

**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 SEPTEMBER 30, 2012

OR

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

CEDAR REALTY TRUST, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

42-1241468
(I.R.S. Employer
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)

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 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.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: At October 31, 2012, there were 71,929,389 shares of Common Stock, \$0.06 par value, outstanding.

[Table of Contents](#)

CEDAR REALTY TRUST, INC.

INDEX

Forward-Looking Statements	3
Part I. Financial Information	
Item 1. Financial Statements	
Consolidated Balance Sheets – September 30, 2012 (unaudited) and December 31, 2011	4
Consolidated Statements of Operations (unaudited) – Three and nine months ended September 30, 2012 and 2011	5
Consolidated Statements of Comprehensive Income (Loss) (unaudited) – Three and nine months ended September 30, 2012 and 2011	6
Consolidated Statement of Equity (unaudited) – Nine month sended September 30, 2012	7
Consolidated Statements of Cash Flows (unaudited) – Nine month sended September 30, 2012 and 2011	8
Notes to Consolidated Financial Statements (unaudited) – September 30, 2012	9-26
Item 2. Management’s Discussion and Analysis of Financial Condition And Results of Operations	27-37
Item 3. Quantitative and Qualitative Disclosures About Market Risk	37-38
Item 4. Controls and Procedures	38
Part II. Other Information	
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	39
Item 5. Other Information	39
Item 6. Exhibits	40
Signatures	41

[Table of Contents](#)

Forward-Looking Statements

The information contained in this Form 10-Q is unaudited and does not purport to disclose all items required by accounting principles generally accepted in the United States. In addition, statements made or incorporated by reference herein may include certain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 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”, “intends”, “future”, and words of similar import, or the negative thereof. Factors which could have a material adverse effect on the operations and future prospects of the Company are as set forth under the heading “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2011.

[Table of Contents](#)

CEDAR REALTY TRUST, INC.
Consolidated Balance Sheets

	<u>September 30,</u> <u>2012</u> <u>(unaudited)</u>	<u>December 31,</u> <u>2011</u>
Assets		
Real estate:		
Land	\$ 268,913,000	\$ 268,982,000
Buildings and improvements	1,115,957,000	1,099,456,000
	1,384,870,000	1,368,438,000
Less accumulated depreciation	(229,830,000)	(197,578,000)
Real estate, net	1,155,040,000	1,170,860,000
Real estate held for sale/conveyance	194,174,000	207,553,000
Investment in unconsolidated joint venture	41,923,000	44,743,000
Cash and cash equivalents	7,416,000	12,070,000
Restricted cash	13,088,000	14,707,000
Receivables	25,414,000	26,127,000
Other assets	11,483,000	12,358,000
Deferred charges, net	21,884,000	21,446,000
Assets relating to real estate held for sale/conveyance	—	2,299,000
Total assets	<u>\$ 1,470,422,000</u>	<u>\$ 1,512,163,000</u>
Liabilities and equity		
Mortgage loans payable	\$ 560,033,000	\$ 588,516,000
Mortgage loans payable—real estate held for sale/conveyance	94,171,000	123,115,000
Secured credit facilities	93,000,000	166,317,000
Accounts payable and accrued liabilities	32,227,000	32,404,000
Unamortized intangible lease liabilities	31,113,000	35,017,000
Liabilities relating to real estate held for sale/conveyance	6,339,000	6,406,000
Total liabilities	<u>816,883,000</u>	<u>951,775,000</u>
Noncontrolling interest—limited partners' mezzanine OP Units	801,000	4,616,000
Commitments and contingencies	—	—
Equity:		
Cedar Realty Trust, Inc. shareholders' equity:		
Preferred stock (\$.01 par value, 12,500,000 shares authorized):		
Series A (\$25.00 per share liquidation value, 6,400,000 shares authorized, 5,913,000 and 6,400,000 shares, respectively, issued and outstanding)	146,507,000	158,575,000
Series B (\$25.00 per share liquidation value, 6,100,000 shares authorized, 5,429,000 and 0 shares, respectively, issued and outstanding)	128,787,000	—
Common stock (\$.06 par value, 150,000,000 shares authorized, 71,792,000 and 67,928,000 shares, respectively, issued and outstanding)	4,308,000	4,076,000
Treasury stock (3,693,000 and 1,313,000 shares, respectively, at cost)	(21,116,000)	(10,528,000)
Additional paid-in capital	735,457,000	718,974,000
Cumulative distributions in excess of net income	(396,952,000)	(373,741,000)
Accumulated other comprehensive loss	(2,952,000)	(3,513,000)
Total Cedar Realty Trust, Inc. shareholders' equity	<u>594,039,000</u>	<u>493,843,000</u>
Noncontrolling interests:		
Minority interests in consolidated joint ventures	57,175,000	56,511,000
Limited partners' OP Units	1,524,000	5,418,000
Total noncontrolling interests	<u>58,699,000</u>	<u>61,929,000</u>
Total equity	<u>652,738,000</u>	<u>555,772,000</u>
Total liabilities and equity	<u>\$ 1,470,422,000</u>	<u>\$ 1,512,163,000</u>

See accompanying notes to consolidated financial statements.

[Table of Contents](#)

CEDAR REALTY TRUST, INC.
Consolidated Statements of Operations
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Revenues:				
Rents	\$ 26,679,000	\$ 26,465,000	\$ 80,362,000	\$ 78,039,000
Expense recoveries	5,992,000	6,268,000	19,315,000	20,316,000
Other	908,000	685,000	5,369,000	2,138,000
Total revenues	33,579,000	33,418,000	105,046,000	100,493,000
Expenses:				
Operating, maintenance and management	5,304,000	6,410,000	17,190,000	20,687,000
Real estate and other property-related taxes	4,402,000	4,147,000	13,057,000	12,307,000
General and administrative	3,637,000	2,899,000	10,999,000	7,770,000
Management transition charges and employee termination costs	1,131,000	—	1,131,000	6,875,000
Impairment charges	—	7,419,000	—	7,419,000
Acquisition transaction costs and terminated projects	—	—	—	1,169,000
Depreciation and amortization	9,282,000	9,794,000	34,804,000	27,824,000
Total expenses	23,756,000	30,669,000	77,181,000	84,051,000
Operating income	9,823,000	2,749,000	27,865,000	16,442,000
Non-operating income and expense:				
Interest expense	(9,626,000)	(10,468,000)	(29,549,000)	(31,136,000)
Accelerated write-off of deferred financing costs	—	—	(2,607,000)	—
Interest income	63,000	41,000	187,000	216,000
Unconsolidated joint ventures:				
Equity in income	411,000	327,000	1,432,000	1,152,000
Write-off of investment	—	—	—	(7,961,000)
Gain on sales	402,000	130,000	481,000	130,000
Total non-operating income and expense	(8,750,000)	(9,970,000)	(30,056,000)	(37,599,000)
Income (loss) from continuing operations	1,073,000	(7,221,000)	(2,191,000)	(21,157,000)
Discontinued operations:				
Income from operations	1,225,000	627,000	3,628,000	2,855,000
Impairment (charges)/reversals, net	—	(64,671,000)	1,138,000	(87,287,000)
Gain on sales	—	—	750,000	502,000
Total discontinued operations	1,225,000	(64,044,000)	5,516,000	(83,930,000)
Net income (loss)	2,298,000	(71,265,000)	3,325,000	(105,087,000)
Less, net (income) loss attributable to noncontrolling interests:				
Minority interests in consolidated joint ventures	(2,564,000)	3,285,000	(4,272,000)	3,332,000
Limited partners' interest in Operating Partnership	17,000	1,455,000	114,000	2,294,000
Total net (income) loss attributable to noncontrolling interests	(2,547,000)	4,740,000	(4,158,000)	5,626,000
Net (loss) attributable to Cedar Realty Trust, Inc.	(249,000)	(66,525,000)	(833,000)	(99,461,000)
Preferred stock dividends	(3,877,000)	(3,580,000)	(11,015,000)	(10,621,000)
Preferred stock redemption costs	(173,000)	—	(555,000)	—
Net (loss) attributable to common shareholders	\$ (4,299,000)	\$ (70,105,000)	\$ (12,403,000)	\$ (110,082,000)
Per common share attributable to common shareholders (basic and diluted):				
Continuing operations	\$ (0.05)	\$ (0.16)	\$ (0.20)	\$ (0.48)
Discontinued operations	(0.02)	(0.89)	0.01	(1.19)
	<u>\$ (0.07)</u>	<u>\$ (1.05)</u>	<u>\$ (0.19)</u>	<u>\$ (1.67)</u>
Amounts attributable to Cedar Realty Trust, Inc. common shareholders, net of noncontrolling interests:				
(Loss) from continuing operations	\$ (2,850,000)	\$ (10,540,000)	\$ (13,337,000)	\$ (30,993,000)
(Loss) income from discontinued operations	(1,449,000)	(59,565,000)	934,000	(79,089,000)
Net (loss)	\$ (4,299,000)	\$ (70,105,000)	\$ (12,403,000)	\$ (110,082,000)
Weighted average number of common shares—basic and diluted	68,232,000	66,800,000	67,932,000	66,253,000

See accompanying notes to consolidated financial statements.

CEDAR REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(unaudited)

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Net income (loss)	\$ 2,298,000	\$ (71,265,000)	\$ 3,325,000	\$(105,087,000)
Other comprehensive income (loss):				
Unrealized gain (loss) on change in fair value of cash flow hedges:				
Consolidated	174,000	(678,000)	483,000	(265,000)
Unconsolidated	20,000	—	78,000	—
Other comprehensive income (loss)	194,000	(678,000)	561,000	(265,000)
Comprehensive income (loss)	2,492,000	(71,943,000)	3,886,000	(105,352,000)
Comprehensive (income) loss attributable to noncontrolling interests	(2,547,000)	4,756,000	(4,158,000)	5,638,000
Comprehensive (loss) attributable to Cedar Realty Trust, Inc.	<u>\$ (55,000)</u>	<u>\$ (67,187,000)</u>	<u>\$ (272,000)</u>	<u>\$ (99,714,000)</u>

See accompanying notes to consolidated financial statements.

[Table of Contents](#)

CEDAR REALTY TRUST, INC.
Consolidated Statement of Equity
Nine months ended September 30, 2012
(unaudited)

	Cedar Realty Trust, Inc. Shareholders								Total
	Preferred stock		Common stock		Treasury stock, at cost	Additional paid-in capital	Cumulative distributions in excess of net income	Accumulated other comprehensive (loss)	
	Shares	\$25.00 Liquidation value	Shares	\$0.06 Par value					
Balance, December 31, 2011	6,400,000	\$ 158,575,000	67,928,000	\$ 4,076,000	\$ (10,528,000)	\$ 718,974,000	\$ (373,741,000)	\$ (3,513,000)	\$ 493,843,000
Net income (loss)	—	—	—	—	—	—	(833,000)	—	(833,000)
Unrealized gain on change in fair value of cash flow hedges	—	—	—	—	—	—	—	483,000	483,000
Unrealized gain on change in fair value of cash flow hedge - unconsolidated joint venture	—	—	—	—	—	—	—	78,000	78,000
Share-based compensation, net	—	—	2,729,000	164,000	(10,588,000)	13,254,000	—	—	2,830,000
Net proceeds from sales of Series B shares	5,429,000	128,787,000	—	—	—	(4,417,000)	—	—	124,370,000
Redemptions/repurchases of Series A shares	(487,000)	(12,068,000)	—	—	—	374,000	(555,000)	—	(12,249,000)
Common stock sales and issuance expenses, net	—	—	1,000	—	—	(169,000)	—	—	(169,000)
Preferred stock dividends	—	—	—	—	—	—	(11,015,000)	—	(11,015,000)
Distributions to common shareholders/noncontrolling interests	—	—	—	—	—	—	(10,808,000)	—	(10,808,000)
Conversions of OP Units into common stock	—	—	1,134,000	68,000	—	7,827,000	—	—	7,895,000
Reallocation adjustment of limited partners' interest	—	—	—	—	—	(386,000)	—	—	(386,000)
Balance, September 30, 2012	<u>11,342,000</u>	<u>\$ 275,294,000</u>	<u>71,792,000</u>	<u>\$ 4,308,000</u>	<u>\$ (21,116,000)</u>	<u>\$ 735,457,000</u>	<u>\$ (396,952,000)</u>	<u>\$ (2,952,000)</u>	<u>\$ 594,039,000</u>

	Noncontrolling Interests				Total equity
	Minority interests in consolidated joint ventures	Limited partners' interest in Operating Partnership		Total	
		Total	Total		
Balance, December 31, 2011	\$ 56,511,000	\$ 5,418,000	\$ 61,929,000	\$ 555,772,000	
Net income (loss)	4,272,000	(94,000)	4,178,000	3,345,000	
Unrealized gain on change in fair value of cash flow hedges	—	—	—	483,000	
Unrealized gain on change in fair value of cash flow hedge - unconsolidated joint venture	—	—	—	78,000	
Share-based compensation, net	—	—	—	2,830,000	
Net proceeds from sales of Series B shares	—	—	—	124,370,000	
Redemptions/repurchases of Series A shares	—	—	—	(12,249,000)	
Common stock sales and issuance expenses, net	—	—	—	(169,000)	
Preferred stock dividends	—	—	—	(11,015,000)	
Distributions to common shareholders/noncontrolling interests	(3,608,000)	(65,000)	(3,673,000)	(14,481,000)	
Conversions of OP Units into common stock	—	(3,998,000)	(3,998,000)	3,897,000	
Reallocation adjustment of limited partners' interest	—	263,000	263,000	(123,000)	
Balance, September 30, 2012	<u>\$ 57,175,000</u>	<u>\$ 1,524,000</u>	<u>\$ 58,699,000</u>	<u>\$ 652,738,000</u>	

See accompanying notes to consolidated financial statements.

[Table of Contents](#)

CEDAR REALTY TRUST, INC.
Consolidated Statements of Cash Flows
(unaudited)

	<u>Nine months ended September 30,</u>	
	<u>2012</u>	<u>2011</u>
Cash flow from operating activities:		
Net income (loss)	\$ 3,325,000	\$(105,087,000)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Equity in income of unconsolidated joint ventures	(1,432,000)	(1,152,000)
Distributions from unconsolidated joint ventures	1,432,000	865,000
Write-off of investment in unconsolidated joint venture	—	7,961,000
Acquisition transaction costs and terminated projects	—	1,169,000
Impairment (reversals)/charges	(1,138,000)	94,706,000
Gain on sales	(1,231,000)	(632,000)
Straight-line rents	(782,000)	(1,266,000)
Provision for doubtful accounts	2,053,000	2,572,000
Depreciation and amortization	34,825,000	32,917,000
Amortization of intangible lease liabilities	(4,164,000)	(5,055,000)
Expense and market price adjustments relating to share-based compensation	2,895,000	3,907,000
Amortization (including accelerated write-off) of deferred financing costs	4,246,000	3,212,000
Increases/decreases in operating assets and liabilities:		
Rents and other receivables, net	(1,335,000)	(5,443,000)
Prepaid expenses and other	(2,204,000)	(5,843,000)
Accounts payable and accrued liabilities	294,000	(1,464,000)
Net cash provided by operating activities	<u>36,784,000</u>	<u>21,367,000</u>
Cash flow from investing activities:		
Expenditures for real estate and improvements	(22,171,000)	(76,064,000)
Net proceeds from sales of real estate	18,775,000	11,708,000
Net proceeds from transfers to unconsolidated Cedar/RioCan joint venture	—	4,787,000
Investments in and advances to unconsolidated joint ventures	—	(4,185,000)
Distributions of capital from unconsolidated joint ventures	2,895,000	3,990,000
Construction escrows and other	2,589,000	(7,308,000)
Net cash provided by (used in) in investing activities	<u>2,088,000</u>	<u>(67,072,000)</u>
Cash flow from financing activities:		
Net (repayments)/advances from revolving credit facilities	(73,317,000)	33,720,000
Proceeds from mortgage financings	—	45,791,000
Mortgage repayments	(53,279,000)	(9,255,000)
Payments of debt financing costs	(4,405,000)	—
Noncontrolling interests:		
Contributions from consolidated joint venture minority interests	—	268,000
Distributions to consolidated joint venture minority interests	(3,608,000)	(2,193,000)
Distributions to limited partners	(85,000)	(386,000)
Net proceeds from sales of preferred stock	124,370,000	—
Redemptions/repurchases of preferred stock	(12,141,000)	—
Net proceeds from sales of common stock	(169,000)	4,313,000
Preferred stock dividends	(10,084,000)	(10,650,000)
Distributions to common shareholders	(10,808,000)	(18,427,000)
Net cash (used in) provided by financing activities	<u>(43,526,000)</u>	<u>43,181,000</u>
Net (decrease) in cash and cash equivalents	(4,654,000)	(2,524,000)
Cash and cash equivalents at beginning of period	12,070,000	14,166,000
Cash and cash equivalents at end of period	<u>\$ 7,416,000</u>	<u>\$ 11,642,000</u>

See accompanying notes to consolidated financial statements.

Cedar Realty Trust, Inc.
Notes to Consolidated Financial Statements
September 30, 2012
(unaudited)

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 supermarket-anchored shopping centers straddling the Washington, DC to Boston corridor. At September 30, 2012, the Company owned and managed a portfolio of 67 operating properties (excluding properties “held for sale/conveyance”). In addition, the Company had a 20% interest in 22 operating properties through its Cedar/RioCan joint venture (see below).

During 2011, the Company determined (1) to completely exit the Ohio market, principally the Discount Drug Mart portfolio of drugstore/convenience centers, and concentrate on the mid-Atlantic and Northeast coastal regions, (2) to concentrate on grocery-anchored strip centers, by disposing of its mall and single-tenant/triple-net-lease properties, and (3) to focus on improving operations and performance at the Company’s remaining properties, and to reduce development activities, by disposing of certain development projects, land acquired for development, and other non-core assets. In addition, discontinued operations reflect the consummation of the Homburg joint venture buy/sell transactions (see Note 4).

On October 10, 2012, the Company concluded definitive agreements with RioCan Real Estate Investment Trust (“RioCan”) to exit the 20% Cedar / 80% RioCan joint venture that owns 22 retail properties. Pursuant to the agreements, the Company exchanged its 20% interest in the joint venture for (1) a 100% ownership interest in Franklin Village, located in Franklin, Massachusetts, at an agreed-upon value of approximately \$75.1 million, including the assumption of related in-place mortgage financing of approximately \$43.1 million, and (2) approximately \$40.0 million in cash, which was initially used to reduce the outstanding balance under the Company’s Credit Facility. The Company will continue to manage the properties acquired by RioCan subject to a management agreement which will terminate effective January 31, 2013.

The Company has concluded separation arrangements and terminations of employment agreements relating primarily to employee headcount reductions in connection with the recent property dispositions and exit from the Cedar/RioCan joint venture discussed above. As a result, the Company has accrued approximately \$1.1 million as of September 30, 2012 applicable thereto (included in management transition charges and employee termination costs in the consolidated statements of operations).

See Notes 7 and 9 for details relating to sales of 7.25% Series B Preferred Stock and related interim repayments of borrowings under the Company’s Credit facility, and October 2012 redemptions of 8.875% Series A Preferred Stock funded by borrowings under the Company’s Credit facility.

Cedar Realty Trust, Inc.
Notes to Consolidated Financial Statements
September 30, 2012
(unaudited)

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 September 30, 2012, 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 September 30, 2012) 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 approximately 281,000 OP Units outstanding at September 30, 2012 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 accompanying consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and include all of the information and disclosures required by U.S. Generally Accepted Accounting Principles (“GAAP”) for interim reporting. Accordingly, they do not include all of the disclosures required by GAAP for complete financial statement disclosures. In the opinion of management, all adjustments necessary for fair presentation (including normal recurring accruals) have been included. The financial statements are prepared on the accrual basis in accordance with 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. The financial statements reflect certain reclassifications of prior-period amounts to conform to the 2012 presentation, principally to reflect the sale and/or treatment as “held for sale/conveyance” of certain operating properties and the treatment thereof as “discontinued operations”. The reclassifications had no impact on previously-reported net income attributable to common shareholders or earnings per share. The consolidated financial statements in this Form 10-Q should be read in conjunction with the audited consolidated financial statements and related notes contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2011.

Cedar Realty Trust, Inc.
Notes to Consolidated Financial Statements
September 30, 2012
(unaudited)

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: (a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support, (b) as a group, the holders of the equity investment at risk (i) lack the power to make decisions about the entity’s activities that significantly impact the entity’s performance through voting or similar rights, (ii) have no obligation to absorb the expected losses of the entity, or (iii) have no right to receive the expected residual returns of the entity, or (c) 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 (i) the power to direct the activities that most significantly impact the entity’s economic performance, and (ii) 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.

Supplemental Consolidated Statements of Cash Flows Information

	<u>Nine months ended September 30,</u>	
	<u>2012</u>	<u>2011</u>
Supplemental disclosure of cash activities:		
Cash paid for interest	\$33,756,000	\$ 35,630,000
Supplemental disclosure of non-cash activities:		
Conversion of OP Units into common stock	7,895,000	—
Mortgage loans payable assumed by buyers	4,148,000	4,975,000
Capitalization of interest and deferred financing costs	1,000,000	2,036,000

Recently-Issued Accounting Pronouncements

Effective January 1, 2012, the Company adopted the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Update (“ASU”) No. 2011-04, “Fair Value Measurement: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in US GAAP and IFRS”. This update defines fair value, clarifies a framework to measure fair value, and requires specific disclosures of fair value measurements. The adoption of this guidance did not have a material impact on the Company’s financial condition or results of operations.

Cedar Realty Trust, Inc.
Notes to Consolidated Financial Statements
September 30, 2012
(unaudited)

Effective January 1, 2012, the Company adopted the FASB ASU 2011-05, "Presentation of Comprehensive Income", which requires the components of other comprehensive income to be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The guidance has been applied retrospectively and, other than presentation as a separate financial statement, its adoption did not have an effect on the Company's financial position or results of operations.

Note 3. Real Estate

At September 30, 2012, substantially all of the Company's real estate was pledged as collateral for mortgage loans payable and the Company's credit facility.

Note 4. Discontinued operations and land dispositions

In March 2012, the Company determined to sell Kingston Plaza, located in Kingston, New York, and subsequently sold the property in April 2012. As such, the property has been treated as a "discontinued operation" for all periods presented.

The Company conducts a continuing review of the values for all remaining properties "held for sale/conveyance" and, based on final sales prices and sales contracts entered into, the Company recorded \$1.1 million net reversals of impairment charges for the nine months ended September 30, 2012. At September 30, 2012, the Company had 17 properties that were held for sale/conveyance.

As of September 30, 2012, the Company is in the process of conveying four of its properties (Roosevelt II, Gahanna Discount Drug Mart Plaza, Westlake Discount Drug Mart Plaza and McCormick Place) to their respective lenders (mortgage loans payable and accrued interest aggregated \$23.3 million at that date). In connection with these conveyances, each applicable subsidiary borrower has stopped paying monthly mortgage payments and is currently in default on these non-recourse mortgages.

On October 12, 2012, the Company concluded definitive agreements with Homburg Invest Inc. ("HII") relating to the previously disclosed application of the buy/sell provisions of the joint venture agreements for each of the nine properties owned by the joint venture. Pursuant to the agreements, the Company acquired HII's 80% ownership in Meadows Marketplace, located in Hershey, Pennsylvania, and Fieldstone Marketplace, located in New Bedford, Massachusetts, for approximately \$27.3 million, including the assumption of related in-place mortgage financing of \$21.8 million, giving the Company a 100% ownership interest in these two properties. In addition, the Company sold to HII its 20% ownership interest in the remaining seven joint venture properties for approximately \$23.6 million, including the assumption of related in-place mortgage financing of \$14.5 million. The Company's property management agreements for the sold properties terminated upon the closing of the sale.

Cedar Realty Trust, Inc.
Notes to Consolidated Financial Statements
September 30, 2012
(unaudited)

The following is a summary of the components of income (loss) from discontinued operations:

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:				
Rents	\$ 4,409,000	\$ 6,466,000	\$13,907,000	\$ 20,808,000
Expense recoveries	1,059,000	1,654,000	3,557,000	5,139,000
Other	30,000	10,000	89,000	369,000
Total revenues	<u>5,498,000</u>	<u>8,130,000</u>	<u>17,553,000</u>	<u>26,316,000</u>
Expenses:				
Operating, maintenance and management	1,524,000	2,041,000	5,303,000	7,191,000
Real estate and other property-related taxes	973,000	1,334,000	2,979,000	4,129,000
Depreciation and amortization	—	1,652,000	21,000	5,256,000
Interest expense	1,776,000	2,476,000	5,622,000	6,885,000
Total expenses	<u>4,273,000</u>	<u>7,503,000</u>	<u>13,925,000</u>	<u>23,461,000</u>
Income from discontinued operations before impairments	1,225,000	627,000	3,628,000	2,855,000
Impairment (charges)/reversals, net	—	(64,671,000)	1,138,000	(87,287,000)
Income (loss) from discontinued operations	<u>\$ 1,225,000</u>	<u>\$ (64,044,000)</u>	<u>\$ 4,766,000</u>	<u>\$ (84,432,000)</u>
Gain on sales of discontinued operations	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 750,000</u>	<u>\$ 502,000</u>

[Table of Contents](#)

Cedar Realty Trust, Inc.
Notes to Consolidated Financial Statements
September 30, 2012
(unaudited)

During the nine months ended September 30, 2012, the Company completed the following transactions related to properties “held for sale/conveyance”:

<u>Property</u>	<u>Percent Owned</u>	<u>Location</u>	<u>Date Sold</u>	<u>Sales Price</u>	<u>Gain on Sale</u>
Discontinued operations:					
Hilliard Discount Drug Mart Plaza	100%	Hilliard, OH	2/7/2012	\$ 1,434,000	\$ —
First Merit Bank at Akron	100%	Akron, OH	2/23/2012	633,000	—
Grove City Discount Drug Mart Plaza	100%	Grove City, OH	3/12/2012	1,925,000	—
CVS at Naugatuck	50%	Naugatuck, CT	3/20/2012	3,350,000	457,000
CVS at Bradford	100%	Bradford, PA	3/30/2012	967,000	—
CVS at Celina	100%	Celina, OH	3/30/2012	1,449,000	—
CVS at Erie	100%	Erie, PA	3/30/2012	1,278,000	—
CVS at Portage Trail	100%	Akron, OH	3/30/2012	1,061,000	—
Rite Aid at Massillon	100%	Massillon, OH	3/30/2012	1,492,000	—
Kingston Plaza	100%	Kingston, NY	4/12/2012	1,182,000	293,000
Stadium Plaza	100%	East Lansing, MI	5/3/2012	5,400,000	—
				<u>\$20,171,000</u>	<u>\$750,000</u>
Continuing operations:					
Blue Mountain Commons (land parcel)	100%	Harrisburg, PA	6/19/2012	\$ 102,000	\$ 79,000
Oregon Pike (land parcel)	100%	Lancaster, PA	6/28/2012	1,100,000	—
Trindle Springs (land parcel)	100%	Mechanicsburg, PA	7/20/2012	800,000	—
Aston (land parcel)	100%	Aston, PA	7/27/2012	1,365,000	402,000
				<u>\$ 3,367,000</u>	<u>\$481,000</u>

Note 5. Investment in Cedar/RioCan Joint Venture

At September 30, 2012, the Cedar/RioCan joint venture (RioCan – 80%; Cedar – 20%) owned 22 properties (see Note 1 for information relating to the Company’s exit from the joint venture on October 10, 2012). The Company earned fees from the joint venture of approximately \$0.9 million and \$0.7 million for the three months ended September 30, 2012 and 2011, respectively, and \$2.1 million and \$1.9 million for the nine months ended September 30, 2012 and 2011, respectively. Such fees are included in other revenues in the accompanying consolidated statements of operations.

Cedar Realty Trust, Inc.
Notes to Consolidated Financial Statements
September 30, 2012
(unaudited)

The following summarizes certain financial information related to the Company's investment in the Cedar/RioCan unconsolidated joint venture:

<u>Balance Sheets</u>	<u>September 30,</u>	<u>December 31,</u>
	<u>2012</u>	<u>2011</u>
Assets:		
Real estate, net	\$519,115,000	\$532,071,000
Cash and cash equivalents	7,463,000	12,797,000
Restricted cash	3,254,000	3,689,000
Rent and other receivables	2,107,000	2,419,000
Straight-line rents	3,902,000	2,743,000
Deferred charges, net	11,516,000	12,682,000
Other assets	6,268,000	5,549,000
Total assets	<u>\$553,625,000</u>	<u>\$571,950,000</u>
Liabilities and partners' capital:		
Mortgage loans payable	\$313,592,000	\$317,293,000
Due to the Company	623,000	1,203,000
Unamortized intangible lease liabilities	19,637,000	22,182,000
Other liabilities	10,063,000	8,248,000
Total liabilities	343,915,000	348,926,000
Preferred stock	97,000	97,000
Partners' capital	209,613,000	222,927,000
Total liabilities and partners' capital	<u>\$553,625,000</u>	<u>\$571,950,000</u>
The Company's share of partners' capital	<u>\$ 41,923,000</u>	<u>\$ 44,743,000</u>

Cedar Realty Trust, Inc.
Notes to Consolidated Financial Statements
September 30, 2012
(unaudited)

<u>Statements of Income</u>	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues	\$ 15,866,000	\$ 15,538,000	\$ 47,810,000	\$ 46,827,000
Property operating and other expenses	(1,262,000)	(1,361,000)	(4,230,000)	(5,327,000)
Management fees	(541,000)	(501,000)	(1,593,000)	(1,451,000)
Real estate taxes	(1,896,000)	(1,826,000)	(5,758,000)	(5,377,000)
Acquisition transaction costs	(964,000)	(55,000)	(964,000)	(913,000)
General and administrative	(39,000)	(87,000)	(174,000)	(219,000)
Depreciation and amortization	(5,104,000)	(5,339,000)	(15,274,000)	(15,479,000)
Interest and other non-operating expenses, net	(4,006,000)	(4,835,000)	(12,660,000)	(13,914,000)
Net income	<u>\$ 2,054,000</u>	<u>\$ 1,534,000</u>	<u>\$ 7,157,000</u>	<u>\$ 4,147,000</u>
The Company's share of net income	<u>\$ 411,000</u>	<u>\$ 327,000</u>	<u>\$ 1,432,000</u>	<u>\$ 829,000</u>

Note 6. 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 approximate fair value. The fair value of the Company's investments and liabilities related to deferred compensation plans were determined to be a Level 1 within the valuation hierarchy, and were based on independent values provided by financial institutions. The valuation of the liability for the Company's interest rate swaps, which is measured on a recurring basis, was determined to be a Level 2 within the valuation hierarchy, and was based on independent values provided by financial institutions. The valuation of the assets for the Company's real estate held for sale/conveyance – discontinued operations, which is measured on a nonrecurring basis, has been determined to be (i) a Level 2 within the valuation hierarchy, based on the respective contracts of sale, adjusted for closing costs and expenses, or (ii) a 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 analyses 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.

Cedar Realty Trust, Inc.
Notes to Consolidated Financial Statements
September 30, 2012
(unaudited)

Generally, the Company engages third party valuation experts to assist with the preparation of the valuation methods noted above. These valuations are reviewed and approved by a diverse group of management, as deemed necessary, including personnel from acquisitions, accounting, finance, operations, development and leasing departments. During every reporting period, management reviews and updates the valuations as appropriate.

The following tables show the hierarchy for those assets measured at fair value on a recurring basis as of September 30, 2012 and December 31, 2011, respectively:

Description	Assets/Liabilities Measured at Fair Value on a Recurring Basis			
	September 30, 2012			
	Level 1	Level 2	Level 3	Total
Investments related to deferred compensation liabilities (a)	\$ 434,000	\$ —	\$ —	\$ 434,000
Deferred compensation liabilities (b)	\$ 430,000	\$ —	\$ —	\$ 430,000
Interest rate swaps liability (b)	\$ —	\$ 1,841,000	\$ —	\$ 1,841,000

Description	December 31, 2011			
	Level 1	Level 2	Level 3	Total
	Investments related to deferred compensation liabilities (a)	\$3,562,000	\$ —	\$ —
Deferred compensation liabilities (b)	\$3,562,000	\$ —	\$ —	\$3,562,000
Interest rate swaps liability (b)	\$ —	\$2,053,000	\$ —	\$2,053,000

- (a) Included in other assets 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
September 30, 2012
(unaudited)

The fair value of the Company's fixed rate mortgage loans was estimated using available market information and discounted cash flows analyses based on borrowing rates the Company believes it could obtain with similar terms and maturities. As of September 30, 2012 and December 31, 2011, the aggregate fair values of the Company's fixed rate mortgage loans payable, which were determined to be a Level 3 within the valuation hierarchy, were approximately \$514.2 million and \$528.5 million, respectively; the carrying values of such loans were \$496.9 million and \$524.7 million, respectively.

The following tables show the hierarchy for those assets measured at fair value on a non-recurring basis as of September 30, 2012 and December 31, 2011, respectively:

Asset Description	Assets Measured at Fair Value on a Non-Recurring Basis			
	September 30, 2012			
	Level 1	Level 2	Level 3	Total
Real estate held for sale/conveyance	<u>\$ —</u>	<u>\$122,243,000</u>	<u>\$71,931,000</u>	<u>\$194,174,000</u>

Asset Description	December 31, 2011			
	Level 1	Level 2	Level 3	Total
	Real estate held for sale/conveyance	<u>\$ —</u>	<u>\$124,154,000</u>	<u>\$82,520,000</u>

(a) Excludes \$0.9 million relating to a property subsequently treated as "held for sale/conveyance".

Cedar Realty Trust, Inc.
Notes to Consolidated Financial Statements
September 30, 2012
(unaudited)

The following table details the quantitative information regarding Level 3 assets measured at fair value on a non-recurring basis as of September 30, 2012:

Quantitative Information about Level 3 Fair Value Measurements				
	Fair value at September 30, 2012	Valuation Technique	Unobservable inputs	Range (weighted average)
Real estate held for sale/conveyance:				
Operating retail real estate (nine properties)	\$ 62,620,000	Discounted cash flow	Capitalization rates	7.5% to 11.3% (9.8%)
			Discount rates	11.5% to 12.0% (11.6%)
Land (six parcels)	9,311,000	Sales comparison approach	Price per acre	\$29,000 to \$217,000 per acre (\$118,000 per acre)
	<u>\$ 71,931,000</u>			

Note 7. Debt

Amended, Restated and Consolidated Credit Facility

On January 26, 2012, the Company entered into a \$300 million secured credit facility (the "Credit Facility"), which amended, restated and consolidated its \$185 million stabilized property revolving credit facility and its \$150 million development property credit facility. The two prior facilities were due to expire on January 31, 2012 and June 13, 2012, respectively.

The Credit Facility is comprised of a four-year \$75 million term loan and a three-year \$225 million revolving credit facility, subject to collateral in place. In connection with the Credit Facility, the Company paid participating lender fees and closing and transaction costs of approximately \$4.0 million. In addition, the Company wrote off \$2.6 million of unamortized fees associated with the terminated stabilized property and development credit facilities.

Borrowings under the Credit Facility are priced at LIBOR plus 275 bps (a weighted average rate of 3.0% per annum at September 30, 2012), and can range from LIBOR plus 200 to 300 bps based on the Company's leverage ratio. Subject to customary conditions, the term loan and the revolving credit facility may both be extended for one additional year at the Company's option. Under an accordion feature, the Credit Facility can be increased to \$500 million, subject to customary conditions, collateral in place and lending commitments from participating banks.

Cedar Realty Trust, Inc.
Notes to Consolidated Financial Statements
September 30, 2012
(unaudited)

The Credit Facility contains financial covenants including, but not limited to, maximum debt leverage, minimum interest coverage, minimum fixed charge coverage, and minimum net worth. In addition, the Credit Facility contains restrictions including, but not limited to, limits on indebtedness, certain investments and distributions. The Company's failure to comply with these covenants or the occurrence of an event of default under the Credit Facility could result in the acceleration of the related debt. The Credit Facility is available to fund acquisitions, redevelopment and remaining development activities, capital expenditures, mortgage repayments, dividend distributions, working capital and other general corporate purposes.

As of September 30, 2012, the Company has \$18.0 million outstanding under the revolving credit portion of the Credit Facility, and had \$164.9 million available for additional borrowings as of the date. A significant portion of the revolving credit availability is the result of the application of net cash proceeds from the sale of 4.8 million shares of the Company's Series B Preferred Stock during September 2012 (see Note 9). In October 2012, the Company redeemed 4.5 million shares of its Series A Preferred Stock for a total cash outlay of \$114.1 million which was drawn on its Credit Facility.

Derivative financial instruments

At September 30, 2012, the Company had approximately \$31.6 million of mortgage loans payable subject to interest rate swaps. Such interest rate swaps converted LIBOR-based variable rates to fixed annual rates of 5.2% to 6.5% per annum. At that date, the Company had accrued liabilities of \$1.8 million (included in accounts payable and accrued liabilities on the consolidated balance sheet) relating to the fair value of interest rate swaps applicable to existing mortgage loans payable. Charges and/or credits relating to the changes in fair values of such interest rate swaps are made to accumulated other comprehensive (loss) income, noncontrolling interests (minority interests in consolidated joint ventures and limited partners' interest), or operations (included in interest expense), as appropriate.

[Table of Contents](#)

Cedar Realty Trust, Inc.
Notes to Consolidated Financial Statements
September 30, 2012
(unaudited)

The following is a summary of the derivative financial instruments held by the Company and the Cedar/RioCan joint venture at September 30, 2012 and December 31, 2011:

Designation/ Cash flow	Derivative	Count	Notional values		Maturity dates	Balance sheet location	Fair value		
			September 30, 2012	Count			December 31, 2011	September 30, 2012	December 31, 2011
			Qualifying	Interest rate swaps Consolidated			3	\$ 31,595,000	3
Qualifying	Cedar/RioCan Joint Venture	1	\$ 13,892,000	1	\$ 14,182,000	2016	Cedar/RioCan Joint Venture	\$ 2,235,000	\$ 2,419,000

The following presents the effect of the Company's derivative financial instruments on the consolidated statements of operations and the consolidated statements of equity for the three and nine months ended September 30, 2012 and 2011, respectively:

Designation/ Cash flow	Derivative	Amount of gain (loss) recognized in other comprehensive income (loss) (effective portion)			
		Three months ended September 30,		Nine months ended September 30,	
		2012	2011	2012	2011
Qualifying	Consolidated	\$ 174,000	\$ (676,000)	\$ 483,000	\$ (265,000)
Qualifying	Cedar/RioCan Joint Venture	\$ 20,000	\$ —	\$ 78,000	\$ —

As of September 30, 2012, 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 September 30, 2012, if a counterparty were to default, the Company would receive a net interest benefit.

Note 8. 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.

Cedar Realty Trust, Inc.
Notes to Consolidated Financial Statements
September 30, 2012
(unaudited)

The Company has entered into joint venture arrangements with respect to a number of its properties. The applicable joint venture agreements generally include buy/sell provisions pursuant to which, after a specified period of years, either party may initiate the buy/sell provision whereby the initiating party can designate a value for the relevant property or properties, and the other party may then elect either to sell its proportionate ownership interest in the joint venture based on the offered value for the property or properties, or to purchase the initiating party's ownership interest based on such valuation for the property or properties.

Note 9. Shareholders' Equity

On May 15, 2012, the Company concluded a public offering of 400,000 shares of its 7.25% Series B Cumulative Redeemable Preferred Stock ("Series B Preferred Stock") at \$23.00 per share, and realized net proceeds, after offering expenses, of approximately \$8.6 million. On September 11, 2012, the Company concluded another public offering of 4,200,000 shares of its Series B Preferred Stock at \$23.94 per share, and realized net proceeds, after offering expenses, of approximately \$96.8 million. On September 14, 2012, the underwriters exercised their over-allotment option to the extent of 630,000 additional shares of the Company's Series B Preferred Stock, and the Company realized additional net proceeds of \$14.5 million. In addition, on May 29, 2012 the Company entered into an at-the-market ("ATM") equity program in which the Company may, from time to time, offer and sell additional shares of its Series B Preferred Stock. During the nine months ended September 30, 2012, the Company sold approximately 199,000 shares under the ATM equity program at a weighted average price of \$23.23 per share, and realized net proceeds, after offering expenses, of approximately \$4.5 million. The 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.

During the nine months ended September 30, 2012, the Company redeemed and/or purchased on the open-market approximately 487,000 shares of its 8.875% Series A Cumulative Redeemable Preferred Stock ("Series A Preferred Stock"), for a total cash outlay of \$12.4 million (including \$181,000 of redemption costs and \$141,000 of accrued dividends). In addition, during October 2012, the Company redeemed an aggregate of approximately 4.5 million of its Series A Preferred Stock for a total cash outlay of \$114.1 million (including \$1.5 million of accrued dividends).

Cedar Realty Trust, Inc.
Notes to Consolidated Financial Statements
September 30, 2012
(unaudited)

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

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Common stock	\$ 0.050	\$ 0.090	\$ 0.150	\$ 0.270
Cumulative Redeemable Preferred Stock:				
8.875% Series A	\$ 0.555	\$ 0.555	\$ 1.109	\$ 1.664
7.250% Series B	\$ 0.453	\$ —	\$ 0.453	\$ —

During the nine months ended September 30, 2012, holders of approximately 1,134,000 OP Units (including 564,000 mezzanine OP Units) converted their holdings to shares of the Company's common stock. In connection therewith, \$3.9 million of the carrying value of mezzanine OP Units was reclassified to equity.

Note 10. Revenues

Rental revenues for the three and nine months ended September 30, 2012 and 2011, respectively, are comprised of the following:

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Base rents	\$ 24,975,000	\$ 24,086,000	\$ 74,642,000	\$ 72,097,000
Percentage rent	314,000	302,000	778,000	687,000
Straight-line rents	216,000	187,000	778,000	932,000
Amortization of intangible lease liabilities	1,174,000	1,890,000	4,164,000	4,323,000
Total rents	<u>\$ 26,679,000</u>	<u>\$ 26,465,000</u>	<u>\$ 80,362,000</u>	<u>\$ 78,039,000</u>

Other revenues, reflected in the accompanying consolidated statements of operations, include items such as lease termination fees which tend to fluctuate more than rents from period to period. For the nine months ended September 30, 2012, the Company recorded lease termination income of approximately \$3.0 million.

Cedar Realty Trust, Inc.
Notes to Consolidated Financial Statements
September 30, 2012
(unaudited)

Note 11. Share-Based Compensation

The following tables set forth certain share-based compensation information for the three and nine months ended September 30, 2012 and 2011, respectively:

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Share-based compensation:				
Expense relating to share grants (including the equity and liability awards)	\$ 1,149,000	\$ 978,000	\$ 2,885,000	\$ 4,789,000
Adjustments to reflect changes in market price of Company's common stock	—	(39,000)	10,000	(707,000)
Total charged to operations (a)	<u>\$ 1,149,000</u>	<u>\$ 939,000</u>	<u>\$ 2,895,000</u>	<u>\$ 4,082,000</u>

- (a) The amounts charged to operations include \$362,000, \$0, \$362,000, and \$1,980,000, respectively, applicable to accelerated vestings included in management transition charges and employee termination costs.

On June 15, 2012, the Company's shareholders approved the 2012 Stock Incentive Plan (the "2012 Plan"), which was designed to replace the existing 2004 Stock Incentive Plan (the "2004 Plan"). In connection with the approval of the 2012 Plan, the Company agreed not to grant any additional new awards under the 2004 Plan. The 2012 Plan establishes the procedures for the granting of, among other things, restricted stock awards and, in addition to mirroring the basic provisions of the 2004 Plan, specifically provides for the awarding of the remaining 2.0 million shares to the Company's President and Chief Executive Officer, as provided in his employment agreement. As a result of the approval, 500,000 of such shares, which had previously been recorded as a liability award, were reclassified to equity. In addition, during the nine months ended September 30, 2012, there were 557,000 other time-based restricted shares issued with a weighted average grant date fair value of \$4.60 per share. The 2012 Plan authorized 4.5 million shares to be available for grant and increased the maximum number of shares that may be granted to a participant in any calendar year to 500,000. At September 30, 2012, 2.5 million shares remained available for grants pursuant to the 2012 Plan.

Cedar Realty Trust, Inc.
Notes to Consolidated Financial Statements
September 30, 2012
(unaudited)

Note 12. 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 the three and nine months ended September 30, 2012, the Company had 3.6 million and 3.2 million, respectively, of weighted average unvested restricted shares outstanding. For the three and nine months ended September 30, 2011, the Company had 3.0 million and 2.1 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 three and nine months ended September 30, 2012 and 2011, respectively:

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Numerator</u>				
Income (loss) from continuing operations	\$ 1,073,000	\$ (7,221,000)	\$ (2,191,000)	\$ (21,157,000)
Preferred stock dividends	(3,877,000)	(3,580,000)	(11,015,000)	(10,621,000)
Preferred stock redemption costs	(173,000)	—	(555,000)	—
Net loss attributable to noncontrolling interests	127,000	261,000	424,000	785,000
Net earnings allocated to unvested shares	(178,000)	(266,000)	(626,000)	(546,000)
(Loss) from continuing operations attributable to common shareholders	(3,028,000)	(10,806,000)	(13,963,000)	(31,539,000)
Results from discontinued operations, net of noncontrolling interests	(1,449,000)	(59,565,000)	934,000	(79,089,000)
Net (loss) attributable to common shareholders, basic and diluted	<u>\$ (4,477,000)</u>	<u>\$ (70,371,000)</u>	<u>\$ (13,029,000)</u>	<u>\$ (110,628,000)</u>
<u>Denominator</u>				
Weighted average number of vested common shares outstanding	<u>68,232,000</u>	<u>66,800,000</u>	<u>67,932,000</u>	<u>66,253,000</u>
<u>Earnings (loss) per common share, basic and diluted</u>				
Continuing operations	\$ (0.05)	\$ (0.16)	\$ (0.20)	\$ (0.48)
Discontinued operations	\$ (0.02)	\$ (0.89)	\$ 0.01	\$ (1.19)
	<u>\$ (0.07)</u>	<u>\$ (1.05)</u>	<u>\$ (0.19)</u>	<u>\$ (1.67)</u>

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 net loss attributable to noncontrolling interests of the Operating Partnership has been excluded from the numerator and the related OP Units have been 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 281,000 and 1,415,000 for the three months ended September 30, 2012 and 2011, respectively and 518,000 and 1,415,000 for the nine months ended September 30, 2012 and 2011, respectively. In addition, warrants for the purchase of OP Units, which expired on May 31, 2012, have been excluded as they were anti-dilutive for all applicable periods.

Cedar Realty Trust, Inc.
Notes to Consolidated Financial Statements
September 30, 2012
(unaudited)

Note 13. Subsequent Events

In determining subsequent events, management reviewed all activity from October 1, 2012 through the date of filing this Quarterly Report on Form 10-Q.

On October 26, 2012, the Company's Board of Directors declared a dividend of \$0.05 per share with respect to its common stock as well as an equal distribution per unit on its outstanding OP Units. At the same time, the Board declared dividends of \$0.5546875 per share with respect to the Company's 8.875% Series A Preferred Stock and \$0.453125 per share with respect to the Company's 7.25% Series B Preferred Stock. The distributions are payable on November 20, 2012 to shareholders of record on November 9, 2012.

[Table of Contents](#)

Item 2. 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

The Company is a fully-integrated real estate investment trust which currently focuses primarily on ownership and operation of supermarket-anchored shopping centers straddling the Washington, DC to Boston corridor. At September 30, 2012, the Company owned and managed a portfolio of 67 operating properties (excluding properties "held for sale/conveyance") totaling approximately 9.6 million square feet of GLA. In addition, the Company had an ownership interest in 22 operating properties, with approximately 3.7 million square feet of GLA, through its Cedar/RioCan joint venture in which the Company has a 20% interest (see below). The entire managed portfolio, including the Cedar/RioCan properties, was approximately 92.6% leased at September 30, 2012 (67 operating properties – 90.9%; Cedar/RioCan joint venture properties – 97.0%).

In keeping with its stated goal of reducing overall leverage to an appropriate level by selling non-core assets, the Company determined (1) to completely exit the Ohio market, principally the Discount Drug Mart portfolio of drugstore/convenience centers, and concentrate on the mid-Atlantic and Northeast coastal regions (two properties sold in 2012 and two properties "held for sale" as of September 30, 2012), (2) to concentrate on grocery-anchored strip centers, by disposing of its mall and single-tenant/triple-net-lease properties (seven properties sold in 2012 and four properties "held for sale" as of September 30, 2012), and (3) to focus on improving operations and performance at the Company's remaining properties, and to reduce development activities, by disposing of certain development projects, land acquired for development, and other non-core assets (two properties sold in 2012 and four properties "held for sale" as of September 30, 2012). In addition, discontinued operations reflect the consummation of the Homburg joint venture buy/sell transactions (seven properties "held for sale" as of September 30, 2012).

On October 10, 2012, the Company concluded definitive agreements with RioCan to exit the 20% Cedar / 80% RioCan joint venture that owns 22 retail properties. Pursuant to the agreements, the Company exchanged its 20% interest in the joint venture for (1) a 100% ownership interest in Franklin Village, located in Franklin, Massachusetts, at an agreed-upon value of approximately \$75.1 million, including the assumption of related in place mortgage financing of \$43.1 million, and (2) approximately \$40.0 million in cash, which was used to reduce the outstanding balance under the Company's Credit Facility. The Company will continue to manage the properties acquired by RioCan subject to a management agreement which will terminate effective January 31, 2013.

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

Table of Contents

Significant Transactions

Dispositions

The following table details dispositions of properties “held for sale/conveyance” during the nine months ended September 30, 2012:

<u>Property</u>	<u>Percent owned</u>	<u>Location</u>	<u>GLA</u>	<u>Date Sold</u>	<u>Sales Price</u>
Hilliard Discount Drug Mart Plaza	100%	Hilliard, OH	40,988	2/7/2012	\$ 1,434,000
First Merit Bank at Akron	100%	Akron, OH	3,200	2/23/2012	633,000
Grove City Discount Drug Mart Plaza	100%	Grove City, OH	40,848	3/12/2012	1,925,000
CVS at Naugatuck	50%	Naugatuck, CT	13,225	3/20/2012	3,350,000
CVS at Bradford	100%	Bradford, PA	10,722	3/30/2012	967,000
CVS at Celina	100%	Celina, OH	10,195	3/30/2012	1,449,000
CVS at Erie	100%	Erie, PA	10,125	3/30/2012	1,278,000
CVS at Portage Trail	100%	Akron, OH	10,722	3/30/2012	1,061,000
Rite Aid at Massillon	100%	Massillon, OH	10,125	3/30/2012	1,492,000
Kingston Plaza	100%	Kingston, NY	5,324	4/12/2012	1,182,000
Stadium Plaza	100%	East Lansing, MI	77,688	5/3/2012	5,400,000
Blue Mountain Commons (land parcel)	100%	Harrisburg, PA	N/A	6/19/2012	102,000
Oregon Pike (land parcel)	100%	Lancaster, PA	N/A	6/28/2012	1,100,000
Trindle Springs (land parcel)	100%	Mechanicsburg, PA	N/A	7/20/2012	800,000
Aston (land parcel)	100%	Aston, PA	N/A	7/27/2012	1,365,000
Total					<u>\$23,538,000</u>

On October 12, 2012, the Company concluded definitive agreements with HII relating to the application of the buy/sell provisions of the joint venture agreements for each of the nine properties owned by the joint venture. Pursuant to the agreements, the Company acquired HII’s 80% ownership in Meadows Marketplace, located in Hershey, Pennsylvania, and Fieldstone Marketplace, located in New Bedford, Massachusetts, for approximately \$27.3 million, including the assumption of related in-place mortgage financing of \$21.8 million, giving the Company a 100% ownership interest in these two properties. In addition, the Company sold to HII its 20% ownership interest in the remaining seven joint venture properties for approximately \$23.6 million, including the assumption of related in-place mortgage financing of \$14.5 million. The Company’s property management agreements for these sold properties terminated upon the closing of the sale.

Table of Contents

New Credit Facility

On January 26, 2012, the Company entered into a \$300 million secured credit facility (the "Credit Facility"). The Credit Facility amends, restates and consolidates the Company's prior \$185 million stabilized property revolving credit facility and its \$150 million development property credit facility that were due to expire on January 31, 2012 and June 13, 2012, respectively. See "Liquidity" below for additional details.

Results of Operations

Comparison of the three months ended September 30, 2012 and 2011

	2012	2011	Change	
			Dollars	Percent
Revenues	\$33,579,000	\$ 33,418,000	\$ 161,000	0.5%
Property operating expenses	9,706,000	10,557,000	(851,000)	-8.1%
Property operating income	23,873,000	22,861,000	1,012,000	4.4%
General and administrative	(3,637,000)	(2,899,000)	(738,000)	25.5%
Management transition charges and employee termination costs	(1,131,000)	—	(1,131,000)	n/a
Impairment charges	—	(7,419,000)	7,419,000	n/a
Depreciation and amortization	(9,282,000)	(9,794,000)	512,000	-5.2%
Interest expense	(9,626,000)	(10,468,000)	842,000	-8.0%
Interest income	63,000	41,000	22,000	53.7%
Equity in income in unconsolidated joint ventures:	411,000	327,000	84,000	25.7%
Gain on sales	402,000	130,000	272,000	n/a
Income (loss) from continuing operations	1,073,000	(7,221,000)	8,294,000	
Discontinued operations:				
Income from operations	1,225,000	627,000	598,000	95.4%
Impairment (charges), net	—	(64,671,000)	64,671,000	n/a
Net income (loss)	2,298,000	(71,265,000)	73,563,000	
Net income (loss) attributable to noncontrolling interests	2,547,000	(4,740,000)	7,287,000	
Net (loss) attributable to Cedar Realty Trust, Inc.	\$ (249,000)	\$ (66,525,000)	\$ 66,276,000	

Table of Contents

Properties held in both periods. The Company held 67 properties (excluding properties “held for sale/conveyance”) during the three months ended September 30, 2012 and 2011.

Revenues were higher primarily as a result of increases in (i) rental revenues and expense recoveries at ground-up development properties (\$0.5 million) and (ii) other income (\$0.2 million), offset by a decrease in expense recoveries at the Company’s other operating properties (\$0.3 million), due to lower property operating expenses discussed below.

Property operating expenses were lower primarily as a result of decreases in payroll and related benefits and costs (\$1.1 million), offset by an increase in real estate taxes (\$0.3 million).

General and administrative expenses were higher primarily as a result of increases in payroll and related benefits and costs.

Management transition charges and employee termination costs in 2012 reflect separation arrangements and terminations of employment agreements relating primarily to employee headcount reductions instituted in connection with recent property dispositions and the exit from the Cedar/RioCan joint venture. Such costs consist of severance and benefits (\$0.6 million), accelerated vesting of share-based compensation grants (\$0.4 million), and other costs (\$0.1 million).

Impairment charges in 2011 relate principally to land parcels treated as “held for sale/conveyance” as part of the Company’s 2011 business plan, as more fully discussed elsewhere in this report.

Depreciation and amortization expenses were lower primarily as a result of the completion of scheduled amortization of lease intangibles.

Interest expense decreased primarily as a result of (i) lower amortization of deferred financing costs related to the new credit facility entered into during the first quarter of 2012 (\$0.7 million), (ii) a decrease in the overall outstanding principal balance of debt (\$0.7 million), and (iii) a decrease in the overall weighted average interest rate (\$0.1 million), offset by a decrease in capitalized interest (\$0.6 million).

Equity in income of unconsolidated joint ventures was higher in 2012 as a result of an increase in operating results from the Cedar/RioCan joint venture.

Discontinued operations for 2012 and 2011 include the results of operations, impairment reversals/charges and gain on sales for properties sold or treated as “held for sale/conveyance”, as part of the Company’s 2011 business plan, as more fully discussed elsewhere in this report.

[Table of Contents](#)

Comparison of the nine months ended September 30, 2012 and 2011

	2012	2011	Change	
			Dollars	Percent
Revenues	\$105,046,000	\$ 100,493,000	\$ 4,553,000	4.5%
Property operating expenses	30,247,000	32,994,000	(2,747,000)	-8.3%
Property operating income	74,799,000	67,499,000	7,300,000	10.8%
General and administrative	(10,999,000)	(7,770,000)	(3,229,000)	41.6%
Management transition charges and employee termination costs	(1,131,000)	(6,875,000)	5,744,000	n/a
Impairment charges	—	(7,419,000)	7,419,000	n/a
Acquisition transaction costs and terminated projects	—	(1,169,000)	1,169,000	n/a
Depreciation and amortization	(34,804,000)	(27,824,000)	(6,980,000)	25.1%
Interest expense	(29,549,000)	(31,136,000)	1,587,000	-5.1%
Accelerated write-off of deferred financing costs	(2,607,000)	—	(2,607,000)	n/a
Interest income	187,000	216,000	(29,000)	-13.4%
Unconsolidated joint ventures:				
Equity in income	1,432,000	1,152,000	280,000	24.3%
Write-off of investment	—	(7,961,000)	7,961,000	n/a
Gain on sales	481,000	130,000	351,000	n/a
(Loss) from continuing operations	(2,191,000)	(21,157,000)	18,966,000	
Discontinued operations:				
Income from operations	3,628,000	2,855,000	773,000	27.1%
Impairment reversals/(charges), net	1,138,000	(87,287,000)	88,425,000	n/a
Gain on sales	750,000	502,000	248,000	n/a
Net income (loss)	3,325,000	(105,087,000)	108,412,000	
Net income (loss) attributable to noncontrolling interests	4,158,000	(5,626,000)	9,784,000	
Net (loss) attributable to Cedar Realty Trust, Inc.	<u>\$ (833,000)</u>	<u>\$ (99,461,000)</u>	<u>\$ 98,628,000</u>	

Properties held in both periods. The Company held 67 properties (excluding properties “held for sale/conveyance”) during the nine months ended September 30, 2012 and 2011.

Revenues were higher primarily as a result of increases in (i) lease termination income (\$3.0 million), (ii) rental revenues and expense recoveries at ground-up development properties (\$1.5 million), (iii) rental revenues at the Company’s other operating properties (\$0.6 million), and (iv) rental revenues and expense recoveries at a property acquired during the first quarter of 2011 (\$0.6 million), offset by a decrease in expense recoveries at the Company’s other operating properties, due primarily to a decrease in property operating expenses (\$1.2 million).

Property operating expenses were lower primarily as a result of decreases in (i) snow removal costs (\$2.0 million) and (ii) payroll and related benefits and costs (\$1.9 million), offset by an increase in real estate taxes (\$0.7 million).

Table of Contents

General and administrative expenses were higher primarily as a result of increases in payroll and related benefits costs (\$2.4 million). In addition, the 2011 period reflected a mark-to-market benefit related to share-based compensation (\$0.7 million).

Management transition charges and employee termination costs in 2012 reflect separation arrangements and terminations of employment agreements relating primarily to employee headcount reductions instituted in connection with recent property dispositions and the exit from the Cedar/RioCan joint venture. Such costs consist of severance and benefits (\$0.6 million), accelerated vesting of share-based compensation grants (\$0.4 million), and other costs (\$0.1 million). Management transition charges and employee termination costs in 2011 relate to the retirement of the Company's then Chairman of the Board, Chief Executive Officer and President, and the end of the employment of the Company's then Chief Financial Officer, and include (i) an aggregate of approximately \$3.7 million in cash severance payments (including the cost of related payroll taxes and benefits), (ii) the write off of all amounts related to the vesting of restricted share grants (an aggregate of approximately \$2.0 million), and (iii) approximately \$0.8 million of other non-recurring costs, primarily professional fees and expenses related to the hiring of a new President/Chief Executive Officer and Chief Financial Officer.

Impairment charges in 2011 relate principally to land parcels treated as "held for sale/conveyance", as part of the Company's 2011 business plan, as more fully discussed elsewhere in this report.

Acquisition transaction costs and terminated projects in 2011 include (i) costs incurred related to a property acquisition (\$0.7 million), and (ii) termination of several redevelopment projects that the Company determined would not go forward (\$0.4 million).

Depreciation and amortization expenses increased principally by the lease up of a vacant space at a property which required the demolition of an existing building and the related acceleration of depreciation expense.

Interest expense decreased primarily as a result of (i) lower amortization of deferred financing costs related to the new credit facility entered into during the first quarter of 2012 (\$1.6 million), (ii) a decrease in the overall outstanding principal balance of debt (\$0.6 million), and (iii) a decrease in the overall weighted average interest rate (\$0.4 million), offset by a decrease in capitalized interest (\$1.0 million).

Accelerated write-off of deferred financing costs in 2012 relates to the write-off of unamortized fees associated with the Company's terminated stabilized property and development property credit facilities.

Equity in income of unconsolidated joint ventures was higher in 2012 as a result of an increase in operating results in 2012 from the Cedar/RioCan joint venture (\$0.8 million), and lost revenues from the tenant at its then redevelopment joint venture in Philadelphia, Pennsylvania vacating the premises in April 2011 (\$0.3 million).

[Table of Contents](#)

Write-off of investment in unconsolidated joint venture in 2011 relates to the Company's decision not to go forward with the development of two adjacent properties in Philadelphia, Pennsylvania. The impairment loss for the wholly-owned property is included in loss from discontinued operations.

Discontinued operations for 2012 and 2011 include the results of operations, impairment reversals/charges and gain on sales for properties sold or treated as "held for sale/conveyance", as part of the Company's 2011 business plan, as more fully discussed elsewhere in this report.

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, remaining development costs, capital improvements, joint venture contributions, and maturing debt initially with its credit facility, and ultimately through a combination of issuing and/or assuming additional mortgage debt, the sale of equity securities, the issuance of additional OP Units, and the sale of properties or interests therein (including joint venture arrangements). Although the Company believes it has access to secured financing, there can be no assurance that the Company will have the availability of mortgage financing on completed development projects, additional construction financing, net proceeds from the contribution of properties to joint ventures, or proceeds from the refinancing of existing debt.

Debt is comprised of the following at September 30, 2012:

<u>Description</u>	<u>Balance outstanding</u>	<u>Interest rates</u>	
		<u>Weighted - average</u>	<u>Range</u>
Fixed-rate mortgages	\$496,927,000	5.8%	5.0% - 7.5%
Variable-rate mortgage	63,106,000	3.0%	
Total property-specific mortgages	560,033,000	5.5%	
Corporate credit facilities:			
Revolving facility	18,000,000	3.0%	
Term loan	75,000,000	3.0%	
	<u>\$653,033,000</u>	<u>5.1%</u>	

Table of Contents

As noted above, on January 26, 2012, the Company entered into a new \$300 million Credit Facility, comprised of a four-year \$75 million term loan and a three-year \$225 million revolving credit facility, subject to collateral in place. Subject to customary conditions, the term loan and the revolving credit facility may both be extended for one additional year at the Company's option. Under an accordion feature, the Credit Facility can be increased to \$500 million, subject to customary conditions, collateral in place and lending commitments from participating banks. The Credit Facility contains financial covenants including, but not limited to, maximum debt leverage, minimum interest coverage, minimum fixed charge coverage, and minimum net worth. In addition, the Credit Facility contains restrictions including, but not limited to, limits on indebtedness, certain investments and distributions. The Credit Facility is available to fund acquisitions, redevelopment and remaining development activities, capital expenditures, mortgage repayments, dividend distributions, working capital and other general corporate purposes. Borrowings under the Credit Facility are priced at LIBOR plus 275 bps (a weighted-average of 3.0% per annum at September 30, 2012) and can range from LIBOR plus 200 to 300 bps based on the Company's leverage ratio. As of September 30, 2012, the Company has \$18.0 million outstanding under the revolving credit portion of the Credit Facility, and had \$164.9 million available for additional borrowings as of the date. A significant portion of the revolving credit availability is the result of the application of net cash proceeds from the sale of 4.8 million shares of the Company's Series B Preferred Stock during September. In October 2012, the Company redeemed 4.5 million shares of its Series A Preferred Stock for a total cash outlay of \$114.1 million which was drawn on its Credit Facility.

Property-specific mortgage loans payable at September 30, 2012 consisted of fixed-rate notes totaling \$496.9 million, with a weighted average interest rate of 5.8%, and a LIBOR-based variable-rate note totaling \$63.1 million, with an effective interest rate of 3.0% per annum at that date. For the remainder of 2012, the Company has approximately \$2.3 million of scheduled debt principal amortization payments and \$10.7 million of scheduled balloon payments.

Total mortgage loans payable and secured credit facilities have an overall weighted average interest rate of 5.1% and 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.

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 dividends totaling \$0.36 per share during 2011. However, in keeping with its stated goal of reducing overall leverage, and in order to improve financial flexibility, the Company's Board of Directors determined to reduce the quarterly dividend for 2012 to a target rate of \$0.05 per share (an annual rate of \$0.20 per share). 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.

Table of Contents

Contractual obligations and commercial commitments

The following table sets forth the Company's significant debt repayment, interest and operating lease obligations at September 30, 2012:

	Maturity Date						
	Remainder of 2012	2013	2014	2015	2016	Thereafter	Total
Debt: (i)							
Mortgage loans payable (ii)	\$ 12,992,000	\$ 122,815,000	\$ 106,423,000	\$ 77,321,000	\$ 98,922,000	\$ 141,560,000	\$ 560,033,000
Credit facilities (iii)	—	—	—	18,000,000	75,000,000	—	93,000,000
Interest payments (iv)	8,999,000	29,748,000	24,123,000	16,586,000	12,723,000	19,926,000	112,105,000
Operating lease obligations	372,000	1,501,000	1,515,000	1,530,000	1,539,000	11,257,000	17,714,000
Total	<u>\$ 22,363,000</u>	<u>\$ 154,064,000</u>	<u>\$ 132,061,000</u>	<u>\$ 113,437,000</u>	<u>\$ 188,184,000</u>	<u>\$ 172,743,000</u>	<u>\$ 782,852,000</u>

- (i) Does not include amounts applicable to unconsolidated joint ventures or discontinued operations.
- (ii) Mortgage loans payable for 2013 includes \$59.7 million applicable to property-specific construction financing which is subject to a one-year extension option.
- (iii) Each credit facility is subject to a one-year extension option.
- (iv) Represents interest payments expected to be incurred on the Company's consolidated debt obligations as of September 30, 2012, including capitalized interest. For variable-rate debt, the rate in effect at September 30, 2012 is assumed to remain in effect until the maturities of the respective obligations.

Net Cash Flows

	September 30,	
	2012	2011
Cash flows provided by (used in):		
Operating activities	\$ 36,784,000	\$ 21,367,000
Investing activities	\$ 2,088,000	\$(67,072,000)
Financing activities	\$(43,526,000)	\$ 43,181,000

Operating Activities

Net cash provided by operating activities, before net changes in operating assets and liabilities, increased to \$40.0 million for the nine months ended September 30, 2012 from \$34.1 million for the nine months ended September 30, 2011. Such amounts include \$3.0 million of lease termination income received in 2012 and expenditures of \$4.4 million for management transition charges and employee termination costs in 2011. The net changes in operating assets and liabilities (\$3.2) million in 2012 and \$(12.8) million in 2011) were primarily the result of collections of receivables and the timing of payments of accounts payable and accrued liabilities.

Table of Contents

Investing Activities

Net cash flows provided by (used in) investing activities were primarily the result of the Cedar/RioCan joint venture transactions, expenditures for property improvements, and the Company's property disposition activities. During the nine months ended September 30, 2012, the Company received proceeds from sales of properties treated as discontinued operations (\$18.8 million), had distributions of capital from the Cedar/RioCan joint venture (\$2.9 million), and applied the proceeds from other escrows (\$2.6 million), offset by expenditures for property improvements (\$22.2 million). During the nine months ended September 30, 2011, the Company acquired a grocery-anchored shopping center and incurred expenditures for property improvements (an aggregate of \$76.1 million), had an increase in construction escrows and other (\$7.3 million), had investments in and advances to unconsolidated joint ventures (\$4.2 million), offset by proceeds from sales of properties treated as discontinued operations (\$11.7 million), net proceeds relating to the properties transferred to the Cedar/RioCan joint venture (\$4.8 million), and distributions of capital from the Cedar/RioCan joint venture (\$4.0 million).

Financing Activities

During the nine months ended September 30, 2012, the Company had net repayments under its credit facilities (\$73.3 million), repayments of mortgage obligations (\$53.3 million), preferred and common stock distributions (\$20.9 million), redemptions and repurchases of the 8.875% Series A Cumulative Redeemable Preferred Stock (\$12.1 million), the payment of debt financing costs (\$4.4 million), and distributions to noncontrolling interests (minority interest and limited partners—\$3.7 million), offset by proceeds from the sale of the 7.25% Series B Cumulative Redeemable Preferred Stock (\$124.4 million). During the nine months ended September 30, 2011, the Company received proceeds from mortgage refinancings (\$45.8 million), received net advances from its revolving credit facilities (\$33.7 million), and proceeds from the sale of common stock (\$4.3 million), offset by preferred and common stock distributions (\$29.1 million), repayment of mortgage obligations (\$9.3 million), and distributions to noncontrolling interests (minority interest and limited partners—\$2.2 million).

Funds From Operations

Funds From Operations "FFO" is a widely-recognized non-GAAP financial measure for REITs that the Company believes, when considered with financial statements determined in accordance with GAAP, is useful to investors in understanding financial performance and providing a relevant basis for comparison among REITs. In addition, FFO is useful to investors as 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 do other depreciable assets. Investors should review FFO, along with GAAP net income, when trying to understand a REIT's operating performance. The Company considers FFO an important supplemental measure of its operating performance and believes that it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs.

Table of Contents

The Company computes FFO in accordance with the “White Paper” published by the National Association of Real Estate Investment Trusts (“NAREIT”), which defines FFO as net income applicable to common shareholders (determined in accordance with GAAP), excluding impairment charges, gains or losses from debt restructurings and sales of properties, plus real estate-related depreciation and amortization, and after adjustments for partnerships and joint ventures (which are computed to reflect FFO on the same basis). FFO does not represent cash generated from operating activities and should not be considered as an alternative to net income applicable to common shareholders or to cash flow from operating activities. FFO is not indicative of cash available to fund ongoing cash needs, including the ability to make cash distributions. Although FFO is a measure used for comparability in assessing the performance of REITs, as the NAREIT White Paper only provides guidelines for computing FFO, the computation of FFO may vary from one company to another. The following table sets forth the Company’s calculations of FFO for the three and nine months ended September 30, 2012 and 2011:

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Net (loss) attributable to common shareholders	\$ (4,299,000)	\$ (70,105,000)	\$ (12,403,000)	\$ (110,082,000)
Add (deduct):				
Real estate depreciation and amortization	9,185,000	11,380,000	34,577,000	32,729,000
Limited partners’ interest	(17,000)	(1,455,000)	(114,000)	(2,294,000)
Impairment charges / (reversals)	—	72,114,000	(1,138,000)	102,647,000
Gain on sales	(402,000)	—	(1,231,000)	(502,000)
Consolidated minority interests:				
Share of income	2,564,000	(3,285,000)	4,272,000	(3,332,000)
Share of FFO	(1,287,000)	(1,462,000)	(4,078,000)	(4,442,000)
Unconsolidated joint ventures:				
Share of income	(411,000)	(327,000)	(1,432,000)	(1,152,000)
Share of FFO	1,433,000	1,374,000	4,488,000	4,438,000
FFO	<u>\$ 6,766,000</u>	<u>\$ 8,234,000</u>	<u>\$ 22,941,000</u>	<u>\$ 18,010,000</u>

Item 3. Quantitative and Qualitative Disclosures About Market Risk

One of the principal market risks facing the Company is interest rate risk on its credit facilities. The Company may, when advantageous, hedge its interest rate risk by using derivative financial instruments. The Company is not subject to foreign currency risk.

The Company is exposed to interest rate changes primarily through (i) the variable-rate credit facilities used to maintain liquidity, fund capital expenditures and ground-up development/redevelopment activities, and expand its real estate investment portfolio, (ii) property-specific variable-rate construction financing, and (iii) other property-specific variable-rate mortgages. 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 fixed rates and may enter into derivative financial instruments such as interest rate swaps, caps, etc., in order to mitigate its interest rate risk on a related variable-rate financial instrument. The Company does not enter into derivative or interest rate transactions for speculative purposes. At September 30, 2012, the Company had approximately \$31.6 million of mortgage loans payable subject to interest rate swaps which converted LIBOR-based variable rates to fixed annual rates ranging from 5.2% to 6.5% per annum. At that date, the Company had accrued liabilities of \$1.8 million (included in accounts payable and accrued liabilities on the consolidated balance sheet) relating to the fair value of interest rate swaps applicable to these mortgage loans payable.

Table of Contents

At September 30, 2012, long-term debt consisted of fixed-rate mortgage loans payable and variable-rate debt (including the Company's variable-rate credit facility). The average interest rate on the \$496.9 million of fixed-rate indebtedness outstanding was 5.8%, with maturities at various dates through 2029. The average interest rate on the \$156.1 million of variable-rate debt (including \$93.0 million in advances under the Company's Credit Facility) was 3.0%. The \$75 million term loan segment of the new facility matures in January 2016, and the \$18.0 million revolving credit segment matures in January 2015, each subject to a one-year extension option. With respect to the \$156.1 million of variable-rate debt outstanding at September 30, 2012, if interest rates either increase or decrease by 1%, the Company's interest cost would increase or decrease respectively by approximately \$1.6 million per annum.

Item 4. Controls and Procedures

The Company maintains disclosure controls and procedures and internal controls designed to ensure that information required to be disclosed in its filings under the Securities Exchange Act of 1934 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 principal executive and financial officers have evaluated its disclosure controls and procedures as of September 30, 2012, and have determined that such disclosure controls and procedures are effective.

During the nine months ended September 30, 2012, there have been no changes in the 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.

[Table of Contents](#)

Part II Other Information

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Repurchases of 8.875% Series A Cumulative Redeemable Preferred Stock

The following sets forth certain information relating to open-market purchases by the Company of its 8.875% Series A Cumulative Redeemable Preferred Stock (“Series A Preferred Stock”) during the three months ended September 30, 2012:

<u>Period</u>	<u>Total number of shares purchased</u>	<u>Average price paid per share</u>	<u>Total number of shares purchased as part of publicly announced plans or programs (a)</u>	<u>Maximum number of shares that may yet be purchased under the plans or programs (b)</u>
July 1 through July 31	6,000	\$ 25.50	6,000	6,014,000
August 1 through August 31	101,000	\$ 25.66	101,000	5,913,000
September 1 through September 30	—	\$ —	—	5,913,000
	<u>107,000</u>	<u>\$ 25.65</u>	<u>107,000</u>	<u>5,913,000</u>

- (a) The Company intends to use the net proceeds from periodic sales of its 7.25% Series B Cumulative Redeemable Preferred Stock for general working capital and other corporate purposes, including potential future repurchases or redemptions of its Series A Preferred Stock and/or the repayment of outstanding indebtedness.
- (b) During October 2012, the Company redeemed an additional 4.5 million shares of its Series A Preferred Stock.

Item 5. Other Information

The Company intends to hold its 2013 Annual Meeting of Stockholders on May 3, 2013, which is a date in advance of that of prior years. Accordingly, proposals of stockholders intended to be presented at such meeting must be received by the Company on or prior to December 29, 2012 to be eligible for inclusion in the Company’s proxy statement to be used in connection with such meeting. Any notice of stockholder proposals received after that date will be considered untimely. In addition, proposed nominations by stockholders at the 2013 Annual Meeting for persons to serve as directors must be received by the Company on or prior to February 4, 2013. Nominations received after that date will be considered untimely.

[Table of Contents](#)

Item 6. Exhibits

Exhibit 10.1	Agreement Regarding Purchase Of Interests (Franklin) By And Between RC Cedar REIT Property Subsidiary LP And Cedar Realty Trust Partnership, L.P. And RC Cedar REIT LP and RioCan Holdings USA, Inc., dated as of September 6, 2012.
Exhibit 31	Section 302 Certifications
Exhibit 32	Section 906 Certifications
Exhibit 101.INS	XBRL Instance Document
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

[Table of Contents](#)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

By: /s/ BRUCE J. SCHANZER
Bruce J. Schanzer
President and Chief Executive Officer
(Principal executive officer)

By: /s/ PHILIP R. MAYS
Philip R. Mays
Chief Financial Officer
(Principal financial officer)

November 8, 2012

AGREEMENT REGARDING PURCHASE OF INTERESTS (FRANKLIN)

BY AND BETWEEN

RC CEDAR REIT PROPERTY SUBSIDIARY LP

AND

CEDAR REALTY TRUST PARTNERSHIP, L.P.

AND

RC CEDAR REIT LP

AND

RIOCAN HOLDINGS USA, INC.

Dated as of September 6, 2012

TABLE OF CONTENTS

	Page
1. Certain Definitions.	1
2. Purchase of Interests.	3
3. Closing.	5
4. Closing Costs.	5
5. Representations and Warranties of RioCan Holdings.	6
6. Representations and Warranties of REIT and REIT Sub.	8
7. Representations and Warranties of Cedar	11
8. Investment Representations, Etc.	12
9. Deliveries to be made on the Closing Date.	13
10. Covenants of Parties.	14
11. Conditions to the Closing.	14
12. Apportionments.	16
13. Release.	19
14. Brokers.	19
15. Limitation of Liability.	19
16. Remedies For Default.	21
17. Notices.	22
18. Amendments.	24
19. Governing Law; Jurisdiction; Construction.	24
20. Partial Invalidity.	24
21. Counterparts.	25
22. No Third Party Beneficiaries.	25
23. Waiver.	25
24. Assignment.	25
25. Binding Effect.	25
26. Entire Agreement.	26
27. Further Assurances.	26
28. Paragraph Headings/Schedules.	26
29. Waiver of Trial by Jury.	26
30. Litigation Costs.	26
31. Currency.	26
32. Intentionally Deleted.	27
33. Press Releases.	27
34. Real Estate Tax Protests.	27

EXHIBIT

EXHIBIT A - FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

AGREEMENT REGARDING PURCHASE OF INTERESTS

AGREEMENT REGARDING PURCHASE OF INTERESTS (this “**Agreement**”), made as of the 6th day of September, 2012, by and between RC CEDAR REIT PROPERTY SUBSIDIARY LP, a Delaware limited liability company (“**REIT Sub**”) and CEDAR REALTY TRUST PARTNERSHIP, L.P., a Delaware limited partnership (“**Cedar**”) and RC CEDAR REIT LP (“**REIT**”) and RIOCAN HOLDINGS USA INC. (“**RioCan Holdings**”).

WITNESSETH :

WHEREAS, REIT Sub is the sole limited partner of the Property Owner (as hereinafter defined) and the sole member of General Partner, the sole general partner of the Property Owner;

WHEREAS REIT Sub has agreed to sell all of its right, title and interest in the Property Owner and in the membership interests of General Partner to Cedar and Cedar has agreed in to buy all of REIT Sub’s right, title and interest in the Property Owner and in General Partner, subject to the terms and conditions hereof;

WHEREAS REIT is the sole limited partner of REIT Sub and the sole member of the general partner of REIT Sub:

WHEREAS Property Owner, General Partner and REIT Sub are treated as disregarded entities for United States federal income tax purposes.

NOW THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Certain Definitions.**

For purposes of this Agreement, the following terms shall have the respective meanings set forth below:

Adjustment Date: As defined in Section 12(a).

Agreement: As defined in the Preamble.

Buildings: All buildings, structures (surface and subsurface), installations and other improvements on the Property.

Business Day: Any day, other than a Saturday or Sunday, on which commercial banks in the State of New York or the province of Ontario are not required or authorized to be closed for business.

Cedar: As defined in the Preamble.

Cedar Related Parties: Cedar and any agent, advisor, representative, affiliate, employee, director, partner, member, beneficiary, investor, servant, shareholder, trustee or other person or entity acting on Cedar's behalf or otherwise related to or affiliated with Cedar.

Closing: The closing of the Transaction contemplated in this Agreement.

Closing Date: As defined in Section 3.

Closing Documents: The agreements, instruments and other documents to be delivered by REIT Sub to Cedar pursuant to Section 9(a) or otherwise pursuant to this Agreement and the agreements, instruments and other documents to be delivered by Cedar pursuant to Section 9(b) or otherwise pursuant to this Agreement.

Commission: The United States Securities and Exchange Commission.

Default Notice: As defined in Section 16(c).

Defaulting Party: As defined in Section 16(c).

Escrow Agent: Commonwealth Land Title Insurance Company, Two Grand Central Tower 140 East 45th Street, 22nd Floor, New York, NY 10017, Attention: Robert Fitzgerald.

Executive Order 13224: Executive Order 13224—Blocking Property and Prohibiting Transaction with Persons Who Commit, Threaten to Commit, or Support Terrorism, issued by OFAC.

Guarantee: The guarantee by REIT Sub of the Loan.

General Partner: CSC Franklin Village GP LLC, a Delaware limited liability company.

Guarantor Replacement and Release: As defined in Section 2(b).

Interests: As defined in Section 2(a).

Leases: The leases described on the Rent Roll for the Property.

Leasing Costs: As defined in Section 12(b).

Lender: Sun Life Assurance Company of Canada.

Lender Notification Letter: As defined in Section 9(a)(iii).

Loan: The loan by the Lender in connection with the Property.

Non-Defaulting Party: As defined in Section 16(c).

OFAC: The Office of Foreign Assets Control of the United States Department of the Treasury.

OFAC Lists: As defined in Section 7(a)(iv).

Other Agreement: The Agreement regarding Purchase of Partnership Interests of even date herewith between Cedar Realty Trust Partnership, L.P., Cedar RCP LP LLC, and Cedar RCP GC LLC, as sellers, and RioCan Holdings, as purchaser.

Outside Adjustment Date: As defined in Section 12(f).

Person: An individual, partnership, joint venture, corporation, trust or other entity.

Price: As defined in Section 2(a).

Property: The property located in Franklin, Massachusetts and known as "Franklin Village Plaza".

Property Owner: CSC Franklin Village LP, a Delaware limited partnership.

Rent Roll: The rent roll prepared by Cedar for the Property dated July 31, 2012.

REIT: As defined in the Preamble.

REIT Sub: As defined in the Preamble.

RioCan Holdings: As defined in the Preamble.

RioCan Related Party: RioCan Holdings and any agent, advisor, representative, affiliate, employee, director, partner, member, beneficiary, investor, servant, shareholder, trustee or other person or entity acting on RioCan's behalf or otherwise related to or affiliated with RioCan Holdings, including, without limitation, RC Cedar LP, REIT and REIT Sub.

Settlement Statement: As defined in Section 9(a)(v).

Tenants: Means all Persons having a right to occupy any rentable area of the Property pursuant to a Lease.

Transaction: The transaction contemplated under this Agreement.

2. **Purchase of Interests**

- (a) Immediately prior to the closing under the Other Agreement, and conditioned upon the parties to the Other Agreement irrevocably agreeing in a writing satisfactory to Cedar and RioCan Holdings to closing the transactions contemplated by the Other Agreement immediately following the Closing under this Agreement, Cedar shall, on the Closing Date, purchase from REIT Sub all of its right, title and interest as limited partner of the Property Owner and all of its membership interest in General Partner (collectively the, "**Interests**") for Seventy Five Million, One Hundred and Twenty Seven Thousand, Three Hundred and Thirty Eight Dollars (\$75,127,338) which shall be reduced by one hundred percent (100%) of the outstanding principal amount as of the Closing Date of the Loan (the "**Price**"). The parties hereto acknowledge that the Price was calculated, in part, based on the trailing net operating income of the Property, and the Price shall not be adjusted to account for any change in net operating income. Cedar shall pay the Price to the REIT Sub or its designated assignee pursuant to Section 2(c), and in consideration therefor, Cedar and RioCan Holdings and REIT shall cause the REIT Sub to assign the Interests to Cedar or its designee and Cedar shall pay the Price to the REIT Sub or such designated assignee by wire transfer of immediately available federal funds to an account or accounts designated by the REIT Sub.

- (b) Cedar shall, at its cost and expense, (i) comply with all obligations under the documents and instruments securing, evidencing or otherwise related to the Loan with respect to the Transaction contemplated by this Agreement, and (ii) use commercially reasonable efforts commencing promptly after the date hereof to obtain, effective as of the Closing Date, from the Lender its written approval or agreement, in a form reasonably acceptable to RioCan Holdings, REIT AND REIT Sub and Cedar, of the substitution of REIT Sub by Cedar as the guarantor under the Guarantee and the release of REIT Sub as guarantor thereunder (the “**Guarantor Replacement and Release**”). If the Lender shall condition the Guarantor Replacement and Release upon modifying the applicable organizational documents of the Property Owner, or any other modifications of the Loan documents that do not materially increase the liabilities (including, without limitation, potential tax liabilities) or materially limit the rights or economic benefits of Cedar, Cedar shall use commercially reasonable efforts to satisfy any such requirements to the satisfaction of the Lender. Cedar and RioCan Holdings, REIT and REIT Sub agree to use commercially reasonable efforts to cooperate with each other in connection with the foregoing (including, without limitation, promptly furnishing to Lender all information and documents (financial and otherwise) which may be required under the Loan or otherwise reasonably requested by the Lender). Cedar shall keep RioCan Holdings, REIT and REIT Sub reasonably informed as to the status of compliance with the terms of this Section 2(b) including, without limitation, providing RioCan Holdings, REIT and REIT Sub with copies of all material correspondence received or delivered in connection therewith contemporaneously with such receipt or delivery.
- (c) REIT may, at the request of RioCan Holdings, cause the REIT Sub to sell the Interests as part of a tax-deferred exchange of real estate pursuant to the provisions of Section 1031 of the Internal Revenue Code of 1986, as amended from time to time and shall be entitled to use a third-party intermediary as part of the tax-deferred exchange, and Cedar shall, at no cost or expense to Cedar, reasonably cooperate with REIT to accomplish such tax-deferred exchange(s). Further to the foregoing, REIT may require the proceeds of the sale of the Interests to be paid to and retained in escrow by an escrow agreement pending the tax-deferred exchange(s). In furtherance of the foregoing, REIT reserves the right to assign its rights, but not its obligations, hereunder to a “Qualified Intermediary” as provided in IRC Reg. 1.1031(k)-1(g)(4), or to an “Exchange Accommodation Titleholder” as described in Revenue Procedure 93-27, on or before the Closing Date hereunder. RioCan Holdings shall defend, indemnify and hold the Cedar Related Parties harmless of, from and against any and all damages, claims, liabilities, costs and expenses (including, without limitation reasonable legal fees and expenses) arising out of, or in connection with, such tax-deferred exchange. The provisions of the immediately preceding sentence shall survive the Closing.

(d) For US federal income tax purposes, the seller of the Interests under this Agreement shall be the REIT.

3. **Closing.**

The closing ("**Closing**") of the Transactions shall occur at 10:00 a.m. (Eastern time) on or about October 1, 2012, as such date may be extended to allow the closing under the Other Agreement to occur immediately thereafter (the "**Closing Date**"). TIME SHALL BE OF THE ESSENCE with respect to the obligations of the parties hereto to close the Transaction immediately prior to the closing under the Other Purchase Agreement. The Closing shall occur at the offices of the Escrow Agent through an escrow and pursuant to escrow instructions consistent with the terms of this Agreement and otherwise mutually satisfactory to Cedar and RioCan Holdings, REIT and REIT Sub. The Closing shall constitute approval by each of the parties of all matters to which such party has a right of approval and a waiver of all conditions precedent related to the Transactions.

4. **Closing Costs.**

Costs in connection with the Transaction shall be allocated as follows:

- (a) Cedar will be responsible for the following costs and expenses due and payable in connection with the purchase of the Interests: (A) any and all state and local recording charges and fees; (B) all of the costs, expenses and charges in connection with the Guarantor Replacement and Release; (C) 50% of any escrow fees charged by the Escrow Agent; and (D) any and all state and local deed taxes, real property transfer taxes, controlling-interest taxes and similar taxes with respect to the purchase of the Interests (if any);
- (b) REIT (as constituted after the closing of the transaction contemplated in the Other Agreement) will be responsible for 50% of any escrow fees charged by the Escrow Agent and all costs and expenses in connection with the tax-deferred exchange referred to in Section 2(c);
- (c) Cedar shall pay all costs and expenses associated with (A) record searches, title examinations and updated owner title insurance policies (including endorsements thereto), if any, desired by it; and (B) any new or updated surveys, any title insurance policy and/or endorsements insuring or otherwise providing coverage to Cedar, the Property Owner or any other Person; and

(d) Except as set forth in Section 30 below, each party shall pay the cost of the fees and disbursements of its attorneys in connection with this Agreement.

The provisions of this Section 4 shall survive the Closing.

5. **Representations and Warranties of RioCan Holdings.**

(a) RioCan Holdings hereby makes the following representations and warranties to Cedar:

- (i) **Due Authority.** This Agreement and all agreements, instruments and documents herein provided to be executed by them have been duly authorized, executed and delivered by and binding upon it. This Agreement constitutes its legal, valid and binding obligations and shall be enforceable against it in accordance with its terms, except as such enforceability may be limited by (i) bankruptcy, insolvency or other similar laws affecting creditor's rights generally and (ii) general principles of equity. It is an entity, duly organized and validly existing and in good standing under the laws of the State of its formation and is duly authorized and qualified to do all things required of it under this Agreement and all agreements, instruments and documents herein provided to be executed by it.
- (ii) **Conflicts.** Neither the entry into nor the performance of this Agreement by it will to its knowledge (i) violate, conflict with or result in a breach of, or constitute a default under, or an event which, with or without notice or lapse of time or both, would be a breach of or default under, or give others any rights of termination, amendment, acceleration or cancellation of, any corporate charter, certificate of incorporation, by-law, partnership agreement, operating agreement, indenture, mortgage, contract, permit, judgment, decree or order to which it is a party or by which it is bound, or (ii) require the consent of any third party other than as has already been obtained or is otherwise specifically set forth herein.
- (iii) **No Insolvency.** RioCan Holdings is not nor shall it be on the Closing Date, a debtor in any state or federal insolvency, bankruptcy or receivership proceeding.
- (iv) **Litigation.** To its knowledge, there is no material pending or threatened litigation, claim or proceeding against RioCan Holdings which if adversely determined could reasonably be expected to prevent the consummation of the Transaction.

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- (v) **OFAC.** Neither RioCan Holdings, or, to its knowledge, any member, partner or shareholder of RioCan Holdings, nor to the knowledge of RioCan Holdings, any Person with actual authority to direct the actions of RioCan Holdings nor, to the knowledge of RioCan Holdings, any other Persons holding any legal or beneficial interest whatsoever in RioCan Holdings (A) are named on any OFAC Lists, (B) are included in, owned by, controlled by, knowingly acting for or on behalf of, knowingly providing assistance, support, sponsorship, or services of any kind to, or otherwise knowingly associated with any of the Persons referred to or described in the OFAC Lists, or (C) has knowingly conducted business with or knowingly engaged in any transaction with any Person named on any of the OFAC Lists or any Person included in, owned by, controlled by, acting for or on behalf of, providing assistance, support, sponsorship, or services of any kind to, or, to the knowledge of RioCan Holdings, otherwise associated with any of the Persons referred to or described in the OFAC Lists.
- (b) **Knowledge of RioCan Holdings.** References to the “knowledge” of RioCan Holdings or words of similar import shall refer only to the current actual (as opposed to implied or constructive) knowledge of Jonathan Gitlin and shall not be construed, by imputation or otherwise, to refer to the knowledge of RioCan Holdings or any parent, subsidiary or affiliate thereof or to any other officer, agent, manager, representative or employee of RioCan Holdings or to impose upon Jonathan Gitlin any duty to investigate the matter to which such actual knowledge, or the absence thereof, pertains. Notwithstanding anything to the contrary contained in this Agreement, Jonathan Gitlin shall not have any personal liability hereunder.
- (c) **Knowledge of Cedar.** Notwithstanding anything to the contrary contained in this Agreement, with respect to the Transaction, if any of the representations or warranties of RioCan Holdings contained in this Agreement or in any document or instrument delivered in connection herewith are materially false or inaccurate, or RioCan Holdings is in material breach or default of any of its obligations under this Agreement that survive a Closing, and Cedar nonetheless closes the Transaction hereunder, then RioCan Holdings shall not have any liability or obligation respecting such false or inaccurate representations or warranties or other breach or default (and any cause of action resulting therefrom shall terminate upon such Closing) in the event that on or prior to the Closing, Cedar shall have had actual knowledge of the false or inaccurate representations or warranties or other breach or default.
- (d) **Survival of Representations.** Notwithstanding anything to the contrary contained in this Agreement, all representations and warranties of RioCan Holdings contained in this Section 5 shall survive the Closing for a period of one (1) year. In furtherance thereof, Cedar acknowledges and agrees that it shall have no right to make any claim against RioCan Holdings on account of any breach of any representation or warranty unless an action on account thereof shall be filed in a court of competent jurisdiction within one (1) year following the Closing. To the fullest extent permitted by law, the foregoing shall constitute an express waiver of any applicable statute of limitations on account of the breach by RioCan Holdings of any representation or warranty.

The provisions of Section 5(c) and (d) shall survive the Closing.

6. **Representations and Warranties of REIT and REIT Sub.**

- (a) REIT and REIT Sub hereby make the following representations and warranties to Cedar:
- (i) **Due Authority.** This Agreement and all agreements, instruments and documents herein provided to be executed by them have been duly authorized, executed and delivered by and binding upon them. This Agreement constitutes their legal, valid and binding obligations of them and shall be enforceable against them in accordance with its terms, except as such enforceability may be limited by (i) bankruptcy, insolvency or other similar laws affecting creditor's rights generally and (ii) general principles of equity. Each of them is an entity, duly organized and validly existing and in good standing under the laws of the State of its formation and is duly authorized and qualified to do all things required of it under this Agreement and all agreements, instruments and documents herein provided to be executed by it.
 - (ii) **Interests.** REIT Sub owns, legally and beneficially, the Interests free of all security interests, liens, encumbrances and pledges. The Interests are all the direct and indirect legal and beneficial interests in the Property Owner. There are no options, subscriptions, warrants, calls, preemptive rights, rights of first refusal or other rights, commitments or arrangements, written or oral, outstanding with respect to the Interests.
 - (iii) **Conflicts.** Neither the entry into nor the performance of this Agreement by them will to their knowledge (i) violate, conflict with or result in a breach of, or constitute a default under, or an event which, with or without notice or lapse of time or both, would be a breach of or default under, or give others any rights of termination, amendment, acceleration or cancellation of, any corporate charter, certificate of incorporation, by-law, partnership agreement, operating agreement, indenture, mortgage, contract, permit, judgment, decree or order to which any of them is a party or by which any of them is bound, or (ii) require the consent of any third party other than as has already been obtained or is otherwise specifically set forth herein.
 - (iv) **No Insolvency.** Neither REIT nor REIT Sub is nor shall it be on the Closing Date, a debtor in any state or federal insolvency, bankruptcy or receivership proceeding.
 - (v) **Non-Foreign Person.** Neither REIT nor REIT Sub is nor shall it be as of the Closing Date, a "foreign person" as defined in Section 1445 of the Internal Revenue Code, as amended.

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- (vi) **Litigation.** To their knowledge, there is no material pending or threatened litigation, claim or proceeding against REIT or REIT Sub which if adversely determined could reasonably be expected to prevent the consummation of the Transaction.
- (vii) **OFAC.** Neither REIT nor REIT Sub nor, to its knowledge, any member, partner or shareholder of REIT or REIT Sub, nor to the knowledge of REIT or REIT Sub, any Person with actual authority to direct the actions of REIT Sub nor, to the knowledge of REIT or REIT Sub any other Persons holding any legal or beneficial interest whatsoever in REIT or REIT Sub (A) are named on any OFAC Lists, (B) are included in, owned by, controlled by, knowingly acting for or on behalf of, knowingly providing assistance, support, sponsorship, or services of any kind to, or otherwise knowingly associated with any of the Persons referred to or described in the OFAC Lists, or (C) has knowingly conducted business with or knowingly engaged in any transaction with any Person named on any of the OFAC Lists or any Person included in, owned by, controlled by, acting for or on behalf of, providing assistance, support, sponsorship, or services of any kind to, or, to the knowledge of REIT or REIT Sub, otherwise associated with any of the Persons referred to or described in the OFAC Lists.
- (b) **Knowledge of REIT and REIT Sub.** References to the “knowledge” of REIT and REIT Sub or words of similar import shall refer only to (i) the knowledge of REIT and REIT Sub of information actually and specifically set forth in written materials physically located in the files and property records maintained at their offices and (ii) the current actual (as opposed to implied or constructive) knowledge of Jonathan Gitlin and shall not be construed, by imputation or otherwise, to refer to the knowledge of REIT or REIT Sub or any parent, subsidiary or affiliate thereof or to any other officer, agent, manager, representative or employee of REIT or REIT Sub or to impose upon Jonathan Gitlin any duty to investigate the matter to which such actual knowledge, or the absence thereof, pertains. Notwithstanding anything to the contrary contained in this Agreement, Jonathan Gitlin shall not have any personal liability hereunder.
- (c) **Knowledge of Cedar.** Notwithstanding anything to the contrary contained in this Agreement, with respect to the Transaction, if any of the representations or warranties of REIT or REIT Sub contained in this Agreement or in any document or instrument delivered in connection herewith are materially false or inaccurate, or REIT or REIT Sub is in material breach or default of any of its obligations under this Agreement that survive a Closing, and Cedar nonetheless closes the Transaction hereunder, then neither of REIT nor REIT Sub shall have any liability or obligation respecting such false or inaccurate representations or warranties or other breach or default (and any cause of action resulting therefrom shall terminate upon such Closing) in the event that on or prior to the Closing, Cedar shall have had actual knowledge of the false or inaccurate representations or warranties or other breach or default.

- (d) **DISCLAIMER OF REPRESENTATIONS.** EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT, THE TRANSFER OF THE INTERESTS (AND INDIRECTLY THE PROPERTY) HEREUNDER IS AND WILL BE MADE ON AN “AS IS”, “WHERE IS,” AND “WITH ALL FAULTS” BASIS, WITHOUT REPRESENTATIONS AND WARRANTIES OF ANY KIND OR NATURE, EXPRESS, IMPLIED OR OTHERWISE, INCLUDING ANY REPRESENTATION OR WARRANTY CONCERNING TITLE, PHYSICAL CONDITION (INCLUDING THE CONDITION OF THE SOIL OR THE IMPROVEMENTS), ENVIRONMENTAL CONDITION (INCLUDING THE PRESENCE OR ABSENCE OF HAZARDOUS SUBSTANCES ON OR AFFECTING THE PROPERTY), COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS (INCLUDING ZONING AND BUILDING CODES OR THE STATUS OF DEVELOPMENT OR USE RIGHTS RESPECTING THE PROPERTY), THE FINANCIAL CONDITION OF THE PROPERTY, THE PARTNERSHIP OR ANY OTHER REPRESENTATION OR WARRANTY RESPECTING ANY INCOME, EXPENSES, CHARGES, LIENS OR ENCUMBRANCES, RIGHTS OR CLAIMS ON, AFFECTING OR PERTAINING TO THE PROPERTY, THE INTERESTS, THE PARTNERSHIP, OR ANY PART THEREOF.
- (e) SUBJECT TO THE EXPRESS PROVISIONS HEREOF (A) CEDAR WILL ACQUIRE THE INTERESTS (INCLUDING AN INDIRECT INTEREST IN THE PROPERTY) SOLELY ON THE BASIS OF ITS OWN PHYSICAL AND FINANCIAL EXAMINATIONS, REVIEWS AND INSPECTIONS AND (B) WITHOUT LIMITING THE FOREGOING, CEDAR RELATED PARTIES WAIVE ANY RIGHT THEY OTHERWISE MAY HAVE AT LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, THE RIGHT TO SEEK DAMAGES FROM ANY RIOCAN RELATED PARTY, OR ANY AFFILIATE THEREOF, IN CONNECTION WITH THE CONDITION OF THE PROPERTY AND THE INTERESTS AND THE PARTNERSHIP, INCLUDING ANY RIGHT OF CONTRIBUTION UNDER THE COMPREHENSIVE ENVIRONMENTAL RESPONSE COMPENSATION AND LIABILITY ACT.
- (f) **Survival of Representations.** Notwithstanding anything to the contrary contained in this Agreement, all representations and warranties of REIT and REIT Sub contained in this Section 5 shall survive the Closing for a period of one (1) year. In furtherance thereof, Cedar acknowledges and agrees that it shall have no right to make any claim against REIT or REIT Sub on account of any breach of any representation or warranty unless an action on account thereof shall be filed in a court of competent jurisdiction within one (1) year following the Closing. To the fullest extent permitted by law, the foregoing shall constitute an express waiver of any applicable statute of limitations on account of the breach by REIT or REIT Sub of any representation or warranty.
- (g) The provisions of Section 5(c), 5 (d), 5(e), and 5(f) shall survive the Closing.

7. **Representations and Warranties of Cedar**

(a) Cedar hereby makes the following representations and warranties to REIT, REIT Sub and RioCan Holdings:

- (i) **Due Authority.** This Agreement and all agreements, instruments and documents herein provided to be executed by it have been duly authorized, executed and delivered by and are binding upon it. This Agreement constitutes its legal, valid and binding obligations and shall be enforceable against it in accordance with its terms, except as such enforceability may be limited by (i) bankruptcy, insolvency or other similar laws affecting creditor's rights generally and (ii) general principles of equity. It is an entity duly formed or organized, validly existing and in good standing under the laws of its state or commonwealth of incorporation or formation, as the case may be, and is duly authorized and qualified to do all things required of it under this Agreement and all agreements, instruments and documents herein provided to be executed by it.
- (ii) **Litigation.** To its knowledge, there is no material pending or threatened litigation, claim or proceeding against it which if adversely determined could reasonably be expected to prevent the consummation of the Transaction.
- (iii) **No Insolvency.** It is, and as of the Closing Date, will not be, a debtor in any state, federal or foreign insolvency, bankruptcy, receivership proceeding.
- (iv) **OFAC.** Neither Cedar nor, to its knowledge, any member, partner or shareholder of Cedar, nor to the knowledge of Cedar, any Person with actual authority to direct the actions of Cedar nor, to the knowledge of Cedar any other Persons holding any legal or beneficial interest whatsoever in Cedar (A) are named on any list of Persons and governments issued by OFAC pursuant to Executive Order 13224, as in effect on the date hereof, or any similar list known to Cedar or publicly issued by OFAC or any other department or agency of the United States of America (collectively, the "**OFAC Lists**"), (B) are included in, owned by, controlled by, knowingly acting for or on behalf of, knowingly providing assistance, support, sponsorship, or services of any kind to, or otherwise knowingly associated with any of the Persons referred to or described in the OFAC Lists, or (C) has knowingly conducted business with or knowingly engaged in any transaction with any Person named on any of the OFAC Lists or any Person included in, owned by, controlled by, acting for or on behalf of, providing assistance, support, sponsorship, or services of any kind to, or, to the knowledge of Cedar, otherwise associated with any of the Persons referred to or described in the OFAC Lists.

(v) **Conflicts.** Neither the entry into nor the performance of this Agreement by it will, to its knowledge (i) violate or result in a breach under, or constitute a default under, any corporate charter, certificate of incorporation, by-law, partnership agreement, indenture, contract, permit, judgment, decree or order to which it is a party or by which it is bound, or (ii) except with respect to the Guarantor Replacement and Release, require the consent of any third party other than as has already been obtained or is otherwise specifically set forth herein.

(b) Notwithstanding anything to the contrary contained in this Agreement, all representations and warranties of Cedar contained in this Section 7 shall survive the Closing for a period of one (1) year. In furtherance thereof, the REIT Sub REIT and RioCan Holdings acknowledge and agree that they shall have no right to make any claim against Cedar on account of any breach of any representation or warranty unless an action on account thereof shall be filed in a court of competent jurisdiction within one (1) year following the Closing. To the fullest extent permitted by law, the foregoing shall constitute an express waiver of any applicable statute of limitations on account of the breach by Cedar of any representation or warranty. This Section 7(b) shall survive the Closing.

8. **Investment Representations, Etc.**

(a) Cedar represents and warrants to RioCan Holdings, REIT, and REIT Sub that (i) it is an “accredited investor” as that term is defined in the Securities Act and was not formed solely for the purchase of the Interests; (ii) as applicable, the Interests have been or are being acquired by it, directly or indirectly, as an investment for its own account with no intention of distributing or reselling such Interests in any transaction that would be in violation of the securities laws of the United States or of any state, subject however, to the rights of such purchasers at all times to sell or otherwise dispose of all or any part of the Interests under an effective registration statement under the Securities Act, or under an exemption from such registration available under the Securities Act and, subject, nevertheless, to the disposition of such purchaser’s property being at all times within its control; (iii) it (A) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the investment in the Interests, (B) has had the opportunity to ask questions of and receive answers concerning its investment in the Interests and to obtain any information necessary to verify the information obtained by it, and (C) is able to bear the economic risks of such investment; and (iv) it has full power and authority to own or acquire the Interests to be acquired by it directly or indirectly as set forth herein.

- (b) Cedar acknowledges that: (i) the offering of the Interests has not been, and will not be, registered with the Commission under and pursuant to the Securities Act; (ii) the Interests have not been qualified for sale in any state under applicable state securities or blue sky laws; (iii) in purchasing the Interests directly or indirectly it must bear the economic risks of the investment for an indefinite period of time because the Interests cannot be sold unless the offering of such Interests is subsequently registered under that Securities Act or an exemption from such registration is available; (iv) with respect to the tax and other legal consequences of an investment in the Interests, it is relying solely upon advice of its own tax and legal advisors; and (v) any other evidence of ownership of the Interests will bear a legend reflecting the unregistered and restricted nature of the Interests; provided, however the foregoing Sections 8(a) and 8(b) are subject to and do not derogate from the reliance by Cedar on the truth and accuracy of the express representations, warranties and covenants of RioCan Holdings, REIT and REIT Sub in this Agreement or any of the closing documents executed and delivered by REIT Sub and/or RioCan Holdings and/or REIT in connection with a Closing.
- (c) Cedar agrees not, directly or indirectly, dispose of any of the Interests without registration under the Securities Act unless and until the proposed sale or transfer of the Interests is exempt from the registration requirements of the Securities Act, as evidenced by a written opinion of counsel of recognized standing in federal securities laws.
- (d) The provisions of this Section 8 shall survive the Closing.

9. **Deliveries to be made on the Closing Date.**

- (a) **Cedar Deliveries:** Cedar shall deliver, or cause to be delivered to, REIT Sub, REIT and RioCan Holdings, or the Escrow Agent, as the case may be, on the Closing Date, the following documents:
 - (i) the Price required to be paid by Cedar to REIT Sub (or its designee);
 - (ii) unless the Guarantor Replacement and Release has been obtained, an indemnity by Cedar in favor of REIT Sub in respect of the Guarantee in respect of the period as and from the Closing Date together with an undertaking by Cedar to continue to use reasonable commercial efforts to obtain the Guarantor Replacement and Release;
 - (iii) if the Guarantor Replacement and Release has been obtained, notice the Lender under the Loan to the effect that all notices given under the Loan by or on behalf of the Lender after Closing are to be given only to Cedar and not to RioCan Holdings, REIT or REIT Sub, together with such additional information as may be required under the Loan to evidence the Transaction (the "**Lender Notification Letter**");
 - (iv) all applicable transfer tax forms, if any;
 - (v) a settlement statement prepared by the Escrow Agent and approved by Cedar and RioCan Holdings, REIT and REIT Sub in respect of the Property (the "**Settlement Statement**"); and
 - (vi) all such other documents which are required or reasonably necessary to give effect to the Agreement and which have been reasonably requested by RioCan Holdings, REIT or REIT Sub on or before the Closing Date.

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- (b) **REIT Sub Deliveries:** REIT Sub shall deliver, or cause to be delivered to Cedar, or the Escrow Agent, as the case may be, on the Closing Date, the following:
- (i) an assignment and assumption agreement in the form attached hereto as Exhibit B, between REIT Sub, as assignor, and Cedar (or its affiliated designee), as assignee, of the Interests;
 - (ii) if requested by Cedar, RioCan Holdings', REIT's or REIT Sub's countersignature to the Lender Notification Letter;
 - (iii) a properly executed affidavit referred to in Section 1445 of the Internal Revenue Code, as amended, with all pertinent information confirming that the applicable transferor under the Internal Revenue Code is not a foreign person, trust, estate, corporation or partnership;
 - (iv) all applicable transfer tax forms, if any;
 - (v) the Settlement Statement; and
 - (vi) all such other documents which are required or reasonably necessary to give effect to the Agreement and which have been reasonably requested by Cedar on or before the Closing Date.
- (c) All Closing Documents, the forms of which are not attached to this Agreement, shall be in form and content acceptable to the parties acting reasonably and in good faith.

10. **Covenants of Parties**

Each of RioCan Holdings and Cedar agree to take such actions and execute and deliver such documents as are required in order for REIT and REIT Sub to perform and observe in all material respects all of their obligations under this Agreement, including without limitation, causing all documents to be delivered hereunder by REIT Sub to be executed and delivered provided that RioCan Holdings and Cedar, acting reasonably, shall have approved such documents and the delivery of same.

11. **Conditions to the Closing.**

- (a) **Conditions Precedent to Obligations of RioCan Holdings, REIT and REIT Sub.** The obligation of RioCan Holdings, REIT and REIT Sub to consummate the Transaction shall be subject to the following, as applicable:
- (i) performance and observance in all material respects, by Cedar of all covenants, warranties and agreements of this Agreement to be performed or observed by Cedar with respect to the Transaction prior to or on the Closing Date;

- (ii) the representations and warranties of Cedar set forth in Section 7(a) and 8 hereof being true and correct in all material respects; and
- (iii) the fulfillment on or before the Closing Date of all other conditions precedent to Closing benefiting RioCan Holdings, REIT or REIT Sub specifically set forth in this Agreement.

The conditions set forth in this Section 11(a) are for the sole benefit of RioCan Holdings, REIT and REIT Sub and may be waived in writing in whole or in part by notice to Cedar on or before Closing, without prejudice to the right to terminate this Agreement in the event of the non-fulfillment of any other condition or conditions not so waived.

(b) Conditions Precedent to Obligations of Cedar. The obligation of Cedar to consummate the Transaction shall be subject to the following, as applicable:

- (i) performance and observance in all material respects by RioCan Holdings, REIT and REIT Sub, of all covenants and agreements of this Agreement to be performed or observed by RioCan Holdings, REIT and REIT Sub with respect to the Transaction prior to or on the Closing Date;
- (ii) the representations and warranties of RioCan Holdings, REIT and REIT Sub set forth in Sections 5(a) and 6(a) being true and correct in all material respects; and
- (iii) the fulfillment on or before the Closing Date of all other conditions precedent to Closing benefiting Cedar specifically set forth in this Agreement.

The conditions set forth in this Section 11(b) are for the sole benefit of Cedar and may be waived in writing in whole or in part by notice to RioCan Holdings, REIT and REIT Sub on or before Closing, without prejudice to the right to terminate this Agreement in the event of the non-fulfillment of any other condition or conditions not so waived.

- (c) Reasonable Commercial Efforts to Satisfy Conditions. Each of the parties shall act in good faith and use reasonable commercial efforts in the circumstances to satisfy or cause to be satisfied (at its sole cost, except as expressly provided in Section 4 hereof) the conditions set forth in subparagraphs (a) and (b), respectively, provided that no party shall be required to spend money or incur additional obligations to obtain the necessary assistance or co-operation of any third party to satisfy any condition, other than expenditure of reasonable legal fees. Each party will cooperate in support of all things necessary to give effect to this Agreement.
- (d) Except in the event of a breach or default by a party hereto in which event the terms of Section 16 shall apply, if one or more of the conditions set forth in subparagraph (a) or subparagraph (b) is not satisfied or waived as therein provided on or before the Closing Date (as such date may be extended by written agreement of the parties or as otherwise expressly provided herein), this Agreement shall be automatically terminated, and the parties shall be released from all obligations hereunder (except for any obligation expressly provided to survive a termination of this Agreement) it being acknowledged and agreed that the consummation of the Closing shall constitute the waiver of any such conditions that were not waived or satisfied.

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- (e) The parties agree that all conditions herein are conditions of the obligations of the party named in the relevant section to complete the Transaction and are not conditions precedent to the existence or enforceability of this Agreement.

12. **Apportionments.**

- (a) Subject to the express terms of this Section 12 the following items of income and expense shall be prorated on the basis that REIT Sub owned the Property Owner (and the Property) prior to the transfer of the Interests to Cedar and that Cedar owned the Property Owner (and the Property) following the Closing, as of 11:59 p.m. on the day preceding the Closing Date (the "**Adjustment Date**") (on the basis of the actual number of days elapsed over the applicable period):
- (i) Fixed rents, additional rents, percentage rent and all other sums and credits due or payable under the Leases and any other items of income, as and when collected (it being acknowledged that all such amounts received after the Closing shall be applied as provided in Section 12(j));
 - (ii) All real estate taxes, water charges, sewer rents, vault charges and assessments on the Property on the basis of the fiscal year for which assessed (except to the extent required to be paid by Tenants in good standing pursuant to Leases);
 - (iii) All operating expenses (except to the extent required to be paid by Tenants in good standing pursuant to Leases);
 - (iv) Any prepaid items, including, without limitation, fees for licenses and annual permit and inspection fees;
 - (v) Utilities, including, without limitation, telephone, steam, electricity and gas, on the basis of the most recently issued bills therefor (except to the extent required to be paid by Tenants pursuant to Leases);
 - (vi) Deposits with telephone and other utility companies;
 - (vii) Without duplication of Section 2(a), payments of principal and interest and other costs payable under the Loan;
 - (viii) Cash and cash equivalents (e.g., U.S. Treasuries) held by or for the account of the Property Owner;
 - (ix) Deposits, reserves or escrows made by or on behalf of the Property Owner with respect to the Loan and other obligations that will remain in effect on and after the Closing; and

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- (x) Such other items as are customarily apportioned between sellers and purchasers of real properties (and interests therein) of a type similar to the Property and located in the State or Commonwealth in which the Property is located.
- (b) With respect to each Lease pursuant to which the applicable Tenant commenced the payment of regularly scheduled rent before July 1, 2012 REIT Sub shall be responsible and liable to pay and shall pay when due the following (collectively, "**Leasing Costs**"):
- (i) any real estate or leasing commissions (including, without limitation, commissions payable to Cedar or its affiliates);
 - (ii) any tenant inducements or tenant allowances payable under the Leases (or any modification or amendment thereof);
 - (iii) any costs and expenses of any lease take-over, assignment, assumption or other commitments required pursuant to the Leases (or any modification or amendment thereof); and
 - (iv) the costs and expenses of any initial tenant build-out work or improvements to rentable or rental space in the applicable Building required to be performed by the landlord thereunder and arising pursuant to the Leases (or any modification or amendment thereof).
- (c) With respect to Leasing Costs for each Lease pursuant to which the applicable Tenant did not commence the payment of regularly scheduled rent until on or after July 1, 2012, Cedar shall be responsible for payment of the Leasing Costs for each such Lease. For purposes of clause (b) and this clause (c), with respect to Leasing Costs incurred in connection with amendments or modifications of Leases (including, without limitation, extensions of Leases), allocation of responsibility for Leasing Costs incurred in connection with such amendments or modifications shall be based on the commencement of regularly scheduled rent under such amendments or modifications or, if no regularly scheduled rent shall be contemplated by such amendments or modifications and Leasing Costs were nonetheless incurred, based on the date of such amendment or modification.
- (d) There will be no adjustment (other than current year adjustments) for deferred amortized common area costs, if any, that are recoverable from Tenants after Closing nor will any adjustments (other than current year adjustments) be made with respect thereto after Closing regardless of any amounts received from Tenants relating thereto.
- (e) A statement of adjustments shall be prepared by Cedar for approval of RioCan Holdings, REIT and REIT Sub, acting reasonably, at least five (5) Business Days before the Closing Date.

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- (f) If, on the Closing Date, any items of additional rent or percentage rent under the Leases or other income or expense of the Property shall not have been ascertained, then such items shall be adjusted retroactively as and when the same are ascertained. If the final cost or amount of any item which is to be adjusted cannot be determined at Closing, then an initial adjustment for such item shall be made at Closing, such amount to be estimated by Cedar, acting reasonably, as of the Adjustment Date on the basis of the best evidence available at the Closing as to what the final cost or amount of such item will be. A final adjustment shall be made no later than the date being one (1) year after the Closing Date with respect to all matters other than real estate taxes and two (2) years after the Closing Date with respect to real estate taxes (each, an “**Outside Adjustment Date**”). No re-adjustment may be claimed by any party with respect to any Property later than the applicable Outside Adjustment Date.
 - (g) Adjustment made pursuant to subsections (e) and (f) above shall be adjustments to income and expense and not to the consideration payable for the Interests, and the net amount thereof shall be paid by one party to the other in accordance therewith.
 - (h) If, with respect to the Property, the Closing shall occur before the applicable real estate tax rate is fixed, the apportionment of real estate taxes for the Property at the Closing shall be based upon the tax rate for the next preceding year applied to the latest assessed valuation. Promptly after the new tax rate or assessment is fixed, the apportionment of taxes or assessments shall be recomputed and any discrepancy resulting from such recomputation and any errors or omissions in computing apportionments at Closing shall be promptly corrected and the proper party reimbursed.
 - (i) Cedar agrees that the Price will not be distributed by REIT Sub prior to sale to RioCan Holdings pursuant to the Other Agreement.
 - (j) If any Tenant at the Property is in arrears in the payment of rent or any other receivables on the Closing Date, any and all rents and receivables received from such Tenant after the Closing shall be applied in the following order of priority: (i) first to the month in which the Closing occurred; (ii) then to any month or months following the month in which the Closing occurred; and (iii) then to the months preceding the month in which the Closing occurred. If rents or other receivables or any portion thereof received after the Closing are payable to the other party by reason of this allocation, the appropriate sum, less a proportionate share of any reasonable attorneys’ fees, costs and expenses of collection thereof, shall be promptly paid to the other party.
 - (k) The provisions of this Section 12 shall survive the Closing.

13. **Release.**

- (a) EFFECTIVE AS OF THE CLOSING OF THE PURCHASE OF INTERESTS, CEDAR SHALL BE DEEMED TO HAVE RELEASED RIOCAN HOLDINGS, RC CEDAR LP, ALL AFFILIATES OF RC CEDAR LP AND ALL RIOCAN RELATED PARTIES FROM ALL CLAIMS WHICH CEDAR RELATED PARTY HAS OR MAY HAVE ARISING FROM OR RELATED TO ANY MATTER OR THING RELATED TO OR IN CONNECTION WITH THE PROPERTY AND THE INTERESTS INCLUDING THE DOCUMENTS AND INFORMATION REFERRED TO HEREIN, THE LEASES AND THE TENANTS THEREUNDER, ANY CONSTRUCTION DEFECTS, ERRORS OR OMISSIONS IN THE DESIGN OR CONSTRUCTION OF ALL OR ANY PORTION OF THE PROPERTY AND ANY ENVIRONMENTAL CONDITIONS, AND CEDAR SHALL NOT LOOK TO RIOCAN HOLDINGS OR ANY RIOCAN RELATED PARTIES IN CONNECTION WITH THE FOREGOING FOR ANY REDRESS OR RELIEF. THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH OF ITS EXPRESSED TERMS AND PROVISIONS, INCLUDING THOSE RELATING TO UNKNOWN AND UNSUSPECTED CLAIMS, DAMAGES AND CAUSES OF ACTION; PROVIDED HOWEVER, THAT THIS RELEASE SHALL NOT BE APPLICABLE TO ANY CLAIMS ARISING OUT OF THE EXPRESS COVENANTS, REPRESENTATIONS, OR WARRANTIES SET FORTH IN THIS AGREEMENT OR ANY CLOSING DELIVERY THAT SHALL EXPRESSLY SURVIVE THE CLOSING OF THE TRANSACTION.
- (b) The provisions of this Section 13 shall survive the Closing.

14. **Brokers.**

- (a) Cedar represents and warrants to RioCan Holdings, and RioCan Holdings represents and warrants to Cedar, that no broker or finder has been engaged by it in connection with the Transactions contemplated under this Agreement. In the event of a claim for broker's or finder's fee or commissions in connection with the Transaction contemplated by this Agreement then Cedar shall indemnify, defend and hold harmless RioCan Holdings from the same if it shall be based upon any statement or agreement alleged to have been made by Cedar, and RioCan Holdings shall indemnify, defend and hold harmless Cedar from the same if it shall be based upon any statement or agreement alleged to have been made by RioCan Holdings.
- (b) The provisions of this Section 14 shall survive the Closing and/or a termination of this Agreement.

15. **Limitation of Liability.**

- (a) No partner, member, shareholder, officer, director, employee or agent of Cedar, or any Cedar Related Party, shall have any personal liability, directly or indirectly, under or in connection with this Agreement or any agreement made or entered into under or pursuant to the provisions of this Agreement, or any amendment or amendments to any of the foregoing made at any time or times, heretofore or hereafter, and RioCan Holdings, REIT and REIT Sub, on behalf of themselves and their successors and assigns and the RioCan Related Parties, hereby waive any and all such personal liability.

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- (b) Except for RioCan Holdings, REIT and REIT Sub as parties to this Agreement, no partner, member, shareholder, officer, director, employee or agent of RioCan Holdings or any RioCan Related Party, shall have any personal liability, directly or indirectly, under or in connection with this Agreement or any agreement made or entered into under or pursuant to the provisions of this Agreement, or any amendment or amendments to any of the foregoing made at any time or times, heretofore or hereafter, and Cedar, on behalf of itself and its successors and assigns and the Cedar Related Parties, hereby waive any and all such personal liability.
- (c) This Agreement and any agreement made or entered into under or pursuant to the provisions of this Agreement, any amendment or amendments to any of the foregoing made at any time or times, shall be conclusively taken to have been executed by, or by officers of RioCan Holdings on behalf of, the trustees of RioCan Holdings only in their capacity as trustees of RioCan Holdings. Cedar hereby disavows any liability upon and waives any claim against holders of units of RioCan Holdings and annuitants under plans of which holders of units of RioCan Holdings act as trustee or carrier and the obligations created hereunder are not personally binding upon, nor shall resort be had to, nor shall recourse or satisfaction be sought from, the private property of any trustee or officer of RioCan Holdings or any holder of units of RioCan Holdings or annuitant, but the property of RioCan Holdings from time to time or a specific portion thereof only shall be bound. It is agreed that the benefit of this provision is restricted to the trustees and officers of RioCan Holdings, each holder of units issued by RioCan Holdings and annuitants and, solely for that purpose, the undersigned signing officers of RioCan Holdings have entered into this Agreement and any agreement made or entered into under or pursuant to the provisions of this Agreement, any amendment or amendments to any of the foregoing made at any time or times, as agent and trustee for and on behalf of the trustees of RioCan Holdings, each holder of units of RioCan Holdings and each annuitant.
- (d) The provisions of this Section 15 shall survive the Closing and/or a termination of this Agreement.

16. **Remedies For Default.**

- (a) **CEDAR DEFAULTS.** IF THE TRANSACTION SHALL NOT BE CLOSED SOLELY BY REASON OF A BREACH OR DEFAULT UNDER THIS AGREEMENT BY CEDAR THEN RIOCAN HOLDINGS, REIT AND REIT SUB SHALL HAVE AS THEIR EXCLUSIVE REMEDY THE RIGHT TO (A) SUBJECT TO THE LAST SENTENCE OF THIS SECTION 16(a), TERMINATE THIS AGREEMENT (IN WHICH EVENT NO PARTY HERETO SHALL HAVE ANY FURTHER OBLIGATION OR LIABILITY TO THE OTHER EXCEPT WITH RESPECT TO THOSE PROVISIONS OF THIS AGREEMENT WHICH EXPRESSLY SURVIVE A TERMINATION OF THIS AGREEMENT), RIOCAN HOLDINGS, REIT AND REIT SUB HEREBY WAIVING ANY RIGHT OR CLAIM TO DAMAGES FOR SUCH BREACH; OR (B) SPECIFICALLY ENFORCE THIS AGREEMENT (BUT NO OTHER ACTION, FOR DAMAGES OR OTHERWISE, SHALL BE PERMITTED); PROVIDED THAT ANY ACTION BY RIOCAN HOLDINGS, REIT OR REIT SUB FOR SPECIFIC PERFORMANCE MUST BE FILED, IF AT ALL, WITHIN FORTY-FIVE (45) DAYS OF CEDAR'S BREACH OR DEFAULT, AND THE FAILURE TO FILE WITHIN SUCH PERIOD SHALL CONSTITUTE A WAIVER OF SUCH RIGHT AND REMEDY. THE PARTIES ACKNOWLEDGE AND AGREE THAT THE TERMS AND PROVISIONS OF THIS SECTION 16(a) ARE NOT INTENDED TO LIMIT RIOCAN HOLDINGS', REIT'S OR REIT SUB'S RIGHTS AND REMEDIES IN THE EVENT OF A BREACH OF POST-CLOSING OBLIGATIONS UNDER THIS AGREEMENT.
- (b) **RIOCAN HOLDINGS, REIT AND REIT SUB DEFAULTS.** IF THE TRANSACTION SHALL NOT BE CLOSED SOLELY BY REASON OF A RIOCAN HOLDINGS, REIT OR REIT SUB BREACH OR DEFAULT UNDER THIS AGREEMENT (OTHER THAN A BREACH OR DEFAULT BY REIT SUB CAUSED BY CEDAR OR ITS AFFILIATE AS THE GENERAL PARTNER OF RC CEDAR PARTNERSHIP LP, THE INDIRECT PARENT OF REIT SUB), THEN CEDAR SHALL HAVE AS ITS EXCLUSIVE REMEDY THE RIGHT TO (A) SUBJECT TO THE LAST SENTENCE OF THIS SECTION 16(b), TERMINATE THIS AGREEMENT (IN WHICH EVENT NO PARTY HERETO SHALL HAVE ANY FURTHER OBLIGATION OR LIABILITY TO THE OTHER EXCEPT WITH RESPECT TO THOSE PROVISIONS OF THIS AGREEMENT WHICH EXPRESSLY SURVIVE A TERMINATION OF THIS AGREEMENT), CEDAR HEREBY WAIVING ANY RIGHT OR CLAIM TO DAMAGES FOR SUCH BREACH EXCEPT AS EXPRESSLY PROVIDED IN CLAUSE (C) BELOW; OR (B) SPECIFICALLY ENFORCE THIS AGREEMENT (BUT NO OTHER ACTION, FOR DAMAGES OR OTHERWISE, SHALL BE PERMITTED); PROVIDED THAT ANY ACTION BY CEDAR FOR SPECIFIC PERFORMANCE MUST BE FILED, IF AT ALL, WITHIN FORTY-FIVE (45) DAYS OF, A RIOCAN HOLDINGS, REIT OR REIT SUB BREACH OR DEFAULT, AND THE FAILURE TO FILE WITHIN SUCH PERIOD SHALL CONSTITUTE A WAIVER OF SUCH RIGHT AND REMEDY OR (C) IF SPECIFIC PERFORMANCE SHALL NOT BE AVAILABLE TO CEDAR THROUGH NO FAULT OF CEDAR, SUE FOR ACTUAL DAMAGES. THE PARTIES ACKNOWLEDGE AND AGREE THAT THE TERMS AND PROVISIONS OF THIS SECTION 16(b) ARE NOT INTENDED TO LIMIT CEDAR'S RIGHTS AND REMEDIES IN THE EVENT OF A BREACH OF POST-CLOSING OBLIGATIONS UNDER THIS AGREEMENT.

- (c) Prior to the exercise by Cedar or RioCan Holdings, REIT or REIT SUB of any right or remedy afforded to it pursuant to Section 16(a) or Section 16(b) herein, as applicable, such party (the “**Non-Defaulting Party**”) shall deliver written notice (a “**Default Notice**”) to the other party hereunder (the “**Defaulting Party**”) identifying the applicable breach or default and the Defaulting Party shall have ten (10) days after delivery such Default Notice to cure such breach or default. If a Defaulting Party fails to cure any default or breach that is the subject of a Default Notice within such ten (10) day period, the Non-Defaulting Party may exercise all rights and remedies afforded to it pursuant to Section 16(a) or Section 16(b) above, as applicable.
- (d) Cedar acknowledges and agrees that a default by Cedar or the Cedar Partners (as defined in the Other Agreement) under the Other Agreement shall constitute a default by Cedar under this Agreement and shall entitle RioCan Holdings, REIT and REIT Sub to exercise the express remedies provided to RioCan Holdings, REIT and REIT Sub in Section 16(a). RioCan Holdings, REIT and REIT Sub acknowledge and agrees that a default by either RioCan Partner (as defined in the Other Agreement) under the Other Agreement shall constitute a default by RioCan Holdings, REIT and REIT Sub under this Agreement and shall entitle Cedar to exercise the express remedies provided to Cedar in Section 16(b).
- (e) The provisions of this Section 16 shall survive the Closing and/or a termination of this Agreement.

17. **Notices.**

All notices, demands, consents, reports and other communications provided for in this Agreement shall be in writing, shall be given by a method prescribed in this Section and shall be given to the party to whom it is addressed at the address set forth below.

To Cedar: c/o Cedar Realty Trust, Inc.
44 South Bayles Avenue
Port Washington, New York 11050
Attention: Bruce Schanzer
Facsimile: (516) 767-6497

With a copy to: Stroock & Stroock & Lavan LLP
180 Maiden Lane
New York, New York 10038-4982
Attention: Steven P. Moskowitz, Esq.
Facsimile: (212) 806-6006

With a copy to: c/o Cedar Realty Trust, Inc.
44 South Bayles Avenue
Port Washington, New York 11050
Attention: Stuart Widowski
Facsimile: (516) 767-6497

To RioCan Holdings,
REIT or REIT Sub c/o RioCan Holdings USA Inc.
Yonge Eglinton Centre
2300 Yonge Street
Suite 500, P.O. Box 2386
Toronto, Ontario
M4P 1E4
Attention: Rags Davloor
Facsimile: (416) 866-3020

With a copy to: c/o RioCan Holdings USA Inc.
Yonge Eglinton Centre
2300 Yonge Street
Suite 500, P.O. Box 2386
Toronto, Ontario
M4P 1E4
Attention: Jonathan Gitlin
Facsimile: (416) 866-3020

With a copy to: Goodmans LLP
333 Bay Street, Suite 3400
Bay Adelaide Centre, West Tower
Toronto, Ontario M5H 2S7
Attention: Juli Morrow
Facsimile: (416) 979-1234

Any party hereto may change the address to which notice may be delivered hereunder by the giving of written notice thereof to the other parties as provided herein below. Any notice or other communication delivered pursuant to this Section may be mailed by United States or Canadian certified air mail, return receipt requested, postage prepaid, deposited in a United States or Canadian Post Office or a depository for the receipt of mail regularly maintained by the United States Post Office or the Canadian Post Office, as applicable. Such notices, demands, consents and reports may also be delivered (i) by hand or reputable international courier service which maintains evidence of receipt or (ii) by facsimile with a confirmation copy delivery by hand or reputable international courier service which maintains evidence of receipt. Any notices, demands, consents or other communications shall be deemed given and effective when delivered by hand or courier or facsimile if sent before 5:00 p.m. on a Business Day, and otherwise, the Business Day next following the day of transmittal, or if mailed only, five (5) Business Days after mailing. Notwithstanding the foregoing, no notice or other communication shall be deemed ineffective because of refusal of delivery to the address specified for the giving of such notice in accordance herewith. The provisions of this Section 17 shall survive the Closing and/or a termination of this Agreement.

18. **Amendments.**

Except as otherwise expressly set forth in this Agreement, this Agreement may not be modified or terminated orally or in any manner other than by an agreement in writing signed by all the parties hereto or their respective successors in interest. The provisions of this Section 18 shall survive the Closing and/or a termination of this Agreement.

19. **Governing Law; Jurisdiction; Construction.**

- (a) This Agreement (i) shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to principles of conflicts of law and (ii) shall be given a fair and reasonable construction in accordance with the intentions of the parties hereto and without regard to, or aid of, any rules of construction requiring construction against any party drafting this Agreement.
- (b) The parties agree that this Agreement has been made in New York, New York and that exclusive jurisdiction for matters arising under this Agreement shall be in the State courts in New York County, New York. Each party by signing this Agreement irrevocably consents to and shall submit to such jurisdiction.
- (c) Each party hereto acknowledges that it has participated in the drafting of this Agreement, and any applicable rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in connection with the construction or interpretation hereof. Each party has been represented by independent counsel in connection with this Agreement.
- (d) Words importing the singular include the plural and vice versa. Words importing gender include all genders. If anything herein is to be done or held on a day that is not a Business Day, the same will be done or held either on the next succeeding Business Day or as otherwise expressly provided in this Agreement.
- (e) The provisions of this Section 19 shall survive the Closing and/or a termination of this Agreement.

20. **Partial Invalidity.**

If any provision of this Agreement is held to be invalid or unenforceable as against any Person or under certain circumstances, the remainder of this Agreement and the applicability of such provision to other Persons or circumstances shall not be affected thereby. Each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. The provisions of this Section 20 shall survive the Closing and/or a termination of this Agreement.

21. **Counterparts.**

This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but all of which, taken together, shall constitute but one and the same instrument. This Agreement may be executed by facsimile, which shall be deemed an original for all purposes. In the event this Agreement is executed by the exchange of facsimile copies, the parties agree to exchange ink-signed counterparts promptly after the execution and delivery of this Agreement. The provisions of this Section 21 shall survive the Closing and/or a termination of this Agreement.

22. **No Third Party Beneficiaries.**

The warranties, representations, agreements and undertakings contained herein shall not be deemed to have been made for the benefit of any Person or entity other than the parties hereto and the Cedar Related Parties. The provisions of this Section 22 shall survive the Closing and/or a termination of this Agreement.

23. **Waiver.**

No failure or delay of either party in the exercise of any right given to such party hereunder or the waiver by any party of any condition hereunder for its benefit (unless the time specified herein for exercise of such right, or satisfaction of such condition, has expired) shall constitute a waiver of any other or further right nor shall any single or partial exercise of any right preclude other or further exercise thereof or any other right. The waiver of any breach hereunder shall not be deemed to be waiver of any other or any subsequent breach hereof. The provisions of this Section 23 shall survive the Closing and/or a termination of this Agreement.

24. **Assignment.**

Without the prior written consent of the other parties hereunder and except as specifically provided in Section 2(c), no party hereto may assign this Agreement or any of its rights or obligations hereunder, and any purported unpermitted assignment shall be null and void. Notwithstanding the foregoing, (i) on at least five (5) days advance written notice to RioCan Holdings, REIT and REIT Sub, Cedar shall have the right to designate one or more affiliates to acquire the Interests, (ii) any such designation shall not release the original party hereto of its obligations under this Agreement, and (iii) such designee shall assume all of the obligations of the assigning party under this Agreement pursuant to an assumption agreement reasonably satisfactory to RioCan Holdings. The provisions of this Section 24 shall survive the Closing and/or a termination of this Agreement.

25. **Binding Effect.**

All of the covenants and agreements in this Agreement shall be binding upon the parties hereto and their respective successors and permitted assigns and shall inure to the benefit of and be enforceable by the parties hereto and their respective successors and permitted assigns pursuant to the terms and conditions of this Agreement. The provisions of this Section 25 shall survive the Closing and/or a termination of this Agreement.

26. **Entire Agreement.**

This Agreement and the documents herein contemplated to be entered into by the parties sets forth the entire agreement between the parties pertaining to the subject matter hereof and there are no other terms, obligations, covenants, representations, statements or conditions, oral or otherwise, of any kind whatsoever. Any agreement hereafter made shall be ineffective to change, modify, discharge or effect an abandonment of this Agreement in whole or in part unless such agreement is in writing and signed by the party against whom enforcement of the change, modification, discharge or abandonment is sought. The provisions of this Section 26 shall survive the Closing and/or a termination of this Agreement.

27. **Further Assurances.**

After the Closing, the parties hereunder shall from time to time execute and deliver each to the other such documents and instruments and take such further actions as may be reasonably necessary or required to consummate the Transactions contemplated by this Agreement or more effectually implement and carry out the true intent and meaning of this Agreement. The provisions of this Section 27 shall survive the Closing and/or a termination of this Agreement.

28. **Paragraph Headings/Schedules.**

The headings of the various sections of this Agreement have been inserted only for the purpose of convenience and are not part of this Agreement and shall not be deemed in any manner to modify, expand, explain or restrict any of the provisions of this Agreement. The provisions of this Section 28 shall survive the Closing and/or a termination of this Agreement. The Schedules referred to in this Agreement are attached to and form part of it.

29. **Waiver of Trial by Jury.**

THE PARTIES HERETO WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT. THE PROVISIONS OF THIS SECTION 29 SHALL SURVIVE THE CLOSING AND/OR A TERMINATION OF THIS AGREEMENT.

30. **Litigation Costs.**

Notwithstanding anything to the contrary contained in this Agreement, in the event of any litigation arising in connection with this Agreement, the substantially prevailing party shall be entitled to recover from the substantially non-prevailing party its reasonable legal fees and expenses at trial and all appellate levels. The provisions of this Section 30 shall survive the Closing and/or a termination of this Agreement.

31. **Currency.**

Any and all amounts owing by any party hereto pursuant to this Agreement, shall be paid in lawful currency of the United States of America (i.e. U.S. Dollars). The provisions of this Section 31 shall survive the Closing and/or a termination of this Agreement.

32. **Intentionally Deleted.**

33. **Press Releases.**

Contemporaneously with the execution of this Agreement, the parties hereto shall independently prepare and issue press releases with respect to the Transactions after providing such press release to the other party hereto prior to issuance and consulting with the other party hereto with respect thereto. Contemporaneously with Closing, each party may, in its sole discretion, independently prepare and issue a press release after providing such press release to the other party hereto prior to issuance and consulting with the other party hereto with respect thereto. Except for the foregoing press releases, no party hereto or any affiliate of any party hereto shall issue any press release with respect to the Transactions unless required by law and then only after providing such press release to the other party hereto prior to issuance and consulting with the other party hereto with respect thereto. The provisions of this Section 33 shall survive the Closing.

34. **Real Estate Tax Protests.**

If any Person has heretofore filed applications for the reduction of the assessed valuation of the Property and/or instituted certiorari proceedings to review such assessed valuations for any prior or current tax years, that from and after the Closing Cedar shall, subject to the terms hereof, prosecute such proceedings in good faith at its sole cost and expense. Notwithstanding the foregoing, Cedar shall not withdraw, compromise or settle any proceedings for any fiscal period in which the Closing is to occur or for any year or years prior to the tax year in which the Closing herein occurs without the prior written consent of RioCan Holdings, REIT and REIT Sub, which consent shall not be unreasonably withheld. Cedar shall cause all sums payable to Tenants under the Leases on account of such tax savings or refund to be promptly paid to such Tenants following receipt of such tax savings or refund. Any remaining tax savings or refund for the tax year in which the Closing occurs or for any year or years prior to the tax year in which the Closing herein occurs shall be prorated between the parties hereto in accordance with Section 12 (including the applicability of the Outside Adjustment Date). The provisions of this Section 34 shall survive the Closing.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the day and year first above written.

CEDAR REALTY TRUST PARTNERSHIP, L.P., a Delaware limited partnership

By: Cedar Realty Trust, Inc.,
a Maryland corporation, its general partner

By: /s/ BRUCE SCHANZER
Name: Bruce Schanzer
Title: President

RC CEDAR REIT PROPERTY SUBSIDIARY LP, a Delaware limited partnership

By: RC Cedar REIT Subsidiary GP LLC, its general partner, a Delaware limited liability company

By: RC Cedar REIT LP, its sole member, a Delaware limited partnership

By: RC Cedar Partnership Subsidiary GP LLC, its general partner, a Delaware limited liability company

By: RC Cedar Partnership LP, its sole member,
a Delaware limited partnership

By: Cedar RCP GP LLC, its general partner,
a Delaware limited liability company

By: Cedar Realty Trust Partnership, L.P., its sole member, a Delaware limited partnership

By: Cedar Realty Trust, Inc., its general partner,
a Maryland corporation

By: /s/ BRUCE SCHANZER
Name: Bruce Schanzer
Title: President

RC CEDAR REIT LP, a Delaware limited partnership

By: RC Cedar Partnership Subsidiary GP LLC, its general partner, a Delaware limited liability company

By: RC Cedar Partnership LP, its sole member, a Delaware limited partnership

By: Cedar RCP GP LLC, its general partner, a Delaware limited liability company

By: Cedar Realty Trust Partnership, L.P., its sole member, a Delaware limited partnership

By: Cedar Realty Trust, Inc., its general partner, a Maryland corporation

By: /s/ BRUCE SCHANZER

Name: Bruce Schanzer

Title: President

RIOCAN HOLDINGS USA INC.,
a Delaware corporation

By: /s/ RAGHUNATH DAVLOOR

Name: Raghunath Davloor

Title: Chief Financial Officer

EXHIBIT A-1
FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

(see attached)

ASSIGNMENT AND ASSUMPTION AGREEMENT

CSC Franklin Village GP LLC

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "**Agreement**") is made as of the _____ day of _____, 2012 by and between **RC CEDAR REIT PROPERTY SUBSIDIARY LP**, a Delaware limited partnership ("**Assignor**") and **CEDAR REALTY TRUST PARTNERSHIP, L.P.**, a Delaware limited partnership ("**Assignee**").

WITNESSETH:

WHEREAS, Assignor is the holder of all of the membership interests (the "**Interest**") in CSC Franklin Village GP LLC, a Delaware limited liability company (the "**LLC**") pursuant to an limited liability company operating agreement dated February 4, 2010 applicable to the LLC (the "**Operating Agreement**");

WHEREAS, pursuant to that certain Agreement Regarding Purchase of Interests (Franklin), dated as of September 6, 2012 (the "**Contract**"), between the parties hereto, RC Cedar REIT LP and RioCan Holdings USA Inc, the parties thereto have agreed, among other things, to cause Assignee to acquire all right, title and interest of Assignor in and to the Interest; and

WHEREAS, all capitalized terms used but not defined herein shall have the meanings set forth in the Contract.

NOW, THEREFORE, for valuable consideration in hand paid, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Assignor hereby absolutely and unconditionally assigns, conveys, transfers and sets over unto Assignee, without recourse, representation or warranty except as set forth in the Contract, all right, title and interest of Assignor in and to the Interest.
2. Subject to the terms of the Operating Agreement, Assignee hereby accepts such assignment and assumes all obligations with respect to the Interest.
3. This Agreement shall be binding upon and inure to the benefit of the parties hereto and each of their respective successors and assigns. None of the provisions of this Agreement shall be for the benefit of or enforceable by any other person or entity.
4. This Agreement may be executed in any number of counterparts, and each such counterpart will for all purposes be deemed an original, and all such counterparts shall constitute one and the same instrument.
5. Each party represents and warrants that the individual signing this Agreement on its behalf is duly authorized to do so.
6. The parties hereto covenant and agree that they will execute, deliver and acknowledge from time to time at the request of the other, and without further consideration, all such further instruments of assignment or assumption of rights and/or obligations as may be reasonably required in order to give effect to the transactions described herein.

7. This Agreement shall be construed in accordance with and governed by the internal laws of the State of Delaware (without regard to principles of conflicts of laws).

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

ASSIGNOR:

RC CEDAR REIT PROPERTY SUBSIDIARY LP, a Delaware limited partnership

By: RC Cedar REIT Subsidiary GP LLC, its general partner, a Delaware limited liability company

By: RC Cedar REIT LP, its sole member, a Delaware limited partnership

By: RC Cedar Partnership Subsidiary GP LLC, its general partner, a Delaware limited liability company

By: RC Cedar Partnership LP, its sole member, a Delaware limited partnership

By: Cedar RCP GP LLC, its general partner, a Delaware limited liability company

By: Cedar Realty Trust Partnership, L.P., its sole member, a Delaware limited partnership

By: Cedar Realty Trust, Inc., its general partner, a Maryland corporation

By:

Name:

Title:

ASSIGNEE:

CEDAR REALTY TRUST PARTNERSHIP, L.P., a Delaware limited partnership

By: Cedar Realty Trust, Inc., a Maryland corporation, its general partner

By:

Name:

Title:

ASSIGNMENT AND ASSUMPTION AGREEMENT

CSC Franklin Village LP

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "**Agreement**") is made as of the _____ day of _____, 2012 by and between **RC CEDAR REIT PROPERTY SUBSIDIARY LP**, a Delaware limited partnership ("**Assignor**") and **CEDAR REALTY TRUST PARTNERSHIP, L.P.**, a Delaware limited partnership ("**Assignee**").

WITNESSETH:

WHEREAS, Assignor is the holder of all of the limited partnership interests (the "**Interest**") in CSC Franklin Village LP, a Delaware limited partnership (the "**Partnership**") pursuant to a partnership agreement dated February 4, 2010 applicable to the Partnership (the "**Partnership Agreement**");

WHEREAS, pursuant to that certain Agreement Regarding Purchase of Interests (Franklin), dated as of September 6, 2012 (the "**Contract**"), between the parties hereto, RC Cedar REIT LP and RioCan Holdings USA Inc, the parties thereto have agreed, among other things, to cause Assignee to acquire all right, title and interest of Assignor in and to the Interest; and

WHEREAS, all capitalized terms used but not defined herein shall have the meanings set forth in the Contract.

NOW, THEREFORE, for valuable consideration in hand paid, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Assignor hereby absolutely and unconditionally assigns, conveys, transfers and sets over unto Assignee, without recourse, representation or warranty except as set forth in the Contract, all right, title and interest of Assignor in and to the Interest.
2. Subject to the terms of the Partnership Agreement, Assignee hereby accepts such assignment and assumes all obligations with respect to the Interest.
3. This Agreement shall be binding upon and inure to the benefit of the parties hereto and each of their respective successors and assigns. None of the provisions of this Agreement shall be for the benefit of or enforceable by any other person or entity.
4. This Agreement may be executed in any number of counterparts, and each such counterpart will for all purposes be deemed an original, and all such counterparts shall constitute one and the same instrument.
5. Each party represents and warrants that the individual signing this Agreement on its behalf is duly authorized to do so.
6. The parties hereto covenant and agree that they will execute, deliver and acknowledge from time to time at the request of the other, and without further consideration, all such further instruments of assignment or assumption of rights and/or obligations as may be reasonably required in order to give effect to the transactions described herein.

7. This Agreement shall be construed in accordance with and governed by the internal laws of the State of Delaware (without regard to principles of conflicts of laws).

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

**ASSIGNOR:
RC CEDAR REIT PROPERTY SUBSIDIARY LP, a Delaware
limited partnership**

By: RC Cedar REIT Subsidiary GP LLC, its general partner, a
Delaware limited liability company

By: RC Cedar REIT LP, its sole member,
a Delaware limited partnership

By: RC Cedar Partnership Subsidiary GP LLC, its general
partner, a Delaware limited liability company

By: RC Cedar Partnership LP, its sole member, a Delaware
limited partnership

By: Cedar RCP GP LLC, its general partner,
a Delaware limited liability company

By: Cedar Realty Trust Partnership, L.P., its sole member, a
Delaware limited partnership

By: Cedar Realty Trust, Inc., its general partner, a Maryland
corporation

By:

Name:

Title:

**ASSIGNEE:
CEDAR REALTY TRUST PARTNERSHIP, L.P., a Delaware
limited partnership**

By: Cedar Realty Trust, Inc., a Maryland corporation, its general
partner

By:

Name:

Title:

CERTIFICATION

I, Bruce J. Schanzer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cedar Realty Trust, Inc. (the “Company” or “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2012

/s/ BRUCE J. SCHANZER

Bruce J. Schanzer, Chief Executive Officer

CERTIFICATION

I, Philip R. Mays, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cedar Realty Trust, Inc. (the “Company” or “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2012

/s/ PHILIP R. MAYS

Philip R. Mays, Chief Financial Officer

CERTIFICATION

I, Bruce J. Schanzer, Chief Executive Officer of Cedar Realty Trust, Inc. (the "Company"), pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do hereby certify as follows:

1. The Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, I have executed this Certification this 8th day of November, 2012.

/s/ BRUCE J. SCHANZER

Bruce J. Schanzer, Chief Executive Officer

CERTIFICATION

I, Philip R. Mays, Chief Financial Officer of Cedar Realty Trust, Inc. (the "Company"), pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do hereby certify as follows:

1. The Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2012, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, I have executed this Certification this 8th day of November, 2012.

/s/ PHILIP R. MAYS

Philip R. Mays, Chief Financial Officer