# 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, 2021**

**OR**

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

**COMMISSION FILE NUMBER: 001-31817**

# CEDAR REALTY TRUST, INC.
**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **Maryland** | **42-1241468** |
| **(State or other jurisdiction of incorporation or organization)** | **(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)**

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

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

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

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

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

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☒ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| Emerging growth company | ☐ | | |

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

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

**At April 30, 2021, there were 13,628,108 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 Current Report on 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 actual results, performance or achievements of Cedar Realty Trust, Inc. (the “Company”) 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 that could cause actual results, performance or achievements to differ materially from current expectations include, but are not limited to: (i) the economic, political and social impact of, and uncertainty relating to, the COVID-19 pandemic, including: (a) the effectiveness or lack of effectiveness of governmental relief in providing assistance to large and small businesses, particularly including our retail tenants and other retailers, that have suffered significant declines in revenues as a result of mandatory business shut-downs, “shelter-in-place” or “stay-at-home” orders and social distancing practices, as well as individuals adversely impacted by the COVID-19 pandemic, (b) the duration of any such orders or other formal recommendations for social distancing and the speed and extent to which revenues of our retail tenants recover following the lifting of any such orders or recommendations, (c) the potential impact of any such events on the obligations of the Company’s tenants to make rent and other payments or honor other commitments under existing leases, (d) the potential adverse impact on returns from redevelopment projects, (e) to the extent we were seeking to sell properties in the near term, significantly greater uncertainty regarding our ability to do so at attractive prices, and (f) the broader impact of the severe economic contraction and increase in unemployment that has occurred in the short term and negative consequences that will occur if these trends are not quickly reversed; (ii) the ability and willingness of the Company’s tenants and other third parties to satisfy their obligations under their respective contractual arrangements with the Company; (iii) the loss or bankruptcy of the Company’s tenants, particularly in light of the adverse impact to the financial health of many retailers that has occurred and continues to occur as a result of the COVID-19 pandemic; (iv) the ability and willingness of the Company’s tenants to renew their leases with the Company upon expiration, the Company’s ability to re-lease its properties on the same or better terms in the event of nonrenewal or in the event the Company exercises its right to replace an existing tenant, and obligations the Company may incur in connection with the replacement of an existing tenant, particularly, in light of the adverse impact to the financial health of many retailers that has occurred and continues to occur as a result of the COVID-19 pandemic, and the significant uncertainty as to when and the conditions under which potential tenants will be able to operate physical retail locations in future; (v) macroeconomic conditions, such as a disruption of or lack of access to capital markets and the adverse impact of the recent significant decline in the Company’s share price from prices prior to the spread of the COVID-19 pandemic; (vi) financing risks, such as the Company’s inability to obtain new financing or refinancing on favorable terms as the result of market volatility or instability; (vii) increases in the Company’s borrowing costs as a result of changes in interest rates and other factors, including the potential phasing out of LIBOR after 2021; (viii) the impact of the Company’s leverage on operating performance; (ix) risks related to the market for retail space generally, including reductions in consumer spending, variability in retailer demand for leased space, adverse impact of e-commerce, ongoing consolidation in the retail sector and changes in economic conditions and consumer confidence; (x) risks endemic to real estate and the real estate industry generally; (xi) competitive risks; (xii) risks related to the geographic concentration of the Company’s properties in the Washington, D.C. to Boston corridor; (xiii) damage to the Company’s properties from catastrophic weather and other natural events, and the physical effects of climate change; (xiv) the inability of the Company to realize anticipated returns from its redevelopment activities; (xv) uninsured losses; (xvi) the Company’s ability and willingness to maintain its qualification as a REIT in light of economic, market, legal, tax and other considerations; and (xvii) information technology security breaches. For further discussion of factors that could materially affect the outcome of forward-looking statements, see “Risk Factors” in Part I, Item 1A, of the Company’s Annual Report on Form 10-K for the year ended December 31, 2020 and other documents that the Company files with the Securities and Exchange Commission from time to time.

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

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

| | March 31, 2021 | December 31, 2020 |
|---|---|---|
| **ASSETS** | | |
| Real estate: | | |
| Land | $ 280,433,000 | $ 284,694,000 |
| Buildings and improvements | 1,190,060,000 | 1,242,784,000 |
| | 1,470,493,000 | 1,527,478,000 |
| Less accumulated depreciation | (414,071,000 ) | (428,569,000 ) |
| Real estate, net | 1,056,422,000 | 1,098,909,000 |
| | | |
| Real estate held for sale | 49,091,000 | 9,498,000 |
| Cash and cash equivalents | 3,138,000 | 1,637,000 |
| Receivables | 22,818,000 | 21,952,000 |
| Other assets and deferred charges, net | 48,487,000 | 45,255,000 |
| **TOTAL ASSETS** | $ 1,179,956,000 | $ 1,177,251,000 |
| | | |
| **LIABILITIES AND EQUITY** | | |
| Mortgage loan payable | $ 45,132,000 | $ 45,385,000 |
| Finance lease obligation | 5,334,000 | 5,340,000 |
| Unsecured revolving credit facility | 179,000,000 | 175,000,000 |
| Unsecured term loans | 398,705,000 | 398,549,000 |
| Accounts payable and accrued liabilities | 53,048,000 | 56,580,000 |
| Unamortized intangible lease liabilities | 8,639,000 | 8,939,000 |
| Total liabilities | 689,858,000 | 689,793,000 |
| | | |
| Commitments and contingencies | - | - |
| | | |
| Equity: | | |
| Cedar Realty Trust, Inc. shareholders' equity: | | |
| Preferred stock | 159,541,000 | 159,541,000 |
| Common stock ($0.06 par value, 150,000,000 shares authorized, 13,629,000 and 13,530,000 shares, issued and outstanding, respectively) | 818,000 | 812,000 |
| Treasury stock (416,000 and 447,000 shares, respectively, at cost) | (13,961,000 ) | (15,133,000 ) |
| Additional paid-in capital | 879,413,000 | 879,790,000 |
| Cumulative distributions in excess of net income | (525,171,000 ) | (522,696,000 ) |
| Accumulated other comprehensive (loss) | (14,645,000 ) | (18,816,000 ) |
| Total Cedar Realty Trust, Inc. shareholders' equity | 485,995,000 | 483,498,000 |
| Noncontrolling interests: | | |
| Minority interests in consolidated joint ventures | 1,203,000 | 1,053,000 |
| Limited partners' OP Units | 2,900,000 | 2,907,000 |
| Total noncontrolling interests | 4,103,000 | 3,960,000 |
| Total equity | 490,098,000 | 487,458,000 |
| **TOTAL LIABILITIES AND EQUITY** | $ 1,179,956,000 | $ 1,177,251,000 |

See accompanying notes to consolidated financial statements

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

| | Three months ended March 31, | |
|---|---|---|
| | **2021** | **2020** |
| **REVENUES** | | |
| Rental revenues | $ 33,336,000 | $ 35,115,000 |
| Other | 215,000 | 7,370,000 |
| Total revenues | 33,551,000 | 42,485,000 |
| **EXPENSES** | | |
| Operating, maintenance and management | 7,780,000 | 7,721,000 |
| Real estate and other property-related taxes | 5,120,000 | 5,122,000 |
| General and administrative | 4,528,000 | 5,002,000 |
| Depreciation and amortization | 11,211,000 | 13,747,000 |
| Total expenses | 28,639,000 | 31,592,000 |
| | | |
| **OTHER** | | |
| Gain on sales | 1,047,000 | - |
| Impairment charges | - | (7,474,000 ) |
| Total other | 1,047,000 | (7,474,000 ) |
| | | |
| **OPERATING INCOME** | 5,959,000 | 3,419,000 |
| | | |
| **NON-OPERATING INCOME AND EXPENSES** | | |
| Interest expense | (4,706,000 ) | (5,517,000 ) |
| Total non-operating income and expenses | (4,706,000 ) | (5,517,000 ) |
| | | |
| **NET INCOME (LOSS)** | 1,253,000 | (2,098,000 ) |
| | | |
| Net (income) loss attributable to noncontrolling interests: | | |
| Minority interests in consolidated joint ventures | (150,000 ) | (176,000 ) |
| Limited partners' interest in Operating Partnership | 9,000 | 28,000 |
| Total net (income) attributable to noncontrolling interests | (141,000 ) | (148,000 ) |
| | | |
| **NET INCOME (LOSS) ATTRIBUTABLE TO CEDAR REALTY TRUST, INC.** | 1,112,000 | (2,246,000 ) |
| | | |
| Preferred stock dividends | (2,688,000 ) | (2,688,000 ) |
| | | |
| **NET (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS** | $ (1,576,000 ) | $ (4,934,000 ) |
| | | |
| **NET (LOSS) PER COMMON SHARE ATTRIBUTABLE TO COMMON SHAREHOLDERS (BASIC AND DILUTED):** | $ (0.12 ) | $ (0.39 ) |
| | | |
| **Weighted average number of common shares - basic and diluted** | 13,144,000 | 13,086,000 |

See accompanying notes to consolidated financial statements

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

| | Three months ended March 31, 2021 | Three months ended March 31, 2020 |
|---|---|---|
| Net income (loss) | $ 1,253,000 | $ (2,098,000 ) |
| Unrealized gain (loss) on change in fair value of cash flow hedges | 4,197,000 | (15,014,000 ) |
| Comprehensive income (loss) | 5,450,000 | (17,112,000 ) |
| Comprehensive (income) attributable to noncontrolling interests | (167,000 ) | (58,000 ) |
| Comprehensive income (loss) attributable to Cedar Realty Trust, Inc. | $ 5,283,000 | $ (17,170,000 ) |

See accompanying notes to consolidated financial statements

**CEDAR REALTY TRUST, INC.**
**Consolidated Statement of Equity**
**Three months ended March 31, 2021**
**(unaudited)**

| | Cedar Realty Trust, Inc. Shareholders | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Preferred stock | | Common stock | | Treasury stock, | Additional paid-in | Cumulative distributions in excess of | Accumulated other comprehensive | |
| | Shares | Amount | Shares | Amount | at cost | capital | net income | income | Total |
| Balance, December 31, 2020 | 6,450,000 | $ 159,541,000 | 13,530,000 | $ 812,000 | $ (15,133,000) | $ 879,790,000 | $ (522,696,000) | $ (18,816,000) | $ 483,498,000 |
| Net income (loss) | — | — | — | — | — | — | 1,112,000 | — | 1,112,000 |
| Unrealized gain on change in fair value of cash flow hedges | — | — | — | — | — | — | — | 4,171,000 | 4,171,000 |
| Share-based compensation, net | — | — | 99,000 | 6,000 | 1,172,000 | (397,000) | — | — | 781,000 |
| Common stock sales, net of issuance expenses | — | — | — | — | — | 1,000 | — | — | 1,000 |
| Preferred stock dividends | — | — | — | — | — | — | (2,688,000) | — | (2,688,000) |
| Distributions to common shareholders/noncontrolling interests | — | — | — | — | — | — | (899,000) | — | (899,000) |
| Reallocation adjustment of limited partners' interest | — | — | — | — | — | 19,000 | — | — | 19,000 |
| Balance, March 31, 2021 | 6,450,000 | $ 159,541,000 | 13,629,000 | $ 818,000 | $ (13,961,000) | $ 879,413,000 | $ (525,171,000) | $ (14,645,000) | $ 485,995,000 |

| | Noncontrolling Interests | | | |
|---|---|---|---|---|
| | Minority interest in consolidated joint ventures | Limited partners' interest in Operating Partnership | Total | Total Equity |
| Balance, December 31, 2020 | $ 1,053,000 | $ 2,907,000 | $ 3,960,000 | $ 487,458,000 |
| Net income (loss) | 150,000 | (9,000) | 141,000 | 1,253,000 |
| Unrealized gain on change in fair value of cash flow hedges | — | 26,000 | 26,000 | 4,197,000 |
| Share-based compensation, net | — | — | — | 781,000 |
| Common stock sales, net of issuance expenses | — | — | — | 1,000 |
| Preferred stock dividends | — | — | — | (2,688,000) |
| Distributions to common shareholders/noncontrolling interests | — | (5,000) | (5,000) | (904,000) |
| Reallocation adjustment of limited partners' interest | — | (19,000) | (19,000) | — |
| Balance, March 31, 2021 | $ 1,203,000 | $ 2,900,000 | $ 4,103,000 | $ 490,098,000 |

See accompanying notes to consolidated financial statements

**CEDAR REALTY TRUST, INC.**
**Consolidated Statement of Equity**
**Three months ended March 31, 2020**
**Continued**
**(unaudited)**

| | Cedar Realty Trust, Inc. Shareholders | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Preferred stock | | Common stock | | Treasury stock, | Additional paid-in | Cumulative distributions in excess of | Accumulated other comprehensive | |
| | Shares | Amount | Shares | Amount | at cost | capital | net income | income | Total |
| Balance, December 31, 2019 | 6,450,000 | $ 159,541,000 | 13,488,000 | $ 809,000 | $ (16,311,000) | $ 877,256,000 | $ (503,725,000) | $ (7,009,000) | $ 510,561,000 |
| Net loss | — | — | — | — | — | — | (2,246,000) | — | (2,246,000) |
| Unrealized (loss) on change in fair value of cash flow hedges | — | — | — | — | — | — | — | (14,924,000) | (14,924,000) |
| Share-based compensation, net | — | — | 46,000 | 3,000 | 1,006,000 | (143,000) | — | — | 866,000 |
| Common stock sales, net of issuance expenses | — | — | — | — | — | 5,000 | — | — | 5,000 |
| Preferred stock dividends | — | — | — | — | — | — | (2,688,000) | — | (2,688,000) |
| Distributions to common shareholders/noncontrolling interests | — | — | — | — | — | — | (4,468,000) | — | (4,468,000) |
| Reallocation adjustment of limited partners' interest | — | — | — | — | — | 5,000 | — | — | 5,000 |
| Balance, March 31, 2020 | 6,450,000 | $ 159,541,000 | 13,534,000 | $ 812,000 | $ (15,305,000) | $ 877,123,000 | $ (513,127,000) | $ (21,933,000) | $ 487,111,000 |

| | Noncontrolling Interests | | | |
|---|---|---|---|---|
| | Minority interest in consolidated joint ventures | Limited partners' interest in Operating Partnership | Total | Total Equity |
| Balance, December 31, 2019 | $ 435,000 | $ 3,079,000 | $ 3,514,000 | $ 514,075,000 |
| Net loss | 176,000 | (28,000) | 148,000 | (2,098,000) |
| Unrealized (loss) on change in fair value of cash flow hedges | — | (90,000) | (90,000) | (15,014,000) |
| Share-based compensation, net | — | — | — | 866,000 |
| Common stock sales, net of issuance expenses | — | — | — | 5,000 |
| Preferred stock dividends | — | — | — | (2,688,000) |
| Distributions to common shareholders/noncontrolling interests | — | (27,000) | (27,000) | (4,495,000) |
| Reallocation adjustment of limited partners' interest | — | (5,000) | (5,000) | — |
| Balance, March 31, 2020 | $ 611,000 | $ 2,929,000 | $ 3,540,000 | $ 490,651,000 |

See accompanying notes to consolidated financial statements

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

| | Three months ended March 31, | |
|---|---|---|
| | **2021** | **2020** |
| **OPERATING ACTIVITIES** | | |
| Net (loss) income | $ 1,253,000 | $ (2,098,000 ) |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: | | |
| Gain on sales | (1,047,000 ) | — |
| Impairment charges | — | 7,474,000 |
| Straight-line rents and expenses, net | (103,000 ) | (16,000 ) |
| Provision for doubtful accounts | 68,000 | 53,000 |
| Depreciation and amortization | 11,211,000 | 13,747,000 |
| Amortization of intangible lease liabilities, net | (277,000 ) | (459,000 ) |
| Expense relating to share-based compensation, net | 880,000 | 1,014,000 |
| Amortization of deferred financing costs | 342,000 | 310,000 |
| Changes in operating assets and liabilities, net of effects of acquisitions and dispositions: | | |
| Rents and other receivables | (1,845,000 ) | (953,000 ) |
| Prepaid expenses and other | (2,234,000 ) | (2,507,000 ) |
| Accounts payable and accrued liabilities | 1,294,000 | (3,176,000 ) |
| Net cash provided by operating activities | 9,542,000 | 13,389,000 |
| **INVESTING ACTIVITIES** | | |
| Expenditures for real estate improvements | (6,949,000 ) | (9,813,000 ) |
| Net proceeds from sales of real estate | 1,248,000 | — |
| Net cash (used in) investing activities | (5,701,000 ) | (9,813,000 ) |
| **FINANCING ACTIVITIES** | | |
| Repayments under revolving credit facility | (2,000,000 ) | (7,000,000 ) |
| Advances under revolving credit facility | 6,000,000 | 83,000,000 |
| Mortgage repayments | (273,000 ) | (263,000 ) |
| Payments of debt financing costs | (2,476,000 ) | — |
| Noncontrolling interests: | | |
| Distributions to limited partners | (5,000 ) | (27,000 ) |
| Common stock sales less issuance expenses, net | 1,000 | 5,000 |
| Preferred stock dividends | (2,688,000 ) | (2,688,000 ) |
| Distributions to common shareholders | (899,000 ) | (4,468,000 ) |
| Net cash (used in) provided by financing activities | (2,340,000 ) | 68,559,000 |
| Net increase in cash, cash equivalents and restricted cash | 1,501,000 | 72,135,000 |
| Cash, cash equivalents and restricted cash at beginning of year | 1,637,000 | 2,747,000 |
| Cash, cash equivalents and restricted cash at end of year | $ 3,138,000 | $ 74,882,000 |
| Reconciliation to consolidated balance sheets: | | |
| Cash and cash equivalents | $ 3,138,000 | $ 74,882,000 |
| Restricted cash | — | — |
| Cash, cash equivalents and restricted cash | $ 3,138,000 | $ 74,882,000 |

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, operation and redevelopment of grocery-anchored shopping centers in high-density urban markets from Washington, D.C. to Boston. At March 31, 2021, the Company owned and managed a portfolio of 53 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, 2021, the Company owned a 99.4% general and limited partnership interest in, and was the sole general partner of, the Operating Partnership. The limited partners’ interest in the Operating Partnership (0.6% at March 31, 2021) is represented by partnership units in the Operating Partnership (“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 81,000 OP Units outstanding at March 31, 2021 are economically equivalent to shares of 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. Unless specifically noted otherwise, all references to OP Units exclude limited partnership units held by the Company.

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 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, 2020.

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, 2021 | Three months ended March 31, 2020 |
|---|---|---|
| Supplemental disclosure of cash activities: | | |
| Cash paid for interest | $ 5,271,000 | $ 5,653,000 |
| Supplemental disclosure of non-cash activities: | | |
| Capitalization of interest and financing costs | 799,000 | 593,000 |
| Buildings and improvements included in accounts payable and accrued liabilities | 644,000 | — |
| Recognition of right-of-use assets and related lease liabilities | — | 703,000 |

***Recently Issued and Adopted Accounting Pronouncements***

In April 2020, the FASB issued a question-and-answer document (the “Lease Modification Q&A”) focused on the application of lease accounting guidance to lease concessions provided as a result of a novel strain of coronavirus (“COVID-19”). Under existing lease guidance, the Company would have to determine, on a lease by lease basis, if a lease concession was the result of a new arrangement reached with the tenant (treated with the lease modification accounting framework) or if a lease concession was under the enforceable rights and obligations within the existing lease agreement (precluded from applying the lease modification accounting framework). The Lease Modification Q&A clarifies that entities may elect to not evaluate whether lease-related relief that lessors provide to mitigate the economic effects of COVID-19 on lessees is a lease modification under ASC 842. Instead, an entity that elects not to evaluate whether a concession directly related to COVID-19 is a modification can then elect whether to apply the modification guidance (i.e. assume the relief was always contemplated by the contract or assume the relief was not contemplated by the contract). Both lessees and lessors may make this election. The Company is evaluating its election on a disaggregated basis, with such election applied consistently to leases with similar characteristics and similar circumstances.

During the three months ended March 31, 2021, the Company provided lease concessions to certain tenants in response to the impact of COVID-19, in the form of rent deferrals. The Company has made an election to account for such lease concessions consistent with how those concessions would be accounted for under ASC 842 if enforceable rights and obligations for those concessions had already existed in the leases. This election is available for concessions related to the effects of the COVID-19 pandemic that do not result in a substantial increase in our rights as lessor, including concessions that result in the total payments required by the modified lease being substantially the same as or less than total payments required by the original lease.

Substantially all of the Company's concessions to date provide for a deferral of payments with no substantive changes to the consideration in the original lease. These deferrals affect the timing, but not the amount, of the lease payments. The Company is accounting for these deferrals as if no changes to the lease were made. Under this accounting, the Company increases its receivables as tenant payments accrue and continues to recognize rental income. Through March 31, 2021, the Company has entered into lease modifications that deferred approximately $3.3 million, of which $2.4 million relates to deferrals that the Company continued to recognize rental income. In addition, through March 31, 2021, the Company has entered into agreements that waived approximately $1.8 million of rent.

**Note 3. Real Estate**

***Development Asset***

On July 23, 2020, the Company entered into a commercial lease agreement (the "Lease") with the Government of the District of Columbia (the "District"), for the lease by the District of office space in a new six-story building to be constructed by the Company at Senator Square. The building is planned to house the new office headquarters for the District of Columbia's Department of General Services' ("DGS") 700-member workforce. The term of the Lease is 20 years and 10 months, to commence upon substantial completion and delivery to DGS. Demolition on the space began in the second quarter of 2021 and the Company currently estimates that the space will be delivered during the end of the fourth quarter 2022.

Upon completion of the building, the District will be obligated to pay initial annual net rent of approximately $5.4 million per year, subject to a 2.5% annual escalator on each anniversary of rent commencement, plus certain operating costs, property taxes and amortization of tenant improvements together totaling approximately an additional $8.1 million per year, for an aggregate total annual rent of approximately $13.5 million. The Lease provides for a free rent period of 10 months immediately following rent commencement. The Lease also provides the District with a tenant credit of approximately $6.8 million to be applied, at the District's election, against either annual rent or any other tenant payment obligations including tenant improvement costs, in excess of the tenant improvement allowance. Pursuant to the Lease, the landlord will contribute up to $155 per rentable square foot toward the cost of tenant improvements, to be amortized over 240 months. In addition, the Lease provides that the Company will contribute $9.38 per rentable square foot in additional tenant improvement allowance between the 10th and 12th Lease years, upon the District's timely election. The obligations of the District under the Lease are subject to annual budget appropriation.

On May 5, 2021, the Company formed a joint venture with Goldman Sachs Urban Investment Group and Asland Capital Partners for the construction of an approximately 258,000 square foot six-story commercial building in Washington D.C. consisting of approximately 240,000 square feet of office space which is 100% leased to the Washington, D.C., Department of General Services (DGS) for its headquarters and approximately 18,000 square feet of street-level retail. This building is planned as the first phase of Northeast Heights, a redevelopment of two existing shopping centers, East River Park and Senator Square, into a mixed-use residential, office and retail property. Further, the joint venture has secured construction financing from JP Morgan not to exceed $105 million. The construction loan initially bears interest at LIBOR plus 200 basis points and has an initial term of three years with two, one-year extension options subject to customary conditions. The Company will have a 10% interest in the joint venture and be a co-general partner along with Asland Capital Partners.

***Disposition***

On February 24, 2021, the Company sold an outparcel building adjacent to Kempsville Crossing, located in Virginia Beach, Virginia, for $1.3 million, resulting in a $1.0 million gain which is included in operating income in the accompanying consolidated statement of operations. On May 5, 2021, the Company sold The Commons for $9.8 million.

***Real Estate Held for Sale***

As of March 31, 2021, Carll's Corner, located in Bridgeton, New Jersey, The Commons, located in Dubois, Pennsylvania, and Camp Hill Shopping Center, located in Harrisburg, Pennsylvania, have been classified as "real estate held for sale" on the accompanying consolidated balance sheet.

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 or income capitalization analyses, if no contract amounts are 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, if applicable.

**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, 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 loan was estimated using available market information and discounted cash flow analyses based on borrowing rates the Company believes it could obtain with a similar term and maturity. As of March 31, 2021 and December 31, 2020, the fair value of the Company's fixed rate mortgage loan payable, which was determined to be Level 3 within the valuation hierarchy, was $46.5 million and $47.0 million, respectively; the carrying value of such loan was $45.1 million and $45.4 million, respectively. As of March 31, 2021 and December 31, 2020, respectively, the aggregate fair values of the Company's unsecured revolving credit facility and term loans approximated the carrying values. In addition, the fair value of the Company's mortgage note receivable and finance lease obligation, which were determined to be Level 3 within the valuation hierarchy, approximated their carrying values as of March 31, 2021 and December 31, 2020, respectively.

The valuations 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 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, 2021, 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, and 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, income capitalization analyses or a sales comparison approach if no contracts had been concluded. The discounted cash flow and income capitalization analyses include all estimated cash inflows and outflows over a specific holding period. 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, 2021 and December 31, 2020, respectively:

| | March 31, 2021 | | | |
|---|---|---|---|---|
| **Description** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Investments related to deferred compensation liabilities (a) | $ 881,000 | $ — | $ — | $ 881,000 |
| Deferred compensation liabilities (b) | $ 885,000 | $ — | $ — | $ 885,000 |
| Interest rate swaps liability (b) | $ — | $ 14,731,000 | $ — | $ 14,731,000 |

| | December 31, 2020 | | | |
|---|---|---|---|---|
| **Description** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Investments related to deferred compensation liabilities (a) | $ 948,000 | $ — | $ — | $ 948,000 |
| Deferred compensation liabilities (b) | $ 952,000 | $ — | $ — | $ 952,000 |
| Interest rate swaps liability (b) | $ — | $ 18,927,000 | $ — | $ 18,927,000 |

(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.

As of March 31, 2021, real estate held for sale on the consolidated balance sheet consisted of (1) one retail property, totaling $2.2 million, which was determined to be Level 3 asset under the hierarchy, and was measured at fair value less cost to sell on a non-recurring basis using a direct capitalization approach, consisting of a capitalization rate of 8.5%, (2) one retail property, totaling $7.5 million, which was determined to be Level 3 asset under the hierarchy, and was measured at fair value less cost to sell on a non-recurring basis using a discounted cash flow approach, consisting of a capitalization rate of 11.5% and a discount rate of 8.0%, and (3) one property, which was determined to be a Level 2 under the hierarchy, for which the carrying value was below its fair value.

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

Debt and finance lease obligations are composed of the following at March 31, 2021:

| | | March 31, 2021 | |
|---|---|---|---|
| **Description** | **Maturity dates** | **Balance outstanding** | **Contractual interest rates weighted-average** |
| Fixed-rate mortgage | Jun 2026 | $ 45,381,000 | 3.9% |
| Finance lease obligation | Sep 2050 | 5,622,000 | 5.3% |
| Unsecured credit facilities: | | | |
| Variable-rate: | | | |
| Revolving credit facility (a) | Sep 2021 | 179,000,000 | 1.7% |
| Term loan | Sep 2022 | 50,000,000 | 1.8% |
| Fixed-rate (b): | | | |
| Term loan | Feb 2022 | 50,000,000 | 3.3% |
| Term loan | Sep 2022 | 50,000,000 | 3.5% |
| Term loan | Apr 2023 | 100,000,000 | 3.5% |
| Term loan | Sep 2024 | 75,000,000 | 3.9% |
| Term loan | Jul 2025 | 75,000,000 | 4.8% |
| | | 630,003,000 | 3.1% |
| Unamortized issuance costs | | (1,832,000) | |
| | | $ 628,171,000 | |

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

(b) The interest rates on these term loans consist of the London Interbank Offered Rate ("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.

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

On August 4, 2020, the Company amended its existing $300 million unsecured credit facility and term loans. After such amendments, the Company's financial ratios and borrowing base are now all computed using the trailing four quarters as opposed to the current quarter annualized and interest rate swaps that are a hedge of existing debt are now excluded from the definition of debt. The $300 million unsecured credit facility consists of (1) a $250 million revolving credit facility, expiring on September 8, 2021, and (2) a $50 million term loan, expiring on September 8, 2022. The revolving credit facility may be extended, at the Company's option, for an additionalone-year period, subject to customary conditions. Under an accordion feature, the facility can be increased to $750 million, subject to customary conditions and lending commitments. Interest on borrowings under the revolving credit facility component can range from LIBOR plus 135 bps to 195 bps (165 bps at March 31, 2021 and as of this filing) and interest on borrowings under the term loan component can range from LIBOR plus 130 to 190 bps (160 bps at March 31, 2021 and as of this filing), each based on the Company's leverage ratio. Interest on borrowings under the unsecured credit facility and term loans are based on the Company's leverage ratio.

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. 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. Although the credit facility is unsecured, borrowing availability is based on unencumbered property adjusted net operating income for the trailing twelve months, as defined in the agreements. As of the date of filing this Quarterly Report on Form 10-Q, the Company had $59.0 million outstanding and $60.0 million available for additional borrowings under its revolving credit facility, and was in compliance with all financial covenants. Additionally, the COVID-19 pandemic may negatively impact the Company's future ability to remain compliant with all financial covenants, including the ability to generate sufficient unencumbered property adjusted net operating income to support current borrowings. The Company's unencumbered property adjusted net operating income was not significantly impacted by the COVID-19 pandemic until the quarter ended June 30, 2020.

On May 5, 2021, the Company closed a non-recourse mortgage for $114.0 million. The mortgage matures June 1, 2031, bears interest at a fixed-rate of 3.49% and requires payment of interest only for the first five years followed by payments of principal and interest based on thirty-year amortization for the remainder of the term. The loan is secured by five shopping centers consisting of Lawndale Plaza, The Shops at Suffolk Downs, Christina Crossing, Trexlertown Plaza, and The Point. These properties had no pre-existing debt and the proceeds from this new loan were used to reduce amounts outstanding under the Company's revolving credit facility.

***Derivative Financial Instruments***

The fair values of the interest rate swaps applicable to the unsecured term loans discussed above are included in accounts payable and accrued liabilities on the consolidated balance sheet at March 31, 2021. 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), 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 $6.5 million of accumulated other comprehensive loss will be reclassified as a decrease to earnings within the next twelve months.

The following is a summary of the derivative financial instruments held by the Company at March 31, 2021 and December 31, 2020:

| March 31, 2021 | | | | | |
|---|---|---|---|---|---|
| Designation/ Cash flow | Derivative | Count | Fair value | Maturity dates | Balance sheet location |
| Qualifying | Interest rate swaps | 6 | $ 14,731,000 | 2022-2025 | Accounts payable and accrued liabilities |

| December 31, 2020 | | | | | |
|---|---|---|---|---|---|
| Designation/ Cash flow | Derivative | Count | Fair value | Maturity dates | Balance sheet location |
| Qualifying | Interest rate swaps | 7 | $ 18,927,000 | 2021-2025 | Accounts payable and accrued liabilities |

The notional values of the interest rate swaps held by the Company at March 31, 2021 and December 31, 2020 were $50.0 million and $425.0 million, respectively.

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, 2021 and 2020, respectively:

| | | (Loss) gain recognized in other comprehensive (loss) income (effective portion) | |
|---|---|---|---|
| | | Three months ended March 31, | |
| Designation/ Cash flow | Derivative | 2021 | 2020 |
| Qualifying | Interest rate swaps | $ 2,394,000 | $ (15,363,000 ) |

| | Gain (loss) recognized in other comprehensive (loss) income reclassified into earnings (effective portion) | |
|---|---|---|
| | Three months ended March 31, | |
| Classification | 2021 | 2020 |
| Continuing Operations | $ (1,803,000 ) | $ (349,000 ) |

As of March 31, 2021 the Company believes it has no significant risk associated with non-performance of the financial institutions which are the counterparties to its derivative contracts.

**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.

The Company is the lessee under several ground lease and its executive office lease agreements. As of March 31. 2021, the Company's weighted average remaining lease term is approximately 30.6 years and the weighted average discount rate used to calculate the Company's lease liability is approximately5.7%. Rent expense under the Company's ground lease and executive office lease agreements was approximately $0.4 million and $0.4 million for the three months ended March 31, 2021 and 2020, respectively.

During the first quarter of 2020, COVID-19 began spreading globally, with the outbreak being classified as a pandemic by the World Health Organization on March 11, 2020. The Company currently faces significant risks and uncertainties related to the adverse effect of the COVID-19 pandemic, which has created significant economic uncertainty and volatility. Certain tenants have announced temporary closures of their stores and have requested rent deferrals or forgiveness during this pandemic. COVID-19 could have a material and adverse effect on the Company's financial condition, results of operations and cash flow which could result in (1) the Company's tenants being unable to fully meet their obligations and to seek modification of their obligations, resulting in increases in uncollectible rents and a reduction in rental income, (2) difficulties in the Company's future compliance with financial covenants in regards to its unsecured credit facilities, and (3) the recognition of impairments charges of the Company's real estate.

As a result of COVID-19, the Company has received numerous rent relief requests, most often in the form of rent deferrals. The Company has evaluated, and continues to evaluate, each tenant rent relief request on an individual basis, considering a number of factors. During the quarters ended March 31, 2021 and December 31, 2020, the Company collected 96% and 94% of contractual base rents and monthly tenant reimbursements, respectively. Through March 31, 2021, the Company deferred approximately $3.3 million and waived approximately $1.8 million of rental income, respectively. To date, the weighted average payback period of deferred rent is approximately 10 months, beginning at various time commencing in July 2020 through March 2021. The Company currently remains in active discussions and negotiations with its impacted tenants and anticipates the need to grant additional rent concessions or other lease-related relief, such as the deferral of lease payments for a period of time to be paid over the remaining term of the lease. The nature and financial impact of such additional rent relief is currently unknown as negotiations are in progress. The extent to which COVID-19 impacts the Company's business, operations and financial results will depend on numerous evolving factors that the Company is not able to predict at this time.

**Note 7. Shareholders' Equity**

***Preferred Stock***

The Company is authorized to issue up to 12,500,000 shares of preferred stock. The following tables summarize details about the Company's preferred stock:

| | Series B Preferred Stock | Series C Preferred Stock |
|---|---|---|
| Par value | $ 0.01 | $ 0.01 |
| Liquidation value | $ 25.00 | $ 25.00 |

| | March 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|
| | Series B Preferred Stock | Series C Preferred Stock | Series B Preferred Stock | Series C Preferred Stock |
| Shares authorized | 1,450,000 | 6,450,000 | 1,450,000 | 6,450,000 |
| Shares issued and outstanding | 1,450,000 | 5,000,000 | 1,450,000 | 5,000,000 |
| Balance | $ 34,767,000 | $ 124,774,000 | $ 34,767,000 | 124,774,000 |

***Common Stock***

On November 25, 2020, the Company effected a 1-for-6.6 reverse stock split of the issued and outstanding shares of common stock.Each 6.6 shares of the Company's issued and outstanding common stock were combined into one share of the Company's common stock. The number of authorized shares and the par value of the common stock were not changed. In addition, the Company amended the Limited Partnership Agreement of our Operating Partnership to effect a corresponding reverse split of the partnership interests of the Operating Partnership. In accordance with GAAP, all shares of common stock, restricted stock units, OP Units and per share/unit information that are presented in this Form 10-Q were adjusted to reflect the reverse split on a retroactive basis for all periods presented.

***Dividends***

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

| | Three months ended March 31, | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| Common stock | $ | 0.066 | $ | 0.330 |
| 7.25% Series B Preferred Stock | $ | 0.453 | $ | 0.453 |
| 6.50% Series C Preferred Stock | $ | 0.406 | $ | 0.406 |

On April 19, 2021, the Company's Board of Directors declared a dividend of $0.066 per share with respect to its common stock. At the same time, the Board declared dividends of $0.453125 and $0.406250 per share with respect to the Company's Series B Preferred Stock and Series C Preferred Stock, respectively. The distributions are payable on May 20, 2021 to shareholders of record on May 10, 2021.

**Note 8. Revenues**

Rental revenues for the three months ended March 31, 2021 and 2020, respectively, comprise the following:

| | Three months ended March 31, | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| Base rents | $ | 24,015,000 | $ | 25,762,000 |
| Expense recoveries | | 8,348,000 | | 8,555,000 |
| Percentage rent | | 565,000 | | 296,000 |
| Straight-line rents | | 131,000 | | 43,000 |
| Amortization of intangible lease liabilities, net | | 277,000 | | 459,000 |
| Total rents | $ | 33,336,000 | $ | 35,115,000 |

The Company reviews the collectability of charges under its tenant operating leases on a regular basis, taking into consideration changes in factors such as the tenant's payment history, the financial condition of the tenant, business conditions in the industry in which the tenant operates and economic conditions in the area where the property is located. During 2021 and 2020, the Company's assessment has specifically included the impact of the COVID-19 pandemic, which represents a material risk to collectability. In the event that collectability with respect to any tenant changes the Company recognizes an adjustment to rental income. The Company's review of collectability of charges under its operating leases includes any accrued rental revenues related to the straight-line method of reporting rental revenue. During 2021 and 2020, the Company identified various tenants where collection was no longer considered probable. The determination to record revenue on a cash basis and write off any outstanding straight-line receivable from these various tenants reduced net income $0.1 million for the three months ended March 31, 2021. In addition, during the three months ended March 31, 2021$0.5 million of billed charges, consisting of rent and tenant reimbursements, were unpaid, and based on the Company's determination to record revenue on a cash basis for these tenants, these amounts were not recorded as revenue for the three months ended March 31, 2021.

## Note 9. Share-Based Compensation

The following tables set forth certain share-based compensation information for the three months ended March 31, 2021 and 2020, respectively:

| | Three months ended March 31, | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| Expense relating to share/unit grants | $ | 929,000 | $ | 1,077,000 |
| Amounts capitalized | | (49,000 ) | | (63,000 ) |
| Total charged to operations | $ | 880,000 | $ | 1,014,000 |

| | Shares | | Weighted average grant date value |
|---|---|---|---|
| Unvested shares/units, December 31, 2020 | 642,000 | $ | 25.86 |
| Restricted share grants | 119,000 | $ | 10.58 |
| Vested during period | (67,000 ) | $ | 38.62 |
| Forfeitures/cancellations | (6,000 ) | $ | 17.54 |
| Unvested shares/units, March 31, 2021 | 688,000 | $ | 22.05 |

During the three months ended March 31, 2021 there were119,000 restricted shares issued, with a weighted average grant date fair value of $10.58 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 that have non-forfeitable rights to receive dividends issued pursuant to the Company's share-based compensation program are considered participating securities). Unvested restricted shares that are participating securities 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, 2021 and 2020, the Company had 0.5 million and 0.5 million, respectively, of weighted average unvested restricted shares outstanding that were participating securities.The following table provides a reconciliation of the numerator and denominator of the EPS calculations for the three months ended March 31, 2021 and 2020:

| | Three months ended March 31, | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| **Numerator** | | | | |
| Net income (loss) | $ | 1,253,000 | $ | (2,098,000 ) |
| Preferred stock dividends | | (2,688,000 ) | | (2,688,000 ) |
| Net (income) attributable to noncontrolling interests | | (141,000 ) | | (148,000 ) |
| Net earnings allocated to unvested shares | | (33,000 ) | | (154,000 ) |
| Net (loss) attributable to vested common shares | $ | (1,609,000 ) | $ | (5,088,000 ) |
| **Denominator** | | | | |
| Weighted average number of vested common shares outstanding, basic and diluted | | 13,144,000 | | 13,086,000 |
| | | | | |
| Net (loss) per common share attributable to common shareholders, basic and diluted | $ | (0.12 ) | $ | (0.39 ) |

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. For the three months ended March 31, 2021 and 2020, no restricted stock units (“RSU’s”) would have been issuable under the Company’s President and CEO market performance-based equity award had the measurement period ended on March 31, 2021, and 2020, respectively; therefore this market performance-based equity award had no impact in calculation diluted EPS. Net income/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 dilutive effect had such amounts been included. The weighted average number of OP Units outstanding were 81,000 and 81,000 for the three months ended March 31, 2021 and 2020, respectively.

**Note 11. Subsequent Events**

In determining subsequent events, management reviewed all activity from April 1, 2021 through the date of filing this Quarterly Report on Form 10-Q. Other than those events disclosed in this report, there were no other events or transactions that occurred that would require adjustment to, or disclosure in, the Company’s consolidated financial statements.

**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, operation and redevelopment of grocery-anchored shopping centers in high-density urban markets from Washington, D.C. to Boston. At March 31, 2021, the Company owned and managed a portfolio of 53 operating properties (excluding properties "held for sale") totaling 7.6 million square feet of gross leasable area ("GLA"). The portfolio was 87.8% leased and 86.9% occupied at March 31, 2021.

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 Circumstances and Transactions***

**COVID-19 Pandemic**

As a result of COVID-19, the Company has received numerous rent relief requests, most often in the form of rent deferrals. The Company has entered into lease modifications that deferred approximately $3.3 million and waived approximately $1.8 million of rental income through March 31, 2021, respectively. To date, the weighted average payback period of deferred rent is approximately 10 months, beginning at various time commencing in July 2020 through March 2021. The Company has collected approximately 96% and 94% of contractual base rents and monthly tenant reimbursements for the quarters ended March 31, 2021 and December 31, 2020, respectively. The Company currently remains in active discussions and negotiations with its impacted tenants and anticipates the need to grant additional rent concessions or other lease-related relief, such as the deferral of lease payments for a period of time to be paid over the remaining term of the lease. The nature and financial impact of such additional rent relief is currently unknown as negotiations are in progress.

**Real Estate**

On July 23, 2020, the Company entered into a commercial lease agreement (the "Lease") with the Government of the District of Columbia (the "District"), for the lease by the District of office space of approximately 240,000 square feet in a new six-story building to be constructed by the Company at Senator Square. The building is planned to house the new office headquarters for the District of Columbia's Department of General Services' ("DGS") 700-member workforce. The term of the Lease is 20 years and 10 months, to commence upon substantial completion and delivery to DGS. Demolition began on the space in second quarter of 2021 and the Company currently estimates that the space will be delivered during the end of the fourth quarter 2022.

Upon completion of the building, the District will be obligated to pay initial annual net rent of approximately $5.4 million per year, subject to a 2.5% annual escalator on each anniversary of rent commencement, plus certain operating costs, property taxes and amortization of tenant improvements together totaling approximately an additional $8.1 million per year, for an aggregate total annual rent of approximately $13.5 million. The Lease provides for a free rent period of 10 months immediately following rent commencement. The Lease also provides the District with a tenant credit of approximately $6.8 million to be applied, at the District's election, against either annual rent or any other tenant payment obligations including tenant improvement costs, in excess of the tenant improvement allowance. Pursuant to the Lease, the landlord will contribute up to $155 per rentable square foot toward the cost of tenant improvements, to be amortized over 240 months. In addition, the Lease provides that the Company will contribute $9.38 per rentable square foot in additional tenant improvement allowance between the 10th and 12th Lease years, upon the District's timely election. The obligations of the District under the Lease are subject to annual budget appropriation.

On May 5, 2021, the Company formed a joint venture with Goldman Sachs Urban Investment Group and Asland Capital Partners for the construction of an approximately 258,000 square foot six-story commercial building in Washington D.C. consisting of approximately 240,000 square feet of office space which is 100% leased to the Washington, D.C., Department of General Services (DGS) for its headquarters and approximately 18,000 square feet of street-level retail. This building is planned as the first phase of Northeast Heights, a redevelopment of two existing shopping centers, East River Park and Senator Square, into a mixed-use residential, office and retail property. Further, the joint venture has secured construction financing from JP Morgan not to exceed $105 million. The construction loan initially bears interest at LIBOR plus 200 basis points and has an initial term of three years with two, one-year extension options subject to customary conditions. The Company will have a 10% interest in the joint venture and be a co-general partner along with Asland Capital Partners.

As of March 31, 2021, Carll's Corner, located in Bridgeton, New Jersey, The Commons, located in Dubois, Pennsylvania and Camp Hill Shopping Center, located in Harrisburg, Pennsylvania have been classified as "real estate held for sale" on the accompanying consolidated balance sheet. On May 5, 2021, the Company sold The Commons for $9.8 million.

On February 24, 2021, the Company sold an outparcel building adjacent to Kempsville Crossing, located in Virginia Beach, Virginia, for $1.3 million, resulting in a $1.0 million gain which is included in operating income in the accompanying consolidated statement of operations.

**Unsecured Revolving Credit Facility and Term Loans**

On August 4, 2020, the Company amended its existing $300 million unsecured credit facility and term loans. After such amendments, the Company's financial ratios and borrowing base are now all computed using trailing four quarters as opposed to the current quarter annualized and interest rate swaps that are a hedge of existing debt are now excluded from the definition of debt.

On October 27, 2020, the Company utilized its revolving credit facility to repay the $75.0 million term loan which was set to mature in February 2021. The revolving credit facility matures in September 2021, and may be extended, at the Company's option, for an additional one-year period, subject to customary conditions.

On May 5, 2021, the Company closed a non-recourse mortgage for $114.0 million. The mortgage matures June 1, 2031, bears interest at a fixed-rate of 3.49% and requires payment of interest only for the first five years followed by payments of principal and interest based on thirty-year amortization for the remainder of the term. The loan is secured by five shopping centers consisting of Lawndale Plaza, The Shops at Suffolk Downs, Christina Crossing, Trexlertown Plaza, and The Point. These properties had no pre-existing debt and the proceeds from this new loan were used to reduce amounts outstanding under the Company's revolving credit facility.

**Common Stock**

On November 25, 2020, the Company effected a 1-for-6.6 reverse stock split of the issued and outstanding shares of common stock. Each 6.6 shares of the Company's issued and outstanding common stock were combined into one share of the Company's common stock. The number of authorized shares and the par value of the common stock were not changed. In addition, the Company amended the Limited Partnership Agreement of our Operating Partnership to effect a corresponding reverse split of the partnership interests of the Operating Partnership. In accordance with GAAP, all shares of common stock, restricted stock units, OP Units and per share/unit information that are presented in this Form 10-Q were adjusted to reflect the reverse split on a retroactive basis for all periods presented.

**Critical Accounting Policies**

The preparation of the consolidated financial statements in conformity with GAAP requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an ongoing basis, management evaluates its estimates, including those related to revenue recognition and the allowance for doubtful accounts receivable, real estate investments and purchase accounting allocations related thereto, asset impairments, and derivatives used to hedge interest-rate risks. Management's estimates are based both on information that is currently available and on various other assumptions management believes to be reasonable under the circumstances. Actual results could differ from those estimates and those estimates could be different under varying assumptions or conditions.

The Company believes there have been no material changes to the items disclosed as its critical accounting policies under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Company's Annual Report on Form 10-K for the year ended December 31, 2020. See Note 2 – "Summary of Significant Accounting Policies" for recently-adopted accounting pronouncements.

**Results of Operations**

**Comparison of three months ended March 31, 2021 to March 31, 2020**

| | 2021 | 2020 | Change: Dollars | Change: Percent |
|---|---|---|---|---|
| Revenues | $ 33,551,000 | $ 42,485,000 | $ (8,934,000) | -21.0% |
| Property operating expenses | (12,900,000) | (12,843,000) | (57,000) | 0.4% |
| Property operating income | 20,651,000 | 29,642,000 | (8,991,000) | |
| General and administrative | (4,528,000) | (5,002,000) | 474,000 | -9.5% |
| Depreciation and amortization | (11,211,000) | (13,747,000) | 2,536,000 | -18.4% |
| Gain on sales | 1,047,000 | — | 1,047,000 | n/a |
| Impairment charges | — | (7,474,000) | 7,474,000 | n/a |
| Interest expense | (4,706,000) | (5,517,000) | 811,000 | -14.7% |
| Net income (loss) | 1,253,000 | (2,098,000) | 3,351,000 | |
| Net (income) attributable to noncontrolling interests | (141,000) | (148,000) | 7,000 | |
| Net income (loss) attributable to Cedar Realty Trust, Inc. | $ 1,112,000 | $ (2,246,000) | $ 3,358,000 | |

**Revenues** were lower as a result of (1) $7.1 million relating to a dark anchor tenant terminating its lease prior to the contractual expiration in 2020 at Metro Square, (2) a decrease of $1.2 million in rental revenues and expense recoveries attributable to redevelopment properties, (3) a decrease of $0.5 million in rental revenues and expense recoveries attributable to properties that were sold or held for sale in 2021 and 2020 and (4) a decrease of $0.2 million in rental revenues and expense recoveries attributable to same-center properties.

**Property operating expenses** were higher as a result of (1) an increase of $0.7 million in property operating expenses attributable to same center properties, partially off-set by (2) a decrease of $0.5 million in property operating expenses attributable to redevelopment properties and (3) a decrease of $0.1 million in property operating expenses attributable to properties sold or held for sale during 2021 and 2020.

**General and administrative** costs were lower primarily as a result of (1) a decrease of $0.4 million in payroll related costs.

**Depreciation and amortization** expenses were lower as a result of (1) a decrease of $1.4 million attributable to redevelopment properties, (2) a decrease of $1.0 million attributable to properties that were sold or held for sale in 2021 and 2020 and (3) a decrease of $0.2 million attributable to same center properties.

**Gain on sales** in 2021 relates to the sale of an outparcel building at Kempsville Crossing, located in Virginia Beach, Virginia.

**Impairment charges** in 2020 relates to Metro Square, located in Owings Mill, Maryland, and The Commons, located in Dubois, Pennsylvania.

**Interest expense** was lower as a result of (1) a decrease in the overall weighted average principal balance which resulted in a decrease in interest expense of $0.4 million, (2) a decrease in the overall weighted average interest rate which resulted in a decrease in interest expense of $0.3 million, and (3) an increase in capitalized interest of $0.2 million.

**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:

| | For the three months ended March 31, 2021 | 2020 |
|---|---|---|
| Operating income | $ 5,959,000 | $ 3,419,000 |
| Add (deduct): | | |
| General and administrative | 4,528,000 | 5,002,000 |
| Gain on sales | (1,047,000 ) | — |
| Impairment charges | — | 7,474,000 |
| Depreciation and amortization | 11,211,000 | 13,747,000 |
| Straight-line rents | (131,000 ) | (43,000 ) |
| Amortization of intangible lease liabilities | (277,000 ) | (459,000 ) |
| Other adjustments | (26,000 ) | (58,000 ) |
| NOI related to properties not defined as same-property | (3,604,000 ) | (11,575,000 ) |
| Same-property NOI | $ 16,613,000 | $ 17,507,000 |
| | | |
| Number of same properties | 45 | 45 |
| Same-property occupancy, end of period | 89.4 % | 90.7 % |
| Same-property leased, end of period | 90.1 % | 92.8 % |
| Same-property average base rent, end of period | $ 13.53 | $ 13.73 |

Same-property NOI for the comparable three month periods decreased 5.1% as a result of the negative impact of the COVID-19 pandemic which reduced rental revenues for the same-property portfolio.

**Leasing Activity**

The following is a summary of the Company's retail leasing activity during the three months ended March 31, 2021:

| | Leases signed | GLA | New rent per sq.ft. ($) | Prior rent per sq.ft. ($) | Cash basis % change | Tenant improvements per sq.ft. ($) | |
|---|---|---|---|---|---|---|---|
| Renewals | 21 | 144,100 | 16.16 | 16.14 | 0.1 % | 2.56 | |
| New Leases - Comparable | 4 | 33,500 | 21.84 | 20.66 | 5.7 % | 17.91 | (a) |
| New Leases - Non-Comparable (b) | 6 | 90,600 | 16.21 | n/a | n/a | 66.22 | (a) |
| Total (c) | 31 | 268,200 | 16.88 | n/a | n/a | 25.98 | |

(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 $2.34 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 access to financing for development projects, financing for additional construction projects, or proceeds from refinancing of existing debt.

Effective April 28, 2020, the average closing price of the Company's common stock had been less than $1.00 over the prior 30-consecutive trading day period, and as a result, the Company received notice from the NYSE that the Company has until December 31, 2020 to regain compliance with the minimum share price requirement. The threat of delisting and/or a delisting of the Company's common stock could have adverse effects, such as restricting the Company's ability to obtain equity financing. On October 27, 2020, to regain compliance with the minimum NYSE share price requirement, the Company's Board of Directors approved a plan to amend the Company's articles of incorporation to effect a reverse stock split of the issued and outstanding shares of common stock.

On November 25, 2020, the Company effected a 1-for-6.6 reverse stock split of the issued and outstanding shares of common stock. Each 6.6 shares of the Company's issued and outstanding common stock were combined into one share of the Company's common stock. The number of authorized shares and the par value of the common stock were not changed. In addition, the Company amended the Limited Partnership Agreement of our Operating Partnership to effect a corresponding reverse split of the partnership interests of the Operating Partnership.

On August 4, 2020, the Company amended its existing $300 million unsecured credit facility and term loans. After such amendments, the Company's financial ratios and borrowing base are now all computed using the trailing four quarters as opposed to the current quarter annualized and interest rate swaps that are a hedge of existing debt are now excluded from the definition of debt. The $300 million unsecured credit facility consists of (1) a $250 million revolving credit facility, and (2) a $50 million term loan. The revolving credit facility may be extended, at the Company's option, for an additional one-year period, subject to customary conditions. Under an accordion feature, the facility can be increased to $750 million, subject to customary conditions and lending commitments. Interest on borrowings under the unsecured credit facility and term loans are based on the Company's leverage ratio.

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. 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. Although the credit facility is unsecured, borrowing availability is based on unencumbered property adjusted net operating income for the trailing twelve months, as defined in the agreements. As of the date of filing this Quarterly Report on Form 10-Q, the Company had $59.0 million outstanding and $60.0 million available for additional borrowings under its revolving credit facility, and was in compliance with all financial covenants. However, the COVID-19 pandemic may negatively impact the Company's future ability to remain compliant with all financial covenants, including the ability to generate sufficient unencumbered property adjusted net operating income to support current borrowings (See "Item 1A – Risk Factors" in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020). The Company's unencumbered property adjusted net operating income was not significantly impacted by the COVID-19 pandemic until the quarter ended June 30, 2020.

On May 5, 2021, the Company closed a non-recourse mortgage for $114.0 million. The mortgage matures June 1, 2031, bears interest at a fixed-rate of 3.49% and requires payment of interest only for the first five years followed by payments of principal and interest based on thirty-year amortization for the remainder of the term. The loan is secured by five shopping centers consisting of Lawndale Plaza, The Shops at Suffolk Downs, Christina Crossing, Trexlertown Plaza, and The Point. These properties had no pre-existing debt and the proceeds from this new loan were used to reduce amounts outstanding under the Company's revolving credit facility.

Debt and finance lease obligations are composed of the following at March 31, 2021:

| Description | Maturity dates | | March 31, 2021 Balance outstanding | Contractual interest rates weighted-average |
|---|---|---|---|---|
| Fixed-rate mortgage | Jun 2026 | $ | 45,381,000 | 3.9% |
| Finance lease obligation | Sep 2050 | | 5,622,000 | 5.3% |
| Unsecured credit facilities: | | | | |
| Variable-rate: | | | | |
| Revolving credit facility (a) | Sep 2021 | | 179,000,000 | 1.7% |
| Term loan | Sep 2022 | | 50,000,000 | 1.8% |
| Fixed-rate (b): | | | | |
| Term loan | Feb 2022 | | 50,000,000 | 3.3% |
| Term loan | Sep 2022 | | 50,000,000 | 3.5% |
| Term loan | Apr 2023 | | 100,000,000 | 3.5% |
| Term loan | Sep 2024 | | 75,000,000 | 3.9% |
| Term loan | Jul 2025 | | 75,000,000 | 4.8% |
| | | | 630,003,000 | 3.1% |
| Unamortized issuance costs | | | (1,832,000 ) | |
| | | $ | 628,171,000 | |

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

The Company is currently exploring secured and unsecured refinancing options with various lenders. The following table details the Company's debt and finance lease obligation maturities at March 31, 2021:

| Year | | Mortgage Loan Payable | | Finance Lease Obligation | | Revolving Credit Facility | | | Term Loans | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2021 | $ | 810,000 | $ | 26,000 | | 179,000,000 | (a) | $ | - | $ | 179,836,000 |
| 2022 | | 1,116,000 | | 37,000 | | - | | | 150,000,000 | | 151,153,000 |
| 2023 | | 1,160,000 | | 39,000 | | - | | | 100,000,000 | | 101,199,000 |
| 2024 | | 1,206,000 | | 41,000 | | - | | | 75,000,000 | | 76,247,000 |
| 2025 | | 1,253,000 | | 44,000 | | - | | | 75,000,000 | | 76,297,000 |
| Thereafter | | 39,836,000 | | 5,435,000 | | - | | | - | | 45,271,000 |
| | $ | 45,381,000 | $ | 5,622,000 | $ | 179,000,000 | | $ | 400,000,000 | $ | 630,003,000 |

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

The remaining property-specific mortgage loan payable matures in 2026. Mortgage loans payable may 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 2020, and has continued to declare and pay common and preferred stock dividends during 2021. 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. Additionally, the Board of Directors may reduce, as it did with the May 2020 common stock dividend of $0.01 per common share, or suspend payment of dividends to retain cash and reduce debt obligations and/or to fund redevelopments and other capital needs. The

Company intends to continue to operate its business in a manner that will allow it to qualify as a REIT for U.S. federal income tax requirements.

**Net Cash Flows**

| | For the three months ended March 31, | |
|---|---|---|
| | 2021 | 2020 |
| Cash flows provided by (used in): | | |
| Operating activities | $ 9,542,000 | $ 13,389,000 |
| Investing activities | $ (5,701,000) | $ (9,813,000) |
| Financing activities | $ (2,340,000) | $ 68,559,000 |

***Operating Activities***

Net cash provided by operating activities, before net changes in operating assets and liabilities, was $12.3 million for the three months ended March 31, 2021 and $20.0 million for the three months ended March 31, 2020. The decrease was primarily a result of the Company accepting a payment of $8.0 million in consideration for permitting a dark anchor tenant to terminate its lease prior to the contractual expiration in 2020, which was partially offset by (1) the negative impact of the COVID-19 pandemic in 2020, and (2) property dispositions in 2019.

***Investing Activities***

Net cash flows used in investing activities were primarily the result of the Company's expenditures for property improvements and property disposition activities. During the three months ended March 31, 2021 the Company incurred expenditures of $6.9 million for property improvements, which was partially offset by $1.2 million in proceeds from the sale of properties. During the three months ended March 31, 2020, the Company incurred expenditures of $9.8 million for property improvements.

***Financing Activities***

During the three months ended March 31, 2021, the Company had $3.6 million of preferred and common stock distributions, $0.3 million of mortgage repayments, and $2.5 million of debt financing costs, which were partially offset by net advances of $4.0 million under the revolving credit facility. During the three months ended March 31, 2020, the Company had net advances of $76.0 million under the revolving credit facility, which was partially offset by $7.2 million of preferred and common stock distributions, and $0.3 million of mortgage repayments.

**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 (determined in accordance with GAAP), excluding gains (losses) from sales of real estate properties, impairment write-downs on real estate properties directly attributable to decreases in the value of depreciable real estate, 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 (loss) income attributable to common shareholders to FFO and Operating FFO for the three months ended March 31, 2021 and 2020 is as follows:

| | For the three months ended March 31, | |
|---|---|---|
| | 2021 | 2020 |
| Net (loss) attributable to common shareholders | $ (1,576,000 ) | $ (4,934,000 ) |
| Real estate depreciation and amortization | 11,193,000 | 13,705,000 |
| Limited partners' interest | (9,000 ) | (28,000 ) |
| Gain on sales | (1,047,000 ) | — |
| Impairment charges | — | 7,474,000 |
| Consolidated minority interests: | | |
| Share of income | 150,000 | 176,000 |
| Share of FFO | (113,000 ) | (143,000 ) |
| FFO applicable to diluted common shares | 8,598,000 | 16,250,000 |
| Redevelopment costs (a) | — | 483,000 |
| Operating FFO applicable to diluted common shares | $ 8,598,000 | $ 16,733,000 |
| | | |
| FFO per diluted common share | $ 0.62 | $ 1.17 |
| Operating FFO per diluted common share | $ 0.62 | $ 1.21 |
| Weighted average number of diluted common shares (b): | | |
| Common shares and equivalents | 13,834,000 | 13,753,000 |
| OP Units | 81,000 | 81,000 |
| | 13,915,000 | 13,834,000 |

(a) Includes redevelopment project costs expensed pursuant to GAAP such as certain demolition and lease termination costs.

(b) 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/units 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. There have been mixed indications of an increase in inflation in the U.S. economy. If inflation rates increase, 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, 2021, the Company had $14.7 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.

At March 31, 2021, long-term debt consisted of a fixed-rate mortgage loan payable, a finance lease obligation, 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 $401.0 million of fixed-rate debt outstanding was 3.9%, with maturities at various dates through 2050. The average interest rate on the $229.0 million of variable-rate debt outstanding, which consists of the unsecured revolving credit facility and a term loan, was 1.8%. With respect to the $229.0 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 $2.3 million per annum.

With respect to the Company's fixed rate mortgage notes and unsecured term loans, changes in interest rates generally do not affect the Company's interest expense as these notes are at fixed rates for extended terms. Because the Company 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 Disclosure 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 Disclosure 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, 2021, and have concluded that such disclosure controls and procedures are effective.

During the three months ended March 31, 2021, 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, 2020.

**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**

**Debt**

On May 5, 2021, the Company's subsidiaries Cedar Christina Crossing, LLC, Cedar-Revere LLC, The Point Associates, L.P., Cedar-Trexler Plaza 2, LLC, and Lawndale I, LP (collectively, the "Borrowers") entered into a $114.0 million loan (the “Loan”) with The Guardian Life Insurance Company of America (the "Lender"), which is secured by five grocery-anchored shopping centers consisting of Lawndale Plaza, The Shops at Suffolk Downs, Christina Crossing, Trexlertown Plaza, and The Point. These properties had no pre-existing debt and the proceeds from this new loan was used to reduce amounts outstanding under the Company’s revolving credit facility.

The Loan is evidenced by a promissory note and has an interest rate of 3.49% per annum. The Loan matures on June 1, 2031, and requires payment of interest only for the first five years followed by payments of principal and interest based on thirty-year amortization for the remainder of the term.

The Loan Agreement contains customary events of default, including payment defaults. If an event of default occurs under the Loan Agreement, the Lender may exercise other remedies subject, in certain instances, to the expiration of applicable cure periods.

**Joint Venture**

On May 5, 2021, the Company formed a joint venture with Goldman Sachs Urban Investment Group and Asland Capital Partners for the construction of an approximately 258,000 square foot six-story commercial building in Washington D.C. consisting of approximately 240,000 square feet of office space which is 100% leased to the Washington, D.C., Department of General Services (DGS) for its headquarters and approximately 18,000 square feet of street-level retail. This building is planned as the first phase of Northeast Heights, a redevelopment of two existing shopping centers, East River Park and Senator Square, into a mixed-use residential, office and retail property. Further, the joint venture has secured construction financing from JP Morgan not to exceed $105 million. The construction loan initially bears interest at LIBOR plus 200 basis points and has an initial term of three years with two, one-year extension options subject to customary conditions. The Company will have a 10% interest in the joint venture and be a co-general partner along with Asland Capital Partners.

**Item 6. Exhibits**

| | |
|---|---|
| Exhibit 31.1 | Rule 13a-14(a) Certification of Chief Executive Officer |
| Exhibit 31.2 | Rule 13a-14(a) Certification of Chief Financial Officer |
| Exhibit 32.1 | Section 1350 Certification of Chief Executive Officer |
| Exhibit 32.2 | Section 1350 Certification of Chief Financial Officer |
| Exhibit 101.INS | Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because iXBRLtags are embedded within the Inline XBRL document. |
| Exhibit 101.SCH | Inline XBRL Taxonomy Extension Schema Document |
| Exhibit 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| Exhibit 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| Exhibit 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document |
| Exhibit 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| Exhibit 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

## 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 6, 2021

**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 6, 2021

/s/ BRUCE J. SCHANZER
Bruce J. Schanzer
President and 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 6, 2021

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

**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, 2021, 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 6th day of May, 2021.

/s/ BRUCE J. SCHANZER
Bruce J. Schanzer
President and 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 endedMarch 31, 2021, 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 6th day of May, 2021

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