

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, 1997 Commission file number 0-14510

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

Iowa
(State or other jurisdiction of
incorporation or organization)

42-1241468
(I.R.S. Employer
Identification No.)

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

52499
(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, 1997 was 2,245,411.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

CEDAR INCOME FUND, Ltd.

Balance Sheets

(unaudited)

<TABLE>

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<C>

September 30,
1997 1996

December 31,
1996

ASSETS

Real estate

Land

\$ 4,126,044 4,126,044 4,126,044

Buildings and improvements

14,636,844 14,219,153 14,336,858

18,762,888 18,345,197 18,462,902

Less accumulated depreciation

(4,090,823) (3,646,023) (3,755,012)

14,672,065 14,699,174 14,707,890

Mortgage loan receivable

566,902 576,256 573,991

15,238,967 15,275,430 15,281,881

Cash and cash equivalents

553,585 903,972 670,306

Rent and other receivables

86,677 83,207 95,413

Interest receivable		3,897	3,962	3,946
Prepaid expenses		78,055	31,055	84,758
Deferred lease commissions		170,336	114,840	116,148
Taxes held in escrow		60,504	60,508	17,697
Total Assets	\$	16,192,021	16,472,974	16,270,149

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities

Mortgage loan payable	\$	1,406,272	1,428,969	1,423,492
Accounts payable and accrued expenses		217,813	220,930	103,337
Due to affiliates		30,191	28,343	36,538
Security deposits		80,585	64,556	66,655
Advance rents		18,023	14,551	15,047
Total Liabilities		1,752,884	1,757,349	1,645,069

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		12,193,726	12,470,214	12,379,669
Total Shareholders' Equity		14,439,137	14,715,625	14,625,080

Total Liabilities and Shareholders' Equity	\$	16,192,021	16,472,974	16,270,149
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Cedar Income Fund, Ltd.
Statements of Operations
(Unaudited)

<TABLE>

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		<C>	<C>	<C>	<C>
		Three Months Ended September 1997	September 30, 1996	Nine Months Ended September 30, 1997	September 30, 1996
REVENUE					
Rents	\$	606,590	532,692	1,749,908	1,613,391
Interest		19,647	24,313	60,866	70,809
Total Revenue		626,237	557,005	1,810,774	1,684,200

EXPENSES

Property expenses:

Real estate taxes		59,247	61,094	187,740	186,434
Wages and salaries		172	5,587	10,756	16,366
Repairs and maintenance		80,781	69,754	243,654	189,445
Utilities		49,986	45,615	117,532	113,876
Management fee		30,329	26,634	87,495	80,669
Insurance		4,761	4,856	14,509	14,394
Other		21,030	20,614	72,754	73,958
Property expenses, excluding depreciation		246,306	234,154	734,440	675,142
Depreciation		117,877	109,038	335,811	327,750
Total property expenses		364,183	343,192	1,070,251	1,002,892
Interest		33,968	34,492	102,308	103,843
Administrative fees		25,279	25,307	75,898	75,286
Directors' fees and expenses		10,844	12,064	32,743	33,087
Other administrative		10,911	9,274	41,894	41,471
Total Expenses		445,185	424,329	1,323,094	1,256,579

Net earnings	\$	181,052	132,676	487,680	427,621
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Net earnings per share	\$.08	.06	.22	.19
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Dividends to shareholders	\$	224,541	224,541	673,623	673,624
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Dividends to shareholders per share	\$.10	.10	.30	.30
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Average number of shares outstanding		2,245,411	2,245,411	2,245,411	2,245,411
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CEDAR INCOME FUND, Ltd.
Statements of Cash Flows
(unaudited)

<TABLE>

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		<C>	<C>
		Nine Months Ended September 30, 1997	September 30, 1996
CASH FLOWS FROM OPERATING ACTIVITIES:			
Rents collected	\$	1,761,620	1,617,652
Interest received		60,915	70,854
Payments for operating expenses		(869,888)	(751,862)
Interest paid		(99,558)	(101,093)
Net cash provided by operating activities		853,089	835,551

CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(299,985)	(18,614)
Principal portion of scheduled mortgage loan collections	7,089	6,513
Security deposits collected, net	13,929	(2,313)
Net cash used by investing activities	(278,967)	(14,414)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal portion of scheduled mortgage loan payments	(17,220)	(15,685)
Dividends paid to shareholders	(673,623)	(673,624)
Net cash used by financing activities	(690,843)	(689,309)
Net increase (decrease) in cash and cash equivalents	(116,721)	131,828
Cash and cash equivalents at beginning of period	670,306	772,144
Cash and cash equivalents at end of period	\$ 553,585	903,972
RECONCILIATION OF NET EARNINGS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net earnings	\$ 487,680	427,621
Add (deduct) reconciling adjustments:		
Depreciation	335,811	327,750
Amortization	2,749	2,750
Increase in rent and other receivables	(34,071)	(59,922)
Decrease in interest receivable	49	45
Decrease in prepaid expenses	3,954	10,470
Increase in deferred lease commissions	(54,188)	(33)
Increase in operating accounts payable and accrued expenses	114,476	121,257
Decrease in due to affiliates	(6,347)	(419)
Increase in advance rents	2,976	6,032
Net cash provided by operating activities	\$ 853,089	835,551

</TABLE>

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 1996 Annual Report.

<TABLE>

<S>		<C>
Note 2: Shareholders' equity, December 31, 1996	\$	14,625,080
Net earnings		487,680
Dividends to shareholders		(673,623)
Shareholders' equity, September 30, 1997	\$	14,439,137

</TABLE>

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, 1997 were \$181,052 (\$.08 per share) and \$487,680 (\$.22 per share), respectively, compared to \$132,676 (\$.06 per share) and \$427,621 (\$.19 per share) for the same periods in 1996. Net earnings increased from 1996 to 1997 primarily due to an increase in rental income at Corporate Center East in Bloomington, Illinois, which was partially offset by an increase in repairs and maintenance expenses. The Company's real estate portfolio had an overall occupancy rate of 97% at September 30, 1997.

Rental income for the three and nine months ended September 30, 1997 was \$606,590 and \$1,749,908, respectively, compared to \$532,692 and \$1,613,391 for the same periods in 1996. This increase is primarily attributable to the Company's eventual success in locating replacement tenants at Corporate Center East for 20,000 square feet of space that had been vacant since the end of 1995, resulting in an increase in rental income of \$111,000 compared to the same period a year ago. Broadbent Business Center in Salt Lake City, Utah also had improved occupancy this year, which resulted in higher rental income of \$41,000. These increases were partially offset by a decrease of \$23,000 in rental income at Southpoint Parkway Center in Jacksonville, Florida due to lower occupancy during the first quarter this year. The Company has subsequently leased this vacant space at Southpoint to an existing tenant. Rental income at Germantown Square in Louisville, Kentucky was relatively

unchanged from a year ago. Interest income decreased by 14% due to a lower balance of funds available for investment.

Total property expenses, excluding depreciation, increased from \$675,142 for the first nine months of 1996, to \$734,440 for the same period in 1997. These amounts represent 42% of rental income for both years. Repairs and maintenance were higher for the first nine months of 1997 compared to the same period in 1996 primarily due to tenant remodeling and other expenses incurred in 1997 that were not required last year. For the nine months ended September 30, 1997 compared to the same period one year ago, wages and salaries decreased by 34% due to the reduction of property management personnel at Broadbent. As mentioned above, the Company has been successful in locating replacement tenants for the vacant spaces that existed at Corporate Center East and Southpoint. As a result of releasing this space, the Company incurred capital expenditures of \$300,000 and lease commissions of \$78,000 through September 30, 1997.

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, 1997 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, including capital expenditures.

The Board of Directors declared a dividend of \$.10 per share, payable November 17, 1997 to shareholders of record November 7, 1997. The Board of Directors will continue to consider leasing prospects, operating results and the financial condition of the Company in determining future dividends.

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.

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

/s/ Roger L. Schulz
Roger L. Schulz
Controller
(principal accounting officer)

Dated: November 13, 1997

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