

February 7, 2019



Cedar Realty Trust Reports Fourth Quarter and Full Year 2018 Results

PORT WASHINGTON, N.Y., Feb. 7, 2019 /PRNewswire/ -- Cedar Realty Trust, Inc. (NYSE: CDR – the "Company") today reported results for the fourth quarter and full year 2018. Net income attributable to common shareholders was \$0.02 per diluted share for the fourth quarter and net loss attributable to common shareholders was \$(0.13) per diluted share for the full year 2018. Other highlights include:

Highlights

- NAREIT-defined funds from operations (FFO) of \$0.13 per diluted share for the quarter and \$0.49 for the year
- Operating funds from operations (Operating FFO) of \$0.13 per diluted share for the quarter and \$0.58 for the year
- Signed 44 new and renewal leases for 331,300 square feet in the quarter and 169 new and renewal leases for 1,370,400 square feet for the year
- Comparable cash-basis lease spreads of 6.1% for the quarter and negative (1.4%) for the year
- Total portfolio 91.0% leased and same-property portfolio 91.8% leased at year-end
- Repurchased 2,774,000 shares of common stock for \$9.0 million or \$3.25 per share (2,002,000 common shares for \$6.7 million or \$3.33 per share subsequent to year-end)

"We continue to advance our ambitious redevelopment plans while agilely exploiting the public-private market disconnect by selling lower quality centers and using the proceeds to repurchase our shares. We expect the combination of executing our long-term capital allocation strategy with the opportunistic implementation of our share buy-back will lead to long-term value creation for our shareholders," commented Bruce Schanzer, President and Chief Executive Officer.

Financial Results

Net income attributable to common shareholders for the fourth quarter of 2018 was \$1.9 million or \$0.02 per diluted share, compared to net income of \$2.6 million or \$0.03 per diluted share for the same period in 2017. Net loss attributable to common shareholders for the full year 2018 was \$(10.5) million or \$(0.13) per diluted share, compared to net loss of \$(2.4) million or \$(0.04) per diluted share for the same period in 2017. The principal differences in the comparative three-month results are impairment reversals and early extinguishment of debt costs in 2017. The principal differences in the comparative full year results are lease termination income, gain on sales, impairment charges, preferred stock redemption and early extinguishment of debt costs.

NAREIT-defined FFO for the fourth quarter of 2018 was \$11.7 million or \$0.13 per diluted

share, compared to \$12.2 million or \$0.13 per diluted share for the same period in 2017. NAREIT-defined FFO for the full year 2018 was \$45.2 million or \$0.49 per diluted share, compared to \$40.0 million or \$0.45 per diluted share for the same period in 2017. Operating FFO for the fourth quarter of 2018 was \$11.7 million or \$0.13 per diluted share, compared to \$12.4 million or \$0.14 per diluted share for the same period in 2017. Operating FFO for the full year 2018 was \$53.6 million or \$0.58 per diluted share, compared to \$48.3 million or \$0.55 per diluted share for the same period in 2017. The principal differences between Operating FFO and FFO are preferred stock redemption and early extinguishment of debt costs.

Portfolio Update

During the fourth quarter of 2018, the Company signed 44 leases for 331,300 square feet. On a comparable space basis, the Company leased 290,800 square feet at a positive lease spread of 6.1% on a cash basis (new leases increased 21.4% and renewals increased 1.0%). During the full year 2018, the Company signed 169 leases for 1,370,400 square feet. On a comparable space basis, the Company leased 1,304,800 square feet at a negative lease spread of (1.4)% on a cash basis (renewals decreased (1.7)% and new leases remained unchanged).

Excluding six strategic leases signed in early 2018, comparable lease spread for the full year 2018 would have been 4.9% (renewals increased 4.7% and new leases increased 5.4%). These six strategic leases consisted of (a) five anchor renewals in the first quarter of 2018 totaling 303,000 square feet at reduced or flat base rental rates that the Company proactively renewed with extended rental terms, and (b) a new lease in the second quarter of 2018 for 29,000 square feet of unconventional retail space in the rear of a shopping center at a significantly reduced rental rate. These anchor tenants have good credit and generate high foot traffic at their respective properties.

Same-property net operating income (NOI) decreased (0.3)% for the full year 2018 and decreased (3.0)% for the fourth quarter of 2018. Both the full year and quarter results were impacted by two Bon-Tons vacating and the Company proactively renewing and extending five anchors at reduced or flat base rental rates. Additionally, the quarter was impacted by Weiss vacating at the beginning of the quarter at Oakland Mills and the new grocer not commencing cash rent until late in the first quarter of 2019, along with Fallas vacating.

The Company's total portfolio, excluding properties held for sale, was 91.0% leased at December 31, 2018, compared to 91.6% at September 30, 2018 and 92.9% at December 31, 2017. The Company's same-property portfolio was 91.8% leased at December 31, 2018, compared to 92.3% at September 30, 2018 and 93.3% at December 31, 2017. The decreases in lease percentages are primarily the result of two Bon-Ton spaces (117,000 square feet) vacating in the second quarter of 2018 and two Fallas spaces (68,000 square feet) vacating in the fourth quarter of 2018.

Balance Sheet

Debt

As of December 31, 2018, the Company had \$132.2 million available under its revolving credit facility and reported net debt to earnings before interest, taxes, depreciations, and

amortization for real estate (EBITDAre) of 7.8 times.

Equity

On December 18, 2018, the Company's Board of Directors approved a stock repurchase program, which authorizes the Company to purchase up to \$30.0 million of the Company's common stock in the open market or through private transactions, subject to market conditions, from time to time, over the next 12 months. The Company has repurchased 2,774,000 shares of common stock for \$9.0 million or \$3.25 per share (2,002,000 common shares for \$6.7 million or \$3.33 per share subsequent to year-end).

2019 Guidance

The Company's initial 2019 guidance is as follows:

	<u>Guidance</u>
Net income attributable to common shareholders per diluted share	\$0.02 - \$0.04
NAREIT-defined FFO per diluted share	\$0.43 - \$0.45
Operating FFO per diluted share	\$0.44 - \$0.46

The guidance is based, in part, on the following:

- Lease costs required to be expensed beginning in 2019 of \$2.5 to \$3.0 million under new accounting standard
- Same-property NOI growth including redevelopment properties of 1% and excluding redevelopments relatively flat
- Development marketing and community outreach costs at urban properties of \$750,000 reflected in redevelopment NOI
- Increase in general and administrative costs of \$1.5 million from additional personnel related to urban properties and legal expense in connection with the termination of former Chief Operating Officer
- Decrease in amortization income from intangible lease liabilities of \$2.0 million (inclusive of \$1.5 million related to terminating a dark anchor in 2018)
- Dispositions of approximately \$40 million

The principal difference between NAREIT-defined FFO and Operating FFO in the above for 2019 is demolition costs related to redevelopments.

Non-GAAP Financial Measures

NAREIT-defined FFO is a widely recognized supplemental non-GAAP measure utilized to evaluate the financial performance of a REIT. The Company considers NAREIT-defined 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 FFO to be an additional meaningful financial measure of financial performance because it excludes items the Company does not believe are indicative of its core operating performance, such as acquisition 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. NAREIT-defined FFO and Operating FFO should be reviewed with GAAP net income attributable to common shareholders, the most directly comparable GAAP financial measure, when trying to understand the Company's operating performance. A reconciliation of net income (loss) attributable to common shareholders to NAREIT-defined FFO and Operating FFO for the three months ended and full year ended December 31, 2018 and 2017 is detailed in the attached schedule.

EBITDAre is a recognized supplemental non-GAAP financial measure. The Company presents EBITDAre in accordance with the definition adopted by NAREIT, which generally defines EBITDAre as net income plus interest expense, income tax expense, depreciation, amortization, and impairment write-downs of depreciated property, plus or minus losses and gains on the disposition of depreciated property, and adjustments to reflect the Company's share of EBITDAre of unconsolidated affiliates. The Company believes EBITDAre provides additional information with respect to the Company's performance and ability to meet its future debt service requirements. The Company also considers Adjusted EBITDAre to be an additional meaningful financial measure of financial performance because it excludes items the Company does not believe are indicative of its core operating performance, such as acquisition pursuit and redevelopment costs. The Company believes Adjusted EBITDAre further assists in comparing the Company's performance across reporting periods on a consistent basis by excluding such items. EBITDAre and Adjusted EBITDAre should be reviewed with GAAP net income, the most directly comparable GAAP financial measure, when trying to understand the Company's operating performance. EBITDAre and Adjusted EBITDAre do not represent cash generated from operating activities and should not be considered as an alternative to income from continuing operations or to cash flow from operating activities. The Company's computation of Adjusted EBITDAre may differ from the computations utilized by other companies and, accordingly, may not be comparable to such companies.

Same-property NOI is a widely recognized supplemental non-GAAP financial measure for REITs. 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 Company considers same-property NOI 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. Same property NOI should be reviewed with consolidated operating income, the most directly comparable GAAP financial measure.

Supplemental Financial Information Package

The Company has issued "Supplemental Financial Information" for the period ended December 31, 2018. Such information has been filed today as an exhibit to Form 8-K and will also be available on the Company's website at www.cedarrealtytrust.com.

Investor Conference Call

The Company will host a conference call today, February 7, 2019, at 5:00 PM (ET) to discuss the quarterly and yearly results. The conference call can be accessed by dialing (877) 705-6003 or (1) (201) 493-6725 for international participants. A live webcast of the conference call will be available online on the Company's website at www.cedarrealtytrust.com.

A replay of the call will be available from 8:00 PM (ET) on February 7, 2019, until midnight (ET) on February 21, 2019. The replay dial-in numbers are (844) 512-2921 or (1) (412) 317-6671 for international callers. Please use passcode 13686371 for the telephonic replay. A replay of the Company's webcast will be available on the Company's website for a limited time.

About Cedar Realty Trust

Cedar Realty Trust, Inc. is a fully-integrated real estate investment trust which focuses on the ownership, operation and redevelopment of grocery-anchored shopping centers in high-density urban markets from Washington, D.C. to Boston. The Company's portfolio (excluding properties treated as "held for sale") comprises 58 properties, with approximately 8.7 million square feet of gross leasable area.

For additional financial and descriptive information on the Company, its operations and its portfolio, please refer to the Company's website at www.cedarrealtytrust.com.

Forward-Looking Statements

Statements made in this press release that are not strictly historical are "forward-looking" statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance and outcomes to differ materially from those expressed or implied in forward-looking statements. Factors which could cause actual results to differ materially from current expectations include, among others: adverse general economic conditions in the United States and uncertainty in the credit and retail markets; financing risks, such as the inability to obtain new financing or refinancing on favorable terms as the result of market volatility or instability; risks related to the market for retail space generally, including reductions in consumer spending, variability in retailer demand for leased space, tenant bankruptcies, adverse impact of internet sales demand, ongoing consolidation in the retail sector and changes in economic conditions and consumer confidence; risks endemic to real estate and the real estate industry generally; the impact of the Company's level of indebtedness on operating performance; inability of tenants to meet their rent and other lease obligations; adverse impact of new technology and e-commerce developments on the Company's tenants; competitive risk; risks related to the geographic concentration of the Company's properties in the Washington D.C. to Boston corridor; the effects of natural and other disasters; and the inability of the Company to realize anticipated returns from its redevelopment activities. Please refer to the documents filed by Cedar Realty Trust, Inc. with the SEC, specifically the Company's Annual Report on Form 10-K for the year ended December 31, 2017, as it may be updated or supplemented in the Company's Quarterly Reports on Form 10-Q and the Company's other filings with the SEC, which identify additional risk factors that could cause actual results to differ from those contained in forward-looking statements.

CEDAR REALTY TRUST, INC.
Condensed Consolidated Balance Sheets
(unaudited)

	December 31,	
	2018	2017
ASSETS		
Real estate, at cost	\$ 1,508,682,000	\$ 1,534,599,000
Less accumulated depreciation	(361,969,000)	(341,943,000)
Real estate, net	1,146,713,000	1,192,656,000
Real estate held for sale	11,592,000	-
Cash and cash equivalents	1,977,000	3,702,000
Restricted cash	-	3,517,000
Receivables	21,977,000	17,193,000
Other assets and deferred charges, net	40,642,000	35,350,000
TOTAL ASSETS	\$ 1,222,901,000	\$ 1,252,418,000
LIABILITIES AND EQUITY		
Liabilities:		
Mortgage loans payable	\$ 47,315,000	\$ 127,969,000
Capital lease obligation	5,387,000	-
Unsecured revolving credit facility	100,000,000	55,000,000
Unsecured term loans	472,132,000	397,156,000
Accounts payable and accrued liabilities	26,142,000	24,519,000
Unamortized intangible lease liabilities	13,209,000	17,663,000
Total liabilities	664,185,000	622,307,000
Equity:		
Preferred stock	159,541,000	207,508,000
Common stock and other shareholders' equity	395,884,000	420,828,000
Noncontrolling interests	3,291,000	1,775,000
Total equity	558,716,000	630,111,000
TOTAL LIABILITIES AND EQUITY	\$ 1,222,901,000	\$ 1,252,418,000

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

	Three months ended December 31,	
	2018	2017
PROPERTY REVENUES		
Rents	\$ 28,126,000	\$ 28
Expense recoveries	8,578,000	8
Other	228,000	
Total property revenues	36,932,000	37

PROPERTY OPERATING EXPENSES		
Operating, maintenance and management	7,589,000	6
Real estate and other property-related taxes	4,951,000	4
Total property operating expenses	12,540,000	11
PROPERTY OPERATING INCOME	24,392,000	25
OTHER EXPENSES AND INCOME		
General and administrative	4,170,000	4
Acquisition pursuit costs	-	
Depreciation and amortization	9,808,000	9
Gain on sale	-	
Impairment (reversals)/charges	-	(
Total other expenses and income	13,978,000	14
OPERATING INCOME	10,414,000	11
NON-OPERATING INCOME AND EXPENSES		
Interest expense	(5,678,000)	(5.
Early extinguishment of debt costs	-	(
Total non-operating income and expense	(5,678,000)	(5.
NET INCOME	4,736,000	5
Attributable to noncontrolling interests	(116,000)	(
NET INCOME ATTRIBUTABLE TO CEDAR REALTY TRUST, INC.	4,620,000	5
Preferred stock dividends	(2,688,000)	(2.
Preferred stock redemption costs	-	
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ 1,932,000	\$ 2
NET INCOME (LOSS) PER COMMON SHARE ATTRIBUTABLE TO COMMON SHAREHOLDERS (BASIC AND DILUTED)	\$ 0.02	\$
Weighted average number of common shares - basic and diluted	88,998,000	87

CEDAR REALTY TRUST, INC.
Reconciliation of Net Income (Loss) Attributable to Common S
Funds From Operations and Operating Funds From Op
(unaudited)

	Three months ended Dec	
	2018	
Net income (loss) attributable to common shareholders	\$ 1,932,000	\$

Real estate depreciation and amortization	9,763,000	
Limited partners' interest	13,000	
Gain on sales	-	
Impairment (reversals)/charges	-	
Consolidated minority interests:		
Share of income	103,000	
Share of FFO	(87,000)	
Funds From Operations ("FFO") applicable to diluted common shares	11,724,000	
Adjustments for items affecting comparability:		
Preferred stock redemption costs	-	
Financing costs	-	
Acquisition pursuit costs	-	
Redevelopment costs	-	
Operating Funds From Operations ("Operating FFO") applicable to diluted common shares	\$ 11,724,000	\$
FFO per diluted common share:	\$ 0.13	\$
Operating FFO per diluted common share:	\$ 0.13	\$
Weighted average number of diluted common shares:		
Common shares and equivalents	92,907,000	
OP Units	553,000	
	93,460,000	

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