

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 quarter ended September 30, 1996 Commission file number 0-14510

CEDAR INCOME FUND, LTD.
(Exact name of registrant as specified in its charter)

Iowa 42-1241468
(State or other jurisdiction (I.R.S. Employer Identification No.)
of incorporation or organization)

4333 Edgewood Road N.E., Cedar Rapids, IA 52499
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (319) 398-8975

N/A
(Former name, address and fiscal year, if changed since last report)

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 X No

The number of shares of common stock outstanding at November 13, 1996 was 2,245,411.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

Balance Sheets
(unaudited)

<u><S></u>	<u><C></u>	<u><C></u>	<u><C></u>
	1996	September 30, 1995	December 31, 1995

Assets			
Real estate			
Land	\$ 4,126,044	4,126,044	4,126,044
Buildings and improvements	14,219,153	14,200,539	14,200,539
	18,345,197	18,326,583	18,326,583
Less accumulated depreciation	(3,646,023)	(3,209,210)	(3,318,273)
	14,699,174	15,117,373	15,008,310
Mortgage loan receivable	576,256	584,849	582,769
	15,275,430	15,702,222	15,591,079
Cash and cash equivalents	903,972	754,957	772,144
Rent and other receivables	83,207	86,503	80,213
Interest receivable	3,962	4,021	4,007
Prepaid expenses	31,055	34,722	44,275

Deferred lease commissions	114,840	134,353	114,807
Taxes held in escrow	60,508	50,933	3,580
	\$ 16,472,974	16,767,711	16,610,105
Liabilities and Shareholders' Equity			
Liabilities			
Mortgage loan payable	\$ 1,428,969	1,449,643	1,444,654
Accounts payable and accrued expenses	220,930	206,553	99,673
Due to affiliates	28,343	34,588	28,762
Security deposits	64,556	67,870	66,869
Advance rents	14,551	30,270	8,519
	1,757,349	1,788,924	1,648,477
Shareholders' equity			
Common stock, \$1 par value, 5,020,000 shares authorized	2,245,411	2,245,411	2,245,411
Additional paid-in capital	12,470,214	12,733,376	12,716,217
	14,715,625	14,978,787	14,961,628
	\$ 16,472,974	16,767,711	16,610,105

</TABLE>

Cedar Income Fund, Ltd.
Statements of Operations
(unaudited)

<TABLE>

	<C>		<C>	
	Three Months Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
Revenue				
Rents	\$ 532,692	607,355	1,613,391	1,807,266
Interest	24,313	22,125	70,809	63,363
	557,005	629,480	1,684,200	1,870,629
Expenses				
Property expenses:				
Real estate taxes	61,094	63,857	186,434	179,760
Wages and salaries	5,587	5,320	16,366	15,179
Repairs and maintenance	69,754	59,743	189,445	257,506
Utilities	45,615	43,644	113,876	99,894
Management fee	26,634	30,367	80,669	90,362
Insurance	4,856	5,093	14,394	12,407
Other	20,614	22,205	73,958	67,700
Property expenses, excluding depreciation	234,154	230,229	675,142	722,808
Depreciation	109,038	109,062	327,750	327,213
Total property expenses	343,192	339,291	1,002,892	1,050,021
Interest	34,492	34,969	103,843	105,242
Administrative fees	25,307	24,912	75,286	74,542
Directors' fees and expenses	12,064	10,044	33,087	32,524
Other administrative	9,274	14,554	41,471	46,061
	424,329	423,770	1,256,579	1,308,390
Net earnings	\$ 132,676	205,710	427,621	562,239
Net earnings per share	\$.06	.09	.19	.25
Dividends to shareholders	\$ 224,542	224,541	673,624	673,623
Dividends to shareholders per share	\$.10	.10	.30	.30
Average number of shares outstanding	2,245,411	2,245,411	2,245,411	2,245,411

</TABLE>

Cedar Income Fund, Ltd.
Statements of Cash Flows
(unaudited)

<TABLE>

	<C>	
	Nine Months Ended September 30,	
	1996	1995
Cash flows from operating activities:		
Rents collected	\$ 1,617,652	1,750,592
Interest received	70,854	65,445
Payments for operating expenses	(751,862)	(723,422)
Interest paid	(101,093)	(102,492)
Net cash provided by operating activities	835,551	990,123
Cash flows from investing activities:		
Capital expenditures	(18,614)	--
Principal portion of scheduled		

mortgage loan collections	6,513	5,985
Security deposits collected, net	(2,313)	(257)
Net cash provided (used) by investing activities	(14,414)	5,728
Cash flows from financing activities:		
Principal portion of scheduled mortgage loan payments	(15,685)	(14,286)
Dividends paid to shareholders	(673,624)	(673,623)
Net cash used by financing activities	(689,309)	(687,909)
Net increase in cash and cash equivalents	131,828	307,942
Cash and cash equivalents at beginning of period	772,144	447,015
Cash and cash equivalents at end of period	\$ 903,972	754,957
Reconciliation of net earnings to net cash provided by operating activities:		
Net earnings	\$ 427,621	562,239
Add (deduct) reconciling adjustments:		
Depreciation	327,750	327,213
Amortization	2,750	2,750
Increase in rent and other receivables	(59,922)	(64,589)
Decrease in interest receivable	45	2,082
Decrease in prepaid expenses	10,470	16,111
Decrease (increase) in deferred lease commissions	(33)	36,911
Increase in operating accounts payable, accrued expenses and due to affiliates	120,838	126,020
Increase (decrease) in advance rents	6,032	(18,614)
Net cash provided by operating activities	\$ 835,551	990,123

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[FN]

NOTES TO FINANCIAL STATEMENTS

Note 1: The unaudited interim financial statements are prepared in accordance with generally accepted accounting principles and include all adjustments of a normal recurring nature necessary for a fair presentation of the financial position and quarterly results. Interim reports should be read in conjunction with the audited financial statements and related notes included in the 1995 Annual Report.

Note 2: Shareholders' equity, December 31, 1995	\$ 14,961,628
Net earnings	427,621
Dividends to shareholders	(673,624)
Shareholders' equity, September 30, 1996	\$ 14,715,625

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

We are pleased to present the third quarter report for Cedar Income Fund, Ltd. Net earnings for the three and nine months ended September 30, 1996 were \$132,676 (\$.06 per share) and \$427,621 (\$.19 per share), respectively, compared to \$205,710 (\$.09 per share) and \$562,239 (\$.25 per share) for the same periods in 1995. Funds from operations (earnings from operations plus depreciation) were \$755,371 for the first nine months of 1996 compared to \$889,452 for the same period in 1995.

Net earnings and funds from operations declined from 1995 to 1996 primarily due to the Hewlett Packard Corporation vacating 20,400 square feet of space at Corporate Center East in Bloomington, Illinois when its lease expired on December 31, 1995. The Company is in the process of obtaining one or more replacement tenants and has subsequently leased 8,000 square feet of this space. The Company's real estate portfolio had an overall occupancy rate of 90% at September 30, 1996.

Rental income for the three and nine months ended September 30, 1996 was \$532,692 and \$1,613,391, respectively, compared to \$607,355 and \$1,807,266 for the same periods in 1995. The decrease in rental income is attributed to Corporate Center East, where Hewlett Packard contributed approximately \$210,000 in rents during the first three quarters of 1995. This decrease was partially offset by a 6% increase in rental income at Germantown Square in Louisville, Kentucky due to higher base rents and expense recoveries. Rental income at Southpoint Parkway Center in Jacksonville, Florida and Broadbent Business Center in Salt Lake City, Utah was relatively unchanged from a year ago. The increase in interest income is due to a higher balance of funds available for investment.

Total property expenses, excluding depreciation, decreased from \$722,808 for the first nine months of 1995 to \$675,142 for the same period in 1996, representing 40% and 42% of rental income, respectively. Repairs and maintenance decreased primarily due to tenant remodeling and other expenses incurred in 1995 that have not been required this year. The increase in utilities is primarily because Hewlett Packard was responsible for their own utilities at Corporate Center East, but this expense is now the Company's. The increase in other property expenses is primarily the result of new signage required at Corporate Center East.

Capital resources of the Company consist of equity in real estate investments and a mortgage loan receivable. The Company maintains its real estate in good condition and provides adequate insurance coverage. The Company's liquidity at September 30, 1996 is represented by cash and cash equivalents, a mortgage loan participation and cash flow from operating activities. This liquidity is considered sufficient to meet current obligations.

It has been the intention of the Company since its inception to be essentially self-liquidating. While there are no legal requirements that the Company be liquidated by a particular date or within any particular time frame, the original expectation was that the Company would be liquidated ten years following the stock offering (completed in 1986). The manner in which the liquidation was intended to be accomplished was by eventually selling the assets and distributing to shareholders the net cash proceeds. There are actually several options available to the Company, so the Board of Directors has begun exploring the various possibilities.

The Board of Directors declared a dividend of \$.10 per share payable November 18, 1996 to shareholders of record November 5, 1996. The Board of Directors will continue to consider leasing prospects, operating results and the financial condition of the Company in determining future dividends.

Edwin B. Lancaster, a director of the Company since its inception, passed away on October 25, 1996. Mr. Lancaster will be remembered for his knowledge and insight, his integrity and dedication, and his genuine care and concern for the best interests of the Company and its shareholders. He will most certainly be missed by everyone who had the privilege of knowing him. We extend our deepest sympathies to his family and friends.

SIGNATURE

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 INCOME FUND, LTD.

Alan F. Fletcher
Vice President and Treasurer
(principal financial officer)

Roger L. Schulz
Controller
(principal accounting officer)

Dated: November 13, 1996

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