

August 1, 2019



Cedar Realty Trust Reports Second Quarter 2019 Results

PORT WASHINGTON, N.Y., Aug. 1, 2019 /PRNewswire/ -- Cedar Realty Trust, Inc. (NYSE: CDR – the "Company") today reported results for the second quarter ended June 30, 2019. Net income attributable to common shareholders was \$0.03 per diluted share compared to net income of \$0.08 per diluted share for the comparable 2018 period. Other highlights include:

Highlights

- Funds from operations (FFO) of \$0.11 per diluted share
- Same-property net operating income (NOI) including redevelopments increased 0.2% compared to the same period in 2018
- Signed 37 new and renewal leases for 452,400 square feet in the quarter
- Acquired Girard Plaza, located in Philadelphia, adjacent to our South Philadelphia shopping center
- Sold Fort Washington Center, located in Fort Washington, Pennsylvania

Financial Results

Net income attributable to common shareholders for the second quarter of 2019 was \$2.7 million or \$0.03 per diluted share, compared to net income of \$7.1 million or \$0.08 per diluted share for the same period in 2018. The principal differences in the comparative three-month results are gain on a property sold in 2019 and lease termination income in 2018. Net income attributable to common shareholders for the six-month period ended June 30, 2019 was \$2.9 million or \$0.03 per diluted share, compared to net loss of (\$15.9) million or (\$0.19) per diluted share. The principal differences in the comparative six-month results are gain on properties sold in 2019, and impairment charges related to properties held for sale, lease termination income, and preferred stock redemption costs in 2018.

NAREIT-defined FFO for the second quarter of 2019 was \$10.2 million or \$0.11 per diluted share, compared to \$17.6 million or \$0.19 per diluted share for the same period in 2018. NAREIT-defined FFO for the six-month period ended June 30, 2019 was \$20.4 million or \$0.22 per diluted share, compared to \$26.0 million or \$0.28 per diluted share for the same period in 2018. Operating FFO for the second quarter of 2019 was \$10.2 million or \$0.11 per diluted share, compared to \$17.6 million or \$0.19 per diluted share for the same period in 2018. Operating FFO for the six-month period ended June 30, 2019 was \$20.4 million or \$0.22 per diluted share, compared to \$29.5 million or \$0.32 per diluted share for the same period in 2018. The principal difference between the comparative three and six-month results is lease termination income in 2018. The principal difference between Operating FFO and NAREIT-defined FFO is preferred stock redemption costs in 2018.

Portfolio Update

During the second quarter of 2019, the Company signed 37 leases for 452,400 square feet. On a comparable space basis, the Company leased 448,000 square feet at a negative lease spread of 2.5% on a cash basis (new leases increased 9.6% and renewals decreased 3.0%). During the six-month period ended June 30, 2019, the Company signed 79 leases for 865,600 square feet. On a comparable space basis, the Company leased 853,900 square feet at a negative lease spread of 0.5% on a cash basis (new leases increased 6.3% and renewals decreased 1.2%). The negative renewal spreads were driven by two anchor renewals executed to maintain high foot traffic at their respective properties.

Same-property NOI for the second quarter of 2019 decreased 0.6% excluding redevelopments and increased 0.2% including redevelopments as compared to the same period in 2018. Same-property NOI was impacted by two Fallas stores which vacated in the fourth quarter of 2018. The growth in same-property NOI including redevelopments was primarily the result of the substantial completion of our redevelopment of Carman's Plaza.

The Company's total portfolio, excluding properties held for sale, was 91.5% leased at June 30, 2019, compared to 91.0% at December 31, 2018 and 91.7% at June 30, 2018. The Company's same-property portfolio was 91.4% leased at June 30, 2019, compared to 91.2% at December 31, 2018 and 92.1% at June 30, 2018.

As of June 30, 2019, Carll's Corner, located in Bridgeton, New Jersey and Suffolk Plaza, located in Suffolk, Virginia, have been classified as "real estate held for sale".

Acquisition and Disposition

On June 19, 2019, the Company purchased Girard Plaza, a shopping center adjacent from its South Philadelphia property, located in Philadelphia, Pennsylvania. The purchase price for the property was \$8.5 million.

On June 26, 2019, the Company sold Fort Washington Center, located in Fort Washington, Pennsylvania. The sales price for the property was \$9.0 million, which resulted in a gain on sale of \$2.8 million.

Balance Sheet

Debt

As of June 30, 2019, the Company had \$117.4 million available under its revolving credit facility and reported net debt to earnings before interest, taxes, depreciations, and amortization for real estate (EBITDAre) of 8.3 times. Further, the Company has no debt maturities until early 2021.

Equity

On December 18, 2018, the Company's Board of Directors approved a stock repurchase program, which authorized the purchase of 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, through December 18, 2019. There were no repurchases during the three months ended June 30, 2019. During the three months ended March 31, 2019, the

Company repurchased 2,050,000 shares at a weighted average price per share of \$3.34. Since approval of the plan on December 18, 2018, the Company has repurchased a total of 2,823,000 shares at a weighted average price per share of \$3.25.

2019 Guidance

The Company updates its previously-announced 2019 guidance as follows:

	<u>Guidance</u>
Net income attributable to common shareholders per diluted share	\$0.02 - \$0.03
NAREIT-defined FFO per diluted share	\$0.43 - \$0.44
Operating FFO per diluted share	\$0.44 - \$0.45

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 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 \$2.0 million (inclusive of \$1.5 million related to terminating a dark anchor in 2018)
- Dispositions of approximately \$40 million

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

The following table reconciles the Company's 2019 guidance from net income attributable to common shareholders per diluted share to NAREIT-defined FFO per diluted share and Operating FFO per diluted share:

	<u>Guidance per diluted share</u>	
	<u>Low</u>	<u>High</u>
Net income attributable to common shareholders	\$0.02	\$0.03
Real estate depreciation and amortization	\$0.44	\$0.44
Gain on sales	(\$0.03)	(\$0.03)
NAREIT-defined FFO	\$0.43	\$0.44
Redevelopment costs expensed pursuant to GAAP	\$0.01	\$0.01
Operating FFO	<u>\$0.44</u>	<u>\$0.45</u>

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 and six months ended June 30, 2019 and 2018 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 June 30, 2019. 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, August 1, 2019, at 5:00 PM (ET) to discuss the quarterly 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 August 1, 2019, until midnight (ET) on August 15, 2019. The replay dial-in numbers are (844) 512-2921 or (1) (412) 317-6671 for international callers. Please use passcode 13691672 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 57 properties, with approximately 8.6 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, 2018, 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)

	<u>June 30,</u>	<u>December 31,</u>
	<u>2019</u>	<u>2018</u>
ASSETS		
Real estate, at cost	\$ 1,519,472,000	\$ 1,508,682,000
Less accumulated depreciation	(375,708,000)	(361,969,000)
Real estate, net	1,143,764,000	1,146,713,000
Real estate held for sale	7,244,000	11,592,000
Cash and cash equivalents	2,081,000	1,977,000
Receivables	21,535,000	21,977,000
Other assets and deferred charges, net	41,705,000	40,642,000
TOTAL ASSETS	<u>\$ 1,216,329,000</u>	<u>\$ 1,222,901,000</u>
LIABILITIES AND EQUITY		
Liabilities:		
Mortgage loan payable	\$ 46,848,000	\$ 47,315,000
Capital lease obligation	5,375,000	5,387,000
Unsecured revolving credit facility	99,000,000	100,000,000
Unsecured term loans	472,486,000	472,132,000
Accounts payable and accrued liabilities	47,031,000	26,142,000
Unamortized intangible lease liabilities	12,182,000	13,209,000
Total liabilities	<u>682,922,000</u>	<u>664,185,000</u>
Equity:		
Preferred stock	159,541,000	159,541,000
Common stock and other shareholders' equity	370,434,000	395,884,000
	3,432,000	3,291,000
Noncontrolling interests	<u>533,407,000</u>	<u>558,716,000</u>
Total equity	<u>533,407,000</u>	<u>558,716,000</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 1,216,329,000</u>	<u>\$ 1,222,901,000</u>

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

	Three months ended June 30,		
	2019	2018	
PROPERTY REVENUES			
Rental revenues	\$ 35,309,000	\$ 37,218,000	\$
Other	351,000	4,132,000	
Total property revenues	35,660,000	41,350,000	
PROPERTY OPERATING EXPENSES			
Operating, maintenance and management	6,162,000	5,994,000	
Real estate and other property-related taxes	5,087,000	5,056,000	
Total property operating expenses	11,249,000	11,050,000	
PROPERTY OPERATING INCOME	24,411,000	30,300,000	
OTHER EXPENSES AND INCOME			
General and administrative	5,418,000	4,276,000	
Depreciation and amortization	10,346,000	10,541,000	
Gain on sales	(2,841,000)	-	
Impairment charges	-	-	
Total other expenses and income	12,923,000	14,817,000	
OPERATING INCOME	11,488,000	15,483,000	
NON-OPERATING INCOME AND EXPENSES			
Interest expense	(5,944,000)	(5,546,000)	
Total non-operating income and expense	(5,944,000)	(5,546,000)	
NET INCOME (LOSS)	5,544,000	9,937,000	
Attributable to noncontrolling interests	(161,000)	(160,000)	
NET INCOME (LOSS) ATTRIBUTABLE TO CEDAR REALTY TRUST, INC.	5,383,000	9,777,000	
Preferred stock dividends	(2,688,000)	(2,688,000)	
Preferred stock redemption costs	-	-	
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ 2,695,000	\$ 7,089,000	\$
NET INCOME (LOSS) PER COMMON SHARE ATTRIBUTABLE TO COMMON SHAREHOLDERS:			
Basic	\$ 0.03	\$ 0.08	\$
Diluted	\$ 0.03	\$ 0.08	\$
Weighted average number of common shares:			
Basic	86,260,000	88,011,000	
Diluted	86,260,000	88,166,000	

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

	Three months ended June 30,	
	2019	2018
Net income (loss) attributable to common shareholders	\$ 2,695,000	\$ 7,089,000
Real estate depreciation and amortization	10,300,000	10,490,000
Limited partners' interest	17,000	27,000
Gain on sales	(2,841,000)	-
Impairment charges	-	-
Consolidated minority interests:		
Share of income	144,000	133,000
Share of FFO	(107,000)	(120,000)
Funds From Operations ("FFO") applicable to diluted common shares	10,208,000	17,619,000
Adjustments for items affecting comparability:		
Preferred stock redemption costs	-	-
Operating Funds From Operations ("Operating FFO") applicable to diluted common shares	\$ 10,208,000	\$ 17,619,000
FFO per diluted common share:	\$ 0.11	\$ 0.11
Operating FFO per diluted common share:	\$ 0.11	\$ 0.11
Weighted average number of diluted common shares:		
Common shares and equivalents	90,526,000	91,929,000
OP Units	553,000	347,000
	91,079,000	92,276,000

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