# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**WASHINGTON, D.C. 20549**

# FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2017**

**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**<br>**(State or other jurisdiction of incorporation or organization)** | **42-1241468**<br>**(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** | ☐ | **Accelerated filer** | ☒ |
| **Non-accelerated filer** | ☐ **(Do not check if a smaller reporting company)** | **Smaller reporting company** | ☐ |
| | | **Emerging growth company** | ☐ |

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

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

**Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: At April 28, 2017, there were 85,562,728 shares of Common Stock, $0.06 par value, outstanding.**

**CEDAR REALTY TRUST, INC.**

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**Forward-Looking Statements**

Certain statements made in this Form 10-Q or incorporated by reference herein are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and, as such, may involve known and unknown risks, uncertainties and other factors which may cause the Company’s actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements, which are based on certain assumptions and describe the Company’s future plans, strategies and expectations, are generally identifiable by use of the words “may”, “will”, “should”, “estimates”, “projects”, "anticipates", "believes", "expects", "intends", "future", and words of similar import, or the negative thereof. Factors which could cause actual results to differ materially from current expectations include, but are not limited to: adverse general economic conditions in the United States and uncertainty in the credit and retail markets; financing risks, such as the inability to obtain new financing or refinancing on favorable terms as the result of market volatility or instability; risks related to the market for retail space generally, including reductions in consumer spending, variability in retailer demand for leased space, tenant bankruptcies, adverse impact of internet sales demand, ongoing consolidation in the retail sector and changes in economic conditions and consumer confidence; risks endemic to real estate and the real estate industry generally; the impact of the Company’s level of indebtedness on operating performance; inability of tenants to meet their rent and other lease obligations; adverse impact of new technology and e-commerce developments on the Company’s tenants; competitive risk; risks related to the geographic concentration of the Company’s properties in the Washington, D.C. to Boston corridor; the effects of natural and other disasters; the inability of the Company to realize anticipated returns from its redevelopment activities; and the risk factors discussed under Part I, Item 1A, “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016.

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

**CEDAR REALTY TRUST, INC.**
**CON SOLIDATED BALANCE SHEETS**
**(unaudited)**

| | March 31, 2017 | December 31, 2016 |
|---|---|---|
| **ASSETS** | | |
| Real estate: | | |
| Land | $ 305,268,000 | $ 301,299,000 |
| Buildings and improvements | 1,219,152,000 | 1,195,130,000 |
| | 1,524,420,000 | 1,496,429,000 |
| Less accumulated depreciation | (319,160,000 ) | (313,070,000 ) |
| Real estate, net | 1,205,260,000 | 1,183,359,000 |
| | | |
| Cash and cash equivalents | 2,207,000 | 2,882,000 |
| Restricted cash | 1,986,000 | 2,880,000 |
| Receivables | 17,601,000 | 14,894,000 |
| Other assets and deferred charges, net | 30,887,000 | 29,506,000 |
| **TOTAL ASSETS** | $ 1,257,941,000 | $ 1,233,521,000 |
| | | |
| **LIABILITIES AND EQUITY** | | |
| Mortgage loans payable | $ 137,432,000 | $ 138,243,000 |
| Unsecured revolving credit facility | 90,000,000 | 72,000,000 |
| Unsecured term loans | 397,668,000 | 397,502,000 |
| Accounts payable and accrued liabilities | 25,067,000 | 23,463,000 |
| Unamortized intangible lease liabilities | 19,668,000 | 20,316,000 |
| Total liabilities | 669,835,000 | 651,524,000 |
| | | |
| Commitments and contingencies | — | — |
| | | |
| Equity: | | |
| Cedar Realty Trust, Inc. shareholders' equity: | | |
| Preferred stock ($.01 par value, 12,500,000 shares authorized): | | |
| Series B ($25.00 per share liquidation value, 10,000,000 shares authorized, 7,950,000 issued and outstanding) | 190,661,000 | 190,661,000 |
| Common stock ($.06 par value, 150,000,000 shares authorized, 85,565,000 and 85,316,000 shares, issued and outstanding, respectively) | 5,134,000 | 5,119,000 |
| Treasury stock (3,382,000 and 3,264,000 shares, respectively, at cost) | (18,692,000 ) | (18,129,000 ) |
| Additional paid-in capital | 830,792,000 | 829,526,000 |
| Cumulative distributions in excess of net income | (422,961,000 ) | (426,864,000 ) |
| Accumulated other comprehensive income | 1,762,000 | 427,000 |
| Total Cedar Realty Trust, Inc. shareholders' equity | 586,696,000 | 580,740,000 |
| Noncontrolling interests: | | |
| Minority interests in consolidated joint ventures | (995,000 ) | (1,132,000 ) |
| Limited partners' OP Units | 2,405,000 | 2,389,000 |
| Total noncontrolling interests | 1,410,000 | 1,257,000 |
| Total equity | 588,106,000 | 581,997,000 |
| **TOTAL LIABILITIES AND EQUITY** | $ 1,257,941,000 | $ 1,233,521,000 |

See accompanying notes to consolidated financial statements

**CEDAR REALTY TRUST, INC.**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**(unaudited)**

| | Three months ended March 31, 2017 | Three months ended March 31, 2016 |
|---|---|---|
| **REVENUES** | | |
| Rents | $ 28,223,000 | $ 29,130,000 |
| Expense recoveries | 8,348,000 | 8,958,000 |
| Other | 203,000 | 163,000 |
| Total revenues | 36,774,000 | 38,251,000 |
| **EXPENSES** | | |
| Operating, maintenance and management | 7,044,000 | 7,155,000 |
| Real estate and other property-related taxes | 4,745,000 | 4,880,000 |
| General and administrative | 4,136,000 | 5,347,000 |
| Acquisition pursuit costs | 156,000 | 2,597,000 |
| Depreciation and amortization | 10,418,000 | 9,661,000 |
| Total expenses | 26,499,000 | 29,640,000 |
| **OTHER** | | |
| Gain on sale | 7,099,000 | 59,000 |
| Total other | 7,099,000 | 59,000 |
| **OPERATING INCOME** | 17,374,000 | 8,670,000 |
| **NON-OPERATING INCOME AND EXPENSES** | | |
| Interest expense | (5,429,000 ) | (7,005,000 ) |
| Early extinguishment of debt costs | — | (89,000 ) |
| Total non-operating income and expenses | (5,429,000 ) | (7,094,000 ) |
| **NET INCOME** | 11,945,000 | 1,576,000 |
| Net (income) loss attributable to noncontrolling interests: | | |
| Minority interests in consolidated joint ventures | (137,000 ) | 80,000 |
| Limited partners' interest in Operating Partnership | (32,000 ) | 7,000 |
| Total net (income) loss attributable to noncontrolling interests | (169,000 ) | 87,000 |
| **NET INCOME ATTRIBUTABLE TO CEDAR REALTY TRUST, INC.** | 11,776,000 | 1,663,000 |
| Preferred stock dividends | (3,602,000 ) | (3,602,000 ) |
| **NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS** | $ 8,174,000 | $ (1,939,000 ) |
| **NET INCOME (LOSS) PER COMMON SHARE ATTRIBUTABLE TO COMMON SHAREHOLDERS (BASIC AND DILUTED)** | $ 0.10 | $ (0.03 ) |
| Weighted average number of common shares - basic and diluted | 81,734,000 | 81,656,000 |

See accompanying notes to consolidated financial statements

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

| | Three months ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| Net income | $ 11,945,000 | $ 1,576,000 |
| Other comprehensive income - unrealized gain (loss) on change in fair value of cash flow hedges | 1,340,000 | (4,970,000 ) |
| Comprehensive income | 13,285,000 | (3,394,000 ) |
| Comprehensive (income) loss attributable to noncontrolling interests | (174,000 ) | 108,000 |
| Comprehensive income (loss) attributable to Cedar Realty Trust, Inc. | $ 13,111,000 | $ (3,286,000 ) |

See accompanying notes to consolidated financial statements

# CEDAR REALTY TRUST, INC.
## Consolidated Statement of Equity
## Three months ended March 31, 2017
## (unaudited)

| | Cedar Realty Trust, Inc. Shareholders | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Preferred stock | | Common stock | | | | | | |
| | Shares | Amount | Shares | Amount | Treasury stock, at cost | Additional paid-in capital | Cumulative distributions in excess of net income | Accumulated other comprehensive income | Total |
| Balance, December 31, 2016 | 7,950,000 | $ 190,661,000 | 85,316,000 | $ 5,119,000 | $ (18,129,000) | $ 829,526,000 | $ (426,864,000) | $ 427,000 | $ 580,740,000 |
| Net income | — | — | — | — | — | — | 11,776,000 | — | 11,776,000 |
| Unrealized gain on change in fair value of flow hedges | — | — | — | — | — | — | — | 1,335,000 | 1,335,000 |
| Share-based compensation, net | — | — | 249,000 | 15,000 | (563,000) | 1,260,000 | — | — | 712,000 |
| Common stock sales, net of issuance expenses | — | — | — | — | — | 3,000 | — | — | 3,000 |
| Preferred stock dividends | — | — | — | — | — | — | (3,602,000) | — | (3,602,000) |
| Distributions to common shareholders/noncontrolling interests | — | — | — | — | — | — | (4,271,000) | — | (4,271,000) |
| Reallocation adjustment of limited partners' interest | — | — | — | — | — | 3,000 | — | — | 3,000 |
| Balance, March 31, 2017 | 7,950,000 | $ 190,661,000 | 85,565,000 | $ 5,134,000 | $ (18,692,000) | $ 830,792,000 | $ (422,961,000) | $ 1,762,000 | $ 586,696,000 |

| | Noncontrolling Interests | | | |
|---|---|---|---|---|
| | Minority interest in consolidated joint ventures | Limited partners' interest in Operating Partnership | Total | Total Equity |
| Balance, December 31, 2016 | $ (1,132,000) | $ 2,389,000 | $ 1,257,000 | $ 581,997,000 |
| Net income | 137,000 | 32,000 | 169,000 | 11,945,000 |
| Unrealized gain on change in fair value of flow hedges | — | 5,000 | 5,000 | 1,340,000 |
| Share-based compensation, net | — | — | — | 712,000 |
| Common stock sales, net of issuance expenses | — | — | — | 3,000 |
| Preferred stock dividends | — | — | — | (3,602,000) |
| Distributions to common shareholders/noncontrolling interests | — | (18,000) | (18,000) | (4,289,000) |
| Reallocation adjustment of limited partners' interest | — | (3,000) | (3,000) | — |
| Balance, March 31, 2017 | $ (995,000) | $ 2,405,000 | $ 1,410,000 | $ 588,106,000 |

See accompanying notes to consolidated financial statements

**CEDAR REALTY TRUST, INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(unaudited)**

| | Three months ended March 31, 2017 | Three months ended March 31, 2016 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Net income | $ 11,945,000 | $ 1,576,000 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Gain on sales | (7,099,000 ) | (59,000 ) |
| Straight-line rents | (241,000 ) | 317,000 |
| Provision for doubtful accounts | 315,000 | 221,000 |
| Depreciation and amortization | 10,418,000 | 9,661,000 |
| Amortization of intangible lease liabilities | (639,000 ) | (685,000 ) |
| Expense relating to share-based compensation, net | 933,000 | 510,000 |
| Amortization (including accelerated write-off) of deferred financing costs | 359,000 | 397,000 |
| Changes in operating assets and liabilities, net of effects of acquisitions and dispositions: | | |
| Rents and other receivables | (3,048,000 ) | (2,463,000 ) |
| Prepaid expenses and other | (599,000 ) | (814,000 ) |
| Accounts payable and accrued liabilities | (1,077,000 ) | 1,331,000 |
| Net cash provided by operating activities | 11,267,000 | 9,992,000 |
| **INVESTING ACTIVITIES** | | |
| Acquisitions of real estate | (28,836,000 ) | (12,090,000 ) |
| Expenditures for real estate improvements | (3,235,000 ) | (2,128,000 ) |
| Net proceeds from sales of real estate | 10,372,000 | 14,494,000 |
| Construction escrows and other | 479,000 | (257,000 ) |
| Net cash (used in) / provided by investing activities | (21,220,000 ) | 19,000 |
| **FINANCING ACTIVITIES** | | |
| Repayments under revolving credit facility | (18,000,000 ) | (18,000,000 ) |
| Advances under revolving credit facility | 36,000,000 | 19,000,000 |
| Mortgage repayments | (834,000 ) | (2,399,000 ) |
| Payments of debt financing costs | — | (1,078,000 ) |
| Noncontrolling interests: | | |
| Distributions to limited partners | (18,000 ) | (18,000 ) |
| Common stock sales less issuance expenses, net | 3,000 | 9,000 |
| Preferred stock dividends | (3,602,000 ) | (3,602,000 ) |
| Distributions to common shareholders | (4,271,000 ) | (4,249,000 ) |
| Net cash provided by / (used in) financing activities | 9,278,000 | (10,337,000 ) |
| Net decrease in cash and cash equivalents | (675,000 ) | (326,000 ) |
| Cash and cash equivalents at beginning of period | 2,882,000 | 2,083,000 |
| Cash and cash equivalents at end of period | $ 2,207,000 | $ 1,757,000 |

See accompanying notes to consolidated financial statements

**Note 1. Business and Organization**

Cedar Realty Trust, Inc. (the "Company") is a real estate investment trust ("REIT") that focuses primarily on ownership and operation of grocery-anchored shopping centers straddling the Washington, D.C. to Boston corridor. At March 31, 2017, the Company owned and managed a portfolio of 62 operating properties (excluding properties "held for sale").

Cedar Realty Trust Partnership, L.P. (the "Operating Partnership") is the entity through which the Company conducts substantially all of its business and owns (either directly or through subsidiaries) substantially all of its assets. At March 31, 2017, 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 March 31, 2017) 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 351,000 OP Units outstanding at March 31, 2017 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 unaudited 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 prior period financial statements reflect certain reclassifications, such as the reclassification of unamortized debt issuance costs for mortgage loans payable and term loans, which had no impact on previously-reported net income attributable to common shareholders or earnings per share. The unaudited 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, 2016.

The unaudited 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 for which it is the primary beneficiary.

***Supplemental Consolidated Statements of Cash Flows Information***

| | Three months ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| Supplemental disclosure of cash activities: | | |
| Cash paid for interest | $ 5,121,000 | $ 6,879,000 |
| Supplemental disclosure of non-cash activities: | | |
| Capitalization of interest and financing costs | 175,000 | 171,000 |
| Mortgage loan payable assumed upon acquisition | — | (8,501,000 ) |

***Recently-Issued Accounting Pronouncements***

In May 2014, the FASB issued guidance which amends the accounting for revenue recognition. Under the amended guidance, an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which a company expects to be entitled and receive in exchange for those goods or services. Leases are specifically excluded from this guidance and will be governed by the applicable lease codification; however, this update may have implications with respect to certain variable payment terms included in lease agreements. The guidance would be effective for interim and annual reporting periods beginning after December 15, 2017, with early adoption not permitted. The Company is currently in the process of evaluating the guidance; however, based on its initial assessment, the Company does not believe it will have a material impact on its consolidated financial statements.

In February 2016, the FASB issued guidance which amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. The guidance requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase of the leased asset by the lessee. This classification will determine whether the lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than twelve months regardless of their classification. Leases with a term of twelve months or less will be accounted for pursuant to existing guidance for operating leases. The guidance is expected to result in the recognition of a right-to-use asset and related liability to account for the Company's future obligations under its ground lease and executive office lease agreements for which the Company is the lessee. Additionally, the guidance will require that lessees and lessors capitalize, as initial direct costs, only those costs that are incurred due to the execution of a lease. Under this guidance, allocated payroll costs and other costs that are incurred regardless of whether the lease is obtained will no longer be capitalized as initial direct costs and instead will be expensed as incurred. Lessors will continue to account for leases using an approach that is substantially equivalent to existing guidance for operating and other leases. The new lease accounting guidance requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The guidance would be effective for interim and annual reporting periods beginning after December 15, 2018, with early adoption being permitted. The Company is currently in the process of evaluating the impact the adoption of the guidance will have on its consolidated financial statements.

In March 2016, the FASB issued guidance which amends the accounting for share-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities, classification on the statement of cash flows, and the policy election with respect to accounting for forfeitures either as they occur or by estimating forfeitures. The guidance was adopted on January 1, 2017. The Company has elected to account for forfeitures as they occur, and the guidance did not have a material impact on the Company's consolidated financial statements.

In June 2016, the FASB issued guidance which enhances the methodology of measuring expected credit losses to include the use of forward-looking information to better calculate credit loss estimates. The guidance will apply to most financial assets measured at amortized cost and certain other instruments, including accounts receivable, straight-line rent receivables, loans, held-to-maturity debt securities, net investments in leases, and off-balance-sheet credit exposures. The guidance will require that the Company estimate the lifetime expected credit loss with respect to these receivables and record allowances that, when deducted from the balance of the receivables, represent the net amounts expected to be collected. The Company will also be required to disclose information about how it developed the allowances, including changes in the factors that influenced the Company's estimate of expected credit losses and the reasons for those changes. The guidance would be effective for interim and annual reporting periods beginning after December 15, 2019. The Company is currently in the process of evaluating the impact the adoption of the guidance will have on its consolidated financial statements.

In August 2016, the FASB issued guidance that clarifies how an entity should classify certain cash receipts and cash payments on its statement of cash flows. The guidance established that an entity will classify cash payments for debt prepayment or extinguishment costs as financing cash flows. In addition, the guidance provides entities with an alternative to consider regarding the nature of the source of distributions that an investor receives from an equity method investment when classifying distributions received in its cash flow statement (the nature of the distribution approach). Alternatively, entities can elect to classify the distributions received from equity method investees based on the cumulative earnings approach. The guidance would be effective for interim and annual reporting periods beginning after December 15, 2017, with early adoption being permitted. The Company has evaluated the guidance and does not believe it will have a material impact on the Company's consolidated financial statements.

In November 2016, the FASB issued guidance that will require entities to show the changes in the total of cash, cash equivalents and restricted cash in the statement of cash flows. When cash, cash equivalents and restricted cash are presented in more than one line item on the balance sheet, the new guidance requires a reconciliation of the totals in the statement of cash flows to the related captions on the balance sheet. This reconciliation can be presented either on the face of the statement of cash flows or in the notes to the financial statements. The guidance would be effective for interim and annual reporting periods beginning after December 15, 2017, with early adoption being permitted. The Company has evaluated the guidance and does not believe it will have a material impact on the Company's consolidated financial statements.

In January 2017, the FASB issued guidance which changes the definition of a business to assist entities with evaluating when a set of transferred assets and activities is a business. The guidance requires an entity to evaluate if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets; if so, the set of transferred assets and activities is not a business. The guidance also requires a business to include at least one substantive process and narrows the definition of outputs by more closely aligning it with how outputs are described in the guidance on revenue from contracts with customers. The guidance would be effective for interim and annual reporting periods beginning after December 15, 2017, with early adoption being permitted. The Company has elected to early adopt this guidance effective January 1, 2017. The Company believes that most of its typical acquisitions of real estate will not meet the new definition of a business, and accordingly, will result in the capitalization of associated acquisition pursuit costs, as is the case in the acquisition of Christina Crossing (see Note 3 - "Real Estate").

**Note 3. Real Estate**

***Acquisition***

On February 22, 2017, the Company acquired Christina Crossing, located in Wilmington, Delaware. The purchase price for the property, which was unencumbered, was $27.9 million. In addition, the Company incurred transaction costs of $0.9 million. The purchase price has been allocated to real estate assets acquired and liabilities assumed.

***Disposition***

On February 1, 2017, the Company sold an outparcel building adjacent to Camp Hill, located in Camp Hill, Pennsylvania, for $10.7 million, resulting in a $7.1 million gain which is included in continuing operations in the accompanying consolidated statement of operations.

***Real Estate Held for Sale***

The Company, when applicable, conducts a continuing review of the values for all properties "held for sale based on final sales prices and sales contracts entered into. Impairment charges/reversals, if applicable, are based on a comparison of the carrying values of the properties with either (1) actual sales prices less costs to sell for properties sold, or contract amounts for properties in the process of being sold, (2) estimated sales prices, less costs to sell, based on discounted cash flow analyses, if no contract amounts were as yet being negotiated (see Note 4 - "Fair Value Measurements"), or (3) with respect to land parcels, estimated sales prices, less costs to sell, based on comparable sales completed in the selected market areas. Prior to the Company's determination to dispose of properties, which are subsequently reclassified to "held for sale", the Company performed recoverability analyses based on the estimated undiscounted cash flows that were expected to result from the real estate investments' use and eventual disposal. The projected undiscounted cash flows of each property reflects that the carrying value of each real estate investment would be recovered. However, as a result of the properties' meeting the "held for sale" criteria, such properties were written down to the lower of their carrying value and estimated fair values less costs to sell.

**Note 4. Fair Value Measurements**

The carrying amounts of cash and cash equivalents, restricted cash, rents and other receivables, certain other assets, accounts payable and accrued liabilities, and variable-rate debt approximate their fair value due to their terms and/or short-term nature. The fair value of the Company's investments and liabilities related to share-based compensation were determined to be Level 1 within the valuation hierarchy, and were based on independent values provided by financial institutions.

The fair value of the Company's fixed rate mortgage loans were estimated using available market information and discounted cash flow analyses based on borrowing rates the Company believes it could obtain with similar terms and maturities. As of March 31, 2017 and December 31, 2016, the aggregate fair values of the Company's fixed rate mortgage loans payable, which were determined to be Level 3 within the valuation hierarchy, were $139.1 million and $143.2 million, respectively; the carrying values of such loans were $137.4 million and $138.2 million, respectively. As of March 31, 2017 and December 31, 2016, respectively, the aggregate fair values of the Company's unsecured revolving credit facility and term loans approximated the carrying values.

The valuation of the assets and liabilities for the Company's interest rate swaps, which are measured on a recurring basis, were determined to be Level 2 within the valuation hierarchy, and were based on independent values provided by financial institutions. Such valuations were determined using widely accepted valuation techniques, including discounted cash flow analyses, on the expected cash flows of each derivative. The analyses reflect the contractual terms of the swaps, including the period to maturity, and user-observable market-based inputs, including interest rate curves ("significant other observable inputs"). The fair value calculation also includes an amount for risk of non-performance using "significant unobservable inputs" such as estimates of current credit spreads to evaluate the likelihood of default. The Company has concluded that, as of March 31, 2017, the fair value associated with the "significant unobservable inputs" relating to the Company's risk of non-performance was insignificant to the overall fair value of the interest rate swap agreements and, as a result, that the relevant inputs for purposes of calculating the fair value of the interest rate swap agreements, in their entirety, were based upon "significant other observable inputs".

Nonfinancial assets and liabilities measured at fair value in the consolidated financial statements consist of real estate held for sale, which, if applicable, are measured on a nonrecurring basis, have been determined to be (1) Level 2 within the valuation hierarchy, where applicable, based on the respective contracts of sale, adjusted for closing costs and expenses, or (2) Level 3 within the valuation hierarchy, where applicable, based on estimated sales prices, adjusted for closing costs and expenses, determined by discounted cash flow analyses, direct capitalization analyses or a sales comparison approach if no contracts had been concluded. The discounted cash flow and direct capitalization analyses include all estimated cash inflows and outflows over a specific holding period and, where applicable, any estimated debt premiums. These cash flows were composed 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 is utilized for certain land values and includes 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 believes to be within a reasonable range of current market rates for the respective properties.

Valuations were prepared using internally-developed valuation models. These valuations are reviewed and approved, during each reporting period, by a diverse group of management, as deemed necessary, including personnel from the acquisition, accounting, finance, operations, development and leasing departments, and the valuations are updated as appropriate. In addition, the Company may engage third-party valuation experts to assist with the preparation of certain of its valuations.

The following tables show the hierarchy for those assets measured at fair value on a recurring basis as of March 31, 2017 and December 31, 2016, respectively:

| | March 31, 2017 | | | |
|---|---|---|---|---|
| Description | Level 1 | Level 2 | Level 3 | Total |
| Investments related to deferred compensation liabilities (a) | $ 450,000 | $ — | $ — | $ 450,000 |
| Deferred compensation liabilities (b) | $ 450,000 | $ — | $ — | $ 450,000 |
| Interest rate swaps asset (a) | $ — | $ 3,668,000 | $ — | $ 3,668,000 |
| Interest rate swaps liability (b) | $ — | $ 1,619,000 | $ — | $ 1,619,000 |

| | December 31, 2016 | | | |
|---|---|---|---|---|
| Description | Level 1 | Level 2 | Level 3 | Total |
| Investments related to deferred compensation liabilities (a) | $ 447,000 | $ — | $ — | $ 447,000 |
| Deferred compensation liabilities (b) | $ 435,000 | $ — | $ — | $ 435,000 |
| Interest rate swaps asset (a) | $ — | $ 3,074,000 | $ — | $ 3,074,000 |
| Interest rate swaps liability (b) | $ — | $ 2,321,000 | $ — | $ 2,321,000 |

(a) Included in other assets and deferred charges, net in the accompanying consolidated balance sheets.
(b) Included in accounts payable and accrued liabilities in the accompanying consolidated balance sheets.

There were no assets measured at fair value on a non-recurring basis as ofMarch 31, 2017 and December 31, 2016.

**Note 5. Mortgage Loans Payable and Credit Facility**

***Unsecured Revolving Credit Facility and Term Loans***

The Company has a $310 million unsecured credit facility which consists of (1) a $260 million revolving credit facility, and (2) a $50 million term loan. Under an accordion feature, the facility can be increased to $750 million, subject to customary conditions and lending commitments. As of March 31, 2017, the Company had $151.4 million available for additional borrowings under the revolving credit facility.

The Company's unsecured credit facility and term loans contain financial covenants including, but not limited to, maximum debt leverage, maximum secured debt, minimum fixed charge coverage, and minimum net worth. In addition, the facility contains restrictions including, but not limited to, limits on indebtedness, certain investments and distributions. Although the credit facility is unsecured, borrowing availability is based on unencumbered property adjusted net operating income, as defined in the agreements. The Company's failure to comply with the covenants or the occurrence of an event of default under the facilities could result in the acceleration of the related debt and exercise of other lender remedies. As of March 31, 2017 the Company is in compliance with all financial covenants. Interest on borrowings under the unsecured credit facility and terms loans are based on the Company's leverage ratio.

***Derivative Financial Instruments***

At March 31, 2017, the Company had $3.7 million included in other assets and deferred charges, net, as well as $1.6 million included in accounts payable and accrued liabilities on the consolidated balance sheet relating to the fair value of the interest rate swaps applicable to the unsecured term loans discussed above. Charges and/or credits relating to the changes in the fair value of the interest rate swaps are made to accumulated other comprehensive income (loss), noncontrolling interests (minority interests in consolidated joint ventures and limited partners' interest), or operations (included in interest expense), as applicable. Over time, the unrealized gains and losses recorded in accumulated other comprehensive loss will be reclassified into earnings as an increase or reduction to interest expense in the same periods in which the hedged interest payments affect earnings. The Company estimates that approximately $2.1 million of accumulated other comprehensive loss will be reclassified as a charge to earnings within the next twelve months.

The following is a summary of the derivative financial instruments held by the Company at March 31, 2017 and December 31, 2016:

**March 31, 2017**

| Designation/ Cash flow | Derivative | Count | Notional value | Fair value | Maturity dates | Balance sheet location |
|---|---|---|---|---|---|---|
| Qualifying | Interest rate swaps | 3 | $ 200,000,000 | $ 3,668,000 | 2020 - 2023 | Other assets and deferred charges, net |
| Qualifying | Interest rate swaps | 2 | $ 150,000,000 | $ 1,619,000 | 2019 - 2021 | Accounts payable and accrued liabilities |

**December 31, 2016**

| Designation/ Cash flow | Derivative | Count | Notional value | Fair value | Maturity dates | Balance sheet location |
|---|---|---|---|---|---|---|
| Qualifying | Interest rate swaps | 3 | $ 200,000,000 | $ 3,074,000 | 2020 - 2023 | Other assets and deferred charges, net |
| Qualifying | Interest rate swaps | 2 | $ 150,000,000 | $ 2,321,000 | 2019 - 2021 | Accounts payable and accrued liabilities |

The following presents the effect of the Company's derivative financial instruments on the consolidated statements of operations and the consolidated statements of equity for the three months ended March 31, 2017 and 2016, respectively:

| Designation/ Cash flow | Derivative | Gain (loss) recognized in other comprehensive income (effective portion) Three months ended March 31, 2017 | 2016 |
|---|---|---|---|
| Qualifying | Interest rate swaps | $ 474,000 | $ (5,892,000 ) |

| Classification | (Loss) recognized in other comprehensive income reclassified into earnings (effective portion) Three months ended March 31, 2017 | 2016 |
|---|---|---|
| Continuing Operations | $ (866,000 ) | $ (922,000 ) |

As of March 31, 2017 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 March 31, 2017, if a counterparty were to default, the Company would receive a net interest benefit.

**Note 6. 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.

## Note 7. Shareholders' Equity

***Common Stock***

On August 1, 2016, the Company entered into a forward sales agreement to issue 5,750,000 common shares for estimated net proceeds of $44.2 million, before adjustments for dividends paid and other administrative costs prior to settlement. To date, there have been no physical settlements regarding this offering. The Company expects to physically settle the agreement in full prior to its expiration on August 1, 2017. The Company does have the option to net settle this agreement in shares or cash prior to its expiration, but does not expect to utilize this option.

***Preferred Stock***

The Company's 7.25% Series B Cumulative Redeemable 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.

***Dividends***

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

| | Three months ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| Common stock | $ 0.050 | $ 0.050 |
| 7.250% Series B Preferred Stock | $ 0.453 | $ 0.453 |

On April 19, 2017, the Company's Board of Directors declared a dividend of $0.05 per share with respect to its common stock. At the same time, the Board declared a dividend of $0.453125 per share with respect to the Company's Series B Preferred Stock. The distributions are payable on May 22, 2017 to shareholders of record on May 12, 2017.

## Note 8. Revenues

Rental revenues for the three months ended March 31, 2017 and 2016, respectively, comprise the following:

| | Three months ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| Base rents | $ 27,140,000 | $ 28,685,000 |
| Percentage rent | 203,000 | 77,000 |
| Straight-line rents | 241,000 | (317,000 ) |
| Amortization of intangible lease liabilities, net | 639,000 | 685,000 |
| Total rents | $ 28,223,000 | $ 29,130,000 |

## Note 9. Share-Based Compensation

The following tables set forth certain share-based compensation information for the three months ended March 31, 2017 and 2016, respectively:

| | Three months ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| Expense relating to share grants | $ 979,000 | $ 567,000 (a) |
| Amounts capitalized | (46,000 ) | (57,000 ) |
| Total charged to operations | $ 933,000 | $ 510,000 |

(a) Net of an expense reduction of $267,000 relating to a forfeiture of restricted shares in connection with an employment termination.

On May 2, 2017, the Company's shareholders approved the 2017 Stock Incentive Plan (the "2017 Plan"), which replaces the Company's 2012 Stock Incentive Plan (the "2012 Plan"). As of the effective date of the 2017 Plan, the Company will grant no further awards under the 2012 Plan. The 2017 Plan describes certain terms and conditions governing the grant of, among other things, restricted stock awards. The maximum number of shares initially reserved and available for issuance shall be 4.0 million shares, which may be subject to adjustment under certain circumstances as described more fully in the 2017 Plan.

During the three months ended March 31, 2017, there were 297,000 restricted shares issued under the 2012 Plan, with a weighted average grant date fair value of $6.23 per share.

**Note 10. 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 months ended March 31, 2017 and 2016, the Company had 3.7 million and 3.6 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 months ended March 31, 2017 and 2016, respectively:

| | Three months ended March 31, 2017 | Three months ended March 31, 2016 |
|---|---|---|
| **Numerator** | | |
| Income from continuing operations | $ 11,945,000 | $ 1,576,000 |
| Preferred stock dividends | (3,602,000) | (3,602,000) |
| Net (income) loss attributable to noncontrolling interests | (169,000) | 87,000 |
| Net earnings allocated to unvested shares | (356,000) | (167,000) |
| Net income (loss) attributable to vested common shares outstanding | $ 7,818,000 | $ (2,106,000) |
| **Denominator** | | |
| Weighted average number of vested common shares outstanding | 81,734,000 | 81,656,000 |
| Net income (loss) per commons share attributable to common shareholders, basic and diluted | $ 0.10 | $ (0.03) |

Fully-diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into shares of common stock. The 5,750,000 common shares subject to the forward sale agreements (see Note 7 - "Shareholders' Equity") have been excluded from the denominator as they were anti-dilutive using the treasury stock method. 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 were 351,000 and 352,000 for the three months ended March 31, 2017 and 2016, respectively.

**Note 11. Subsequent Events**

In determining subsequent events, management reviewed all activity from April 1, 2017 through the date of filing this Quarterly Report on Form 10-Q.

## 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 that focuses primarily on ownership and operation of grocery-anchored shopping centers straddling the Washington, D.C. to Boston corridor. At March 31, 2017, the Company owned and managed a portfolio of 62 operating properties (excluding properties "held for sale") totaling 9.1 million square feet of gross leasable area ("GLA"). The portfolio was 91.2% leased and 89.0% occupied at March 31, 2017.

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

***Significant Transactions***

**Acquisition**

On February 22, 2017, the Company acquired Christina Crossing, located in Wilmington, Delaware. The purchase price for the property, which was unencumbered, was $27.9 million. In addition, the Company incurred transaction costs of $0.9 million.

**Disposition**

On February 1, 2017, the Company sold an outparcel building adjacent to Camp Hill, located in Camp Hill, Pennsylvania, for $10.7 million, which resulted in a $7.1 million gain.

**Equity**

On August 1, 2016, the Company entered into a forward sales agreement to issue 5,750,000 common shares for estimated net proceeds of $44.2 million, before adjustments for dividends paid and other administrative costs incurred prior to settlement. To date, there have been no physical settlements regarding this offering. The Company expects to physically settle the agreement in full prior to its expiration on August 1, 2017. The Company does have the option to net settle this agreement in shares or cash prior to its expiration, but does not expect to utilize this option.

### Results of Operations

**Comparison of three months ended March 31, 2017 to 2016**

| | | | Change | |
|---|---|---|---|---|
| | 2017 | 2016 | Dollars | Percent |
| Revenues | $ 36,774,000 | $ 38,251,000 | $ (1,477,000) | -3.9% |
| Property operating expenses | (11,789,000) | (12,035,000) | 246,000 | -2.0% |
| Property operating income | 24,985,000 | 26,216,000 | (1,231,000) | |
| General and administrative | (4,136,000) | (5,347,000) | 1,211,000 | -22.6% |
| Acquisition pursuit costs | (156,000) | (2,597,000) | 2,441,000 | n/a |
| Depreciation and amortization | (10,418,000) | (9,661,000) | (757,000) | 7.8% |
| Gain on sale | 7,099,000 | 59,000 | 7,040,000 | n/a |
| Interest expense | (5,429,000) | (7,005,000) | 1,576,000 | -22.5% |
| Early extinguishment of debt costs | — | (89,000) | 89,000 | n/a |
| Net income | 11,945,000 | 1,576,000 | 10,369,000 | |
| Net (income) loss attributable to noncontrolling interests | (169,000) | 87,000 | (256,000) | |
| Net income attributable to Cedar Realty Trust, Inc. | $ 11,776,000 | $ 1,663,000 | $ 10,113,000 | |

**Revenues** were lower primarily as a result of (1) a decrease of $2.5 million in rental revenues and expense recoveries attributable to properties that were sold in 2017 and 2016, and (2) a decrease of $0.4 million in rental revenues and expense recoveries attributable to same-center properties, partially offset by (1) an increase of $1.0 million in rental revenues and expense recoveries attributable to properties acquired in 2017 and 2016, and (2) an increase of $0.4 million in rental revenues and expense recoveries attributable to the Company's redevelopment properties.

**Property operating expenses** were lower primarily as a result of a decrease of $0.6 million in property operating expenses attributable to properties that were sold in 2017 and 2016, partially offset by an increase of $0.4 million in property operating expenses attributable to properties acquired in 2017 and 2016.

**General and administrative** costs were lower primarily as a result of $1.4 million of costs and estimated expenses associated with the Chief Operating Officer transition in 2016.

**Acquisition pursuit costs** in 2016, which were recorded under the prior accounting guidance (see Note 2 - "Summary of Significant Accounting Policies"), relate to (1) $1.7 million of transfer taxes relating to the buyout of a ground lease and acquisition of the fee interest in a currently owned property, (2) $0.5 million for the purchase of the Shoppes at Arts District, located in Hyattsville, Maryland, and (3) $0.4 million for additional real estate transfer taxes assessed on a property which was purchased in 2014.

**Depreciation and amortization** expenses were higher primarily as a result of (1) an increase of $0.7 million in depreciation and amortization expenses attributable to the Company's same-center properties, and (2) an increase of $0.6 million in depreciation and amortization expenses attributable to properties acquired in 2017 and 2016, partially offset by a decrease of $0.6 million in depreciation and amortization expenses attributable to properties that were sold or held for sale in 2017 and 2016.

**Gain on sale** in 2017 relates to the sale of an outparcel building adjacent to Camp Hill, located in Camp Hill, Pennsylvania.

**Interest expense** was lower primarily as a result of (1) $0.9 million as a result of a decrease in the overall weighted average interest rate, and (2) $0.6 million as a result of a decrease in the overall outstanding principal balance of debt.

**Same-Property Net Operating Income**

Same-property net operating income ("same-property NOI") is a widely-used non-GAAP financial measure for REITs that the Company believes, when considered with financial statements prepared in accordance with GAAP, is useful to investors as it provides an indication of the recurring cash generated by the Company's properties by excluding certain non-cash revenues and expenses, as well as other infrequent items such as lease termination income which tends to fluctuate more than rents from year to year. Properties are included in same-property NOI if they are owned and operated for the entirety of both periods being compared, except for properties undergoing significant redevelopment and expansion until such properties have stabilized, and properties classified as held for sale. Consistent with the capital treatment of such costs under GAAP, tenant improvements, leasing commissions and other direct leasing costs are excluded from same-property NOI.

The most directly comparable GAAP financial measure is consolidated operating income. Same-property NOI should not be considered as an alternative to consolidated operating income prepared in accordance with GAAP or as a measure of liquidity. Further, same-property NOI is a measure for which there is no standard industry definition and, as such, it is not consistently defined or reported on among the Company's peers, and thus may not provide an adequate basis for comparison among REITs. The following table reconciles same-property NOI to the Company's consolidated operating income:

| | Three months ended March 31, 2017 | Three months ended March 31, 2016 |
|---|---|---|
| Consolidated operating income | $ 17,374,000 | $ 8,670,000 |
| Add (deduct): | | |
| General and administrative | 4,136,000 | 5,347,000 |
| Acquisition pursuit costs | 156,000 | 2,597,000 |
| Gain on sales | (7,099,000 ) | (59,000 ) |
| Depreciation and amortization | 10,418,000 | 9,661,000 |
| Straight-line rents | (241,000 ) | 317,000 |
| Amortization of intangible lease liabilities | (639,000 ) | (685,000 ) |
| Other adjustments | (7,000 ) | (228,000 ) |
| NOI related to properties not defined as same-property | (2,440,000 ) | (3,569,000 ) |
| Same-property NOI | $ 21,658,000 | $ 22,051,000 |
| | | |
| Number of same properties | 54 | 54 |
| Same-property occupancy, end of period | 90.5 % | 92.3 % |
| Same-property leased, end of period | 92.0 % | 92.8 % |
| Same-property average base rent, end of period | $ 13.38 | $ 13.27 |

Same-property NOI for the comparative three month periods decreased by 1.8%. The results reflect a decrease in occupancy of 180 bps, partially offset by an increase in average base rent of $0.11 per square foot.

**Leasing Activity**

The following is a summary of the Company's retail leasing activity during the three months ended March 31, 2017:

| | Leases signed | GLA | New rent per sq.ft. ($) | Prior rent per sq.ft. ($) | Cash basis % change | Tenant improvements per sq.ft. ($) (a) |
|---|---|---|---|---|---|---|
| Renewals | 35 | 283,000 | 12.04 | 11.37 | 5.9% | 0.00 |
| New Leases - Comparable | 4 | 27,200 | 15.50 | 15.66 | -1.0% | 11.29 |
| New Leases - Non-Comparable (b) | 0 | 0 | n/a | n/a | n/a | n/a |
| Total (c) | 39 | 310,200 | 12.34 | n/a | n/a | 0.99 |

(a) Includes both tenant allowance and landlord work. Excludes first generation space.
(b) Includes leases signed at first generation and expansion spaces.
(c) Legal fees and leasing commissions averaged a combined total of $1.79 per square foot.

**Liquidity and Capital Resources**

The Company funds operating expenses and other short-term liquidity requirements, including debt service, tenant improvements, leasing commissions, preferred and common dividend distributions and distributions to minority interest partners, if made, primarily from its operations. The Company may also use its revolving credit facility for these purposes. The Company expects to fund long-term liquidity requirements for property acquisitions, redevelopment costs, capital improvements, and maturing debt initially with its revolving credit facility, and ultimately through a combination of issuing and/or assuming additional debt, the sale of equity securities, the issuance of additional OP Units, and/or the sale of properties. Although the Company believes it has access to secured and unsecured financing, there can be no assurance that the Company will have the availability of financing on completed development projects, additional construction financing, or proceeds from the refinancing of existing debt.

The Company has a $310 million unsecured credit facility which consists of (1) a $260 million revolving credit facility, and (2) a $50 million term loan. Under an accordion feature, the facility can be increased to $750 million, subject to customary conditions and lending commitments. As of March 31, 2017, the Company had $151.4 million available for additional borrowings under the revolving credit facility.

On August 1, 2016, the Company entered into a forward sales agreement to issue 5,750,000 common shares for estimated net proceeds of $44.2 million, before adjustments for dividends paid and other administrative costs incurred prior to settlement. To date, there have been no physical settlements regarding this offering. The Company expects to physically settle the agreement in full prior to its expiration on August 1, 2017. The Company does have the option to net settle this agreement in shares or cash prior to its expiration, but does not expect to utilize this option.

The Company's unsecured credit facility and term loans contain financial covenants including, but not limited to, maximum debt leverage, maximum secured debt, minimum fixed charge coverage, and minimum net worth. In addition, the facilities contain restrictions including, but not limited to, limits on indebtedness, certain investments and distributions. Although the credit facilities are unsecured, borrowing availability is based on unencumbered property adjusted net operating income, as defined in the agreements. The Company's failure to comply with the covenants or the occurrence of an event of default under the facilities could result in the acceleration of the related debt and exercise of other lender remedies. As of March 31, 2017 the Company is in compliance with all financial covenants. Interest on borrowings under the unsecured credit facility and terms loans are based on the Company's leverage ratio.

Debt is composed of the following at March 31, 2017:

| | March 31, 2017 | | |
|---|---|---|---|
| | | Contractual interest rates | |
| **Description** | **Balance outstanding** | **Weighted - average** | **Range** |
| Fixed-rate mortgages | $ 137,486,000 | 4.6% | 3.9% - 7.5% |
| Unsecured credit facilities: | | | |
| Variable-rate: | | | |
| Revolving credit facility | 90,000,000 | 2.2% | |
| Term loan | 50,000,000 | 2.2% | |
| Fixed-rate (a): | | | |
| Term loan | 75,000,000 | 2.9% | |
| Term loan | 50,000,000 | 2.8% | |
| Term loan | 75,000,000 | 4.0% | |
| Term loan | 50,000,000 | 3.3% | |
| Term loan | 100,000,000 | 3.2% | |
| | 627,486,000 | 3.3% | |
| Unamortized premium | 635,000 | | |
| Unamortized debt issuance costs | (3,021,000) | | |
| | $ 625,100,000 | | |

(a) The interest rates on these term loans consist of LIBOR plus a credit spread based on the Company's leverage ratio, for which the Company has interest rate swap agreements which convert the LIBOR rates to fixed rates. Accordingly, these term loans are presented as fixed-rate debt. See "Quantitative and Qualitative Disclosures About Market Risk" below.

The following table details the Company's debt maturities at March 31, 2017:

| | Secured Debt | | Unsecured Debt | | |
|---|---|---|---|---|---|
| **Year** | **Scheduled Amortization** | **Balloon Payments** | **Revolving Credit Facility** | **Term Loans** | **Total** |
| 2017 | $ 2,419,000 | $ - | $ - | $ - | $ 2,419,000 |
| 2018 | 3,377,000 | - | - | - | 3,377,000 |
| 2019 | 3,542,000 | - | 90,000,000 (a) | 75,000,000 | 168,542,000 |
| 2020 | 3,707,000 | - | - | 100,000,000 | 103,707,000 |
| 2021 | 3,253,000 | 22,367,000 | - | 75,000,000 | 100,620,000 |
| Thereafter | 11,561,000 | 87,260,000 | - | 150,000,000 | 248,821,000 |
| | $ 27,859,000 | $ 109,627,000 | $ 90,000,000 | $ 400,000,000 | $ 627,486,000 |

(a) The revolving credit facility is subject to a one-year extension at the Company's option.

Property-specific mortgage loans payable mature at various dates through 2029. The terms of several of the Company's mortgage loans payable require the Company to deposit certain replacement and other reserves with its lenders. Such "restricted cash" is generally available only for property-level requirements for which the reserves have been established, and is not available to fund other property-level or Company-level obligations.

In order to continue qualifying as a REIT, the Company is required to distribute at least 90% of its "REIT taxable income", as defined in the Internal Revenue Code of 1986, as amended (the "Code"). The Company paid common and preferred stock dividends during 2016, and has continued to declare and pay common and preferred stock dividends during 2017. 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.

**Net Cash Flows**

| | Three months ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| Cash flows provided by (used in): | | |
| Operating activities | $ 11,267,000 | $ 9,992,000 |
| Investing activities | $ (21,220,000 ) | $ 19,000 |
| Financing activities | $ 9,278,000 | $ (10,337,000 ) |

***Operating Activities***

Net cash provided by operating activities, before net changes in operating assets and liabilities, was $16.0 million for the three months ended March 31, 2017 and $11.9 million for the three months ended March 31, 2016. The $4.1 million increase was primarily attributable to the decrease in acquisition pursuit costs, interest expense and management transition costs.

***Investing Activities***

Net cash flows used in / provided by investing activities were primarily the result of the Company's property acquisitions, expenditures for property improvements and property disposition activities. During the three months ended March 31, 2017, the Company acquired a shopping center for $28.8 million, and incurred expenditures of $3.2 million for property improvements, which was offset by $10.4 million in proceeds from the sale of an outparcel building, and a decrease of $0.5 million in construction escrows and other. During the three months ended March 31, 2016, the Company received $14.5 million in proceeds from the sale of a property, which was offset by the acquisition of a shopping center that was partially paid in cash for $12.1 million, incurred expenditures of $2.1 million for property improvements, and increase of $0.3 million in construction escrows and other.

***Financing Activities***

During the three months ended March 31, 2017, the Company had net borrowings of $18.0 million under the revolving credit facility, which was offset by $7.9 million of preferred and common stock distributions and $0.8 million of repayments of mortgage obligations. During the three months ended March 31, 2016, the Company made $7.9 million of preferred and common stock distributions, $2.4 million of repayments of mortgage obligations, and $1.1 million of payments for debt financing costs, which was partially offset by net borrowings of $1.0 million under the revolving credit facility.

**Funds From Operations**

Funds From Operations ("FFO") is a widely recognized supplemental non-GAAP measure utilized to evaluate the financial performance of a REIT. The Company presents FFO in accordance with the definition adopted by the National Association of Real Estate Investment Trusts ("NAREIT"). NAREIT generally defines FFO as net income attributable to common shareholders (determined in accordance with GAAP), excluding gains (losses) from sales of real estate properties, impairment provisions on real estate properties, plus real estate related depreciation and amortization, and adjustments for partnerships and joint ventures to reflect FFO on the same basis. The Company considers FFO to be an appropriate measure of its financial performance because it captures features particular to real estate performance by recognizing that real estate generally appreciates over time or maintains residual value to a much greater extent than other depreciable assets.

The Company also considers Operating Funds From Operations ("Operating FFO") to be an additional meaningful financial measure of financial performance because it excludes items the Company does not believe are indicative of its core operating performance, such as non-capitalized acquisition pursuit costs, amounts relating to early extinguishment of debt and preferred stock redemption costs, management transition costs and certain redevelopment costs. The Company believes Operating FFO further assists in comparing the Company's performance across reporting periods on a consistent basis by excluding such items.

FFO and Operating FFO should be reviewed with net income attributable to common shareholders, the most directly comparable GAAP financial measure, when trying to understand the Company's operating performance. FFO and Operating FFO do not represent cash generated from operating activities and should not be considered as an alternative to net income attributable to common shareholders or to cash flow from operating activities. The Company's computations of FFO and Operating FFO may differ from the computations utilized by other REITs and, accordingly, may not by comparable to such REITs.

A reconciliation of net income (loss) income attributable to common shareholders to FFO and Operating FFO for the three months ended March 31, 2017 and 2016 is as follows:

| | Three months ended March 31, 2017 | Three months ended March 31, 2016 |
|---|---|---|
| Net income (loss) attributable to common shareholders | $ 8,174,000 | $ (1,939,000 ) |
| Real estate depreciation and amortization | 10,375,000 | 9,618,000 |
| Limited partners' interest | 32,000 | (7,000 ) |
| Gain on sales | (7,099,000 ) | (59,000 ) |
| Consolidated minority interests: | | |
| Share of income / (loss) | 137,000 | (80,000 ) |
| Share of FFO | (105,000 ) | (65,000 ) |
| FFO applicable to diluted common shares | 11,514,000 | 7,468,000 |
| Acquisition pursuit costs (a) | 156,000 | 2,597,000 |
| Financing costs (b) | — | 89,000 |
| Redevelopment costs (c) | — | 393,000 |
| Management transition costs (d) | — | 1,427,000 |
| Operating FFO applicable to diluted common shares | $ 11,670,000 | $ 11,974,000 |
| | | |
| FFO per diluted common share | $ 0.13 | $ 0.09 |
| Operating FFO per diluted common share | $ 0.14 | $ 0.14 |
| Weighted average number of diluted common shares (e): | | |
| Common shares | 85,472,000 | 85,214,000 |
| OP Units | 351,000 | 352,000 |
| | 85,823,000 | 85,566,000 |

(a) In 2017, represents costs associated with acquisitions which the Company chose not to continue to pursue. In 2016, represents costs directly associated with acquiring properties that were expensed pursuant to GAAP such as transfer taxes, brokerage fees and legal expenses.
(b) Represents extinguishment of debt costs.
(c) Includes redevelopment project costs expensed pursuant to GAAP such as certain demolition and lease termination costs.
(d) Costs and estimated expenses associated with the Chief Operating Officer transition.
(e) The weighted average number of diluted common shares used to compute FFO and Operating FFO applicable to diluted common shares includes OP Units and unvested restricted shares that are excluded from the computation of diluted EPS.

**Inflation**

Inflation has been relatively low in recent years and has not had a significant detrimental impact on the Company's results of operations. Should inflation rates increase in the future, substantially all of the Company's tenant leases contain provisions designed to partially mitigate the negative impact of inflation in the near term. Such lease provisions include clauses that require tenants to reimburse the Company for inflation-sensitive costs such as real estate taxes and many of the operating expenses it incurs. Significant inflation rate increases over a prolonged period of time may have a material adverse impact on the Company's business.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

One of the principal market risks facing the Company is the risk of interest rate changes, primarily through its variable-rate revolving credit facility and term loans. The Company's objectives with respect to interest rate risk are to limit the impact of interest rate changes on operations and cash flows, and to lower its overall borrowing costs. To achieve these objectives, the Company may borrow at either fixed rates or at variable rates and enter into derivative financial instruments, such as interest rate swaps, to mitigate its interest rate risk. The Company does not enter into derivative or interest rate transactions for speculative purposes. The Company is not directly subject to foreign currency risk.

The Company has entered into forward interest rate swap agreements which convert the LIBOR rates to fixed rates for certain unsecured term loans. At March 31, 2017, the Company had $3.7 million included in deferred charges and other assets, net, as well as $1.6 million included in accounts payable and accrued liabilities on the consolidated balance sheet relating to the fair value of the interest rate swaps applicable to certain unsecured term loans. Based on the Company's leverage ratio at March 31, 2017, the following table details the unsecured term loans which are subject to interest rate swap agreements:

| | Amount | Effective date | Maturity date | Effective fixed interest rate |
|---|---|---|---|---|
| $ | 75,000,000 | July 2014 | February 2019 | 2.9% |
| $ | 50,000,000 | July 2015 | February 2020 | 2.8% |
| $ | 75,000,000 | July 2014 | February 2021 | 4.0% |
| $ | 50,000,000 | July 2015 | February 2022 | 3.3% |
| $ | 100,000,000 | November 2016 | April 2023 | 3.2% |

At March 31, 2017, long-term debt consisted of fixed-rate mortgage loans payable, unsecured term loans, and the Company's unsecured variable-rate credit facility. Excluding unamortized premiums and debt issuance costs, the average interest rate on the $487.5 million of fixed-rate debt outstanding was 3.6%, with maturities at various dates through 2029. The average interest rate on the $140.0 million of variable-rate debt outstanding, which consists of the unsecured revolving credit facility and a term loan, was 2.2%. With respect to the $140.0 million of variable-rate debt, if contractual interest rates either increase or decrease by 100 bps, the Company's interest cost would increase or decrease respectively by approximately $1.4 million per annum.

With respect to the Company's fixed rate mortgage notes and unsecured term loans, changes in interest rates generally do not affect the Company's interest expense as these notes are at fixed rates for extended terms. Because the Company presently intends to hold its existing fixed-rate debt either to maturity or until the sale of the associated property, these fixed-rate notes pose an interest rate risk to the Company's results of operations and its working capital position only upon the refinancing of that indebtedness. The Company's possible risk is from increases in long-term interest rates that may occur as this may increase the cost of refinancing maturing fixed-rate debt. In addition, the Company may incur prepayment penalties or defeasance costs when prepaying or defeasing debt.

**Item 4. Controls and Procedures**

The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), designed to ensure that information required to be disclosed in its filings under the Exchange Act is reported within the time periods specified in the rules and regulations of the Securities and Exchange Commission ("SEC"). In this regard, the Company has formed a Disclosure Committee currently comprising several of the Company's executive officers as well as certain other employees with knowledge of information that may be considered in the SEC reporting process. The Committee has responsibility for the development and assessment of the financial and non-financial information to be included in the reports filed with the SEC, and assists the Company's Chief Executive Officer and Chief Financial Officer in connection with their certifications contained in the Company's SEC filings. The Committee meets regularly and reports to the Audit Committee on a quarterly or more frequent basis. The Company's Chief Executive Officer and Chief Financial Officer have evaluated its disclosure controls and procedures as of March 31, 2017, and have concluded that such disclosure controls and procedures are effective.

During the three months ended March 31, 2017, there have been no changes in the Company's internal controls over financial reporting or in other factors that have materially affected, or are reasonably likely to materially affect, these internal controls over financial reporting. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well-designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

## Part II Other Information

### Item 1. Legal Proceedings

The Company is not presently involved in any litigation, nor, to its knowledge, is any litigation threatened against the Company or its subsidiaries, which is either not covered by the Company's liability insurance, or, in management's opinion, would result in a material adverse effect on the Company's financial position or results of operations.

### Item 1A. Risk Factors

There were no material changes to the Risk Factors disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

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

None.

### Item 3. Defaults upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable

### Item 5. Other Information

None.

### Item 6. Exhibits

A list of exhibits to this quarterly report on Form 10-Q is set forth on the Exhibit Index immediately preceding such exhibits and is incorporated herein by reference.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CEDAR REALTY TRUST, INC.

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

By: /s/ PHILIP R. MAYS
Philip R. Mays
Executive Vice President, Chief Financial Officer and Treasurer

(Principal financial officer)

May 4, 2017

**Exhibit 31.1**

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 control 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: May 4, 2017

/s/ BRUCE J. SCHANZER
Bruce J. Schanzer, Chief Executive Officer

**Exhibit 31.2**

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 control 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: May 4, 2017

/s/ PHILIP R. MAYS
Philip R. Mays, Chief Financial Officer

**Exhibit 32.1**

CERTIFICATION

PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

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, to the best of my knowledge, as follows:

1. The Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2017, 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 4th day of May, 2017.

/s/ BRUCE J. SCHANZER
Bruce J. Schanzer, Chief Executive Officer

**Exhibit 32.2**

CERTIFICATION

PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

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, to the best of my knowledge, as follows:

1. The Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2017, 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 4th day of May, 2017.

/s/ PHILIP R. MAYS
Philip R. Mays, Chief Financial Officer