as of December 31, 2014:

Description	December 31, 2014			Rate
	Fair value	Valuation Technique	Unobservable inputs	
Retail property	\$ 13,084,000	Discounted cash flow	Capitalization rate	8.3%
			Discount rate	9.6%

Note 6. Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents in excess of insured amounts and tenant receivables. The Company places its cash and cash equivalents with high quality financial institutions. Management performs ongoing credit evaluations of its tenants and requires certain tenants to provide security deposits and/or suitable guarantees.

Excluding properties held for sale, Giant Food Stores, LLC and Stop & Shop, Inc., each of which is owned by Ahold N.V., a Netherlands corporation, accounted for an aggregate of approximately 12%, 14% and 15% of the Company's total revenues during 2015, 2014 and 2013, respectively.

The Company's properties are located largely in the region straddling the Washington DC to Boston corridor, which exposes it to greater economic risks than if the properties it owned were located in a greater number of geographic regions (in particular, 27 of the Company's properties are located in Pennsylvania).

Table of Contents**Cedar Realty Trust, Inc.****Notes to Consolidated Financial Statements****December 31, 2015****Note 7. Receivables**

Receivables at December 31, 2015 and 2014 are comprised of the following:

	December 31,	
	2015	2014
Rents and other receivables, net	\$ 2,439,000	\$ 3,479,000
Straight-line rents	15,473,000	14,926,000
	\$ 17,912,000	\$ 18,405,000

During 2012, a \$4.1 million loan receivable collateralized by a mortgage on a development parcel went into default. The Company concluded that the loan was unlikely to be paid and wrote off the loan and accrued interest, resulting in an impairment charge during 2012. Subsequently, in March 2013, the borrowers sold the development land parcel for approximately \$1.1 million and, simultaneously, the Company accepted \$1.1 million in full satisfaction of the loan. As a result, the Company recorded an impairment reversal of \$1.1 million during 2013, which is included in continuing operations in the accompanying consolidated statements of operations.

Note 8. Other Assets and Deferred Charges, Net

Other assets and deferred charges, net at December 31, 2015 and 2014 are comprised of the following:

	December 31,	
	2015	2014
Lease origination costs (a)	\$ 18,394,000	\$ 18,180,000
Financing costs	5,490,000	4,256,000
Prepaid expenses	6,104,000	6,689,000
Leasehold improvements, furniture and fixtures	532,000	761,000
Investments related to share-based compensation	539,000	492,000
Other	1,339,000	1,168,000
Total other assets and deferred charges, net	\$ 32,398,000	\$ 31,546,000

(a)

Lease origination costs include the unamortized balance of intangible lease assets resulting from purchase accounting allocations of \$8.0 million (cost of \$21.3 million and accumulated amortization of \$13.3 million) and \$8.4 million (cost of \$20.7 million and accumulated amortization of \$12.3 million) for the years ended

December 31, 2015 and 2014, respectively.

Deferred charges are amortized over the terms of the related agreements. Amortization expense related to deferred charges (including amortization of deferred financing costs included in non-operating income and expense) amounted to \$5.2 million, \$5.6 million and \$5.2 million for 2015, 2014 and 2013, respectively. The unamortized balances of deferred lease origination costs and deferred financing costs are net of accumulated amortization of \$25.6 million and \$6.9 million,

Table of Contents**Cedar Realty Trust, Inc.****Notes to Consolidated Financial Statements****December 31, 2015**

respectively, and will be charged to future operations as follows (lease origination costs through 2080, and financing costs through 2029):

	Lease origination costs	Financing costs
2016	\$ 3,081,000	\$ 1,555,000
2017	2,513,000	1,422,000
2018	2,146,000	1,401,000
2019	1,834,000	580,000
2020	1,342,000	292,000
Thereafter	7,478,000	240,000
	\$ 18,394,000	\$ 5,490,000

Note 9. Mortgage Loans Payable and Unsecured Credit Facilities

Debt is comprised of the following at December 31, 2015 and 2014:

Description	December 31, 2015			December 31, 2014		
	Balance outstanding	Weighted average Interest rates	Range	Balance outstanding	Weighted average Interest rates	Range
Fixed-rate mortgages	\$ 299,022,000	5.0%	3.1% - 7.5%	\$ 393,388,000	5.4%	3.1% - 7.5%
Unsecured credit facilities:						
Variable-rate:						
Revolving credit facility	78,000,000	1.7%		72,000,000	1.9%	
Term loan	50,000,000	1.7%		50,000,000	1.9%	
Fixed-rate:						
Term loan	75,000,000	2.9%		75,000,000	3.2%	
Term loan	50,000,000	2.8%				
Term loan	75,000,000	4.0%		75,000,000	4.1%	
Term loan	50,000,000	3.3%				
	\$ 677,022,000	3.7%		\$ 665,388,000	4.3%	

Table of Contents

Cedar Realty Trust, Inc.

Notes to Consolidated Financial Statements

December 31, 2015

Mortgage Loans Payable

Mortgage loan activity for 2015 and 2014 is summarized as follows:

	Years ended December 31,	
	2015	2014
Balance, beginning of year	\$ 393,388,000	\$ 516,292,000
Mortgages on properties held for sale		(15,249,000)
Mortgage loan assumptions	20,462,000	53,439,000
Repayments	(114,828,000)	(161,094,000)
Balance, end of the year	\$ 299,022,000	\$ 393,388,000

During 2015 and 2014, the Company repaid the following mortgage loans payable:

Property	Repayment Date	Principal Payoff Amount
<u>2015</u>		
New London Mall	February 1, 2015	\$ 27,365,000
Oak Ridge Shopping Center	March 11, 2015	\$ 3,155,000
Pine Grove Plaza	June 1, 2015	\$ 5,139,000
Quartermaster Plaza	July 1, 2015	\$ 41,327,000
Groton Shopping Center	July 1, 2015	\$ 10,953,000
Jordan Lane	August 2, 2015	\$ 11,682,000
Southington Center	August 2, 2015	\$ 5,129,000
Oakland Mills	September 1, 2015	\$ 4,385,000
<u>2014</u>		
Virginia Little Creek	February 3, 2014	\$ 295,000
Upland Square	February 11, 2014	\$ 57,839,000
Kings Plaza	April 1, 2014	\$ 7,188,000
Coliseum Marketplace	April 1, 2014	\$ 11,045,000
Liberty Marketplace	April 1, 2014	\$ 8,171,000
Trexler Mall	May 11, 2014	\$ 19,479,000
Yorktowne Plaza	June 2, 2014	\$ 18,726,000
Quartermaster Plaza	June 5, 2014	\$ 11,217,000

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Fieldstone Marketplace	July 11, 2014	\$ 16,878,000
Mechanicsburg Center	August 1, 2014	\$ 8,215,000
Smithfield Plaza	October 21, 2014	\$ 6,616,000
Elmhurst Square	December 11, 2014	\$ 3,638,000

During 2015 and 2014, in connection with these repayments, the Company incurred charges relating to early extinguishment of mortgage loans payable (prepayment penalties and

Table of Contents

Cedar Realty Trust, Inc.

Notes to Consolidated Financial Statements

December 31, 2015

accelerated amortization of deferred financing costs) of \$105,000 and \$825,000, respectively, included in continuing operations.

Unsecured Revolving Credit Facility and Term Loans

The Company has a \$310 million unsecured credit facility which, as amended on February 5, 2015, consists of (1) a \$260 million revolving credit facility, expiring on February 5, 2019, and (2) a \$50 million term loan, expiring on February 5, 2020. 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 LIBOR plus 135 basis points (bps) to 195 bps (135 bps at December 31, 2015) and interest on borrowings under the term loan component can range from LIBOR plus 130 to 190 bps (130 bps at December 31, 2015), each based on the Company's leverage ratio. As of December 31, 2015, the Company had \$182.0 million available for additional borrowings under the revolving credit facility.

The Company has \$150 million of unsecured term loans comprised of a five-year \$75 million term loan, maturing on February 11, 2019, and a seven-year \$75 million term loan, maturing on February 11, 2021. Interest on borrowings under the five-year \$75 million term loan can range from LIBOR plus 130 bps to 190 bps (130 bps at December 31, 2015) and interest on borrowings under the seven-year \$75 million term loan can range from LIBOR plus 170 bps to 230 bps (170 bps at December 31, 2015), each based on the Company's leverage ratio. Additionally, the Company has entered into forward interest rate swap agreements which convert the LIBOR rates to fixed rates for these term loans through their maturities. Based on the Company's leverage ratio as of December 31, 2015, the effective fixed interest rates are 2.9% for the five-year \$75 million term loan and 4.0% for the seven-year \$75 million term loan, respectively.

On February 5, 2015, the Company closed \$100 million of new unsecured term loans comprised of a five-year \$50 million term loan maturing February 5, 2020 (all of which was borrowed at closing), and a seven-year \$50 million term loan maturing February 5, 2022 (all of which was borrowed on June 26, 2015). Interest on borrowings under the five-year \$50 million term loan can range from LIBOR plus 130 to 190 bps (130 bps at December 31, 2015) and interest on borrowings under the seven-year \$50 million term loan can range from LIBOR plus 155 bps to 215 bps (155 bps at December 31, 2015), each based on the Company's leverage ratio. Additionally, the Company entered into forward interest rate swap agreements which convert the LIBOR rates to fixed rates for these term loans beginning on July 1, 2015 through their maturities. Based on the Company's leverage ratio as of December 31, 2015, the effective fixed interest rates are 2.8% for the five-year \$50 million term loan and 3.3% for the seven-year \$50 million term loan.

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

Table of Contents**Cedar Realty Trust, Inc.****Notes to Consolidated Financial Statements****December 31, 2015**

acceleration of the related debt. As of December 31, 2015 the Company is in compliance with all financial covenants.

Scheduled Principal Payments

Scheduled principal payments on mortgage loans payable, unsecured term loans, and the unsecured credit facility at December 31, 2015, due on various dates from 2016 to 2029, are as follows:

2016	\$ 129,284,000
2017	63,560,000
2018	20,821,000
2019	155,725,000(a)
2020	111,545,000
Thereafter	196,087,000
	\$ 677,022,000

(a) Includes \$78.0 million applicable to the unsecured revolving credit facility, subject to a one-year extension option.

Derivative Financial Instruments

At December 31, 2015, the Company had \$3,945,000 included in accounts payable and accrued liabilities 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 \$3.2 million of accumulated other comprehensive loss will be reclassified as a charge to earnings within the next twelve months.

Table of Contents**Cedar Realty Trust, Inc.****Notes to Consolidated Financial Statements****December 31, 2015**

The following is a summary of the derivative financial instruments held by the Company at December 31, 2015 and December 31, 2014:

Designation/ Cash flow	Derivative	Count	December 31, 2015		Maturity dates	Balance sheet location
			Notional value	Fair value		
Qualifying	Interest rate swaps	4	\$ 250,000,000	\$ 3,945,000	2019 - 2022	Accounts payable and accrued liabilities

Designation/ Cash flow	Derivative	Count	December 31, 2014		Maturity dates	Balance sheet location
			Notional value	Fair value		
Qualifying	Interest rate swaps	2	\$ 150,000,000	\$ 2,777,000	2019 and 2021	Accounts payable and accrued liabilities

The following presents the effect of the Company's derivative financial instruments on the consolidated statements of operations and the consolidated statements of equity 2015, 2014 and 2013, respectively:

Designation/ Cash flow	Derivative	(Loss) gain recognized in other comprehensive income (effective portion) Years ended December 31,		
		2015	2014	2013
Qualifying	Interest rate swaps	\$ (4,539,000)	\$ (3,650,000)	\$ 202,000

Classification	(Gain) loss recognized in other comprehensive income reclassified into earnings (effective portion) Years ended December 31,		
	2015	2014	2013
Continuing Operations	\$ 3,621,000	\$ 1,663,000	\$ 749,000

Discontinued Operations	\$	\$ 129,000	\$ 309,000
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As of December 31, 2015, the Company believes it has no significant risk associated with non-performance of the financial institutions which are the counterparties to its derivative contracts. Additionally, based on the rates in effect as of December 31, 2015, if a counterparty were to default, the Company would receive a net interest benefit.

Note 10. Intangible Lease Asset/Liability

Unamortized intangible lease liabilities that relate to below-market leases amounted to \$23.2 million and \$23.8 million at December 31, 2015 and December 31, 2014, respectively. Unamortized intangible lease assets that relate to above-market leases amounted to \$0.6 million and \$0.1 million at December 31, 2015 and December 31, 2014, respectively.

Table of Contents**Cedar Realty Trust, Inc.****Notes to Consolidated Financial Statements****December 31, 2015**

The unamortized balance of intangible lease liabilities at December 31, 2015 is net of accumulated amortization of \$40.7 million, and will be credited to future operations through 2080 as follows:

2016	\$ 2,921,000
2017	2,667,000
2018	2,538,000
2019	2,254,000
2020	1,703,000
Thereafter	11,104,000
	\$ 23,187,000

Note 11. 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.

Under various federal, state, and local laws, ordinances, and regulations, an owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances, or petroleum product releases, at its properties. The owner may be liable to governmental entities or to third parties for property damage, and for investigation and cleanup costs incurred by such parties in connection with any contamination. Generally, the Company's tenants must comply with environmental laws and meet any remediation requirements. In addition, leases typically impose obligations on tenants to indemnify the Company from any compliance costs the Company may incur as a result of environmental conditions on the property caused by the tenant. However, if a lease does not require compliance, or if a tenant fails to or cannot comply, the Company could be forced to pay these costs. Management is unaware of any environmental matters that would have a material impact on the Company's consolidated financial statements.

The Company's executive offices are located at 44 South Bayles Avenue, Port Washington, New York. The terms of the lease, which will expire in February 2020, provide for future minimum rents as follows: 2016 - \$476,000, 2017 - \$489,000, 2018 - \$503,000, 2019 - \$517,000 and 2020 - \$86,000. In addition, several of the Company's properties and portions of several others are owned subject to operating leases which provide for annual payments subject, in certain cases, to cost-of-living, as follows: 2016 - \$1.1 million, 2017 - \$0.5 million, 2018 - \$0.4 million, 2019 - \$0.4 million, 2020 - \$0.4 million, and thereafter - \$13.4 million.

Rent expense was \$1.5 million, \$1.3 million and \$1.4 million for 2015, 2014 and 2013, respectively.

Table of Contents

Cedar Realty Trust, Inc.

Notes to Consolidated Financial Statements

December 31, 2015

Note 12. Shareholders' Equity

Preferred Stock

The Company's 7.25% Series B Cumulative Redeemable Preferred Stock (Series B Preferred Stock) has a liquidation preference of \$25.00 per share, has no stated maturity, is not convertible into any other security of the Company, and is redeemable at the Company's option beginning May 22, 2017 at a price of \$25.00 per share plus accrued and unpaid distributions. In addition, the Company had an at-the-market equity program, which expired on May 29, 2015, under which the Company could offer and sell, from time-to-time, shares of its Series B Preferred Stock. There were no transactions during 2015 and 2014 under this program.

Common Stock

On January 12, 2015, the Company concluded a public offering of 5,750,000 shares of its common stock (including 750,000 shares relating to the exercise of an over-allotment option by the underwriters), and realized net proceeds, after offering expenses, of approximately \$41.9 million.

On January 13, 2014, the Company concluded a public offering of 6,900,000 shares of its common stock (including 900,000 shares relating to the exercise of an over-allotment option by the underwriters), and realized net proceeds, after offering expenses, of approximately \$41.3 million.

The Company had an at-the-market offering program, which expired on May 29, 2015, under which it could offer and sell, from time-to-time, shares of its common stock. Prior to the expiration of this program, no shares were sold in 2015 and 2014.

The Company has a Dividend Reinvestment and Direct Stock Purchase Plan (DRIP) which offers a convenient method for shareholders to invest cash dividends and/or make optional cash payments to purchase shares of the Company's common stock. Such purchases are at 100% of market value. There were no significant transactions under the DRIP during 2015 and 2014. At December 31, 2015, there remained 2,847,000 shares authorized under the DRIP.

OP Units

Certain noncontrolling interests of the Company had been classified in the mezzanine section of the balance sheet (the mezzanine OP Units) as such OP Units had not met the requirements for equity classification (the holders of such OP Units had, under the federal securities laws, demand registration rights of the Company's common stock upon conversion of such OP Units). Such registration rights expired on April 25, 2015 and, accordingly, such OP Units now meet the requirements for equity classification.

During 2014, the Company redeemed 69,000 OP Units from one of its executive officers for a total cash outlay of \$424,000, based on the market value of the Company's common stock. There were no other significant OP Unit

redemptions during 2015 and 2014.

During 2015 and 2014, holders of 40,000 and 51,000 OP Units, respectively, converted their holdings to shares of the Company's common stock.

Table of Contents**Cedar Realty Trust, Inc.****Notes to Consolidated Financial Statements****December 31, 2015****Dividends**

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

	Years ended December 31,		
	2015	2014	2013
Common stock	\$ 0.200	\$ 0.200	\$ 0.200
7.250% Series B Preferred Stock	\$ 1.812	\$ 1.812	\$ 1.812

At December 31, 2015 and 2014, there were \$1.6 million and \$1.6 million, respectively, of accrued preferred stock dividends.

On January 25, 2016, 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 a dividend of \$0.453125 per share with respect to the Company's Series B Preferred Stock. The distributions are payable on February 22, 2016 to shareholders of record on February 12, 2016.

Note 13. Revenues

Rents for 2015, 2014 and 2013, respectively, are comprised of the following:

	Years ended December 31,		
	2015	2014	2013
Base rents	\$ 112,319,000	\$ 110,739,000	\$ 103,721,000
Percentage rent	789,000	683,000	804,000
Straight-line rents	506,000	761,000	1,387,000
Amortization of intangible lease liabilities, net	3,125,000	4,322,000	4,441,000
Total rents	\$ 116,739,000	\$ 116,505,000	\$ 110,353,000

Annual future base rents due to be received under non-cancelable operating leases in effect at December 31, 2015 are approximately as follows (excluding those base rents applicable to properties classified as real estate held for sale):

2016	\$ 108,891,000
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2017	99,195,000
2018	89,025,000
2019	74,704,000
2020	57,484,000
Thereafter	250,979,000
	\$ 680,278,000

Total future minimum rents do not include expense recoveries for real estate taxes and operating costs, or percentage rents based upon tenants' sales volume. Such additional revenue amounts aggregated approximately \$32.6 million, \$32.1 million and \$29.5 million for 2015, 2014 and 2013, respectively. Such amounts do not include amortization of intangible lease liabilities.

Table of Contents**Cedar Realty Trust, Inc.****Notes to Consolidated Financial Statements****December 31, 2015****Note 14. 401(k) Retirement Plan**

The Company has a 401(k) retirement plan (the Plan), which permits all eligible employees to defer a portion of their compensation under the Code. Pursuant to the provisions of the Plan, the Company may make discretionary contributions on behalf of eligible employees. The Company made contributions to the Plan of \$265,000, \$279,000, and \$244,000 for 2015, 2014, and 2013, respectively.

Note 15. Share-Based Compensation

The following tables set forth certain share-based compensation information for 2015, 2014, and 2013, respectively:

	Years ended December 31,		
	2015	2014	2013
Expense relating to share grants	\$ 3,261,000	\$ 3,761,000	\$ 4,108,000
Amounts capitalized	(93,000)	(230,000)	(407,000)
Total charged to operations	\$ 3,168,000	\$ 3,531,000	\$ 3,701,000

	Shares	Weighted average
		grant date
		value
Unvested shares, December 31, 2014	3,666,000	\$ 4.89
Restricted share grants	180,000	7.43
Vested during period	(399,000)	4.98
Forfeitures/cancellations	(18,000)	5.14
Unvested shares, December 31, 2015	3,429,000	\$ 5.03

At December 31, 2015, 1.5 million shares remained available for grants pursuant to the 2012 Plan and, at that date, there remained an aggregate of \$6.6 million applicable to all grants and awards to be expensed over a weighted average period of 2.4 years.

During 2015, there were 180,000 time-based restricted shares issued, with a weighted average grant date fair value of \$7.43 per share. During 2014, there were 133,000 time-based restricted shares granted, with a weighted average grant date fair value of \$6.32 per share. During 2013, there were 584,000 time-based restricted shares granted with a weighted average grant date fair value of \$5.65 per share.

The total fair values of shares vested during 2015, 2014, and 2013 were \$2,869,000, \$934,000, and \$1,863,000, respectively.

The Company's President and Chief Executive Officer has received restricted share grants totaling 2.5 million shares as provided in his employment agreement, one-half of which is time-based, vesting upon the seventh anniversary of the date of grant (vesting on June 15, 2018), and the other half performance-based, to be earned if the total annual return on an investment in the

Table of Contents**Cedar Realty Trust, Inc.****Notes to Consolidated Financial Statements****December 31, 2015**

Company's common stock is at least an average of 6.5% per year for the seven years ending June 15, 2018. An independent appraisal determined the value of the performance-based award to be \$4.39 per share compared to a market price at the date of grant of \$4.98 per share. Consistent with such awards to other recipients, dividends have been paid on all the shares.

Note 16. 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 2015, 2014 and 2013, the Company had 3.5 million, 3.7 million and 3.8 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 2015, 2014 and 2013, respectively:

	Years ended December 31,		
	2015	2014	2013
<u>Numerator</u>			
Income from continuing operations	\$ 21,616,000	\$ 17,611,000	\$ 4,519,000
Preferred stock dividends	(14,408,000)	(14,408,000)	(14,413,000)
Preferred stock redemption costs			(1,166,000)
Net loss attributable to noncontrolling interests	366,000	358,000	247,000
Net earnings allocated to unvested shares	(701,000)	(734,000)	(758,000)
Income (loss) from continuing operations attributable to vested common shares	6,873,000	2,827,000	(11,571,000)
Income from discontinued operations, net of noncontrolling interests, attributable to vested common shares	164,000	11,012,000	9,682,000
Net income (loss) attributable to vested common shares outstanding	\$ 7,037,000	\$ 13,839,000	\$ (1,889,000)
<u>Denominator</u>			
Weighted average number of vested common shares outstanding	81,356,000	75,311,000	68,381,000

Earnings per vested common share,
basic and diluted

Continuing operations	\$	0.09	\$	0.04	\$	(0.17)
Discontinued operations	\$	0.00	\$	0.14	\$	0.14
	\$	0.09	\$	0.18	\$	(0.03)

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. The amounts attributable to the limited partners' interest in the Operating Partnership have been excluded from the numerator and the related OP Units have been

Table of Contents**Cedar Realty Trust, Inc.****Notes to Consolidated Financial Statements****December 31, 2015**

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 was 378,000, 433,000 and 297,000 for 2015, 2014 and 2013, respectively.

Note 17. Selected Quarterly Financial Data (unaudited)

	Quarter ended			
	March 31	June 30	September 30	December 31
2015				
Revenues	\$ 38,635,000	\$ 36,742,000	\$ 36,100,000	\$ 37,730,000
Net income	\$ 3,399,000	\$ 5,416,000	\$ 6,126,000	\$ 6,840,000
Net (loss) income attributable to common shareholders	\$ (123,000)	\$ 1,915,000	\$ 2,590,000	\$ 3,356,000
Per common share (basic and diluted)				
(a)	\$ (0.00)	\$ 0.02	\$ 0.03	\$ 0.04
2014				
Revenues	\$ 37,712,000	\$ 37,308,000	\$ 36,499,000	\$ 36,665,000
Net income	\$ 1,710,000	\$ 16,992,000	\$ 5,709,000	\$ 4,280,000
Net (loss) income attributable to common shareholders	\$ (1,815,000)	\$ 13,458,000	\$ 2,183,000	\$ 747,000
Per common share (basic and diluted)				
(a)	\$ (0.03)	\$ 0.17	\$ 0.03	\$ 0.01

(a) Differences between the sum of the four quarterly per share amounts and the annual per share amounts are attributable to the effect of the weighted average outstanding share calculations for the respective periods.

Note 18. Subsequent Events

In determining subsequent events, management reviewed all activity from January 1, 2016 through the date of filing this Annual Report on Form 10-K.

Table of Contents**Cedar Realty Trust, Inc.****Schedule III****Real Estate and Accumulated Depreciation****Year ended December 31, 2015**

Property	State	Year acquired	Percent owned	Year built/ Year last renovated	Gross leasable area	Initial cost to the Company	
						Land	Building and Improvements
Academy Plaza	PA	2001	100%	1965/2013	137,415	\$ 2,406,000	\$ 9,623,000
Big Y Shopping Center	CT	2013	100%	2007	101,105	11,272,000	23,395,000
Camp Hill	PA	2002	100%	1958/2005	464,765	4,460,000	17,857,000
Carl's Corner	NJ	2007	100%	1960 s-1999	129,582	3,034,000	15,293,000
Carmans Plaza	NY	2007	100%	1954/2007	193,736	8,539,000	35,804,000
Coliseum Marketplace	VA	2005	100%	1987/2012	106,648	2,924,000	14,416,000
Colonial Commons	PA	2011	100%	2011/2013	461,914	9,367,000	37,496,000
Crossroads II	PA	2008	60%	2009	133,717	15,383,000	
East River Park	DC	2015	100%	1946-1996	150,107	9,086,000	30,738,000
Elmhurst Square	VA	2006	100%	1961-1983	66,250	1,371,000	5,994,000
Fairview Commons	PA	2007	100%	1976/2003	52,964	858,000	3,568,000
Fieldstone Marketplace	MA	2005/2012	100%	1988/2003	193,970	5,229,000	21,440,000
Fort Washington Center	PA	2002	100%	2003	41,000	2,462,000	
Franklin Village Plaza	MA	2004/2012	100%	1987/2005	303,096	14,270,000	61,915,000
Fredericksburg Way	VA	2005	100%	1997	63,000	3,213,000	12,758,000
General Booth Plaza	VA	2005	100%	1985	71,639	1,935,000	9,493,000
Glen Allen Shopping Center	VA	2005	100%	2000	63,328	6,769,000	683,000
Gold Star Plaza	PA	2006	100%	1988	71,720	1,644,000	6,519,000
Golden Triangle	PA	2003	100%	1960/2005	202,943	2,320,000	9,713,000
Groton Shopping Center	CT	2007	100%	1969	117,186	3,070,000	12,320,000
Halifax Plaza	PA	2003	100%	1994	51,510	1,412,000	5,799,000
Hamburg Square	PA	2004	100%	1993/2010	99,580	1,153,000	4,678,000
Jordan Lane	CT	2005	100%	1969/1991	177,504	4,291,000	21,176,000
Kempsville Crossing	VA	2005	100%	1985/2013	79,512	2,207,000	11,000,000
Kings Plaza	MA	2007	100%	1970/1994	168,243	2,413,000	12,604,000
Lawndale Plaza	PA	2015	100%	1998	93,040	3,635,000	21,854,000
Maxatawny Marketplace	PA	2011	100%	2014	58,339	1,612,000	
Meadows Marketplace	PA	2004/2012	100%	2005	91,518	1,914,000	
Mechanicsburg Giant	PA	2005	100%	2003	51,500	2,709,000	12,159,000
Metro Square	MD	2008	100%	1999	71,896	3,121,000	12,341,000
Newport Plaza	PA	2003	100%	1996	64,489	1,721,000	7,758,000
New London Mall	CT	2009	40%	1967/1997	259,566	14,891,000	24,967,000
Northside Commons	PA	2008	100%	2009	69,136	3,332,000	

Table of Contents**Cedar Realty Trust, Inc.****Schedule III****Real Estate and Accumulated Depreciation****Year ended December 31, 2015**

<i>(continued)</i>	Subsequent	Gross amount at which carried at			Accumulated	Amount of
		cost	Land	Building		
Property	capitalized		and			
			improvements			
Academy Plaza	\$ 4,407,000	\$ 2,406,000	\$ 14,030,000	\$ 16,436,000	\$ 4,489,000	
Big Y Shopping Center	1,000	10,268,000	24,400,000	34,668,000	1,779,000	
Camp Hill	44,163,000	4,424,000	62,056,000	66,480,000	18,009,000	61,494,000
Carll s Corner	(722,000)	2,898,000	14,707,000	17,605,000	4,139,000	
Carmans Plaza	43,000	8,421,000	35,965,000	44,386,000	9,519,000	33,483,000
Coliseum						
Marketplace	5,425,000	3,586,000	19,179,000	22,765,000	5,849,000	
Colonial Commons	4,872,000	9,367,000	42,368,000	51,735,000	8,431,000	25,721,000
Crossroads II	28,968,000	17,671,000	26,680,000	44,351,000	4,420,000	
East River Park		9,086,000	30,738,000	39,824,000		20,462,000
Elmhurst Square	924,000	1,371,000	6,918,000	8,289,000	2,024,000	
Fairview Commons	49,000	858,000	3,617,000	4,475,000	1,050,000	
Fieldstone						
Marketplace	1,939,000	5,167,000	23,441,000	28,608,000	7,013,000	
Fort Washington Center	5,176,000	2,462,000	5,176,000	7,638,000	1,883,000	
Franklin Village Plaza	1,087,000	14,681,000	62,591,000	77,272,000	8,020,000	40,725,000
Fredericksburg Way		3,213,000	12,758,000	15,971,000	3,758,000	
General Booth Plaza	353,000	1,935,000	9,846,000	11,781,000	3,559,000	
Glen Allen Shopping Center	3,000	5,367,000	2,088,000	7,455,000	693,000	
Gold Star Plaza	565,000	1,644,000	7,084,000	8,728,000	2,275,000	1,037,000
Golden Triangle	9,941,000	2,320,000	19,654,000	21,974,000	7,596,000	18,920,000
Groton Shopping Center	576,000	3,073,000	12,893,000	15,966,000	3,645,000	
Halifax Plaza	247,000	1,347,000	6,111,000	7,458,000	2,116,000	
Hamburg Square	5,511,000	1,153,000	10,189,000	11,342,000	2,840,000	4,625,000
Jordan Lane	1,431,000	4,291,000	22,607,000	26,898,000	7,065,000	
Kempsville Crossing	(1,481,000)	2,207,000	9,519,000	11,726,000	4,034,000	
Kings Plaza	430,000	2,408,000	13,039,000	15,447,000	3,608,000	
Lawndale Plaza	343,000	3,635,000	22,197,000	25,832,000	713,000	

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Maxatawny Marketplace	8,844,000	1,454,000	9,002,000	10,456,000	649,000	
Meadows Marketplace	11,407,000	1,914,000	11,407,000	13,321,000	2,865,000	9,219,000
Mechanicsburg Giant		2,709,000	12,159,000	14,868,000	3,469,000	
Metro Square	(247,000)	5,250,000	9,965,000	15,215,000	2,168,000	7,717,000
Newport Plaza	400,000	1,682,000	8,197,000	9,879,000	2,693,000	
New London Mall	1,424,000	8,807,000	32,475,000	41,282,000	9,545,000	
Northside Commons	10,010,000	3,379,000	9,963,000	13,342,000	1,577,000	

Table of Contents**Cedar Realty Trust, Inc.****Schedule III****Real Estate and Accumulated Depreciation****Year ended December 31, 2015***(continued)*

Property	State	Year acquired	Percent owned	Year built/ Year last renovated	Gross leasable area	Initial cost to the Company	
						Land	Building and Improvements
Norwood Shopping Center	MA	2006	100%	1965/2013	102,459	\$ 1,874,000	\$ 8,453,000
Oak Ridge Shopping Center	VA	2006	100%	2000	38,700	960,000	4,254,000
Oakland Commons	CT	2007	100%	1962/2013	90,100	2,504,000	15,662,000
Oakland Mills	MD	2005	100%	1960 s/2004	58,224	1,611,000	6,292,000
Palmyra Shopping Center	PA	2005	100%	1960/2012	111,051	1,488,000	6,566,000
Pine Grove Plaza	NJ	2003	100%	2001/2002	86,089	2,010,000	6,489,000
Port Richmond Village	PA	2001	100%	1988	154,908	2,942,000	11,769,000
Quartermaster Plaza	PA	2014	100%	2004	456,602	37,031,000	54,210,000
River View Plaza	PA	2003	100%	1991/1998	226,786	9,718,000	40,356,000
San Souci Plaza	MD	2009	40%	1985 - 1997	264,134	14,849,000	18,445,000
South Philadelphia	PA	2003	100%	1950/2003	283,415	8,222,000	36,314,000
Southington Center	CT	2003	100%	1972/2000	155,842		11,834,000
Suffolk Plaza	VA	2005	100%	1984	67,216	1,402,000	7,236,000
Swede Square	PA	2003	100%	1980/2012	100,816	2,268,000	6,232,000
The Brickyard	CT	2004	100%	1990/2012	227,193	7,632,000	29,308,000
The Commons	PA	2004	100%	2003	203,426	3,098,000	14,047,000
The Point	PA	2000	100%	1972/2012	268,037	2,700,000	10,800,000
The Shops at Suffolk Downs	MA	2005	100%	2005/2011	121,320	7,580,000	11,089,000
Timpany Plaza	MA	2007	100%	1970 s-1989	183,775	3,412,000	19,240,000
Trexler Mall	PA	2005	100%	1973/2013	337,297	6,932,000	32,815,000
Trexlertown Plaza	PA	2006	100%	1990/2011	319,529	13,349,000	23,867,000
Upland Square	PA	2007/2013	100%	2009	398,098	28,187,000	
Valley Plaza	MD	2003	100%	1975/1994	190,939	1,950,000	7,766,000
Washington Center Shoppes	NJ	2001	100%	1979/1995	157,394	2,061,000	7,314,000
Webster Plaza	MA	2007	100%	1960 s-2004	101,824	3,551,000	18,412,000
West Bridgewater Plaza	MA	2007	100%	1970/2007	133,039	2,823,000	14,901,000
Yorktowne Plaza	MD	2007	100%	1970/2000	158,982	5,940,000	25,505,000
Land parcels	PA	n/a	100%	n/a		1,965,000	
Total Portfolio					9,459,113	\$ 332,082,000	\$ 912,537,000

Table of Contents**Cedar Realty Trust, Inc.****Schedule III****Real Estate and Accumulated Depreciation****Year ended December 31, 2015**

<i>(continued)</i> Property	Subsequent cost capitalized	Gross amount at which carried at December 31, 2015			Accumulated depreciation	Amount of Encumbrance
		Land	Building and improvements	Total		
Norwood Shopping Center	\$ 1,667,000	\$ 1,874,000	\$ 10,120,000	\$ 11,994,000	\$ 3,025,000	
Oak Ridge Shopping Center	46,000	960,000	4,300,000	5,260,000	1,210,000	
Oakland Commons	(233,000)	2,504,000	15,429,000	17,933,000	4,122,000	
Oakland Mills	41,000	1,611,000	6,333,000	7,944,000	2,230,000	
Palmyra Shopping Center	1,398,000	1,488,000	7,964,000	9,452,000	2,546,000	
Pine Grove Plaza	480,000	2,010,000	6,969,000	8,979,000	2,166,000	
Port Richmond Village	1,420,000	2,843,000	13,288,000	16,131,000	4,937,000	
Quartermaster Plaza	808,000	37,031,000	55,018,000	92,049,000	3,272,000	
River View Plaza	5,021,000	9,718,000	45,377,000	55,095,000	14,495,000	
San Souci Plaza	1,956,000	13,406,000	21,844,000	35,250,000	8,592,000	27,200,000
South Philadelphia	2,717,000	8,222,000	39,031,000	47,253,000	14,508,000	
Southington Center	194,000		12,028,000	12,028,000	3,725,000	
Suffolk Plaza	23,000	1,402,000	7,259,000	8,661,000	2,873,000	
Swede Square	5,712,000	2,272,000	11,940,000	14,212,000	4,641,000	9,829,000
The Brickyard	2,620,000	7,648,000	31,912,000	39,560,000	8,945,000	
The Commons	3,008,000	3,098,000	17,055,000	20,153,000	5,884,000	

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The Point	14,719,000	2,996,000	25,223,000	28,219,000	8,595,000	28,488,000
The Shops at Suffolk Downs	9,518,000	7,580,000	20,607,000	28,187,000	4,936,000	
Timpany Plaza	1,410,000	3,368,000	20,694,000	24,062,000	5,100,000	
Trexler Mall	7,519,000	6,932,000	40,334,000	47,266,000	10,895,000	
Trexlertown Plaza	26,973,000	13,351,000	50,838,000	64,189,000	8,475,000	
Upland Square	68,409,000	25,783,000	70,813,000	96,596,000	11,280,000	
Valley Plaza	1,103,000	1,950,000	8,869,000	10,819,000	2,990,000	
Washington Center Shoppes	4,271,000	2,000,000	11,646,000	13,646,000	4,464,000	
Webster Plaza	(185,000)	4,082,000	17,696,000	21,778,000	4,475,000	
West Bridgewater Plaza	(809,000)	2,596,000	14,319,000	16,915,000	3,729,000	10,102,000
Yorktowne Plaza	457,000	5,801,000	26,101,000	31,902,000	7,229,000	
Land parcels	(944,000)	879,000	142,000	1,021,000		
Total Portfolio	\$ 305,408,000	\$ 323,859,000	\$ 1,226,168,000	\$ 1,550,027,000	\$ 300,832,000	\$ 299,022,000

Table of Contents**Cedar Realty Trust, Inc.****Schedule III****Real Estate and Accumulated Depreciation****Year ended December 31, 2015***(continued)*

The changes in real estate and accumulated depreciation for the three years ended December 31, 2015 are as follows:

Cost	2015	2014	2013
Balance, beginning of the year	\$ 1,476,173,000	\$ 1,450,951,000	\$ 1,423,979,000
Properties held for sale	(4,599,000)	(81,223,000)	
Properties acquired	65,313,000	91,241,000	34,666,000
Properties sold			(1,351,000)
Impairments		(6,000)	(928,000)
Improvements and betterments	13,140,000	15,210,000	13,581,000
Write-off fully-depreciated assets			(18,996,000)
Balance, end of the year	\$ 1,550,027,000(1)	\$ 1,476,173,000	\$ 1,450,951,000
Accumulated depreciation			
Balance, beginning of the year	\$ 267,211,000	\$ 251,605,000	\$ 229,535,000
Properties held for sale	(1,380,000)	(18,523,000)	
Depreciation expense (2)	35,001,000	34,129,000	41,066,000
Write-off fully-depreciated assets			(18,996,000)
Balance, end of the year	\$ 300,832,000	\$ 267,211,000	\$ 251,605,000
Net book value	\$ 1,249,195,000	\$ 1,208,962,000	\$ 1,199,346,000

- (1) At December 31, 2015, the aggregate cost for federal income tax purposes was approximately \$0.3 million less than the Company's recorded values.
- (2) Depreciation is provided over the estimated useful lives of the buildings and improvements, which range from 3 to 40 years.

Table of Contents

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures

Evaluation of Disclosure 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 comprised of 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 December 31, 2015, and have concluded that such disclosure controls and procedures are effective.

During the three months ended December 31, 2015, 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.

Table of Contents

Management Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control system was designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2015. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control 2013 Integrated Framework . Based on such assessment, management believes that, as of December 31, 2015, the Company's internal control over financial reporting is effective based on those criteria.

Ernst & Young LLP, the Company's independent registered public accounting firm, has issued an opinion on the Company's internal control over financial reporting, which appears elsewhere in this report.

Table of Contents

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of

Cedar Realty Trust, Inc.

We have audited Cedar Realty Trust, Inc.'s (the Company) internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Cedar Realty Trust, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Item 9A. Controls and Procedures - Management Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Cedar Realty Trust, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Cedar Realty Trust, Inc. as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2015 of Cedar Realty Trust, Inc. and our report dated February 19, 2016 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

New York, New York
February 19, 2016

Table of Contents

Items 9B. Other Information

None.

Part III.

In accordance with the rules of the SEC, certain information required by Part III is omitted and is incorporated by reference into this Form 10-K from the Company's definitive proxy statement for the 2016 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A.

Item 10. Directors, Executive Officers and Corporate Governance

This item is incorporated by reference to the definitive proxy statement for the 2016 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A.

Item 11. Executive Compensation

This item is incorporated by reference to the definitive proxy statement for the 2016 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

This item is incorporated by reference to the definitive proxy statement for the 2016 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A.

Item 13. Certain Relationships and Related Transactions and Director Independence

This item is incorporated by reference to the definitive proxy statement for the 2016 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A.

Item 14. Principal Accountant Fees and Services

This item is incorporated by reference to the definitive proxy statement for the 2016 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A.

Table of Contents

Part IV

Item 15. Exhibits and Financial Statement Schedules

(a) 1. Financial Statements

The response to this portion of Item 15 is included in Item 8 of this report.

2. Financial Statement Schedules

The response to this portion of Item 15 is included in Item 8 of this report.

3. Exhibits

Item	Title or Description
3.1	Articles of Incorporation of Cedar Realty Trust, Inc., including all amendments and articles supplementary previously filed, incorporated by reference to Exhibit 3.1 of Form 10-K for the year ended December 31, 2013.
3.2	By-laws of Cedar Realty Trust, Inc., including all amendments previously filed, incorporated by reference to Exhibit 3.2 of Form 10-K for the year ended December 31, 2011.
3.3.a	Agreement of Limited Partnership of Cedar Shopping Centers Partnership, L.P., incorporated by reference to Exhibit 3.4 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
3.3.b	Amendment No. 1 to Agreement of Limited Partnership of Cedar Shopping Centers Partnership, L.P., incorporated by reference to Exhibit 3.5 of the Registration Statement on Form S-11/A filed on October 14, 2003, as amended.
3.3.c	Amendment No. 2 to Agreement of Limited Partnership of Cedar Shopping Centers Partnership, L.P., incorporated by reference to Exhibit 3.3.c of Form 10-K for the year ended December 31, 2004.
3.3.d	Amendment No. 3 to Agreement of Limited Partnership of Cedar Shopping Centers Partnership, L.P., incorporated by reference to Exhibit 3.3.d of Form 10-K for the year ended December 31, 2006.
3.3.e	Amendment No. 4 to Agreement of Limited Partnership of Cedar Shopping Centers Partnership, L.P., incorporated by reference to Exhibit 3.2 of Form 10-Q for the quarterly period ended September 30, 2010.
3.3.f	Amendment No. 5 to Agreement of Limited Partnership of Cedar Realty Trust Partnership, L.P., incorporated by reference to Exhibit 3.2 of Form 8-K filed on May 16, 2012.
3.3.g	Amendment No. 6 to Agreement of Limited Partnership of Cedar Realty Trust Partnership, L.P., incorporated by reference to Exhibit 3.2 of Form 8-K filed on May 29, 2012.
3.3.h	

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Amendment No. 7 to Agreement of Limited Partnership of Cedar Realty Trust Partnership, L.P., incorporated by reference to Exhibit 3.2 of Form 8-K filed on September 14, 2012.

- 3.3.i Amendment No. 8 to Agreement of Limited Partnership of Cedar Realty Trust Partnership, L.P., incorporated by reference to Exhibit 3.3 of Form 8-K filed on November 21, 2012.
- 3.3.j Amendment No. 9 to Agreement of Limited Partnership of Cedar Realty Trust Partnership, L.P., incorporated by reference to Exhibit 3.2 of Form 8-K filed on February 11, 2013.

Table of Contents

- 10.1.a* Cedar Shopping Centers, Inc. Senior Executive Deferred Compensation Plan, effective as of October 29, 2003, incorporated by reference to Exhibit 10.6.a of Form 10-K for the year ended December 31, 2004.
- 10.1.b* Amendment No. 1 to the Cedar Shopping Centers, Inc. Senior Executive Deferred Compensation Plan, effective as of October 29, 2003, incorporated by reference to Exhibit 10.6.b of Form 10-K for the year ended December 31, 2004.
- 10.1.c* Amendment No. 2 to the Cedar Shopping Centers, Inc. Senior Executive Deferred Compensation Plan, effective as of August 9, 2004, incorporated by reference to Exhibit 10.6.c of Form 10-K for the year ended December 31, 2004.
- 10.1.d* Amendment No. 3 to the Cedar Shopping Centers, Inc. Senior Executive Deferred Compensation Plan, effective as of December 19, 2005, incorporated by reference to Exhibit 10.2 of Form 8-K filed on December 22, 2005.
- 10.1.e* Amendment No. 4 to the Cedar Shopping Centers, Inc. Senior Executive Deferred Compensation Plan, effective as of December 21, 2006, incorporated by reference to Exhibit 10.1.e of Form 10-K for the year ended December 31, 2006.
- 10.1.f* Amendment No. 5 to the Cedar Shopping Centers, Inc. Senior Executive Deferred Compensation Plan, effective as of December 11, 2007, incorporated by reference to Exhibit 10.1.f of Form 10-K for the year ended December 31, 2007.
- 10.1.g* Amendment No. 6 to the Cedar Realty Trust, Inc. Senior Executive Deferred Compensation Plan, effective as of December 14, 2011, incorporated by reference to Exhibit 10.1.g of Form 10-K for the year ended December 31, 2011.
- 10.2.a* 2005 Cedar Shopping Centers, Inc. Deferred Compensation Plan, incorporated by reference to Exhibit 10.1 of Form 8-K filed on December 22, 2005.
- 10.2.b* Amendment No. 1 to the 2005 Cedar Shopping Centers, Inc. Deferred Compensation Plan, effective as of December 21, 2006, incorporated by reference to Exhibit 10.2.b of Form 10-K for the year ended December 31, 2006.
- 10.2.c* Amendment No. 2 to the 2005 Cedar Shopping Centers, Inc. Deferred Compensation Plan, effective as of December 11, 2007, incorporated by reference to Exhibit 10.2.c of Form 10-K for the year ended December 31, 2007.
- 10.2.d* Amendment No. 3 to the 2005 Cedar Shopping Centers, Inc. Deferred Compensation Plan, effective as of December 16, 2008, incorporated by reference to Exhibit 10.2.d of Form 10-K for the year ended December 31, 2008.
- 10.2.e* Amendment No. 4 to the 2005 Cedar Shopping Centers, Inc. Deferred Compensation Plan, effective as of June 30, 2011, incorporated by reference to Exhibit 10.4 of Form 10-Q for the quarterly period ended September 30, 2011.
- 10.2.f* Amendment No. 5 to the 2005 Cedar Realty Trust, Inc. Deferred Compensation Plan, effective as of December 14, 2011, incorporated by reference to Exhibit 10.2.f of Form 10-K for the year ended December 31, 2011.
- 10.2.g* Amendment No. 6 to the 2005 Cedar Realty Trust, Inc. Deferred Compensation Plan, effective as of December 12, 2012, incorporated by reference to Exhibit 10.2.g of Form 10-K for the year ended December 31, 2012.

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- 10.2.h* Amendment No. 7 to the 2005 Cedar Realty Trust, Inc. Deferred Compensation Plan, effective as of December 24, 2013, incorporated by reference to Exhibit 10.2.h of Form 10-K for the year ended December 31, 2013.
- 10.3.a* Employment Agreement between Cedar Shopping Centers, Inc. and Bruce J. Schanzer, dated as of May 31, 2011, incorporated by reference to Exhibit 10.2 of Form 10-Q for the quarterly period ended June 30, 2011.
- 10.3.b* Employment Agreement between Cedar Realty Trust, Inc. and Philip Mays dated July 15, 2015, incorporated by reference to Exhibit 10.1 of Form 10-Q for the quarterly period ended September 30, 2015.

Table of Contents

10.3.c*	Employment Agreement between Cedar Realty Trust, Inc. and Nancy Mozzachio dated as of August 3, 2015, incorporated by reference to Exhibit 10.2 of Form 10-Q for the quarterly period ended September 30, 2015.
10.4.a	Third Amended and Restated Loan Agreement (the Loan Agreement) by and among Cedar Realty Trust Partnership, L.P., KeyBank National Association and other lending institutions which are or may become parties to the Loan Agreement, and KeyBank National Association (as Administrative Agent), dated as of February 5, 2015, incorporated by reference to Exhibit 10.4.a of Form 10-K for the year ended December 31, 2014.
10.4.b	Amended and Restated Loan Agreement (the Loan Agreement) by and among Cedar Realty Trust Partnership, L.P., KeyBank National Association and other lending institutions which are or may become parties to the Loan Agreement, and KeyBank National Association (as Administrative Agent), dated as of February 5, 2015 incorporated by reference to Exhibit 10.4.b of Form 10-K for the year ended December 31, 2014.
10.6	Voting Agreement dated February 13, 2008 among Cedar Shopping Centers, Inc., Inland American Real Estate Trust, Inc., Inland Investment Advisors, Inc. Inland Real Estate Investment Corporation and The Inland Group, Inc., incorporated by reference to Exhibit 10.11 of Form 10-K for the year ended December 31, 2007.
21.1	List of Subsidiaries of the Registrant
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm
31.1	Rule 13a-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a) Certification of Chief Financial Officer
32.1	Section 1350 Certification of Chief Executive Officer
32.2	Section 1350 Certification of Chief Financial Officer
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Management contracts or compensatory plans required to be filed pursuant to Rule 601 of Regulation S-K.

(b) Exhibits

The response to this portion of Item 15 is included in Item 15(a)(3) above.

(c) The following financial statement schedules are filed as part of the report:

The response to this portion of Item 15 is included in Item 15(a)(2) above.

Table of Contents

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.

/s/ BRUCE J. SCHANZER
Bruce J. Schanzer
President
(principal executive officer)

/s/ PHILIP R. MAYS
Philip R. Mays
Chief Financial Officer
(principal financial officer)

/s/ GASPARE J. SAITTA, II
Gaspere J. Saitta, II
Chief Accounting Officer
(principal accounting officer)
February 19, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and as of the date indicated.

/s/ JAMES J. BURNS
James J. Burns
Director

/s/ ABRAHAM EISENSTAT
Abraham Eisenstat
Director

/s/ PAMELA N. HOOTKIN
Pamela N. Hootkin
Director

/s/ PAUL G. KIRK, JR
Paul G. Kirk, Jr.
Director

/s/ BRUCE J. SCHANZER
Bruce J. Schanzer
Director
February 19, 2016

/s/ROGER M. WIDMANN
Roger M. Widmann
Director