

CEDAR REALTY TRUST, INC.
Form 10-Q
May 02, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2019

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934
COMMISSION FILE NUMBER: 001-31817

CEDAR REALTY TRUST, INC.

(Exact name of registrant as specified in its charter)

Maryland 42-1241468
(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification No.)
44 South Bayles Avenue, Port Washington, New York 11050-3765

(Address of principal executive offices) (Zip Code)

(516) 767-6492

(Registrant's telephone number, including area code)

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

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Title of each class	Name of each exchange on which registered	Trading Symbol(s)
Common Stock, \$0.06 par value	New York Stock Exchange	CDR
7-1/4% Series B Cumulative Redeemable Preferred Stock, \$25.00 Liquidation Value	New York Stock Exchange	CDRpB
6-1/2% Series C Cumulative Redeemable Preferred Stock, \$25.00 Liquidation Value	New York Stock Exchange	CDRpC

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
 Non-accelerated filer Smaller reporting company
 Emerging growth company

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

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

At April 30, 2019, there were 89,024,507 shares of Common Stock, \$0.06 par value, outstanding.

CEDAR REALTY TRUST, INC.

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Forward-Looking Statements

Certain statements made in this Form 10-Q or incorporated by reference herein are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and, as such, may involve known and unknown risks, uncertainties and other factors which may cause the Company’s actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements, which are based on certain assumptions and describe the Company’s future plans, strategies and expectations, are generally identifiable by use of the words “may”, “will”, “should”, “estimates”, “projects”, “anticipates”, “believes”, “expects”, “future”, and words of similar import, or the negative thereof. Factors which could cause actual results to differ materially from current expectations include, but are not limited to: adverse general economic conditions in the United States and uncertainty in the credit and retail markets; financing risks, such as the inability to obtain new financing or refinancing on favorable terms as the result of market volatility or instability; risks related to the market for retail space generally, including reductions in consumer spending, variability in retailer demand for leased space, tenant bankruptcies, adverse impact of internet sales demand, ongoing consolidation in the retail sector and changes in economic conditions and consumer confidence; risks endemic to real estate and the real estate industry generally; the impact of the Company’s level of indebtedness on operating performance; inability of tenants to meet their rent and other lease obligations; adverse impact of new technology and e-commerce developments on the Company’s tenants; competitive risk; risks related to the geographic concentration of the Company’s properties in the Washington, D.C. to Boston corridor; the effects of natural and other disasters; the inability of the Company to realize anticipated returns from its redevelopment activities; and the risk factors discussed under Part I, Item 1A, “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018.

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

CEDAR REALTY TRUST, INC.

CONSOLIDATED BALANCE SHEETS

(unaudited)

	March 31, 2019	December 31, 2018
ASSETS		
Real estate:		
Land	\$291,869,000	\$295,734,000
Buildings and improvements	1,209,739,000	1,212,948,000
	1,501,608,000	1,508,682,000
Less accumulated depreciation	(366,470,000)	(361,969,000)
Real estate, net	1,135,138,000	1,146,713,000
Real estate held for sale	13,151,000	11,592,000
Cash and cash equivalents	25,000	1,977,000
Receivables	23,322,000	21,977,000
Other assets and deferred charges, net	50,743,000	40,642,000
TOTAL ASSETS	\$1,222,379,000	\$1,222,901,000
LIABILITIES AND EQUITY		
Mortgage loan payable	\$47,083,000	\$47,315,000
Capital lease obligation	5,381,000	5,387,000
Unsecured revolving credit facility	102,000,000	100,000,000
Unsecured term loans	472,309,000	472,132,000
Accounts payable and accrued liabilities	40,551,000	26,142,000
Unamortized intangible lease liabilities	12,564,000	13,209,000
Total liabilities	679,888,000	664,185,000
Commitments and contingencies	-	-
Equity:		
Cedar Realty Trust, Inc. shareholders' equity:		
Preferred stock	159,541,000	159,541,000
Common stock (\$.06 par value, 150,000,000 shares authorized, 89,037,000 and 90,436,000 shares, issued and outstanding, respectively)	5,342,000	5,426,000
Treasury stock (3,093,000 and 2,971,000 shares, respectively, at cost)	(16,550,000)	(16,572,000)
Additional paid-in capital	869,529,000	875,565,000
Cumulative distributions in excess of net income	(480,502,000)	(475,726,000)
Accumulated other comprehensive income	1,782,000	7,191,000
Total Cedar Realty Trust, Inc. shareholders' equity	539,142,000	555,425,000
Noncontrolling interests:		
Minority interests in consolidated joint ventures	(7,000)	(112,000)
Limited partners' OP Units	3,356,000	3,403,000
Total noncontrolling interests	3,349,000	3,291,000
Total equity	542,491,000	558,716,000
TOTAL LIABILITIES AND EQUITY	\$1,222,379,000	\$1,222,901,000

See accompanying notes to consolidated financial statements

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CEDAR REALTY TRUST, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

	Three months ended March 31,	
	2019	2018
REVENUES		
Rental revenues	\$36,592,000	\$37,447,000
Other	291,000	121,000
Total revenues	36,883,000	37,568,000
EXPENSES		
Operating, maintenance and management	7,967,000	7,794,000
Real estate and other property-related taxes	5,210,000	5,079,000
General and administrative	4,798,000	4,494,000
Depreciation and amortization	10,129,000	10,054,000
Total expenses	28,104,000	27,421,000
OTHER		
Gain on sale	101,000	-
Impairment charges	-	(21,396,000)
Total other	101,000	(21,396,000)
OPERATING INCOME (LOSS)	8,880,000	(11,249,000)
NON-OPERATING INCOME AND EXPENSES		
Interest expense	(5,891,000)	(5,371,000)
Total non-operating income and expenses	(5,891,000)	(5,371,000)
NET INCOME (LOSS)	2,989,000	(16,620,000)
Net (income) loss attributable to noncontrolling interests:		
Minority interests in consolidated joint ventures	(105,000)	(135,000)
Limited partners' interest in Operating Partnership	(2,000)	87,000
Total net (income) attributable to noncontrolling interests	(107,000)	(48,000)
NET INCOME (LOSS) ATTRIBUTABLE TO CEDAR REALTY TRUST, INC.	2,882,000	(16,668,000)
Preferred stock dividends	(2,688,000)	(2,799,000)
Preferred stock redemption costs	-	(3,507,000)
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$194,000	\$(22,974,000)
NET INCOME (LOSS) PER COMMON SHARE ATTRIBUTABLE TO COMMON SHAREHOLDERS (BASIC AND DILUTED)		
	\$0.00	\$(0.26)
Weighted average number of common shares - basic and diluted	86,580,000	87,623,000

See accompanying notes to consolidated financial statements

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CEDAR REALTY TRUST, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited)

	Three months ended March	
	31,	
	2019	2018
Net income (loss)	\$2,989,000	\$(16,620,000)
Other comprehensive income - unrealized (loss) gain on change in fair value of cash flow hedges	(5,442,000)	5,890,000
Comprehensive (loss)	(2,453,000)	(10,730,000)
Comprehensive (income) attributable to noncontrolling interests	(74,000)	(70,000)
Comprehensive (loss) attributable to Cedar Realty Trust, Inc.	\$(2,527,000)	\$(10,800,000)

See accompanying notes to consolidated financial statements

CEDAR REALTY TRUST, INC.

Consolidated Statement of Equity

Three months ended March 31, 2019

(unaudited)

Cedar Realty Trust, Inc. Shareholders							Cumulative distributions in excess of net income	Accumulated other comprehensive income
	Preferred stock Shares	Amount	Common stock Shares	Amount	Treasury stock, at cost	Additional paid-in capital		
December 31,	6,450,000	\$ 159,541,000	90,436,000	\$ 5,426,000	\$(16,572,000)	\$ 875,565,000	\$(475,726,000)	\$ 7,191,000
Adjustment - accounting	—	—	—	—	—	—	(515,000)	—
December 31,	6,450,000	159,541,000	90,436,000	5,426,000	(16,572,000)	875,565,000	(476,241,000)	7,191,000
Change on change cash flow	—	—	—	—	—	—	2,882,000	—
Compensation,	—	—	650,000	39,000	22,000	692,000	—	—
Sales, net of costs	—	—	1,000	—	—	5,000	—	—
Repurchases	—	—	(2,050,000)	(123,000)	—	(6,721,000)	—	—
Dividends	—	—	—	—	—	—	(2,688,000)	—
Common controlling	—	—	—	—	—	—	(4,455,000)	—
Adjustment of interest	—	—	—	—	—	(12,000)	—	—
March 31, 2019	6,450,000	\$ 159,541,000	89,037,000	\$ 5,342,000	\$(16,550,000)	\$ 869,529,000	\$(480,502,000)	\$ 1,782,000
Noncontrolling Interests								
	Minority interest in joint ventures	Limited partners' interest in Operating Partnership	Total	Total Equity				
December 31,	\$(112,000)	\$ 3,403,000	\$ 3,291,000	\$ 558,716,000				
Adjustment - accounting	—	—	—	(515,000)				

per 31,	(112,000)	3,403,000	3,291,000	558,201,000
	105,000	2,000	107,000	2,989,000
o on change				
ash flow	—	(33,000)	(33,000)	(5,442,000)
mpensation,	—	—	—	753,000
ales, net of	—	—	—	5,000
epurchases	—	—	—	(6,844,000)
ividends	—	—	—	(2,688,000)
ommon				
controlling	—	(28,000)	(28,000)	(4,483,000)
ustment of				
interest	—	12,000	12,000	—
31, 2019	\$(7,000)	\$3,356,000	\$3,349,000	\$542,491,000