

CEDAR REALTY TRUST, INC.

Form 424B5

September 11, 2012

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Filed pursuant to Rule 424(b)(5)  
Registration No. 333-179956

**The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**Subject to Completion**

**Preliminary Prospectus Supplement dated September 11, 2012**

**PROSPECTUS SUPPLEMENT**

**(To prospectus dated May 2, 2012)**

## **Shares**

# **CEDAR REALTY TRUST, INC.**

## **7.25% Series B Cumulative Redeemable Preferred Stock**

### **(Liquidation Preference \$25.00 Per Share)**

We are offering up to \_\_\_\_\_ shares of our 7.25% Series B Cumulative Redeemable Preferred Stock, or the Series B Preferred Stock. The shares of Series B Preferred Stock offered by this prospectus supplement are a further issuance of, will form a single series with, and will have the same terms as our outstanding shares of Series B Preferred Stock.

Our Series B Preferred Stock is listed on the New York Stock Exchange, or the NYSE, under the symbol CDR PrB. On September \_\_\_\_\_, 2012, there were 599,402 shares of our Series B Preferred Stock issued and outstanding and the last reported sales price for our Series B Preferred Stock on the NYSE was \$ \_\_\_\_\_ per share.

Distributions on the Series B Preferred Stock are cumulative and payable quarterly, with the next quarterly payment scheduled for November 20, 2012, at the rate of 7.25% of the liquidation preference per annum, or \$1.8125 per share of Series B Preferred Stock per annum. Holders of shares of Series B Preferred Stock offered hereby will be entitled to receive the full amount of all distributions payable in respect of the Series B Preferred Stock from August 20, 2012, which is the distribution payment date immediately preceding the date of original issuance of such shares.

The Series B Preferred Stock will generally not be redeemable before May 22, 2017 except in limited circumstances to preserve our status as a real estate investment trust, or REIT, and except as described below upon the occurrence of a Change of Control (as defined in Description of the Series B Preferred Stock Special Optional Redemption ). On and after May 22, 2017, we may, at our option, redeem the shares of Series B Preferred Stock, in whole or in part, by paying \$25.00 per share, plus any accrued and unpaid distributions to, but not including, the date of redemption. In addition, upon the occurrence of a Change of Control, we may, at our option, redeem the Series B Preferred Stock, in whole or in part and within 120 days after the first date on which such Change of Control occurred, by paying \$25.00 per share, plus any accrued and unpaid distributions to, but not including, the date of redemption. If we exercise any of our redemption rights,

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holders of the Series B Preferred Stock will not have the conversion rights described below. The Series B Preferred Stock has no maturity date and is not subject to any sinking fund or mandatory redemption provisions and will remain outstanding indefinitely unless redeemed by us or converted in connection with a Change of Control by holders of the Series B Preferred Stock.

Upon the occurrence of a Change of Control, each holder of Series B Preferred Stock will have the right (unless, prior to the Change of Control Conversion Date, we have provided or provide notice of our election to redeem the Series B Preferred Stock) to convert some or all of the Series B Preferred Stock held by such holder on the Change of Control Conversion Date into a number of shares of our common stock per share of Series B Preferred Stock to be converted equal to the lesser of:

the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference plus the amount of any accrued and unpaid distributions to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a record date for the Series B Preferred Stock distribution payment and prior to the corresponding Series B Preferred Stock distribution payment date, in which case no additional amount for such accrued and unpaid distribution will be included in this sum) by (ii) the Common Stock Price; and

10.2041 (the Stock Cap ), subject to certain adjustments.

Holders of the Series B Preferred Stock generally have no voting rights, except for limited voting rights, including if we fail to pay distributions on the Series B Preferred Stock for six or more quarterly periods (whether or not consecutive) or the Series B Preferred Stock is not listed on the NYSE or another national securities exchange for a period of at least 180 consecutive days.

The shares of Series B Preferred Stock are subject to certain restrictions on ownership and transfer designed to preserve our qualification as a REIT, for federal income tax purposes. See Description of the Series B Preferred Stock Restrictions on Ownership and Transfer.

**The Series B Preferred Stock has not been rated and is subject to the risks associated with non-rated securities. Investing in the Series B Preferred Stock involves risks that are described in the Risk Factors sections beginning on page S-8 of this prospectus supplement, page 3 of the accompanying prospectus and page 16 of our Annual Report on Form 10-K for the year ended December 31, 2011.**

	Per Share	Total <sup>(2)</sup>
Public offering price <sup>(1)</sup>	\$	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to us	\$	\$

(1) Plus accumulated dividends from if settlement occurs after that date.

(2) Assumes no exercise of the underwriters' option to purchase additional shares described below.

The underwriters may also exercise their option to purchase up to an additional shares of Series B Preferred Stock from us, at the public offering price, less the underwriting discount, for 30 days after the date of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The Series B Preferred Stock will be ready for delivery through the facilities of The Depository Trust Company on or about September , 2012.

*Joint Book-Running Managers*

**BofA Merrill Lynch**

**Wells Fargo Securities**

*Joint Lead Managers*

**Raymond James**

**RBC Capital Markets**  
*Co-Managers*

**Stifel Nicolaus Weisel**

**Credit Suisse**

**MLV & Co.**

The date of this prospectus supplement is September , 2012.

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*In this prospectus supplement, the terms "Company," "we," "us" or "our" include Cedar Realty Trust, Inc. and its consolidated subsidiaries, including Cedar Realty Trust Partnership, L.P., or the operating partnership.*

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus prepared by us. We have not, and the underwriters have not, authorized any person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and any free writing prospectus prepared by us, as well as the documents incorporated by reference, is accurate only as of their respective dates or on other dates which are specified in those documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

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**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary may not contain all of the information that is important to you. You should carefully read this entire prospectus supplement and the accompanying prospectus including the sections entitled Risk Factors beginning on page S-8 of this prospectus supplement and page 3 of the accompanying prospectus, as well as the information appearing under the caption Item 1.A Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2011, before making a decision to invest in the Series B Preferred Stock. You should also read the documents we have referred you to in Incorporation of Certain Information by Reference. This summary is qualified in its entirety by the more detailed information and financial statements, including the notes thereto, appearing elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus.*

**The Company**

We are a fully-integrated real estate investment trust that focuses primarily on ownership and operation of supermarket-anchored shopping centers straddling the Washington D.C. to Boston corridor. At June 30, 2012, we owned and managed a portfolio of 67 operating properties (excluding properties held for sale/conveyance) totaling approximately 9.6 million square feet of gross leasable area, or GLA. In addition, we have an ownership interest in 22 operating properties, with approximately 3.7 million square feet of GLA, through our joint venture with RioCan Real Estate Investment Trust, or RioCan, in which we have a 20% interest. The entire managed portfolio, including the Cedar/RioCan properties, was approximately 91.9% leased at June 30, 2012. We conduct our business and own (either directly or through subsidiaries) substantially all of our properties through Cedar Realty Trust Partnership, L.P., or the operating partnership, in which we owned at June 30, 2012 an approximate 99.6% interest, and are its sole general partner. Our principal executive offices are located at 44 South Bayles Avenue, Port Washington, NY 11050, our telephone number is (516) 767-6492 and our website address is [www.cedarrealtytrust.com](http://www.cedarrealtytrust.com). The contents of our website are not a part of this prospectus supplement or the accompanying prospectus.

**Recent Developments**

On September 6, 2012, we entered into definitive agreements with RioCan to exit the Cedar/RioCan joint venture that owns 22 operating properties. Pursuant to the agreements, we (a) will acquire RioCan's 80% ownership interest in Franklin Village, Franklin, Massachusetts for approximately \$60.1 million, including the assumption of RioCan's portion of related in-place mortgage financing of \$34.7 million and (b) will sell to RioCan our 20% ownership interest in the remaining 21 joint venture properties for approximately \$119.5 million, including the assumption of related in-place mortgage financings of \$54.4 million. We will receive approximately \$39 million of cash, as well as a distribution of our share of the joint venture working capital. We intend to use the cash proceeds to repay mortgage obligations with a weighted average interest rate of 6.5% that are pre-payable by the fourth quarter of 2012 and the first quarter of 2013. We will continue to manage the properties to be acquired by RioCan and will receive management fees, subject to a one-year management agreement terminable by RioCan on 90 days notice. With respect to our common stock owned by RioCan, RioCan will remain subject to all the standstill provisions that it agreed to in October 2009 when it first acquired shares of our common stock, for so long as it owns its shares of the Company. The closing of the transaction is subject to customary closing conditions, but is expected to occur in October 2012.

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**The Offering**

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the Series B Preferred Stock, see [Description of the Series B Preferred Stock](#) in this prospectus supplement and [Description of Preferred Stock](#) in the accompanying prospectus.

Issuer	Cedar Realty Trust, Inc.
Securities Offered	shares of 7.25% Series B Cumulative Redeemable Preferred Stock ( shares if the underwriters exercise their option to purchase additional shares in full), which is a further issuance of, will form a single series with, and will have the same terms as our outstanding 599,402 shares of Series B Preferred Stock. We reserve the right to reopen this series and issue additional shares of Series B Preferred Stock either through public or private sales at any time and from time to time.
Distributions	Investors will be entitled to receive, when, as and if authorized by our board of directors, cumulative cash distributions on the Series B Preferred Stock at a rate of 7.25% per annum of the \$25.00 per share liquidation preference (equivalent to \$1.8125 per annum per share). Distributions on the Series B Preferred Stock are payable quarterly in arrears on the 20th day of each February, May, August and November or, if not a business day, the next business day, with the next quarterly payment scheduled for November 20, 2012. Holders of shares of Series B Preferred Stock offered hereby will be entitled to receive the full amount of all distributions payable in respect of the Series B Preferred Stock from the distribution payment date immediately preceding the date of original issuance of such shares.
Optional Redemption	We may not redeem the Series B Preferred Stock prior to May 22, 2017, except in connection with the special optional redemption right discussed below and in limited circumstances relating to our continuing qualification as a REIT for federal income tax purposes. On and after May 22, 2017, we may, at our option, redeem the Series B Preferred Stock, in whole or from time to time in part, by payment of \$25.00 per share, plus all accrued and unpaid distributions to, but not including, the date of redemption. Any partial redemption of the Series B Preferred Stock will be on a pro rata basis.
Special Optional Redemption	Upon the occurrence of a Change of Control (as defined below) we will have the option to redeem the Series B Preferred Stock, in whole or in part, within 120 days after the first date on which such Change of Control occurred, for cash at a redemption price of \$25.00 per share, plus all accrued and unpaid distributions to, but not including, the date of redemption. If we exercise our redemption rights, the holders of Series B Preferred Stock will not have the conversion rights described below.

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A Change of Control is when, after the original issuance of the Series B Preferred Stock, the following have occurred and are continuing:

(x) the acquisition by any person, including any syndicate or group deemed to be a person under Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of shares of our capital stock entitling that person to exercise more than 50% of the total voting power of our capital stock entitled to vote generally in elections of directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition), and (y) following the closing of any transaction referred to in clause (x), neither we nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts ( ADRs ), representing such securities) listed on the NYSE, the NYSE MKT Equities (the NYSE MKT ) or the NASDAQ Stock Market ( NASDAQ ), or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE MKT or NASDAQ; or

a change of control occurs pursuant to the provisions of any shareholder rights plan that we may adopt in the future.

Conversion Rights

Upon the occurrence of a Change of Control, each holder of Series B Preferred Stock will have the right (unless, prior to the Change of Control Conversion Date, we have provided or provide notice of our election to redeem the Series B Preferred Stock) to convert some or all of the Series B Preferred Stock held by such holder on the Change of Control Conversion Date into a number of shares of our common stock per share of Series B Preferred Stock to be converted equal to the lesser of:

the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference plus the amount of any accrued and unpaid distributions to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a record date for the Series B Preferred Stock distribution payment and prior to the corresponding Series B Preferred Stock distribution payment date, in which case no additional amount for such accrued and unpaid distribution will be included in this sum) by (ii) the Common Stock Price; and

10.2041 (the Stock Cap ), subject to certain adjustments;

subject, in each case, to an aggregate cap on the total number of shares of common stock (or alternative conversion consideration, as applicable) issuable upon exercise of the Change of Control

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Conversion Right and to provisions for the receipt of alternative consideration as described in this prospectus supplement.

If prior to the Change of Control Conversion Date, we have provided or provide a redemption notice, whether pursuant to our special optional redemption right in connection with a Change of Control or our optional redemption right, holders of Series B Preferred Stock will not have any right to convert the Series B Preferred Stock in connection with the Change of Control Conversion Right and any shares of Series B Preferred Stock subsequently selected for redemption that have been tendered for conversion will be redeemed on the related date of redemption instead of converted on the Change of Control Conversion Date.

For definitions of Change of Control Conversion Right, Change of Control Conversion Date and Common Stock Price and for a description of the adjustments and provisions for the receipt of alternative consideration that may be applicable to the Change of Control Conversion Right, see Description of the Series B Preferred Stock Conversion Rights.

No Maturity

The Series B Preferred Stock has no maturity date and we are not required to redeem the Series B Preferred Stock. Accordingly, the Series B Preferred Stock will remain outstanding indefinitely unless we decide to redeem it pursuant to our optional redemption right or our special optional redemption right in connection with a Change of Control, or under the circumstances set forth above where the holders of the Series B Preferred Stock have a conversion right and elect to convert such Series B Preferred Stock. We also have the right to make open-market purchases of the Series B Preferred Stock from time to time. We are not required to set aside funds to redeem the Series B Preferred Stock.

Liquidation Preference

If we liquidate, dissolve or wind up, holders of the Series B Preferred Stock will have the right to receive out of assets legally available for distribution to our stockholders (after payment or provision for payment of all of our debts and other liabilities) the sum of (a) the liquidation preference of \$25.00 per share and (b) accrued and unpaid distributions (whether or not declared) to the date of payment, before any payments are made to the holders of our common stock and any other class or series of our preferred stock that we may issue ranking junior to the Series B Preferred Stock as to liquidation rights. The rights of the holders of the Series B Preferred Stock to receive their liquidation distribution will be subject to the proportionate rights of each other series or class of our preferred stock ranking on a parity with the Series B Preferred Stock, including our 8<sup>7</sup>/<sub>8</sub>% Series A Cumulative Redeemable Preferred Stock, or the Series A Preferred Stock.

Ranking

The Series B Preferred Stock, with respect to distribution rights and rights upon liquidation, dissolution or winding up, ranks: (i) senior to our common stock and all other classes or series of our equity



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securities we may issue in the future the terms of which specifically provide that such equity securities will rank junior to the Series B Preferred Stock; (ii) on a parity with the Series A Preferred Stock and all other classes or series of our equity securities we may issue in the future the terms of which specifically provide that such equity securities rank on a parity with the Series B Preferred Stock; and (iii) junior to all classes or series of equity securities we may issue in the future the terms of which specifically provide that such equity securities rank senior to the Series B Preferred Stock. The term "equity securities" does not include any convertible debt securities we may issue in the future.

**Voting Rights**

Holders of the Series B Preferred Stock generally have no voting rights. However, if either (a) we do not pay distributions on our Series B Preferred Stock for six or more quarterly periods (whether or not consecutive), or (b) the Series B Preferred Stock is not listed on the NYSE or another national securities exchange for a period of at least 180 consecutive days, then the holders of the Series B Preferred Stock, voting together as a single class with the holders of the Series A Preferred Stock and any other class or series of our preferred stock upon which similar voting rights have been conferred and are exercisable, will be entitled to vote for the election of two additional directors to serve on our board of directors until we pay all distributions which we owe on the Series B Preferred Stock or until the Series B Preferred Stock is listed on a national securities exchange, as applicable. In addition, the affirmative vote of the holders of at least two-thirds of the Series B Preferred Stock (voting as a separate class) is required for us to (a) authorize, create or increase the authorized or issued amount of any class or series of our equity securities ranking senior to the Series B Preferred Stock as to distributions and amounts upon liquidation or (b) amend or repeal our charter (including by merger, consolidation or otherwise), in a manner that materially and adversely affects the rights of the holders of the Series B Preferred Stock, provided that in the case of a merger or consolidation, the Series B Preferred Stock will not be deemed to be materially and adversely affected if the Series B Preferred Stock remains outstanding with its terms materially unchanged or, if we are not the surviving entity in such transaction, the Series B Preferred Stock is exchanged for a security of the surviving entity with terms that are materially the same as the Series B Preferred Stock.

**Information Rights**

During any period in which we are not subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act and any Series B Preferred Stock is outstanding, we will (i) transmit by mail or other permissible means under the Exchange Act to all holders of Series B Preferred Stock as their names and addresses appear in our record books and without cost to such holders, copies of the annual reports on Form 10-K and quarterly reports on Form 10-Q that we would have been required to file with the Securities and Exchange Commission (the "SEC") pursuant to Section 13 or Section

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15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required) and (ii) within 15 days following written request, supply copies of such reports to any prospective holder of the Series B Preferred Stock. We will mail (or otherwise provide) the reports to the holders of Series B Preferred Stock within 15 days after the respective dates by which we would have been required to file such reports with the SEC if we were subject to Section 13 or Section 15(d) of the Exchange Act.

Listing

Our Series B Preferred Stock currently trades on the NYSE under the symbol CDR PrB . Application will be made to list the additional shares offered by this prospectus supplement on the NYSE under the same symbol.

Restrictions on Ownership and Transfer

Our charter provides that no person or entity may beneficially own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Internal Revenue Code of 1986, as amended, or the Code, more than 9.9% of the outstanding shares of our common stock. The Articles Supplementary relating to the Series B Preferred Stock provide that the 9.9% ownership limitation applies to ownership of our Series B Preferred Stock as a separate class. Our board of directors, in its sole discretion, is able to waive the 9.9% ownership limit under certain circumstances.

We may prevent any proposed transfer of our shares of capital stock, including the Series B Preferred Stock, which would jeopardize our status as a REIT and may repurchase any shares necessary to maintain our REIT status. We have the right to purchase any shares, including the Series B Preferred Stock, or refuse to transfer or issue shares to a person whose acquisition of shares would result in ownership in excess of the 9.9% limit. Any transfer of shares that would result in our disqualification as a REIT or in a person s exceeding this ownership limit which is not waived by us is deemed void.

Conversion

Except as set forth above under Conversion Rights, the Series B Preferred Stock is not convertible into or exchangeable for any other securities or property.

Use of Proceeds

We estimate that our net proceeds from this offering, after deducting the underwriting discount and the estimated expenses of this offering payable by us, will be approximately \$ million (\$ million if the underwriters exercise their option to purchase additional shares in full). We will contribute the net proceeds from this offering to our operating partnership in exchange for preferred units of limited partnership interest in our operating partnership that have substantially identical economic terms as the Series B Preferred Stock.

Our operating partnership intends to use the net proceeds from this offering to redeem shares of our Series A Preferred Stock. Pending such use, the net proceeds will be used to temporarily repay amounts outstanding under the operating partnership s secured revolving credit facility. See Use of Proceeds in this prospectus supplement.

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Settlement	Delivery of the shares of Series B Preferred Stock will be made against payment therefor on or about September , 2012.
Risk Factors	See Risk Factors beginning on S-8 of this prospectus supplement, on page 3 of the accompanying prospectus and on page 16 of our Annual Report on Form 10-K for the year ended December 31, 2011, for risks you should consider before purchasing shares of our Series B Preferred Stock.

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**RISK FACTORS**

*An investment in our Series B Preferred Stock involves a number of risks. Before making an investment decision to purchase our Series B Preferred Stock, you should carefully consider all of the risks described in this prospectus supplement, the risks described under Risk Factors beginning on page 3 of the accompanying prospectus and on page 16 of our Annual Report on Form 10-K for the year ended December 31, 2011, as well as the other information contained in, or incorporated by reference into, this prospectus supplement or the accompanying prospectus. If any of these risks actually occurs, our business, financial condition and results of operations could be materially adversely affected. If this were to occur, the value of our Series B Preferred Stock could decline significantly and you may lose all or part of your investment.*

**The Series B Preferred Stock is a relatively new issuance and has only a limited trading market, which may negatively affect its market value and your ability to transfer or sell your shares; the Series B Preferred Stock has no stated maturity date.**

The shares of Series B Preferred Stock are a relatively new issue of securities with only a limited trading market. Because the securities have no stated maturity date and are not subject to any sinking fund or mandatory redemption, investors seeking liquidity will be limited to selling their shares in the secondary market. An active trading market on the NYSE for the shares of Series B Preferred Stock may not develop or, even if it develops, may not last, in which case the trading price of the shares of Series B Preferred Stock could be adversely affected and your ability to transfer your shares of Series B Preferred Stock will be limited.

**The Series B Preferred Stock has not been rated.**

We have not sought to obtain a rating for the Series B Preferred Stock. No assurance can be given, however, that one or more rating agencies might not independently determine to issue such a rating or that such a rating, if issued, would not adversely affect the market price of our Series B Preferred Stock. In addition, we may elect in the future to obtain a rating of our Series B Preferred Stock or we may elect to issue other securities for which we may seek to obtain a rating, which could adversely impact the market price of our Series B Preferred Stock if any such rating is issued and is lower than market expectations or is subsequently lowered or withdrawn. Ratings only reflect the views of the rating agency or agencies issuing the ratings and such ratings could be revised downward or withdrawn entirely at the discretion of the issuing rating agency if in its judgment circumstances so warrant. Any such downward revision or withdrawal of a rating could have an adverse effect on the market price of our Series B Preferred Stock. Further, a rating is not a recommendation to purchase, sell or hold any particular security, including the Series B Preferred Stock. In addition, ratings do not reflect market prices or suitability of a security for a particular investor and any future rating of the Series B Preferred Stock may not reflect all risks related to the Company and its business, or the structure or market value of the Series B Preferred Stock.

**Numerous factors affect the trading price of the Series B Preferred Stock.**

The trading price of our Series B Preferred Stock may depend on many factors, many of which are beyond our control, including:

prevailing interest rates, increases in which may have an adverse effect on the market price of the Series B Preferred Stock;

the market for similar securities;

additional issuances of the Series B Preferred Stock or other series or classes of preferred stock or indebtedness;

general economic conditions; and

our financial condition, performance and prospects.

We have entered into a sales agreement with MLV & Co. LLC pursuant to which we may from time to time offer and sell up to 4,000,000 shares of Series B Preferred Stock in at-the-market offerings, including sales made directly on the NYSE or sales made to or through a market maker.

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Additional issuances of Series B Preferred Stock in at-the-market offerings may adversely affect the trading price of the Series B Preferred Stock.

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### **The Series B Preferred Stock is subordinated to existing and future debt, and your interests could be diluted by the issuance of additional shares of preferred stock, including additional issuances of shares of Series B Preferred Stock, and by other transactions.**

The Series B Preferred Stock ranks junior to all of our existing and future indebtedness and other non-equity claims on us with respect to assets available to satisfy claims on us, including in the event of our liquidation, dissolution or winding up. In addition, payment of amounts due on the Series B Preferred Stock will be structurally subordinated to the payment of distributions on preferred securities, if any, issued by subsidiaries of our operating partnership. As of June 30, 2012, our total indebtedness on a consolidated basis was approximately \$855.1 million. Other than the limited conversion right afforded to holders of the Series B Preferred Stock that may occur in connection with a Change of Control as described in this prospectus supplement under the caption Description of the Series B Preferred Stock Conversion Rights, none of the provisions or terms of the Series B Preferred Stock relate to or limit our ability to incur additional indebtedness or afford the holders of the Series B Preferred Stock protection in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all our assets, that might adversely affect the rights of the holders of Series B Preferred Stock, so long as the rights of the holders of Series B Preferred Stock are not materially and adversely affected. Additional indebtedness we incur in the future could affect our ability to pay distributions on, redeem or pay the liquidation preference on the Series B Preferred Stock.

Our charter currently authorizes the issuance of up to 150,000,000 shares of our common stock and up to 12,500,000 shares of preferred stock in one or more series. Immediately prior to this offering, there were 5,912,969 shares of Series A Preferred Stock issued and outstanding, with an aggregate liquidation preference of \$147.8 million, and 599,402 shares of Series B Preferred Stock issued and outstanding, with an aggregate liquidation preference of \$15 million. Under our charter, our board of directors has the power to classify any of our unissued shares of preferred stock, and to reclassify any of our previously classified but unissued shares of preferred stock of any series, from time to time, in one or more series of shares of preferred stock. The issuance of additional shares of Series B Preferred Stock or additional shares of preferred stock that rank on a parity with the Series B Preferred Stock, including additional shares of Series A Preferred Stock, or senior to the Series B Preferred Stock, would dilute the interests of the holders of the Series B Preferred Stock, and the issuance of any preferred stock senior to the Series B Preferred Stock could affect our ability to pay distributions on, redeem or pay the liquidation preference on the Series B Preferred Stock.

### **As a holder of Series B Preferred Stock, you will have limited voting rights.**

Your voting rights as a holder of Series B Preferred Stock will be limited. Shares of our common stock are the only class carrying full voting rights. Voting rights for holders of Series B Preferred Stock exist primarily with respect to adverse changes in the terms of the Series B Preferred Stock, the creation of additional series of preferred stock that rank senior to the Series B Preferred Stock as to distributions and amounts upon liquidation, our continued failure to maintain the listing of the Series B Preferred Stock on the NYSE or another national securities exchange and our continued failure to pay distributions on the Series B Preferred Stock. See Description of the Series B Preferred Stock Voting Rights.

### **You may not be permitted to exercise conversion rights upon a Change of Control. The Change of Control conversion feature may not adequately compensate you, and the Change of Control conversion and redemption features of the Series B Preferred Stock may make it more difficult for a party to take over our company or discourage a party from taking over our company.**

Upon the occurrence of a Change of Control, holders of the Series B Preferred Stock will have the right (unless, prior to the Change of Control Conversion Date, we have provided or provide notice of our election to redeem the Series B Preferred Stock) to convert some or all of the Series B Preferred Stock into shares of our common stock (or equivalent value of alternative consideration) and under these circumstances we will also have a special optional redemption right to redeem the Series B Preferred Stock. See Description of the Series B

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Preferred Stock Conversion Rights and Special Optional Redemption. Upon such conversion, the holders of Series B Preferred Stock will be limited to a maximum number of shares of our common stock equal to the Stock Cap multiplied by the number of shares of Series B Preferred Stock converted. If the Common Stock Price is less than \$2.45, subject to adjustment, the holders will receive a maximum of 10.2041 shares of our common stock per share of Series B Preferred Stock, which may result in a holder receiving value that is less than the liquidation preference of the Series B Preferred Stock. In addition, those features of the Series B Preferred Stock may have the effect of inhibiting a third party from making an acquisition proposal for our company or of delaying, deferring or preventing a change of control of our company under circumstances that otherwise could provide the holders of our common stock and Series B Preferred Stock with the opportunity to realize a premium over the then current market price or that stockholders may otherwise believe is in their best interests.

### **The Articles Supplementary establishing the terms of the Series B Preferred Stock contain restrictions upon ownership and transfer of the Series B Preferred Stock.**

The Articles Supplementary establishing the terms of the Series B Preferred Stock contain restrictions on ownership and transfer of the Series B Preferred Stock intended to assist us in maintaining our status as a REIT for United States federal and/or state income tax purposes. For example, the terms of the Series B Preferred Stock restrict any person from acquiring actual or constructive ownership of more than 9.9% (in value or number of shares, whichever is more restrictive) of the outstanding Series B Preferred Stock. These restrictions could have anti-takeover effects and could reduce the possibility that a third party will attempt to acquire control of the Company, which could adversely affect the market price of the Series B Preferred Stock.

### **The covenants in the operating partnership's secured credit facility may limit the Company's ability to make distributions to the holders of Series B Preferred Stock.**

The operating partnership's revolving credit facility and term loan contain financial covenants that could limit the amount of distributions payable by the Company on its preferred stock. The Company relies on cash distributions it receives from the operating partnership to pay distributions on its preferred stock and to satisfy its other cash needs, and the secured credit facility provides that the operating partnership may not, over any four quarters, make partnership distributions to the Company or other holders of its partnership interests in an aggregate amount in excess of the greater of:

95% of the operating partnership's adjusted funds from operations (as defined in the secured credit facility agreement) for the most recently completed four quarters; and

an amount which results in distributions to the Company (excluding any preferred partnership distributions to the extent the same have been deducted from adjusted funds from operations for the most recently completed four quarters) in an amount sufficient to permit the Company to pay dividends to its stockholders which it reasonably believes are necessary to maintain its qualification as a REIT.

In addition, the secured credit facility provides that, if the operating partnership fails to pay any principal of or interest on any borrowings under the secured credit facility, when due, then the operating partnership may make only those partnership distributions to the Company and other holders of its partnership interests necessary to enable the Company to make distributions to the Company's stockholders which it reasonably believes are necessary to maintain its status as a REIT for federal and state income tax purposes. Any limitation on the Company's ability to make distributions to its stockholders, whether as a result of these provisions in the secured credit facility or otherwise, could have a material adverse effect on the market value of its preferred stock (including, without limitation, the Series B Preferred Stock).

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**FORWARD-LOOKING STATEMENTS**

This prospectus supplement and the accompanying prospectus contain or incorporate by reference forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Exchange Act. Such forward looking statements include, without limitation, statements containing the words anticipates, believes, expects, intends, future, and words of similar import which express the Company's beliefs, expectations or intentions regarding future performance or future events or trends. While forward looking statements reflect good faith beliefs, expectations or intentions, they are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward looking statements as a result of factors outside of the Company's control. Certain factors that might cause such differences include, but are not limited to, the following: real estate investment considerations, such as the effect of economic and other conditions in general and in the Company's market areas in particular; the financial viability of the Company's tenants (including an inability to pay rent, filing for bankruptcy protection, closing stores and/or vacating the premises); the continuing availability of acquisition, ground up development and redevelopment opportunities, on favorable terms; the availability of equity and debt capital (including the availability of construction financing) in the public and private markets; the availability of suitable joint venture partners and potential purchasers of the Company's properties if offered for sale; the ability of the Company's joint venture partner to fund its share of future property acquisitions; the adequacy of impairment provisions for properties treated as held for sale/conveyance; changes in interest rates; the fact that returns from acquisition, ground up development and redevelopment activities may not be at expected levels or at expected times; risks inherent in ongoing ground up development and redevelopment projects including, but not limited to, cost overruns resulting from weather delays, changes in the nature and scope of ground up development and redevelopment efforts, changes in governmental regulations relating thereto, and market factors involved in the pricing of material and labor; the need to renew leases or relet space upon the expiration or termination of current leases and incur applicable required replacement costs; and the financial flexibility of the Company and its joint venture partners to repay or refinance debt obligations when due and to fund tenant improvements and capital expenditures. For a discussion of these and other factors that could cause actual results to differ from those contemplated in the forward-looking statements in this prospectus supplement, the accompanying prospectus and in documents incorporated by reference in this prospectus supplement and the accompanying prospectus, see the section entitled Risk Factors in this prospectus supplement and the accompanying prospectus and in documents incorporated by reference into this prospectus supplement and the accompanying prospectus, including the Company's Annual Report on Form 10-K for the year ended December 31, 2011. We do not intend, and disclaim any duty or obligation, to update or revise any forward-looking statements set forth in this prospectus supplement to reflect any change in expectations, change in information, new information, future events or other circumstances on which such information may have been based.



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**USE OF PROCEEDS**

We estimate that the net proceeds of this offering, after deducting the underwriting discount and the estimated expenses of this offering payable by us, will be approximately \$            million (\$            million if the underwriters exercise their option to purchase additional shares in full). We will contribute the net proceeds from this offering to our operating partnership in exchange for preferred units of limited partnership interest in our operating partnership that have substantially identical economic terms as the Series B Preferred Stock. Our operating partnership presently intends to use the net proceeds from this offering to redeem shares of our Series A Preferred Stock. Pending such use, the net proceeds will be used to temporarily repay amounts outstanding under the operating partnership's secured revolving credit facility. At June 30, 2012, approximately \$179.5 million was outstanding under the operating partnership's \$300 million secured credit facility with a weighted-average interest rate of 3.0%. The \$300 million secured credit facility, which was entered into in January 2012, is comprised of a four-year \$75 million term loan maturing in January 2016 and a three-year \$225 million revolving credit facility maturing in January 2015, subject to collateral in place. Borrowings under the facility bear interest at a rate of LIBOR plus 275 bps and can range from LIBOR plus 200 to 300 bps based on our leverage ratio. Each of the term loan and revolving credit facility may be extended for an additional year at our option.

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**Table of Contents****RATIOS OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS**

The following table sets forth our historical ratio of earnings to fixed charges and preferred stock dividends for the periods indicated:

	June		Year ended December 31,			
	30, 2012	2011	2010	2009	2008	2007
Ratio of earnings to fixed charges <sup>(1)</sup>	(3)	(3)	(3)	(3)	1.08x	1.29x
Ratio of earnings to combined fixed charges and preferred stock dividends <sup>(2)</sup>	(4)	(4)	(4)	(4)	(4)	1.05x

- (1) The ratio of earnings to fixed charges is computed by dividing earnings by fixed charges. In computing the ratio of earnings to fixed charges: (a) earnings consist of (loss) income before discontinued operations plus distributed income of equity investees and fixed charges (excluding capitalized interest) and (b) fixed charges consist of interest expense including amortization of debt discounts and issuance costs (including capitalized interest) and the estimated portion of rents payable by us representing interest.
- (2) The ratio of earnings to combined fixed charges and preferred stock dividends is computed by dividing earnings by the total of fixed charges and preferred stock dividends. In computing the ratio of earnings to combined fixed charges and preferred stock dividends: (a) earnings consist of (loss) income before discontinued operations plus distributed income of equity investees and fixed charges (excluding capitalized interest); (b) fixed charges consist of interest expense including amortization of debt discounts and issuance costs (including capitalized interest) and the estimated portion of rents payable by us representing interest; and (c) preferred stock dividends consists of preferred stock dividends.
- (3) During the six months ended June 30, 2012, earnings were insufficient to cover fixed charges by \$4.0 million. During the fiscal years ended December 31, 2011, 2010 and 2009, earnings were insufficient to cover fixed charges by \$28.9 million, \$8.6 million and \$27.1 million, respectively.
- (4) During the six months ended June 30, 2012, earnings were insufficient to cover fixed charges and preferred stock dividends by \$11.1 million. During the fiscal years ended December 31, 2011, 2010, 2009 and 2008, earnings were insufficient to cover fixed charges and preferred stock dividends by \$43.1 million, \$18.8 million, \$35.0 million and \$4.3 million, respectively.

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**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

	<b>Three Months Ended June 30, 2012</b>	<b>Six Months Ended June 30, 2012</b>	<b>Year Ended December 31,</b>		
			<b>2011</b>	<b>2010</b>	<b>2009</b>
Net Income (Loss)	\$ 5,895,000	\$ 1,027,000	\$ (108,514,000)	\$ (44,184,000)	\$ (17,011,000)